

FT Magazine Sam Bankman-Fried

'Sam? Are you there?' The bizarre and brutal final hours of FTX

How Sam Bankman-Fried and his band of millennial millionaires lost a \$40bn crypto empire

Joshua Oliver FEBRUARY 9 2023

In January, I walked up the front steps of a single-storey, grey-shingled house in a neighbourhood on the fringe of Stanford University. The moment I pressed the video doorbell, I heard Sam Bankman-Fried's voice calling from inside. "I'll get it!" His father got to the door first. Joe Bankman and Barbara Fried, both professors, welcomed me with the courtesy and mild indifference of parents greeting a teenager coming over to hang out with their son after school.

The family's placid suburban house and garden, where hummingbirds buzzed over a small fountain, were overshadowed by the legal catastrophe bearing down on the 30-year-old who resides in the sitting room. Sam Bankman-Fried, widely known as SBF, faces US criminal and civil charges, including money laundering, campaign finance violations and conspiracy to commit wire fraud. He is accused of absconding with billions of dollars of clients' money. Two of his lieutenants at his companies Alameda Research and FTX have pleaded guilty to fraud and are expected to testify against him. Bankman-Fried maintains his innocence.

The reasons for SBF's notoriety are plentiful. Since 2019, when he founded FTX, an exchange enabling customers to trade digital and physical currencies, the young man with the hobbit-like appearance has cut an unusual figure among the global financial and political elite. Bankman-Fried was wincingly earnest when he spoke in public about effective altruism, Silicon Valley's faddish philosophy of philanthropy, or about FTX's plans to legitimise the world of crypto, or, as his company grew, acquiring Goldman Sachs. He wholeheartedly embraced his image as a shambolic boy genius and, worth more than \$20bn at his peak, he cheerily vowed to give it all away.

Instead, he watched his companies disintegrate into a steaming pile of financial toxic waste. It took a little less than a week. What follows is the most detailed account yet of FTX's final days. It is based on interviews with people with first-hand knowledge of events, as well as court documents and extensive internal messages and emails, which have been minimally edited for length and clarity. They show how a tiny group of millennial millionaires and life-long friends panicked and despaired as they ran a \$40bn company into the ground.

Numerous FTX employees spoke to me on condition of anonymity, for fear of legal repercussions — except for Bankman-Fried. “Just, everyone left,” he told me. “I couldn't do it alone. And, if I'm alone, then maybe I'm wrong. I am pretty impervious to pressure, but at some point I started to feel like maybe I'm the one who's wrong here.”

I. SELL, SELL, SELL

On Monday, Bankman-Fried issued new orders to traders at Alameda, his crypto trading firm. A small group of savants, hunched behind nine-screen workstations, were told to start selling off as much of the company's eclectic investment portfolio as they could, as fast as possible.

SIGNAL - NOV 7

Trader: *Close everything down to generate capital, maximally aggressive... liquidate all positions?*

SBF: *There is definitely a fair bit of urgency*

SBF: *ETA on getting at least \$2b of USD?*

Bankman-Fried's inner circle was mostly gathered at the Albany, a 600-acre luxury compound in Nassau, the capital of the Bahamas. The CEO lived with a rotating cast of colleagues in a five-bedroom penthouse with views of the yachts in the marina. It was one of several Albany properties the company bought when it moved to the island the previous year. Most FTX staff had done little to settle into their new homes, creating a bizarre contrast between the glitzy real estate and the barren apartments. "It was a lot more of a 'very nice dorm-room' style than you would expect," said someone who spent time there.

Bankman-Fried was one of the elders. Gary Wang, FTX's taciturn and solitary technology chief, was a friend from high-school maths camp and MIT. Nishad Singh, the number two coder, was a friend of Bankman-Fried's younger brother and had been recruited from Facebook. Singh was friendly and outgoing, popular with staff. Both Wang and Singh were dating fellow employees.



Caroline Ellison was Alameda's 28-year-old chief executive. A Harry Potter superfan, she wrote a blog with voluminous entries about everything from her favourite books to the merits of kayaks ("clearly one of the best ways for humans to get around water"). She'd met Bankman-Fried during his brief stint at the Wall Street trading firm Jane Street a decade ago.

At Alameda, she was a low-key boss. "Caroline didn't have a lot of gravitas," said one staffer. "The first time I met her I thought she was an intern." Ellison, who was in Hong Kong on a long-planned trip when the crisis hit, had been romantically involved with Bankman-Fried the year before. Since their relationship ended, communication between the two had been inconsistent and, at times, awkward.

