



Study on the Governance Problems and Improvement of Virtual Currency Money Laundering Crimes

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Abstract

Virtual currencies have transaction characteristics such as decentralization, anonymity and cross-border because of their technical advantages, which make them a new channel for money laundering crimes, i.e., block-chain technology effectively enhances the efficiency of transactions while facilitating the implementation of money laundering crimes. At present, the governance of virtual currency money laundering crime is faced with the dilemma of legal lag, the lack of traditional regulatory model caused by technology and insufficient regulatory resources. In order to solve the problem of virtual currency money laundering crime governance, this paper puts forward the need to: clarify the legal status of virtual currency and through the development of special laws and regulations in order to improve the legal regulation; the establishment of internal anti-money laundering mechanism, strengthen the platform in the real-name system of transactions and transaction records access to the regulatory responsibilities; the construction of cross-sectoral joint early warning platforms, to promote the sharing of information and cooperation; and to strengthen international cooperation, the formation of a joint mechanism to combat the crime. In conclusion, the governance of virtual currency money laundering crime is not a one-day or one-country effort, and requires a variety of measures such as law.

It requires coordination and efforts in multiple directions, such as internal regulation and external cooperation, in order to overcome the legal lag, integrate governance resources through a perfect legal regulatory system, a complete regulatory mechanism and adequate international cooperation, and thus effectively curb the crime of virtual currency money laundering and maintain the stability and security of the financial market.

Keywords: Virtual Currency; Money-Laundering Crimes; Block-Chain; Legal Regulation; International Cooperation

Abbreviations

UCC: Uniform Commercial Code; SEC: Securities and Exchange Commission; IOSCO: International Organization of Securities Commissions.

Introduction

With the rapid development of information technology, virtual currencies, as an emerging digital asset, have been rapidly popularized globally and brought about an epochal change in financial transactions.

Virtual currency was originally a concept opposed to physical currency, but in China's regulatory context, the definition has been expanded to include private digital assets that are "homogenized" and rely heavily on technologies such as block-chain [1]. With its decentralization, anonymity and cross-border liquidity and other characteristics, for money laundering criminal activities provide unprecedented facilitation, become the international anti-money laundering field of common face new challenges. The purpose of this paper is to discuss in depth the formation and development of virtual currency money laundering crime governance issues, analyze the short board of legal regulation exposed under the current governance system, and on this basis put forward perfect governance strategy. By combing the virtual currency and its transaction characteristics, combined with the new trend of money laundering crimes, this paper seeks to reveal the internal logic of virtual currency money laundering crimes and external performance, to build a more effective anti-money laundering line of defense to provide theoretical support and practical guidance.

The Formation and Development of Virtual Currency Money Laundering Crime Problem

Overview of Virtual Currency and its Characteristics

Definition and Classification of Virtual Currency: With the rapid development of information technology, virtual currencies have rapidly occupied the global financial market with their unique decentralization, anonymity and cross-border transaction capabilities. Virtual currency refers to the network virtual property with exclusivity due to certain encryption technology, which exists in the form of data, so it can be, transferred any number of times through the Internet, and the transfer process does not require any third party other than the party concerned to verify the individual meaning. This exclusivity is also the reason why virtual currencies are widely used, and is used as a defining element of digital assets, including crypto-digital currencies, in both the U.S. Uniform Commercial Code (UCC) Amendments relating to cryptocurrencies, and the UNIDROIT Basic Principles of Digital Assets and Private Law [2].

As can be seen, only reproducible data for which technical protection measures exist can be recognized as virtual currencies for the purposes of this document, and their transfer without the condition of third-party verification ensures a high degree of free circulation and the free opening of a secondary market [3].

