A STUDY ON FTX SCAM

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Abstract

This study presents a comprehensive analysis of the downfall of FTX, a leading cryptocurrency exchange, shedding light on the underlying factors that contributed to its demise and exploring the broader implications for the cryptocurrency industry. By examining market dynamics, regulatory challenges, and internal mismanagement, this study provides valuable insights into the critical events that led to FTX's downfall.

Firstly, the study investigates the impact of market dynamics on FTX's downfall. Volatile cryptocurrency markets, characterized by unpredictable price fluctuations and intense competition, played a significant role in exerting pressure on the exchange. Market downturns, reduced trading volumes, and declining user confidence all contributed to FTX's weakening position.

Secondly, regulatory challenges emerged as a pivotal factor in FTX's downfall. Evolving regulatory frameworks and increased scrutiny from authorities posed compliance hurdles for the exchange. FTX's failure to effectively navigate these regulatory obstacles led to legal disputes, loss of licenses, and a loss of trust among users and investors.

Lastly, internal mismanagement within FTX exacerbated its downfall. Issues such as poor governance, inadequate risk management practices, and questionable financial operations tarnished the exchange's reputation. Reports of insider trading, market manipulation and inadequate customer support further eroded user trust and confidence in FTX.

The study's findings underscore the vulnerabilities inherent in the cryptocurrency exchange ecosystem and provide critical lessons for industry stakeholders, policymakers, and investors. By understanding the downfall of FTX, the study aims to inform future strategies and initiatives to ensure the stability, transparency, and long-term sustainability of cryptocurrency exchanges in an evolving financial landscape.

1.1 Introduction

FTX is a cryptocurrency exchange that was founded in 2019 by Sam Bankman-Fried and Gary Wang, both former quant traders at the quant trading firm, Jane Street. Since its launch, FTX has quickly risen to become one of the leading players in the cryptocurrency exchange industry. It is a fast-growing platform that offers a wide range of innovative products and services that cater to the needs of traders and investors.

FTX offers a variety of crypto-to-crypto and crypto-to-fiat trading pairs. It supports over 100 cryptocurrencies, including Bitcoin, Ethereum, and various stablecoins, and allows users to trade in various fiat currencies such as USD, EUR, and JPY. FTX is known for its advanced trading features, including futures and options trading, leveraged tokens, and its proprietary cryptocurrency index. These features allow traders to take advantage of market movements and hedge against potential price swings, making it an attractive platform for professional traders.

FTX has a user-friendly interface that makes it easy for traders to navigate and execute trades. The exchange also has a mobile app for trading on-the-go, providing traders with a seamless trading experience. In addition, FTX has a low fee structure, with trading fees as low as 0.02%. The exchange also offers 24/7 customer support, providing users with fast and effective assistance.

In addition to its exchange services, FTX also operates an over-the-counter (OTC) trading desk, providing traders with a secure and efficient way to trade large amounts of cryptocurrency without

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affecting the public markets. The OTC desk offers competitive pricing, fast execution, and low fees, making it an attractive option for institutions and professional traders.
FTX has also established partnerships with various industry players, including major exchanges and financial institutions, which has helped it to further expand its reach and strengthen its position as a leading player in the cryptocurrency exchange industry.
Despite its popularity and success, FTX has been subject to various accusations of being a scam. Some have claimed that the exchange has engaged in unethical practices, such as wash trading, price manipulation, and insider trading, to artificially inflate the prices of cryptocurrencies and generate profits for the company and its insiders.
Others have raised concerns about the lack of transparency and regulatory oversight in the cryptocurrency industry, which makes it easier for exchanges like FTX to engage in unethical practices without consequences. Some have argued that FTX's close relationship with key industry players, such as large crypto trading firms and market makers, has also raised questions about its ability to act in the best interests of its users.
FTX has vehemently denied all allegations of being a scam, and has stated that it operates in compliance with all relevant regulations and standards. The company has also taken steps to increase transparency and accountability, such as publishing regular audits of its trading volumes and implementing measures to prevent wash trading and price manipulation.
, it has also been subject to various accusations of being a scam. The exchange has denied these allegations, but the controversy highlights the need for greater transparency and regulatory oversight in the cryptocurrency industry. Regardless of the outcome of these accusations, it is important for investors and traders to carefully consider the risks and rewards associated with any in conclusion, while FTX has gained significant popularity and success as a cryptocurrency exchange investment and to thoroughly research the reputation and practices of any exchange they choose to use.

