

# **2018 Binational State Attorney General Exchange**



# **2018 Encuentro Binacional de Procuradores y Fiscales Generales**

WiFi: CWAGNM

No Password

Sin contraseña

# CWAG | Coinbase

July 2018

# Coinbase

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

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We seek to be the  
**most trusted** and **easiest to**  
**use**



# Bitcoin



# Bitcoin Cash



# Ethereum



# Litecoin



- Launched January 2009
- 1st and still largest blockchain
- “Digital gold” – used to transfer, record, and store value
- Total BTC market cap is \$130B+

- Launched August 2017
- A fork of the Bitcoin Network
- “Digital Cash” – used to to make fast, cheap payments
- Total BCH market cap is \$20B+

- Launched July 2015
- Quickly grown to 2nd largest
- “Digital oil” – used to publish and run software applications
- Total ETH market cap is \$60B+

- Launched October 2011
- A fork of the Bitcoin network
- “Digital silver” – used to make fast, cheap payments
- Total LTC market cap is \$7B+

# 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



ANDREESSEN  
HOROWITZ



greylockpartners.

SPARK  
CAPITAL



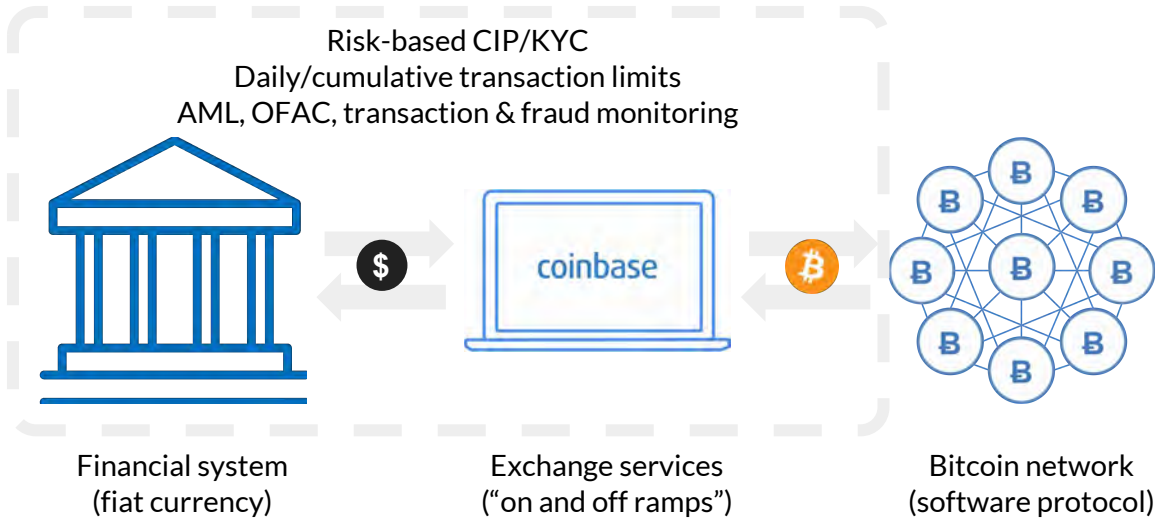
Ribbit Capital

# 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

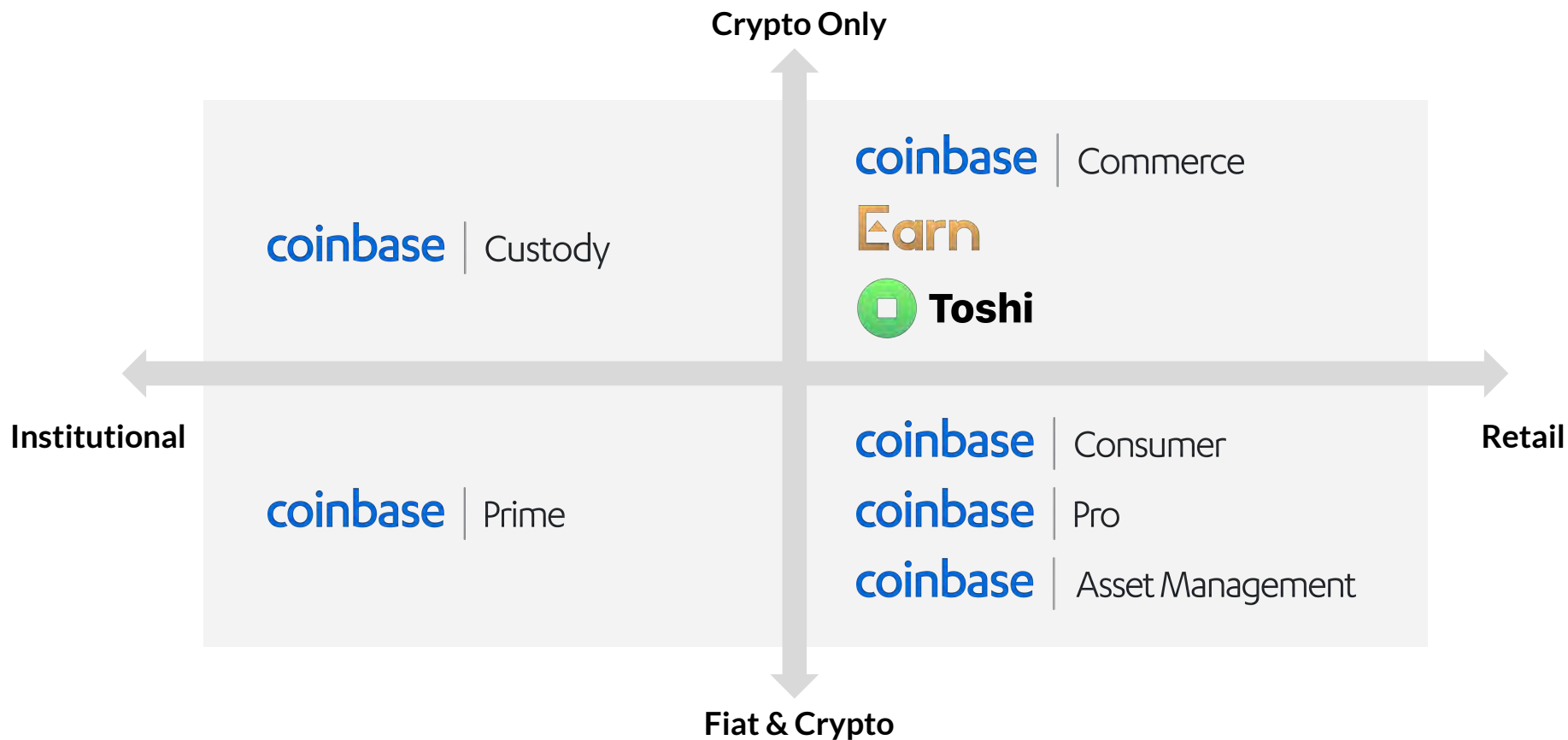
# Coinbase has global KYC/AML policies, risk-based limits and transaction monitoring on customers



## 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





# **Role for Law Enforcement & Customer Education | Two Fact Patterns**

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# Account Compromises

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# Mistaken Currency Cross-Sends

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# Account Compromise

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# Top 4 ways Accounts Get Compromised

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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

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## Best Defense

Customer  
Education

## Best Offense

Law  
Enforcement  
Shut Down  
Support  
Scams

# Mistaken or Unsupported Currency | Cross Sends

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# Common Mistakes



Tether



USD Wallet



Ethereum Classic



ETHEREUM WALLET



BitcoinCash



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!**

coinbase

# Disclosure

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