Enforcement Release: September 22, 2025

ShapeShift AG Settles with OFAC for $750,000 Related to Apparent Violations of Multiple Sanctions Programs

ShapeShift AG ("ShapeShift"), a digital asset exchange incorporated in Switzerland and operating from Denver, Colorado, has agreed to pay $750,000 to settle its potential civil liability for apparent violations of multiple OFAC sanctions programs. Between December 10, 2016 and October 9, 2018, ShapeShift engaged in digital asset transactions on its exchange platform with users located in Cuba, Iran, Sudan, and Syria. The settlement amount reflects OFAC's determination that ShapeShift's apparent violations were non-egregious and not voluntarily self-disclosed. The settlement amount also reflects the fact that ShapeShift is a defunct concern with limited assets that has ceased operations such that it no longer provides digital asset services that could lead to apparent violations. More broadly, this enforcement action highlights the importance for digital asset actors subject to U.S. jurisdiction of implementing effective, risk-based sanctions compliance controls.

Description of the Apparent Violations

ShapeShift Structure and Operations

From August 2014 until early 2021, ShapeShift operated an online platform that allowed users to exchange a variety of digital assets, with ShapeShift as the sole counterparty. To engage in a transaction, a user specified the asset they were offering ShapeShift and the asset they sought to purchase, certified they were the beneficial owner of the digital asset and provided their wallet address. Once ShapeShift received the user's digital asset at a ShapeShift wallet, ShapeShift sent the equivalent value of the requested digital asset from ShapeShift's own inventory to the user's wallet. All of ShapeShift's digital asset exchanges occurred "on chain" and each transaction is publicly available immediately after completion. The exchange rate for these transactions was determined by market rates, plus a premium that was collected by ShapeShift. At the platform's peak, ShapeShift engaged in as many as 20,000 daily transactions, and customers could exchange at least 79 different digital assets. ShapeShift ceased its operations as a digital asset exchange in 2021 and no longer engages in processing digital asset transactions.

Although incorporated in Switzerland, ShapeShift was headquartered in Denver, Colorado when it was operational, and most of its main officers and employees were U.S. persons who directed, controlled, and coordinated the corporation's activities from the United States. ShapeShift's senior leadership resided in the United States and operated out of ShapeShift's Denver, Colorado, office, an arrangement described in ShapeShift's Swiss incorporation filings. Furthermore, ShapeShift's U.S.-based engineers created and regularly maintained the software code and programming necessary for the proper functioning of the platform, including the algorithms that executed transactions on ShapeShift's platform. Additionally, ShapeShift was registered as a foreign corporation in good standing with the Colorado Secretary of State.

ShapeShift's Apparent Sanctions Violations

During the relevant period, ShapeShift had no sanctions compliance program in place to screen users or transactions for a nexus to sanctioned jurisdictions. As a result, ShapeShift did not screen for designated or blocked users for some time, despite possessing at all relevant times at least some Internet Protocol (IP) address information and conceding that the IP addresses were the "only available indicator" that ShapeShift collected regarding a party's location.

Between December 10, 2016 and October 9, 2018, in 17,183 instances, ShapeShift exchanged digital assets valuing $12,570,956 with users located in Cuba, Iran, Sudan[1], and Syria[2], resulting in 39 apparent violations of section 515.201(b) of the Cuban Assets Control Regulations (CACR), 16,839 apparent violations of section 560.204 of the Iranian Transactions and Sanctions Regulations (ITSR), 33 apparent violations of section 538.205 of the Sudanese Sanctions Regulations, and 272 apparent violations of section 542.207 of the Syrian Sanctions Regulations (the "Apparent Violations"). The total transaction value amounted to $12,570,956.

Only after ShapeShift received an administrative subpoena from OFAC did it adopt a sanctions compliance program. The sanctions compliance program established, among other things, the mandatory screening of new customers against OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) and procedures for identifying and denying access to users with IP addresses associated with sanctioned jurisdictions.

Penalty Calculations and General Factors Analysis

OFAC determined that ShapeShift did not voluntarily self-disclose the Apparent Violations and that the Apparent Violations constitute a non-egregious case. Accordingly, under OFAC's Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, Appendix A ("Enforcement Guidelines"), the base civil monetary penalty applicable in this matter equals the applicable schedule amount, which is $39,515,000.

---

[1] Effective October 12, 2017, pursuant to Executive Order (E.O.) 13761, "Recognizing Positive Actions by the Government of Sudan and Providing for the Revocation of Certain Sudan-Related Sanctions, as amended by Executive Order 13804, "Allowing Additional Time for Recognizing Positive Actions by the Government of Sudan and Amending Executive Order 13761," U.S. persons are no longer prohibited from engaging in transactions that were previously prohibited solely under the Sudan Sanctions Regulations (SSR). Consistent with the revocation of these sanctions, OFAC removed the SSR from the Code of Federal Regulations on June 29, 2018. However, the revocation of these sanctions does not affect past, present, or future OFAC enforcement investigations or actions related to any apparent violations of the SSR arising from activities that occurred prior to October 12, 2017.