Lawyers for Wang and Singh declined to comment. Ellison's attorney did not respond to requests for comment.

Bankman-Fried minimised the crisis FTX was facing as a "liquidity" issue, meaning the company didn't have enough cash on hand to meet withdrawals. It was a big problem, but a fixable one. He brushed off the idea of filing for bankruptcy protection, which would, in effect, be conceding there were profound issues at the core of the business. Convinced he could fundraise his way out of trouble, Bankman-Fried ignored concerns that bringing in more money from investors would be perpetuating an alleged fraud to cover losses.

When senior executives outside Bankman-Fried's circle pored over spreadsheets, they reached a different conclusion. "It's not liquidity. It's fucking solvency. It's a big, gaping hole in customer assets," said one top executive, describing the realisation that money FTX promised to safeguard was missing. "It was such an unbelievable shock to the system," said another former senior executive. As word spread, the leadership fractured into two opposing camps. The "Bahamas team" gathered around Bankman-Fried on the Caribbean island, as he frantically hit the phones, seeking investors. In New York, an opposing group began planning for the worst. Former employees called them "the adults."

II. TWO HURRICANES

A hurricane was barrelling towards headquarters, but FTX employees in Nassau woke up on Tuesday to sunny skies. Many headed into the office, a crowded string of low terracotta-coloured buildings in a waterfront office park, despite the storm warning. When they learnt withdrawals from the exchange were halted, many employees realised their personal savings were trapped too. “No one had rushed to take out their own money,” said one. “We had extreme faith in the company and Sam himself.”

As rank-and-file staff waited for an update, FTX’s leadership tried to get a handle on the crisis. A “war room” had been set up in Bankman-Fried’s penthouse and much of the tech team, afraid to talk openly about the company’s distress, moved there. Bankman-Fried’s right-hand in his fundraising drive was Constance Wang, FTX’s chief operating officer. In her late-twenties, she had spent two years as a Credit Suisse analyst and had two short stints at other crypto businesses before landing the high-profile role at FTX. She’d overseen much of the company’s star-studded marketing and hosted almost-weekly parties at her Nassau villa.

It was 2am in Hong Kong when Lennix Lai’s phone buzzed. A top executive at rival crypto exchange OKX, Lai picked up to find Bankman-Fried on the other end of the line. Market panic had created a cash crunch, and FTX might need “a little bit of help,” he told Lai calmly. Customers were withdrawing money at an unsustainable rate. Lai ended the call open to lending a hand.



Around 7am, he woke up to another call from Nassau. The numbers Bankman-Fried threw out were stunning: FTX needed “a couple billion” dollars immediately to avoid “very serious consequences”. Delay would cause the hole to grow to between \$4bn and \$8bn.

Bankman-Fried once boasted to a reporter that he was “one of the world’s greatest fundraisers.” He had raised \$1.8bn since 2019, despite sometimes appearing not to try very hard. In one successful pitch meeting with top venture capitalists that became part of his legend, he’d played video games throughout. Now, his hot streak ended. He was turned down first by a handful of private equity firms, then by his largest competitors, including Coinbase, Huobi and OKX. VCs wouldn’t bite either. Lai was just one of many who was not prepared to write a cheque. But before he hung up, he gave Bankman-Fried some advice: “Why not speak to CZ?”

“CZ” is Changpeng Zhao, crypto’s greatest tycoon. The 45-year-old Canadian-Chinese CEO of Binance, the world’s largest crypto exchange, is in many ways Bankman-Fried’s opposite. CZ’s large, round head of buzzed hair and bespectacled eyes give him an air of intense focus. At the peak of the crypto market in 2021, he was said to be the richest man in the world. But those estimates are hazy because CZ’s wealth, and Binance’s ownership structure, are obscured by a jumble of offshore companies. CZ was an early investor in FTX, but he and Bankman-Fried fell out over their different approaches to regulation. The two companies’ staff had come to view each other with enmity.

Eventually, Bankman-Fried had no choice but to heed Lai’s advice. He sent a string of “increasingly desperate” messages to his arch-rival. “When he reached out to me, I thought he was going to ask for a [private] deal to buy the FTT tokens... But when he called me, he very quickly alluded that they’re in big trouble, and they’re looking for a buyout,” CZ later said, at a conference. “I knew he was desperate.”

The rush to raise money seemed outrageous to some executives. Dan Friedberg, FTX’s top lawyer since 2020, thought attempting to fundraise looked like an extension of a likely fraud, he later claimed, according to court documents. Other executives felt the same. “I had the concern that... raising money was fraudulent if we didn’t tell people what was really going on,” said one.



