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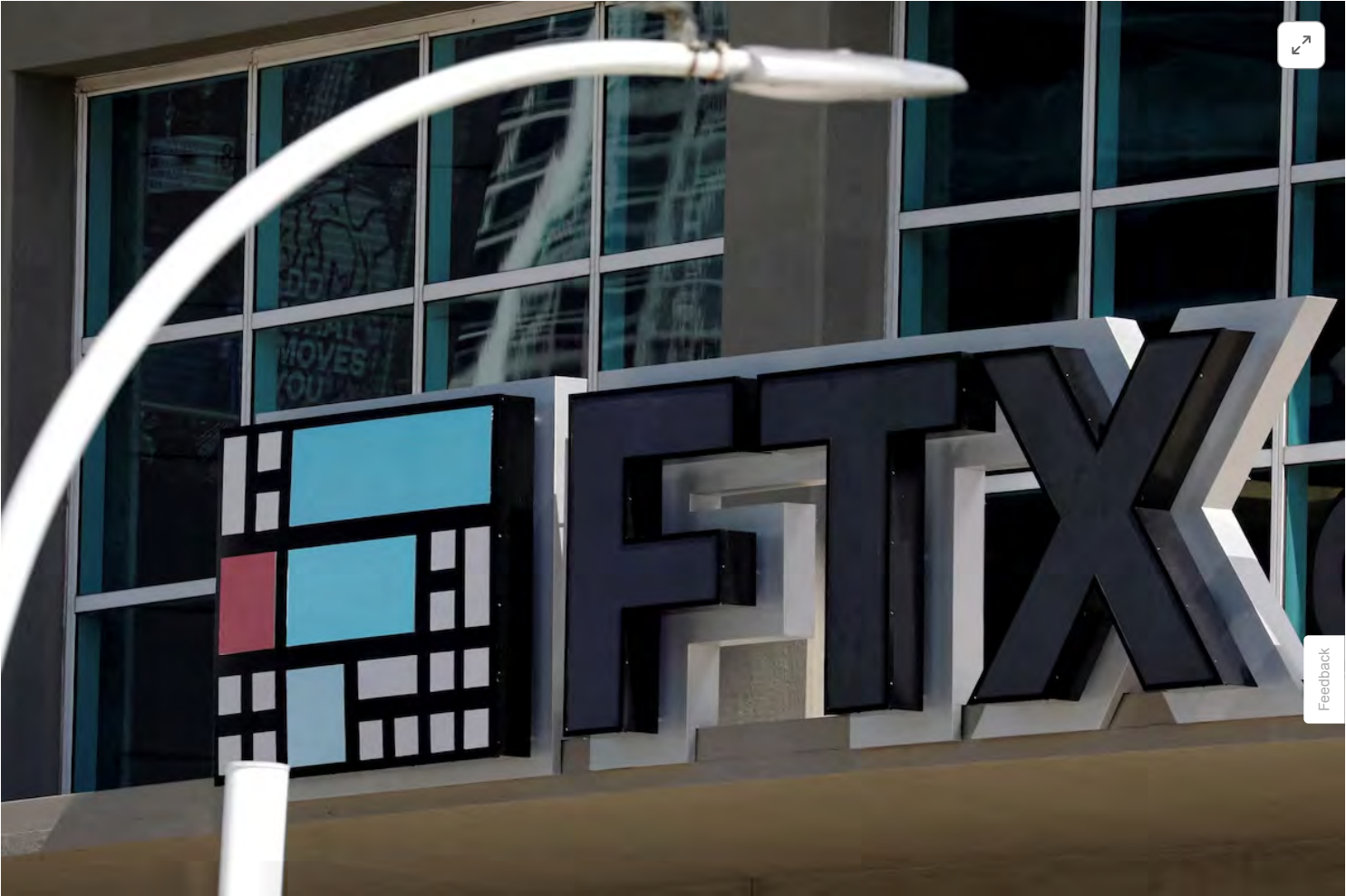
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As U.S. probes FTX collapse, employees turn to law firm Covington

By **Luc Cohen** and **Jody Godoy**

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[1/4] The logo of FTX is seen at the entrance of the FTX Arena in Miami, Florida, U.S., November 12, 2022. REUTERS/Marco Bello [Purchase Licensing Rights](#)



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NEW YORK, Jan 13 (Reuters) - Several FTX employees have turned to law firm Covington & Burling to help them deal with questions from U.S. authorities investigating the collapse of the cryptocurrency exchange and actions by its founder [Sam Bankman-Fried](#), three people familiar with the matter told Reuters.

