

# Sam Bankman-Fried, the fallen wunderkind of cryptocurrency

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Former FTX chief Sam Bankman-Fried leaves a federal courthouse following a bail hearing ahead of his October trial, in New York.

He was the face of cryptocurrency, and a young one at that—a media darling seemingly destined to unite the sector.

But Sam Bankman-Fried's stunning rise to prominence and wealth would be matched by his spectacular fall, and with it that of his platform FTX.

In the space of just a few months the Massachusetts Institute of Technology graduate with a degree in physics had taken a startup he founded in 2019 and built it up into the world's second largest crypto exchange platform.

He quickly became more than just a young entrepreneur, fashioning himself as an ambassador of crypto and making his first appearance in Congress in December 2021, testifying before lawmakers on the then-novel form of currency.

The public would come to know a seemingly oddball whiz kid with a mop of curly dark hair who, when not suited up for appearances on Capitol Hill, wore shorts and a T-shirt as his look de rigueur.

The young man known as SBF would charm US lawmakers with his straight talk and vision of crypto's future, including an extensive regulatory regime—a position at odds with many in the sector.

## **Worth \$26 billion**

He devised project after project, from a platform for people to make donations in cryptocurrency to Ukraine to a market for financial derivative products that stepped on the toes of Wall Street.

Before it all came crashing down, at his peak this native Californian amassed a fortune estimated to be worth \$26 billion. "Save for Mark Zuckerberg, no one in history has ever gotten so rich so young," read a headline in Forbes, which put Bankman-Fried on its cover in October 2021.

The son of two Stanford University professors, Bankman-Fried ventured outside the world of cryptocurrencies, making donations to US politicians and persuading celebrities like American football star Tom Brady or basketball player Stephen Curry to endorse FTX, for which they were richly rewarded.

CNBC has reported that Bankman-Fried even pursued a contract with singer Taylor Swift, though it fell through.

SBF is a vegan who said he believed in the concept of effective altruism—finding the best way to help other people, in particular by donating all or part of one's wealth to charity rather than, say, volunteering at a soup kitchen.

When the cryptocurrency world lurched into crisis in the spring of 2022, Bankman-Fried billed himself as a savior, buying the troubled platform BlockFi, and shares in another company that was in trouble, Voyager.



Bankman-Fried denies any wrongdoing in the collapse of his crypto exchange platform FTX.

### **Compared to Warren Buffett**

"We take our duty seriously to protect the digital asset ecosystem and its customers," he tweeted at the time, as some people were comparing him—barely 30 years old then—to the legendary investing guru Warren Buffett.

But behind his reassurances, Bankman-Fried was walking a financial high wire and taking colossal risks, as revealed later in court documents.

Without their knowledge, Bankman-Fried's team is alleged to have used the money of FTX customers to cover risky operations by an affiliated

trading company called Alameda Research, to buy posh real estate and to make political donations.

In November 2022, the crypto news outlet CoinDesk revealed that Alameda had converted a large part of its assets into FTT, a crypto token created by FTX. That news caused that currency to plummet.

Hours later Changpeng Zhao, the head of Binance, the world's largest crypto exchange platform, announced it was selling all the FTT tokens it held, causing it to lose 90 percent of its value in a matter of days and taking the Bankman-Fried empire with it.

His fortune having vanished overnight, Bankman-Fried was extradited from the Bahamas, where FTX had its headquarters. In December 2022 he was indicted on charges of fraud and racketeering.

He faces a seven-count indictment in a trial starting Tuesday in Manhattan.

"I'm broke and wearing an ankle monitor and one of the most hated people in the world," he wrote in a document published recently by The New York Times.

Days after the collapse of FTX, Bankman-Fried admitted that he "screwed up" but denied taking other people's money and blamed former colleagues for the huge mess, including some who will now testify against him during the trial.

"There will probably never be anything I can do to make my lifetime impact net-positive," he wrote.

The fallen whiz kid added, "The truth is that I did what I thought was right."

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