

BitCoin: A Cyber Bubble Ready To Burst?

Whether BitCoin is a 21st Century 'Cyber Bubble' ready to burst or not is somewhat irrelevant and ignores the real underlying issues in the debate facing digital policing, regulation and enforcement in the 21st Century.

What should be the real concern of the law enforcement and regulatory authorities in the UK is where does all the money go in the first place that is made by the cyber exchanges that convert hard currency into the digital currency that is fashionably in vogue at the moment.

No doubt in the next few years, BitCoin will go the same way as other previous digital fads like e-gold and be as quickly forgotten but it is equally important to remember it will be replaced by yet another financial virtual derivative that is susceptible to misuse, manipulation and illicit purposes.

BitCoin as a digital concept thus represents the future for digital policing and regulation to address and the challenges that it brings now and how they are addressed will provide the template for the way policing and regulatory bodies deal with digital crime and enforcement in the years to come. That is the true importance of BitCoin.

The key questions therefore for law enforcement and regulatory agencies operating in the digital sphere to focus upon is whom controls the exchanges, where they are physically or cyber located for jurisdictional purposes and how are the profits controlled and distributed. The reason simply for this structured and focused approach is that there is growing evidence that behind the popular media stories of 'gamers' using their avatars to buy and sell Bitcoins in their virtual worlds or people using Bitcoins to buy cars or other luxury items, there is an ever increasing tendency by organised crime groups/terrorist organisations to move away from their traditional forms of criminality with the associated high risks of detection, punishment and confiscation and towards the world of cyberspace where little or no regulation or detection is presently deployed and the opportunities for operating illegally as well as laundering the proceeds of the said criminality appear apparently endless.

In facing a situation that is as dynamic as the one that is quickly unfolding in this sphere of cyber economic activity, a joined up approach is urgently required by legislators, law enforcement agencies and regulators both here in the UK and Overseas. The real threat to economic stability and lawful trading activity in the cyber world must be addressed before the sphere becomes critically flawed and unmanageable with the result that detection and prevention become unachievable goals and it begins to impact on wider macro-economic issues, for example affecting the stability of more traditional economic markets and financial systems.

As stated above, BitCoin will simply morph into another form in due course and as a result, law enforcement authorities must develop a detection and investigation model that is flexible and innovative to cope with these developments and to ensure that it is supported by an enforcement policy that is able to straddle not only the criminal and civil justice systems with ease but to factor into the model cross jurisdictional co-operation that can lead to a truly joined up approach that will fully engage and combat the activities of the modern day cyber criminal and/or organisation and reduce the ability for overly legalistic defensive tactics and stringent banking secrecy laws being deployed to prevent disclosure of the identities of the perpetrators of these crimes and the whereabouts of their 'cyber loot'.

The Cyber bubble needs to be lanced, not wait for it to burst!

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