

# Legal Framework Against Money Laundering Through Cryptocurrency and Blockchain Game in The U.S.

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## Abstract

The development of technology with bringing convenience is beneficial for the way of human life, on the other hand, almost crimes have occurred from that technology as a criminal tool. Users may utilise the same technology for different purposes. In particular, the illicit intention is highly possible to lead to social problems. Cryptocurrency and game under the blockchain system is one of the latest financial technology that is used for the process of money laundering to change "illegal" status of money to be "legal" and include trading in black markets across international borders. To prevent and cope with troubles in Thailand, the enactment and amendment of law shall be covered criminal activities, however, the currently revised anti-money laundering act of 1999 is not included the main aspects of legal gaps in cryptocurrency transactions and games under the blockchain system. Therefore, if money laundering via crypto transaction is occurred within the territory of Thailand, it will be difficult to adjust laws with each legal case. The primary goal of this research paper is to study the U.S. laws and policies at the federal level against money laundering and compare them with Thailand in order to present appropriate legal framework for Thailand. The study of research will be analysed through criminology and economic perspectives on the identity of financial crimes. Criminological theory is used to examine the appropriateness of the nature of criminal frames and penalties, as well as, economic theory is used to describe the costs of crime and decisions based on choices.

**KEYWORDS:** Blockchain, Cryptocurrency, Money Laundering, Criminology

## 1 INTRODUCTION

From the U.S. Department of Justice on February 8, 2022

*"...Lichtenstein and Morgen allegedly conspired to launder the proceeds of 119,754 bitcoin via a complicated money laundering process..."*

From Fordham Journal of Corporate & Financial Law  
Silk Road Case on February, 2011

*"An alias as Dread Pirate Roberts created Silk Road website for an online black market That a buyer can buy drugs and illegal products without governmental interference Under private networks and unidentify personal information. Bitcoin as a payment method"*

To begin with a general question: “How do you deal with the problem for two case if there are no laws to apply for this case?”. It is difficult to equitably judge two cases, even through there is a way to find an offender and evidences. According to the facts, they reflect on the development of money laundering process that apply technology as a criminal tool. Especially, there are less related laws to effectively apply in such cases because the anti-money laundering act of Thailand is currently revised on legislative process.

Money Laundering is one of the most severe crimes which has negative affections on all social and economic. According to globalisation, technology has been continuing to develop along with society and it is impossible to deny most people do not use new innovations in daily livelihood. In terms of benefits, technological advancement has resulted in more convenient subsistence; yet, criminals will also apply it to commit crimes. One of the main factors that might inspire a person to decide to commit a crime is the rapidly simplicial procedure and difficulty to be detected by state agencies. Cryptocurrency, which was built on Blockchain, is the latest financial system without intervention from a central bank, a third party, and the government. It is presented as the symbol of the democratic financial revolution as well as the identity of decentralised systems and high information securities, which might be appealing to the general public. In addition, Cryptocurrency is used for business transactions such as investment, exchanging digital assets in games, and speculation is similar to the stock market. Financial transactions with cryptocurrency have a potential way to be used as a tool for committing financial crimes; money laundering. To prevent and decrease problems in crypto criminals laundering, the government needs to implement public policies and amend all relevant laws accommodate to the current situation, as well as request cooperation from financial institutions to investigate and report illegal activities. Thailand's anti-money laundering law has been currently revised and the new draft amendment to the anti-money laundering act does not cover issues which are money laundering through cryptocurrency transactions and blockchain games. On the other hand, the United States as representative of capitalist economies and the most modern legal system declared the anti-money laundering act of 2020 as the governments main policy to control digital finances and also apply to blockchain games. There is no specific law for blockchain game regulations in the U.S., but each state has the authority to enact its own regulations. To compare with U.S. law, it is able to present the Thai legal weaknesses and U.S. legal strengths to be a proposition to the anti-money laundering amendment in Thailand through Criminology and Economic theories. The theory of Criminology explains about causes of committing crimes, delinquency, and processes, as well as offers principles of crime prevention. The demand and supply is the economic theory that explains to costs of crimes because some criminal occurrences depend on a decision between benefits and losses. As a result, the highest capability to an amendment is not only analysis of comparative laws, but also analysing results through theoretical approaches.

## **2 RESEARCH OBJECTIVE**

- 2.1 To explore primary laws and policies at federal level which are enacted to against money laundering via cryptocurrency and games under blockchain system in the U.S. in order to analyze appropriateness in legal.

- 2.2 To analyze those primary laws and policies through criminology and economic theory in a case of crime costs under perspectives of suitability and reasonableness to adjust with legal approaches in Thailand.
- 2.3 To present legal frameworks in both of laws and government policies to against money laundering for legal approaches in Thailand.

