Fraud under section 424A

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The Criminal Law Reform Act 2019 introduced s 424A, modelled on the English Fraud Act 2006, in force from 1 January 2020. A person commits fraud if he fraudulently or dishonestly makes a representation, fails to disclose information he is under a legal duty to disclose, or abuses a position of trust, intending to cause gain or loss. The offence is complete without any victim having been deceived or having delivered property. Where the fraud results in a loss or a benefit the maximum punishment rises to twenty years.[1]

The importance of s 424A for digital-asset practice became visible on 26 May 2026, when the Commercial Affairs Department charged Zhu Juntao, the former chief executive of Hodlnaut, with six counts of fraud by false representation. The charges allege that between May and July 2022 he instigated employees to tell users, through the company's Telegram group and by e-mail, that the platform had no direct exposure to TerraUSD and had suffered no losses from its collapse. He is further alleged to have posted three similar messages on his own account in June 2022. Three charges are framed under s 424A(1)(a) read with s 424A(3), three under the same provision read with s 109 (abetment).[2] The platform had halted withdrawals in August 2022 and was wound up in November 2023 (see Chapter IV).

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Three features of the case matter for every founder. First, the alleged victims are platform users who did not withdraw, so the harm alleged is the loss they suffered by staying. Cheating would have been awkward for that fact pattern, whereas fraud fits it. Second, the statements were made in a Telegram group and on social media, which the prosecution treats as representations to each reader. Third, the charges were brought almost four years after the statements and more than two years after the company's liquidation. The limitation position in Singapore criminal law is generous to the prosecution, and liquidators routinely hand their findings to the Commercial Affairs Department.

Client question

"Our treasury took a hit in a depeg. Can we tell users we are fine while we raise emergency funding?" The answer is no, and s 424A is why. A statement that is false when made, intended to keep users from withdrawing, is fraud by false representation even if the funding later arrives and nobody loses a cent. The alternative is a factual statement of what happened, what the exposure is and what the company is doing about it, paired with a pause in withdrawals if the position requires one. Regulators and courts punish the lie far more harshly than the loss.

Notes

1. Penal Code 1871, s 424A(1)–(3), Singapore Statutes Online. ↩
2. Cointelegraph, "Hodlnaut CEO charged with fraud over misleading statements on Terra collapse", 26 May 2026, reporting the Singapore Police Force charge announcement; the charge sheets themselves have not been consulted. ↩

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