1.2 Statement of the problem:

The primary issues with financial scams are that they can be difficult to detect, as scammers often use sophisticated techniques to make their schemes appear legitimate. This can result in individuals and organizations losing significant amounts of money, which can have devastating consequences for their financial well-being.
Another problem with financial scams is that they can erode trust in financial institutions and markets, leading to a loss of confidence among investors and consumers. This can have wider implications for the economy as a whole, as it can lead to reduced investment and economic growth.

1.3 Objectives of the study:

1. To comprehend the whole structures of the FTX scam how the scam was carried out, the tactics used by the scammers, and the vulnerabilities in the financial system that were exploited. This knowledge can help regulators and financial institutions identify and prevent similar scams in the future.
2. To identify the impact of the scam. A financial scam can have a significant impact on the stakeholders involved, including investors, customers, employees, and the general public. A case study can help identify the extent of the impact and provide insights into how the stakeholders were affected.
3. To enhance the financial literacy by educating people about the risks associated with investing and the importance of due diligence before making investment decisions.

1.4 Need of the study:

A case study of a financial scam can help improve the resilience of the financial system by providing insights into the tactics used by scammers and the vulnerabilities that exist. It can also help stakeholders better understand the risks associated with investing and the importance of regulatory oversight. Studying the FTX scam can help identify the vulnerabilities in the cryptocurrency exchange, including the weaknesses in the security protocols and procedures. This can help other cryptocurrency exchanges improve their security measures and prevent similar scams. studying the

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FTX scam can help educate the public about the risks associated with cryptocurrencies, including the risks of hacking, fraud, and theft. This can enhance financial literacy and prevent financial losses.

1.5 Research Methodology:
A Research Design:
This research will be Descriptive Research that outlines the features of the issues under the study.
B Sampling Design:
The sample of this study is composed of FTX Pvt Ltd and alameda Research Pvt Ltd data from the period of 2019 to Dec 2022.
C Data sources
This study is based on Secondary data.

1.6 Scope of the study:
This study analyses the impact of the FTX scam and it is merely a descriptive study on FTX scam to provide essential information to the readers.

1.7 Limitations of the study:
1. This study is limited to the secondary data
2. This study provides information on the structure of FTX scam and doesn't emphasize on preventing it.
3. This Study is restricted to FTX PVT Ltd.

II Literature Review
Usman w. Cohan (15/01/2023): Usman's paper contextualised the collapse of FTX in the context of deeper problems with crypto exchanges. The suggestion to regulate the crypto exchanges to stabilise the whole environment seemed like a vital hack to avoid financial scams. The paper argues that the conflating of crypto currency traits with crypto exchange mismanagement is partially responsible for the damage dealt to the investors and finds that crypto exchanges are a domain where tough and proactive regulatory oversight is urgently required.
Luc Cohen (9/01/2023): Cohen presented his article after the court hearing on the FTX scam. The article includes statements from officials about how the courts intend to proceed with the case. SEC regulations and US CFTC funding should be more research based to avoid such big frauds in the future.
Stacy Elliott (7/01/2023): has given an entire briefing on the life cycle of FTX from birth to death. FTX exchange has been the second largest, but its downfall has created havoc in the crypto market. Calling the founder, a demon of crypto.
Timothy Smith (5/01/2022):
His study provided a brief overview of FTX and its collapse. The bankruptcy filing of the company and its former CEO's indictment are presented. naming it one of the biggest financial frauds.
Amy Froide (28/12/2022): Amy is a professor of history at UMBC; she mirrored the FTX scam with the charitable corporation scandal in 1731. She mentioned a lot of similarities between both scams. It was curated creatively and presented wonderfully.
Whizy Kim (22/12/2022): investigative article on FTX and Sam Bankman Fried focused on how he earned money and spent it. Sam's previous interviews, his character, his habits, and his money spending attitude have been studied and presented in his work.
Andrew R. Chow (21/12/2022): Andrew's study focused on the financial aspect of the overall collapse. Massive sums of money – nearly $8 billion – were stolen from FTX exchange users. In his study, he discusses the relationship between FTX and Alameda.
Joe Tidy (13/12/2002): He summarised the timeline of FTX case by case, event by event, with relevant timestamps, giving the briefing of each event in less than 50 words, making it simple for the readers to understand. Methodology for the paper is interviews and news findings. Details of every minor event of the whole scenario makes this research article brilliant.

