

## Former Binance US CEO Hires Lawyer Amidst Intense US Investigation



Catherine Coley, the former chief executive of Binance's de-facto U.S. subsidiary, Binance.US, has reportedly hired former federal prosecutor and top cop at the Commodity Futures Trading Commission (CFTC), James McDonald, to represent her in the U.S. government's investigations into the giant cryptocurrency exchange. The U.S. authorities, including the CFTC and the Justice Department, have been investigating Binance over allegations of money laundering and sanctions violations.

The CFTC recently charged Binance and its founder Changpeng Zhao with willful evasion of U.S. laws for operating an "illegal" exchange and a "sham" compliance program. However, the CFTC's civil complaint did not name Coley. The Justice Department and Securities and Exchange Commission (SEC) have sought records and communications involving Coley from Binance and Binance. U.S. It is unclear whether Coley has cooperated with the authorities.

McDonald, now a partner at New York law firm Sullivan & Cromwell, appeared as Coley's attorney of record in separate civil litigation against Binance.US in January 2022, court records show. McDonald's representation of Coley has not been previously reported. He left the CFTC in 2020, where he served as the director of enforcement. Before joining the CFTC, McDonald worked in the public corruption unit of the Manhattan U.S. attorney's office.

Coley left Binance.US in mid-2021 after reportedly clashing with Zhao over his control of the American exchange, which was set up to serve U.S. customers in compliance with U.S. laws. Although Binance.US publicly said it operated independently as a partner, Zhao managed the American firm as a de-facto subsidiary, according to banking records and company messages reviewed by Reuters. The finance team transferred hundreds of millions of dollars from Binance.US's bank account to a trading firm managed by Zhao, leading Coley to express concern to Binance staff about the outflows.

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The CFTC's complaint said that Binance personnel, including Zhao, have "dictated Binance.US's corporate strategy, launch, and early operations." The complaint also said that when Zhao hired the first chief executive of Binance.US's operating company, BAM Trading, he described the global Binance.com exchange as a "pirate ship" and explained, "he wished for Binance.US to be a navy boat." Even after Binance.US launched, Zhao continued to grow and conceal the global exchange's U.S. user base and was focused on retaining the liquidity and revenue American customers supplied, the complaint said.

Binance dominates the crypto sector as the world's largest digital currency exchange. The U.S. investigations have piled pressure on the exchange, which has also faced regulatory scrutiny in other countries. In response to the CFTC's charges, Zhao called them "unexpected and disappointing," adding, "we do not agree with the characterization of many of the issues alleged in the complaint."

It is unclear what Coley's status is in the government investigations or whether she has cooperated with the authorities. Binance and Binance.US did not comment on Coley's representation. Meanwhile, the CFTC, DOJ, and SEC declined to comment.