

Forum:[Hack Forums](#)

Thread: [Mt.Gox Hack + BTC-e: The Biggest Money Laundering Scheme in Bitcoin](#)

CheGuevara? - July 27, 2017, 10:09 am

Mt.Gox Hack + BTC-e: The Biggest Money Laundering Scheme in Bitcoin [SOURCE](#)

FinCEN and Greek police have revealed new details about the case of \$4 billion money laundering via BTC-e exchange. BTC-e appeared to be connected with 300,000 BTC stolen from Mt. Gox.

As we [reported](#) yesterday, the largest Russian cryptocurrency exchange, BTC-e, froze all services soon after the arrest of its owner and administrator.

On July 25, Greek police arrested Alexander Vinnik in Thessaloniki, Greece, on a US warrant. The BTC-e exchange had gone offline sometime Tuesday morning, July 26, and remains unavailable.

A group of security experts, WizSec, has [conducted](#) its own independent investigation into the Mt.Gox collapse for several years.

They managed to find out hackers were drawing funds from the compromised Mt.Gox exchange and sent it to Vinnik's electronic wallets.

Then, most of the funds (about 300,000 BTC) were sent to BTC-e exchange wallets, where they were presumably sold out or laundered. By mid-2013, about 630,000 BTC were withdrawn from MtGox in total.

Statement from law enforcement.

[According to Greek police](#), Alexander Vinnik, who turned to be an administrator of BTC-e, has been running a criminal organization which administers one of the most important websites of electronic crime in the world.

Greek police said in a statement that "at least" \$4 billion in cash had been laundered through a bitcoin platform since 2011 — the year BTC-e was founded — with 7 million bitcoins deposited, and 5.5 million bitcoins in withdrawals.

The BTC-e digital currency trading and exchange platform was founded in 2011 by ALWAYS EFFICIENT LLP, which is registered in London.

By February 2015, BTC-e was handling around 2.5% of all Bitcoin exchange volume and had become one of the largest cryptocurrency exchanges in Russia, allowing the trading of BTC, LTC, ETH, DASH, NVC, and PPC.

[According](#) to the Department of Justice, FinCEN has assessed a \$110 million civil penalty against BTC-e, as well as a \$12 million penalty against Vinnik.

Another lesson for the crypto community.

Andrew Zimine, CEO of the financial ecosystem Exscudo which unites the traditional financial system and the cryptocurrency market, commented to Coinidol. com, regarding the BTC-e collapse. He said it is another lesson for the crypto community:

Quote:"The collapse of BTC-e, one of the oldest and well known exchanges, teaches all the community another lesson: trust is a ticking time bomb. Many thousands of investors lost hundreds of millions in a moment.

I think the explanation given by the exchange in Twitter and on the website, that "maintenance work" is going on is absolutely not credible.

With the resources of BTC-E no maintenance work should continue for so long, even if half of the servers actually burnt out, which is hardly possible.

I do not see any sense in supporting or developing different theories about the reasons for suspension of the exchange which are discussed now on the Internet.

The only thing that is important - unfortunately, the exchange won't work any more and users won't get access to their accounts. It is also now widely reported that Aleksandr Vinnik has been arrested in Greece.

In Exscudo we made security problem solution our priority and that is why we needed EON technology to create our ecosystem. Trust is earned over the years, but is lost in a moment as practice has shown."

He further added:

Quote:"The BTC-E event is another wake-up call for everyone who has something to do with crypto-currencies."

voss69 - July 27, 2017, 10:11 am

Nice post and collected material, but it's the third one..

Rathdown58 - July 27, 2017, 10:17 am

Excllent informative post well done young man.

Grizzlies - July 27, 2017, 10:47 am

4 billion dollars? I think they over exaggerated on that. But this is really a WTF and WOW moment.

EziNet - July 27, 2017, 10:51 am

So many trader going broke now.

Kill Joy - July 27, 2017, 10:53 am

Yet the price is still fairly stable.

daymon - July 27, 2017, 10:59 am

(Jul 27, 2017 10:47 AM)Grizzlies Wrote: [\[CITE\]](#) 4 billion dollars? I think they over exaggerated on that. But this is really a WTF and WOW moment.

No lol, he had way more than that left too.

Riggs - July 27, 2017, 11:14 am

"Greek police said in a statement that "at least" \$4 billion in cash had been laundered through a bitcoin platform since 2011..."

I'm calling bullshit. Sounds like they just pulled a random number out of their ass. Even \$1 billion doesn't sound feasible.

You'd need over 9000 seasoned financial analysts with blockchain experience to track that kind of money over a 6 year window.

SIM-1589588 - July 27, 2017, 11:18 am

Oh shit man, There goes my 0.0007 BTC and 52 cents.

