



PRESS RELEASE

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Date: May 6, 2016

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IRS – Criminal Investigation

CI Release #: CI-2016-05-06-A

Liberty Reserve Founder Sentenced to 20 Years For Laundering Hundreds of Millions of Dollars

Arthur Budovsky, 42, was sentenced today in the Southern District of New York to 20 years imprisonment for running a massive money laundering enterprise through his company Liberty Reserve S.A. (“Liberty Reserve”), a virtual currency once used by cybercriminals around the world to launder the proceeds of their illegal activity.

Assistant Attorney General Leslie R. Caldwell for the Justice Department’s Criminal Division and U.S. Attorney Preet Bharara for the Southern District of New York made the announcement.

In January, Budovsky pleaded guilty to one count of conspiring to commit money laundering. In imposing sentence, the court noted that Budovsky ran an “extraordinarily successful” and “large-scale international money laundering operation.” U.S. District Judge Denise L. Cote also ordered Budovsky to pay a \$500,000 fine.

“The significant sentence handed down today shows that money laundering through the use of virtual currencies is still money laundering, and that online crime is still crime,” said Assistant Attorney General Caldwell. “Together with our American and international law enforcement partners, we will protect the public even when criminals use modern technology to break the law.”

“Liberty Reserve founder Arthur Budovsky ran a digital currency empire built expressly to facilitate money laundering on a massive scale for criminals around the globe,” said Manhattan U.S. Attorney Bharara. “Despite all his efforts to evade prosecution, including taking his operations offshore and renouncing his citizenship, Budovsky has now been held to account for his brazen violations of U.S. criminal laws.”

According to the indictment, Liberty Reserve billed itself as the Internet’s “largest payment processor and money transfer system” and allowed people all over the world to send and receive payments using virtual currency. At all relevant times, Budovsky directed and supervised Liberty Reserve’s operations, finances, and business strategy

and was aware that digital currencies were used by other online criminals, such as credit card traffickers and identity thieves.

Liberty Reserve grew into a financial hub for cybercriminals around the world, trafficking the criminal proceeds of Ponzi schemes, credit card trafficking, stolen identity information and computer hacking. By May 2013, when the government shut it down, Liberty Reserve had more than 5.5 million user accounts worldwide and had processed more than 78 million financial transactions with a combined value of more than \$8 billion. United States users accounted for the largest segment of Liberty Reserve's total transactional volume – between \$1 billion and \$1.8 billion – and the largest number of user accounts – over 600,000.

Four co-defendants, Vladimir Kats, Azzeddine El Amine, Mark Marmilev and Maxim Chukharev, have already pleaded guilty. Marmilev and Chukharev were sentenced to five years and three years in prison, respectively. Judge Cote is expected to sentence Kats and El Amine May 13. Charges remain pending against Liberty Reserve and two individual defendants who are fugitives.

The U.S. Secret Service, the Internal Revenue Service-Criminal Investigation and the U.S. Immigration and Customs Enforcement's Homeland Security Investigations investigated this case as part of the Global Illicit Financial Team. The U.S. Secret Service's New York Electronic Crimes Task Force assisted with the investigation. The Judicial Investigation Organization in Costa Rica, Interpol, the National High Tech Crime Unit in the Netherlands, the Spanish National Police's Financial and Economic Crime Unit, the Cyber Crime Unit at the Swedish National Bureau of Investigation and the Swiss Federal Prosecutor's Office also provided assistance.

Trial Attorney Kevin Mosley of the Criminal Division's Asset Forfeiture and Money Laundering Section and Assistant U.S. Attorneys Christian Everdell, Christine Magdo and Andrew Goldstein of the Southern District of New York are prosecuting the case. The Criminal Division's Office of International Affairs and Computer Crime and Intellectual Property Section provided substantial assistance.

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