[2] Effective May 23, 2025, pursuant to General License No. 25, "Authorizing Transactions Prohibited by the Syrian Sanctions Regulations or Involving Certain Blocked Persons," U.S. persons are no longer prohibited from engaging in transactions prohibited by the Syrian Sanctions Regulations, 31 C.F.R. part 542, with certain exceptions, such as a continued prohibition on transactions involving blocked persons other than those listed in the Annex to GL 25. On June 30, 2025, President Trump issued E.O. 14312, "Providing for the Revocation of Syria Sanctions," which revoked, effective July 1, 2025, six Executive orders that formed the foundation of the Syrian Sanctions Regulations (SySR), and terminated the national emergency underlying those Executive orders, which will result in the removal of the SySR. The authorization provided by GL 25 and subsequent revocation of these sanctions does not affect past, present, or future OFAC enforcement investigations or actions related to any apparent violations of the SySR arising from activities that occurred prior to May 23, 2025.

The settlement amount of **$750,000** reflects OFAC's consideration of the General Factors under the Enforcement Guidelines.

OFAC has determined the following to be **aggravating factors**:

(1) ShapeShift failed to exercise a minimal degree of caution or care for its sanctions compliance obligations when it failed to implement internal controls to prevent users located in sanctioned jurisdictions from conducting transactions on its platform.

(2) ShapeShift had reason to know that such users were located in sanctioned jurisdictions, including on the basis of IP address data.

(3) ShapeShift conveyed economic benefit to persons in several jurisdictions subject to OFAC sanctions and thereby harmed the integrity of multiple OFAC sanctions programs.

OFAC has determined the following to be **mitigating factors**:

(1) ShapeShift was a relatively small company at the time of the Apparent Violations and has since ceased operations. Accordingly, ShapeShift is unlikely to engage in any further transactions that could result in violations. As a defunct concern, moreover, ShapeShift is in a highly constrained financial condition.

(2) ShapeShift has not received a Penalty Notice or a Finding of a Violation from OFAC in the five years preceding the earliest date of the transactions giving rise to the Apparent Violations.

(3) ShapeShift cooperated with OFAC's investigation by timely responding to each request for information and entering into tolling agreements.

(4) The volume of Apparent Violations represents a small percentage of the total volume of transactions conducted annually by ShapeShift.

(5) After discovering the violations, ShapeShift undertook a number of remedial measures as part of its revised sanctions compliance program, including:

- Requiring mandatory screening of new customers and procedures for identifying and denying access to users with IP addresses linked to sanctioned jurisdictions;
- Requiring screening of new and current customers against an internal blacklist of digital asset addresses associated with malign activity, including digital asset addresses designated by OFAC;
- Daily rescreening against updated versions of the SDN List; and
- Implementing sanctions-related training.

Compliance Considerations

This case highlights that digital asset companies—like all financial service providers—are responsible for ensuring that they do not engage in transactions prohibited by OFAC sanctions, such as providing services to persons in sanctioned jurisdictions. This action also highlights the importance of adopting remedial measures to address compliance gaps promptly after discovering such issues. Like other previous OFAC settlement actions involving the digital asset industry, this case also highlights the importance of integrating all available user information into a company's screening process. As demonstrated in previous cases, certain firms providing digital asset services have failed to ensure that their screening processes and broader compliance programs adequately incorporate customer information gathered from the onboarding process or through transactional information (such as IP location information). Ensuring that such data is gathered and employed using a risk-based approach is important to mitigate the risk of providing services to persons in sanctioned jurisdictions.

Further, this case highlights how foreign-incorporated companies may be subject to U.S. jurisdiction. Specifically, foreign-incorporated entities may be considered a U.S. person pursuant to OFAC sanctions regulations when their physical headquarters and overall business operations are located within the United States.

Finally, this enforcement action further emphasizes the importance for digital asset companies and those involved in emerging technologies to incorporate risk-based sanctions compliance into their business functions, especially when the companies seek to offer financial services to a global customer base. OFAC's Sanctions Compliance Guidance for the Virtual Currency Industry explains that OFAC strongly encourages a risk-based approach to sanctions compliance. An appropriate compliance program for members of the digital asset industry will depend on a variety of factors, including the type of business involved, its size and sophistication, products and services offered, customers and counterparties, and geographic locations served. Critically, members of the digital assets and emerging technologies industries should incorporate sanctions compliance considerations at the development and beta testing stages. Delaying development and implementation of a sanctions compliance program can expose companies to a wide variety of potential sanctions risks.

OFAC Enforcement and Compliance Resources

On May 2, 2019, OFAC published A Framework for OFAC Compliance Commitments in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC's perspective on the essential components of a sanctions compliance program. The Framework also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The Framework includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501;

and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. These references, as well as recent civil penalties and enforcement information, can be found on OFAC's website at https://ofac.treasury.gov/civil-penalties-and-enforcement-information.

Sanctions Whistleblower Program

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower incentive program for violations of OFAC-administered sanctions, in addition to other violations of the International Emergency Economic Powers Act and violations of the Bank Secrecy Act. Individuals located in the United States or abroad who provide information may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding $1,000,000 and the statutory requirements in 31 U.S.C. 5323 are otherwise met. The incentive program is available for whistleblowers providing information relating to potential violations at any type of enterprise in any commercial sector. FinCEN is currently accepting whistleblower tips.

For more information regarding OFAC regulations, please go to: https://ofac.treasury.gov/.