

# US seizes \$3.6 bn of stolen bitcoin in record haul

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A couple accused of seeking to launder \$3.6 billion in stolen bitcoin were arrested in New York. Credit: AFP

The US Justice Department announced Tuesday it had recovered more than 94,000 bitcoin stolen in 2016, currently valued at \$3.6 billion, a

record seizure.

A couple accused of seeking to launder the bitcoin were arrested in New York, the department said. Ilya Lichtenstein, 34, and his wife Heather Morgan, 31, were set to appear in federal court over the charges later in the day.

They face up to 20 years in prison.

Lichtenstein and Morgan allegedly sought to launder the proceeds of 119,754 bitcoin—then valued at \$65 million—that were stolen during a 2016 hack of the virtual currency exchange Bitfinex.

"Today's arrests, and the Department's largest financial seizure ever, show that cryptocurrency is not a safe haven for criminals," deputy attorney general Lisa Monaco said in the statement.

Prosecutors said some of the stolen cryptocurrency was sent to a digital wallet controlled by Lichtenstein, who describes himself on social media as a "technology entrepreneur, coder and investor."

## **Gold and NFTs**

About 25,000 of the stolen bitcoin were transferred out of the wallet over the next five years "through a labyrinth of cryptocurrency transactions," and some of the funds were deposited into accounts the couple opened online, including by using false identities.

One of Morgan's aliases is "Razzlekhan." A video posted online under that name shows a young blonde woman rapping near the New York Stock Exchange.

In the song, the woman refers to herself as a "crocodile of Wall Street"

and a "risk-taker."

The couple combined "old-fashioned methods" and "very complex transactions," a prosecutor said at a press briefing.

The funds were used to buy items such as gold or digital NFTs (non-fungible tokens), according to US officials.

The remaining bitcoin, now valued at \$3.6 billion, was recovered last week by US investigators.

They executed a search warrant to scour the couple's online accounts and were able to recover the security key that gave them access to the digital wallet.

Bitfinex has offered a multimillion-dollar reward for information leading to the recovery of the stolen funds, but the Justice Department declined to say whether that played a role in the arrest of Lichtenstein and Morgan.

## **'Zone of lawlessness'**

Authorities had called on victims of the initial theft to come forward in order to recover their losses.

The investigation continues, the Justice Department said, declining to comment on who was behind the initial hack.

Bitcoin has existed since 2008 and has seen significant price fluctuations since then. The cryptocurrency attracts big names in finance but, according to US authorities, allows criminal networks to make their financial flows more opaque.

This case "demonstrates once again that we can follow money through the blockchain," said assistant attorney general Kenneth Polite Jr, referring to a decentralized technology for storing and transmitting information, "and that we will not allow cryptocurrency to be... a zone of lawlessness within our financial system."

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