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The Pressure Point Thesis

Why Illicit Financial Flows Map Precisely onto Jurisdictional Failures in Monetary Sovereignty, and What That Map Reveals about the GENIUS Act's Architecture

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Abstract

This paper introduces the Pressure Point Thesis: illicit financial flows are not aberrations in the global monetary system but evidence of its structural weaknesses, mapping precisely onto jurisdictions where sovereign monetary authority has collapsed or been suspended. The thesis is not theoretical. It is observable in every major IFF corridor from the offshore banking revolution of the 1930s through the Swiss numbered account era to the dollarised financial secrecy infrastructure of the River Plate. The stablecoin payment layer now being institutionalised under the Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act, enacted July 18, 2025) is, by the measure of this thesis, the most significant structural development in illicit financial flows infrastructure since the Swiss Banking Act of 1934. The GENIUS Act establishes compliance obligations at the point of issuance and redemption. It leaves the secondary market substantially unmonitored. Suspicious activity reporting does not extend to blockchain transfers between holders. Unhosted wallets operate outside mandatory know-your-customer requirements. Chainalysis data cited in the FATF's March 2026 Targeted Report on Stablecoins and Unhosted Wallets established that stablecoins accounted for 84 percent of $154 billion in illicit virtual asset transaction volume in 2025. This paper maps the thesis, establishes its historical evidence base, examines the GENIUS Act's architecture against

the structural conditions the thesis identifies, and frames the empirical programme of the series. The data do not require editorialising. They require reading.

I. Introduction

The standard account of illicit financial flows treats them as a pathology: criminal actors exploiting gaps in regulatory frameworks that would, if properly closed, restore the system to a clean baseline. That account is wrong. Illicit financial flows are diagnostic, not exceptional. They identify jurisdictions where the state's monetary authority has weakened below the threshold at which private actors find it cheaper to route capital through official channels than to build around them. When the official channels strengthen, the flows reroute. When the flows reroute, new infrastructure appears to serve them. The infrastructure is not the disease. The pressure point is.

This is the Pressure Point Thesis. It does not begin with moral categories. It begins with a structural observation: capital moves toward the path of least resistance, and the path of least resistance in any financial system is defined by the points at which sovereign authority is weakest. Illicit financial flows map those points. The geography of IFF corridors is a more precise map of sovereign monetary failure than any index produced by a multilateral institution, because capital does not lie about where it can move freely, and regulators do.

The evidence for this thesis spans a century. The Swiss Banking Act of 1934 did not create illicit capital flight; it created infrastructure for capital flight that already existed, routed by the jurisdictional failure of every state from which frightened or predatory capital was fleeing. The dollarised offshore banking architecture that grew around Uruguay from the 1950s onward mapped precisely onto the chronic monetary instability of Argentina and Brazil, jurisdictions that had lost the capacity to protect the value of their currencies. The Delaware shell corporation and the Cayman Islands beneficial ownership registry are infrastructure built on the pressure points of a U.S. tax and disclosure framework that, for decades, chose opacity at home while demanding transparency abroad.

The stablecoin layer is the newest expression of a very old structural dynamic. The GENIUS Act, enacted on July 18, 2025, establishes the first comprehensive federal

framework for stablecoin regulation in the United States. Its proponents describe it as a mechanism to bring the stablecoin payment layer within the regulatory perimeter. That description is accurate at the point of issuance. It is incomplete as a description of the system the Act creates. The Pressure Point Thesis predicts, with precision, where the flows will concentrate: the secondary market, the unhosted wallet, the offshore issuer operating under a comparability determination, and the decentralised finance protocol that no compliance programme is currently equipped to monitor. The Financial Action Task Force's March 2026 Targeted Report on Stablecoins and Unhosted Wallets confirmed this prediction in data already available.

This paper proceeds in five sections. Section II presents the Pressure Point Thesis in full, with its structural logic and the evidence that sustains it across the historical record. Section III examines the three major historical precedents: the Swiss numbered account, the River Plate offshore banking model, and the dollarised bearer-share corporation as infrastructure archetypes. Section IV analyzes the stablecoin layer as IFF infrastructure, using the most recent data from FATF, Chainalysis, and TRM Labs. Section V maps the GENIUS Act's architecture against the structural conditions the thesis identifies. Section VI establishes the empirical programme of this series and frames the interview-based research that the subsequent papers will develop.

II. The Pressure Point Thesis: Structural Logic and Evidence

The Pressure Point Thesis rests on three propositions, each of which is separately verifiable in the historical record.

