Cheating

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The offence

Cheating under s 415 requires deception of a person and inducement by that deception, followed either by a dishonest or fraudulent delivery of property or by a damaging act or omission of the person deceived. The aggravated form in s 420, cheating and dishonestly inducing a delivery of property, carries imprisonment of up to ten years and a fine.[1] The simple form in s 417 carries up to three years. Section 420 is the workhorse of digital-asset prosecutions in Singapore: investment scams promising fixed returns on "arbitrage bots", fake exchange front-ends, romance scams culminating in a transfer of USDT and rug-pulls dressed as token sales are all charged under it.

The deception element is read broadly. A representation that funds will be deployed in a particular trading strategy when they are in fact paid out to earlier investors is a deception, and so is a representation about the solvency or exposure of a platform made to keep customers from withdrawing. The inducement element requires that the deceived person delivered the property because of the deception. In token sales this is usually easy to prove from marketing material, Telegram announcements and whitepapers. The dishonesty element follows the Penal Code's definition in s 24,

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recast in 2019. It now requires an intention to cause wrongful gain or wrongful loss, or an act the accused knows to be dishonest by the ordinary standards of reasonable and honest persons.

Where the deceived person is a machine

The deception must be of a "person". A smart contract that releases tokens when it receives a crafted input has not been deceived in the Penal Code sense, because deception presupposes a mind that forms a false belief. Exploits of lending protocols and bridges therefore fall outside s 415 unless a human somewhere in the chain was induced to act. The Computer Misuse Act fills the gap for most exploits, while the dishonest-misappropriation offence in s 403 can catch the exploiter who keeps what the contract mistakenly paid out. The civil law reached a comparable point in *Quoine v B2C2*, where the Court of Appeal asked whose knowledge counts when a trading algorithm contracts at an absurd price (see Part J, Chapter III).[2]

Example

A Singapore-incorporated company markets a "yield vault" on a Layer-2 network. Its website promises that deposits are lent to over-collateralised borrowers. In fact the founder bridges the deposits to a centralised exchange and trades perpetual futures, losing most of them. Customers who deposited on the strength of the website were deceived and induced to deliver property. The founder's liability under s 420 does not depend on whether the deposit was ETH, USDC or an LP token, nor on the company having needed a licence. A separate charge under s 5 of the Payment Services Act may follow if the vault amounted to a digital payment token service carried on without a licence.

Misstatements to keep customers in

The second typical pattern is a platform that is already insolvent and reassures customers so that they do not withdraw. Here the cheating analysis struggles, because the customer who refrains from withdrawing has not "delivered" property.

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Section 415 also covers an inducement "to do or omit to do anything which he would not do or omit if he were not so deceived", with resulting harm, but the cleaner charge since 2020 is the fraud offence in s 424A, discussed below. The Hodlnaut prosecution shows the shift.

Notes

1. Penal Code 1871, s 420, Singapore Statutes Online (consulted June 2026): imprisonment for a term which may extend to 10 years, and liability to fine. ↩
2. Quoine Pte Ltd v B2C2 Ltd [2020] SGCA(I) 02. ↩

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