Family Law: Cryptocurrency and Divorce – New Challenges for Attorneys

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Divorce is hard. When relationships dissolve and couples split, there are countless opportunities for things to go wrong. Complications abound from start to finish. If there are children involved, it can get especially messy. Apart from the emotional and psychological battlefield, there are nearly always monetary assets to consider as well. In this day and age, finances are increasingly taking place online. In some ways, this might make a few aspects of divorce and asset apportioning easier but it’s not necessarily always true. A particular case in point is cryptocurrency and divorce.

Cryptocurrency Is Money that is Divorced from Paper

Most people don’t even understand what cryptocurrency is or how it works, much less how to go about divvying it up during a complicated legal process like divorce. For all that is thrown around about cryptos, as they’re affectionately known, they are basically just like any other currency, though there are some unique distinctions. As NASDAQ points out, with debit or credit card purchases no physical money is changing hands, and this goes as well for cryptocurrency exchanges.

The units themselves — whether they are of Bitcoin, Ethereum, or any of the other thousand-plus cryptos out there — are nothing more than electronic marks on a ledger, also called a blockchain. NASDAQ mentions that unlike paper money, these electronic units cannot be simply increased as necessary. As such, there is a limited number of them in supply. Whereas paper money inflates (a dollar becomes worth less over time), Bitcoin, for example, might deflate (a Bitcoin can become worth more over time). In this way, cryptocurrencies are akin to investments in anything that can change in value, from stocks and bonds to real estate and expensive works of art.

All that being said, while the blockchain ledger recordings cannot be altered, it is often incredibly difficult to ascertain what party initiated a transaction, and intention is even harder to pin down. You are probably beginning to see how this might become a thorny issue when it pertains to legal divorce proceedings. Your intuition is on the money (pun very much intended).

Cryptocurrency and Divorce – Hidden in Plain (web)site

There are actually several things you can do to track this down for the record. In fact, though cryptos — both conceptually and in practice — are a bit weird and elusive to many people, you will likely deal with them in the same way you do any other major financial stake.

Though frequently thought of as a way to hide capital or conceal transactions, cryptocurrency proceedings and records should be sought in a similar fashion to how you would request assets like bank statements or stock market investments. Your legal team should make a formal request for any and all cryptocurrency platforms being
used. This way, you have peace of mind knowing that there is a way to determine the existence of cryptocurrency even in the absence of official documentation to that effect.

If cryptocurrency assets are determined to exist by one or both parties, then it is time to figure out how much they are worth. This is especially tricky when it comes to investments, as opposed to assets like cash or even real estate. Bitcoin and Ethereum, for example, have seen quite drastic changes in a short period of time — on the order of five to ten thousand dollars in a single month, Family Lawyer Magazine writes. As with stocks and bonds, this can make the actual value of the marital estate all but impossible to know with certainty from one month to the next. The best advice is to do your due diligence and be aware that the value of these assets can experience wild fluctuations.

Conclusion

It goes without saying when it comes to cryptocurrency and divorce (along with everything else in the world) ensuring all records are provided during a divorce establishes that everyone is allotted what is rightfully and legally theirs. When assets are withheld, someone might be denied an exceptional monetary holding. And, though cryptocurrency is becoming more and more mainstream, it is worth mentioning that individuals are still known to employ them in various and sundry nefarious or illicit actives.

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