

# Australia to sell bitcoins confiscated as proceeds of crime

May 31 2016, by Rod McGuirk

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In this April 7, 2014 file photo, Bitcoin logos are displayed at the Inside Bitcoins conference and trade show in New York. About \$13 million in bitcoins will be auctioned in Sydney in June after Australian police confiscated the digital currency as proceeds of crime, an official said Tuesday, May 31, 2016. (AP Photo/Mark Lennihan, File)

About \$13 million in bitcoins will be auctioned in Sydney in June after Australian police confiscated the digital currency as proceeds of crime, an official said Tuesday.

Ernst & Young was running the process, which is only the second such bitcoin auction in the world after the U.S. Marshals Service sold 144,000 [bitcoins](#) over a two-year period that had been confiscated from Ross Ulbricht, who founded the online drug bazaar Silk Road, the accountancy firm's transaction partner Adam Nikitins said.

Bidders can register until June 7 for the 24,518 bitcoins on offer. The 48-hour sealed auction will take place from June 20.

Based on Tuesday's bitcoin price of \$533.80, the cryptocurrency is valued at almost \$13.1 million.

Nikitins expects strong interest in the auction since the bitcoin price has become less volatile after the U.S. auctions. Ernst & Young has received expressions of interest from the United States, Europe and Australia, he said.

"Over the last few months, the price of bitcoins has been steadily rising and the volatility has gone out of it," said Nikitins, adding that was expected to lead to greater interest.

Nikitins would not say who the bitcoins were confiscated from, but said registered bidders would be told.

The Victoria state government has confirmed that it had seized about 24,500 bitcoins in late 2013 from a Melbourne drug dealer.

Richard Pollard, 32, was sentenced in the Melbourne County Court in October to 11 years in prison after pleading guilty to drug trafficking on the Silk Road website.

Ulbricht, 32, was sentenced in the U.S. District Court in May last year to life in prison after he was convicted of charges accusing him of

operating the website for nearly three years from 2011 until his 2013 arrest.

Like the U.S. [auction](#), the Australian bitcoins will be mostly sold in lots of 2,000. One lot will contain 2,518.

Bitcoin is a [digital currency](#) that allows people to buy goods and services and exchange money without involving banks, credit card issuers or other third parties. The coins are created by users who "mine" them by lending computing power to verify other users' transactions, receiving bitcoins in exchange.

Bitcoins also can be bought and sold on exchanges with U.S. dollars and other currencies. Their value has fluctuated over time. At its height in late 2013, a single bitcoin was valued above \$1,100.

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