First: illicit financial flows are not randomly distributed. They concentrate in corridors connecting jurisdictions with weak monetary sovereignty to jurisdictions with strong financial secrecy or regulatory arbitrage capacity. The directionality is not random; it is structurally determined. Capital exits from jurisdictions experiencing monetary instability, political seizure risk, or aggressive taxation, and enters jurisdictions offering confidentiality, stability, or exemption from the origin jurisdiction's legal reach. The IFF corridor is defined at both ends: pressure at the origin, infrastructure at the destination.

Second: the infrastructure at the destination does not cause the flows. It services them. The causal factor is the pressure point; the failure of sovereign monetary authority in the origin jurisdiction. This distinction matters enormously for regulatory analysis. Regulatory frameworks directed at the destination infrastructure, without addressing the origin pressure, do not reduce illicit financial flows. They reroute them. The Swiss numbered account era demonstrates this with clarity: as Switzerland incrementally tightened disclosure requirements from 1977 onward under sustained American and European pressure, capital rerouted to Luxembourg, Liechtenstein, the Cayman Islands, the British Virgin Islands, Panama, and eventually Delaware. The flows did not diminish. The infrastructure migrated.

Third: each new infrastructure generation is more efficient than the last. Efficiency in this context means lower cost of capital movement per dollar of flow, lower detection probability per transaction, and higher volume capacity per unit of infrastructure. The Swiss numbered account was efficient relative to the pre-war correspondent banking model because it required only a single trusted relationship with a Swiss private bank. The Delaware shell corporation improved on the numbered account by eliminating even that single relationship; the beneficial owner was not disclosed to any institution. The stablecoin payment layer improves on the Delaware shell in two respects: pseudonymous addresses on a public blockchain provide the appearance of transparency while obscuring the identity of the human principal, and smart contract transfers execute without any institutional intermediary at all. There is no banker to subpoena. There is no wire transfer record to compel. There is a transaction hash on a public ledger that reveals nothing about who sent what to whom without a substantial chain of blockchain forensic analysis that most enforcement agencies cannot conduct in real time.

The quantitative evidence for the thesis at the aggregate level is necessarily imprecise, because a system that conceals flows by design will also conceal their scale. The UNODC estimated in 2023 that approximately 1 percent of all global illicit financial flows are successfully confiscated and frozen by enforcement authorities (UNODC, 2023). If that estimate is approximately correct, it implies that the observable enforcement record represents 1 percent of the actual flow. Nasdaq Verafin's 2025 report estimated global money laundering at $3.1 trillion annually, with approximately $750 billion laundered through European financial systems in 2023 alone, equivalent to 2.3 percent of European Union GDP (Nasdaq Verafin, 2025). Global Financial Integrity's analysis of developing

country illicit outflows estimated the range at between $620 billion and $970 billion for 2014 alone, with inflows to destination jurisdictions estimated at between $1.4 trillion and $2.5 trillion in the same year (Spanjers & Salomon, 2017).

These figures are estimates. Their methodologies are contested. What they share is order of magnitude consistency: global illicit financial flows operate at the scale of multiple trillions of dollars annually, and the enforcement system recovers a fraction of one percent of that amount. The Pressure Point Thesis does not require precision on the aggregate to be useful. It requires only that the directionality and the infrastructure pattern be observable, which they are, in every IFF corridor for which reliable data exists.

III. The Infrastructure Archetypes: Switzerland, the River Plate, and the Bearer Corporation

Three historical precedents define the infrastructure archetype that the stablecoin payment layer is replicating. Each deserves examination on its own terms before the structural parallel is drawn.

The Swiss Numbered Account. The Swiss Banking Act of 1934 established bank confidentiality as a matter of federal criminal law; disclosure of client information without authorisation was punishable by imprisonment. The numbered account, which reached its operational peak in the postwar decades, separated the account identifier visible to bank clerks from the client identity known only to senior partners. The system did not create anonymity in the absolute sense; the bank knew who held the account. What it created was a structural barrier to international disclosure, because Swiss law did not recognize foreign tax obligations as a basis for compelling disclosure, and bank officers who disclosed without authorisation faced criminal prosecution.