The Architecture of Block-Chain Technology and the Transaction Characteristics of Virtual Currency:

Virtual currencies are generated by relying on block-

chain technology as the core technical architecture, and through the peer-to-peer network, consensus mechanism and the user's own key, etc., the high degree of liquidity, concealment and speed of virtual currency transactions are guaranteed layer by layer. In the block-chain network, any nodes are interconnected and relatively independent at the same time, the entry and exit of individual nodes do not affect the operation of the entire network, and the consensus mechanism further guarantees the consistency and non-tampering of transactions. This non-custodial wallet mechanism makes the two sides of the transaction can be detached from the centralized management platform control, through the use of the key to complete the electronic signature can be completed in real time to complete the transfer of assets, thus greatly enhancing the convenience of the transaction and non-traceability.

Background of the Formation of Virtual Currency Money Laundering Crimes

The Popularization of Virtual Currency Under the Development of Information Technology: The progress of information technology makes virtual currency popular in the update iteration, and the globalization process of the Internet further promotes the application of virtual currency in cross-border transactions. This trend of popularization has brought creativity and vitality to the financial market, while also allowing new channels for illegal activities such as money laundering. Money launderers make use of the concealment and transaction convenience of virtual currencies through the operation of complex transaction networks, so that the stolen money can be mixed and the flow of funds can be quickly disrupted between multiple transactions, the source of funds can be confused, and the legalization of the stolen money can be achieved at last.

The Promotion of Money-Laundering Crimes by the Characteristics of Virtual Currencies:

The decentralized characteristics of virtual currency means that the transaction behavior can bypass the supervision of the central institutions; anonymity makes the account and fund information of both parties to the transaction are in an uncheckable state, and the identity of the trader is even more difficult to track; cross-border transaction capability makes the flow of funds uncontrollable, and once the transaction occurs, it cannot be frozen or withdrawn. These characteristics mean that virtual currency must become a double-edged sword of financial development, on the one hand, it becomes a scientific and technological tool to enhance financial vitality and development potential, on the other hand, it also becomes a hotbed to facilitate crime and breed criminal behavior.

The Development Status of Virtual Currency Money Laundering Crime

Innovation and Complication of Money Laundering Model: With the continuous development of block-chain and other technologies, the money laundering model has also gained innovation and gradually complicated. From the initial simple purchase and sale, only to protect the anonymity of the transaction mode, to today through smart contracts, cross-chain transactions and other advanced means to complete the multi-layer complex conversion and hidden completely anti-tracking mode, the money launderer is more and more adept at the use of technological means to avoid regulation. In this context, some companies specializing in cryptocurrency money laundering activities have also emerged to provide technology-based services for money laundering crimes. The existence of such institutions makes the market demand for money laundering to be accurately met, but also makes all kinds of stolen money from all walks of life gathered together to provide a huge pool of mixed funds for money laundering behavior, money laundering crimes to this more professional and efficient.

Frequency of Cross-Border Money Laundering Activities: The deepening of globalization and the continuous development of technology make virtual currency money laundering activities increasingly frequent, and usually with cross-border characteristics. Under the technical support provided by the block-chain, the use of cryptocurrency money laundering compared with the traditional money laundering method has a more hidden transaction mode, more efficient transaction process, more stable transaction results, on the one hand, more illegal property holders are more inclined to this low-cost, low-risk money laundering method, on the other hand, the money laundering platform will get a larger pool of funds, which can be more efficient to achieve the legitimization of the stolen money. The cross-border development of money laundering activities is undoubtedly another great test of regulatory activities, but also a serious challenge to the international financial security and judicial order.

Visible, strengthen the governance of virtual currency money laundering crime is the current era of technology and financial development of the subject of due sense.

