THE BITFURY GROUP UNVEILS SOLUTION FOR ANALYZING RELATED BITCOIN ADDRESSES

Top Blockchain Firm Reveals New Way to Expose Criminal Usage Patterns

AMSTERDAM – January 4, 2018 – The Bitfury Group, the world's leading full-service Blockchain technology company, and its world-class global development team today detailed a new solution to help reveal relationships between bitcoin addresses that minimizes errors in data and ensures greater accuracy in linking bitcoin addresses for criminal investigations, while also showing bitcoin users ways to protect their privacy.

"Currently, bitcoin users can have multiple addresses, making it easier to conceal identities and commit crimes on the Blockchain. The ability to link related addresses, called 'clustering,' is an important new tool that helps law enforcement agencies conduct criminal investigations," said Valery Vavilov, CEO of The Bitfury Group. "Bitfury's award-winning engineers have come up with an incredibly innovative and novel approach to analyzing transactions on the Bitcoin Blockchain. The Bitcoin Blockchain has the potential to be a strong force for good, and this new method will help ensure that it lives up to that potential by aiding investigations and reducing criminal activity."

"Criminals are increasingly learning the Bitcoin Blockchain is not the place for them. Having a traceable public ledger of every bitcoin transaction ever conducted allows law enforcement to 'follow the money' in a way that would never be possible with cash. Criminals should run, not walk, away from bitcoin. And thanks to Bitfury, today they should be running away even faster," said Jason Weinstein of Steptoe & Johnson LLP, a Bitfury strategic advisor and former Deputy Assistant Attorney General in charge of cybercrime at the US Department of Justice.

Bitcoin address clustering is a process that exposes bitcoin users by determining which addresses belong to a single user through an analysis of Blockchain data. The act of clustering groups those addresses together, enabling investigators to link them to a single entity.

In a new report, Bitfury reveals a comprehensive approach to clustering that reduces errors in results. While prior algorithms constructed clustering models using Blockchain information and validated it with off-chain data, such as public information on the Internet, Bitfury's new method uses both data types during the model construction step. The proposed approach allows investigators to reduce errors in unreliable input data sources and achieve a higher level of accuracy.

Tests performed by Bitfury's technical development team confirm that the new approach produces more accurate results than methods that analyze Blockchain data only. Approaches that are based solely on Blockchain data tend to produce erroneous connections, but combining this data with information from off-chain sources filters out these errors.

The paper is the authors' version of the article that was presented December 18, 2017, at the IEEE International Conference on Machine Learning and Applications.

To see the algorithms developed by the Bitfury team, read the full white paper here.

About The Bitfury Group
The Bitfury Group is the leading full-service Blockchain technology company and one of the largest private infrastructure providers in the Blockchain ecosystem. Bitfury is a global team of experts in technology, business, communications, security and civil society. The Bitfury Group develops and delivers both the software and the hardware solutions necessary for businesses, governments, organizations and individuals to securely move an asset across the Blockchain. The expertise of The Bitfury Group ensures successful, easy, fast, secure and cost-effective connectivity to the Blockchain. The Bitfury Group believes the Blockchain can and will open new doors for global economic opportunity and prosperity, and its mission is to create and advance Blockchain applications that will further promote innovation and the advancement of the peer-to-peer economy. Bitfury recently launched Exonum, a custom framework that helps individuals, businesses and governments securely and easily bring their ideas and solutions to life. For more information, visit www.bitfury.com.

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