The Swiss numbered account attracted capital from every jurisdiction experiencing instability. In the 1930s and 1940s, European Jewish capital and central bank reserves preceded the Bretton Woods era. In the postwar decades, Latin American political capital and Italian industrial fortunes followed. The Marcos family, Idi Amin, Mobutu Sese Seko, and Sani Abacha each used Swiss private banking to hold sovereign extraction at arm's

length from their home jurisdictions. This is not a catalogue of criminality; it is a catalogue of sovereign monetary failure. Every account held at a Swiss private bank by a politically exposed foreign national represents a jurisdiction whose institutional framework was insufficient to retain that capital under the rule of law.

Switzerland's gradual retreat from the numbered account model illustrates the second proposition of the Pressure Point Thesis. The 1977 Agreement on Due Diligence between the Swiss Bankers' Association and member banks introduced the first know-your-customer requirements. The 1990 Swiss Criminal Code additions criminalised money laundering. The 1991 abolition of Form B accounts, under sustained American pressure, eliminated the proxy-held account structure. The OECD grey-listing pressure from the 2000s onward accelerated information exchange. Each tightening measure produced a corresponding outflow from Switzerland to less regulated jurisdictions. The Tax Justice Network's Financial Secrecy Index tracks this substitution effect in real time. Switzerland's secrecy score has declined as Luxembourg's, Singapore's, and the Cayman Islands' have risen or stabilised to absorb displaced flows (Tax Justice Network, 2022).

The River Plate Model. Uruguay's role as a regional financial secrecy infrastructure is the oldest functioning laboratory for cross-border capital invisibility in the Western hemisphere. Often called the Switzerland of Latin America, Uruguay developed its offshore banking model not through deliberate policy design but through structural logic: it sat between Argentina and Brazil, two economies with chronic inflation, recurring currency crises, and unpredictable sovereign intervention in private financial holdings, and it offered stable banking law, dollarised accounts with no foreign exchange controls, and bank secrecy guaranteed by statute requiring a court order to override.

The mechanism was transparent. Capital exiting Argentina through the 2001 corralito, through the 1989 Bunge and Born hyperinflation, through any of the nine IMF programmes between 1956 and 2018, routed through Uruguay because Uruguay's institutional stability, however imperfect, exceeded Argentina's by enough to justify the regulatory arbitrage. By the early 2000s, Uruguay had become the largest offshore banking centre in South America. When Argentina froze deposits in December 2001, the Argentine-owned deposits in Uruguayan banks generated a run that took roughly one-third of Uruguay's banking deposits within months of the crisis onset (Wikipedia,

2002 Uruguay banking crisis). The pressure point was in Buenos Aires. The infrastructure was in Montevideo.

Uruguay's suspicious transaction reports linked to potential money laundering reached 964 filings in 2024, a 5.8 percent increase from the previous year, with the financial sector accounting for 880 of those reports (Rio Times Online, 2025). Money laundering investigations tied to drug trafficking nearly doubled between 2018 and 2022, rising from 1,597 to 3,021 cases. Uruguay is simultaneously the most stable, institutionally credible nation in South America by most governance indices and the most established laboratory for cross-border capital opacity in the hemisphere. These facts are not in tension. They are the same fact stated from two perspectives.

The Bearer Corporation. The dollarised bearer-share corporation operating through a Delaware or BVI holding structure represents the third archetype. Its defining characteristic is the separation of economic ownership from legal identity. The bearer of the share certificate owns the corporation; the identity of the bearer is recorded nowhere accessible to enforcement authorities in a foreign jurisdiction. This structure became the primary vehicle for trade misinvoicing, transfer pricing manipulation, and capital flight resurfacing throughout the 1980s and 1990s. Global Financial Integrity's analysis found that trade misinvoicing accounted for two-thirds of illicit financial outflows from developing countries in their lower-bound estimates, with the bearer corporation as the primary legal vehicle (Spanjers & Salomon, 2017).

The bearer corporation's efficiency advantage over the Swiss numbered account was the elimination of the single trusted relationship. The numbered account required a Swiss private banker. The bearer corporation required only a registered agent in Delaware or the BVI, a relationship that could be maintained by a law firm's paralegal at a cost of a few hundred dollars annually. The beneficial owner was not disclosed to any regulated institution. The architecture was not a violation of any existing disclosure requirement; it operated within jurisdictions that had chosen opacity as a structural feature of their corporate law.

The FATF's 40 Recommendations and the subsequent implementation of beneficial ownership registries in FATF member states represent the regulatory response to the bearer corporation archetype. The Corporate Transparency Act in the United States, which

took effect for most entities in January 2024 and required disclosure of beneficial ownership to FinCEN for the first time, had its domestic reporting requirements suspended by FinCEN's March 2025 interim final rule following sustained legal challenge; as of this writing, domestic entities and U.S. persons are not required to file. The response came fifty years after the archetype became operationally dominant. The stablecoin archetype is approximately five years old.