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Lukas I. Alpert (14/12/2022): Lukas analysed the FTX crypto exchange's initial stages and his success over the year. His studies show some brief information about the relationship between FTX and Alameda. The events and circumstances that resulted in the company's insolvency.

Nadeem Sarwar (4/12/2022): Nadeem paper focused on the history of the FTX founder and the whole FTX saga. Providing with the information on the company details and what went wrong with it. He mentioned the founder of FTX as Crypto prince. The sudden collapse of the prince‘s massive brainchild that caused havoc in the industry.

Dylan LeClair and Sam Rule (2/12/2022): FTX Ponzi is the title of the article they presented. The Beginnings and the Start of the Alameda Ponzi, which stated the relationship between the FTX exchange and the Alameda firm, The visual knowledge grasp of the readers was improved by the FTT token analysis charts and graphs presented.

David Z. Morris (1/12/2022): His work depicted the losses incurred by FTX and Alameda Research. Both were portrayed as a single entity, but they shared an internal relationship for fund management. Theoretical research helped the readers understand the real reason for the collapse. He mentioned it was a crime, not an accident.

Noam Wasserman (1/12/2022): Giving unchecked entrepreneurs monetary power and the rapid growth of newly formed companies is very concerning for the sector's economies. This is the main aspect of Wasserman’s study on the FTX collapse. Investing in companies that haven’t claimed any goodwill and have unproven statistics can be a very bad decision.

Dan Byrne (22/11/2022): Dan expressed his views on the FTX collapse in a controversial way, claiming it happened due to bad governance and poor leadership that led the company into a plunge. He provided a complete list of failures, adding strength to his statements. Exploratory research is method used by Dan Byrne for his paper. Suggesting good governing rules to avoid such upscale loss of money in further future.

Kalley Huang (18/11/2022): studied the Binance deal and FTX provided the details of the deal and why Binance pulled out of the deal and how it affected the Binance financial situation. Cases faced by the FTX founder were updated. After effects of the collapse were studied and mentioned in this paper. Fundamental research has been used as a methodology to find the findings.

Lauren Aratani (13/12/2022): A Guardian reporter titled her piece "Five Things" about the FTX collapse and Sam Bankman Fried. FTX fraud is an old-school form of deception. Where all the money went, Sam Bankman’s lies, what will happen to Bankman, and how the case is going in court are five elements in her study.

Supritha Anupam (21/11/2022): Supritha’s case study depicts the losses of 2 million Indian investors in the FTX collapse due to Sam Bankman-Fried’s deceitful investors in FTX. how the Indian government reacts to that Gia investigation and how the Indian courts are taking action against FTX and Bankman's lies and scams in the regulation of crypto to ensure consumer protection. She even suggested periodic audits to stabilise the crypto environment.

Bailey Schulz and Gutiérrez McDermid (16/11/2022): In their study, they completely gave a brief timeline of events surrounding the FTX collapse and also included financial experts' takes on it. The consequences of FTX had an impact on other crypto currencies.

Irene Aldridge (16/11/2022): has made an attempt to analyse the FTX failure using AMM (automated market making). She used statistical data and the basic economic theories of supply and demand to figure out the drawbacks of FTX. The study is complex to understand for general readers.

