

Magistrate Judge Brian A. Tsuchida

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA

Plaintiff,

v.

BINANCE HOLDINGS LIMITED, d/b/a
BINANCE.COM, and
CHANGPENG ZHAO, aka “CZ,”

Defendants.

NO. CR23-178 RAJ and
NO. CR23-179 RAJ

**GOVERNMENT’S MEMORANDUM
REGARDING PLEA PROCEEDINGS**

The United States, by and through the undersigned attorneys, respectfully files this Motion on Proposed Plea Proceedings related to the cases involving Defendant BINANCE HOLDINGS LIMITED, d/b/a BINANCE.COM (“Binance”) and Binance’s chief executive officer, Defendant CHANGPENG ZHAO, aka “CZ” (“Zhao”).

The government filed separate Informations against Defendants Binance and Zhao on November 14, 2023. The Defendants and the United States (together, the “Parties”) will sign plea agreements. The government respectfully proposes that the Court conduct the plea proceedings as described herein. Because there are some non-standard aspects of the

1 plea agreements, the government offers an overview of the agreements and certain issues
2 that will arise at the plea hearing.

3 **I. PROPOSED PROCEEDINGS**

4 As an initial matter, the government has moved to keep these cases under seal until
5 the plea hearings begin in open court.

6 The parties request that the Court proceed with Mr. Zhao's plea hearing first,
7 followed by the plea hearing for Binance.

8 With respect to Binance's corporate guilty plea, the government proposes the
9 following steps before review of the terms of the plea agreement:

- 10 (i) place Binance's duly authorized corporate officer (the "Corporate Officer")
11 under oath;
- 12 (ii) confirm that the Corporate Officer has, in fact, been authorized by Binance's
13 sole Director to speak and act on Binance's behalf throughout the
14 proceeding;
- 15 (iii) confirm that the Corporate Officer and the sole Director fully understand the
16 purpose and consequences of the proceeding; and
- 17 (iv) confirm that counsel for Binance has explained to the Corporate Officer and
18 the sole Director the consequences that may flow from the proceeding.

19 **II. OVERVIEW OF PLEA AGREEMENTS**

20 **1. Zhao Plea Agreement**

21 Pursuant to the Zhao Plea Agreement, Defendant Zhao will plead guilty to violating
22 and causing a financial institution to violate the BSA in violation of Sections 5318(h),
23 5322(b), 5322(c), and 5322(e) of Title 31, United States Code, and Title 18, United States
24 Code, Sections 2. Defendant Zhao agrees to the Statement of Facts articulated in the Zhao
25 Plea Agreement.

26 Under the Zhao Plea Agreement, Defendant Zhao agrees to the recommendation
27 that the Court impose a fine in the amount of \$50,000,000 pursuant to 31 U.S.C. § 5322(e)

1 (the “Recommended Fine”). The government agrees to credit the Recommended Fine
2 against the amount the Defendant pays to the Commodity Futures Trading Commission
3 (the “CFTC”) in connection with his resolution of *CFTC v. Changpeng Zhao et al*, 23 Civ.
4 1887 (N.D. Ill. 2023), so long as Zhao pays the amount of the Recommended Fine to the
5 CFTC by the date of his sentencing in this case.

6 Under the Zhao Plea Agreement, Defendant Zhao also agrees that he shall not—
7 either directly or through present or future attorneys, agents, or any other person authorized
8 to speak for him—make any public statement, in litigation or otherwise, contradicting his
9 acceptance of responsibility, the facts described in the Information and Statement of Facts,
10 or the facts described in the Statement of Facts in *United States v. Binance Holdings*
11 *Limited*.

12 **2. Binance Plea Agreement**

13 Pursuant to the Binance Plea Agreement, Defendant Binance will plead guilty
14 pursuant to Fed. R. Crim. P. 11(c)(1)(C) to:

- 15 (1) Conspiring to (a) knowingly conduct, control, manage, supervise, direct, and
16 own all or part of an unlicensed money transmitting business (“MTB”) in
17 violation of Section 1960 of Title 18, United States Code and (b) violate and
18 cause a financial institution to violate the Bank Secrecy Act (“BSA”), in
19 violation of Sections 5318(h), 5322(b), 5322(c) of Title 31, United States
20 Code, all in violation of Title 18, United States Code, Sections 371;
- 21 (2) Conducting, controlling, managing, supervising, directing, and owning all or
22 part of an unlicensed MTB affecting interstate and foreign commerce—that
23 is, Binance.com—which failed to comply with the MTB registration
24 requirements of Section 5330 of Title 31, United States Code, and regulations
25 prescribed thereunder, including Section 1022.380 of Title 31, Code of
26 Federal Regulations, in violation of Title 18, United States Code, Sections
27 1960(a), 1960(b)(1)(B), and 2; and

1 (3) Knowingly and willfully causing the exportation, sale, and supply, directly
2 and indirectly, from the United States, and by a United States person,
3 wherever located, of services to Iran, without first having obtained the
4 required authorization or license from the U.S. Department of the Treasury's
5 Office of Foreign Assets Control, in violation of Title 50, United States Code,
6 Section 1705; Title 18, United States Code, Section 2; and Title 31, Code of
7 Federal Regulations, Sections 560.204, 560.410, and 560.427.

