# Bitcoin falls 6% after Bitfinex Exchange accused of $850 million fraud



**Bitcoin**

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Tether is a stablecoin, meaning the market cap of the coin is backed by actual US dollars held in the bank, and as such does  not share the volatility of other cryptos. Tether is used by crypto investors as a base currency, due to its stability, after they trade in and out of other crypto's in an exchange.

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$850 million represents 27% of Tether's reserves, and if proven, would mean the value of Tether would have to fall to 73 cents in order to represent the true value of reserves held.

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Bitfinex is registered in the BVI.

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***Comment***

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*If this case is anywhere near true, and it is proven that funds have been wrongly withdrawn to pay off Bitfinex's own withdrawals, this could be a real shaker of confidence in crypto currencies in my opinion, and other exchanges may suffer from a domino effect.*

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*The close relationship between Bitfinex and Tether has long*

*been brought into question, and rumours have circulated that Tether does not hold the US dollars in bank deposits that it says it has. This case should answer that question once and for all.*

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