

Weekly Intelligence Brief

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FTX Founder Sam Bankman-Fried Found Guilty on Seven Accounts Surrounding Cryptocurrency Fraud

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On 02 NOV, Sam Bankman-Fried was found guilty on seven charges, including wire fraud, Conspiracy to commit wire fraud, and money laundering. His company, FTX, acted as a cryptocurrency exchange platform that would secretly take customer deposits and transfer them to Alameda Research, a cryptocurrency trading firm also owned by Bankman-Fried and associated partners. Over \$8 billion was transferred to Alameda, which prosecutors claimed Sam Bankman-Fried and others at Alameda used for personal expenses. Former

employees of Alameda and FTX have pleaded guilty and testified against Bankman-Fried. Gary Wang and Nishad Singh are former FTX computer programmers who testified that Bankman-Fried directly ordered them to grant Alameda special privileges which would allow them access to customer funds. Bankman-Fried denied his knowledge of the coding changes that would allow this, claiming he only ordered Mr. Wang and Mr. Singh to prevent Alameda from being liquidated by mistake.

Sam Bankman-Fried's sentencing is scheduled for 28 MAR 2024. The \$8 Billion dollars lost is planned to be

recuperated through two paths. Mr. Wang, Mr. Singh, and Ms. Ellison, Bankman-Fried's ex-girlfriend and business partner, agreed in their guilty pleas to forfeit their proceeds which were acquired during their time at Alameda and FTX. How the recovered funds plan to be returned to victims of the fraudulent scheme is still in debate. The other plan in place is led by U.S. Trustee Andrew Vara, who will use the bankruptcy process to generate finances to be returned to the victims.

With high confidence, we can assess it is likely that the victims will be able to recuperate their losses.

China's New Regulation for Minor Protection

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On 24 OCT, Chinese Premier Li Qiang issued an order to pass Cyberspace Protection Regulations. This introduced regulations first of their kind which aimed to get back the happiness of families and contribute to the nation's future well-being. The reduced time on the internet will encourage more quality time with family. In addition, the reduced time will allow China's youth to grow their knowledge and contribute to the nation's overall progress. China will implement these 60 articles in 7 chapters starting 01 JAN 2024.

In 2021, China made a requirement called "youth mode" through the Cyberspace Administration of China (CAC), requiring companies to have the feature. "Youth mode" aided in controlling the gaming content for users under the age of 16. China also surveyed 26,000 minors in 2021 and more than a quarter of them experienced fraud, viruses, and leaked personal information. Given these statistics, China now aims to tighten the internet use of minors.

In the future, China hopes to set "curfews" from 10 p.m. to 6 a.m. to prevent anyone under the age of 18 from accessing the internet during that time. Any internet provider that breaks

these rules is subject to a fine of up to 50 million yuan (US \$68 million) or 5 percent of the firm's annual turnover in the previous year.

We can assess with high confidence that China will likely make more strict regulations for their youth going forward after 01 JAN 2024.



Potential Unconstitutional Re-election in El Salvador

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On 27 OCT, El Salvador's current President Nayib Bukele registered unconstitutionally for the 2024 election. According to El Salvador's constitution, Bukele's presidency should be over this year after reaching the maximum number of terms. The current constitutional standard is a president can serve for one term or 5 years after which they have to wait 10 more years to get re-elected. Bukele's

illegal registration will be sent to the country's Supreme Court to be ruled upon; however, the Supreme Court has already ruled in favor of him in the past, as the court is full of his supporters. This move would require Bukele to step down from the Presidency starting 01 DEC, six months before the election, and would require The El Salvadorian Congress to select an interim president for the meantime.

Bukele wanted to change El Salvador's reputation as the "Gang capital of the world." He called for a state of emergency in March 2022, allowing

him to send in the military and arrest anyone related to these gangs, including members of Barrio 18 and La Mara Salvatrucha. Over 72,000 people have been arrested and more continue to be. Bukele's support has skyrocketed reaching around 90% approval since the crime rate dropped significantly.

We can assess with high confidence that this bid for re-election will likely be allowed by the Supreme Court, and President Bukele will likely win the presidency in 2024.

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