

## **Coinbase Shares Soar 12% After \$100 Million Settlement With Us Regulators** [Cryptocurrency exchange Coinbase](#) reached an

agreement to pay a \$50 million penalty to New York state's Department of Financial Services to settle accusations that it enabled customers to open accounts without conducting necessary background checks. The regulator said Coinbase violated the New York Banking Act and New York State Department of Financial Services (DFS) regulations regarding virtual currency, money transmitter, transaction monitoring, and cybersecurity regulations. The deal also requires the cryptocurrency exchange to invest \$50 million in compliance programs over the next two years. Chief Financial Officer Adrienne A Harris said in a statement that failure to comply exposes the platform to serious crimes such as fraud, possible money laundering, activities related to suspected material of sexual abuse of children and possible drug trafficking. The San Francisco-based platform has been licensed to conduct virtual currency operations and money-transmitting business in New York since 2017. However, after the NYDFS conducted a review and enforcement investigation in early 2022, the company's compliance program failed to keep pace with the company's business growth. Coinbase's Anti-Money Laundering/Banking Secrecy Act program, which includes Know Your Customer/Customer due diligence, transaction monitoring system, and suspicious activity reporting, is found to be inadequate. The New York regulator also said the crypto exchange's sanctions compliance systems were unsatisfactory for a financial services

provider of its “size and complexity.”

**Source:** [The Pipsafe Team](#)

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