

ANTISEMITISM POLICY TRUST

The image features a dark background with a diagonal split from the top right to the bottom left. Three gold Bitcoin coins are scattered across the dark area. The largest coin is in the foreground, showing the Bitcoin symbol and the word 'BITCOIN'. Two other coins are in the background, one partially obscured by the diagonal line. The text 'ANTISEMITISM AND CRYPTOCURRENCY - A PERFECT UNION?' is written in white, bold, sans-serif font at the bottom of the dark area.

ANTISEMITISM AND
CRYPTOCURRENCY
- A PERFECT UNION?

Front cover: 'Bitcoins 3D Render Isolated Cryptocurrency'. Licensed by snjivo/Shutterstock.com

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History: Extremist groups and online payments

Extremist groups of all kinds have always needed money, and relied on supporters to provide funds to the core group members to carry out their extremist agendas. However, that funding has also often proved to be a weakness. Proscription and other legal tools can make it a criminal offence to fund designated extremist groups. Even when donations are not, themselves, illegal, the donor lists of extremist groups can be a treasure trove of intelligence on their activities and supporters.

For these reasons, antisemitic organisations and other extremists prefer funding methods that are unregulated and untraceable. Physical cash, of course, is ideal for in-person donations of relatively small sums, but large quantities of cash are suspicious and hard to transport.

In the early days of the mass public Internet, online payment options were complicated to integrate and expensive to run, especially for small transactions. Companies tried to simplify the process, most famously PayPal, which launched in 1999.

Today, there are many online payment options. These services, though, still ultimately rely on credit cards, merchant accounts and banks, making them simple for law enforcement to trace and monitor. They are also a 'single point of failure'. Payment processors and crowdfunders, like Paypal, Stripe and GoFundMe, can suspend or cancel the accounts of extremist groups, freezing their funds. Occasionally even the credit card companies themselves, like Mastercard or Visa, will block all transactions to a particular person or group.

To thrive, extremist organisations needed a payment method that shared some key properties with cash: something hard to trace, fungible and decentralised, but that could be used remotely online.



Introduction

Cryptocurrencies are digital currencies that are not under the control of a central bank, a government or any other authority. Bitcoin is the most famous and widely traded cryptocurrency on the market. Created in 2008 by an anonymous person or group using the name Satoshi Nakamoto, it emerged at a time when distrust of the traditional financial system had been high, following to the 2007-2008 global financial crisis. Since 2009, many other cryptocurrencies have emerged, and their combined aggregate value is reported to be approximately US\$2 trillion.¹

Cryptocurrencies typically operate using blockchain technologies – a form of public ledger of all transactions that gets distributed among computers and is extremely difficult to tamper with or change. Blockchains therefore offer high levels of security.

They also offer a certain level of anonymity, which varies depending on the digital coin. All transactions using Bitcoin, for example, are public, and anyone can see how much flowed from one account (known as 'wallet') to another. However, the owner of each wallet are inherently private unless they choose to identify themselves.

This makes it easier to transfer cryptocurrencies to proscribed organisations without detection. Some cryptocurrencies have even higher levels of privacy and anonymity.

It is possible to obtain cryptocurrencies through private trade and donation. However, most people use asset exchanges where crypto-assets can be bought and sold with ease. These exchanges can see millions or billions of pounds of trade volume daily. Because these trades happen inside the exchange platforms, the flow of transactions between wallets may not be publicly visible on the blockchain.

Their decentralised nature and the difficulty in tracing transactions, has made cryptocurrencies popular among crime syndicates, terror organisations and extremists, including far-right groups. However, it should be stressed that the vast majority of people using cryptocurrency have no connection to extremists, criminals or terrorists.

