

# CIPHERTRACE

## Case Study on Crypto-Assets: *Canada's Largest Bitcoin Forfeiture*



Dina Mainville  
Sales Director, Canada | Bermuda | Caribbean  
June 26 2019

# Agenda



## Overview

- Case Study:
  - Investigation Overview
  - Seizure
- CipherTrace Demo
  - Capability Overview
- Forfeiture Ruling

# Case Study: Canada's Largest Bitcoin Forfeiture



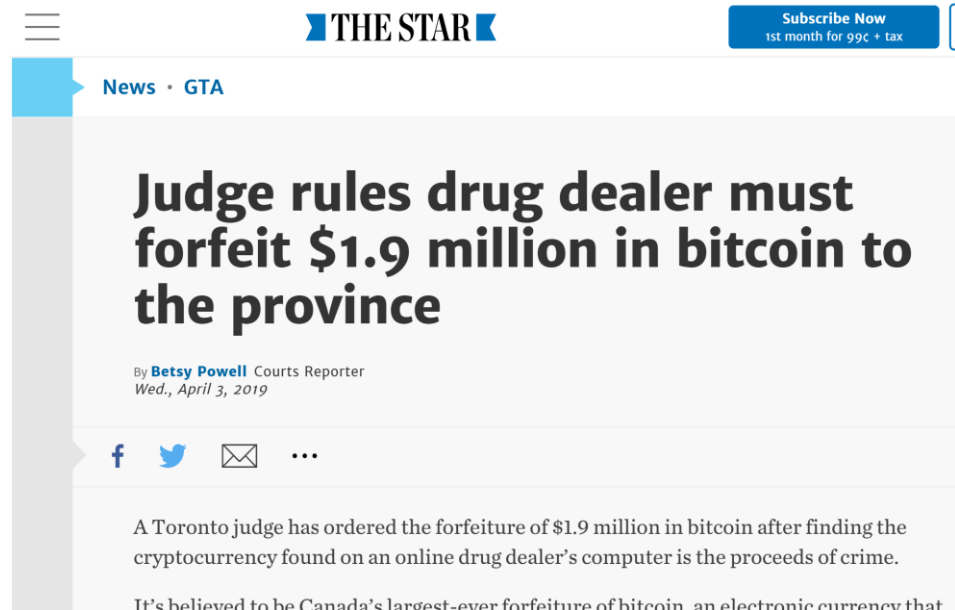
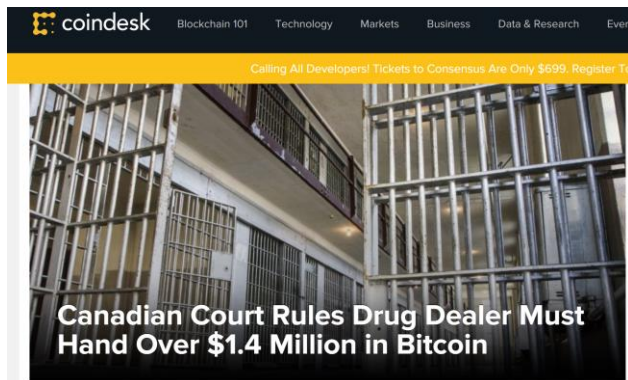
## Bitcoin news: Drug dealer has £1 million of BTC seized by judges

A DRUG dealer in Canada has had more than a million pounds worth of cryptocurrency seized after using bitcoin to buy a gun and narcotics.

By **DARREN PARKIN OF COIN RVET**

PUBLISHED: 15:49, Thu, Apr 11, 2019 | UPDATED: 16:06, Thu, Apr 11, 2019

SHARE



# DHS searching dark web for weapons traffickers, and find "weaponsguy" on "Agora" marketplace



**Ag** Agora Beta

Welcome girlsJustWanna396 :: Wallet 0.00000000 BTC (Display USD/BTC) :: \$ 649.87 USD

0 NEW MESSAGES LOGOUT

DRUGS > STIMULANTS > COCAINE >

Search:

No-FE first | Sort Default | Show domestic first: Choose | Go

More: 1 2 3 4 5 6 7 8 9 10

Name	Price	Vendor
<b>3.5 GRAMS HIGH HEAT COCAINE - SCOTT AND PURITY TESTED</b> THIS LISTING IS FOR - HIGH - HEAT COCAINE - SCOTT & PURITY TESTED	0.46163078 BTC	From:  Canada To: WORLDWIDE GoingPostal 5.0/5, 100~150 deals
<b>0.5 GRAMS HIGH HEAT COCAINE - SCOTT AND PURITY TESTED</b> THIS LISTING IS FOR - HIGH - HEAT COCAINE - SCOTT & PURITY TESTED	0.07693846 BTC	From:  Canada To: WORLDWIDE GoingPostal 5.0/5, 100~150 deals
<b>★SPECIAL OFFER★ 1 gram Pure Cocaine + 5 x Yellow Bitcoins 200mg MDMA</b> ★We offer you 'top of the bill' Cocaine and XTC for a special price!★ This offer included: - 1 Gram Cocaine (grade A) - 5x Yellow Bitcoins (200-mg MDMA) The cocaine we ship with this order...	0.18465231 BTC	From:  Netherlands DutchMasters 5.0/5, 25~40 deals
<b>Cheap Cocaine 200mg</b> Our Cheap Cocaine is a very very nice value, excellent for those reselling. A mixture of chunks and powder as pictured about half and half. Purity is not very high but it is at least above forty per...	0.01864988 BTC	From:  USA To: Worldwide CocaineConnections 4.9/5, 100~150 deals
<b>1G HQ Blow</b> 1 Gram High Quality Blow No BS <a href="http://lxoqrrghnoenamg.onion/s/m/SM_MIRROR/sheep5u64f457aw.onion/market/item/hq-pure-cocaine-a-1-gram-d75d7517e.html">http://lxoqrrghnoenamg.onion/s/m/SM_MIRROR/sheep5u64f457aw.onion/market/item/hq-pure-cocaine-a-1-gram-d75d7517e.html</a> Past reviews ⚡ Escrow in the US. 3.5 Gram of Famous Classic Cocaine	0.18463692 BTC	From:  USA To: Worldwide Hookers_and_Blow ~5/5, 1~2 deals