The flurry of activity was unknown to most of FTX's staff. "The reality is that at the time there was no communication from the executive team to the employees, and I really did not understand it," said an employee. "People were getting panicked internally," said another. "I kept sending Sam messages on Signal. He was not even reading my messages."

When Bankman-Fried finally broke his silence, it was to announce that Binance had agreed to buy FTX. But it was little more than a handshake. There had been no time to hammer out terms, and CZ reserved the right to walk away after looking over his competitor's books. There wasn't even a value for the transaction. Still, it seemed to validate Bankman-Fried and the Bahamas team's belief that the company could survive.

Bankman-Fried shared the news on Twitter an hour before FTX's weekly all-hands meeting. He also posted a Slack message to his few hundred employees.

SLACK - NOV 8

SBF: *I'm sorry that I haven't been very communicative in the last few days — we've been figuring out what to do in real time... You might have completely reasonable questions for me, like "what exactly is the transaction", and "what entities would it include". Unfortunately I don't yet have a definitive answer for you.*

Staff clustered around the big screen in the corner of the Nassau office to watch. Employees were used to hearing about the company's latest progress and quizzing their normally loquacious boss. "[But] that was the first time that Sam refused to take questions," said one employee. Many interpreted this as a bad sign. "The message was: 'We're fucked. I fucked up,'" another said.

The announcement of the sale to Binance broke many staffers' spirits. FTX billed itself as pro-regulation, a righteous force in the sometimes shady crypto world. Binance was seen as the opposite, having refused to even name a location for its headquarters to avoid oversight. To FTX staff, it was like Luke Skywalker joining Darth Vader. "That moment created panic," said an employee. "No one expected it."

Many of them started quitting. Soon, news of FTX's troubles was spreading beyond headquarters. Rental car agencies in Nassau demanded their vehicles back. Hotels and landlords turned out FTX employees, some of whom moved into properties owned by the company. Many workers rushed to book tickets off the island. "If you could get a flight out tomorrow, you would go," one recalled.

When rumours spread that FTX staff were being searched at the airport, colleagues started throwing out any article of clothing imprinted with the company's logo. "It was this combination of a real, physical hurricane and a psychological hurricane," said one employee. "It was the most crazy, hectic 24 hours of my life. I felt like my worldview was falling apart. FTX was not just a job for me and for other people. FTX was my life."

III. CALL THE LAWYERS. ALL THE LAWYERS

The thought of legal risk weighed heavily on Ryne Miller, FTX US's 40-year-old general counsel in New York. A huge bear of a man with a grizzled beard, Miller had not followed the usual gold-plated road from Ivy League law school to Wall Street. Miller, who corrected colleagues who pronounced his name "Ryan" (it's more like "Rhine"), studied law in Oklahoma and worked at a regional firm before working his way up to a job at the Commodity Futures Trading Commission (CFTC), the US regulator. In mid-2021, Miller left a partnership at Sullivan & Cromwell, a top Wall Street firm known as S&C, to join FTX.

Some in the Bahamas were suspicious of Miller, seeing him more as a creature of the US legal world than a crypto diehard. But even employees who disliked him respected his skills. "Ryne is a sharp fucking lawyer," said one. Now, Miller quickly became the Bahamas team's main antagonist. "I think Ryne, as a lawyer, was like 'holy shit,'" said a former colleague. "If you realise that some horrible crime just took place, you don't keep some part of the business running." Miller declined to comment.

On Tuesday morning, Miller and Can Sun, FTX International's general counsel, called an urgent video meeting with Andy Dietderich, a partner at S&C.

Dietderich's soft-spoken manner belied his reputation as an aggressive lawyer. As soon as he clicked the Zoom link, he could tell something was wrong, according to an account he gave a court. Sun and Miller were visibly upset. They told him FTX didn't have the money to pay back customers. Dietderich was stunned to learn his client needed to think about bankruptcy.

Dietderich, 53, is a veteran of what restructuring pros call “free-fall” bankruptcies, in which companies plunge into bankruptcy without a restructuring plan in place. Still, he was staggered by the job in front of him. Bankman-Fried’s empire was hyper-complex, and it was unravelling at frightening speed. Within hours, Dietderich had marshalled dozens of S&C lawyers in London, New York and Hong Kong to prepare options for how to unwind more than 100 global corporate entities that comprised FTX and Alameda. They also drew up a list of four restructuring experts who could take control.

Miller wanted to know if the problems at FTX International extended to its US arm, which was supposed to operate separately under American regulation. He began demanding answers from Bankman-Fried’s confidantes: was FTX US truly separate?

