

United States Senate

WASHINGTON, DC 20510

November 16, 2022

Sam Bankman-Fried
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CEO
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Mr. Bankman-Fried and Mr. Ray:

We write to seek additional information on the shocking collapse of the cryptocurrency firm FTX Trading Ltd. (FTX), the loss of billions of dollars of customer funds, and the disturbing allegations that continue to emerge about the company's fraudulent and illicit practices.¹ Amid the swift collapse of the company's international trading platform, FTX and over 130 of its affiliates, including FTX US, filed for Chapter 11 bankruptcy on November 11, 2022.² New revelations continue to shed light on what now appears to be an appalling case of greed and deception.³

While the full extent of the damage wrought by FTX and its affiliates continues to unfold, billions of dollars-worth of investor funds seem to have disappeared into the ether.⁴ These massive losses raise questions about the behavior of former FTX CEO Sam Bankman-Fried and other company executives, the apparent lack of due diligence by venture capital and other big

¹ CNN Business, "Crypto is in chaos as FTX files for bankruptcy," Allison Morrow, November 10, 2022, <https://edition.cnn.com/2022/11/10/business/ftx-sam-bankman-fried-crypto-collapse/index.html>; CNN Business, "What's next for crypto as FTX collapse triggers 'Lehman moment'?", Julia Horowitz, November 11, 2022, <https://edition.cnn.com/2022/11/11/investing/ftx-crypto-consequences-lehman/index.html>; CNN Business, "Crypto crisis continues. Here's the latest on the FTX collapse," Diksha Madhok, November 14, 2022, <https://www.cnn.com/2022/11/14/business/ftx-crypto-collapse-updates-hnk-intl>.

² Voluntary Petition for Non-Individuals Filing for Bankruptcy, filed by FTX Trading Ltd. on November 11, 2022, <https://www.csbankruptcyblog.com/wp-content/blogs.dir/375/files/sites/55/2022/11/FTX-Petition.pdf>.

³ CNN Business, "What's next for crypto as FTX collapse triggers 'Lehman moment'?", Julia Horowitz, November 11, 2022, <https://edition.cnn.com/2022/11/11/investing/ftx-crypto-consequences-lehman/index.html>; CNN Business "Crypto crisis continues. Here's the latest on the FTX collapse," Diksha Madhok, November 14, 2022, <https://www.cnn.com/2022/11/14/business/ftx-crypto-collapse-updates-hnk-intl>.

⁴ Reuters, "Exclusive: At least \$1 billion of client funds missing at failed crypto firm FTX," Angus Berwick, November 13, 2022, <https://www.reuters.com/markets/currencies/exclusive-least-1-billion-client-funds-missing-failed-crypto-firm-ftx-sources-2022-11-12/>.

investment funds eager to get rich off crypto,⁵ and the risk of broader contagion across the crypto market that could multiply retail investors' losses – all of which “call into question the promise of the industry.”⁶ What's more, FTX customers around the world, including in the U.S., fear that they will never get back the assets they trusted to FTX and its subsidiaries.⁷ These developments justify our long-standing concerns that the crypto industry “is built to favor scammers” and “designed to reward insiders and to defraud mom-and-pop investors.”⁸ Indeed, according to Bloomberg, FTX's collapse “is already drawing comparisons to Lehman Brothers, Enron, and Bernie Madoff's Ponzi scheme” – though Mr. Bankman-Fried “could yet be in a league on his own.”⁹

With each passing day, new and devastating allegations emerge about FTX's illegitimate operations and the resultant collapse.¹⁰ Until recently, FTX was valued at \$32 billion and “widely viewed as one of the most stable and responsible companies in the freewheeling, loosely regulated crypto industry.”¹¹ Mr. Bankman-Fried “was considered one of the smartest leaders in the crypto industry, an influential figure in Washington who was lobbying to shape regulations,”¹² who forged a reputation as the “industry's white knight” after he “tried to bail out a couple of smaller failed crypto firms” earlier this year.¹³ However, the public now knows that

⁵ The New York Times, “Investors Who Put \$2 Billion Into FTX Face Scrutiny, Too,” Erin Griffith and David Yaffe-Bellany, November 11, 2022, <https://www.nytimes.com/2022/11/11/technology/ftx-investors-venture-capital.html>.

