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## Signature Bank Aided FTX Fraud, Suit Says

By **Parker Quinlan**

Law360 (February 7, 2023, 6:02 PM EST) -- Signature Bank was hit with a potential class action suit alleging that it was aware of the financial entanglement between now-bankrupt FTX Trading Ltd. and Alameda Research and did nothing to alert regulators or stop its own clients from contributing money to the cryptocurrency exchange's fraud scheme.

**The lawsuit**, filed Monday in New York federal court by Statistica Ltd. and fund trading arm Statistica Capital Ltd., claims Signature allowed customer funds that were intended for FTX to be transferred to Alameda.

The case marks the latest fallout from FTX's collapse. Prosecutors have alleged that company founder Samuel Bankman-Fried conspired with other executives to misappropriate billions of dollars of customer funds.

Statistica says it attempted to transfer \$24.6 million into accounts it thought belonged to FTX using Signature's in-house blockchain payment system Signet, which converts U.S. currency into crypto tokens at a one-to-one rate.

According to Statistica, FTX instructed customers to wire money into accounts belonging to North Dimension Inc., a company Signature knew was connected to Alameda.

North Dimension, according to the suit, was a fake company set up by Bankman-Fried with Alameda having direct access to the funds. FTX customers would wire investment funds into the account with the intention of funding their investment accounts

The accounts were held at Silvergate Bank, but Statistica says Signature was familiar with who controlled them.

"While Signature did not bank North Dimension," the complaint said, "it was aware of the entity, its relationship to Alameda and its purpose to accept on behalf of Alameda customer funds that those customers had intended for deposit onto FTX."

While it could not monitor the Silvergate accounts, the suit claims Signature could monitor activity through Signet, and see Alameda never redirected funds that FTX clients thought were being used to fund their trading accounts.

Statistica says Signature should have launched an investigation given the pattern of irregularities through Signet, as well as Signature's intimate knowledge of FTX and Alameda's accounts.

According to Statistica's attorney, John Fitzgerald IV of Fitzgerald Joseph LLP, Signature was required by law not just to investigate, but warn clients such as Statistica about what it knew about the Alameda accounts.

"They are also supposed to report it to federal officials," Fitzgerald told Law360 on Tuesday. "Usually they will take steps to limit account access, and they have to have policies they're supposed to freeze accounts and limit withdrawals to a certain amount."

Statistica Capital and Statistica Ltd. said they lost a combined \$2 million from the FTX fallout, according to the suit.

A spokesperson for Signature Bank did not immediately respond to a request for comment Tuesday.

Statistica Capital Ltd. and Statistica Ltd. are represented by John Joseph Fitzgerald IV of Fitzgerald Joseph LLP.

Counsel information for Signature Bank was not immediately available Tuesday.

The case is Statistica Capital Ltd. et al. v. Signature Bank, case number 1:23-cv-00993, in the U.S. District Court for the Southern District of New York.

--Editing by Stephen Berg.

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