8 The material terms of the Binance Plea Agreement include:

- 9 (1) Defendant Binance agrees to the Statement of Facts articulated in
10 Attachment A to the Binance Plea Agreement.
- 11 (2) Defendant Binance will cooperate fully with the government in any and all
12 matters relating to the conduct described in the Plea Agreement and the
13 Statement of Facts and any individual or entity referred to therein, as well as
14 any other conduct under investigation by the government at any time during
15 the Term of the Plea Agreement.
- 16 (3) Defendant Binance has accepted the resignation of Zhao, its CEO, and
17 prohibited him from any present or future involvement in operating or
18 managing Defendant's business. This prohibition begins as of plea
19 acceptance and ends three years from the date a monitor is appointed;
- 20 (4) Defendant Binance will maintain and enhance its compliance program, as
21 outlined in Attachment C to the Binance Plea Agreement.
- 22 (5) Defendant Binance will appoint an independent compliance monitor for a
23 period of three years to ensure Binance's compliance with the terms of the
24 Plea Agreement and report to the government, as described in Attachment D
25 to the Binance Plea Agreement.
- 26 (6) At the conclusion of the term of the plea agreement, Binance's chief
27 executive officer and chief compliance officer will certify that Binance has

1 met its disclosure obligations pursuant to the Binance Plea Agreement,
2 including the obligation to inform the Offices promptly about any evidence
3 or allegation of money laundering, compliance, and sanctions-related
4 misconduct, as well as other criminal violations of federal law.

5 (7) At the conclusion of the term of the plea agreement, Binance’s chief
6 executive officer and chief compliance officer will certify that Binance has
7 met its compliance commitments pursuant to the Binance Plea Agreement
8 and Attachment C.

9 (8) Defendant Binance agrees the appropriate sentence is a fine of
10 \$1,805,475,575 (“Criminal Fine”), which reflects a 20 percent discount off
11 the bottom of the applicable Sentencing Guidelines fine range for Binance’s
12 partial cooperation and remediation. Defendant Binance agrees to pay the
13 Criminal Fine no later than 15 months after Binance’s sentencing, subject to
14 crediting with regulatory agencies with which Binance has reached parallel
15 resolutions as described in the Binance Plea Agreement.

16 (9) Defendant Binance consents to the entry of an Order of Forfeiture requiring
17 Binance to pay a money judgment, representing property forfeitable to the
18 United States, in the amount of \$2,510,650,588 (the “Total Money
19 Judgment”), which consists of:

20 (i) \$1,612,031,763 in fees that Binance admits it collected for
21 transactions involving its United States users and includes, but is not
22 limited to, a sum of money reflecting the proceeds Binance obtained
23 from the unlicensed MTB offense, an amount which Binance agrees
24 to pay no later than 6 months after Binance’s sentencing; and

25 (ii) \$898,618,825 that Binance admits is the amount of transactions it
26 caused between users who were U.S. persons and persons who resided
27 in Iran in violation of IEEPA and includes, but is not limited to, a sum

1 of money reflecting the proceeds Binance obtained from this offense,
2 an amount which Binance agrees to pay no later than 30 days after
3 Binance's sentencing.

4 (10) Defendant Binance agrees that it shall not—either directly or through present
5 or future attorneys, agents, or any other person authorized to speak for
6 Binance—make any public statement, in litigation or otherwise,
7 contradicting the acceptance of responsibility by Binance, the facts described
8 in the Information and Statement of Facts.

9 In addition, the Binance Plea Agreement includes six attachments:

- 10 (1) **Attachment A** contains the Statement of Facts.
- 11 (2) **Attachment B** is the company's authorization allowing its Deputy General
12 Counsel to serve as its legal representative and authorize all necessary action
13 leading up to and at the plea hearing.
- 14 (3) **Attachment C** outlines Binance's compliance commitments.
- 15 (4) **Attachment D** describes the selection process, duration, and scope of the
16 independent compliance monitor.
- 17 (5) **Attachment E** is the disclosure certification described above.
- 18 (6) **Attachment F** is the compliance certification described above.
- 19 (7) **Attachment G** is the Proposed Order of Forfeiture.
- 20
21
22
23
24
25
26
27

DATED this 20th day of November, 2023.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

1 MARGARET A. MOESER
Acting Chief
2 Money Laundering and Asset Recovery
Section, Criminal Division
3 U.S. Department of Justice

TESSA M. GORMAN
Acting United States Attorney
Western District of Washington
U.S. Department of Justice

4 /s Kevin G. Mosley
5 Kevin G. Mosley
Elizabeth R. Carr
6 Trial Attorneys

/s Michael Dion
Michael Dion
Assistant United States Attorney

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

1 JENNIFER KENNEDY GELLIE
2 Acting Chief
3 Counterintelligence and Export Control
4 Section, National Security Division
5 U.S. Department of Justice

6 /s/ Beau D. Barnes
7 Beau D. Barnes
8 Alex Wharton
9 Trial Attorneys
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

CERTIFICATE OF SERVICE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

I, Michael Dion certify that I served this filing by email on counsel for the defense on November 20, 2023.

/s Michael Dion
MICHAEL DION
Assistant United States Attorney