### 3 LITERATURE REVIEW

To present legal frameworks for the anti-money laundering act in Thailand, it is significant to study all relevant acquaintances with basic principles, theories, and including researches in order to understand in more complex matters of facts. Money laundering is a type of general financial crimes, but pathways in the offending process will be more elaborate if systems are based on digital technology. It is enabling them to be more convenient facilitated in flowing at each stage. To regulate and prevent the illicit use of them, however, Criminology theories with penalties and criminal costs in Economics describe reasons for a person who commit a crime. Besides, they are possible guidances to determine the amount of penalty calculations. Anti-money laundering acts in Thailand and the United States are similarly enacted on the element of crimes. Yet, there is no a cryptocurrency predicate offense, which includes terrorist digital financing activities, in Thailand's current bill. In terms of Blockchain and Cryptocurrency, they are the latest technology that has been popular in recent years and the government policy does not regulate them in prohibition, or advocate as being legal, especially in use as a medium of exchange. Most of legal measures for technological protection of digital finance is tax and safeguarding consumers financial security.

The purpose of this articles literature review is to study the fundament of money laundering, Criminology and Economic on financial crime and capitalism.

#### 3.1 Key Terms

**Cybercrime** was occurred from two words "Cyber" and "Crime". The fundamental definition of crime is a committing an criminal offense and cyber is related with wireless technology activities. Cybercrime is an act committed in violation of the law via using information and communication technology: ICT in order to attack networks, systems, or data in digital or online system. The most important identity of cyber crime is no physical or geographic boundaries like other crimes (e.g., Goodman, and Brenner, 2002; Wall, 2007; Wilson, 2008; ITU, 2012; Maras, 2014; Maras, 2016) (UNODC,2020).

**Cryptocurrency** was occurred from two words "Crypto Graphy" and "Currency" and the formal definition is well-known as a digital or virtual currency that is a type of currencies. The identity is specially different from other currencies because crypto is a digital and decentralized system and a crypto holder is able to use as an exchange in market. Bitcoin, Ethereum, or Tether are popular types of cryptocurrency underneath Blockchain.

**Financial crime** was occurred from two words "financial" and "crime" that specify a type of crimes. The definition refers to an act committed an offense against property such as, frauds, money laundering, tax evasion, or being involved in other crimes.

**Transaction and Financial institution** under the title 18 of U.S. criminal code §1956 is

referred to financial activities via using Cryptocurrency or an intermediary between an exchange cash to a crypto coin.

### **3.2 Money Laundering via Cryptocurrency and Blockchain Games**

The definition of "Money laundering" is regulated by the U.S. treasury financial crimes enforcement network (FinCen) defines as "the process involves disguising financial assets so they can be used without detection of the illegal activity that produced them". United Nations office on Drugs and Crime (UNODC) define as "the processing of criminal proceeds to disguise their illegal origin".

Therefore, both of definition is also similarly and a general definition is the process which aims to change a illegal status of money to be legal. Money laundering is a type of financial crimes, however, when the process is related with Blockchain and Cryptocurrency which is one of the modernest technology, a criminal category is financial crime and also cybercrime.

The pervasive effects of significant financial crimes on a society and economy occur in few stages. General processes of money laundering could be transformed illegal money into being legal, or disguised illicit sources of funds by 3 stages of processes (The UN Vienna Convention Article 3.1,1988): placement, layering, and integration, as well as each stage can be complex due to developed technology for the criminal's benefit (Web-1). All stages shall be controlled by laws. The details of stages are as follows:

The first stage is "placement", which refers to move the funds from direct association with the crime by disguising them with legitimate financial system, such as investment, bank account, or a purchase of insurance. In the case of money laundering by Cryptocurrency, money will be transferred into an user's unidentified account for virtual currency investment, the third person' account who is related to the process or innocent agent, or specialized platforms are created for trading channels in blackmarkets (Jacque,2016). There are two types of related accounts, namely an account is tied with a commercial bank and non-bank institutions as a virtual money exchange platform (Rebora,2019). The main issue at this stage is accurately verify each user's account, when an user specify own personal information.

The second stage is "layering" which refers to make the process of disguising sources of funds more complicated to be inspected and requires the most superior mechanism to hide evidences of guilt. Examples of methods for disguise sources and transaction history, The first example is "Tornado Cash Mixer" is used for transferring crypto without an identification of Blockchain transaction histories and a purpose differs from common others which can be verified. The U.S. Department of Treasury call "Launders the Proceeds of cybercrimes" and sanctioned Tornado Cash by boycott and banning people who use a service (Web-2). The second example is "crypto transfer" which is a simple method for a launderer by distribution to other various wallets (Jacque,2016). The main issue at this stage is controlling all abnormal financial transactions via laws, reports, and cooperation with relevant institution.

