



CRYPTOMIXING **SERVICES**



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What is a CoinMixer?

A coin mixer service is a service that allows users to obfuscate the origin and destination of transactions. Users send cryptocurrency to the service and have that crypto mixed with other coins. The service will then send the equivalent number of mixed coins to a recipient address, hiding the connection between the sender and recipient. It is clear to see why criminals would be excited about this service but there are many legitimate uses for this kind of service, and they all come back to privacy.

For example, if you were to get paid in crypto and you didn't want your employer to know every detail of your crypto transactions or every detail of every crypto transaction you've ever made. The blockchain links every purchase, transfer and interaction on a public ledger, hence why there is a want and need for mixers. Mixers are beneficial for criminals too, creating difficulty in tracking for law enforcement.

Finding the balance between privacy and criminal activity use can be difficult.

ChipMixer Takedown

The Justice Department conducted a coordinated international takedown of ChipMixer, a darknet cryptocurrency mixing service. ChipMixer was responsible for laundering over \$3 billion worth of cryptocurrency. The operation involved US federal law enforcement seizing two domains and a Github account connected to ChipMixer. Additionally, the German Federal Criminal Police seized the ChipMixer back-end servers and over \$46 million in cryptocurrency associated with the service.

Alongside the ChipMixer takedown, Minh Quốc Nguyễn of Vietnam was charged with money laundering operating and operating an unlicensed money transmitting business (connected to the operations of ChipMixer).

The efforts of the FBI's commitment to crack down on cyber criminals and money laundering via cryptocurrency funds is evident. The FBI continues to elevate their partnerships and leverage all of the available tools that will lead to the identification, and apprehension of those participating in the illicit activities.



Cracking Down on Crypto Mixing Services

Law Enforcement has been cracking down on Crypto mixers, not just ChipMixer. Regulators, Law enforcement officials and lawmakers are aware that some Crypto platforms give users anonymity that enables them to launder criminal proceeds, finance terrorism and/or engage in other forms of illicit activity. Crypto mixing services like ChipMixer make it difficult for Law Enforcement and others to track crypto transactions.

ChipMixer is not the only crypto mixing service that the government has been targeting. The Department of Treasury announced sanctions against Tornado Cash and Blender.io for their participation in illicit activities.

According to court documents, ChipMixer, a widely used cryptocurrency mixing service, facilitated the laundering of criminally derived funds by allowing customers to deposit bitcoin, which it then mixed with other users' bitcoin to obscure transaction trails. ChipMixer operated primarily as a Tor hidden service, making it challenging for law enforcement to locate its servers. It serviced numerous customers in the United States but did not register with the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and did not collect customer identifying information.

The complaint alleges that ChipMixer was heavily utilized for criminal purposes, including:

- Processing \$17 million in bitcoin related to approximately 37 ransomware strains.
- Handling over \$700 million in bitcoin associated with stolen funds, including those from heists by North Korean cyber actors.
- Managing more than \$200 million in bitcoin associated with darknet markets, including significant transactions related to Hydra Market.
- Processing over \$35 million in bitcoin connected to "fraud shops" used for illegal activities.
- Involvement with bitcoin used by the Russian General Staff Main Intelligence Directorate (GRU) for the purchase of infrastructure related to the Drovorub malware.

The individual behind ChipMixer, identified as Nguyễn, created and operated the service's online infrastructure and promoted its services online, often deriding anti-money laundering (AML) and know-your-customer (KYC) requirements.

Nguyễn is charged with operating an unlicensed money transmitting business, money laundering, and identity theft, potentially facing a maximum penalty of 40 years in prison if convicted.

This case involved a joint effort by various law enforcement agencies, including the FBI, HSI Phoenix, HSI The Hague, and German authorities, to combat cryptocurrency-related money laundering and criminal activity on a global scale.

Deanononymization of Mixing Services



Mixing services promise to hide connections between inputs and outputs. Advanced analytics allow investigators to identify inputs and outputs that belong to the same user.