The Current Virtual Currency Money Laundering Crime Governance Problems Exist

Combined with the “virtual currency” and “money laundering” on the Chinese referee network of the public case analysis, on January 1, 2012 - December 31, 2022 between the effective first instance referee documents for search and Read the full text, excluding crimes committed

with non-decentralized network virtual property such as “Q coins”, “game coins”, “points”, etc., or crimes of fraud committed on the basis of virtual currencies. Irrelevant samples, a total of 182 valid samples were obtained, and the following regulatory deficiencies were obtained through the comparative study of the samples

Lag of Legal Regulation: From the distribution of cases, the use of virtual currency money laundering behavior most of the convictions for the disguise, concealment of proceeds of crime, proceeds of crime and help information network criminal activity crime, while the number of money laundering crime cases is relatively small. This is due to the fact that most of the existing sample cases are upstream crimes of wire fraud, which are reported to the public security authorities by the victims of fraud and then traced to downstream crimes according to the clues. However, telecommunications fraud does not belong to the seven types of upstream crimes of money laundering, so it is difficult to realize the incrimination of money laundering crimes. This undoubtedly reflects the lagging standard of money-laundering crime in the current era and the problem of insufficient efforts to investigate and deal with the crime of virtual currency money-laundering.

Main points of a case	Number of cases
Crime of disguising or concealing the proceeds of crime or the proceeds of crime	107
Aiding information network criminal activities	72
Money laundering	3

Table 1: Distribution of Cases of Virtual Currency Money-Laundering Offences.

Limitations of Domestic Legal Framework: As virtual currency belongs to the emerging industry, China’s current legal system has many limitations in dealing with the legal interpretation of virtual currency money laundering crimes and the application of criminal law. Specifically manifested in, first of all, the Criminal Law of the People’s Republic of China on the crime of money laundering is more general description of the crime, even if the Criminal Law, Article 191 of the crime of money laundering provisions, the article does not clearly will be included in the category of money laundering instruments of virtual currencies, and also fails to reflect the virtual currency used in the money laundering of crime of the characteristics of the new era, unable to achieve the crime of the precision of the fight. Secondly, even if our country over the years has introduced various administrative regulations and normative documents to the

market application of virtual currency to carry out certain regulations, expressed our country to treat the cautious attitude of virtual currency, but whether it is the regulations or documents, there are lower legal status, the enforcement power is not strong as well as the content of the content of the more general, mostly for the principle of the provisions and interpretations, etc., it is difficult to realize the virtual currency money-laundering crimes of the effective Regulation. With the continuous development of the virtual currency market, the applicability and effectiveness of these documents will face certain challenges.

Reference and Reflection on Overseas Legal Regulatory Experience:

Generally speaking, extra-territorial countries' research on virtual currency money laundering crime is earlier than China's, and the legal regulatory measures are relatively complete, and the practice of regulation of virtual currency money laundering crime in various countries mainly includes the following aspects: a. From the perspective of regulation of block-chain technology, each country usually carries out a certain degree of risk prevention under the premise of guaranteeing benign development of the technology, for example, the U.S. federal government and the state government all carry out legislative and regulatory measures in accordance with the real needs of different regions on block-chain technology. For example, the federal government and state governments of the United States have enacted laws and regulations on block-chain technology according to the actual needs of different regions, while Russia has adopted a sandbox model to confirm the legal existence of block-chain and cryptocurrency technology, etc. b. In terms of regulation of cryptocurrencies, most countries tend to define cryptocurrencies as commodities or assets for the sake of macroeconomic control and stimulating the development of the market and give them a legal status. However, countries have different attitudes towards the regulation of specific applications, with countries such as the United States and Japan taking a positive attitude and incorporating them into the existing legal system, and achieving remarkable results.

