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What to Note in FinCEN, DOJ Action Against Crypto Exchange

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In a recent article for *Law360*, Schulte Roth & Zabel attorneys Melissa Goldstein, Betty Santangelo and Rebecca Raskind examine a landmark action by FinCEN against virtual currency exchange Bitzlato, indicative of the agency's regulatory and enforcement priorities. The authors also discuss a coordinated action between FinCEN and the DOJ.

“On Jan. 18, the U.S. Department of the Treasury's Financial Crimes Enforcement Network issued an order identifying Bitzlato Ltd., a Hong Kong-based virtual currency exchange with global operations, as a financial institution of primary money laundering concern in connection with illicit Russian finance. FinCEN's order bars any covered financial institution from engaging in certain transmittals of funds involving Bitzlato. It also marks the first order issued under Section 9714(a) of the Combating Russian Money Laundering Act. In a coordinated action, the U.S. Department of Justice arrested Bitzlato's founder and majority owner, Anatoly Legkodymov, for conducting an unlicensed money transmitting business under Title 18 of the U.S. Code, Section 1960. Both the order and the DOJ's complaint and arrest warrant highlight that Bitzlato had severe and pervasive anti-money laundering deficiencies and significant connections to Russia and Russian illicit finance.”

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