



Written by [Rebecca Terrell](#) on December 15, 2022

What Would SBF Have Told Congress?

Disgraced crypto-mogul Sam Bankman-Fried (SBF) is held without bail in a Bahama prison, facing likely extradition to the United States where he is [charged](#) with eight criminal counts, including securities fraud, wire fraud, money laundering, and campaign finance violations.

His long-awaited arrest took place late Monday at the request of the U.S. government. Though many considered it overdue, they nevertheless questioned the timing, as it took place on the eve of his expected [testimony](#) before the U.S. House Financial Services Committee. Many hoped GOP legislators would grill him not only about the collapse of his cryptocurrency empire, FTX, but also his dubious ties to the Democratic Party. He was the second-largest donor to liberal campaigns and causes leading up to the 2022 midterms. Only George Soros outstripped him.



AP Images

On Tuesday, [Forbes](#) released an alleged draft of an 18-page written testimony SBF was planning to submit to the committee. Important highlights are listed below.

SBF Written Testimony

He begins with a characteristic obscenity, blaming himself for failing his customers, apologizing and promising to “do right” in the future. However, the remainder of his introduction astoundingly insists that FTX US, the domestic arm of his crypto-empire, “has been and remains solvent.” He accuses “the Chapter 11 team’s leadership” of “blocking customers’ access to their account information and funds.”

The bankruptcy instead affects customers of FTX International, a separate entity and “non-US crypto exchange for non-Americans, run out of The Bahamas and not regulated in the US,” according to his statement. He blames Alameda Research, FTX’s affiliated trading firm, for these financial woes, explaining that Alameda over-leveraged itself in margin trading on FTX’s exchange. Customers didn’t realize the state of affairs “because of a historical accounting quirk” (though the “quirk” is not defined). But, he repeatedly avows, “I was not running Alameda Research this past year” because he was overextended in other FTX operations.

The truth of Alameda’s situation came to light when FTX competitor Binance backed out of a non-binding purchase agreement to “acquire FTX at a small fraction of its value a week earlier.” That announcement caused a run on FTX, hence its precipitate collapse.

SBF later dedicates an entire section of his testimony to blaming Binance for customers’ losses. But the blame game begins in earnest on page 8, when he says legal counsel put him “under extreme pressure



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to file for Chapter 11 ... against my better judgment.” Regardless, he signed an agreement in the early morning hours of November 10.

It was a signature he immediately regretted. “Less than 10 minutes later I received a potential funding offer for billions of dollars to help make customers whole,” SBF wrote.

Lawyers ignored his attempt to rescind his decision and “silently reneged” on their promise to let SBF “choose the board chair.” Cutting his invaluable input out of the cleanup process has, he believes — deliberately — left the insolvency team at a disadvantage.

SBF accuses them of profit motive and claims that “American customers were protected” until John Ray took the helm as CEO to guide the company through the bankruptcy process. Ray is famous for his work on the Enron debacle in 2001.

Bankman-Fried maintains that Ray is CEO of FTX US but has no authority over FTX International. That effectively means Ray is superfluous. FTX US is solvent, SBF declares, and Ray has no rightful power over FTX International. He sees the Chapter 11 asset seizure of the latter as a significant overstep by Ray and an offense to the Bahamian government’s jurisdiction.

What He Didn’t Say

Many other details (and much repetition) fill SBF’s alleged written testimony, but one important issue gets little ink — campaign finance violations. In fact, nothing is said about specific donations. Out of more than 7,000 words in the document, only 70 are dedicated to the [Ukraine](#) connection:

6) Various conspiracy theories involving myself, Ukraine and the DNC

a) Any theory that I conspired with the Government of Ukraine to do anything other than what I stated I was doing — creating pathways for contributions to Ukrainians and to their defense — is not just false, but deeply offensive.

b) Any theories that a US political party was further involved in such a conspiracy are themselves categorically false and offensive.

Damian Williams, U.S. attorney for New York’s southern district, did not address Ukraine during a press conference on Tuesday. But he did accuse Bankman-Fried of “one of the biggest financial frauds in U.S. history,” warning that further charges will likely be added to the eight already leveled against SBF. About campaign finance violations, Williams stated:

We charge that Bankman-Fried violated federal campaign finance laws by causing tens of millions of dollars in illegal campaign contributions to be made to candidates and committees, associated with both Democrats and Republicans. These contributions were disguised to look like they were coming from wealthy co-conspirators, when in fact, the contributions were funded by Alameda Research with stolen customer money. And all of this dirty money was used in service of Bankman-Fried’s desire to buy bi-partisan influence and impact the direction of public policy in Washington.

Williams said that investigators hope to recoup some of the money SBF donated to campaigns in order to restore it to rightful owners.

[Sam Bankman Fried TestimonyDownload](#)



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