



Crna Gora

Ministarstvo vanjskih poslova

Generalni direktorat za konzularne poslove
i saradnju sa iseljeništvom

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HITNO!

Broj: 7/2-034/23-977-4

Podgorica, 27. mart 2023. godine

MINISTARSTVO PRAVDE

Direktorat za međunarodnu pravosudnu saradnju

Pisarnica MINISTARSTVO PRAVDE

Primljeno: 27-03/23				
Org. jed.	Jed. klas. znak	Redni broj	Prilog	Vrijednost
0802	-050	/23	-411	K

Predmet: Do Hyeong Kwon, ekstradicija

Ambasada Sjedinjenih Američkih Država obratila se notom broj 047-23 od 25. marta 2023. godine, koja se odnosi na zahtjev za ekstradiciju lica Do Hyeong Kwon, rođen 6. septembra 1991. godine u Seulu.

Kopiju note sa detaljnim informacijama dostavljamo i napominjemo da je ista već dostavljena Ministarstvu pravde putem e-maila.

Prilog: kao u tekstu

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V.D. GENERALNE DIREKTORICE
amb. Stanica Popović



Crna Gora
MINISTARSTVO VANJSKIH POSLOVA
PODGORICA

Primljeno: 27.03.2023.				
Org. jed.	Ured. poslova	Redni broj	Prilog	Vrijednost
7/2-034/	23-	977	-2	

No. 047-23

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of Montenegro and requests the provisional arrest for purpose of extradition of Do Hyeong Kwon, alias "Do Kwon," to the United States pursuant the Treaty between the United States and Servia for the Mutual Extradition of Fugitives from Justice, signed on October 25, 1901 (the "Treaty"), which continues in force between the United States and Montenegro:

Kwon is wanted to stand trial in the United States for various fraud-related offenses. He is the subject of indictment no. No. 23 Cr. 151 filed on March 23, 2023, in the United States District Court for the Southern District of New York, charging him with the following offenses:

Count 1: Conspiracy to commit commodities fraud, securities fraud, and wire fraud in violation of 18 U.S.C. §§ 371,1343; 7 U.S.C. § 9; 15 U.S.C. 78j(b) - (5 year maximum term of incarceration)

Count 2: Commodities fraud and aiding and abetting in violation of 7 U.S.C. § 9; 18 U.S.C. § 2 - (10 year maximum term of incarceration)

Count 3: Securities fraud and aiding and abetting in violation of 15 U.S.C. § 78j(b); 18 U.S.C. § 2 - (20 year maximum term of incarceration)

Count 4: Wire fraud and aiding and abetting in violation of 18 U.S.C. §§ 1343;18 U.S.C. § 2 - (20 year maximum term of incarceration)

Count 5: Conspiracy to defraud and engage in market manipulation in violation of 18 U.S.C. §§ 371, 1343; 7 U.S.C. § 9; 15 U.S.C. § 78j(b); 15 U.S.C. § 78i(a)(2) - (5 year maximum term of incarceration)

Count 6: Commodities fraud and aiding and abetting in violation of 7 U.S.C. § 9; 18 U.S.C. § 2 - (10 year maximum term of incarceration)

Count 7: Securities fraud and aiding and abetting in violation of 15 U.S.C. § 78j(b); 18 U.S.C. § 2 - (20 year maximum term of incarceration)

Count 8: Wire fraud and aiding and abetting in violation of 18 U.S.C. §§ 1343; 18 U.S.C. § 2 - (20 year maximum term of incarceration)

On March 23, 2023, based on the charges in the indictment, United States District Court for the Southern District of New York issued an arrest warrant for Kwon. This warrant remains valid and executable to arrest Kwon.

