

Title: Coinbase CEO is dead wrong about how traceable cryptocurrency is, and he is actually part of the problem

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Yes, most cryptocurrency is traceable. There are a few exceptions that despite having an open ledger have untraceable transactions, with Monero being a notable example.

However, even with bitcoin, which has some of the most traceable transactions and some of the lowest frangibilities among cryptocurrencies, tracing its transactions is made especially hard. Why is that? Well centralized services like Coinbase are in fact part of the problem.

Why? Well... Let's not fool ourselves. In today's world, money buys power, and even more so in corrupt states like Russia. There's no reason to believe that Rich oligarchs of Russia can't buy realistic looking doctored documents at a snap. Hell, there are even countries that have been caught doing this as a business (I urge you to take a look at the Al Jazeera Cyprus Papers documentary for what corruption on the EU level can look like).

It's very easy for anyone rich enough to acquire legitimate travel documents in his name, or even under a fake name, and appear to the exchange as a completely legitimate entity.

The fact that exchanges make it so easy to do an online signup and verify your identity remotely in mere minutes makes infinitely easier for such people to launder money. The fact that ID proof is required is nothing to them. In fact, with the ability to create forged documents at a snap, there isn't even a need to have money mules now. They can just utilize a handful of stolen identities to overcome account limits and funnel millions in cash in and out of even the most legitimate exchange....

And this money, in stark contrast to on-chain transactions, will be completely untraceable. Why? Well think about it this way. As a centralized service functioning no different than a bank, exchanges actually provide fungibility to bitcoin where there actually wasn't any. Bitcoin comes in from an address, and then different coins come out from a completely different one.

The funds could even come out in a different cryptocurrency. Signed up users don't need to trade with FIAT in order to withdraw as they can just trade crypto to crypto... So the exchange helps oligarchs trade a currency and get out a different crypto that was put in by someone else. Effectively making on-chain traces be rendered useless the very moment the funds hit the exchange.

The identity tied to these account is completely fabricated so in the end completely useless to law enforcement, but the exchange couldn't care less. All it cares for is more volumes and more

If you're wondering where most of the money laundering happens with crypto, don't look further than "regulated" crypto exchanges. They obviously never cared about actual user verification. All they care for is volumes. Traceability would have been a problem for money laundering, but only if everything was on-chain or at least on layer 2....

We now have the technology to do that thanks to DeFi, the lightning network and layer 2 solutions. But centralized exchanges once again screw everybody over. And the top post in r/cryptocurrency right now is just Coinbase CEO muddying the waters to come out as the good guy.

tl;dr

Exchanges play the largest role in laundering money with crypto. They are what stops bitcoin and all crypto from being traceable. Coinbase CEO is knowingly hiding the truth.

edit: added tl;dr