



FTX Hit By Mysterious \$662 Million Outflow Amid Revelation That SBF Implemented Bookkeeping “Backdoor”

Description

USA: Sam Bankman-Fried’s now bankrupted crypto exchange FTX plunged into further chaos late Friday night and Saturday morning after the company detected unauthorized transactions.

Bloomberg said the exchange was “hit by a mysterious outflow of about \$662 million in tokens in the past 24 hours.”

These outflows came just hours after FTX filed for bankruptcy on Friday, and customers rushed to withdraw \$6 billion over the last several days amid a failed Binance rescue deal.

Ryne Miller, the exchange’s US general counsel, tweeted that FTX had begun moving digital assets into cold storage, adding the process was “to mitigate damage upon observing unauthorized transactions.”

Bloomberg cited data from blockchain analytics firm Nansen, which said \$662 million in withdrawals flowed out of FTX’s US and international exchanges. But in a separate analysis, research firm Elliptic noted \$475 million had been stolen from FTX in transactions via stablecoins and other tokens that were converted into Ether.

Reuters believes the amount of funds stolen from the exchange topped at least \$1 billion.

Nansen’s Alex Svanevik said, “It’s unclear exactly who’s making the transactions, but you wouldn’t expect to see these on-chain trades at this time.” He said FTX’s main wallet was entirely drained of FTT.

In the bankruptcy filing, FTX said it had liabilities and assets between \$10 billion and \$50 billion.

Bankman-Fried tweeted Friday:

“I’m really sorry, again, that we ended up here ... Hopefully things can find a way to

recover.”

FTX’s dramatic implosion comes as SBF had transferred \$10 billion of customer funds to his trading arm, Alameda Research.

Reuters said SBF had a “backdoor” in FTX’s book-keeping system, which allowed him to move customer money around without triggering internal compliance or accounting red flags.

FTX was valued at \$32 billion in 1Q22. Now the value is likely zero as restructuring specialist John J. Ray III, who handled Enron’s liquidation, has been hired to oversee the bankruptcy.

This aged well...

THIS AGED POORLY
pic.twitter.com/ZJPitg84KQ

— The_Real_Fly (@The_Real_Fly) [November 12, 2022](#)

And this.

Hey [@kevinolearytv](#) [@StephenCurry30](#) [@MiamiHEAT](#) [@riotgames](#) [@LCSOfficial](#) [@TSM](#), you in? [@ftx_official](#) [#FTXyouin](#) pic.twitter.com/FFwnZil7D2

— Gisele Bündchen (@giseleofficial) [September 9, 2021](#)

Larry was right.

Turns out, Larry David was right about FTX pic.twitter.com/umTCwCTvAp

— philip lewis (@Phil_Lewis_) [November 12, 2022](#)

* * *

Update (1005ET): Amid speculation of a “hack” that may have drained the rest of bankrupt FTX’s remaining funds, founder Sam Bankman-Fried texted [Reuters](#) on Saturday, saying he was still in the Bahamas and denying social media rumors that he had hopped on a private jet to Buenos Aires.

When asked by Reuters whether he had flown to Argentina, Bankman-Fried responded in a text message: “Nope.” He told Reuters he was in the Bahamas.

The Reuters news follows rumors that SBF boarded a jet for a non-extradition country in South America as part of his fraudulent great escape.

pic.twitter.com/rpaoV8Twxy

— Maxim Mironov (@mironov_fm) [November 12, 2022](#)

* * *

Update (0915ET):

A post in FTX's Telegram channel called the unauthorized transactions a "hack," according to WSJ.

NEW: FTX said in a statement in its official Telegram channel that it had been hacked, instructing users to delete all FTX apps and don't access the company's website

— Bitcoin Magazine (@BitcoinMagazine) [November 12, 2022](#)

Tom Robinson, the co-founder of blockchain analysis company Ellipticm, said at least \$473 million in crypto appeared to be taken from FTX. He said the tokens were converted to ether.

* * *

Another day, another plot twist in the FTX bankruptcy saga.



FTX — which was clearly insolvent after the biggest fraud in crypto history — filed for bankruptcy on Friday. The official Twitter account of FTX retweeted Ryne Miller, the company's US general counsel, who warned late Friday:

"Investigating abnormalities with wallet movements related to consolidation of ftx balances across exchanges – unclear facts as other movements not clear. Will share more info as soon as we have it."

