FTX founder Sam Bankman-Fried is reportedly being investigated by US prosecutors over the collapse of stablecoin TerraUSD and sister token Luna.

Federal prosecutors in Manhattan are probing Sam Bankman-Fried for possible market manipulation that led to the collapse of Terraform Labs's TerraUSD and Luna, according to a «New York Times» (behind paywall) report citing unnamed sources, in order to benefit FTX and hedge fund arm Alameda Research.

The investigation is still in its early stages and it is unclear if prosecutors have determined any wrongdoing or when they began examining the two cryptocurrencies’ trades. It is also part of a broader inquiry into the FTX collapse and potential misappropriation of customer funds.

**Selling in May**
Separately, the report said that a flood of TerraUSD sell orders was being made in May in small denominations and at a quick pace. The inability to find matching buy orders fast enough sent prices lower and caused a corresponding fall in inter-linked sister token Luna.

Citing a person familiar with the matter, the report named Bankman-Fried’s crypto trading firm as the source for the bulk of the sell orders.

«To the best of my knowledge, all transactions were for investment or for hedging,» Bankman-Fried said in a statement, adding that he was «not aware of any market manipulation and certainly never intended to engage in market manipulation». 