



U.S. Department of Justice

*United States Attorney
Southern District of New York*

*The Silvio J. Mollo Building
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February 18, 2022

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Re: *United States v. Arthur Hayes, 20 Cr. 500 (JGK)*

Dear Counsel:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York (“this Office”) will accept a guilty plea from Arthur Hayes (“the defendant”) to Count One of the above-referenced Indictment. Count One charges the defendant with violating the Bank Secrecy Act, in violation of Title 31, United States Code, Sections 5318 and 5322; and Title 31, Code of Federal Regulations, Sections 1026.210 and 1026.220, and carries a maximum term of imprisonment of 5 years, a maximum term of supervised release of 3 years, a maximum fine, pursuant to Title 18, United States Code, Section 3571 of the greatest of \$250,000, twice the gross pecuniary gain derived from the offense, or twice the gross pecuniary loss to persons other than the defendant resulting from the offense, and a \$100 mandatory special assessment.

In consideration of the defendant’s plea to the above offense, the defendant will not be further prosecuted criminally by this Office (except for criminal tax violations, if any, as to which this Office cannot, and does not, make any agreement) for his participation in (1) willfully causing and conspiring to cause the failure by a financial institution to implement an anti-money laundering program, in violation of Title 31, United States Code, Sections 5318 and 5322; and Title 31, Code of Federal Regulations, Sections 1026.210, and 1026.220; and Title 18, United States Code, Sections 371 and 2, from September 2015 to in or about December 2020, relating to willfully causing and conspiring to cause HDR Global Trading Ltd., a/k/a “BitMEX,” a financial institution operating in the United States, to fail to implement an anti-money laundering program, as charged in Counts One and Two of the Indictment; (2) willfully causing and conspiring to cause a financial institution to fail to file suspicious activity reports, in violation of Title 31, United States Code, Sections 5318 and 5322; and Title 31, Code of Federal Regulations, Sections 1026.320; and Title 18, United States Code, Sections 371 and 2, from September 2015 to in or about December 2020,

relating to willfully causing and conspiring to cause HDR Global Trading Ltd., a/k/a “BitMEX,” a financial institution operating in the United States, to fail to file suspicious activity reports, (3) bank fraud, wire fraud, and conspiracy to commit bank and wire fraud, in violation of Title 18, United States Code, Sections 1343, 1344, and 1349, from 2015 through December 2020, relating to misrepresentations to HSBC Hong Kong and HSBC Bank USA, N.A. made in connection with the HSBC Hong Kong bank account held in the name of Shine Effort Inc Limited, and (4) violations of the International Emergency Economic Powers Act, in violation of Title 50, United States Code, Section 1701 and associated provisions and regulations, and Title 18, United States Code, Section 2, from 2014 through December 2020, related to transactions with individuals and entities subject to United States sanctions, it being understood that this agreement does not bar the use of such conduct as a predicate act or as the basis for a sentencing enhancement in a subsequent prosecution including, but not limited to, a prosecution pursuant to 18 U.S.C. §§ 1961 *et seq.* In addition, at the time of sentencing, the Government will move to dismiss any open Count(s) against the defendant. The defendant agrees that with respect to any and all dismissed charges he is not a “prevailing party” within the meaning of the “Hyde Amendment,” Section 617, P.L. 105-119 (Nov. 26, 1997), and will not file any claim under that law.

Pursuant to 18 U.S.C. § 3571(d), the defendant agrees to pay a criminal fine in the amount of \$10,000,000 (Ten Million Dollars) in United States Currency, representing pecuniary gain derived by the defendant from the offense (the “Stipulated Fine”). Within thirty days of entering a guilty plea pursuant to this plea agreement, the defendant will transfer the amount of the Stipulated Fine into a United States-based escrow account. The defendant will provide proof of such transfer to the Government. Failure to abide by the foregoing two provisions will be deemed a breach of the plea agreement. The parties agree that the Stipulated Fine shall be reduced by the amount of any penalties paid prior to the date of the defendant’s sentencing to the Commodity Futures Trading Commission (the “CFTC”) in connection with claims brought against the defendant in the matter of *CFTC v. HDR Global Trading Limited, et al.*, 20 Civ. 8132 (S.D.N.Y.). The defendant shall pay the Stipulated Fine, less any reduction for penalties paid to the CFTC as described above, within ten business days of the sentencing date. The parties agree that the Stipulated Fine is appropriate in light of the factors set forth in 18 U.S.C. §§ 3553(a) and 3572(a). Neither party will in any way suggest to the Probation Office or the Court that a fine amount other than the Stipulated Fine should be entered in this case.

In consideration of the foregoing and pursuant to United States Sentencing Guidelines (“U.S.S.G.” or “Guidelines”) Section 6B1.4, the parties hereby stipulate to the following:

A. Offense Level

1. The Guidelines provisions in effect as of November 1, 2021 apply in this case.
2. The Guidelines provision applicable to the crime charged in Count One is U.S.S.G. § 2S1.3. Pursuant to U.S.S.G. § 2S1.3(a)(1), the base offense level is 8.
3. Pursuant to U.S.S.G. § 3B1.1(a), because the defendant was an organizer or leader, and the criminal activity involved five or more participants or was otherwise extensive, four levels are added.

