Spring 2026

Cryptocurrency and Digital Asset Tracing

Foundational Principles for Fraud, Compliance, and Investigative Matters

Kevin Strenski

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Who am I?

Kevin Strenski, Senior Analyst, Crypto Investigations – Nardello & Co.



- From Indianapolis, Indiana
- Graduated with Russian Studies Degree from Middlebury College
  - Summer at Herzen State Pedagogical University in St. Petersburg, Russia
  - Semester at Irkutsk State University, Siberia Russia
- Approximately 5-year career as a DoD/DoW contractor
  - Tracked most sophisticated organized crime groups across the blockchain
  - Traced and attributed billions of dollars in illicit crypto
  - Supported and enabled the seizure of 10s of millions in illicit digital assets
  - Enabled disruption of complex money laundering networks
- Certified anti money laundering specialist (CAMS)
- Hold four crypto industry recognized certifications from Chainalysis

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Agenda

01
Crypto 101
What is crypto, how does it work, and how do we trace transactions on public blockchains?

02
Case Studies
Practical application of crypto investigations through real-world case studies.

03
Russia Sanctions Evasion
Use of stablecoins to circumvent sanctions and risk exposure for exchanges and banks.

04
IRGC Crypto Laundering
How Iran’s Revolutionary Guard launders across blockchains and tracking illicit payments to key choke points.

05
Cartel Money Laundering
Tracking cartel purchases of chemical precursors and merging on-chain with off-chain investigations.

06
Pig Butchering
The impact of online crypto investment scams

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Nardello & Co. Digital Asset Practice

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Nardello & Co. Global Digital Asset Practice

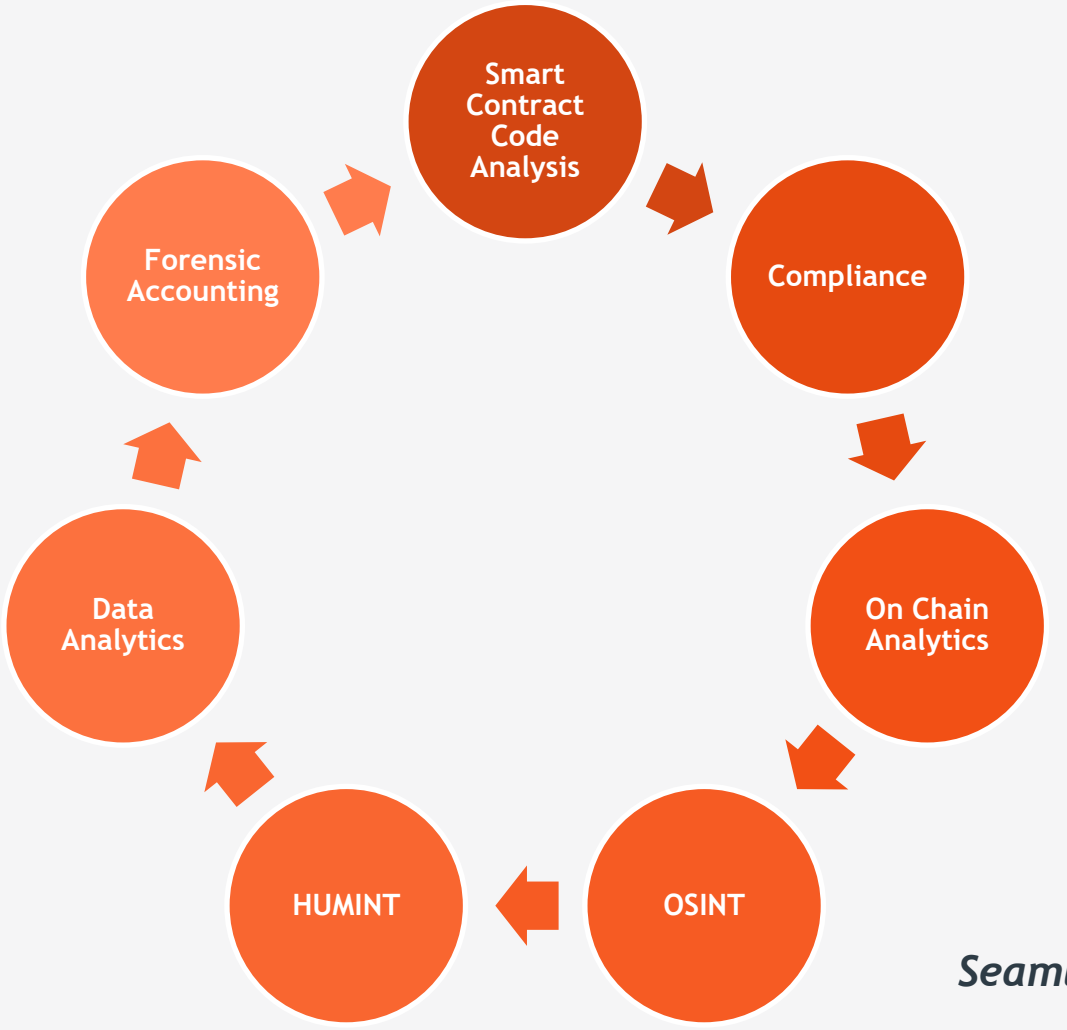
Investigations	• Market Manipulation & Exploits • Insider Fraud • Cyber Intrusion and Theft • Threat Actor Response
Litigation Support & Disputes	• Asset Tracing and Recovery • IP and Trade Secrets • Expert Witness
Regulatory Compliance & Response	• AML/CTF/Sanctions • Market Manipulation & Insider Trading • White Collar Defense
M&A	• Investigative Due Diligence • Compliance Risk Diligence • Post M&A Remediation

