Do mixers or privacy coins like Monero reduce recovery prospects

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Usage of mixers and/or privacy coins can reduce recovery prospects, but not necessarily. It is fair to suggest that malicious actors sometimes elect to use mixers and privacy coins in an effort to defeat blockchain forensic analysis, and to make their 'cleaned' funds untraceable to the illicit funds. However, there are certainly occasions where such obfuscation efforts can be traced through or 'demixed' for a variety of reasons, including user error, user operational security, how good the mixer is at mixing (they aren't all equal), IP addresses, and other on-chain leads that may arise associated with other services used.

Additionally, usage of mixers and privacy coins like Monero often gives the malicious actors a false sense of safety, and allows the malicious actor to be more easily identified if such obfuscation efforts (which they may think to be fullproof) are defeated.

Additionally, usage of mixers and privacy coins can lead to increased likelihood of exchange accounts belonging to a malicious actor being frozen (and money in the account frozen), as the exchange may then notice the funding of the account derives from a high-risk source of funds.

Suffice to say, while it's generally not great news when mixers or privacy coins are utilized by a malicious actor, it's not necessarily a dead end, as such obfuscation efforts can sometimes be defeated.