



NATIONAL SCIENCE FOUNDATION
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

CLOSEOUT MEMORANDUM

Case Number: A13060073

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We received information that at two NSF-funded supercomputing centers an authorized user¹ utilized resources allocated to NSF-funded projects for the purpose of mining a digital currency, in this case Bitcoin.

One center² identified aberrant behavior in the user's account on a weekend involving an open connection to a site outside the U.S., and took immediate action to terminate the connection and assess the possibility that the user's account was compromised. When the user was contacted for additional information, he provided an explanation that he had initiated the computing processes in question as part of his research activities. This explanation did not however comport with the subsequent determination that the activities involved bitcoin mining. The center alerted the other NSF supercomputing centers, which began their own assessments of the user's recent activities. One additional center³ identified bitcoin mining activity under the user's account and further identified that the user had initiated the activity remotely from his home and office computers in another state. Both centers froze all accounts for the user and his research group as well as terminated all running processes from those accounts. The user's home institution⁴ was notified and conducted its own internal investigation of the user's activities on the institution's computing resources. The home institution identified additional mining activity for a different cyber-currency called Litecoin on its resources.

While our investigation did not find sufficient evidence of unauthorized access to warrant criminal prosecution, the use of the resources for mining bitcoins does fall outside the bounds of authorized activities by any user at both centers. Approximately 78 Bitcoins were generated at an estimated cost greater than \$152,000. We recommended NSF take administrative action including debarment to protect federal resources and to recover costs associated with the mining activities. NSF subsequently issued a Notice of Proposed Debarment, and ultimately reached an administrative agreement with the user for a voluntary exclusion and community service.

Accordingly, this case is closed.

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