

## [Transcript] This Week in Startups / The Trial of SBF: A deep dive with Inner City Press's Matthew Russell Lee | E1833

there's a, an intersection between sort of VC thinking and philanthropy of like, let's find cutting edge nonprofits that can go to scale. I know, I've, I know those people, but effective algorithm goes one step further and says we're going to go out and make all kinds of money. And then we're going to save the world. I guess you could say it's kind of like, it's not like, you know, Andrew Carnegie, Carnegie made the money and then did libraries. This, they're convincing themselves that the reason that they're doing these things is they ended up never doing it. Like with Sam Bankman Fried, there was a big moment where they said, the shod singed said, I went to meet with, with anthropic because I was, I was going to make a donation because I love that technology so much. And then the process, then the question was, well, did you ever make a donation? Well, no. This week in startups is brought to you by Squarespace. Turn your idea into a new website. Go to squarespace.com slash twist for a free trial. When you're ready to launch, use offer code twist to save 10% off your first purchase of a website or domain catalog. Stop wasting time and money with expensive design firms and unreliable freelancers. Get fast three day turnarounds for a flat monthly fee with catalog. Get \$1,200 off right now at trycatalog.com slash twist and .tech domains has a new program called startups.tech where you can get your company featured on this week in startups. Go to startups.tech slash Jason to find out how. Okay, today on the podcast, we have maybe the world's number one source on the SBF trial, the explosive trial taking place in Manhattan for the founder of FTX, who allegedly stole billions and billions of dollars. Matthew Russell Lee runs an account on Twitter slash X called inner city press, INNER city press. I found out about this account when he was covering the Nikola trial. We'll get into that in a minute, but his account has absolutely blown up over the past couple of weeks because of his extraordinary in-depth threads on the SBF trial. He's one of the old school journalists out there who goes to the courts and does real reporting. And so a little history for Matthew and I, who we've never met, but back in September of 2022, Matthew was covering the fraud case of former Nikola CEO Trevor Milton. You remember that I had Trevor Milton on this podcast episode 1090 back in July of 2020. And during the case, prosecutors actually

played a clip of Milton or that infamous interview that I did with him. And that specific clip that was played in court is at the 46 minute mark in that episode. It's when Milton talks about being inspired by Apple to launch the Nikola Badger. It was a pickup truck that never launched because it inspired more consumers to buy the stock. Here's a clip. So now you've got all this cash on the balance sheet. And you've got all this runway. But you, this building a network of hydrogen chargers and coordinating the building of hydrogen trucks and satisfying a bunch of customers seems like an awful lot of work. And then I'm not sure exactly the date you announced it. What date did you announce that you're going to take on Ford's F-150 pickup truck and Elon's Cybertruck and the Riven? Riven is the other Rivian, sorry, Rivian. So now you decide, eff it, I'm going to create an F-150, the best selling car in the United States, I think, and obviously the best selling truck. Why would you take on more work?

That's a good question. Yeah. So here's the reason why our trucks are gravy trained with money. That's where all the money comes from is our is our is our big semi trucks, right? The problem is, is 90% of Americans will never own a semi truck. And so your investment, your investment, your portfolio of investors can be very limited. And we wanted to go and build a company that's gonna be worth \$500 billion, trillion dollars over, say, 10 or 15 years. And if you're limiting yourself to 10% of the market, you'll never do it. No matter how good your numbers are. The reason why people love Apple, that everyone touches their product. Why do they love Google? Everyone touches their product. So your what I did is I knew day one, you know, once once we started coming out, we had all this gravy train coming in from the semi truck program. My question was, okay, that's great, but I'll never touch the average consumer. So therefore 90% of investors will probably never invest in me. So I needed to touch the consumer. And so the truck is for the profit, the semi truck, the pickup trucks for the consumer, and the consumer is the one who is part of the Robin Hood portfolio is part of the, you know, the family office or whatever. And that's where all the valuation of the company comes from.

Alright, a crazy, crazy clip. That episode recorded in July of 2020. The Badger project was canceled four months later in November 2020. And obviously, trying to bait retail investors to buy your company on the way to a trillion dollars, quite a

claim in 10 years is a large part of a bigger story. Milton wound up being found guilty of three of four counts of fraud in October of last year. And he's getting sentenced in a few weeks, faces a max of more than a decade in jail. Anyway, my Matthew Russell Lee, welcome to the show.

Great. I'm glad to be on I do I do I very much remember that and was that was a big part of the the jurors had also seen the infamous ad for the semi truck where they had still had no motor and they put it on on a 3% incline to make it look like it was that it was running. So it was a huge contrast to see what I agree, the idea of sort of of basically coming up with a product in order to make to make the stock sexy during COVID where people are like, Whoa, I've got this government check. What a great company is for climate change. It was it was a it was smart while it lasted but he the thing is normal a normal defendant would already have been sentenced after this long after the conviction, but he's managed to like he had a lot of post trial motions. He one juror contacted Intercity Press because once once the jury is released, they they go online and they look at, you know, things about the trial and contacted me and I interviewed them. They basically they said a lot of kind of anti corporate things and they describe the deliberations and how people ended up thinking he was really like a smart punk. And so that's been one of the basis of his of his appeal. So we'll have to see what happens ultimately with Trevor Milton, but he was convicted.

Yeah, and it really is particularly sinister, you know, when you are incompetent, you know, you're not going to be able to build the product. And I think that is the part about this where, you know, in our industry, the technology industry, we have a long history, Matthew, of fake it till you make it or, you know, set audacious goals. In fact, it was a big, hairy goal. Big, hairy, audacious goal at BHAG is a term they use at Google. And that's fine. But something along the way to a big audacious goal can throw it off the rails. What is that? When does it become a legal issue? You know, since we have a lot of founders listening in your mind between, Hey, this is an audacious goal. And maybe you're committing a crime.

I mean, I think it's it's I'll say it is as although to the prosecutors defrauding investors is as much of a of a of a of a crime, you know, securities fraud, wire fraud crime as as defrauding, let's say a depositor or somebody that I'm going to turn it to FDX, somebody that put money and thought they were

trading crypto when in fact, Sam was just moving the money elsewhere. I think that the it becomes there there's you have to show it's like see enter you have to show that they knew that the statement was false that it wasn't just that they were sort of puffing puffery. The same thing is actually coming up in this truck. There's a Trump trial right now in New York about his real estate and the idea that he somehow misled Deutsche Bank about the value of Mar-a-Lago and his various properties. Personally, when I look at it, it's hard for me to see Deutsche Bank as a big victim in the sense that it's their job to do due diligence. There's another case. It's Charlie Javice. I don't know if you've heard about that one. She had a she had a trying to think what it was called. She had a platform that was supposed to help people fill it out FAFSA Frank. Exactly. And so yeah, total fraud. We did cover Frank. Yeah, she she she sold she sold it to JP Morgan Chase and claimed to have hundreds of thousands of customers. She didn't. She actually went out and just bought an email list. But so that's fraud. That's fraud. At the same time. What are the prosecutors? This to me sounds more like a civil case in the sense that like JP Morgan Chase dropped the ball. They didn't do any due diligence. And now, alongside their civil case, they have the prosecutors conveniently. I'm not a fan of Javice. I'm just saying and then the other option, obviously, you I'm sure you guys have talked about Theranos and Elizabeth Holmes. That's where it gets terrible. That's where fake it when you're actually faking like cancer test results is pretty yeah, worse than a real world harm. Yeah, worse than a pickup drop worse than crypto. So there's a there's a whole continuum here. I will say just in FDX, it's beyond. I mean, in Trevor Milton, they did show sort of, you know, extravagance spending by Milton and the Caribbean. But I think that the the the prosecutors in the FDX case have really managed to show the specifics, not just a sort of, you know, do you resent this type of this type of excess and the \$35 million condo over the Bahamas. But this the taking of customers money to make political contributions, to give it to your brother's foundation to buy real estate for the parents who say they're such ethical, you know, pro-poor people. I think that's ultimately if I were a juror, that's the that's the real that's the that's what sort of gets their ire up. And I don't know how Bank of Madrid is going to rebut that honestly.

