LEGAL REGULATION AND MECHANISMS FOR IMPLEMENTING THE USE OF BLOCKCHAIN TECHNOLOGY IN COMBATING CORRUPTION IN THE ANGLO-SAXON MODEL (USING THE EXAMPLE OF THE USA)

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Abstract: *Over the past 20 years, there has been a huge technological progress that has affected the situation with corruption around the world. On the one hand, along with the spread of new technologies and globalization, corruption in the public and private sectors is changing its nature and appearance. Thus, State institutions dealing with corruption issues face new challenges in combating it.*

On the other hand, this reality becomes an impulse for state institutions to develop new methods, tools and mechanisms to combat corruption. New technologies and innovations have long been used to improve the efficiency of public services, ensure transparency and fight corruption.

Keywords *Legal regulation, blockchain technologies, virtual assets, corruption offenses, anti-corruption.*

Cryptocurrencies and blockchain have been around for a long time, but over the past decade they have become widely recognized and widespread — not only as alternative forms of payment for individuals, but also as a means of saving time and money for many corporate applications. After the launch and success of cryptocurrencies such as bitcoin, litecoin, Ethereum and others, other cryptocurrencies soon followed — hundreds in fact. This technology is not limited to fintechs only; Outdated financial companies like Goldman Sachs and JPMorgan, and tech giants like Facebook, have taken notice and started developing their own cryptocurrencies. Today, about 2,500 cryptocurrencies worth more than $252.5 trillion are traded on the market. The price of cryptocurrencies ranges from about a quarter to a thousand dollars, although the exact price tags change every day.

Having reached its all-time high of almost $20,000 in December 2017, bitcoin has been notorious for its volatility over the past few years, which has caused many investors to be skeptical. However, it looks like it's back in 2019, doubling in price over the course of the year and eventually going up in November. Although some doubts remain, the upward trend has once

again confirmed the status of the crypto king as a fast-growing asset class for many.[1]

And although bitcoin and other major cryptocurrencies have been legitimized in recent years due to their representation by leading online trading brokers such as Schwab, E-Trade, TD Ameritrade and CoinBase, this is not necessarily true for all blockchain applications.

Along with the fact that enterprises, financial institutions and governments are spinning their heads all over the world, the decentralized nature of the technology raises concerns and questions from regulators. In particular, the blockchain cryptocurrency proposed by Facebook, Libra, and its digital wallet Calibra, have been the subject of fierce public battles with lawmakers since their announcement in June 2019.

After its unveiling, Libra was immediately questioned by the U.S. Senate, leading to dozens of letters from lawmakers about "the risks the project poses to consumers, regulated financial institutions and the global financial system." Worse, the main partners, including PayPal, eBay, Mastercard, Strip, Visa, subsequently withdrew from the Libra Association — and all this before anything was launched.[2]

However, some governments believe that allowing cryptocurrencies will eventually lead to the loss of economic power and the transition to a decentralized economy worldwide. Several countries, including China, Russia and Colombia, have even banned bitcoin and other cryptocurrencies, completely banning their use and investment.

Insider Intelligence delved into the definition of some key blockchain laws and related issues in the US, Europe and the rest of the world. The US retains a generally positive view on the use of bitcoin and other cryptocurrencies, although in fact several formal rules have been introduced. Most of the regulatory discussions about blockchain have been conducted at the level of agencies, including the Treasury Department, the Securities and Exchange Commission (SEC), the Federal Trade Commission (FTC), the Internal Revenue Service (IRS) and the Financial Crimes Enforcement Network (FinCEN). they all differ in their definitions of "cryptocurrencies", as well as their views on how regulation should be applied. Although FinCEN does not consider cryptocurrency to be legal tender, it still considers exchanges to be money transfers located in their jurisdiction. Meanwhile,

[1] Boboev A.U. Innovative approaches to solving problems in public administration // Bulletin of the S. Y. Witte Moscow University. Series 1: Economics and Management. 2017 p.32
[2] How an ecosystem can promote a self-sovereign and user-friendly approach to digital identity https://www.bundesregierung.de/resource/blob/998194/1898282/b5d50f1f53d99ee067edfcf43b2ecd31/digital-identity-neu-download-bundeskanzleramt-data.pdf

the IRS has begun to review the ownership of cryptocurrencies and has issued the appropriate tax guidance.

Despite the interest from these agencies, the federal government has not exercised its constitutional preventive power to regulate blockchain with the exception of the states (as is usually the case with financial regulation), thereby giving individual states the freedom to impose their own rules and regulations.[3]

In June 2015, New York became the first state in the United States to regulate the activities of virtual currency companies through the rulemaking of government agencies. As of 2019, 32 states have passed laws allowing or encouraging the use of bitcoin and distributed ledger technology (DLT), and some have already adopted them as laws. Some of these states have also set up task forces to further explore the use of the technology.

Bitcoin took an important step in 2017 when it was given the same financial guarantees as traditional assets. The FTC has allowed the operator of the LedgerX cryptocurrency trading platform to become the first federally regulated exchange and clearing house of digital currencies in the United States.

In addition, in June 2019, SEC-registered clearing and enforcement company Apex Clearing launched a trading platform for broker—dealers and financial advisors to help its clients trade four major cryptocurrencies — bitcoin, bitcoin cash, Ethereum and litecoin - through its Apex subsidiary. Crypto.

While Bitcoin tends to cause the most hype, the blockchain underlying DLT, which powers the virtual currency, has a much wider range of use cases. In fact, blockchain has found application in almost all industries, from financial services and payments to healthcare, energy and property management (even intellectual property). And many legacy institutions are now facing challenges from tech-savvy upstarts offering blockchain-based solutions.[4]

But despite its increasing use among businesses and consumers, blockchain is still in its infancy when it comes to regulation. Around the world, as in the United States, a consistent policy has not yet been developed. Rather, countries were left to their own discretion — some, for

[3] A European Green Deal https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green deal_en#:~:text=On%2011%20December%202019%2C%20the,the%20first%20climate%20neutral...&text=Climate%20change%20and%20environmental%20degradation,to%20Europe%20and%20the%20world.
[4] Blockchain: The Disruptive Technology That's Changing The World https://medium.com/@BangBitTech/blockchain-the-disruptive-technology-thats-changing-the-world 21eb8ef6e52b

example, in Europe, transfer regulation to their national laws, while others avoid technology altogether.

The gray area is vast, as many countries are trying to balance building a society that encourages innovation and entrepreneurship with a society that protects its citizens from crime, fraud and other harm.

To provide more detailed information on specific actions taken by local jurisdictions, Global Legal Insights has published a 2019 report outlining the current regulatory framework by country.

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