



Criminal Exploitation of Digital Currencies



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Established in 2003 with the creation of the U.S. Department of Homeland Security (DHS).

One of the three components of the U.S. Immigration and Customs Enforcement (ICE).

The largest criminal investigative agency within the Department of Homeland Security (DHS). Combine legacy agencies' statutory authorities.

Over 126 domestic field offices and 72 international offices.



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Criminal Exploitation of Digital Currencies



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What is a Virtual Currency?

- An alternative financial value system involving the exchange of funds to purchase precious metals or other value base which can later be used in exchange for products and services.
- Is not registered anywhere and it is not governed by any law other than arbitration private forums.
- Personal data is not required.
- The system focuses strictly on activities of the forum.
- Information stored for two months and then permanently deleted.



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Types of Virtual Currencies

E-Currency / E-Wallets

Digital Gold

Virtual World

Virtual Games

Merchants (FB, Amazon)

Crypto-Currencies **



FeatherCoin



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- Created in 2008 by Satoshi Nakamoto
 - A purely peer-to-peer version of electronic cash would allow payments to be sent directly from one party to another without going through a financial institution....
- **Digitally created units of currency.**
- Sent from one address to another in the same way you might send cash from your bank account to a friend, but no name would be needed as part of the address.



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- Instead: human-readable strings of numbers and letters thirty-three characters length, always beginning with the digit one or three. Therefore:

175tWpb8K1S7NmH4Zx6rewF9WQrcZv245W

Might send 1.30000001 BTC to

132tQpb(K1B5NmH8Vx2rewF9AOrcKv215H

- The transaction is instantaneous and does not travel through a third party such as a bank.
- The owners of the addresses will need to keep in an account known as a **wallet** (computer or phone).



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How To Acquire Bitcoins?

Locate and download to your computer, tablet or phone a **bitcoin wallet**.



Create your wallet account (anonymity)



Used to store and transfer your crypto-currency



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How To Acquire Bitcoins?

Purchase a bitcoin from an exchanger.

A web-based platform for users to sell and buy crypto-currencies. Domestic (MSB's and BSA) and Foreign. Offer anonymity.

Send Currency to an Exchanger:

- Bank account
- PayPal
- Western Union
- Cash
- Money transmitter.



Add bitcoin to wallet.



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Buy bitcoins Sell bitcoins Post a trade Forums **NEW** Info ▾

✔ Sign up free 👤 Log in

Buy bitcoins with cash in US Dollar (USD)

LocalBitcoins.com user *jdev* wishes to sell bitcoins to you.

Price: 107.62 USD / BTC
User: [jdev](#)
(feedback score 100 %, see feedback)
Trade limits: 300 - 5000 USD
Location: [Baltimore, MD 21230, USA](#)
...or look up [other cities in United States](#)

Terms of trade with *jdev*

Contact hours: 11am-6pm Mon-Saturday

Meeting preferences: Starbucks, chipotle, or something in or around Federal Hill

How much you wish to buy?

USD 300

BTC 2.79

Send trade request

! Please [log in](#) or [sign up](#) to begin trading instantly.

Signing up is free and takes only 30 seconds.

- [Buy bitcoins online in Venezuela](#)
- [Sell bitcoins online in Venezuela](#)

Puerto Rico

Cities with cash trade (total 11)

- [San Juan](#) (4)
- [Cavey](#) (1)

Online trade

- [Buy bitcoins online in Puerto Rico](#)
- [Sell bitcoins online in Puerto Rico](#)

Palestine, State of

Cities with cash trade (total 2)

Online trade

- [Buy bitcoins online in Palestine, State of](#)
- [Sell bitcoins online in Palestine, State of](#)