If your landing page is terrible, I'm out, right? Most consumers are. It's 2023. You can't have an ugly website. Stop selling for okay, or good, and have great and great means you're using Squarespace. It's out of the box. Beautiful. These websites have templates made by the world's greatest designers that are going to engage your audience, let you sell anything. And Squarespace over the past decade has just added feature after feature on top of the gorgeous templates that are designed for mobile. And the drag and drop web design with their fluid engine is just perfect, easy to use, and you get built in analytics, marketing channel analysis, sales data, all that stuff, not you know, it goes beyond page views and site visits and time and all that. And with Squarespace, you can create an online store, or you could start a blog, click of a button, right? Easy peasy lemon squeezy. You can create a subscription business for members only content. You're seeing a lot of that out there. It's simple. It's cost effective. It's gorgeous. And they keep adding feature after feature after feature. That's when technology is at its best, isn't it? When you pay one price, but the product gets better and better and better, you get that with your Tesla, you get that with your iPhone, you get that with Squarespace. These are the legendary brands of the internet of this era. Go to Squarespace.com for a free trial. And when you're ready to launch, I want you to go to Squarespace.com slash twist. And they're going to give you 10% off your first purchase of a website or domain, go to Squarespace.com slash twist because they know we sent you.

Yeah. And so let's get to this. The case has been going on for a couple of weeks now. And it's gotten really interesting, because I think this is the key to it. You know, he's had like four of his top lieutenants plead guilty. And I think three of them are cooperating with authorities in order to get reduced sentences. I'm not sure if they've already negotiated those sentences or not.

I'll tell you, yeah, they can't actually just just to explain that they don't know yet what their sentence is going to be. They basically they plead guilty to a slew of charges, all of which some of which have mandatory minimums. And the government commits as long as they tell the truth, whatever the outcome of the trial is, commits to write with something called the 5k one letter to the judge when they come up from sentencing saying how useful their cooperation was. And then

it's totally in the judge's hands. Like, honestly, they're well, they're totally it's total. There's no guarantees here at all. And honestly, if a judge himself concludes, in this case, it's Judge Louis Kaplan concludes that one of the witnesses might have been lying or trying to make themselves look better, that's going to hurt them at sentencing. So it's it's an interesting, I think they had almost no choice, they're going to get much less than if he's convicted, then then San Bank Madrid is, but they definitely don't have any assurance of what that will be.

Yeah. And so they might get, I mean, if we're going to take a percentage of it, yeah, like half of it, a third of it, whatever it is, sometimes they get time served. It's really, it's really an interesting, and I'm sure that they're all of them have like, super high, high power white shoe law firms representing them. So I'm sure all of them shown them like charts of like, not just here's generally what cooperators might get. I covered another crypto fraud case, one coin, which didn't even have a blockchain. It's called the Crypto Queen, a woman from Romania. Yeah, I remember. Yeah, called Rujignitova. Anyway, a cooperator against her who helped her launder money and then and then provided a lot of information to the government, got five years. So you can get. Oh, wow. Yeah, he got his name is Gilbert. He also violated his cooperation agreement by like, selling his jet without telling the government stuff like that. But so it's a there's no assurance they don't have any assurance, but they definitely have an assurance that they'll do better than than the defendant if he's convicted. If he gets off, they're screwed because they're going to go to jail and bankment freak won't but I feel really wow. Yeah. Yeah. I mean, because they played guilty, right? They played guilty to they can no longer say I didn't do it. They confessed to all those things. So so tell me you've been in the actual courtroom. Sure. And you are an expert at getting into the courtroom. I'm just curious from a mechanic standpoint. How does one get access to the court? Is it easy? Is it difficult? You have to show up at 4am? Do you know people there? And yeah, how does it work? It's not I will explain this. I've been covering the court very like on a daily basis. I used to do the same thing at the United Nations until I my reporting there got me into some trouble there. So I came down to the court and I was like, here I am. I was covering a UN corruption trial, Chinese bribery of UN

officials. And every day I have to I have to leave my my laptop and my phone downstairs. I go upstairs and I notice there were other reporters covering the trial that were not leaving the building to do broadcasts, you know, during the break, but had their electronics with them. So they haven't there's an in house court system. There's an in there's an in house press corps and a non in house press corps. And the way it was explained to me and I give them credit for this, it's not just based on like, Oh, you're a big journalist in from London. Here, take a press pass. Basically, they said to me, it's not enough to just be covering one case, no matter how much you are, you have to cover, you know, a lot. So now I mean, I'm covering actually a lot. I write 10 stories a day about the courthouse. Not all of them are financial fraud. A lot of them. I like criminal law, but a lot of them. I, you know, I there's some really long sentences being given out. There wasn't in any event. So I'm an in house reporter there so I can bring the electronics in and I don't ask you a simple question there. So you're in house lawyer. How do you sustain yourself? This is a hobby or you seem to be doing this full time. So no, no, I mean, a citizen journalist, how do you make money? Yeah, I was gonna I was gonna break in when you said you may know it through the Twitter, with through the Twitter feed, which is or X feed, which is free, but I have a Patreon, I have a sub staff, I have a you, you know, you so and there's a there's a variety of ways. I would say it's actually, I think this is a I don't want to say it's a new model of journalism. All obviously corporate corporate media is going through various trying to decide whether you should what the way I do is I I if I had my druthers, I would put everything up for free. I want people to know the information as it is. I'll put almost every I'll put almost everything up for free. But I'll also put put, you know, if I get documents, I do a lot of FOIA requests, I do a lot, you know, the, the people send me, you know, documents. And so I put, I put, you could call it bonus material on Patreon. And I do living. Do you make six figures doing this? Can you can you survive? I'm surviving. Here I am. Here I am. And that's what I do. And it's, it's kind of I kind of learned during in the UN as well. I had the same. There were people that want to it's an interesting, I think as a kind of I don't want to say a lone journalist, I like I like beats where you can really everything is within walking distance, for example, I mean,

I'm covering a lot of cases. And it's because all of these cases are in two buildings in Lower Manhattan, that I have a pass, I can go back and forth between men and I can really cover, I can cover a lot of things. And so and, and it's the same the UN for all of its failures, I enjoyed covering it because it's just 42nd to 46th Street, First Avenue to the River. And yet you can cover a lot of things and you can build up a readership. And there are people that are willing to pay for it.

