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The Separatist's Guide to Circumventing Sanctions

An OSINT investigation into cryptocurrencies linked to the Donetsk People's Republic

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Donetsk People's Republic

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Introduction

Russia [officially recognised](#) the independence of Donetsk and Luhansk, the two self-declared separatist ‘republics’ in eastern Ukraine, on 21 February. Russian President Vladimir Putin announced that Russian troops would be entering the two regions ostensibly as [peacekeepers](#) to defend them against attacks from the Ukrainian army (some alleged evidence of which has been [found to be faked](#)). It is now clear that this ‘peacekeeping mission’ was in reality a pretext for a [full-scale invasion](#) of eastern Ukraine, given Russia’s [devastating attack](#) on the country.

The initial response to Russia’s actions from Western countries has been to impose even tougher sanctions against both Russia and the two separatist militia groups controlling territory in eastern Ukraine.

The Biden administration has issued a wide-ranging [Executive Order](#) targeting the Donetsk People’s Republic (DNR) and Luhansk People’s Republic (LNR). It bans

- new investment by US persons, wherever located;
- imports of any goods, services, or technology into the US, directly or indirectly; exports, sales or supply to the two regions from the US; and
- and any approval, financing, facilitation, or guarantee by a US person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be covered by these prohibitions if performed by a US person or within the US.

These sanctions add to the list of those against individuals in the region since 2014. It appears that some members of the DNR leadership have nonetheless found ways to circumvent the sanctions, which have been levelled against them in the past.

This report lays out the findings of an open source investigation into two cryptocurrencies linked to high-ranking individuals in the DNR: Prism and Ouroboros. It details how, despite sanctions, these individuals have been able to promote a series of dubious financial schemes with alarming ease.

The findings raise a range of questions, like the responsibilities of technology companies in applying sanctions to financial schemes promoted on their platforms. The investigation also highlights challenges for preventing money laundering and the financing of terrorism in the cryptocurrency era, and the price paid by unwitting investors.

Part I: Prizm

A [car rally](#) in Russia. A [celebration](#) in Uganda. A seminar in India. A [ball](#) in St Petersburg. The red thread connecting all these events: a revolutionary new cryptocurrency set to shake up the global financial system and free its users from the tyranny and oppression of the US-led world order.

At least, that's how it has been sold. Behind the glitz and marketing spin, however, stand three men with a long history of involvement in international multi-level marketing (MLM) schemes which have ruined lives around the globe. All three have also allegedly been involved in Russian attempts at foreign interference, and one is under US sanctions for his role in the Russian occupation of Eastern Ukraine.

Prizm is a cryptocurrency launched in 2017. It is billed by its promoters as being the “[first fair cryptocurrency](#)” with no central regulation or control, complete anonymity and absolute freedom from global financial authorities.

Unlike other cryptocurrencies, Prizm is structured around a concept referred to as ‘paramining’, in which users are awarded additional Prizm coins over time based on how many followers they recruit. In a [press release](#) in 2020, Prizm’s lead developer Dmitry Efremov described this process by claiming that “[E]ach coin in the wallet is a kind of mining farm. This means that you do not need to buy any equipment to start mining coins.”

In other words, the design of Prizm means that value flows upwards and that there is a built-in incentive for each user to actively recruit others – much like a traditional multi-level marketing (MLM) or Ponzi scheme.

There are active communities of Prizm promoters and evangelists in developing countries around the world, particularly Uganda, India, Indonesia, Russia and Kazakhstan. What sets Prizm apart from a hundred other dubious cryptocurrency schemes, however, are its political and ideological connections. From the beginning Prizm has been closely bound up with the “Change World Together” Foundation (CWT), and its founder Aleksey Muratov, currently in a leadership role in the self-proclaimed government of the separatist Donetsk People’s Republic in Eastern Ukraine.

Other members of CWT’s [leadership team](#) include Andrei Kramar and Roman Pozdnyakov, who were revealed in a [BBC investigation](#) in 2019 to have attempted to interfere with Madagascar’s elections, allegedly on behalf of Russian interests.

MMM Global

The connections between Muratov and Kramar date back at least as far as the early 2010s, when all three (alongside many others now connected to the Prizm project) were engaged in promoting an infamous global Ponzi scheme called MMM.

MMM was a massive financial pyramid scheme which has been [described](#) as "the biggest fraud in the history of modern Russia." Mastermind Sergei Mavrodi and his compatriots managed to defraud millions of Russians in the 1990s. Despite having been convicted and jailed for fraud in 2007, in 2011 Mavrodi took his scam global, with a particular focus on developing countries in Africa and Asia. Like many scams, MMM operated partly through manipulating investors' emotions; Mavrodi would promise his schemes would help liberate investors from "economic slavery", a message with strong echoes in the rhetoric of CWT and Prizm today.

Although Mavrodi himself [died](#) in 2018, some MMM networks in Africa and Asia continue to exist. They have evolved and adapted, including shifting to promoting cryptocurrencies such as [Bitcoin](#) – and, as will be discussed later, Prizm.

Promoting MMM appears to be where Muratov and Kramar first crossed paths with each other and with Denis Pushilin. Pushilin is a former [regional representative of MMM](#) in Donetsk and is currently the head of the self-proclaimed Donetsk People's Republic.

Muratov was a Russian politician who left the United Russia party to [found his own political party](#) for MMM in Kursk in 2012. In 2013, Muratov was [arrested](#) in India alongside several others suspected of participating in [MMM-India](#), considered by the authorities to be an illegal pyramid scheme. A [TASS](#) news article on the arrests quotes Andrei Kramar as another member of MMM-India.

Mikhail Glukhov and his partner Jennifer Menezes (now Jennifer Glukhova) were also [reportedly](#) arrested in Goa in July 2013. Kramar [reportedly](#) denied to the media that Glukhov and Menezes were involved with MMM at the time. Glukhov has since been [cited](#) as a representative of the DNR's "Ministry of Foreign Affairs", and the Glukhovs are both listed as members of the CWT leadership team.

From MMM to the information war in Donbas

It is not clear precisely what happened to the case against the MMM-India team members, but it appears they were able to leave the country without facing a trial. By 2014 Muratov and Kramar had moved on to a new project, registering the “[First Information Agency](#)” (Первое информационное агентство, also branded as ‘1infa’) in Moscow as a media company.

1Infa produced [media content](#) supporting the pro-Russian separatists in the conflict that was then raging in Eastern Ukraine. This included regular glowing coverage of Muratov and Kramar’s former MMM colleague Denis Pushilin, who was working his way up the ranks of the newly declared Donetsk People’s Republic. It also included interviews with [Muratov](#) and [Kramar](#) themselves, billed as the First Deputy Heads of the “Donetsk Republic” movement.



Emails belonging to key Putin aide Vladimir Surkov, which were hacked and leaked in 2018, show that during 2014 Muratov was also attempting to interest the Kremlin in a [proposal for a covert influence campaign](#) to help expand the conflict in Eastern Ukraine further west. The plan drawn up by Muratov, which he codenamed “Operation Troy”, included a budget of \$181,000 to fund protests, bribe Ukrainian intelligence agents and civil servants, and buy vehicles.

This plan does not appear to have been put in motion. Muratov and Kramar’s news agency 1Infa appears to have become inactive in 2016.

In June 2017, Muratov was [sanctioned](#) by the United States. The notice from Treasury stated that:

Aleksey Muratov is an official representative of the so-called “DNR” in Russia. He was involved in raising funds in Russia for relief aid for Donetsk and Luhansk, but it is

alleged that only a small portion of the funds reached the intended recipients. Muratov is being designated for being responsible for or complicit in, or having engaged in, directly or indirectly, actions or policies that threaten the peace, security, stability, sovereignty, or territorial integrity of Ukraine; and acting or purporting to act for or on behalf of, directly or indirectly, the DNR.

In December 2018, DNR-controlled media [reported](#) that Pushilin, who by this time was leader of the DNR, had made Muratov head of the Donetsk Republic Social Movement's Central Executive Committee.

Meanwhile, Kramar had departed Eastern Ukraine for another project. From at least March 2018, Kramar and Roman Pozdnyakov (formerly [cited](#) by DNR-controlled media as the Chairman of the DNR Trade Union of Workers in Small and Medium-sized Businesses) were reportedly in Africa. They posed as tourists, but in reality were allegedly involved in an attempt [linked to Yevgeny Prigozhin](#) to influence Madagascar's presidential elections. Prigozhin has previously been indicted for his role in attempting to influence the US elections in 2016.

According to a [BBC investigation](#) and follow-up reporting by [Proekt](#), Pozdnyakov and Kramar and a number of other Russian-linked individuals provided cash payments, gave campaign strategy advice and organised events in support of several presidential candidates, eventually allegedly consolidating their efforts behind the ultimate winner Andry Rajoelina. Rajoelina refused to say to the BBC whether his campaign received Russian assistance.

The BBC [states](#) that there is no evidence Rajoelina accepted payments from Russia for his campaign, and that in any case, accepting foreign donations is not illegal under campaign finance laws in Madagascar.

Changing the World Together (again)

While all of this was going on, however, something else was happening too.

In August 2016, Muratov [registered](#) the “Change World Together” (CWT) Foundation in Moscow. The name is an obvious throwback to the political party Muratov [founded](#) for MMM In 2012, which used the slogan "We are changing the world."

Muratov's 93 page manifesto on CWT's ideology, written in 2018 and [available on Google Books](#) and on [Prizmology](#) as of June 2021, also strongly echoes MMM's message of revolution against the oppression of the financial system, in particular the diktats of the United States and its Federal Reserve.

In addition to clear inspiration from MMM, CWT was also closely linked to the separatist DNR. In his manifesto – which is ostensibly authored by Muratov but consistently refers to him in the third person – Muratov writes that he:

"...realized that the background of that conflict [in Eastern Ukraine] was not a national idea by the Ukrainian people, not a desire to enter the European Union but a threat from international corporations to start third world war. This would prevent Russia from further development and stop it from becoming a new superpower.

