

# Crypto Bankruptcies: Whose Money Is It?

## RELATED PROFESSIONALS

[Deborah Kovsky-Apap](#)

---

*Reuters* asked attorneys what significant rulings could come from the recent bankruptcies of crypto lenders. Troutman Pepper Partner Deborah Kovsky-Apap weighs in:

So you have debtors that go into bankruptcy, and they are holding all of these digital assets on their platforms. The question is: Who actually owns them?

...

I would expect to see modifications of terms of service and the way that depositors interact with these exchanges based on the rulings that are coming out of these cases.

...

The policy behind it is that we don't want some creditors of the debtor to get 100% and other creditors of the debtor to only get 25%, we want to claw it all back and everybody gets 50%. Which is not great for folks who are feeling like, "Well gosh, these were my assets."

...

It is possible, and it has happened, that unofficial stockbrokers or entities that are determined to be stockbrokers within the definition of the bankruptcy code, have been forced to liquidate under Chapter 7. A stockbroker is not eligible to proceed under Chapter 11 of the bankruptcy code.

[Watch the full video here.](#)

## RELATED INDUSTRIES + PRACTICES

- [Bankruptcy + Restructuring](#)
- [Payments + Financial Technology](#)