

Tales From the Crypto: Digital Assets and Bankruptcy

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I. DIGITAL ASSETS, GENERALLY.

- A. Digital material owned by an entity.
- B. Key elements.
 - 1. Digital file owned by an individual/entity capable of ownership.
 - 2. Provide value to the owner.
 - 3. Be searchable and discoverable (i.e. with metadata).
- C. Examples of types of digital assets (note that the breadth of types is expanding as fast as technology).
 - 1. Documents, spreadsheets, PDFs, PowerPoints.
 - a) This can even include items like legal work product and marketing materials.
 - 2. Photographs, videos and music.
 - 3. Design files, 3D files, graphics.
 - 4. Website, domain and content and social media accounts.
- D. Principle factors determining value.
 - 1. Time and effort to produce asset.
 - 2. Ability to reproduce asset.

II. CRYPTOCURRENCY.

- A. Blockchain – the foundation upon which cryptocurrencies are created and exist.

1. All cryptocurrency transactions are recorded on blockchain.
2. Blockchain purpose.
3. Business should be able to utilize blockchain outside of the cryptocurrency world too.

B. What is cryptocurrency?

1. At some level, nothing. It has no intrinsic value, no physical form and its supply is not determined by a central bank.
2. Unlike fiat currency, which is legal tender backed by a government and issued by its central bank, cryptocurrency has is not legal tender and has no government or central bank backing.
3. Transactions with cryptocurrency do not need an intermediary, such as a financial institution or government. Rather, they are direct between two parties.
 - a) In fact, the peer to peer concept was lauded as one of the great aspects of cryptocurrency. Note however, that many cryptocurrency related bankruptcy case come from business that attempted to aggregate or centralize cryptocurrency transactions and holdings in order to generate further profits off of the cryptocurrency wave.
4. Types of Cryptocurrency.
 - a) Bitcoin was the first, launched back in 2008.
 - b) Other types of cryptocurrencies.
 - c) Examples of cryptocurrencies and uses.

C. Cryptocurrency Uses and Benefits.

1. Consumer to consumer digital transactions.
2. Transactions recorded on a public ledger, providing transparency not necessarily provided for from traditional institutions.
3. Lack of intermediary results in immediate transactions, rather than one with a “hold” period while the “funds” are moving through traditional institutions.
4. Encryption security is top notch.

5. Enables entities without access to traditional banks or banking systems to be part of financial transactions.

D. Cryptocurrency Issues.

1. Largely unregulated, often used for nefarious purposes.
2. Value usually more volatile than fiat currency.
3. Harder to comprehend than fiat currency.
4. Limited acceptance (i.e. Diners Club problem).
5. Digital assets and wallets have their own security risks. Hackers, or simply forgetting your encrypted password can result in lost cryptocurrencies.

III. CRYPTOCURRENCY IN THE BANKRUPTCY COURT

A. Cryptocurrency bankruptcies presented a number of issues, including:

1. Is the crypto property of the estate?
 - a) No regulation as to the exchange/holder relationship.
 - b) Courts have looked to contract language for guidance on who owns title to the crypto.
 - (1) Substantially all crypto became property of the exchange.
 - (2) Limited number of custodial accounts.
 - c) What is the relevant time for valuing the crypto?
 - (1) Plan confirmation issues.
 - (2) Preference actions for prepetition withdrawals.
 - d) Is crypto a “security”? Different regulators have different views.

B. Should there be a new section of the Bankruptcy Code for cryptocurrency exchanges (akin to Subchapter III/IV of Chapter 7)?

1. Cryptocurrency in bankruptcy proved to be a bit of a square peg in a round hole--not necessarily because bankruptcy is inadequate or underdeveloped but because there was a great deal of uncertainty around the non-bankruptcy rights/entitlements of holders of cryptocurrency.

2. Is there really a “reorganization” or instead a sale/liquidation of the underlying assets?

IV. PRACTICAL CRYPTOCURRENCY ISSUES IN BANKRUPTCY CASES

- A. Cross-border jurisdictional issues/Chapter 15 Issues.
 1. Bahamian entity (FTX Digital) filed for provisional liquidation in the Bahamas the day before FTX filed for Chapter 11 protection in the US.
 2. Application of the automatic stay to Bahamian entity & Bahamian JPLs.
 3. FTX Bahamas Joint Provisional Liquidators-lift stay proceedings.
- B. “Ordinary Course of Business” in the crypto world—is there such a thing?
 1. §363 sales & business judgment rule.
- C. Claims issues.
 1. Enormous and geographically diverse creditor body.
 2. Millions of customer claims.
 3. Class claim mechanism (Celsius).
 4. Potential for commodity broker-type mechanism.
- D. Avoidance actions.
 1. Treatment of crypto as security.
 2. Availability of safe harbor defense?
 3. Ordinary course defense.
 4. New value defense—value when? (*see* §III, above for discussion of value in plan confirmation context).

Cryptocurrency in Chapter 11

August, 2023

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▼ Cryptocurrency as a Concept // Key Features



▶ Voyager



Trading Services

- ▶ Prior to its chapter 11 filing, Voyager Digital LLC (together with its affiliates, “Voyager”) operated a cryptocurrency brokerage that allowed customers to buy, sell, trade, and store cryptocurrency through its mobile application.
- ▶ Voyager’s primary operations consisted of:



Custodial Services



Lending

- 1. Brokerage services:** Voyager operated as a cryptocurrency “agency broker,” matching its customers with counterparties who could facilitate the customer’s desired trade.
 - 2. Custodial services:** Digital currencies deposited by customers are stored on Voyager’s platform rather than individualized digital “wallets.” In exchange, Voyager customers earned interest on deposits. Interest was primarily paid in three ways: (i) PIK Interest; (ii) through VGX and the Voyager Loyalty Program; and (iii) through “staking” programs.
 - 3. Lending programs:** To provide customers with PIK Interest, Voyager lent cryptocurrency deposited on its platform to third parties. Such third parties would pay Voyager a pre-negotiated interest rate that is payable in either cash or payment-in-kind (*i.e.*, a Bitcoin loan accrues interest payable in Bitcoin).
- ▶ Voyager’s mobile application had been downloaded millions of times and had over 3.5 million users.