That spring Aleksey Muratov became an official representative of the Donetsk People's Republic, after its proclamation, in Russia. He became an active participant in the creation of a new ideology, which would unite the inhabitants of Donbass. As the head of the Executive Committee, he is engaged in the development of the public movement Donetsk Republic – the most widespread one in the Donetsk People's Republic. After that he started to working at the Central Office of the People's Council (Parliament) of the DNR and Aleksey created its structure. He took the work to a new level and built relationships with his colleagues from the Russian Federation. Despite the successful nation-building work in the young Republic, Aleksey Muratov kept his dream to create a new international movement. The political experience he gained became a strong background for this movement and the formation of a new international association."

In other words, CWT was created to be part-political project, part-financial scheme. Muratov was the Chairman, while Kramar and Pozdnyakov were [listed](#) as CWT's Regional Directors for Africa and Mikhail and Jennifer Glukhov(a) became Regional Directors in Europe.

At the same time, Muratov was experimenting with parlaying the promotional skills he honed through his involvement with MMM into promoting cryptocurrencies. In February 2016 [E-Dinar](#)

[coin](#) was launched as a supposed cryptocurrency which offered “permanent mining bonuses”, a feature which sounds remarkably similar to Prizm’s “unique paramining technology” which itself echoes the structure of an MLM.

In 2016 Muratov [visited Thailand](#), and participated in the Bangkok [business conference](#) for OneCoin, a [now-infamous Ponzi scheme](#) posing as a cryptocurrency. He also [toured Indonesia](#) promoting CWT and E-Dinar. During this trip, Muratov and associates swam in the sea. Muratov described the fact that they were [not attacked by crocodiles](#) as some sort of omen of the importance of CWT’s mission.

As appreciative the crocodiles may have been of CWT and E-Dinar, however, [users](#) on [cryptocurrency forums](#) were more [dubious](#), with many observing that E-Dinar appeared to be a scam, a Ponzi scheme or had ripped initial investors off.

By early 2017 it became clear that Muratov and CWT were shifting their focus to a new, albeit in some ways remarkably similar endeavour. On April 10th Muratov held a [press conference](#) in Moscow to announce the launch of a self-professed revolutionary new cryptocurrency, his second in twelve months: Prizm.

Prizm

On its [website](#) and in its [whitepaper](#) Prizm is described as being a “100% proof-of-stake cryptocurrency based on the NEXT-kernel which is built on Java with an open source code.” Independent security researcher Sick Codes, who has been involved in the cryptocurrency community in Ukraine since 2014, found that it does appear as though there is a real blockchain underlying Prizm (unlike, for example, [OneCoin](#)).

At the time of writing, however, it does not appear to be accurate to claim that Prizm is open source. Prizm’s [Github account](#) states that a key part of the code is kept secret, supposedly due to security concerns.

Attention! We don't include PrizmEngine.java in current repository for security reasons and for preventing creating forks by anyone. This file will be published later.

A ‘Prizm Roadmap’ posted on Facebook by the official Prizm page suggests that the source code will not be made public until 2025.



In a [thread](#) announcing Prizm on cryptocurrency forum Bitcoin Talk, user shmeall wrote that:

“Technical implementation at the moment is not described in detail because the main thing for all of us is to create not 100 "dead" tools, but one - with good support and working well. If our know-how is revealed, then someone will definitely try to repeat it and this involuntarily will lead to the dispersion of attention and use of this idea not for

noble and important for our planet purposes, but for purposes not known to us and not always differing in positive coloring intent.”

In other words, despite marketing material claiming otherwise, Prizm is currently neither open source nor transparent about its inner workings.

While Muratov is constantly credited as the founder of Prizm, it is not clear who Prizm’s technical developers are. This seems especially relevant given that they may be the only people with full access to and understanding of Prizm’s source code.

One individual publicly cited as a developer, Dmitry Efremov, [says](#) that his work focuses mostly on design. His previous experience includes [art design](#) for a game named [Call of LDPR](#) in which users can play as a gangster performing tasks for a corrupt political organisation (the final level involves traveling to the United States to kill a [giant robot with Obama’s face](#)). It is not clear what if any previous experience Efremov has of working on cryptocurrencies or whether his role involves any work on the cryptocurrency itself or is simply focused on graphical design.

In an [interview](#) in 2020 Efremov claimed that the reason there is so little information about the technical team behind Prizm is for their safety, citing an incident in which Prizm’s ‘lead developer’ Yuri Mayorov was robbed in Moscow in 2018.

While Efremov claims that Mayorov was robbed by thieves attempting to steal the technology behind Prizm, it is worth noting that Mayorov had also [reportedly](#) just exchanged currency for an upcoming trip to India, and was walking around Moscow’s streets with US\$20,000 in cash at 10pm. If the thieves really were after Prizm, they had astoundingly good timing; alternatively, perhaps the cash was the goal. They made off with the cash, along with Mayorov’s personal devices including a laptop and multiple iPhones.

Mayorov appears to have largely stayed out of the public eye since the robbery, except for one [remarkable incident](#) in 2019 which Mayorov and Muratov brought a supposed priest into their Moscow offices to consecrate Prizm.



[Reporting](#) on the event notes that Mayorov, like so many others involved in Prizm, is a former MMM promoter. His background in cryptocurrency development is less clear.

Prizm's red flags

There are several technical aspects to Prizm – insofar as has been publicly revealed and according to Prizm's marketing materials, as the code itself is not available to verify these claims – which are highly irregular among cryptocurrencies.

One is the paramining concept, discussed earlier, which creates an incentive structure similar to an MLM scheme and which is unique to Prizm.

In [a 2020 interview](#) on the Cyber Hustler podcast with Leo Ivashov, billed as CWT's Financial Aid Advisor and Prizm's marketing director, the host said that he'd never heard of anything like paramining before. "So it sounds good, the paramining, earning interest with one coin, inviting more people to the network will grow your earnings, your interest growth and rate, it sounds too good to be true."

"It is too good to be true," Ivashov replied. He did not elaborate on what he meant by this.

Another unusual feature of Prizm is that wallets need to be '[activated](#)' by members of the Prizm team. In the interview with Ivashov, the host expressed surprise. "You need someone to activate your wallet, I've never heard of that before," he said. Ivashov responded by saying that Prizm is built on a custom blockchain and that "the strongest team of developers." The host repeatedly asked about who the developers were, but Ivashov did not provide any names.

In 2020, CWT's website [shared a link](#) to an article titled "[Technical Analysis of Cryptocurrency PRIZM](#)". The article was posted to CodeCondo, a site which publishes articles on a range of tech related and which accepts submissions from anyone. It is not clear who authored this particular article, or what their expertise is when it comes to technical assessments of cryptocurrency. The article concludes that Prizm is technically excellent and superior to Bitcoin in a variety of respects, and received 85 comments (more than other articles on the site, the vast majority of which receive no comments), all of which were superlatively positive.

Wrap Up!

- PRIZM is 10 times faster than the first transaction confirmation and hit the blockchain
- PRIZM has 5 times faster transaction acquisition of irreversible status
- More blocks are needed to declare a transaction irreversible, but the high speed of creating blocks means that after 10 minutes the transaction can be considered irreversible. This is an excellent result for the payment of goods and services due to the reduction of the transaction time.
- The more dynamic growth rate
- The maximum rate for the year is much higher than that of Bitcoin, which indicates the positive prospects for further growth.
- Significantly more profitable commissions
- Small commissions minimize losses during the redistribution of funds between controlled addresses and payment for goods and services, favor the further growth in the popularity of cryptocurrencies.
- PRIZM user activity is more than a third of Bitcoin user activity, which is a worthy result, considering that PRIZM is almost a decade younger than Bitcoin.



Artem on March 23, 2020

Prizm's uniqueness lies in its ingenious solution – the generation of new coins (Paramining) is separated from the generation of blocks (Forging). This is proprietary PoS + ParaMining technology, unlike thousands of forks, copies and fakes of bitcoin and ethereum. It is this technology that gives complete decentralization and fair participation of each follower in the extraction of new coins – seigniorage.

[Reply](#)



Vasilisa on March 23, 2020

Cryptocurrency is an excellent tool for transfers and payments. Great investment tool. Cryptocurrency has been recognized by business. Behind her is the economic future. I am sure that in 2020, PRIZM will enter the top 10 cryptocurrencies of the world! This is a decentralized cryptocurrency with new paramining technology! That allows everyone to earn! No hardware costs!

[Reply](#)



Max on March 23, 2020

It is great that independent technical experts have sorted out the principles of the PRIZM payment system! As you can see from the publication, the coin has several advantages over other cryptocurrencies, and that's great!

[Reply](#)

Prizm does not appear to ever have been listed on a major cryptocurrency exchange. As of June 2021 it was available on a handful of [fringe exchanges](#) including PrizmBit, an exchange which appears to have been created specifically to trade Prizm (although other trades are available).

Interestingly, one of the promoters of PrizmBit was Dimitry Vasiliev. Vasiliev spoke about PrizmBit in a [2019 interview](#), in which he also promoted his own cryptocurrency exchange Wex. Vasiliev has gone on to become embroiled in a [complicated case focused on the disappearance of \\$450 million in funds from Wex and the alleged involvement of Russian security services](#), including funnelling of money to separatist movements in Eastern Ukraine. As of January 2022, Vasiliev has been [released by Polish authorities](#) pending an ongoing court case.

Prizm promoters also [encourage](#) potential users to buy Prizm online directly using their bank cards.

To sum up: Prizm and CWT are intentionally obscuring who Prizm's technical developers are; the entire source code is not publicly available; it claims to have features which are unheard of in most cryptocurrencies but which are remarkably similar to MLM schemes; and the only purportedly independent technical analysis is by an anonymous author on an obscure site with no particular focus on cryptocurrency, and reads suspiciously like Prizm's own marketing material.

For experienced cryptocurrency investors, this would be a forest of red flags.

Muratov and the CWT team were not targeting experienced cryptocurrency investors, however. As it had been with MMM years before, their targets for marketing Prizm are communities in the developing world, often with lower levels of financial literacy and limited experience of cryptocurrencies.