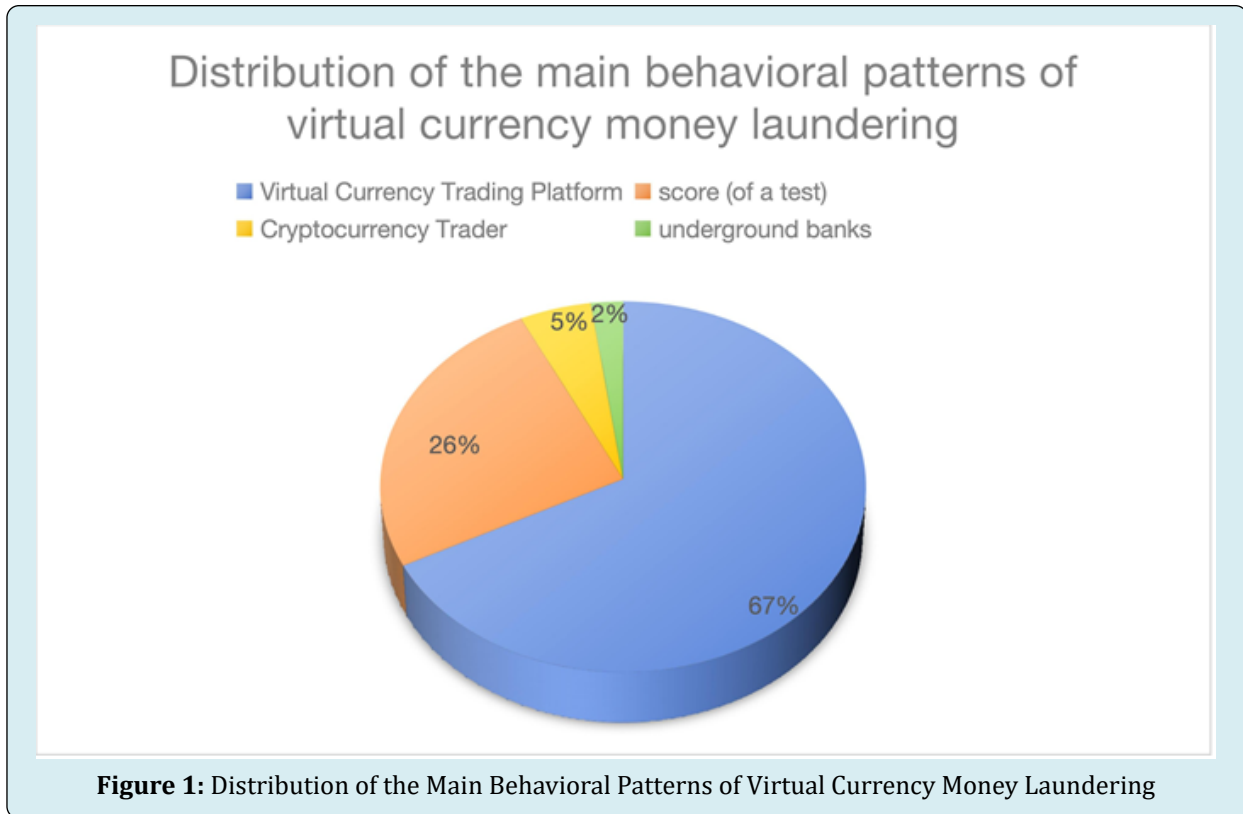
For example, the European Union has made several amendments to its anti-money laundering directives, resulting in the continuous improvement of anti-money laundering policies in many countries; the U.S. Securities and Exchange Commission (SEC) has taken aggressive enforcement measures to bring many virtual currencies that were not envisioned by the traditional securities laws under

the scope of securities regulation [4] Japan, on the other hand, requires intermediary platforms to manage users' virtual currencies separately using a dedicated address, under the premise of categorical regulation, and in principle should use cold wallets without Internet access, and may use hot wallets with Internet access only within a narrower range of exceptions [3]. The United Kingdom, recognizing that digital assets in the Web 3.0 era offer new financial service opportunities for users, announced in April 2022 that it will create a global center for virtual currency technology and investment by legislating to include "digital clearing assets" (i.e., stable coins) in the payments regulatory framework under the Financial Services and Markets Act 2023, and to Establishing a "financial market infrastructure sandbox" to facilitate innovation in stablecoins [5]. These positive regulatory attitudes have resulted in effective management measures such as sandbox regulation, user identification, and reporting of large-value suspicious transactions, and some countries have even developed special tax systems for cryptocurrency transactions. Some countries have even formulated a special tax system for cryptocurrency transactions to improve the cost of money laundering crimes by perfecting the tax system of their own countries, which to a certain extent has curbed the development of money laundering crimes by using cryptocurrencies; there are also countries such as Morocco that hold a comprehensive negative attitude towards cryptocurrencies and completely prohibit their circulation in the country in a broad-brush manner.