Celsius Prepetition Business Overview

Celsius was one of the largest and most sophisticated cryptocurrency-based platforms, and operated in three primary segments:

1. Customer-Facing Programs

- ▶ Earn Program: Retail customers transferred coins to Celsius and earned rewards – which accounted for over 75% of customer assets at the time of the chapter 11 filing.
- ▶ Retail Lending: Celsius lent USD or coins to borrowers who posted coins as collateral.
 - Borrowers were able to choose from different loan products based upon LTV ratios of posted collateral, with applicable interest rates being higher for higher LTV loans.
- ▶ Institutional Lending: Celsius provided bespoke lending and borrowing solutions for institutional clients.
- ▶ Custody Program: Custodial services for customers, including U.S. non-accredited investors.

2. Mining

- ▶ Celsius Mining LLC operates one of the largest Bitcoin mining enterprises in the U.S.
- ▶ 43,000 rigs were in operation as of the filing, with 112,000 rigs planned to be in operation by Q2 2023.

3. GK8

- ▶ In October 2021, Celsius expanded into “cold” storage platforms for crypto assets when it purchased GK8.
- ▶ GK8 provides a secure institutional digital assets self-custody technology platform.
- ▶ The technology allows for blockchain transactions without connecting to the internet.

FTX Prepetition Business Overview

FTX was the third-largest centralized cryptocurrency exchange in the world as of July 2021, buoyed by its low fees and recognizable brand. Offering a narrower scope of services compared to some of its competitors, FTX marketed effectively to mainstream audiences. Product offerings were similar to other centralized investment platforms:

1. **Futures.** FTX offered traders the ability to take long and short bets on leading cryptocurrencies.
2. **Leveraged Tokens.** FTX offered “leveraged” tokens that provided leveraged exposure (e.g., 3X Long Bitcoin Token (BULL) provides a return that corresponds to three times the daily return of bitcoin).
3. **Options.** FTX offered a range of call and put options to hedge against their cryptocurrency positions.
4. **MOVE Contracts.** FTX offered a volatility derivative called a MOVE Contract, which tracked the volatility of a particular coin, regardless of the direction of price movement.
5. **Spot Markets.** FTX provided more than 100 spot trading pairs, in addition to an NFT marketplace.



Industry Headwinds – Traditional Markets

What to Expect from This Bear Market Based on History

Bear market confirmed as U.S. stocks' 2022 descent deepens

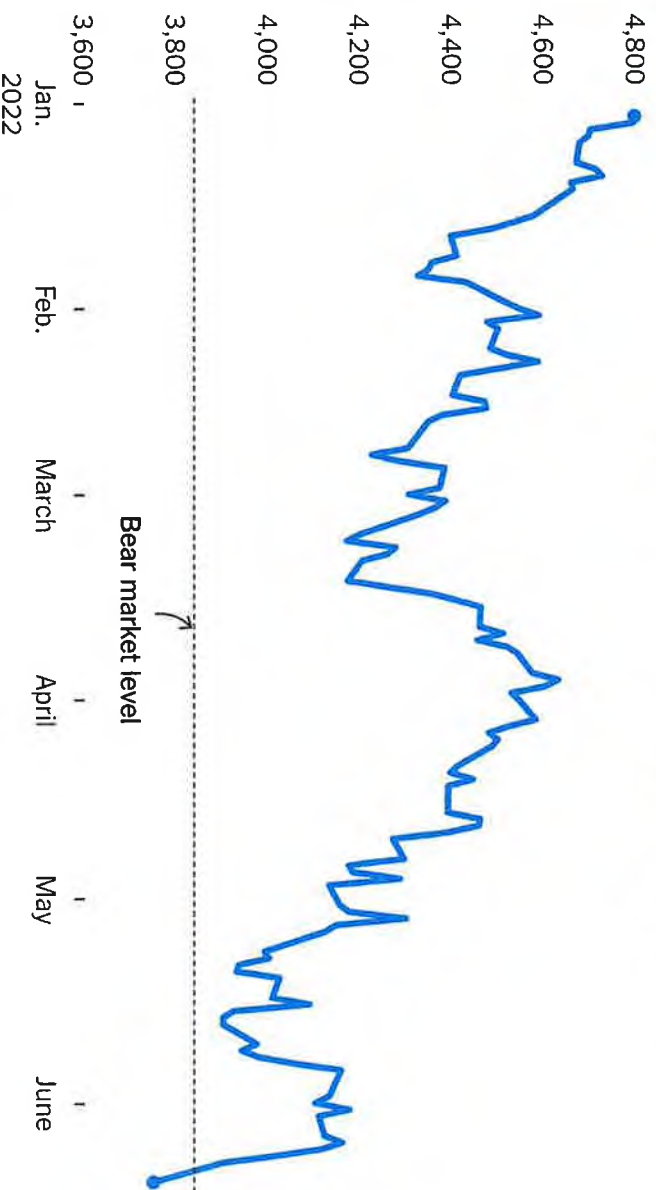
The Equity Bear Market Won't Be Over Before Recession Begins

Stock Market Crash 2022: It's All About The Fed And Its Taper

S&P 500 posts worst first half since 1970, Nasdaq falls more than 1% to end the quarter

Inflation rose 8.6% in May, highest since 1981

Daily Close of the S&P 500 Since its Peak on Jan. 3



Source: FactSet • By The New York Times



Industry Headwinds – Cryptocurrency Markets

'The Music Has Stopped': Crypto Firms Quake as Prices Fall

Bitcoin Flirts With Lowest Level Since 2021 as Equities Drop

Bitcoin Plummets Below \$20,000 for First Time Since Late 2020

A \$2 Trillion Free-Fall Rattles Crypto to the Core

A market that has gone through several major downturns in its short life may be facing its biggest test yet.

