2018 Binational State Attorney General Exchange

WiFi: CWAGNM  No Password
Sin contraseña
Coinbase

Our *mission* is to create an 
open financial system
for the world

We seek to be the 
most trusted and easiest to 
use
<table>
<thead>
<tr>
<th>Cryptocurrency</th>
<th>Launch Date</th>
<th>Key Facts</th>
<th>Market Cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bitcoin</td>
<td>January 2009</td>
<td>1st and still largest blockchain, &quot;Digital gold&quot; — used to transfer, record, and store value</td>
<td>$130B+</td>
</tr>
<tr>
<td>Bitcoin Cash</td>
<td>August 2017</td>
<td>A fork of the Bitcoin Network, &quot;Digital Cash&quot; — used to make fast, cheap payments</td>
<td>$20B+</td>
</tr>
<tr>
<td>Ethereum</td>
<td>July 2015</td>
<td>Quickly grown to 2nd largest, &quot;Digital oil&quot; — used to publish and run software applications</td>
<td>$60B+</td>
</tr>
<tr>
<td>Litecoin</td>
<td>October 2011</td>
<td>A fork of the Bitcoin network, &quot;Digital silver&quot; — used to make fast, cheap payments</td>
<td>$7B+</td>
</tr>
</tbody>
</table>
Coinbase Inc. At a Glance

>20 Million users

>$150 Billion traded

>$20 Billion under custody

400 employees in 6 offices

Backed by $225 million from leading firms

- IVP
- Andreessen Horowitz
- NYSE
- MUFG
- Greylock Partners
- Spark Capital
- DFJ Growth
- USV
- BBVA
- USAA
- Y Combinator
- Ribbit Capital
Coinbase is built on a culture of regulatory compliance

- **U.S. Federal:** Coinbase is regulated by the Department of the Treasury
  - Registered Money Services Business (MSB) with FinCEN
  - Member of Bank Secrecy Act Advisory Group (BSAAG)
  - Comprehensive BSA Program
  - Train and coordinate with FBI, DHS, Secret Service, OFAC, state agencies, and AG offices
  - Completed Title 31 exam (IRS)

- **U.S. States:** Coinbase is regulated by most state Banking Departments as a licensed money transmitter
  - 42 money transmission licenses (40 US jurisdictions)
  - 9 regulate digital currency business activity
  - Approved to operate in 11 additional US jurisdictions
  - One of six companies to obtain New York Bitlicense
    - Meet strict security and capital requirements
Coinbase has global KYC/AML policies, risk-based limits and transaction monitoring on customers.

**Risk-based CIP/KYC**
Daily/cumulative transaction limits
AML, OFAC, transaction & fraud monitoring

**Financial system** (fiat currency)

**Exchange services** (“on and off ramps”)

**Bitcoin network** (software protocol)

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**Coinbase CIP/KYC program**
- Full name
- Email address
- Phone number
- Domestic bank account
- Current residential address
- Date of birth
- Last 4 digits of SSN
- “Out-of-wallet” questions
- Employment
- Income and net worth
- Source of funds
- Use of digital currency
- Manual enhanced due diligence
Coinbase is a collection of cryptocurrency businesses

- **Crypto Only**
  - Coinbase Custody
  - Earn
  - Toshi
  - Coinbase Commerce
  - Coinbase Pro
  - Coinbase Asset Management

- **Fiat & Crypto**
  - Coinbase Prime
  - Coinbase Consumer
Role for Law Enforcement & Customer Education | Two Fact Patterns
Account Compromises

&

Mistaken Currency Cross-Sends
Account Compromise
Top 4 ways Accounts Get Compromised

1. Support Scams
2. Phishing Links
3. Email Compromises/re-used passwords
4. Social Engineering
Examples

John’s Story:
● John Contacted someone who he believed was a Coinbase Support Agent, but who was actually a scammer. John ended up losing about $200,000 USD worth of Litecoin.

Maggie’s Story:
● Maggie, unbeknownst to her, contacted a scammer claiming to be a Coinbase Support Agent who claimed “the issue was with a miner and the coins need to be moved to a different address”, instructing her to install teamviewer for remote access. The scammer stole 18 BTC and 22 Ethereum valued at $84,000 USD at the time, also deleting her internet history, cookies and emails relating to the theft.

Joe’s Story:
● John noticed a discrepancy in his account balances. He called a phone number found on Google, speaking with 4 different individuals claiming to be support. During the attack, the scammers had him complete facematch verification to accelerate a risky withdrawal delay before they stole 20 Ethereum, 104 Litecoin and 4.8 bitcoin valued at $160,000 USD.
What Coinbase Tells Its Customers

Always make sure that your account is secure. Legitimate support agents will not ask for your logins, 2-factor verification, or other sensitive information.
Coinbase Support Articles for Security

https://support.coinbase.com/customer/en/portal/topics/794360-security/articles
Avoiding Phone Scams

https://blog.coinbase.com/avoiding-phone-scams-27ed384309e0
Account Compromise | needed measures

Best Defense
- Customer Education

Best Offense
- Law
- Enforcement
- Shut Down Support
- Scams
Mistaken or Unsupported Currency | Cross Sends
Common Mistakes

- Tether
- Ethereum Classic
- Bitcoin Cash

USD Wallet

ETHereum Wallet

Bitcoin Wallet
How to Avoid Cross Sends

- Know what currency you are sending and whether it is supported by the platform you are using.
- Send a small amount as a test send before transferring significant amounts of digital currency.
- If you invest in multiple currencies, maintain as much separation as possible between each currency.
Customer Education

Needed to Safely Invest in Digital Currencies
Thank you!
Disclosure

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2018 Encuentro Binacional de Procuradores y Fiscales Generales

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