SIGNAL - NOV 8

Ryne Miller: *I need to know the fucking truth about FTX US right now.*

Nishad Singh: *yes FTXUS should be totally separate*

Miller was increasingly frustrated by the lack of communication from the Bahamas, as he demanded proof the US division was solvent.

SIGNAL - NOV 8

Ryne Miller: *I need to wire SullCrom \$4m to make sure we are all represented through this. And we preserve any value that is left. Tomorrow... Who can do it? I’m in charge now.*

The opposing camps became more entrenched: the New York group struggled to prepare for what it came to see as an inevitable bankruptcy, while the one in the Bahamas tried to come to grips with the scenario in which FTX would, in the end, be swallowed by Binance.

The last time FTX staff gathered in any strength of numbers was Tuesday night at Bankman-Fried’s penthouse, where several dozen employees sat in small groups, some in tears. Rain was starting to sweep in off the sea, splashing on to the wide balcony bathed in blue spotlights. Singh’s two labradoodles wandered through the apartment, nuzzling up to the downcast 20-somethings. “We were in total shock,” one employee said. “It finally hit me that we lost tremendously. I cried my eyes out.”

Many of them wore FTX-branded clothes and joked about needing to embroider “powered by Binance” under the old logo. The catering staff, more accustomed to seeing the gang of crypto nerds either working or celebrating, were taken aback. “It felt like being at the collapse of Rome,” one attendee said. Someone quietly asked a server to take an uneaten dessert away. The chocolate pudding topped with gold flakes seemed like something from a previous era.

IV. WAY TOO MANY ISSUES

Rumours of the Binance deal quickly drew inquiries from Bahamian officials worried about the fate of one of the country’s most famous employers. The Caribbean nation had developed bespoke regulation for crypto and welcomed Bankman-Fried with open arms. His company had good relations with Ryan Pinder, the attorney-general, as well as Christina Rolle, the top financial regulator. Now, both needed answers.

EMAIL - NOV 8, 11:37

FROM: CHRISTINA ROLLE

TO: SAM BANKMAN-FRIED

Good morning... Please advise your availability to meet with the Securities Commission of The Bahamas to discuss recent press regarding liquidity issues as well as the potential acquisition of FTX by Binance...

EMAIL - NOV 8, 14:48

FROM: SAM BANKMAN-FRIED

TO: CHRISTINA ROLLE

Hey! I'm pretty pressed for time but will make sure that we talk to you ASAP; I'll briefly say that, as of now, no sale has happened or been finalized although there are active talks. We'll keep you updated about those

EMAIL - NOV 8, 11:29

FROM: RYAN PINDER

TO: SAM BANKMAN-FRIED

Good morning, I know it must be a hectic time. Is there more information you can share with us regarding the purported [agreement] between FTX and Binance?
Ryan

EMAIL - NOV 8, 16:58

FROM: DANIEL FRIEDBERG

TO: RYAN PINDER

Hi Ryan — sorry for the delay. Can Sun [FTX International's general counsel] is on island and will coordinate.

Dan Friedberg opposed a US bankruptcy. The company had already turned off the tap for client withdrawals; other crypto exchanges had frozen funds for weeks and survived. If it came to it, FTX should file for insolvency overseas. Bankruptcy in the US brought the risks of regulatory scrutiny and the interference of lawyers inexperienced in crypto. "You have a bunch of people coming in who don't know the business at all," said one executive of that scenario. "It's just going to be a shitshow."

But by late Tuesday, both Friedberg and Sun had resigned. Sun emailed colleagues to say he quit. Friedberg seemed to "disappear," according to colleagues. Sun declined to comment. Friedberg did not reply to requests for comment.

The resignations left Miller as the senior lawyer for FTX US and Tim Wilson, who had also worked at S&C earlier in his career, as the remaining attorney for FTX International. "Ryne saw the FTX situation as similar to the Merrill Lynch situation or Lehman in 2009," said a former colleague. Miller's former firm had handled Lehman, the largest bankruptcy in US history. Wilson did not respond to requests for comment.

SIGNAL - NOV 9 10:38

Ryne Miller: *We need to bring in a professional manager who will begin making real decisions (supported by input from this group) towards wind down (SullCrom will identify and bring in this person). Binance understands that process needs to start, and in fact it will give them a proper point of contact as wind down proceeds and the "deal" between them and FTX begins to take shape...*

Zach Dexter, one of the company's top US executives, pasted a link to a news story many had already read. It claimed that Binance was going to walk away from the deal because its first look at FTX's books allegedly showed misappropriation of customer funds. The ensuing message and email exchanges, parts of which were previously reported by the New York Times, show the divisions about how to proceed. Dexter did not respond to requests for comment.

