

Ex-Crypto CEO Arrested on the Eve of Congressional Hearing

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Introduction

Samuel Bankman-Fried, the former chief executive of FTX, a global cryptocurrency exchange, was [arrested](#) by Bahamian authorities under an extradition warrant on the eve of his [scheduled](#) testimony before the House Financial Services [Committee](#). A federal grand jury indictment in the Southern District of New York triggered his arrest. The [indictment](#) charges him with campaign finance offenses, money laundering, wire fraud, and conspiracy, including conspiracy to commit commodities and securities fraud. The wire fraud and money laundering offenses are [punishable](#) by imprisonment for not more than 20 years and the campaign finance, commodities, and securities offenses by imprisonment for not more than five years. The [indictment](#) also suggests the possibility of the confiscation of cash and other real and personal property related to the offenses. The Securities and Exchange Commission and the Commodity Futures Trading Commission have [each](#) begun civil proceedings. FTX and its related entities are the subject of [bankruptcy](#) proceedings.

Allegations

The [indictment](#), accompanying press [release](#), [congressional testimony](#), and [media accounts](#) together suggest that Bankman-Fried and others in FTX management employed a cavalier, self-serving management style akin to embezzlement. The [indictment](#) asserts that Bankman-Fried and unnamed confederates schemed to defraud FTX customers and lenders in order to engage in speculation and to pay for the expenses and debts of a proprietary crypto hedge fund in violation of federal [wire fraud](#), [money laundering](#), and [conspiracy](#) statutes.

Other [counts](#) in the indictment charge [conspiracy](#) to commit [commodities fraud](#) and [securities fraud](#) based on misleading and materially false statements to customers and investors. The conspirators' alleged engagement in deceptive financial transactions supports the indictment's [money laundering](#) count. The general conspiracy count encompasses plots to impair the functioning of a federal agency, such as the Federal Election Commission, by deceitful or dishonest means. This [ensnarled](#) the conspirators, who allegedly used straw men and other deceptive practices in an effort to evade limits on campaign contributions and corporate contributions in violation of federal [campaign finance laws](#). Contributions

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[reportedly](#) went principally to Democratic campaign funds, although some appear to have flowed to Republican beneficiaries as well.

[Defendants](#) must [surrender](#) for [confiscation](#) property derived from or traceable to these offenses. The government may distribute confiscated property to the [victims](#) of the offense.

Extradition

Authorities in the Bahamas arrested Bankman-Fried in response to an [extradition treaty](#) request from the United States. His situation is governed by the treaty and local law. He is free to [waive](#) undergoing formal extradition proceedings before being surrendered to the United States. Thus far, he has not. His request for [bail](#) has been denied, and he is being held in prison in the Bahamas. Should he waive extradition he would be entitled to petition for pretrial [bail](#) upon his return to the United States.

The extradition treaty in place features a [dual criminality](#) requirement that calls for the surrender of any fugitive charged with a serious crime punishable under the laws of each country. Like most recently negotiated extradition treaties, the agreement contains provisions designed to eliminate the dual criminality [obstacles](#) raised by the jurisdictional elements in federal crimes. Bankman-Fried is not a citizen of the Bahamas, but his citizenship would be [no bar](#) to extradition if he were. Extradition proceedings can take years to complete.

Had Bankman-Fried chosen to appear in person to testify before the House committee, he could have been arrested under the indictment without the need for an extradition request. Consequently, he would likely only have agreed to testify remotely. Bankman-Fried's incarceration complicates any efforts to secure even his remote appearance in subsequent criminal, administrative, or bankruptcy proceedings. Such efforts necessarily involve approval of a foreign nation to permit U.S. proceedings that occur in part within its territory and under procedures rendering the secured testimony admissible in U.S. proceedings. (For further discussion, see CRS Report 94-166, *Extraterritorial Application of American Criminal Law*.)

Congressional Options

Although extradition is largely a matter of treaty, it is attended by a [statutory framework](#) within the control of Congress. Congress may wish to consider legislation requiring an adjustment when the Justice Department plans to request an arrest for extradition purposes of a witness scheduled to appear before a congressional committee. The issues raised by the indictment might also prompt congressional examination more generally of laws governing cryptocurrency that relate to securities regulation, commodities trading, and bankruptcy but are unrelated to extradition. These topics are described in other CRS products, including [CRS Report R46208, *Digital Assets and SEC Regulation*](#); [CRS Insight IN12047, *What Happened at FTX and What Does It Mean for Crypto?*](#); and [CRS Legal Sidebar LSB10832, *Crypto Assets and Property of the Bankruptcy Estate: An Analysis*](#).

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