

# Binance founder sentenced to four months for money laundering

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Changpeng Zhao, the former head of the world's largest cryptocurrency trading company, was sentenced to four months in jail on Tuesday in a Seattle courtroom. Zhao pleaded guilty late last year to money-laundering violations and stepped down as CEO of Binance. The company itself was fined \$4.3bn. Zhao was fined \$50m last year. Judge Richard Jones told Zhao that there were a number of mitigating factors in his sentencing, including that he had cooperated with law enforcement. Jones also cited numerous letters the court had received that testified to Zhao's character, and stated that he did not believe Zhao was likely to reoffend. The Department of Justice sought a 36-month sentence for Zhao in a filing last week, arguing that he "violated US law on an unprecedented scale" and that his "sentence should reflect the gravity of his crimes". Zhao's defense lawyers argued that he should receive only probation. "Mr Zhao deeply regrets his offense, and he has shown exceptional acceptance of responsibility and remediation," Zhao's lawyers said in their filing before the sentencing. Zhao, who goes by CZ, has for years been one of the biggest names in cryptocurrency. He amassed billions of dollars as head of Binance, founding the exchange in 2017 and growing it into a dominant industry player as crypto investments surged. Zhao's downfall coincided with a broader legal scrutiny of the crypto industry, including his fellow billionaire Sam Bankman-Fried being sentenced to 25 years in prison this year for financial fraud. The justice department's case against Zhao revolved around his failure to comply with US anti-money-laundering laws and to file proper reports with government agencies such as the Financial Crimes Enforcement Network. In practice, prosecutors say that led to Binance becoming a hub for illicit financial transactions that included extremist groups, criminals and people trafficking child sexual abuse materials. Binance failed to report more than 100,000 suspicious transactions to law enforcement, prosecutors alleged, including those involving US-designated terror groups such as al-Qaida, Islamic State and Hamas. "From the very beginning, Zhao and other Binance executives had engaged in a deliberate and calculated effort to profit from the US market without implementing the controls that are required by US law," the attorney general, Merrick Garland, said after Zhao pleaded guilty. During the sentencing hearing, the probation department recommended that Zhao receive five months in prison. They emphasized trying to find a balance between a deterrent and something that would not be unusually harsh. Zhao's lawyers argued that the government seeking three years in prison was out of step with similar cases where defendants received no jail time. Zhao issued a short statement during the hearing, telling the judge that he wanted to focus his efforts on an online education platform and that he had reflected on his actions. Zhao remained active in the lead-up to the sentencing, traveling around the country and once meeting with Sam Altman, the OpenAI CEO. Earlier this year, he announced to his nearly 9 million followers on the social media platform X that he was starting an online education program, an effort that he brought up again in his remarks at

the hearing. In addition to the sentence, Zhao's plea deal requires him to pay \$50m personally and Binance to pay \$4.3bn in fines. The deal also carries potential US immigration implications for Zhao, who is a Canadian and Emirati citizen, but who is known for frequently moving between cities. Prosecutors argued following his plea deal that Zhao was a flight risk due to his immense wealth, and a judge ruled that he had to remain in the US awaiting sentencing. Jones stated in the sentencing hearing that Zhao should understand that wealth and power do not make a person immune from legal consequences, adding that Binance had turned a blind eye to criminal activity on its platform. Few within crypto ever approached Zhao's status within the industry. While Zhao's former rival Bankman-Fried became a public face and courted politicians in Washington, Zhao's wealth and influence over crypto far surpassed him. Binance also played an important role in the downfall of Bankman-Fried's FTX exchange, after Zhao's decision in 2022 to liquidate Binance's holdings of FTX's own cryptocurrency accelerated investor concerns and hastened the rival exchange's implosion.