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Crypto Lender Bankruptcies: After Voyager and 3AC, Which Companies Will Bankrupt?

Original:

<https://www.btcc.com/en-US/academy/research-analysis/crypto-lender-bankruptcies-after-voyager-and-3ac-which-companies-will-bankrupt?>

The [crypto collapse](#) has taken two new victims, and it will surely claim more in the future. Broker [Voyager](#) Digital and VC firm [Three Arrows Capital](#) filed bankruptcy within a week of each other last week, and with prices continuing low and the risk of contagion remaining high, there is a considerable likelihood that further companies may follow suit.

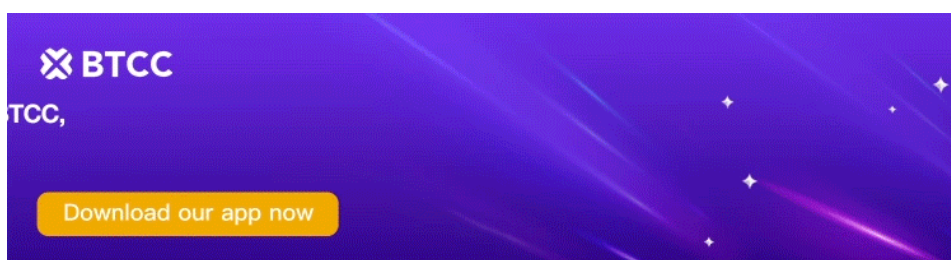
Who specifically? This is difficult to anticipate with any degree of accuracy, but firm confessions of liquidity and withdrawal problems provide a lot of strong indicators as to which dominoes will fall next in the crypto market implosion.

Fortunately, an examination of the available public information indicates that the situation is not as dire as some would have you believe, with at least a few problematic enterprises taking steps to better their particular positions within the last few days. Despite the fact that at least a few more exchanges or platforms are expected to fail, the majority of these are still very tiny and may not have a significant effect on prices or the rest of the sector if they fail.

Companies That May Bankrupt

Sam Bankman-Fried, the CEO and founder of FTX, recently cautioned that the current situation is likely worse than the majority of people know. Forbes quoted him as saying, "Some third-tier exchanges are already covertly bankrupt."

In fact, with the exception of Voyager and Bloomberg, who are unquestionably insolvent given that they have filed for bankruptcy, there is a very good likelihood that a number of platforms and organizations are currently unable to meet their obligations. The following is included:



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BlockFi

Another crypto-lending site, BlockFi, looks to be experiencing financial troubles as a result of a loan to the now-defunct VC fund Three Arrows Capital. However, it got a “credit facility” (essentially a loan) worth \$250 million from FTX, which also signed an agreement on July 1 granting it an option to acquire the platform, in addition to \$150 million in credit. Has also fired off employees, and private investors have deemed warrants for BlockFi stock to be worthless; these warrants (which offer the opportunity to purchase private stock) were valued at \$67 in April.

BlockFi may have been saved from collapse by FTX’s apparent rescue, despite the fact that it might be argued that it is still in grave danger.

CoinFLEX

The CoinFLEX Seychelles-based exchange halted withdrawals in June after a single customer, later identified as Roger ‘Bitcoin Jesus’ Ver, failed to repay a significant margin call, costing it a total of \$87 million. Currently issuing a debt token, rvUSD, in an effort to pay its losses.

Roger Ver refuses to return what CoinFLEX alleges he owes, stating that the two parties agreed CoinFLEX wouldn’t liquidate the long position he’d created. As a result, CoinFLEX is likely in a dire situation. Despite the gravity of its issue, it recently announced that, pending a successful token sale, it would resume processing around withdrawals.



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KuCoin

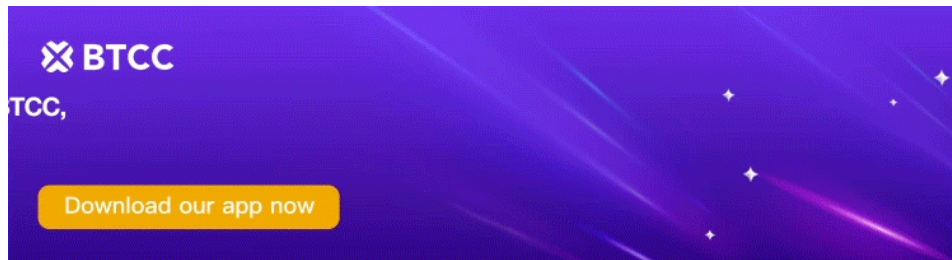
KuCoin, a crypto-exchange situated in the Seychelles, is rumored to be bankrupt, mostly due to its exposure to Terra/Luna and Three Arrows Capital. These rumors have been refuted, but this denial did not prevent additional conjecture that the exchange planned to lay off employees. In the previous month, the native token of the exchange, KCS, has decreased by 40%.

Given the lack of evidence supporting accusations of insolvency/liquidity difficulties and the absence of a withdrawal freeze, it is difficult to believe that KuCoin faces a genuine collapse threat.

Genesis

A brokerage firm that has reported exposure to the collapse of 3AC. However, it has gotten financial

assistance from its owner Digital Currency Group, so its status is likely not dire.



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Vauld

A Singapore-based trading and lending platform that ceased withdrawals at the beginning of July, citing “a mix of reasons including unpredictable market conditions, the financial difficulties of our main business partners, and the present market climate” A few days later, the company’s chief financial officer, Jatin Mazalcar, left.

In fact, as of this writing, Vauld has applied for insolvency protection in Singapore, indicating that the company is essentially bankrupt. Despite the fact that this provides six months of protection against lawsuits, it appears that Nexo will acquire the company, pending discussions.

The News

Blockchain.com (exposed to a \$270 million loss from Three Arrows), CoinLoan, and Uprise are a few other companies in financial difficulties that are worth highlighting. Moreover, when the aforementioned businesses are considered collectively, two prominent motifs emerge.

First, a large number of [cryptocurrency platforms](#) and companies are invested in one another, resulting in contagion as the failure of one (or more) undermines the financial stability of others. Indeed, there have been allegations that a number of DeFi and crypto platforms have engaged in a type of circular lending game, in which one participant deposits funds with the next, and so on, until the impression is formed that there is a great deal of money in the system. Obviously, this generates risks that are now apparent.

Second, many, though not all, of the companies that have collapsed or may collapse are relatively tiny, suggesting that future failures may not have a significant influence on the market. For example, yesterday’s application for insolvency protection by Vauld has not significantly lowered the values of cryptocurrencies more than they were already at.

In light of this, it seems unlikely that the market will undergo a significant collapse or bankruptcy in the near future, despite the fact that rumors about even the largest corporations in the industry have proliferated in recent months. It appears that a bottom has been reached, as indicated by technical indications.