Study on the Shortcomings of Existing Regulatory Mechanisms

Failure of Financial Regulatory Means

As can be seen from the figure, the most basic money laundering crime is usually carried out through the virtual currency trading platform, this way due to the low technical threshold and received the favor of criminals, in addition to the use of banks or three-party payment channel to implement the "score" mode, this mode of cases are reflected in the obvious characteristics of the organization of the crime, most of the cases with The organizer is responsible for recruiting "heads" and arranging the specific division of labor in "running points", and the team members also have a sense of counter-surveillance, usually using encrypted communication software with servers abroad to make contact, and gathering on a regular basis and changing frequently. "Heads" to decentralize money-laundering.



Regardless of the model, all of them reflect the fact that, as the creation and operation of virtual currencies take place in the block-chain, they are outside the traditional financial system, and it is difficult for the existing means of financial regulation to achieve an effective response. The unsecured virtual currency represented by Bitcoin has strong “decentralization” characteristics, and its issuance and circulation are naturally cross-border, so even if a formal regulatory mechanism is set up or uniform anti-money laundering rules are adopted in accordance with traditional payment instruments, a large number of transactions will still be carried out inside and outside the country, bypassing the regulated centralized body, which will lead to regulatory arbitrage, which will not only lead to the development of foreign exchange, but also lead to the emergence of a new financial system. Regulatory arbitrage, which not only makes it difficult to enforce the rules on authenticity and appropriateness management of foreign exchange transactions, but also weakens the central bank’s ability to regulate the currency [6].

Lack of Cross-Sectoral Cooperation Mechanism

On the basis of the difficulty of investigation and evidence collection, virtual currency money laundering crime usually involves multiple sectors and fields, but in China’s current regulatory system has not yet built a cross-sectoral cooperation mechanism with the participation of multiple subjects and common governance. Virtual currency money

laundering crime usually occurs in the network platform, only data can be used as the key to breakthrough, and the results of the crime usually involves personal property security and national financial security, its governance theme in addition to the judicial authorities should be linked to the network information sector and the financial sector, the departments of information sharing is not smooth, insufficient synergies and cooperation is bound to be ineffective for the regulatory effectiveness.

Inadequate Response to Technological Challenges

Conflict between the Anonymity of Block-Chain Technology and AML Regulation: The anonymity of block-chain technology facilitates money laundering crimes, and at the same time makes the anti-money laundering supervision ineffective. In order to realize the effective governance of money laundering crimes of virtual currencies, it is necessary to solve the lagging of regulatory means, however, our country still lacks effective countermeasures and technological means in this regard, and it is difficult to realize the effective tracking and supervision of virtual currencies.

Difficulties in Monitoring Cross-Border Capital Flows: In the course of reading the case, it is not difficult to find that the proportion of cross-border flow of virtual currency in the case is large, and once the flow is out of the country, it will be difficult to identify the specific countries and regions where

the virtual currency is flowing to. And the flow investigation usually relies on the defendant's confession of "on-line" in the region or the investigating authorities through the chat records and other evidence to identify, without direct data evidence, which is in line with the anonymity of virtual currency transactions, once the proceeds of crime into the form of virtual currencies, the chain of activities will be difficult to track, it is more difficult to take the recovery of seizure, confiscation, and other dispositive measures.

The transaction convenience and cross-border transaction capability of virtual currencies make the monitoring of cross-border capital flows and the recovery and loss of money after the occurrence of criminal acts extraordinarily difficult. Traditionally, cross-border capital flows are subject to real-time monitoring by financial institutions such as banks or third-party payment platforms, but virtual currencies are completely divorced from these regulatory channels due to the architectural characteristics of the block-chain, which results in the failure of the original supervision of the financial system to cope with the profound changes of virtual currency money laundering crime.