Ryne Miller: *Spoke to Binance legal this morning as a diligence kick-off. Was very high-level and they said they would follow-up. I do not have a direct contact there beyond that call.*

SBF (reply to Dexter): *They hadn't reached out to us about that, haven't heard anything from them directly, reaching out*

SBF (reply to Miller): *On a call, sec*

Caroline Ellison: *Right now I'm thinking of [communicating to employees] a vibe of 'Alameda is probably going to wind down, if you don't want to stay or want to take some time off no pressure, if you do want to help with stuff like making sure our lenders get repaid it's super appreciated'*

Caroline Ellison: *Did this... though now I'm kinda worried that everyone is gonna quit/take time off and I'm going to end up trying to unwind all our positions myself*

Somebody in the group chat chimed in to ask, "Can we offer some bonus... for people to work through this? I know there's not a ton of \$ but maybe something?" Miller replied:

Ryne Miller: *No. We should continue to make payroll as fast as that's possible. Other expenditures sharply curtailed.*

Meanwhile, Bankman-Fried tried to get answers out of CZ. A person who saw the messages read them to me over the phone:

TEXT - NOV 9

SBF: *Hey, we are still extremely excited to work on this with you guys. We are obviously seeing a lot of public pieces coming out claiming leaks, but we obviously don't know if that's real. We would love to get clarity from you guys on this, and we are willing to do anything to make this work*

CZ: *Sam, we won't be able to continue this deal. Way too many issues. CZ*

The collapse of the Binance deal strengthened the case for bankruptcy. Desperate for a legal second opinion to counter Miller and Wilson's appeals, Bankman-Fried turned to his father, Stanford professor Joe Bankman, a specialist in tax law who had served as an adviser to his son before and had flown from California to join him in the Bahamas. As the crisis deepened on Wednesday, some FTX executives were blowing the whistle to regulators.

Ryne Miller: *Based on what we are learning... and based on advice of Sullivan & Cromwell, our recommendation and instruction (I am GC of FTX US so saying what I can) is to turn off trading and halt activity on both FTX US and FTX.com. And then identify a control/decision person to work with outside counsel on next steps. For US purposes, we will be informing the CFTC, SEC, and Department of Justice that this recommendation has been made.*

Bankman-Fried acknowledged the message and relayed a company-wide note he'd just shared.

SBF: *Sent this just now, ack on the above: — Hey all, We obviously just saw Binance's statement; they relayed that first to the media, not to us, and had not previously informed us or expressed those reservations. I'm working, as quickly as I can, on next steps here. I wish I could give you all more clarity than I can. I completely understand if you want to step away, and don't blame you at all for it. My goals here are: protecting customers, doing what I can for employees and investors. I'll keep fighting for those, as best I can, as long as it's correct for me to. I'm exploring all the options. I am deeply sorry that we got into this place, and for my role in it. That's on me, and me alone, and it sucks, and I'm sorry, not that that makes it any better. @Zach Dexter and @Ryne Miller are good people to contact about FTX US*

Ryne Miller: *Thank you @SBF @Nishad Singh @Gary Wang. Who can turn off the websites? And who can identify, on chain, what exact assets we have for US?*

Constance Wang: *Hi Ryne, I love you but I don't want to stop trying yet. I appreciate you letting me try everything I can and manage the situation to provide clarities and assurance to our users too. If nothing works I'd be happy to work with you on a proper wind down*

Ryne Miller: *I understand your perspective, thank you. I am not making public statements. I will report to our US regulators consistent with our obligations.*

That afternoon, Miller joined Ryan Salame, chair of the FTX's Bahamas corporate entity, on a video meeting with the head of the island's securities regulator, Christina Rolle. According to Rolle's sworn account, Salame told the authorities that FTX client assets had been transferred to Alameda without their knowledge or consent. This looked to Rolle like a possible crime. She ended the call and phoned the police.

