Beat: News

U.S.Citizen Jailed for Teaching North Korea About Cryptocurrency

To Avoid Sanctions

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RANE: Statfor Worldview - What Happened: A U.S. federal judge sentenced Virgil Griffith, a U.S. citizen and former researcher for the Ethereum Foundation, to five years and three months in jail and fined him $100,000 for teaching North Koreans to evade international sanctions using blockchain technology, Reuters reported April 12.

Why It Matters: Blockchains are far more difficult to regulate than traditional economic activities, and many nations may not have the legal infrastructure to combat cryptocurrency-assisted money laundering. This means that as North Korea likely accelerates its digital economic activities, it will be increasingly difficult for U.S./Western authorities and institutions to enforce existing economic sanctions. Therefore, cryptocurrency exchanges will be high-value targets of attack, and online activity paid via cryptocurrencies such as ethereum and bitcoin is highly likely to become a major source of funding so North Korea can avoid global sanctions.

Background: Griffith pled guilty in September 2021 after he was arrested in 2019. Griffith traveled to North Korea via China in 2019 to present at the Pyongyang Blockchain and Cryptocurrency Conference, violating the International Emergency Economic Powers Act.

According to US law, citizens are prohibited from providing any goods, services or technology to North Korea without a licence from the Department of the Treasury through the Office of Foreign Assets Control. This is because the US considers North Korea a national security threat. (Ref: https://www.siliconrepublic.com/business/virgil-griffith-north-korea-crypto-ethereum-sanctions)

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