# DHS assumes online identify of weaponsguy and is contacted by "vacheron"



**Ag** Agora Beta  
Listings Profile Wallet Vendor orders (1) Vendor control panel

**USER PAGE**

**vacheron**  
Registered 9 months ago.  
Last seen 1 days 0 hours ago.

```
-----BEGIN PGP PUBLIC KEY BLOCK-----
Version: GnuPG v2.0.17 (Mingus)

mQENBfK5TSUBCAC1XLIhK05G33wvsvccuj/mnXSGfH2Pcbh6L18P6H8Bx
6pk/4BYFDR0b3LaA8Eg1HbyzplEV21d8wIhcrEs5uo7uH6Kw328ZCqkYnAK
mIz0e5ntAeoyI/980b+1eu+uBCKX08122Z1g/GWYBRCS5xPvI+rTRVr7n3Bp47V3
As/GuPIAVuxz7JfSfJfF3+HjzbfNz27xix76The3/apLboEE0yID591Jw4u0hZ
PqjX45f3AuLQe6uUH+koQ66EN3:183N+HY95k1dICfcbP23av8+tfID1HOpyf
OL8YbYU+uub0X11ZDRUF4sLJn/q9zh532ABEBAAGBENZ1hZ1c9yUdx2Q9u
Y29tP80AQ7AQZAGUCURWzQ2bWYLCGhAWEFQgCCQLBBYCAWBCGBCFAA
CpkQK7RvKGE0zJG6Gt802+yf8fUgse86g/9KZ56LxhTVpHfIXuXduuoq8h3
mNS0ZkPF8REDGL1Sf05KzY3yHOqW2H0XFcm90vF80JVS5h1SPkM8XU04u/
NNQAC3PsmTX0yzBye6f1k6dHqMk3Urs29tBHQ5DntVovcTp35Rwp3FOCq2Pn
roukT1Ydno25n813pa/nDbong1Uv5ZAIJUm002k/q7X15KIXj8eDmbhVU5:bc
021e0Hks2F6kpv78+T86g5X8Z081QvV5FgR5VC9vzr4vPHtGhacsK6uJn8x3
99N1bYK1CAAC85826F970CB3PTC68398Eay0+ZLk8DQ8SubbA0gAp1kpfRoc
HLLT00y08JERQ0sWU2AbeCzXk0yWUX77F612h7EHFN1FvFAKgdBntL195d+u
pxk+0au18y8F9+T8437FCLP+MN30J2MQPHER/51r35/w26Gk33cyW8DRFyY396
```

**vacheron**

```
02r6XcX5K581wYKR580tkQHwFokQmf+CSPeEzowPOS985VRw8uR73ufqAMhqj3
yx8naJeaZENz0zpl+00rapZ5/ziV12pqYD3IdktoXh0Idoy+DAeBGnoUsPnx8f0D
beeTQUFYVwMfN179PX6AM66eXFBLCU0Cq3PGjZgEYrs9E/h06b6q35k3tvx/DpB
+RXkgf85Qe/NJIZy6m1SHG4=
=fAeT
-----END PGP PUBLIC KEY BLOCK-----
```

### Feedbacks:

- 5/5 Perfect customer, fast, professional and friendly. We would love to see him again soon! :) 141 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 Great! Fast escrow payment and very professional. 150 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 Great to talk to, uncomplicated. Fast payment and friendly. We hope to hear from him soon! 150 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 Great customer! We are looking forward to his next order! 150 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 A truly professional customer! 150 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 Fast escrow payment, easy to handle, n1 customer! 150 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 Easy to work with, with fast payment. Looking forward to his next order! :) 150 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 Best customer! We are happy to work with him! 150 days ago anon [redacted] 5.00/5, 100~150 deals
- 5/5 :) 189 days ago anon [redacted] 4.963/5, 1000+ deals
- 5/5 good buyer 189 days ago anon [redacted] 4.73/5, 300~500 deals
- 5/5 aaa+++ 189 days ago anon [redacted] 4.54/5, 300~500 deals



# Vacheron (Matthew Phan) enters negotiations to purchase a glock and silencer



**weaponsguy:**  
WE use SMS4TOR and have never had a problem. The concept is the same and is easier.  
[Wipe older messages](#) 2014-10-01 20:29 UTC (T-2mon 11days)

**vacheron:** Keep unread  
how come you guys dont got PGP ?  
[Wipe older messages](#) 2014-10-01 20:05 UTC (T-2mon 11days)

**weaponsguy:**  
Sorry, Vacheron. WE were going though a lot of messages when we responded to you. Thanks for your prior business. Glock 21 and 27 are easiest for us to get. If you order two we will give you free shipping.  
[Wipe older messages](#) 2014-09-30 20:53 UTC (T-2mon 12days)

**vacheron:** Keep unread  
what kind of glock do you have avail, i am not in AUS  
and what is best price?  
for return customer  
thanks  
[Wipe older messages](#) 2014-09-29 21:17 UTC (T-2mon 13days)

**weaponsguy:**  
We can get a glock quickly. Does it need to be a 45? If you are in AUS the risk is on you.  
[Wipe older messages](#) 2014-09-18 18:09 UTC (T-2mon 24days)

# Conversations between weaponsguy and vacheron



**weaponsguy:**

WE can get you any Glock you want (\$2500 USD per). We can also get the USP and 1911 but they may take longer for us to get for you. Depending on the make of the 1911, the price may be higher than \$2500.00 USD.

[Wipe older messages](#) 2014-10-03 17:40 UTC (T-2mon 9days)

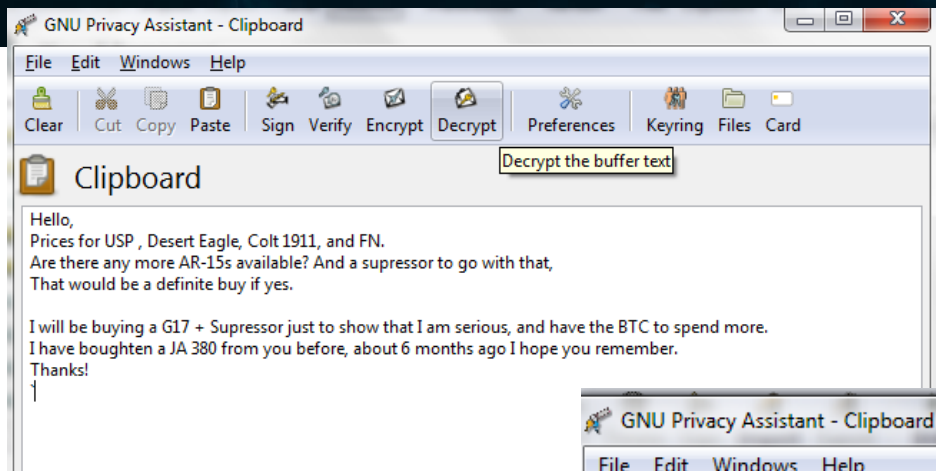
**vacheron:**

ah ok, so what are the prices for each of them?

