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U.S. Moves to Forfeit $7.1M in Crypto Linked to Energy Fraud

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The United States Department of Justice (DOJ) has filed a civil action to seize approximately $7.1 million in cryptocurrency assets, alleging the funds are tied to a fraudulent investment scheme involving oil and gas storage. The move reflects an aggressive effort by federal authorities to track down and recover digital assets stolen from unsuspecting investors through an elaborate cross-border scam.

According to Acting U.S. Attorney Teal Luthy Miller of the Western District of Washington, the forfeiture follows a broader investigation into a multi-year scheme that reportedly

defrauded victims of around $97 million between June 2022 and July 2024. The fraud was presented under the guise of legitimate escrow arrangements for purchasing storage space in oil tank farms located in Houston, Texas, and Rotterdam, Netherlands.

Federal law enforcement, particularly Homeland Security Investigations (HSI), traced the funds through various cryptocurrency accounts, revealing how the co-conspirators moved digital assets to obscure their origin. The sophisticated nature of the scheme underscores growing concerns over the misuse of cryptocurrencies to launder illicit funds under the radar of traditional banking systems.

“These criminals believed they could use digital wallets and crypto exchanges to hide their activities, but they underestimated the speed and precision of our forensic investigations,” said Acting U.S. Attorney Miller. “Federal investigators and prosecutors acted quickly to seize these assets so that at least some of the money can be returned to the rightful owners.”

The forfeiture action, filed earlier this week, marks another instance of U.S. agencies intensifying efforts to regulate and police the digital asset space. The scheme reportedly targeted investors by offering returns on supposed investments in oil tank storage, backed by convincing documentation and escrow agreements. Once funds were wired, however, investors were left with nothing but empty promises and unreachable contacts.

The DOJ’s announcement also highlights a growing trend of frauds blending traditional industries like energy with the rapidly evolving world of cryptocurrencies. By faking legitimate business transactions, perpetrators were able to attract substantial sums from individual investors and smaller firms, especially those unfamiliar with the intricacies of both oil markets and digital currencies.

What sets this case apart is the scale and method used to distribute the funds. Authorities indicated that the crypto assets were split across multiple digital wallets and platforms, complicating the recovery process. Still, officials remain optimistic that more funds will be located as investigations continue.

This case also serves as a wake-up call for financial institutions and regulators. While cryptocurrencies offer speed and flexibility in transactions, they also present new vulnerabilities when leveraged for fraudulent purposes. It reinforces the need for improved

due diligence and cross-agency cooperation, especially as digital finance becomes more integrated with global trade.

In statements to the press, law enforcement stressed that cooperation with international authorities played a vital role in tracing the assets. Given the scheme's international footprint, involving transactions routed through Europe and the United States, collaboration between governments was key to unearthing the digital trail.

Although the seized amount of $7.1 million represents a fraction of the total funds lost, officials hope it sends a clear message: digital financial crime is being taken seriously, and the tools to combat it are growing more effective.

While investors continue to chase high-yield opportunities, this case underscores the timeless value of caution and skepticism. Fraudsters are increasingly using complex jargon, polished platforms, and technological tools to lull victims into a false sense of security.

Ultimately, this development stands as a testament to the importance of law enforcement staying ahead of the curve. The Department of Justice, backed by Homeland Security Investigations and other partners, has made it clear that digital crime, no matter how complex or far-reaching, will not go unchecked.