Amazing. So I'm really happy for that. Everybody go to Patreon right now. And please subscribe to inner city press. And we're going to do the same here from our program as a thank you for you doing this. So tell me about the general vibes in the courtroom, because these people work together. But they and they work together for years. They're all very smart. They're all very young. They were all hopped up apparently on Adderall speed, all kinds of amphetamines, which is a really interesting side discussion. We'll put that on the side down, put a pin in it. But it doesn't seem like they had a massive amount of deep loyalty for SPF. And they have flipped on him. But what is that like? Because they're all in the courtroom looking at each other. But these all seem like really weird aspergery kind of ADHD kids, I think they've all used that in their defense. So what's the vibe and compared to other trials? And have you ever seen anything like this? Yeah, no, it is extraordinary. The first thing I'd say is that they're not all there at once. Like, because they're witnesses, you can't be in the courtroom. For example, when Carol, Carolyn Ellison was the first of these these three cooperators to testify, Gary Wang and Nishad Singh were not even in or there, they had to basically vowed and not even follow the could follow the testimony, because you don't want witnesses, you know, sort of putting their testimony together like as she said, I'll say this. So but so it's been one by one. And the highest profile one was was Carolyn Ellison because beyond being Alameda's at one time co CEO, and there's another guy called Sam Trebuco that I'll put a pin in that and get back to it. It's an interesting he hasn't shown up in the trial. He hasn't been charged. People are writing to me saying why not like when Carolyn was there, very good. Look at each other. Did they say hello to each other? Did they greet each other? No, they did not. And in fact, there was a lot was made of this. But when it is kind of like a Perry Mason, like, like, it's



like your idea of what a court would be. They say, do you see the defendant in the courtroom? And she initially couldn't see him, because he looks quite different than he did back in his back in his days of podcasts from that from from the Bahamas, with with big hair and in cargo shorts, he's now the hair has been cut. He's a lot thinner, which I don't know if he's trying, he's either gonna in closing, try to say he's been mistreated in jail or something. His suit is too big. So there was definitely, I think Ellison was was a very strong witness because it combined both her describing, you know, how it worked. And she was definitely poor. She's glad guilty. She she acknowledges that she knew that Alameda that Alameda had this incredible \$65 billion line of credit with fdx, that when people thought they were sending in money to do to trade on the fdx platform, it was being diverted to Alameda. But she said very much Sam told me to do this. And she also has the added element of they were had a relationship, they broke up. And and, you know, it's sort of I think that the quotes have come into evidence of things like he wasn't paying enough attention to me, he he ordered me around. And I think as much as saying that these four were like Gary Wang was a co founder of both of both Alameda and then fdx. The shot saying was the engineer. But this was not a an equal four person relationship. Sam was clearly Sam was the boss. The other ones have even though they've played guilty, they've tried to kind of say, I went along. And some of them even said, both Ellison and when we're said the on cross, they were asked, Well, why didn't you leave? You know, if you if it was so bad, if you if you knew it was fraud, why didn't you leave? And basically, the answer was we thought it would all fall apart even faster if we left or Sam sort of like demanded loyalty, like stick with me to the end of the three of the three, the most sort of sort of poignant was Nishad Singh. It seems like he really believed in this ethic. I don't know how since they were throwing money around like crazy. Yes, he seemed to believe that the purpose of fdx was to help poor people. And somehow in November 2022, he was abused. I don't know if the jury's going to believe that sorry to

No, no, no, I mean, it's fascinating what you're describing, because that's the dynamic I'm trying to get my head around is the interpersonal dynamic between them. And then, of course, on a trial basis here, how they're sort of framing their involvement, because they knew that they had built this

backdoor, they knew they were taking this money, they knew that these were client deposits, they're not they're admitting to all of that. And they knew that they were doing they were bribing Chinese exchanges, correct? Correct. No, that there was a there was a time where fdx's money got frozen on two Chinese platforms. And so they wanted to get it out. First, they tried, I guess, legitimately, with a Chinese lawyer, that's not really how China works. And they had a guy they had a staffer inside fdx, an engineer who said, I'll tell you how China works. And they ultimately you first using the accounts of Thai prostitutes. Yes, this went into evidence that they they stole the identity or bought the identity of Thai prostitutes to set up trading accounts to which they could lose in trading as a way to shift money. There doesn't seem to be any dispute that they paid a bribe to an unnamed yet unnamed Chinese official, and their money was unfrozen in the middle of business. They did it in the form of losing a trade in these accounts that were owned by prostitutes. So that somebody who was a regulator, if they didn't have any controls in place, but if a regulator did see it, it would just look like they made a bad trade. This person went long, you know, some crypto, they went shorted and they won the trade. Yeah, yeah, they were exactly that was their way. And the sort of to me, the one of the interesting things about it was, there was another fdx employee called Heidi Yang anyway, her she's Chinese and her her father is a Chinese government official, and they were apparently talking like, you know, China, all the officials are corrupt, we'll just pay a bribe through the prostitutes. And Heidi was like, no. And so there's a there's a signal chat between between Sam and this guy called Sam Trebuko, saying Heidi's a real like, you know, she's a she's she turned us in, you know, we need to take her off all the communications channels. And she very, very quickly left. I think she would have been a great, a great witness in this trial. Because that's again, again, in terms of the jury, it's not just showing there's the kind of bloodless, there's a lot of balance sheets, there's a lot of spreadsheets. And then there's like, this guy was just a he was like, screaming at his employees, he was a he's now trying to blame Carolyn Ellison when basically, I don't want to say she was a puppet of his. But what he told her to do at Alameda, she did it wasn't she even if you look at her resume, she didn't, it wasn't like he hired some like, huge hedge fund person. I'm not saying, you

know, again, I know it's not to be these words, super experienced people and he didn't surround himself with adults who would have kept him in check. He hired a bunch of kids, peers. And he is apparently, you know, directed them to do this stuff. Now they also participated. So that's gonna come in. What what what has the jury responded most to because you must as a reporter there. Sure. Yeah, and they're taking notes or they did was there a moment where they gasped or they rolled their eyes? What have you seen? I think absolutely. Yeah, I think because there have been other witnesses that have haven't been as kind of Shakespearean. There's an there's been there was an expert witness. There were a couple of investors. There was a guy who's a cocoa trader cocoa like chocolate. He's a truck commodity trader in London that said he lost \$100,000. I have to say the jurors didn't seem that excited about that. They very much focused on the three these three cooperating witnesses. And there's also a kind of a hype celebrity aspect to this to this whole trial, where they got into evidence, not just that that that FTX paid more than \$100 million to rename the Miami heat arena. And and and for the Larry Davis, David add and Tom Brady, but also like there's a there's a particular message where after the 2002 Super Bowl, Sam wrote to all three of his his his collaborates and said, I'm just back from LA. I went to this Super Bowl party. It was fabulous. You know, all these Hillary Clinton was there. There's like, then the jurors are like looking at this list of like, and he's got you know, gushing about the people that he was hobnobbing with. This was all through this thing called K five of Michael Keeves. And he was he was ready to do a huge investment with them saying like, this is that this is a mixture. It's an investment, but really is it's really an investment to sort of get FaceTime with these big names and take ourselves to the next level, which by the way, is a thing in business, you know, like, people will make investments. They will hire endorsers, but they'll make investment in companies that give them access to a certain class of people or and so um, Keeves, uh, you know, got a \$700 million investment. There was some purchasing of shares, I guess, you know, I think from the co founders of the firm. But FTX, as Sam Bankman free was doing this in your mind, and this is what they kind of portrayed to the jury, to try to put a patina of celebrity and excitement around the company, correct?

