

US Treasury Published Non-Fungible Token (NFT) Illicit Finance Risk Assessment



Issue Date

29 May 2024

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SUMMARY

- NFTs can be exploited by illicit actors for money laundering, terrorist financing, and proliferation financing.
- Fraud and theft of NFTs typically stem from:
 - Insufficient cybersecurity measures
 - Copyright and trademark protection issues
 - Exploitation of NFT hype and volatile pricing

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MITIGATION MEASURES

- Utilizing scam databases, transaction controls, and blockchain analytics to prevent wash trading and flag risky users
- Enhancing cybersecurity and conducting comprehensive software reviews
- Verifying wallet addresses and NFT projects for scam reports
- Adhering to AML/CFT and sanctions obligations