⁶ Axios, “1 big thing: What we know about the FTX situation,” Brady Dale and Crystal Kim, November 14, 2022, https://www.axios.com/newsletters/axios-crypto?utm_source=axios&utm_medium=archive&utm_campaign=ssu-archive-crypto; CNBC, “Crypto.com CEO downplays FTX contagion fears, says he'll prove naysayers wrong as withdrawals rise,” Ryan Browne, November 14, 2022, <https://www.cnbc.com/2022/11/14/cryptocom-ceo-says-will-prove-naysayers-wrong-amid-ftx-contagion-fears.html>.

⁷ Bloomberg, “‘It's All Gone’: FTX Bankruptcy Has Retail Traders Bracing for Losses,” Claire Ballentine, Paulina Cachero, and Jeremy Hill, November 11, 2022, <https://www.bloomberg.com/news/articles/2022-11-11/ftx-bankruptcy-crypto-traders-fear-money-is-gone-after-bankman-fried-s-fall?leadSource=uverify%20wall>.

⁸ Office of Senator Elizabeth Warren, “At Hearing, Warren Calls out Giant Wall Street Firms' Profiteering from Crypto Scams,” press release, July 28, 2022, <https://www.warren.senate.gov/newsroom/press-releases/at-hearing-warren-calls-out-giant-wall-street-firms-profiteering-from-crypto-scams>.

⁹ Bloomberg, “Sam Bankman-Fried's Magic Money Box Enriched Vast Crypto Network,” Annie Massa, November 14, 2022, <https://www.bloomberg.com/news/articles/2022-11-14/sam-bankman-fried-s-magic-money-box-enriched-vast-crypto-network>.

¹⁰ CNN Business, “Crypto is in chaos as FTX files for bankruptcy,” Allison Morrow, November 10, 2022, <https://edition.cnn.com/2022/11/10/business/ftx-sam-bankman-fried-crypto-collapse/index.html>; CNN Business, “What's next for crypto as FTX collapse triggers ‘Lehman moment’?,” Julia Horowitz, November 11, 2022, <https://edition.cnn.com/2022/11/11/investing/ftx-crypto-consequences-lehman/index.html>; The New York Times, “FTX Investigating Possible Hack Hours After Bankruptcy Filing,” David Yaffe-Bellany, November 12, 2022, <https://www.nytimes.com/2022/11/12/business/ftx-cryptocurrency-hack.html>; Reuters, “Exclusive: At least \$1 billion of client funds missing at failed crypto firm FTX,” Angus Berwick, November 13, 2022, <https://www.reuters.com/markets/currencies/exclusive-least-1-billion-client-funds-missing-failed-crypto-firm-ftx-sources-2022-11-12/>; CNN Business, “Crypto crisis continues. Here's the latest on the FTX collapse,” Diksha Madhok, November 14, 2022, <https://www.cnn.com/2022/11/14/business/ftx-crypto-collapse-updates-hnk-intl>.

¹¹ CNBC, “Cryptocurrency exchange FTX hits \$32 billion valuation despite bear market fears,” Ryan Browne, January 31, 2022, <https://www.cnbc.com/2022/01/31/crypto-exchange-ftx-valued-at-32-billion-amid-bitcoin-price-plunge.html>; The New York Times, “Embattled Crypto Exchange FTX Files for Bankruptcy,” David Yaffe-Bellany, November 11, 2022, <https://www.nytimes.com/2022/11/11/business/ftx-bankruptcy.html>.

¹² *Id.*

¹³ The New York Times, “FTX's founder was called a modern-day J.P. Morgan. The analogy still works,” Roger Lowenstein, November 12, 2022, <https://www.nytimes.com/2022/11/12/business/dealbook/ftx-bankman-fried->

Mr. Bankman-Fried, FTX, and its affiliated crypto hedge fund, Alameda Research LLC (Alameda),¹⁴ engaged in an expanding list of dangerous and deceptive – if not illegal – activities:

