



SFC Alerts Public to Unlicensed Virtual Asset Trading Platform CoinUnited.io

On 25 July 2024, the Securities and Futures Commission (**SFC**) issued a stern warning to the public regarding an unlicensed virtual asset trading platform known as CoinUnited.io. The platform, which claims to provide trading services across a range of assets including cryptocurrency, stocks, indices, forex, and commodities, has also previously advertised having a flagship store in Hong Kong and being active in local hiring. Despite these claims, CoinUnited.io has neither obtained a license from the SFC nor applied for one, rendering its operations illegal under the Securities and Futures Ordinance (**SFO**) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

The SFC's action against CoinUnited.io is driven by several critical factors such as the platform's lack of licensing, its false claims about having a physical presence and recruitment efforts in Hong Kong, and the overarching need to protect investors. By operating without a license, CoinUnited.io is evading regulatory oversight, raising serious concerns about its legitimacy and the safety of investor funds. The SFC's intervention is its commitment to safeguarding the public from potential fraud and financial loss, ensuring that only regulated and compliant platforms are trusted with investor money.

In response to these violations, the SFC has taken decisive action by adding CoinUnited.io and its associated website to the Suspicious Virtual Asset Trading Platforms Alert List as of 25 July 2024. This SFC's unwavering commitment to investor protection by continually updating this alert list, it ensures that investors are well-informed about unregulated entities that pose a significant risk to their financial security. This vigilance is crucial in preventing potential fraud and safeguarding the investments of the public.

The SFC strongly advises investors to exercise caution and avoid engaging with unregulated virtual asset trading platforms. Such platforms carry considerable risks, including the potential for total investment loss if the platform ceases operations, collapses, gets hacked, or suffers from asset misappropriation. Investors are urged to verify the licensing status of any virtual asset trading platform through the SFC's official List of Licensed Platforms to ensure they are dealing with a legitimate entity.

CoinUnited.io is purportedly operating at <https://coinunited.io/>. "Regulated activity," as defined in Part 1 of Schedule 5 to the SFO, includes dealing in securities, dealing in futures contracts, and leveraged foreign exchange trading. These activities require proper licensure to ensure compliance with financial regulations and to protect investors from potential risks.

The SFC remains steadfast in its mission to uphold the integrity of the financial market in Hong Kong. By taking swift and firm action against fraudulent or unlicensed virtual asset trading platforms, the SFC reinforces a safer and more transparent market environment. This commitment not only protects investors but also promotes trust and confidence in the financial system.

(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=24PR126>)

Japan Prepares for Bitcoin ETFs with SBI and Franklin Templeton Partnership

As of 26 July 2024, Japan is set to join the global trend of Bitcoin exchange-traded funds (**ETFs**) following the partnership between Japanese financial giant SBI Holdings and American investment powerhouse Franklin Templeton. According to a recent report by Nikkei Asia, the two firms are gearing up to introduce cryptocurrency management services to the world's third-largest economy, pending regulatory approval.

On 25 July 2024, it was revealed that SBI Holdings and Franklin Templeton will establish a digital asset management company as early as this year. This joint venture, with SBI holding a 51% stake and Franklin Templeton the remaining 49%, is strategically positioned to launch a Bitcoin ETF in Japan once the Financial Services Agency (**FSA**) grants approval. Franklin Templeton, managing approximately \$1.6 trillion in assets, has been a pioneer in digital assets, having been one of the first to introduce spot Bitcoin ETFs in the U.S.

The timeline for launching Bitcoin ETFs in Japan is set for the end of the year, aligning with the country's anticipated regulatory framework for cryptocurrency ETFs. The partners are in the final stages of establishing the necessary infrastructure to support these innovative financial products. The swift approval process witnessed in other markets such as the U.S. and Canada bolsters confidence in a timely rollout in Japan.

Bitcoin ETFs have surged in popularity globally, with numerous positive outcomes for investors. These financial products allow retail investors to trade Bitcoin through regular securities accounts without needing specialized crypto exchanges. This accessibility simplifies the investment process, eliminating the need for managing private keys and reducing the complexity associated with direct cryptocurrency investments. In just over six months, cumulative total inflows into spot Bitcoin ETFs in the U.S. have exceeded \$16 billion, showcasing huge market demand and investor's trust.

The new joint venture between SBI and Franklin Templeton is not limited to Bitcoin ETFs. It also plans to offer digital asset securities, leveraging Franklin Templeton's early advancements in tokenization. This innovative approach uses blockchain technology to create tradable ownership tokens for assets such as real estate and government bonds. According to a forecast by Boston Consulting Group and ADDX, asset tokenization is expected to grow to a staggering \$16.1 trillion by 2030, showcasing its immense potential.

