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U.S. Seizes \$24 Million in Virtual Currency Under MLAT Request From Brazil

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A mutual legal assistance treaty (MLAT) is an agreement between countries for the purpose of gathering and exchanging information in an effort to enforce public or criminal laws. It is often used to target crimes such as money laundering and drug trafficking. On November 4, 2020, the U.S. Department of Justice **announced** that, under an MLAT request from Brazil, it had seized virtual currency worth an estimated \$24 million.

According to documents filed in the Brazilian criminal proceeding and the Brazilian court's findings, during August 2017 to May 2019, Brazilian national Marcos Antonio Fagundes and other defendants solicited funds from prospective investors over the internet (sometimes in combination with telephone and other means) and held the funds received in a manner that subjected it to regulation as a financial institution under Brazilian law, with which Fagundes and the other defendants failed to comply. As alleged, the defendants solicited investors to give money to corporations they controlled, in the form of Brazilian currency or cryptocurrency, which the companies would then invest in a variety of virtual currency types. The Brazilian court found that only a very small amount of funds were invested in cryptocurrencies as promised, and very little was returned to the investors. To carry out the scheme, the conspirators are alleged to have made false and inconsistent promises to investors about the way the funds were invested and exaggerated the rates of return.

To execute on the MLAT request, DOJ brought an application before the federal district court, which issued a seizure order for the virtual currency belonging to or controlled by Fagundes located in the United States. DOJ reported that the crypto currency firm holding the accounts cooperated with law enforcement authorities in executing this seizure.

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David Zaslowsky has a degree in computer science and, before going to Yale Law School, was a



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