

DOJ's New National Cryptocurrency Enforcement Team Portends Wave of Criminal Scrutiny

On October 6, 2021, Deputy Attorney General Lisa O. Monaco [announced](#) that the U.S. Department of Justice (DOJ) is stepping further into the cryptocurrency fray by creating the National Cryptocurrency Enforcement Team (NCET). Like other agencies under the Biden administration—most prominently the U.S. Securities and Exchange Commission (SEC)—the DOJ is making clear that it, too, is prioritizing crypto-related enforcement.

According to Monaco, the NCET will "tackle complex investigations and prosecutions of criminal misuses of cryptocurrency, particularly crimes committed by virtual currency exchanges, mixing and tumbling services [which charge customers a fee to send cryptocurrencies to a recipient in a manner designed to conceal the source or owner of the crypto], and money laundering infrastructure actors."

The DOJ is no stranger to such cases. For example, in October 2020, the [DOJ indicted](#) the founders and executives of BitMEX, an offshore cryptocurrency derivatives exchange, for allegedly violating the Bank Secrecy Act (BSA) by failing to implement and maintain an adequate anti-money laundering program. Earlier this year, the owner of the cryptocurrency exchange RG Coins was [sentenced to 121 months](#) in prison for conspiracy to commit a Racketeer Influenced and Corrupt Organizations Act (RICO) offense and conspiracy to commit money laundering. And the DOJ has investigated numerous other matters involving cryptocurrency, including the May 2021 Colonial Pipeline ransomware attack which led to the DOJ's [seizure of \\$2.3 million worth of cryptocurrency](#) from the alleged extortionists.

But while crypto cases are not new to the DOJ, the NCET adds greater structure and coordination to the DOJ's investigative capabilities concerning illicit uses of cryptocurrency. To that end, the NCET seeks to draw expertise from various parts of the DOJ's Criminal Division, including the Money Laundering and Asset Recovery Section, the Computer Crime and Intellectual Property Section, and detailees from U.S. Attorneys' Offices around the country.

In addition, the DOJ envisions the NCET's influence extending beyond its home agency, as the NCET will "play a critical support role for international, federal, state, local, tribal, and territorial law enforcement authorities grappling with these new technologies and new forms of criminal tradecraft."

The DOJ's announcement that it is forming a new crypto enforcement team comes only days after SEC Chair Gensler reiterated comparisons of crypto financing, issuing, trading, and lending to the Wild West and suggested that the asset class was rife with fraud, scams, and abuses. The DOJ brings significant resources and a demonstrated ability to conduct far-reaching investigations to the table, and it is now more clear than ever that increased scrutiny and enforcement in the crypto industry is on the horizon.

Perkins Coie's government investigation attorneys are closely tracking the evolving crypto enforcement landscape.

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