

CRYPTO ASSETS

CHALLENGES

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Federal Police Commissioner
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What is Cryptocurrency?

Cryptocurrency is a digital or virtual currency that relies on cryptography for protection. Unlike conventional currencies, it functions without the oversight of a central bank. Cryptocurrencies utilize blockchain technology, which is a decentralized ledger that guarantees transparency and security by documenting transactions across a network of computers.



The Creator of BITCOIN

In October 31, 2008 a small article titled "Bitcoin: A Peer-to-Peer Electronic Cash System" by SATOSHI NAKAMOTO was sent to a discussion list denominated "the Cryptography Mailing List"



CRYPTOCURRENCY: is a digital currency that uses encryption to secure online transactions and can be used to buy goods and services. Cryptocurrencies are a type of virtual currency that operates on decentralized blockchain networks



BALANCES REPRESENTATIVE OF CRYPTOCURRENCY: Are entries made in a centralized and private registry, the reliability of which depends on the entity responsible for the registry. They are an acknowledgment of debt.



WHAT ARE CRYPTOCURRENCY EXCHANGES (VASP) ?



In order to start buying and selling cryptocurrencies and other digital assets, the most common way is to transact with Crypto Exchanges. Cryptocurrency exchanges are privately-owned platforms that facilitate the trading of cryptocurrencies for other crypto assets, including digital and fiat currencies and NFTs.

THE 10 TOP CENTRALIZED CRYPTOCURRENCY EXCHANGES, RANKED BY VOLUME (AS OF NOV. 2022)

These are the top centralized cryptocurrency exchanges, according to traffic, liquidity, and trading volumes.



Cryptocurrency seizing

The importance of seizing cryptocurrency has become increasingly significant to law enforcement agencies (LEAs) around the world.

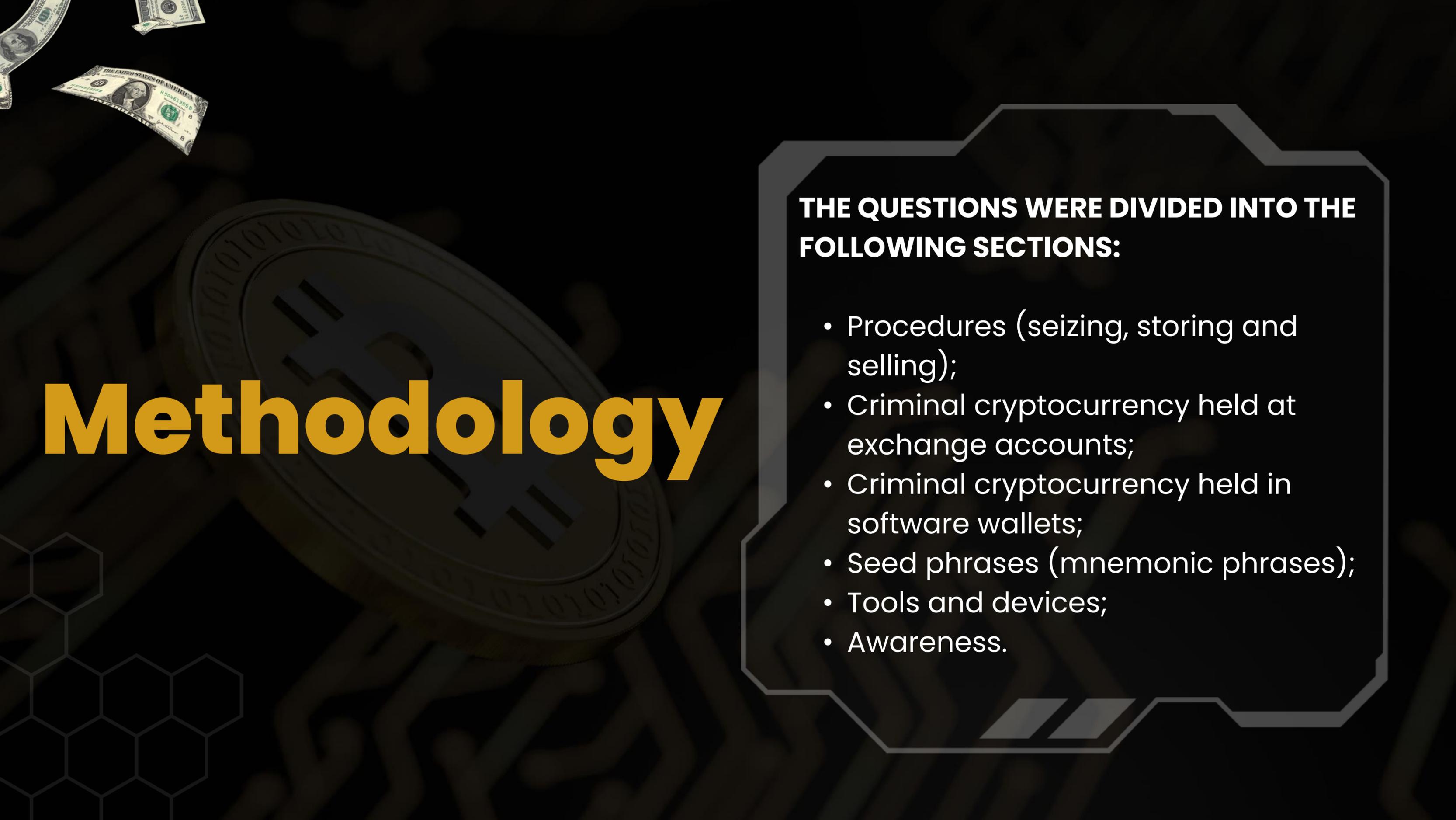
Due to the increasing amounts of criminal payments and laundered illicit funds in cryptocurrencies, law enforcement encounters cryptocurrencies more frequently in criminal investigations.