1 <https://coinmarketcap.com/charts/>

Antisemitic Conspiracy Theories and Cryptocurrency

Antisemitic conspiracies that involve Jewish power and plots to destabilise governments are not new. Jewish people have been held collectively responsible for the death of Jesus, and medieval tales demonised Jews, alleging them to be part of a murderous cabal with a lust for blood. The age of enlightenment, and particularly the nineteenth century, saw the emergence of conspiracies about Jewish political and financial power. In Europe, the perception of Jews as outsiders was the basis for some accusations that Jewish people, or the 'wandering Jew', were stateless and had no loyalty to the nations in which they lived.² Jewish people, in this world view, were supposedly seeking to destabilise these countries for their own profit. Further conspiracies grew from this outlook, that Jewish people were the force behind wars, revolutions and other forms of instability. The conspiracists believed Jewish control over banking and the media³ enabled the manipulation of public opinion and financing of their efforts. The conspiracy of Jewish power over global economies was repeated in the antisemitic forgery 'The Protocols of the Elders of Zion' in the early twentieth century. In the United States of America, the Ku Klux Klan and other Neo-Nazi and white supremacist groups, have been promoting the idea that Jews control the Federal Reserve for many years.⁴

The fundamental premise underpinning popular cryptocurrencies is a lack of overseeing authority; no 'big brother' watching and intervening. This approach appeals to different groups. Radicals, whether on the far-left or on the far-right, are more likely to distrust banks, governments and other institutions, believing that they limit personal freedoms and can be unjust and manipulative.⁵

Research has indicated that libertarians – proponents of individual freedoms who see many institutions as limiting such freedoms and exerting coercion on individuals – are also more likely to believe in conspiracies about authorities.⁶ Though they may come from different moral and philosophical world views, there is an overlap between extreme-libertarianism and the extreme-right, with both drawn to using cryptocurrency.⁷

Distrust of financial institutions is, of course, not inherently antisemitic. However, those on the radical right and left, including those that are deeply antisemitic, incorporate their antisemitism with their distrust of political and financial authorities and the belief that they are controlled, or manipulated, by Jews. This makes cryptocurrency extremely attractive.

In his book, *The Politics of Bitcoin*, David Golumbia explains how Bitcoin was embraced at an early stage by far-right extremists, including notorious conspiracy theorists David Icke and Alex Jones, as well as by far- and alt-right groups such as the Liberty League and the Tea Party. Cryptocurrency presented an ideological basis, as part of a 'holistic world view,' that central banking is part of a deliberate plot to 'steal value from the people to whom it actually belongs.'⁸ This is where antisemitic conspiracies enter. One of the appealing aspects of cryptocurrency for far-right extremists emerges from a belief that banks and other financial institutions, as well as governments, are controlled by a cabal of Jewish people, often typified by the Rothschild family (and then, consequently, by all Jews).⁹

2 <https://antisemitism.org.uk/wp-content/uploads/2020/06/myths-and-misconceptions-may-2020-1-1.pdf>

3 This emerged later on in the 20th century, when mass media expanded and was widely accessible.

4 <https://antisemitism.org.uk/wp-content/uploads/2020/06/myths-and-misconceptions-may-2020-1-1.pdf>

5 <https://books.google.co.uk/books?hl=en&lr=&id=BTF0DwAAQBAJ&oi=fnd&pg=PT7&dq=cryptocurrency+regulation+extremists&ots=PfsFyVb9fv&sig=O9x3J4T3TW7YaqGqgMjuOUqmEog#v=onepage&q=cryptocurrency%20regulation%20extremists&f=false>

6 https://www.washingtonpost.com/news/posteverything/wp/2017/09/19/libertarians-have-more-in-common-with-the-alt-right-than-they-want-you-to-think/?nid=top_pb_signin&arcId=V2RG43ET7FCPHOF7767N6lFRR4&account_location=ONSITE_HEADER_ARTICLE

7 <https://www.theatlantic.com/technology/archive/2017/05/blockchain-of-command/528543/>

8 <https://books.google.co.uk/books?hl=en&lr=&id=BTF0DwAAQBAJ&oi=fnd&pg=PT7&dq=cryptocurrency+regulation+extremists&ots=PfsFyVb9fv&sig=O9x3J4T3TW7YaqGqgMjuOUqmEog#v=onepage&q=cryptocurrency%20regulation%20extremists&f=false>

9 <https://antisemitism.org.uk/wp-content/uploads/2020/06/myths-and-misconceptions-may-2020-1-1.pdf>, p.11

Conspiracy theories about international finance also centre on Hungarian-American financier and philanthropist George Soros. Soros has long been demonised by extremists on both the radical right and the radical left, who claim that he stands behind national and international political and financial unrest in Hungary, the US, Macedonia, Venezuela and Zimbabwe. Some claim he is responsible for illegal immigration and manipulating governments, all for the purpose of monetary gain and power, as a Jew.¹⁰

Scepticism of banks and authority, combined with a belief about Jewish control, have made the decentralised and unregulated nature of cryptocurrency appealing to those on the far-right, as explored above. Real-world examples help illustrate this point.

