Title: Crypto-Carnage Hits Every Asset Class Tied to Crypto

Author: disoriented llama

Created 2022-06-14 23:55:20 UTC

Permalink: /r/TheGloryHodl/comments/vch0xp/cryptocarnage hits every asset class tied to/

Url: https://www.reddit.com/gallery/vch0xp

## 7:52 ₽

매 중 📭

heavily in Bitcoin, lost a quarter of its value yesterday. The stock closed on December 31, 2021 at \$544.49. After peaking at over \$800 a share last November, it closed yesterday at \$152.15. According to its 10-O filing with the SEC for the period ending March 31, 2022, the company owned 129,218 Bitcoins, with a market value of \$3.96 billion. Its average purchase price for Bitcoin on \$3.7 billion of that amount was \$30,159. Its average purchase price per Bitcoin on the balance was \$44,645. It is seriously underwater on both lots. As of 8:10 CT this morning, Bitcoin front month futures were trading at \$22,270 per Bitcoin.

Adding to the strains on the company, MicroStrategy reports in its 10-Q that significant amounts of its Bitcoin purchases were financed by issuing debt securities and taking a term loan from Silvergate Bank. The 10-Q reveals the following:

"In December 2020, we issued \$650.0 million aggregate principal amount of the 2025 Convertible Notes and in February 2021, we issued \$1.050 billion aggregate principal amount of the 2027 Convertible Notes. We used the net proceeds from the issuance of the Convertible Notes to acquire bitcoin...In June 2021, we issued \$500.0 million aggregate principal amount of the 2028 Secured Notes. We used the net proceeds from the issuance of the 2028 Secured Notes to acquire bitcoin...In March 2022, MacroStrategy, our wholly-owned subsidiary, entered into a Credit and Security Agreement with Silvergate Bank, pursuant to which Silvergate Bank issued the \$205.0 million 2025 Secured Term Loan to MacroStrategy."

MicroStrategy reports in its 10-Q that it used \$190.5 million of the term loan from Silvergate Bank to buy Bitcoin. That's debt of \$2.2 billion and a term loan of \$190.5 million expended by a publiclytraded company for an instrument that legendary investor Warren Buffet has called "rat poison squared" and Bill Harris, the former CEO of Intuit and PayPal, has called "the greatest scam in history."

Yesterday's panic selling comes only a month after the collapse of a so-called crypto stablecoin, TerraUSD, which was supposed to maintain a \$1 peg to the dollar but instead crashed to pennies and failed to recover.

Bookmark the permalink.

-- Five U.S. Megabanks Have Lost \$300 Billion in Market Cap in One Year; Crypto Is in Meltdown this Morning; and the Fed Will Hike Rates Further on Wednesday

© 2022 Wall Street On Parade. Wall Street On Parade ® is registered in the U.S. Patent and Trademark Office. WallStreetOnParade.com is a financial news website operated by Russ and Pam Martens to help the investing public better understand systemic corruntion on Wall Street. Ms. Martens is a former Wall Street veteran with a

П



Bitcoin withdrawals for three hours yesterday morning, blaming it on a "stuck transaction." The news of the gate locking in crypto accelerated the panic selling.

The publicly-traded cryptocurrency exchange, Coinbase, saw its shares drop another 11.41 percent yesterday to end trading at \$52.01. Coinbase went public on April 14, 2021 in a direct listing at a reference price of \$250 per share. Its shares traded as high as \$429.54 on its first day of trading before closing at \$328.28. According to an SEC filing, Coinbase's Chairman and CEO, Brian Armstrong, sold 750,000 shares on April 14, 2021 at an average share price of \$389.10, or approximately \$291.8 million in total. As of yesterday's closing price of \$52.01, public investors are now down 87 percent from where Armstrong sold his shares.

Also taking big hits yesterday were publicly-traded companies that have taken big stakes in Bitcoin as a corporate "asset."

Block Inc., formerly known as Square, the company cofounded by

former Twitter CEO Jack Dorsey, owns \$220 million of Bitcoin as a corporate asset. It also received 44 percent of its total net revenues from bitcoin trades on its app in this year's first quarter, according to its most recent 10-Q filing with the SEC. In doing research yesterday on the company, we were stunned to learn that it was allowed to buy a federally-insured bank in March of 2021. Block lost 12.68 percent of its market value yesterday and is down 61 percent year-to-date.