- On November 2, CoinDesk reported that \$5.8 billion of the \$14.6 billion of the assets on Alameda’s balance sheet were in FTT, a token issued by FTX, meaning that over a third of the company’s assets were in a limited-liquidity token created by its sister company.¹⁵
- On November 7, in the midst of a liquidity crisis induced by reporting – and later confirmation – that Alameda was being propped up by FTX, Mr. Bankman-Fried tweeted, “FTX is fine. Assets are fine.”¹⁶ He also tweeted, “FTX has enough to cover all client holdings. We don’t invest client assets (even in treasuries).”¹⁷ These tweets were later deleted. On November 8, a spokesperson for FTX US, FTX’s U.S.-based platform, told *Axios* that its “assets are fully backed 1:1.”¹⁸ On November 10, Mr. Bankman-Fried tweeted, “FTX US, the US based exchange that accepts Americans, was not financially impacted... It’s 100% liquid. Every user could fully withdraw.”¹⁹
- On November 11, FTX and over 130 affiliates, including FTX US, filed for Chapter 11 bankruptcy.²⁰ FTX US subsequently halted withdrawals, despite earlier, contradictory comments from Mr. Bankman-Fried and from FTX US itself that withdrawals would remain open.²¹
- Also on November 11, the *Wall Street Journal* reported that FTX lent Alameda \$10 billion “worth of customer assets to fund risky bets,”²² a transfer of customer assets that was “explicitly forbidden under” FTX’s own terms of service.²³ The \$10 billion figure

[central-banks.html](#).

¹⁴ CNBC, “Sam Bankman-Fried’s Alameda quietly used FTX customer funds for trading, say sources,” Paige Tortorelli and Kate Rooney, November 13, 2022, <https://www.cnbc.com/2022/11/13/sam-bankman-frieds-alameda-quietly-used-ftx-customer-funds-without-raising-alarm-bells-say-sources.html>.

¹⁵ CoinDesk, “Divisions in Sam Bankman-Fried’s Crypto Empire Blur on His Trading Titan Alameda’s Balance Sheet,” Ian Allison, November 2, 2022, <https://www.coindesk.com/business/2022/11/02/divisions-in-sam-bankman-frieds-crypto-empire-blur-on-his-trading-titan-alamedas-balance-sheet/>; Financial Times, “‘Black box’: Sam Bankman-Fried’s trading firm posed big risks to FTX,” Phillip Stafford and Nikou Asgari, November 11, 2022, <https://www.ft.com/content/2875e3c2-f908-46d2-a645-1c33a9b9ce8a>.

¹⁶ Cointelegraph, “FTX founder Sam Bankman-Fried removes ‘assets are fine’ flood from Twitter,” Helen Partz, November 9, 2022, <https://cointelegraph.com/news/ftx-founder-sam-bankman-fried-removes-assets-are-fine-flood-from-twitter>.

¹⁷ *Id.*

¹⁸ *Axios*, “FTX’s U.S. subsidiary says it’s not impacted by liquidity crunch,” Kia Kokalitcheva and Crystal Kim, November 8, 2022, <https://www.axios.com/2022/11/09/ftx-us-american-subsidiary-impact-liquidity-crunch>.

¹⁹ Tweet from FTX CEO Sam Bankman-Fried, November 10, 2022, https://twitter.com/SBF_FTX/status/1590709195892195329?s=20&t=JHoDHqaLeCIDxUnIz3BGCg.

²⁰ Voluntary Petition for Non-Individuals Filing for Bankruptcy, filed by FTX Trading Ltd. on November 11, 2022, https://www.csbankruptcyblog.com/wp-content/blogs_dir/375/files/sites/55/2022/11/FTX-Petition.pdf.

²¹ Coinbase, “FTX US Temporarily Froze Crypto Withdrawals, Adding to Chaos of Bankruptcy Proceedings,” Danny Nelson and Nikhilesh De, November 11, 2022, <https://www.coindesk.com/business/2022/11/11/ftx-us-freezes-crypto-withdrawals-sending-millions-in-assets-to-bankruptcy-limbo/>.

²² The Wall Street Journal, “FTX Tapped Into Customer Accounts to Fund Risky Bets, Setting Up Its Downfall,” Vicky Ge Huang, Alexander Osipovich, and Patricia Kowsmann, November 11, 2022, https://www.wsj.com/articles/ftx-tapped-into-customer-accounts-to-fund-risky-bets-setting-up-its-downfall-11668093732?mod=article_inline.