The Limitations of Virtual Currency Money Laundering Crime Governance

Lagging at the Legal Level

Insufficient Adaptability of the Existing Legal Framework to New Money Laundering Crimes: The economic substance of virtual currencies is so different from the object of the transaction of the kiddie, and the legal nature of the rights represented by functional tokens is so ambiguous that it is difficult to find a niche in the traditional system of money laundering crime regulation [7].

In addition, the traditional regulation of money laundering crimes is mainly accomplished through the Securities and Exchange Commission, the Ministry of Finance, the Central Bank and other financial regulatory agencies, which leads to a variety of regulatory attitudes, policies and even conflicts, and market participants are at a loss in the face of confusing regulatory policies, which is not conducive to the standardized development of the industry, and also impairs the credibility of the regulatory system as a whole, so a specific legislation should be established to provide for a particular agency to take the lead in the regulation or to Therefore, a special legislation should be established to establish an agency to take the lead in the supervision or the establishment of a regulatory body specializing in the exercise of virtual currency money laundering crime supervision.

Obstacles between Law Enforcement and Judicial Cooperation: There are also many obstacles between law enforcement and judicial cooperation in the governance of

virtual currency money laundering crime, on the one hand, reflected in the process of virtual currency money laundering crime in the accounts of both parties to the transaction anonymity, and once the completion of the key authentication will also be synchronized with the completion of the funds transfer, so that the funds flow quickly to the account outside the country, which leads to the property involved in the case is difficult to recover and seizure; on the other hand, due to the attitudes of the countries on virtual currencies and the legal On the other hand, due to the different attitudes towards virtual currencies and the application of laws between countries, which leads to the contradiction between the necessity of cross-border coordinated governance of virtual currency money laundering crimes and the national judicial sovereignty, it is difficult to carry out the transnational judicial cooperation, and the governance of virtual currency money laundering crimes is ineffective.

Limitations at the Regulatory Level

Limited Capacity and Resources of Regulatory Agencies: Existing financial and judicial regulatory authorities are still monitoring financial risk behavior and money laundering crime governance through traditional means, but the complexity and professionalism of virtual currency technology makes the regulatory agencies in the governance process there are gaps in the relevant technical knowledge and means, on the other hand, the limited regulatory resources are difficult to platforms, individuals caused by a large number of risky transactions and money laundering behaviors occurring in real time in the huge virtual currency market for On the other hand, limited regulatory resources make it difficult to effectively regulate the large number of risky transactions and money laundering behaviors that occur in real time in the huge virtual currency market created by platforms and individuals. Due to the lack of regulation, many virtual currency issuers, in order to reduce their operating costs, fail to maintain the equivalent amount of fiat currency reserves as claimed at the time of issuance, or even invest the fiat currency in high-risk areas, which results in the inability to fulfill the obligation to redeem the currency, and in turn leads to the destruction of the economic order [8].

Challenges of Cross-Border Regulatory Cooperation: As mentioned earlier, attitudes towards virtual currencies vary among countries, and even among countries that recognize the legal status of virtual currencies, there are scale differences between attitudes that are either positive or relatively negative, which, coupled with differences in the original general legal systems, regulatory policies and jurisdictions of various countries, make cross-border regulatory cooperation difficult to achieve. To solve this problem, the most important thing is to harmonize the

positions and practices of countries and establish an effective cross-border regulatory cooperation mechanism.

Technical Limitations

Contradiction between Transparency and Privacy Protection of Block-Chain Technology: The openness and transparency of block-chain technology makes it difficult to tamper with and falsify transaction data, which means that anti-money laundering regulation will gain regulatory convenience after making up for the technical shortcomings, but on the other hand, the anonymity of block-chain technology makes it difficult to trace the identities of both parties to the transaction, and money laundering crimes are thus given cover. Therefore, the current technology still needs to solve the contradictory problems between privacy protection and anti-money laundering regulation.