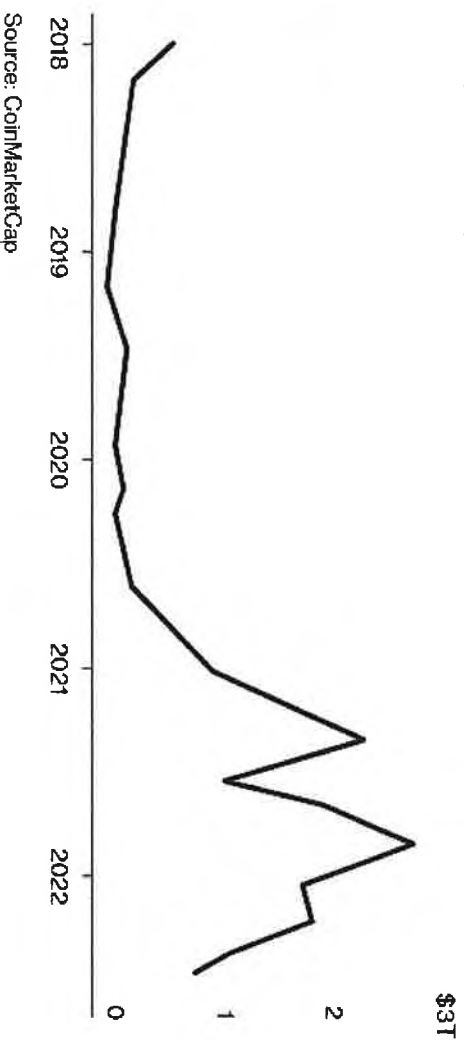
Cryptocurrencies Melt Down in a 'Perfect Storm' of Fear and Panic

The Fall of Terra: A Timeline of the Meteoric Rise and Crash of UST and LUNA

Peaks and Valleys

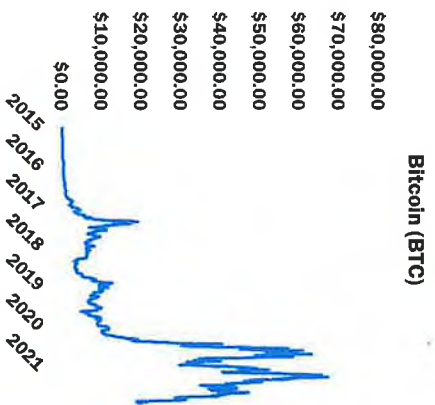
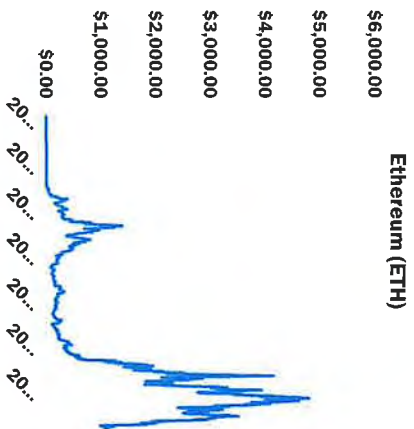
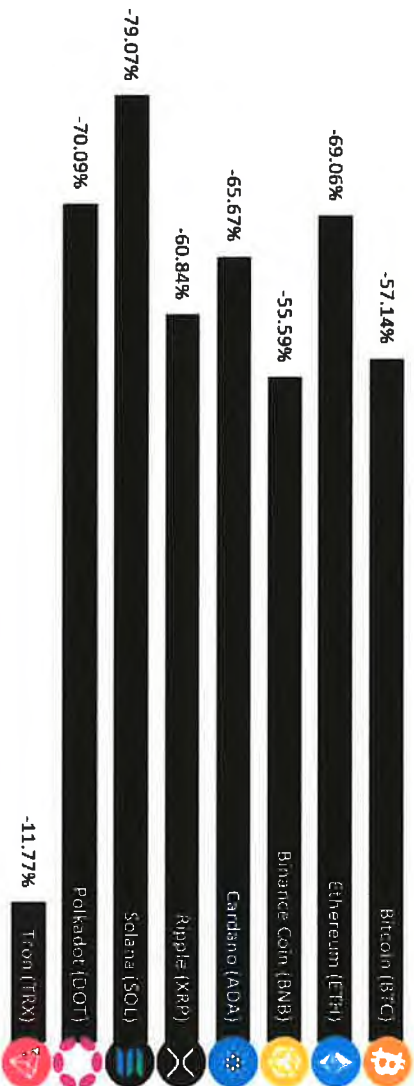
The crypto market is known for its ups and downs, but the latest slide is unprecedented in its magnitude

✓ Crypto market cap



Source: CoinMarketCap

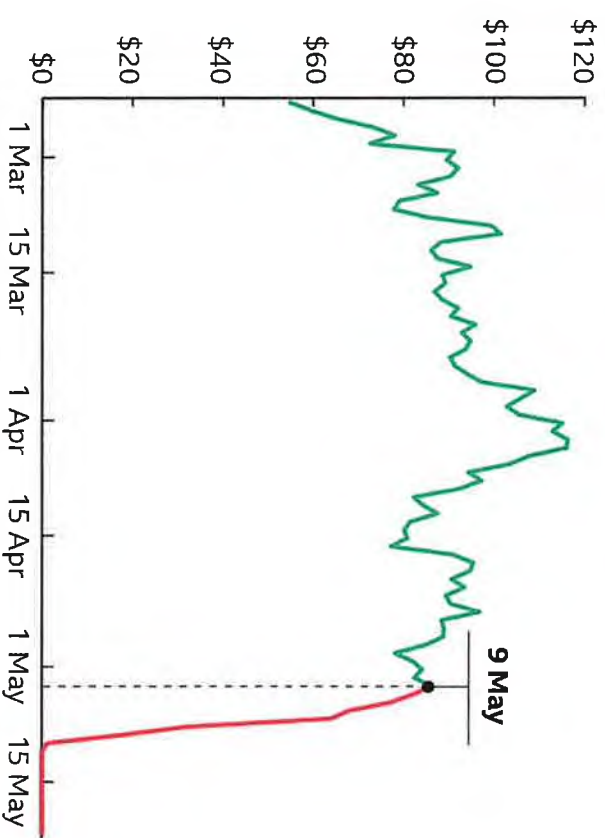
Industry Headwinds – Coin Values





Industry Headwinds – Terra (Luna) / Terra USDC

The collapse of Terra (Luna)



Daily closing price in USD, last three months (22 February - 22 May 2022)

Source: CoinMarketCap



► Industry Headwinds – Three Arrows Capital



THREE ARROWS CAPITAL

From \$10 billion to zero: How a crypto hedge fund collapsed and dragged many investors down with it

3AC: A \$10B hedge fund gone bust with founders on the run

The Crypto Geniuses Who Vaporized a Trillion Dollars Everyone trusted the two guys at Three Arrows Capital. They knew what they were doing — right?

