



Cryptocurrency

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# Crypto's Nazi problem: With few rules to stop them, white supremacists fundraise for hate

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Domestic extremists who receive and send money via cryptocurrency are using major online exchange companies, and those platforms put almost no limits on the activities of hate groups or their sympathizers.

That's the key finding of a new report from the Anti-Defamation League's Center on Extremism, provided exclusively to USA TODAY.

The advocacy organization found users sent money to white supremacist and neo-Nazi groups including the Goyim Defense League, NSC-131 and the National Socialist Movement, and to online extremist propaganda outlets like Counter-Currents and Radio Albion, all using major cryptocurrency exchanges.

The report focuses on only a small number of extremists and extremist groups, which the ADL said it could track because they had posted their cryptocurrency information publicly. But it raises larger questions about the extent to which extremists thrive on cryptocurrency without significant pushback.

Those groups have been subject to "deplatforming" or constraints in other areas of online technology where they once flourished, such as social media platforms and payment apps. The ADL says cryptocurrency exchanges – which transfer funds that can then flow untracked into private bank accounts – merit similar scrutiny.

The ADL tracked 15 extremist individuals and organizations that last year moved cryptocurrency into or out of 22 service providers, including mainstream companies like

Binance and Coinbase, the report said. That represents a small sample of the hundreds of extremists and groups the ADL is monitoring.

As of Dec. 1, 2023, only one of those service providers has an explicit policy banning the funding of hateful or extremist activity, the ADL report says. Though several other providers prohibit hateful or extremist postings on their sites, they don't specifically prohibit extremists using their platforms to raise money for their activities, the ADL report concludes.

Cryptocurrency experts say they are seeing an increase in transactions from known extremists.

“Extremists, terrorists and criminals of all stripes seem to be turning increasingly to cryptocurrency exchanges for raising, transferring and disseminating funds,” said Eswar Prasad, a Cornell University professor and author of “The Future of Money.”

It's impossible to know what these extremists eventually spent this money on, just as it's hard to tell how many fringe groups are reaping windfalls from cryptocurrencies.

As antisemitic incidents, hate crimes and other acts of hatred surge in the U.S, Jonathan Greenblatt, ADL's CEO, says cryptocurrency's laissez faire approach poses a significant danger. He called on exchanges to develop policies that counter the financing of hate and extremism and on regulators to provide guidance to the industry.

“It is more important than ever to identify and disrupt the funding underpinning hateful actors and their bigotry,” Greenblatt told USA TODAY in a statement. “The surge in hate demands not just awareness but uncompromising action to dismantle the financial infrastructure that fuels extremist agendas.”

Representatives of the Goyim Defense League and the National Socialist Movement did not respond to requests for comment for this story.

Cryptocurrency emerged as a safe haven for white supremacists and other extremists after a crackdown by internet payment processors such as like Stripe and PayPal following the deadly white supremacist rally in Charlottesville, Virginia, in August 2017.

Far-right agitators have pushed back against “debanking” – turning off the financial spigot because of extremist speech or activities – and say it violates their free speech rights.

Christopher Pohlhaus, who runs a Northeastern U.S. neo-Nazi group and has marched with NSC-131, told USA TODAY the ADL “would try to get us banned from a racquetball tournament.”

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## **How extremists use crypto, and how to track it**

The ADL said the report is a “preliminary assessment of a complex and sprawling ecosystem.”

Through a cryptocurrency exchange, digital currency can be converted to a traditional currency like U.S. dollars and transmitted to a debit card, credit card or bank account.

Unlike a bank account, where any individual extremist might deposit or withdraw money with relative privacy, the groups tracked by the ADL use their accounts on the crypto exchanges to transfer money – and, in some cases, to solicit it.

When these groups solicit contributions, they disclose their cryptocurrency “wallet” identity publicly, making it possible to track the money they're getting and moving, the ADL said. And that allows greater scrutiny of what the exchanges are – or aren't – doing about extremists on their platforms.

Indeed, some extremists take steps to warn their donors how to avoid such scrutiny. The ADL report notes the white supremacist propaganda network Radio Albion advises its followers to donate using Monero, an almost-untraceable cryptocurrency, or to use an intermediary wallet to transfer the money.

The actual dollar amounts tracked in the report are a sliver of the total cryptocurrency market, which may be tens of billions of dollars worldwide. It is also only a snapshot of the total domestic extremist crypto funding. One expert told USA TODAY that some extremists are “sitting on millions.”

"Some of these guys have real wealth," said John Bambenek, a cybersecurity expert who built a real-time automated tracker of neo-Nazi fundraising and expenditures.

