

# Funds vanish at bankrupt crypto exchange FTX; probe underway

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The FTX logo appears on a home plate umpire's jacket at a baseball game with the Minnesota Twins on Sept. 27, 2022, in Minneapolis. Collapsed cryptocurrency trading firm FTX confirmed there was “unauthorized access” to its accounts, hours after the company filed for Chapter 11 bankruptcy protection Friday, Nov. 11, 2022. Credit: AP Photo/Bruce Kluckhohn, File

Collapsed cryptocurrency trading firm FTX confirmed there was "unauthorized access" to its accounts, hours after the company filed for Chapter 11 bankruptcy protection Friday.

The embattled [company](#)'s new CEO John Ray III said Saturday that FTX is switching off the ability to trade or withdraw funds and taking steps to secure customers' assets, according to a tweet by FTX's general counsel Ryne Miller. FTX is also coordinating with [law enforcement](#) and regulators, the company said.

Exactly how much money is involved is unclear, but analytics firm Elliptic estimated Saturday that \$477 million was missing from the exchange. Another \$186 million was moved out of FTX's accounts, but that may have been FTX moving assets to storage, said Elliptic's co-founder and chief scientist Tom Robinson.

A debate formed on [social media](#) about whether the exchange was hacked or a company insider had stolen funds, a possibility that cryptocurrency analysts couldn't rule out.

Until recently, FTX was one of the world's largest cryptocurrency exchanges. It was already short billions of dollars when it sought bankruptcy protection Friday and its former CEO and founder, Sam Bankman-Fried, resigned.

The company had valued its assets between \$10 billion to \$50 billion, and listed more than 130 affiliated companies around the world, according to its [bankruptcy filing](#).



Signage for the FTX Arena, where the Miami Heat basketball team plays, is illuminated Saturday, Nov. 12, 2022, in Miami. Collapsed cryptocurrency trading firm FTX confirmed there was “unauthorized access” to its accounts, hours after the company filed for Chapter 11 bankruptcy protection Friday, Nov. 11. Credit: AP Photo/Marta Lavandier

The unraveling of the once-giant exchange is sending shockwaves through the industry, with companies that backed FTX writing down investments and the prices of bitcoin and other digital currencies falling. Politicians and regulators are calling for stricter oversight of the unwieldy industry. Experts say the saga is still unfolding.

"We'll have to wait and see what the fallout is, but I think we are going to see more dominoes falling and an awful lot of people stand to lose

their money and their savings," said Frances Coppola, an independent financial and economic commentator. "And that is just tragic, really."

The timing and the extent of access that the assumed hacker appeared to achieve, siphoning money from multiple parts of the company, led Coppola and other analysts to theorize that it could have been an inside job.

FTX said Saturday that it's moving as many digital assets as can be identified to a new "cold wallet custodian," which is essentially a way of storing assets offline without allowing [remote control](#).

"It does look as if the liquidators didn't act fast enough to stop some kind of siphoning off of funds from FTX after it filed for bankruptcy, and that's bad, but it just shows how complex this thing is," Coppola said.



A person walks past the FTX Arena, where the Miami Heat basketball team plays, Saturday, Nov. 12, 2022, in Miami. Collapsed cryptocurrency trading firm FTX confirmed there was “unauthorized access” to its accounts, hours after the company filed for Chapter 11 bankruptcy protection Friday, Nov. 11. Credit: AP Photo/Marta Lavandier

Initially, some people were hoping that perhaps all the missing funds were liquidators or bankruptcy administrators trying to move assets to a more secure spot. But it would be unusual for that to happen on a Friday night, said Molly White, cryptocurrency researcher and fellow with the Library Innovation Lab at Harvard University.

"It looked very different from what a liquidator might do if they were

trying to secure the funds," she said.

White also said there are signs of possible insider involvement. "It seems unlikely that someone who is not an insider could have pulled off such a massive hack with so much access to FTX systems."

The collapse of FTX highlights the need for cryptocurrency to be regulated more like traditional finance, Coppola said.

"Crypto isn't in the very early stages anymore," she said. "We've got ordinary people putting their life savings into it."

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