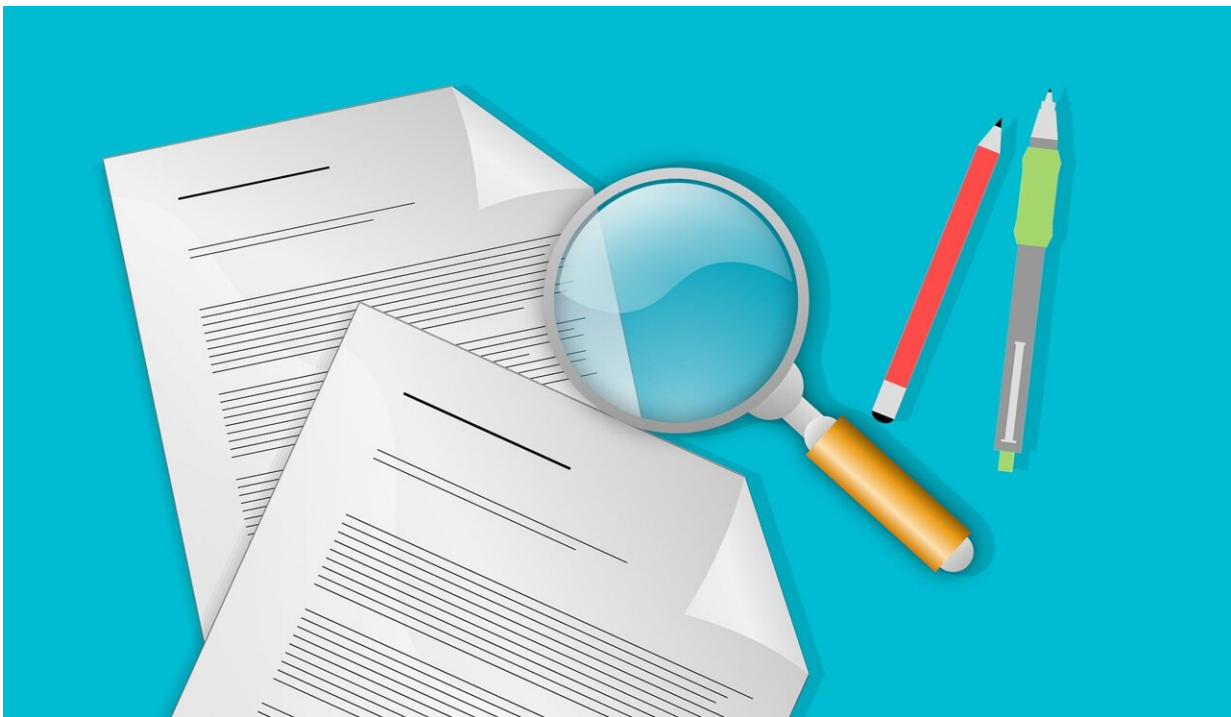


# Bankman-Fried faces prosecutors in US fraud trial

October 30 2023

---



Credit: Pixabay/CC0 Public Domain

Sam Bankman-Fried, founder of the collapsed cryptocurrency exchange FTX, faced a tough cross-examination on Monday, with US prosecutors chipping away at his denials of committing massive fraud.

The testimony in a New York courtroom followed Bankman-Fried's time

on the stand last week where he carefully presented himself as a well-intended entrepreneur who did nothing wrong.

But US prosecutor Danielle Sassoon questioned the once media-friendly fallen tycoon in order to poke holes in his line of defense during seven hours of grilling that began on Friday.

Sassoon questioned Bankman-Fried on his frequent public statements and their discrepancy from the dire situation at his companies.

Bankman-Fried, once one of the most respected figures in crypto, is accused of illegally using FTX funds for often risky [trading](#) by hedge fund Alameda Research, his personally owned trading company.

He has been charged with seven counts of fraud, embezzlement and criminal conspiracy and, if convicted, could face decades in prison.

In several interviews given after FTX's collapse, Bankman-Fried explained that, long before the bankruptcy, he had distanced himself from the management of Alameda to avoid any conflict of interest.

But in the courtroom he said the reality was not as clear cut.

"I was not generally making trading decisions on Alameda but I was not walled off from Alameda's trading," he said.

The prosecutor also referred to several statements and tweets claiming that protecting customer and investor funds was a "priority," while Alameda borrowed up to \$14 billion in customer deposits, often to carry out high-risk transactions.

"I don't remember exactly," or "I'm not sure," said the accused each time Sassoon produced a document containing a damning statement or

writing.

To underline the contradictions, the [prosecutor](#) also used Bankman-Fried's interventions in Congress during which he campaigned for more regulation of the cryptocurrency sector.

"Did you say, Fuck the regulators?" Sassoon asked.

"I said it once," Bankman-Fried said.

The prosecution also detailed a series of public statements by "SBF" that Alameda had "no privileged access" to FTX.

Bankman-Fried nevertheless acknowledged that Alameda benefited from a credit line of up to \$65 billion.

Last week Bankman-Fried blamed former colleague and girlfriend Caroline Ellison, who ran Alameda, for failing to prevent his empire's sudden collapse.

He claimed to have demanded of Ellison at the end of 2021 that Alameda hedge itself financially against a possible plunge in the cryptocurrency market.

© 2023 AFP

Citation: Bankman-Fried faces prosecutors in US fraud trial (2023, October 30) retrieved 3 May 2024 from <https://techxplore.com/news/2023-10-bankman-fried-prosecutors-fraud-trial.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.