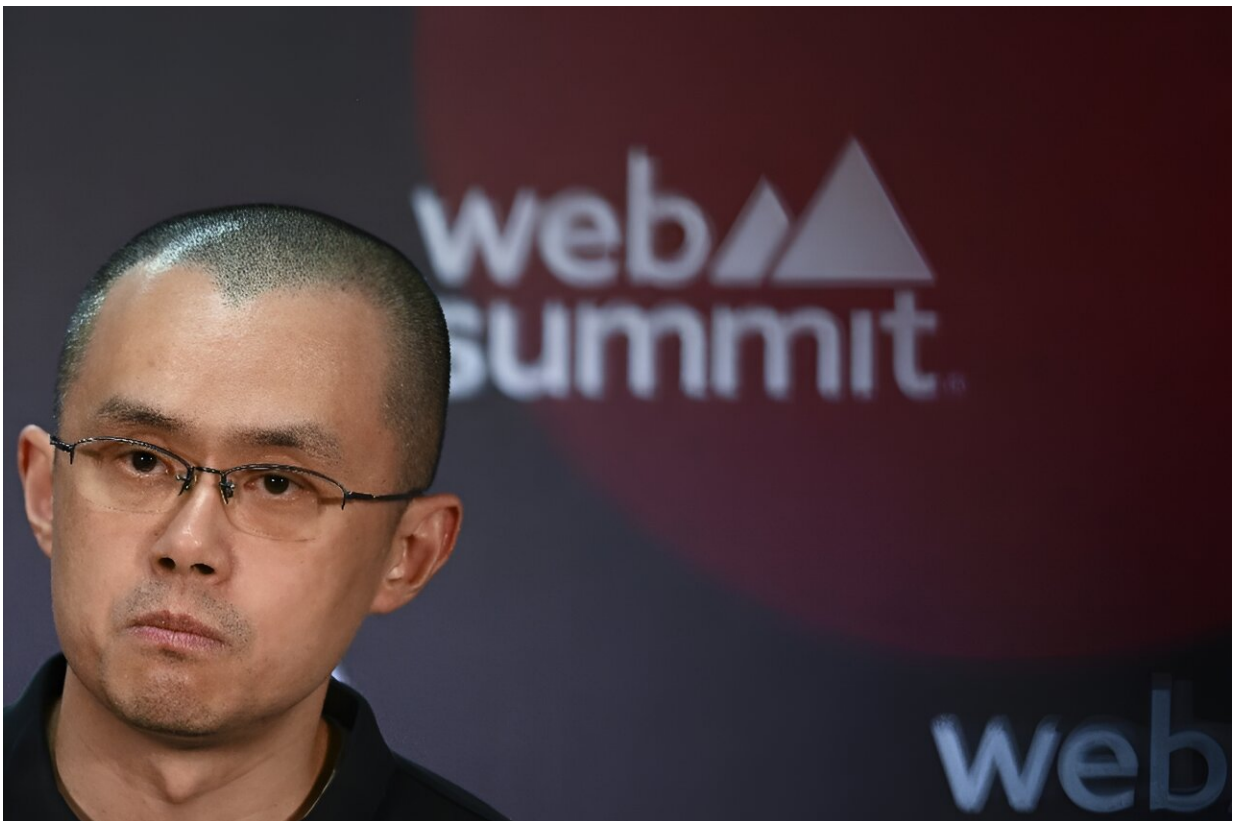


Ex-Binance chief jailed for four months in US

April 30 2024



Prosecutors argue that Binance co-founder and former CEO Changpeng Zhao made a business decision to break US laws against money laundering in order to 'line his pockets'

The founder of cryptocurrency firm Binance was sentenced to four months in US prison on Tuesday after pleading guilty to money

laundering charges, in the most high-profile crypto case since Sam Bankman-Fried was jailed.

Changpeng Zhao, a Canadian, resigned from his post at the world's largest cryptocurrency exchange platform late last year as part of a deal with US authorities.

According to investigations by two Treasury agencies, Binance failed to prevent transactions by movements such as the Islamic State group, al-Qaeda or the armed wing of Hamas.

Zhao pleaded guilty to violating US anti-money laundering laws and Binance agreed in February to pay \$4.3 billion to settle charges.

Prosecutors had asked the judge to impose three years behind bars for a crime that typically results in probation, according to a court filing.

"He made a business decision that violating US law was the best way to attract users, build his company, and line his pockets," Justice Department lawyers said of Zhao in a sentencing memorandum.

"The sentence in this case will not just send a message to Zhao but also to the world."

Attorneys for Zhao countered in a filing that being punished with probation is just, appropriate, and in line with legal precedent.

They cited Zhao's acceptance of responsibility along with what they called his philanthropic track record.

"I made mistakes, and I must take responsibility," Zhao, who lives in the United Arab Emirates, said in a post on X, formerly Twitter, in November.

He has been in the United States since that time.

Binance was created in 2017 and cornered much of the [crypto](#)-trading market, turning its founder and chief executive Zhao into a billionaire.

While Binance was founded in China, Zhao moved its operations to other locations internationally after a crackdown on the crypto sector by Beijing.

Binance runs crypto exchanges and provides other services around the world, but it took a severe hit when crypto markets collapsed and regulators began probing the legality of its business.

The volatile industry surged in 2021, with a range of complex products and celebrity endorsements propelling it to a valuation in excess of \$3 trillion in 2022.

But a series of scandals, including the November 2022 collapse of Binance's main rival exchange, FTX, and [criminal charges](#) for several industry executives, saw [public confidence](#) evaporate and investors pull their money out of crypto.

FTX founder Bankman-Fried was given a 25-year jail term in March.

The crypto industry has bounced back in recent months, thanks in large part to US regulators giving the go-ahead for exchange traded funds (ETFs) in bitcoin which allow investors to trade the asset without actually opening a crypto account.

Binance's new CEO Richard Teng told AFP this month that the company spent hundreds of millions of dollars on compliance and was working very closely with regulators.

© 2024 AFP

Citation: Ex-Binance chief jailed for four months in US (2024, April 30) retrieved 13 July 2024 from <https://techxplore.com/news/2024-04-binance-chief-months.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.