



Was FTX a Democratic Slush Fund?

Failed cryptocurrency exchange [FTX](#) was yet another Democratic money-laundering scheme, pundits claim. Its now-disgraced former CEO Sam Bankman-Fried (SBF) catapulted himself to the echelons of Big Finance after founding the company in 2019. He quickly became one of the youngest billionaires in the world — at least in reputation — and a darling of Democratic Party fundraisers.

Earlier this month, however, Bankman-Fried's \$16-billion net worth imploded overnight when FTX's supposed \$32-billion valuation evaporated. Its rival Binance, the largest cryptocurrency exchange by volume, had planned to buy FTX but instead uncovered a liquidity crisis in the company and its hedge fund, Alameda Research.

Bolstering Alameda's balance sheet were billions in counterfeit FTX tokens (FTT) that propped up the trading firm's market value and made it appear liquid. Just days before the collapse, [CoinDesk](#) quoted the CEO of investment platform Swan Bitcoin, Cory Klippsten, who had reviewed FTX's financials: "It's fascinating to see that the majority of the net equity in the Alameda business is actually FTX's own centrally controlled and printed-out-of-thin-air token."

Naturally, Binance pulled out of the purchase agreement, causing a run on FTX, which filed for Chapter 11 bankruptcy protections on November 11. Alameda Research and more than 100 other affiliates followed suit, and SBF resigned.

Analysts call it one of the largest financial [scandals](#) in history, with as much as \$2 billion in client funds missing. (Of course, this analysis ignores the fact that the [Federal Reserve](#) has for decades been "legally" conjuring money out of thin air, thereby destroying the dollar's value, and setting the U.S. up for similar economic collapse.)

However, the political revelations of the FTX demise are particularly damning. The company's collapse cuts off a huge funding source for Democrats, reports [Financial Times](#), since Bankman-Fried had "emerged as the second-biggest donor to liberal groups after George Soros."

Federal Election Commission filings reveal that SBF donated more than \$39 million in 2021 and 2022 either directly to candidates or indirectly through political action committees (PACs). [Fox News](#) noted that most of these gifts went to leftist causes.

SBF had already made [headlines](#) in 2020 as the second-largest donor to Joe Biden's campaign, with a total of \$5.2 million.

From a start-up in 2019, to a \$5.2 million donation in 2020, to \$39 million in the past two years, SBF's skyrocketing success prompted major-media comparisons of him to early 20th-century tycoon J.P.



AP Images
FTX's Sam Bankman-Fried



Written by [Rebecca Terrell](#) on November 21, 2022

Morgan.

Considering SBF's shady business dealings, it's an apt comparison. Last March [CoinDesk](#) reported that FTX partnered with Ukraine to launch a crypto-donation website for that country's war effort. The announcement came within days of President Joe Biden's [pledge](#) of billions in American taxpayer dollars to Ukraine.

The U.S. has sent more than \$60 billion to Ukraine as of early November, according to [The Post Millennial](#), which summed up the situation in plain terms: "Ukraine partnered with FTX as the Biden administration funneled funds to the invaded nation, and FTX then made massive donations to Democrats in the U.S."

Family Ties

Now media report that SBF and FTX face investigations by Biden's Department of Justice and the U.S. Securities and Exchange Commission (SEC). Bankman-Fried's good friend, U.S. Rep. Maxine Waters (D-Calif.), also announced a [bipartisan investigation](#) by her House Financial Services Committee. The outcome of those inquiries should be interesting, considering SBF's connections with his investigators.

Biden and Waters are not SBF's only inside contacts. Gary Gensler now heads the [SEC](#), the agency that Bankman-Fried has been actively pushing to regulate the crypto market where his successful competitors work profitably in a decentralized arena. Interestingly, SBF's girlfriend is Caroline Ellison, who ran Alameda, and her father Glenn Ellison, the head of MIT's School of Economics, was once Gensler's boss.

SBF has other friends in high places, too. His mother, former Stanford Law School professor Barbara Fried, is founder and president of [Mind the Gap](#), a "left-wing super PAC dedicated to helping Democratic political candidates win elections," reports Influence Watch. Since its inception in 2018, Mind the Gap "has been quietly routing millions of dollars to Democratic candidates and groups across the country," reports Vox, "emerging as a new power center in the Silicon Valley political scene." Its major donors include the co-founders of Facebook and LinkedIn, former Google CEO Eric Schmidt, and James Rubin, former U.S. assistant secretary of state for public affairs under President Bill Clinton.

"Barbara Fried has given over \$164,000 to Democrat candidates and PACs since 2006," notes Influence Watch. Additionally, her sister and SBF's aunt is Dr. Linda Fried, a member of the World Economic Forum's (WEF) [Global Agenda Council on Ageing](#) and [dean](#) of Columbia University's Mailman School of Public Health. Until recently, WEF listed FTX as a partner on its website.

Meanwhile, the [focus](#) on Capitol Hill appears to be the detrimental ripple effect of FTX's downfall on cryptocurrency prices. In never-let-a-crisis-go-to-waste fashion, Waters has already promised "legislative action to ensure that digital assets entities cannot operate in the shadows outside of robust federal oversight."

So far, no one on Capitol Hill has mentioned SBF's Ukrainian partnership/slush fund. Considering his



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political connections, it's reasonable to wonder if they ever will.

I wouldn't bet any Bitcoin.



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