²³ *Axios*, “FTX’s terms-of-service forbid trading with customer funds,” Brady Dale and Felix Salmon, November 13, 2022, <https://www.axios.com/2022/11/12/ftx-terms-service-trading-customer-funds>.

represents over 60 percent of all customer assets held by FTX.²⁴ Some of these funds were intended to cover a series of losses Alameda suffered in the summer of 2022, including “a \$500-million loan agreement with failed crypto lender Voyager Digital.”²⁵ It was later reported that “four executives at FTX and Alameda are said to have known about the backdoor between the exchange and the trading firm,” despite previous claims by Alameda CEO Caroline Ellison that Alameda and FTX had “a Chinese wall in terms of information sharing.”²⁶ Reuters reported that “a large portion of” the customer funds transferred to Alameda “has since disappeared,” with “one source put[ting] this missing amount at about \$1.7 billion.”²⁷ Mr. Bankman-Fried allegedly implemented a “backdoor in FTX’s book-keeping system” that allowed him “to execute commands that could alter the company’s financial records without alerting other people, including external auditors.”²⁸

- On November 12, less than 24 hours after FTX filed for bankruptcy, tokens valued at \$663 million were transferred out of wallets on FTX’s international and U.S.-based platforms, a “mysterious outflow” that analysts believe to be a largescale theft.²⁹ FTX claimed to have moved \$186 million-worth of these digital assets out of FTX wallets and into secure storage.³⁰ *The New York Times* noted that “a major theft would make it even more difficult for FTX to refund customers and other creditors who have already lost billions of dollars in the firm’s collapse.”³¹
- Also on November 12, the Securities Commission of the Bahamas (SCB), where FTX is based, issued a statement “suggesting that a recent tweet by FTX admitting that Bahamian users were able to withdraw funds at the regulator’s urging was inaccurate,” and that despite FTX’s claim that it was acting “per our Bahamian HQ’s regulation and regulators,” the SCB had not “directed, authorized or suggested” that FTX “prioritize withdrawals for Bahamian users.”³²

²⁴ The Wall Street Journal, “FTX Tapped Into Customer Accounts to Fund Risky Bets, Setting Up Its Downfall,” Vicky Ge Huang, Alexander Osipovich, and Patricia Kowsmann, November 11, 2022, https://www.wsj.com/articles/ftx-tapped-into-customer-accounts-to-fund-risky-bets-setting-up-its-downfall-11668093732?mod=article_inline.

²⁵ Reuters, “Exclusive: Behind FTX’s fall, battling billionaires and a failed bid to save crypto,” Angus Berwick and Tom Wilson, November 10, 2022, <https://www.reuters.com/technology/exclusive-behind-ftxs-fall-battling-billionaires-failed-bid-save-crypto-2022-11-10/>.

²⁶ Bloomberg, “Sam Bankman-Fried’s Magic Money Box Enriched Vast Crypto Network,” Annie Massa, November 14, 2022, <https://www.bloomberg.com/news/articles/2022-11-14/sam-bankman-fried-s-magic-money-box-enriched-vast-crypto-network#xj4y7vzkg>.

²⁷ Reuters, “Exclusive: At least \$1 billion of client funds missing at failed crypto firm FTX,” Angus Berwick, November 13, 2022, <https://www.reuters.com/markets/currencies/exclusive-least-1-billion-client-funds-missing-failed-crypto-firm-ftx-sources-2022-11-12/>.

²⁸ *Id.*

²⁹ Fortune, “FTX investigating \$662 million worth of ‘unauthorized transactions’ in a 24-hour period after declaring bankruptcy,” Suvashree Ghosh and Bloomberg, November 12, 2022, <https://fortune.com/2022/11/12/ftx-investigating-662-million-worth-of-unauthorized-transactions-24-hour-period-after-bankruptcy/>.

³⁰ Elliptic Connect, “\$477 Million Moved out of FTX in Suspected Theft,” November 12, 2022, <https://hub.elliptic.co/analysis/477-million-moved-out-of-ftx-in-suspected-theft/>.

³¹ The New York Times, “FTX Investigating Possible Hack Hours After Bankruptcy Filing,” David Yaffe-Bellany, November 12, 2022, <https://www.nytimes.com/2022/11/12/business/ftx-cryptocurrency-hack.html>.