Arlo Devlin-Brown, a New York-based Covington partner and former Manhattan federal prosecutor, is acting as so-called pool counsel representing current FTX employees as individuals being asked to share information with [prosecutors](#) and regulators, said the people, who spoke on the condition of anonymity.

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Companies facing wide-ranging investigations often hire pool counsel for employees. The use of pool counsel suggests that federal prosecutors in Manhattan probing FTX's collapse may be interested in questioning a deep roster of employees.

Bankman-Fried, 30, was arrested in December on charges of stealing customer funds to plug losses at his hedge fund, Alameda Research, and lying to investors and lenders.

The one-time billionaire pleaded not guilty. Two [close associates](#) pleaded guilty and agreed to cooperate with prosecutors. Damian Williams, the top federal prosecutor in Manhattan, has urged others with knowledge of wrongdoing to come forward.

"It's nerve-racking to participate in an interview with the FBI and the U.S. Attorney's office, regardless of your personal exposure," said Sarah Krissoff, a former federal prosecutor in Manhattan and now a partner at Day Pitney.

Employers pay for pool counsel, which represents employees who tend not to have significant exposure to criminal charges themselves, but may be unnerved by the process of speaking with authorities, Krissoff explained.

The use of pool counsel enables a single legal team to gain expertise in the case, making it more efficient than having each employee retain individual lawyers, Krissoff said. She added that pool counsel must be swift to identify potential conflicts among their clients and urge individuals to find their own attorneys when appropriate.

The arrangement does not mean Covington is representing FTX, which has turned to [Sullivan & Cromwell](#), another law firm.

FTX declared bankruptcy on Nov. 11 after a wave of customer withdrawals spurred by concerns the exchange had commingled funds with Alameda.

Many former FTX executives, including its former top lawyer Daniel Goldberg, have [hired their own lawyers](#) to guide them through the process of potentially cooperating with prosecutors.

Reuters could not determine how many FTX employees are being represented by Covington, nor what information - if any - the employees have provided to prosecutors, the Securities and Exchange Commission or the Commodity Futures Trading Commission, which are all investigating.

Spokesmen for Covington, Bankman-Fried and the U.S. Attorney's office in Manhattan all declined to comment. FTX did not respond to a request for comment.

Devlin-Brown joined Covington in 2016 following nearly 11 years at the U.S. Attorney's office in Manhattan. As a member of the office's securities and commodities fraud unit he prosecuted Steven Cohen's hedge fund SAC Capital Advisors, which pleaded guilty to insider trading.

He was later promoted to chief of the office's public corruption unit, where he oversaw the cases against former top New York State legislators Sheldon Silver and Dean Skelos, who were convicted on corruption charges.

FTX is now run by corporate restructuring expert John Ray, who oversaw the liquidation of Enron. Ray has met with prosecutors, sources told Reuters in December.

In a Nov. 17 statement filed in bankruptcy court, Ray wrote that FTX needed employees to stay on to help "establish accountability, preserve value and maximize stakeholder recoveries."

Reporting by Luc Cohen and Jody Godoy in New York; Additional reporting by Angus Berwick in London and Dietrich Knauth in New York; editing by Amy Stevens and David Gregorio

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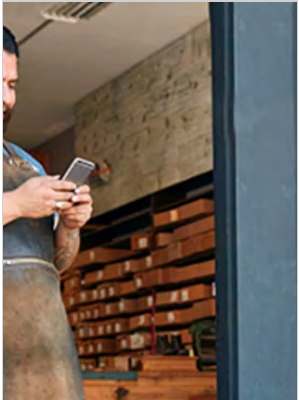
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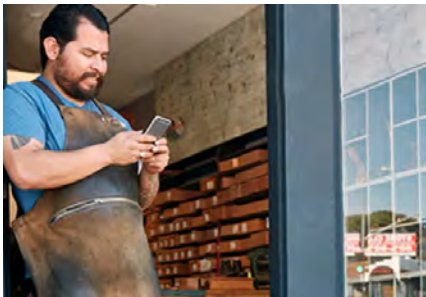
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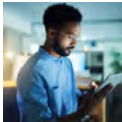
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