No, no, absolutely. And kind of legitimacy to make it like people have heard, for example, Binance and see his big pitch because at the same time that he was doing that, he was also there's the jury has been shown footage of his testimony to the House Financial Services Committee and his tweets praising Maxine Waters and stuff like this. He was trying to take and that was I think very it was again that that that's not fraud. That's sort of that's how it works. He was trying to take FTX out of the the the morass of crypto platforms, even Binance is it's a big platform and CZ but it has a kind of like he made a big point of saying, with its Chinese founder, they're never going to get anywhere in Washington, right? I'm the you know, I'm an American, I'm, you know, hobnobbing with Shaq. So it was I don't I don't think it would be unfair if the jurors were just like this guy was a social climber. But I think what's amazing about this is that there wasn't there must like you're saying it's a bit it's a known business thing to make investments to get there. They were just from as best I can make out and this is not from reading or coming into the trial literally from the exhibits. It was just a piggyback. There it literally was and the amounts are huge. They're they were lending each other like \$300 million. Now in some cases, this was so they could make an investment for FTX they claim but the amounts there and there was no there's no paperwork. They're literally like, you know, snap signal chatting each other and saying, Okay, 300 for there. And then you have this something that I'm very interested in. His mother Barbara Fried is a law professor at Stanford, very progressive. She has a nonprofit called Mind the Gap. It was in turn giving money to many progressive candidates. She said things like, Okay, I want a million dollars, but do it through Nishad Singh. So it doesn't look like this is just a family affair. And that's in writing. The jury has seen Wow. Yeah. So it's pretty. And Barbara Fried is in court every day. So some people are joking like, is she gonna at the end of this trial, are they gonna pull the handcuffs out on and the father as well. Joe Bankman is a tax lawyer. Also, I believe he's a psychotherapist. Anyway, he's a very put together guy. And he's he's known for like helping with like, you know, easy tax filing for low income people, like he's a he's a self described, progressive. And yet, he was in the signal chats to the last day of how they could like defraud potential investors about the financial condition.

When I see a startup that's got bad design, it's hard for me to take it seriously in today's day and age. Why? Because having great design, having world class design, it's kind of table stakes today, with consumers, with employees, with partners, and of course, with investors. But you know, design agencies, they're very, very expensive. And there's a lot of back and forth to figure out what you want. It's not for startups, you know, you can't spend a quarter million dollars, a half million dollars, getting some design agency to do your look and feel. And it's hard for you to hire somebody full time because that's a full time staff position. So let me tell you about an amazing service. It's called catalog, a full service design studio tailor made for startups. And catalog does all of your branding. They do UI and UX, they'll do landing pages, pitch decks, they'll do it all. It's half the price of a typical design agency. But they offer a full team, including a dedicated project manager, and a design director. They've worked with hundreds of startups. So if you have a problem, chances are they've already solved it. You can stop and start back at any time it's a monthly subscription. And catalog will never waste your time. They do three day turnaround. Okay, that's more than enough. Stop wasting time, stop wasting money with all these expensive design firms and unreliable freelancers who disappear. What you want is fast, three day turnarounds for a flat monthly fee with catalog, and you're gonna get \$1,200 off right now at [tricatalog.com](http://tricatalog.com) slash twist. That's \$1,200 off at [tricatalog.com](http://tricatalog.com) slash twist. What has come across there? Because there has always been this question. He's got these parents who are Stanford law professors who have written papers, I believe on ethics and morality. And these are seeming to be, you know, the elites of our society. Now, elite people know right from wrong, they know the law, they're literally lawyers and professors. So if they were involved in this, that certainly means they know right from wrong. So they must not only know right from wrong, they must have known that this fraud was going on and they must be copable, right? I mean, I think so. I hate to, to exactly, I mean, I think that there must have been a point in time. And there's probably is still some percentage of their selves that are actually idealistic. But they, they lost their way. I think there's a kind of arrogance. I mean, I don't know if there was a big there was the New Yorker did a piece that I don't know how to

take it, but sort of explicating their point of view, the writer went out and walked around with them. It was very criticized that piece because it was very soft. Yeah. Oh, very soft. And in fact, without any rebuttal, I think Barbara Fried said, those who question us are like McCarthyites, like they can their mind. No, sir, in their mind, it's kind of arranged. That's a direct quote. Like the idea is that it's so unfair. Like their son was a genius. And he was there's what we haven't used these two words yet, but effective altruism that he's explained what that is to the audience and how this became a rallying cry for them. I really, I mean, I wanted, I want to say like, I, I've been contacted by adherence of it. And I still, I, it's a weird, I guess it's the, it's a kind of elitist fan, elitist or quantitative philanthropy. The idea, and I've heard it, there was a slow, there's a lot of there's a, there's a, there's a, there's a, there's a, an intersection between sort of VC thinking and philanthropy of like, let's find cutting edge nonprofits that can go to scale. I know I've, I know those people, but effective altruism goes one step further and says, we're going to go out and make all kinds of money. And then we're going to save the world. I guess you could say it's sort of kind of like, it's not like, you know, Andrew Carnegie, Carnegie made the money and then did libraries. This, they're convincing themselves that the reason that they're doing these things is they ended up never doing it. Like with Sam Beckman Fried, there was a big moment where they said, the Shad Singh said, I went to meet with, with anthropic, because I was, I was going to make a donation, because I love that technology so much. And then the process, then the question was, well, did you ever make a donation? Well, no, you know, they made an investment that in a way, this is the manifestation of what happened with Bill Gates, you know, he made this extraordinary fortune, and then they signed this giving pledge. And so this is like an extension, I think it goes back to that giving pledge that Warren Buffett and Bill Gates came up with, I think, where they were involved in. And Bill Gates, you know, basically, after decades of being an extraordinary entrepreneur, just decided, I'm going to put all of this money to work in a very intelligent fashion. This is like the next generation saying, Hey, that's why we're doing it. So don't hate us as entrepreneurs. We get a pass. And so is part of the

prosecutions or the defenses, you know, theories here, and their angle in terms of either getting off or getting convicted, this effective altruism, how is that playing into the legality of this or the argument?

That's that it's in, in, in pre trial, there's obviously a lot of skirmishes before the trial began. And it's called motions and limine and they sort of decide in advance what can come in and what can't come in. We have not heard the word the phrase effective altruism from either side, because the judge said, it's going to confuse the jury. But we've seen the we've seen him funneling Alameda money to his brother, Gabe bankman freed has a has something called a guarding against pandemics where he was like, you know, and this is a big issue for the idea, they're saying like, I think I want to go back to just say the sort of catchphrase of effective altruism is you could, you know, become a doctor and then go and say and work in Gaza or in Africa and try to sew limbs on, or you could just go and like start a crypto platform, steal everybody's money and fund 4,000 doctors in Africa. And isn't that more effective? Now, he never did find doctors in Africa. And also, no matter what you're doing with it, you shouldn't steal other people's money. It wasn't like they were using their personal money. And they had quite a bit of it. Yeah, they were literally just like scooping into Alameda and giving it to the brother. And nobody knows where did the money go?

