

Visions of Bankman-Fried clash in US trial closing arguments

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Former FTX chief Sam Bankman-Fried leaves the Federal Courthouse following a bail hearing on July 26, 2023.

Prosecutors and defense lawyers set out their competing visions of cryptocurrency's former golden boy Sam Bankman-Fried in the closing

arguments of his blockbuster trial on Wednesday.

"This is not about complex issues of cryptocurrencies," prosecutor Nicolas Roos told the jury after several days of withering cross-examination of the fallen crypto king.

"It's about deception. It's about lies. It's about stealing. It's about greed," he said of the 31-year-old who was estimated to be worth several billion dollars before his fortunes collapsed.

Not so, said Bankman-Fried's lawyer Mark Cohen, who argued "the government tried to turn Sam into some sort of villain, some sort of monster."

Bankman-Fried is on trial in New York for siphoning funds invested by unknowing customers on his FTX cryptocurrency exchange platform, once the second biggest exchange for crypto investors.

The accusations were "based on a false premise" that Bankman-Fried's FTX empire "was a fraudulent enterprise" built "to steal customers' funds from very early days."

He faces decades in prison if convicted.

Up to \$14 billion of client money fueled the transactions and venture investments of Alameda Research, Bankman-Fried's personally owned hedge fund.

The jury is faced with the question of whether "the defendant knew taking the money was wrong," Roos said.

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

"He lied to you," Roos added of Bankman-Fried's repeated attempts to say he did not know of Alameda's dire straits or remember his false statements that all was fine at his company.

But Cohen, the defense lawyer, countered that "Sam's good faith is a defense against all of the charges."

"In the real world, things get messy, people make mistakes and they wish they would have fixed them."

The jury will begin deliberations on Thursday, with most observers convinced the 31-year-old struggled to make his own case during his several days on the stand.

In their two hours of closing arguments, the prosecution said Bankman-Fried received multiple warnings regarding Alameda's finances, well before its collapse late last year.

"Every time, he chose to double down, to dig the hole deeper," Roos told the jury.

'Who had control?'

During the trial that began on October 3, the Massachusetts Institute of Technology graduate admitted he made "mistakes" in managing his crypto empire, but that he never committed fraud.

He depicted himself as a young entrepreneur swamped with work who only became aware of the trouble at Alameda when it was too late.

He said the problems at Alameda arose because his directions were ignored by staff, including his former girlfriend Caroline Ellison, whom he picked to run the fund.

Roos reminded the jury that Ellison and other close associates that it was said Bankman-Fried who gave instructions for Alameda to pilfer the coffers of FTX.

"That's fraud. That's stealing, plain and simple," Roos said.

The trial has revealed Alameda was authorized to borrow up to \$65 billion from FTX via a software "back door."

The money was used for risky investments, political donations, and the purchase of real estate.

But the blank check turned sour when the cryptocurrency industry succumbed to a series of defaults in 2022, causing the value of digital currencies and Alameda's assets to plummet.

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

"Who had control? That's the question. It was one person: the defendant," Roos concluded.

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