Clients Include:

- Crypto-native enterprises
- Crypto-adjacent enterprises (e.g. prediction markets)
- TradFi institutions entering the digital asset space
- HNW traders and market makers
- Mainstream enterprises with crypto-related concerns

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A Multidisciplinary Approach to Complex Cases



Key Team Experience:

- Former government crypto investigators
- Former international law enforcement and intelligence leaders
- Cyber security and investigation specialists
- Forensic accountants
- Data scientists
- Testifying experts (crypto, cyber, industry standards and practices, market dynamics)

Seamlessly combining deep on-and-off chain capabilities

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Current Regulatory Landscape

Genius Act
- First crypto specific legislation
- Regulates stablecoins
- Token issuers subject to BSA
- Stablecoins not security or commodity

Clarity Act
- With Senate Banking Committee
- Carves out authorities for each agency to regulate/enforce crypto
- SEC, OCC, CFTC etc

Genius Act Next Steps
- Rule making underway
- Full implementation set for February 1 2027
- Still in beginning stages

Clarity Hang Ups
- Debate over stablecoin rewards/yield
- Potential flight of capital from TradFi

Notable Point:

- Genius Act only applies to stablecoins
- Clarity and predictable regulation is key to crypto adoption
- Stablecoin yield would upend current cash structures
  - Flight of capital upwards of $500 billion from TradFi
- Awaiting Clarity updates

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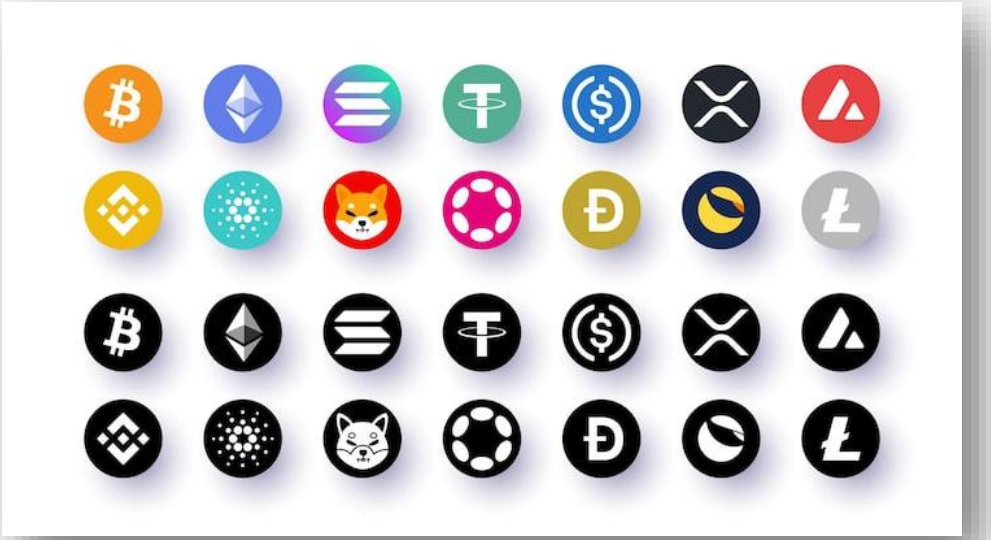
Crypto 101

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What is Crypto?

