

Crypto clients beg for their cash back after lender's crash

July 31 2022, by Joshua MELVIN



Clients of a crashed crypto lender Celsius are fighting to get their money back.

An Irishman at risk of losing his farm. An American having suicidal thoughts. An 84-year-old widow's lost life savings: People caught in the meltdown of crypto lender Celsius are pleading for their money back.

Hundreds of letters have poured in to the judge overseeing the firm's multi-billion-dollar bankruptcy and they are heavy with anger, shame, desperation and, frequently, regret.

"I knew there were risks," said a client whose letter was unsigned. "It seemed a worthwhile risk."

Celsius and its CEO Alex Mashinsky had billed the platform as a safe place for people to deposit their crypto currencies in exchange for high interest, while the firm lent out and invested those deposits.

But as the value of highly volatile crypto currencies plummeted—bitcoin alone has shed over 60 percent since November—the firm faced mounting troubles until it froze withdrawals in mid-June.

The company owed \$4.7 billion to its users, according to a court filing earlier this month, and the endgame is unclear.

The letters—posted to a public online court docket—come from around the world and recount tragic results of users' money being frozen.

"From that hard-working single mom in Texas struggling with past-due bills, to the teacher in India with all his hard-earned money deposited in Celsius—I believe I can speak for most of us when I say I feel betrayed, ashamed, depressed, angry," wrote one client who signed their letter E.L.

While the letters vary in their level of sophistication about the crypto world—from self-confessed novices to all-in evangelists—and the monetary impacts range from a few hundred dollars to seven-figure sums, nearly all agree on one thing.

"I have been a loyal Celsius customer since 2019 and feel completely lied to by Alex Mashinsky," wrote a client who AFP is not identifying to

protect his privacy. "Alex would talk about how Celsius is safer than banks."

Many of the letters point to the CEO's AMA (Ask Mashinsky Anything) online chats as key to their confidence in him and the platform, which presented itself as stable until days before it froze users' funds.

Repeated assurances before fall

"Celsius has one of the best risk management teams in the world. Our security team and infrastructure is second to none," the firm wrote on June 7.

"We have made it through crypto downturns before (this is our fourth!). Celsius is prepared," the firm wrote.

The message also said the company had the reserves to pay its obligations, and withdrawals were being processed as normal.

One client, who reported having \$32,000 in crypto locked up at Celsius, noted the impact.

"Right up until the end, the retail investor received assurance," the client wrote to the judge.

But that changed quickly, and on June 12 Celsius announced the freeze: "We are taking this action today to put Celsius in a better position to honor, over time, its withdrawal obligations."

Some clients got the news in a message from the company.

"By the time I finished the e-mail, I had collapsed onto the floor with my head in my hands and I fought back tears," wrote one man who had

about \$50,000 in assets with Celsius.

The clients who said they were hardest hit, including a man who said he placed \$525,000 he got from a government loan on Celsius, disclosed they had considered killing themselves.

Others reported heavy stress, lack of sleep and feelings of deep shame for putting their retirement savings or their children's college money into a platform that was far riskier than they knew.

"As a private unregulated company, Celsius does not come under any requirement for disclosure," is how the Washington Post summarized the situation.

Celsius did not reply to a request for comment on the clients' letters.

For people like one 84-year-old woman, who only had her roughly \$30,000 in crypto savings on Celsius for a month, their hope lies in the bankruptcy proceedings.

"It's just not unusual for people to come out of something like this with zero," said Don Coker, an expert witness on banking and finance.

"Obviously I feel sorry for anyone who loses an investment like this, but it is just something where they need to be aware of the risks," he said.

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