

Founder of online underworld bank gets 20 years in prison

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The founder of an online underworld bank that allegedly laundered billions of dollars for criminals was sentenced Friday to 20 years in prison.

Arthur Budovsky, 42, had pleaded guilty to one count of conspiring to commit [money laundering](#) on January 29, three days before the scheduled start of his trial in New York.

He was also ordered to pay a \$500,000 fine by US District Judge Denise L. Cote, who noted that Budovsky did not express any "genuine remorse".

"The significant sentence handed down today shows that money laundering through the use of virtual currencies is still money laundering, and that online crime is still crime," Assistant Attorney General Leslie R. Caldwell for the Justice Department's Criminal Division said in a statement.

"Liberty Reserve founder Arthur Budovsky ran a digital currency empire built expressly to facilitate money laundering on a massive scale for criminals around the globe," US Attorney Preet Bharara for the Southern District of New York was quoted as saying.

Prosecutors said Costa Rica-based Liberty Reserve operated an alternative digital currency that helped cyber criminals around the world distribute, store and launder the proceeds of illegal activity.

The company was a "financial hub" for Ponzi scheme operators, credit card traffickers, identity thieves, hackers and other criminals, authorities said.

The system became operational in 2005. By the time it was shut down in 2013, Liberty Reserve had more than 5.5 million user accounts, including more than 600,000 in the United States, the US Department of Justice said.

Overall, it had processed more than 78 million financial transactions with a combined value of more than \$8 billion.

The digital exchange mechanism, which allowed depositors to mask their identities, was similar to Bitcoin and other digital currencies.

Budovsky, who was arrested in Spain in May 2013, had renounced his US citizenship and acquired Costa Rica nationality in an apparent bid to avoid prosecution.

As part of his plea agreement, Budovsky admitted to laundering between \$250 million and \$550 million in criminal proceeds linked to US-based Liberty Reserve accounts.

Six other people with ties to Liberty Reserve face charges in the case that involved police and investigators from 17 countries.

Co-defendants Maxim Chukharev and Mark Marmilev, who also pleaded guilty, were sentenced to three and five years respectively.

Two others are set to be sentenced on May 13, while another two remain at large.

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