In one example, an antisemitic website encouraged its users to trade in valueless cryptocurrency called HoloCoin, a reference to the word Holocaust. It offered two coins, one named JEW and the other one ASH, referring to the ashes of the Jews killed in the Holocaust. Users utilised the platform as a 'Holocaust simulator', with the website stipulating that: "There are 15.3 million living JEWS at the beginning of The HoloCoin. Of these 15.3 million JEWS, 4,107 burned each day, equivalent to the rate at which Jews were slaughtered in the Holocaust."¹¹

A study by the Southern Poverty Law Centre reported that it 'struggled to find any prominent player in the global far-right who hasn't yet embraced cryptocurrency to at least some degree.'¹²

Far-right conspiracy theorists may be excited, and possibly alarmed, at the fact that an investment trust founded by Jacob Rothschild¹³ and a management company founded by George Soros,¹⁴ have been purchasing cryptocurrency, although reportedly not in large sums. According to a recent conspiracy circulated in the far-right sphere, the Rothschilds have created their own cryptocurrency project, called IMMO, and that it will be used to control the cryptocurrency market¹⁵ – conjuring the same old antisemitic conspiracy of Jewish control over global finance. Slate magazine found that threads about IMMO on extremist platform 4chan included frequent mention of Jews in a negative way, including conspiracies about control over banks and governments. Phrases such as Jews "own f*****g everything" and "our government is controlled by the SJW likes" were common.¹⁶

The Internet-cultural connection between antisemitism and cryptocurrency can be illustrated by an image (see below) of a t-shirt for sale on the website Redbubble.¹⁷ It has an image of Pepe the Frog on it, with Bitcoin symbol for eyes.

10 <https://antisemitism.org.uk/wp-content/uploads/2021/04/Final-George-Soros-Briefing.pdf>, p.6.

11 <https://www.jpost.com/diaspora/antisemitism/antisemitic-website-offers-simulation-with-jews-as-cryptocurrency-624670>

12 <https://www.splcenter.org/hatewatch/2021/12/09/how-cryptocurrency-revolutionized-white-supremacist-movement#content-area>

13 <https://www.reuters.com/technology/rothschild-backed-rit-co-leads-funding-crypto-platform-aspen-digital-2021-08-04/>

14 <https://www.cnn.com/2021/10/07/george-soros-fund-owns-bitcoin-ceo-confirms.html>

15 <https://slate.com/technology/2018/08/the-lurking-threat-of-anti-semitism-in-cryptocurrency.html>

16 <https://slate.com/technology/2018/08/the-lurking-threat-of-anti-semitism-in-cryptocurrency.html>

17 <https://www.redbubble.com/i/t-shirt/Pepe-Hodler-by-StyleProduct/78365512.NL9AC.XYZ>

Pepe the Frog is a cartoon character that first appeared in 2005 (see Image 1). The image is now a popular internet meme (an image used repeatedly in social media posts). When created, with the character's original catch-phrase "feels good, man", Pepe the Frog was meant to be humorous and not meant to be offensive. Since then, internet users have taken the character, often altering the catch-phrase, to create new images, many of which are also non-offensive.

These repeated, widely shared memes are sometimes referred to as "dank memes": images that reflect a type of humour that relies on excessive repetition, a high degree of familiarity and on nonsensical imagery and phrases.

"Dank memes" often combine lurid imagery and sounds with seemingly random phrases (in either written or audio form) to achieve an abstract, often surreal, overall effect.

Whilst the intention of the creators is often concealed, most dank memes trade in forms of irony and sarcasm that appear intended to amuse, bewilder or disgust. Popular memes, and particularly "dank memes" (such as those derived from Pepe the Frog) create in-jokes for a knowing, like-minded audience.

Pepe the Frog has been designated a hate symbol by the US counter-antisemitism organisation the Anti-Defamation League.¹⁸ Though the target of the image may appear unclear, we posit that antisemitism is the missing implied link.