Difficulties in Tracking and Analyzing Virtual Currency Transaction Data: The anonymity and immediacy of virtual currency transactions, coupled with the large number of transactions that occur within a short period of time after the money laundering platform uses a mixer has increased the difficulty of data tracking and analysis, and its high degree of liquidity makes it difficult to access the data, and it is difficult to analyze and validate the data due to its ambiguous source and complex flow after timely access. In addition, the size and complexity of the virtual currency market makes it extremely difficult to analyze the data, which in turn makes it difficult to achieve regulatory effects.

Improvement of the Rules for the Governance of Virtual Currency Money Laundering Crimes

Improvement of legal regulations

Clarify the Legal Status of Virtual Currency and the Regulation of Money Laundering Crimes: Due to the brand-new characteristics of this element of virtual currency, it can be considered in the framework of the existing criminal laws and regulations in a reasonable interpretation of the way to improve, first of all, to clarify the legal attributes of the virtual currency, the synthesis of China's actual situation and the attitude of countries around the world, this paper believes that the virtual currency should be positioned as a financial instrument, so that it has a legal status, and then into the order of financial management in China. In addition, due to the fact that China's research on cryptocurrency is still shallow, it does not have the conditions to formulate a new law or completely add the provisions of criminal law sub-rule. Therefore, cryptocurrencies are included in the scope of the anti-money laundering legal system, and the statutory regulatory power is granted to a certain institution through legislation, forming a regulatory system with unified powers and responsibilities and a clear division of labor,

such as the formulation of legislation led by the central bank, with the cooperation of departments such as Netcom and the judiciary and the cooperation of the central bank and other departments, to formulate departmental rules and regulations such as the "Measures for the Administration of Cryptocurrencies Anti-Money Laundering," or to refine the contents of the existing "Circulars" and "Provisions," specifying the obligations of relevant subjects or the contents of the relevant regulations. Refinement, and clarify the obligations of relevant subjects or the legal consequences to be borne for violating the obligations.

Specialized Legislation to Clarify the Attitude of Normalized Regulation:

For virtual currencies used in money laundering crimes such as emerging industry development derived from criminal practices, the establishment of a normalized regulatory system will be conducive to the prevention of market crises and the implementation of timely and effective means of regulation, through the legislation of a clear situation on the block-chain and the central exchange of the financial situation of the real-time monitoring of the regulatory approach, not only to change the traditional regulatory mode of the occurrence of the problem --- to solve the problem of passive regulatory path and the traditional regulatory model of the problem. Problem-solving passive regulatory path and the adverse consequences of irreversible trading behavior, but also to strengthen the regulatory nature of the decentralized platform, so that it can improve the level of industry self-discipline under regulatory pressure, and thus prevent problems before they occur and optimize the order of the virtual currency trading market.

Enhancement of Regulatory Mechanisms

Establishment of Internal Anti-Money Laundering Mechanism of Platforms: Decentralized trading platforms play an important role in anti-money laundering regulation as the main place where virtual currency transactions take place and where virtual currency property is anonymized, so it is necessary to establish an internal anti-money laundering mechanism for platforms in order to solidify the platform's regulatory responsibility. For systemically important virtual currency issuers or operators, more stringent requirements should be imposed on them in terms of entry conditions, reserve asset management, outsourcing and network security [9]. This means that virtual currency issuers or operators should, in addition to committing to the This means that the virtual currency issuer or operator should, in addition to undertaking that the value and redemption rights of the virtual currency are protected by the reserve assets and that the relevant operations are regulated, also make appropriate disclosures about the composition of the asset reserve, the assessment of risks and the investment

process [9]. Specifically, platforms, as the medium through which transactions take place, can establish a Specifically, as a transaction medium, the platform can establish a user identification system to implement real-name transactions, and keep the transaction records of customers for a certain period of time for the regulator to check and track. In addition, the platform should be required to establish a large-value transaction reporting system, report suspicious transactions to the financial regulator in a timely manner and cooperate with it in taking corresponding disposal measures. Thus avoiding the negative impact of direct central jurisdiction on the vitality and privacy of the trading market, and also effectively curbing anonymous transactions, reducing the occurrence of money-laundering crimes, and controlling the financial risks brought about by the anonymity and uncontrollability of transactions.

