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York Times author with a unique ability to cut through the noise and help listeners make
smarter financial choices at every stage of their financial journey. List it on Spotify
or wherever you get your podcasts.
Today we're taking a break from the war between Israel and Hamas, more on that conflict next
week. And we are bringing you a live update on one of the most lurid corporate fraud trials of
the last few decades. And that is the trial of former crypto-golden boy Sam Bankman Freed.
I want to note before we jump into this episode, I am currently transitioning back from book leave,
which became book plus parent leave, which in the last few weeks has been more parent leave.
And now I'm getting ready to go back to work at the Atlantic and return to a two-podcast
a week schedule. It might be a few weeks before we're consistently back at twice a week,
but that is the goal by November. So if you've been with us from the beginning,
it was the very first episode of this podcast. Two years ago, I brought on my friend and New
York Times columnist, Kevin Roos, to talk about crypto. And both of us had the same sort of
bemused skepticism, bemused because it's sometimes hard to predict which of today's silly things
will become the big new thing that changes the world tomorrow. And skepticism, because I couldn't
really think of anything that crypto was good at other than making asset prices go up. And to be
clear, asset prices were at the time going way, way up. It was doing a very good job at that.
Bitcoin prices were at all-time highs, November of 2021. Digital pictures of apes were fetching
millions of dollars, NFTs, remember those. And a young trader turned crypto entrepreneur,
Sam Bankman Freed, had become the richest, youngest self-made billionaire in recorded history.
Bankman Freed, let's just recall, made his fortune in a few steps. First in 2018,
he set up a trading fund called Alameda Research, which exploited differences in Bitcoin prices
around the world and racked up tens of millions of dollars every day, every day with so-called
arbitrage trades. So he'd buy Bitcoin where it was cheaper, say in the West, and he would sell
Bitcoin where it was more expensive, say in Japan, and he would scoop up the profit and then plow
that
into more underpriced Bitcoin. By 2019, Alameda Research had erased almost all of those early
gains from those arbitraids, losing money on a bunch of poorly designed trades. So SBF moves to
Hong Kong, which had a permissive crypto structure than the US, and it gets a new idea. He says,
you know, a crypto trading fund is cool, but you know what's cooler? It's building an exchange
that would take a cut of other traders' moves. So in four months, he and a few other coders
spin up a new exchange called FTX. And in short order, FTX becomes one of the biggest things
in crypto. According to the Bloomberg reporter Zeke Fox, it made $1 million a day. Pretty good
business. Sam Bankman Freed became not just an overnight millionaire, but an over, he became an
overnight billionaire and an overnight celebrity. He talked to the press, he won the admiration of

author Michael Lewis, who just released a book about him. People called him the JP Morgan of crypto,
not the bank. That's JP the dude. But on November 2nd, 2022, the crypto news site Coindesk raised questions about Alameda Research. A strange share of its holdings were in a cryptocurrency called FTT. FTT was an illiquid currency, illiquid here being a euphemism for very possibly worthless. Four days later, a rival crypto exchange CEO announced he'd be selling off his stash of FTT tokens, the value of Alameda Research holdings tanked. Rumors flew that Sam Bankman Freed's empire might not have enough money to cover deposits at FTX. There was a run on the bank at FTX. And within a few days, the bigger picture became clear. And the bigger picture was a triptych. Panel one, customers deposit billions of dollars into FTX to make bets. Panel two, SBF's trading firm Alameda Research, which was also a player on this exchange, had raked over those customer funds to patch up its own balance sheet, plus maybe gamble on crypto
tokens, make political donations, buy a Bahama house. Panel three, SBF is living now in a $30 million mansion while customers can't access their money. So as everyone knows, SBF was arrested and his trial for fraud is happening as we speak. Three of his top lieutenants have pleaded guilty and agreed to testify against him. And we're going to hear about their testimony in just a second. But what's interesting is that Sam still has defenders. They include not only his lawyers and parents who are financially and biologically obligated in this regard, but also the author Michael Lewis, whose recent appearance in 60 Minutes and his new book on Sam Bankman Freed are
surprisingly defensive about the idea that Sam might not be such a bad person after all.
