

Exhibit H



DEPARTMENT OF HOMELAND SECURITY



HOMELAND SECURITY INVESTIGATIONS

REPORT OF INVESTIGATION

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CASE NUMBER

SF02UR16SF0014

CASE OPENED

3/15/2016

CURRENT CASE TITLE

BTC-E.COM

REPORT TITLE

Transactions involving New Zealand and Australia FX-OPEN wallets associated with Alexander VINNIK

SYNOPSIS

Homeland Security Investigations (HSI) San Francisco, along with the Internal Revenue Service - Criminal Investigations, the U.S. Secret Service, and The U.S. Attorney's Office Virtual Currency Task Force are investigating the virtual currency exchange website BTC-e, operated by Russian nationals Andrey NIKONOROV and Aleksandr VINNIK; and the related firm, MAYZUS FINANCIAL SERVICES, owned and operated by Russian national Sergey MAYZUS. BTC-e is one the world's largest cryptocurrency exchanges, nominally based in Bulgaria, where users trade bitcoins, litecoins, novacoin, peercoin, and namecoins for dollars, euros and rubles; and appears to be a massive international money laundering scheme openly catering to criminals, in violation of Title 18 U.S.C. 1956 and 1960.

Transactions involving New Zealand and Australia FX-OPEN wallets associated with Alexander VINNIK.

REPORTED BY

Michael Delaney
SPECIAL AGENT

APPROVED BY

Lee Brown
SUPERVISORY SPECIAL AGENT

DATE APPROVED

7/9/2018

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VINNIK-00002702



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DETAILS OF INVESTIGATION

As previously reported, in July 2017, one of the chief operators of BTC-e, Alexander VINNIK, was arrested pursuant to a provisional arrest warrant in Greece and awaits extradition to the U.S. BTC-e's servers at *BTC-e.com* and internet domain were seized pursuant to search and seizure warrants issued in the District of New Jersey.

As previously reported, inquiry through the Egmont Request process with Luxembourg financial authorities by Internal Revenue Service Criminal Investigation (IRS-CI) Special Agent (SA) Alexander Gilbertson determined Banque Internationale à Luxembourg SA identified Vinnik as a recipient of proceeds for CANTON BUSINESS CORP. (CANTON), along with Alexander BUYANOV and Stanislav GOLOVANOV. In essence, they were the beneficial owners of CANTON and therefore identified as owners of BTC-e, which was disclosed through their banking relationship with Mayzus Financial Services.

As previously reported, CANTON itself was determined in Deutsche Bank records to be a shell corporation used as a "front" for BTC-e's operations and assisted BTC-e to launder proceeds. Examination of financial records from Deutsche Bank AG from the Czech Republic show CANTON managed BTC-e, and CANTON's primary beneficiaries were BUYANOV, GOLOVANOV, and Vinnik. Also, BTC-e's website was referred in bank records as belonging to CANTON.

These records reveal that CANTON's listed business address is Suite 1, 2nd Floor, Sound Vision House, Francis Rachel St., Victoria, Mahe in the Seychelles; a known money laundering haven. Although registered offshore, CANTON operated using Russian telephone number 79055679163 and the email account *cantonbusinesscorp@gmail.com*. A physical address listed in Deutsche Bank records for Vinnik was 2ya Novoostankinskaya str 21-138, Moscow, Russian Federation 129075.

(Note: open source query indicates that Alpha Consulting Ltd., is addressed at Suite 1, Second Floor, Sound & Vision House, Francis Rachel St., P.O. Box 513, Victoria, Mahé, Seychelles. The listed contact for this firm is Mrs. Victoria Valkovskaya, phone: (248) 4321370, Fax: (248) 4324285, and email: *info@alpha-offshore.com*. Review of the *alpha-offshore.com* website indicates while its head office is in the Seychelles, it also has branches in Belize, the United Arab Emirates, Russia, and the Ukraine; offering company formation, asset protection, licensing, investments, bank accounts, as well as yacht and ship registration.)

Analysis of BTC-e server data showed Russian national Alexander NIKONOROV exercised control over and claimed ownership of the BTC-e *Vannnedam* account linked to known BTC-e administrative, financial, operational and support accounts; i.e., accounts that only those running BTC-e would have had access to. Out of the *Vannnedam* account, payments totaling hundreds of thousands of

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dollars were made to NIKONOROV, BUYANOV, and GOLONANOV. The *Vammedam* account, for its part, was funded largely by proceeds from hacks and thefts from bitcoin exchanges and users around the world previously reported in this case.

GOLONANOV also identified himself to Bitstamp customer support as one of CANTON's primary beneficiaries, and also claimed ownership of CANTON in a email message to a bitcoin exchange. VINNIK is linked to the *WME* account, the operation of BTC-e, and the theft of Mt. Gox bitcoin. Based on this investigation, *WME* appears to be involved in the laundering of the bitcoin stolen from Mt. Gox. As previously reported, GOLOVANOV, BUYANOV, and Vasiliy SIDOROV were determined to be aliases used by VINNIK to launder funds as previously detailed.

