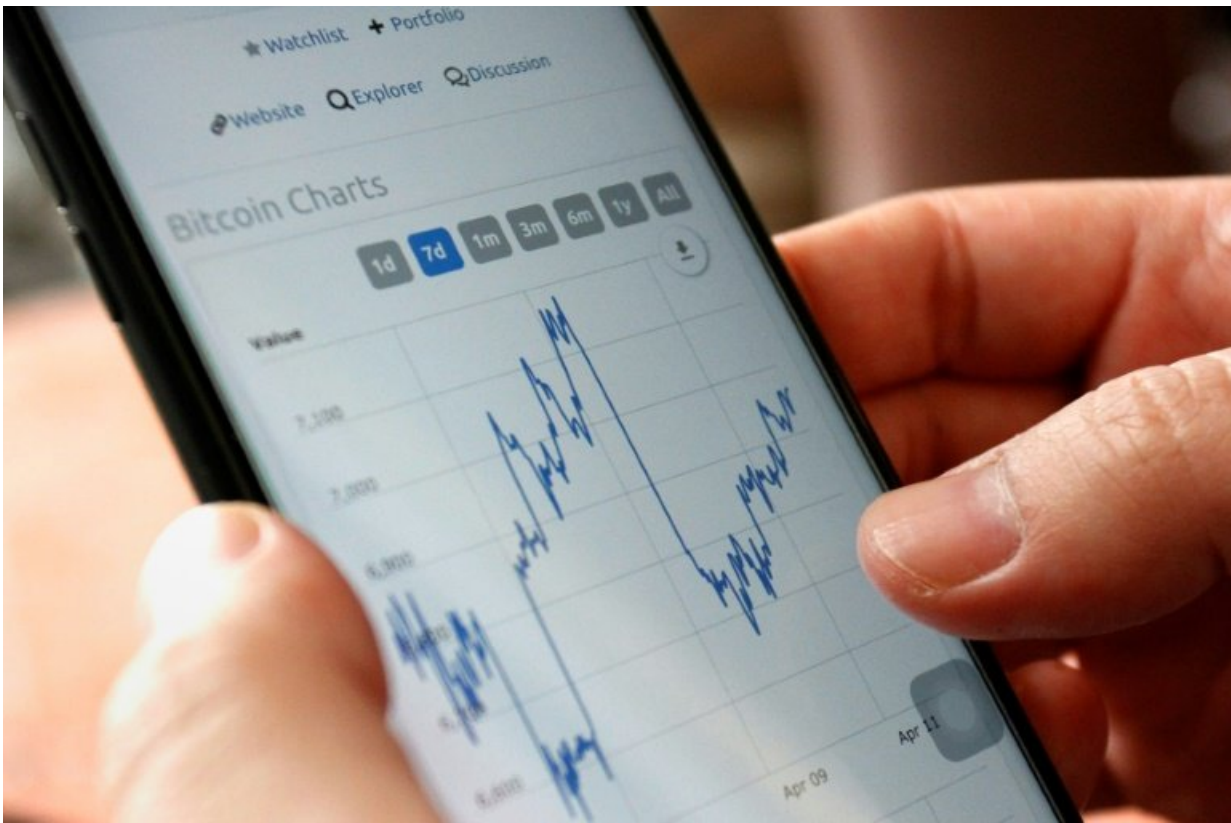


# New York investigates cryptocurrency trading exchanges

April 17 2018

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New York Attorney General Eric Schneiderman is taking a close look at platforms that trade cryptocurrencies like bitcoin to increase "transparency and accountability" of the exchanges

New York state authorities on Tuesday said they have launched a probe into platforms that trade cryptocurrencies like bitcoin, including

potential fraud and conflicts of interest.

The latest inquiry aims to increase "transparency and accountability" of the exchanges that retail investors rely on to trade virtual currency, New York Attorney General Eric T. Schneiderman said in a statement.

He said "too often, consumers don't have the basic facts they need to assess the fairness, integrity, and security of these trading platforms."

Citing reports of theft of vast sums of virtual [currency](#) from customer accounts, and sudden and poorly explained trading outages, the Attorney General's office sent letters to 13 major trading platforms requesting key information on their operations, internal controls, and safeguards to protect customer assets.

The questionnaires ask about steps to combat suspicious trading and market manipulation; policies on the operation of bots; and the safeguards in place to protect customer funds from theft, fraud, and other risks, the statement said.

The exchanges questioned include Coinbase, Gemini Trust, Bitfinex and Kraken.

US and international regulators have increasingly expressed concern about the need to beef up oversight as use of virtual currencies has grown quickly.

Bitcoin and other digital currencies have seen demand soar although the value has declined from the peaks, accompanied by a rise in questionable investment scams that authorities have shut down.

SEC Chairman Jay Clayton said recently that electronic [trading](#) platforms for [virtual currencies](#) that often have a "deceiving"

appearance, fooling some into thinking they have the same protections as traditional stock markets.

And Agustin Carstens, general manager of the Bank for International Settlements, has called for regulators to act preemptively, arguing that bitcoin and others fail the "basic textbook definitions" of currencies—which are backed by governments and their central banks.

Instead it "has become a combination of a bubble, a Ponzi scheme and an environmental disaster."

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