

Sam Bankman-Fried: crypto rock star facing life in jail

December 13 2022



Cryptocurrency tycoon Sam Bankman-Fried has fallen into disgrace and is facing a hefty jail sentence.

Sam Bankman-Fried has had a dizzying fall from top of the heap in the world of cryptocurrencies to staring down a hefty jail sentence on a raft

of fraud charges.

The 30-year-old billionaire founder of the FTX crypto exchange once partnered with celebrities and rubbed shoulders with politicians as he tried to legitimize cryptocurrency as more than just a shady get-rich-quick scheme.

However, his company, valued at \$32 billion earlier this year, suddenly imploded in November after filing for [bankruptcy protection](#), inviting scrutiny from regulators, prosecutors and furious clients.

To authorities, it was a rotten, billion-dollar house of cards that had come crashing down.

Bankman-Fried is a vegan who reportedly sleeps four hours a night, and usually dresses in a hoodie and dark T-shirt. He has said he maintains a spartan lifestyle, and has donated millions of dollars to causes such as [animal welfare](#), reducing global warming, and combating neglected tropical diseases.

His personal fortune was once at nearly \$25 billion, according to Forbes magazine.

Prestigious partnerships

The son of Stanford Law School professors and a graduate of the elite Massachusetts Institute of Technology (MIT), Bankman-Fried worked as a broker on Wall Street before turning to cryptocurrencies in 2017.

He created a cryptocurrency investment fund, Alameda Research, moved to Hong Kong and then launched FTX.

Bankman-Fried, known on [social media](#) as SBF, was a vocal advocate

for smoother access to the crypto market for the general public, particularly in the United States.

The success of FTX enabled the platform to forge prestigious partnerships, including with the newly retired American football legend Tom Brady and his wife, the Brazilian ex-model Gisele Bündchen.

Bankman-Fried moved the company to the Bahamas, where taxes are almost nonexistent, saying the Caribbean nation is one of the few countries that has a comprehensive licensing regime for cryptocurrencies.

As his star rose, Fortune magazine wondered if he would be the new Warren Buffett.

However, things quickly went sour.

Fall from grace

FTX's implosion was swift following a November 2 report on the cryptocurrency news site CoinDesk on ties between FTX and Alameda.

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

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 some 100 related entities filed for bankruptcy protection on November 11.

Among the revelations, FTX propped up Alameda with billions of

dollars in customer funds that are now likely lost forever.

Questions also linger over whether Bankman-Fried engaged in market manipulation, or illegally provided inside information to Alameda.

Despite the questions hanging over his company's activities, Bankman-Fried defied [legal advice](#) and kept appearing on talk shows and conference panels, offering his version of his company's sudden failure, usually by video link from the Bahamas.

Then came his arrest on Monday in the idyllic archipelago, at the request of the United States, and charges of money laundering, wire fraud, and violating campaign finance laws.

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."

Bankman-Fried has acknowledged poor corporate controls and mistakes, however, denies any criminal wrongdoing.

"I didn't ever try to commit fraud on anyone," Bankman-Fried told a New York Times conference on November 30. "Clearly I made a lot of mistakes or things I would be able to give anything to be able to do over again."

Instead of boosting investor confidence in cryptocurrency, Bankman-Fried's downfall sent major cryptocurrencies plunging, only raising further doubt over the young and turbulent sector.

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Citation: Sam Bankman-Fried: crypto rock star facing life in jail (2022, December 13) retrieved 25 April 2024 from

<https://techxplore.com/news/2022-12-sam-bankman-fried-crypto-star-life.html>

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