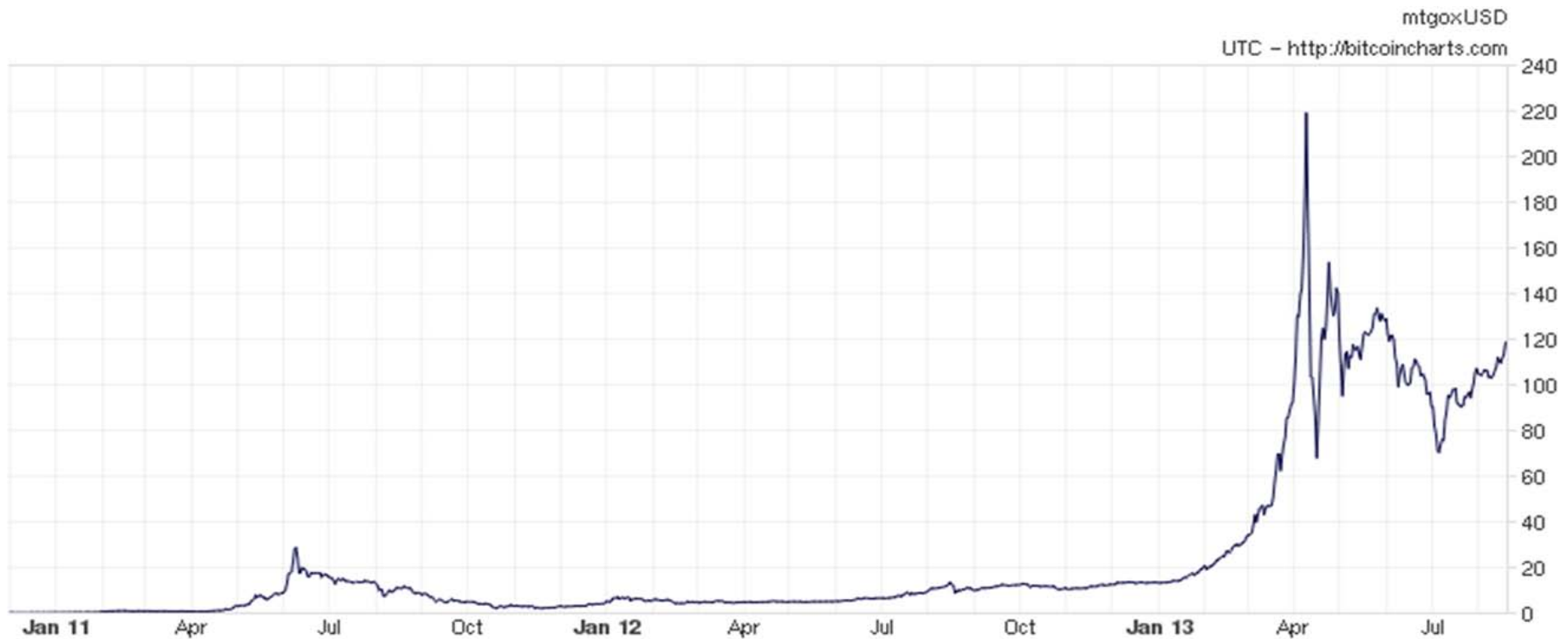


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The price of a bitcoin is determined by supply and demand. When demand for bitcoins increases, the price increases, and when demand falls, the price falls.



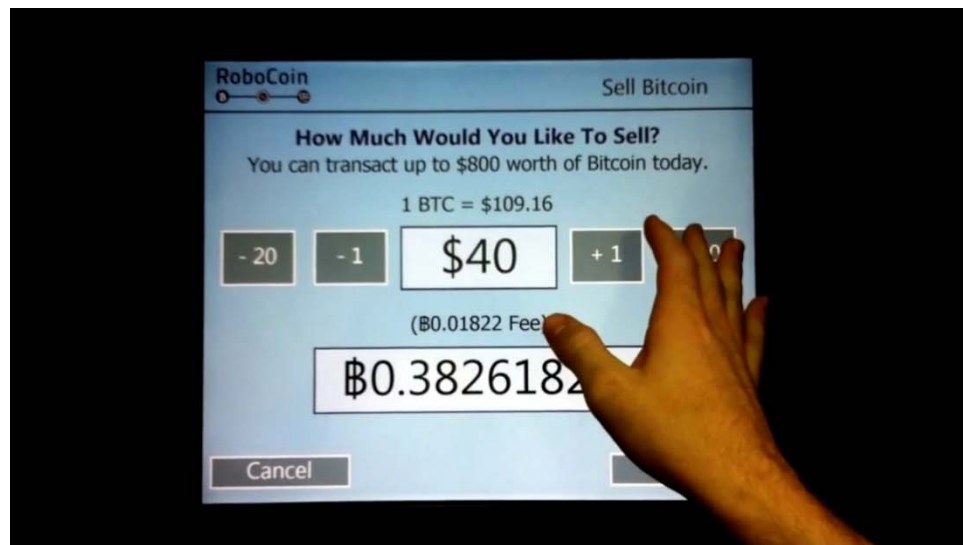
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How To Acquire Bitcoins?

The screenshot shows a Bitcoin wallet interface with two main sections: 'Send Bitcoins' and 'Request Bitcoins'. The 'Send Bitcoins' section includes fields for 'Pay to' (with a placeholder 'type address or name'), 'Amount to pay' (set to 'BTC 0.00'), and 'Fee' (set to 'BTC 0.0005'). The 'Request Bitcoins' section includes a 'Requested amount (optional)' field (set to 'BTC 1.66'), an 'Address to request to' field (containing a long alphanumeric address), and a checkbox for 'include label with address'. A QR code is displayed at the bottom right, with the text 'Have this QR-code scanned by the sender:'. At the bottom, there are 'Cancel' and 'Send' buttons.



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- Block Chain – Shared public transaction log on which the entire BTC network relies. (<http://blockchain.info>)
 - All confirmed transactions are included in the BC-Ensures verification and enforced with cryptography.
 - Every 10 minutes a new block is created and 25 BTC are released. By 2017 it will be reduced to 12.5 BTC a halved every four years until the limit of 21 million BTC is reached.