[Keep unread](#)

[Wipe older messages](#) 2014-10-01 21:11 UTC (T-2mon 11days)

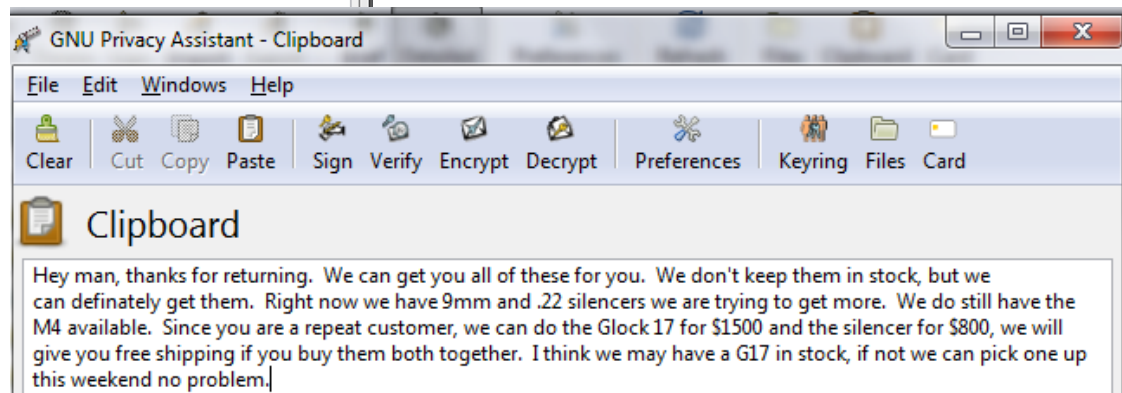
# Conversations between weaponsguy and vacheron



vacheron

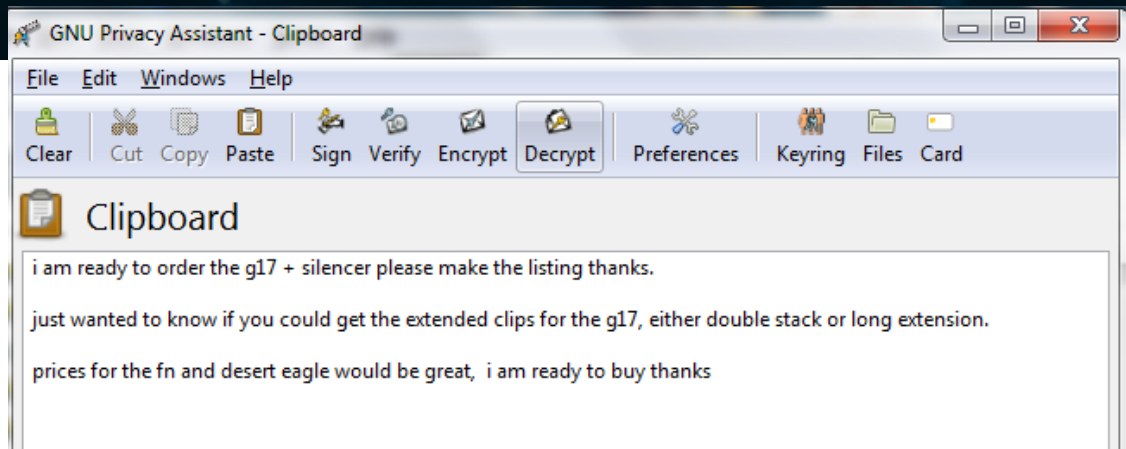


weaponsguy

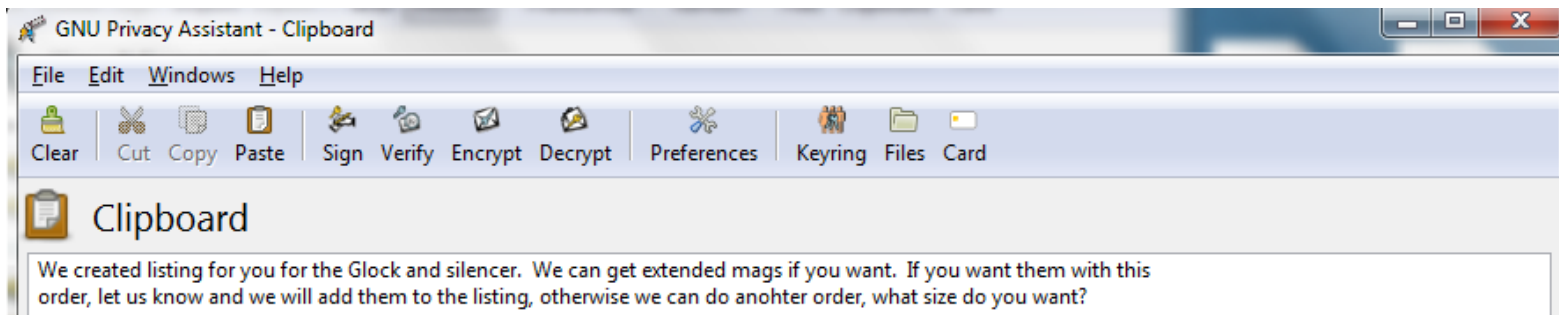




# Conversations between weaponsguy and vacheron



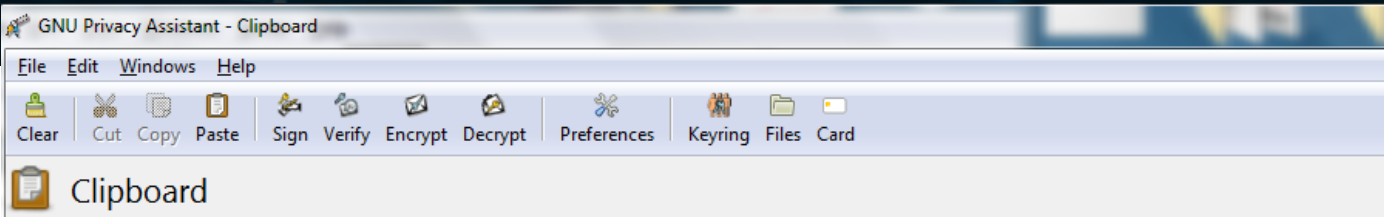
vacheron



weaponsguy



# Controlled delivery of dummy parcel is arranged



Below is the tracking number, it says it is in transit so it should be there within a day or two. Once you receive, please release the funds and if you give us 5/5 feedback, we will give you free shipping on your next order, thanks man.

EK 635956257 US|

VENDOR CP > ORDERS >

- Create listing
- Manage orders
- Shipping options
- Vendor settings

We know there are availability problems currently associated with all the new users from Evolution. We are working on upgrading our infrastructure to improve the situation.

## Order #C6LEhUP5ZA

Custom for Vacheron  
Buyer: [vacheron](#) 1ml 5.00/5, 40-55 deals  
**Amount: 1**  
**Total in escrow: 7.93103448 BTC**

Auto-finalize possible in: 6 days

### Order status

Delivery status: Pending  
Change the status to communicate the delivery progress to the buyer.  
Warning: Once you change the status from the initial one, the first message of the order will be wiped. Save the delivery address and the rest of the first message before you change status if you need it.

