



**U.S. Department of the Treasury**  
Office of Public Affairs

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**Fact Sheet: Action Plan to Address Illicit Financing Risks of Digital Assets**

The Secretary of the Treasury, in consultation with the Secretary of State, the Attorney General, the Secretary of Commerce, the Secretary of Homeland Security, the Director of the Office of Management and Budget, the Director of National Intelligence, and the heads of other relevant agencies, on September 12, 2022 delivered to President Biden an action plan to address illicit financing risks of digital assets as directed in the President's Executive Order (E.O.) on Ensuring Responsible Development of Digital Assets. The E.O. recognizes that the United States has been a leader in applying its anti-money laundering and countering the financing of terrorism (AML/CFT) framework in the digital asset ecosystem, publishing relevant guidance, engaging in regular public-private dialogue, using its enforcement tools, and leading in setting international AML/CFT standards for virtual assets.<sup>1</sup> While these efforts have strengthened the U.S. financial system, digital assets, like other financial assets, can be used by bad actors to launder illicit proceeds and to finance terrorism and the proliferation of weapons of mass destruction. It is in the national interest to mitigate these risks through regulation, oversight, law enforcement action, and the use of other United States Government authorities, as outlined in the action plan.

The action plan provides an overview of illicit financing risks associated with digital assets and select ongoing efforts to mitigate those risks. The action plan then outlines seven priority and supporting actions to which the U.S. government is committed, which stem from the U.S. government's [National Strategy for Combating Terrorist and Other Illicit Financing](#) and [National Risk Assessments](#). The majority of these actions continue and expands ongoing U.S. government work, while also committing the U.S. government to new efforts, including the preparation of an illicit finance risk assessment on decentralized finance. The seven priority actions are:

1. **Monitoring Emerging Risks:** Assess risks to identify gaps in our legal, regulatory, and supervisory regimes for AML/CFT and to inform other priority actions.
2. **Improving Global AML/CFT Regulation and Enforcement:** Address weaknesses in AML/CFT regulation, supervision, and enforcement in foreign jurisdictions related to digital assets through multilateral and bilateral engagement.
3. **Updating Bank Secrecy Act Regulations:** Continue to evaluate the U.S. regulatory posture and potential changes to ensure that our approach safeguards the U.S. financial system from illicit financial activity related to digital assets.
4. **Strengthening U.S. AML/CFT Supervision of Virtual Asset Activities:** Strengthen domestic supervision and examination of firms to raise the bar of AML/CFT compliance.
5. **Holding Accountable Cybercriminals and Other Illicit Actors:** Continue to expose and disrupt illicit actors and address the abuse of digital assets through seizures, prosecutions, civil enforcement, and targeted sanctions designations.
6. **Engaging with the Private Sector:** Enhance dialogue to ensure that firms understand existing obligations and illicit financing risks associated with digital assets, share information, and encourage the use of emerging technologies to comply with obligations.
7. **Supporting U.S. Leadership in Financial and Payments Technology:** Promote a modern, transparent domestic payments system that supports innovation and maintains U.S. technological leadership, while safeguarding our financial system and national security.

The digital asset system is rapidly evolving, and the U.S. government is committed to continuing to monitor emerging risks through governmental efforts and engagement with international and private sector partners. Treasury has posed several questions in the action plan for public input, which are also posted [here](#) on the Federal Register as a request for comment. We look forward to that input, which will aid the U.S. government in effectively mitigating the illicit financing and national security risks associated with digital assets.

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<sup>1</sup> Virtual assets are a subset of digital assets that does not include central bank digital currencies or representations of other financial assets, such as digitalized representations of existing securities or deposits.