

Central Bank Warns On Bitcoins

By [The Moscow Times](#)

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Bitcoin is a digital currency that first appeared as a private, peer-to-peer payment system. **Zach Copley**

The Central Bank has warned Russians that using the Bitcoin virtual currency may lead to real criminal charges, as police in the U.S. arrested top executives in the e-money operation amid a drug-trafficking and money-laundering investigation.

As part of the investigation into black market dealings, the U.S. Department of Justice said Monday that law-enforcement officers had arrested the chief executive of the Bitcoin payment processor BitInstant, Charlie Shrem, and a suspected underground Bitcoin exchanger, Robert Faiella.

Investigators suspect the two men of selling more than \$1 million worth of bitcoins to users of the Silk Road website — an online marketplace that allowed users to shop anonymously for drugs and other illegal good — the Justice Department said in an online statement.

The Russian Central Bank issued its own statement Monday, warning Russians that the "anonymous nature" of Bitcoin operations may make people who use the virtual currency

subject to real-life charges, including possible indictments for money-laundering or financing terrorism.

The Central Bank also warned that any businesses' involvement in Bitcoin trading or exchange for rubles or foreign currencies "will be regarded as having a potential involvement in dubious operations, according to laws against laundering illegal profits and the financing of terrorism."

Bitcoin — vilified by critics as a currency of drug dealers, contract killers and arms traffickers, and lauded by supporters as a brilliant online innovation — is a digital currency that first appeared as a private, peer-to-peer payment system in 2009 and has attracted increasing prominence in recent years.

Last month, Russia's Sberbank head German Gref said his bank planned to compete with bitcoins by issuing electronic money together with the online payment system Yandex.Money, a branch of the Yandex search engine.

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