



The ROK government's response

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ROK-U.S. joint response to counter North Korea's cryptocurrency heist

ROK-U.S. Working Group on DPRK Cyber Threat established (Aug 9, 2022)

- ▶ Brought together foreign policy, intelligence, finance and law enforcement authorities
- ▶ Discussions held on imposing sanctions and countering money launderers enabling North Korean hackers

Joint ROK-U.S. Symposium on DPRK Cyber-Exploitation of Cryptocurrency Exchanges held (Nov 17, 2022)

- ▶ 200 government officials and private sector stakeholders from 16 countries participated
- ▶ Shared information on North Korea's hacking techniques and cybersecurity best practices / Discussed mechanisms to enhance cooperation between public & private sectors

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Strengthen institutional capabilities to counter cryptocurrency heist

Travel Rule introduced (Mar 25, 2022)

- ▶ Procedure to record information of both sender and recipient for crypto transaction adopted
- ▶ Contributing to preventing crypto money laundering

National Cyber Security Cooperation Center established (Nov 30, 2022)

- ▶ Enabled joint response of public & private sectors against North Korea's cyber attacks such as cryptocurrency heist

Partnership with cryptocurrency exchanges strengthened

- ▶ Established cooperation with domestic and foreign cryptocurrency exchanges (i.e. to freeze stolen funds)
- ▶ Established crypto wallet address checking system in five domestic centralized exchanges (CeX)

3

Impose additional autonomous sanctions against North Korean cyber actors

ROK's autonomous sanctions

- ▶ North Korean cyber actors under consideration for sanctions in case of major provocations such as nuclear test
- ▶ Strengthen coordination with international community regarding autonomous sanctions in cyber sector

All about North Korean Cryptocurrency Heist



The Government of
the Republic of Korea



How much cryptocurrency has North Korea stolen?



Total amount of cryptocurrency stolen by North Korea since 2017

over **\$1.2** billion
(approx. \$626 million in 2022 alone)



Funds stolen by single online game hacking in March 2022

\$620 million



Cryptocurrency yet to be laundered by North Korea

\$170 million



How much is North Korea's **annual export in 2021?**

\$82 million



Why is North Korea's cryptocurrency heist a serious threat?



Enormous damage to individuals and companies investing in virtual assets
(financial loss)



Destruction of cryptocurrency and blockchain ecosystem
(industrial damage)



Source of revenue for nuclear and missile development **(security threat)**

Malicious cyber attacks account for **30%** of North Korea's missile development costs



How does North Korea steal cryptocurrency?

Cryptocurrency Exchange Hacks



North Korean hacker

phishing e-mail



hijack administrator account

gain access to internal system

hack cryptocurrency exchange



wallet server



transaction record server

Ransomware Attack



North Korean hacker

malware attack



encrypt victim's files

gain access to internal system

demand ransom in exchange for decryption



demand cryptocurrency



leak victim's sensitive data

cryptocurrency heist



crypto wallet owned by North Korean regime



coin swap



Bitcoin mixer



foreign facilitators

laundering cryptocurrency and converting it to fiat currency

send goods and cash



North Korean regime



nuclear and missile development