- Decentralized digital asset designed to enable value transfers without transiting a traditional bank and secured by cryptography
- Operates on a public and immutable digital ledger called a blockchain
- Blockchains offer different functionality
- Bitcoin is completely decentralized, the first blockchain
- Account based blockchains offer additional functionality
  - Create smart contracts, meme coins, stablecoins etc
  - Ethereum, Binance Smart Chain, Solana
- Crypto is pseudonymous and can be tracked





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Wallet vs. Address

While colloquially used interchangeably, wallets and addresses serve distinct roles in cryptocurrency.

Wallet

- Manages access to your digital assets
- Contains multiple cryptocurrency addresses
- One wallet can generate hundreds of addresses
- Can create a new address for every transaction

Address

- Identifies where to send crypto on the blockchain
- Functions as a recipient ID
- Can create a new address for every transaction

Private Keys

- String of letters and numbers that functions as a password
- Control of private keys = control of a crypto wallet
- Losing your private keys means losing access permanently

Transaction Hash

- Unique identifier for each cryptocurrency transaction
- Functions similar to a receipt
- Enables tracking and verification of all transfers

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Address and Wallet Example

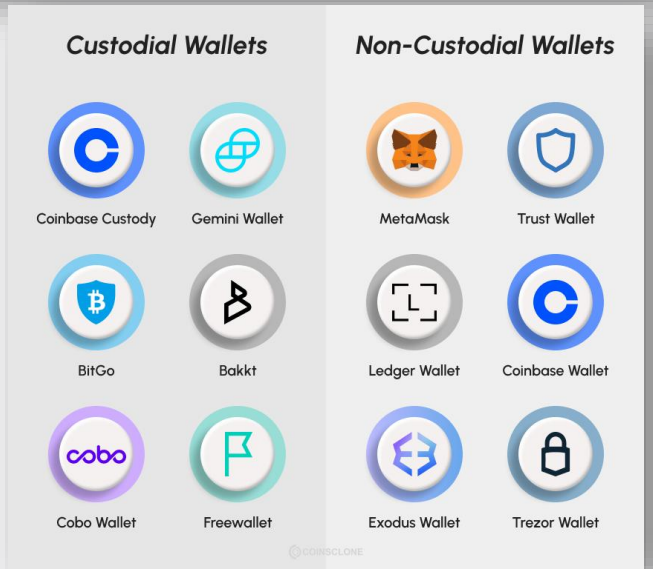
WHAT IT IS	WHAT IT LOOKS LIKE
Bitcoin address	1NheV8eQfHuVHLd25ggoMy5dbUBLVUygGz
Bitcoin private key	Kz7R5J9inisbtaNDz6cE439WAiycvkJ96Y1GZvqv8SgSQNPb4ZN5
Ethereum address	0x522Dc35101654B48f31f494613E8A5155A371E68
Ethereum private key	184e9386f1d2587ebf1645ef1bf83df19a25080a7501a76b0acced158fefd8e7
Transaction hash	6146ccf6a66d994f7c363db875e31ca35581450a4bf6d3be6cc9ac79233a69d0
Bitcoin address QR code	 1NheV8eQfHuVHLd25ggoMy5dbUBLVUygGz

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Custodial vs non-Custodial Wallets

- How does one access and store crypto?
- Custodial Wallets
  - A third-party company manages private keys
  - Typically managed by an exchange like Coinbase, Kraken, Gemini
  - Easier to use, designed for beginners
  - Connect to bank account to easily purchase crypto
- Non-custodial wallets
  - User controls their own private keys
  - More secure but also greater responsibility
  - Better for interacting with decentralized apps
  - More anonymous