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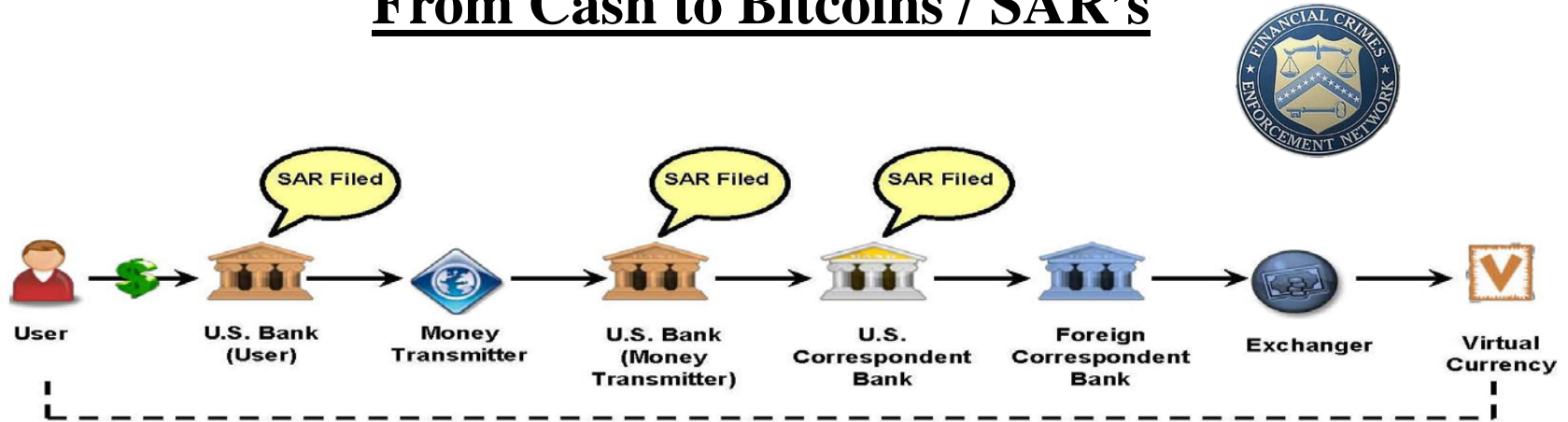
When to File a SAR?



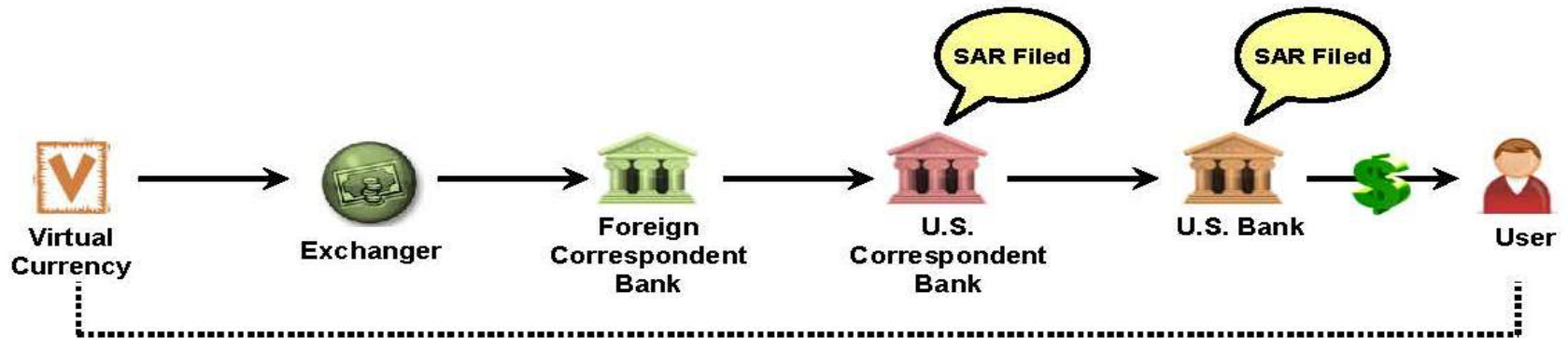
<h2>Suspicious Activity Report</h2> <p>March 2011 Previous editions will not be accepted after September 30, 2011</p>		FRB: FDIC: OCC: OTS: NCUA: TREASURY:
ALWAYS COMPLETE ENTIRE REPORT (see instructions)		
1 Check box below only if correcting a prior report. <input type="checkbox"/> Corrects Prior Report (see instruction #3 under "How to Make a Report")		
Part I		Reporting Financial Institution Information
2 Name of Financial Institution		

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From Cash to Bitcoins / SAR's



From Bitcoins to Cash / SAR's



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How Criminals Use and Exploit Crypto-Currencies Bitcoins



Instant Payment - Anywhere - Any time



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Criminal Exploitation of Crypto-Currencies

Virtual Currency Systems & Exchange Makers

“Carding”
Forums

Drug
Forums

Firearms
Forums

Child
Pornography
Forums



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How I Get into the Black Market?

STEP BY STEP GUIDE TO GETTING STARTED ON THE BLACK MARKET RELOADED.

1. Head to www.blockchain.info/wallet and click create wallet
2. Time to purchase some [bitcoins](#). Bitcoins are the [currency used](#) on TSR so head to www.mtgox.com and sign up for a free [account](#). You can come back later to buy the bitcoins once you know how many you need
3. After you've gotten a feel for what the bitcoins will cost you, its now time to access The Silk [Road](#). To do this you will need the tor browser. The tor browser provides added security to browsing and gives access to websites using the .onion extension
You can get tor from here www.torproject.org
4. With tor installed and the tor browser running, copy this link into the address bar <http://5onwnspjvuk7cwvk.onion>
Click on create user and there you go, access to The Black Market Reloaded :)



Tor

- Tor stands for “**The Onion Router**”
- Tor is free & open source software
- Originally designed by the U.S. Naval Research Laboratory for the protecting government communications
- Download from “www.torproject.org”
- Prevents anyone from learning location or browsing habits
- Tor is for web browsers, instant messaging, & remote logins
- Tor works by bouncing your communications around a distributed network of relays run by volunteers



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Home

About Tor

Documentation

Anonymity Online

Protect your privacy. Defend yourself against network surveillance and traffic analysis.