The last stage is "Integration" which refers to be a successful process as a legitimate source and the launderer can transfer money into being a clean money without an arrest in previous stages. It is difficult to investigate for evidences and also prove the facts of offenders, but there are still possible ways to against money laundering. To investigate all financial transactions, relevant institutions shall be report large amounts of money or frequent transferring.

The literature review in this section reflect on the lack of legal framework which cover digital finance activities to against crimes. Legal framework for Anti-money laundering via Cryptocurrency and Blockchain game should be divided into three categories: regulation for digital financial activity, authority and cooperation with institutions, civil and criminal punishment. For punishment, it will be discussed in 3.2 Criminology.

### 3.3 Criminology

**Conspiracy and Aiding and Abetting theories** attempt to explain organizational crime as a joint offense consideration by the number of offenders, criminal interactions, identical plans, and liabilities with cover a person who participate in plans even just a tiny participation (Marcus,1977). An operation system depends on aiding and abetting in the commission of a crime (Congressional Research Service,2020). The process consists of two main characteristics: the number of offenders and aiding and abetting someone's crime. In this section, both of theories determine legal frameworks for an offender's liability interpretation and involving in crime.

**Radical Choice theory** attempts to explain an offender's reason to decide to commit a crime. Decision on individual level to present own action requires the consideration between the advantages and disadvantages in advanced and than make a decision (Witteck, 2013). If the advantages outweigh the disadvantages, there is a high tendency for an offender to decide committing an offense or assist in the implementation of crime, follows Utilitarian theory (Web-3). The theory is applied to legal frameworks for a Cryptocurrency wallet platform and an agent whereby an anonymous channel. Because of an unidentified account, it is one of methods that assist an offender to hide own personal information and evidences.

**Deterrence and Retributive Theories** attempted to explain how to impose penalty and sanction. The purpose of criminal punishment shall be rightfully reasonable. Accounting to ethics and criminal justice, the sense of a sanction consists of five basic elements: "an unpleasantness to victim, being an offense, being an offender, an unnatural consequence of an action, and imposed by an authority...(Web-4)". Cesare Beccaria's *an essay on crimes and punishments* is a part of the classical school of criminology presented the concept of Deterrence theory that the punishment be consisted of three elements: swiftness of punishment, certainty of punishment, and severity of punishment (Harcourt, 2013) (Beccaria, 1764). Besides, the punishment should be proportional to the level of the crime follows as a principle of proportionality and no one cannot be punished without indispensability underneath the concept of civil contract and all punishments and sanctions must be revealed to societies (Beccaria, 1764). Retributive theory is the base of principle in the code of Hammurabi that an offender shall be penalized according to an action, if an offender break the law. However, this theory must be enforced with the environmental factors to influence an action. A person committed a crime without a freewill, hence it is improper to be punished by the same penalty as an offender (Walen, 2021). Both of theories applied to analyze proportionated penalties.

According to punishment under anti-money laundering act, there is two sanctions which consist of civil and criminal punishment. The Criminology literature review is aimed to be a standard legal framework in philosophy and have different perspectives to an amendment in Thailand.

### 3.4 Economic Theory

The perspective of Economics is significant to Economic analysis entails costs, benefits, and the state of economy. The Anti-money laundering act is the law directly relating to financial crime and effects on trade because a crime gets involved to manipulate a large amount of money (Dirty Money) and conceal the illicit sources that affect on crypto prices and markets in fluctuation. Besides, a crime is able to be completely committed without the cost of crimes and the punishment rate has no capability if the rate is less than criminal benefits. Under the economic literature review has two parts: Economic theory on financial crime and digital transactions on Economics.

**Economic theory on financial crime.** The cost of crimes is the main issue to find what would be considered the cost of crimes? The general term of "cost" is money or any property is provided for an activity as a propellant in proceeding (Web-5). Economic interpretation includes the meaning of opportunity cost depends on the relationship between the value of production inputs and output (Web-6). However, there are two meanings in criminality and not rarely different from basic terms: an elicits private expenditure such as a safety system, a closed-circuit camera, or a guardsman and cost of criminals such as an equipment, works, or positive and negative benefits of crime (Anderson,2011). To decrease private costs, tackling crime must be extremely efficient.