Aftershocks: 3AC's collapse reverberates through crypto ecosystem

◆ Pressing Pause: Part 1 (June 2022)

Crypto lender Celsius pauses withdrawals due to ‘extreme market conditions’

The Celsius Withdrawal Pause Rattles Crypto World

— Total value of cryptocurrencies falls below \$1 trillion

Crypto contagion fears spread after Celsius Network freezes withdrawals

Major crypto broker Voyager Digital suspends all trading, deposits and withdrawals

Pressing Pause: Part 2 (November 2022)

FTX Exchange Halts All Crypto Withdrawals

Crypto exchange FTX saw \$6 bln in withdrawals in 72 hours

FTX Contagion Revives Dreaded 2022 Crypto Knell – the ‘Withdrawal Halt’

The downfall of the FTX exchange has caused a domino effect: a growing list of crypto firms, such as BlockFi and Genesis, halting withdrawals. CoinDesk counted 16 of these announcements just this year.

Binance temporarily halted withdrawals of stablecoin USDC as investor concerns mount after FTX collapse

FTX: THE SEC IS BEARING DOWN ON THE ‘BANKRUPT’ EXCHANGE

BlockFi says it can no longer operate its business as usual, pausing client withdrawals in the wake of FTX collapse

FTX’s \$1.4 Billion Deal for Bankrupt Lender Voyager Is Canceled

- Voyager says FTX meltdown means sale won’t go forward
- FTX hasn’t said whether it has canceled its Voyager bid



Bank Run (March 2023)



Here's how the second-biggest bank collapse in U.S. history happened in just 48 hours

SVB collapse was driven by 'the first Twitter-fueled bank run'

Signature Bank's Quirky Mix of Customers Fueled Its Rise and Hastened Its Fall

Foray into crypto set the stage for a deposit run that overwhelmed the New York lender in a matter of hours

Big banks facing 'crisis of confidence' amid Silicon Valley Bank's failure, strategist says

Why Credit Suisse's failure was so sudden

More than 200 UK firms at 'serious risk' from Silicon Valley Bank collapse

Government 'working at pace' to limit damage, says chancellor



Novel Issues



Key Legal Questions

Legal issues critical to the outcome of this case include:

- Are the crypto assets in Celsius' possession property of the estate? Is the answer to this question different for crypto assets held under the Custody vs. the Earn program? What about crypto assets transferred to Celsius to collateralize Institutional and retail loans?
- What does it mean to unimpair a crypto claim or to pay a crypto claim in full?
- Are customers entitled to the return of crypto in-kind?
- The amount of a crypto claim is determined as of what date (e.g. as of the petition date, effective date, distribution date)?
- Which Celsius entities do customers have claims against?
- Do retail and institutional borrowers have a setoff right where they (a) borrowed cash, stablecoins, or other crypto from Celsius and (b) transferred crypto to Celsius?
- Can Celsius recover customer withdrawals or loan liquidations completed in the 90 days before filing as preferences?

▶ Cryptocurrency and the Code

- ▶ Interpreting and applying the bankruptcy code to non-flat assets, such as cryptocurrency, raises additional questions, including:
 1. Are digital assets “money” such that section 345 and related cash management requirements apply? E.g., are accounts that hold the crypto assets required to be bonded, with certain institutions, or below a certain amount?
 2. Is cryptocurrency considered a security?
 3. Is cryptocurrency a commodity such that it would be exempt from the automatic stay?
 4. Should different types of cryptocurrency be treated differently?
 5. If the digital assets are property of the estate, are customer withdrawals and transactions in the 90 days leading to a chapter 11 filing preferences and thus avoidable?
 6. Is it permissible to classify all customer claims in a single class or should claims be separately classified by coin type?
 7. When is a customer claim “paid in full”? E.g., if a customer has a claim for 1 BTC, and under a plan receives 0.5 BTC but due to an upswing in the market, the dollar value of the 0.5 BTC is more than the value of 1 BTC at the petition date, is the claim paid in full? Or must the customer receive 1 BTC, regardless of dollar value?
 8. What happens if the crypto market takes a dip after confirmation such that the assets materially depreciate? Must a debtor amend its plan to provide for reduced distributions? Or can it delay distributions and wait for the assets to appreciate?



Regulatory Oversight

Cryptocurrency companies face substantial challenges in chapter 11 given the unclear, evolving, and disconnected regulatory landscape, particularly in the below ways:

1. Federal and state regulatory agencies have provided unclear guidance and there is lack of a clear oversight.
 - ▶ There are few, if any, bright-line rules provided by federal agencies with respect to cryptocurrency operations.
 - ▶ Federal and state agencies have taken differing views on cryptocurrency and how it should be regulated.
 - ▶ Various federal and state agencies may participate differently, and even inconsistently within their own agencies, in the chapter 11 process, making the bankruptcy process unpredictable for debtors.
2. Disconnected state regulatory schemes.
 - ▶ Having a web of complex state-regulatory schemes means whether or not a company is in compliance with a state's regulations is continually changing.
3. Rapidly shifting regulatory environment.
 - ▶ A quickly evolving regulatory landscape can lead to deal risk, as a change in regulations may jeopardize a buyer's ability to close, impact the purchase price, etc.
 - ▶ Investment by and in cryptocurrency companies may implicate additional regulatory oversight, including issues with CFUS and Hart-Scott-Rodino review.
 - ▶ Many parties are looking to make their impact on the initial regulation of the cryptocurrency industry, causing noise and mixed messaging from across industries and agencies.
 - ▶ Unclear whether directors and officers may be held liable and if so, to what extent.

Regulatory Oversight (cont'd)

- ▶ While the landscape continues to evolve, regulators continue to take steps to prevent certain activities of cryptocurrency companies.
- ▶ The mobile app-nature of cryptocurrency and trading platforms also lends to regulatory oversight issues. As most customers transact via a mobile device, they technically can do so anywhere rather than being physically “located” in a single place at all times.
- ▶ Further, customers self-report their location upon signing up for the apps, potentially creating a loop-hole that a company does not have control over.
 - *E.g.*, a NY customer may want to sign up for a specific app that is not licensed to operate in NY; to get around this, the customer uses a family member’s or friend’s or other address in a state in which the app is licensed to operate. A regulator may accuse the app itself of operating unlawfully, despite the customer having made the election.
- ▶ This nuance may ultimately lead to agencies attempting to implement a broader cross-border regime.



Regulatory Oversight – Voyager Confirmation

Regulatory uncertainty was front and center in the multi-day Voyager confirmation hearing.

