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Thread: [Another Ponzi Bites the Dust - Midas Investments Closes](#)

SUI-3183372 - December 27, 2022, 10:52 am

Platform offering 17% yield on staking stables reveals major insolvency. Midas Investments is looking at over \$115m worth of liabilities with just \$51m of assets on hand. Sooner or later people will wake up that this massive yields on stables are simply too good to be true.

Any Midas users here? Looks like they plan on taking your current balance, reduce it by ~55%, strip you of any pending rewards that you've earned, and then will allow you to withdraw what's left. View bolded text below.

Edit: actually idk wtf they're doing with withdrawals. Some coins are being reduced, some aren't. It's a mess.

<https://blog.midas.investments/midas-closure-reasons-and-pivot-to-cedefi/>

Quote:Introduction

I'm Trevor, the CEO of Midas Investments, and I am writing to you today with a heavy heart to announce that the Midas platform is closing down. In the spring of 2022, Midas DeFi portfolio suffered a cumulative loss of 50 million dollars (20% of \$250 million AUM). After Celsius and FTX events, the platform experienced over 60% of AUM being withdrawn, creating a large asset deficit. Based on this situation and current CeFi market conditions, we have reached the difficult decision to close the platform.

Despite the damage that was done by this event, this is the only way to move forward for Midas to build something relevant to this new market. We aim to focus on a new project that aligns with our vision for CeDeFi. This project will be fully transparent, on-chain, and built with the goal of offering a new and improved investment experience.

This article sums up the breakdown of this event, but I have prepared a YouTube video with a transparent explanation, including our DeFi Portfolios and PNL. I strongly suggest watching the video on our YouTube channel.

Challenges we faced

In 2021 Midas' business model revolved around DeFi yields, which easily covered the highest yield on the market.

In the fourth quarter of 2021 and the first quarter of 2022, we experienced rapid growth and our assets under management increased by 15 times. It applied a lot of stress to the company. The AUM growth that we faced was forcing us to restructure our portfolio and diversify our DeFi portfolio into almost every investment that was presented on the market.

We reduced the rates in February for the first time when it was obvious that we cannot sustain the yield we give to users.

Meanwhile, in Spring the crypto and DeFi markets faced challenges, and our investment portfolio suffered cumulative losses of 20% or approximately 50 million dollars.

14 million dollars were lost in Ichi protocol, and 15 million dollars due to DeFi Alpha portfolio position's value decreasing.

Additionally, through the implementation of self-build analytic balance sheet infrastructure, we saw that the price dynamic of altcoins presented on our platform was causing deficits in the balance sheet, i.e., Midas portfolio held more FTM tokens than the users had on the platform.

In response to these losses, we implemented a full de-risking of the portfolio in May 2022 and developed new investment business models, such as CeDeFi, as well as other investment tools, in an effort to recover those losses and prepare for the next bullish cycle. However, despite these efforts, we experienced an outflow of assets of more than 60% over the course of six months due to events involving LUNA, Celsius, and FTX. This made it impossible for us to sustain our fixed yield model.

Over the past eight months, our team has been focused on identifying and capitalizing on opportunities to balance our assets and liabilities. This included launching CeDeFi strategies, seeking fundraising, and exploring opportunities with DeFi protocols. Despite these efforts, the extensive withdrawals due to the insolvency of Celsius and FTX, coupled with reduced yield opportunities on the market, made it impossible for us to cover daily payouts to users due to the assets deficit.

I want to clarify that only Midas C-level employees were aware of the asset deficit. The community team, marketing team, support team, IT team, and platform team were not aware of this issue. The asset deficit was caused by the long-term risk of DeFi investment, the instability of our business model after the loss of assets, and the illiquidity of the Midas token.

Decomposition of the balance deficit

Total liabilities for BTC, ETH and Stables at 12.27.22: \$115 million

Total assets for BTC, ETH and Stables at 12.27.22: \$51.7 million

Deficit amount: \$63.3 million

Decomposition of balance deficit:

- \$14 million Ichi protocol in April 2022

- \$15 million DeFi Alpha portfolio in Spring 2022

- \$1.5 million due to Harmony bridge hack

- \$3 million due to FTM token's price change

- \$15 million due to balancing MIDAS token sells on an illiquid market

- \$10 million due to paying higher rewards in native and MIDAS Boost than what was being earned through DeFi

More information on a quarter-by-quarter basis is in the YouTube video.

Midas plans to balance assets and liabilities

On December 27th at 11:00 AM UTC, we will disable deposits and swaps on our platform. Withdrawals will be disabled for 2-3 hours while we ensure that calculations and balance adjustments have been made correctly. Once this is done, you will be able to withdraw the remaining assets from the platform, with any rewards earned being deducted from your balance.

IMPORTANT: In the video, I say that our target for balancing is 48%, but due to withdrawals from the platform and swaps on Midas token in the recent four days, the final number is 55% of the

balance.

We will adjust user balances by balancing remaining liabilities in BTC, ETH, and stablecoins with remaining assets, deducting 55% and rewards earned.

Balances in other assets, such as BNB, AVAX, FTM, and CeDeFi, will not be impacted aside from the reduction of historical earnings;

Users with balances lower than \$5,000 will not have their balances adjusted aside from the deduction of earnings. Also, your balance will not be lower than \$5,000 (minus deducted rewards).

The adjustment to users' BTC, ETH, and stablecoins will be compensated in MIDAS tokens, which can also be withdrawn from the platform;

MIDAS tokens will be swapped for the token of the new project, which will be built on principles of full transparency and will embrace the innovations developed by the Midas team over the past six months, such as CeDeFi;

We will also stop providing liquidity for the MIDAS token and aim to remove all liquidity from it, making it fully tradable by the community.

As an example, here is how balances will be updated.

In the first case, if you have a balance of \$5,000 and \$200 in all-time rewards, your new balance will be \$4,800.

In the second case, if your balance is \$5,000 but your all-time rewards on a larger deposit are \$10,000, then we will have to deduct your entire balance.

In the third case, if your balance is \$15,000 and you have \$2,000 in all-time rewards, we will first deduct the all-time rewards and then multiply it by the reduction rate (55%).

Based on how much we deduct from your balance, we will give MIDAS tokens as compensation based on the price of the announcement date (12.27.22). MIDAS tokens will be swapped to the token's of the new project.

Omniscient - December 27, 2022, 1:10 pm

Yeah, the whole staking stablecoins thing is falling apart. I think yields will end up being closer to fed rates pretty soon, which is healthier anyways.