Pending  Or custom status:

[CANCEL ORDER](#) [CHANGE STATUS](#)

# Delivery is surveilled and target arrested; attempt to import firearm and prohibited device 05/28/15



## Mississauga Man Arrested in Drug Trafficking Investigation

by Ashley Newport on June 26, 2018  
in News

Like 18 Share Tweet



A Mississauga man is facing charges in connection with a drug trafficking

# Search warrant obtained for Phan's Mississauga condo

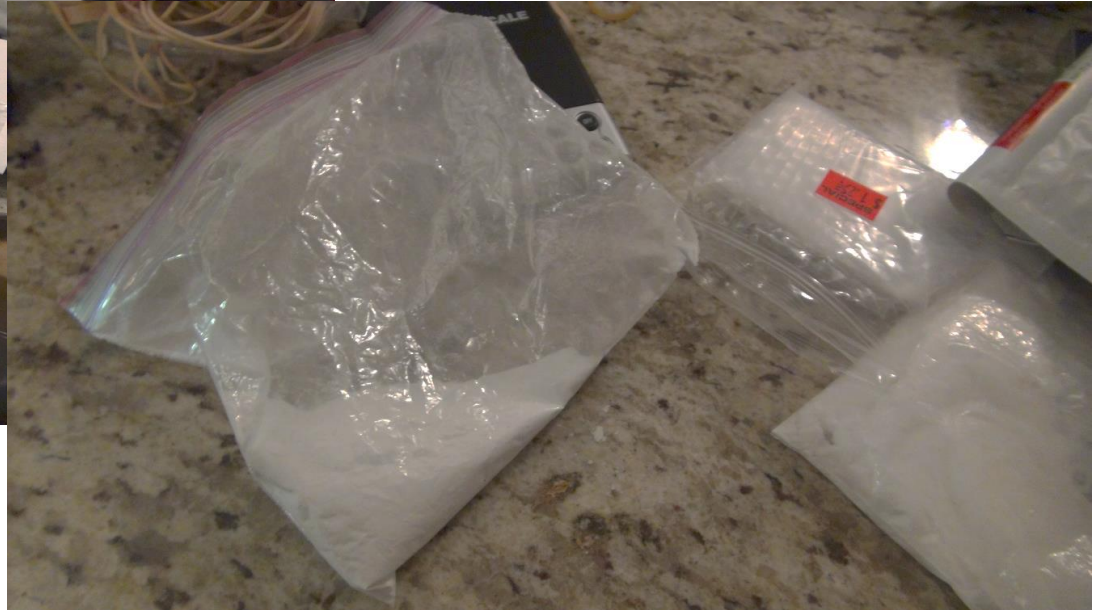
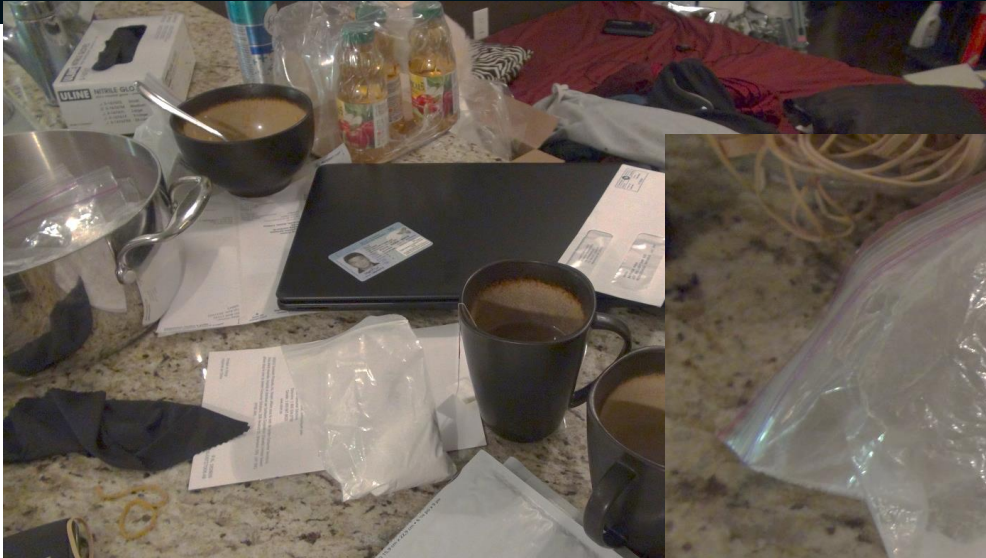




# A number of controlled substances located

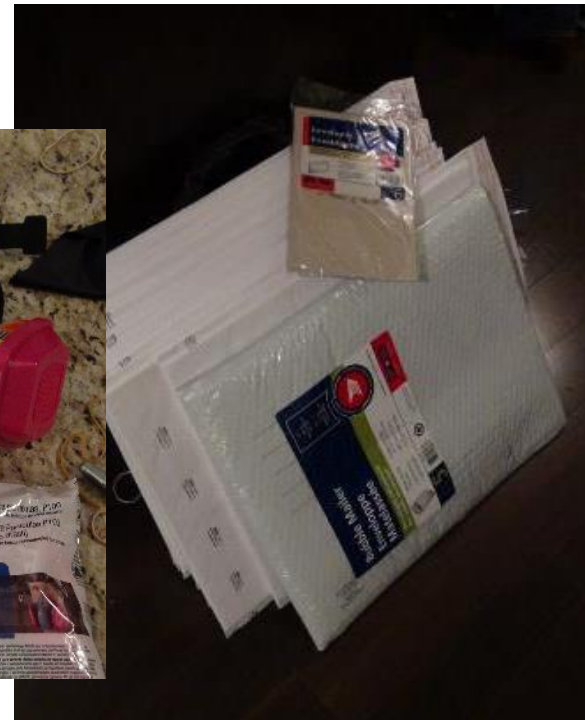
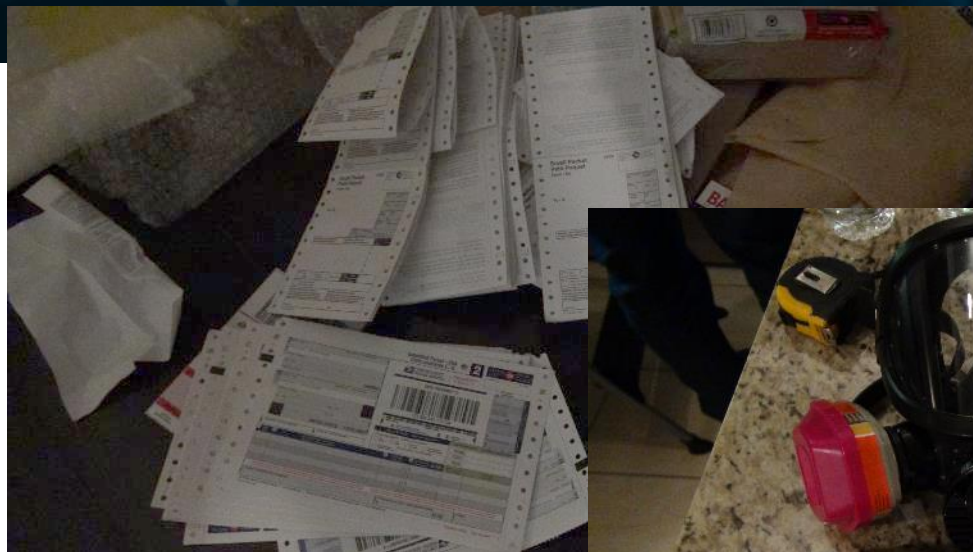


