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Worth It Episode 9: Collecting Cryptocurrency After The Account Owner's Death

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Heirs of owners of cryptocurrencies have concerns that they will not be able to gain access to and collect cryptocurrencies after the death of the owner. In this episode of Worth It, partner Hank J. Leibowitz and associate James Muller describe the process that they went through in order to collect and liquidate the account of a decedent owning several cryptocurrencies held in a Coinbase account.

Hank Leibowitz: Hello and welcome to Worth It, a podcast brought to you by Proskauer's Private Client Services Group, covering a wide range of topics concerning estate planning, wealth transfers, important legal developments and other issues our clients frequently face when organizing their estates. My name is Hank Leibowitz, I'm a partner in Proskauer's New York office. In this episode we'll be discussing collecting cryptocurrency after someone's death. Joining me for this episode is James Muller, an associate in the New York office. Welcome James.

James Muller: Thank you for having me Hank. Happy to be here.

Hank Leibowitz: James and I recently had our first estate where we were faced with collecting about eight different types of cryptocurrencies. Luckily they were held in a Coinbase wallet. Usually crypto is held somewhere. Coinbase is the biggest service that holds them and luckily for us Coinbase did have instructions on how one collects the account after someone dies. Backing up one moment, what we found is that the documentation required is not that much different than an ordinary account. Normally when one collects a bank or brokerage account you have to supply a death certificate and certificate of letters testamentary, certificates of letters testamentary are what the Court issues after a will is admitted to probate. So James, tell us what documents we had to submit to Coinbase in order to collect the crypto.

James Muller: Well Hank, as you mentioned, there were a lot of documents that we were use to submitting in the normal course. The ones we had to submit were the decedent's death certificate, his last will and testament, probate documents, in our case it was letters testamentary, government-issued photo identification of the person named in the letters testamentary as executor and a letter signed by the executor instructing Coinbase on what to do with the balance of the Coinbase account.

Hank Leibowitz: Sounds easy enough but since you and I went through this, w,e know it wasn't quite a simple as that so tell everybody you know our experience in submitting it and how things went.

James Muller: Sure Hank. Yeah, as you recall it was a bit difficult once we submitted the documents that I just mentioned via pdf through an email, we didn't get any response for quite some time and in the interim we did call Coinbase but they said that their estate administration department is not accessible via telephone. They can only be contacted via email and after many emails and a few months of trying to touch base with them we finally got responses that some of the pdfs that we had uploaded weren't visible to them. So after a few attempts they were able to process the information that we submitted to them.

Hank Leibowitz: And then you know on normal bank brokerage accounts we usually then are able to set up an estate account that holds the assets you know under the name of the executor or distribution eventually to the beneficiaries or if we're going to liquidate it we liquidate it in the estate account. What happened with our Coinbase account once we were ready to get it out of the decedent's name?

James Muller: Well Hank as you recall in this circumstance with Coinbase it wasn't as simple as putting the assets in the name of the estate. We actually had to put the assets in a Coinbase account under the name of the executor and hopefully that doesn't prove to be an issue.

Hank Leibowitz: And once we had the account set up in the name of the executor we decided to liquidate the account since we didn't think it was prudent for the estate to hold cryptocurrency. Luckily our timing was great since the market is down quite a bit since then but we were only able to liquidate seven out of the eight cryptocurrencies because one of them is subject to a lawsuit and who knows when or if that will ever be resolved. So James I think at least it took a while but we did have some success in liquidating our crypto account and the beneficiaries are happy that we have liquid assets in a bank account now. And once we decided to liquidate, James how did we go about actually getting the cash from Coinbase?

James Muller: Well liquidating was quite simple. We were able to simply sell the cryptocurrency and transfer the proceeds of the sale to a bank account in the name of the estate. So it was all downhill once the recipient account and the name of the executor was established.

Hank Leibowitz: Thanks James. With that we'll wrap up this episode of Worth It. We hope you enjoyed this podcast and please join us for future episodes. If you would like to receive notifications when new episodes are available please click on the subscribe to our publications link at the bottom of any page. Thank you for listening.

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