The cost of crime for money laundering via cryptocurrency transaction, namely, the cost of finance, the cost of implement, the cost of skilled labor, and the cost of mental state (Anderson,2011). These costs are the main factors which influence to commit a crime. As the matter of fact, a completed criminality is not necessary to consist of all costs because some processes on new technology are able to carry on without one or two factors. The cost of finance which is the fundamental cost to commit a crime, refers to expenses for a hidden source of money by opening unidentified or fake account at banks or financial institutions in order to keep and conceal them (Anderson, 2011). In additional, This may be done through opening an account through an intermediary (a person who is not the first offender) and a launderer must pay some wages to them. The cost can be related to purchase or exchange individual financial transaction documents. The importance of legal amendment is cutting the cost by verifying financial accounts in order to prevent fraudulence and illegal employment. The cost of operational material refers to an offender uses devices to work or coordinate with a group or organization (Anderson,2011). Money laundering via cryptocurrencies and the gaming system is related with modern technology, hence, there is possibility to an offender does not stuck in a place and in case of a large-scale operation, it requires a large number of devices. The essential notice is a modern technology that is requisite for every criminal procedures because an identity will be convent and fast, on the other hand, government agency must put in the effort to find evidences. Amendment or enactment of law for an examination about observations of buyer and seller transitions is liable to decrease and against problems.

The cost of worker refers to a person who is an direct offender as money laundering of predicate offenses or as as accomplice, a co-principal, a principal in the first and second degree, an instigator, a person inciter, and a supporter must be good at a basic skill in financial knowledge and technology as well (Anderson,2011). A criminal maybe inferred to be a person have characteristics related to such a knowledge. However, it is impossible to enact a law in

order to control these cost because it is subject to violate personal rights. An analysis to the cost of worker is able to be useful to estimate a criminal identity.

The cost of mental health refers to consider between positive and negative benefits to commit an offense in advance (Anderson,2011). According to benefits, the mental health is considered as the most significant factor because there is no man will make a decision on useless thing, follows the principles of criminological theory mentioned in the previous section and includes Utilitarianism and Existentialism is an ethical theory which identify as “a moral response against wrongdoers (Betham,1748-1832)”. In case of this cost, it influences on civil and criminal punishment and consequence that will occur after the penalty. If the rate is lower than positive benefits, it is highly possible to a person will decide to commit a crime. A society has nonchalance and rarely advert to an offender’s acton, so there is a chance to occur recidivism.

#### **4 RESEARCH METHODOLOGY**

This research aims to study anti-money laundering law in Capitalism counties in order to compare the different legal perspectives and be modern legal guidelines for Thailand. Categories for this research are a comparative and policy research. Due to different politic and economic policies, underneath capitalism approaches are not resemble ideas. To a comparative method, it is able to affect on the fundamental thought which is behind the state policy. To study policies, each policies has main principles for a government and state agencies to enact own legal frameworks to enforce within territory.

Underneath the target of this research, data collection is collected related laws, policies, and cases from capitalism countries. The principal countries are the United States of America and China is a minor point to compare some analyzed in some parts because both of countries has similar categories of economic, on the other hand, each bases of economic occurred on the different politics. Sources of information will be collected via books, government’s websites, state agencies, and previous researches.

To avoid research bias, Criminology and Economic theories are as tools to examine information. A theory is a concept of thought and a fundamental reason to present and describe dissimilar perspectives from each countries. Criminology is a type of criminal theories to describe at the beginning point of process: why a person will make a decision to commit an offense to approaches in order to punish a defendant. To a step of treatment, it is essential to perceive information about a criminal to explain logics that is hidden in an action. Economic theory is divided to costs of crime theory and Economic system for a study. Costs of crime are analyzed with Criminology about factors and reasons for a decision and punishment. Economic system is a main key for presented legal approaches on an examination if legal frameworks are suitable for Thailand.

#### **5 RESULTS**

Analysis of anti-money regulations is to contemplate the foundation of administrative concepts in politics and economy which is the significant source to enact laws, policies, and also affect on overall attitude in each state. To determinate ought to This section is divided

into 4 topics: the U.S. administration and direction of digital financial attitude, policy, anti-money laundering act, criminal punishment.

### 5.1 Comparison Table: Anti-Money Laundering Legal Approaches Between the U.S. and Thailand

This comparison table summarized the main points of comparative study between the U.S. and Thailand on issues under the scope of money laundering prevention by using cryptocurrency and game under blockchain system as a criminal tool.

Comparative Perspectives	The United States of America	Thailand
1. The identity of regime	Democracy as federal republic which is divided into three levels; federal, states, and local administration.	Democratic is based on military government with the king as the head of state.
2. The identity of economic infrastructure	Capitalism. The federal government declare primary policies to directly support digital economy, especially cryptocurrency and each state is able to enact regulations and policies.	Mixed economy. The digital economic forward depends on government policies and related ministries (centralization) to enact regulations. Almost policies support digital economy, however, some of digital transaction are not assured following laws, especially related with cryptocurrency.



