Beat: Miscellaneous

Digital currency exchange Liberty Reserve shut down in U.S. fraud probe

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USPA News - U.S. prosecutors have indicted Liberty Reserve, the world`s largest digital currency exchange, for allegedly laundering more than $6 billion in proceeds of crimes ranging from identity theft to the trade of child pornography, officials said on Tuesday. The Costa Rican-based company and seven of its principals and employees were charged with money laundering and operating an unlicensed money transmitting business in an indictment that was unsealed in New York on Tuesday.

It is believed to be the world`s largest international money laundering prosecution with an investigation spanning 17 countries. Five of the suspects were arrested on Friday, but their arrests were not made public until Tuesday. Liberty Reserve founder Arthur Budovsky and financial manager Azzeddine El Amine were arrested in Spain while the company`s co-founder, Vladimir Kats, was arrested in New York City. Two other defendants remain at large in Costa Rica. Liberty Reserve had more than one million users worldwide, including more than 200,000 Americans, who conducted approximately 55 million transactions. It is believed a vast majority of the transactions were illegal, and that the digital currency exchange laundered more than $6 billion in suspected proceeds of crimes such as credit card fraud, identity theft, investment fraud, computer hacking, child pornography, and narcotics trafficking. In addition to the criminal charges, U.S. authorities also seized five domain names, restrained or seized 45 bank accounts, and filed a civil action against 35 exchanger websites to seek the forfeiture of the exchangers` domain names because the websites were allegedly used to facilitate the money laundering conspiracy and constitute property involved in money laundering. The investigation and takedown involved law enforcement action in 17 countries around the world, including Costa Rica, the Netherlands, Spain, Morocco, Sweden, Switzerland, Cyprus, Australia, China, Norway, Latvia, Luxembourg, the United Kingdom, Russia, Canada, and the United States. The case comes just months after U.S. regulators warned that digital currency exchanges should follow traditional anti-money laundering rules. But it also comes amidst the sudden rise of the digital currency Bitcoin, which uses a log across a peer-to-peer computer network to record transactions.

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