PRESS RELEASE

Kucoin Pleads Guilty To Unlicensed Money Transmission Charge And Agrees To Pay Penalties Totaling Nearly $300 Million

Monday, January 27, 2025

For Immediate Release

U.S. Attorney's Office, Southern District of New York

Danielle Sassoon, the United States Attorney for the Southern District of New York, announced that PEKEN GLOBAL LIMITED ("PEKEN"), a Seychelles-based entity that, since at least September 2019, has operated KuCoin, one of the largest cryptocurrency exchanges in the world, pled guilty today to one count of operating an unlicensed money transmitting business. KuCoin flouted U.S. anti-money laundering laws by failing to implement effective anti-money laundering ("AML") and know-your-customer ("KYC") programs designed to prevent KuCoin from being used for money laundering and terrorist financing, failing to report suspicious transactions, and failing to register with the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN"). In connection with today's guilty plea, PEKEN agreed to pay monetary penalties totaling more than $297 million. PEKEN further agreed that KuCoin will exit the U.S. market for at least the next two years, and that two of KuCoin's founders, Chun Gan, a/k/a "Michael," and Ke Tang, a/k/a "Eric," who were indicted along with Peken in March 2024, will no longer have any role in KuCoin's management or operations.

> ***U.S. Attorney Danielle R. Sassoon said: "For years, KuCoin avoided implementing required anti-money laundering policies designed to identify criminal actors and prevent illicit transactions. As a result, KuCoin was used to facilitate billions of dollars' worth of suspicious transactions and to transmit potentially criminal proceeds, including proceeds from darknet markets and malware, ransomware, and fraud schemes. Today's guilty plea and penalties show the cost of refusing to follow these laws and allowing unlawful activity to continue."***

According to admissions and court documents, KuCoin was founded in or about September 2017. Since its founding in 2017, KuCoin has become one of the largest global cryptocurrency exchange platforms, with more than 30 million customers and billions of dollars' worth of cryptocurrency in daily trading volume. Between in or about September 2017 and in or about March 2024, the date of the Indictment, KuCoin served approximately 1.5 million registered users who were located in the U.S., and earned at least approximately $184.5 million in fees from those U.S. registered users.

KuCoin's exchange platform allows registered users to place orders for spot trades in cryptocurrencies, including Bitcoin, Ethereum, and others, and orders for derivative products, including futures contracts, tied to the value of Bitcoin and other cryptocurrencies. As a result of its operation of this business, KuCoin has, at all relevant times, been a money transmitting business required to register with FinCEN and reported suspicious transactions. As a money transmitting business, KuCoin was required to comply with applicable Bank Secrecy Act provisions requiring maintenance of an adequate AML program, including conducting KYC processes. AML and KYC programs ensure that financial institutions, such as KuCoin, do not become havens for money laundering and other criminal actors.

Despite these obligations and its substantial presence in the U.S. market, KuCoin failed to implement an adequate KYC program. Indeed, until at least July 2023, KuCoin did not require customers to provide any identifying information. KuCoin employees repeatedly stated on public social media sites that KYC was not mandatory on KuCoin, including in response to posts from customers who had identified themselves as being in the U.S. It was only in August 2023 that KuCoin adopted a mandatory KYC program for new customers and existing customers who wanted to continue to actively participate in KuCoin's services. However, KuCoin did not impose this necessary KYC process on existing customers that wanted to continue to use KuCoin's services only to withdraw or close positions, which it was required to do. KuCoin also never

registered with FinCEN as a money transmitting business or filed any required suspicious activity reports.

As a result of KuCoin's failure to maintain the required AML and KYC programs, KuCoin was used to transmit billions in suspicious transactions and potentially criminal proceeds, including proceeds from darknet markets and malware, ransomware, and fraud schemes.

Today the department also agreed to defer prosecution against KuCoin's two indicted co-founders, Gan and Tang, for a period of two years.

* * *

In addition to the guilty plea, PEKEN, a Seychelles-based entity, also agreed to criminally forfeit $184.5 million and pay a criminal fine of approximately $112.9 million. Additionally, Gan and Tang have each agreed to forfeit approximately $2.7 million in funds received as a result of KuCoin's operations in the U.S.

Ms. Sassoon praised the outstanding investigative work of the El Dorado Task Force in the New York Field Office of Homeland Security Investigations and assistance provided by HSI Pretoria, South Africa.

This matter is being handled by the Office's Illicit Finance & Money Laundering Unit. Assistant U.S. Attorneys Emily Deininger and David R. Felton are in charge of the prosecution.

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