SBI Holdings has been expanding its portfolio of alternative asset investment products through strategic international partnerships. In 2023, SBI formed alliances with the U.K.-based Man Group and U.S. private equity firm KKR, diversifying its offerings and catering to the growing demand for alternative investments. Additionally, SBI Securities, Japan's largest online brokerage, established a wealth management office in July 2023 to attract high-net-worth clients.

The collaboration between SBI and Franklin Templeton is a pivotal step towards integrating traditional finance with cutting-edge digital asset management, paving the way for a new era of investment opportunities with the anticipated launch of Bitcoin ETFs and digital asset securities.

FINMA Publishes New Guidelines on Stablecoins: Enhancing Regulatory Oversight and Strengthening Financial Security in Switzerland

On 26 July 2024, the Swiss Financial Market Supervisory Authority (**FINMA**) released its latest guidance, "FINMA Guidance 06/2024," addressing the burgeoning field of stablecoins. As these digital assets gain prominence, FINMA's guidelines underscore the legal, financial, and reputational considerations for issuers and banking institutions. This guidance represents a forward-thinking approach, poised to significantly enhance the landscape of stablecoin regulation and cryptocurrency engagement in Switzerland.

The guidance builds on FINMA's 2019 supplement to the ICO guidelines, elucidating the regulatory nuances for stablecoin issuers. Stablecoins, designed to provide price stability through linkage to underlying assets such as national currencies, fall under banking law or collective investment schemes depending on asset management practices. These digital currencies must comply with the Anti-Money Laundering Act (**AMLA**), reinforcing the need for robust verification processes to mitigate risks. This prudent regulatory framework not only safeguards financial stability but also fosters a secure environment for innovation.

FINMA highlights significant anti-money laundering (**AML**) concerns associated with stablecoins. The Financial Action Task Force (**FATF**) has recognized stablecoins' susceptibility to money laundering and terrorist financing, necessitating stringent compliance measures. Issuers must establish the identity of stablecoin holders, ensuring adherence to AMLA requirements to protect the integrity of Switzerland's financial sector. By addressing these concerns head-on, FINMA is applauding a proactive approach that sets a high standard for financial security.

Stablecoin issuers, particularly those accepting public deposits, must navigate the complexities of banking law. FINMA emphasizes that stablecoin deposits backed by default guarantees from banks are exempt from certain licensing requirements, provided they meet specific criteria. These guarantees must offer clear, accessible protections for depositors, ensuring comprehensive coverage and rapid accessibility in the event of issuer insolvency. This regulatory clarity not only enhances consumer confidence but also encourages broader adoption of stablecoins, thereby strengthening the cryptocurrency ecosystem.

The introduction of default guarantees for stablecoins marks a significant improvement in regulatory oversight. By requiring that default guarantees cover at least the total of all public deposits, including interest, and ensuring that claims are due upon insolvency, FINMA enhances depositor protection. This measure compels banks to maintain high standards of transparency and accountability, thereby reducing operational and financial risks. The default guarantee mechanism not only fortifies the security of stablecoin holders but also reinforces the robustness of the financial system.

Banks providing default guarantees for stablecoins face potential reputational and legal risks. FINMA warns that any AMLA compliance breaches by stablecoin issuers could tarnish the reputation of associated banks. The guidance advises banks to conduct thorough due diligence and maintain rigorous oversight to mitigate these risks. By fostering a culture of accountability and transparency, FINMA is ensuring that the financial institutions supporting stablecoin issuers maintain their esteemed reputations.

The Federal Council's recent report acknowledges the need for ongoing review of banking law exceptions, aiming to balance innovation with adequate depositor protection. FINMA is committed to refining regulatory frameworks to address the evolving landscape of stablecoins and their associated risks. This adaptive approach reflects a deep understanding of the dynamic nature of financial markets and positions Switzerland as a leader in the global cryptocurrency sphere.

FINMA's 06/2024 guidance represents a pivotal step in regulating stablecoins, ensuring that issuers and banks operate within a secure, compliant framework. As the financial sector adapts to these digital innovations, adherence to these guidelines will be crucial in fostering trust and stability in the market. This visionary regulatory strategy not only changes the way stablecoins are managed but also significantly enhances cryptocurrency engagement in Switzerland, positioning the country at the forefront of financial innovation.

