

Wanted crypto boss Do Kwon's Terraform files for US bankruptcy

January 22 2024



Do Kwon (C) was arrested in Montenegro in 2023 and is wanted in South Korea and the United States over the collapse of Terraform's cryptocurrencies.

South Korean entrepreneur Do Kwon's Terraform Labs, whose cryptocurrencies crashed dramatically in 2022, is seeking bankruptcy

protection in the United States, according to court documents filed Sunday.

The collapse of the Singapore-based firm's TerraUSD and Luna wiped out around \$40 billion in investments and caused wider losses in the global crypto market estimated at more than \$400 billion.

Kwon, who co-founded Terraform in 2018, was arrested last year in Montenegro and is awaiting extradition to the United States or South Korea.

He faces [fraud charges](#) in both countries related to the crash.

The [bankruptcy filing](#) will allow Terraform "to execute on its business plan while navigating ongoing legal proceedings, including representative litigation pending in Singapore and U.S. litigation involving the Securities and Exchange Commission", the firm said in a statement.

Terraform "intends to meet all financial obligations to employees and vendors during the Chapter 11 case and does not require additional financing to do so".

The company's court filing in the US state of Delaware listed both its assets and liabilities in the \$100 million to \$500 million range.

Kwon holds 92 percent of Terraform's shares, according to the filing.

The US SEC last year charged both Kwon and Terraform with "orchestrating a multi-billion dollar crypto asset securities fraud".

The company's TerraUSD was marketed as a "stablecoin", a token that is pegged to stable assets such as the US dollar to prevent drastic fluctuations.

But despite billions in investments and global hype, TerraUSD and sister token Luna went into a death spiral in May 2022.

Experts said Kwon had set up a glorified Ponzi scheme, in which many investors lost their life savings.

He left South Korea before the crash and spent months on the run, finally winding up in custody in Montenegro after trying to board a flight with fake Costa Rican travel documents.

A court said in November that he would be extradited to the United States or South Korea pending a decision by Montenegro's minister of justice.

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Citation: Wanted crypto boss Do Kwon's Terraform files for US bankruptcy (2024, January 22) retrieved 11 May 2024 from <https://techxplore.com/news/2024-01-crypto-boss-kwon-terraform-bankruptcy.html>

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