Of the approximately \$150,000 the ADL tracked, the largest amount was found on Kraken, which was used to move nearly \$80,000, the report says. White nationalist publisher Counter-Currents conducted more than \$61,800 worth of cryptocurrency transactions, the most of any extremist group or individual in the sample.

Supporters of the white supremacist Goyim Defense League, which organizes antisemitic protests and spreads antisemitic propaganda, sent the group more than \$3,000 in cryptocurrency last year, the ADL found.

## **What are cryptocurrency exchanges' rules on extremism?**

Representatives of Kraken and Coinbase said the companies have protections against clients using their exchanges for money laundering, terrorist financing or other illegal activity. But neither company has a policy that specifically addresses hate speech or other extremist activity by their customers.

A spokesperson for Kraken told USA TODAY a section of the company's terms of service don't specifically call out hate speech but the company maintains the ability to close an account "for activities on any platform."

Kraken uses screening tools that check new clients and existing users daily to identify connections with terrorist or extremist organizations, the company spokesperson told USA TODAY, saying, "We have an established framework and process by which alerted accounts are reviewed and actioned to ensure we act responsibly."

Both companies said they are investigating the claims in the ADL report.

Though cryptocurrency leaves a trail of transactions, money can be moved with some degree of anonymity. **Prasad said tracking and verifying the identities of cryptocurrency account holders can be difficult.** So is gauging the number and value of transactions that subsidize illicit activities or that support extremist groups.

In principle, the exchanges should meet the regulatory requirement of knowing exactly who their customers are, but many take the view that they have a limited obligation to do so, and

others operate outside the jurisdiction of U.S. regulators, he said.

“This clearly opens them up to being used for illicit financial transactions by users who cannot or don’t want to use traditional financial channels,” Prasad said. “Ultimately, it is only tight regulation and stricter oversight by regulators that will help discipline the cryptocurrency ecosystem, including mainstream exchanges.”

## **How cryptocurrency became a favorite of extremists**

Hate-filled websites like the neo-Nazi blog Daily Stormer were early adopters of cryptocurrency, and domestic extremists have been seeking contributions in cryptocurrency for years.

In a link for donations on Stormfront's homepage, it says Bitcoin is its “preferred payment method.”

The ADL report notes that part of the attraction of cryptocurrency for neo-Nazis and white supremacists is the notion that crypto is free from the alleged constraints of the banking system – an industry that antisemitic tropes falsely claim is “Jewish-controlled.”

More recently, domestic extremists have also flocked to video streaming sites with cryptocurrency-based revenue systems such as Odysee and DLive to rake in hundreds of thousands of dollars in donations and operate mostly beyond government oversight.

## **Cryptocurrency fights deplatforming, cites free speech**

Kraken, the exchange, publicizes its mission to encourage global adoption of cryptocurrency “so that everyone can achieve financial freedom and inclusion.”

Bambenek says that while crypto exchanges may not roll out the welcome mat for extremists, the attitude equals a hands-off approach.

“Cryptocurrency exchanges tend to adopt a fairly strong, somewhat libertarian mindset of ‘Not my problem. I’m not responsible for the speech,’” Bambenek said..

Without evidence of criminal wrongdoing, exchanges avoid taking action, he said.

“If you can point to human trafficking? Fine, they will do something about that. If you can point to actual violence of significance, if they are gunrunning using the crypto exchange or narcotics, they can do something,” Bambenek said. “You get a couple of mole whacks here and there, but people can set up other wallets. They can move their cryptocurrency around. There is always another exchange.”

## **Will regulators, Congress crack down on crypto?**

The ADL report comes amid a push to tighten rules governing the crypto industry.

Since the implosion of FTX, federal authorities have filed criminal charges against a number of crypto executives, and the Securities and Exchange Commission has filed lawsuits against some of the industry’s largest players.

Changpeng Zhao, founder of Binance, recently pleaded guilty to money laundering violations. Binance, the world’s largest cryptocurrency exchange, agreed to pay \$4.3 billion in fines and restitution. Court documents showed Zhao and other employees attempted to evade laws including the Bank Secrecy Act that require that financial institutions learn the true identities of their customers.

Binance did not respond to a request for comment.

Sen. Elizabeth Warren, D-Mass., is building bipartisan support for a tougher stance on money laundering, drug trafficking and sanctions evasion. The Treasury Department has called on the industry to work with the government to prevent illicit activity by “transnational criminal organizations, terrorists, and rogue states.”

Crypto is responding to intensifying scrutiny by going on the offensive in the run-up to the 2024 elections. Three super PACs backed by industry executives and investors said last month that they have raised \$78 million to back crypto-friendly candidates running for seats in the House and Senate.