

# Insights



## Calvin Koo on Hong Kong's Changing Landscape in Cryptocurrency Regulation and Recovery

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As conduits of the flow of global capital, financial centers such as Hong Kong see their share of illicit funds flow through their shores. This includes cryptocurrency, which bad actors increasingly turn to in their fraudulent schemes. Kobre & Kim's Calvin Koo, who focuses on tracing and recovering digital currencies for corporate and individual victims of fraud, sat down with *DigFin* to examine the changing landscape and discuss how a new association of crypto lawyers he co-founded in Hong Kong can help the industry adapt.

The Crypto Fraud and Asset Recovery Network (CFAAR) seeks to work with the crypto industry to address rising crypto fraud, recently setting up a chapter in Hong Kong. For example, Mr. Koo points out that industry players, facing increased exposure from regulators, are often rightly interested in working with appropriate authorities. "Gone are the days when crypto exchanges could act with impunity because regulators didn't know what to do," he said.

In addition, when fraud occurs, the community needs access to tools to help trace and recover stolen assets. Mr. Koo points out that, while centralized exchanges are increasingly adopting know-your-customer rules and making it easier to obtain information, decentralized exchanges are a different story. "The added complexities with DeFi make it harder to trace funds for regulators, and therefore for lawyers and victims," Koo said. "DeFi is a challenge." But through engagement among its members, the Hong Kong crypto community can establish best practices that balance responsible enforcement with innovation.

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