

Written evidence submitted by Spotlight on Corruption

1. Spotlight on Corruption is a charity (registration number: 1185872) that works to end corruption in the UK and wherever the UK has influence. Our Defending Democracy programme looks at how to ensure the UK's system for regulating political integrity is fit for purpose. This includes working to improve standards regulation, make lobbying fairer and more transparent, and ensure political finance is better policed.
2. We are submitting evidence to this inquiry because we believe that continuing to allow cryptocurrency donations to political parties and candidates without proper safeguards poses significant risks by increasing opportunities for malign and hostile actors to interfere in our democracy and dirty money to flow into our political system.
3. The UK has been left particularly vulnerable to these threats by a criminal enforcement gap when it comes to upholding electoral law. Currently, there is no effective or consistent framework of deterrence against wrongdoing.
4. The Government's recently published elections strategy contains proposals to beef up the Electoral Commission's powers, strengthen rules around permissible donors and impose more in-depth 'know your donor' checks on political parties and unincorporated associations. However, until the new Elections Act is passed with these measures in place, all cryptocurrency political donations should be regarded as high-risk.
5. Our evidence focuses on the following issues:
 - **The experience of the UK so far with cryptocurrency donations**
 - **International experience of cryptocurrency donations**
 - **The risks associated with cryptocurrency donations**

Spotlight on Corruption recommendations

- 1) The upcoming Elections Bill should prohibit crypto donations, following the lead of countries such as Ireland and Brazil, or have a robust regulatory regime designed for crypto donations.
- 2) In the interim, the Electoral Commission should introduce statutory guidance that:
 - a) Prohibits donations using cryptocurrency designed to enable anonymity and/or without a public ledger
 - b) Requires political parties to use an FCA-regulated cryptocurrency payments provider to facilitate the donations and to conduct particularly rigorous permissibility checks
 - c) Requires political parties to convert crypto donations into pounds sterling within 48 hours of receiving them
 - d) Sets an up limit on the amount of cryptocurrency parties may receive in

- any donations
- e) Addresses risks of crowd-funding and cryptocurrency donations from overseas voters

I) The UK experience so far

How are cryptocurrency donations currently regulated in the UK?

6. It is currently legal to make political donations made through cryptocurrencies in the UK. The Electoral Commission's latest guidance around cryptocurrency donations was updated in November 2023 and comprises two paragraphs:

"Cryptocurrencies are digital currencies that operate independently of any central bank or authority.

"The same rules apply to donations received in cryptocurrencies as any other donations. Sufficient information must be collected to check permissibility. There must be a means of valuing the donation given in any cryptocurrency".¹

Which UK political parties are accepting cryptocurrency donations?

7. So far, only two UK political parties have announced that they are accepting cryptocurrency donations. Reform UK was the first major party to do so in May 2024, but followed in the footsteps of the comparatively minor 'The Other Party', which started accepting cryptocurrency donations in December 2024.² This matches a trend across Europe, where the majority of political parties do not accept digital currency contributions.

8. According to transparency releases up to 30 June, neither The Other Party nor Reform UK had received individual or cumulative cryptocurrency donations above the £11,180 reporting threshold. Evidence given by the Electoral Commission in a JCNSS hearing on Monday 8 September confirms that as of that date, there had been no cryptocurrency donations reported to the regulator above the declarable threshold by any political party or candidate.³

What steps do UK political parties take themselves to monitor crypto donations

¹Electoral Commission, *Political party donations and loans in Great Britain*, <https://www.electoralcommission.org.uk/political-party-donations-and-loans-great-britain/crowdfunding/permissibility>

²Reform UK, <https://www.reformparty.uk/crypto>; The Other Party, Press Release, <https://www.cbs42.com/business/press-releases/ein-presswire/769405170/the-other-party-becomes-the-first-official-political-party-to-integrate-blockchain-after-electoral-commission-approval/>

³ Joint Committee on the National Security Strategy, *Oral Evidence Defending Democracy*, 8 September 2025, <https://committees.parliament.uk/oralevidence/16445/html/>

9. Reform UK is currently the only political party in the UK that uses a third-party provider to facilitate cryptocurrency donations through its website.⁴

10. The company, Radom, provides the infrastructure for Reform UK to receive cryptocurrency donations through its website. Radom also conducts permissibility and KYC checks on these donations. Through Radom's platform, the party accepts donations in Bitcoin, Ethereum or Solana.