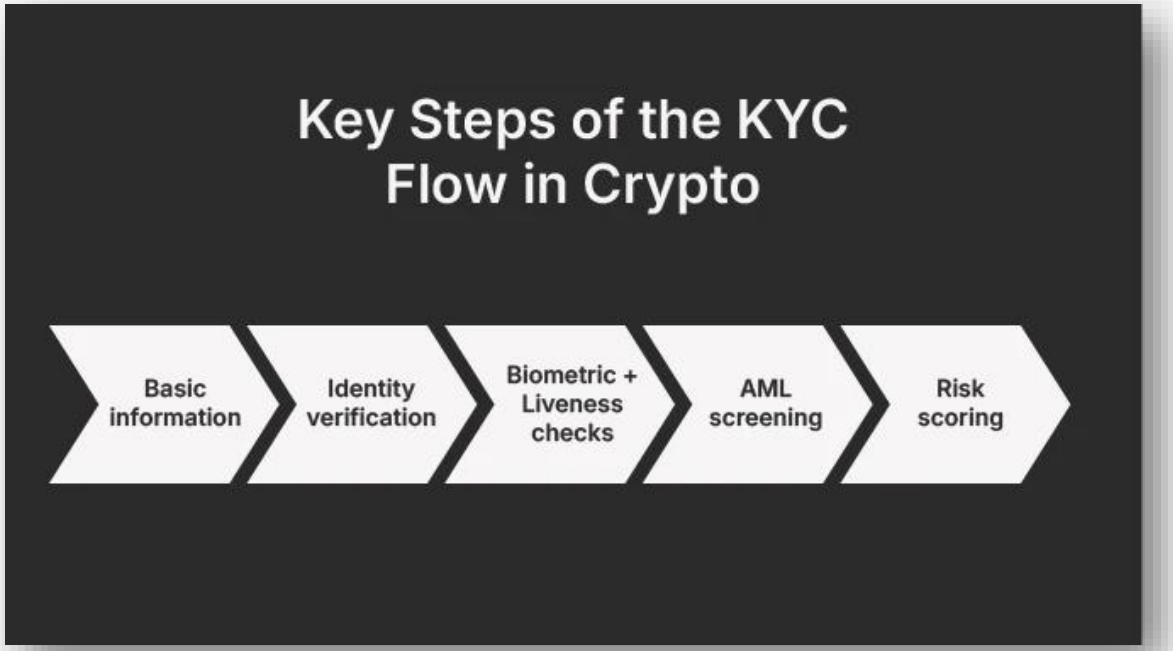


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KYC and Crypto Basics

- Know Your Customer information (KYC)
  - Critical compliance information collected by most cryptocurrency exchanges
  - Used to identify an account holder
  - Email, passport scan, phone number, photo, date of birth etc
  - Complete ledger of all user transactions, login attempts and token trades
  - Contains any connected fiat banking information
- Crypto exchanges are key on/off ramp points
  - Easiest way to purchase crypto is through an exchange
  - Trusted operability and high volumes of liquidity
- KYC is typically obtainable through legal process



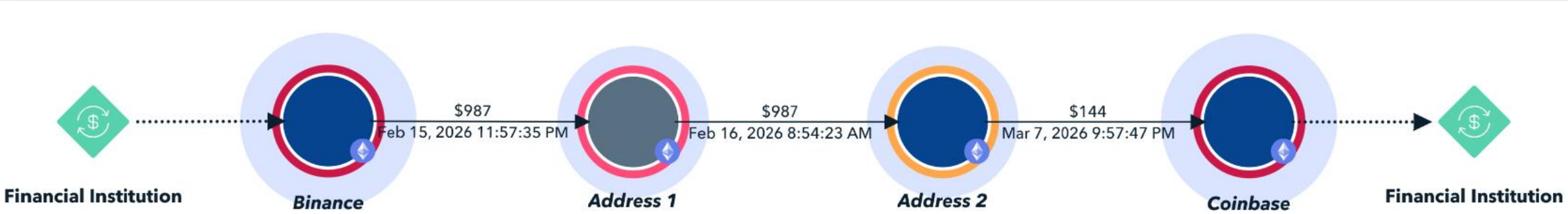


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How to Transact

- How do you transfer crypto?
- Typical process
  - Register with at an exchange
  - Purchase crypto using fiat from connected bank account
  - Withdraw crypto from exchange to personal crypto address
  - Transfer to counterparty (represents potential purchase)
  - Counterparty transfers funds to exchange
  - Counterparty cashes out via connected bank account



