

HIGH RISK CRYPTOCURRENCY EXCHANGES



The background of the top half of the image is a close-up, slightly blurred photograph of several US dollar bills. A \$100 bill is prominent in the upper center, showing the portrait of Benjamin Franklin. Below it, a \$10 bill is visible, showing the portrait of Alexander Hamilton. The bills are overlapping and fanned out, creating a sense of depth and texture. The colors are muted, with the greens and greys of the currency standing out against a darker background.

High Risk

What makes it high risk?

A high risk-exchange, or HRE, are exchanges which require little to no user identity information. Since there is no adherence to regulations or legality, these exchanges are high risk.

Not requiring KYC makes the exchange the perfect haven for criminal activity including phishing, scams, drugs, trafficking, and hacking.

These exchanges are more common on the dark web or where their origin country is one with little governance oversight or corruption is already very high.





Popular Illicit Services

HIGH-RISK
CRYPTOCURRENCY
EXCHANGES

DARKNET MARKETS

PONZI SCHEMES

CRYPTOCURRENCY
MIXERS

CARDING SHOPS

CRYPTOCURRENCY
SCAM PROJECTS





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HOW TO SPOT AN HRE

- The exchange doesn't comply with Anti-Money Laundering and Anti-Terrorist Financing regulations
- Failure to register as a Money Service Business
- Know Your Customer (KYC) Guidelines are not followed
- They have KYC but they don't verify if the profile is fake
- They don't prevent the creation and use of fraud accounts
- No filing of Suspicious Activity Reports (SAR) or Suspicious Transaction Reports (STR)
- They do business with sanctioned parties and wallets
- They don't respond to foreign record requests from law enforcement (MLAT)
- They don't respond to subpoenas and warrants for crypto investigation



COMMON HRES

02

- Joker's Stash
- Hydra
- BTC2PM
- WebMoney
- FX Trading Corporation
- BitZlato
- AirBitClub

- BTCPro24
- Mirror Trading International
- BTC-Obmennik / BTC-Volga / Livex
- AnyCash / VM Centre



WebMoney





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COMMON JURISDICTION

The most common High-Risk Exchanges are not based in the United States, which will make investigations more difficult. Here are the top countries where these exchanges are registered:

- Russia
- Ukraine
- United Kingdom
- Germany

The most common exchange used is Hydra, which is based in Russia.

As stated before, when submitting subpoena requests or any other investigation requests, these exchanges may cause issues or try to deny your request. Knowing this ahead of time though can help you be more prepared to overcome these obstacles.



INVESTIGATION

Even if it is a little harder to conduct investigations when it's global reaching, there are resources and aid available from the national law enforcement agencies.

Ensuring all addresses are tracked and documented along with a thorough investigation will assist with making sure the criminals are caught and hopefully funds returned to the victim.

The sooner an address can be tracked, the easier it will be to recover the victim's funds.

Building an awareness for which exchanges are connected with illicit players and activities will make it easier to spot in the future and move quickly.

Utilizing the right resources will also help make investigations run smoothly.



WANT TO TRACK DOWN CRYPTO SCAMS?



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