

The Indictment of



KuCoin

THE DEFIANCE OF ANTI-MONEY
LAUNDERING LAWS WHICH LED
TO THEIR DOWNFALL





The Charges

KuCoin and its subsidiaries based in the Cayman Islands, the Republic of Seychelles, and Singapore have been charged with failing to implement an anti-money laundering (AML) program which complied with AML and Know Your Customer (KYC) protocols.

KuCoin has allegedly facilitated the money laundering of about \$5.4 billion. These transactions are potentially linked to criminal activities including the following: sanctions evasion, cybercrime, darknet markets, fraud schemes, and terrorist financing.

The charges stand as follows:

1. Conspiring to violate the Bank Secrecy Act
2. Conspiring to operate an unlicensed money transmitting business
3. Violating the Bank Secrecy Act
4. Operating an unlicensed money transmitting business



WHAT LED TO the Indictment



KuCoin was caught lying and failed to register with the U.S. Financial Crimes Enforcement Network.

KuCoin lied to investors and anyone who asked whether they operated in the U.S. or not, stating that they didn't operate nor had U.S. based customers. Along with failing to register with FinCEN and maintain an AML program, prior to 2023, KuCoin essentially opened the doors to criminals, therefore allowing criminal activities to occur.

Even when KuCoin started to implement a KYC policy in 2023, it was only enforced for new customers, so anyone who registered prior to then was able to continue business as usual.

KuCoin even took it one step further by tracking the location of U.S. customers and prevented them from identifying as being in the U.S. just so KuCoin could be exempt from U.S. AML and KYC requirements.



WHAT IT MEANS FOR Cryptocurrency Exchanges

In order for cryptocurrency exchanges to operate without any issues in the U.S., the following must occur.

1. Any company who has money transmission services in the United States, whether located in the U.S. and/or serving a U.S. customer base, must register with FinCEN.
2. Anti-money laundering and Know Your Customer policies must be in place to be compliant.
3. Information disclosed must be accurate. With increased scrutiny from law enforcement, everything has to be correct so as not to arouse suspicion.



No charges have been made but the defendants are looking at a maximum of 25 years in prison and possibly paying millions in fines.





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