

Bitcoin trading platform defrauds China investors

November 14 2013



A software engineer holds physical Bitcoins, minted at his shop in Sandy, Utah, on April 26, 2013

An online Bitcoin trading platform aimed at Chinese investors has suddenly closed, leaving hundreds with more than 20 million yuan (\$3.3 million) in combined losses, a newspaper said on Thursday.

Hong Kong-registered Global Bond Limited shut down in late October and disappeared before users could withdraw investments from their

accounts, the China Business News said.

Bitcoins—a form of digitally-created "e-money"—are stored in a [virtual wallet](#), and can be sent directly to another person, bypassing banks and remaining largely anonymous.

They were created in 2009 in the wake of the [global financial crisis](#) by an anonymous programmer who wanted a currency independent of any central bank or [financial institution](#).

Their value has soared in recent months, so much so that Norwegian man who bought \$24 worth of them soon after they were invented found his stash valued at \$690,000 earlier this year.

The Global Bond platform's design, which operated like a futures trading exchange, led users to believe they could make profits, attracting them to deposit more funds, the China Business News said.

It estimated around 500 people were affected and some of them had informed police in Shanghai and nearby Kunshan.

China's central bank is wary of virtual currencies, raising the alarm in 2007 over their potential use in online gambling and money laundering.

The government has banned the trading of virtual currencies in online games to prevent potential risk to economic and financial order, according to a government notice.

Beijing keeps a tight grip on the domestic yuan currency, worried about potential disruption of the economy by sudden outflows and inflows of funds.

Citation: Bitcoin trading platform defrauds China investors (2013, November 14) retrieved 8 May 2024 from <https://phys.org/news/2013-11-bitcoin-platform-defrauds-china-investors.html>

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