

# THE JOURNAL RECORD

## Gavel to Gavel: Navigating the Complexities of Cryptocurrency Mining



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The cryptocurrency industry presents a host of challenges to individuals and businesses who wish to enter the market.

Individuals are free to purchase shares of the currency for a relatively small investment.

However, a new industry has emerged over the past few years in which cryptocurrency “miners” invest substantial amounts of capital to locate and extract the currency.

These operations are complex and expensive, and often require miners to purchase large computer systems housed in large specialized containers. These systems can sell for over \$50,000 apiece, and a sophisticated miner may require dozens of containers to support a large operation.

Beyond the initial purchase of the equipment, these systems require an enormous amount of electricity, and a miner’s monthly costs solely for electricity can exceed \$100,000 per month. Given Oklahoma’s comparatively inexpensive power costs, the state has become a key player in the market, attracting investors from across the world.

The cryptocurrency market is not without its risks. The value of bitcoin fluctuates wildly, and the infrastructure required to maintain a mining operation requires complex commercial contracts that are frequently breached when a dip in the market results in a disrupted flow of funding. Lawyers with clients engaged in this industry frequently face a steep learning curve when familiarizing themselves with the relevant issues before litigating disputes that arise from these operations.

[GableGotwals](#) recently secured a large and favorable judgment on behalf of its client, a local Bitcoin mining operator, who brought a breach of contract suit after a co-investor squandered an initial investment totaling millions of dollars. The case involved a number of novel and complicated issues, including the proper amount of damages to be awarded in a dynamic and volatile industry and the costs associated with mining and selling cryptocurrencies. This result required an in-depth analysis of the cryptocurrency market, and an appraisal of the unique equipment required to maintain a Bitcoin mining operation.

As the cryptocurrency market continues to develop and expand, it’s important you work with attorneys who are prepared to advise clients on structuring their investments on the front end and protecting their interests should a dispute arise.

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