4. Assuming the defendant clearly demonstrates acceptance of responsibility, to the satisfaction of the Government, through his allocution and subsequent conduct prior to the imposition of sentence, a two-level reduction will be warranted, pursuant to U.S.S.G. § 3E1.1(a).

In accordance with the above, the applicable Guidelines offense level is 10.

B. Criminal History Category

Based upon the information now available to this Office (including representations by the defense), the defendant has 0 criminal history points.

In accordance with the above, the defendant's Criminal History Category is I.

C. Sentencing Range

Based upon the calculations set forth above, the defendant's stipulated Guidelines range is 6 to 12 months' imprisonment (the "Stipulated Guidelines Range"). The parties agree that, pursuant to U.S.S.G. § 5E1.2, at Guidelines level 10, the applicable fine range is \$4,000 to \$40,000. The parties further agree that an upward departure from the Guidelines fine range to the Stipulated Fine is warranted under U.S.S.G. § 5E1.2 App. Note 4.

The parties agree that neither a downward nor an upward departure from the Stipulated Guidelines Range set forth above is warranted. Accordingly, neither party will seek any departure or adjustment pursuant to the Guidelines that is not set forth herein. Nor will either party in any way suggest that the Probation Office or the Court consider such a departure or adjustment under the Guidelines.

The parties agree that either party may seek a sentence outside of the Stipulated Guidelines Range based upon the factors to be considered in imposing a sentence pursuant to Title 18, United States Code, Section 3553(a).

Except as provided in any written Proffer Agreement(s) that may have been entered into between this Office and the defendant, nothing in this Agreement limits the right of the parties (i) to present to the Probation Office or the Court any facts relevant to sentencing; (ii) to make any arguments regarding where within the Stipulated Guidelines Range (or such other range as the Court may determine) the defendant should be sentenced and regarding the factors to be considered in imposing a sentence pursuant to Title 18, United States Code, Section 3553(a); (iii) to seek an appropriately adjusted Guidelines range if it is determined based upon new information that the defendant's criminal history category is different from that set forth above; and (iv) to seek an appropriately adjusted Guidelines range or mandatory minimum term of imprisonment if it is subsequently determined that the defendant qualifies as a career offender under U.S.S.G. § 4B1.1. Nothing in this Agreement limits the right of the Government to seek denial of the adjustment for acceptance of responsibility, *see* U.S.S.G. § 3E1.1, regardless of any stipulation set forth above, if the defendant fails clearly to demonstrate acceptance of responsibility, to the satisfaction of the Government, through his allocution and subsequent conduct prior to the imposition of sentence.

Similarly, nothing in this Agreement limits the right of the Government to seek an enhancement for obstruction of justice, *see* U.S.S.G. § 3C1.1, regardless of any stipulation set forth above, should it be determined that the defendant has either (i) engaged in conduct, unknown to the Government at the time of the signing of this Agreement, that constitutes obstruction of justice or (ii) committed another crime after signing this Agreement.

It is understood that pursuant to U.S.S.G. § 6B1.4(d), neither the Probation Office nor the Court is bound by the above Guidelines stipulation, either as to questions of fact or as to the determination of the proper Guidelines to apply to the facts. In the event that the Probation Office or the Court contemplates any Guidelines adjustments, departures, or calculations different from those stipulated to above, or contemplates any sentence outside of the stipulated Guidelines range, the parties reserve the right to answer any inquiries and to make all appropriate arguments concerning the same.

It is understood that the sentence to be imposed upon the defendant is determined solely by the Court. It is further understood that the Guidelines are not binding on the Court. The defendant acknowledges that his entry of a guilty plea to the charged offenses authorizes the sentencing court to impose any sentence, up to and including the statutory maximum sentence. This Office cannot, and does not, make any promise or representation as to what sentence the defendant will receive. Moreover, it is understood that the defendant will have no right to withdraw his plea of guilty should the sentence imposed by the Court be outside the Guidelines range set forth above.