Download Tor

- Tor prevents anyone from learning your location or browsing habits.
- Tor is for web browsers, instant messaging clients, remote logins, and more.
- Tor is free and open source for Windows, Mac, Linux/Unix, and Android

What is Tor?

Tor is free software and an open network that helps you defend against a form of network surveillance that threatens personal freedom and privacy, confidential business activities and relationships, and state security known as [traffic analysis](#)

[Learn more about Tor »](#)

Why Anonymity Matters

Tor protects you by bouncing your communications around a distributed network of relays run by volunteers all around the world: it prevents somebody watching your Internet connection from learning what sites you visit, and it prevents the sites you visit from learning your physical location. Tor works with many of your existing applications, including web browsers, instant messaging clients, remote login, and other applications based on the TCP protocol.

[Get involved with Tor »](#)

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Carding Forums

Forum

New Posts FAQ Calendar Community Forum Actions Quick Links

Forum

If this is your first visit, be sure to check out the [FAQ](#) by clicking the link above. You may have to [register](#) before you can post: click the register link above to proceed. To start viewing messages, select the forum that you want to visit from the selection below.

PAKbugs
Welcome to the PAKbugs.

	Threads / Posts	Last Post
PakBugs Official Black Market (Darkmarket.Iv) Buy and Sell 0days , Exploits , Server Access , Credit Cards , accounts , dumps , bank login , Cw , Fullz , paypal etc Here..		
PakBugs Official Credit Card Selling Shop Buy CVV and fullz here each Credit card for 2\$ Spacial Offer for 8 days ...		
PakBugs Office		
PakBugs Announcements Read About Latest At PakBugs	Threads: 18 Posts: 163	Soneri Bank's Online banking... by Xploiter 03-07-2013, 06:32 PM



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Drug Forums

The screenshot shows the Silk Road forums website. At the top, it says "Silk Road forums - Index". Below that, there's a navigation bar with "Home", "Help", "Search", "Login", and "Register". The main content area is titled "Silk Road forums" and features a "Discussion" section with a list of categories and their respective post and topic counts. The categories include:

- Silk Road discussion**: 87213 Posts, 5953 Topics
- Security**: 67271 Posts, 6920 Topics
- Legal**: 154 Posts, 13 Topics
- Shipping**: 34383 Posts, 3316 Topics
- Drug safety**: 47403 Posts, 3826 Topics
- Philosophy, Economics and Justice**: 10368 Posts, 483 Topics
- Off topic**: 135048 Posts, 7815 Topics
- Newbie discussion**: 344283 Posts, 15437 Topics

The screenshot shows the Silk Road anonymous market website. At the top, it says "Silk Road anonymous market" and "messages 0 | orders 0 | account \$2,206.26". Below that, there's a search bar and a "Go" button. The main content area is titled "Shop by Category" and features a list of categories and their respective item counts. The categories include:

- Drugs**: 8,713
- Apparel**: 347
- Art**: 2
- Biotic materials**: 2
- Books**: 910
- Collectibles**: 14
- Computer equipment**: 77
- Custom Orders**: 78
- Digital goods**: 650
- Drug paraphernalia**: 363
- Electronics**: 101
- Erotica**: 626
- Fireworks**: 7
- Food**: 8
- Forgeries**: 158
- Hardware**: 25
- Herbs & Supplements**: 7
- Home & Garden**: 13
- Jewelry**: 89
- Lab Supplies**: 51
- Lotteries & games**: 48
- Medical**: 36
- Money**: 173
- Musical instruments**: 3
- Packaging**: 50
- Services**: 76
- Tickets**: 2
- Weight loss**: 54
- Writing**: 2

The main content area also features a grid of product listings with images, descriptions, and prices. The products include:

- Andriolic (British Disp.)**: 100 tabs x 50mg, \$130.95
- HIGH GRADE WEED ***new*** (56g) BUDWORX**: \$337.90
- HIGH GRADE WEED (NOT SKUNK/BUD) 100G**: \$783.10
- Suboxone Strips 8mg/2mg**: \$22.00
- COCAINE 1G**: \$105.96
- 5g MDMA 82%+ High Quality -Made in Germany-**: \$261.28
- 30mg Oxycodone (15)**: \$415.00
- 0.5G MDMA 87% Purity . TOP PRODUCT!**: \$25.31
- 2x Subutex 8mg buprenorphine tablets**: \$65.85
- 1 LSD Blotter**: \$12.10
- 25g Black Tar Heroin [High Quality Free Shipping]**: \$40.61
- Honeycomb - 95% MEDICAL PURE THC- 1G (Blue**: \$125.53

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The image shows a screenshot of the Atlantis Virtual Black Market website. The website has a dark header with navigation links: support, Shop, Inbox (20), Orders (0), and Sell. A search bar and a currency indicator (1.00 LTC) are also visible. The main content area features a grid of product listings, including items like 'ALICE', 'CARTEL', and 'PUNKS DRUG STORE'. A large blue promotional overlay is centered on the page, featuring a cartoon character in a white suit and sunglasses. The overlay contains the following text:

IT IS THE WORLD'S BEST ANONYMOUS ONLINE DRUG MARKETPLACE

- ✓ FREE SIGN UP
- ✓ NO FEES FOR PURCHASES
- ✓ DOMESTIC & INTERNATIONAL
- ✓ NEXT DAY DELIVERY
- ✓ EBAY STYLE FEEDBACK SYSTEM

Below the overlay, a caption reads: "A still from a promotional video released by Atlantis, a drug sales site that uses tools like Tor and Bitcoin to hide users' identities. The ad has since been removed from YouTube."



