

# Was crypto on trial with Sam Bankman-Fried?

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As the trial of the former crypto star and FTX founder Sam Bankman-Fried began last month, headlines declared cryptocurrency was on trial too. But when Bankman-Fried was found guilty on seven counts of wire fraud and money-laundering conspiracy on Thursday evening, after less than five hours of jury deliberations, bitcoin was trading at its highest price in a year. As the scene in the courtroom played out, it became clear it wasn't so much cryptocurrency on trial as the crypto bro himself – both Bankman-Fried and the archetype: the tech dilettante who believes he's such an all-around genius that he can get rich with no expertise and an unkempt head of Einstein hair. During his three days on the stand, Bankman-Fried admitted to knowing nothing about cryptocurrency. He didn't know anything about financial regulation, either. He said he believed FTX's terms of service allowed Alameda Research, its closely associated hedge fund, to use FTX customer funds the way it did, actions prosecutors and the jury called fraud. Asked what he knew about crypto before starting FTX, he answered: "I had absolutely no idea how they worked. I just knew they were things you could trade." While parts of the trial delved into the technical and financial structure of FTX's grand scam, the prosecution spent much of its time questioning Bankman-Fried about his public persona. The assistant US attorney Danielle Sassoon wanted to puncture his unkempt boy-genius look, demonstrating to the jury that he used his appearance to woo investors and reassure customers that they were safe in his hands, when in fact they were far from it. The prosecution's vivisection of his image worked. Perhaps we've grown weary of the unkempt Mark Zuckerberg school of style. You can read the verdict as such: a hoodie in place of a suit jacket does not mean you are focused on your product to the exclusion of all else; it means you are an amateur. Bankman-Fried admitted during the trial that he was. The question after his conviction is whether the entire industry will be found guilty, or just him. The trial did not focus extensively on the technological or legal governance of cryptocurrency or blockchain as Bankman-Fried's means to an end. Rather, the central question was whether the one-time mogul "misappropriated and embezzled" his customers' money for his own high-flying ends. The crime is as old as banking itself, but it's being committed with a new and unregulated technology. Damian Williams, the prosecutor in charge of the southern district of New York, spoke to this when he said to reporters after the conviction: "Sam Bankman-Fried perpetrated one of the biggest financial frauds in American history – a multibillion-dollar scheme designed to make him the king of crypto – but while the cryptocurrency industry might be new and the players like Sam Bankman-Fried might be new, this kind of corruption is as old as time." A look at bitcoin today reveals the conflicted state crypto finds itself in. Because of Bankman-Fried, cryptocurrencies' backers have never looked worse. Still, there are signs that bitcoin will endure: the original cryptocurrency is on the verge of a major regulatory victory in the expected approval of exchange-traded funds, including it. Also, to industry insiders, the one-time boy wonder is not the avatar of cryptocurrency. They are not like him, they think. And they may

have a point: cryptocurrency is not doomed because Bankman-Fried is. Bitcoin is valuable, especially if you bought some in January of this year: it's up 110% year-to-date. That bitcoin has such value in spite of some infamous champions – FTX, the Mt Gox exchange, the ever-unwelcome Winklevoss twins – points to a lasting life, perhaps not as the world-changing technology some had hoped for, but as a place to park money. We may trade bitcoin for the foreseeable future, we may trade it as long as we do stocks, and the true blockchain believers will continue to buoy its value. It's likely to remain a symbol of libertarian rebellion against the financial system. For true believers, the trial has simply been a distraction from the good work. Said Wired: "The Crypto World Is Already Sick of SBF's Trial." For those who do not belong to that school of thought, Bankman-Fried has irrevocably, irreparably, irresponsibly and irredeemably damaged the reputation of this technology. Said the Financial Times' opinion pages: "The SBF trial is a reminder that crypto is a rotten business." After the downfall of FTX, many people would probably take their chances gambling in Las Vegas before putting their money in crypto. One lasting legacy of Bankman-Fried's downfall is that it ushered in an era of crypto crackdowns in the US. The Commodity Futures Trading Commission has sued Binance, the world's largest crypto exchange; and the Securities and Exchange Commission has charged Coinbase with operating as an unregistered securities exchange, broker and clearing agency. Both companies deny wrongdoing. If Bankman-Fried had been found innocent, I might have said definitively that crypto had, in fact, been on trial. The jury would have committed a spectacular act of faith in cryptocurrency in acquitting him. Bankman-Fried might have struck upon a different, unregulated industry ripe for exploitation. Crypto was the one that was available.