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Crypto Chronicle

'We are cops.
We generally don't pay ransoms'

Sheriff Todd Bracket, Maine

Cyber criminals who have forced US hospitals, schools and cities to pay hundreds of millions in blackmail or see their computer files destroyed are now targeting the unlikeliest group of victims , local police departments. Five in the State of Maine recently. Successfully.

During the last twelve months the *Crypto Chronicle* regularly featured articles outlining how digital currency is used when computer systems are hacked around the world, and across the United States.
Eastern European hackers are hitting law enforcement agencies nationwide and across Europe with so-called "ransomware" viruses that seize control of a computer system's files and encrypt them.

The hackers then hold the files hostage if the victims don't pay a ransom online with untraceable digital currency known as Bitcoins, victims have to pay up and get their data back. Anonymously.

IN THIS SPECIAL ANNUAL TRAINING EDITION OF THE CRYPTO CHRONICLE

MEET THE FEDERAL PROSECUTOR WHO REALLY UNDERSTANDS DIGITAL CURRENCY AND BITCOIN AND GETS RESULTS. *PAGE 3*

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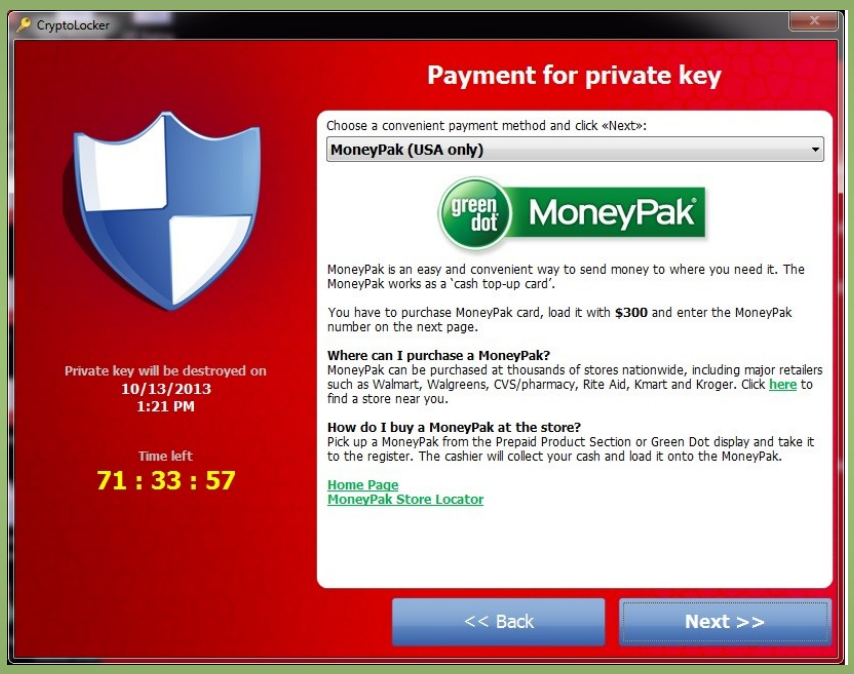
RANSOMWARE STORY. CONTINUED FROM FRONT PAGE.

They try to maximize panic with the elements of a real-life hostage crisis, including ransom notes and countdown clocks.If a ransom is paid, the victim gets an emailed "decryption key" that unlocks the system.



If the victim won't pay, the hackers threaten to delete the files, which they did last year to departments in Alabama and New Hampshire.

That means evidence from open cases could be lost or altered, and violent criminals could go free.

Since 2013, hackers have hit departments in at least seven states.

Last year, five police and sheriff's departments in Maine were locked out of their records management systems by hackers demanding ransoms.

Ransomware crimes on all U.S. targets are soaring. In just the first three months of 2016, attacks increased tenfold over the total entire previous year, costing victims more than $200 million. Authorities stress that this number only represents known attacks. One federal law enforcement official told NBC News that the "large majority" of attacks go unreported.

The viruses - most of which come from Russia and Eastern Europe — are typically so impenetrable that even FBI agents have at times advised victims to just pay up and get their data back.

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PREETINDER SINGH 'PREET' BHARA IS THE FEDERAL PROSECUTOR FOR THE SOUTHERN DISTRICT OF NEW YORK.

Earning a reputation of a "Crusader" prosecutor, his office has prosecuted diplomats , nearly 100 Wall Street executives, and reached historic settlements and fines with the four largest US banks and closed multi billion dollar hedge funds.

In the last decade he successfully prosecuted Silk Road defendant , ROSS ULBRICH and specialized in a number of digital currency trials.

PNLTFA PRESIDENT, TEYA DYAN HAS BEEN CORRESPONDING WITH PREET BAHARA'S NEW YORK OFFICE SINCE 2015.

MEET PREET BAHARA.

A FEDERAL PROSECUTOR WHO UNDERSTANDS BITCOIN AND DIGITAL CURRENCY AND GETS RESULTS.

On Friday, 26th October, 2013, New York U.S. Attorney Preet Bharara announced the seizure of **$28 million in bitcoins** that belonged to Ross Ulbricht, the alleged owner of Silk Road, an infamous online drug marketplace.

31 year old Ulbricht, creator of the under-ground website Silk Road, which let users anonymously buy and sell anything from drugs to hacking tutorials, was sentenced on 29th May 2015 to **life imprisonment**, after a tearful plea for leniency.

On Monday 9th May 2016, the founder of digital currency service, Liberty Reserve was sentenced to 20 years in prison in Bahara's Manhattan Federal Court. Arthur Budovsky pleaded guilty to conspiring to commit money laundering. Bahara said many of his clients had been cyber criminals who had sought to move funds anonymously. The US Justice Department claimed the scheme had been used to process **78 million transactions** with a value of **$8 Billion**.

The featured prosecutions are examples of Bahara's commitment to prosecuting digital currency offenders.

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Australian entrepreneur **Craig Wright** has publicly identified himself as Bitcoin creator Satoshi Nakamoto.

His admission follows years of speculation about who came up with the original ideas underlying the digital cash system.

Mr. Wright has provided technical proof to back up his claim using coins known to be owned by Bitcoin's creator.

Prominent members of the Bitcoin community and its core development team remain skeptical.

Blockchain advocates believe that the technology behind Bitcoin is the future of transparency, not secrecy.

Bitcoin's crucial innovation is a distributed public ledger, known as a "blockchain," that builds trust in a decentralized manner. Rather than relying on a single trusted source like a bank or clearinghouse, the blockchain defers to a decentralized swarm of machines.

These computers verify transactions on the system. This network creates safety through redundancy, based on the consensus calculations of many machines.
So, thanks to the decentralization and strong cryptography, dishonest dealers cannot go back and alter historical transaction records.

THE CRYPTO CHRONICLE IS PRODUCED EVERY MONTH FOR PNLTFA MEMBERS BY THE DIGITAL CURRENCY TEAM.
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RECENT STUDY SHOWS THAT 44% OF GERMANS KNOW ABOUT BITCOIN