³² CoinDesk, “Bahamas Securities Regulator Says It Didn’t Order FTX to Reopen Local Withdrawals,” Nikhilesh De, November 12, 2022, <https://www.coindesk.com/policy/2022/11/13/bahamas-securities-regulator-says-it-didnt-order-ftx-to-reopen-local-withdrawals/>.

- Following FTX’s bankruptcy filing, the public learned that FTX “held less than \$1bn in liquid assets against \$9bn in liabilities” the day before it filed for bankruptcy.³³ A spreadsheet – rumored to have been compiled by Mr. Bankman-Fried – listing FTX’s assets and liabilities references “a negative \$8bn entry”³⁴ described as a “hidden poorly internally labeled ‘fiat@’ account.”³⁵ As of November 10, FTX’s biggest asset was \$2.2bn worth of a digital asset called Serum – yet another illiquid token issued by an affiliated entity that was “created and promoted by FTX and Alameda Research.”³⁶ As Bloomberg columnist Matt Levine notes, “[s]omething like two-thirds of the money that FTX owed to customers was backed by its own tokens that it had made up.”³⁷ What’s more, the third- and fourth-largest of FTX’s assets were *also* “more-or-less FTX-associated tokens.”³⁸ The shortfall between FTX’s assets and liabilities “ballooned in large part because many of the tokens...hold no obvious inherent value.”³⁹
- An updated bankruptcy filing on November 15 showed that FTX may have more than 1 million creditors – ten times its initial estimate.⁴⁰ Many of these creditors will “likely be at the back of a long queue of entities seeking repayment, from suppliers to employers.”⁴¹

The full extent of the damage caused by the collapse of FTX and its affiliates is not yet clear. If earlier crypto crashes are any indication, consumers may now be coming to terms with the fact that they’ve lost their savings to FTX.⁴² As one FTX US customer told Bloomberg, “The company and Sam Bankman-Fried seemed trustworthy.”⁴³ That retail investor now “fears all his assets in FTX US... worth \$11,000, may be lost for good.”⁴⁴

³³ Financial Times, “FTX held less than \$1bn in liquid assets against \$9bn in liabilities,” Antoine Gara, Kadhim Shubber, and Joshua Oliver, November 12, 2022, <https://www.ft.com/content/f05fe9f8-ca0a-48d5-8ef2-7a4d813af558>; Bloomberg, “FTX’s Balance Sheet Was Bad,” Matt Levine, November 14, 2022, <https://www.bloomberg.com/opinion/articles/2022-11-14/ftx-s-balance-sheet-was-bad>.

³⁴ Bloomberg, “FTX’s Balance Sheet Was Bad,” Matt Levine, November 14, 2022, <https://www.bloomberg.com/opinion/articles/2022-11-14/ftx-s-balance-sheet-was-bad>.

³⁵ Financial Times, “FTX balance sheet, revealed,” November 12, 2022, <https://www.ft.com/content/0c2a55b6-d34c-4685-8a8d-3c9628f1f185>.

³⁶ Bloomberg, “FTX’s Balance Sheet Was Bad,” Matt Levine, November 14, 2022, <https://www.bloomberg.com/opinion/articles/2022-11-14/ftx-s-balance-sheet-was-bad>.

³⁷ *Id.*

³⁸ *Id.*

³⁹ Bloomberg, “Sam Bankman-Fried’s Magic Money Box Enriched Vast Crypto Network,” Annie Massa, November 14, 2022, <https://www.bloomberg.com/news/articles/2022-11-14/sam-bankman-fried-s-magic-money-box-enriched-vast-crypto-network#xj4y7vzkg>.

⁴⁰ CNBC, “FTX says it could have over 1 million creditors in new bankruptcy filing,” Ryan Browne, November 15, 2022, <https://www.cnbc.com/2022/11/15/ftx-says-could-have-over-1-million-creditors-in-new-bankruptcy-filing.html>.