(Source: https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/4dokumentation/finma-aufsichtsmittelungen/20240726-finma-aufsichtsmittelung-06-2024.pdf?sc_lang=en&hash=03D-675C1247EAF0C391363A2F18B9A)

Federal Court Orders El Paso Man and His Firm to Pay Over \$31 Million for Forex and Cryptocurrency Fraud

On 26 July 2024, the Commodity Futures Trading Commission (**CFTC**) announced that Senior Judge David C. Guaderrama of the U.S. District Court for the Western District of Texas entered an order on 9 July 2024, assessing monetary relief totaling over \$31 million against Abner Alejandro Tinoco and his company, Kikit & Mess Investments, LLC. The court's ruling mandates Tinoco and Kikit & Mess to pay, jointly and severally, \$6,203,792.18 in restitution to 199 defrauded victims, \$6,257,904.89 in disgorgement with credit for restitution payments, and a \$18,773,714 civil monetary penalty, which is three times the amount of unlawful gains from their fraudulent forex and cryptocurrency scheme.

This order follows an initial consent decree issued on 25 March 2022, permanently enjoining Tinoco and his firm from future violations of the Commodity Exchange Act (**CEA**) and CFTC regulations, and banning them from trading in any CFTC-regulated markets. The court found that the defendants engaged in a fraudulent scheme starting in September 2020, where they misappropriated more than \$7.2 million of investment funds and paid fictitious "investment profits" to other clients in a Ponzi-like manner. Instead of investing the funds as promised, Tinoco used the money for personal luxuries, including chartering private jets, purchasing a luxury mansion, and acquiring high-end automobiles.

The initial consent order and the monetary relief order resolve the CFTC's enforcement action filed on 28 September 2021 against Tinoco and Kikit & Mess. The parallel criminal action saw Tinoco charged with five counts of wire fraud on 29 November 2022. He pleaded guilty on 29 February and was sentenced to 84 months in prison, followed by three years of supervised release. He was also ordered to pay \$9,023,695.77 in restitution to the victims.

Judicial interpretation and intervention play a crucial role in rectifying legal issues in the financial markets. This case highlights the judiciary's unprecedented role in upholding market integrity by holding fraudulent actors accountable and by imposing substantial monetary penalties and prison sentences, the court establishes the importance of adhering to regulatory standards and protecting investors from deceptive practices.

The impact of this judgment on the cryptocurrency sphere is significant and widespread. It sends a strong message to market participants about the severe consequences of fraudulent activities. Such judicial actions enhance investor confidence and promote a more secure and transparent trading environment. The ruling also emphasizes the necessity for regulatory compliance and the potential repercussions of failing to adhere to financial laws by way of legal actions, are essential in maintaining its legitimate and trustworthy investment landscape.

The CFTC continues to advise the public on the warning signs of fraud through its Commodity Pool Fraud Advisory and Forex Fraud Advisory. It urges the public to verify the registration status of individuals or companies with the CFTC before committing funds, as a means of safeguarding against potential fraud. Customers and individuals are encouraged to report suspicious activities or violations of commodity trading laws to the Division of Enforcement via a toll-free hotline or online complaint form. Whistleblowers are eligible for a reward of between 10 and 30 percent of the monetary sanctions collected, financed through sanctions paid by violators of the CEA.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/8934-24>)

Donald Trump's Future Crypto Vision: Making the U.S. the Global Crypto Capital

On July 27, 2024, former U.S. President Donald Trump delivered the keynote address at the Bitcoin 2024 conference in Nashville, Tennessee, sending ripples through the cryptocurrency community and igniting a wave of bullish sentiment. With a packed audience and millions watching online, Trump passionately declared his ambition to transform the United States into the "crypto capital of the world." His speech, filled with bold promises and visionary statements, significantly influenced social media and market reactions, positioning Bitcoin (**BTC**) as the focal point of positive speculation and optimism. By outlining a strategic plan that includes creating a national Bitcoin reserve and appointing a dedicated advisory council for cryptocurrency regulation, Trump vowed his commitment to integrating digital assets into the national economic framework, further solidifying Bitcoin's role in the financial landscape. Furthermore, declaring that Bitcoin would one day overtake gold, he highlighted its significance as both a technological marvel and a "miracle of cooperation and human achievement."

During his speech, Trump unveiled a bold plan to create a strategic Bitcoin reserve, pledging to keep 100% of all Bitcoin the U.S. government currently holds or acquires in the future as part of a “strategic national Bitcoin stockpile.” Currently, the U.S. government owns more than 210,000 bitcoins, worth approximately \$14 billion, seized from illegal operations like the Silk Road and BitConnect. This move confirmed rumors spread by Bitcoin enthusiasts, who hoped that endorsement of a reserve from Trump could propel the cryptocurrency’s price.

