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# Cryptocurrency start-up suffers 'security breach,' theft of \$13.5 million worth of digital tokens



- Israeli start-up Bancor said a cryptocurrency wallet on its network had been compromised.
- \$12.5 million worth of ethereum and \$1 million worth of the lesser-known token Pundi X has been stolen.
- The company said that “no user wallets have been compromised in the attack.”

Ryan Browne | [@Ryan\\_Browne\\_](#)

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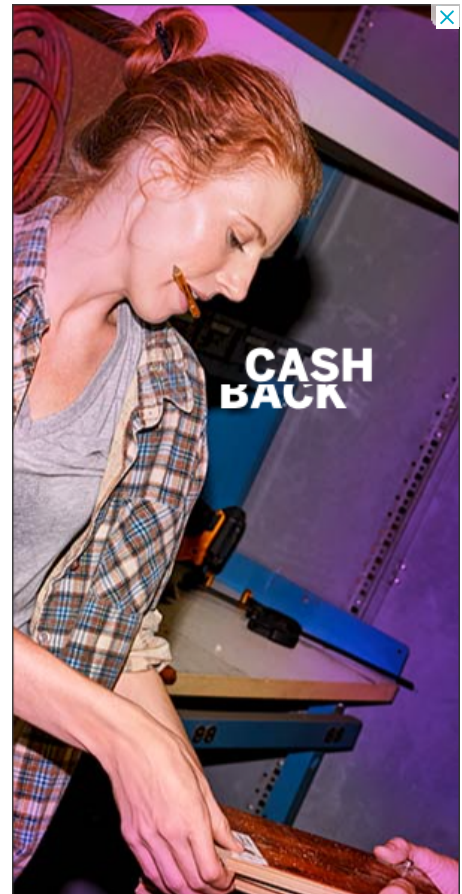


Getty Images

Cryptocurrency conversion platform Bancor has suffered a “security breach” that saw \$13.5 million worth of digital tokens stolen.

The Israeli start-up said Monday that a cryptocurrency wallet on its network had been compromised, leading to the theft of \$12.5 million worth of ethereum and \$1 million worth of the lesser-known token Pundi X.

Ethereum has shed nearly 7.7 percent of its value in the last 24 hours while Pundi X is down almost 15 percent, according to CoinMarketCap data.



Earlier today, at approximately 00:00 UTC, Bancor experienced a security breach. We take this incident very seriously. We are committing every resource to resolving it, getting the network back online and tracking down the criminals involved.

The details of the breach are still being investigated, but we wanted to update the community with the facts that we have so far.

A wallet used to upgrade some smart contracts was compromised. This compromised wallet was then used to withdraw ETH from the BNT smart contract in the amount of 24,984 ETH (~\$12.5M). The same wallet also stole:  
229,356,645 NPXS (~\$1M)  
3,200,000 BNT (~\$10M)

Once the theft was identified, we were able to freeze the stolen BNT, limiting the damage to the Bancor ecosystem from the theft. The ability to freeze tokens was built into the Bancor Protocol to be used in an extreme situation to recover from a security breach, allowing Bancor to effectively stop the thief from running away with the stolen tokens.

It is not possible to freeze the ETH or any other stolen tokens. However, we are now working together with dozens of cryptocurrency exchanges to trace the stolen funds and make it more difficult for the thief to liquidate them.

We will continue to post updates as and when appropriate on our Telegram channel and on Twitter. We appreciate your patience as we resolve this matter.



**Bancor**   
@Bancor



Here is the latest update on the recent security breach:

3:35 PM - Jul 9, 2018

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The company said that “no user wallets have been compromised in the attack.”

Bancor describes itself as a “decentralized liquidity network” in which participants can use so-called smart contracts — self-executing contracts — to hold cryptocurrencies and convert them into other digital coins.

The idea is to remove the need for buyers, sellers and any counterparties normally involved in trading.



**Bancor**   
@Bancor



To reiterate, no user wallets have been compromised in the attack.

5:58 PM - Jul 9, 2018

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The company said it was able to prevent \$10 million of its own BNT crypto tokens from being compromised by freezing the funds. Bancor's digital currency was down 16.6 percent, according to CoinMarkCap.

Bancor's site is currently down, with a message reading: "Bancor is doing some maintenance and will be back online soon."

Below that message is a further statement that reads: "Bancor does not hold your assets. Your wallet and your funds are always safe, secure and under your possession on the blockchain at all times."

The company raised 396,720 ethereum tokens, worth almost \$183 million today, from its initial coin offering (ICO) last year. ICOs are a controversial means of fundraising for start-ups that involves the issuance of new digital tokens in exchange for more established cryptocurrencies like bitcoin and ethereum.

Bancor was not immediately available for comment when contacted by CNBC.

## From Mt. Gox to Bancor

Cryptocurrencies are a particularly contentious topic for regulators and those in the mainstream financial world.



One concern that all authorities share surrounds the number of cyber breaches that have led to investors' funds being stolen.

Earlier this year, Japanese crypto exchange Coincheck was **hacked** in what was believed to be the largest digital currency heist of all time. Hundreds of millions of NEM tokens, worth more than \$530 million in total at the time, were stolen.

Cases like this echo one of the most notable examples of cryptocurrency being stolen. In 2014, the now infamous exchange Mt. Gox admitted that \$480 million in bitcoins had gone missing.

The collapse of Mt. Gox was seen as a test for bitcoin, which roared to a record high near \$20,000 last year but has pulled back significantly



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**Ryan Browne**  
News Assistant, CNBC.com



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