Yeah. And so that see, this is where I think their argument breaks down. It's probably why the judge said, Hey, listen, you want to bring this Robin Hood stuff in? No, no bueno. Let's just talk about the actual actions that happened here. And let's just judge this case based on that because I could see it being appealing to I'm trying to I want to I want to steal man for a second. Sure. The the the the SPF side. If they were allowed to talk about this, he says, Listen, I this is what I think the defense is going to be. And I want to hear what you think there's been. Hey, listen, I was hopped up on speed. I have a DHT. I got into this. I really had great intent. And I didn't know what I was doing. I didn't have the controls in place. I was trying to make as much money as I could. And look, I made a bunch of bets. I thought that was the job. I made the best. Hey, these bets worked out. I think I'm with the Santhropic investment. Everybody will be whole. So yes, I should have had controls in place. I didn't know what I was doing. I should have had governance. I had all these investors, they didn't

force me to have governance. But at the end of the day, I was just trying to make sure that, you know, the children were saved and I had this great money to do that. And I you know, I beg your forgiveness. Is that what they're going to go for?

I it definitely remains to be seen because so far, always seen from them are these not not visibly very effective cross examinations of the cooperators. Now, last night, they put in a filing, they have one expert witness, a guy called Joe Pimbley, who's going to dispute the size of the line of credit between FTX and Alameda. I don't think that's going to go very far.

The many people are saying, criminal defendants in federal trials rarely testify, because you you open yourself up to like three days of cross examination. And that's when things like prior statements on it, all and he has many of them will all come in and they'll ask him about it. But I it does seem like he might testify because it doesn't. The feeling is it doesn't it's not a it's not a coin flip. It seems guilty.

Yeah, it's not going dead to rights. It's not going well. He's going to have to convince and he's also he's got to throw a hell of Mary. Yeah, I guess. So then yeah, once he is talking, Mary, what will be the defense? What do you think? I think it's just that I think he's just he's almost and I what they've tried to show is it's not just bad investments like it would be one thing if the company failed, because let's say they were a hedge fund and they made some bad investments and they and it flamed out. That's not illegal. That's just bad investments. It's the misuse. It's the you know, the the clearest one is the people that put their money in and they said, I never authorized them to take my money and give it to gay bankman freedoms, guarding against pandemics or to give it as a political contribution. We stolen literally stole it. They literally stole it. And then they and then they scammed people. The whole group to the size of like \$8 billion. And they misled. They also had very third point various investors in the company say, if I'd known that there was this backdoor, I would never have invested. I see that paradigm. Did paradigm come in? Yes. Absolutely. Yeah. The the and there was this guy the last witness of last week was a guy from third point. I forget his name. Yeah. Brewer journey. And he was describing these meetings in Hudson Yards and like they the thing is, you know, I don't know, from my point of view, I feel like they needed to have better due diligence to like it wasn't rocket science. I think that this is a key point. Right. You know, I



know a lot of people I know Matt from from paradigm and I know some of the people who invested. And what happened was just to explain to you in the industry. People had come before and invested and there was a very hot market. This company was growing very quickly. So people were like, Oh, the other people must have done diligence. And they kind of suspended disbelief didn't do due diligence. And then there was no board of directors and there was no CFO that these are extraordinary red flags for a company that had 100 million in revenue, you had 100 million in revenue and you had, you know, I don't know, \$50 million invested in your company or 100 million, you would certainly want board oversight. But I think because this had gotten so big, they basically gave him a pass because this was such an extraordinary success. So it's very bizarre. Now those people, you know, in my mind, if you didn't do the diligence, you deserve to lose your money. But of course, the people who thought they were buying crypto, they don't deserve to lose their money. When we look at the defense, do you think there's a chance he will say I was drugged out, and I'm mentally ill and I was in a manic state because he has been very public about his use of these patches and these weird, you think he goes for the I'm, I don't want to say insanity, but insanity defense.

I mean, they would have had to kind of give notice of that. But I think, again, once you get in front of the jury, you know, there are no these fine legal distinctions between did you give notice of this defense or not? They so far, the jury hasn't heard it out. Whenever the jury is out, there's been a lot of discussion of Adderall. Could he get, you know, he's there are many people in the MDC jail in Brooklyn that I'm sure could use it and they're not getting it. But you know, he has a doctor that they've tried to say the doctor maybe writes too many scripts. But they've gotten to the point where initially he was getting Adderall in the morning and at night, they're saying in the middle of the day, he's not able to focus and participate in his defense. So he's he's getting sort of longer, slow release Adderall. Now the jury hasn't heard it yet. He hasn't heard it yet. But you're right that I don't know if it's going to be as as as as clear as saying I was crazy, but it I think he thinks he's charismatic. I think he's gonna he's gonna try to create this this this kind of kind of dust storm of good, good intentions. I was doing the best. It's an unregulated field.

Pixie dust. Yeah, exactly. It's crypto, you know, people some some planes crash and now it might go up again. And I'm a victim, you know, I'm just a sort of an innovator. And again, I get the the the the the prosecutors are just gonna try to like, let's go back to basics. I think that their approach to the case is that this is not really about crypto. This is not about this is just fraud. It's just just fraud. It's just fraud. You say to somebody, put your money with me and I'm not gonna take it out. And then you give it to your brother. I think that's also their most that's definitely their most effective thing because that it's just it's it doesn't pass the smell test when you're funding your family's foundations with somebody else's money.

All right, we're back with another Pitch It to Jake House segment brought to you by the fine folks at .tech domains. .tech domains are giving twist listeners the chance to show up their startup here on this weekend startups. And all you have to do is go to startups.tech slash Jason to apply. But there's one rule. You need to have a .tech domain name to get featured. This week, we got an amazing pitch for whistle.tech whistle is a SaaS platform that consolidates multiple communication apps into one place. I need this. You ever spend like 20 minutes searching through five different apps trying to find a customer support ticket? Well, that's never going to happen again with whistle.exe suite of unified communication tools. Head to whistle.tech to check them out. And if you're interested in getting featured on this week in startups, get a .tech domain name and apply at startups.tech slash Jason. That's right. Apply at startups.tech slash Jason. Let's go back to that jury. This to me seems like it's a very interesting, you know, did they respond strongly? I'd asked before, just did they respond strongly to any moments in the trial? And then do you know through the selection process who the jury is in terms of it's a firefighter? It's a secretary? What's the composure of this group? Because I think that will, in some ways, determine, you know, how they take some charismatic or, I don't know, nerdy looking kid and deliver their verdict. Yeah. It's always, I mean, because this is the jury pool is drawn from the Southern District voter rolls. So it's like the five, it's not even the five boroughs, it's Manhattan, the Bronx, and then six counties above. There were a lot of professional people. There were a lot of people that were like lawyers. Somebody had, yeah, I

mean, and some of them got knocked off and some of them didn't. And then you had a very young woman that works as a checkout in a supermarket. She's on the jury. So it's a pretty well, there was one guy that, you know, I feel bad for him. He's an alternate, but he got through the process and was selected. And the next morning he said, by the way, I'm a night watchman and they're not letting me out of my job. And the judge said, you should have told us that earlier because we've let the whole pool go. And so this is the one if you've seen some of the coverage is talked about a person sleeping on the jury. He's an alternate. So it possibly it's not necessarily going to give rise to it to an appellate issue. There's one I want to jump back to because there's something there's the as people may know he was in the Bahamas when it when it all fell apart and he stayed there. His his you know, these three all left the country and went back to their parents' homes and began very quickly to get cooperation agreements. But he stayed there kind of kind of it's a kind of Shakespearean thing walking around in cargo shorts in the in the condo in the condo doing doing doing zooms with all in sundry. But then he was arrested by the Bahamian authorities. They taken into custody and it became I remember this because it was a big we were in the courthouse wondering when is he going to come? Is he going to fight extradition? He ended up not he ended up consenting to extradition. But this is now being used to actually get him out of several of the charges. The Bahamian authorities are saying now that he's been extradited, he can only be tried in the United States on the charges that were on the table when he was extradited. So there's been as they've gone through the electronics and the various files. Yeah, they were file a superseding indictment. Yeah, they did. They filed one including the Chinese bribery charge, including the including the campaign finance charges. And basically, he may be convicted in his first trial on securities fraud, wire fraud, money laundering and never faced the other charges. But right now it looks like he and this is where it gets me may sound like kind of conspiratorial, but the the political side doesn't it's not just that he looks bad. The politicians that took the money don't look very good, right? Because they were being proponents of using the FTC, the CFTC, they were basically doing Sam's bidding for the money, which I guess no one is surprised by that. That's Washington. But we have a political system. Yeah. Yeah. Many