Promoting Prizm

As of February 2020, according to Ivashov in his Cyber Hustle podcast interview, CWT was operating in Uganda, India and Indonesia, and “all across Asia” with ambitions to expand in Africa. These three countries – Uganda, India and Indonesia – also appear to have the most significant and concentrated communities of Prizm investors.

It is clear that from the earliest days of Prizm, Muratov and CWT were targeting their pitch for Prizm towards audiences who were unfamiliar with the basic concepts of cryptocurrencies. A recording of a ['Blockchain conference of PRIZM cryptocurrency with top-leaders in India'](#), published on CWT's Youtube channel on May 10th 2017, shows Muratov using a demonstration involving physical pieces of paper to explain what a blockchain is to the assembled ‘top leaders.’



According to CWT themselves, they have also sought to market Prizm to people who do not use the internet. In a [presentation](#) to Prizm's 2020 conference in St Petersburg, Jennifer Glukhova nee Menezes (formerly an MMM promoter in India, now a Regional Director in Europe for CWT and ‘citizen’ of the DNR) explained how Prizm targets communities who largely do not have internet access:

"In India networking is very different, because only 34% of people use internet in India... There were a lot of questions, like you know how, how do we believe in this... the network, like how it works is there is like a huge leader, there are leaders, so they take responsibility for the community.

So what happens is, imagine I am from the village. I am a person who has knowledge of internet, so my people come to me and they say, okay, I just give you my money and you do what it is... This is exactly how networking works in India. There is a lot of trust in people."

While many former MMM promoters and networks around the world have shifted away from MMM to promoting Prizm, in both Indonesia and India a branch of MMM and Prizm have simply fused into [MMM Prizm](#), a hybrid model in which MMM's networks operate using Prizm. There's even a [theme song](#).

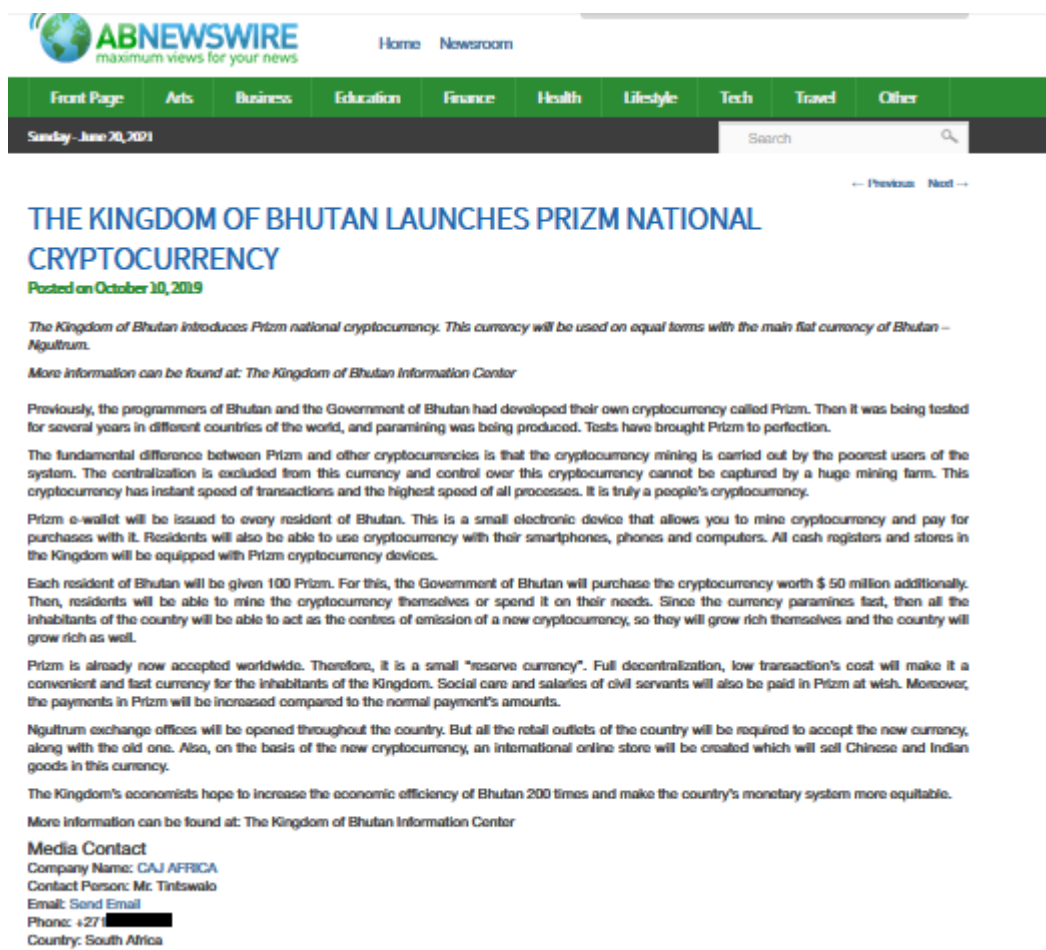


The MLM-like structure of Prizm incentivises those who are invested, in particular those at the bottom, to proactively market Prizm to their networks both online and offline. This has led to a seemingly endless and extremely diverse stream of content marketing Prizm, including

alleged booster bots [on Twitter](#) and [on Youtube](#). It is not clear who is behind these shady marketing tactics, as it could be anyone with any level of investment in Prizm.

One of the most bizarre marketing stunts in support of Prizm was the planting of a false rumour that the Kingdom of Bhutan was about to adopt Prizm as an official currency. This was a story picked up in 2019 by [multiple cryptocurrency media outlets](#).

It appears that none of the journalists who published the story on their sites investigated where the story had come from. If they had, they might have found it suspicious Bhutan would announce this significant national policy change exclusively via a [newswire press release](#), and that the media contact for the 'Kingdom of Bhutan Information Center' would be a person in South Africa.



The screenshot shows a news article on the ABNEWSWIRE website. The header includes the logo and navigation links for Home and Newsroom. A green navigation bar lists various categories: Front Page, Arts, Business, Education, Finance, Health, Lifestyle, Tech, Travel, and Other. The date is Sunday, June 20, 2021. The article title is 'THE KINGDOM OF BHUTAN LAUNCHES PRIZM NATIONAL CRYPTOCURRENCY', posted on October 10, 2019. The text describes the launch of Prizm national cryptocurrency, its features, and the media contact information for the Kingdom of Bhutan Information Center, which is based in South Africa.

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Sunday, June 20, 2021

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THE KINGDOM OF BHUTAN LAUNCHES PRIZM NATIONAL CRYPTOCURRENCY

Posted on October 10, 2019

The Kingdom of Bhutan introduces Prizm national cryptocurrency. This currency will be used on equal terms with the main fiat currency of Bhutan – Ngultrum.

More information can be found at: The Kingdom of Bhutan Information Center

Previously, the programmers of Bhutan and the Government of Bhutan had developed their own cryptocurrency called Prizm. Then it was being tested for several years in different countries of the world, and paramining was being produced. Tests have brought Prizm to perfection.

The fundamental difference between Prizm and other cryptocurrencies is that the cryptocurrency mining is carried out by the poorest users of the system. The centralization is excluded from this currency and control over this cryptocurrency cannot be captured by a huge mining farm. This cryptocurrency has instant speed of transactions and the highest speed of all processes. It is truly a people's cryptocurrency.

Prizm e-wallet will be issued to every resident of Bhutan. This is a small electronic device that allows you to mine cryptocurrency and pay for purchases with it. Residents will also be able to use cryptocurrency with their smartphones, phones and computers. All cash registers and stores in the Kingdom will be equipped with Prizm cryptocurrency devices.

Each resident of Bhutan will be given 100 Prizm. For this, the Government of Bhutan will purchase the cryptocurrency worth \$ 50 million additionally. Then, residents will be able to mine the cryptocurrency themselves or spend it on their needs. Since the currency paramines fast, then all the inhabitants of the country will be able to act as the centres of emission of a new cryptocurrency, so they will grow rich themselves and the country will grow rich as well.

Prizm is already now accepted worldwide. Therefore, it is a small "reserve currency". Full decentralization, low transaction's cost will make it a convenient and fast currency for the inhabitants of the Kingdom. Social care and salaries of civil servants will also be paid in Prizm at wish. Moreover, the payments in Prizm will be increased compared to the normal payment's amounts.

Ngultrum exchange offices will be opened throughout the country. But all the retail outlets of the country will be required to accept the new currency, along with the old one. Also, on the basis of the new cryptocurrency, an international online store will be created which will sell Chinese and Indian goods in this currency.

The Kingdom's economists hope to increase the economic efficiency of Bhutan 200 times and make the country's monetary system more equitable.

More information can be found at: The Kingdom of Bhutan Information Center

Media Contact
Company Name: CAJ AFRICA
Contact Person: Mr. Tintswalo
Email: Send Email
Phone: +27 [REDACTED]
Country: South Africa

The same individual also appears to have broken the [in-credible scoop](#) that Tanzania had signed an agreement to pay Russia for the construction of two cargo ships in Prizm rather than rubles, dollars or other fiat currencies.

In the article, the unnamed representative of the Russian delegation was effusive about Prizm’s virtues, and remarkably in sync with Prizm’s usual marketing talking points:

“Paying for goods with Prizm is beneficial for our countries, because the dollar, while being kept in correspondent bank accounts, grows only at 6% per year. Unlike the dollar, Prizm while being kept in the wallets keeps growing at 10% per month or 120% per year due to paramining. And this does not include the rate growth. Also, this cryptocurrency is independent from sanctions, banks and politics. Accounts in this cryptocurrency cannot be blocked, and transactions cannot be cancelled. Not a single international community can turn off a transaction service, but it can easily turn off SWIFT” – said the representative of the Russian delegation.

This, too, was uncritically [re-published](#) by some cryptocurrency media. There seems to be no independent evidence to suggest that this agreement between Russia and Tanzania ever actually took place.

In early 2021, the official Prizm Twitter account [tweeted](#) about a plan to create paper bank notes for Prizm to be released by the end of the year. As of September there has been no further news released on Prizm’s social media channels about this project.



Prizm Space @SpacePrizm · May 17

...

