

HOW BLOCKCHAIN TECHNOLOGY WILL HELP FIGHT CRIME

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The news, especially, technical and financial news has abounded over the last few years with stories about blockchains and the industries that it has the potential to revolutionize – e.g., financial technology (fintech), healthcare, and investing/banking to name a few. The stories are often coupled with information about a subset of the blockchain world – cryptocurrencies which are electronic currencies that are – at least the most popular ones such as Bitcoin, Ethereum, and Litecoin – not backed by a central bank or nation-state as are typical currencies such as the Dollar, Euro, or Yen. There are, however, many other unique use cases for blockchains.

The best way, at a 10,000-foot level, to understand a blockchain is to think of old paper ledgers used to track a firm's financial activities. The best practice, with such ledgers, is not to delete transactions; errors are corrected through adjustment entries that are appended to the ledger as are day-to-day transactions. A blockchain is a type of ledger that has unique properties that make it applicable to many use cases (not just financial ones). It is a secure ledger that is tamper proof largely because it is distributed – i.e., many copies of the ledger are in circulation and new transactions must be vouched for by many participants (ledger holders) before it is considered legitimate. An attempt to tamper with the ledger would be discovered and the fraudulent transactions would be disowned by the bulk of ledgers in existence.

Outside of the industries listed above, crime fighting is turning out to be an industry ripe for disruption by blockchain technology. Faceter, a decentralized blockchain based surveillance system is a decentralized system that – according to the company – provides intelligence to cameras by allowing them to detect faces and other objects in real-time. The company's goal is to make intelligence camera/surveillance technology widely available and affordable and to change the use of closed-circuit television (CCTV) from a retrospective investigatory tool into a proactive tool. For example, retail stores could share pictures of known shoplifters and then, using Faceter, when one such individual enters a store, it can alert security.

Another area where blockchain is being used to combat crime is in preventing art fraud. It has been estimated that in the United Kingdom 20% of the art in the main museums is fake; in a museum dedicated to the French landscape painter Terrus, it was recently discovered that almost 60% of the works were fake.

California-based Verisart is using blockchain technology to authenticate art work by providing a unique id for each individual piece of art and then enabling purchasers and possessors to use the code to verify the authenticity and to surveil the movement of individual works around the world. The verification can also be used in real-time to make it more usable by participants in the art market. Another potential use case is in securing and verifying digital crime evidence. The United Kingdom's Ministry of Justice is investigating the use of blockchains for such a project.

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When blockchain is thought of alongside crime, it is typically thought of as a tool to aid criminals. Privacy centric cryptocurrencies such as Monero are believed by some in the law enforcement community to provide additional protection for criminals. Additionally, criminals have been hacking cryptocurrency exchanges to rob participants in the market. However, the blockchain is morally neutral, and it appears that those seeking to prevent crime are beginning to develop successful use cases for the technology.

> **The National Gallery is just about to mount a major exhibition about faking in art. It reveals in the course of the exhibition that the gallery itself has been duped again and again in the past. A work said to be by Botticelli, for example, one of a pair purchased in the third quarter of the 19th century, was later discovered to be the work of a pasticheur, painted in the style of Botticelli. Works by other old masters have been proven to be by studio assistants, friends of the artists, or even by fakers who may have lived hundreds of years later.**

Source: https://www.independent.co.uk/arts-entertainment/art/news/the-big-question-how-many-of-the-paintings-in-our-public-museums-are-fakes-1946264.html

Soundbite analytics

- Researchers claimed that 70% of the artworks are forgeries, fake, or not attributed correctly.
- Chainalysis research found that more than $115 million in stolen (from 17,000 individuals) occurred on the Ethereum blockchain.
- The Department of Justice indicted the owner of the black-market exchange, BTC-e for laundering more than $4 billion.
- Roughly 10% of the money invested in ICOs derived from Ethereum have been funneled to or stolen by criminals.

SOURCES

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