

Federal agents accused of stealing \$1M in online currency (Update)

March 30 2015, by Kristin J. Bender And Paul Elias

Two former federal agents are accused of using their positions and savvy computer skills to siphon more than \$1 million in digital currency from the illegal black market Silk Road website while they and their agencies were operating an undercover investigation of the online drug bazaar.

The pair appears to have acted independently of one another while using sophisticated encryption software, inside knowledge of the investigation and complex offshore banking transfers of digital money called bitcoins and U.S. currency.

Former Drug Enforcement Administration agent Carl M. Force, 46, was arrested Friday in Baltimore and remained in custody Monday after being charged with wire fraud, theft of government property, money laundering and conflict of interest.

Former U.S. Secret Service special agent Shaun W. Bridges, 32, of Laurel, Maryland, appeared in federal court in San Francisco and remains free on \$500,000 bond after being charged with wire fraud and money laundering.

The two former agents appeared to have operated independently of one another in allegedly stealing electronic money known as bitcoins from the same investigation.

Force was the lead investigator of one aspect of the multiagency and multistate investigation of Silk Road and its now-convicted operator

Ross Ulbricht, who used the online name "Dread Pirate Roberts."

Force worked undercover and convinced Silk Road's operator that he was a drug smuggler with global underworld connections. Force, using the online pseudonym "Nob" communicated with the Dread Pirate Roberts using "pretty good privacy" encryption software and obtained hundreds of thousands of dollars in bitcoin payments as part of a sting operation sanctioned by his supervisors. But Force is charged with failing to report many of the communications and payments and funneling money received from Silk Road to private accounts.

Force is also accused of creating a new online persona known as "French Maid" without his supervisors' knowledge. Force is charged with using the French Maid moniker to sell inside information to Silk Road about the investigation into the website. Court records accuse Force of stealing more than \$200,000 from Silk Road during the federal investigation of the site.

Force is also charged with accepting a position as chief compliance officer for a bitcoin company while serving with the DEA. Force is accused of using his DEA position to seize a customer's \$297,000 account and transferring it to his private account. Force resigned from the DEA last year after a 15 year career, according to court records.

His attorney Ivan Bates didn't return a phone call.

Bridges, meanwhile, is charged with using information gleaned during the investigation to hack into the site and steal \$800,000 in January 2013. Bridges served on a special U.S. Secret Service electronic crimes task force and was the technological expert for the Silk Road investigation.

Bridges, 32, sat in on a debriefing of a Silk Road employee cooperating

with the probe who gave investigators passwords to access the site as administrators. He is accused of leaving that meeting early and using the information supplied by the employee to access Silk Road's finances and funnel the \$800,000 to private accounts. Bridges "abruptly" resigned on March 18 after a six-year career with the Secret Service, court documents show.

Federal authorities arrested Ulbricht in San Francisco in October 2013 and shuttered the site. A federal jury convicted Ulbricht of seven charges, including running a continuing criminal enterprise, narcotics trafficking, money laundering and computer hacking. Ulbricht faces 30 years in prison and is scheduled to be sentenced May 15.

Cybersecurity experts said corruption on the Internet appears to be uncommon because there are few law enforcement agents who have the skills to carry out the type of fraud Force and Bridges are accused of committing.

J.J. Thompson, chief executive officer of Rook Security, an Indianapolis-based computer security company, said that as more people officers learn the skills, cases of corruption are likely to increase.

"It's really easy to create opportunity in the cyberworld because there are few people to hold you accountable," Thompson said.

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