By the end of 2021, a test batch of PRIZM cryptocurrency in paper form will be released. These will be secured banknotes with a denomination confirmed in the PRIZM blockchain. At the moment, software testing is underway that will ensure the highest level of security 🤖 Stay Tuned



14

48

113



Schemes, scams and subverting sanctions

Despite how trivial elements of Prizm may appear, there are many aspects of the scheme which warrant serious consideration.

In many respects, Prizm closely resembles the predatory MMM scheme and is being run by many of the same people. MMM caused great harm to communities all over the world, defrauding millions of people of money which often they could ill-afford to lose. Prizm, too, is intentionally marketed towards people in developing nations, including people with lower levels of digital and financial literacy who do not understand basic concepts of cryptocurrency and may not be able to fully assess the level of financial risk their investment entails. If Prizm is indeed operating in the same vein as MMM, that would be significant cause for concern.

The links to Muratov and the DNR also raise the question of sanctions violations. Muratov and other members of CWT have [spoken openly](#) about the potential use of cryptocurrencies to skirt around sanctions. Muratov is personally subject to OFAC sanctions in the US (which he has [portrayed](#) as an effort to stop him from spreading the word about Prizm and liberating the world from US financial dominance), while financial transactions with the DNR are subject to sanctions in the US and many other jurisdictions around the world. Despite this, Muratov has been able to openly promote his financial scheme, Prizm, all over major US-based social media platforms for years after being sanctioned.

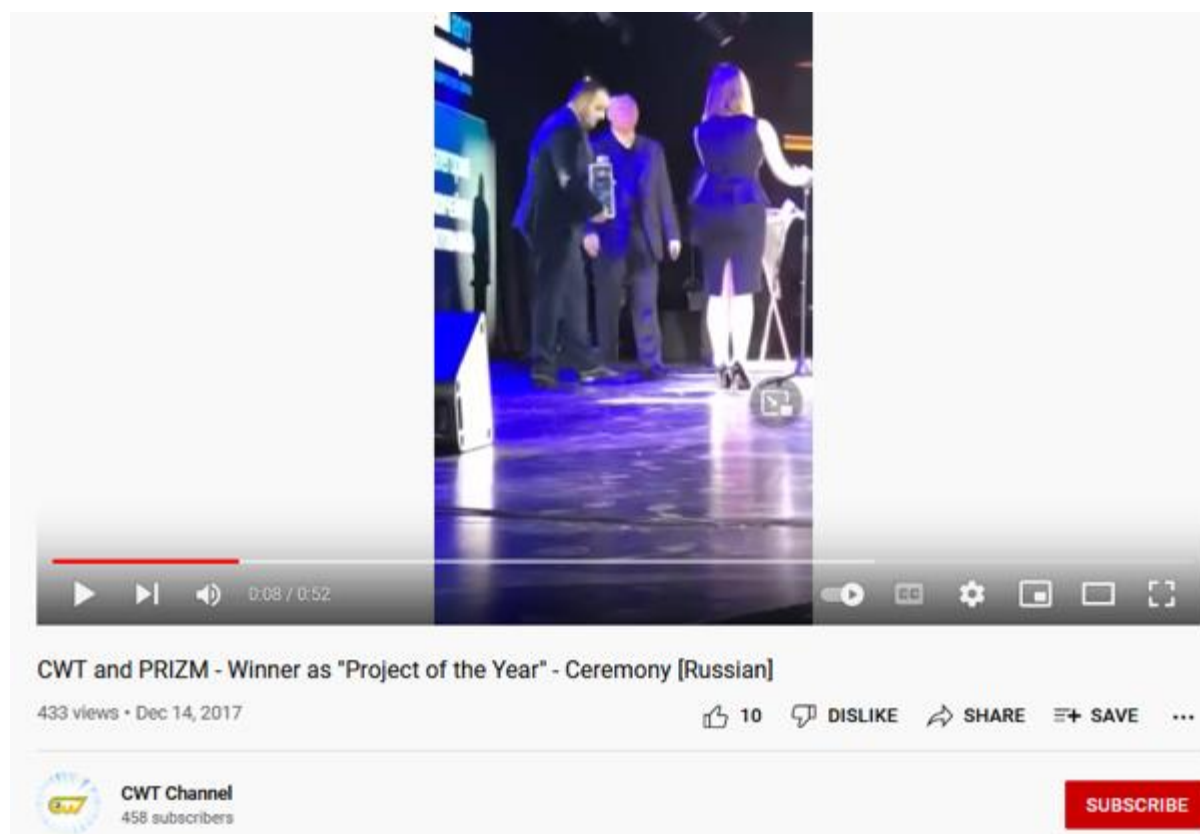
As of January 2022, however, Muratov has not promoted Prizm on his social media accounts for almost two years. For a serial creator of ‘revolutionary’ cryptocurrency projects, he has suddenly gone very quiet on the subject – perhaps too quiet.

Enter Ouroboros.

Part II: Ouroboros and Blockchain Technology LLC

In December 2017, six months after Muratov was sanctioned by the US for his role in the conflict in Ukraine, Prizm was [awarded a prize](#) for Best Blockchain Project at the 'Innovation Time' Awards in Sochi.

Prizm was represented at the event by Alexander Lavrentyev, who was [described](#) as Prizm's director for infrastructure and development. Lavrentyev is shown receiving the award on stage in a video uploaded by Change World Together's Youtube account.



Lavrentyev is not a cryptocurrency expert. He is a close associate of Denis Pushilin, the current leader of the DNR, and is perhaps best known for being [caught on film](#) in Turkey in June 2018 allegedly discussing the planned assassination of DNR's then-leader Aleksandr Zakharchenko.

Zakharchenko was [killed in an bomb attack](#) on a café in August 2018. A week later, Pushilin was installed as the acting head of the self-declared Donetsk People's Republic, a shift which also elevated his allies Muratov and Lavrentyev.



Pictured L-R: Denis Pushilin, Alexei Muratov, Alexander Lavrentyev. [Source](#).

In the midst of this [messy, violent power struggle](#), Lavrentyev still found time to [promote Prizm on Facebook](#) in November 2018.

In late 2018 and into 2019, Prizm's already-low value took a nosedive and then flatlined, becoming essentially worthless against the US dollar for most of 2020.

By that time, however, Lavrentyev already had a brand new cryptocurrency to promote: Ouroboros.

Ouroboros

In August 2019 as Prizm's value was falling off a cliff, the [Ouroboros](#) cryptocurrency appeared, marketed as the new, improved descendent of Prizm.

Most notably, Ouroboros' whitepaper boasts about a feature it calls 'posmining', which appears to be largely the same as the so-called 'paramining' structure of Prizm. This was the feature which made Prizm's structure resemble a pyramid scheme.

OVERVIEW

Ouroboros is a next-generation cryptocurrency that achieves high transaction throughput and low fees while being easy to manage.

We're focused on fast and secure transactions since that's the most important thing for most users.

One of our features is the transaction throughput - the blockchain generates a new block every ~6 seconds, and it can handle up to 1k transactions per second (based on our stress-testing results).

But the most exciting feature is "Posmining" - a blockchain-based technology that generates new coins to your wallet depends on your current balance.

PRIZM introduced the Posmining technology, but unfortunately, the developers made some serious mistakes, and that led to the problems - we have considered all the mistakes of our predecessor and designed both technical and economics parts with keeping their mistakes in mind.

Page 3 of Ouroboros' whitepaper, promoting the 'posmining' feature and link to Prizm.

According to the [Ouroboros whitepaper](#), "PRIZM introduced the Posmining technology, but unfortunately, the developers made some serious mistakes, and that led to the problems - we have considered all the mistakes of our predecessor and designed both technical and economics parts with keeping their mistakes in mind."

Analysis by security researcher Sick Codes found that Ouroboros appears to be a real Tendermint Core (BFT Consensus) token.

Below is a screenshot of a [video](#) on the Ouroboros YouTube channel introducing the cryptocurrency and diagramming the posmining structure, which takes a very recognisable triangular shape.

The screenshot shows a video player interface. At the top left, it says "100 LEVELS". At the top right, it says "4.37 MULTIPLYING COEFFICIENT". In the center, there is a pyramid diagram with 100 levels, represented by circles containing person icons. At the bottom of the pyramid, it says "1000000 NUMBER OF COINS". The video player controls at the bottom show a play button, a progress bar at 1:05 / 2:55, and various icons for volume, closed captions, settings, and full screen. Below the video player, the title "OUROBOROS cryptocurrency" is displayed, along with "449 views • Aug 12, 2020" and interaction buttons for like (8), dislike, share, save, and a menu icon.

