

Money laundering

UK uncovers vast crypto laundering scheme for gangsters and Russian spies

Multibillion-dollar ring across London, Moscow and Dubai connected cash-rich criminals with sanctions evaders

Miles Johnson and Suzi Ring in London DECEMBER 4 2024

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A UK-led operation has uncovered a multibillion-dollar money laundering scheme run out of London, Moscow and Dubai that enabled Russian spies and European drug traffickers to evade sanctions using cryptocurrency.

The UK's National Crime Agency said on Wednesday that its "Operation Destabilise" investigation centred on two companies — Smart and TGR — that acted as a financial hub for cash-rich global criminals and sanctioned individuals relying on [cryptocurrency](#) outside the banking system.

The NCA said the network had been used by clients including [the Kinahan cartel](#), Irish cocaine traffickers linked to numerous contract killings, as well as funding ransomware groups, and "Russian espionage operations" from late 2022 to summer 2023.

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The illicit network, operating across more than 30 countries, illustrates the growing interaction between hostile states and organised criminals as economic sanctions have forced countries such as Russia to find new ways of operating in the west. The case also shows the increasing use of cryptocurrencies by those cut off from the global banking system.

Rob Jones, director-general of operations at the NCA, said the investigation "is the most significant money laundering operation" that the NCA had ever undertaken.

"It targets . . . a laundromat that brings together at scale street cash and cryptocurrency," he said. It "takes you from *McMafia*, through to *Narcos*, through to le Carré, where you have espionage, where you have transnational organised crime and you have elite Russian-speaking money launderers and cybercriminals".

The network used couriers to collect physical cash from criminals in one country such as the UK in exchange for cryptocurrency, with Tether the most favoured. The cash would then be laundered through companies and the equivalent value made available in other countries.

This two-way, mutually beneficial trade meant that cash rich cocaine kingpins simultaneously helped Russian cyber criminals and elites to launder stolen crypto and access cash while evading western sanctions.

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The NCA said Smart owner Ekaterina Zhdanova collaborated with TGR to move over £2mn for a Russian client, helping them bypass checks to purchase British properties © NCA



As part of 'Operation Destabilise', the NCA seized £20mn in cash and cryptocurrency © NCA

Tether has replaced bitcoin to become the “cryptocurrency du jour”, according to NCA officials, as its tie to the US dollar helps criminals to ensure the value of the money is retained.

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Cantor Fitzgerald, the Wall Street brokerage, has taken a 5 per cent stake in Tether. Howard Lutnick, Cantor's majority owner and longtime chief executive, has become a prominent evangelist for the stablecoin, which has become a major client of his firm. Lutnick, who is co-chair of Donald Trump's transition team, was last month nominated to lead the commerce department by the US president-elect.

Tether said it "unequivocally condemns the illegal use of stablecoins and is fully committed to combating illicit activity".

The British sanctioned Russian state media group RT also used the Smart network to secretly move cash to support "the activities of a Russian-language media organisation in the UK", the NCA said. Other parts of the Russian-speaking network interacted with a crypto exchange used by Russia to procure western technology for Moscow's invasion of Ukraine.

More than £100bn is laundered in or through the UK every year, according to NCA officials, up to £5bn of which is done via cryptocurrency. The use of crypto to launder money has increased significantly in recent years, spurred by the Covid-19 pandemic when travel bans made it harder to move cash.

TGR, which has an office near London's Oxford Circus as well as in Dubai, collaborated with Smart by receiving large amounts of physical cash on behalf of its owner Ekaterina Zhdanova.

Zhdanova, a 38-year-old based in Moscow, has graced the covers of business magazines in Russia and was [accused by the US Treasury](#) of moving more than \$100mn to the United Arab Emirates on behalf of an unnamed sanctioned oligarch. Zhdanova was sanctioned by the US last year and is currently in custody in France.

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The NCA cited another instance where Smart and Zhdanova collaborated with TGR to move more than £2mn for a Russian client, helping them bypass “know your customer” checks to purchase British properties.

Over just a four-month period, the network made cash collections across 55 different locations in England, Scotland, Wales and the Channel Islands. At least 22 suspected crime groups used the network.

As part of the investigation, the NCA arrested 84 people, many of whom are in prison, and seized £20mn in cash and cryptocurrency. Five people linked to the network and several companies have been put under economic sanctions by the US Treasury. The operation also involved the US FBI and DEA, as well as French and Irish police.

Wally Adeyemo, US deputy secretary of the Treasury, [earlier this year said](#) that “terrorist groups and other malign actors” were “using cryptocurrencies to try and circumvent our sanctions”. In October MI5 director-general Ken McCallum [said that Russia and Iran](#) were making “extensive use of criminals as proxies — from international drug traffickers to low-level crooks” to carry out sabotage, espionage and murder operations in the UK.

George Rossi and Elena Chirkinyan © NCA

TGR is run by George Rossi, his second-in-command Elena Chirkinyan and Andrejs Bradens, according to the NCA. All three TGR executives were sanctioned by the US Treasury on Wednesday.

“Through the TGR Group, Russian elites sought to exploit digital assets — in particular US dollar-backed stablecoins — to evade US and international sanctions, further enriching themselves and the Kremlin,” said Bradley T Smith, the US acting under secretary for terrorism and financial intelligence.

The NCA said that Smart and TGR’s crypto wallet addresses showed regular exposure to Garantex, a crypto exchange sanctioned by the UK and US in 2022, that has been linked “to payments to companies for components of weapons used by Russia in its invasion of Ukraine”.

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