<p>3. Anti-money laundering in legal approaches</p>	<p>The main approaches to against money laundering in the U.S. as follows:</p> <ul style="list-style-type: none"> <li>• Anti-Money Laundering Act of 2022</li> <li>• The Bank Secrecy Act</li> <li>• The Corporate Transparency Act</li> <li>• The title 18 of U.S. criminal code §1956-1957</li> <li>• Financial innovation act</li> </ul> <p>Following these laws are expended to cover criminal activities as using cryptocurrency</p>	<p>The anti-money laundering act of 1999 is considered with related acts and is currently revised on the legislative process. Revised issues is only covered as follows:</p> <ul style="list-style-type: none"> <li>• Add digital asset business as a predicate offence</li> <li>• To improve approaches of information transmission between customs and the anti-money laundering office</li> <li>• A custom official has an authority to confiscate foreign currency and international negotiable instrument.</li> <li>• Add Criminal punishment for using or allowing other people to use or provide personal information.</li> </ul>
<p>4. Overall punishment for anti-money laundering</p>	<p><b>Criminal punishment</b></p> <ul style="list-style-type: none"> <li>• An offender shall be sentenced to a fine or not more than \$500,000 or twice the value of the property involved in the transaction, or imprisonment for not more than 20 years, or both</li> </ul> <p><b>Civil Punishment</b></p> <ul style="list-style-type: none"> <li>• not more than the greater of the value of property, funds, or monetary instruments involved in the transaction; or \$10,000.</li> <li>• In case of property, the U.S. has an ownership of any property or interest shall be an order of forfeiture by a court of the U.S.. be enforced by a judgement</li> </ul>	<p><b>Criminal punishment</b></p> <ul style="list-style-type: none"> <li>• an offender who commits a money laundering offenses, is punishable by imprisonment for 1 10 years, or fined than 20,000 Baht to 200,000 Baht, or both.</li> </ul> <p><b>Civil Punishment</b></p> <ul style="list-style-type: none"> <li>• A property inspection</li> <li>• Seizure a property</li> <li>• Confiscate a property to belong the country non conviction base and reverse burden of prove</li> </ul>

<p>5. The related crypto control to against money laundering</p>	<ul style="list-style-type: none"> <li>• report cash transactions exceeding \$10,000 per person, per day, in one or more transactions and suspicious activities exceed \$2,000</li> </ul>	<ul style="list-style-type: none"> <li>• Report financial transaction is related payment or transfer more 100,000 baht from electronic channel to cash</li> <li>• Report electronic payment more than 700,000 baht</li> <li>• Identity verification before making transaction</li> </ul>
<p>6. Cooperation between related institutions and agencies</p>	<ul style="list-style-type: none"> <li>• <b>Policy section</b> According to The William M. (Mac) Thornberry National Defense Authorization Act section 6101, enact to establish the national inspection and control.</li> <li>• <b>Institutions</b> <b>The US Financial Crime Enforcement Network:</b> is directly responsible to prevent, suppress financial crimes, and issue policies and regulations <b>The Treasury Department :</b> prepared a report of the 2022: national money laundering risk assessment <b>Bank of America:</b> announce guidelines for financial transaction under anti-money approach.</li> </ul>	<p><b>The Securities and Exchange commission :</b> Cryptocurrency and token investment in Thailand is under the control of the royal decree on the digital asset business B.E. 2561 and other regulations</p> <p><b>Customs, Bank of Thailand, Financial Institution:</b> enact regulation and report suspicious transaction is not limit for financial amount.</p> <p><b>Financial intelligence unit:</b> to investigate and analyze financial information</p> <p><b>Power of intervention:</b> command to investigate suspicious transaction without any consent</p>

## 5.2 The Legislative System of U.S. and Thailand Administration on Direction of Digital Financial Attitude

The U.S. is the representative as the world's greatest power over other countries (Web-7) and obscure to political policies behind the scene. Cryptocurrency is the latest symbol of financial revolution and main role in digital investment because most of digital market (Blockchain games and NFT) and investment is related with crypto transaction. Due to Executive Order (E.O.) 14067 in U.S., the objective is to support digital finance which includes digital assets, for being the influent leader of modernest technology and transactions, as well as increasing legal measures and government policies to control related activities accords with the country's national strategy against terrorism and illicit finance (Section 7(c) of Executive Order 14067,2021). The condition of policy influence to crypto market in U.S. upward trend to keep growing. However, the latest CNBC All-America Economic Survey resulted to eight

percent of a positive view on crypto from the American public (Web-8) because the impact of economic recession and all financial crimes affect to decrease crypto popularity.

