

S'pore's first bitcoin case heads for trial

Cryptocurrency's exchange operator sued over proceeds from trades it reversed

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Singapore's first legal dispute involving the cryptocurrency bitcoin is headed for trial in the Singapore International Commercial Court (SICC).

At issue are trade proceeds, whose value has swelled from US\$3.78 million (S\$5.1 million) to potentially over US\$30 million, thanks to bitcoin's meteoric surge past US\$11,000 in recent days.

Electronic market maker B2C2 sued bitcoin exchange operator Quoine in May over trades that were allegedly wrongfully reversed, which resulted in the proceeds being deducted.

In a summary judgment hearing yesterday, B2C2 sought to recover 3,084.78582325 bitcoins from Quoine, alleging Quoine's breach of trust "deprived it of the opportunity to sell the proceeds on the date of their highest intermediate value".

But SICC International Judge Simon Thorley yesterday declined to grant summary judgment. The case was directed for trial, at which point it will be determined whether B2C2, if it prevails, is entitled to recover the bitcoins, or the value of the bitcoins taking into account any increase in value since the alleged breach, The Straits Times understands.

B2C2, represented by Mr Danny Ong of Rajah & Tann, said it had placed orders on Quoine's platform to sell ethereum - another cryptocurrency - for bitcoin at 10 bitcoins for one ethereum.

The orders were filled in a series of trades on April 19, resulting in

B2C2 paying 309.2518 ethereum for 3,092.517116 bitcoins. The bitcoins were credited into B2C2's account that day. But the following day, the trades were reversed by Quoine and the proceeds allegedly "misappropriated" from the account without authorisation.

Quoine, which is incorporated here, told B2C2 that it was entitled to do so because the trades were "mostly trades with huge mark-up over fair global market price". It said the average market price that day was only about 0.03929075 bitcoin for one ethereum.

But the virtual currency market is at present unregulated in Singapore, and Quoine has not cited any statute or regulation that was violated, B2C2 said.

No dollar value for that amount of bitcoin was provided in the lawsuit but according to cryptocurrency exchange CoinDesk, the amount translated to US\$3.78 million based on an exchange rate of US\$1,226.94 for a bitcoin on April 19. But increased interest from institutional investors has resulted in bitcoin spiking through US\$11,000 on Nov 29 for the first time, and surging more than 1,000 per cent this year.

Quoine, represented by Mr Paul Ong of Allen & Gledhill, claimed that B2C2 is "seeking to profit from a technical glitch". "The circumstances which led to each of the orders being placed at more than 100 times higher than the actual market price of ethereum/bitcoin as at April 19 is a highly material question which cannot be determined without a trial," Quoine argued.

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