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Weapons Forums



THE ARMORY



Welcome [redacted] | messages(0) | orders(0) | account(\$0.00) | settings | log out

search | (0)

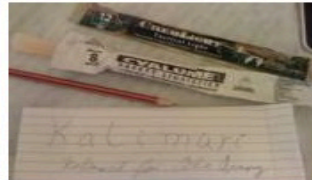
Shop by category:

- Firearms(49)
- Handguns(30)
- Rifles(5)
- Shotguns(2)
- Submachine guns(1)
- Accessories(10)
- Ammunition(34)
- Explosives(4)
- Guides(45)
- Melee(8)
- Non-Lethal(11)



Plasic knife

\$0.44



US Army Tactical Lights

\$2.86



HollowPoint (The Armor
S&W Smith & Wesson 500...

\$186.55



.357 Magnum Federal JHP
125gr...

\$10.96



TASCO Red Dot Scope
Picatinny...

\$17.01



9mm BVAC JHP 115 Grain
1000 Round...

\$193.06

News:

- The Armory opens for business!

[become a seller](#) | [how does it work?](#) | [community forums](#) | [contact us](#)



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HSI's Investigative Approach to Crypto-Currencies

1. Build the capacity of field agents to identify virtual currency exchangers and online black markets.
2. Exploit the financial angle and employ financial investigative tools in all HSI investigations, to include cyber enabled crime.
3. Coordinate Anti-Money Laundering regulations related to virtual currency with FinCEN and Treasury.
4. Engage HSI International Operations Attachés to leverage international counterparts and multilateral organizations to create enforcement actions against and regulate virtual currency exchangers.
5. Continue to enhance HSI's engagement with academia and subject matter experts in an effort to develop tools and capabilities to combat TCO's who hide behind online anonymity.



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The Real Exploit of Crypto-Currencies & Bitcoins

