

United States House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

February 10, 2023

Chairman Patrick McHenry
U.S. House of Representatives
Committee on Financial Services
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman McHenry,

I have reviewed the letter that you sent to the Securities and Exchange Commission (SEC) today, which raised questions regarding the timing of the charges brought against FTX and any coordination that may have occurred between the SEC and the Department of Justice (DOJ) on the matter. I believe that the Committee's efforts would be best spent obtaining a complete understanding of the improper activities that took place at FTX, why they occurred, and who was responsible for those actions, so the Committee can assess whether additional statutory or regulatory reforms are necessary to prevent such events in the future. To that end, I think it is extraordinarily important that Mr. Sam Bankman-Fried, the former CEO of FTX, testify, and request that you immediately ensure his presence, in addition to other key FTX and Alameda Research executives, at a Committee hearing.

As you know, on December 13, 2022, the Committee held a bipartisan hearing with John Ray III, the current CEO of FTX who is working with his team to recover as many assets as possible for the benefit of FTX's harmed investors and customers. As Chairwoman of the Committee, I also requested Mr. Bankman-Fried to testify even though he was in the Bahamas and therefore beyond our Committee's authority to compel testimony. Mr. Bankman-Fried agreed to appear before our Committee at that same hearing before his arrest by the Bahamian authorities, acting on the request of the DOJ, made that impossible. At that hearing, you expressed disappointment that Mr. Bankman-Fried was unable to attend, stating, "Frankly, I looked forward to getting his lies here, on the record, under oath." I agree, and there is no reason now that he is in the United States that he cannot appear before our Committee.

Mr. Bankman-Fried has been extradited to the United States, and he and his colleagues should be questioned before our Committee to help with our investigation. I am troubled that nearly two months since that first hearing with Mr. Ray, our Committee has not prioritized obtaining Mr. Bankman-Fried's testimony, nor anyone else's testimony, or any relevant documents from FTX about the events leading up to the failure of FTX and the efforts to return funds to investors, particularly as Mr. Bankman-Fried continues to share his version on the details of the collapse via social media platforms.

The urgency of the FTX investigation cannot be overstated as its failure has contributed to the failure of several other crypto firms who have also taken steps to prevent customers from accessing their funds. In January, we saw the bankruptcy of Genesis, the crypto lending subsidiary of Digital Currency Group. Its Gemini Earn program held approximately \$900 million in investor assets from 340,000 investors, before it was terminated last month. Binance, the world's largest cryptocurrency exchange on Monday, February 6, announced that it would halt U.S. dollar withdrawals from its Binance.com exchange, potentially creating a major hurdle for its customers attempting to redeem their cryptocurrencies into U.S. dollars and withdrawing their funds. FTX's failure continues to reverberate through crypto markets and harm investors and customers.

At the end of the last Congress, our staff worked closely to expeditiously open and conduct an investigation, including holding bipartisan briefings with both the SEC and Commodity Futures Trading Commission (CFTC), as well as academic experts, and a public hearing with Mr. Ray. I commit to join with you to do everything it takes to ensure Mr. Bankman-Fried's presence before our Committee. Working together, our Committee can get to the bottom of the events that occurred, and we can take the urgently needed steps to pass legislation in a bipartisan manner that protects investors and prevents a failure like FTX from ever happening again

Sincerely,



Maxine Waters
Ranking Member