

Bitcoin heist: 600 powerful computers stolen in Iceland

March 2 2018, by Egill Bjarnason



In this Dec. 8, 2017, file photo, coins are displayed next to a Bitcoin ATM in Hong Kong. The IRS says that cryptocurrency transactions are taxable by law. That means people who made money (or lost it) on Bitcoin trades, "mined" Ethereum or even bought a cup of coffee with digital currency face potential tax implications. Failure to report it could mean potential audits, fines and penalties. (AP Photo/Kin Cheung, File)

Some 600 computers used to "mine" bitcoin and other virtual currencies

have been stolen from data centers in Iceland in what police say is the biggest series of thefts ever in the North Atlantic island nation.

Some 11 people were arrested, including a security guard, in what Icelandic media have dubbed the "Big Bitcoin Heist." A judge at the Reykjanes District Court on Friday ordered two people to remain in custody.

The powerful computers, which have not yet been found, are worth almost \$2 million. But if the stolen equipment is used for its original purpose—to create new bitcoins—the thieves could turn a massive profit in an untraceable currency without ever selling the items.

"This is a grand theft on a scale unseen before," said Olafur Helgi Kjartansson, the police commissioner on the southwestern Reykjanes peninsula, where two of the burglaries took place. "Everything points to this being a highly organized crime."

Three of four burglaries took place in December and a fourth took place in January, but authorities did not make the news public earlier in hopes of tracking down the thieves.

Bitcoin is a kind of digital money that isn't tied to a bank or a government. It has been hugely volatile, posting some dizzying intra-day rises and falls over the past year or so. The price of a single [bitcoin](#) rocketed to nearly \$20,000 late last year and then plunged early this year. On Friday, it was trading just below the \$11,000 mark.

Bitcoin and other cryptocurrencies rely on the blockchain, the name given to the public, distributed ledgers which track the coins' ownership. The Bitcoin ledger is powered by "miners," so-called because they throw computational power into the system, occasionally receiving—or "mining"—new bitcoins in return. Drumming up that [computational](#)

[power](#) usually means lots of computers—and thus lots of electricity.

That desire for energy has created a gold rush for bitcoin in Iceland. Traders searching for cheap, renewable energy have been flooding into the island in recent months to take advantage of its geothermal and hydroelectric power plants.

Police tracking the stolen computers are monitoring electric consumption across the country in hopes the thieves will show their hand, according to an industry source who spoke on condition of anonymity because he is not allowed to speak to the media.

Unusually high energy usage might reveal the whereabouts of the illegal bitcoin mine.

Authorities this week called on local internet providers, electricians and storage space units to report any unusual requests for power.

In Edinburgh on Friday, Bank of England Governor Mark Carney launched a withering attack on cryptocurrencies such as bitcoin and urged regulators around the world to monitor them in the same way as other financial assets.

In a speech to the Scottish Economics conference, Carney said a "global speculative mania" has "encouraged a proliferation of new cryptocurrencies" and said they should be held to the "same standards" as the rest of the financial system.

"Being part of the financial system brings enormous privileges, but with them great responsibilities," Carney said.

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