Immediately following his speech, Senator Cynthia Lummis introduced a bill proposing the U.S. government acquire 5% of the world’s Bitcoin supply and hold it for at least 20 years, further cementing Bitcoin’s role in national economic strategy. Lummis emphasized that this initiative could significantly reduce national debt by converting excess reserves into Bitcoin, an asset with potential for growth.

Trump also announced plans to appoint a Bitcoin and crypto advisory council to design transparent regulatory guidance within the first 100 days of his next presidency, highlighting his commitment to a structured and supportive environment for cryptocurrency innovation.

In this context, data from Santiment, a leading market analytics firm, reveals that social media sentiment surrounding Bitcoin has reached its most positive level in 16 months. The firm’s weighted sentiment index, which assesses the ratio of positive to negative comments about Bitcoin on platforms like X (formerly Twitter), indicates a strong surge. The index is now 4.7 times above the normal standard deviation, marking the highest level since March 2023.

The Crypto Fear & Greed Index, which gauges market sentiment, showed a ‘Greed’ score of 71, a notable increase of 24 points since June 28. This indicates a predominantly bullish outlook among investors and traders, reflecting confidence in Bitcoin’s long-term potential.

Despite this wave of positive sentiment, Bitcoin experienced a slight decline in value following Trump’s speech, recording a 1.15% drop over the past 24 hours. This volatility underscores the complexities of market reactions, where even positive announcements can lead to short-term fluctuations.

Trump’s assertive stance has sparked mixed reactions within the crypto community. While his vision of making the U.S. the hub of cryptocurrency innovation is ambitious, it also comes with its challenges. He emphasized using fossil fuels to create abundant electricity for Bitcoin mining, promising to generate “so much electricity that you’ll be saying, ‘Please, president sir, we have too much electricity.’” Additionally, he reiterated plans to roll back federal incentives for electric vehicle and charging station manufacturers, a move that has drawn both support and criticism.

Trump’s comments on his political rival and the promise to turn America into a Bitcoin powerhouse have stirred the market. “If Bitcoin is going to the Moon, as they say, I want it to be America that sends it there,” he declared, aiming to solidify his image as a pro-crypto candidate.

The overall sentiment in the market reflects a high degree of optimism, driven by Trump’s strong pro-Bitcoin stance and the legislative support from figures like Senator Lummis. However, the mixed market reactions also highlight the importance of cautious optimism in the volatile world of cryptocurrency. The unfolding developments will be closely watched by both the crypto community and investors worldwide as they navigate this new wave of enthusiasm and regulatory attention.

Trump’s bold move to embrace Bitcoin and integrate it into the national economic strategy is a commendable step towards fostering innovation amid traditional finance. By promoting the adoption of cryptocurrencies and creating a supportive regulatory environment, this approach paves the way for the United States to lead in the global crypto sphere. This visionary stance not only enhances the nation’s financial landscape but also sets a benchmark for integrating modern digital assets with established financial systems.

Moomoo Becomes First Digital Brokerage in Singapore to Obtain Major Payment Institution License

On July 28, 2024, Moomoo announced it has secured a Major Payment Institution (**MPI**) license from the Monetary Authority of Singapore (**MAS**), making it the first digital brokerage in Singapore to obtain a license for digital payment token services. This milestone allows Moomoo to operate as a regulated crypto business in the region.

As a broker-dealer and custodian licensed by MAS (License No. CMS101000), Moomoo ensures that all its users can continue to deposit and withdraw in SGD or USD from their local bank accounts with zero fees. Additionally, the first 5,000 clients of Moomoo Crypto will enjoy 0% commission until September 30, 2024.

Founded in 2018 as a subsidiary of Nasdaq-listed Futu Holdings, Moomoo debuted in Singapore in 2021, offering low-cost stock trading on its mobile app. Earlier this month, Futu also upgraded its Type 1 license in Hong Kong to include virtual asset dealing services. This upgrade enables Futu Securities to provide virtual asset dealing services to both retail and professional investors in Hong Kong.

The journey began in May 2021 when Moomoo applied for the license and received in-principle approval (**IPA**) in December of the same year. Gavin Chia, chief executive of Moomoo Singapore, remarked at the time, "Over the years, we have seen an increase in volume of queries from our clients with regard to the trading of digital payment tokens on our platform."

With this license, Moomoo plans to extend its digital payment token services to both retail and institutional investors in Singapore. The Futu-owned digital brokerage aims to integrate crypto trading into its platform, allowing users to trade cryptocurrencies alongside global stocks, funds, and more, all in one place. An email to users highlighted this new capability: "With Moomoo app, you can now trade crypto alongside global stocks, funds, and more, all in one place."

