

US Justice Department Appoints First National Cryptocurrency Enforcement Director

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The US Department of Justice has announced the appointment of Eun Young Choi as the first director of the National Cryptocurrency Enforcement Team. Choi has been a DOJ prosecutor for nearly a decade and most recently served as senior counsel to the deputy attorney general. Choi will lead the NCET in investigating and prosecuting the criminal use of digital assets, and her appointment is the latest in an array of actions by the US government to increase oversight for cryptocurrency and digital assets.

In the announcement, Choi stated that “the NCET will play a pivotal role in ensuring that as the technology surrounding digital assets grows and evolves, the department in turn accelerates and expands its efforts to combat their illicit abuse by criminals of all kinds.” According to the DOJ, the NCET was established to ensure that the department “meets the challenges posed by cryptocurrencies and digital assets.” It focuses particularly on virtual currency exchanges, mixing and tumbling services, infrastructure providers, and other entities that are enabling the misuse of cryptocurrency and related technologies to commit or facilitate criminal activity.

The NCET also will serve as a focal point to ensure there is a more coordinated effort across agencies, including the FBI and US attorneys’ offices, as well as the DOJ’s National Security Division, and its Criminal Division’s Computer Crime and Intellectual Property and Money Laundering and Asset Recovery sections.

On the need for the NCET, Criminal Division Assistant Attorney General Kenneth Polite cited the “rapid innovation of digital assets and distributed ledger technologies,” and their connection to cyberattacks, narcotics trafficking and money laundering. This tracks with a prior call by Deputy Attorney General Lisa Monaco for crypto companies to “root out abuses. To those who do not, we will hold you accountable where we can.”

FBI creates Virtual Asset Exploitation Unit

As part of this increased focus on enforcement activity in the cryptocurrency space, the DOJ also announced that the FBI is creating a new Virtual Asset Exploitation Unit, which is “dedicated to providing analysis, support, and training across the FBI, as well as innovating its cryptocurrency tools to stay ahead of future threats.”

Cooley regularly advises clients on managing digital assets, and defends clients in associated government investigations and commercial litigation. Our blockchain technology & tokenization, financial services, cyber/data/privacy, and regulatory practice groups regularly confront these issues – and have successfully advised clients amid a rapidly evolving regulatory environment.

The DOJ’s announcement makes clear that cryptocurrency will be a bigger issue for government enforcement and, ultimately, commercial litigation. In light of increased scrutiny of the cryptocurrency industry, we urge clients to stay vigilant and reach out to our teams.

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Key Contacts

Andrew D. Goldstein Washington, DC	agoldstein@cooley.com +1 202 842 7805
Daniel Grooms Washington, DC	dgrooms@cooley.com +1 202 776 2042
Ian Shapiro New York	ishapiro@cooley.com +1 212 479 6441
Michael Attanasio San Diego	mattanasio@cooley.com +1 858 550 6020
Michelle L. Rogers Washington, DC	mrogers@cooley.com +1 202 776 2227
Obrea Poindexter Washington, DC	opoindexter@cooley.com +1 202 776 2997
Travis LeBlanc Washington, DC	tleblanc@cooley.com +1 202 728 7018

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