

Bitzlato founder pleads guilty to running 'criminal' US crypto exchange

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Bitzlato was a China-based cryptocurrency exchange.

The Russian founder of the Bitzlato cryptocurrency exchange pleaded guilty on Wednesday to operating a money transfer business that accepted illicit funds.

Anatoly Legkodymov, 41, also known as "Gandalf," faces a maximum penalty of five years in prison, the Justice Department said in a statement.

As part of his plea agreement, Legkodymov agreed to dissolve Hong Kong-based Bitzlato and renounce any claim to \$23 million in seized assets.

"Bitzlato advertised a safe haven for fraudsters, thieves, and other criminals to launder illicit proceeds — but their business model didn't account for federal law enforcement," Deputy Attorney General Lisa Monaco said.

According to court filings, Bitzlato required minimal identification from its users and became a "haven for criminal proceeds and funds intended for use in [criminal activity](#)."

"Legkodymov's guilty plea today confirms that he was well aware that Bitzlato, his cryptocurrency exchange, was being used like an open turnstile by criminals eager to take advantage of his lax controls over illicit money transactions," US Attorney Breon Peace said.

According to the Justice Department, Bitzlato received millions of dollars worth of proceeds from ransomware.

Its largest partner for transactions was Hydra Market, an anonymous, illicit online marketplace on the "darknet" that was shut down by the US and German authorities last year.

The secret "darknet" includes websites that can be accessed only with specific software or authorizations, ensuring anonymity for users.

Users of Hydra Market exchanged more than \$700 million worth of

cryptocurrency with Bitzlato, according to US officials.

Legkodymov, who lived in Shenzhen, China, was arrested in Miami in January as part of an international operation that also included arrests, mainly of Russian and Ukrainian nationals, in Spain, Portugal and Cyprus.

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