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valuation of about \$1 billion in June.

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By Kevin Simauchi and Hannah Miller, Bloomberg News (TNS)

BlockFi Inc. filed for bankruptcy, the latest crypto firm to collapse in the wake of crypto exchange FTX's rapid downfall.

BlockFi said in a statement Monday that it will use the Chapter 11 process to “focus on recovering all obligations owed to BlockFi by its counterparties, including FTX and associated corporate entities,” adding that recoveries are likely to be delayed by

FTX's own bankruptcy. Chapter 11 bankruptcy allows a company to continue

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exploring "all options" with outside advisers.

Following investigations into FTX by the US Securities Exchange Commission and Commodity Futures Trading Commission over potential misuse of customer funds, it became unclear to BlockFi where funding for a credit line from FTX US and collateral on loans to Alameda, which included Robinhood Markets Inc. stock, came from, Bloomberg News reported earlier this month. BlockFi had also been in the process of shifting over its assets over to FTX for custody, but the majority of the assets had not been moved prior to FTX's collapse.

FTX US is listed in the company's petition as one of its top unsecured creditors, with a \$275 million loan.

The company's largest unsecured creditor, Ankura Trust Company, is owed about \$729 million, according to the petition. Ankura acts as a trustee for BlockFi's interest-bearing crypto accounts, according to its website.

BlockFi was founded in 2017 by Zac Prince and Flori Marquez and in its early days had backing from influential Wall Street investors like Mike Novogratz and, later on, Valar Ventures, a Peter Thiel-backed venture fund as well as Winklevoss Capital, among others. It made waves in 2019 when it began providing interest-bearing accounts with returns paid in Bitcoin and Ether, with its program attracting millions of dollars in deposits right away.

The company grew during the pandemic years and had offices in New York, New Jersey, Singapore, Poland and Argentina, according to its website. Co-founder Prince in a March 2021 interview with Bloomberg said BlockFi was using proceeds from a \$350-million funding round to expand into new markets and fund new products. Bain Capital Ventures and Tiger Global were among the investors in the that round.

Originally valued at \$3 billion in March 2021, BlockFi looked to raise money at a

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The company had significant exposure to the empire of companies founded by former FTX Chief Executive Officer Sam Bankman-Fried. The company received a \$400 million credit line from FTX US in an agreement that also gave the company the option to acquire BlockFi through a bailout orchestrated by Bankman-Fried over the summer. BlockFi also had collateralized loans to Alameda Research, the trading firm co-founded by Bankman-Fried.

The company is the latest crypto firm to seek bankruptcy amid a prolonged slump in digital asset prices. Lenders Celsius Network LLC and Voyager Digital Holdings Inc. also filed for court protection this year.

The case is BlockFi Inc., 22-19361, U.S. Bankruptcy Court for the District of New Jersey (Trenton).

With assistance from Jeremy Hill and Vildana Hajric.

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