

FTX bankruptcy also endangers founder's philanthropic gifts

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Signage for the FTX Arena, where the Miami Heat basketball team plays, is illuminated on Saturday, Nov. 12, 2022, in Miami. The rapid collapse of cryptocurrency exchange FTX into bankruptcy last week has also shaken the world of philanthropy, due to the donations and influence of FTX founder Sam Bankman-Fried in the “effective altruism” movement. Credit: AP Photo/Marta Lavandier, File

The rapid collapse of cryptocurrency exchange FTX into bankruptcy last week has also shaken the world of philanthropy, due to the donations and influence of FTX founder Sam Bankman-Fried in the "effective altruism" movement.

The FTX Foundation—and other related nonprofits mostly funded by Bankman-Fried and other top FTX executives—says it has donated \$190 million to numerous causes. Earlier this year, the foundation's Future Fund announced plans to donate an additional [\\$100 million](#), with hopes of donating up to \$1 billion in 2022. Because of the bankruptcy, that won't be happening now.

And donations to numerous nonprofits, even those that have already received money from groups related to Bankman-Fried, are now in doubt.

FTX, the hedge fund Alameda Research, and dozens of other affiliated companies sought bankruptcy protection in Delaware Friday after the exchange experienced the cryptocurrency equivalent of a bank run. Customers tried to remove billions of dollars from the exchange after becoming concerned about whether FTX had sufficient capital.

Bankman-Fried has resigned from the company. His net worth, estimated earlier this year at \$24 billion, has all but evaporated, according to Forbes and Bloomberg, which closely track the net worth of the world's richest people.

On Thursday night, FTX Future Fund's leadership team resigned, warning grantees that they were unlikely to pay out promised funds.

"We are devastated to say that it looks likely that there are many committed grants that the Future Fund will be unable to honor," the team wrote in a joint post in the [Effective Altruism Forum](#). "We are so sorry

that it has come to this."

ProPublica, the investigative journalism nonprofit, said it has been told by Building a Stronger Future, a foundation funded by Bankman-Fried, that the remaining two-thirds of its \$5 million grant to report on pandemic preparedness and biothreats is now on hold.

ProPublica received one-third of the grant in February and expected one-third annually until 2024. The nonprofit said Building a Stronger Future is assessing its finances and that it was talking to other funders about taking on some of its grant portfolio.

"Regardless of what happens with the remainder of the grant, we are deeply committed to this important work and the team we have assembled to pursue it," the nonprofit said in a statement.

Bankman-Fried, 30, is the best-known proponent of the "effective altruism" social movement which believes in prioritizing donations to projects that will have the largest impact on the most number of people. Dustin Moskovitz, co-founder of Facebook and current Asana CEO and co-founder, and his wife Cari Tuna, are also major funders and backers of the movement, which also emphasizes that the lives of all people should be weighted equally, regardless of where they live now or if they will inhabit the earth generations in the future.

"I wanted to get rich, not because I like money but because I wanted to give that money to charity," Bankman-Fried told an interviewer in a YouTube video called "[The Most Generous Billionaire](#)," published in January last year by producer Nuseir Yassin.

Yassin said he is disappointed Bankman-Fried's downfall is dragging down the idea of philanthropy, in addition to destabilizing cryptocurrency markets and customers losing funds.

"The third terrible outcome is loss of faith in the giving world, in the 'effective altruism' world," Yassin said. "And I find that to be the saddest one."

Yassin emphasized he was not paid to produce the video, but said one of Bankman-Fried's companies did invest a small amount in one of his other projects afterwards. He urged people not to give up faith in the possibility that wealthy people really do want to give away their money and are not just virtue signaling when they pledge to do so.

Bankman-Fried's ability to promote himself and FTX gave the exchange a higher profile than larger companies. FTX purchase the naming rights to the Miami Heat's home arena last year, though [Miami-Dade County decided](#) Friday to terminate its relationship with the company and rename the arena. It purchased a buzzed-about ad during this year's Super Bowl.

Bankman-Fried did set up a philanthropic infrastructure through his exchange, FTX, which [promised](#) that 1% of its crypto exchange fees would be donated to charities. It also matched user donations made through its platform up to \$10,000 a day. In total, the company said more than \$24 million was donated through user fees, donations and its matching program before it suspended its services.

Some "effective altruism" proponents advance the idea that making a lot of money is ethical as long as your goal is ultimately to give it away—sometimes shortened to "earning to give." Bankman-Fried believed in this, signing The Giving Pledge in June as a promise that he would give away the majority of his wealth.

However, some now blame Bankman-Fried's "effective altruism" mindset for FTX's troubles.

"Either ('effective altruism') encouraged Sam's unethical behavior, or provided a convenient rationalization for such actions," [tweeted](#) Moskowitz, who has also signed The Giving Pledge. "Either is bad."

William MacAskill, a philosophy professor at Oxford University and a co-founder of the "effective altruism" movement, condemned Bankman-Fried for allegedly misusing customer funds.

"Sam and FTX had a lot of goodwill," MacAskill, who was also an unpaid advisor to the FTX Future Fund, wrote in a [thread on Twitter](#). "And some of that goodwill was the result of association with ideas I have spent my career promoting. If that goodwill laundered fraud, I am ashamed."

Requests for comment were sent to the largest grantees listed on the FTX Future Fund's website, including other "effective altruism" advocates like the Long-Term Future Fund and the Centre for Effective Altruism and Longview.

In an interview with The Associated Press in May, Nick Beckstead, the CEO of FTX Foundation until he resigned Thursday, said there were about five people working at the foundation and that they were still working out how the various philanthropic projects started by Bankman-Fried would be structured.

"It's a bit shoestring," he said.

The community grew out of the work of philosophers at Oxford, including MacAskill, and debates of the merits of approaches and proposals on forums reflect the high-flying thinking of its origins.

Beckstead acknowledged the community can be "strange and intense," but also that its emphasis on quantifying impact helps decide where to

direct donations. Beckstead did not immediately respond to a request for comment.

"What is the cost per life saved or what is the cost per quality adjusted life year from this kind of activity?," he previously said were some of the questions he likes to try to answer, drawing on input from subject matter experts.

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