Europol Survey

Europol has sent out a survey to its partner countries to get an overview of how LEAs seize, store and sell cryptocurrencies encountered in investigations. Based on the survey results, received from 47 agencies in 35 countries



Methodology

THE QUESTIONS WERE DIVIDED INTO THE FOLLOWING SECTIONS:

- Procedures (seizing, storing and selling);
- Criminal cryptocurrency held at exchange accounts;
- Criminal cryptocurrency held in software wallets;
- Seed phrases (mnemonic phrases);
- Tools and devices;
- Awareness.

HOW DOES YOUR AGENCY DEAL WITH SEIZED (CRIMINAL) CRYPTOCURRENCY?

- 64% Hold the cryptocurrency in a wallet
- 25% Other
- 11% Liquidate / Sell



WHAT ORGANISATION IN YOUR COUNTRY IS RESPONSIBLE FOR SELLING SEIZED CRYPTOCURRENCY?

- 53% Police or other LEA
- 21% Asset Recovery Office (ARO)
- 15% Other
- 11% Prosecutor's office



WHO IS RESPONSIBLE FOR STORING PRIVATE KEYS / SEED PHRASES?



<i>answer</i>	<i>base</i>	<i>narrow</i>
<i>pattern</i>	<i>approve</i>	<i>fortune</i>
<i>name</i>	<i>island</i>	<i>myth</i>
<i>stove</i>	<i>foil</i>	<i>naive</i>
<i>basic</i>	<i>story</i>	<i>involve</i>
<i>narrow</i>	<i>force</i>	<i>food</i>
<i>invite</i>	<i>patient</i>	<i>iron</i>
<i>fork</i>	<i>barely</i>	<i>anxiety</i>

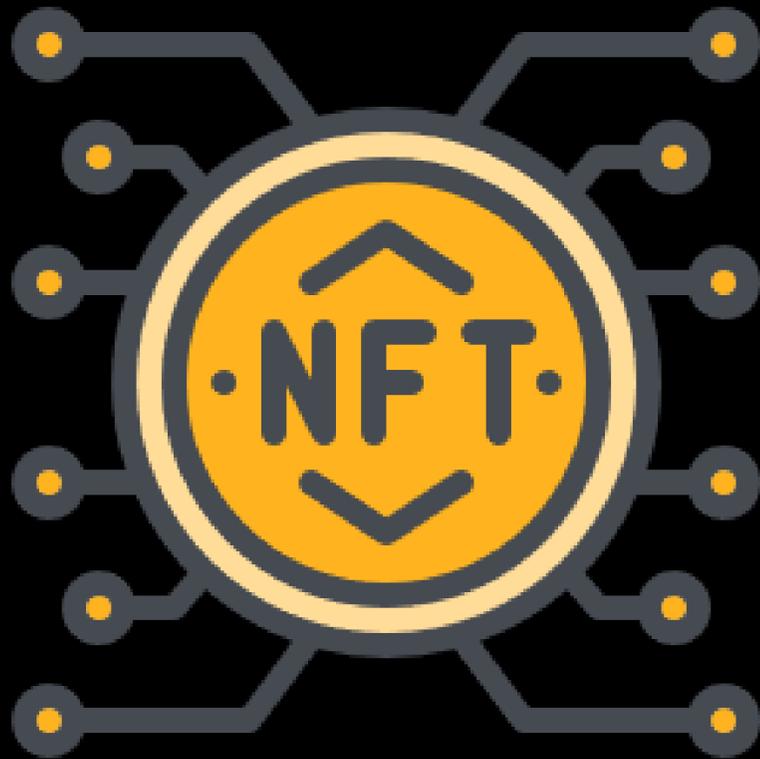
- 46% Other
- 23% Several cryptocurrency experts
- 19% One cryptocurrency expert
- 12% Prosecutor's office

IF SEIZED CRYPTOCURRENCY ARE LIQUIDATED / SOLD HOW IS THIS DONE?

- 42% Other
- 29% Use a trusted exchange
- 15% Use a variety of exchanges
- 14% Auction



WHAT DO YOU DO IF A TOKEN TO SEIZE IS NOT SUPPORTED BY OFFICIAL / GOVERNMENTAL WALLET?



