

Police came to search the bungalow of 'poor former student', discovered a strange safe in the basement: 1 person was arrested, more than 50,000 stolen Bitcoins were recovered

After more than a decade of covering up their violations, the person who stole more than 50,000 Bitcoins was arrested and punished by US law.



In November 2021, the US Department of Justice (DOJ) announced that it had confiscated more than 50,000 Bitcoins that were stolen in 2012, during a raid on James Zhong's residence in Georgia, USA in 2021. According to estimates, At that time, this amount of Bitcoin was worth up to 3.36 billion USD. This is also considered the second largest Bitcoin seizure the US has ever made. The largest recorded heist in history was 94,000 Bitcoins stolen in the Bitfinex exchange hack in 2016, worth about 3.6 billion USD.

Taking advantage of loopholes for profit

In 2011, SR* (abbreviated name) - a dark web specializing in selling illegal products was opened. James Zhong, then 22 years old and a senior computer science student at the University of Georgia, often visited this dark web to make illegal purchases and pay with Bitcoin.

When he accidentally double-clicked the withdrawal button, Zhong was shocked to discover that he received twice the amount of Bitcoin he needed to withdraw. Realizing that SR was at fault, this student created 9 fraudulent accounts, loaded each account with 200 - 2,000 Bitcoin and made more than 140 consecutive

transactions to trick the withdrawal processing system and successfully took it back. more than 50,000 Bitcoin (worth 600,000 USD at that time) before being dispersed to many different wallet addresses.

Two years later, SR was closed by the US Federal Bureau of Investigation (FBI). And James Zhong with the 'stolen' Bitcoin lived a life of luxury. Accordingly, this guy "hides his identity" by still living in a modest wooden house in Athens and dressing modestly. However, in reality, he still frequents luxury hotels, buys luxury cars and branded goods, splurges on entertaining friends and buys a second home in Gainesville, Georgia, a short drive from Athens.



Contrary to the carefree life of the thief, the whereabouts of the Bitcoins were still unknown in what year they were stolen and have been a mystery that has challenged investigators for the next 10 years. Until 2019, trivial clues began to gradually appear, making the case of the theft of more than 50,000 Bitcoins 'hot' again.

Strange call

On the night of March 13, 2019, the Athens-Clarke County Police Department, Georgia received a call from James Zhong, then 28 years old and an online Bitcoin investor. During the call, he announced that his house had been broken into and hundreds of thousands of dollars worth of Bitcoin had been stolen, and that he needed police help.

However, this call did not help James Zhong find the suspect in the break-in, but also made him and his huge wealth of 'unknown origin' attract the curiosity of the police, especially the police. Special team of the IRS Criminal Investigation unit - the unit is still investigating the case of more than 50,000 Bitcoins stolen many years ago.

On December 16, 2020, James Zhong accidentally linked the wallet used to transfer Bitcoin in the SR case with another legitimate wallet - which requires users to declare their real name and current address. Also from here, authorities discovered traces of more than 50,000 Bitcoins stolen in the past. They contacted the above cryptocurrency exchange to get the computer IP address and discovered that the owner of the above account was James Zhong.

Unexpected raid

Although there are certain clues, the IRS Criminal Investigation unit still cannot conclude that Zhong is related to the case of 50,000 Bitcoins stolen in the past. Therefore, they called the Athens-Clarke County Police

Department and requested assistance. Immediately afterwards, three investigators, Jody Thompson, Trevor McAleenan and Shaun MaGruder, were sent to approach Zhong. They used the reason of investigation to get information from hidden cameras in the house and discovered evidence incriminating James Zhong.

The circuit board containing the Bitcoin wallet security key was hidden in a safe in the basement and in a box of popcorn in the bathroom. Photo: New York Federal Court

Shortly thereafter, a search warrant was obtained for the home. On November 9, 2021, the three above-mentioned investigators and federal agents searched James Zhong's house and discovered a circuit board containing a Bitcoin wallet security key hidden in a safe in the basement and in a burn box. corn in the bathroom. James Zhong was arrested soon after, and 50,491 Bitcoins were also confiscated.

Police also collected more than \$600,000 in cash, precious metals and 25 Casascius coins - physical Bitcoin. During the investigation, this subject also voluntarily submitted an additional 861 Bitcoins in March 2022 and May 2022.

Even though it was a serious case, James Zhong was still given leniency because of "really special circumstances", however, this subject still had to go to prison for covering up his theft for nearly a decade. On April 14, 2022, Zhong was sentenced by the New York federal court and sentenced to one year and one day in prison at the federal prison camp in Montgomery, Alabama and began serving his sentence in April 2023.

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