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PERSONAL FINANCE

Spouses in divorce proceedings are using cryptocurrency to hide money. Here's how experts find it

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KEY POINTS

Some spouses are using cryptocurrency to hide money during divorce settlements.

Tracking down hidden digital currency can be a challenge, according to experts.

Divorce attorneys discuss how experts may uncover someone's secret cryptocurrency stash.



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The dramatic rise of cryptocurrency has led to some spouses hiding those digital assets during divorce settlements, and tracking down the funds isn't easy, experts say.

More than 20 million Americans may own cryptocurrency, [industry groups say](#), and digital currency market values [grew to a record \\$2 trillion](#) in April. These spikes may be enticing more spouses in divorce proceedings or those thinking about divorce to conceal their stash, experts say.

“I’m sure it’s been an issue the whole time,” says Sandra Radna, a divorce attorney based on Long Island, New York. “The level of awareness for divorce attorneys is very recent.”

Here’s how experts are tracking down a spouse’s hidden funds.

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For example, their spouse may suddenly have a bunch of extra money or they may make a large purchase, such as an expensive new car.

If a spouse thinks there may be significant amounts of hidden cryptocurrency, an attorney may file a subpoena, or court order, to get access to their spouse's computer or electronic devices, Radna says.

There are several ways to find secret cryptocurrency accounts.

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Forensic experts may scour electronically stored information for digital currency ticker symbols or search devices for login credentials.

They may also check for confirmation emails from exchanges or transfer activity on bank statements. There may even be records of cryptocurrency income on past tax returns.



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For example, monero, dash, zcash, PIVX, verge, horizen and grin are among the most anonymous cryptocurrency, said Radna.

Other challenges may arise when dealing with foreign cryptocurrency exchanges.

While attorneys can subpoena U.S.-based exchanges, it may be tough to get records from foreign companies, said Chicago-based divorce attorney Patrick Markey.

Expensive to track

Of course, spouses need to weigh the cost before embarking on a cryptocurrency hunt. Before starting, a spouse may complete an analysis to gauge how much money they may be trying to track down.

“We’re looking for people that have made significant amounts of money for it to be worth the investigation,” said Radna.

Forensic experts typically charge hourly and may be costly, depending on the number of electronic devices and volume of information, she said.

Moreover, the divorce attorney has to spend extra time reviewing what forensic experts find to make a legal argument to the court.

“If it’s \$5,000 [of cryptocurrency], it’s really not worth it,” she said.



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Planning ahead

The spouse with less money should do some planning before going forward with the divorce, said Radna. They may start gathering information and tallying the marital assets.

“As they start putting that together, they’ll probably start seeing holes,” she said.

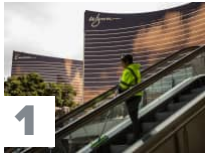
The spouse may check joint accounts to see if money is missing, and if the spouse knows a specific cryptocurrency account exists, their attorney may request access.

“It’s really about getting as much information as you can about how they’re buying it,” said Markey.

Missing money may suggest a gambling problem, offshore bank accounts, an extramarital affair, another family or cryptocurrency, Radna said.

“And once you have an idea of the value of what’s missing, or what might have been invested, then your attorney can do the rest of the work,” she added.

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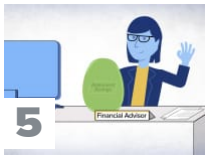
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