David Yaffe-bellany (14/11/2022): David's study focused on the CEO of FTX, Sam Bankman Fried, and his interviews about the company. He provided a long list of CEO statements about the company's success and failure. In the span of a week, an industry hero turned into a villain

III. Research Methodology

Research methodology is the procedure of collecting, analysing and interpreting the data to diagnose the problem and react to the opportunity in such a way where the costs can be minimized and the desired level of accuracy can be achieved to arrive at a particular conclusion.

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Research methodology can be divided into –

Qualitative

Quantitative research methods are designed to collect numerical data that can be used to measure variables. Quantitative data is structured and statistical; its results are objective and conclusive.

Quantitative

Qualitative research is a methodology designed to collect non-numerical data to gain insights. It is non-statistical and unstructured or semi-structured. It relies on data collected based on a research design that answers the question "why." The data collected for the purpose of research can be categorised into –

Primary data

Primary data refers to the data collected specifically for the purpose of research problems. It is the first-hand information collected by the research firm.

The sources of primary data are usually chosen and tailored specifically to meet the demands or requirements of a particular research. Primary data can be collocated with forms plus using online surveys or questionnaires.

Secondary data

Secondary data refers to the existing data that has been collected with an objective other than the research problem. A researcher may have collected the data for a particular project, and then made it available to be used by another researcher. Secondary data may be in the form of journals, publications, company websites, news journals etc.

Collection of data

Data for this research study was conducted by using secondary data solely.

Sources of data

The study was conducted by taking references from news articles, business articles such as such as CNN, Business Insider, Forbes and few others. Some official information is collected from the websites of Securities Exchange commission.

Period of study

The period of study ranges from 2019 to 2022 according to the timeline of FTX , mostly focusing on the immediate Rise and sudden downfall of the company

IV: DATA ANALYSIS AND INTERPRETATION

The FTX Crypto Scam of 2022 was a fraudulent scheme involving the FTX cryptocurrency exchange. Reports shown that the exchange had been deceiving users by manipulating trading volumes and prices on the platform, leading to significant financial losses for those affected. In addition, there were also allegations of insider trading and other unethical practices. The scam was brought to light by several prominent figures in the cryptocurrency community, and the exchange was eventually shut down by regulatory authorities. Many users were left out of pocket, and the incident caused widespread damage to the reputation of the cryptocurrency industry as a whole.

In November 2022, FTX's collapse lasted 10 days, starting on Nov. 2 and ending on Nov. 12. It began with the Coin Desk article and the leaked balance sheet. Finance initially announced it would sell all its FTT tokens because of the mishandled and blurred funds.

The value of FTT dropped significantly, prompting FTX customers to withdraw money from their accounts. However, other cryptocurrency platform collapses, such as Celsius Network and Voyager Digital, had people worried about their investments.

During this mass withdrawal, FTX lost billions of dollars. Bank man-Fried ordered Alameda Research to sell assets to cover the needed capital from the withdrawals and he also looked for financing to cover the gap of about $8 billion between what was owed and what could be paid.

On Nov. 8, FTX blocked customers from taking money out of the platform by removing that option online, which meant hundreds of thousands of customers did not have access to their money. When FTX could not pay the $8 billion gap, the company filed for bankruptcy. FTX crashed due to mismanagement of funds, lack of liquidity and the large volume of withdrawals. Finance announced

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it would buy FTX to prevent a larger market crash, but quickly bailed out of the deal as more news reports of mishandled customer funds surfaced.

Bank man-Fried used FTX funds to buy personal luxury items, finance elaborate advertising campaigns and make political donations.

There is a massive shortfall at the FTX exchange at the Petition Time, defined as the difference between digital asset claims on the ledger of FTX.COM and digital assets available to satisfy those claims. The shortfall is especially pronounced for Category A Assets. Only a small amount of cash, stable coin, BTC, ETH and other Category A Assets remain in wallets preliminarily sourced to the FTX exchange. The shortfall is smaller at FTX.US, but still significant. In addition to FTX.US customers, other FTX Debtors and related parties maintained a $128 million (net) receivable position from FTX.US at the Petition Time. Accordingly, creditors of other FTX Debtors, including FTX customers, may have an indirect interest in assets at the FTX.US exchange. Prior to the FTX Debtors obtaining custody of digital assets from pre-petition management, unauthorized transfers removed an additional $293 million from wallets preliminarily sourced to the FTX exchange and $139 million from wallets preliminarily sourced to the FTX.US exchange

The Securities and Exchange Commission charged Samuel Bank man-Fried with orchestrating a scheme to defraud equity investors in FTX Trading Ltd. (FTX), the crypto trading platform of which he was the CEO and co-founder. Investigations as to other securities law violations and into other entities and persons relating to the alleged misconduct are ongoing.