of them didn't want to didn't. Yeah. And there was dark money to like these guys were not they were not just doing that's the \$2,500 to candidates, they were funding like the Republican governor. They and there was it was mostly Democrat, but they have this other guy called Ryan Salam, who he's played guilty, but without a cooperation agreement. So that's going to be, to me, it's interesting, like they he may provide them with information, but he hasn't testified. This is the name that I put a pin in. I'm remitting to go back to it. There's a guy called Sam Turbuko. He was a co CEO of Alameda with Carolyn Ellison. And in the evidence at trial, he left before the fall, he left seven months before the fall. But he's never been charged. And he's not a cooperator. But in the Chinese bribery thing, he was absolutely central to it. Like him and Sam were saying, like, let's do it. So he's, he's not subject to this Bahamian Hail Mary of knocking out charges. He's an American citizen that on evidence violated the campaign finance laws and the Foreign Corrupt Practices Act. So it's a mystery. There's a lot of sort of rumors floating around like where's Sam Turbuko or that maybe DOJ is deferring. It's not clear to me that the Justice Department has to defer to Bahamas on this. This is not, they've admitted it's not really a legal requirement. They're saying it's nice to be nice. For for future extraditions from the Bahamas, we wanted them to feel comfortable. But right. And so some people say to me, it doesn't really matter if he's convicted of the wire fraud, he's going to do a lot of time in jail. It doesn't matter. But to me, it does matter. Like it does the specifics of the campaign finance charges and the Chinese bribery, these are issues that go well beyond Sam Bakeman Fried. They're like, how does it work? How does it work? And it's, it's too convenient. I personally, I go to press conferences with the US Attorney and I've asked him, but you can't get an answer to this question. Who decided that that to that that these really explosive charges that go beyond just financial chicanery would somehow get swept under the carpet. And I don't, that's something that I'm going to continue to pursue wherever the trial ends.

Have they gotten the money back? Is that part of this trial? Have they talked about recouping the money and getting it back from different places? Or those who I know those would be separate actions in some cases.

Yeah, there's a big, there's a big bankruptcy case in Delaware.

And in fact, a lot of the evidence in the case, they sort of the FTX debtors or there's a there's a snapshot that was taken of their, their Amazon Web Services, full cloud account of everything about FTX on November 6, 2022, which seems to be like the day that it all fell apart that the FTT token collapsed and people flew out of the country. And, and down there, those, those are the guys that are the parents have actually been sued civilly for the money they took. Like this guy, John Ray, who's the the bankruptcy sort of trustee, he did the same thing in Enron is a fame, kind of like, try to get all the money back that you can. Yeah, he's filing all kinds of lawsuits against against people trying to claw back. I mean, I wonder, there's other people that got investments, like you were saying, I don't want to say Michael Kivis, but you know, Scarimucci, they're all these names floating around that took that got money. And, and it seems pretty methodically, they're trying to get to get all the money back. It's ill gotten gains. And you spent it at a restaurant or a Nix tickets. I don't think the Nix have to give that back if you consume something, right? If you invested, and you have it sitting in your bank account or some amount of it, and you traded for shares, then the shares are what should be given back. But I think they could put pressure on somebody, let's say you raised 10 million, like there is a blog, like a news blog, semaphore. Yeah, I think that took 10 million. And they committed to giving it back. And they found new investors. So I guess they just don't want to be involved in this. So just give the 10 million back. But let's say they had spent it. Well, then you owned equity. And so the people who are sold, they would get the equity. Yeah. So there were other names in negotiation. Yeah, yeah, it is. And it's I think a lot of like the committee to protect journalists, a very high minded group, they got \$4,000, \$410,000 in crypto from from FTX or Bankman's Free. No one's quite clear. And so some months after the flame out, they quietly gave the money back. And which is good, because other ones, John Ray is coming knocking at the door. And I think the parents, the parents are real, they're trying to say that they never knew the house was in their name. And it just it doesn't it doesn't pass the smell. We're using signal and other services to try to cover their trails. But they seem to have gotten some of these signals. So does that mean somebody was taking screenshots or recording

it? What would you do for that? And they've tried that the prosecutors, I don't know if it's if it's fair or not, because a lot of these, they focused a lot on on Sam Bankman, free telling, you know, Gary Wang, the shot saying Ellison, to all set self erase, you know, for four weeks, or then that's it got things got harder, it seemed to have shrunken down to one week. Clearly, some of them stopped doing that because the messengers are there. But they've tried to sort of show like this. And I think they do have a direct quote from Sam, they have a witness saying, Sam told them, let's not do this stuff in writing, it's it's better regulators are going to come looking for this. And I but I mean, that's all that that that doesn't necessarily mean you broke the law.

That's standard business advice, too, which is talking about a legal issue. Let's not totally play pretend we're lawyers and talk about it on Slack or iMessage, because then an attorney is going to try to spin that in a case. So that that's kind of like general health practices. But I was just kind of interested in that. You know, when you set it on signal, I believe it's mutual. So if I set it to one week, you're automatically set to one week, it's kind of like we've agreed on one week. So I was wondering if people did take screen shots because I sound away. Yeah, these are that's they may not have been very experienced in business, but they definitely knew they definitely knew technology.

And somebody was probably new to cover their tracks to to what's left in the trial here. We've been at this for some number of weeks. Sure. When they do a trial like this, they set a number of weeks, right? They have a certain time. Yeah, they asked, they said they thought it would be four to six weeks. Okay. And they tell us that too. We're past three weeks. And there's been a kind of a hiatus here that Judge Kaplan had to go to some conference. So there was no squirt last Friday, and it's going to restart on Thursday. On Thursday, the government is closing its case. They've basically they yeah, they're there. That's why we now know that Trebukko is not being called as a witness. They're you know, they're there. There was also the general counsel, a guy called can son, he was given, he wasn't charged, but he was given a non prosecution agreement. He testified and it can't be used against him. And his his testimony was basically that he had no idea. But that event where he's in the final days, Bankman Fried asked him to come up with a justification for the missing \$8 million. And he