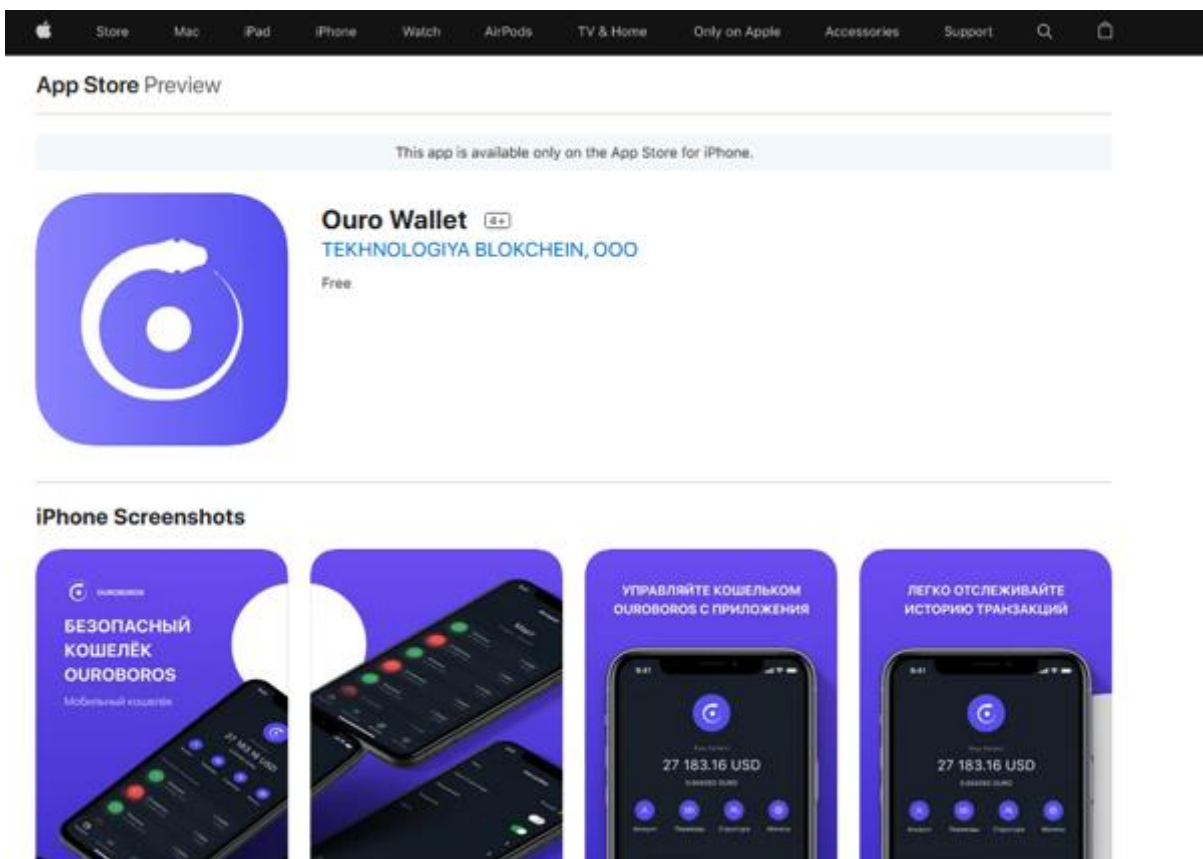
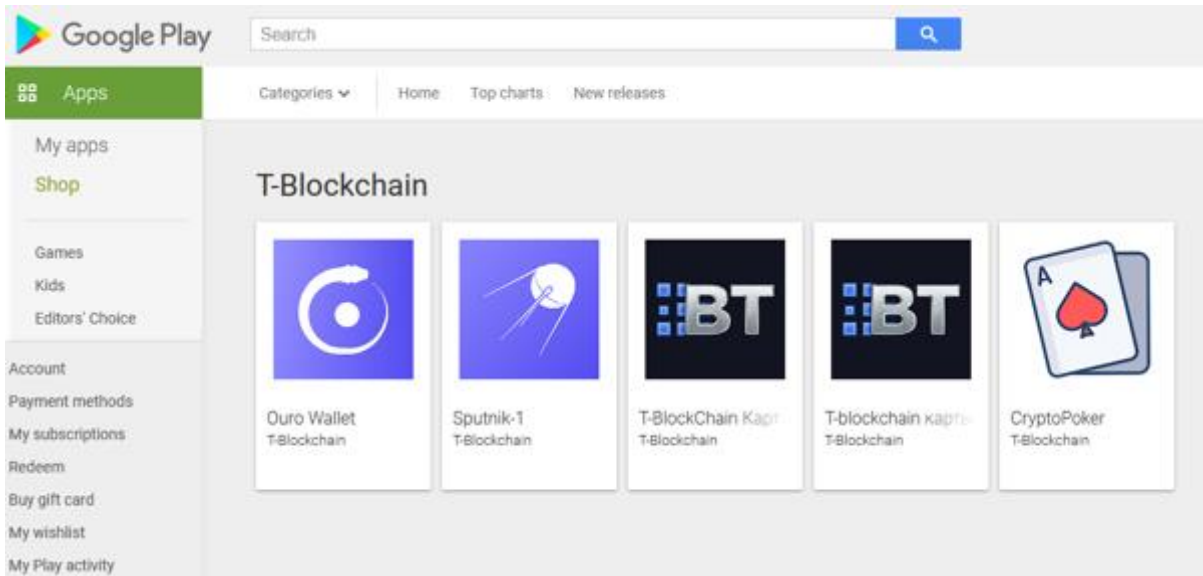
Another video on the channel is even more overt. In this [Video announcement for network leaders](#), a diagram of Ouroboros' structure is directly labelled as 'MLM', meaning a multi-level marketing scheme.



Ouroboros tokens can be purchased on the BTC Alpha exchange (which also serves as the exchange for Prizm) or on a self-made exchange. As with Prizm, which also traded on a self-made exchange, this obviously allows the creators to set the exchange rate and control the transactions which pass through. Ouro Exchange accepts several mainstream cryptocurrencies such as Bitcoin and Ethereum, or takes payments directly from Visa and Mastercard.

As of January 2022 the [Ouro Exchange](#) also sells [Sputnik](#) and [KRG](#), two other cryptocurrency tokens associated with Lavrentyev and Blockchain Technology LLC (discussed below). These tokens will not be explored in detail here for reasons of length.

Once a user buys Ouroboros, the funds ostensibly go into their Ouroboros wallet. There are Ouro Wallet apps controlled by Blockchain Technology LLC on both [Apple](#) and [Android](#) app stores, as well as two apps for 'Ouro loyalty cards' in the Android store.



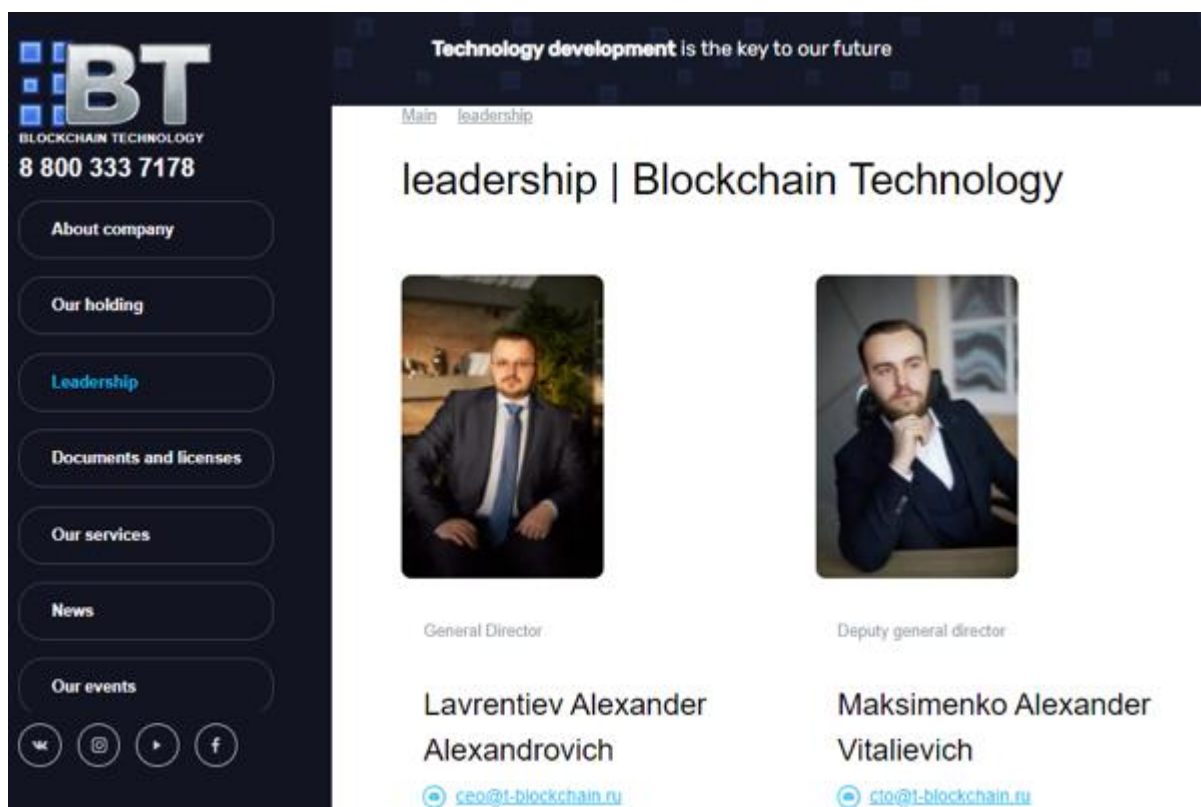
Evidently, however, Ouroboros alone was not enough for Lavrentyev and his associates.

Blockchain Technology LLC

In February 2020 Lavrentyev registered the company '[Blockchain Technology](#)' to an address in Moscow, with himself listed as the director.

A photograph on the [company website](#) confirms that this is the same Alexander Lavrentyev (not to be confused with the Alexander Lavrentyev who serves as Russia's Special Envoy to Syria). The site also lists a deputy director, Alexander Maksimenko, who Lavrentyev described in a [2020 interview](#) promoting Ouroboros as the leading technical specialist and programmer. Maksimenko is a web developer and was previously available for hire as a [freelancer](#) for \$25 per hour. He is from Karaganda, a city in Kazakhstan where Lavrentyev's family owns a hotel). In another cryptocurrency venture not discussed in detail here, Lavrentyev has attempted to get users to buy a [token](#) linked to supposed future profits of this hotel

These are the only two team members listed on the website.



The website [describes](#) Blockchain Technology as a 'holding company that unites several cutting-edge business areas,' and [claims](#) that the company 'aims to make blockchain

technologies close and understandable to everyone – because the technology, accessible to a narrow circle of people, can never truly change the world.'