Investigating abnormalities with wallet movements related to consolidation of ftx balances across exchanges – unclear facts as other movements not clear. Will share more info as soon as we have it. [@FTX_Official](#)

— Ryne Miller (@_Ryne_Miller) [November 12, 2022](#)

Miller then tweeted:

"Following the Chapter 11 bankruptcy filings – FTX US and FTX [dot] com initiated precautionary steps to move all digital assets to cold storage. Process was expedited"

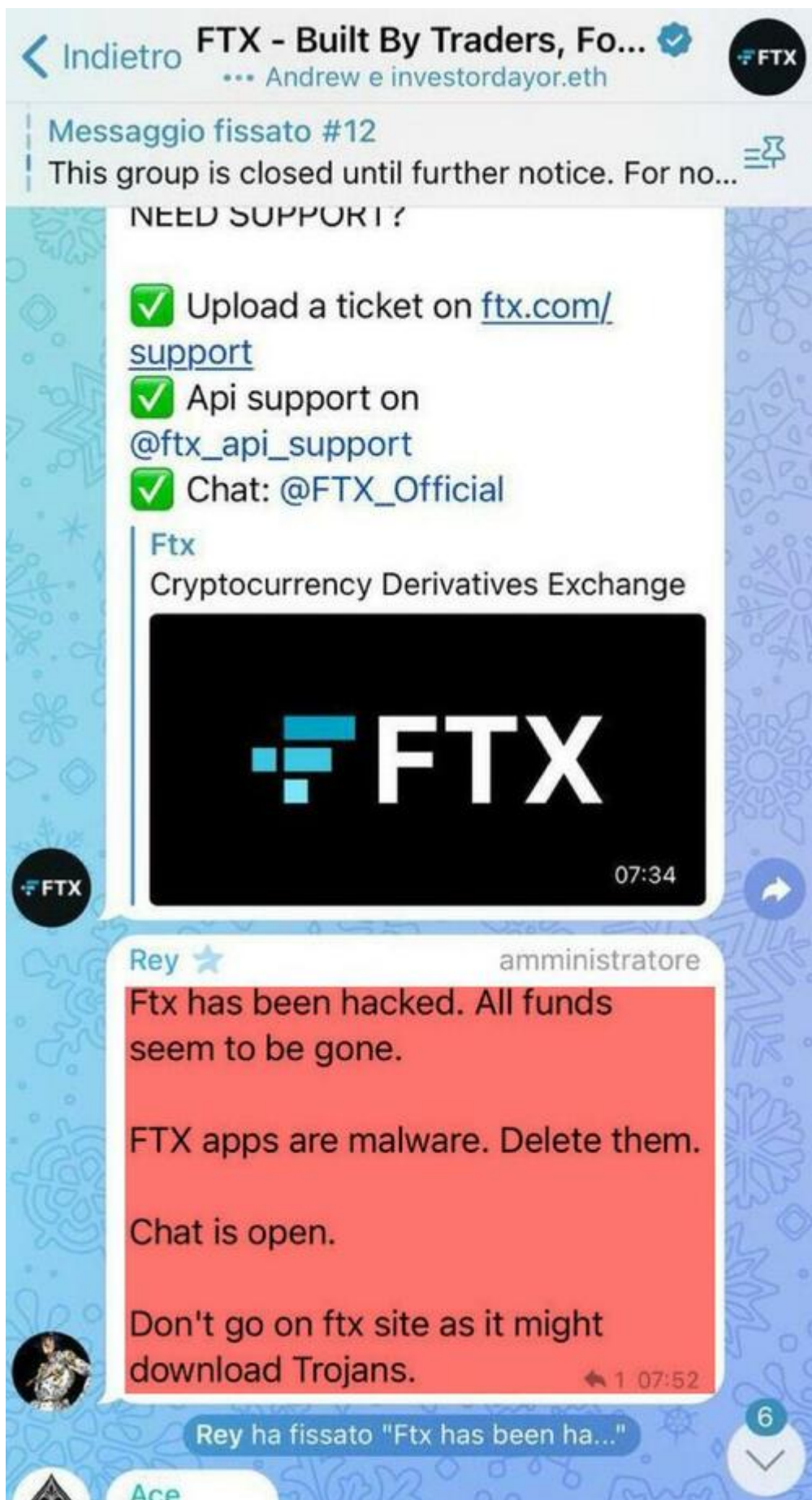
this evening – to mitigate damage upon observing unauthorized transactions.