he told them there really is none. But here's some here's some plausible explanations, but they're not plausible. So his and Sam's reaction was like, Oh, I get it, which is sort of an admission. Yeah, that I think that was the purpose of that testimony. So basically, before lunch on Thursday, which is when the of this week, on Tuesday, they're going to rest their case. The defense has tried to say give us another break they've already had this three day break. But they don't that if they want another break and Judge Kaplan said no, Thursday, after lunch, you got to start. They might have three weeks to do their side. Yeah, I don't think they'll take even if they it seems they don't have an extensive witness list. They wanted six experts. They're now down to one expert. He probably will go on Thursday. And then there'll be this magical moment where the judge says Mr. Bankman Fried, you have an absolute right to testify. You know, they'll do outside the presence of the jury. You have a right to tell you don't have to testify. It's your decision. It's not your lawyer's decision. And when people are, I mean, these are people that are like deep inside it. They're thinking like, probably the lawyers almost always lawyers say don't testify because it doesn't end well, but this is not ending well either. But it's totally his decision. He could tell them I'm not going to. And in that moment moment, you could say, I'm ready. Yeah, I'm taking the stand. So there's going to be that's like the moment and I'll get if he definitely if he says no, I choose not I exercise my fifth amendment, right? I'm not testifying. There's going to be a lot of disappointed journalists, certainly. And I think they've disappointed investors, because people I think they do want to know they don't just want to see him flame out. But they wanted there. There's been a there's been a pretty, you know, a pretty workman like presentation. But there's still something missing. Just like you said, how I mean, I myself said, when did even in that family, when did it go from kind of arrogant, pretentious, but ultimately idealistic, you know, to want to help the poor to like screw the world, we're better than everybody. And anyone that criticizes, it's like McCarthyism. When did that happen? But at what's your right meal? There was a break. And I think like, this might come out if you start, I think you're going to get, you're going to get closer, not to the truth, but to the psychological truth of how it happened. So I'm hoping that he testifies. What do you think the actual truth is? If you had

to speculate, you know, you're a student of this, you see this every day, you study criminals, the criminal mind. It's entitlement, it's how they were raised. In this case, what makes this guy tick based on everything you see?

I think I think that I mean, I think he's a very strange character. It's not just that he was, he was not just homeschooled, he was kind of always off on his own. He definitely does have some kind of attention deficit. He's a very smart guy. But he's not, he's not the world's most social person. He's not a, and I think I think, I mean, I think his initial, you know, he got out of MIT, he went to work at Jane Street, then he had this, this alimony, basically, he had this idea of like buying, you know, buying Bitcoin in the US and sell arbitrage and selling it in Japan. And I think, I guess, I mean, I don't want to say that this type, this type of like, you know, it's a funny way to invest, it's it to me, it's one step away from saying like, wait a second, if I can like, find a weakness in the market and exploit it. Yes. Let me find a week. Let me find a week. Exactly. But it's hard to then remind yourself, you can find it, you can find an edge in just what we were talking about Trevor Milton, like the week, there's people are going to feel better investing in Nicola, if they can think there's a pickup truck, than if it's just some abstract stock. And I think it's the same.

Right.

If you look for an edge, you might wind up with edges that are illegal, unethical, immoral, all of those things. And then some individuals, maybe they doesn't matter to them, they see through it, like, I guess, maybe he's on the spectrum in some way, he doesn't feel empathy for people, the way other people might.

Right. Yeah. And I think, in a way, it goes this family background, they think they're better than everybody. And it really deep, despite the idealism, there's this idea that like, hey, you know, it's okay to do this, because we have an also our goal is good, nobody, the laws are for other people, you know, and I think, I think even even if someone was brought up, let's say, in a family of people that are like, even like a parent had, you know, served some time for stock fraud, you know, there's this legal system, and that like, you go up to the line and not over it, or you know, this was just outright, like, whoa, we can do it for the law.

We might as right, we are elitists, we were Stanford,



we're lawyers. Yeah, we, we, we transcend the law. It's absolutely disgusting. And, you know, when you look at this case, eight billion dollars stolen, is that the number they're claiming here? That's that's the dollars. You know, if you took every low level criminal who robbed a, you know, a grocery store in Bodega, New York, you know, every dime bag sold in Washington Square Park, and you added it together over the last 50 years, it wouldn't equal eight billion.

I'm going to give you two, two, I'll give two, two examples. Last Christmas, when Bankman freed, he was initially allowed to be out on bail at his parents house in Palo Alto, which was amazing. It was amazing to me, like, because often they'll say risk of flight, and also just the loss amount, but he was released. And I was covering in the courthouse the case of a guy called, his name, Edwin Pozo, 19 year old Bronx resident that was along with his friends, you know, fell in and they did it. Somebody else had the gun, an armed robbery of a smoke shop. No one was shot, but it's a, it's a federal crime because, yeah, it's a federal crime. So he's been in prison since then. He was, he spent Christmas in prison. I did it like, like, and now he was just sentenced to three years. And yesterday, here's, even on the financial fraud side, this, this blew my mind. There's a guy called Adeo Ilocke. He's a man from Nigeria, real shyster. He did PPP fraud, paycheck, you know, protection program loan, but it wasn't, it wasn't that he said that he had a business that he didn't, which many people have been caught and served time and returned the money. He stole people's identity and set up fake businesses. And he stole all told about a million dollars. He went to trial. He was convicted. Yesterday, he got 25 years in prison. So \$1 million or a million dollars. Yes, 25 years. Now he's 8000 times that. Yeah, I don't expect. Yeah, I wouldn't, I wouldn't be surprised if convicted if he got 15 years. I wouldn't, I wouldn't be that's sort of like the way most white collar crime works. And it's, it's weird. Like what makes this guy a Loki different? I guess it's the, the, it's the, he's sort of at the cusp of white collar and blue collar crime. It's like, you know, it's, there's a lot of identity theft that's like people, you know, look, there's a, there's a spate right now in New York of people stealing checks out of mailboxes. It's an amazing, they're all of these, and it's a federal case because the Postal Service is a federal agency. These guys are coming down from the Bronx with a fishing, a

fishing line with, with duct tape around it with a sticky side out and taking, taking envelopes out. And then the cops find them and they open them up. People are still mailing checks. And there's a whole system of like using chemicals to change the name on the check. Or in some cases, they're getting the postal key from God. It's an incredible, it's absolutely amazing. And, and these guys are getting a low sentence, but it's, it's, yeah, there, there, there's, I don't know, I don't know what to say, except that it's the, the, the number is profoundly unfair. Yeah. The number is huge. And this is the, what do you think he gets? If you think 99% and what percent is he guilty? What do you think he gets? I usually don't. But for you, I'll, I usually say like, I can't know. But yeah, no, I mean, I think, I think that he, I, unless he pulls around, yeah, yeah, I mean, the finding, I think he is guilty. But I think there's 95% chance he'd be found guilty. That's, that's actually in keeping with, with 95% of federal indictees end up either pleading guilty or being found guilty. So they have a very high batting average. But I think in terms of sentencing, people are, you know, talking about 110 years, I doubt it very much. I think he will get out, he will get out, he would, if convicted, he would get out of jail in his, I don't know, 50s, 60s, 20 years. Yeah. We're, we're, you know, AI and whatnot will have taken the world by then. I don't know what, what fraud you'll find waiting for him. But, you know, or whether that, yeah, there's a guy called Martin Screlly, you know, the famous. I know Martin Screlly. Yeah. He's been coming to the trial. He's been coming to the trial. I've talked to him online. He follows inner city press and sort of throws comments, and like, he, I guess he got convicted of fraud for the people who are investing in his investment vehicle to make drugs. I think that was the, the charge he got. But I think he's made himself years. Yeah, he's made himself, he's made himself into sort of a white collar crime pundit. He's kind of, it's, it's sort of funny. I mean, I'm, I'm, he's clever. Yeah. It's clever. It's like a Wolf of Wall Street guy, right? Like he kind of like, he, if you own it, and then you have something to say, because he did some kind of like a zoom call with Sam Bankman Frieden was giving him advice, I don't even saw that trending on Twitter. It was actually fake. It was with Doquan and people cropped in and a fake video of Sam Bankman

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Frieden. Oh, it was fake. He was actually talking to Doquan and he was like, jail's not that bad.