New Zealand-based money exchange FX Open LP Limited (FX-OPEN) is one of several financial companies operating worldwide under the brand name FX-OPEN. FXOPEN is a New Zealand Limited Company, under number 5598865, registered with the New Zealand Companies Office, with an address of Level 3, 187 Queen Street, Auckland Central, Auckland, 1010, New Zealand. Together, these comprise a network of retail and institutional foreign exchange brokers offering online trading services. The specific companies that make up the FX-OPEN network are headquartered in various locations and countries. FX-OPEN's companies provide access to an electronic communication network to execute trades in currencies, precious metals, and cryptocurrencies. FX-OPEN companies operate in Australia, New Zealand, Russia, Saint Kitts and Nevis, and the United Kingdom. They and have representatives in a host of other countries.)

Redacted

The New Zealand National Police (NZNP) Financial Intelligence Unit advised SAs Hade and Delaney that approximately \$90 million has been laundered in bank accounts in that country. An MLAT request was sent to New Zealand financial authorities for financial information concerning the FX-OPEN laundering activity with BTC-e, VINNIK, and its shell companies EUROSTYLE ADVISOR and CANTON BUSINESS CORPORATION. SAs Hade and Delaney are also working through the MLAT process concerning these accounts as well with AUSA Countryman and Trial Attorney Pelker.

Review of financial records from April 12, 2013 through November 12, 2013 by SA Hade indicate a CANTON bank account held at Baltikums Bank in Latvia ("the CANTON bank account") received approximately \$2.5 million in payments from two U.S. based companies, Memory Dealers and BitInstant. Both companies are known to deal in cryptocurrencies. The wire payments to the

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CANTON bank account include the description "Internet Advertising Agreement." However, a review of archived pages from the BTC-e.com website during the period April 2013 to December 2013 showed no advertising on the site's pages for Memory Dealers, BitInstant, or any other companies.

From August 2011 through January 2014, the CANTON bank account received payments from several foreign companies. The description for these payments included "Advertising Services" or "Advertising Agreements." The international companies' dealings in the cryptocurrency market are unknown to investigators, however, a review of archived pages from the BTC-e.com website during the period August 2011 through January 2014 yielded no advertisements for the foreign companies, or any other companies.

BTC-e's known mode of operation is to conceal or layer funds moving in and out of the exchange. For instance, in a transaction converting Bitcoin to US dollars, BTC-e would not transmit funds to a domestic U.S. bank account. Instead, the funds were layered to the U.S. customer through a series of seemingly unrelated PayPal users. In the transactions described above, "Advertising Agreement" may be a fictitious description to conceal the true purpose of the movement of funds.

From January 20, 2014 through January 22, 2014, the CANTON bank account transferred approximately \$2.75 million to FXOPEN NZ eWallet account XX60FXPNXXF977691001 in the name of CANTON ("the CANTON eWallet").

From November 27, 2013 to January 10, 2014, records from Deutsche Bank show approximately \$70 million in transfers from MAYZUS account number CZ6979100000004030200327 ("the MAYZUS account") to an account at FXOPEN AU Ltd account number held in the name of CANTON ("the CANTON FXOPEN AU Ltd account").

Redacted

Redacted provided information that MAYZUS account number CZ6979100000004030200327 has ties to EUROSTYLE and CANTON. **Redacted** also described EUROSTYLE as the main operator and front company of BTC-e. The MAYZUS account appears to have received deposits from numerous BTC-e customers.

On December 28, 2015, \$9.5 million was transferred from the CANTON FXOPEN AU Ltd account to the CANTON eWallet. Additionally, on December 11, 2013, \$5 million was transferred from the CANTON FXOPEN AU Ltd account to FX Open AU Ltd account XX46FXPNXXG3750310001 held in the name of CANTON. On December 28, 2015, the funds were subsequently transferred to the CANTON eWallet.

On January 10, 2014, \$1.8 million was transferred from MAYZUS account number CZ6979100000004030200327 to FX Open AU Ltd account XX31FXPNXXG3750610001 held in the name of

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VINNIK. On January 13, 2014, the funds were subsequently transferred to XP Solutions account XX20FXPNXXF3396510002 in the name of VINNIK (the VINNIK eWallet"). On January 11, 2016, VINNIK transferred \$3.6 million from his XP Solutions eWallet to the CANTON eWallet.

Redacted

Redacted provided information related to transfers from CANTON and ALWAYS EFFICIENT accounts during the period January 2016 through May 2016, totaling \$17.1 million to the CANTON eWallet.

In total, the transactions described above account for \$37.95 million deposits to the CANTON eWallet from accounts associated with the operation of BTC-e. From January 2015 through June 2017, the CANTON eWallet and VINNIK eWallet made various transfers to the following trade accounts; 896201, 896205, 900207, 901065, 902064, 902619, 231519, 930739, 938347, and 9003549.

This investigation continues.

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