

Japan raids hacked crypto exchange, bitcoin plunges further

February 2 2018



Coincheck president Koichiro Wada bows in apology at a news conference last weekend after hackers stole hundreds of millions of dollars in digital assets from the Tokyo-based firm

Japanese authorities on Friday raided virtual currency exchange

Coincheck, a week after the Tokyo-based firm lost \$530 million in cryptocurrency to hackers.

The raid comes as bitcoin dipped below \$9,000 for the first time since November after India said Thursday it would take measures to prevent the use of cryptocurrencies.

The search of Coincheck's headquarters in Tokyo's Shibuya district was carried out by the Financial Services Agency, which had already slapped the company with an administrative order following the hack.

"We have launched an on-site inspection to ensure preservation of clients' assets," Finance Minister Taro Aso said at a briefing.

Japanese officials have suggested Coincheck lacked proper security measures, making itself vulnerable to theft.

The January 26 hack, which saw thieves syphon away 523 million units of the cryptocurrency NEM, exceeds the \$480 million stolen in 2014 from another Japanese virtual currency exchange, MtGox.

Earlier this week, Japan's FSA gave Coincheck until February 13 to investigate the cause of the incident, "properly" deal with clients, strengthen risk management and take [preventive measures](#).

Coincheck has said it will use its own funds to reimburse all 260,000 customers who lost holdings, at a rate of 88.549 yen per NEM.

The refund, which will be paid in yen, not virtual currency, will set the firm back about 46.3 billion yen (\$422 million).

In the wake of the MtGox scandal, Japan passed a law on cryptocurrencies that requires exchanges to be regulated by the FSA.

The law went into effect in 2017.

Coincheck had submitted an application to the FSA for a licence and was allowed to continue operating while it awaited a decision, the agency said.

Japan is a leading market for cryptocurrencies, with nearly a third of global bitcoin transactions in December denominated in yen, according to specialist website jpbitcoin.com.

Virtual currencies are popular elsewhere in Asia, including South Korea and China, but India's government on Thursday said it would crack down on their use.

Finance Minister Arun Jaitley, in his annual budget, said New Delhi would "take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system".

Bitcoin, which soared to nearly \$20,000 a unit in December, was down at \$8,800 on Friday, while other digital units such as Litecoin and Ethereum have also suffered massive losses from their recent peaks.

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Citation: Japan raids hacked crypto exchange, bitcoin plunges further (2018, February 2) retrieved 27 April 2024 from

<https://phys.org/news/2018-02-japan-raids-hacked-crypto-exchange.html>

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