Building a Comprehensive Platform for Joint Early Warning and Disposal: In view of the complexity and cross-sectoral characteristics of virtual currency money laundering crimes, a comprehensive platform of joint early warning and disposal can be constructed to realize cross-sectoral information sharing and coordination, so that information sharing can be quickly realized among multiple departments such as finance, telecommunications and net information, so as to timely discover suspicious transactions and monitor fund flows, providing valuable clues and intelligence support for the supervisory authorities. In addition, the introduction of big data and block-chain technology will ensure the authenticity and completeness of transaction data by using the non-tamperability and traceability of block-chain technology, which will enable the regulatory authorities to obtain strong support for their tools; and the use of data means at the same time means the realization of the analysis of massive transaction data, the excavation of suspicious transaction patterns and abnormal behaviors, and the realization of the long-lasting prevention and control of money laundering crimes using virtual currencies.

Deepening of International Cooperation

Establishment of an International Virtual Currency Anti-Money Laundering Cooperation Mechanism: In July 2023, the FSB issued a high-level recommendation on the regulation of virtual currencies and global stablecoins, advocating that countries should engage in cross-border cooperation, coordination and information sharing, especially for market players in financial or operational distress with impacts far beyond the local context, or operating and managing in different jurisdictions, regulators in the relevant jurisdictions should share information and cooperate in a timely and effective manner [10]. In view of the cross-border nature of virtual currency money-laundering crimes, international virtual currency anti-money-laundering cooperation

mechanisms should be established through the signing of international agreements in order to strengthen the sharing of information and synergistic cooperation in international anti-money-laundering operations, or to build a cross-border judicial collaboration mechanism to form international synergy in combating virtual currency money-laundering crimes, and furthermore, international cooperation and participation in the formulation of international standards can be strengthened through strengthening cooperation with international organizations and actively participating in the formulation of international standards. Organizations, and actively participate in the formulation and promotion of international standards, etc., so as to enhance China's voice and influence in the international anti-money laundering field.

Coordination of Transnational Jurisdictions to Form Combating Synergies: The International Organization of Securities Commissions (IOSCO) has pointed out that regulators in different jurisdictions should establish a cooperation mechanism to provide assistance in implementing law enforcement investigations and corresponding procedures against market participants [11]. On the basis of respecting the sovereignty and legal system of each country, transnational judicial collaboration can be strengthened to jointly combat the criminal activities of virtual currency money laundering by coordinating joint investigations and jointly tracking cross-border financial flows. At the same time, by participating in the activities and meetings of international organizations to reflect China's position and concerns, promote the formulation and improvement of international anti-money-laundering rules, and strengthen consultation and communication with various countries, we can narrow the differences in the attitudes of various countries towards the jurisdiction of virtual currencies in a reasonable manner, thus promoting the consistent construction of a global anti-money-laundering regulatory system for virtual currencies, and realizing the effect of reducing the loopholes of supervision and enhancing the efficiency of global anti-money-laundering work [12-15].

Summary

In summary, virtual currency money laundering crime has become an important issue in the global anti-money laundering struggle, this paper through the in-depth analysis of virtual currency money laundering crime, reveals its formation background, development trend and governance dilemma, and puts forward the corresponding perfect proposal. This paper from: systematic combing of virtual currency and its transaction characteristics on the promotion of money laundering crime innovative research method; comprehensive analysis of the existing legal regulation in response to the virtual currency money

laundering crime defects, and the use of the attitude of the legal regulation of foreign countries and the experience of comparative research; and ultimately put forward, including the improvement of the legal framework, enhance the regulatory technology, strengthen the international cooperation, etc. aspects of the targeted governance strategy, for the construction of a comprehensive, Efficient virtual currency money laundering crime governance system provides new ideas. In the future, with the continuous progress of technology and the continuous improvement of the legal system, virtual currency money laundering crimes will be effectively regulated and financial security and social stability will be effectively guaranteed.

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