



TRM Testifies

Using Blockchain Intelligence in Court

This document provides a brief overview of how TRM's tool can be used in judicial and other related proceedings.

Has TRM's tool been used in judicial proceedings?

Yes. TRM's tool has been used in connection with numerous federal, state, and local U.S. investigations, as well as international investigations, and outputs from the tool have helped form the evidentiary basis supporting search warrants, asset seizure warrants, and formal charging documents in both the United States and abroad.

In fact, a federal judge in the U.S. District Court for the District of Columbia recently cited TRM's blockchain intelligence tool to be a reliable sole source of information to support a probable cause determination. As the court found¹, blockchain intelligence can form the basis for a probable cause determination, specifically mentioning TRM by name. Prior to this 2022 decision, "[T]here [were] no published decisions analyzing the weight or reliability of blockchain evidence." This decision confirms the viability of blockchain analytics (including the use of TRM's tool) in formal judicial proceedings.

Because most criminal cases are resolved short of trial, outputs from TRM's tool have not (yet) been presented in a criminal trial, nor have TRM personnel (yet) testified in criminal proceedings. As described below, we are available to do so, in appropriate cases.

¹ <https://www.dcd.uscourts.gov/sites/dcd/files/20sc3310-Opinion.pdf>

What types of case(s) has TRM's tool been used in — criminal, civil, administrative?

As evidenced by its significant customer base comprised of reputable law enforcement agencies around the world, TRM has been used in numerous criminal investigations, and outputs from TRM's tool have been presented in support of probable cause findings, as set forth above.

Regulators and administrative officials around the globe also routinely use the TRM tool to advance their civil monitoring and enforcement missions.

Is TRM's tool authenticated/verified/certified to stand up in court?

Yes. As described above, TRM's tool has been found reliable by neutral and independent judges to support probable cause determinations, and reputable law enforcement agencies have secured judicial authorization to charge and arrest suspects, and to seize assets, based in part on evidence derived from TRM's tool.

As also stated above, outputs from TRM's tool have not yet been tested in a criminal trial. Nonetheless, we presume that some criminal defendants have knowingly and voluntarily pled guilty to their crimes based in part on blockchain analytics evidence developed against them.

Is your team available to testify in court?

Yes, in appropriate cases. TRM is dedicated to supporting its law enforcement customers' mission.

1

Pre-trial

This includes, where appropriate, assisting investigators in confirming the accuracy of their blockchain analysis in advance of charging decisions or of presentations of evidence to support the filing of charges.

2

Trial

We also offer our expertise in support of formal trial proceedings, either through helping prepare the government's expert witnesses, or through our own direct testimony.

Our direct testimony can take the shape of general expert witness explanation of blockchain intelligence (including how blockchain analytics work, how cryptocurrency addresses can be linked to real-world entities, and how the flow of funds can be traced using certain tools). In appropriate cases, it can also address the use of the TRM tool in a specific investigation.

TRM collaborates closely with its law enforcement customers in making decisions regarding the provision of testimony. We work closely with our customers on a case-by-case basis to determine where TRM can appropriately add most value.

TRM's Global Investigations team includes highly decorated former U.S. and international law enforcement officers who are preeminent in the field, and who routinely testified before grand juries and trial juries in cryptocurrency investigations. As with any engagement, TRM will evaluate the value we can add to any specific matter on a case-by-case basis, and we will be straightforward with customers when we feel our expertise is not a fit.

Specifically, can TRM clustering attribution be used in court?

Yes, as a general matter. TRM's clustering-based attribution may be used in court proceedings in appropriate cases, and TRM can likewise make its experts available to testify about (1) the concept of clustering, (2) its application to blockchain analytics, (3) potential pitfalls to application of the concept, and (4) how TRM mitigates/adjusts for these potential pitfalls.

Does the search and tracing platform capture everything in an easy, ready to present, report format for case work and prosecution?

Yes. TRM allows an investigator to save a graph in numerous formats in order to make graphs easily accessible and ready to use as evidence for court or other proceedings. Graphs can be exported in PNG, CSV, SVG, and PDF formats. TRM's unique graph layout produces clear, clean graphs that are easily readable and accessible. TRM graphs can be auto-arranged to be viewed sequentially or hierarchically. In addition, TRM provides "glass box" attribution. This means that TRM provides the source and confidence level of every attribution source in the tool, which allows investigators to easily parallel-reconstruct investigations and to use that evidence in court proceedings.

TRM includes multiple features that enable graphs that are ready to present including notes, auto-arrange options, multiple export file types, and, uniquely, the ability to trace the flow of funds at both the address-level and the entity/cluster-level in the same graph.

Please note that TRM's standard contractual terms require the company's authorization before graphs may be used externally. As stated, we are committed to working with our law enforcement customers to ensure that their investigations "stand up" in judicial proceedings.

Can TRM's tool help law enforcement continue to meet its ongoing duty to provide information to the defense?

Yes. TRM's tool is easily used to fulfill the continued burden to provide exculpatory information to the defendant through its easy-to-use interface and the ability to save and share graphs in numerous formats.

Is the final information easy to understand for an average person (judge, jury, etc.)?

Yes. TRM's clean and clear tracing and graphing interface makes the final information easily understandable to anyone, including people who have little background knowledge of blockchain analytics.

If evidence derived from the TRM tool will be used in a criminal trial, what level of detail/granularity is allowed to be discussed?

At trial, evidence derived from the TRM tool can help create a clear visual map of financial flows, including complex movements of funds across multiple blockchains demonstrating sophisticated laundering activity. TRM witnesses will, in appropriate cases, be prepared to explain at a sufficient level of technical expertise how such laundering techniques can be unraveled, as well as the statistical/mathematical concepts that underlie how TRM attributes wallets to real-life entities. This testimony could include explanations of how TRM uses clustering algorithms and related industry-standard heuristics to develop attribution. As part of this process, TRM will assist prosecuting agencies in fulfilling their discovery obligations to criminal defendants, assuming appropriate protective orders are in place and the requested discovery is not too intrusive on TRM.

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