IV. The Stablecoin Layer as Illicit Financial Flows Infrastructure

The stablecoin payment layer is not primarily an illicit financial flows infrastructure. Its dominant use case is legitimate: cross-border payments, dollar access in dollarising economies, liquidity management in digital asset markets, and the emerging institutional settlement market. But every major IFF infrastructure archetype in history has had a dominant legitimate use case. The Swiss numbered account served legitimate capital preservation. The bearer corporation served legitimate cross-border investment. The offshore banking model served legitimate currency diversification. The legitimate use case is not evidence against the IFF utility. It is the condition that makes the IFF utility sustainable; the infrastructure must serve enough legitimate capital to justify its existence, generate the political coalitions to protect it from regulatory elimination, and provide the volume that obscures the illicit flows within it.

The stablecoin payment layer satisfies all three conditions. FATF's March 2026 Targeted Report on Stablecoins and Unhosted Wallets noted that over 250 stablecoins were in circulation by mid-2025, with a combined market capitalisation exceeding $300 billion and stablecoin transaction volume in excess of $1 trillion per month on multiple occasions in 2025 (FATF, 2026). Against that volume, Chainalysis reported that stablecoins accounted for 84 percent of $154 billion in illicit virtual asset transaction volume in 2025. TRM Labs estimated that illicit entities received $141 billion in stablecoins in 2025, the highest level observed in five years of measurement, with sanctions-related activity accounting for 86 percent of illicit crypto flows (TRM Labs, 2026). FATF separately estimated approximately $51 billion in illicit stablecoin activity related to fraud and scams in 2024 alone (FATF, 2025).

These are not numbers that describe a peripheral vulnerability in an otherwise clean system. They describe the dominant IFF infrastructure of 2025. The Iranian Islamic Revolutionary Guard Corps used USDT-denominated wallets on the Tron blockchain to hold capital reserves; Chainalysis estimated that IRGC-associated addresses received more than $3 billion in on-chain funds in 2025, up from over $2 billion in 2024. The U.S. Treasury's April 24, 2026 OFAC action against Iran-linked cryptocurrency wallets resulted in Tether freezing $344 million in USDT held across two Tron addresses linked to the IRGC and Central Bank of Iran networks. The two wallets had received approximately $370 million across nearly 1,000 transactions since March 2021, with most funds held dormant after late 2023; TRM Labs described the pattern as reserve storage rather than active transactional use (TRM Labs, 2026). North Korea's Lazarus Group executed the largest single virtual asset theft in recorded history in 2025, stealing $1.46 billion from the exchange ByBit, with only 3.8 percent of the stolen funds recovered as of the FATF June 2025 report (FATF, 2025).

The structural characteristics that make stablecoins effective IFF infrastructure are the same characteristics that make them effective payments infrastructure. Price stability is essential for both purposes; a medium of exchange that can lose 30 percent of its value in a week is not useful for settling drug transactions or settling international trade. Dollar pegging is essential for both; the dollar's reserve currency status means that USDT is acceptable in every jurisdiction where dollar-denominated transactions are preferred, which is to say most of the world. Pseudonymity on a public blockchain is useful for both; the blockchain provides a transaction record that regulators can, in principle, analyze, while the address structure means that without off-chain information linking an address to a legal identity, the analysis terminates at a public key. And the absence of any mandatory institutional intermediary for secondary market transfers means that the primary regulatory contact point, the licensed issuer, is not present in the vast majority of actual transactions.

FATF's identification of the unhosted wallet as a key vulnerability is technically correct and operationally limited. An unhosted wallet is software. It can be downloaded without identity verification from any internet connection in the world. The peer-to-peer transfer between two unhosted wallets is a direct blockchain transaction that no regulated institution processes, monitors, or reports. The travel rule, which requires financial

institutions to transmit identifying information when processing transfers above threshold, does not apply to transactions between unhosted wallets because there is no financial institution on either side of the transaction. FATF has urged countries to impose anti-money laundering obligations on stablecoin issuers, consider requiring wallet freezing, and restrict certain smart-contract functions. These are legitimate measures at the point of infrastructure architecture. They do not address the pressure point. The pressure point is the set of jurisdictions in which capital cannot be safely held, legally moved, or confidently preserved across political transitions. The stablecoin layer did not create those jurisdictions. It found them already waiting.