The facts of the case are as follows:

The United States has charged Do Hyeong Kwon for his participation in fraudulent schemes targeting United States investors in cryptocurrency issued by Terra. From 2019 to 2022, Kwon and others defrauded United States investors, principally by misrepresenting key aspects of Terra's software technologies and by falsifying information about the extent to which the Terra blockchain had been adopted by customers. Additionally, and to conceal a technological deficiency in the blockchain, from 2021 to 2022, Kwon and others manipulated the market price for TerraUSD ("UST"), a cryptocurrency forming part of the Terra network. As a result of Kwon's actions, the Terra blockchain first attracted substantial investor and user interest—and become one of the leading cryptocurrency networks—before collapsing in May 2022, causing approximately \$40 billion in losses.

Kwon co-founded and led Terraform Labs, a business that created and promoted the Terra blockchain and its various cryptocurrencies. Between 2018 and 2022, Kwon intentionally solicited investments in the Terra network by selling and loaning Terra cryptocurrencies, such as those known as "LUNA," "ANC," and "MIR," to United States investment firms and individuals. As part of his investment presentations and media strategy, Kwon emphasized that Terra had attracted many customers through a payment application known as CHAI, which Kwon represented to be a payment program that operated through the Terra blockchain; that Terra had developed various decentralized finance applications that permitted users to borrow, lend, and trade in synthetic securities through the Terra

network; and that Terra had developed an algorithmic stablecoin that used automated computer code to maintain value equivalent to \$1.

Statements from Terraform Labs employees, contemporaneous electronic messages, analysis of computer code, and blockchain records establish that Kwon intentionally misled investors about important aspects of Terra's products. Witness testimony and computer code reveal that CHAI, for example, did not operate through the blockchain as Kwon had said, but rather that CHAI transaction data was copied to the Terra blockchain after-the-fact (rather than being used to facilitate transactions) to give the false appearance of blockchain transaction activity. Witnesses and contemporaneous emails and instant messages also reveal that several of Terra's decentralized finance applications did not work as advertised and, in fact, were not decentralized at all but under the control of Kwon and other Terraform Labs executives. Witness testimony and trading records also demonstrates that in May 2021, the purported algorithmic stablecoin TerraUSD failed to maintain its \$1 peg through its advertised algorithmic mechanism, and to conceal this failure from the market Kwon persuaded a United States trading firm to intervene to alter the price of TerraUSD and conceal the failure of the algorithmic mechanism from investors. As a result of that intervention, additional users and investors participated in Terra's cryptocurrencies and programs in 2021 and 2022 in reliance on Kwon's statements and deceptions. In May 2022, the stablecoin failed again, and Kwon was unable to resuscitate it, resulting in both UST and LUNA losing substantially all of their value.

As a result of the collapse of UST and LUNA, participants in the Terra network have lost approximately \$40 billion.

Provisional Arrest is covered by Article 4 of the Treaty. The offenses are punishable under the laws of the United States by deprivation of liberty for a period of more than one year and are covered under Article II of the Treaty. In addition, the offenses are covered by the United Nations Convention Against Transnational Organized Crime of November 15, 2000 (the "UNTOC Convention"). Both Montenegro and the United States of America are parties to the UNTOC Convention. The offenses for which extradition is sought are covered by Articles 2, 3, and 5 of the UNTOC Convention. In accordance with Article 16 of the UNTOC Convention, each

of the offenses to which that Article applies shall be deemed to be included as extraditable offenses in any extradition treaty existing between the parties.

The applicable U.S. statute of limitations did not bar prosecution of KWON for the offenses for which extradition is sought.

Pursuant to Article IX of the Treaty, the United States requests the surrender of articles seized at the time of arrest that may be related to the offenses for which the defendants were convicted if extradition to the United States is granted.

KWON is a citizen of the Republic of Korea born on September 6, 1991 in Seoul. He carries a Korean passport number M86114634. Issued on July 11, 2014. A copy of a photograph of Do Hyeong Kwon, taken from publicly available sources, is included as an attachment with this request. The person depicted in the photograph was identified by FBI Special Agent Chris Youn as the person who committed the crime. In addition, the FBI has been consulting with Montenegrin authorities, who have confirmed that Kwon is currently in the country

The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs of Montenegro the assurances of its highest consideration.

Embassy of the United States of America,
Podgorica, March 25, 2023