Block's latest 10-Q that was filed with the SEC for the quarter ending March 31, 2022, exquisitely lays out a panoply of good reasons to not allow a company like this to own a federally-insured bank, backstopped by the U.S. taxpayer:

"...we expect to continue to expand our markets in the future, and we may have limited or no experience in such newer markets. We cannot assure you that any of our products or services will be widely accepted in any market or that they will continue to grow in revenue. Our offerings may present new and difficult technological, operational, regulatory, risks, and other challenges, and if we experience service disruptions, failures, or other issues, our business may be materially and adversely affected. For example, our Cash App products are intended to make investing in certain assets, such as bitcoin, stocks, and exchange-traded funds, more accessible. However, as a result, our customers who use these products may experience losses or other financial impacts due to, among other things, market fluctuations in the prices of bitcoin and stocks. If our customers are adversely affected by such risks, they may cease using the product or Cash App altogether and our business, brand, and reputation may be adversely affected. Our expansion into newer markets may not lead to growth and may require significant management time and attention, and we may not be able to recoup our investments in a timely manner or at all. If any of this were to occur, it could damage our reputation, limit our growth, and materially and adversely affect our business..."

MicroStrategy, an application software company that has invested heavily in Bitcoin, lost a quarter or us vante yesterday. The stock



## Crypto-Carnage Hits Every Asset Class Tied to Crypto

By Pam Martens and Russ Martens: June 14, 2022 ~

It wasn't just cryptocurrencies that crashed yesterday, it was crypto exchanges, crypto mining stocks, publicly-traded companies holding large investments in crypto, and crypto ETFs.

By the time the closing bell rang yesterday, ProShares Bitcoin Strategy ETF had tanked by 20.22 percent on the day, bringing its year-to-date loss to 50.4 percent. Other crypto-related ETFs were similarly hammered. VanEck Bitcoin Strategy ETF gave up 19.86 percent, bringing its year-to-date loss to 53 percent.

Shares of crypto mining stocks, which were already battered and bruised, were further bloodied. Among the worst of the lot was BIT Mining Ltd. (ticker BTCM) which plunged 36.60 percent yesterday, bringing its year-to-date loss to 79.9 percent.

The graphic below shows how nine other crypto mining stocks performed yesterday. Year-to-date, these stocks have lost 60 to 85 percent of their market value. The companies are: Argo Blockchain PLC (ARBK), Bitfarms Ltd. (BITF), Hive Blockchain Technologies Ltd. (HIVE), Hut 8 Mining Corp. (HUT), Greenidge Generation Holdings (GREE), Iris Energy (IREN), Marathon Digital Holdings Inc. (MARA), Riot Blockchain Inc. (RIOT), and Stronghold Digital Mining (SDIG).

Share Price Performance of Crypto Mining Stocks on Monday, June 13, 2022.				
Symbol	Last		Change	% Change
ARBK	4.75		0.98	
BITE	1.34		-0.25	-15.72
BTCM	1.23		-0.71	
HIVE	2.92	*	-0.47	-13.86
GREE			-0.70	-18.92
IREN	4.06		-0.76	-15.77
MARA				-11.80
RIOT	4.65			
SDIG			-0.24	-10.34
HUT	1.65		-0.23	-12.23

The ongoing downdraft in crypto had a new fuse lit yesterday on the <a href="mailto:news">news</a> that cryptocurrency lender, Celsius Network, has frozen withdrawals. The large crypto exchange, Binance, also suspended Bitcoin withdrawals for three hours yesterday morning, blaming it on a "stuck transaction." The news of the gate locking in crypto accelerated the panic selling.

The publicly-traded cryptocurrency exchange, Coinbase, saw its shares drop another 1150 percent yesterday to end dading at \$52.01.

SAN

Click Feder Scano



The F Loan Street Begar 2019 the C 19 H: China in the Stron that V Had a Indep Medi this S Leavi Liftin Parad that T than Chron Bailo Text t Serie:

g