

Suit charges crypto firms with billion-dollar fraud

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Gemini crypto exchange founded by Tyler Winklevoss (L) and Cameron Winklevoss could be barred from New York's financial industry if a lawsuit filed by that state's attorney general succeeds in proving investors were duped.

New York's attorney general on Thursday filed a lawsuit accusing cryptocurrency firms Gemini and Genesis with fraud that wound up

costing investors more than a billion dollars.

Gemini Trust Company, created by twin brothers Tyler and Cameron Winklevoss of early Facebook fame, misled investors about the risk of putting money into a program that involved loans that at one point were concentrated in Sam Bankman-Fried's Alameda research trading firm, according to the suit.

"Investors around the country lost more than a billion dollars because they were fed blatant lies that their money would be safe and grow if they invested it in Gemini Earn," New York attorney General Letitia James said in a release.

Gemini offered people the chance to lend cryptocurrencies in exchange for high returns via a Gemini Earn program, according to the suit.

Those loans included some to digital currency services platform Genesis, which in turn lent cryptocurrency to other players in the industry.

But the bankruptcy of Bankman-Fried's Alameda Research and its FTX platform last year triggered panic in the market.

Bankman-Fried is currently on trial in New York, facing [fraud charges](#) of his own.

Unable to honor massive withdrawal requests, Genesis filed for bankruptcy in January.

"Gemini hid the risks of investing with Genesis and Genesis lied to the public about its losses," James said.

According to documents published at that time, Gemini loans to Genesis tallied some \$765 million.

Gemini was founded by the Winklevoss twins, who were made famous by the film "The Social Network" about the birth of Facebook.

In a post at X, formerly known as Twitter, Gemini contended that the lawsuit confirms that the exchange and its users were "victims of a massive fraud and systematically lied to" by Genesis.

"Blaming a victim for being defrauded and lied to makes no sense and we look forward to defending ourselves against this inconsistent position," Gemini said in the post.

James accused Gemini of deceiving more than 230,000 investors.

Her [lawsuit](#) also argues that former Genesis chief executive Soichiro Moro and Genesis parent company DCG with trying to conceal the massive losses.

The litigation seeks to have Gemini, Genesis and DCG banned from New York's financial investment industry and pay restitution to investors who lost money.

DCG defended itself in a post at X, saying it did nothing illegal.

"I am shocked by the baseless allegations in the attorney general's complaint and intend to fight these claims in court," DCG founder and chief executive Barry Silbert said in the post.

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