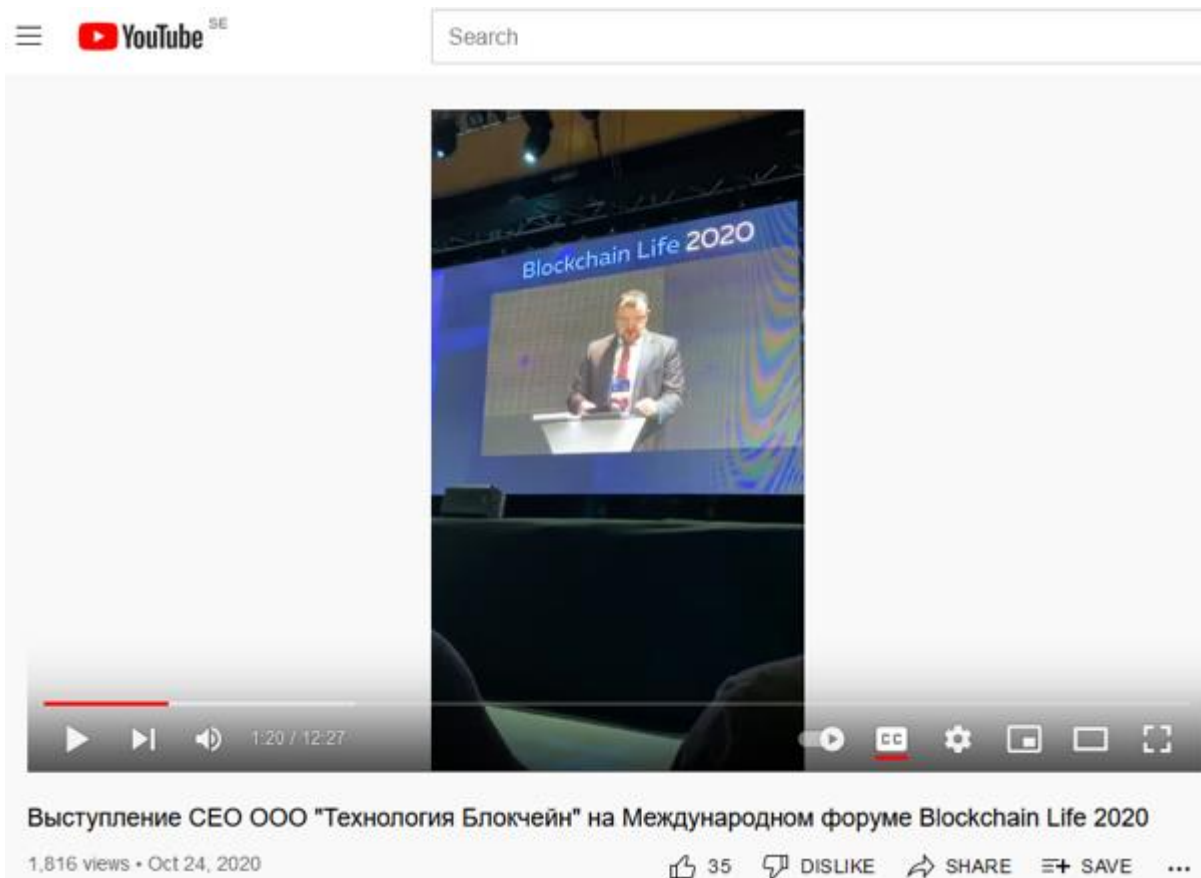
In practice, it appears that Blockchain Technology is seeking to change the world in largely the same way that Prizm and MMM before it did: through a series of dubious ventures which effectively draw money towards the handful of individuals at the top of the pyramid.

The company's products include Ouroboros, as well as the SPUT and KRG Tokens, the exchanges, a messenger app called Sputnik-1 and a cryptocurrency gambling app (which does not appear to have been very successful). For reasons of length, only Ouroboros and Sputnik-1 will be discussed in detail here.

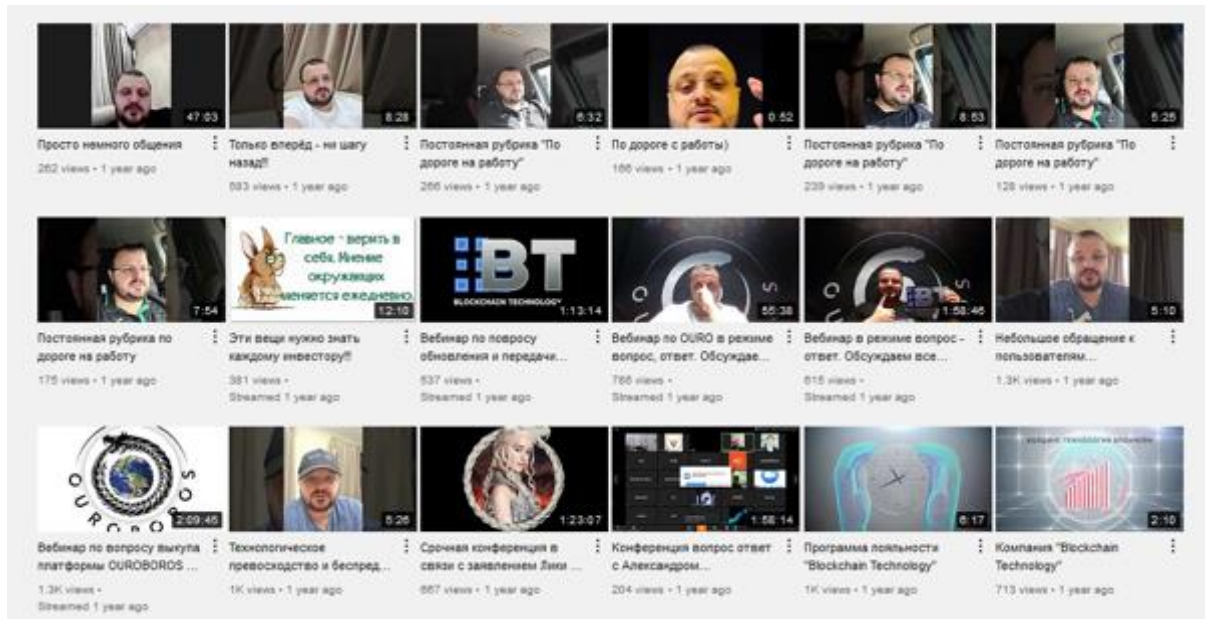
Some money has clearly been spent on promoting Blockchain Technology and Ouroboros. What appears to be a professional social media management company (based in Ukraine) manages the company's multiple Facebook pages and groups. There are multiple active Telegram channels which appear to be partially run by the same social media managers, as well as by Lavrentyev himself. This includes a Russian-language channel for Ouroboros with over 4,400 members. On [Instagram](#) Ouroboros has over 13,300 followers, after running a series of giveaways including a Rolex and a car.



Blockchain Technology was even a [sponsor](#) of the Blockchain Life conference in Moscow in 2020, where Lavrentyev presented the company to the Russian cryptocurrency community.

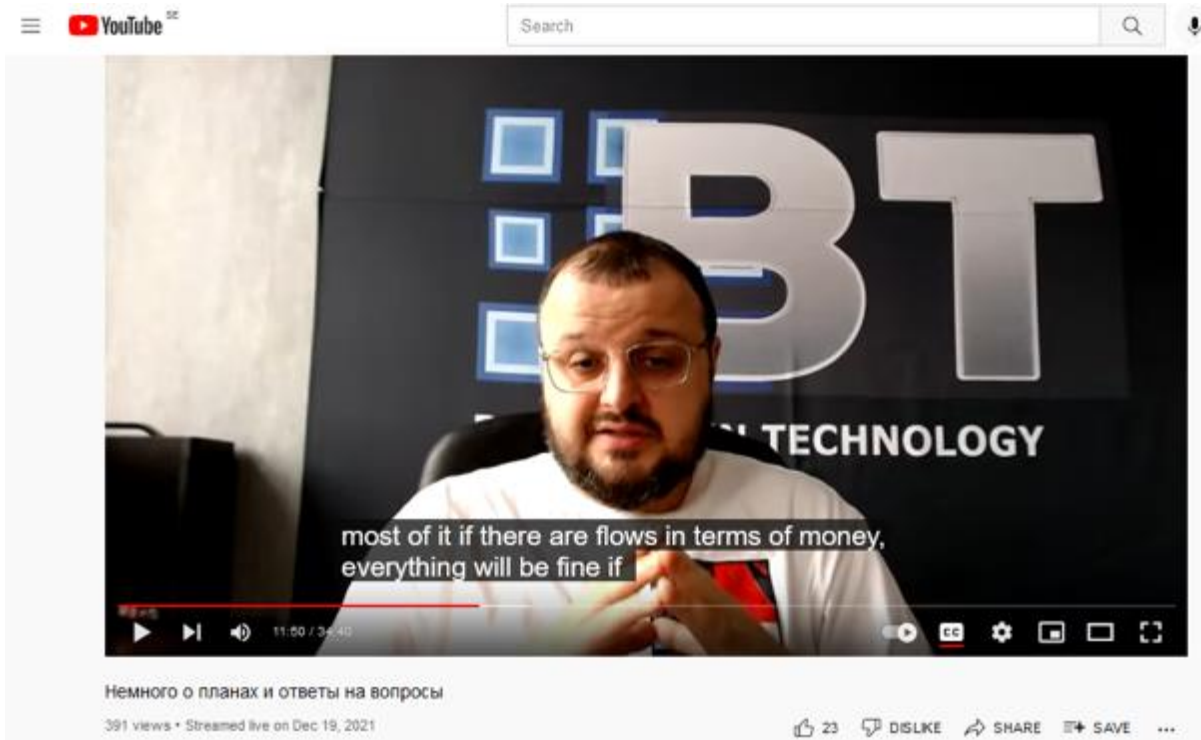


In 2020 and 2021, Lavrentyev has personally conducted a series of livestreams on the [Blockchain Technology Youtube channel](#) to discuss recent developments with Ouroboros and Blockchain Technology's other projects. In a number of these videos he makes references to his prior role with Prizm, reaffirming the lines of continuity between Prizm and Ouroboros.