# A number of controlled substances located





# As well as shipping supplies and equipment



# And a rental agreement for a storage locker



Drug Cert	Total	Item	Location Found	Total
C0187904	48.5 grams	A synthetic cannabinoid receptor type 1 agonist Schedule II	Kitchen counter Clear plastic	
C0187912	7 grams	A synthetic cannabinoid receptor type 1 agonist Schedule II	Computer area	
C0187909	207 grams	PCP	Small Fridge	
C0187913	7 grams	Cocaine	Computer area	
C0187914	3 grams	Cocaine	Computer area	
C0187915	4 grams	Cocaine	Computer area	
C0187926	9 grams	Cocaine	Computer area	
C0187934	10 grams	Cocaine	Storage Locker	
C0187950	3 grams	Cocaine	Computer Area	36 grams
C0187943	3033 grams	Marijuana	Kitchen in front of the dishwasher	
C0187944	1394 grams	Marijuana	Hall Closet	



# Which was found to contain a quantity of MDEA and cocaine



Drug Cert	Total	Item	Location Found	Total
C0187945	7 grams	Marijuana	Apartment	4.434 kg
C0187927	17 grams	Ketamine An analogue of Meth, Bromomethcathinone	Computer Area	
C018749	4 grams	Ketamine	Computer Area	21 grams
C0187928	989 grams	MDEA	Storage Locker	
C0187933	366 grams	MDEA	Storage Locker	
C0187935	1997 grams	MDEA	Storage Locker	
C0187936	6 grams	MDEA	Storage Locker	
C0187937	2509 grams	MDEA	Storage Locker	
C0187938	7 grams	MDEA	Storage Locker	
C0187939	8 grams	MDEA	Storage Locker	
C0187940	2009 grams	MDEA	Storage Locker	
C0187941	9 grams	MDEA	Storage Locker	
C0187942	989 grams	MDEA	Storage Locker	6.846 kg

# A number of electronics were seized including computer



# Bitcoin wallet containing 288 bitcoin is discovered by Toronto Police Cyber Crime



BLOCKCHAIN

WALLET

DATA

API

ABOUT

SEARCH

## Transaction View information about a bitcoin transaction

68a0d401e4261f62018a390b32640bfc112a5d0e0b86c824b20faeceba7d191e

15d58D6QR4b6gnVnwXSIPY5pQK5HbMM8Zh  
14WBRcTU2pENLKZaXUguxQtomjczX9BRr  
1Bb4mQ6G6wqdnRuCqA7YZSMsGnB59DS9cU  
1CJ3TAzF88bF8mDWCUSAi4Napvad79QunW  
1FZEeDbvHG3xRaNFJU9jnKIEHLFKVBEsrU  
1Hfaebf5Pyx7QJq92U3DnmGq279XP3XBm3  
1FrvMkCt8TYadTFUDlPFAgexDm3ww5meUE  
1MvS36vkcmgWBdjHhNABLH8MTzV6LdbHJ  
1KRAxpvyoa9B2xqwpwdq9F5apfKpJyJwAn  
1KKFEdXvaFBeryQ7z2gkLz5sZ9fP83W384  
1DPzL3uZKVXFNUGDCZSCGonZyUBPeWeS



14wLBJFBxPTz7Dznkn2rZfCcC6ksgYrPZ 0.00096216 BTC  
17ESNoT2UbK6Qmwa72sT2FWrFLkmMWQeEZ 288.648 BTC

288.64896216 BTC



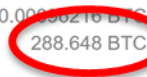
14wLBJFBxPTz7Dznkn2rZfCcC6ksgYrPZ 0.00096216 BTC  
17ESNoT2UbK6Qmwa72sT2FWrFLkmMWQeEZ 288.648 BTC

0.00096216 BTC

288.648 BTC

Summary	
Size	1699 (bytes)
Weight	6796
Received Time	2015-05-11 14:36:43
Included In Blocks	355938 ( 2015-05-11 15:01:21 + 25 minutes )
Confirmations	219386
Visualize	<a href="#">View Tree Chart</a>

Inputs and Outputs	
Total Input	288.64897941 BTC
Total Output	288.64896216 BTC
Fees	0.00001725 BTC
Fee per byte	1.015 sat/B
Fee per weight unit	0.254 sat/WU
Estimated BTC Transacted	288.648 BTC
Scripts	<a href="#">Show scripts &amp; coinbase</a>







**Demo**





TRACE

CASE MANAGER

MONITORING

WIKI

ATTRIBUTION

# TRACE CRYPTOCURRENCY

BTC Addresses

1Bb4mQ6G6wqdnRuCqA7YZSMsGnB59DS9cU

TRACE >

## CRYPTOCURRENCY INTELLIGENCE

### ANTI-MONEY LAUNDERING

#### CRYPTOCURRENCY ANTI-MONEY LAUNDERING REPORT

2019 Q1 Report

46% increase in the number of cross-border payments from us cryptocurrency exchanges over the last two years.

#### CRYPTOCURRENCY ANTI-MONEY LAUNDERING

Q4 2018 Report

### THREAT INTELLIGENCE & SECURITY

#### CRYPTO DUSTING ALERT

A New Genus Of Spam That Corrodes Reputations

Crypto Dusting is a New Type of Blockchain Spam that Corrodes Reputations and Impacts Cryptocurrency AML

### SANCTIONS & NATION STATES

#### CIPHERTRACE ANALYSIS OF PAYMON, IRAN'S SANCTION EVADING CRYPTO-RIAL

FEBRUARY 15, 2019

This analysis by CipherTrace looks at Iran's proposed Crypto-Rial sovereign virtual currency. We conclude that such a currency and the regulations that Iran is proposing, will in fact, result in a

