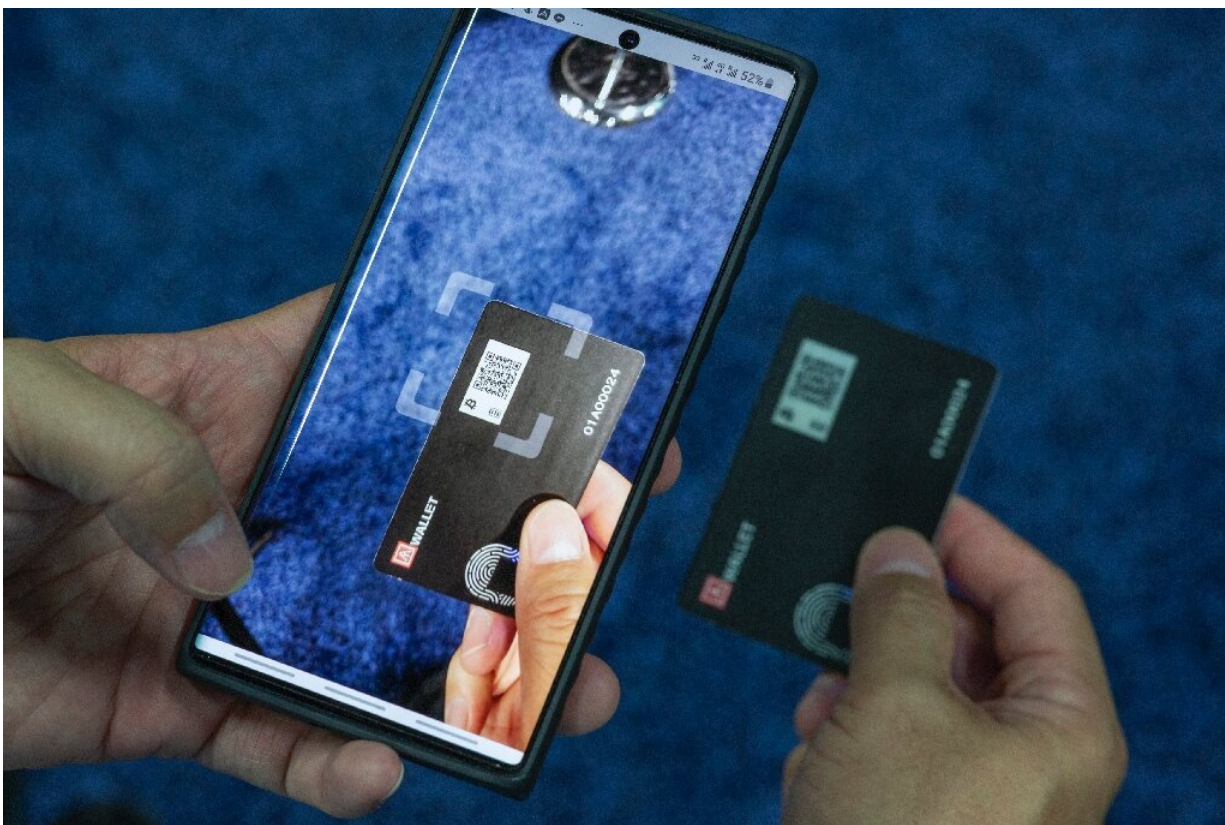


New York shuts cryptocurrency exchanges which hid losses

February 24 2021



Two cryptocurrency trading platforms which hid hundreds of millions in losses agreed to halt activities following a probe by New York state officials

New York state authorities said they reached an agreement to shut down activities of two cryptocurrency trading platforms which hid an

estimated \$850 million in losses.

State Attorney General Letitia James said the agreements this week with Bitfinex and Tether would end all trading activity with New Yorkers and require penalties totaling \$18.5 million.

James's office began investigating the two companies in 2017 for their trading in "stablecoins," which are supposed to maintain real-dollar value.

The investigation found the two companies made [false statements](#) about the backing of the "tether" stablecoin, and about the movement of hundreds of millions of dollars between the two companies to cover up losses.

"Bitfinex and Tether recklessly and unlawfully covered-up massive financial losses to keep their scheme going and protect their bottom lines," said James.

"Tether's claims that its [virtual currency](#) was fully backed by US dollars at all times was a lie. These companies obscured the true risk investors faced and were operated by unlicensed and unregulated individuals and entities dealing in the darkest corners of the financial system."

The companies agreed to stop any trading activity with New Yorkers and to submit to mandatory reporting on core business functions.

© 2021 AFP

Citation: New York shuts cryptocurrency exchanges which hid losses (2021, February 24)
retrieved 20 April 2024 from
<https://techxplore.com/news/2021-02-york-cryptocurrency-exchanges-hid-losses.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.