

Crypto

Another Bitcoin Miner Teeters on the Edge of Bankruptcy

- Firms are in talks to reduce as much as \$68 million in debt
- New York Digital Investment Group would assume control of rigs



The Greenidge Generation bitcoin mining facility in Dresden, New York. *Photographer: Ted Shaffrey/AP*

By David Pan

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Greenidge Generation Holdings Inc., once one of the largest public Bitcoin miners in the US, warned that it may seek bankruptcy protection while entering into debt restructuring talks with lender New York Digital Investment Group.

The firm, probably best known for a long-running dispute with environmentalists over the impact of its operations on New York's Seneca Lake, is the latest miner to teeter on the edge of bankruptcy in the wake of the plunge in the value of the largest cryptocurrency.

Greenidge has entered into a “non-binding term sheet” to restructure about \$74 million debt with NYDIG, according to a filing with the US Securities and Exchange Commission. Under the pact, the lender would purchase mining rigs from Greenidge and enter into a hosting agreement. In exchange, NYDIG would agree to reduce from around \$57 million to \$68 million of debt. If consummated, the deal would effectively shift Greenidge from a mining to a hosting firm.

Bitcoin miners raised billions of dollars from debt financing to fund their rapid expansion in the last bull run. But low Bitcoin prices, soaring energy costs and stiff competition have plunged profit margins and made it difficult for them to repay debt. Major Bitcoin miners such as Core Scientific and Argo Blockchain warned of potential bankruptcy in recent months largely due to their mounting debt with crypto lenders.



The Greenidge Generation power plant on the banks of Seneca Lake, in Dresden, New York. *Source: Shutterstock*

Greenidge's average monthly cash burn rate in the past two months was approximately \$8 million. That is typically used to describe the rate at which a company spends capital to finance overhead before generating a profit or loss from operations. About \$5.5 million of that cost was associated with principal and interest payments to NYDIG. The firm expects to have a similar cash burn rate and similar payments to NYDIG in December, according to the filing.

The Fairfield, Connecticut-based miner has a natural gas plant that powers its Bitcoin mining facility in Dresden, New York. It is one of the earliest and largest crypto-mining firms in the state. While Greenidge's current operations remain intact, New York

Governor Kathy Hochul signed one of the most restrictive laws in the US on crypto mining last month with a two-year moratorium on new permits from the miners that are powered by fossil fuel.

Shares of Greenidge have tumbled about 98% this year and trade at around 33 cents. Bitcoin has slumped about 63% during the same period.

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