

Tech Expert Gets 16 Months In Bitcoin Bank Bribery Scheme

By **William Gorta**

Law360, New York (October 20, 2017, 8:58 PM EDT) -- A tech expert who was convicted in a scheme to co-opt a credit union to process illegal bitcoin-dollar exchanges was sentenced Friday to 16 months in prison by a New York federal judge, who granted him a "substantial variance" from the guidelines for his relatively small role and positive personal characteristics.

U.S. District Judge Alison J. Nathan said Yuri Lebedev, who in March was also convicted of wire fraud, bank fraud and fraud conspiracy for working with Coin.mx operator **Anthony Murgio** to fool banks into thinking the operation wasn't dealing in bitcoin, used his "impressive intellect and technical skills" to commit the crime but acted in a "non-leadership way."

"He was no leader and no mastermind of the scheme," Judge Nathan said, adding, "I have a high level of confidence Mr. Lebedev will not engage in this type or any other type of criminal conduct."

Assistant U.S. Attorney Won S. Shin had told Judge Nathan that Lebedev should serve a significant prison sentence because he was Murgio's "go-to person" who played extremely important roles in the illicit schemes.

"[Lebedev is saying] he played a technical role in all of these schemes and is trying to use that as a mitigating factor," Shin said, adding the notion of Lebedev as "just an IT guy" shouldn't fly.

Lebedev told the judge that he had enormous regret for participating in the scheme in which he thought he could create cutting edge technology that would make him "exceptional."

"I got blinded by the possibility and I got carried away," Lebedev said.

Eric Creizman of Creizman LLC, arguing for Lebedev, said the techie got involved with Coin.mx not for the money — he had been making more elsewhere — but to do exciting work.

"This was a chance for him to be involved in groundbreaking technology" Creizman said, adding that Lebedev developed tunnel vision in relation to Coin.mx. "It blinded him to everything else."

He said Lebedev is not a schemer or a hustler and his involvement in the scheme was aberrant conduct. Creizman said that the Probation Department had recommended a year and a day in prison, but he begged Judge Nathan to keep Lebedev free with a combination

of home confinement and community service.

"When you get down to a year and a day, is that [prison sentence] going to benefit society?" Creizman asked.

Judge Nathan couldn't go that far, but at 16 months with three years of supervised release, came in well below the guidelines range of 78 to 97 months.

"We are dismayed that Mr. Lebedev has been sentenced to prison, but he was found guilty at trial, and the judge's variance from a sentencing guidelines range of 78-to-97 months' imprisonment to a prison term of 16 months reflects Judge Nathan's thoughtful and compassionate analysis of all the factors relevant to sentencing," Creizman told Law360 in a statement.

The Manhattan U.S. Attorney's office declined to comment Friday evening.

In March, Lebedev was **convicted** by a jury of wire fraud, bank fraud and fraud conspiracy for working with Coin.mx operator Anthony Murgio to trick banks into thinking the operation wasn't dealing in bitcoin. Although prosecutors had previously indicated that the defendants must forfeit some \$12.7 million, in July the government announced without an explanation that it would seek just \$676,000, including \$280,000 from Lebedev and co-defendant Trevon Gross.

Gross and Lebedev were convicted of scheming with Murgio and others essentially to give power over a credit union Gross controlled called Hope FCU to Coin.mx so that Murgio — via an antiques front company called Collectables Club — could deal in bitcoins with less scrutiny, according to court documents. Prosecutors also alleged the pair lied to the National Credit Union Administration when the regulator began reviewing Hope FCU's books in 2014.

Before the sentencing on Friday, Judge Nathan held a hearing to determine forfeiture and restitution to be paid by Lebedev, Murgio and Gross. Murgio had agreed to forfeit just over \$200,000 and the judge set forfeiture for Gross, who is scheduled to hear the **rest of his sentence** later this month, at \$162,000. Judge Nathan limited Lebedev's forfeiture to the amount he earned for integrating Coin.mx and Hope FCU and whatever he was paid as a Hope FCU board member. She said regular computer work Lebedev performed for Coin.mx was not subject to forfeiture and gave the government a week to present a revised number.

She also ordered the trio, jointly and severally, to make restitution to the NCUA for its expenses in liquidating Hope FCU, with the total not to exceed \$194,293.

The government is represented by Eun Young Choi, Daniel S. Noble and Won S. Shin of the U.S. Department of Justice.

Lebedev is represented by Eric M. Creizman and Melissa Madrigal of Creizman LLC.

The case is USA v. Murgio et al., case number 1:15-cr-00769, in the U.S. District Court for the Southern District of New York.

--Editing by Emily Kokoll.