



Tornado Cash Founders Charged With Money Laundering And Sanctions Violations

Roman Storm and Roman Semenov Charged with Operating the Tornado Cash Service, Laundering More Than \$1 Billion in Criminal Proceeds

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WASHINGTON, D.C. – The Joint Chiefs of Global Tax Enforcement (J5) welcomed today the unsealing of an indictment charging Roman Storm and Roman Semenov with conspiracy to commit money laundering, conspiracy to commit sanctions violations, and conspiracy to operate an unlicensed money transmitting business.

The charges in the indictment arise from the defendants' alleged creation, operation, and promotion of Tornado Cash, a cryptocurrency mixer that facilitated more than \$1 billion in money laundering transactions and laundered hundreds of millions of dollars for the Lazarus Group, the sanctioned North Korean cybercrime organization. Roman Storm was arrested last week in the state of Washington.

“The scheme these defendants operated was in excess of \$1 billion – that’s a significant amount of money that had a real impact on innocent people through the criminal actions of the site’s beneficiaries,” said IRS-CI Chief Jim Lee. “The charges today are more than a shot across the bow of would-be criminals – they are an example of what happens when you think you can avoid following the law. You are never more sophisticated than the talented special agents of IRS-CI and our domestic and international partners.”

“As alleged, Tornado Cash was used to launder over \$1 billion. IRS Criminal Investigation’s Special Agents use their financial expertise to follow the flow of cryptocurrency transactions and dismantle major money laundering organizations that try to conceal the criminal source of their funds,” said IRS-CI Special Agent in Charge Bryant Jackson. “Today’s indictment is a direct result of our collaboration with our law enforcement partners, both in the U.S. and abroad. Through our work together, those who use deceit and fraud to line their pockets with illegal profits will be held accountable.”

Storm and Semenov were allegedly two of the three founders of the Tornado Cash service, a cryptocurrency mixer that allowed its customers to engage in untraceable transfers of cryptocurrency. The defendants and their co-conspirators created the core features of the Tornado Cash service, paid for critical infrastructure to operate the Tornado Cash service, promoted the Tornado Cash service, and made millions of dollars in profits from operating the Tornado Cash service. The Tornado Cash service advertised to customers that it provided untraceable and anonymous financial transactions, and Storm and Semenov chose not to implement know your

customer or anti-money laundering programs as required by law. As a result, the Tornado Cash service was used to launder more than \$1 billion in criminal proceeds. Storm and Semenov knew about these money laundering transactions and received complaints and requests for help from victims of hacking and other cybercrimes.

In April and May 2022, the Tornado Cash service was allegedly used by the Lazarus Group, a sanctioned North Korean cybercrime organization, to launder hundreds of millions of dollars in hacking proceeds. Storm and Semenov knew that the Tornado Cash service they were operating was engaging in these sanctions-violating transactions. They implemented a change in the service so that they could make a public announcement that they were compliant with sanctions, but in their private chats, they agreed that this change would be ineffective. They then continued to operate the Tornado Cash service and facilitate hundreds of millions of dollars in further sanctions-violating transactions, helping the Lazarus Group to transfer criminal proceeds from a cryptocurrency wallet.

Roman Storm, 34, of Auburn, Washington, and Roman Semenov, 35, a Russian national, are each charged with one count of conspiracy to commit money laundering and one count of conspiracy to violate the International Economic Emergency Powers Act, which each carry a maximum sentence of 20 years in prison. They are also each charged with conspiracy to operate an unlicensed money transmitting business, which carries a maximum sentence of five years in prison.

The J5 works together to gather information, share intelligence and conduct coordinated operations against transnational financial crimes. The J5 includes the Australian Taxation Office, the Canada Revenue Agency, the Dutch Fiscal Information and Investigation Service, His Majesty's Revenue and Customs from the United Kingdom and IRS Criminal Investigation from the United States. For more information about the J5, please visit www.irs.gov/j5.