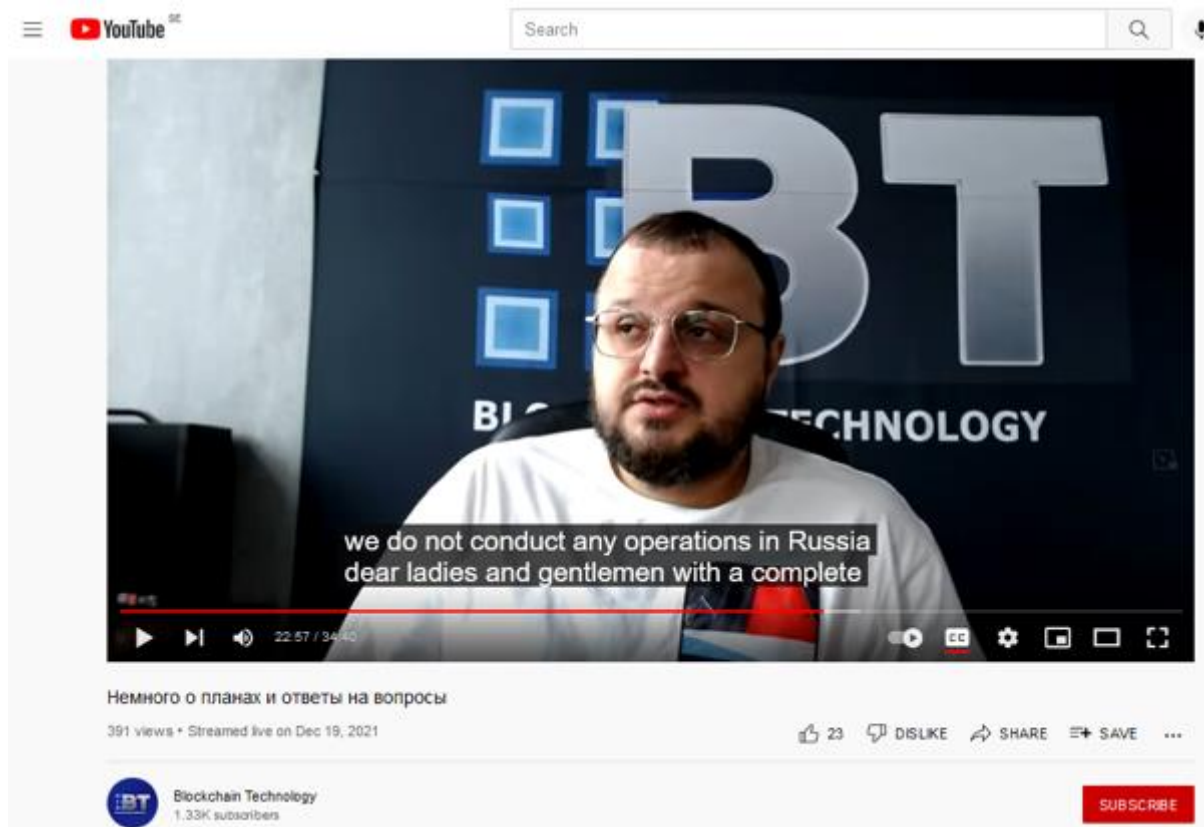


The main purpose of these livestreams seems to be attempting to reassure anxious investors that they will see a return on the money they have put into Ouroboros and other Blockchain Technology projects, and encouraging them to help bring more investment into those projects.

On December 19th 2021, for example (even as concerns around the world were growing about the Russian military build-up along the Ukrainian border) Lavrentyev [livestreamed on Youtube](#) to promise that Blockchain Technology would not pull an [exit scam](#), and that if they can just get more investment into the system in 2022 then Ouroboros will ultimately flourish.



During the livestream, in response to a question from the comments about the possibility that Russia might ban cryptocurrencies, Lavrentyev said that they have no operations in Russia. This means that even though Blockchain Technology is officially registered in Moscow, its operations are located elsewhere – presumably in the DNR-controlled territories.

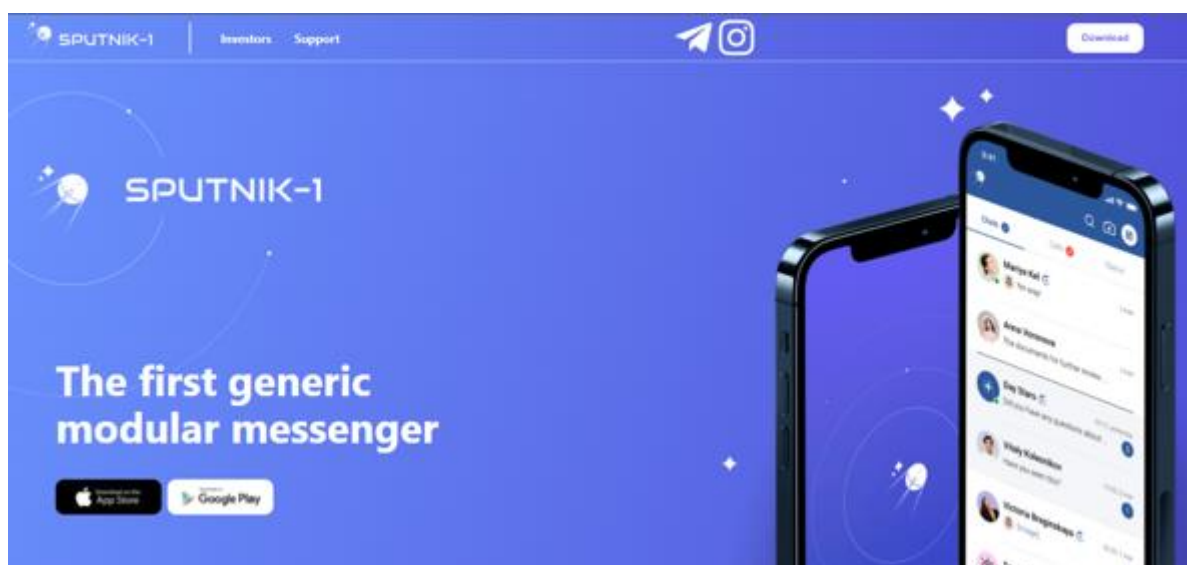


With Prizm, the main mechanism for bringing more people and therefore more money into the system was via networks of multi-level marketers, in many cases the same marketers who had previously helped to sell the MMM Ponzi scheme.

Ouroboros, however, does not appear to be utilising those networks. This may be partially a deliberate effort to distance Ouroboros and Blockchain Technology from Muratov, given the sanctions in place against him.

Instead Blockchain Technology has spun up a number of ventures aiming to bring in more users and more money. For reasons of length, only two will be discussed here: the Sputnik-1 Messenger app, and cryptocurrency gambling.

Sputnik-1 Messenger



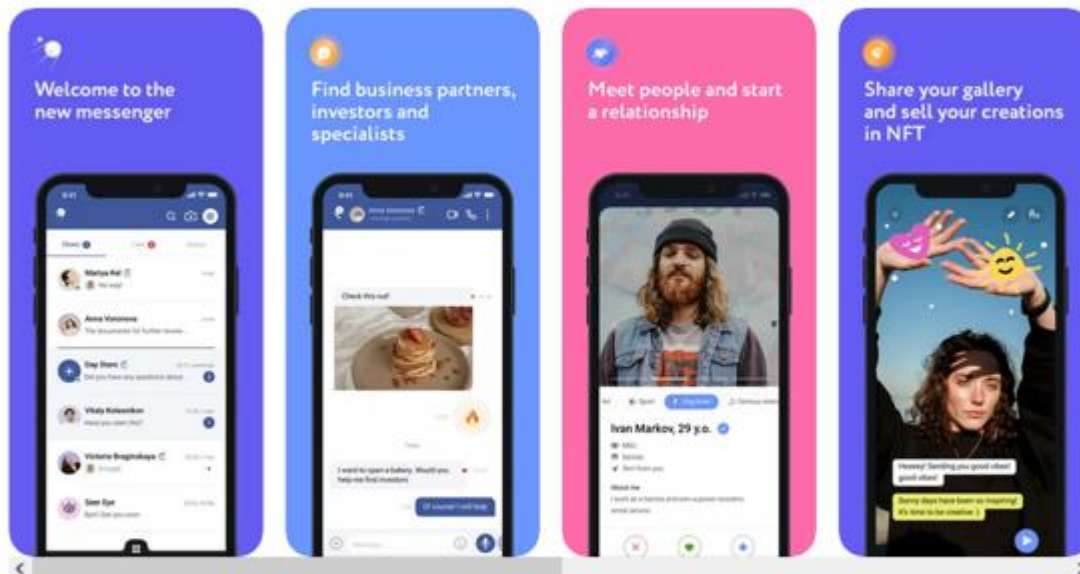
In a [YouTube livestream](#) in May 2020, Lavrentyev complained about US social media platforms blocking and deleting accounts, and obliquely referenced the impact of sanctions. In response, he said, Blockchain Technology would be creating their own messenger app and integrating it with Ouroboros.

As of January 2022 that plan is, to some extent, a reality. The [Sputnik-1 Messenger](#) is in both the [Android](#) and [Apple](#) app stores, [pitching](#) itself as an app for messaging, business, music, trading NFTs and even dating.

A casual user would likely be completely unaware that this app is linked to a sanctioned group of armed separatists in Eastern Ukraine. The app grants permissions to access a range of user data. According to the Android store, it has been installed over 10,000 times since it was added in October 2021.

App Store Preview

Screenshots [iPad](#) [iPhone](#)



The first generic modular messenger

More than just a messenger!

The modular platform Sputnik-1 — is a unique IT product tailored to the current demands of users concerning online communications. The application is free, safe, user-friendly and suitable for people [more](#)

Yet another cryptocurrency token has been created to accompany the Sputnik-1 Messenger. The [SPUTNIK Token](#) is ostensibly based on the Ouroboros blockchain and kept in the Ouro Wallet, and it is somewhat unclear how different it is from Ouroboros itself or what the point of it is.

One possible explanation may be that creating a 'new' token helps Blockchain Technology to bring in more money by persuading those who have already bought Ouroboros that they now also need to buy SPUTNIK.

Lavrentyev and Blockchain Technology are actively seeking investors to put money into the Sputnik-1 app itself, not just buy the tokens. A [business plan](#) from September 2021 promises investors an impressive return on their money with a 30% interest rate for a year-long loan, saying that "in September 2022, the investor will be paid 30,000.0 thousand rubles [around \$380k USD as of January 2022] of the loan body and 9,000.0 thousand rubles [around \$115k USD] of interest for the use of money." This money will ostensibly be used to further develop, improve and market the app.

The plan projects a net profit after return on investment of 931, 477.5 thousand rubles, or \$11,912,345 USD as of January 2022.

