

Two brothers accused of stealing \$25 million worth of crypto



Two brothers were taken into federal custody Tuesday for allegedly stealing about \$25 million worth of cryptocurrency in just a few seconds in a “first-of-its-kind manipulation” of the Ethereum blockchain. The brothers – Anton Peraire-Bueno and James Peraire-Bueno – studied math and computer science at MIT and used the skills they had acquired “at one of the most prestigious universities in the country” to exploit “the very integrity of the Ethereum blockchain in order to fraudulently obtain” the funds, prosecutors say. The brothers were charged with wire fraud, conspiracy to commit wire fraud, and conspiracy to commit money laundering.

“Unfortunately for the defendants, their alleged crimes were no match for Department of Justice prosecutors and IRS agents, who unraveled this first-of-its-kind wire fraud and money laundering scheme,” Deputy Attorney General Lisa Monaco said in a press release.

Though the heist was carried out in a matter of seconds, the brothers spent months plotting it, charging documents claim. The indictment claims that the Peraire-Bueno brothers “carefully planned and executed” the attack, beginning sometime in December 2022. The brothers allegedly created “an online document” laying out their four-step plan: 1) The Bait, 2) Unblinding the Block, 3) The Search, and 4) The Propagation.

The brothers set up a series of Ethereum validators “in a manner that concealed their identities through the use of shell companies, intermediary cryptocurrency addresses, foreign exchanges, and a privacy layer network,” according to the indictment. They allegedly targeted three traders – whose behavior they had studied for months ahead of time, prosecutors claim – and set up “a series of test transactions or ‘bait transactions’” to attract bots the traders used.

Prosecutors claim the brothers exploited a vulnerability in Ethereum’s code that has since been patched. “In doing so, they fraudulently gained access to pending private transactions and used that access to alter certain transactions and obtain their victims’ cryptocurrency,” the Department of Justice’s press release claims.

After stealing approximately \$25 million worth of cryptocurrency, the Peraire-Bueno brothers allegedly laundered the funds through several shell companies. The brothers’ online search history in the weeks following the alleged theft included “top crypto lawyers,” “how long is us statue [sic] of limitations,” “fraudulent Ethereum access database,” and “money laundering statue [sic] of limitations.” Charging documents claim one victim and their lawyer repeatedly contacted the Peraire-Bueno brothers between April and June of 2023, as did a representative from Ethereum.

If convicted, each faces up to 20 years in prison for each of the three counts, according to the DOJ.

<https://www.theverge.com/2024/5/16/24158398/crypto-ethereum-helist-peraire-bueno-brothers>