It is agreed (i) that the defendant will not file a direct appeal; nor bring a collateral challenge, including but not limited to an application under Title 28, United States Code, Section 2255 and/or Section 2241, of any sentence within or below the Stipulated Guidelines Range of 6 to 12 months' imprisonment, and (ii) that the Government will not appeal any sentence within or above the Stipulated Guidelines Range. This provision is binding on the parties even if the Court employs a Guidelines analysis different from that stipulated to herein. Furthermore, it is agreed that any appeal as to the defendant's sentence that is not foreclosed by this provision will be limited to that portion of the sentencing calculation that is inconsistent with (or not addressed by) the above stipulation. The parties agree that this waiver applies regardless of whether the term of imprisonment is imposed to run consecutively to or concurrently with the undischarged portion of any other sentence of imprisonment that has been imposed on the defendant at the time of sentencing in this case. The defendant further agrees not to appeal or bring a collateral challenge of any term of supervised release that is less than or equal to the statutory maximum. The defendant also agrees not to appeal or bring a collateral challenge of any fine that is less than or equal to the Stipulated Fine of \$10,000,000, and the Government agrees not to appeal or bring a collateral challenge of any fine that is greater than or equal to the Stipulated Fine of \$10,000,000. The defendant also agrees not to appeal or bring a collateral challenge of any special assessment that is less than or equal to \$100. Notwithstanding the foregoing, nothing in this paragraph shall be construed to be a waiver of whatever rights the defendant may have to assert claims of ineffective assistance of counsel, whether on direct appeal, collateral review, or otherwise. Rather, it is expressly agreed that the defendant reserves those rights.

The defendant hereby acknowledges that he has accepted this Agreement and decided to plead guilty because he is in fact guilty. By entering this plea of guilty, the defendant waives any and all right to withdraw his plea or to attack his conviction, either on direct appeal or collaterally, on the ground that the Government has failed to produce any discovery material, Jencks Act material, exculpatory material pursuant to *Brady v. Maryland*, 373 U.S. 83 (1963), other than information establishing the factual innocence of the defendant, or impeachment material pursuant to *Giglio v. United States*, 405 U.S. 150 (1972), that has not already been produced as of the date of the signing of this Agreement.

The defendant recognizes that, if he is not a citizen of the United States, his guilty plea and conviction make it very likely that his removal from the United States is presumptively mandatory and that, at a minimum, he is at risk of being removed or suffering other adverse immigration consequences. If the defendant is a naturalized citizen of the United States, he recognizes that pleading guilty may have consequences with respect to the defendant's immigration status. Under federal law, an individual may be subject to denaturalization and removal if his naturalization was procured by concealment of a material fact or by willful misrepresentation, or otherwise illegally procured. The defendant acknowledges that he has discussed the possible immigration consequences (including removal or denaturalization) of his guilty plea and conviction with defense counsel. The defendant affirms that he wants to plead guilty regardless of any immigration or denaturalization consequences that may result from the guilty plea and conviction, even if those consequences include denaturalization and/or removal from the United States. The defendant understands that denaturalization and other immigration consequences are typically the subject of a separate proceeding, and the defendant understands that no one, including his attorney or the District Court, can predict with certainty the effect of the defendant's conviction on the defendant's immigration or naturalization status. It is agreed that the defendant will have no right to withdraw his guilty plea based on any actual or perceived adverse immigration consequences (including removal or denaturalization) resulting from the guilty plea and conviction. It is further agreed that the defendant will not challenge his conviction or sentence on direct appeal, or through litigation under Title 28, United States Code, Section 2255 and/or Section 2241, on the basis of any actual or perceived adverse immigration consequences (including removal or denaturalization) resulting from his guilty plea and conviction.

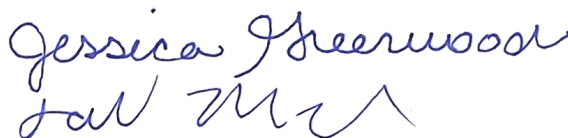
It is further agreed that should the conviction(s) following the defendant's plea(s) of guilty pursuant to this Agreement be vacated for any reason, then any prosecution that is not time-barred by the applicable statute of limitations on the date of the signing of this agreement (including any counts that the Government has agreed to dismiss at sentencing pursuant to this Agreement) may be commenced or reinstated against the defendant, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the commencement or reinstatement of such prosecution. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any prosecution that is not time-barred on the date that this Agreement is signed.

It is further understood that this Agreement does not bind any federal, state, or local prosecuting authority other than this Office.


Apart from any written Proffer Agreement(s) that may have been entered into between this Office and defendant, this Agreement supersedes any prior understandings, promises, or conditions between this Office and the defendant. No additional understandings, promises, or conditions have been entered into other than those set forth in this Agreement, and none will be entered into unless in writing and signed by all parties.

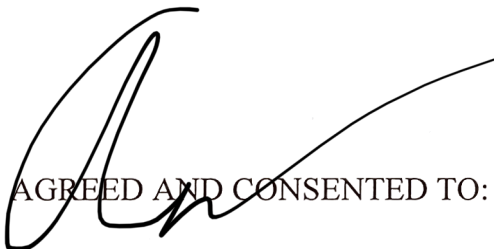
Very truly yours,

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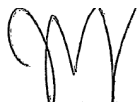
AGREED AND CONSENTED TO:

Arthur Hayes

2/18/2022

DATE

APPROVED:



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Peter Ian Altman, Esq.
Katherine Rachel Goldstein, Esq.
AKIN GUMP STRAUSS HAUER & FELD LLP
Attorneys for Arthur Hayes

2/18/2022

DATE