V. The GENIUS Act's Architecture and the Structural Gap

The GENIUS Act establishes the first comprehensive federal regulatory framework for payment stablecoins in the United States. Enacted on July 18, 2025, the Act creates a category of permitted payment stablecoin issuers (PPSIs), requires 1:1 reserve backing in high-quality liquid assets, classifies PPSIs as financial institutions under the Bank Secrecy Act, and mandates compliance programmes covering anti-money laundering, countering terrorist financing, customer identification, and economic sanctions. The Act required FinCEN to promulgate tailored AML rules within twelve months of enactment. On April 8, 2026, FinCEN and OFAC issued a joint proposed rule implementing the Act's financial crimes compliance requirements, with comments accepted through June 9, 2026 (Baker McKenzie, 2026).

The architecture of the proposed rule is competent within its own scope. It requires PPSIs to maintain risk-based AML and sanctions compliance programmes, file suspicious activity reports for transactions involving possible violations of law, implement customer identification procedures, comply with the recordkeeping rule for funds transfers and transmittals of $3,000 or more, and maintain the technical capability to block, freeze, and reject transactions across their network, including secondary market activity, in compliance with OFAC designations. These requirements are consistent with existing Bank Secrecy Act obligations for money services businesses, extended to cover the specific characteristics of stablecoin issuance (Steptoe, 2025).

The structural gap is not in what the Act requires. It is in what the Act cannot reach. The SAR filing obligation applies only to primary market activity: the issuance and redemption of stablecoins directly between the PPSI and its customers. FinCEN's proposed rule explicitly states that a SAR filing obligation is not triggered by third-party transfers that merely result in an interaction with a PPSI's smart contract (Troutman Pepper Locke, 2026). The secondary market, which is where illicit activity concentrates by design, does not trigger mandatory SAR reporting by the PPSI. FinCEN acknowledged in its proposed rule that secondary market SARs could produce highly useful information, particularly where transfers do not occur through BSA-regulated institutions; the agency described its current non-requirement as a preliminary determination pending further development (Troutman Pepper Locke, 2026).

The Bank Policy Institute identified the three transaction types that remain structurally outside the AML perimeter even under the GENIUS Act's compliance framework: transfers involving offshore-hosted wallets at non-U.S. exchanges not subject to equivalent KYC requirements; transactions between hosted wallets and unhosted wallets not subject to KYC requirements; and transfers through DeFi protocols, where there is no institutional counterparty to apply compliance obligations to (BPI, 2025). The travel rule does not address transfers to or from unhosted wallets; nothing in the GENIUS Act resolves this gap, as the A&O Shearman analysis noted in July 2025 (A&O Shearman, 2025).

The foreign issuer dimension deserves separate treatment. The GENIUS Act creates a comparability determination process: foreign permitted stablecoin issuers may access U.S. markets if their home jurisdiction's regulatory regime is determined to be substantially similar to the federal framework. The Act tasks the Treasury with developing reciprocal or bilateral agreements with foreign jurisdictions. The stated purpose is competitive parity; without it, foreign issuers could access American markets without equivalent AML and sanctions obligations. The structural consequence is that the comparability process creates a map of which foreign jurisdictions will and will not bring their stablecoin regulatory frameworks into alignment with U.S. standards. Jurisdictions that decline comparability determinations will not be able to market stablecoins in the United States through regulated channels. They will continue to issue stablecoins accessible to U.S.-adjacent market participants through unhosted wallets and decentralised exchanges, outside the perimeter of any compliance framework.

This is the precise structure of the Swiss banking model. Switzerland's compliance with foreign disclosure demands did not stop capital flows to Switzerland; it rerouted them to jurisdictions that had not yet complied. The GENIUS Act's compliance architecture, as designed, will produce a compliant domestic stablecoin market operating under robust AML supervision and a parallel offshore stablecoin market operating outside that supervision, connected to the domestic market through the technical infrastructure that the Act explicitly acknowledges it cannot fully monitor.