Following the Chapter 11 bankruptcy filings – FTX US and FTX [dot] com initiated precautionary steps to move all digital assets to cold storage. Process was expedited this evening – to mitigate damage upon observing unauthorized transactions.

— Ryne Miller (@_Ryne_Miller) [November 12, 2022](#)

Then another twist emerged when an administrator on the Telegram support group for FTX stated:

“FTX has been hacked . . . Don’t go on FTX site as it might download Trojans.”



“With all eyes on FTX, the **late-night fund transfers** on a Friday night raised questions about the company’s intent. While **some blockchain investigators saw it as the start of the bankruptcy process, speculations around ill-intent or an external hack surfaced across the crypto ecosystem,**” [Cointelegraph](#) explained.

If you’re wondering WTF happened overnight...

- \$600m left FTXs wallet
- FTX’s telegram said it was a hack
- The Site/App are infected
- Blackhat theft at ~450m
- FTX rescued ~200m
- soBTC on Solana has lost peg (-77%)
- and more.

Hacker or inside job? ?

— Edgy – The DeFi Edge ?? (@thedefiedge) [November 12, 2022](#)

Fraud running rampant.

Millions of funds are currently flowing off of FTX. <https://t.co/z9aZYRvCds>

— Dylan LeClair ? (@DylanLeClair_) [November 12, 2022](#)

SBF literally just hacked the remaining assets at FTX. Guarantee it’s him. He’s done this before (see my previous tweet).

The fact he has not been arrested already shows negligence of [@DOJPH](#) & [@SECGov](#). Do your FREAKING job.

— Ben Armstrong (@Bitboy_Crypto) [November 12, 2022](#)

?MASSIVE REVELATION

“The hack seems to be internal” – Alameda security auditor live on the space

The ‘mango hack’ was funded by an FTX wallet. Auditor brought the issue up to FTX and were ghosted.

?

— Mario Nawfal (@MarioNawfal) [November 12, 2022](#)

JUST IN: SBF had a “backdoor” built into FTX’s accounting system, allowing him to alter the company’s financials without alerting executives and auditors – Reuters

— Bitcoin Magazine (@BitcoinMagazine) [November 12, 2022](#)

FTX founder Sam Bankman-Fried resigned yesterday and was replaced by John J. Ray, III – the lawyer who helped clean up Enron – as incoming CEO.

SBF’s crypto empire collapse resulted in Bloomberg’s Billionaire Index downgrading his net wealth from \$15.6 billion on Nov. 4 to zero by Friday.



Many on Twitter speculate SBF jumped on a private jet to Argentina.

The plane CT thinks is transporting SBF is now over Argentina

(LVKEB is you want to follow on flightradar) pic.twitter.com/tdyiDtDHZ9

— Ivan on Tech ??? – Building Moralis Web3 (@IvanOnTech) [November 12, 2022](#)

Ok SBF is definitely on the run now. I need a bounty hunter to take me to him... it's the only correct way the movie can end.

— Ben Armstrong (@Bitboy_Crypto) [November 12, 2022](#)

It remains unclear if the late-night fund transfers, totaling more than \$600 million, according to CoinDesk, are part of the bankruptcy process or something more sinister, such as a hack.

Reuters spoke with two people familiar with the matter who said upwards of \$1 billion of customer funds have vanished from FTX.

CoinDesk said, “Many FTX wallet holders are also reporting that they are seeing \$0 balances in their FTX.com and FTX US wallets.”

Hmmm...

This tracks. [#FTX](#) [#FTXbankruptcy](#) [#ftxwithdrawal](#) [#ftxhack](#) pic.twitter.com/bjgl3XvZxk

— Jypto | Crypt3d Punk (@JyptoCrunky) [November 12, 2022](#)

by Tyler Durden

Category

1. Crime-Justice-Terrorism-Corruption
2. Economy-Business-Fin/Invest
3. Main

Date Created

11/14/2022