



House Committee Launches Investigation Following FTX Cryptocurrency Crash

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WASHINGTON (TND) — The House Financial Services Committee has launched an investigation following the collapse of the cryptocurrency FTX.

Lawmakers Thursday announced a bipartisan hearing will be held next month to question company leaders about the collapse estimated to have cost U.S. customers billions of dollars. The crypto crash that unfolded has resulted in calls for regulation.

Sam Bankman-Fried's FTX is being compared to Enron — the energy company that hid its massive debt until it went bankrupt, leaving its shareholders to face more than \$70 billion in losses.

The company is accused of lending out customer funds to prop up Bankman-Fried's other business, Alameda Research.

“Customer funds were being lent out to this hedge fund, they were being replaced at the exchange with a volatile crypto token that's value has declined,” said Jack Solowey, a financial technology policy analyst with the Cato Institute.

Critics have called out the “Biden gang” for “harassing Elon Musk” while one of the worst scams in modern finance was being perpetuated under their noses. Musk himself responded, saying that Bankman-Fried was a major democratic donor.

OpenSecrets, which tracks money in politics, shows Bankman-Fried spent about \$39 million this last election cycle — about \$37 million of which went to Democrats.

Still, plenty of Democrats are calling for an investigation including the House Financial Services Committee and some Senate Democrats as well.

“We've seen the damage they've caused. We will aggressively do oversight here,” said Sen. Sherrod Brown, D-Ohio.

Bankman-Fried himself reportedly had already backed a bill already moving through Congress which would bring more regulation.

“It would be very unfortunate if a bill that Sam Bankman-Fried was lobbying for to regulate centralized exchange now ended up penalizing de-centralized exchanges in the process,” Solowey said.

It's another new landscape for Congress and the American people to navigate with no clear answers.