



PNLTFA

established in 1989

Crypto Chronicle

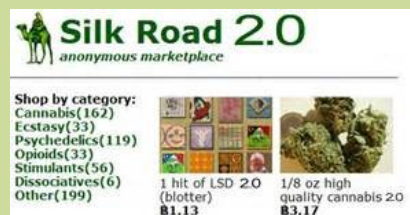
MONTHLY NEWSLETTER FOR MEMBERS OF PNLTF
BY THE DIGITAL CURRENCY TEAM

JULY 2016



BELLEVUE, WA MAN SENTENCED TO 8 YEARS IN FEDERAL PRISON FOR HIS PART IN SILK ROAD 2

Bellevue based Silk Road
2 key player, Brian Farrell



Silk Road 2.0 was launched late in 2013, weeks after Federal authorities had shuttered the original Silk Road website and arrested Ross Ulbricht.

Like the original website, Silk Road 2.0 allowed users to anonymously buy and sell drugs, computer hacking tools and other illicit items, using the digital currency bitcoin. Farrell, a staff member of Silk Road 2.0, was jailed for conspiracy to distribute heroin, cocaine and methamphetamine.

FARRELL, 26, used the moniker “DoctorClu” on the Silk Road 2 site was arrested by the FBI in Bellevue during January 2015.



WILL BITCOIN STICK AROUND ?

Intriguing facts about bitcoin

Watch an instructive short video
submitted by Roy Rutherford

[http://www.msn.com/en-us/money/technology/
bitcoin-miners-face-fight-for-survival-as-new-
supply-halves/ar-BBu6SMI?ocid=se](http://www.msn.com/en-us/money/technology/bitcoin-miners-face-fight-for-survival-as-new-supply-halves/ar-BBu6SMI?ocid=se)

*“Investing
in Bitcoin has
delivered an
annual return of
82%”*

David Zeiler

Associate Editor

‘Money Morning’ June 2016

The European Union clamps down on bitcoin and pre-paid credit cards

On 5th July this year, the European Commission proposed a strict set of rules that would end anonymous **crypto currency** transactions in a bid to crack down on terrorist financing.

The commission plans to bring virtual currency exchange platforms under the scope of the Anti-Money Laundering Directive.

This will mean exchanges will have to apply due diligence controls to customers exchanging virtual currencies for real money, ending the anonymity associated with their use. **No word yet if the Feds will follow the Europeans.**



BITCOIN TRANSACTION LIKELY TO HIT RECORD HIGH IN 2016
TRANSACTIONS FORECAST TO EXCEED **\$92 BILLION**

Law Enforcement still monitors bitcoin to arrest deep web users.

Contrary to what most people may want to believe, law enforcement agencies can track Bitcoin users on the deep web. Even though this pseudonymous cryptocurrency is the payment method of choice on these virtual underground marketplaces, it is not overly difficult to link transactions to real identities.

Bitcoin Does Not Provide Deep Web Anonymity

The Department of Homeland Security has an active Bitcoin and blockchain task force. Their task is to track down criminals using Bitcoin to launder money. Although a Bitcoin transaction has zero relation to a real identity, somehow they managed to find deep web users through cryptocurrency.

One thing that will make this type of activity stand out is when large amounts of coins are being moved around. One particular investigation saw one person selling illegal goods in exchange for millions of dollars in Bitcoin. Sooner or later that type of activity will attract [unwanted] attention from law agencies.

A US secret service agent already convicted of stealing over \$800,000 in Bitcoin during the Silk Road investigation is also suspected of lifting even more of the cryptocurrency from two other cases.



According to the affidavit, the disgraced former agent is suspected of stealing roughly \$700,000 from the secret service's account months after the agency was urged to block his access. Shaun Bridges pleaded guilty last year and was sentenced to almost six year years for the original theft.



A new research report by Citi Bank Research asserts that bitcoin and other digital currencies should not be viewed as a disruptive threat to banks, credit card networks or traditional remittance providers, but rather as a potential complement to existing services.

NEXT MONTH

**MICROSOFT
PROJECT BLETCHLEY**

The PNLTF Digital Currency Team consists of Ron Brosley, Glenna Trout, Douglas Hansen, Lisa Johnson and John Bishop