Chee Hong Tat Appointed Deputy Chairman of MAS Board

On 29 July 2024, the Monetary Authority of Singapore (**MAS**) announced that Mr. Chee Hong Tat, the Minister for Transport and Second Minister for Finance, will be appointed Deputy Chairman of the MAS Board of Directors. This appointment, set to take effect from 23 August 2024, will run until 31 May 2027. Mr. Chee was previously appointed to the MAS Board on 1 June 2024, underscoring his rising influence within the organization.

Mr. Chee's appointment marks another milestone in his illustrious career. Elected as a Member of Parliament for the Bishan-Toa Payoh Group Representation Constituency (**GRC**) in 2015 and re-elected during the 2020 General Elections, he has held several key positions. These include serving as Acting Minister for Transport and concurrently as Senior Minister of State for Finance since 12 July 2023. His experience spans various ministries, including Health, Communications & Information, Education, Trade & Industry, and Foreign Affairs.

Born in 1973, Mr. Chee is not only a dedicated public servant but also a family man with four children. He boasts an impressive academic background, having graduated from the University of California at Berkeley in 1996 with a Bachelor of Science (Highest Honours) in Electrical Engineering and Computer Science, and a Bachelor of Arts (Highest Honours) in Economics. He furthered his education with a Masters of Business Administration from Adelaide University in 2006. His contributions to public service have been recognized with several honors, including the Distinguished Service Award from the National Trades Union Congress in April 2021 and an Honorary Fellowship by the Institution of Engineers, Singapore in January 2023.

The announcement of Mr. Chee's new role comes as part of MAS's ongoing efforts to bolster its leadership team. The members of the MAS Board, effective from 23 August 2024, include a distinguished group of individuals dedicated to guiding Singapore's financial sector towards greater stability and growth. The full list of board members can be found in the Annex of this announcement.

Mr. Chee's extensive background in various governmental roles and his strategic vision for Singapore's transport and financial sectors make his appointment as Deputy Chairman of the MAS Board a pivotal step. His leadership is expected to drive innovative policies and strengthen the regulatory framework, thereby enhancing Singapore's position as a leading global financial hub.

As readers digest this news, it's evident that Mr. Chee's appointment is more than just a title; it represents a commitment to the continued progress and integrity of Singapore's financial system. How do you think Mr. Chee's leadership will influence the future of Singapore's financial policies? Share your thoughts and engage with us on this transformative appointment.

(Source: <https://www.mas.gov.sg/news/media-releases/2024/appointment-of-new-deputy-chairman-for-mas>)

SFC Issues Public Warning Against Proxinex for Suspected Virtual Asset-Related Fraud

On 29 Jul 2024, the Securities and Futures Commission (**SFC**) issued a public warning regarding Proxinex, an entity suspected of engaging in virtual asset-related fraud. The alert comes in response to numerous reports from investors who have encountered significant difficulties when attempting to withdraw virtual assets from Proxinex. In many instances, investors were informed that their “accounts did not exist,” raising serious concerns about the legitimacy of the platform.

The SFC has uncovered troubling evidence that suggests Proxinex recruited an agent to entice investors to deposit funds via dating apps. This agent allegedly fabricated documents, including an income certificate purportedly issued by a financial institution in Hong Kong and a letter purportedly issued by a local financial regulator. These falsified documents were used to bolster the agent’s personal profile, thereby gaining the trust of potential investors and luring them into the fraudulent scheme.

In response to these alarming developments, the SFC has placed Proxinex and its website on the SFC’s Suspicious Virtual Asset Trading Platforms Alert List as of 29 July 2024. Although the Proxinex (website – <https://proxinex.com/>) is currently inaccessible, the public is advised to remain vigilant and be cautious of websites with similar domain names, as these may be created continuously to perpetuate the scam.

The SFC emphasizes that online investment scams can involve any type of assets and may be executed through various channels, potentially leading to substantial financial losses for investors. Given the sophisticated nature of these scams and the lengths to which fraudsters will go to deceive potential victims, it is crucial for investors to exercise heightened vigilance and caution when making investment decisions. The SFC strongly advises the public to thoroughly verify the legitimacy of investment platforms and to be wary of any unsolicited investment opportunities, particularly those that seem too good to be true.

The SFC’s warning serves as a stark reminder of the risks associated with virtual asset investments and underscores the importance of regulatory oversight in protecting investors from fraudulent schemes. By bringing such issues to light and taking decisive action against suspected fraudsters, the SFC aims to maintain the integrity of Hong Kong’s financial markets and safeguard the interests of investors.

The SFC’s investigation into Proxinex brought forward a complex and deceptive scheme designed to defraud investors through falsified documents and misleading information. The public is urged to remain cautious and to report any suspicious activities to the relevant authorities to prevent further victimization by such fraudulent entities.