11. The company informed us in email correspondence that its checks are stringent, requiring a selfie image of the donor and a form of photo ID, which then undergoes a verification process. Electoral register checks are then completed and the relevant information is submitted to the Electoral Commission under the standard rules for political donations.

12. Radom monitors donations through the compliance platform, Sumsb, and screens for sanctioned addresses, stolen funds, and other high-risk indicators. It can also detect the use of mixers, privacy coins and smurfing. In addition, each cryptocurrency wallet making a donation is assigned a risk score. Radom can take follow-up actions including holding funds pending investigation, returning funds or contacting law enforcement.

13. Radom is not currently registered with the Financial Conduct Authority, but as a Polish company, it does hold a Virtual Asset Service Provider (VASP) license which is subject to EU Markets in Crypto-Assets (MiCA) regulations.⁵ These regulations mean that, according to Radom, it does not support any payments in privacy coins. However, as Radom is not answerable to a UK regulator, it would not face sanctions in the UK if it was found to have acted in breach of its political financing laws.

II) The International Experience

Which countries have banned cryptocurrency political donations?

A. Ireland

14. There is no specific clause in the Electoral Reform Act 2022 banning cryptocurrency, but the accompanying guidance says that 'a member/MEP may not accept a donation, of any value, in cryptocurrency'.⁶ The move to outlaw these donations in Ireland was reportedly spearheaded by

⁴ Radom, *Reform UK becomes first major UK party to accept crypto donations via Radom*, <https://www.radom.com/insights/the-reform-uk-party-announces-plans-to-embrace-cryptocurrency-for-campaign-contributions-according-to-nigel-farage>

⁵ European Securities and Markets Authority, *Markets in Crypto-Assets Regulation (MiCA)* <https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica>

⁶ Electoral Reform Act 2022 (Ireland): <https://data.oireachtas.ie/ie/oireachtas/act/2022/30/eng/enacted/a3022.pdf>; Standards in Public Office Commission, *Guidelines on donations for TDs, senators, MEPs and registered political parties*, 2023, paragraph 5.7.1: <https://www.sipo.ie/en/publication/98364-guidelines-on-donations/>

the minister in charge of electoral reform at the time, Darragh O'Brien, as a means of tackling potential foreign interference in Ireland's democracy.⁷

B. Brazil

15. In February 2024, Brazil's electoral court, the Tribunal Superior Eleitoral (TSE), upheld an existing ban on cryptocurrency donations to political parties and candidates.⁸ Media reports quote the TSE in its reasoning behind the ruling, as its "aim to ensure transparency and the proper tracking of donations made to political campaigns."⁹

The experience of countries that do allow cryptocurrency donations: the United States

16. In the United States, the Federal Election Commission (FEC) permits bitcoin donations to be made to candidates for federal office.¹⁰ The latest guidance issued by the FEC only refers to bitcoin, but has since been interpreted to cover all forms of cryptocurrency.¹¹ For his inaugural committee fund following the 2024 presidential elections, President Donald Trump received millions of dollars from corporate and individual donors in various forms of cryptocurrency, such as USDC, XRP and Ethereum.¹²

17. According to FEC guidance, like fiat currency donations, candidates for federal office and political action committees must ensure cryptocurrency donations are from a permissible source and do not exceed contribution limits. Specifically, these contributions must be valued by the committee based on the market value of the cryptocurrency at the time it is received. In addition, political committees are not permitted to pay for campaign expenditure with cryptocurrency.¹³

