

Insights



Daniel Saval Unpacks Crypto Bankruptcy with CNBC.com

July 20, 2022

Publication: **CNBC.com**

It is not clear yet what will happen in response to the several cryptocurrency firms that have filed for bankruptcy this month, an event that is unprecedented in the U.S. Kobre & Kim's Daniel Saval sat down with *CNBC.com* to explain what may happen to users of these firms.

The problem with centralized crypto platforms is they can mix different clients' funds together to make risky bets, Mr. Saval said. Such commingling may lead to a ruling that the assets are the property of the exchange.

"Users may be surprised to learn that, in a bankruptcy scenario, the crypto and funds held in their accounts may not be considered their own property," he explained. Customer recoveries in bankruptcy proceedings "may be further diluted by other unsecured creditors such as vendors, lessors and litigation claimants."

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