(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=24PR129>)

SEC Charges Nader Al-Naji with Fraud and Unregistered Offering of Crypto Asset Securities

On July 30, 2024, the Securities and Exchange Commission (**SEC**) charged Nader Al-Naji, the founder of the BitClout blockchain protocol now known as Decentralized Social (**DeSo**), with perpetrating a multi-million-dollar fraudulent crypto asset scheme. Al-Naji, who adopted the pseudonym “Diamondhands” to evade regulatory scrutiny, is accused of defrauding investors through the unregistered offering of BitClout’s native token, BTCLT.

According to the SEC’s complaint, Al-Naji began raising funds in November 2020, ultimately amassing over \$257 million through unregistered offers and sales of BTCLT. He misled investors by claiming that the proceeds would not be used to compensate him or BitClout employees. Contrary to these assurances, Al-Naji allegedly diverted more than \$7 million of investor funds for personal expenditures, including rental payments for a Beverly Hills mansion and extravagant cash gifts to family members.

To further obscure his activities and avoid regulatory scrutiny, Al-Naji portrayed BitClout as a decentralized project with “no company behind it ... just coins and code.” He launched the project under the pseudonym “Diamondhands” to create the illusion of autonomy, despite being the orchestrator behind the scenes. Al-Naji also

secured a legal opinion from a prominent law firm, based on his mischaracterizations, that BTCLT were not likely to be deemed securities under federal law. Simultaneously, he allegedly confided to certain investors that his actions were a deliberate subterfuge to avoid compliance with the law.

Gurbir S. Grewal, Director of the SEC's Division of Enforcement, stated, "As alleged in our complaint, Al-Naji attempted to evade the federal securities laws and defraud the investing public, mistakenly believing that 'being "fake" decentralized generally confuses regulators and deters them from going after you.' He is obviously wrong: as we have shown time and again, and as reflected in the SEC's detailed allegations here, we are guided by economic realities, not cosmetic labels. The dedicated staff of the SEC uncovered Al-Naji's lies and will now hold him accountable for misleading investors."

The SEC's effectiveness in identifying and apprehending such defaulters underscores its commitment to maintaining market integrity and protecting investors. Through rigorous investigation and a thorough understanding of emerging technologies and complex financial instruments, the SEC continues to demonstrate its capability to detect fraudulent schemes and enforce compliance.

The SEC's vigilant oversight and enforcement actions help save millions of dollars for investors by swiftly addressing fraudulent activities. By holding defaulters accountable, the SEC not only recovers misappropriated funds but also deters potential wrongdoers from engaging in similar misconduct, thereby safeguarding the financial interests of the investing public.

The SEC's complaint highlights several primary rules disregarded by Al-Naji, including the registration provisions of the Securities Act of 1933 and the anti-fraud provisions of both the Securities Act and the Securities Exchange Act of 1934. By failing to register the offering of BTCLT and engaging in deceptive practices to mislead investors, Al-Naji violated fundamental securities laws designed to ensure transparency and protect investors from fraud.

The SEC's complaint, filed in the U.S. District Court for the Southern District of New York, charges Al-Naji with violating the registration and anti-fraud provisions of the Securities Act of 1933 and the anti-fraud provisions of the Securities Exchange Act of 1934. Additionally, the complaint names Al-Naji's wife, mother, and wholly owned entities as relief defendants for the investor funds that Al-Naji transferred to them.

In a parallel action, the U.S. Attorney's Office for the Southern District of New York also announced charges against Al-Naji. The SEC's investigation was conducted by Geoff Gettinger with the assistance of Sejal Bhakta and Pasha Salimi, under the supervision of Paul Kim and Jorge G. Tenreiro, Acting Chief of the Enforcement Division's Crypto Assets and Cyber Unit. The SEC's litigation will be led by Christopher Carney and Mr. Gettinger, under the supervision of James Connor and Mr. Tenreiro.

(Source: <https://www.sec.gov/newsroom/press-releases/2024-91>)

Seoul Court Rules in Favour of Wemade CEO in \$7 Million WEMIX Token Dispute

On 30 July 2024, the Seoul Central District Court made a landmark ruling in favor of Wemade CEO Park Kwan-ho, ordering the now-defunct virtual asset exchange GDAC to return 7.8 million WEMIX tokens, valued at approximately \$7.31 million, to Park. This decision brings to light critical issues surrounding exchange operations, regulatory compliance, and investor protection in the unpredictable world of digital assets.

The court's decision, which supports Park's application for a temporary injunction filed on 29 July 2024, requires GDAC to comply within 30 days or face a daily fine of 3 million won after the deadline. The ruling dismisses GDAC's allegations against Park of market manipulation and money laundering, raising questions about the exchange's ability to maintain a 100% reserve ratio, contradicting its previous statements.

