

Montenegro court rejects extradition order for crypto tycoon

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Seoul and Washington have been seeking the extradition of South Korean crypto entrepreneur Do Kwon for his suspected role in fraud linked to the dramatic collapse of his company, Terraform Labs, which wiped out about \$40 billion of investors' money and shook global crypto markets.

A Montenegro appeals court on Friday reversed an order to extradite

cryptocurrency entrepreneur Do Kwon to South Korea—where he is wanted over the multi-billion-dollar collapse of the Terraform Labs company.

For months, Seoul and Washington have been seeking the South Korean's extradition for his suspected role in fraud linked to his company's dramatic collapse, which wiped out about \$40 billion of investors' money and shook global crypto markets.

The Appeals Court of Montenegro said it had accepted "the appeals of the accused Kwon Do-hyung and his defense attorneys, revoking the decision of the High Court in Podgorica".

The ruling added it would be returning the case to "the first-instance [court](#) for a retrial and decision".

The decision came weeks after a string of earlier court decisions in the Balkan country appeared to clear the path for the extradition of the Terraform founder.

The crypto tycoon, whose real name is Kwon Do-hyung, had been on the run for months after fleeing South Korea and then Singapore before the company's crash in 2022.

He was arrested along with an accomplice in Montenegro in March last year.

Montenegro has already deported Kwon's business partner—identified only by his initials J.C.H.—to South Korea in early February.

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.

Do Kwon successfully marketed them as the next big thing in crypto, attracting billions in investments and global hype.

Media reports in South Korea described him as a "genius".

But despite billions in investments, 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.

In January, Terraform Labs officially sought [bankruptcy protection](#) in the United States.

The bankruptcy filing would 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.

The company said it also intended to "meet all financial obligations to employees and vendors".

Cryptocurrencies have come under increasing scrutiny from regulators after a string of controversies during the past year, including the high-profile collapse of the exchange FTX.

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