

Bankman-Fried found guilty of massive crypto fraud

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Former crypto tycoon Sam Bankman-Fried was found guilty November 2, 2023 by a New York jury on all seven counts of fraud, embezzlement and criminal conspiracy.

Sam Bankman-Fried, the one-time cryptocurrency golden boy accused

by US prosecutors of stealing billions of dollars of his customers' money, was found guilty on Thursday on all counts and faces up to 110 years behind bars.

The jury reached its decision in just five hours after a trial in New York lasting five weeks. Sentencing for the man widely known as "SBF" will take place on March 28, 2024.

US Attorney Damian Williams said in a statement after the verdict was announced Bankman-Fried had "perpetrated one of the biggest financial frauds in American history, a multibillion dollar scheme designed to make him the king of crypto."

"The crypto currency industry might be new, players like SBF might be new, but this kind of fraud, this kind of corruption is as old as time and we have no patience for it."

Mark Cohen, Bankman-Fried's lawyer, said they were "very disappointed with the result."

"Mr. Bankman-Fried maintains his innocence and will continue to vigorously fight the charges against him," he added.

A graduate of the Massachusetts Institute of Technology (MIT) and a billionaire before the age of 30, Bankman-Fried conquered the crypto world at breakneck speed, turning FTX, a small start-up he co-founded in 2019, into the world's second-largest exchange platform.

But in November 2022, the FTX empire imploded, unable to cope with massive withdrawal requests from customers panicked to learn that some of the funds stored at the company had been committed to risky operations at Bankman-Fried's personal hedge fund, Alameda Research.

Some of his closest associates testified during the trial that he was key to all the decisions that saw \$8 billion vanish from his FTX trading platform.

\$8 billion disappeared

In closing arguments, prosecutors portrayed the defendant as an extremely smart man consumed by greed who knew what he was doing when FTX funds were secretly funneled to Alameda.

The defense said their client had acted in "[good faith](#)" and was overtaken by circumstances and the financial ineptitude of close associates who testified against him to gain leniency from prosecutors.

The star witness in the trial was Caroline Ellison, the former Alameda CEO and Bankman-Fried's on-again, off-again girlfriend.

She told the jury they had stolen "around \$14 billion" from FTX clients and that Bankman-Fried, as owner of Alameda, "directed me to commit those crimes."

That money was used to finance venture capital deals and political contributions, as well as swanky real estate in the Bahamas.

It also went toward paying tens of millions of dollars to celebrities, including Tom Brady and Gisele Bundchen, to gain their endorsement of FTX, as well as buying the naming rights for the Miami Heat's home arena.

According to prosecutors, just over \$8 billion belonging to customers had vanished into bad investments at Alameda at the time of FTX's collapse.

Crypto ambassador

Bankman-Fried admitted during his trial he had made "mistakes" but denied that he had ever tried to defraud anyone.

Prosecutor Nicholas Roos told the jury it had to decide whether "the defendant knew taking the money was wrong."

"He knew it was wrong. He did it anyway (and) thought because he was smart he could get away with it," the [prosecutor](#) argued.

Roos pointed out that three witnesses, Ellison and other close associates, each claimed that the ex-cryptocurrency genius had given instructions for Alameda to pilfer the coffers of FTX, virtually without limit.

The crypto world was shaken by the rapid collapse of FTX and is just beginning to recover.

Underlining the high level of interest in the case, US Attorney General Merrick Garland issued a statement after the verdict thanking prosecutors and the FBI for their "outstanding work in bringing Mr. Bankman-Fried to justice."

"This case should send a clear message to anyone who tries to hide their crimes behind a shiny new thing they claim no one else is smart enough to understand: the Justice Department will hold you accountable," he said.

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