Maybe this was just one big mistake. Maybe it was incompetence, not criminality.
Today's guest to walk us through the trial, his experiences with SBF, his opinion of Michael Lewis is Zeke Fox. He is the author of the fabulously entertaining new book, Number Go Up, about the rise and crash of the crypto bubble. He has been reporting from inside the courtroom where Sam Bankman Freed is facing fraud charges that could put him away for decades. And he's up next.
I'm Derek Thompson. This is Plain English.
Zeke Fox, welcome to the show. Thank you, Derek.
So we're catching you in the morning just before you return to reporting on the trial of Sam Bankman Freed, which is ongoing. Is that right? Yes, heading to court as soon as we're done talking. So before we get some of the texture of the courtroom, can you outline the basic case of the prosecution and defense? Like, I don't need comprehensive legal precision here. What I really want is like, if I'm on the jury, what's the one to two sentence essence of what the prosecution is getting at versus what the defense is getting at? So the prosecution's case is really pretty simple. They're saying that Sam Bankman Freed's company FTX took in all these money from customers
who wanted to, who sent in real money to trade crypto. I mean, if you're not familiar with it, it's basically an app like eTrade. It works pretty similar to any other trading app.
And they're saying that Bankman Freed's hedge fund Alameda Research dipped into that customer money, took billions of dollars of it, and went and spent it on various bad investments, real estate, political donations, all sorts of stuff. So it's a showdown between Sam Bankman Freed was incompetent versus Sam Bankman Freed was criminal. The most famous witness against Sam

is Caroline Ellison, his sometime girlfriend who was also at the helm of Alameda Research. What was the most damning thing that Caroline said about Sam on the stand this week? Caroline described what sounds like a clear criminal conspiracy. She said that Sam told her to lie constantly. Lying seemed to be a key part of her job as the head of Alameda. First of all, Sam told her that she had to use disappearing messages on signal because that's the way financial companies get into trouble, i.e., like if we write down the stuff we're doing, it's against the rules and it's bad. And just like mafia gangsters, they had euphemisms for everything. Caroline said she never liked to write down that Alameda was using FTX customer money, so she called it FTX borrows. And my favorite euphemism, she said that they bribed a Chinese official with $150 million because some of their money had been locked up in China and they wanted to get it released. She had to put an entry for this in a spreadsheet. She just called it the thing. The thing. Yes. One of the parts that I found most interesting was when the prosecutors asked her about utilitarianism, about Sam's philosophy, because I've always thought that Sam really was serious about this stuff and that's what drove him to do what he did. Whereas others have said it was all sort of a smoke screen, a fraud. He just wanted to have this image as this crazy, effective altruist. So Caroline said, as a utilitarian, he believed that the ways people tried to justify rules like don't lie and don't steal within utilitarianism didn't work. And he thought the only moral rule that mattered was doing whatever would maximize utility, trying to create the greatest good for the greatest number of people. And then the prosecutor said, what did he say about how lying or stealing fit into that? And she said, he didn't think rules like don't lie or don't steal fit into that framework. Now, another fun part was when she discussed how Sam went about cultivating his image. She said that when they moved to the Bahamas, they originally had been given luxury cars, but they realized this was a bad look and they switched to a Toyota Corolla for him in a Honda Civic for her. She also said that Sam believed his hair had been very valuable. He thought he got higher bonuses at Jane Street because of his hair and that it was an important part of the FTX narrative. This does not go directly to the question of Sam's culpability, but was Caroline on the stand sad about what had happened, angry about what had happened, shameful about what had happened? What was the emotional tenor of her testimony? She at first was chipper. She presented pretty well. She seemed like someone who was thoughtful and was sticking to the facts. Later on, as she walked through the history of FTX and got to the part where it collapsed, she broke down sobbing. She said that she felt a sense of relief when FTX collapsed because she didn't have to lie anymore and that she could start taking responsibility and being honest about what she'd done. She said, I felt indescribably bad about all the people that were harmed and the people that lost their money, the people that trusted us that we had betrayed. It looked very genuine. And what was the most outlandish thing you heard? What will be in the movie of FTX? People who see the trailer or who are in the audience will be like, no, that part of the movie went way too far. It was so ridiculous. It was too crazy. But someone will point out that actually, no, that was in the court transcript. That actually happened. Okay. I have to admit, I appreciate the cleverness of a good scammer. And Caroline described something that I really enjoyed. Before they bribed the Chinese officials to get their money unfrozen in China, they came up with another plan to get this money out. And the money was trapped at an

exchange,
but they were still able to trade the account. They just couldn't take the money out.