- ▶ Judge Wiles of the Bankruptcy Court of the Southern District of New York opened the confirmation hearing with *sua sponte* questioning of the SEC's position:
- ▶ “Good morning. You've submitted an objection that has a couple of parts, and one part is that you think that the contemplated transfers of cryptocurrencies by Voyager may be illegal. I'm sort of unaccustomed to getting objections that something may be wrong as opposed to either it is or it isn't. So what exactly is your position here? Are you saying that it is wrong or that you don't know?” Mar. 2, 2023 Hr'g Tr. at 24:10–17.
- ▶ “You've [] argued that the Debtor has to somehow prove a negative here, has to prove that every one of the transactions, every one of the cryptocurrencies that it might be selling do not involve transactions in securities with no guidance from you at all as to what might constitute a security, which coins they have to do that proof on, why you think any of them are securities, and no indication at all of what legal or factual issues the testimony and argument ought to address. How is that a proper objection?” Mar. 2, 2023 Hr'g Tr. at 26:23–25; 27:1–7.
- ▶ “I'm absolutely shocked, I have to say, that a regulator would come in and say, I'm charged with regulatory authority over these things. These are reasons that I have concerns because they're within my regulatory jurisdiction, but I've done nothing. I have nothing to offer to you except questions, and my excuse for that is that it's somebody else's burden in the context of confirmation. That's incredible. Absolutely incredible. So I'll hear whatever evidence the Debtor has, but you know, I get the feeling that this objection has been made as a kind of cover yourself, so you can say later that well see, we raised these issues, but you haven't really. You've done nothing. You know, I'm trying to do the right thing here. I would like to do the right thing. I don't want to subject customers to any risks. They've already been through a bankruptcy. I don't want to put them through any more issues. But to stand here and tell me, Judge, you know, I'm not going to tell you what we're going to do, but it's your job and the Debtors' job to kind of guess and to make predictions, and you know, you better be right about it; that's really not helpful.” Mar. 2, 2023 Hr'g Tr. at 38:10–25, 39: 1–6.

Regulatory Oversight – Voyager Appeal

U.S. Justice Dept. Appeals New York Judge's Decision to Approve Voyager's Sale to Binance.US

The appeal comes just one day after Judge Michael Willes gave Voyager Digital the go-ahead to sell its assets to Binance.US.

In addition, the Plan contemplates certain rebalancing transactions and the completion of distributions of cryptocurrencies to creditors. The Excused Parties shall have no liability for, and are excused from, any claim for fines, penalties, damages, or other liabilities based on their execution and completion of the rebalancing transactions and the distribution of cryptocurrencies to creditors in the manner provided in the Plan.

For the avoidance of doubt, the foregoing paragraph reflects the fact that Confirmation of the Plan requires the Excused Parties to engage in certain rebalancing transactions and distributions of cryptocurrencies and the fact that no regulatory authority has taken the position during the Combined Hearing that such conduct would violate applicable laws or regulations. Nothing in this provision shall limit in any way the powers of any Governmental Unit to contend that any rebalancing transaction should be stopped or prevented, or that any other action contemplated by the Plan should be enjoined or prevented from proceeding further. Nor does anything in this provision limit the enforcement of any future regulatory or court order that requires that such activities either cease or be modified, or limit the penalties that may be applicable if such a future regulatory or court order is issued and is violated. Similarly, nothing herein shall limit the authority of the Committee on Foreign Investment of the United States to bar any of the contemplated transactions. Nor does anything in this provision alter the terms of the Plan regarding the compliance of the Purchaser with applicable laws in the Unsupported Jurisdictions before distributions of cryptocurrency occur in those Unsupported Jurisdictions.



Property of the Estate

Are crypto assets on a debtor's platform estate property?

- ▶ The Bankruptcy Code broadly defines property of the estate as “all legal or equitable interests of the debtor in property as of the commencement of the case.” 11 U.S.C. § 541.
- ▶ The determination of whether customers' cryptocurrency assets deposited on a platform that has filed for bankruptcy are property of the account holders themselves or of the bankrupt cryptocurrency company requires a fact-specific analysis.
 - The outcome of which could mean the difference between immediate access to funds or recovering pennies on the dollar, if anything.

Does a “custodial” relationship exist?

- ▶ Whether the debtors have legal or equitable interests in a customer's cryptocurrency assets largely depends upon the relevant customer agreement and terms of use.
- ▶ If it is determined that a customer's assets are not property of the estate, the debtors would be in a position to return the funds in full outside of a plan of reorganization or liquidation process.



Dollarization of Claims

- ▶ Section 502(b) of the Bankruptcy Code requires that claims must be in “lawful currency of the United States as of the date of the filing of the petition.”
 - However, the intent behind the Bankruptcy Code’s dollarization requirement does not necessarily apply to the unique and novel circumstances associated with cryptocurrency bankruptcies and it is unclear whether section 502(b) actually would require such conversion.
 - Further, obligations under customer contracts may allow for a different result.
- ▶ Illustrative example:
 - If an account holder’s portfolio consisted of 0.5 ETH, 30 USDC, 20 APE and 100 ALGO on July 5, 2022, the account holder would have a total claim against the debtors’ estates of \$724.81.

Customer Claim			
Coin	# of Coins Claimed	7/5 Coin Price	Claim (\$)
ETH	0.50	\$1,131.60	\$565.80
USDC	30.00	1.00	30.00
APE	20.00	4.91	98.27
ALGO	100.00	0.31	30.74
Total			\$724.81

▶ Dollarization of Claims *cont'd.*

Advantages

- ▶ All holders of cryptocurrency claims are placed on equal footing to calculate recoveries
- ▶ Recovery can be calculated at fixed point in time.
- ▶ Administrative convenience in both calculation and messaging.

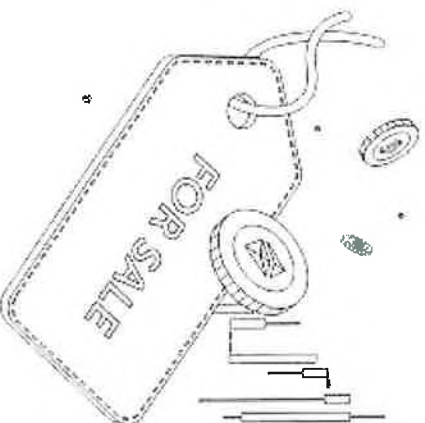
Disadvantages

- ▶ Holders of claims may not benefit from fluctuations in the cryptocurrency prices (*i.e.* if the price of a coin increases between the petition date and the time of recovery).
- ▶ Potentially difficult to deliver cryptocurrency to customers if types of cryptocurrency on hand do not align with claims outstanding.
- ▶ Clear-cut tax issues.
- ▶ Difficult point to message to customers who, from experience, are most interested in receiving their cryptocurrency back.