⁴¹ *Id.*

⁴² Bloomberg, “‘It’s All Gone’: FTX Bankruptcy Has Retail Traders Bracing for Losses,” Claire Ballentine, Paulina Cachero, and Jeremy Hill, November 11, 2022, <https://www.bloomberg.com/news/articles/2022-11-11/ftx-bankruptcy-crypto-traders-fear-money-is-gone-after-bankman-fried-s-fall?leadSource=uverify%20wall>; CNBC, “Homeless, suicidal, down to last \$1,000: Celsius investors beg bankruptcy judge for help,” MacKenzie Sigalos, August 2, 2022, <https://www.cnbc.com/2022/08/02/celsius-investors-owed-4point7-billion-beg-judge-to-recover-life-savings.html>.

⁴³ *Id.*

⁴⁴ *Id.*

The effects of FTX’s collapse will be felt not just by FTX users, but across the broader crypto market. As *Axios* notes, “contagion within the crypto world is only getting started.”⁴⁵ We have previously expressed concern about the industry, and the degree to which entities in the crypto ecosystem had lent to, borrowed from, and/or been acquired by FTX and/or Alameda.⁴⁶ New reports suggest that “[t]he knock-on effects of FTX.com’s unwinding are starting to show as businesses it embraced as partners and customers start to feel the hurt.”⁴⁷ According to FTX court filings, “up to a million of FTX customers could be affected by the exchange’s collapse.”⁴⁸

One thing is clear: the public is owed a complete and transparent accounting of the business practices and financial activities leading up to and following FTX’s collapse and the loss of billions of dollars of customer funds. We therefore request that you provide the requested documents and answers to the following questions no later than November 28, 2022:

1. Please provide complete copies of all FTX and FTX-subsiary balance sheets, from 2019 to the present.
2. On November 10, Mr. Bankman-Fried tweeted that the liquidity crunch facing FTX was the result of “a poor internal labeling of bank-related accounts mean[ing] that [he] was substantially off on [his] sense of users’ margin.”⁴⁹ Please explain, in detail, how Mr. Bankman-Fried’s alleged “poor internal labeling” led to FTX’s liquidity crisis?
 - a. Which other officials beside Mr. Bankman-Fried were responsible for this “poor internal labeling?”
 - b. How was this “poor internal labeling” discovered?
 - c. What were the intended user margins that FTX attempted to maintain? What were the actual margins maintained?
3. *Reuters* reported that Mr. Bankman-Fried built a “backdoor” into FTX’s accounting system allowing him to “alter the company’s financial records without alerting other people.”⁵⁰ Did Mr. Bankman-Fried implement the “backdoor” reported on by Reuters?
 - a. Did Mr. Bankman-Fried use this “backdoor” to transfer \$10 billion in FTX customer funds to Alameda without “trigger[ing] internal compliance or accounting red flags”?⁵¹
 - b. If so, when and how did these transfers take place?

⁴⁵ *Axios*, “FTX collapse is looking a lot like crypto’s Lehman moment,” Felix Salmon, November 10, 2022, <https://www.axios.com/2022/11/10/ftx-collapse-crypto-lehman>.

⁴⁶ Letter from Senator Warren to Secretary Yellen, September 15, 2022, <https://www.warren.senate.gov/imo/media/doc/2022.09.15%20Letter%20to%20Treasury%20re%20Crypto%20Risks1.pdf>.

⁴⁷ *Axios*, “Crypto businesses brace for FTX aftershock,” Crystal Kim, November 15, 2022, <https://www.axios.com/2022/11/15/crypto-businesses-brace-for-ftx-aftershock>.

⁴⁸ *Id.*

⁴⁹ Tweet from FTX CEO Sam Bankman-Fried, November 10, 2022, https://twitter.com/SBF_FTX/status/1590709172936798208?s=20&t=-WH8zXtHtGibLvYKYPSM2A.

⁵⁰ *Reuters*, “Exclusive: At least \$1 billion of client funds missing at failed crypto firm FTX,” Angus Berwick, November 13, 2022, <https://www.reuters.com/markets/currencies/exclusive-least-1-billion-client-funds-missing-failed-crypto-firm-ftx-sources-2022-11-12/>.