So they stole the identity of some Thai prostitutes that another employee knew,
and then they set up purposefully bad trades to try to lose the billion dollars to the Thai
prostitutes so that the Thai prostitutes could withdraw the money. That did not work.
So let's say that a certain jury member does not trust Caroline. I'm not saying they shouldn't,
but let's say there's someone on the jury who says, you know what, they dated.
There's an emotional relationship here. I'm not entirely sure that I trust her testimony.
What is the next most significant piece of evidence or the next most significant testimony
against Sam? So Gary Wong, who was the CTO of FTX, he's a friend of Benjamin Freed since
math camp when they were teenagers. He moved to Hong Kong to start the exchange with Benjamin
Freed.
He moved to the Bahamas with them. He was really his right hand man. He's been on the stand. And
everyone had said that he was shy to the point of silence. I never interviewed him,
even though I was down in the Bahamas. He wasn't someone they put in front of the media.
But on the stand, he's been very well-spoken. And he said quite clearly that we committed
fraud together. And it's actually what he said. He confessed to some things that are worse than I
even had imagined. And I was pretty convinced that the fraud had occurred even before all
this testimony started. So what he said was that back in July 2019, just a few months after
they started FTX, Sam had asked him to change the exchange's code to allow Alameda, the hedge
fund,
to withdraw more money from the exchange than it had in its account. This was something
that they called allow negative. And they wrote this into the code at Sam's request.
And he sort of walked through a timeline of this and now allow negative feature.
So at first, the idea was that Alameda would be allowed to withdraw
more than it had, but no more than FTX had earned so far in profit, which is kind of
justifiable because all the money is sort of Sam and his buddies in the end, the profit.
But then they withdrew more than that. And Sam said, okay, let's allow that.
Let's make the limit. Let's throw in Alameda's holdings of this coin we invented called FTT.
Add the value there and allow Alameda to withdraw that as cash. No, that right there,
not really justifiable at that time. This was a very illiquid token. Alameda's holdings of it
were huge. And had Alameda tried to liquidate tons of FTT token, they wouldn't have been able
to get the prices that one share was trading for. And of course, this is literally what brought down
Alameda research and FTX and Sam Bankman Freed. It was all these damn magic bean coins.
In November 2022, the CEO of Binance announced that he was selling all these tokens. He had been
gifted for investing in FTX. And then other investors piled on. Investors realized that his
empire, Sam's empire, was built on a bunch of magic bean accounting. So depositors freaked out,
there was this bank run, that's how the empire came down. Now, there's a detail in this story
that I think is worth spending just a little bit more time on. And that is the nature of the FTX
exchange. So a futures exchange is not like an ordinary exchange. This is not like I put $10
into my E-Trade account. I buy 10 bucks of, I don't know, Zeke coin. If Zeke coin goes up by 50%,
I have $15 of Zeke coin. I can just withdraw that easily to buy, you know, sandwich at Panera.