The direction of federal policies and laws is positive for an investment and industry, however, all transaction shall be enforced under regulation to against the financial crimes. Even though online gambling business is widely prevalent in the U.S., but there are regulations for these businesses at federal and state levels. Some states allow casinos to be legal and free market, such as, Pennsylvania, Nevada, and Michigan, on the other hand, online casino shall be permitted and checked to prevent money laundering and financial crimes. General games for an investment is not particularly enacted under criminal or civil law and procedure because there are no direct influence to incur crimes and including as entertainment for players. The federal government always advocates games as long as the purpose of game playing is not an illegal intention.

Because of centralized identity, Thailand has different administration from the U.S. and including economic system, which is semi-capitalism. Thai dominance is not complicated and each city depends on central command. Cities with highly growing economic from tourism cannot regulate different policies or regulations (delegated legislation) from primary laws or policies. At the beginning of cryptocurrency influence, bank of Thailand asked financial institutions for collaboration in order to be not one or a part of crypto transaction follow BOI. circular notice (23) 276/2018. However, on July 8, 2021, bank of Thailand released an announcement of 49/2021 among cryptocurrency growth that bank of Thailand does not support all digital assets, which is involved in crypto transactions, as a barter trade by reason of financial crimes and price fluctuations follows United Kingdom, European Union, South Korean, and Malaysia approaches. Two primary policies present that a digital finance in cryptocurrency trade is going to be more supported and developed in Thailand, on the other hand, there are no regulations to assure as being legal debt payment. Game industry, which is especially under the blockchain system as known as gamefi (play to earn), is an area that an amount of money has frequent inflow and outflow, nevertheless, legal development has no any progress to prevent and protect this platform from financial crimes.

The aspect of Thai's policy is not yet completely liberalized for all categories of crypto transactions, notwithstanding that government and primary institutions are trying to expand scopes of commercial regulation in order to more financial freedom. Freedom will be not the best answer, if it bring social problems. Following the U.S. approach, it is able to be positive possibility for Thailand because economy will be stimulated by digital investment can affect on circuit flow of money under crypto trades, in the same way as the U.S. must face financial criminal rates are increased and involved with new criminal platforms in the future, as well as, the system of operation and cooperation under the federal government's control are also proficient to be ready to solve and face problems. In these circurumation, Thai organizational systems and legal proceedings are sufficiently prepared to deal with problems, hence, following the U.S. policy positively effect on economic growth underneath international crypto economy. However, the undesirable effect is increasing the rate of financial crimes which includes money laundering, if all related organization and institutions are failure to comply with laws, as well as, policies.

### 5.3 Federal legal approaches to against money laundering

A form of financial criminal method, which is utilized for money laundering, is cryptocurrency and games under blockchain system are associated together and developed under the “play to earn” concept. When this method contains two major stages of processes, the enactment must cover both of them. There are four primary regulations to against money laundering: the title 18 of the United States Code, The Bank Secrecy act (BSC), the Anti-Money Laundering Act of 2020 (AML), and the Corporate Transparency Act (CTA) which are as a federal law to generally enforce with money laundering offenses in the federal states of U.S.. As a results, a topic of 5.3 will provide significant analyses of U.S. regulations related to anti-money laundering framework. Crypto transaction and blockchain games is used as a process of laundering and there is no legal enactments to specifically enforced with these financial crimes. However, a legislative process has extended to cover such cases and revert provisions as follows:

**Legal definitions.** On March 18, 2013, the Financial Crimes Enforcement Network (FinCEN) issued regulations to a person who used or is related with virtual currencies that A person who creates, obtains, distributes, exchanges, accepts, or transmit virtual currencies, is referred to in this guidance as an user, an administrator, and an exchanger is under the bank secrecy act(Web-12). The bank Secrecy act (BSC) and anti-money laundering act of 2020 (AML) is primary regulations to against money laundering and other financial crimes. The definition of all types of virtual assets under FinCEN guidance to AML and BSA is “value that substitutes for currency” cover all relevant assets. “Financial institution” follows section 5312 of the BSA is referred to “a business in the exchange of currency, funds, or value that substitutes for currency or funds” and section 5330 expand “money transmitting” is included “business that transmits currency, fund, or value that substitutes for currency”. The recently revised AML and BSC acts aims to expand definitions of acts, activities, and institutions to cover all categories of cyber and financial crimes. If criminal terms is too specific, it has a high possibility to occur legal gaps in order that a criminal will be free from an accusation.

**The elements of crime in a money laundering offense.** Fundamental offenses of money laundering in the U.S. are enacted under the title 18 of U.S. criminal code §1956 - laundering of monetary instruments and §1957 - engaging in monetary transactions in property derived from specified unlawful activity.

