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Stock Market Investing Tips, Techniques, and Resources



Where Crypto Gains Go to Hide

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Smart investors commonly take a part of what they gain in any given investment as profit and then reinvest in something different. They are [diversifying](#). This is not a strategy that we have generally heard from advocates of crypto investing where “all in” has been the most common advice. Investors commonly watch to see when company CEOs sell their stock shares as a cue that those in the know believe the stock price will soon fall. If folks had known that the Alameda arm of FTX was [buying a small, rural bank](#), they might have asked why Alameda was buying assets outside of crypto when the company and its FTX boss was touting the virtues of cryptocurrencies. Knowing where crypto gains go to hide tells us something about what Sam Bankman-Fried and others were really thinking about the vitality of their crypto business as they were hedging risk or, perhaps, hiding their money.

Tracking Down Hidden Bankman-Fried Assets

One of the things that struck us as information came out of [FTX bankruptcy hearings](#) was that there was allegedly little or no accounting available of where money was, how or where it was transferred, and the like. This we passed off initially to the belief that the FTX crypto business grew so fast that it outgrew the ability of its owners and managers to keep track of things and a degree of arrogance that they did not need to do business like “old-style” businesses since they were the new crypto cutting edge. However, something that we have noted over the years is that businesses and individuals who have something to hide are better able to hide it in a dysfunctional system. It turns out that with the resources of the Federal Government, more and more FTX/Bankman-Fried assets are showing up. Along with the \$49,999,500 discovered in a rural Washington State bank, government authorities have seized roughly 55 million shares of Robinhood stock with a market value of about \$526 million, \$21 million held with the ED&F Man Capital Markets brokerage firm, and more than \$100 million from the Silvergate Capital bank. In addition, authorities are looking for cash and crypto tokens in three accounts with rival crypto exchange Binance.

Do Other Crypto Moguls Diversify Their Holdings?

Considering that FTX was not the first crypto business to go bankrupt and will likely not be the last, we asked ourselves if Gemini and Genesis, which are now in trouble with the SEC, have made any effort to diversify their holdings or are strictly crypto endeavors. In this regard, we found an article in *Investopedia* from 2019 about how the Winklevoss brothers, who own Gemini, [protect their wealth](#). There is no word about assets outside of crypto but a detailed explanation of how these folks store and protect their private keys so that they do not lose access to their crypto wealth. While these folks appear to be true to their word as believers in crypto as the way to create and protect wealth, one has to be concerned about SEC charges which imply that both Genesis and Gemini were less than honest in attracting customers for their crypto lending business.

Hiding Money as Dollars During the Crypto Winter

Folks who would like to recover lost assets from FTX, Gemini, Genesis, Three Arrows Capital, [Voyager Digital](#), or any other crypto enterprise, should be happy if those assets were converted in part or in total to dollars early in the crypto winter before Bitcoin and the rest lost more than two-thirds of their value in dollars. Whether this was just diversification or an attempt to hide assets, the dollar, contrary to crypto dogma, did a lot better than any crypto token over the last year or so.

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