That's plain vanilla investing. A futures market is different. It's like I put in $100
into this account, but I borrow money. I leverage up to buy $1,000 worth of Zeke coin. And as that

money goes up and down, as the value of Zeke coin goes up and down, the exchange itself has to manage my account to make sure that I don't fall into a position that's so negative that I'm essentially taking money from the exchange that isn't mine. FTX was supposed to manage, like all exchanges that work on futures, are supposed to manage traders like Alameda to make sure they don't rack up impossible debts. Is that right? Yeah. So the exchange was supposed to not allow anyone to go negative. And this was the liquidation engine they called it. And FTX was really, really proud of this. Sam said this was one of the exchanges. Key advantages was that it was so good at monitoring everyone's positions that it would always make sure to close them out before anyone got negative. And he even went to Congress and testified about how great FTX's risk management was. He claimed this was this huge invention. Meanwhile, Gary Wong has testified that Alameda was exempt from this. He said that in addition to allowing Alameda to withdraw money beyond what it had in its account, they also put in code at Sam's behest that ensured Alameda
was never liquidated. That even if its bets went bad, the exchange would not close its account and would just allow Alameda to keep trading. And another damning thing that Wong testified about was that the exchange had something it called an insurance fund. And this wasn't a fund that it said would backstop any losses the exchange did happen to take if this risk engine failed. If all went wrong, you still had the insurance fund. And investors would look at this and say, oh, FTX, they have 100 million bucks in their insurance fund. I guess it must be a pretty safe place to trade. Wong has said that was actually a number created through a random number generator.
It was made up. The money was not there. And as I run through this, even one fraud is still fraud. Wong has testified to any number of things that are crimes. And even if Sam's defense is able to poke some holes in the case and raise doubts about some of the charges, he could still be convicted on some of these things. This is great context. I think it's really important for people to understand before we get to your book and your conversations with Sam, that Sam is going around saying that FTX has solved the complex mathematical challenge of managing risk on a futures exchange,
which is a complex mathematical challenge. But the whole thing is like smart rules for thee and no rules for me. Other people can't go negative, we can. Other people can't borrow infinitely and lose infinite amounts of money, we can. And then above that, to your point, that's not where the potential fraud ends. There also lies maybe about the workings of the exchange, including this insurance facility. So it does seem to be this sort of enormous club sandwich of misrepresentations and lies, just one stacked over another. If you remember when the exchange was collapsing, Sam went on Twitter and he wrote, FTX is fine, assets are fine. Now, the assets were not fine. That could be fraud right there. You could go to jail for saying that. And Gary Wong testified, yes, the assets were not fine. And he's talked about how Sam knew the assets were not fine. So to me, it's been looking just worse and worse for Sam the more everyone talks.
I know that you're not a witness for the prosecution, but if you don't mind,
I kind of like to treat you like a witness for the purposes of the next few questions to walk through the juiciest parts of your book. So let's imagine that I'm a lawyer with the prosecution and you're on the stand. Zeke Fox, you've been talking to Sam McMan Freed for several years now, is that right? Yes. And I'm glad I'm not a real witness, but I'll play along for today.

Okay. And Mr. Fox, in the final chapter of your very entertaining book about crypto, Number Go Up, available at bookstores everywhere, you recount a conversation that you had with Sam McMan Freed in his $30 million Bahamas penthouse. And first of all, this is the same Sam McMan Freed who claimed he was so thrifty, he drives a Toyota Corolla. Is that right?
It is. Mr. Fox, against the advice of his lawyers,
McMan Freed offered you a full explanation of what he says happened at FTX. To the best of your ability, can you recount the details of that conversation?
