

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff,

v.

SAMUEL BANKMAN-FRIED, FTX TRADING
LTD D/B/A FTX.COM, AND ALAMEDA
RESEARCH LLC,

Defendants.

Case No. _____

**COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE RELIEF
AND FOR CIVIL MONETARY
PENALTIES UNDER THE
COMMODITY EXCHANGE ACT
AND COMMISSION REGULATIONS**

JURY TRIAL DEMANDED

Plaintiff Commodity Futures Trading Commission (“CFTC” or “Commission”), by and through its undersigned attorneys, hereby alleges as follows:

I. SUMMARY

1. Samuel Bankman-Fried (“Bankman-Fried”) co-founded Alameda Research LLC (“Alameda”), a digital asset trading and investment firm, in Berkeley, California in 2017. In May 2019, he and others launched FTX Trading Ltd. b/d/a FTX.com (“FTX Trading”) and various subsidiaries, affiliates, and related entities, collectively doing business as “FTX.com” or simply “FTX,” a centralized digital asset exchange. (These parties are collectively referred to as “Defendants”). Alameda and FTX were large and well-known players in the digital asset industry, and Bankman-Fried was their young, high-profile leader.

2. At its peak, the daily trading volume on FTX.com was over \$20 billion, and it had garnered a \$32 billion valuation. FTX had prominent paid sponsorships, including the naming rights to a professional sports arena in Miami, celebrity endorsements, and a 2022 Super Bowl commercial that touted FTX as “the safest and easiest way to buy and sell crypto.”

3. On November 11, 2022, Bankman-Fried’s empire abruptly collapsed. FTX customers and the world at large discovered that FTX, through its sister-company Alameda, had been surreptitiously siphoning off customer funds for its own use—and over \$8 billion in customer deposits were now missing.

4. Beginning no later than May 2019 and continuing through at least November 11, 2022 (the “Relevant Period”), Bankman-Fried owned, operated, and/or controlled FTX Trading, along with its numerous subsidiaries and related entities around the world, all doing business as FTX.com. He also owned, operated, and/or controlled Alameda and its various subsidiaries and related entities, as well as numerous other related entities in the digital asset industry. Throughout the Relevant Period, Alameda operated as a primary “market maker” on FTX.com, providing liquidity to its various digital asset markets, and also performed a number of other key functions for the exchange. Bankman-Fried operated Defendant entities as a common enterprise.

5. Throughout the Relevant Period, and unbeknownst to all but a small circle of insiders, FTX customers deposits, including fiat currency and digital assets such as bitcoin (BTC) and ether (ETH), that were intended to be used for trading or custodies on FTX, were regularly accepted, held by, and/or appropriated by Alameda for its own use.

6. At Bankman-Fried’s direction, FTX executives created features in the underlying code for FTX that allowed Alameda to maintain an essentially unlimited line of credit on FTX. FTX Trading executives also created other exceptions to FTX’s standard processes that allowed Alameda to have an unfair advantage when transacting on the platform, including quicker execution times and an exemption from the platform’s distinctive auto-liquidation risk management process.

7. Throughout the Relevant Period, at the direction of Bankman-Fried and at least one Alameda executive, Alameda used FTX funds, including customer funds, to trade on other digital asset exchanges and to fund a variety of high-risk digital asset industry investments.

8. Bankman-Fried and other FTX executives also took hundreds of millions of dollars in poorly-documented “loans” from Alameda that they used to purchase luxury real estate and property, make political donations, and for other unauthorized uses.

9. Throughout the Relevant Period, Defendants, through a web of subsidiaries, affiliates, and other related entities (collectively the “FTX Enterprise”) misappropriated customer funds for their own use and benefit.

10. Despite this, FTX Trading represented, in its Terms of Service and elsewhere, that customers were the “owner[s]” of all assets in their accounts, had “control” over the assets at all times, and that those assets were “appropriately safeguarded and segregated” from FTX’s own funds.

11. Through this conduct and the conduct further described herein, Defendants violated Section 6(c)(1) of the Commodity Exchange Act (the “Act” or “CEA”), 7 U.S.C. § 9(1), and Commission Regulation (“Regulation”) 180.1(a), 17 C.F.R. §180.1(a) (2021). Unless restrained and enjoined by this Court, Defendants are likely to continue to engage in the acts and practices alleged in this complaint and similar acts and practices, as more fully described below.

12. Accordingly, the CFTC brings this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, to enjoin Defendants’ unlawful acts and practices and to compel their compliance with the Act. In addition, the CFTC seeks civil monetary penalties and remedial ancillary relief, including, but not limited to, trading and registration bans, disgorgement, restitution, pre- and post-judgment interest, and such other relief as the Court may deem necessary and appropriate.

II. JURISDICTION AND VENUE

13. This Court has jurisdiction over this action under 28 U.S.C. § 1331 (federal question jurisdiction) and 28 U.S.C. § 1345 (district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). Section 6c of the CEA, 7 U.S.C. § 13a-1(a), authorizes the CFTC to seek injunctive relief against any person whenever it shall appear to the CFTC that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the CEA or any rule, regulation, or order thereunder.

14. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), because Defendants transacted business in the Southern District of New York and engaged in acts and practices in violation of the Act and Regulations within this District.

III. PARTIES

A. The CFTC

15. Plaintiff **Commodity Futures Trading Commission** is the independent federal regulatory agency charged by Congress with the administration and enforcement of the Commodity Exchange Act (“CEA”) and Regulations promulgated thereunder.

B. Defendants

16. **Samuel Bankman-Fried** (“Bankman-Fried”) is a United States citizen who has resided in various locations during the Relevant Period, most recently in the Bahamas. Bankman-Fried is the founder and majority owner of FTX Trading, Alameda, and FTX US. Bankman-Fried resided in and performed work for FTX Trading and Alameda in various locations during the Relevant Period, including in the United States. He has never been registered with the Commission in any capacity.

17. **FTX Trading Ltd.** (“FTX Trading”) is a corporation registered in Antigua and Barbuda. FTX Trading Ltd. along with its subsidiaries and affiliate entities, including without limitation FTX Digital Markets Ltd. (“FTXDM”), located in the Bahamas, collectively did business as “FTX.com” or “FTX” and operated the digital asset trading exchange during the Relevant Period. FTX Trading had numerous employees, including key personnel, that were based in and perform work from the United States, including in this District. FTX Trading had regularly engaged in advertising and promotional activities in the United States. None of the FTX Trading entities has ever been registered with the Commission in any capacity. FTX Trading is currently in Chapter 11 bankruptcy proceedings in the U.S. Bankruptcy Court for the District of Delaware.

18. **Alameda Research LLC** (“Alameda”) is a Delaware limited liability company. Alameda, along with its parent, subsidiary, and affiliate entities collectively operated and did business as the digital asset trading and investment firm “Alameda.” Alameda was founded in, maintained offices in, and had numerous employees, including key personnel, that were based in and perform work from the United States during the Relevant Period. None of the Alameda entities has been registered with the Commission in any capacity. Alameda is currently in Chapter 11 bankruptcy proceedings in the U.S. Bankruptcy Court for the District of Delaware.

19. During the Relevant Period, FTX Trading, Alameda Research, together with other entities under the majority ownership and control of Bankman-Fried operated as a single, integrated common enterprise under the sole ultimate authority of Bankman-Fried as their mutual owner. They are referred to collectively in this complaint as the “FTX Enterprise.” Bankman-Fried regularly exercised control over each of the component entities of the FTX Enterprise throughout the Relevant Period, including regularly serving as signatory on core corporate agreements, as well as corporate bank accounts and trading accounts, many of which were held in

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