EMAIL - NOV 9, 08:03

FROM: RYAN PINDER

TO: SAM BANKMAN-FRIED

The Government of The Bahamas would like to ask some questions, and get an update on the current situation. I will be briefing the Prime Minister later today. Can you please assist with a briefing update as well as addressing the following questions...What is the ongoing commitment to The Bahamas? Thank you, Ryan

EMAIL - NOV 9, 16:16

FROM: SAM BANKMAN-FRIED

TO: RYAN PINDER

Sorry giving updates as I can. Things moving quickly. I can't give as confident answers as I'd like to all of those [questions]. My current only priority is doing right by customers, and doing whatever I can for that; right now that means prioritising, above everything else, getting funding to fill the liquidity gap so that all customers can be made liquid. cc'ing Joe/Constance/Ryan who can give more details. Sam Bankman-Fried

EMAIL - NOV 9, 18:00

FROM: RYAN PINDER

TO: SAM BANKMAN-FRIED

Thank you Sam. Joe, Constance, Ryan - please provide me with a brief and answers to the questions below so I can provide the Prime Minister an update. Ryan

EMAIL - NOV 9, 21:27

FROM: SAM BANKMAN-FRIED

TO: RYAN PINDER

Hi all, I'm really sorry about the delayed responses here — it's been a hectic week but that's on me. Myself, and Joe (cc'ed), will be responsive going forward. And I'm also deeply sorry for ending up in this position in the first place... Right now we are focused on one thing: making customers whole. We are focusing exclusively on doing that this week... As you saw, Binance did not end up following through on their transaction. However, we are in the middle of a separate process to make users whole; we will know within a week if that comes through... We are deeply grateful for what The Bahamas has done for us, and deeply committed to it..."

Then, Bankman-Fried made the government an astonishing offer. He suggested FTX would be "more than happy" to open withdrawals for Bahamas customers. "If we don't hear back from you," he wrote, "we are going to go ahead and do it tomorrow." It was an act of desperation by Bankman-Fried's camp, according to one ally. They were panicked by rumours they were about to be arrested and trying to guess which moves might placate authorities.

Shortly after sending his late-night appeal to the attorney-general, another email dropped into Bankman-Fried's inbox. Dietderich, at S&C, was suggesting John Ray to tackle the crisis at FTX. Ray is something of a legend in the restructuring world. A 40-year-veteran of insolvency, with military-style short grey hair, Ray has the air of a three-star general, rather than an attorney. He cut his teeth as general counsel of Fruit of the Loom when it went belly up in the 1990s and made his name as the man who oversaw the unwinding of Enron, the corporate fraud of the century. He would soon displace Bankman-Fried as CEO.

V. NIGHTMARE SCENARIOS

Until Thursday, Bankman-Fried would not entertain the idea of bankruptcy. What brought him to the table for talks with Miller and S&C was the forced liquidation of FTX's Nassau company by Bahamas authorities. That looked like the beginning of what the company's US lawyers saw as a nightmare scenario: if each of FTX's hundreds of companies from Turkey to Japan was separately pushed into bankruptcy, they would be left with an unmanageable mess. Filing in the US was the only way to keep the process even remotely close to controlled.

The Bahamas team's war room moved to a nearby villa, where Constance Wang lived. The "Conch Shack", a 9,000-square-foot mansion with a palm-fringed pool in its courtyard, was more private than the penthouse. The relocation was also intended to finally allow team members to get some sleep. Many had been up for three days straight.

Bankman-Fried's inner circle was starting to fray. Two of his closest lieutenants, Singh and Ramnik Arora, who led much of FTX's past fundraising, cracked under the pressure. "Nobody had gone through a disaster before, so people were breaking psychologically," said someone close to them. "It was never more apparent to me how young all of them were than in the 72-hour period before bankruptcy." Arora declined to comment.



Ellison weighed in over chat from Hong Kong but seemed disengaged. Alameda had gambled hugely and been badly affected by the collapse of digital assets in 2022. Ellison told a colleague she was “relieved” that she wouldn’t have to carry the burden of running Alameda any more. “She felt a little trapped,” the colleague said. “It was over, even if it was a bad ‘over.’”

People in the war room began to notice top executives disappearing. They hoped they were finally sleeping. In fact, some were starting to pack up and leave.

In the afternoon, Bankman-Fried met with Dietderich, the S&C bankruptcy partner, on a video call. To Dietderich’s surprise, the founder sat next to his father. David Mills, another Stanford Law professor and a white-collar expert, was also on the call, along with a criminal defence expert and restructuring specialist from the law firm Paul, Weiss. All were acting for Bankman-Fried personally. Dietderich bristled. S&C was working for the company, he said according to court records, and Bankman-Fried was a corporate officer with a fiduciary duty. The presence of the personal lawyers suggested to Dietderich that Bankman-Fried was thinking about his personal legal exposure. After the call, Dietderich told colleagues that a Chapter 11 filing was imminent and called in criminal law colleagues from the firm. Mills declined to comment.

Around 8pm, S&C sent Bankman-Fried the draft of a document giving John Ray full control of FTX. As the hours ticked by, with dozens of lawyers and consultants waiting, Bankman-Fried refused to sign.

