

Good Morning News

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BEARFI SUMMER



It's summer and the bear is hungry after a two-year hibernation. Bears are typically omnivorous; some even dine on salmon in the morning and berries in the evening. But this summer, the bears seem to be looking elsewhere to feast. First on the menu is CeFi.

Certain crypto actors are looking downright 'TradFi with a crypto paint job' — these organizations are CeFi, centralized finance. CeFi offers many of the conveniences of the traditional financial system: stable interest-bearing accounts, credit/debit facilities, lending/borrowing services, and trading. In return, these companies maintain centralized control over the protocols.

The two major players in this space are Celsius and BlockFi, which act as centralized crypto-bank hybrids. Readers of GMN know Celsius recently halted withdrawals and its assets are being hunted by Goldman Sachs'

bear division, which is looking to open fire on Celsius, its users, and token holders by buying its deposits at a significant discount.

BlockFi was arguably the gold standard of CeFi, with a one-time valuation of \$5 billion. But the bear spares no CeFi, and recently the Peter Thiel backed BlockFi announced it was cutting 20% of its staff and raising money to satisfy its ongoing obligations to depositors.

Earlier this month, BlockFi struck a deal with crypto heavyweight FTX that would reportedly wipe out equity holders but leave depositors intact. A rare flip of the typical protect-the-investor script. TradFi is trying to counter, of course, and the outcome is uncertain. Either way, BlockFi looks to be the bear's next meal — let's hope that BearFi swallows the investors but leaves its depositors whole.

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