\$ZEUS - July 27, 2017, 11:30 am

Looking beyond the estimated 4 billion number, you can't argue that it was quite a large operation. It

really does make you remember that the owners behind exchanges could very well have other, dark intentions. Nobody would have been able to guess this by looking at the operation, and it's amazing they made it this far. Overall, props to them.. Now just waiting for a news article to come out and say that a cartel is behind a major crypto exchange.

th3c0rrupt3d0n3 - July 27, 2017, 11:33 am

Damn, this will make one hell of a movie someday.

Mr.Peanut - July 27, 2017, 11:38 am

Here's what I'm not understanding. If the site was shut down, and wallets were lost, they're seized by a govt (US Govt) right? That should mean that legitimate users are able to get their money back (some sort of setup process) right? Or is this "evidence"? It's not like it's the silk road being seized.

Charger - July 27, 2017, 11:41 am

(Jul 27, 2017 11:38 AM)Mr.Peanut Wrote: [\[CITE\]](#) Here's what I'm not understanding. If the site was shut down, and wallets were lost, they're seized by a govt (US Govt) right? That should mean that legitimate users are able to get their money back (some sort of setup process) right? Or is this "evidence"? It's not like it's the silk road being seized.
Cryptos are unregulated.

US has 0 obligation to return them.

\$ZEUS - July 27, 2017, 11:48 am

(Jul 27, 2017 11:38 AM)Mr.Peanut Wrote: [\[CITE\]](#) Here's what I'm not understanding. If the site was shut down, and wallets were lost, they're seized by a govt (US Govt) right? That should mean that legitimate users are able to get their money back (some sort of setup process) right? Or is this "evidence"? It's not like it's the silk road being seized.

US is under no authority to return them, not to mention the trouble and length of time it would take to send and verify the owner of each address. The funds will be seized like all other money laundering schemes that have been shutdown in the US.

Kill Joy - July 27, 2017, 12:12 pm

(Jul 27, 2017 11:30 AM)\$ZEUS Wrote: [\[CITE\]](#) Looking beyond the estimated 4 billion number, you can't argue that it was quite a large operation. It really does make you remember that the owners behind exchanges could very well have other, dark intentions. Nobody would have been able to guess this by looking at the operation, and it's amazing they made it this far. Overall, props to them.. Now just waiting for a news article to come out and say that a cartel is behind a major crypto exchange.

Looking forward to seeing the news in 2020 about Bitmora founders getting arrested. /s

VirtualMon3y - July 27, 2017, 12:15 pm

(Jul 27, 2017 11:33 AM)th3c0rrupt3d0n3 Wrote: [\[CITE\]](#) Damn, this will make one hell of a movie someday.

Vouch for this! Take it to Hollywood!

\$ZEUS - July 27, 2017, 12:19 pm

(Jul 27, 2017 12:12 PM)Kill Joy Wrote: [\[CITE\]](#) Looking forward to seeing the news in 2020 about Bitmora founders getting arrested. /s

You got no clue how tight the Sinaloa Cartel and I are.

Mr. Robot - July 27, 2017, 12:20 pm

(Jul 27, 2017 12:15 PM)UKninja Wrote: [\[CITE\]](#) Vouch for this! Take it to Hollywood!
Mr. Robot season 3 - using the E-coin.

Don't even worry about it.

SIM-1589588 - July 27, 2017, 12:35 pm

(Jul 27, 2017 11:38 AM)Mr.Peanut Wrote: [\[CITE\]](#) Here's what I'm not understanding. If the site was shut down, and wallets were lost, they're seized by a govt (US Govt) right? That should mean that legitimate users are able to get their money back (some sort of setup process) right? Or is this "evidence"? It's not like it's the silk road being seized.

I guess you forgot about "Liberty Reserve"

<https://www.justice.gov/usao-ndca/pr/russian-national-and-bitcoin-exchange-charged-21-count-indictment-operating-alleged>

<https://www.justice.gov/usao-ndca/press-release/file/984661/download>

Hiper - July 27, 2017, 12:48 pm

It amazes me what people are prepared to do for a little of bit of money. Is there literally no one left in this world that actually wants to work for their money?

Money ruins people and life's, very good example of this OP! Thanks

CheGuevara? - July 27, 2017, 1:10 pm

(Jul 27, 2017 12:48 PM)H1P3R Wrote: [\[CITE\]](#) It amazes me what people are prepared to do for a little of bit of money. Is there literally no one left in this world that actually wants to work for their money?

Money ruins people and life's, very good example of this OP! Thanks

You should be aware of what the real banks done, oh yes money can ruin life's. But yes this is something huge and I wonder what comes next?

\$ZEUS - July 28, 2017, 9:01 am

(Jul 27, 2017 12:48 PM)H1P3R Wrote: [\[CITE\]](#) It amazes me what people are prepared to do for a little of bit of money. Is there literally no one left in this world that actually wants to work for their money?