Image 1: Original Pepe the Frog and catchphrase



Image 2: Subverted image and catchphrase

18 <https://www.adl.org/education/references/hate-symbols/pepe-the-frog>



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The particular Pepe image on the t-shirt also incorporates elements of an antisemitic caricature known as the ‘Happy Merchant,’ a grotesque stereotype of a Jewish man, rubbing his hands together, looking greedy.¹⁹ The Happy Merchant caricature is a widely-used antisemitic meme popular with extremist groups.²⁰

19 The hybrid image, known as “le Happy Pepe”, has been around for at least six years : <https://www.adl.org/education/references/hate-symbols/the-happy-merchant>

20 <https://www.adl.org/education/references/hate-symbols/pepe-the-frog>

How Cryptocurrency Helps To Fund The Far-Right

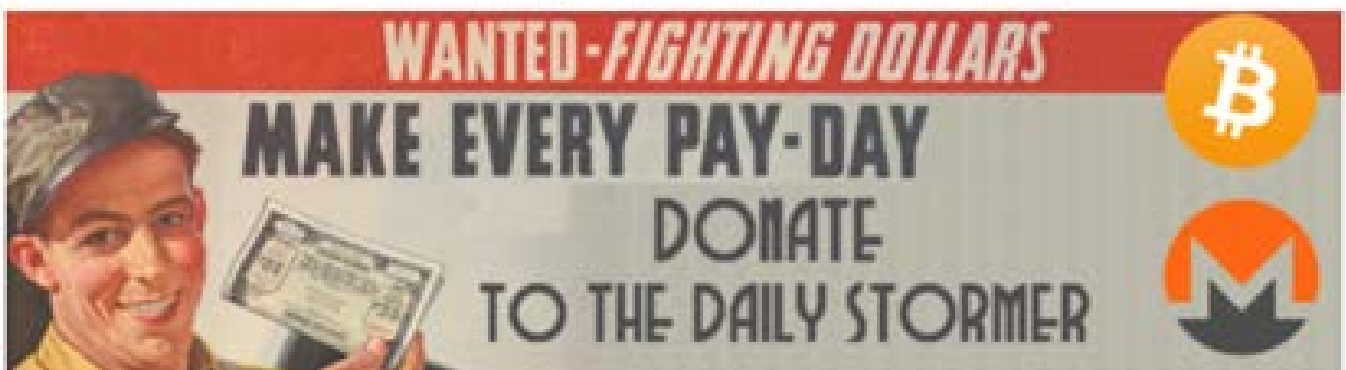
The previous section discussed the ideological adoption of cryptocurrency by figures in the extreme right. Far-right figures were often early investors in Bitcoin and other cryptocurrencies, enriching them. Extremists are increasingly raising funds in and through cryptocurrency, which has allowed them to continue spreading hatred, violence and antisemitism. This section will explore the extent to which cryptocurrency helps the far-right to avoid sanctions and fund their activities.

Although theoretically transparent and public, in practise Bitcoin provides high levels of privacy. Tracing the source of transactions is often difficult, especially through the use of traditional 'unhosted wallets'.²¹ Additionally, international transactions go undetected and can undermine financial bans or sanctions against organisations or individuals.

Andrew Anglin, founder of the neo-Nazi website The Daily Stormer, which advances antisemitic conspiracies and Holocaust denial, has reportedly made millions in Bitcoin from the platform.²² Anglin has been barred from PayPal and credit card processors, making cryptocurrency a major source of income for maintaining the site, together with Anglin's other

activities. Since opening his wallet, Anglin has reportedly withdrawn over \$76,000 worth of Bitcoin.

