

Lawmakers to hold FTX hearing despite former CEO arrest

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In this photo taken with a drone, the FTX logo is seen on the roof of the FTX Arena on Wednesday, Dec. 7, 2022, in Miami. The House Financial Services Committee holds a hearing on Tuesday on the collapse of cryptocurrency exchange FTX. Credit: AP Photo/Rebecca Blackwell

The House Financial Services Committee plans to hold a hearing into the

collapse of crypto exchange FTX on Tuesday, but its star witness will be missing.

Sam Bankman-Fried was scheduled to testify in front of the House Financial Services Committee, along with the company's current CEO, John Ray III. However Bankman-Fried was arrested in the Bahamas late Monday, and U.S. authorities said they plan to unseal charges against him on Tuesday.

FTX filed for bankruptcy on Nov. 11, when the firm ran out of money after the cryptocurrency equivalent of a bank run. The collapse of crypto's second-largest exchange has garnered worldwide attention, and Bankman-Fried is now facing charges by U.S. authorities and likely Bahamian authorities as well.

Rep. Maxine Waters, D-Calif. and chairwoman of the financial services committee, said while she understands that Bankman-Fried must be held accountable, she is "disappointed" that the arrest happened before he got to testify.

"Although Mr. Bankman-Fried must be held accountable, the American public deserves to hear directly from Mr. Bankman-Fried about the actions that've harmed over one million people, and wiped out the hard-earned life savings of so many," Waters said in a statement Monday evening.

Bankman-Fried became prominent in Washington and donated millions of dollars toward mostly left-leaning political causes and Democrat [political campaigns](#), and was hailed as the new face of the crypto industry. He previously testified in favor of certain bills that would regulate the crypto industry in ways that favored FTX.

A handful of members of the Financial Services Committee have

previously taken [political donations](#) from FTX or Bankman-Fried, including Rep. Josh Gottheimer, D-N.J. and Rep. Ritchie Torres, D-N.Y.

Bankman-Fried has, more or less, remained in his Bahamian luxury compound in Nassau.

This will be the first public appearance by Ray since FTX's collapse. Before FTX, the restructuring expert was best known for having to clean up the mess at Enron roughly 20 years ago. Ray has said in court filings that the financial conditions at FTX were worse than at Enron, and that he has no confidence in FTX's bookkeeping before he took over the firm.

"FTX Group's collapse appears to stem from the absolute concentration of control in the hands of a very small group of grossly inexperienced and unsophisticated individuals who failed to implement virtually any of the systems or controls that are necessary for a company that is entrusted with other people's money or assets," Ray said in his prepared remarks for Tuesday's hearing.

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