According to the SEC's complaint, since at least May 2019, FTX, based in The Bahamas, raised more than $1.8 billion from equity investors, including approximately $1.1 billion from approximately 90 U.S.-based investors. In his representations to investors, Bank man-Fried promoted FTX as a safe, responsible crypto asset trading platform, specifically touting FTX's sophisticated, automated risk measures to protect customer assets. The complaint alleges that, in reality, Bank man-Fried orchestrated a years-long fraud to conceal from FTX's investors the undisclosed diversion of FTX customers' funds to Alameda Research LLC, his privately-held crypto hedge fund; the undisclosed special treatment afforded to Alameda on the FTX platform, including providing Alameda with a virtually unlimited "line of credit" funded by the platform's customers and exempting Alameda from certain key FTX risk mitigation measures; and undisclosed risk stemming from FTX's exposure to Alameda's significant holdings of overvalued, illiquid assets such as FTX-affiliated tokens. The complaint further alleges that Bank man-Fried used commingled FTX customers' funds at Alameda to make undisclosed venture investments, lavish real estate purchases, and large political donations.

"We allege that Sam Bank man-Fried built a house of cards on a foundation of deception while telling investors that it was one of the safest buildings in crypto," said SEC Chair Gary Gensler. "The alleged fraud committed by Mr. Bank man-Fried is a clarion call to crypto platforms that they need to come into compliance with our laws. Compliance protects both those who invest on and those who invest in crypto platforms with time-tested safeguards, such as properly protecting customer funds and separating conflicting lines of business. It also shines a light into trading platform conduct for both investors through disclosure and regulators through examination authority. To those platforms that don't comply with our securities laws, the SEC's Enforcement Division is ready to take action."

"FTX operated behind a veneer of legitimacy Mr. Bank man-Fried created by, among other things, touting its best-in-class controls, including a proprietary 'risk engine,' and FTX's adherence to specific investor protection principles and detailed terms of service. But as we allege in our complaint, that veneer wasn't just thin, it was fraudulent," said Gurbir S. Grewal, Director of the SEC's Division of Enforcement. "FTX's collapse highlights the very real risks that unregistered crypto asset trading platforms can pose for investors and customers alike. While we continue to investigate FTX and other entities and individuals for potential violations of the federal securities laws, as alleged in our complaint, today we are holding Mr. Bank man-Fried responsible for fraudulently raising billions of dollars from investors in FTX and misusing funds belonging to FTX's trading customers."