A colleague of Anglin, Andrew Auernheimer, also from the Daily Stormer, has reportedly had \$16M flow in and out of his Bitcoin wallet. The Daily Stormer actively asks for donations – for which it uses the 'fighting dollars' reference from an American World War Two poster for defence bonds. The framing of the donor request is one of fighting the enemy, that is, those in control of money – through transferring Monero crypto coin to the site (the preference for Monero is because it provides greater privacy than Bitcoin).²³ It also calls for its readers to keep investing in cryptocurrency even if "the Jewish media says [it crashes],"²⁴ suggesting that because cryptocurrency is a threat to the regular financial system, and therefore to the Jews that supposedly control it, 'the Jews' try to use their control over the media to crash the cryptocurrency market. This makes the use of cryptocurrency a form of resistance to perceived Jewish control. Similarly to Anglin, neo-Nazis Thomas Sewell and Jaz Searby have been soliciting donations – to be made by cryptocurrency only.²⁵



21 Unlike hosted wallets, unhosted wallets are controlled by an individual and do not involve an intermediary such as financial institution or a service provider. Users of unhosted wallets can carry out transactions without revealing their identity, making them more difficult to trace and investigate – making them perfect for terrorists, extremists and criminals.

22 <https://abcnews.go.com/Business/wireStory/cryptocurrency-ideology-borders-80272270>

23 Link to the Daily Stormer is not added here so as not to amplify and widen their reach.

24 Link to the Daily Stormer is not added here so as not to amplify and widen their reach.

25 <https://abcnews.go.com/Business/wireStory/cryptocurrency-ideology-borders-80272270>

Figures on the radical right are not only attracted to cryptocurrency because it plays into the antisemitic conspiracies – they also find it very practical and useful for their continued actions, especially when they are under financial sanctions applied by formal institutions.

To take another example, Stefan Molyneux, a high profile far-right white supremacist, has made millions in Bitcoin. He reportedly said that “Bitcoin is a currency that serves the people at the expense of the parasites, rather than the currency which serves the parasites at the expense of the people.”²⁶

The comparison of Jews to parasites has long been used by antisemites, including in Nazi Germany, in order to dehumanise Jewish people and incite violence against them.²⁷

French antisemitic website Democratie Participative, also raises donations by cryptocurrency. Its fundraising page states that “Thanks to your support we can continue to prevent Jews and their allies from sleeping soundly.”²⁸



In December 2020, far-right groups and individual leaders received donations from a single Bitcoin wallet amounting to over US\$500,000. The donations were revealed to have come from a French extremist who killed himself the day he transferred the funds. Recipients included prominent holocaust deniers, antisemites and white nationalists.²⁹ Additionally, the terrorist who carried out the Christchurch attack in 2019 had a history of donating Bitcoin to far-right groups and individuals.³⁰

Recent evidence also suggests that some far-right organisations are interconnected through cryptocurrency fundraising. Two such organisations, the AltRight Corporation and the National Policy Institute (NPI), have been found to ask Bitcoin donations to go to the same wallet.³¹

26 <https://www.splcenter.org/hatewatch/2021/12/09/how-cryptocurrency-revolutionized-white-supremacist-movement#content-area>

27 <https://www.ushmm.org/antisemitism/what-is-antisemitism/origins-of-neo-nazi-and-white-supremacist-terms-and-symbols>

28 <https://abcnews.go.com/Business/wireStory/cryptocurrency-ideology-borders-80272270>

29 <https://blog.chainalysis.com/reports/capitol-riot-bitcoin-donation-alt-right-domestic-extremism/>

30 <https://www.theguardian.com/technology/2021/dec/28/how-australias-far-right-uses-cryptocurrencies-to-monetise-hate-online>

31 <https://www.independent.co.uk/voices/bitcoin-alt-right-far-white-supremacists-neo-nazis-cryptocurrency-support-funding-profit-a8184901.html>

Social media platforms Bitchute and Gab,³² both known for hosting far-right and extremist content, also raise funds in Bitcoin. Gab announced that it will “fight against financial censorship” and is creating its own alternative to PayPal to “fight against the tyranny of the global elites.”³³ Gab’s founder has a history of posting antisemitic propaganda to his social media accounts.³⁴

These examples demonstrate how international online communities and networks are able to help fund and support extremists from anywhere in the world, and do so easily, safely and with little possibility of detection by governments or banks.

As previously outlined, the Southern Poverty Law Centre found that several high-profile far-right activists had adopted Bitcoin from its earliest incarnation, which has allowed them to accumulate sizeable wealth³⁵ Bitcoin and other digital currencies have not only allowed early adopters within the far-right to generate wealth, they also helped those figures to keep accumulating funds when they were forbidden from using the regular financial system. Some extremists are now moving away from Bitcoin to coins that provide greater privacy, such as Monero. The more privacy supplied by cryptocurrencies regarding the source and destination of transactions, as well as greater obstruction regarding which wallets receive funds, the more likely they are to be embraced by those on the far-right³⁶ The more ‘private’ coins like Monero, though, remain harder to access and trade than the popular Bitcoin and Ethereum.

