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UK Faces Crypto Privacy Test Amid Storm Verdict

August 9, 2025

– Categories: *Crypto*



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In a development with potential implications for digital rights and software developers worldwide, including the UK, Roman Storm, co-founder of Tornado Cash, was convicted by a Manhattan jury on 6 August 2025 of operating an unlicensed money-transmitting business. The jury found him guilty on one count but remained deadlocked on charges of money laundering and sanctions violations, each carrying a potential 20-year sentence. He faces up to five years for the money transmission conviction.

Although Storm's defence maintains that Tornado Cash operated as a **neutral, open-source privacy tool**, useful for legitimate purposes, Prosecutors argued that he knew the platform was used to launder criminal proceeds exceeding \$1 billion, including funds allegedly linked to North Korea's Lazarus Group. The split verdict has raised concerns among privacy advocates and software developers about the wider legal precedents it may set.

In the UK, authorities and lawmakers have been steadily developing a regulatory framework for cryptoassets. The Financial Services and Markets Act 2023 and related legislation extend financial rules to cover digital assets, while the Financial Conduct Authority and other bodies are preparing regulations on money laundering, consumer protection, and market abuse. These measures aim to balance fintech innovation with financial integrity and consumer safety.

Although U.S.-based, this case raises critical questions for the UK: could developers of decentralised tools, even if they do not control user funds, face criminal liability? The outcome may affect how UK law defines software authors' responsibilities under money transmission and anti-money laundering regulations.

Furthermore, the verdict intersects with ongoing debates about privacy rights in digital technologies. The UK's Online Safety Act 2023, intended to regulate harmful online content, has attracted human rights scrutiny due to its broad scope and possible effects on privacy and free expression. As lawmakers work to clarify developer liability, this case may inform discussions on how far regulation should extend in policing code versus controlling criminal intent. Legal observers have noted that Storm's conviction may set a concerning precedent for open-source developers, with some warning it could hinder innovation in privacy-focused technologies. In the UK, the debate is likely to evolve as regulatory policies develop and courts consider how existing laws apply to decentralised finance and other emerging crypto technologies.