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The SEC's complaint charges Bank man-Fried with violating the anti-fraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. The SEC's complaint seeks injunctions against future securities law violations; an injunction that prohibits Bank man-Fried from participating in the issuance, purchase, offer, or sale of any securities, except for his own personal account; disgorgement of his ill-gotten gains; a civil penalty; and an officer and director bar.
In parallel actions, the U.S. Attorney's Office for the Southern District of New York and the Commodity Futures Trading Commission (CFTC) today announced charges against Bank man-Fried.
The SEC's ongoing investigation is being conducted by Devlin N. Su, Ivan Snyder, and David S. Brown of the Crypto Assets and Cyber Unit and Brian Huchro and Pasha Salimi. It is being supervised by Amy Flaherty Hartman, Michael Brennan, Jorge Tenreiro, and David Hirsch. The SEC's litigation will be led by Amy Burkart and David D'Addio and supervised by Ladan Stewart and Olivia Choe. Additional assistance to the investigation was provided by Steven Buchholz, Erin Wilk, Serafima McTigue, William Connolly, and Howard Kaplan.
The SEC appreciates the assistance of the U.S. Attorney's Office for the Southern District of New York, the FBI, and the CFTC.
Bankman-Fried faces eight criminal counts, including wire fraud on customers and lenders, conspiracies to commit wire fraud on customers and lenders and conspiracies to commit commodities fraud, securities fraud and money laundering.
Bankman-Fried could face hefty prison time for the charges but legal experts say it is too early to say yet what sentence he will receive if convicted. Sentencing in white-collar crime is highly influenced by the scale of the fraud, said Duncan Levin, managing partner at Levin & Associates and a former federal prosecutor. Given that FTX's losses "seem to be close to $2bn, that could drive sentencing to the absolute max", he said.
But at the moment, said Levin, it's hard to say whether if convicted Bankman-Fried is facing an "Elizabeth Holmes [11 years] or a Bernie Madoff [150 years]".
The biggest outstanding question from FTX's bankruptcy is "where did the money go?" And the first part of that answer regulators say they know already. The Commodity Futures Trading Commission (CFTC) alleges in a complaint filed last week that most of the lost customer deposits ended up being used to cover risky bets and debts for Alameda Research.
FTX and Alameda were supposed to operate separately from one another, but Nansen found a slew of blockchain evidence that the companies have been entwined since FTX's inception, with funds flowing freely between them. Alameda Research used FTX's funds as an unlimited line of credit, the CFTC alleges. Alameda was the only account on the platform that was allowed to have a negative balance, according to the CFTC.
In a crypto bull market, billions of dollars flowed freely amongst market participants, allowing Alameda's use of FTX funds to go largely unnoticed and unquestioned. But in May 2022, the stablecoin TerraUSD collapsed, causing a domino effect that wiped out over $400 billion in value in the crypto ecosystem. A stablecoin is so named because it is supposed to stick to the value of the U.S. dollar. Stablecoins are a crucial part of the crypto ecosystem: when they work correctly, they provide traders with the option of parking their volatile crypto assets in a more stable currency.
FTX paused withdrawals as customers sought to pull funds out of the exchange this week, and some of them have begun to worry their money is lost. A recent precedent in the digital finance world isn't encouraging: Since the embattled bank Celsius Network filed for bankruptcy in July, many of its customers still cannot access their funds.
The scandal at FTX is a wake-up call, reminding us that governance and culture always matter. It also reminds us that company leaders must be open to hearing bad news alongside the good. The lesson learned from this debacle should be abundantly clear — unheard problems only get worse.
Billions of dollars in customer funds are missing for upwards of a million creditors. FTX estimates it owes its 50 biggest creditors more than $3 billion. We have once again witnessed wealth destruction on a massive scale because a company didn't regard culture, governance, risk management, or

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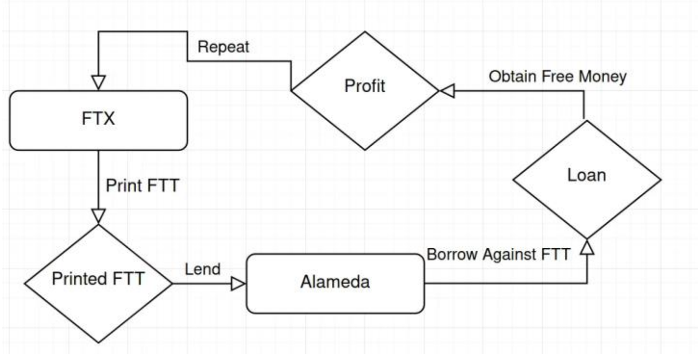
internal controls as important. These attributes don't necessarily create wealth, but without them, an organization can do significant harm.



Alameda owns assets that amount to $14.6 billion. Now, the single largest asset is $3.66 billion of "unlocked FTT." and the third-largest, $2.16 billion pile of "FTT collateral". This means that just about 40% of the value of Alameda is made up of FTT tokens. The problem is that FTT token (FTX exchange token) is controlled and managed centrally by FTX, such that they may print it out of thin air at their whim and fancy. And since SBF owns both companies he can easily sell or loan at extremely favourable rates, if not outright gift tokens likely indirectly through another company or a loan that is never paid back, from FTX to Alameda (or basically give tokens from himself to himself and balloon Alameda's asset value for basically nothing.

