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FTX founder Sam Bankman-Fried was found guilty on Thursday of stealing from customers of his now-bankrupt cryptocurrency exchange in one of the biggest financial frauds on record.

By: **Reuters**

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Once the darling of the crypto world, Sam Bankman-Fried joins the likes of admitted Ponzi schemer Bernie Madoff and "Wolf of Wall Street" fraudster Jordan Belfort as notable people convicted of major US financial crimes. (File image)

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FTX founder Sam Bankman-Fried was found guilty on Thursday of stealing from customers of his now-bankrupt cryptocurrency exchange in one of the biggest financial frauds on record, a verdict that cemented the 31-year-old former billionaire's fall from grace. A 12-member jury in Manhattan federal court convicted Bankman-Fried on all seven counts he faced after a monthlong trial in which prosecutors made the case that he looted \$8 billion from the exchange's users out of sheer greed. The verdict came just shy of one year after FTX filed for bankruptcy in a swift corporate meltdown that shocked financial markets and erased his estimated \$26 billion personal fortune.

The jury reached the verdict after just over four hours of deliberations. Bankman-Fried, who had pleaded not guilty to two counts of fraud and five counts of conspiracy, stood facing the jury with his hands clasped in front of him as the verdict was read. The conviction was a victory for the U.S. Justice Department and Damian Williams, the top federal prosecutor in Manhattan, who made rooting out corruption in financial markets one of his top priorities.

“The crypto industry might be new, the players like Sam Bankman-Fried may be new, but this kind of fraud is as old as time and we have no patience for it,” Williams told reporters outside the courthouse.

Once the darling of the crypto world, Bankman-Fried – who was known for his unkempt curly hair and for wearing shorts and T-shirts rather than business attire – joins the likes of admitted Ponzi schemer Bernie Madoff and “Wolf of Wall Street” fraudster Jordan Belfort as notable people convicted of major U.S. financial crimes.

U.S. District Judge Lewis Kaplan set Bankman-Fried’s sentencing for March 28, 2024. The Massachusetts Institute of Technology graduate could face decades in prison.

His defense lawyer Mark Cohen said in a statement that he was “disappointed” but respected the jury’s decision.

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

After Kaplan left the courtroom, Cohen put his arm around Bankman-Fried as they spoke at the defense table. As Bankman-Fried was led away by members of the U.S. Marshals service, he turned around and nodded at his parents, the Stanford Law School professors Joseph Bankman and Barbara Fried, who were seated in the courtroom audience’s front row. Fried looked toward him and crossed her arm across her chest. Bankman-Fried is set to go on trial next March on a second set of charges brought by prosecutors earlier this year, including for alleged foreign bribery and bank fraud conspiracies.

BANKMAN-FRIED TESTIFIED IN OWN DEFENSE

Bankman-Fried’s was the first of several blockbuster cases Williams brought against former high-flying cryptocurrency executives to go to trial. Several crypto companies went bankrupt last year after the prices of bitcoin and other digital assets collapsed following a years-long boom.

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Prosecutors argued during the trial that Bankman-Fried siphoned money from FTX to his crypto-focused hedge fund, Alameda Research, despite proclaiming on social media and in television advertisements that the exchange prioritized the safety of customer funds.

Alameda used the money to pay its lenders and to make loans to Bankman-Fried and other executives – who in turn made speculative venture investments and donated upwards of \$100 million to U.S. political campaigns in a bid to promote cryptocurrency legislation the defendant viewed as favorable to his business, according to prosecutors.

Bankman-Fried took the calculated risk of testifying in his own defense over three days near the close of trial after three former members of his inner circle testified against him. He faced aggressive cross-examination by the prosecution, often avoiding direct answers to the most probing questions.

He testified that while he made mistakes running FTX, such as not formulating a risk-management team, he did not steal customer funds. He said he thought Alameda's borrowing from FTX was allowed and did not realize how large its debts had grown until shortly before both companies collapsed.

“We thought that we might be able to build the best product on the market,” Bankman-Fried testified. “It turned out basically the opposite of that.”

‘HE THOUGHT THE RULES DID NOT APPLY’

Prosecutors had a different view.

“He didn't bargain for his three loyal deputies taking that stand and telling you the truth: that he was the one with the plan, the motive and the greed to raid FTX customer deposits – billions and billions of dollars – to give himself money, power, influence. He thought the rules did not apply to him. He thought that he could get away with it,” prosecutor Danielle Sassoon told the jury on Thursday. The jury heard 15 days of testimony. Former Alameda CEO Caroline Ellison and former FTX executives Gary Wang and Nishad Singh, testifying for the prosecution after

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entering guilty pleas, said he directed them to commit crimes, including helping Alameda loot FTX and lying to lenders and investors about the companies' finances

The defense argued the three, who have not yet been sentenced, falsely imp Bankman-Fried in a bid to win leniency at sentencing. Prosecutors may ask to take their cooperation into account in deciding their punishment.

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Bankman-Fried has been jailed since August after Kaplan revoked his bail, having concluded he likely tampered with witnesses.

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