

FTX co-founder testifies against Bankman-Fried

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Joseph Bankman and Barbara Fried, parents of FTX founder Sam Bankman-Fried, arrive for the second day of their son's fraud trial in New York.

Sam Bankman-Fried knowingly used FTX clients' funds without permission to invest through his personal hedge fund, the disgraced

crypto titan's former business partner testified in court on Friday.

Zixiao "Gary" Wang, a co-founder of FTX with Bankman-Fried, has already pleaded guilty to multiple counts related to the crypto trading platform's stunning collapse, and has agreed to cooperate with [federal prosecutors](#).

He is the first major witness to appear at his former partner's trial, which began on Tuesday in New York and could last up to six weeks.

The 31-year-old Bankman-Fried, known as "SBF," has been charged with seven counts of fraud, embezzlement and criminal conspiracy, and if convicted could face more than 100 years in prison.

In November 2022, his cryptocurrency exchange platform imploded, unable to cope with massive withdrawal requests from customers panicked to learn that some of FTX's funds had been committed to risky operations by Alameda Research, Bankman-Fried's personal hedge fund.

Wang, who was technology chief at the time of the collapse, on Friday described Bankman-Fried as willing to break the law and lie to enable FTX and Alameda to post strong growth and profits.

He said that in 2019, a few months after FTX was created, Bankman-Fried had its software modified to allow Alameda to withdraw unlimited funds from the platform.

That code was not disclosed to the public or investors, according to Wang, whose own sentence has not yet been handed down, though it is expected to be reduced due to his cooperation.

Bankman-Fried falsely told journalists and investors that "Alameda was treated like any other trader on FTX" and that FTX "didn't use

customers' money," Wang testified.

"Customers did not give us permission to use it for other purposes," Wang said of the funds, which prosecutors also allege were used by Bankman-Fried to purchase Bahamas real estate.

The line of credit granted to Alameda was gradually raised, eventually reaching the astronomical sum of \$65 billion, he said.

At the time of FTX's bankruptcy, some \$8 billion in customers' funds were missing, borrowed by Alameda, which was unable to reimburse them.

Wang also said that Bankman-Fried had on several occasions requested customer losses be put on Alameda's books, in order to hide the transactions from the [general public](#) and not damage FTX's image.

The trial is set to resume on Tuesday, with testimony expected from former Alameda Research CEO Caroline Ellison, who has also pleaded guilty and pledged to cooperate with prosecutors.

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