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pending an extradition process.

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By Katanga Johnson, Ava Benny-Morrison, and Gillian Tan, Bloomberg News (TNS)

Sam Bankman-Fried, the disgraced co-founder of digital-asset exchange FTX, was arrested in the Bahamas after the US government filed a criminal indictment, following weeks of speculation that client funds were misused before his empire's collapse.

Bankman-Fried is being held in custody pending an extradition process, the island

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Gurbir Grewal said in a statement. Those civil charges are expected to be filed publicly in Manhattan Tuesday, according to the statement.

The White House declined to comment on the arrest and charges.

House Financial Services Committee Chairwoman Maxine Waters told reporters Monday that the panel still plans to hold its hearing on FTX's collapse. "It's important for the American public to understand FTX and what was going on," she said.

Bankman-Fried has been facing investigations in the US and the Bahamas, where the company was headquartered, into a range of possible misconduct. One key inquiry has been whether customer funds were lent out to trading firm Alameda Research, which Bankman-Fried also founded.

More than 100 FTX-related entities filed for US bankruptcy protections on Nov. 11.

Bankman-Fried, 30, is being held at a local police station in the Bahamas and his arraignment is scheduled for Tuesday, according to a person familiar with the matter.

In media interviews since FTX's collapse, Bankman-Fried has admitted major managerial missteps, but has also claimed that he never tried to commit fraud or break the law.

In his remarks prepared for a US House hearing that Bankman-Fried was scheduled to appear at on Tuesday, he offered a blunt assessment of his plight.

"I would like to start by formally stating under oath: I f---ed up," Bankman-Fried said in draft copy of his remarks obtained by Bloomberg News.

He added that the company's new managers, led by restructuring expert John J. Ray

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The investigation, led by the Complex Frauds and Cybercrime Unit, took a different trajectory after FTX's catastrophic implosion.

Prosecutors were closely examining whether hundreds of millions of dollars were improperly transferred to the Bahamas around the time of FTX's Nov. 11 bankruptcy filing in Delaware, according to a person familiar with the matter.

They were also digging into whether FTX broke the law by transferring funds to Alameda Research, the bankrupt investment firm also founded by Bankman-Fried, Bloomberg reported previously.

Last week, prosecutors, the FBI, Department of Justice officials and FTX's new CEO and restructuring expert John Jay Ray III met at SDNY's headquarters in downtown Manhattan. Potential charges were not discussed at that meeting, according to a person familiar with the conversation.

With assistance from Allyson Versprille, Max Chafkin, Emily Wilkins and Akayla Gardner.

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