Dina Mainville

LATEST BLOCK : 582485  
JUN 26, 2019 1:22:13 AM GMT-4



TRACE

CASE MANAGER

MONITORING

WIKI

ATTRIBUTION



ADDRESS 1Bb4mQ6G6wqdnRuCqA7YZSMsGnB59DS9cU CURRENT BALANCE 0.00000000 BTC

FILTER TRANSACTION ALL ADDRESSES ACTIONS

**RISK** 10 <sup>1</sup>

OWNER CASEIZURE1  
TYPE CRIMINAL  
COUNTRY CANADA 🇨🇦  
WALLET 03dd858e

RECEIVED 60.87000000 BTC  
1 Transactions

SENT 60.87000000 BTC  
1 Transactions

MY CASES SHARED CASES 1

Not in cases you own

DATE RANGE FILTER

1/3/2009 - 6/26/2019

Viewing page : 1 of 1

RISK	DATE/TIME ^	TOTAL AMT ▼	ADDR AMT ▼	TRANSACTION ID	RECEIVED	SENT	ENTITY	GEO
	MAY 11, 2015 11:01:21 AM	288.64896216	60.87000000	68a0d401e4261f62018a390...				
1			288.64800000			17ESNoT2UbK6Qmwa72sT...	Coinbase EXCHANGE	UNITED STATES
10			0.00096216			14wcLBJFBxPTz7Dnzkn2rZf...		
	MAR 19, 2015 11:37:11 PM	60.87310000	60.87000000	f7d20224f78be99cc3c841b...				
10			0.31502575		1F6mMFHaC9f7rqLdDZwd...		AgoraMarket DARKMARKET	
10			0.30465156		1PTDUrWzdj7FBA9VBvNQ...		AgoraMarket DARKMARKET	
10			0.72955000		1MgULGUueFhkzvj65mthi...		AgoraMarket DARKMARKET	
10			0.31822800		12xouXegAFICUDvTUmGH...		AgoraMarket DARKMARKET	
10			0.54997500		1BAfxis7PVBazZUnVsWpcJ...		AgoraMarket DARKMARKET	
10			0.30356732		1PJ1rxT8rnBJWownpbsJx9f...		AgoraMarket DARKMARKET	
10			0.30783263		1GHNZabpU44i9duvSNrcp...		AgoraMarket DARKMARKET	
10			0.80000000		12FY3fA88K23CHFMBkdcn...		AgoraMarket DARKMARKET	
10			0.35105182		1AGQnEDF1Uy7tn9d5ny9a...		AgoraMarket DARKMARKET	
10			0.31696667		1DN3dtLhinQrCbs1e3xCtx...		AgoraMarket DARKMARKET	