Money ruins people and life's, very good example of this OP! Thanks

Wouldn't consider that a small amount of money. As far as them not working for it, I know for a fact that they did work for it. Just because their work style does not equal yours, it still does take work. This was a massive operation that ran for years.

BeNT- - July 28, 2017, 9:12 am

(Jul 27, 2017 11:14 AM)Riggs Wrote: [\[CITE\]](#) "Greek police said in a statement that "at least" \$4 billion in cash had been laundered through a bitcoin platform since 2011..."

I'm calling bullshit. Sounds like they just pulled a random number out of their ass. Even \$1 billion doesn't sound feasible.

You'd need over 9000 seasoned financial analysts with blockchain experience to track that kind of money over a 6 year window.

Not that I disagree with your sentiment, I think they are largely pulling a number out of Thier ass..

However, how exactly did you compute that 9000 analysts number.. Lmfao

Cheers

B

MustyMouse - July 28, 2017, 9:14 am

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Not sure, but I feel like the "over 9000" part was just a DBZ reference.

Undefined - July 28, 2017, 12:36 pm

Y'all BTC-E users ain't getting your money back.

CheGuevara? - July 29, 2017, 4:21 am

(Jul 28, 2017 12:36 PM)Undefined Wrote: [\[CITE\]](#) Y'all BTC-E users ain't getting your money back. Seems like the website is now seized by the FBI too.

Well this was a grand scheme; but what goes around comes around!

Riggs - July 29, 2017, 6:18 am

"BTC-e was noted for its role in numerous ransomware and other cyber-criminal activity; its take-down is a significant accomplishment, and should serve as a reminder of our global reach in combating transnational cyber crime," said Special Agent in Charge of the USSS Criminal Investigative Division Michael D'Ambrosio."

Source:

<https://www.justice.gov/usao-ndca/pr/russian-national-and-bitcoin-exchange-charged-21-count-indictment-operating-alleged>

It's role? Like how BTC obtained from cyber-criminal activity eventually ended up in the BTC wallets of a few BTC-e users?

Use the public ledger to track BTC for long enough and you'll eventually find a link to cyber-criminal activity. Lack of regulation doesn't necessarily make BTC-e complicit in that cyber-criminal activity. That's like throwing a 21 count indictment against Omni for being too lax about enforcing a policy aimed to prevent members paying for awards using BTC obtained from cyber-criminal activity.

If you actually read the indictment documents you can see the fascists are only going after this guy as a theatrical show of force. Like I said, \$4 billion isn't even feasible.

CheGuevara? - July 29, 2017, 6:21 am

(Jul 29, 2017 06:18 AM)Riggs Wrote: [\[CITE\]](#) "BTC-e was noted for its role in numerous ransomware and other cyber-criminal activity; its take-down is a significant accomplishment, and should serve as a reminder of our global reach in combating transnational cyber crime," said Special Agent in Charge of the USSS Criminal Investigative Division Michael D'Ambrosio."

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If you actually read the indictment documents you can see the fascists are only going after this guy as a theatrical show of force. Like I said, \$4 billion isn't even feasible.

Someone who's looking into things and not swallowing everything, critical thinking. I like it, kudos to you my man.

And do you see the big picture behind what's happening and has been happening since the birth of BTC? ?

Have a wonderful day!

minimalist - July 29, 2017, 7:43 am

(Jul 29, 2017 06:18 AM)Riggs Wrote: [\[CITE\]](#) Like I said, \$4 billion isn't even feasible. Adding all of the weekly trade volume numbers got me these totals:

7,079,160,778 USD

<https://bitcoincharts.com/charts/btceUSD#rg2920ztgSzm1g10zm2g25zv>

Some other calculations probaly brought them to that total, though.

Riggs - July 29, 2017, 8:13 am

(Jul 29, 2017 07:43 AM)Minimalist Wrote: [\[CITE\]](#) Adding all of the weekly trade volume numbers got me these totals:

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Some other calculations probaly brought them to that total, though.

Still don't see how they've tracked \$4 billion over a 6 year period and inferred it forms evidence of illicit activity. The skeleton argument in that indictment seems indicative their exhibits involve mass micro transactions, rather than any large trading volumes.

After reading the indictment and seeing the DoJ statements, I firmly believe they've calculated this \$4 billion by taking the current BTC value and applying it to all historic BTC-e trades cited in their evidence. IMO, their failure to account for the exponential rise in BTC value since 2011 is deliberately misleading and the media are now capitalising on fake news.

minimalist - July 29, 2017, 8:23 am

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Current BTC value historical trading volume = 2686 14967814.12 = 40,203,548,726.3
Actual total volume = 7,079,160,778

https://docs.google.com/spreadsheets/d/10iacNqeTTy6U7regX6f5DZUQKrxbs4SXP8qcKdwU_w/edit?usp=sharing

It's possible that they're only reporting on-chain transactions, but that also seems impossible.