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Stealing Bitcoin from Crooks Is Still Stealing

By: www.ProfitableInvestingTips.com

A Bitcoin thief has recently been sentenced to a year in prison. This is not someone who devised a complicated way to [hack](#) into a DeFi business or crypto exchange. Rather the individual stumbled onto a way to rob Bitcoin from the Silk Road, an online criminal enterprise that used Bitcoin for payments. Silk Road has long been shut down and its founder, Ross Ulbricht, sentenced to two life sentences in prison with no parole. The Bitcoin thief who robbed Silk Road is James Zhong. He robbed Silk Road in 2012 when the Bitcoin he stole was worth about \$600,000. When he was apprehended, his remaining stash of Bitcoin was worth about \$3.35 billion. With the Bitcoin losses incurred during crypto winter, the remaining stash is worth about \$1.56 billion. The point made by the court was that stealing Bitcoin from crooks is still stealing.

What Was Silk Road?

The [Silk Road](#) website was named for the ancient network of trade routes leading from China throughout Asia and as far as Africa and Europe. The site was started in 2011 on the dark web via the Tor network of proxy servers. It was shut down by the FBI in October of 2013. During its period of operation, individuals could buy and sell drugs and other illegal items or services using payments in Bitcoin with the intent of making transactions harder to trace. Besides Ulbricht, others who did business on Silk Road were caught and sent to prison. These include an Australian cocaine and ecstasy dealer and a Dutch drug dealer. It was in 2020 that Zhong was caught after accessing some of his stash of Bitcoin.

Bitcoin Robbery from Silk Road

As often turns out to be the case, crooks are not as smart as they think they are. The folks who built the Silk Road site did not adequately test every aspect of the site or they would have prevented the theft in the first place. Zhong had Bitcoin that he chose to deposit in an account with Silk Road back in 2012. He mistakenly double clicked the withdrawal button and received twice what he had deposited. Recognizing what had happened, he repeatedly deposited Bitcoin and double clicked the withdrawal button. At that time in 2012 Bitcoin was worth about \$12. In total he made off with more than 50,000 Bitcoin. Interestingly, Ulbricht contacted Zhong to ask how he made off with the Bitcoin but never asked for any back, according to Zhong's lawyers in court filings.

Why Was Stealing Bitcoin From Crooks a Crime?

You might think that if you use a cash machine (ATM) to withdraw money from your bank account and it pays you \$1000 when you only have \$200 in your account that you have received a gift. However, it is established law that says you cannot legally keep the money. A glitch in the ATM does not overrule your relationship to the bank and the fact that they are only obliged to give you money via an ATM the money that you have on deposit with the bank. The same idea applies to Mr. Zhong and taking Bitcoin from Silk Road that was not his. At Mr. Zhong's sentencing the judge noted that while Silk Road was an illegal enterprise the same process

could have resulted in Mr. Zhong taking money for a legal business. It was also noted that Mr. Zhong used [crypto transaction mixing](#) services in an attempt to hide his Bitcoin. One might have argued that these steps were taken in case any crooks from Silk Road were after him but the judge chose to believe that Zhong did this because he knew that what he did was wrong.

Where Did All of the Bitcoin Heist Money Go?

According to news reports Mr. Zhong helped authorities recover the stolen Bitcoin that remained after he had purchased a lakeside home, more than one Lamborghini, \$400,000 in cash that was stolen from his home, numerous silver and gold bars, and undetermined amounts of alcohol and cocaine. Due to the fact that he helped recover a billion and a half dollars in Bitcoin (today's value) he was given a one year sentence instead of two to three years which sentencing guidelines prescribe. News reports do not tell us if he gets to keep the house but the gold and silver bars were [seized](#) along with his Bitcoin.

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