My Smart Contract Just Ate $14 Million – Now What?

A Canadian digital currency exchange (QuadrigaCX) reported recently that a malfunction in a smart contract is responsible for a $14 million dollar loss of the cryptocurrency ether, reports **Jared Butcher** in the **Steptoe Blockchain Blog**.

He explains that a software upgrade performed by the company had an error in the code that prevented the smart contract from properly processing incoming amounts of the cryptocurrency Ether. During the time it took to discover the problem, Ether sent to the company's exchange was "trapped" in the smart contract.

"The potential for new risks and severe consequences arising from smart contracts (compared to traditional contracts) suggests that a re-consideration of indemnification strategies is warranted," Butcher writes. "Risks arising from coding errors or other human errors are not the product of intentional wrongdoing or a catastrophic event and may not involve any injury to a third party."

Read the article.