

BlockFi files for bankruptcy

The crypto lender was previously “rescued” by FTX following Terra’s stablecoin collapse. BlockFi announced on Nov. 28 that it had filed for Chapter 11 bankruptcy. The filing in the United States Bankruptcy Court for the District of New Jersey pertains to the company and its eight subsidiaries. The move comes after several days of speculation on the company’s financial health after the collapse of FTX.

According to a statement, BlockFi has \$256.9 million on hand. It has filed motions “to pay employee wages and continue employee benefits without disruption.” It also seeks to “establish a Key Employee Retention Plan to ensure the company retains trained internal resources for business-critical functions” and has created an internal plan to reduce expenses.

BlockFi International has also filed for bankruptcy with the Supreme Court of Bermuda, according to the statement.

Today, BlockFi filed voluntary cases under Chapter 11 of the U.S. Bankruptcy Code.<https://t.co/adaAx6me4r>

— BlockFi (@BlockFi) November 28, 2022

FTX US received a \$400-million credit line at the end of June, leading to worries after the FTX collapse that BlockFi’s exposure would cause it to experience a liquidity crisis. BlockFi halted withdrawals on Nov. 11. BlockFi wrote in an update on its website:

“Since the pause, our team has explored every strategic option and alternative available to us, and has remained laser-focused on our primary objective of doing the best we can for our clients. These Chapter 11 cases will enable BlockFi to stabilize the business and provide BlockFi with the opportunity to consummate a reorganization plan that maximizes value for all stakeholders, including our valued clients.”

The company also tweeted, “As part of our restructuring efforts, we will focus on recovering all obligations owed to BlockFi by counterparties, including FTX.”

In the list of top 50 creditors filed in the court documents, unsecured claims range from \$275 million to West Realm Shires Inc. (FTX US) to \$999,650 to an unidentified creditor. It showed a debt of \$30 million to the U.S. Securities and Exchange Commission.

BlockFi reached a settlement with the SEC for \$100 million in February for filing to register accounts the SEC deemed securities. West Realm Shires and the SEC were the only creditors listed by name in the document. In addition, BlockFi states in the filing that it has over 100,000 creditors, assets between \$1 billion and \$10 billion, and liabilities in the same range.

BlockFi denied that the majority of its assets were custodied at FTX. However, it acknowledged at the time, “we do have significant exposure to FTX and associated corporate entities that encompasses obligations owed to us by Alameda, assets held at FTX.com, and undrawn amounts from our credit line with FTX.US.” [healthit](#) [tealfeed](#) [tealfeed](#) [tealfeed](#) [tealfeed](#) [tealfeed](#) [tealfeed](#)
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