

Crypto Crimes: Looking at Sam Bankman-Fried's Illegal Campaign Donations  
By Patrick M. Anglin

Sam Bankman-Fried has made headlines recently following allegations of the misappropriation of funds from FTX, a cryptocurrency exchange which he co-founded that recently filed for bankruptcy. Bankman-Fried's alleged illegal activity resulted in the loss of \$8 billion of customer money; he has been charged with various federal crimes surrounding the customer investments, including wire fraud, securities fraud, and money laundering.<sup>1</sup> This is not necessarily surprising, as the lack of regulations and oversight in the crypto space has led to an unprecedented rise in financial scams.<sup>2</sup> However, what may surprise people is the less headline-grabbing criminal charge that the Justice Department has brought against Bankman-Fried – conspiracy to defraud the Federal Election Commission and commit campaign finance violations.<sup>3</sup>

Under the radar and out the public eye, Bankman-Fried has established himself as a major power broker in politics in recent years; in the 2022 midterm election cycle, he silently contributed over \$40 million dollars to the campaigns of potential democratic candidates.<sup>4</sup> However, his donations were not limited to one side of the aisle, as he also donated an identical amount to Republican candidates through anonymous donations.<sup>5</sup> In a recent interview, he admitted that prior to FTX's bankruptcy he had intended to spend close to \$1 billion during the 2024 election cycle.<sup>6</sup> Prosecutors have indicated that the donations may cause trouble for not just Bankman-Fried but also the recipient, as it seems they were made illegally using investor funds.<sup>7</sup>

Early investigations into the donations have shown that the donations were likely part of quid-pro-quo transactions, with politicians providing Bankman-Fried with some tangible benefit in return for his donations.<sup>8</sup> This would not only lead to more potential trouble for him, but also entangle various politicians in potential illegal activity. Politicians like Beto O'Rourke, who Bankman-Fried has supported publicly, have already made statements, and promised to return all donations back to the affected shareholders.<sup>9</sup> The Federal Election expects their investigation into Bankman-Fried and those who received donations from him to last several years before any information is turned over to the Justice Department.

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<sup>1</sup> U.S. DEP'T OF JUST., UNITED STATES ATTORNEY ANNOUNCES CHARGES AGAINST FTX FOUNDER SAMUEL BANKMAN-FRIED (2023).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> THE NEW YORKER, <https://www.newyorker.com/business/currency/how-serious-are-sam-bankman-frieds-alleged-campaign-finance-violations> (last visited Jan. 22, 2023).

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *See supra* note 1.

<sup>8</sup> NEW YORK TIMES, <https://www.nytimes.com/2022/11/22/business/ftx-sam-bankman-fried-influence.html> (last visited Jan. 22, 2023).

<sup>9</sup> *See supra* note 4.

Bankman-Fried has plead not guilty to all charges against him and is currently out on a \$250 million bond.<sup>10</sup> Two anonymous individuals co-signed for the bond, indicating that Bankman-Fried may have earned the financial support of people in high places. His trial is due to begin in late 2023.

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<sup>10</sup> NEW YORK TIMES, <https://www.nytimes.com/2022/12/23/nyregion/sbf-bail-agreement-explained.html> (last visited Jan. 22, 2023)