You may think that FTX excessively printing tokens is a suicide pact as it would drive the token price down and supply increases, but you would be wrong. Think about how burning works. Token burns generally increase token value by reducing the supply that is available on the market, as burnt tokens still 'exist', but are simply inaccessible. In the same way SBF and FTX can print however many tokens they so desire and it wouldn't affect price as long as those tokens don't hit the market, and they don't need to.

See SBF and Alameda can simply receive FTT tokens from FTX basically for free, and then take a loan against these tokens. In this way, the multitude of FTT tokens they print for nothing never hits the market and never negatively affect the price, however each of those tokens still hold their market value allowing SBF and Alameda to borrow against those FTT tokens and get...basically free money.

What lends strong credence to this is that on June 30th, Alameda's FTT token asset value was $6.1 Billion in FTT tokens but the circulating supply is *only* $3.6 Billion. Looks like somebody is printing tokens but not putting it on the market.

Now going back to their balance sheet, Alameda has 2.16 billion in 'FTT collateral'. This implies Alameda has gained $2.16 billion in loans where they used FTT tokens as collateral. They too have a further 3.66B in free FTT tokens to obtain another multi-billion-dollar loan if they so choose. They also have 292 million in 'locked FTT'. Interestingly, the 'locked FTT' tokens are conservatively treated at 50% of their fair value, meaning that Alameda has cut their FTT liabilities (what they owe) in half with this simple accounting trick.

Of course, owners of FTT tokens gain massive discounts when trading on FTX. Just another gift from SBF's right hand to his left. Now we know how volatile prices and token holdings can be. Roughly estimating the token amounts held by Alameda on the timeframe the balance sheet info is dated reveals that Alameda alone and not FTX holds about 75% of total supply. This is based on FTX's own FTT token data. As to why Alameda holds the majority and not FTX, it is probably a lot easier for Alameda to gain loans against these tokens (using them as collateral) than FTX since many lenders would be unwilling to lend to FTX knowing they have complete control over the token. This could be bypassed using Defi loans but is almost certainly an issue for Cefi loans that SBF may want. But for Alameda to solidly own somewhere between 70-80% of FTT tokens raises some HUGE red flags.

FTT Token Data from

Withdrawal data from Nov 2nd to Nov 8th

Withdrawal Addresses	Volume
High Balance [0xibro]	-80,510,85

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[0xb60c]	-2,84,08,595
EIP 1559 User [0x9462]	-26,91,07,154
ETH Millionaire [0xbe38]	-21,41,99,880
ETH Millionaire [0xbe38]	-26,45,52,233
ETH Millionaire [0xb224]	-21,08,07,166
Circle: Deposit [0x1803]	-12,12,08,869
Jump Trading: 0x4f1 [0x4f1a]	-11,86,93,919
Token Millionaire [0x155]	-10,79,47,101

Table shows the data of withdrawal from the FTX which was highly alarming for the users.

Companies that filed bankruptcy which related to FTX

Crypto exchange FTX has filed for bankruptcy, and it is not only FTX but a total of 134 companies that worked as affiliated companies with FTX, including the Alameda group. The Founder Sam Bankman-Fried has also resigned as the CEO of the company in a sudden state of affairs after the recent fiasco between Binance and FTX.

In the filing was the entire list of companies that are filing for bankruptcy. If Chapter 11 is submitted, it means the company can run and operate while trying to repay to its customers. Here are the companies that have filed for bankruptcy.