Sputnik-1 Modular Messenger | Blockchain Technology LLC

Assessment of the economic efficiency of the project:

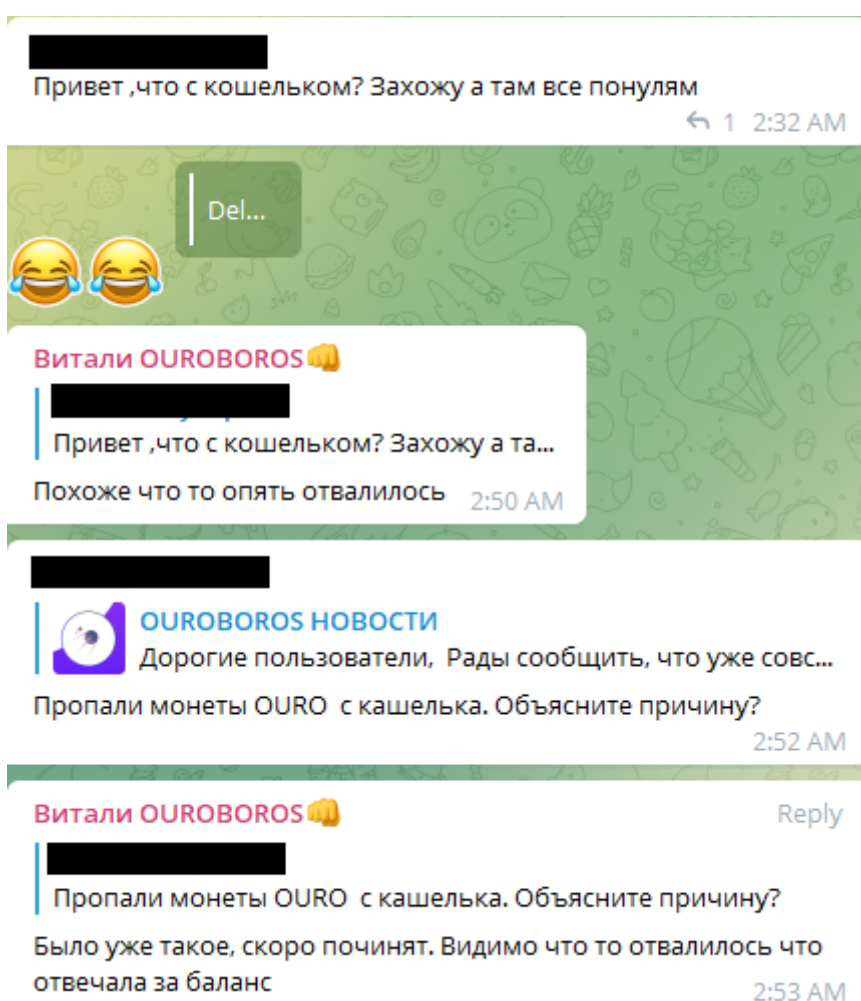
Planning horizon	24 months
Investment period	4 months (24 months)
Project Payback Period (PBP) starting from the first month from the beginning of the project	8 months
Projected net profit at the end of 2022 after return on investment, thousand rubles.	931,477.5

These figures seem far too good to be true. Luring gullible investors with promises of sky-high returns which are never likely to materialise is certainly not a new tactic in either the Ponzi scheme or cryptocurrency space.


It is not clear how much money has been raised this way. In response to questions from increasingly concerned investors in livestream sessions in November and December 2021, Lavrentyev blamed the lack of progress with Sputnik-1 on insufficient funds, and exhorted investors to help promote Sputnik-1 and bring more money and people into the project in 2022.


Disappearing funds

Comments in Ouroboros' Telegram channels show suspicion and skepticism is growing amongst those who have bought into Blockchain Technology's projects. There seems to be an increasing recognition that they are likely to make their money back. There are frequent complaints about the Ouro wallet apps and web interface, which appear to be prone to login issues and other problems. At times the balance of coins in wallets shows unexpected values, or different values for the same wallet across the mobile app and web interface, while at other times it mysteriously goes to zero.




[11/01/2022 2:32 AM]
Hey, what's up with the wallet? I go in and there everything goes to zero

[11/01/2022 2:50 AM]


Vitali OUROBOROS , [11/01/2022 2:50 AM]
[In reply to [REDACTED]]
Looks like it's broken again

[11/01/2022 2:52 AM]
[In reply to OUROBOROS NEWS]
OURO coins disappeared from the wallet. Explain the reason?

Vitali OUROBOROS , [11/01/2022 2:53 AM]
[In reply to [REDACTED]]
It's happened before, it will be fixed soon. Apparently something fell off that was responsible for the balance

Ouroboros's marketing material touts its security as a key feature of the cryptocurrency. However, a [post](#) from an anonymous Donetsk-based Telegram channel alleges that in reality Muratov and Lavrentyev have access to all user funds stored in Ouro Wallets, and are able to exchange and withdraw the funds in Bitcoin.

Донецкий Абориген

Муратов и его близкий друг Александр Лаврентьев (помошник Пушилина, вёвший летом 2018 года [переговоры с СБУ об убийстве Александра Захарченко](#)) открыли так называемую криптовалюту Оуро. В рамках данного проекта они имеют полный доступ к кошелькам пользователей и могут выводить средства себе в биткоины. Все деньги они хранят в биткоинах потому что считают что это легально. Российские СМИ уже начали писать про Оуро который станет новым кэшберри в России. В сети уже легко встретить отзывы облапошенных вкладчиков, [Лишившийся 100к рублей москвич рассказал о мошеннической криптовалюте Ouroboros](#)

Работают они в основном по Москве чтобы не привлекать к себе внимания, и не боятся уголовной ответственности ввиду своей "политичности" и близости к Пушилину. Встречи проходят в Москва Сити. Этажом выше над бывшим президентом Украины Януковичем, который также в Москва сити. Олигарх Курченко также живет в Москва сити.

За это стояли под натиском правосеков в Запорожье, этого добивались русские всего юго-востока Украины? За право безнаказанно грабить и обманывать на Донбассе и в Москве для МММщиков...

Донецкий Абориген



Фото Лаврентьева и Муратова.

6901 edited 6:23 PM

Muratov and his close friend Alexander Lavrentiev (an aide to Pushilin, who negotiated the murder of Alexander Zakharchenko with the SBU in the summer of 2018) opened the so-called Ouro cryptocurrency. As part of this project, they have full access to users' wallets and can withdraw funds to themselves in bitcoins. They keep all the money in bitcoins because they think it is legal. Russian media already started to write about Ouro which will become a new cashberry in Russia. It's already easy to come across feedbacks of swindled depositors, a Muscovite who lost 100k rubles told about fraudulent cryptocurrency Ouroboros

They work mainly in Moscow, so as not to attract attention to themselves, and are not afraid of criminal responsibility in view of their "politeness" and proximity to Pushilin. Meetings are held in Moscow City. One floor above former Ukrainian President Yanukovich, who is also in Moscow City. Oligarch Kurchenko also lives in Moscow City.

Is this what the right-wing extremists in Zaporozhye stood for, what the Russians in the entire southeast of Ukraine stood for? For the right to rob and cheat with impunity in Donbass and Moscow for MMMschikov...

(DeepL autotranslation of Telegram post)

This claim has not been independently verified, but obviously raises interesting questions about the unstable wallet balances which users report experiencing.

Conclusion

The regime in the self-declared DNR is enacting an illegal occupation of the territory of Ukraine. It is perpetuating an armed conflict that has claimed an [estimated 14,000 lives so far](#) and it has been [accused](#) of committing human rights abuses. It is now serving as the pretext for an expanded, overt invasion of Ukraine by Russia, and may provide a beachhead for a full-scale Russian assault on areas of eastern Ukraine currently outside Russia's control.

It would be very difficult – and perhaps ultimately impossible – to determine based on open sources exactly how much money has moved to individuals in the DNR through the Prizm and Ouroboros cryptocurrency schemes. Much of this money has flowed through payment platforms controlled by the scheme operators, making it particularly difficult to track fiat exchange rates over time. But there is still room for further analysis of cryptocurrency transactions, which could shed some additional light on the financial flows from these projects.

What is clear is that Prizm, Ouroboros and their related projects are generating enough profit to make it worthwhile for Alexey Muratov, Alexander Lavrentyev and their associates to invest significant time and resources into keeping these operations going over many years. It is less clear, however, where the money flowed next – whether into the personal accounts of Muratov and Lavrentyev or onwards to other DNR figures. It is notable that Muratov and Lavrentyev are known allies of current DNR leader Denis Pushilin, who was previously connected to the MMM Ponzi scheme.

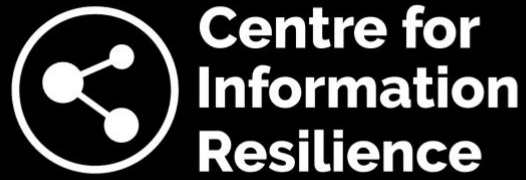
The findings of this investigation highlight several issues. One is the ease with which US-sanctioned individuals like Muratov can promote financial schemes and solicit money across major social media platforms based in the US. Muratov has spoken openly about the use of cryptocurrencies to evade sanctions. The successful marketing of Prizm across Facebook, Twitter, YouTube and other US-based social media platforms raises questions about whether those companies do or should have responsibilities over the promotion of financial schemes by sanctioned individuals or armed groups on their platforms.

The ability of Blockchain Technology to get multiple apps into both the Apple and Android app stores, without any significant effort to obscure the involvement of Lavrentyev, is another issue. What level of due diligence should be expected from Apple and Google when it comes to their app stores?

Serious problems arise for anti-money laundering and counter terrorism financing, as the investigation has shown. Strikingly, neither Muratov nor Lavrentyev made any effort to hide

their identities or connection to the DNR. Despite this, they were able to create a series of cryptocurrency ventures and openly promote (and presumably profit) from them for several years. The ability of armed groups to not only use but also create cryptocurrencies poses a huge challenge to effective AML/CTF.

Arguably the most direct harm from these schemes is to those who have entrusted their money to it. The structure of Prizm, and to a lesser extent Ouroboros, has strong echoes of the MMM Ponzi scheme. Such schemes prey on the hopes, steal the savings, and damage the lives of people around the world.



About the Centre for Information Resilience

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