Underneath section §1956 defines approaches for elements of money laundering and divided into 2 parts: Criminal action and intention shall be accordance in the same way, as follow:

“Criminal act” is defined as a person (holding American or other nationalities) who knows or be related an unlawful activity and foreign financial institutions.

“Criminal intent” is defined as knowing in whole or a part of transaction in order to intent to conceal the source, promoting, avoiding to report, or engage in an unlawful activity.

Underneath section §1957 defines “a person who knowingly engages or attempts to engage a monetary transaction in criminally derived property of a value greater than \$10,000 from specified unlawful activity”

**Operations of financial institutions,** the U.S. government policy requires financial institutions to submit reports of cash transactions exceeding \$10,000 per person, per day, in one or

more transactions and suspicious activities exceed \$2,000 follows the Bank Secrecy Act (BSA) and KYC rules (Know Your Customer) as well as identifying and verifying their customer's beneficial owners.

The Corporate Transparency Act (CTA), which is a tool to examine abnormal activities, has a compulsory to reporting companies to reveal their beneficial owners. The term of a beneficial owner under the CTA is referred to "an individual who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise (i) exercises substantial control over the entity or (ii) owns or controls not less 25 percent of the ownership interests of the entity".

**Business Control Strategies.** All businesses which is related with an exchange or virtual currencies, are regulated under the AML act. Cryptocurrency mixing, decentralized finance or tumbler service providers must also comply with the BSA.

In case of crypto investment, the chairman of the U.S. Commodity Futures Trading Commission (CFTC) reported to there are no the U.S. regulations to protect investors on tradings market due to price fluctuations (Web-13).

The U.S. problem of legal interpretation is each state has own authority to govern and enact all regulation and policy under federal regulations and strategies. In case of law enforcement, states have different legal interpretations and affect on confusion of legal criterions on judgements (Lemire,2022).

## 6 DISCUSSION

The conclusion of research is an analysis of laws, regulations, and policies through criminology theories and economic principles in order to reflect on weaknesses and strengths. The United States of America is a large country with both population and states, thus, there are varieties of legal enforcement to each state. Laws and policies at federal level are a primary provision and affect on each state like a guideline to legislate for approaches. Analysis can be divided into the following four sections:

### 6.1 Analysis of anti-money laundering approach

Cryptocurrency approach for the United States of America is different from Thailand; transactions and game under blockchain system. According to federal policies, blockchain technology, cryptocurrency, and decentralized games are supported by federal government's policy. One of primary purposes to develop country is the central of modernest finance and the usage of latest technology in every platforms. Guideline on the primary prevention of money laundering and other financial crimes are also supervised because the liberalization of state policies increases risk of violating laws without effective controls as well. The importance between a law and policy depends on fundamental concepts are related with administration and economics. In case of law and regulations, prevention and suppression systems to against new money laundering approaches in the U.S. are an expansion of legal definitions to cover cryptocurrency transaction and related activity. The enactment of criminal elements and punishment is basically concise to all unlawful financial activities. However, there is no especially modification of punishment rates under the title 18 of U.S. criminal code §1956 and

1957 which is criminal and civil punishment for financial crimes and including money laundering. At this point, it will be a problem to against crimes follows 6.2 analysis of criminology views.

The first era of cryptocurrency in Thailand is opposed from government and agencies because it is able to be committed financial crimes, which is not only money laundering, and damage to general public. Nowadays, government, bank of Thailand, and other primary institutions are expanding to crypto scopes among digital investment, however, main approaches are not completely liberated and also depended on under government agencies's control. Liberalized investment in crypto and playing to earn game investment are beneficial to the Thai economic growth, but related agencies prescribe legal framework to against money laundering, as well as, strictly follow all regulations. Nevertheless, one of the problems that has been occurred all Thai bureaucracy is a state official commits offense under owner a duty.

## 6.2 Analysis of Criminology views

**Money laundering.** There are no officially cases that is related with money laundering via cryptocurrency in Thailand and a result of criminal affection is not able to clearly guarantee a scale of violence to society and economy in order to particularly enact legal frameworks, on the other hand, these cases were occurred in other countries which can be approaches for Thailand to resist problems. Nevertheless, a clandestine process of financial crimes with a digital identity may be disguised among investment because wireless technology has no borders and an operation is proficient to rapidly conduct with other person who is underneath the process in consonance with organized crime, conspiracy, and aiding and abetting theories offer reasons in support of collaboration within the process and the determination of penalty rates per offense. Games under blockchain systems are a type of play to earn game that a player also plays game and also invest for profits. Illicit money from crimes will be transferred to be stored as cryptocurrency and there are two main principal alternative for a holder; store or invest on crypto and games channels. In accordance with radical choice theory, an offender will compare significant aspects of benefits, arrest risk, convenience, expenses, and special ability which are explained through cost of crimes in a section of Analysis of Economic views.