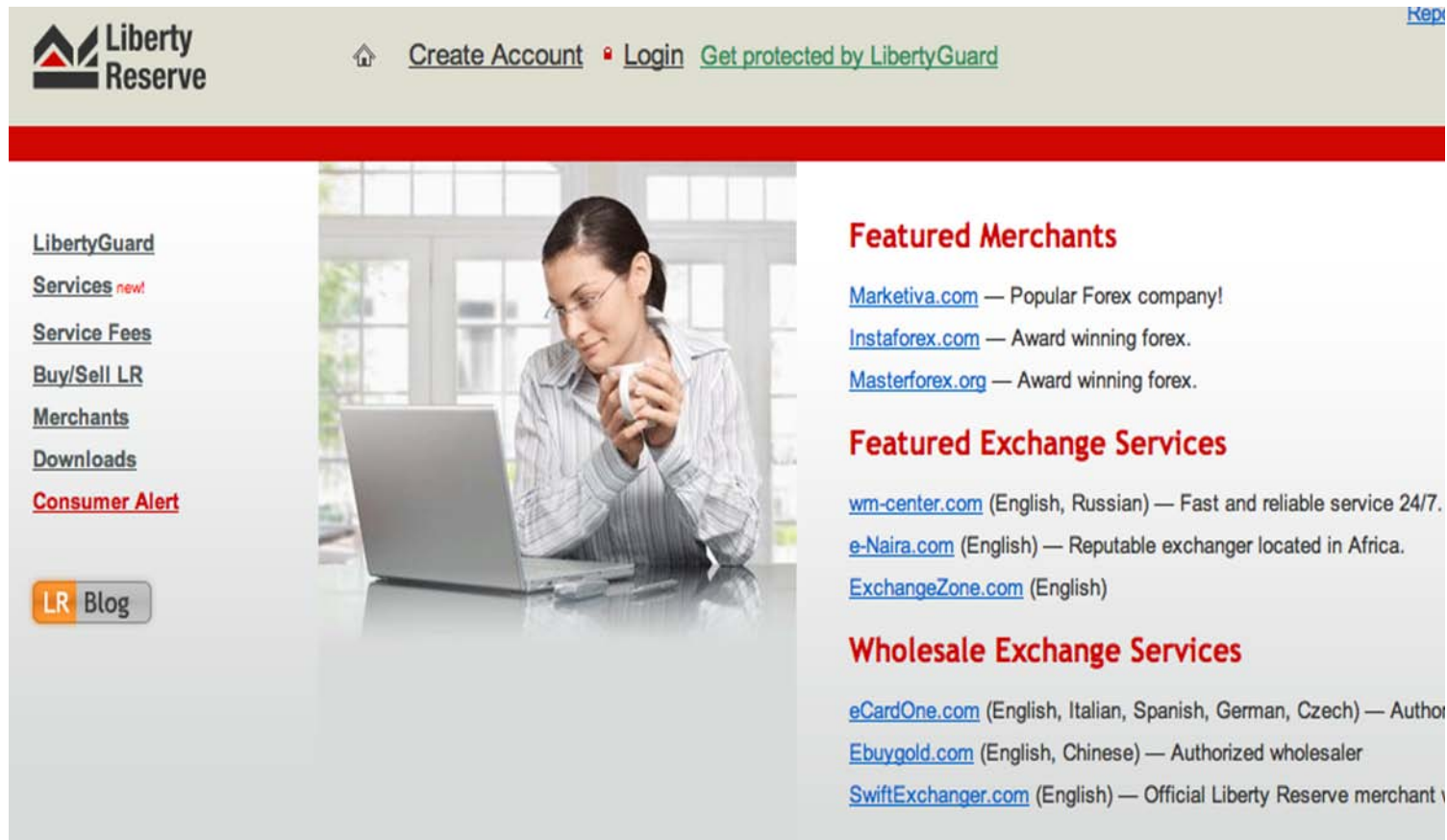


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Liberty Reserve Case Study



The screenshot shows the Liberty Reserve website. At the top left is the Liberty Reserve logo. To its right are navigation links: a home icon, [Create Account](#), [Login](#), and [Get protected by LibertyGuard](#). A red horizontal bar is below the navigation. On the left side, there is a vertical menu with links: [LibertyGuard](#), [Services](#) (with a 'new!' tag), [Service Fees](#), [Buy/Sell LR](#), [Merchants](#), [Downloads](#), and [Consumer Alert](#). Below the menu is an 'LR Blog' button. In the center is a photograph of a woman with glasses sitting at a desk, looking at a laptop while holding a white mug. On the right side, there are three sections: 'Featured Merchants' with links to [Marketiva.com](#), [Instaforex.com](#), and [Masterforex.org](#); 'Featured Exchange Services' with links to [wm-center.com](#), [e-Naira.com](#), and [ExchangeZone.com](#); and 'Wholesale Exchange Services' with links to [eCardOne.com](#), [Ebuygold.com](#), and [SwiftExchanger.com](#).



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- Established in Costa Rica on May 8th, 2006 by Arthur Budovsky and others.
- Centralized digital currency service that allowed users to register and transfer money to other users with only a name, e-mail address, and birth date. No verification. **For .75\$ cents the user can hide his/her account information.**
- Deposits made to third-parties (exchangers located in Russia, Nigeria and Vietnam) using a credit card or bankwire, among other deposit options. NOT DIRECTLY to Liberty Reserve.
- Deposited funds were "converted" into Liberty Reserve Dollars or Liberty Reserve Euros, which were tied to the value of the US dollar and the euro or to ounces of gold.
- No limits were placed on transaction sizes. They charged a small fee, about 1% on each transfer. Offered shopping cart functionality and other merchant services.



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The Merchants at Liberty Reserve

- 19 of merchants involved in **selling stolen credit card data or personal identification information**
- 7 Websites involved in **fraudulent investment or gambling operations**
- 5 websites were **“privacy” and “security” services** used by cybercriminals
- 2 websites were **pre-paid credit/debit card sites**



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Dollar Amount of Liberty Reserve Activity

- \$6 Billion dollars laundered
- 55 million transactions
- 1 million users



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End Result...

Indictment charges the seven principal employees, as well as Liberty Reserve itself, with money laundering and operating an unlicensed money transmitting business. The charges were leveled using a provision of the U.S. Patriot Act, since Liberty Reserve was not an American company.



THIS DOMAIN NAME HAS BEEN SEIZED
by the United States Global Illicit Financial Team
in accordance with a seizure warrant obtained by the
United States Attorney's Office for the Southern District of New York
and issued pursuant to 18 U.S.C. § 982(a)(1) by the
United States District Court for the Southern District of New York.

**Owner of LibertyReserve.com
Arthur Budovsky Belanchuk**



**ARRESTED IN SPAIN
MILLIONS OF DOLLARS LOST!**



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Silk Road Case Study



Silk Road
anonymous marketplace



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What is Silk Road?

- Silk Road is a website located on the on an encrypted network **Tor** . Founded by Ross William Ulbricht AKA Dread Pirate Robert (DPR)



- The website is a digital black market that allows users to purchase illegal drugs using anonymity technology and utilizing a sophisticated user-feedback system like eBay.



- The only currency allowed on Silk Road to be exchanged for drugs/contraband are **bitcoins**. SR profited charging a fee for each transaction.



**Silk
Road**

anonymous marketplace



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Who are the players on Silk Road?