Dina Mainville  
LATEST BLOCK : 582485  
JUN 26, 2019 1:22:13 AM GMT-4



TRACE

CASE MANAGER

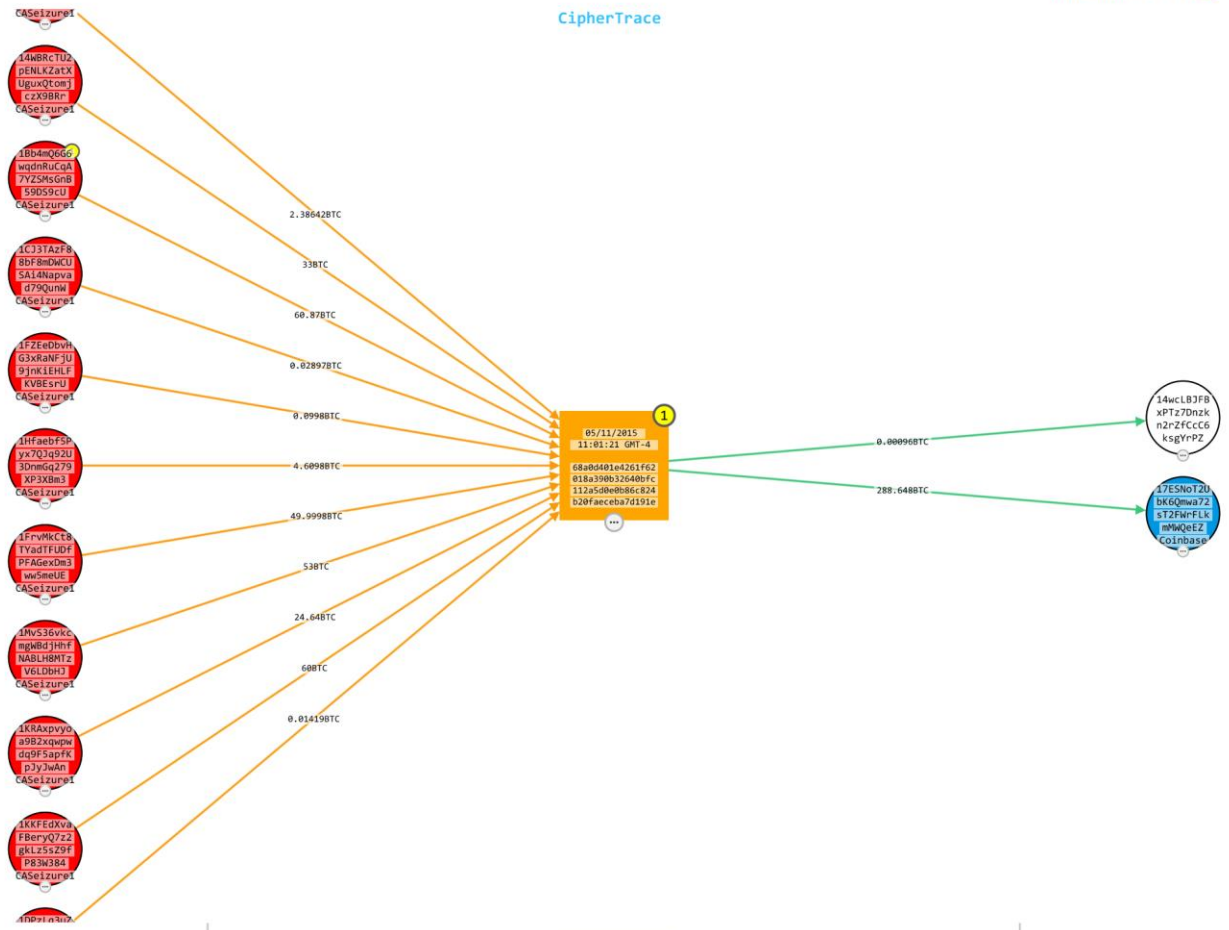
MONITORING

WIKI

ATTRIBUTION



CipherTrace



COLOR LEGENDS

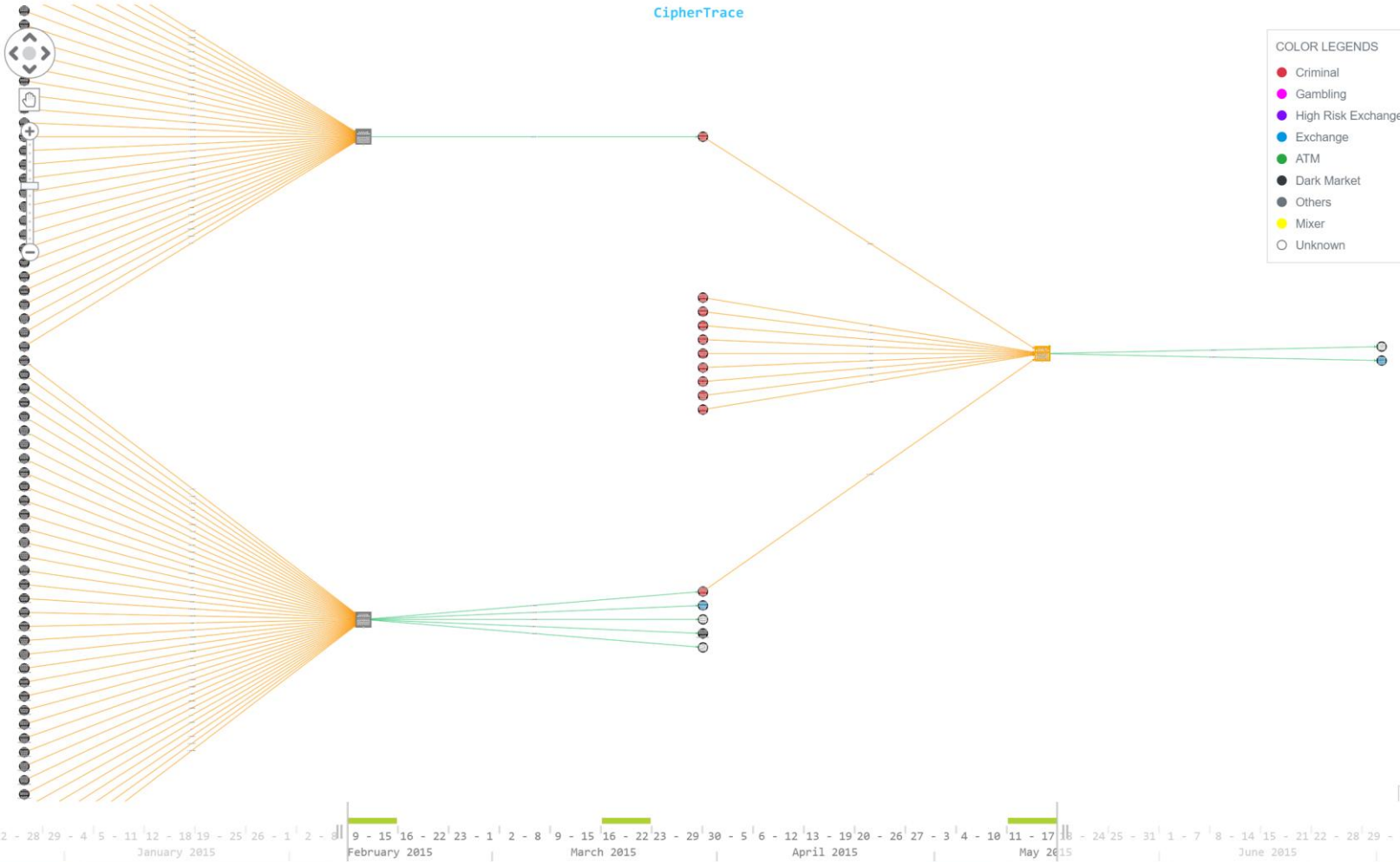
- Criminal
- Gambling
- High Risk Exchange
- Exchange
- ATM
- Dark Market
- Others
- Mixer
- Unknown

01:14 AM 11:01:15 AM 11:01:16 AM 11:01:17 AM 11:01:18 AM 11:01:19 AM 11:01:20 AM 11:01:21 AM 11:01:22 AM 11:01:23 AM 11:01:24 AM 11:01:25 AM 11:01:26 AM 11:01:27 AM 11:01:28 AM  
May 11, 2015 May 11, 2015

Dina Mainville  
LATEST BLOCK : 582485  
JUN 26, 2019 1:22:13 AM GMT-4

- 
- TRACE**
- CASE MANAGER
- MONITORING
- WIKI
- ATTRIBUTION

CipherTrace



COLOR LEGENDS

- Criminal
- Gambling
- High Risk Exchange
- Exchange
- ATM
- Dark Market
- Others
- Mixer
- Unknown