EMAIL - NOV 10, 21:20

FROM: RYNE MILLER

TO: SAM BANKMAN-FRIED

Sam need this signed ASAP. Let me know.

EMAIL - NOV 10, 22:36

FROM: ZACH DEXTER

TO: SAM BANKMAN-FRIED

Sam this is an excellent pick and I wholeheartedly hope you sign this tonight. The faster John is in place, the faster the company can resolve issues that require urgent progress. Those of us remaining can help you significantly if you sign tonight.

Bankman-Fried's lawyers haggled over the choice of Ray and the selection of new directors for the company in bankruptcy. They questioned whether filing for bankruptcy in the US would expose Bankman-Fried to more scrutiny from American law enforcement, Dietderich later said in court filings. He said he told Bankman-Fried's counsel that the worries about his own interest were "inappropriate." Meanwhile, Miller continued to press.

NOV 10, 21:48

Ryne Miller to SBF: *Hello sir — I sent you the doc as DocuSign. I would super appreciate your signing it. Thank you again for getting this piece done.*

Ryne Miller to Sam Bankman-Fried: MISSED CALL 22:14

NOV 10, 22:36

Ryne Miller to SBF: *Hi there - a gentle ping to see if you could sign the DocuSign I sent. Happy to discuss it with you if helpful. Thanks again.*

NOV 11, 00:21

SBF: Hey sorry looking it over!

NOV 11, 00:33

Ryne Miller: *We need this one. It lets the organization start to be put in place to move forward, and allows the people trying to help begin to actually help... Folks really need to start the next phase. Thank you in advance for your consideration of that perspective.*

In the early hours of Friday, FTX's Australian subsidiary was forced into insolvency. The unravelling envisioned by the lawyers had begun. But Bankman-Fried still wouldn't sign. His phone buzzed incessantly with messages and calls from an army of lawyers and staff.

SIGNAL: NOV 11, 01:44

Tim Wilson: *Sam, we just got placed in "voluntary" bankruptcy in Australia by the board*

SBF: *understood*

Tim Wilson: *Sorry — but this is now getting even more urgent*

Tim Wilson: *Sam... I want to help get you comfortable here, but it needs to happen asap.*

Miller pasted a screenshot of an email from Dietderich in the chat:

EMAIL - NOV 10, 22:36

FROM: ANDY DIETDERICH

TO: SAM BANKMAN-FRIED

Can we please have an update? We have many people in NY and Delaware waiting to proceed. We have done the work we can without Sam's signature. If Sam is not going to sign the instruction appointing Ray tonight, we will send people home and regroup in the morning. Australia has commenced voluntary proceedings and we can expect more shortly. If Sam is signing relatively promptly, we can stay around. Please let us know promptly if we should continue to wait. Andy

SIGNAL - NOV 11, 02:50

Ryne Miller: *@SBF fresh doc sent, per instructions from your counsel. Thanks. Let me know*

The FTX founder was nothing if not convinced that he was smarter than everyone else. He had held out for days against the advice of the company's remaining lawyers, then its outside counsel and finally his own attorneys. But what changed his mind was mass desertion, first of his staff and then of the long-time friends around him. By Thursday night, only a half dozen loyalists, including Constance and Gary, remained.

Bankman-Fried was a general without an army. The single-page legal document in front of him gave Ray total control over FTX and its linked companies, with power to file them for bankruptcy. Just after 4am on Friday morning, he clicked the DocuSign link.

NOV 11, 07:37

Ryne Miller: *The bankruptcy filings for Alameda and FTX.com will begin to start this a.m. Understand that @Gary Wang did amazing work last night to get many aspects of the site in better shape. The entire FTX ecosystem looks forward to being able to rely on folks here to provide similar information and consulting help in coming days.*

Bankman-Fried remained at the Albany. On Sunday November 13, he and Wang were locked out of FTX's systems by Ray's team. Bankman-Fried privately fumed about what he considered "the adults'" broken promises, namely, to consult on fundraising efforts and the appointment of directors. Over email, Bankman-Fried appealed to Ray for a role in the company's unwinding.