⁵¹ *Id.*

- i. Which company officials were aware of this “backdoor”?
 - ii. Was this “backdoor” utilized to facilitate any other transactions beyond the \$10 billion transferred to Alameda?
4. Please provide a complete list of all FTX transfers to Alameda, including dates, amounts, and the reason for the transfer from 2019 to the present.
 - a. Which company officials were aware of these transfers?
 - b. At any point, did FTX notify customers that the company would use their assets to fund Alameda’s trading activity? If so, how was this notification made?
 - c. At any point, were customer funds on FTX US used to fund investments by FTX-affiliate companies?
5. Please provide complete copies of all written policies and/or procedures regarding the relationship between FTX and Alameda. If any such policies and/or procedures were made known to investors, please provide copies of those communications.
 - a. Did FTX share information about customers’ margins and trades with Alameda or any other FTX-affiliated entity?
 - b. Did FTX have policies in place to prevent front-running and other manipulative tactics by Alameda?
6. Please explain the \$1.7 billion in FTX customer funds that *Reuters* reported has gone missing.⁵²
 - a. According to Mr. Bankman-Fried’s explanation, “We had confusing internal labeling and misread it.”⁵³ What, specifically, was confusing about the labeling? By whom and how was it “misread”?
 - b. Which officials were responsible for the labeling and the misreading of the labeling?
7. Please provide complete copies of all internal communications and/or materials related to the transactions that occurred on November 12, in which \$663 million in digital assets were moved from FTX wallets, including \$186 million in digital assets that were moved from FTX wallets and into 0x97f991971a37D4Ca58064e6a98FC563F03A71E5c.⁵⁴
 - a. Which company officials were aware of this transaction prior to the time it occurred?
8. Please provide a complete list of all multi-signature wallets that FTX and/or FTX subsidiaries had access to.
9. Please provide an accounting of the value in USD of FTX customer assets that have (1) been transferred to Alameda Research LLC, (2) been stolen, and (3) have otherwise

⁵² Reuters, “Exclusive: At least \$1 billion of client funds missing at failed crypto firm FTX,” Angus Berwick, November 13, 2022, <https://www.reuters.com/markets/currencies/exclusive-least-1-billion-client-funds-missing-failed-crypto-firm-ftx-sources-2022-11-12/>.

⁵³ *Id.*

⁵⁴ Elliptic Connect, “\$477 Million Moved out of FTX in Suspected Theft,” November 12, 2022, <https://hub.elliptic.co/analysis/477-million-moved-out-of-ftx-in-suspected-theft/>.

become inaccessible to FTX from 2019 to the present. In your accounting, please do not combine these values.

10. Please provide complete copies of all internal anti-money laundering and countering financing of terrorism (AML/CFT) and know-your-customer (KYC) policies and procedures used by FTX and FTX subsidiaries.
11. Please provide a complete list of any and all U.S.-based platforms that have, at any point, utilized FTX.com for trading services, lending services, or any other products or services.
12. In September 2022, FTX US “was subsequently chosen as the winning bidder to purchase” the assets of now-bankrupt crypto lending firm Voyager, “in the amount of \$1.42 billion.”⁵⁵ Please provide a complete copy of FTX’s balance sheets at the time of FTX US’ bid, as well as the company’s rationale for the \$1.42 billion bid.
13. In July 2022, FTX provided the struggling crypto firm BlockFi with a “\$400 million revolving credit facility,” and secured for itself the “option to buy [BlockFi] for up to \$240 million.”⁵⁶ Please provide complete copies of the terms of all of the loans FTX and its subsidiaries have provided to firms from 2019 to the present.

Thank you for your attention to this matter.

Sincerely,



Elizabeth Warren
United States Senator



Richard J. Durbin
United States Senator

cc:

The Honorable Gary Gensler, Chair, Securities and Exchange Commission
The Honorable Rostin Behnam, Chairman, Commodity Futures Trading Commission

⁵⁵ Benzinga, “What’s Going To Happen To All The Companies FTX Bought,” AJ Fabino, November 11, 2022, <https://www.benzinga.com/markets/cryptocurrency/22/11/29683554/whats-going-to-happen-to-all-the-companies-ftx-bought>.

⁵⁶ Reuters, “Factbox: From Binance to Voyager, crypto firms’ exposure to FTX is coming to light,” Elizabeth Howcroft, Mehnaz Yasmin, and Medha Singh, November 14, 2022, <https://www.reuters.com/technology/binance-voyager-crypto-firms-exposure-ftx-is-coming-light-2022-11-14/>.