

Alleged Russian Cryptocurrency Money Launderer Extradited to United States

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Press Release

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For Immediate Release

Office of Public Affairs

Defendant Extradited from Greece to Face Charges Stemming from the Operation of BTC-e, an Illicit Bitcoin Exchange Alleged to Have Received Deposits Valued at Over \$4 Billion

The alleged operator of the illicit cryptocurrency exchange BTC-e was extradited yesterday from Greece to the United States to face charges in the Northern District of California.

“After more than five years of litigation, Russian national Alexander Vinnik was extradited to the United States yesterday to be held accountable for operating BTC-e, a criminal cryptocurrency exchange, which laundered more than \$4 billion of criminal proceeds,” said Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department’s Criminal Division. “This extradition demonstrates the Department’s commitment to investigating and dismantling illicit cyber activity and would not have been possible without the relentless work of the Justice Department’s Office of International Affairs. The Justice Department thanks the Government of Greece, particularly the Ministry of Justice, for all their efforts in securing the defendant’s transfer to the United States.”

Alexander Vinnik, 42, a Russian citizen, was charged in a 21-count superseding indictment in January 2017. Vinnik was taken into custody in Greece in July 2017 at the request of the United States. He made his initial appearance earlier today in federal court in San Francisco before U.S. Magistrate Judge Sallie Kim.

According to the indictment, Vinnik and his co-conspirators allegedly owned, operated, and administrated BTC-e, a significant cybercrime and online money laundering entity that allowed its users to trade in bitcoin with high levels of anonymity and developed a customer base heavily reliant on criminal activity.

The indictment alleges BTC-e facilitated transactions for cybercriminals worldwide and received criminal proceeds from numerous computer intrusions and hacking incidents, ransomware scams, identity theft schemes, corrupt public officials, and narcotics distribution rings, and was used to facilitate crimes ranging from computer hacking, to fraud, identity theft, tax refund fraud schemes, public corruption, and drug trafficking. The investigation has revealed that BTC-e received more than \$4 billion worth of bitcoin over the course of its operation.

Despite doing substantial business in the United States, the indictment alleges that BTC-e was not registered as a money services business with the U.S. Department of Treasury, had no anti-money laundering process, no system for appropriate “know your customer” or “KYC” verification, and no anti-money laundering program as required by federal law.

In 2017, FinCEN assessed a civil money penalty against BTC-e for willfully violating U.S. anti-money laundering (AML) laws and against Vinnik for his role in the violations. A civil matter to enforce civil monetary penalties, in the amount of \$88,596,314 as to BTC-e and \$12 million as to Vinnik, is pending in the Northern District of California.

The indictment charges BTC-e and Vinnik with one count of operation of an unlicensed money service business, and one count of conspiracy to commit money laundering. In addition, the indictment charges Vinnik with 17 counts of money laundering and two counts of engaging in unlawful monetary transactions.

The FBI, IRS Criminal Investigation (Oakland Field Office and Cyber Crime Unit, Washington, D.C.), Homeland Security Investigations, and U.S. Secret Service Criminal Investigative Division are investigating the case.

Trial Attorney C. Alden Pelker of the Justice Department’s Computer Crime and Intellectual Property Section, and Assistant U.S. Attorney Claudia Quiroz of the U.S. Attorney’s Office for the Northern District of California are prosecuting the case.

The Justice Department’s National Cryptocurrency Enforcement Team provided substantial assistance. The extradition request was handled by the Justice Department’s Office of International Affairs.

The Justice Department thanks the Greek Ministry of Justice for its cooperation in securing the defendant’s transfer to the United States.

An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

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Topic

Cybercrime

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