

## **Genesis' Crypto Lending Businesses File for Bankruptcy**

**Protection** After suffering losses from two of the greatest sector crashes of 2022, Genesis Global Holdco LLC, the holding company of beleaguered cryptocurrency lender Genesis Global Capital, filed for Chapter 11 bankruptcy protection in New York. Three voluntary applications were submitted to the U.S. Bankruptcy Court for the Southern District of New York by Genesis Global Holdco, LLC, Genesis Asia Pacific Pte. Ltd., and Genesis Global Capital, LLC. The same company that controls CoinDesk, Digital Currency Group, encompasses all three. Genesis has proposed cooperative case administration. The partner company to Gemini's now-defunct Earn program, Genesis Global Capital, projected more than 100,000 creditors and between \$1 billion and \$10 billion in liabilities as well as assets in its filing. The assets and liabilities of the other two companies were believed to be between \$100 million and \$500 million, respectively. According to the bankruptcy petition released late Thursday, Genesis owes more than \$3.5 billion to its top 50 creditors, including cryptocurrency exchange Gemini, trading behemoth Cumberland, Mirana, MoonAlpha Finance, and VanEck's New Finance Income Fund. These businesses make up Genesis' crypto financing division, which was upended by the collapses of hedge fund Three Arrows Capital and cryptocurrency exchange [FTX](#) last year. According to a press release, Genesis' other companies that are active in the derivatives, spot trading, and custody sectors, as well as Genesis Global Trading, were not included in the filing and

still conduct client trading. Genesis Global Capital stated in its statement that it anticipates there would be money left over after the restructuring process to pay unsecured creditors, a class of creditors who may be completely eliminated in bankruptcy proceedings if the situation is particularly grave. According to a statement released on Friday, the decision to file for bankruptcy was not made by DCG or any of its employees, including those on Genesis' board of directors. DCG also stated that it will carry on with "business as usual." Additionally, DCG reaffirmed that it owes Genesis Capital \$1.1 billion via a promissory note due in June 2032 and about \$526 million due in May 2023. DCG also stated that it "fully expects to handle its commitments to Genesis Capital in the course of a restructuring." Genesis Global Capital was compelled to halt client withdrawals shortly after FTX filed for bankruptcy in November, which harmed users of a yield product offered by the Gemini cryptocurrency exchange. Genesis has been frantically trying to find new funding or work out a solution with its creditors. It was facing increasing pressure to fulfil the terms of \$900 million in locked deposits, along with its parent firm DCG, which also owns CoinDesk. Shortly after the case was made public, Cameron Winklevoss, the CEO of the Gemini exchange, tweeted that the bankruptcy "is a key step towards us being able to retrieve your assets." Winklevoss threatened to sue DCG CEO Barry Silbert over the debt repayment in the same series of tweets. The tweet follows Winklevoss' Twitter battle with DCG to recoup the debt while dealing with difficulties in his own exchange.

Late last year, Genesis hired Moelis & Co., an investment firm, to help with the options research. Prior to FTX's blow to Genesis, CoinDesk claimed that the collapse of [cryptocurrency](#) hedge fund Three Arrows Capital had cost the company hundreds of millions of dollars in damages. Genesis said earlier this month that it will reduce its workforce from 145 to 145 by 30%. Due to the fact that Genesis and digital asset management Grayscale are owned by the same parent company in DCG, the bankruptcy filing on Thursday may have wider ramifications for bitcoin. Grayscale runs the Grayscale Bitcoin Trust (GBTC), which manages assets worth more than \$10 billion and was trading at a record discount to net asset value as of late last year, but that gap has lately shrunk. Market participants are concerned that the Genesis bankruptcy's effects may result in the liquidation of GBTC's assets of more than 600,000 bitcoin.

**Source:** [The Pipsafe Team](#) - **Genesis' Crypto Lending Businesses File for Bankruptcy Protection**

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