With the proliferation of consumer cryptocurrency exchanges, using cryptocurrencies is becoming simpler and more accessible, meaning they may be adopted by a growing number of people including those donating to extremists.

These are examples of how cryptocurrency helps fund extremist content. Cryptocurrency has also been used to fund acts of terrorism and terror organisations, although currently this seems to not be done ‘in any sort of extensive or systematic way.’³⁷ A report by RAND identified how and why terrorist organisations require funding.³⁸ Funds are needed for weapons, preparing for attacks, propaganda, payroll, and other activities. Money for this can come from individuals, charities or states, or earned through illegal drug and arms trafficking and kidnapping for ransom – to name a few of the methods employed by terror organisations. Lone-wolf attackers tend to raise funds from friends or are self-funded. The report suggests that the more widespread and simpler the use of cryptocurrency becomes, and if technical barriers are diminished, the more likely there will be enhanced use of funding through cryptocurrency, allowing terrorists and other extremists to take advantage of loose regulation and increased privacy. This form of currency is crying out for regulation.

32 Image of the Gab fundraising from this source: <https://www.voxpol.eu/crowdfunding-and-cryptocurrency-use-by-far-right-and-jihadi-groups/>

33 <https://abcnews.go.com/Business/wireStory/cryptocurrency-ideology-borders-80272270> and from Gab News: <https://news.gab.com/what-is-bitcoin/>

34 <https://www.adl.org/blog/gab-ceo-andrew-torba-broadcasts-his-antisemitism-across-social-media-platforms>

35 <https://www.splcenter.org/hatewatch/2021/12/09/how-cryptocurrency-revolutionized-white-supremacist-movement#content-area>

36 <https://www.theguardian.com/technology/2021/dec/28/how-australias-far-right-uses-cryptocurrencies-to-monetise-hate-online>

37 https://www.rand.org/content/dam/rand/pubs/research_reports/RR3000/RR3026/RAND_RR3026.pdf p.21.

38 https://www.rand.org/content/dam/rand/pubs/research_reports/RR3000/RR3026/RAND_RR3026.pdf

Policy Recommendations

As the cryptocurrency market expands and gains popularity, questions arise regarding the regulation of cryptocurrencies. Cryptocurrencies vary greatly in size and value — at its high in 2021, the total value of all Bitcoins was around a trillion pounds, but smaller cryptocurrencies may be worth close to zero. Cryptographic assets also vary in utility; crypto coins are fungible values that operate on blockchains, while other crypto tokens can be non-fungible, usually operating on top of blockchains of other crypto coins. Additionally, some cryptocurrencies are ‘stablecoins’, holding nominally fixed values linked to external assets. As an example, the Tether stablecoin is supposedly pegged 1:1 to the US dollar. These coins offer more stability than non-stablecoins that tend to have greater fluctuations and do not need to be ‘mined.’³⁹

These, and other variations in cryptocurrencies, may cause further regulatory complications.⁴⁰ For example, a regulator would need to determine what kinds of cryptocurrency relate to which laws, regulations, and duties of care, and keep up with changes that may influence the designation and nature of cryptocurrencies.

There are many reasons for regulating cryptocurrency, from preventing money laundering, the funding of terrorism and other illegal activities, to applying tax laws and providing consumer protection. The right kind of regulation should be beneficial for mainstream investors and users of cryptocurrencies, and have negative consequences for those using cryptocurrency to fund hatred, crime and violence.