Valuation Issues in the Face of Retaining Customers

- ▶ Cryptocurrency companies are uniquely challenged with respect to valuation in a chapter 11 context.
- ▶ The overarching value in a cryptocurrency company is in its customers—including their loyalty, information collected from their trading decisions and personal information used to sign onto the platform, and the funds maintained in their accounts.
- ▶ However, particularly in a sale scenario, the quantum of economic benefit received from acquiring customers is unknown at the time a deal is initiated or signed.
- ▶ For example, it is difficult to predict how many customers will stay on the platform (or migrate, in a sale scenario), how active the customers will be in future trading, etc.
 - Regulatory overhang exacerbates this uncertainty. Customers who WANT to stay may not be permitted to.





Marketing Process and Sale Issues

- ▶ Conducting an auction of a cryptocurrency company presents several unique challenges that are atypical for a 363 process.
 - Evaluating Bids: Significant differences in structure, valuation, and deal consideration leads to “apples and oranges” bids that are difficult to evaluate against each other.
 - ▶ Structural differences also present difficulties in commencing, and completing, an auction on an expedited time frame.
 - Industry Dynamics: Predominantly retail investor base with strong social media presence leads to leaks, while significant discourse online has potential to set the narrative of the auction based on misinformation and outdated news.
 - Two-Way KYC Issues: Nascent state of cryptocurrency industry leads to unfamiliarity with interested bidders and purchasers, while “trad-fir” KYC processes can create unusual difficulties (i.e., obtaining an escrow agent).
 - Messaging: Complicated deal structure can make explaining why deal is “best” for stakeholders difficult, especially in light of online discourse.
 - Regulatory Overhang: Increased regulatory focus on cryptocurrency industry necessitates heavy scrutiny of each bidder’s ability to close, and the impact that closing risk has on the bid’s economics.

▶ Cryptocurrency and the Code (Preferences)

- ▶ The Bankruptcy Code allows a debtor (or trustee) to avoid and recover certain prepetition transfers made to a creditor that increases a creditor's recovery ahead of recovery by other, similarly situated creditors.
- ▶ Under section 547(b) of the Bankruptcy Code, a preferential transfer is "any transfer of an interest of the debtor in property" made: (i) to a creditor; (ii) on account of an antecedent debt; (iii) while the debtor was insolvent; (iv) on or within 90 days of the petition date...; and (v) that enables the creditor to receive more than the creditor would have in a Chapter 7 case if the transfer had not been made."
- ▶ There is a question around whether customer withdrawals and transactions that occurred in the ninety days leading to a cryptocurrency company's filing of chapter 11 (or, for insiders, one year prior to the petition date) are preferences pursuant to the Bankruptcy Code. For example:
 - Is the transaction on account of **antecedent debt**?
 - ▶ **Yes.** The cryptocurrency company has the obligation to return the crypto to users at the time the users deposit the crypto, so the withdrawals are honoring that antecedent debt.
 - ▶ **No.** Customer withdrawals are executed contemporaneously with the request to withdraw, and therefore are not on account of any prior, or antecedent, debt.
 - Are these transactions **ordinary course** transactions, which is a defense to preference claims?
 - ▶ **Yes.** Customers withdrawing funds from the platform occurs regularly in the course of dealings between a cryptocurrency company and its customers. Further, the company does not elect whether or not to honor certain withdrawals and not others, so there is no demonstrated "preference" for payment of one creditor over another.
 - ▶ **No.** Some case law suggests that "run on the bank" scenarios are outside of the ordinary course of business and the defense does not apply. This is a fact-intensive inquiry (when did the "run on the bank" start, and how is it defined?)
- ▶ Additionally, section 547(c)(9) of the Bankruptcy Code exempts transfers below \$7,575 (in the aggregate) from clawback as preferences; given the fluctuating value of cryptocurrency, proving whether that threshold has been reached or not may be fact-intensive (as to the price of the cryptocurrency at the time of the transfer).



Public Relations Considerations

- ▶ The digital nature of the cryptocurrency industry has brought to light unique avenues of communication with the market's constituency, as well as unique challenges.
- ▶ For example, the Official Committee of Unsecured Creditors in both Celsius and FTX created its own Twitter page to connect with creditors, Celsius developed a series of videos describing the various processes associated with a chapter 11 filing and shared the information on its social media pages, and question and answer sessions between creditors and the Official Committee of Unsecured Creditors have been held via Reddit, YouTube, and Twitter spaces.
- ▶ While such tools have proven beneficial, the dangers and reach of the internet have also been underscored.
- ▶ The ability to communicate with hundreds of thousands of people at the swipe of a finger has provoked creditors to live stream court hearings, "tweet" commentary on secured meetings with parties in interest in real time, and engage in lively discourse on various social media platforms.
 - It has also contributed to widespread dissemination of misinformation, which can be difficult to remedy.
- ▶ As such, the need to be precise, consistent, and succinct in messaging is essential to creating a clear runway to plan confirmation.

Cryptocurrency in Chapter 11 – Celsius: A Case Study

August 2023

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Celsius Prepetition Business Overview

Celsius was one of the largest and most sophisticated cryptocurrency-based platforms, and operated in three primary segments:

1. *Customer-Facing Programs*

- ▶ Earn Program: Retail customers transferred coins to Celsius and earned rewards – which accounted for over 75% of customer assets at the time of the chapter 11 filing.
- ▶ Retail Lending: Celsius lent USD or coins to borrowers who posted coins as collateral.
 - Borrowers were able to choose from different loan products based upon LTV ratios of posted collateral, with applicable interest rates being higher for higher LTV loans.
- ▶ Institutional Lending: Celsius provided bespoke lending solutions for institutional clients.
- ▶ Custody Program: Custodial services for customers, including U.S. non-accredited investors.

2. *Mining*

- ▶ Celsius Mining LLC operates one of the largest Bitcoin mining enterprises in the U.S.
- ▶ 43,000 rigs were in operation as of the filing, with 112,000 rigs planned to be in operation by Q2 2023.