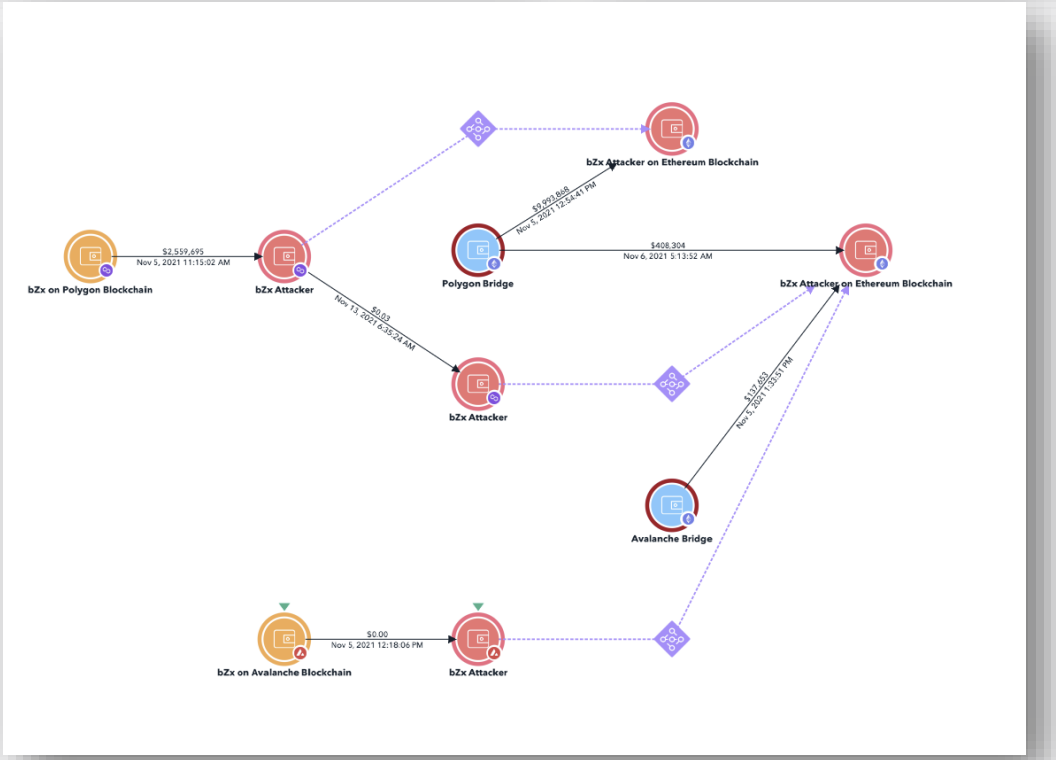


Blockchain Tracing and Analysis

- Forensic blockchain analysis can trace and attribute digital assets
- Key tenants
  - Group crypto addresses by wallet
  - Use of on-chain heuristics to identify transactions controlled by the same individual
- Identify the origin and destination of funds on chain
- Trace funds to on/off ramps
  - Exchanges and merchant services
- Enable further investigation and legal process
- Identify and attribute digital assets to individuals