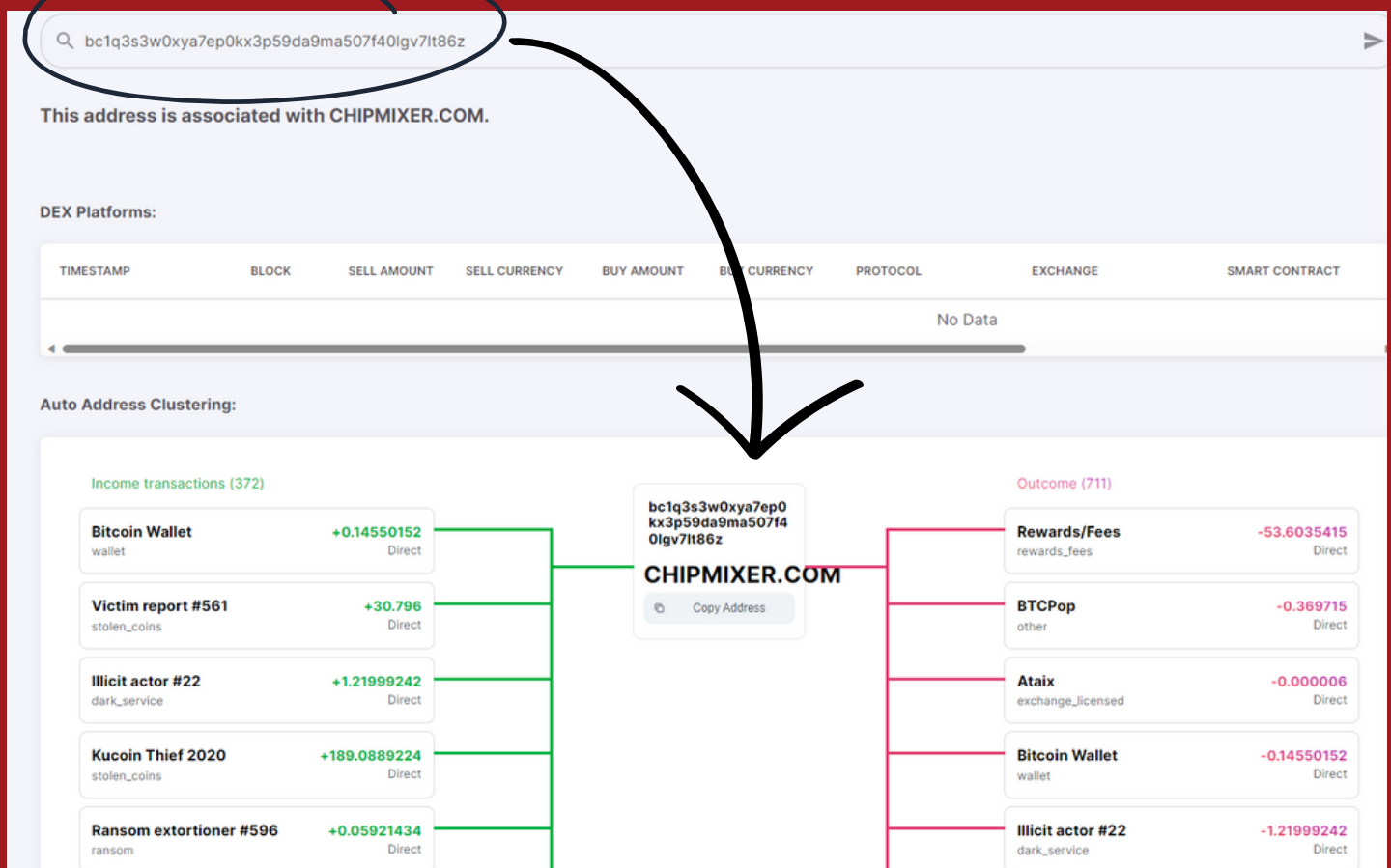
Most mixing service users want their coins back quickly, services usually range from instant to 72hrs turnaround time. The shorter the return time, the smaller the anonymity set.

Focusing on the transaction amount is another way to attribute outputs to certain inputs. In the worst case, the output equals the input. Here, investigators have only to look for transactions within a typical return time with the same output value as the input transaction.

Mixing services impose a fee that is randomly chosen between 0 and 3%. While this makes it harder to find the corresponding output transaction, it is still possible. Analysts have to look for transactions in the return time window with an output value in the range of input value and output value.

USING CT PRO TO DEMIX AND IDENTIFY USERS

With a wallet address, CT Pro- our powerful blockchain analytical tool - can help analyze transactions and even demix crypto. Adding the wallet address to the search bar and choosing the network, the tool will generate incoming and outgoing transactions.





Crypto Mixing services may make tracking funds more difficult. That is what the service is designed to do! With CT Pro - our Powerful Blockchain Analytical Tool - it is possible to deanonymize the coins associated.

Crypto Track Pro offers a monthly subscription at \$399 per month! No commitment, cancel at any time! Sign into your Crypto Track Pro account and view the monthly options. Video tutorials of all features are also now available.

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