3. *GK8*

- ▶ In October 2021, Celsius expanded into “cold” storage platforms for crypto assets when it purchased GK8.
- ▶ GK8 holds technology to provide a secure institutional digital assets self-custody platform.
- ▶ The technology allows for blockchain transactions without connecting to the internet.



Celsius Postpetition Development Overview

1. Customer-Facing Programs

- ▶ **Earn Program:** the Court held that \$4.2bn of assets across 600k accounts are property of the estates, *In re Celsius Network LLC*, 647 B.R. 631 (Bankr. S.D.N.Y. 2023)
 - The clickwrap Terms of Use were enforceable contracts under New York law, and unambiguously transferred Earn assets to Celsius.
 - Creditors' defense to contract formation and breach-of-contract claims are reserved for the claims resolution process.
 - *Pro se* appeal dismissed because an interlocutory appeal will not advance the bankruptcy.
 - Plan Treatment: receive pro rata shares of Liquid Cryptocurrency (BTC or ETH), NewCo Common Stock, and Litigation Proceeds
- ▶ **Retail Lending:** Several iterations of proposed treatments under two Plans proposed by different Plan Sponsors
 - Novawulf Plan: retail borrowers can receive up to 85% of collateral back after continuing the loan with NewCo for five years, with tiered interest rates based on LTV ratio.
 - Fahrenheit Plan I: the Debtors set off the loan proceeds with collateral at petition-date price; retail borrowers will have an Earn claim for any amount in excess of the set-off amount.
 - Fahrenheit Plan II: to alleviate the tax burden, retail borrowers have the additional option to repay the loan before emergence and receive collateral of equal value (priced at a date before emergence); the retail borrowers will have an Earn claim for the post-repayment amount.
- ▶ **Institutional Lending:** \$115mm loans outstanding, collateralized by \$16mm of cryptocurrency as of January 2023
 - The Debtors are authorized to exercise all rights under the Master Loan Agreement, including to issue margin calls and liquidate loans.
 - Institutional MLAs will be treated as Executory Contracts and assumed under the Plan



Celsius Postpetition Development Overview – Continued.

1. *Customer-Facing Programs – Continued.*

▶ **Custody Program**

- Custody assets are not property of the estates based on the Terms of Use, but assets transferred from Earn to Custody are potentially subject to the Debtors' preference avoidance actions.
- "Pure" Custody assets and Custody assets transferred from Earn <\$7,575 can be withdrawn.
- Custody assets transferred from Earn >=\$7,575: Custody account holders can receive 72.5% of their assets (which is more than 72.5% recovery on their claims) in exchange for the Debtors' release of their potential preference liabilities.

2. *Mining*

- ▶ Mining will provide the going-concern value for NewCo
- ▶ 64,000 rigs deployed as of Q2 2023, with adjusted EBITDA of \$1.5mm for May 2023

3. *GK8*

- ▶ Sold for \$44mm in December 2022.
- ▶ Certain GK8 entities filed for chapter 11 in December 2022 in connection with the sale process.

Sale: Stalking Horse, Auction, NewCo vs. Orderly Wind Down

- ▶ **February 2023: Novawulf was designated as Stalking Horse Bidder and Plan Sponsor**
 - The NovaWulf Plan contemplated a regulatorily compliant NewCo owned by creditors.
 - ▶ The NewCo's business would consist of ETH staking (using retail borrowers' collaterals) and BTC mining.
 - ▶ Equity interests in the NewCo would be tokenized.
 - ▶ NewCo would partner with regulatorily-compliant service providers to manage the NewCo assets.
- ▶ **April 25 to May 24, 2023: Auction**
 - Following the receipt of two additional qualified bids, an auction was held
 - The bids were as follows:
 - ▶ **NewCo Plan Alternative.** Fahrenheit (Arrington Capital, US Bitcoin Corp., Proof Group, Steven Kokinos, and Ravi Kaza): similar structure as the NovaWulf Plan, except NewCo equity would be listed on NASDAQ (rather than tokenized and held on the Provenance blockchain) for maximum liquidity.
 - ▶ **Wind-down Plan.** BRIC (Van Eck Absolute Return Advisers Corporation and GXD Labs LLC): distribution of all liquid cryptocurrency, monetization of remaining illiquid assets, and a mining business owned by creditors.
 - Competitive bidding: multiple rounds; each bid was announced to be the “highest or best” bid at some points.
 - Result: Fahrenheit was the Successful Bidder, and BRIC becomes the Backup Plan Sponsor.
 - ▶ The Successful Bid was a significant improvement over the NovaWulf Plan, it featured: reduced management fees, increased distribution of liquid cryptocurrency to creditors, increased commitments on the mining business plan, increased capital contribution to NewCo.

Regulatory Compliance and Settlement

DOJ

- Non-Prosecution Agreement
- USAO will not impose fine or seek forfeiture of the Debtors' assets
- Debtors accept certain statement of facts regarding misrepresentations of Celsius' business and manipulation of CEL token price by founder and former CEO Alex Mashinsky and former Chief Revenue Officer Roni Cohen-Pavon, and will cooperate in all related investigation and prosecutions

SEC

- final judgement against one debtor entity
- Injunction against violating the Securities Act of 1933 and the Securities Exchange Act of 1934

FTC:

- stipulated order for permanent injunction, monetary relief, and other judgment
- Injunction against violating the Federal Trade Commission Act and the Gramm-Leach-Bliley Act by making misrepresentations and using misrepresentations to obtain customer information
- \$4.72bn judgment, suspended upon the Debtors' compliance, become a general unsecured, non-dischargeable claim

CFTC:

- consent order of permanent injunction
- Injunction against violating the Commodity Exchange Act and CFTC regulations, and future cooperation in related investigation and litigation.

State Agencies

- NJ filed a \$6.9bn Proof of Claim against all Debtors, and many states have filed unliquidated PoCs.
- The Debtors continue to engage to with state agencies to ensure their claims will not affect creditor recovery.

Other Prominent Features of the Plan

Wind-Down Toggle

- Debtors can pivot to Orderly Wind Down if the NewCo Transaction cannot be consummated, without the need to re-solicit the Orderly Wind Down plan.

Substantive Consolidation

- As a result of the court's opinion that customers only have contract claims against Celsius Network LLC ("LLC") and the settlement with the preferred shareholders of Celsius Network Limited ("CNL").
- Creditors can recover from assets of both CNL and LLC.