⁷ Coin Telegraph, *Ireland bans political crypto donations on foreign interference fears*, <https://cointelegraph.com/news/ireland-bans-political-crypto-donations-on-foreign-interference-fears>

⁸ Tribunal Superior Eleitoral, *RESOLUTION No. 23,731, OF FEBRUARY 27, 2024*, <https://www.tse.jus.br/legislacao/compilada/res/2024/resolucao-no-23-731-de-27-de-fevereiro-de-2024>

⁹ Cryptonews, *Brazil Upholds Crypto Donations Ban for Political Parties and Candidates*, <https://cryptonews.com/news/brazil-upholds-crypto-donations-ban-for-political-parties-and-candidates/>

¹⁰ Federal Elections Committee (United States), *How to report bitcoin contributions*, <https://www.fec.gov/help-candidates-and-committees/filing-reports/bitcoin-contributions/>

¹¹ Wiley Law, *Regulations to the Moon! Campaign Finance in the Age of Cryptocurrencies*, <https://www.wiley.law/newsletter-Regulations-to-the-Moon-Campaign-Finance-in-the-Age-of-Cryptocurrencies>

¹² DScene, *Here's Every Crypto Firm That Shelled Out for Trump's Inauguration*, <https://decrypt.co/300274/every-crypto-firm-donated-donald-trump-inauguration>

¹³ Federal Elections Committee (United States), *How to report bitcoin contributions*, <https://www.fec.gov/help-candidates-and-committees/filing-reports/bitcoin-contributions/>
Oregon Laws, *ORS 260.011 Prohibition on using cryptocurrency to make contribution*, https://oregon.public.law/statutes/ors_260.011

State Board of Elections & Ethics Enforcement (North Carolina), Correspondence: *Request for Advisory Opinion under N.C.G.S. § 163A-1441 Regarding a Political Committee's Acceptance of Cryptocurrency as a Campaign Contribution*,

https://s3.amazonaws.com/dl.ncsbe.gov/Campaign_Finance/Advisory_Opinions/Advisory%20Opinions%20Issued%201998%20-%202018%20/written%20opinion%20-%202018-07-20.pdf

18. However, election regulation bodies for individual states are able to set their own rules around cryptocurrency political contributions for state election candidates. This has led to a mixed and rather complicated picture when it comes to state-level governance, but examples could provide a conceptual framework for how cryptocurrency donations could be more effectively regulated in the UK.

19. Cryptocurrency donations are currently banned in states such as Oregon, North Carolina and Michigan.¹⁴ North Carolina's State Board of Elections & Ethics Enforcement based their decision on the difficulties involved in accurately valuing cryptocurrency donations.¹⁵ The Michigan Department of State also highlighted similar issues with valuation, but also underlined the risks raised by the pseudo-anonymity of cryptocurrency transactions.

20. In 2022, the State of California reversed a previous ban on cryptocurrency donations. Now its regulations stipulate that committees can receive these contributions if they are made through a cryptocurrency payment processor that is registered with the Treasury Department and can conduct the appropriate permissibility and KYC checks.¹⁶

21. The State of Washington permits cryptocurrency contributions, but has imposed the restriction of a \$100 cap and requires committees to convert these donations to traditional US currency within five days of receipt.¹⁷ The payment processor must also immediately convert the contribution to U.S. dollars at the prevailing rate of the exchange at the time. The State of Kansas, which currently prohibits cryptocurrency contributions, saw a failed attempt in 2023 by its Committee on Elections to introduce a Bill to regulate these donations in a similar way to the State of Washington.¹⁸

22. The US experience is instructive for developing a roadmap towards best practice and suggests that in developing a tighter regulatory framework to cryptocurrency donations, the Electoral Commission should consider:

- **A requirement for all political parties to use a cryptocurrency payment provider which is registered with the Financial Conduct Authority and approved by the Electoral Commission, and to conduct in-depth permissibility and KYC checks on donations.**

¹⁴ Oregon Laws, *ORS 260.011 Prohibition on using cryptocurrency to make contribution*, https://oregon.public.law/statutes/ors_260.011

¹⁵ Correspondence: *Request for Advisory Opinion under N.C.G.S. § 163A-1441 Regarding a Political Committee's Acceptance of Cryptocurrency as a Campaign Contribution*

¹⁶ Fair Political Practices Commission (State of California), *Cryptocurrency contributions* <https://www.fppc.ca.gov/content/dam/fppc/NS-Documents/AgendaDocuments/General%20Items/2022/july/14.2-18421.2.pdf>

¹⁷ Public Disclosure Commission (State of Washington), *Contributions - Receiving Currency* [https://www.pdc.wa.gov/rules-enforcement/guidelines-restrictions/contributions-receiving-currency#:~:text=Bitcoin%20and%20other%20cryptocurrency%20should,220\)%2C%20and%20timely%20reported.](https://www.pdc.wa.gov/rules-enforcement/guidelines-restrictions/contributions-receiving-currency#:~:text=Bitcoin%20and%20other%20cryptocurrency%20should,220)%2C%20and%20timely%20reported.)

¹⁸ Kansas State Legislature, *Kansas House Bill 2167*, <https://legiscan.com/KS/text/HB2167/id/2664650>

- A requirement for all political parties to convert cryptocurrency donations into pounds sterling within 48 hours of accepting them.
- An upper-limit on the value of cryptocurrency donations from all permissible sources.

III) The risks associated with cryptocurrency political donations

Obstacles to tracing the true source of cryptocurrency donations

23. Cryptocurrencies are inherently borderless and can bypass banks and central oversight. Transactions involving digital currencies can avoid anti-money laundering scrutiny, as many countries lack adequate regulation. In a 2019 discussion paper, the International Institute for Democracy and Electoral Assistance warned that, “*cryptocurrencies can facilitate the violation of political finance regulations, for example by channeling foreign or anonymous donations to countries where these are banned*”.¹⁹

24. As outlined in the table below, there are several tools and techniques that can be used to obfuscate or obscure the linear chain of cryptocurrency transactions.

Tools and techniques that can be used to hide the origins of crypto donor funds	How it works
Crypto ‘mixers’ or ‘tumblers’	After crypto is deposited in a mixer or tumbler, it is pooled and randomly shuffled with deposits from many other users. The blended funds are then withdrawn to new addresses, making a linear chain of crypto transactions from an individual user more difficult to trace.
Privacy coins	Privacy coins such as Monero, ensure “confidential and untraceable” crypto transactions. This type of crypto is decentralised, meaning that it is not regulated by any legal jurisdictions.
Coin swap services	Using coin swap services, users can directly exchange coins without an intermediary to facilitate the transactions, ensuring privacy. Many of these services do not require an account or the provision of identification documents and are operated in high-risk jurisdictions, such as Russia.

¹⁹ International Institute for Democracy and Electoral Assistance, *Cryptocurrencies and Political Finance*, <https://www.idea.int/sites/default/files/publications/cryptocurrencies-and-political-finance.pdf>

Chain hopping	Cross-chain bridges enable users to rapidly convert their cryptocurrency into other forms of cryptocurrencies, obfuscating the transaction chain. Similar to money laundering techniques with fiat currency, this is a method of cleaning illicit crypto funds.
Smurfing	The process by which large crypto transactions are fragmented into multiple smaller amounts to evade detection and reporting thresholds

25. As these techniques show, there is always the possibility that the crypto wallet that a political donation has come from is at the end of a long chain of transactions involving intermediary wallets, mixers, coin swaps or chain hops, designed to obscure the true source of the funds. It is also particularly easy for a single actor to donate using multiple crypto wallets with different addresses, fragmenting large donations into smaller amounts to bypass the reporting threshold.

