

# US files criminal charges against crypto tycoon Bankman-Fried

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US prosecutors say Sam Bankman-Fried committed massive fraud at his FTX crypto company.

US prosecutors slapped disgraced cryptocurrency tycoon Sam Bankman-Fried with multiple criminal charges on Tuesday for massive fraud as he

built his FTX crypto empire.

The founder of the FTX platform, who was arrested in the Bahamas Monday at the request of the United States, is facing a raft of accusations, including from US market regulators who say that the investor knowingly built a fraudulent house of cards.

The [criminal charges](#), made by [federal prosecutors](#) in New York, pose the greatest legal peril for Bankman-Fried who risks a long jail sentence given the billions of dollars amounts involved.

In their indictment, US prosecutors said Bankman Fried also carried out [money laundering](#), violated campaign finance laws and committed wire fraud from the very start of his company in 2019.

The charge comes a day after Bankman-Fried was arrested in the Bahamas on the eve of his scheduled appearance at a US congressional hearing in which he was to testify under oath about the crypto exchange's overnight demise.

The US Securities and Exchange Commission said the onetime crypto wunderkind was "responsible for fraudulently raising billions of dollars from investors in FTX and misusing funds belonging to FTX's trading customers."

The legal hammer fell after 30-year-old defied [legal advice](#) and made multiple media appearances offering his version of his company's sudden failure, usually by video link from the Bahamas, where his company is headquartered.

According to a [press release](#) from the attorney general's office in the Bahamas, Bankman-Fried was to be held in custody before an expected request for his extradition by the United States and a hearing was

expected in Nassau on his legal fate.

Bankman-Fried had embodied the apparent emergence of cryptocurrency as an above-board investment rather than a frowned-upon get-rich-quick scheme.

His FTX platform was plugged by celebrities in [advertising campaigns](#) and he became a regular presence in Washington, where he donated tens of millions of dollars in political contributions.

But after reaching a valuation of \$32 billion, FTX's implosion was swift following a November 2 report on ties between FTX and Alameda, a trading company also controlled by Bankman-Fried.

The report exposed that Alameda's balance sheet was heavily built on the FTT currency—a token created by FTX with no independent value.

## **'Life in prison'?**

The price of FTT plunged in early November, roiling both Alameda and FTX, where Alameda had large trading positions.

Reeling from customer withdrawals and short some \$8 billion, FTX and around 100 related entities filed for bankruptcy protection on November 11, inviting scrutiny from regulators, prosecutors and furious clients.

"If convicted he could be facing the rest of his life in prison, given the dollar amount of the fraud," Jacob S. Frenkel, a former federal criminal prosecutor at Dickinson Wright, told AFP.

"We would not see an indictment if prosecutors were not absolutely convinced that they will win a conviction."

In his media interviews, Bankman-Fried has admitted to mistakes, but has denied intent to defraud his customers.

FTX CEO John Ray, who came to the company after the debacle, was to tell Congress on Tuesday that the problems arose because control was "in the hands of a very small group of grossly inexperienced and unsophisticated individuals."

"Never in my career have I seen such an utter failure of corporate controls at every level of an organization, from the lack of financial statements to a complete failure of any internal controls or governance whatsoever," Ray said in prepared remarks.

The fall of FTX has caused major doubts about the long term viability of cryptocurrency and heaped stress on other platforms and entities that rode the success of Bitcoin and other currencies.

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