

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: June 15, 2018

Subject: June 20, 2018, Terrorism and Illicit Finance Subcommittee Hearing entitled, "Illicit Use of Virtual Currency and the Law Enforcement Response"

The Subcommittee on Terrorism and Illicit Finance will hold a hearing entitled, "Illicit Use of Virtual Currency and the Law Enforcement Response" on Wednesday, June 20, 2018, at 2:00 p.m. in Room 2128 of the Rayburn House Office Building. This will be a one-panel hearing with the following witness:

- Mr. Gregory Nevano, Deputy Assistant Director, Illicit Trade, Travel, and Finance Division, Homeland Security Investigations
- Mr. Robert Novy, Deputy Assistant Director, Office of Investigations, United States Secret Service
- Mr. Thomas Ott, Associate Director, Enforcement Division, Financial Crimes Enforcement Network

Law enforcement has identified an uptick in terrorist and criminal exploitation of virtual currencies to raise funds and launder money. While the majority of virtual currency (VC) transactions are legitimate business transactions, the allure of perceived anonymity, ease of transacting across large distances, and speed of resolution at low cost make VCs very attractive to criminal enterprises.

This hearing will present an opportunity to learn more about law enforcement's response to the illicit use of VCs based on their rising popularity. This includes an examination of whether law enforcement is properly equipped to handle this trend, ensure that law enforcement has the most effective and actionable information, and determine what additional tools may be necessary to combat the threat to the U.S. financial system from the illicit use of VCs. This hearing will examine law enforcement's efforts to combat the terrorist and illicit use of virtual currencies, including any metrics gathered, patterns discovered, or trends identified. It will also include a discussion of problems law enforcement agencies encounter in their efforts to address the illicit funding potential of virtual currencies and any potential legislative solutions to these issues that the Subcommittee should consider.