

# Bitfinex Hacker and Wife Plead Guilty to Money Laundering Conspiracy Involving Billions in Cryptocurrency

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Press Release

Thursday, August 3, 2023

## For Immediate Release

Office of Public Affairs

A married couple from New York City pleaded guilty today to money laundering conspiracies arising from the hack and theft of approximately 120,000 bitcoin from Bitfinex, a global cryptocurrency exchange.

Ilya Lichtenstein, 35, and Heather Morgan, 33, were arrested in February 2022 after the government seized approximately 95,000 of those stolen bitcoin from cryptocurrency wallets in the defendants' control. At the time of the seizure, the recovered funds were valued at approximately \$3.6 billion. Since their arrests, the government has seized another approximately \$475 million tied to the hack.

According to court documents, Lichtenstein used a number of advanced hacking tools and techniques to gain access to Bitfinex's network. Once inside their systems, Lichtenstein fraudulently authorized more than 2,000 transactions in which 119,754 bitcoin was transferred from Bitfinex to a cryptocurrency wallet in Lichtenstein's control. Lichtenstein then took steps to cover his tracks by going back into Bitfinex's network and deleting access credentials and other log files that may have given him away to law enforcement. Following the hack, Lichtenstein enlisted the help of his wife, Morgan, in laundering the stolen funds.

Lichtenstein, at times with Morgan's assistance, employed numerous sophisticated laundering techniques, including using fictitious identities to set up online accounts; utilizing computer programs to automate transactions; depositing the stolen funds into accounts at a variety of darknet markets and cryptocurrency exchanges and then withdrawing the funds, which obfuscates the trail of the transaction history by breaking up the fund flow; converting bitcoin to other forms of cryptocurrency, including anonymity-enhanced

cryptocurrency (AEC), in a practice known as “chain hopping”; depositing a portion of the criminal proceeds into cryptocurrency mixing services, such as Bitcoin Fog, Helix, and ChipMixer; using U.S.-based business accounts to legitimize their banking activity; and exchanging a portion of the stolen funds into gold coins, which Morgan then concealed by burying them.

Lichtenstein pleaded guilty to conspiracy to commit money laundering, which carries a maximum penalty of 20 years in prison. Morgan pleaded guilty to one count of money laundering conspiracy and one count of conspiracy to defraud the United States, each of which carries a maximum penalty of five years of in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Consistent with standard practice in criminal forfeiture cases, there will be a formal process at the conclusion of the case pursuant to Rule 32.2 of the Federal Rules of Criminal Procedure for third-party claimants to submit claims for any seized and forfeited property.

Assistant Attorney General Kenneth A. Polite, Jr. of the Justice Department’s Criminal Division, U.S. Attorney Matthew M. Graves for the District of Columbia, Chief Jim Lee of the IRS Criminal Investigation (IRS-CI), Assistant Director Luis Quesada of the FBI’s Criminal Investigative Division, and Special Agent in Charge Ivan J. Arvelo of Homeland Security Investigations (HSI) New York made the announcement.

The IRS-CI Washington, D.C. Field Office’s Cyber Crimes Unit; FBI Chicago Field Office; FBI’s Virtual Assets Unit (VAU); and HSI New York are investigating the case, with assistance from the Ansbach Police Department in Germany.

Trial Attorneys Jessica Peck and C. Alden Pelker of the Criminal Division’s Computer Crime and Intellectual Property Section and Assistant U.S. Attorneys Christopher B. Brown and Jolie Zimmerman for the District of Columbia are prosecuting the case. Paralegal Specialists Angela De Falco and Brian Rickers and Legal Assistant Jessica McCormick provided valuable assistance. Significant assistance was also provided by Trial Attorney Christen Gallagher, the U.S. Attorneys’ Offices for the Eastern District of Pennsylvania and Southern District of New York, HSI Philadelphia, and former Assistant U.S. Attorney Jessica C. Brooks.

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## **Topic**

Cybercrime

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