Operators of Silk Road
(Admin and Mods)



SR Vendors



SR Drug Users/Buyers

+150,000 User accounts on Silk
Road (2012)

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Mt. Gox Seizure - \$5,032,921

- During the course of investigation Mt. Gox was identified as the Silk Road money exchanger and conducting business as a Money Service Business (MSB). Mt. Gox is the largest BTC Exchange (80%)
- Baltimore Silk Road Task Force executed 3 Federal seizure warrants (Wells Fargo Bank and Dwolla)
- On May 9, 2013 USSS/Baltimore SR Task Force seized **\$2,117,414**
- On May 14, 2013, HSI Baltimore seized **\$2,915,507**



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Key Points regarding Silk Road

- Estimated \$1.2 billion in transactions on Silk Road
- Over +950,000 user accounts registered
- The largest trafficked website on Tor
- All types of contraband were sold on SR (Firearms, explosives, fraudulent IDs, stolen CC info, & IPR)



**Silk
Road**

anonymous marketplace



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Indictment of DPR

On May 1, 2013 JOHN DOE aka DREAD PIRATE ROBERTS was indicted in the by District of Maryland for Use of Interstate Commerce Facilities in Commission of Murder-for-Hire; Conspiracy to Distribute a Controlled Substance; Attempted Witness Murder; Aiding and Abetting

Still Ongoing...

Bitcoin Exchange CEO Arrested for Aiding Silk Road Drug Site

HDTVS
By Chloe Albanesius January 28, 2014 05:37pm EST 2 Comments



The CEO of a bitcoin exchange and a bitcoin exchanger were arrested this week for their alleged involvement in the black market Internet site Silk Road, the Manhattan U.S. Attorney [announced](#) this week.

Charlie Shrem, 24, who ran BitInstant from 2011 to 2013, is charged with running a scheme that provided over \$1 million in bitcoins to users of Silk Road, which the feds [shut down in October](#).

Robert M. Faiella, 52, an underground Bitcoin exchanger who went by BTCKing, is accused of running an underground bitcoin exchange on Silk

Road from Dec. 2011 to Oct. 2013, selling bitcoins to those looking to buy drugs on the site anonymously.



3 new arrests in Silk Road case

By James O'Toole @jotoole December 20, 2013, 6:07 PM ET



messages(0) | orders(0) | acc

Shop by category:
Cannabis(203)
Ecstasy(35)
Psychedelics(127)
Opioids(39)
Stimulants(68)
Dissociatives(9)
Other(197)
Benzos(43)

1 hit of LSD
(blotter)
\$0.58

1/8 oz high
quality cannabis
\$2.05

1 g pure MDMA
(white)
\$1.28

Step-by-step:
1. Get anonymous money
2. Buy something here
3. Enjoy it when it arrives!
Vacation mode. Important info for sellers...

recent feedback:

seller	rating	feedback
1UP of Canada(97)	4 of 5	amazing weed, the only reason this is not a 5 is because the package was so tightly double vacuum sea flattened, which I know is necessary for security but it still decreases quality
CaliforniaSunrise	5 of 5	Fast shipping, Nice packaging, I haven't tried the chocolate yet, but it looks tasty! Smooth transaction.
Roek	5 of 5	all good! thanks so much!
illy	5 of 5	Very friendly, Fast Shipping, Great packaging.
somatik	5 of 5	Order arrived quickly and as described. Thanks!
gamely54	5 of 5	No issue at all, I officially recommend this seller. Now go forth and purchase from him!
mellowyellow	5 of 5	Item arrived quickly and as described, good communication. This guy's legit.
dirtyzuff(100)	5 of 5	looks good

FRESH CREATIVE COMMUNITY

3

TOTAL SHARES

3

NEW YORK (CNNMoney)

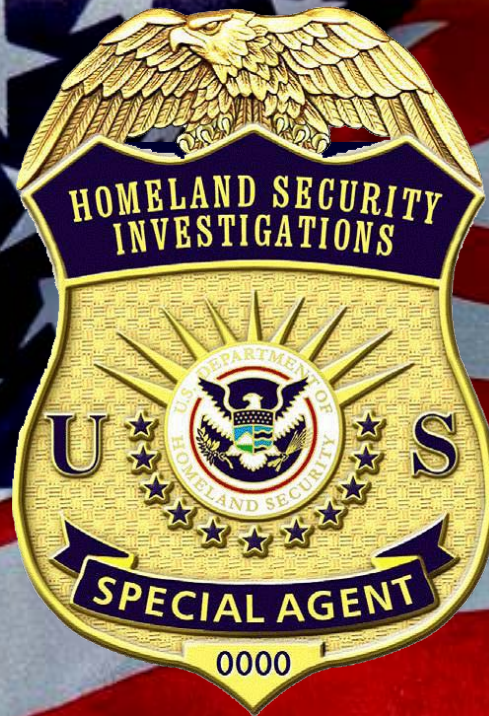
Federal authorities have announced new charges against three men allegedly assoc market.

An indictment unsealed this week in New York accuses the trio of helping to operate **October** that offered an anonymous place to buy drugs, weapons and other illicit pro



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Forging a New Legacy

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Illicit Finance and Proceeds of Crime Unit

The Exploitation of Interstate Funnel Accounts

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Interstate Funnel Account Evolution

Dramatic increase of suspicious activity reports (SARs) concerning interstate funnel account usage:

- In 2008, banks filed approximately **1,000** SARs which denote funnel account activity in the U.S.
- That figure steadily increased to over **15,188** SARs filed in 2011.
- A check of SAR filings on funnel accounts in the past six months, from November 2012 until May 2013, yielded over **12,000** results.

