

Star witness at US crypto trial says Bankman-Fried ordered fraud

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Sam Bankman-Fried's former girlfriend, Caroline Ellison, walks through security at Manhattan Federal Court on October 10, 2023, in New York.

Disgraced crypto wunderkind Sam Bankman-Fried was the mastermind behind a scheme to defraud FTX clients of billions of dollars, the star

witness in his US trial testified on Tuesday.

Caroline Ellison, Bankman-Fried's former business partner and girlfriend, said that they had stolen "around \$14 billion" from clients of the cryptocurrency trading platform before it collapsed into bankruptcy late last year.

The 31-year-old Bankman-Fried, co-founder and former CEO of FTX, has been charged with seven counts of fraud, embezzlement and criminal conspiracy, and if convicted could face a de facto life sentence of more than 100 years in prison.

In November 2022, the 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.

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.

After taking a good 10 seconds to identify her former romantic partner in the courtroom, Ellison said he was "the owner of Alameda and he directed me to commit those crimes."

Bankman-Fried "was the one who set up the system" that saw Alameda take the client money from FTX and use it "for investments and to pay back debts," she said.

"For major decisions, I ran it by Sam. He was the person I officially

reported to. He was the owner of Alameda. He could have fired me if he wanted to," she said.

'Awkward situations'

A former analyst who developed mathematical models for market finance, Ellison said she expressed her reservations about the relationship between FTX and Alameda.

"I was somewhat concerned because it was something that customers weren't aware of and they wouldn't be happy if they'd learned about it," she said.

Bankman-Fried's lawyers are expected to argue against this depiction, saying that their client had little handle on the inner workings of Alameda's business and placing the blame at Ellison for the alleged fraud.

In the court on Tuesday, Ellison said that she and Bankman-Fried "dated for a couple years."

"He was also my boss, which created a lot of awkward situations," she said.

The on and off again couple and other FTX executives lived in a luxury apartment complex in the Bahamas until Bankman-Fried was arrested and extradited to the United States late last year.

Zixiao "Gary" Wang, another associate of Bankman-Fried, on Friday described the FTX co-founder as willing to break the law and lie to enable the company and Alameda to post strong growth.

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