Dina Mainville

LATEST BLOCK : 582485  
JUN 26, 2019 1:22:13 AM GMT-4

TRACE

CASE MANAGER

MONITORING

WIKI

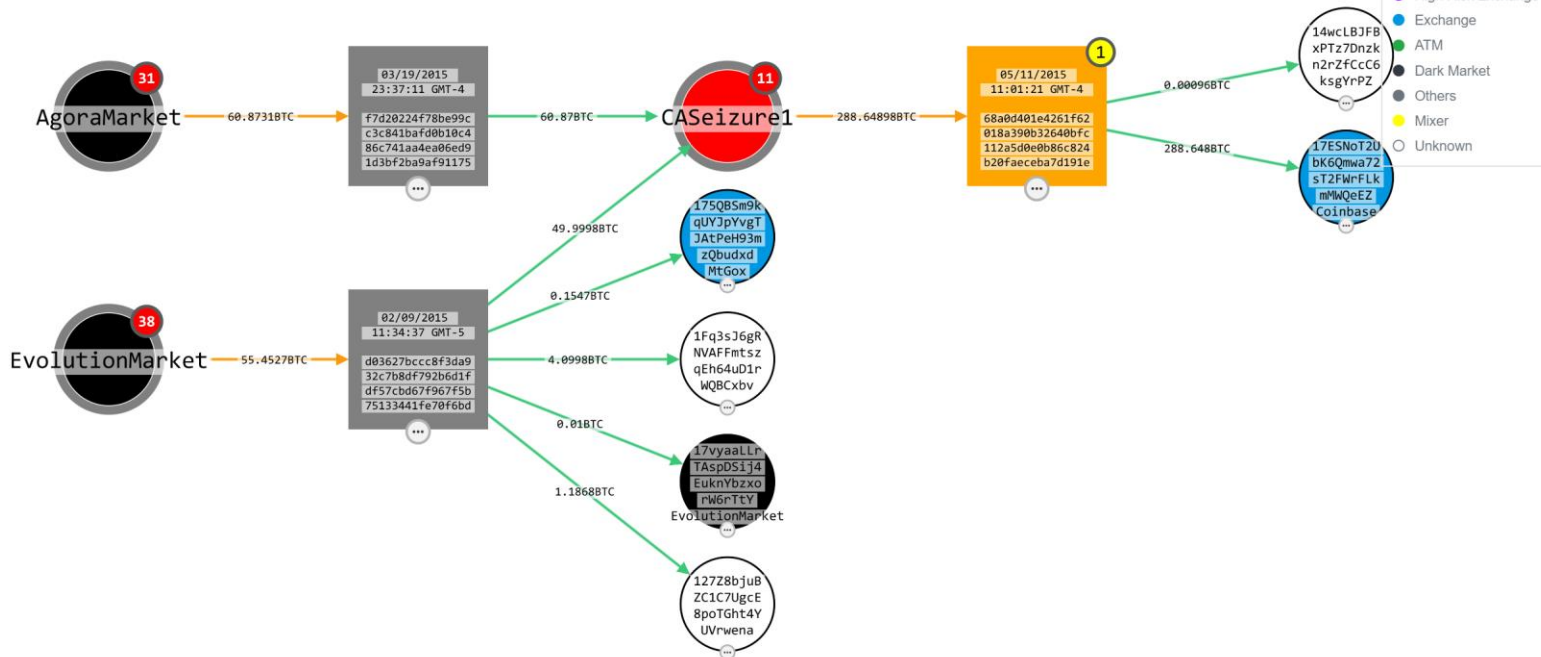
ATTRIBUTION



CipherTrace

COLOR LEGENDS

- Criminal
- Gambling
- High Risk Exchange
- Exchange
- ATM
- Dark Market
- Others
- Mixer
- Unknown



# Capability Overview: Who We Are





# Capability Overview : What We Do



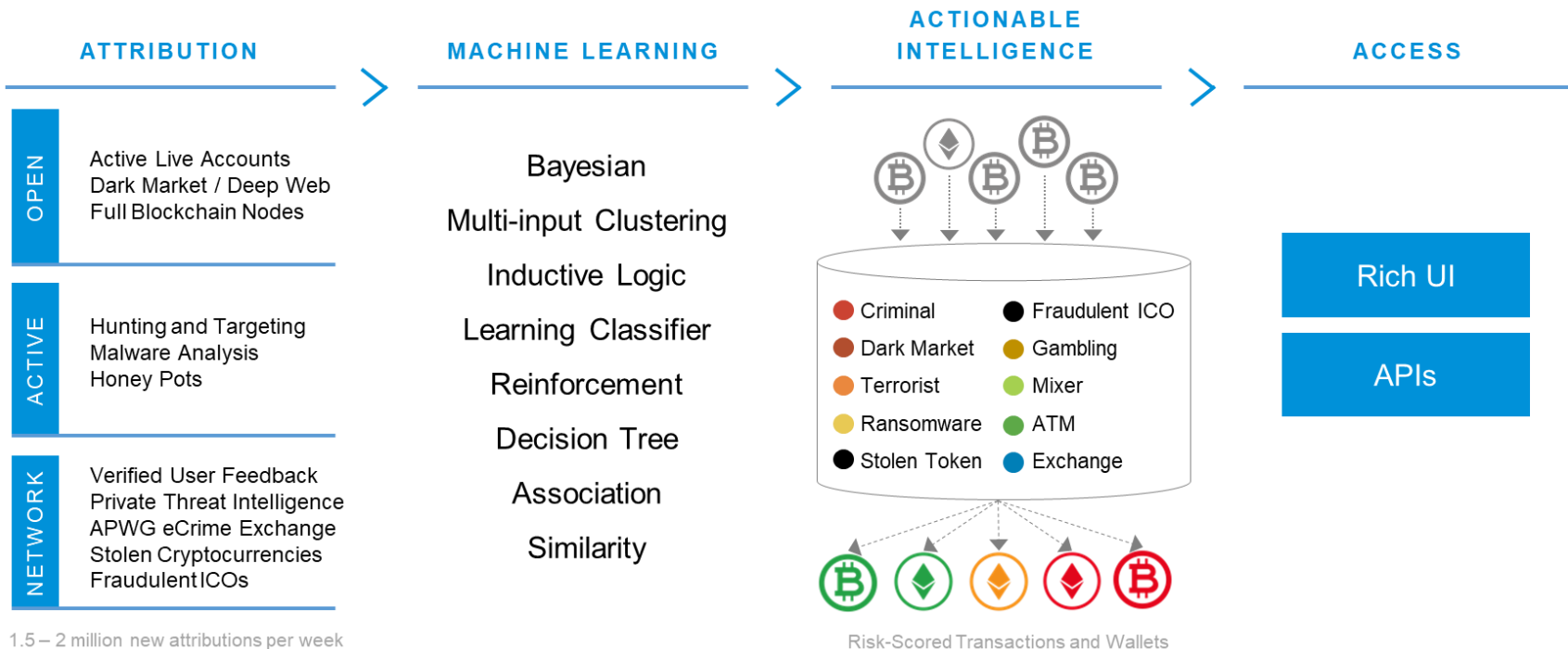
## Financial Crime Investigations

- Intelligence Community
- Law Enforcement
- Regulators
- Attorneys and Auditors

## Blockchain Threat Intelligence

- Banks
- Brokerages
- Funds
- Security Researchers

# Capability Overview : How We Do It





# Forfeiture Ruling

# Justice Kelly renders her decision – 281.41 BTC forfeited 04/03/19

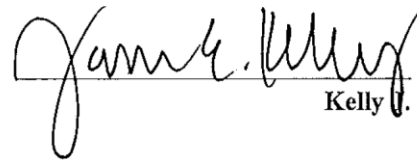


## Conclusion

[31] When I consider the entirety of the evidence, I find that Mr. Phan had the experience to purchase items over the Internet using the dark market. He used Bitcoin to do so. It is reasonable to infer that he was also using the dark market to sell his illegal narcotics based upon his knowledge, the quantity of narcotics and the mailing supplies found in his unit. The deposits to his digital wallet were from dark market sites: Evolution and Agora. The only reasonable inference to be drawn from the abovementioned evidence is that the Bitcoins found in the digital wallet on Mr. Phan's computer are the proceeds of crime.

[32] I am satisfied that Crown Counsel has proven beyond a reasonable doubt that the 281.41 Bitcoins found in the digital wallet on Mr. Phan's computer are the proceeds of crime pursuant to s 462.37(2). As such, I am exercising my discretion to order that 281.41 Bitcoins should be forfeited.

[33] Although I am suspicious, I am not satisfied beyond a reasonable doubt that the remaining 7.23 Bitcoins are proceeds of crime. Accordingly, 7.23 Bitcoins will not be forfeited.



Kelly J.

The image shows a handwritten signature in black ink, which appears to be 'Janice Kelly'. The signature is written over a horizontal line. Below the line, the name 'Kelly J.' is printed in a black, sans-serif font.

Released: April 3, 2019

# CIPHERTRACE

**Thank you**  
*Moderated Q&A*



**AML**  
**CFT**

ANTI-MONEY LAUNDERING  
COUNTERING THE  
FINANCING OF TERRORISM

Dina Mainville  
dina@ciphertrace.com