**A criminal fine.** Perspectives on deterrence and retributive theories in the U.S. legal framework is criminal penalties for money laundering offenses has not severe penalties. According to the maximum fine \$500,000, the penalty rate is very low by comparing with the profit rating from financial crimes is overall \$2.4 trillion from World Economic Forum reports, 2018. Following one of principles from deterrence and retributive theories is "the punishment should be proportional to the level of the crime" which is an approach for determination of punishment. In fact, the maximum fine \$500,000 is less than the profit rate from financial crimes, thus, it is difficult to produce effective punishment. Radical Choice theory. It is a normal idea for a human will decide to take action to something that bring a positive result back or does not choose take action if there is a downtrend to a result. As a result of the rate of punishment, it is a supportive reason for a high chance to commit an offense due to two factors: a low rate of punishment and high benefits. To compare with national average income, the national average U.S. income in 2021 was \$97,962 is not enough to pay a fine

\$500,000, however, the offense rate for general persons is quite difficult to be-possible due to a negative result. For those who receive high benefits from crimes over the punishment rate, paying a fine is just a gateway or buying a chance to commit an offense again.

**An imprisonment.** 20 years maximum for prison sentences is considered long period of time following the principle of criminal code and it waste benefits, as well as, valuable opportunities. It is possibility to does not make a decision to commit an offense. Systems of pardon and amnesty are involved to modulate the imprisoned rate, but depend on judges discretion and in practice, it is quite impossible to hold such principles, follows radical choice, deterrence, and retributive theories.

To compare with Thai legal measures, the rate of civil and criminal punishment are inefficiency enough to create fear of punishment and prevent future crime because benefit from crimes is likely higher than a fine and the maximum fine is still within the range that an offender is able to pay, so that prosecution will be end and return to commit offense again. This process is defined as the circle of offense. An offer for Thai anti-money laundering act is solving the rate of criminal punishment.

### 6.3 Analysis of Economic views

A Cost of crimes is a economic principle that describes all offenses depends on cost. Money laundering via cryptocurrency and blockchain games needs communicated technology, unreal personal information, transaction via financial institutions, workers under processes, and reverent instrument to change dirty money to be legal, as well as considering between benefits and negative results. One of solutions is cutting all costs of crimes bring about to a successful process. It will be more complicated to arrest or find evidences if they are able to create ownership of platform which is separated from general or well-known platforms. The title 18 of the United States Code, the Bank Secrecy act (BSC), the Anti-Money Laundering Act of 2020 (AML), and the Corporate Transparency Act (CTA) were enacted to prevent and solve problems in the U.S..

The U.S. has capitalism economy, which affects on the direction of policies and law, cryptocurrency and blockchain game is somewhat liberated on markets, business, as well as industries. To consider economic growth, this approach is a positive strategy that is able to attract both of domestic and international investors. One of important conditions for a free trade of digital finance is legislation of laws and regulations and effective legal enforcement to prevent problems in advance. However, negative impacts of capitalism are related to increase economic fluctuation, financial crimes, and social problems, unless law and legal enforcement is effectiveness.

## 7 CONCLUSION

The United States of America approach is regarded as a guideline for the liberalization of cryptocurrency investment in Thailand. It might not be the best approach, but, not the worst approach because each country develops laws and policies to be suitable for its social conditions. If the economic and political direction of Thailand aims to support the most modern investment and finance, the determination can be applied to the U.S. approach. Against money laundering in the crypto transaction and blockchain games, there are no certain regulations in

Thailand because the latest revised draft does not especially involve online games and crypto transactions in detail. There are a lot of states and levels of management within the U.S. and each state has different laws and policies which bring different points of judgements and is impossible to follow all of them.

However, law and policy at the federal level are common principles that states must follow and primary legal frameworks are title 18 of the United States Code, the Bank Secrecy Act (BSA), the Anti-Money Laundering Act of 2020 (AML), and the Corporate Transparency Act (CTA) which control at the beginning of a transaction to cooperation between all financial institutions and agencies. Thailand has an administration operated by a government, mixed economics, and other conditions that do not support to be free markets and industries under cryptocurrency and blockchain games, but holding to follow fundamental laws for institutional cooperation and expand scopes of anti-money laundering act to cover illegal activities is suitable approaches for Thailand.

“Finally, corruption as Thai social problem is still not modifiable,  
as well as, legal measures are high efficiency to enforce in a society,  
unless institutional mechanism are flawed.”

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