FTX Mess Gets Worse and Worse

By: www.ProfitableInvestingTips.com

FTX was a major crypto exchange with many successful allied businesses until crypto winter unleashed a sequence of events that brought about its **collapse**. Its founder and CEO resorted to extreme and perhaps fraudulent measures to rescue his company. It still collapsed and is going through bankruptcy. At least that was the story until prosecutors began to dig into the actions of Sam Bankman-Fried going back even before FTX started to get into financial difficulties. Now, as Bankman-Fried has **trouble shutting up** and investigators are digging deeper, the FTX mess gets worse and worse.

More Criminal Charges Against FTX Boss

According to *CNBC*, Bankman-Fried has been hit with **four more charges**. New charges include illegal campaign contributions, operating an unlicensed money transmitting business, money laundering, and bank fraud along with political campaign finance violations and securities fraud. According to reports, SBF lavishly contributed to political campaigns, more to Democrats than Republicans but to both parties. His goal appears to have been to position himself to influence the coming **regulatory requirements** for the crypto world. The bottom line appears to be that SBF did not just start playing with the books at FTX to rescue his company from financial distress but started much earlier to enrich himself and seek to influence the laws that govern his business niche.

Effect FTX Mess of Crypto at Large

The first effect on crypto when FTX trouble emerged into plain view was that Bitcoin and the rest fell by 20%. This was a gut reaction, a downward shift in market sentiment. Since then crypto has recovered a bit as markets in general believed, inaccurately, that the Federal Reserve was done raising interest rates and that inflation was cured. How the FTX disaster will affect crypto over the long haul will have to do with the problems within various parts of the crypto world that are being brought to light by closer scrutiny of fallen crypto kings like FTX, **Genesis**, Celsius, and more as well as issues like **Bitcoin wash trading** that distort the markets with false information.

What Changes Are in Store for Crypto?

In the coming year or years the government will be sorting out who is in charge of **regulating which aspects of the crypto world**. Are crypto tokens securities or commodities? The answer will decide whether the Securities and Exchange Commission will regulate crypto or will it be the Commodity Futures Trading Commission. No matter which way this argument goes, regulation is already tightening in the area of crypto exchanges knowing who their customers are and not facilitating transactions related to illegal activities. The IRS has already landed in the crypto world on both feet. They are already taxing all crypto capital gains and in the coming year they may well be seeing every crypto transaction on every crypto exchange.

What we expect to see as regulation moves forward is that crypto exchanges, DeFi, businesses, and anyone in the crypto world who "banks" people's assets as crypto, provides loans, pays interest will become subject to rules similar to those that **govern banks**.

Will Crypto Survive the Coming Changes?

The first answer is yes. The world of crypto with its exchanges, DeFi operations, NFTs, blockchain gaming, and the Metaverse will survive. Will all businesses in all of these niches survive? No. As financial strains worsen regulatory activities will make it more difficult for folks like SBF to move assets around to create an illusion of prosperity where there is none. As with any financial shakeout in a business niche, many operations will go out of business leaving more room for the survivors to profit. We have used the example of the dot com crash and the survival of Amazon.com followed by its rise to being one of the world's biggest companies as an example of what happens when the non-businesses in a sector go away and leave those operations that create real products and services and make real profits.

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