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# BlockFi Bankruptcy Part of Crypto “Crisis of Confidence”

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Deborah Kovsky-Apap

Troutman Pepper Partner Deborah Kovsky-Apap was interviewed by *Reuters* for a video feature, “BlockFi Bankruptcy Part of Crypto “Crisis of Confidence”.”

“It’s a crisis of confidence. If you think about it, cryptocurrency is all about people’s shared belief that these digital assets are somehow things that are stores of value. If that shared confidence is threatened – and I think it has been (you look at the price of Bitcoin, for example) – that can have really far-reaching consequences, not just for platforms like BlockFi that were already in distress, but others that perhaps were healthy or that have exposure (servicers, information providers, data hosts).”

…

“Well, the fact that they [BlockFi] owed money to FTX is going to have an impact on FTX’s bankruptcy because that’s clearly not a money-good loan. That may have some impact for FTX’s creditors with respect to BlockFi to the extent that they were counting on additional financing from FTX that is clearly not going to be forthcoming. That probably indicates a significant liquidity hole. Whether they’ll be able to fill that some other way – if some other white knight comes out of the woodwork to purchase them/refinance them – it suggests to me that given where they are in their dependency in trying to find rescue financing earlier, a standalone reorganization is probably going to be quite challenging.”

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