There are currently regulatory frameworks for cryptocurrencies in Europe and North America focusing mostly on cryptocurrency exchanges. The United States placed restrictions on cryptocurrency exchanges. US regulation and enforcement is predicted to widen in the near future.⁴¹ India is also considering regulation of cryptocurrencies⁴² and China is one of a handful of nations that has prohibited the use of cryptocurrency.⁴³

The UK has implemented the Fifth Anti-Money Laundering Directive (5MLD) for cryptoassets since January 2020. According to the Directive, cryptoasset businesses like exchanges and issuers must comply with the money laundering Regulations (MLRs) and register with the Financial Conduct Authority (FCA).⁴⁴ Apart from money laundering, cryptoasset businesses are now also regulated in order to combat terror financing. However, the current focus of regulation is consumer protection. The FCA confirmed that it has received “a high number of reports of scams involving crypto assets”.⁴⁵ As a result, the consultation response by HM Treasury on cryptoasset promotions, indicated that the government has plans to tighten regulation in a way that offers greater consumer protection.⁴⁶

39 ‘Mining’ crypto coins is a computational process that create new coins and enters them into circulation. The process also confirms new transactions and is an important component of the blockchain process. It also prevents the double-spending of digital currency. It is a complicated and costly process that requires powerful computers that are able to solve complicated, cryptographic mathematic equations.

40 <https://news.harvard.edu/gazette/story/2021/09/regulating-the-unregulated-cryptocurrency-market/>

41 <https://news.harvard.edu/gazette/story/2021/09/regulating-the-unregulated-cryptocurrency-market/>

42 <https://blogs.loc.gov/law/2021/12/new-report-on-regulation-of-cryptocurrency-around-the-world-published/>

43 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/795670/20190415_Consultation_on_the_Transposition_of_5MLD__web.pdf

44 <https://www.fca.org.uk/consumers/cryptoassets>

45 <https://www.fca.org.uk/consumers/cryptoassets>

46 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1047232/Cryptoasset_Financial_Promotions_Response.pdf

This is an important and welcome step, but regulation is not comprehensive enough when it comes to extremists and extremism. The 5MLD makes it illegal to deal 'with money or property that you know or have reasonable cause to suspect may be used for terrorism.'⁴⁷ This is significant. However, as outlined, current research shows that the use of cryptocurrency by terrorists is limited. The bigger problem is that many individuals and groups, including on the far-right, fall outside of the definition of terrorists and their activities are not considered terrorism. They will therefore remain out of scope of the current and suggested regulation.

At present, cryptocurrency funding plays a key role in allowing some groups or websites, such as The Daily Stormer, to carry out their actions and continue to spread hate and misinformation. The greater the privacy offered by cryptocurrencies, the more the money available to far-right and other extremist organisations is untraceable. This will likely cause them to rely on raising funds through cryptocurrencies, even if they can still do so by traditional means. Those who donate money to extremists may also be more inclined to do so under a veil of privacy, which could lead to an increase in donations. As mentioned earlier, the appeal of cryptocurrencies, is not only the privacy they offer, but it is ideological too and seen by those on the far-right as a way to avoid what they believe is Jewish control of the financial system.

The All Party Parliamentary Group Against Antisemitism has suggested in its 2006 report into antisemitism, that:

*'all providers of online payments systems adopt Offensive Material Policies which they undertake to actively police and that these organisations have clear mechanisms for members of the public to report any breaches of the policy. In addition we also recommend these providers strengthen their links with organisations such as Searchlight, which monitor the presence of racist, including antisemitic, material online, and respond quickly to any reports that their systems are being used to disseminate this material.'*⁴⁸

This recommendation could also form the basis for a regulatory framework for the regulation of cryptocurrency exchanges and platforms.

Pressure on cryptocurrency exchanges and platforms to add to their terms and conditions that their funds cannot be used for inciting violence or spreading hate would be helpful. Adopting a policy of naming and shaming companies who do not do this might be an effective way to undermine the use of cryptocurrency in funding extremists. On many occasions, when PayPal and credit card companies decide not to allow individuals and organisations to use their services, this decision is up to them, and not up to a regulatory body or the law.⁴⁹ MasterCard for example, has sought to cut ties with websites that incite violence.⁵⁰ These decisions can be the result of public pressure and regard for maintaining a positive public image, as well as for ethical trading purposes.

In practice, there remain significant limitations on these options. Cryptocurrency users can transfer their coins into private wallets and then move them as they wish, outside of any regulations, restrictions and policies of the exchanges and platforms.

The government could require cryptocurrency exchanges and hosted wallets operating in the UK to impose Know Your Customer requirements on cryptocurrency transfers to private wallets. This would unravel some of the anonymity associated with private wallet addresses, but it would have the side-effect of preventing these platforms from operating as cryptocurrency payment solutions more generally.