Both the Electoral Commission and political parties would need to be resourced with the specialist software and expertise to detect this technique.

Other risks:

A. Crowdfunding platforms

26. Like cryptocurrency, the rise of donations through crowdfunding platforms has also presented issues for permissibility checks and traceability.²⁰ These platforms allow anonymous donations. In March 2025, the Electoral Commission issued guidance to parties on managing crowdfunding donations.²¹

27. Data published by the Electoral Commission in September showed that independent MP, Rupert Lowe had to forfeit over £10,000 of donations made through a crowdfunder as the donor couldn't be identified.²²

28. Some crowdfunding platforms such as JustGiving, now accept cryptocurrency donations and could be used for political fundraising purposes. The complexities involved with the combination of cryptocurrency donations raised through crowdfunding platforms could make it very difficult for political parties and candidates to assess permissibility and conduct robust know your donor checks.

²⁰ Byline Times, *More Than 130 Reform Candidates Ignoring Electoral Commission Rules on Anonymous Donations*, <https://bylinetimes.com/2024/07/01/reform-uk-fundraising-electoral-commission/>

²¹ Electoral Commission, *Managing crowdfunding donations*, <https://www.electoralcommission.org.uk/guidance-candidates-and-agents-uk-parliamentary-elections-great-britain/candidate-donations/crowdfunding/managing-crowdfunding-donations>

²² Electoral Commission, example of forfeited crowdfunder donation, <https://search.electoralcommission.org.uk/English/Donations/U0833189>

B. Donations via third parties

29. Theoretically, a third party that is allowed to donate to a political party could gather cryptocurrency donations from a wide range of impermissible sources and act as a permissible intermediary donor to funnel these funds into a political party (or parties) that accept donations in this form.

30. A similar scenario has unfolded on a large-scale in the United States with the rise in crypto political action committees (PACS), which during the 2024 Presidential Election collectively raised hundreds of millions of dollars from their members to then disperse as donations to candidates.²³

C. Donations made through overseas voters

31. The Electoral Commission has made clear that it faces real challenges in checking if an overseas cryptocurrency donor is permissible. As it told the Committee, while it is possible to track donations back to different wallets, *"particularly abroad it is very hard to work out who is actually controlling or who owns that wallet"*.²⁴ In addition, the Electoral Commission does not have powers to undertake investigations outside of the UK.

32. Some UK political parties actively seek donations among communities of overseas voters. When it announced that it would be working with Reform UK, an article published by Radom celebrated the ease in which cryptocurrency donations can be made from overseas sources:

"Reform UK supporters living abroad, especially in the Commonwealth or expat communities, can now contribute with far less friction than international fiat transfers typically involve".²⁵

33. If the Electoral Commission does not have the powers, and political parties do not have the capacity or expertise, to undertake proper checks on cryptodonations from overseas, impermissible overseas donations could easily slip through the net.

The risk of hostile foreign political interference facilitated by cryptocurrency donations

34. When it comes to foreign political interference from hostile states, cryptocurrency funding has been mostly associated with disinformation and malign influence campaigns, rather than direct donations to political parties and candidates.²⁶

²³ CNN, *The crypto industry plowed tens of millions into the election. Now, it's looking for a return on that investment*, <https://edition.cnn.com/2024/11/17/politics/crypto-industry-donald-trump-reelection>

²⁴ Joint Committee on the National Security Strategy, *Oral Evidence Defending Democracy*, 8 September 2025, <https://committees.parliament.uk/oralevidence/16445/html/>

²⁵ Radom, *Reform UK Becomes First Major European Political Party to Accept Crypto Donations via Radom*, <https://www.radom.com/blog/reform-uk-becomes-first-major-european-political-party-to-accept-crypto-donations-via-radom>