EMAIL - NOV 13

FROM: SAM BANKMAN-FRIED

TO: JOHN RAY

Hey John, I'd be super happy to chat — here, phone, etc.! Sam

EMAIL - NOV 14

FROM: SAM BANKMAN-FRIED

TO: JOHN RAY

I'd actually love to talk to you, John, and don't need my counsel to talk first—I'm ready/prepared to talk, and think it would be very constructive and helpful for coordination between offices and entities for us to have a productive communicative relationship—or at last to explore having one. Sam

EMAIL - NOV 15

FROM: SAM BANKMAN-FRIED

TO: JOHN RAY

Hey John, I'd really love to talk. We've been having a lot of trouble responding to the Bahamian provisional liquidators' questions because we keep getting locked out of our systems, and we're not getting much of a response on that. We'd really love to access to our 1password accounts, and GCP, and AWS. I'd also just love to talk with you and synch up so hopefully we can work constructively together... Please reach out anytime. Sam

EMAIL - DEC 12

FROM: SAM BANKMAN-FRIED

TO: JOHN RAY

Hi Mr Ray, I have potentially pertinent information concerning future opportunities and financing for FTX and its creditors. I also believe that I have relevant financial information about FTX US, and further that I have potentially relevant regulatory information concerning FTX. I would love to talk to you, whether it's via email or phone, and to work constructively with you and the Chapter 11 team to do what's best for customers... Sam.

EMAIL - JAN 2

FROM: SAM BANKMAN-FRIED

TO: JOHN RAY

Mr Ray, I know things haven't gotten off on the right foot, but I really do want to be helpful... As I'm guessing you've heard, I'm in NYC for the next day. I'd love to meet up while I'm here — even if just to say hi... Sam

Ray never replied.

VI. PRISONER IN PALO ALTO

In December 2022, Sam Bankman-Fried was arrested in the Bahamas and charged with orchestrating “one of the biggest financial frauds in American history.” After nine nights in custody in Nassau, he was extradited to the US, granted bail and confined to his parents’ house. Caroline Ellison and Gary Wang have turned cooperating witnesses against him. Singh may be next. On January 3, the day after Bankman-Fried told Ray he was “available” to meet in New York, he appeared in a Manhattan court to plead not guilty.

Before meeting him in Palo Alto, the last time I spoke to Bankman-Fried in person was at the height of his wealth and power, on the balcony of a beach-front restaurant at the Albany. Sitting in his parents’ house, he seemed remarkably similar. He is still a ball of nervous energy, earnest, awkward and apparently eager to please. As we chatted, he tapped on his laptop, checking baseball news and playing Storybook Brawl, a computer game. He said he had no hard feelings towards friends who fled or turned against him as FTX crumbled. “It was an incredibly tough situation, and it’s not what people signed up for. And I don’t begrudge people not wanting to stick through it.”

Since moving home, Bankman-Fried has occupied a book-lined room where he has parked a desk with two huge monitors in the middle of the floor. To one side, there is a sofa where he frequently sleeps, even though his bedroom is down the hall. When he shifts to sit cross-legged in his swivel chair, a characteristic pose, he has to adjust the chunky black ankle monitor he wears as a condition of his confinement.

He complains of too much down time and the opportunity to stew. In his den, there is a marble slab table with two chess sets set up side by side. Who does he play with? “Right now, no one. It is sort of there prospectively as much as anything else,” he said. He spends his days on calls with lawyers and journalists, or writing long and rambling reflections on what happened. So far, he has produced over a thousand pages, he told me.

By speaking to the press, Bankman-Fried has shredded the playbook for criminal defendants. He has increasingly fixated on the bankruptcy filing as the pivotal error. On Twitter and in his writing and interviews, he rails against Miller and S&C for pushing FTX into bankruptcy, blaming them for shutting off rescue routes he insists would have let him pay back customers. Bankman-Fried claims he had no idea about Wilson's or Ray's history with S&C and claims this strengthens his argument that S&C conspired to force him into bankruptcy, appoint its hand-picked CEO and pocket millions in legal fees. (S&C, Miller and Ray have rejected his claims.) "He still thinks that if bankruptcy had never been filed, everything would have been ok," says someone who knows Bankman-Fried well.

Bankman-Fried admitted he has been dwelling on what will happen if he's found guilty of charges that carry a potential life sentence. Next to the chess sets is a stack of printed legal documents. Thinking back to the final days of FTX, he said it appeared to him that his friends and advisers were warped by the pressure. "It felt to me like everyone around me had lost their minds all at once. And everyone is behaving bizarrely poorly," he said. "I did feel sort of like there were no adults left in the room, like everyone is a child now."

Bankman-Fried's defence is that he screwed up. But he still sounds like a kid expecting to be slapped on the wrist. Outside his sanctuary in Palo Alto, most of the world has concluded that he is an adult and that he is at fault, leaving only the tiny oasis of his parents' home where the opposite might still be true.

Joshua Oliver is the FT's asset management reporter. Additional reporting by William Langley and Chan Ho-him in Hong Kong, Sujeet Indap in New York and Nikou Asgari and Kadhim Shubber in London

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