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FTX

The civil lawsuit filed in Miami federal court is far from the only legal problem for the Bahamas-based company, whose filing for bankruptcy has shaken the cryptocurrency markets.

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By Jay Weaver, Miami Herald (via TNS).

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On Tuesday, Homeland Security Investigations in Miami announced on Twitter that it has an “ongoing criminal investigation” and is seeking information from victims who may have invested in the FTX platform. The HSI investigation is headed by El Dorado Task Force South, which specializes in fraud, money laundering and other crimes extending from the United States to foreign countries.

The civil lawsuit filed late Tuesday seeks class-action designation to represent all FTX investors. The lead named defendant is FTX founder Sam Bankman-Fried, an MIT grad and funds trader, but also seeks damages from nearly a dozen celebrity promoters.

In addition to Brady, the Tampa Bay Buccaneers quarterback, Bundchen, and O’Neal, the other names in the suit are Jacksonville Jaguars quarterback Trevor Lawrence, Warriors superstar Stephen Curry, tennis star Naomi Osaka, Angels star Shohei Ohtani, and the Golden State Warriors team. Comedian Larry David, the creator of “Seinfeld” and “Curb Your Enthusiasm,” is also named

The suit, filed by attorneys Adam Moskowitz and David Boies, claims they engaged in deceptive practices to sell FTX yield-bearing digital currency accounts.

John J. Ray III, FTX’s new chief executive who is not named as a defendant in the lawsuit, declined to comment on the allegations, according to Reuters.

FTX filed for bankruptcy on Friday and is facing scrutiny from U.S. authorities amid reports that \$10 billion in customer assets were shifted from FTX to Bankman-Fried’s trading company, Alameda Research. When the crypto exchange faltered on liquidity concerns, U.S. investors sustained \$11 billion in damages, the new lawsuit says.

“The deceptive and failed FTX Platform was based upon false representations and deceptive conduct,” according to the suit, arguing that the “fraudulent scheme was

designed to take advantage of unsophisticated investors from across the country.”

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“The reports about FTX and its affiliates are extremely disappointing,” the statement read. “Miami-Dade County and the Miami Heat are immediately taking action to terminate our business relationships with FTX, and we will be working together to find a new naming rights partner for the arena.”

Brady and Bundchen were FTX ambassadors and had an equity stake in FTX Trading, the suit said. They were also involved in an ad campaign last year and appeared in a commercial “telling acquaintances to join the FTX platform.”

The suit alleges that FTX needed big names like Brady “to continue funneling investors into the FTX Ponzi scheme, and to promote and substantially assist in the sale of the (accounts), which are unregistered securities.”

Brady reportedly has deleted many tweets showing his involvement with FTX and its top executive. FTX once traded \$15 billion daily, but its business has crumbled, the Tampa Bay Times reported.

The Miami lawsuit was brought on behalf of Edwin Garrison, an Oklahoma resident who had an FTX yield-bearing account which he funded with crypto assets to earn interest, and others like him. Garrison alleges that while FTX lured U.S. investors to its yield-bearing accounts, it was a “Ponzi scheme” where investor funds were shuffled to related entities to maintain the appearance of liquidity.

Investors and the U.S. Securities and Exchange Commission have previously gone after celebrities for deceptively touting cryptocurrencies.

Reality TV star Kim Kardashian agreed in February to pay the SEC \$1.26 million to settle claims that she failed to disclose she was paid to promote EthereumMax tokens. She did not admit wrongdoing. Private investors also have sued Kardashian and others over their roles in promoting the tokens.

The new suit alleges Bankman-Fried and FTX promoters engaged in a conspiracy to

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