²⁶ Chainalysis, *Malign Interference and Crypto*, <https://www.chainalysis.com/wp-content/uploads/2024/07/malign-interference-and-crypto-release.pdf>

35. TRM Labs, the blockchain intelligence platform, has identified six high-profile case studies since 2016 where cryptocurrency has fuelled Russian political interference campaigns:

- Russian Internet Research Agency (IRA) – 2016 US Election
- Project Lakhta – 2018 US Midterm Elections
- SouthFront – Disinformation Campaign (2021)
- Task Force Rusich – Russia-Ukraine Conflict (2022)
- Doppelganger Campaign – 2024 US Election
- RT (Russia Today) and RaHDit – Global Disinformation Networks (2024)²⁷

36. In 2022, the US Department of State released intelligence reports which allege that Russia has spent more than \$300m since 2014 on influencing and interfering in elections across the world, including direct payments to political parties, candidates and officials, using cryptocurrency as one of its tools.²⁸

37. In July 2025, the President of Moldova, Maia Sandhu, warned that the Kremlin's plans to interfere in the country's upcoming elections and destabilise the democratic process will be underpinned by \$100m of cryptocurrency being poured into the country.²⁹ This followed on from other Russian interference operations in the country, where the Kremlin spent €100 million trying to rig previous elections through tactics such as voter bribery.

IV) Conclusion

38. Overall regulation of cryptocurrencies in the UK is still under development and even under proposed rules risks will remain. For instance, some decentralised crypto platforms will continue to be exempt from KYC or AML rules.³⁰

39. Meanwhile it is not clear that the main regulator in this space, the Electoral Commission currently has the expertise and resources to tackle the very high risks that cryptocurrency donations pose. It needs to be supported by specialist law enforcement expertise and increased resourcing to tackle these risks to ensure that the use of cryptocurrency does not lead to breaches of electoral law and associated threats to UK democracy.

40. As the Electoral Commission has already highlighted to the Committee, the regulator can take action on this before the Bill comes into force and it is highly welcome that it is thinking of

²⁷ TRM Labs, *The Crypto Election: Crypto, Disinformation, and Presidential Politics*, <https://www.trmlabs.com/resources/blog/the-crypto-election-crypto-disinformation-and-presidential-politics>

²⁸ New York Times, *Russia Secretly Gave \$300 Million to Political Parties and Officials Worldwide, U.S. Says*, <https://www.nytimes.com/2022/09/13/us/politics/russia-election-interference.html>

²⁹ Organised Crime and Corruption Reporting Project, *Moldovan President Warns of Russian Interference in Upcoming Parliamentary Elections*, <https://www.occrp.org/en/news/moldovan-president-warns-of-russian-interference-in-upcoming-parliamentary-elections>

³⁰ Spotlight on Corruption, *How foreign or hostile actors could hijack the next general election*, 2025: <https://www.spotlightcorruption.org/wp-content/uploads/2025/06/Final-version-of-How-Malign-and-Foreign-donations-could-hijack-the-next-GE-4th-June-2025.docx.pdf>

doing so.³¹ This should involve issuing statutory guidance to political parties and candidates that limits the type of cryptocurrency they can accept. We welcome the Commission's emphasis on ensuring that crypto donations must come from "*the more trusted kind of crypto wallets and organisations, which are based in the UK, subject to the FCA and subject to legislation here.*"³²

41. Spotlight on Corruption would strongly support this as an interim measure from the Electoral Commission. However, we recommend that the Government ultimately goes further and uses its Elections Bill to prohibit cryptocurrency political donations altogether, following the lead of Ireland and Brazil, or at the very least establish a very robust regulatory framework for such donations.

22 September 2025

³¹ Joint Committee on the National Security Strategy, *Oral Evidence Defending Democracy*, 8 September 2025, <https://committees.parliament.uk/oralevidence/16445/html/>

³² *ibid*