The enforcement record to date illustrates both the Act's genuine utility and its structural limits. Tether has demonstrated operational capacity for enforcement cooperation; the company has frozen more than $4.4 billion in assets overall, including over $2.1 billion connected to U.S. authorities, and cooperates with more than 340 law enforcement agencies in 65 countries (Tether, 2026). The T3 Financial Crime Unit, a joint initiative by Tether, TRON, and TRM Labs, froze over $450 million in suspected illicit assets from its 2024 launch through May 2026. The April 2026 IRGC action, freezing $344 million in USDT across two Tron addresses, demonstrated that centralised stablecoin issuers can execute enforcement actions at scale in cooperation with U.S. authorities (Tether, 2026). None of this alters the structural condition. The GENIUS Act creates an effective compliance framework for the transactions it can see. The transactions it cannot see are the ones the Pressure Point Thesis predicts will carry the preponderance of illicit flows.

VI. The Empirical Programme of This Series

The Invisible Economy series proceeds from the Pressure Point Thesis to its empirical grounding. The thesis is stated. The historical evidence has been established. The GENIUS Act's architecture has been mapped against the structural conditions the thesis identifies. What remains is the granular evidence: how practitioners inside the IFF infrastructure understand its operation, how the mechanisms actually function at the transactional level, and what the stablecoin layer has changed in practical terms for capital that moves outside sanctioned channels.

The subsequent papers in this series draw on direct testimony. This institute has conducted a programme of recorded interviews with practitioners across the spectrum of capital movement: money service operators, compliance professionals at financial

institutions that have processed suspicious stablecoin activity, former regulatory officials with direct operational experience of IFF enforcement, and individuals with first-hand knowledge of the capital movement mechanisms this paper describes at the structural level. All interviews were conducted with appropriate protections for source identity. The testimony will be presented with specificity, in the interviewees' own characterisations of the mechanisms they describe, attributed at the level of detail that does not compromise source protection.

Paper No. 2, The Stablecoin as Shell, examines how pseudonymous programmable money creates the technical infrastructure for capital resurfacing at institutional scale. Paper No. 3, The River Plate Model, develops the Uruguay, Argentina, and Paraguay corridor as the oldest functioning laboratory for cross-border capital invisibility in the Western hemisphere, with direct testimony from practitioners operating within and adjacent to that corridor. Paper No. 4, The Enforcement Blind Spot, analyzes why the multilateral financial crimes compliance framework was built for an analogue capital world and what it cannot see in the tokenised layer. Paper No. 5, The Laundering Premium, examines how the cost of moving illicit capital through traditional channels is being repriced by stablecoin infrastructure, and what that repricing signals about adoption velocity.

The series does not aim to produce a comprehensive enumeration of illicit actors and their methods. That is the work of enforcement agencies with compulsory process and investigative capacity that this institute does not have. The series aims to describe the structural conditions; the pressure points, the infrastructure, the compliance gaps, and the practitioner understanding of where the architecture actually fails, rather than where it is formally represented to succeed. The distinction between those two things is the analytical object of this research.

Conclusion

The Pressure Point Thesis is not a prediction about the future of illicit financial flows. It is a description of their structural logic, tested against a century of observable evidence and found to hold. Illicit financial flows map precisely onto jurisdictional failures in monetary sovereignty because capital moves toward the path of least resistance, and the path of least resistance is defined by the points at which sovereign authority is weakest. Every major

IFF infrastructure archetype, from the Swiss numbered account to the River Plate offshore banking model to the dollarised bearer corporation, was built at a pressure point identified by capital before it was identified by regulators. The stablecoin payment layer was built at the same intersection.

The GENIUS Act's compliance framework is technically competent for the regulated market it creates. It is structurally insufficient for the unregulated market that the Pressure Point Thesis predicts will absorb the flows its compliance architecture cannot see. This is not a criticism of the Act's drafting; it is a description of a structural condition that no issuer-level compliance regime has ever fully resolved. The Swiss Banking Act of 1934 created the most powerful private banking secrecy regime in history and was, eventually, substantially dismantled through eighty years of international regulatory pressure. What it could not be dismantled before was the offshore infrastructure to which its clients had already moved. The GENIUS Act's compliance architecture will work where it has jurisdiction. The Pressure Point Thesis describes precisely where it does not.

The Chainalysis finding, cited in the FATF's March 2026 report, that stablecoins accounted for 84 percent of $154 billion in illicit virtual asset transaction volume in 2025 was published four months before the GENIUS Act's compliance rules entered their proposed rulemaking phase. The data describing the problem were available before the regulatory response was complete. The structural conditions that produced the data will not be resolved by the regulatory response as designed; and the interviews that follow in this series will make plain, in the words of those closest to the mechanisms, why the compliance perimeter and the flow of capital are not the same line.

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