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What to Do if Your Spouse Is Hiding Cryptocurrency During Divorce

If you believe that your spouse is hiding cryptocurrency and has used marital money to purchase it, take an active role in looking for proof of your suspicions.

By Sandra M. Radna, Esq. Updated: June 23, 2021
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One spouse hiding marital assets from the other spouse during a divorce litigation is a common issue. However, cryptocurrencies have made this long-standing issue more challenging. Just like any other marital asset, if cryptocurrency (or digital currency) was purchased, or increased in value, during the marriage, it is a marital asset that is subject to distribution in both equitable distribution and community property states.

But crypto is not like other marital assets. It is specifically designed to be difficult to find. With crypto, there is no bank to subpoena for records, and the money is often hidden in a digital wallet with no name attached to it. You may not even know your [spouse has cryptocurrency](#) unless you've discussed it or overheard a conversation. So, what do you do if you suspect that your spouse is hiding cryptocurrency during the marriage, but you don't know how to find it? The first step is to understand what crypto is and how it works.

Here's What You Should Know if Your Spouse Is Hiding Cryptocurrency

What Is Cryptocurrency?

After the 2008 financial crash shook the public's trust in large banks, a computer programmer (or group of programmers) going under the pseudonym Satoshi Nakamoto created a [digital currency known as Bitcoin](#) which, unlike typical currency, does not require a third party, such as a bank, to facilitate transfers or exchanges.

Crypto cuts out the middleman by using a technology called *blockchain*. Every time a transaction is made, the blockchain swings into action declaring publicly that one digital address sent assets to another digital address. The *digital address* is a unique sequence of numbers and letters that function similarly to an email address. Every such exchange is permanently recorded which makes it the most traceable currency ever invented: however, it is only traceable to a person's name in certain ways, such as publishing your name and digital address online, trading digital currency on an exchange, or using cryptocurrency to make purchases.

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The first, and most popular, cryptocurrencies including Litecoin (LTC), Ethereum (ETH), and Bitcoin (BTC). Cryptocurrencies other than Bitcoin use the same blockchain technology as Bitcoin.



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Crypto "coins" are not physical currency. They exist on the internet. The pseudo-anonymity and decentralization of crypto makes them more difficult to track than traditional assets, but not impossible. Now that you understand the basics, you need to know where to look.

4 Ways to Find Out if Your Spouse Is Hiding Crypto from You

In divorce proceedings, spouses may try to hide assets from each other. With the growing popularity of cryptocurrencies, the possibility that your spouse is hiding cryptocurrency should not be discounted.

Here are four ways to find out if your spouse is hiding crypto from you:

1. Bank and credit card statements

Cryptocurrency is purchased with liquid cash, so at some point money moved from a bank account into a cryptocurrency exchange. You may find this activity on bank or credit card statements. Look for popular exchange names like Coinbase, Binance, Coinmama, Bittrex, and Kraken.

2. Presence of digital wallets or crypto exchanges in apps

See if there are any crypto-related apps installed on shared electronic devices. Look for Bitcoin wallets like Exodus, Electrum, Coinbase, Mycelium, Ledger, SoFi, and Trezor, or apps for buying and selling crypto, like CEX.IO or BlockFi.

3. Loan applications

People try to look their financial best when applying for a loan. Crypto assets may be listed on your spouse's loan applications' assets to bolster their income.

4. Tax returns

Check to see if your spouse has reported crypto on tax returns by checking "yes" for digital money. Reporting of digital currency is required by the IRS, even though there are those who fail to do so. In 2014, the IRS declared that virtual currencies are property, similar to stock shares. In addition, income from virtual currency transactions is reportable on income returns.

Additional Steps Experts Can Take in Finding Crypto

Gathering evidence that points to the likelihood of an investment in cryptocurrency is the starting point. Actually finding the crypto will require the assistance of experts. From using every tool in your lawyer's arsenal to bringing in forensic investigators for analysis, turn to experts to continue your search.

Here are a few expert methods for locating cryptocurrency:

Subpoena a crypto exchange. If your spouse's coin exchange is based in the U.S., your attorney can subpoena the exchange for information. Foreign exchanges are nearly impossible to subpoena, and they are under no obligation to send information.

Discovery and deposition. If you have solid evidence your spouse has crypto, going through the discovery and deposition process could force them to share critical information, including private keys to their digital wallet.

Forensic expert analysis of electronic devices. Your attorney can obtain a court order to secure your spouse's computer hard drive, laptop, and other electronic devices, so that they can be analyzed by [forensic experts](#). The experts will be able to determine what transactions have been made, what your

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spouse has been searching, what websites can help uncover crypto investments and assets.

Deeper forensic investigation may include using forensic tools, which may help identify the

- [Chainalysis Reactor](#)
- [CipherTrace](#)
- [Skry](#)
- [Elliptic](#)

And here are tools for tracing and consolidating transactions:

- [WalletExplorer.com](#)
- [OXT](#)
- [Maltego](#)
- [CoinTracking](#)

Attempts are made to hide assets from spouses in divorce proceedings every day – that’s nothing new. But crypto is an especially hard nut to crack. In the end, if you believe that your spouse is hiding cryptocurrency and has used marital money to purchase it, take an active role in looking for proof of your suspicions. Your extra time and effort, along with that of your attorney and forensic accounting and computer experts, can help you access what is rightfully yours.

Sandra M. Radna, Esq. is the author of the book [You're Getting Divorced...Now What? \(Law Offices of Sandra M. Radna, P.C., 2020\)](#). With 28 years of experience practicing law, Radna founded the Law Offices of Sandra M. Radna in 2012 and now leads an all-women firm. www.radnalaw.com

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