He was talking to Doquan about crime. Yeah. And then they just went to Sam Bankman. Listen,

there are a lot of crypto. I just want to say one, there, beyond this one, there's like, there, there's a, you know, tornado cash. There are all kinds of crypto, crypto cases. It's turning out to be a big, a big, a big beat. And I initially, you know, it's, it's, it's just amazing. You never know who's coming in next. And I think there's the guy of Moshinsky from Celsius. He's, he's been indicted here. He's out on bond and his co-

Are these all the Southern District of New York?

They're all the Southern District of New York. And it's

Tell me just briefly, because I listened to Pete Barara's podcast. He seems like a serious, like I've met him. Sure.

These are seriously principal people. Supposed to the show Billions, the character Paul Giamatti plays is based on him in some way, like a composite. So it's just as we wrap here, what, what is the nature of the SDNY? They're pretty hardcore. Yeah.

They're very, again, they also feel that they're like the best and the brightest. There's a, there's a lot of, what's interesting is that there's a lot of competition between them and the Eastern District, where, which is in Brooklyn and covers, they have some great cases over there. They're the ones who did El Chapo. They actually, there's a case that's, that's right near the courthouse in Manhattan, the, the, the illegal Chinese police station, the Chinese government opened up a police, quote unquote, police station to go after its own dissidents in Chinatown, but it was brought by the Eastern District. So it turns out, this is something I want to, I cover this one district very closely, but it turns out that there's some kind of committee in D.C. that gives the green light for like, who gets the big cases, right? Because there's like, everyone wants a piece of it, or a Russian oligarch, you could do it anywhere, right? But the Southern District definitely like throws its weight around and has become, and I think that they, they go out of their way to issue press releases about, they did, they did a case against a guy from OpenSea, NFT, an NFT fraud.

Yeah, the guy with fraud around the market.

Yeah, Chastain, Nat Chat, no, yeah, \$50,000 loss amount. And

they, they issued press releases, they, because they were like, this is a cutting edge case, we're not going to rest on these crypto fraudsters. So I think they've made themselves.

If they see there's a bunch of cases going on, they see themselves as like, hey, if we come down hard on somebody, it's going to protect the, you know, the, the public from future harm. So they kind of have this idea that they need to set examples of people. Yeah.

And exactly. And I think then I'm interested, I don't want, I don't want to cast dispersions in the sort of personal motivations of the people that go to work at SDNY. No one stays there forever, very few. They might put in eight years and move up from doing crack cases to securities fraud to, you know,

Julianne famously ran the SDNY.

And then they cash out to a white shoe law firm, usually doing white, white collar criminal defense, or there's at least five of, of, you know, alumni of SDNY commenting on this commenting on this case and prognosticating one of them, interestingly, a recent SDNY guy called Emile Beauvais or Beauve, he represented a Haitian Haitian pastor slash crypto fraudster named Eddie Alexandre. But he's now representing not only Miles Guo, Guo Wengui, the sort of very Chinese dissident slash fraudster, but also Trump, he's put in a notice of a notice of appearance for Trump down in DC. So this is this is kind of like, like, show me what you got for six years at SDNY, and then your career is set. You know, and I think that love it. Damien Williams managing it keeps probably like throwing the bone, like I'll let you do this case. And like, I want to keep this guy on for two more years. So I'll give him this profile case. I mean, they're all I actually, I like the what's interesting about that office is that they all began with the smoke shop, the smoke shop on robbery. And federal judges, despite their Lewis Kaplan is dealing with guys that like, you know, robbed mail, and then, you know, pass a failure analysis while they're on probation, like 50% of these federal judges time is spent on very concrete things. And a lot of them show compassion. It's not they're not like, this is beneath me, get me back into into the high polluting world. It's it's very knowing what you know. Do you have faith in our justice system, doing what you do every day? Do you feel good that justice in my hometown, New York? Do you feel like it's in good hands? Because we have

this like, sort of anti deep state kind of, you know, hey, it's all rigged that Trump's kind of putting out there. You trust the justice system, you feel like I actually do a much more as a good job. You know, it's sort of having covered the UN and found a lot of corruption. And basically, my day to day reporting job was like debunking things. When I came to the courthouse, I sort of had the same like, I'd find little, you know, I would be through, you know, put they'd say, we're sealing the courtroom, and I'd write a story saying, this is outrageous, we've got to get I think that's part of journalism is to like, push the envelope. But I well, it's not just that I sort of I it's the and it's it's the cases that are not the high profile cases, it's that it's a judge spending the time to actually like, get to know how this defendant has been on probation and neither like, letting them all I have a lot more confidence than I had when I went in, I think, and it always kills me. People people love to say like, as soon as the case is wheeled out, oh, that's a Clinton appointee, or this one's a Trump appointee. And I found out honestly, that's there's something to be said for this is lifetime tenure, because the people really, they're they're almost they're in their own world, the judges don't even talk that much to each other, each of them has a staff and has a docket. And they're just in most cases, here's the main thing. Most cases in federal court don't have anyone covering them at all. Like, I can't tell you, I've become well known in the courthouse, because not just for Sam Beckman, Frieder, Trevor Milton, but your average case, I'm covering a DEA case, there's nobody covering a DA bribery case, because everyone's focused on the big cases. And so like, you know, the people somebody was killed by fentanyl and a daycare. And it's, it's just, and the judges take the take it seriously. That's my my impression of them here. It's a deeply kind of moral. They're kind of like, it's like being a I don't want to say they're like, they're like monks, but they literally are in their own world like Jedi knights, you know, they really get mentioned in the newspaper, they're like samurai, they have a bit of a go nuts and no one would know. I mean, the problem is they have they have almost unlimited discretion. It's very hard to win an appeal. So if if they start going off the rails, it's difficult because you can start they could start personally, I think the 25 years for the million dollars this bit, it's too harsh. I don't think I don't think it'll be reversed on appeal, though, because the

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sentencing guidelines allow for that. But I think but I so I don't who knows, maybe maybe that judge had a particular insight to this guy, you know, commit very violent crimes. And you know, they don't get 25 years. So it's it's sometimes as hard as an outsider to process the sentencing part, but we'll save that for another week or two or three from now. And Matthew, it's been awesome. You're my kind of guy. I don't know, did you grow up in New York? You seem like a New York guy to me. I'm a Bronx site, but let's put it that way. Okay, I'm a district. No, Bronx, I probably Bronx, I'm from Brooklyn. So all right. Yeah, let's go get a slice. All right. Incredible. They have a folks Matthew Russell Lee from inner city press. I want you to follow it on X from formerly known as Twitter inner city press. It's one of the greatest Twitter handles X handles you could follow. But more importantly, I want everybody to go to Patreon right now. And if you enjoy his work, and you want to see him do more of it, you know, toss him a couple of bucks, and then let's, you know, buy him a slice, you know, get him a diet coke, whatever he's into. All right, keep it up. I love the work. And we'll see you on the next time in between startups.