

# Bankman-Fried takes stand, says he made 'small mistakes'

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Sam Bankman-Fried, founder of the collapsed crypto firm FTX, said he made 'small mistakes' but did not commit fraud.

Sam Bankman-Fried, founder of the collapsed cryptocurrency exchange FTX, took the stand at his trial on Friday and said that while he may

have made mistakes, he did not commit fraud or steal from customers.

"I made a number of small mistakes and a number of large mistakes," the onetime crypto wunderkind said in reply to a question from one of his lawyers, Mark Cohen.

"By far, the biggest mistake was that we didn't have a team dedicated to risk management," Bankman-Fried said.

His high-stakes decision to testify on his own behalf, which opens him up to cross-examination, came after three weeks of devastating testimony against the 31-year-old accused of stealing billions of dollars from clients.

Bankman-Fried, who was wearing a gray suit and tie, denied any criminal wrongdoing under questioning from Cohen.

"Did you defraud anyone?" his lawyer asked.

"I did not," Bankman-Fried replied.

"Did you steal customer funds?"

"No," he said.

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.

Bankman-Fried, known as SBF, began his testimony by recounting how

he founded Alameda Research in 2017, and the crypto platform FTX in 2019.

Under questioning from his lawyer, he depicted himself as a young entrepreneur swamped with work, handling dozens of tasks at once and bombarded by thousands of emails every day.

"As FTX grew, it became untenable for me to run both companies," he said. "By 2021, I was not involved in day to day operations at Alameda."

He defended decisions which allowed Alameda to borrow massively from FTX, saying that "if there was a liquidation of Alameda, it would have disastrous consequences for the platform."

## **\$8.7 billion unaccounted for**

At the time of FTX's bankruptcy in November 2022, some \$8.7 billion was unaccounted for. Most of the funds have since been recovered by liquidators and should be paid out to customers in early 2024.

Bankman-Fried has blamed former colleagues for FTX's sudden collapse, and on Friday he took aim at Caroline Ellison, his former business partner and girlfriend, who ran Alameda.

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.

"She was less enthusiastic than I was" about the plan and never put the protections in place, Bankman-Fried testified.

In the spring of 2022, the cryptocurrency industry was rocked by a series of failures, which caused the value of virtually all digital currencies and

that of Alameda's assets to plummet.

Ellison, a Stanford University mathematics graduate, was appointed by Bankman-Fried in 2021 to head Alameda, whose activities were largely financed by money from customers of FTX without their knowledge.

She has pleaded guilty to fraud charges and agreed to cooperate with the prosecution, as have two other close associates of Bankman-Fried.

Earlier in the trial, Ellison offered damning evidence against him and delivered details on his management, saying he was involved in all major decisions.

The questioning of Bankman-Fried by his lawyers is expected to conclude on Monday when he will be subjected to cross-examination by government prosecutors.

Bankman-Fried's decision to testify in his own defense is unusual in a country where criminal defendants generally do not do so because they have to face cross-examination and run the risk of incriminating themselves.

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