- 40% Think of a new procedure on the spot
- 32% Convert it to supported cryptocurrency
- 28% Other

DO YOU ISSUE FREEZING ORDERS TO EXCHANGES?



- 70% Yes, usually during or after the house search
- 17% Yes, usually before house search
- 13% No

HOW DO YOU PROCEED WHEN (CRIMINAL) CRYPTOCURRENCY ARE ENCOUNTERED ON AN EXCHANGE ACCOUNT DURING A HOUSE SEARCH?

- 44% Contact company to freeze or seize the funds
- 33% Try to access the suspect's account and seize the funds
- 21% Other

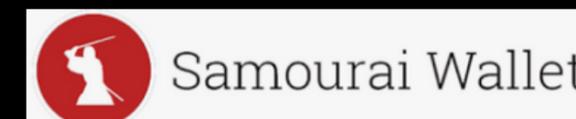
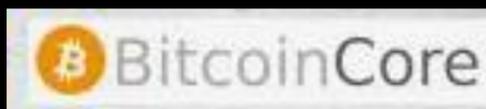


HOW DO YOU PROCEED WHEN SOFTWARE WALLETS ARE ENCOUNTERED ON SUSPECT'S COMPUTER



- 72% If possible the funds are seized immediately
- 19% Device is seized and experts will try to do it later
- 9% Other

WHAT TYPE OF SOFTWARE WALLETS HAVE YOU ENCOUNTERED?



WHAT TYPE OF HARDWARE WALLETS HAVE YOU ENCOUNTERED

- 1 - Ledger
- 2 - Trezor
- 3 - Keepkey
- 4 - KeeVo
- 5 - SafePal
- 6 - Cryptosteel
- 7 - Keystone



DO YOU USE TOOLS TO FACILITATE THE SEIZING OF CRYPTOCURRENCY?

- 64% No
- 36% Yes



HOW DO YOU MAKE NON-EXPERTS AWARE OF THE POSSIBILITY OF ENCOUNTERING CRYPTOCURRENCY WALLETS AT THE HOUSE SEARCHES?

- 40% Briefing / presentation before a search
- 36% Through trainings
- 11% Other
- 9% We do not prepare every investigator
- 4% Through a standard seizure of presearch document



Tether (USDT) is a cryptocurrency (stablecoin) backed by the US dollar. Thus, for every Tether that is issued there must be an equivalent dollar.

Tether is a cryptocurrency that's often used by criminals because it's a stablecoin that's designed to hold a steady value of U\$1.



Most cases involving cryptocurrency in Brazil are basically ponzi schemes that uses cryptocurrency to launder obtained funds

A Ponzi scheme is a form of fraud that lures investors and pays profits to earlier investors with funds from more recent investors.

THIS FRAUD IS USUALLY KNOWN IN BRAZIL AS A PYRAMID

EGYPT OPERATION

[Home](#) > [4R News Portal](#) > InDeal partners sentenced to 19 years in prison – damages compensation amounts to around R\$450 million

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InDeal partners sentenced to 19 years in prison – damages compensation is close to R\$450 million

01/30/2024 - 6:15 PM

Updated on 01/30/2024 - 6:25 PM



The 7th Federal Court of Porto Alegre published, this Monday (29/4), a conviction in the main criminal action resulting from the so-called Operation Egypto, launched in 2019 to investigate crimes against the National Financial System, involving operations by a financial institution without permission and trading of securities without authorization from the Securities and Exchange Commission (CVM). In total, 17 people were accused of being part of a criminal organization that operated illegally with cryptocurrency investments.

The five main defendants, partners in the company InDeal, received sentences of 19 years and three months in prison, in addition to fines. Other defendants received slightly lower sentences, between 10 and 15 years in prison. Nine of these defendants were acquitted only of the charge of fraudulent management of a financial institution, with all of them being convicted of appropriating and embezzling funds from a financial institution and operating a financial institution without legal authorization, criminal organization. The amount stipulated in the sentence for damages is approximately R\$448 million.

'Bitcoin King' convicted of fraud and crimes against the financial system

The conviction is for a billion-dollar fraud involving cryptocurrency trading. The sentence issued by the Federal Court of Paraná determined a sentence of 8 years and 6 months in prison. The defense stated that it believes in acquittal after appeal.

By Ana Krüger and José Vianna, g1 PR and RPC Curitiba

04/12/2022 9:13 PM · Updated 2 years ago

Arrested in operation investigating billion-dollar cryptocurrency embezzlement says 'King of Bitcoin' was the 'evolution of the fraudster'

According to investigations, approximately R\$1.5 billion was diverted from approximately 7,000 of the company's creditors. RPC had access to the statements of three people who were arrested in the operation.

Seized by the Federal Police, the "King of Bitcoin"'s Lamborghini is auctioned for R\$845,000

Initial bid for the vehicle was R\$629 thousand

Douglas Porto e Barbara Brambila, from CNN*, in Sao Paulo
07/22/2022 at 10:05 PM | Updated 07/22/2022 at 10:10 PM





Thank you.

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