

Crypto Treasury Moves Spark Ethereum Scarcity, Says BitMine Chairman Tom Lee

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A growing trend in the cryptocurrency sector is drawing increasing attention: the aggressive accumulation of Ethereum (ETH) by corporate treasuries. According to BitMine Immersion Technologies chairman and Wall Street strategist Tom Lee, this behaviour is creating genuine scarcity in the market. Speaking to DL News, Lee pointed out that while many focus on Bitcoin (BTC), Ethereum may present a more significant macro opportunity for investors.

Tom Lee argues that investors are overlooking a crucial trend, the swift pace at which select firms are buying Ethereum for long-term holding. Drawing parallels to MicroStrategy's (Strategy) high-profile Bitcoin strategy, Lee highlighted how its founder, Michael Saylor, triggered a movement among companies to use crypto assets as treasury reserves. MicroStrategy now holds more than 3% of Bitcoin's total supply and has seen its stock appreciate tenfold since initiating purchases in 2020.

Now, the spotlight is shifting from Bitcoin to Ethereum. BitMine, under Lee's chairmanship, has emerged as the largest public holder of Ethereum, acquiring over \$2 billion worth of Ether in just two weeks. An investor presentation from July, titled "The Alchemy of 5%," outlines BitMine's plan to acquire up to 5% of Ethereum's entire supply. Although Lee ended the interview before addressing concerns about risks associated with Ethereum treasury holdings, the strategy underscores a bold ambition.

This rapid consolidation has prompted scepticism from some quarters. Prominent short seller Jim Chanos criticised MicroStrategy's accounting methods, calling them "complete financial gibberish" and publicly shorted its stock. Meanwhile, analysts from the crypto exchange Coinbase have warned that corporate treasury activity could pose a "systemic risk" to the digital asset market. Macro economist Noelle Acheson also described the trend as "alarming."

Nonetheless, Lee sees Ethereum as a compelling long-term bet, particularly due to its foundational role in powering stablecoins. These digital tokens, pegged to traditional currencies, have amassed a market value of approximately \$272 billion. With the recent passage of the Genius Act in the United States, legislation signed into law by President Donald Trump, enabling banks to issue their stablecoins, that market could expand significantly. "Stablecoins are the 'ChatGPT' of crypto," Lee told DL News, asserting that Ethereum's legal recognition and flawless uptime make it a crucial part of the ecosystem.

BitMine is mirroring MicroStrategy's public Bitcoin-per-share model by introducing its own "Ether per share" metric. This approach allows shareholders to assess the company's value based on its Ethereum holdings rather than earnings. As of 27 July, BitMine reported holding 600,000 Ether (worth around \$2.2 billion), 192 Bitcoin, and over \$400 million in cash. With a fully diluted share count of 118 million, the company's net asset value per share has risen to approximately \$23, a significant increase from \$4 just a month prior.

Beyond simply holding Ether, BitMine plans to stake its assets, a process of locking up coins to help secure the Ethereum network while earning rewards. Though the company has not specified the start date or allocation amount, it anticipates generating around \$100 million in annual net income from this activity. This dual approach, part treasury reserve, part infrastructure strategy, reflects a growing trend in crypto-related corporate finance.

Lee compared the evolving landscape to ExxonMobil's historical valuation, which hinged not just on profits but also on its substantial reserves of untapped oil and gas. He believes crypto treasury firms may now be valued similarly, based on their digital asset holdings. MicroStrategy's \$10 billion profit in the second quarter, largely attributed to its Bitcoin reserves, supports this view.

"It's a new world: companies valued purely on their crypto holdings," Lee concluded, underscoring the broader shift in financial markets driven by digital asset accumulation.