Another challenge is that many popular cryptocurrency exchanges are not based in the United Kingdom.⁵¹ While some may have UK-based corporate vehicles to operate domestically, it might be legally and practically difficult to impose and police new requirements on them.

47 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/795670/20190415_Consultation_on_the_Transposition_of_5MLD__web.pdf

48 <https://archive.jpr.org.uk/download?id=1274>, recommendation number 12, paragraph 121.

49 <https://www.economist.com/finance-and-economics/credit-card-firms-are-becoming-reluctant-regulators-of-the-web/21805450>

50 <https://thepointsguy.com/2017/08/credit-card-companies-cutting-ties-with-hate-groups/>

51 <https://www.forbes.com/uk/advisor/investing/best-crypto-exchanges/>

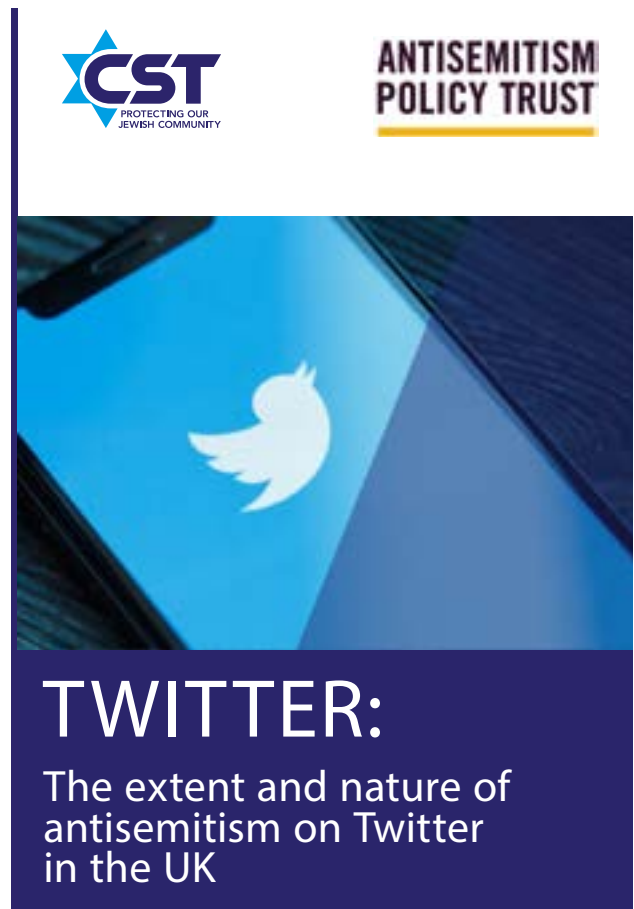
Any legal solution will need to be dynamic enough to allow for the technological changes likely to occur within the field of cryptocurrency. Banking and regular monetary systems are more static in their nature, but cryptocurrency is ever-changing and evolving.

The modest proposed measures will not and cannot stop the use of cryptocurrency to fund extremism and antisemitism. They are, though, barriers, making it more difficult for the casual, technologically unsophisticated cryptocurrency user to use it for illegal or extremist purposes. As explained above, ease of use is a major driver of adoption of cryptocurrencies for extremist funding purposes. Legal and regulatory barriers can be circumvented, but they are still a deterrent.

Unfortunately, even if regulated in a way that prevents extremists from raising funds through cryptocurrencies, the antisemitic conspiracies will still exist, and drive up the popularity of digital coins. This is not something that regulation of financial sectors can change.

Instead, educating about antisemitism and restricting the prevalence of antisemitic content online in favour of counter-extremist content, could be means to change minds and combat antisemitism.

Antisemitism Policy Trust Reports and Briefings



The Antisemitism Policy Trust's mission is to educate and empower parliamentarians, policy makers and opinion formers to address antisemitism. It provides the secretariat to the British All-Party Parliamentary Group Against Antisemitism and works internationally with parliamentarians and others to address antisemitism. The Antisemitism Policy Trust is focussed on educating and empowering decision makers in the UK and across the world to effectively address antisemitism.

Contact APT



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