GDAC's troubles began after a hacker attack in April 2022 resulted in losses of about 20 billion won (\$14.48 million), which may have compromised the exchange's ability to fully recover and maintain adequate reserves. Adding to the controversy, GDAC ceased operations on 16 July 2024, just days before the implementation of the 'Virtual Asset User Protection Act,' leaving Park unable to withdraw his remaining WEMIX tokens, now valued at about 10.1 billion won.

What does this mean for the broader cryptocurrency industry in South Korea? The court's ruling could set a precedent for how digital asset disputes are resolved, emphasizing the need for exchanges to uphold high standards of transparency and integrity. This decision may prompt other exchanges to re-evaluate their practices, ensuring they can meet their obligations to customers, especially during operational crises. The spotlight on GDAC's failure to allow full withdrawals during its closure raises significant concerns about the actual holdings of customer assets.

The South Korean government has been progressively tightening its regulatory framework to enhance investor protection and market stability. The implementation of the 'Virtual Asset User Protection Act' is a testament to these efforts. By enforcing stricter compliance measures and ensuring exchanges maintain adequate reserves and transparency, the government aims to foster a secure and trustworthy environment for cryptocurrency trading. This ruling aligns perfectly with the government's broader efforts, emphasizing the importance of regulatory oversight in safeguarding investor interests.

In a related development, legal proceedings against Terra co-founder Daniel Shin are also unfolding. During the first hearing at the Seoul Southern District Court, Shin's lawyers requested more time to prepare for his criminal defense. Shin, who did not personally attend the hearing, has assembled a team of 30 lawyers, including former judges, prosecutors, and experts in digital asset-related and capital markets law cases.

The court granted this request, setting 28 August 2024 as the date for a second hearing. This decision has disappointed prosecutors, who are concerned about continuous delays. The judge stated that they will review the opinions of the lawyers and reconsider the trial preparation date to decide on the opportunity for defense and the order of interrogation.

As the legal landscape for digital assets continues to evolve, these cases highlight the critical role of regulatory bodies and judicial systems in shaping the future of the cryptocurrency industry in South Korea. Investors and market participants must remain vigilant, as regulatory clarity and enforcement will undoubtedly play a significant role in the stability and growth of the digital asset market. The court's decision not only brings justice to Park Kwan-ho but also sends a strong message about the importance of maintaining integrity and trust in the rapidly evolving world of digital assets.

CFTC Issues Warning on Multi-Stage Crypto Fraud Schemes

On 30 July 2024, the Commodity Futures Trading Commission's (CFTC) Office of Customer Education and Outreach (OCEO) issued a customer advisory highlighting the risks and multi-faceted nature of fraud schemes that often target victims repeatedly. This warning serves to remind the public that trading frauds can evolve into additional scams, such as fraud-recovery scams and money laundering schemes.

Fraud in the digital asset space has become increasingly sophisticated, often involving multiple stages to extract as much value as possible from victims. "We tend to see this in what we call relationship confidence frauds or what the perpetrators call pig butchering frauds," said Melanie Devoe, Director of the Office of Customer Education and Outreach. "These frauds are heinous crimes that leave victims with significant losses and broken hearts. Then, the victims are harmed again by fraud-recovery schemes or convinced to open bank accounts and move stolen money."

Victims of initial frauds are frequently targeted again, being lured into fraud-recovery scams where they are promised the recovery of lost funds for an upfront fee. In many cases, the same criminal gangs are behind both the original fraud and the recovery scams, exacerbating the financial and emotional toll on the victims.

The CFTC's advisory outlines key steps for consumers to protect themselves:

- i. Avoid mixing money with long-distance relationships.
- ii. Be cautious of unsolicited communications from people or companies.
- iii. Ensure trading platforms or financial firms are registered and headquartered in the United States by visiting [cftc.gov/check](https://www.cftc.gov/check).
- iv. Be aware of government imposters and verify any communications directly with the agency.

The advisory also emphasizes the importance of recognizing the telltale signs of scams. Relationship cons, where victims are enticed into investment schemes through social media interactions, often lead to significant financial losses. Fraud-recovery scams further exploit these victims by charging fees for non-existent recovery services. Lastly, victims may be coerced into money laundering activities under the guise of part-time work, which can have severe legal consequences.

The CFTC's proactive approach in issuing this advisory underscores its commitment to protecting investors and maintaining market integrity. By educating the public on these fraud schemes, the CFTC aims to prevent further victimization and promote a safer trading environment. This vigilance is crucial in the rapidly evolving landscape of digital assets, where new and sophisticated fraud tactics are continually emerging.