McMan Freed told me that everyone was borrowing and lending. That's been FTX's calling card. So he was trying to argue that these loans to Alameda were justified. And he's tried to say, at the center of his defense, is that he really did not know how much Alameda was borrowing. He had no idea how much it was borrowing. In fact, he wasn't running the hedge fund. He'd handed it off
to Caroline Ellison, his longtime lieutenant and ex-girlfriend. So when we were sitting there, I told him it was pretty implausible that a math genius who was obsessed with money would lose track of his money to the extent that he wouldn't know that $8 billion was missing. He actually pulled out his laptop and he started typing on a spreadsheet to show me what he thought FTX's and Alameda's positions were. And he imagined that even though Alameda owed billions of dollars, it had way more than enough assets to cover that loan. So he sort of claimed to me that this loan was justified. He said, it looks naively to me like there's still some significant liabilities out there, but we should be able to cover it. Then I said, so what's the problem then? And he said that he pulled out another row on the spreadsheet. And he said that actually there was $8 billion less in liquid assets than he had imagined. He said to me, what's the difference between these two rows here? And I said, you didn't have $8 billion in cash you thought you had. That's correct. Yes, he said. You misplaced $8 billion, I asked. Misaccounted, he said. And he acted like he was kind of, like this was a real trump card, like he was proud of this explanation.
As if he said the magic word. As if misallocated is like this magic legal word that waves the magic wand and insulates you from any kind of legal liability. But anyway, I digress. Go on. Now, then he went through this long explanation of where that $8 billion might have gone and how he might not have noticed that that was going out the door. And this was an interview that went on for hours and hours and hours. And at times, I got a bit lost in his, as he talked in circles. But after a while, I started to realize that he was basically saying it was the fault of the people running Alameda. They were spending the money. He wasn't supervising them. Maybe he should have been, but that wasn't his fault that he wasn't. And the person running Alameda was Caroline Ellison, his ex-girlfriend. So I said to him, people might take the TLDR as it was my ex-girlfriend's fault. That is sort of what you're saying. Then he said, I think the biggest failure was that it wasn't entirely clear whose fault it was.
So just pausing there, it sounds like Sam is trying to turn this part of, let's keep calling it the fraud club sandwich, because it is not just one layer. There are multiple possible layers of fraud. He's trying to turn this layer of the fraud sandwich into a he said, she said, which is actually a bit more like a he said versus she said and he said and he said, because he's sort of being ganged up on by his deputies here. But that's the effort. He's trying to say, I was doing other stuff. I was talking to Tom Brady and Giselle. I was flying to Washington DC. I was running FTX. I didn't understand entirely what was going on

at FTX, whereas the FTX people are like, no, of course you understood what was going on.
He told us to enter these facilities years ago. Is that basically the dynamic of this?
Yes, but I should say that during our conversation, I asked him,
did Alameda have to follow the same margin rules as other traders? And he said, no. And he said, there was more leeway. And that may sound kind of innocuous, but he had said time and again, that Alameda did have to follow the same rules as everyone else. And if it didn't, that would be fraud right there. So he's going to have to argue in court that he wasn't aware of this more leeway until the last minute or something like that. I'm not really sure how he's going to get out of that one. There's a lot of reporting right now. For example, The New York Times, and I'm lifting up out of my fake prosecutorial mode, that seems to suggest that the defense for Bankman Freed has been surprisingly, I don't know what adjective goes here, poor, criticized. There was a report just today that Judge Lewis Kaplan, who's presiding over the case, has repeatedly interrupted SPF lawyers and told them to stop repeating themselves, told them to rephrase their questions. I think at a couple of points, he instructed the jury to disregard certain lines of argument from the defense. You've been watching the court case. I have not. Have you been surprised by the degree to which the judge seems to be sort of cutting off the defense at the knees?
