



Sam Bankman-Fried claims he 'misaccounted' \$8B in FTX funds

Description

Math doesn't seem to be the MIT graduate's strength.

Disgraced FTX founder Sam Bankman-Fried — an alum of the vaunted university — gave a bizarre explanation for an \$8 billion budget shortfall that helped force the doomed cryptocurrency platform into bankruptcy last month — claiming he had simply “misaccounted” the cash.

Bankman-Fried scrambled to explain what happened at FTX during an interview with Bloomberg from his luxury penthouse in the Bahamas. During the interview, the broke crypto bro pulled out a spreadsheet detailing the bad math he used while approaching investors for a potential last-second bailout of FTX and its sister trading firm Alameda Research.

In a section labeled, “What I *thought*,” Bankman-Fried lists \$8.9 billion in debts against nearly \$28 billion in assets — \$9 billion of which were purportedly “liquid.” In another section with the actual numbers, FTX had \$8 billion less in liquid assets than Bankman-Fried had claimed.

“It looks naively to me like, you know, there’s still some significant liabilities out there, but, like, we should be able to cover it,” Bankman-Fried told Bloomberg.



Sam Bankman-Fried, founder and chief executive officer of FTX.
Bloomberg via Getty Images

The Bloomberg reporter then pointed out the \$8 billion difference.

“You misplaced \$8 billion?” the reporter asked.

“Misaccounted,” replied Bankman-Fried, who minored in math while graduated from MIT with a Bachelor’s degree in physics.

The report highlighted the extent to which finances for FTX and Alameda were intermingled just before the company fell into bankruptcy. Last month, Reuters reported that Bankman-Fried had secretly

transferred \$10 billion in FTX client funds to prop up Alameda Research's risky bets.

Bankman-Fried made his latest defense of FTX's implosion from the luxury penthouse where he, his ex-lover Caroline Ellison and a small group of roommates ran FTX and Alameda Research. Ellison served as CEO of Alameda until its meltdown.

Bankman-Fried went on to claim that customers occasionally wire their money to Alameda rather than FTX. He also asserted that FTX's system had double-counted that money, which could explain the disparity in the numbers.



Sam Bankman-Fried and his friends ran FTX from a luxury penthouse.
Seaside Real Estate/ Bahamas MLS

The discredited executive did not fully explain what happened to the \$8 billion in assets missing from the rudimentary balance sheet.

“I was real lazy about this mental math,” Bankman-Fried said at one point in the interview.

Bloomberg also pressed Bankman-Fried to respond to criticism that he was pinning the blame for FTX’s collapse on Ellison and other subordinates.



Caroline Ellison was CEO of Alameda Research.
Twitter / @carolinecapital

"I think the biggest failure was that it wasn't entirely clear whose fault it was," he replied.

FTX's weak accounting practices under Bankman-Fried and his allies have drawn sharp criticism from the company's new leadership in bankruptcy court filing.

New CEO John Ray III, who led Enron through its bankruptcy, said FTX's accounting practices and corporate governance standards were the worst he's ever seen. He also called out lavish spending by Bankman-Fried and others, including \$300 million on luxury real estate and expense requests that were approved with emojis.

by Thomas Barrabi

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