According to AML officials, interstate funnel accounts are the **second most generated SAR, behind structuring.**



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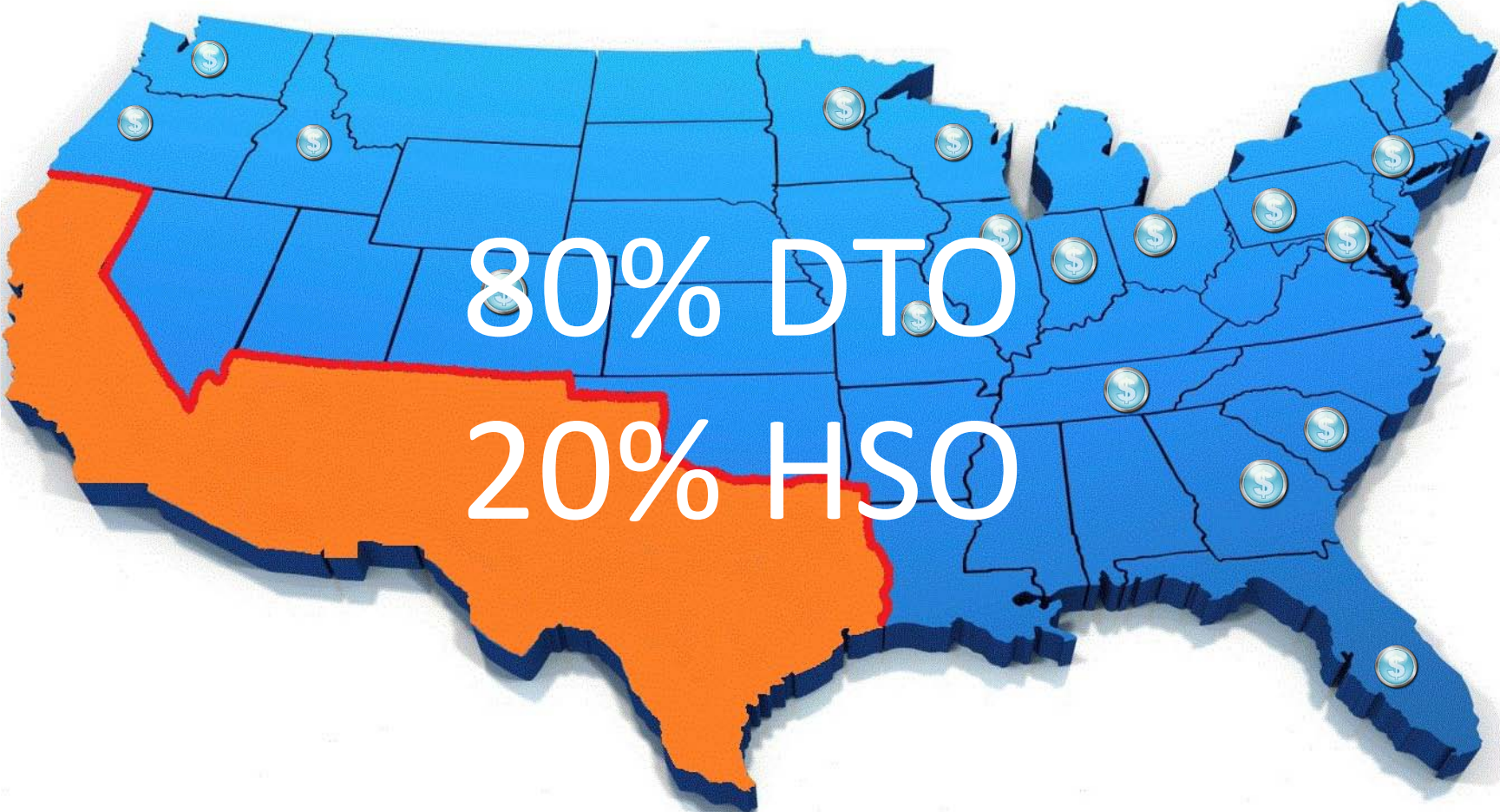
Interstate Funnel Account Definition

Interstate Funnel Account is defined as a bank account opened/held by a nominee that receives **cash deposits** from an out of state, unidentified third party that are readily available for withdrawal from the domiciled account.



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Interstate Funnel Account SAR Activity



80% DTO
20% HSO



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Benefits of Interstate Funnel Accounts

Rapid movement of funds for little or no cost

Deposits lower denominations while withdrawals are for high denominations

Criminal organizations avoid highway, airport and parcel interdiction

Withdrawals are free from narcotic smells or residues, less likely to be identified by K-9

More secure than smuggled cash



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Interstate Funnel Accounts



Criminal Organization Account Manager

Contacts Depositors (Phone, text message, email, etc.)



Anonymous Depositor



Anonymous Depositor

Funds are ultimately transferred to Mexico (BCS or wire transfer) to further conspiracy



Straw Account Holder withdraws and delivers the funds to Account Manager.

Bank Account #: x-1234



Funnel Account Holder



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Gilberto Figueroa Rios

Section Chief

Financial, Narcotics and Special Operations Division

Illicit Finance and Proceeds of Crime Unit

500 12th St. SW

Washington DC 20536

Tel. 202-732-5788 desk

202-271-8147 cell

Gilberto.figueroa-rios@ice.dhs.gov

San Juan Field Office 787-729-6969



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Thank You!!!

Protecting the Borders Against Illicit Trade, Travel, and Finance