



Recommendations

4th Global Conference on Criminal Finances and Cryptocurrencies

18 – 19 November 2020



Date of publication: 19 November 2020

Original: English

Thanks to the recent increase in the number and quality of investigations in the field of cryptocurrency facilitated crime and subsequent money laundering, law enforcement units and other related entities in this field are continuing to build up their level of knowledge and expertise. The 4th Global Conference on Criminal Finances and Cryptocurrencies shows that the gap is narrower now than ever before.

Nonetheless, all member countries/states are called to increase the exchange of tactical information and best practices, so that lessons learnt by one investigating agency can be adopted by others accordingly.

The following summarises the key recommendations that arose from the conference.

A. Adopt tools to extend capabilities on how to investigate Virtual Assets (VAs)

All member countries/states shall continue capacity building initiatives in the field of distributed ledger technologies, as well as their role in the perpetuation or prevention of money laundering or terrorism financing. Production of manuals and training initiatives, organisation of exchange programs and international conferences, as well as development of private public partnerships (PPP) are strongly recommended to keep abreast with this growing threat.

B. Apply rules to regulate Virtual Asset Service Providers (VASPs) to prevent money laundering

All member countries/states are encouraged to establish clear regulatory frameworks and processes to support the registration and AML/CFT supervision of VASPs such as cryptocurrency exchanges, custodial wallet providers and other entities that issue or transmit VAs, in line with the Financial Action Task Force (FATF) Recommendations. VASPs should be regulated in the same manner as other financial intermediaries and should contribute to the global efforts towards AML/CFT by implementing compliance programs, risk-based due diligence, reporting, etc. VASPs should be obliged subjects under the AML/CFT regulations to report suspicious transaction reports and carry out enhanced due diligence on customers and their transactions.

C. Apply the strategy to “Follow the Money”

All member countries/states are advised to apply the strategy of following the money by taking appropriate actions against VA-facilitated crimes regardless of the nature of the predicate offence. VAs should be tackled as any other asset in terms of confiscation and investigation. Financial investigations on VAs owned by criminals parallel to the predicate offence investigations are recommended to disrupt criminal organisations and deter crimes.

D. Strengthen international cooperation

Cooperation and exchange of information is essential to dismantle criminal organisations. All member countries/states are therefore recommended to utilise the available global platforms for international investigations, such as those provided by INTERPOL, EUROPOL, Egmont Group and FIU.net in addition

to the judicial channels for cooperation and assistance. Public/private partnerships and cooperation initiatives between law enforcement and private companies, universities, NGOs, etc., should be actively fostered to support the flow/exchange of information, as well as developments on new technologies and investigative techniques. This would enhance investigators' ability to track illicit financial flows and/or obtain more information from VASPs based abroad in a timely manner.

E. Adopt a multidisciplinary approach

Investigations involving VAs require a combination of traditional and specific investigative methods in order to gather the evidence of the underlying criminal activity. Therefore, a multidisciplinary approach in this field, which includes expertise in cybercrime and financial investigation, is essential not only in the investigative field, but also to enhance training and regulations. The synergy between financial and cyber investigators is essential; joint teams consisting of expert investigators from both professional fields are highly recommended.

F. Promote new technologies applied to the financial investigation on VAs

New technologies in the VA investigation field is crucial to aid in increasing the confiscation rate and the effectiveness of financial investigations, and to mitigate related risks. Research and innovation on tools that can facilitate the investigation and prevention of ML and TF involving VAs are highly recommended.

G. Adapt investigation strategies

Every criminal scheme that abuses VAs is different. Hence, investigators should adjust their AML strategies to the detected typology. Additionally, tracking of VA transactions should become a routine task and focus on the most complex task of connecting suspects with VA wallets.

Day/date: Thursday, 19 November 2020

Recommendations from the 4th Global Conference on Criminal Finances and Cryptocurrencies by INTERPOL, EUROPOL and Basel Institute on Governance