

November 18, 2022

The Honorable Merrick Garland
Attorney General
United States Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20530

The Honorable Gary Gensler
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549

The Honorable Rostin Behnam
Chairman
U.S. Commodity Futures Trading Commission
1155 21st St NW
Washington, D.C. 20581

Dear Attorney General Garland, Chairman Gensler, and Chairman Behnam,

The recent revelations about the cryptocurrency exchange platform, FTX, and its affiliated hedge fund, Alameda Research, are stunning. Public reporting has revealed that these businesses and their executives, most notably Sam Bankman-Fried, a top donor to the Democratic Party, defrauded customers of billions of dollars. The perpetrators of these criminal acts and their enablers must be investigated and prosecuted to the fullest extent of the law, and you must conduct a full conflict-of-interest review to ensure that Mr. Bankman-Fried's status as a top donor to the Democratic Party did not insulate him from oversight and accountability.

Mr. Bankman-Fried founded Alameda in 2017 and FTX in 2019. FTX became the second largest cryptocurrency exchange, attracted investments from some of the nation's top asset management firms, elicited adulation from prominent celebrities and media outlets, and was at one point valued at \$32 billion. But public reporting has now revealed substantial reasons to believe that these companies were vehicles for fraud.¹

Mr. Bankman-Fried allegedly withdrew customer deposits from FTX to offset losses at Alameda, a violation of the exchange's terms of service.² To paper over the fact that he had depleted FTX's assets, Mr. Bankman-Fried filled FTX's asset ledger with artificial assets of near-zero value and grossly misrepresented the value of those assets. The public revelation of this activity caused the value of assets associated with the exchange to plunge, created a liquidity crisis as customers raced to withdraw their deposits, and culminated with both FTX and Alameda filing for bankruptcy.³ Customers are now left holding the bag.

Mr. Bankman-Fried's fraudulent acts erode trust in U.S. financial markets. But they also have had political ramifications. The success of Mr. Bankman-Fried's criminal enterprise briefly made him one of America's richest

¹ <https://www.coindesk.com/business/2022/11/02/divisions-in-sam-bankman-frieds-crypto-empire-blur-on-his-trading-titan-alamedas-balance-sheet/>

² <https://www.coindesk.com/policy/2022/11/10/ftx-violated-its-own-terms-of-service-and-misused-user-funds-lawyers-say/>

³ <https://www.wsj.com/articles/ftx-files-for-chapter-11-bankruptcy-11668176869>

men. And he deployed his ill-gotten gains in service of the Democratic Party, emerging in recent years as its second largest individual donor behind only George Soros. During the 2020 elections, Mr. Bankman-Fried donated \$10 million to Joe Biden's presidential campaign. During the 2022 midterm elections, he donated nearly \$37 million to Democratic candidates and causes. And earlier this year, he indicated that he was willing to spend an unprecedented \$1 billion in support of the Democratic Party in the 2024 elections.⁴

To be clear, Mr. Bankman-Fried funded his lavish donations to the Democratic Party through rampant fraud. The net result was that billions of dollars were stolen from investors and handed over to Democrats and left-wing organizations. The fact that this scheme was revealed immediately after the midterm elections raises serious questions about whether federal regulators and law enforcement faced conflicts of interest in identifying, investigating, and thwarting the fraudulent scheme. So that Congress can better fulfill its oversight of executive action and inaction, I request answers to the following questions by November 25, 2022:

1. Prior to the public revelation of Mr. Bankman-Fried's scheme to withdraw customer deposits from FTX to offset losses incurred by Alameda, had your respective agencies initiated an investigation into allegations of fraud perpetrated by FTX, Alameda, and their executives? If so, when were the investigations initiated and when were they expected to conclude?
2. Have FTX, Alameda, or any of the executives associated with these companies previously entered into confidential settlements or deferred prosecution agreements with your respective agencies? If so, please provide all materials associated with these settlements and agreements.
3. Please provide all correspondence between your agencies, the Biden Administration, the Democratic National Committee, the Democratic Congressional Campaign Committee, and the Democratic Senatorial Campaign Committee regarding FTX, Alameda, and its executives, including Mr. Bankman-Fried, Caroline Ellison, and Gary Wang.

Sincerely,

A handwritten signature in black ink, appearing to read "Josh Hawley". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Josh Hawley
United States Senator

⁴ <https://www.nbcnews.com/politics/2022-election/crypto-billionaire-says-spend-record-breaking-1-billion-2024-election-rena30351>