It's been weird to see. The judge has been rude to the defense. He's overruling more than half of their objections. He's visibly annoyed with them. But the defense, their tactics are also baffling. They just seem to go on and on. It's almost like they want the witnesses, the jury, to get bored. They've been just repeating themselves and having the witnesses repeat things that they said already to the government. They don't seem to be poking any holes in it. They've made a couple things that seem like clear mistakes. Another witness was Adam Yadidia. This was one of Sam Bankman-Fried's old friends from MIT who went to go work at FTX. He had stayed till near the end. He quit near the end when he realized what was going on, is what he said. The defense was kind of badgering him about why he quit when he did. Eventually, Yadidia blurted out because FTX defrauded all his customers. This was then stricken from the record. But everyone heard it. He seems like a sweet guy on the stand. He said that after losing all his money on FTX, he's gone to work as a math teacher. That's kind of the vibe that he gives off. That was pretty damning to hear. Then also, the defense started cross-examining Yadidia about Bankman-Fried's lifestyle. I guess trying to say that he wasn't spending too much money. They were asking him if he remembered the Toyota Corolla. Once they introduced that topic, when the prosecution got to ask some more questions of Yadidia, they said, do you remember the FTX arena?
This is the Miami Heat arena that they paid more than $100 million to rename.
People in court laughed. There was laughter in the courtroom.
It's really unclear what the... I mean, the defense hasn't had their turn yet, but in terms of cross-examining these witnesses, to me, has been totally ineffective.
If there's some secret plan, it's unclear to me.
So speaking of the defense, let's talk about another surprising defender or quasi-defender of Sam Bankman-Fried. That is the nonfiction writer Michael Lewis.
You've said some things about Michael Lewis. Michael Lewis has said some things about you.
Let's go to the beginning of the story, which is outlined in a chapter from your book called Ponzinomics. Take us to Nassau in the Bahamas at the height of the crypto craze, I should say, and set the stage for us.

So, Sam Bankman-Fried was hosting a conference called Crypto Bahamas. And if you cover crypto, conferences are big. It's like the main activity in crypto world. And this was supposed to be the best conference ever. Katy Perry was flying in, Orlando Bloom, Tom Brady, Bill Clinton, Tony Blair,
and they'd rented out a resort and casino called Bahamar on the beach. This is a conference that's paid for by FTX, sponsored by FTX, essentially like a really long ad for FTX and a celebration of how great Sam is. So Sam was interviewed on stage with a crypto venture capitalist named Katy Hahn. And the panel discussion was led by the author, Michael Lewis. And I was sitting in the audience. So as he starts talking, his tone just is so fawning that it seems really inappropriate. It's like he's doing an ad for Bankman-Fried. And he says, three years ago, nobody knew who you were.
And now you're sitting on the cover of magazines, and you're a gazillionaire, and your business is one of the fastest growing businesses in the history of the planet. You're breaking land speed records. I don't think people are really noticing what's happened, just how dramatic the revolution has become. And as he went on, I actually started to think maybe he's not writing a book about crypto,
because it would be kind of weird to go and weigh in so publicly at a corporate event like this. I'm pretty deep into my investigation of crypto at this point. I've been looking into crypto scams for maybe a year. And what I had found in looking into crypto was that basically I'd heard a lot of interesting ideas at the start, but every crypto company that I looked into, I'd pull back the curtain and just see that there was nothing there. I do think the most surprising quote from Michael Lewis in your book, and this is on page 133 in the chapter Pawnsianomics, is Michael Lewis says that the financial system being built by crypto is better than the existing financial system. That's an amazing thing to say. It's an amazing thing to say about a group of companies that essentially were just betting on asset prices to go up. I mean, nothing in crypto was better than JP Morgan at providing a mortgage. Nothing in crypto was better for saving money long-term than a 401k
with fidelity. Nothing was better for sending money securely, ordinary dollars than Venmo. It's really wild, I think, for Michael Lewis, who I look, I appreciate a soft spot for the rebels of finance, wild though to say that crypto was building a better financial system than the financial system. I mean, I'll give you an example. So Michael Lewis is saying you look outside the financial system, the crypto version is better. At that time, at that conference, one of the most popular crypto things was called Stepin. And this was a, it's essentially like a health app on your phone, except to run the app, you need to buy a virtual sneaker. And they were running like $1,000 at the time. And once you had the virtual sneaker, you would earn green Satoshi tokens. And you could sell those for real money. And for a time, you could earn like 50 or 100 bucks a day just for walking around once you bought your virtual sneaker. And people who are like the most legit people in crypto, the crypto elite had this app, had the sneakers, and we're talking about, oh, isn't this fun? Yeah, probably won't last forever, but it's cool. Well, it lasts. I mean, these were the sorts of ideas that were going around the conference. And frankly, it was disappointing to me. So Zeke, I have an SBF theory that I would love for you to tell me if it's crazy. I think that one of the reasons that Sam Bakman Fried tricked so many people is that he scrambled the archetype,

the modern archetype of a financial huckster. Imagine Gordon Gekko. Imagine the suits, the slick hair. He looks like he works out. He speaks fluently and calmly. He's smooth. You reverse literally every single fucking thing and you get Sam Bakman Fried. And I think it's incredibly telling that all these people assumed that someone as slovenly simply had to be authentic.
