	STANDARD OPERATING PROCEDURE	Reference Number
INDIANA STATE POLICE	State Form 39870 (R/S-06)	**INV-026**
	Subject	
	Seizure of Cryptocurrency and Virtual Currencies	
	Special Instructions	Effective Date
	New SOP	**May 15, 2018**

I. PURPOSE

The purpose of this policy is to provide Indiana State Police officers with guidelines for the seizure of virtual currencies and cryptocurrencies.

II. POLICY

It is the policy of the Indiana State Police to seize cryptocurrencies in a forensically sound manner. Controls will be used to ensure properly conducted seizures and protect against improperly conducted seizures.

III. DEFINITIONS

A. BLOCKCHAIN - A digital ledger in which transactions made in a cryptocurrency are recorded chronologically and publicly.

B. COLD STORAGE WALLET - A cryptocurrency wallet kept offline on a hard disc drive, electronic storage media, a bearer instrument or in paper hard copy.

C. CRYPTOCURRENCY - A decentralized medium of exchange, which is based on an online public ledger and operates like a currency in some environments, but does not have all the attributes of real currency. Examples of cryptocurrencies include, but are not limited to, Bitcoin, Bitcoin Cash, Dash, LiteCoin, Ripple, ZCash and Ethereum.

D. EXCHANGE - An exchange is a digital marketplace where traders can buy and sell cryptocurrencies using different fiat currencies or altcoins. For example, a Bitcoin currency exchange is an online platform which acts as an intermediary between buyers and sellers of the cryptocurrency.

E. HOT STORAGE WALLET - A cryptocurrency wallet which is online and connected in some way to the Internet.

F. PRIVATE KEY - A sophisticated form of cryptography which allows a user to access his or her cryptocurrency.

G. PUBLIC KEY - a cryptographic code which allows a user to receive cryptocurrencies into his or her account.

H. RE-IMAGE - Re-install the operating system in such a manner to cause data files, program files and metadata from the previous operating system to be inaccessible or unrecoverable.

I. SEIZING OFFICER - Sworn officer of the Indiana State Police responsible for the seizure of cryptocurrency. This officer is also responsible for maintaining chain-of-custody. The Seizing Officer will have sufficient knowledge, skills and abilities to perform the seizure in a forensically sound manner.

J. WALLET - A software program in which one or more private keys are stored, a bearer instrument in which one or more private keys are stored or a paper hard copy on which one or more private keys are written.

K. WITNESSING OFFICER - Sworn officer of the Indiana State Police responsible for observing the seizure and storage of seized cryptocurrency. The Witnessing Officer will have sufficient knowledge, skills and abilities to fully understand the seizure process and safeguards being employed.

IV. <u>PROCEDURE</u>

A. When the cryptocurrency subject to seizure is in a hot storage wallet and the exchange will comply with a seizure order issued by judicial authority, such order will be served on the exchange by the seizing officer.

B. When the cryptocurrency subject to seizure is either in a hot storage wallet (when the exchange will not comply with a seizure order issued by judicial authority) exigency exists such that it is not feasible to serve a seizure order on the exchange, or when cryptocurrency is in a cold storage wallet, the following seizure process shall be utilized:

1. The seizing officer will utilize a computer owned by the Indiana State Police to create a cold storage wallet. This process will be observed at all times by the witnessing officer.

2. The seizing officer will take a screen capture, photograph, or otherwise document the amount of cryptocurrency subject to seizure. This process will be observed at all times by the witnessing officer.

3. The seizing officer will use the private key for the cryptocurrency subject to seizure to transfer the cryptocurrency to the wallet controlled by the agency. This process will be observed at all times by the witnessing officer.

4. The seizing officer will take a screen capture, photograph or otherwise document the amount of cryptocurrency transferred for purpose of seizure and housed in the wallet controlled by the agency. This process will be observed at all times by the witnessing officer.

5. In instances in which more than one private key exists in the same wallet subject to seizure, the same wallet controlled by the agency can be utilized. A new wallet controlled by the agency will be created for each wallet subject to seizure (e.g. if the same subject has hot storage accounts with different exchanges, a new wallet controlled by the agency will be created and used for each wallet subject to seizure.).

6. When possible, the seizing officer will use the blockchain to confirm the exchange was successfully accomplished from the wallet subject to seizure to the wallet controlled by the agency. The seizing officer will take a screen capture, photograph, or otherwise document the blockchain ledger exchange. This process will be observed at all times by the witnessing officer.

7. The seizing officer will place a copy of the cold storage wallet controlled by the agency on a CD or DVD. This process will be observed at all times by the witnessing officer.

8. The seizing officer will make a paper hard copy of the cold storage wallet controlled by the agency. This process will be observed at all times by the witnessing officer.

9. The CD or DVD, and the paper hard copy which each contain the identical cold storage wallet will each be packaged and handled as money in accordance with [LAB-005](LAB-005).

10. Both the seizing officer and the witnessing officer will affix their signature, date, time and other pertinent information to both the CD or DVD, and paper hard copy following in accordance with SOP LAB-005.

11. The CD or DVD, and the paper hard copy which each contain the identical cold storage wallet will each be submitted for storage as money in accordance with SOP LAB-005.

12. The computer used to facilitate the seizure shall be reimaged immediately following the seizure. This process will be observed at all times by the witnessing officer.

13. The seized cryptocurrency will not be converted to United States Currency until a forfeiture order is issued. This is consistent with existing policy and practice when seizing other items which can fluctuate in value (e.g. precious metals, houses, negotiable instruments, vehicles, works of art, and foreign currencies).

C. This procedure is to be used in conjunction with all relevant Department regulations, rules, policies and procedures.