In the broader context of the cryptocurrency market, similar fraud schemes have been prevalent. Numerous victims have reported being lured into fake investment opportunities through social media platforms, only to lose their investments to fraudulent operators. Recovery scams have also been rampant, with criminals promising to help victims reclaim their lost funds for an upfront fee, only to disappear once the payment is made. These schemes have significantly impacted investor confidence and highlighted the need for rigorous regulatory oversight and public education.

The CFTC's efforts to raise awareness and provide clear guidelines are essential in combating these fraudulent activities. By emphasizing the importance of verifying the legitimacy of trading platforms and understanding the risks involved, the CFTC aims to empower investors to make informed decisions and avoid falling prey to scams. This initiative not only protects individual investors but also strengthens the overall integrity and stability of the financial markets.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/8936-24>)

XRP Ledger Revolutionizes DeFi with Tokenized US Treasury Bills

On 30 July 2024, in a recent development, the XRP Ledger will now offer tokenized US Treasury bills (**T-bills**) to investors through a new partnership with OpenEden, a leading tokenization platform. This initiative, set to transform decentralized finance (**DeFi**), integrates traditional real-world assets (**RWAs**) into the XRPL ecosystem, providing new investment opportunities and enhanced security.

OpenEden's introduction of tokenized T-bills to the XRP Ledger marks a significant milestone. T-bills, short-term US government debt obligations backed by the Department of the Treasury, will be available as TBILL tokens on the XRPL. These tokens are backed by short-dated US T-bills and reverse repurchase agreements collateralized by US Treasuries. To ensure security and regulatory compliance, minters undergo stringent Know Your Customer (**KYC**) and Anti-Money Laundering (**AML**) screenings.

Ripple, the company behind the cryptocurrency XRP, has committed \$10 million to OpenEden's TBILL tokens. This investment is part of a larger fund allocated to tokenized T-bills provided by OpenEden and other issuers. Markus Infanger, Senior Vice President at RippleX, emphasized the importance of this development, stating, "Tokenized US Treasury bills demonstrate the potential of real-world assets in driving utility and new opportunities on decentralized platforms."

The XRPL's robust infrastructure supports institutional-grade financial applications, featuring an Automated Market Maker (**AMM**), Decentralized Identifier (**DID**), Multi-Purpose Tokens (**MPT**) capability, Lending Protocol, and native Oracle support, making it a prime platform for RWA tokenization. OpenEden's TBILL tokens, reflecting \$75 million in Total Value Locked (**TVL**), showcase growing market confidence in this approach.

The partnership between XRP Ledger and OpenEden is not just about technology but about expanding access. OpenEden has attracted a diverse range of institutional clients, including foundations, corporate treasuries, and buy-side funds. Jeremy Ng, Co-Founder of OpenEden, stated, "Bringing tokenized T-bills to the XRP Ledger marks a pivotal step in our journey. Investors will soon be able to mint TBILL tokens via stablecoins, including Ripple USD, set to launch later this year."

Ripple's collaboration with Archax, the UK's first Financial Conduct Authority-regulated digital asset exchange, further underscores the growing momentum. Archax plans to bring hundreds of millions of dollars worth of tokenized RWAs onto the XRPL over the next year. Since its inception, the XRP Ledger has supported over 1,000

projects, processed more than 2.8 billion transactions without any failures or security breaches, and maintained over 5 million active wallets. With over 120 validators, the network remains a beacon of reliability and innovation in the blockchain space.

Tokenizing US Treasury bills on the XRP Ledger represents a significant advancement in the cryptocurrency world. This move provides a new level of security and reliability, combining the stability of traditional financial instruments with the innovative potential of blockchain technology. By bringing T-bills to a decentralized platform, Ripple is bridging the gap between traditional finance and the emerging DeFi ecosystem.

The tokenization of Treasury bills allows for greater accessibility and liquidity in the financial markets. Investors can now diversify their portfolios with a secure, short-term debt instrument that is backed by the full faith and credit of the US government. This integration paves the way for more traditional financial assets to be brought onto blockchain platforms, enhancing transparency and efficiency.

The introduction of tokenized T-bills on the XRP Ledger has been met with positive market sentiment. Investors and institutions alike are excited about the potential for increased liquidity and the new investment opportunities this presents. The move is seen as a significant step towards mainstream adoption of blockchain technology, further validating the role of cryptocurrencies and tokenized assets in the global financial system. Tokenizing US Treasury bills on the XRPL demonstrates the evolving landscape of DeFi and the increasing integration of traditional financial instruments with blockchain technology and decentralized finances.

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