We conflated, essentially, the breaking of the financial huckster archetype with authenticity.
And I think that's a huge part of why so many people just wanted to believe
that Bakman Fried was the real deal. Is that a crazy place to come from?
No. And I want to tell you the moment where that happened to me, which was I showed up in the Bahamas when things were going great. Earlier than the conference, I was there to write a profile of Sam. I'm in the break room of FTX's office. I'm chatting with his personal assistant.
I haven't met Sam yet on this trip. And he just shuffles into the room in crew socks and shorts and a t-shirt like always. He reaches up into a cabinet, takes out a packet of microwavable Indian food, like the kind you might get at Trader Joe's, rips it open, does not microwave it,
and just starts spooning it into his mouth, paying no attention to who is in the room.
And the assistant is like, Sam, this is the journalist who's flown down here to write
a profile about you. And he's just like, oh, hey, as if he doesn't really know who I am,
even though we'd met at that point, and that he had no idea I was coming. And I honestly believe that was the case. And then when it comes time to sit down with him, he lets me pull up a chair next to him and spend a whole day with him as he just does his business. Slack messages are popping up from other people at the company. He is doing other interviews with journalists.
He's answering emails from billionaires and from his lobbyists in Washington, from investment bankers. It's the kind of stuff that you would never, ever see if you were writing a profile of almost anyone else. In the interest of covering all of our bases, like, look, maybe Michael Lewis is right. Maybe somehow, someway, SBF will be found not guilty. If he is not guilty,
what is the best argument that the defense has to bring? From some of the back and forth between Sam's lawyers and the judge, it looks like part of the argument may be that
not as much money is missing as we thought, that Sam may have dipped into this customer money to make all sorts of gambles, but some of them have worked out. And if that is, in fact, the defense, which it also appears to be from the Michael Lewis book, to me, that one, that's going to be a tough argument, too. It's like, if I stole a purse from the Gucci store, then when it sold it on eBay and got more money than the retail price and returned the money when I got arrested, would I have not committed theft? Like, I don't think that's going to fly. So,
if that's like the big reveal, I don't think that's very promising for Bankman Freed either.
Exactly. And it's a little bit like, if my financial advisor lies to me about the bets that
he's making, but in a month, those bets return 10% of the funds that I've deposited in his bank, but then after two years, he's wiped out all of my money. Well, it is relevant that both the gains and the losses happened under a false understanding of what was happening at that financial institution.
Like, it might have been successful fraud in the short term and unsuccessful fraud in the long term, but I think it does qualify as fraud throughout all of the terms. So, I do think that that is also a thing that works against Bankman Freed. Zeke Fox, the book is Number Go Up,
Inside Crypto's Wild Rise and Staggering Fall. We'll check back in with you as the Bankman Freed trial continues. Thank you very much for appearing on the show. Thank you, Derek.
Playing English was hosted and reported by me, Derek Thompson, and produced by Devon Manzi.

We'll see you back here every Tuesday for a brand new episode. Have a great day.
you