Chainalysis

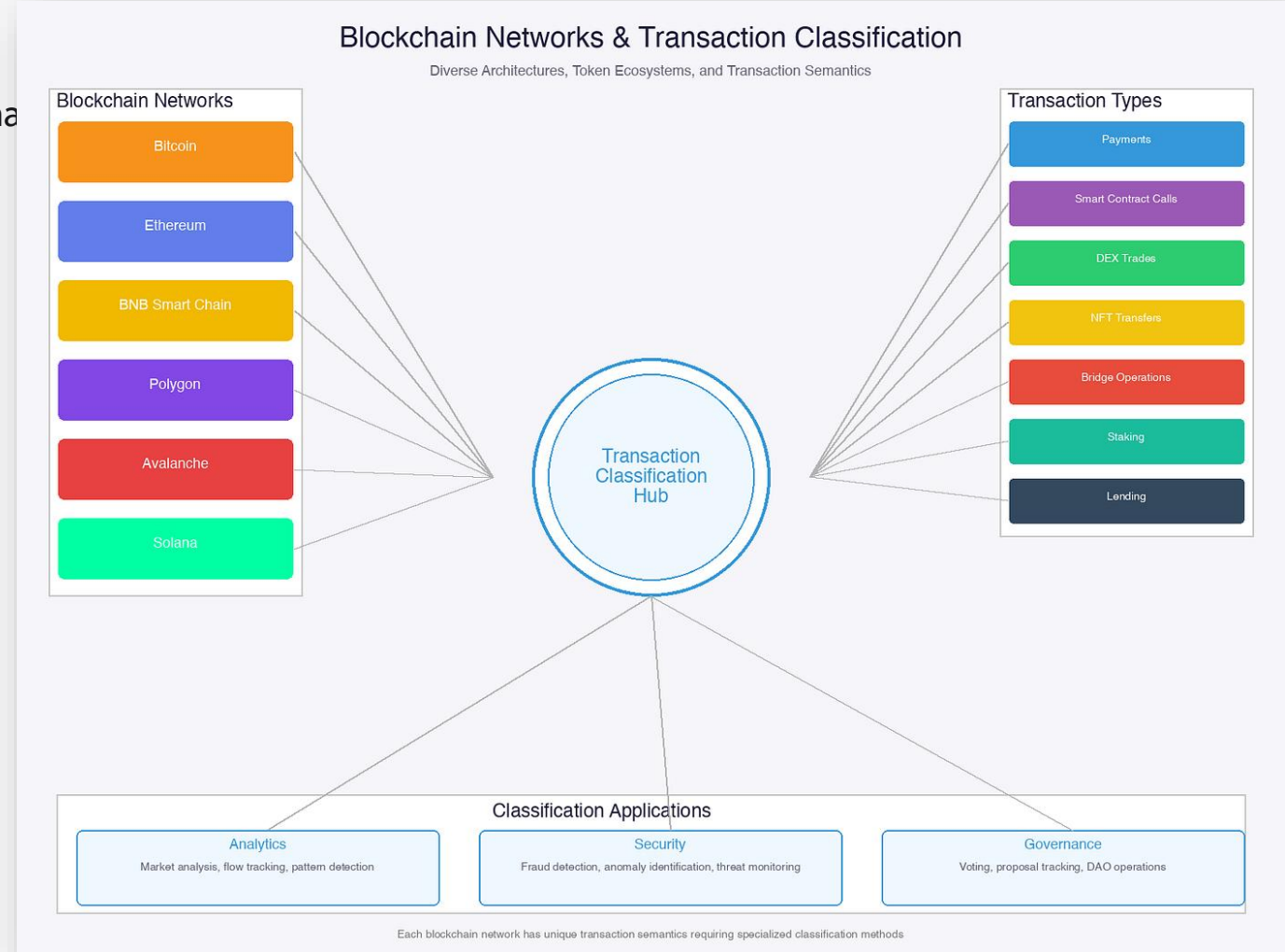
TRM



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Blockchain Tracing Tools and Limitations

- Blockchain tracing tools scrape and index the blockcha
- Search and graphing functionality
- Attribute addresses to services, exchanges, other platforms
- Know Your Transaction (KYT)
  - Transaction exposure analysis
  - Identify any obvious links to illicit activity
- Limitations
  - Attribution relies on publicly available information
  - 3-4 companies dominate the marketplace
  - Automated analysis cannot trace through services



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Key Takeaways

01 TRANSPARENT LEDGER

Crypto is not a black box — all transactions are traceable on public blockchains.

02 FORENSIC CLARITY

Blockchain investigations provide clarity and insight to fraud cases, enhancing traditional investigative techniques.

03 RISK AWARENESS

Laundering methods can obscure fund origins and ownership, posing fraud risks to financial institutions and businesses.

04 HOLISTIC APPROACH

Combine on-chain analysis with traditional data sources for a complete picture of fraud prevention and detection.