1. Alameda Aus Pty Ltd	2. Alameda Global Services Ltd.	3. Alameda Research (Bahamas) Ltd	4. Alameda Research Holdings Inc.
5. Alameda Research KK	6. Alameda Research LLC	7. Alameda Research Ltd	8. Alameda Research Pte Ltd
9. Alameda Research Yankari Ltd	10. Alameda TR Ltd	11. Alameda TR Systems S. de R. L.	12. Allston Way Ltd
13. Altalix Ltd	14. Analisya Pte Ltd	15. Atlantis Technology Ltd.	21. Bancroft Way Ltd
28. Bitvo, Inc.	29. Blockfolio Holdings, Inc.	30. Blockfolio, Inc.	31. Blue Ridge Ltd
37. BTLS Limited Tanzania	38. Cardinal Ventures Ltd	39. Cedar Bay Ltd	40. Cedar Grove Technology Services, Ltd
41. Clifton Bay Investments LLC	42. Clifton Bay Investments Ltd	43. CM-Equity AG	44. Corner Stone Staffing
45. Cottonwood Grove Ltd	46. Cottonwood Technologies Ltd.	47. Crypto Bahamas LLC	48. DAAG Trading, DMCC
49. Deck Technologies Holdings LLC	50. Deck Technologies Inc.	51. Deep Creek Ltd	52. Digital Custody Inc.
53. Euclid Way Ltd	60. FTX (Gibraltar) Ltd	61. FTX Canada Inc	62. FTX Certificates GmbH
63. FTX Crypto Services Ltd.	64. FTX Digital Assets LLC	65. FTX Digital Holdings (Singapore) Pte Ltd	66. FTX EMEA Ltd.
67. FTX Equity Record Holdings Ltd	68. FTX Europe AG	69. FTX Exchange FZE	70. FTX Hong Kong Ltd
71. FTX Japan Holdings K.K.	72. FTX Japan K.K.	73. FTX Japan Services KK	74. FTX Lend Inc.
75. FTX Marketplace, Inc.	76. FTX Products (Singapore) Pte Ltd	77. FTX Property Holdings Ltd	78. FTX Services Solutions Ltd.

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79. FTX Structured Products AG	80. FTX Switzerland GmbH	81. FTX Trading GmbH	82. FTX Trading Ltd
83. FTX TURKEY TEKNOLOJİ VE TİCARET ANONİM ŞİRKET	84. FTX US Derivatives LLC	85. FTX US Services, Inc.	86. FTX US Trading, Inc
87. FTX Vault Trust Company	88. FTX Ventures Ltd	89. FTX Ventures Partnership	90. FTX Zuma Ltd
91. GG Trading Terminal Ltd	92. Global Compass Dynamics Ltd.	93. Good Luck Games, LLC	94. Goodman Investments Ltd.
95. Hannam Group Inc	96. Hawaii Digital Assets Inc.	97. Hilltop Technology Services LLC	98. Hive Empire Trading Pty Ltd
99. Innovatia Ltd	100. Island Bay Ventures Inc	101. K-DNA Financial Services Ltd	102. Killarney Lake Investments Ltd
103. Ledger Holdings Inc.	104. LedgerPrime Bitcoin Yield Enhancement Fund, LLC	105. LedgerPrime Bitcoin Yield Enhancement Master Fund LP	106. LedgerPrime Digital Asset Opportunities Fund, LLC
107. LedgerPrime Digital Asset Opportunities Master Fund LP	108. Ledger Prime LLC	109. LedgerPrime Ventures, LP	110. Liquid Financial USA Inc.
111. LiquidEX LLC	112. Liquid Securities Singapore Pte Ltd	113. LT Baskets Ltd.	114. Maclaurin Investments Ltd.
115. Mangrove Cay Ltd	116. North Dimension Inc	117. North Dimension Ltd	118. North Wireless Dimension Inc
119. Paper Bird Inc	120. Pioneer Street Inc.	121. Quoine India Pte Ltd	122. Quoine Pte Ltd
123. Quoine Vietnam Co. Ltd	124. SNG INVESTMENTS YATIRIM VE DANIŞMANLIK ANONİM ŞİRKETİ	125. Strategy Ark Collective Ltd.	126. Technology Services Bahamas Limited
127. Tigetwit Ltd	129. Verdant Canyon Capital LLC	130. West Innovative Barista Ltd.	131. West Realm Shires Financial Services Inc.
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