

**UNITED STATES BANKRUPTCY ADMINISTRATOR
MIDDLE DISTRICT OF NORTH CAROLINA**

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Chapter 7 and 13 Trustees
via email

Re: **Guidance re cryptocurrency assets**

Dear trustees,

This letter provides some guidance about cryptocurrency assets that may be helpful to you.

In cases where you believe there may be material cryptocurrency assets or transactions, you should consider requesting the following:

- Statements from cryptocurrency exchanges, which include specialized companies like Coinbase, Binance, and Kraken, as well as companies like Block/Cash App, Venmo, and Paypal. In many cases you will need to send a subpoena to the exchange to get all transaction hashes and in and out crypto addresses used by the debtor.
- A list of hot wallets, which are cell phone or computer-based wallets used by the debtor, and cold wallets, which are offline devices or even paper wallets. Wallets may be recreated using 12 or 24 word “seed phrases.” If you take possession of a wallet, you should move the crypto immediately to an account you control. Otherwise, the debtor could recreate the wallet using his or her 12- or 24-word seed phrase. Similarly, if you obtain the seed phrase for a wallet you will be able to recreate the wallet on a separate hot or cold wallet and see the entire history of transactions in and out of the wallet. Also, you should ask for any “pass phrase” which serves as a 13th or 25th word to be added to the original 12 or 24 word seed phrase to recreate a wallet.
- You should consider asking debtors whether they operate a node in their home, which is a computer that downloads blockchain transactions for a cryptocurrency and could potentially hold cryptocurrency on its hard drive.

- You should consider asking debtors whether they purchased any crypto at an ATM.

In cases where you believe there may have been cryptocurrency transfers, you may be able to trace relevant transactions using the freely available resource etherscan.io for Ether transactions or Blockchair.com for other blockchains. If you have a wallet address, transaction hash, or contract address, you can type it into the search bar, and Etherscan and Blockchair will provide you with the wallet's balances and transaction history.

Other resources to assist you in investigating cryptocurrency include:

- [UST system guidance on investigating cryptocurrency](#)¹
- [Article from April 2022 NABT journal](#)²

As always, keep up the good work and feel free to contact us with questions!



John Paul H. Cournoyer
U.S. Bankruptcy Administrator
Middle District of North Carolina

¹ Last accessed August 25, 2025.

² Last accessed August 25, 2025.