

Cryptocurrencies

Crypto Coin Graveyard Fills Up Fast as ICOs Meet Their Demise

By Olga Kharif

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- ▶ More than 1,000 coins declared dead by website Coinopsy
 - ▶ Investors have already lost billions to failed crypto projects
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That mournful sound you hear? It's the funeral procession of yet another cryptocurrency.

As the digital money frenzy of the past few years cools, the crypto coin graveyard is filling up. Dead Coins <<https://deadcoins.com/>> lists around 800 tokens that are bereft of life, while Coinopsy <<https://www.coinopsy.com/dead-coins/>> estimates that more than 1,000 have bought the farm.

The carnage is mostly the consequence of failed projects from the thousands of startups that used initial coin offerings to raise billions in funding, and a global regulatory crackdown on questionable practices and scams. Names like CryptoMeth, Droplex and Roulettecoin may have been a clue to the coins' dim prospects.

"There has obviously been a lot of fraud and hype in the ICO market," Aaron Brown, a business author and investor who writes for Bloomberg Prophets, said in an email. "I accept figures I have seen that 80 percent of ICOs were frauds, and 10 percent lacked substance and failed shortly after raising money. Most of the remaining 10 percent will probably fail as well."

Fate of Coins with \$50 Million-Plus Market Caps

Only 8 percent of the tokens move on to trade on an exchange

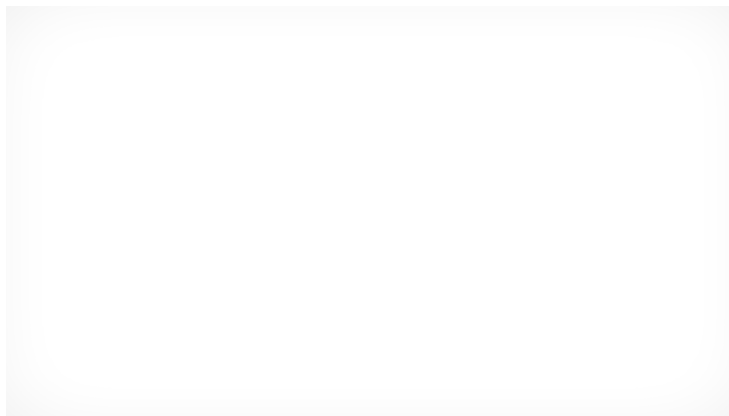


Source: Satis Group

Fewer than 4 percent of ICOs raising from \$50 million to \$100 million were successful or promising, according to a March [analysis](https://medium.com/satis-group/ico-quality-development-trading-e4fef28df04f) <<https://medium.com/satis-group/ico-quality-development-trading-e4fef28df04f>> from ICO advisory firm Satis Group. Most ICOs were raising money without having an experienced development team or an actual product, just white papers studded with promises.

Blockchain startups are faring worse than their counterparts in other industries. Of 103 companies that received initial seed or angel funding in 2013 and 2014, only 28 percent managed to raise additional funding, according to CB Insights's October report. That compares with 46 percent of the 1,098 tech companies that raised a second round in the U.S. between 2008 and 2010. Among tech companies, 14 percent went on to a fourth round, while only 2 percent of the blockchain companies did, the researcher found.

"I don't think we found the killer app yet," said Arie Levi, an analyst at CB Insights. "It just seems like there's been a lot of projects tried, but there aren't really many users of blockchain protocols beyond speculators and traders."



The failed projects have cost investors billions. Barring outliers like BitConnect, which saw its market cap shrink to about \$4 million from nearly \$3 billion in December, most of the ICOs that birthed these coins were relatively small, but investors may have still lost as much as \$500 million, estimated Lex Sokolin, global director of fintech strategy at Autonomous

Research LLP.

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The book of the dead is expanding rapidly now that prices have collapsed across the crypto market. The industry's bellwether, Bitcoin, is down 57 percent this year. And the number of articles declaring its demise is up to 319 [<https://99bitcoins.com/bitcoinobituaries/>](https://99bitcoins.com/bitcoinobituaries/) since 2010, according to 99Bitcoins. About 80 percent [<https://www.bloomberg.com/news/articles/2018-06-26/crypto-collapse-spreads-as-hundreds-of-coins-plunge-in-value>](https://www.bloomberg.com/news/articles/2018-06-26/crypto-collapse-spreads-as-hundreds-of-coins-plunge-in-value) of the 1,586 coins that surveyor Finder.com looked at declined in the week ended June 25, by an average of 19 percent.

"We will see a lot more abandoned ICO that never make it to an exchange," Richler Vanierwitz of Coinopsy, said in an email. "ICO investment will become very unprofitable." ICOs have raised [\\$11.75 billion](https://www.coinschedule.com/stats.html) [<https://www.coinschedule.com/stats.html>](https://www.coinschedule.com/stats.html) this year alone, according to CoinSchedule.

But there is always the afterlife.

A new breed of crypto undertaker sees this as an opportunity. Startup CoinJanitor has partnered with Dead Coins, saying it wants to help investors and developers recycle failed coins with market caps of under \$50,000.

"We take as many coins off the market as possible," CoinJanitor Chief Executive Officer Marc Kenigsberg said. "Every time we absorb a project, we have more audience and more marketing reach. Instead of linear growth, we should hit some kind of hockey stick growth. All the tokens we get we destroy, we actually burn them. Turn off the entire blockchain."

CoinJanitor plans to take over dead projects, and to burn the dead coins. To do so, it's created its own token.

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"Last year, there were many instances where a project that was essentially 'dead' was picked up by a developer, who might have been passively mining it, and brought back to life," [Lucas Nuzzi](https://www.digitalassetresearch.com/dar-process-approach/) [<https://www.digitalassetresearch.com/dar-process-approach/>](https://www.digitalassetresearch.com/dar-process-approach/), director of technology research at Digital Asset Research, said in an email. "Out of nowhere, a new version would then come out and the price appreciated, regardless of the substance of the changes made by the developer. This has not happened frequently this year, and it's hard to discern what are valid inflows versus potential spoofs."

Alas, most of the dead coins remain in the grave.

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