

Coinbase to pay \$100M in settlement with New York regulators

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An advertisement for Coinbase, center, is displayed on NASDAQ billboard in Times Square, New York, Thursday, Nov. 4, 2021. New York announced a \$100 million settlement with Coinbase on Wednesday over what state officials called significant failures in the cryptocurrency trading platform's systems for spotting potential criminal activity. Credit: AP Photo/Seth Wenig, File

New York announced a \$100 million settlement with Coinbase on

Wednesday over what state officials called significant failures in the cryptocurrency trading platform's systems for spotting potential criminal activity.

According to the state Department of Financial Services, Coinbase's anti-money-laundering program and its system for monitoring transactions for suspicious activity were inadequate for a company of Coinbase's size and complexity. The department said that the volume of alerts generated by Coinbase's transaction monitoring system grew so fast that reports of suspicious activity were sometimes filed months after the [suspicious activity](#) was first known to Coinbase.

"It is critical that all [financial institutions](#) safeguard their systems from bad actors, and the Department's expectations with respect to [consumer protection](#), cybersecurity, and anti-money laundering programs are just as stringent for cryptocurrency companies as they are for traditional financial services institutions," Financial Services Superintendent Adrienne A. Harris said in a news release. "Coinbase failed to build and maintain a functional compliance program that could keep pace with its growth."

Under the terms of the settlement, Coinbase will pay a \$50 million penalty to New York state and will invest another \$50 million in its compliance program. An independent monitor installed by the state will work with Coinbase for a year to oversee compliance.

Paul Grewal, Coinbase's chief legal officer, said in a statement that the company has taken substantial measures to address the shortcomings identified by the New York investigation "and remains committed to being a leader and [role model](#) in the crypto space, including partnering with regulators when it comes to compliance."

Grewal added, "We believe our investment in compliance outpaces every

other crypto exchange anywhere in the world, and that our customers can feel safe and protected while using our platforms."

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