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CRYPTOCURRENCY

Crypto Crisis: A Timeline of Key Events

The industry's troubles began months before the collapse of Sam Bankman-Fried's FTX in November.

By Candice Choi

The crisis roiling the crypto industry captured public attention with the collapse of FTX this past November and the arrest soon after of the exchange's founder, Sam Bankman-Fried. The industry's troubles began months earlier—and have continued to spread. Below is a look at the key dates in the crisis.

2022

Feb. 13: FTX and other crypto companies run their first Super Bowl ads as they push to draw more investors and boost awareness of the industry. Bitcoin is trading back down at \$42,259.28 as the market starts to price in the Federal Reserve's coming rate increases. The previous November, bitcoin had peaked at \$67,802 as investors rushed into riskier assets.

May 4: The Fed raises its benchmark rate by a half-percentage point to tame soaring inflation, marking the sharpest increase since 2000. The central bank's interest-rate

increases over coming months will spark a selloff in speculative investments, including bitcoin. Bitcoin is trading at \$39,780.

May 9: The cryptocurrency TerraUSD, a stablecoin that is supposed to keep its value at \$1, falls below its fixed value, triggering a selloff. Along with its sister coin, Luna, TerraUSD loses \$40 billion in value. Bitcoin is trading at \$31,075 late in the day, down 10% from the previous day.

June 12: The crypto lender Celsius tells users it is freezing all account withdrawals, citing extreme market conditions.

June 17: Babel Finance, a crypto lender based in Hong Kong, tells customers it is suspending withdrawals, citing “unusual liquidity pressures.”

June 27: The hedge fund Three Arrows Capital, which had invested heavily in TerraUSD, defaults on loan payments to the crypto lender Voyager. Three Arrows was heavily leveraged with billions of dollars in loans that it defaulted on. Its other crypto lenders included Genesis and BlockFi.

June 29: A British Virgin Islands court orders Three Arrows Capital to liquidate after creditors sue the crypto hedge fund on alleged failure to repay debts.

July 5: Voyager files for bankruptcy protection, saying it faced a run on the bank.

Nov. 2: CoinDesk publishes an article saying a big chunk of Alameda Research’s assets consists of a token created by FTX, which the firm might have overvalued, setting off a run on FTX.

Nov. 8: FTX agrees to be taken over by rival Binance after succumbing to a sudden liquidity crunch, with users pulling money and cryptocurrency out of their accounts.

Nov. 9: Binance walks away from a deal to rescue FTX, saying the issues it found at Sam Bankman-Fried’s firm were beyond its control.

Nov. 10: The Wall Street Journal reports that FTX lent billions of dollars in customer assets to fund bets by Alameda Research.

Nov. 11: FTX files for chapter 11 bankruptcy protection.

Nov. 28: The crypto lender BlockFi follows FTX into bankruptcy.

Dec. 12: FTX’s Sam Bankman-Fried is arrested in the Bahamas after federal prosecutors in New York file criminal charges, and he is later transferred to U.S. custody.

Dec. 22: Sam Bankman-Fried is released on \$250 million bond and ordered to stay in his parents' Palo Alto, Calif., home.

2023

Jan. 12: The Securities and Exchange Commission sues the crypto firms Genesis and Gemini over a lending product that allegedly violated investor-protection laws.

Jan. 18: The crypto-focused media group CoinDesk hires investment bankers to help it explore options, including a sale.

Jan. 19: The crypto lender Genesis files for chapter 11 bankruptcy protection. FTX's new chief executive says he is looking into the possibility of reviving the bankrupt exchange as he works to return money to customers and creditors.

Feb. 15: The Securities and Exchange Commission proposes a rule that could make it harder for many asset managers to invest customers' money in cryptocurrencies.

Feb. 16: The SEC charges Do Kwon, the founder of TerraUSD and Luna, with misleading U.S. investors who purchased billions of dollars' worth of the failed cryptocurrencies. Mr. Kwon's whereabouts aren't known, according to the suit. He has been the subject of a global manhunt.

Feb. 23: Federal prosecutors unveil a new indictment against Sam Bankman-Fried, charging him with additional criminal counts and detailing allegations that he engaged in conduct that led to FTX's collapse.

Feb. 28: FTX co-founder Nishad Singh pleads guilty to fraud charges and agrees to cooperate against Sam Bankman-Fried, making him the third person in Mr. Bankman-Fried's orbit to do so.

March 1: Silvergate Capital, one of the crypto market's top banks, says recent events leave it at risk of being "less than well-capitalized" and that it is evaluating the effect those events have on its ability to continue as a going concern.

March 8: Silvergate Capital says it is shutting down. Its implosion makes it one of the few non-crypto companies to go out of business as a result of the crypto industry's downturn.

March 10: The second-largest stablecoin, Circle Internet Financial's USD Coin, slips below its \$1 peg over concerns that part of the reserves backing it could be tied up in the collapsed Silicon Valley Bank. Circle discloses that about 8% of the roughly \$40 billion in assets backing the token remain at the bank.

March 19: Bitcoin trades above \$28,000 for the first time since June amid the banking crisis set off by Silicon Valley Bank's collapse. Helping drive up its price are investors who see the digital currency as an alternative to the traditional banking system or who believe the Fed may slow its pace of interest rate increases.

March 22: The Securities and Exchange Commission has told Coinbase that it plans to take enforcement action against the company, the exchange says. The warning to the largest U.S. crypto exchange marks the latest in regulators' escalating crackdown on digital currency firms.

March 23: The Justice Department charges South Korean crypto entrepreneur Do Kwon with fraud as officials in Montenegro arrest the creator of the failed TerraUSD stablecoin.

March 27: The Commodity Futures Trading Commission sues Binance, alleging the crypto exchange operator violated U.S. rules that require futures and other derivatives to be traded on regulated platforms.

March 28: Prosecutors accuse FTX founder Sam Bankman-Fried of conspiring to bribe Chinese government officials to regain access to more than \$1 billion in frozen cryptocurrency, in a new indictment that charges him with violating U.S. anticorruption law. It is the third indictment Mr. Bankman-Fried has faced since FTX's collapse.

This explanatory article might be periodically updated.

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Crypto Spotlight

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