Litigation Administrator

- Reports to 7-member Litigation Oversight Committee appointed by the creditor groups.
- Resolve all disputed claims, including claims contributed by account holders, and to pursue preference avoidance action against insiders and account holders.
- Distribute recoveries to all account holders pro rata.

UCC's Class Claim Settlement

- UCC seeks to certify a class of all account holders and bring a non-contract claim for misrepresentations, etc. on behalf of all account holders.
- Account holders who do not opt-out of the settlement will receive a 5% increase of their claims, and their PoCs will be expunged and superceded.

Account Holder Preference Settlement

- For Account Holders who vote for the Plan:
 - if preference exposure < 100k: no preference avoidance action;
 - if preference exposure > 100k but < 250k: no preference avoidance action if pay back 27.5%;
 - if preference exposure > 250k: Litigation Administrator will decide.

CEL Token Settlement

- CEL Tokens priced at \$.2/CEL (the ICO price), despite petition date price of \$.81/CEL, due to manipulation of CEL market price.

Making the Business Case for the Digital Economy

Understanding the ABC's of the Digital Marketplace

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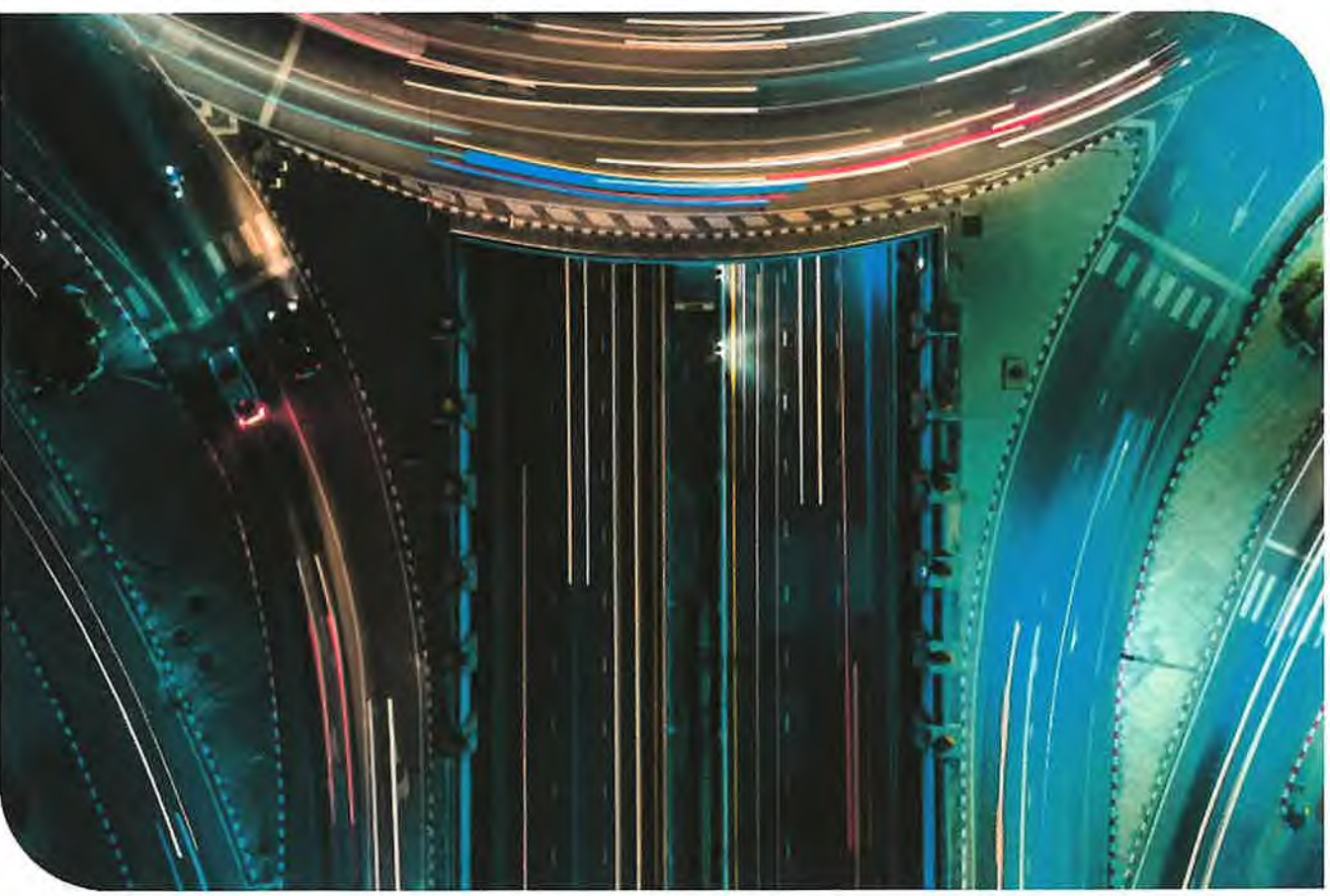
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Section 01

Introduction



What is Blockchain Technology?

How is blockchain related to cryptocurrencies? The blockchain is the foundation upon which all cryptocurrencies (“crypto”) are spawned and exist. All crypto transactions are recorded on the blockchain.

- Blockchain “is a decentralized ledger of all transactions across a peer-to-peer network” and with it, transactions are confirmed without a central clearing authority.¹ This ledger is immutable and accessible to all on the network.
- Blockchain networks can be public, private, or built by a consortium.² Bitcoin (“BTC”) is an example of a public network. A private network can be run behind a corporate firewall and the participants determined by the governing organization.²
- When a transaction occurs, it is recorded as a “block”. Each block can record configurable information: who, what, when, where, quantity, and any other condition. Blocks are connected to form a chain of transactions, confirming time and sequence of these transactions, and each additional block strengthens the verification of the entire blockchain.²
- Beyond cryptocurrency, blockchain’s growth potential is within business, as countless companies currently waste time and effort on duplicate record keeping and third-party validations.²
 - The increased speed and accuracy of information that blockchain offers can lead to business efficiencies.
 - As collaborative technology, it could lower the “cost of trust”¹ that businesses encounter each day.

What is a Smart contract?

- Smart contracts can serve to increase the efficiency of transactions and agreements, e.g., a smart contract can define the conditions of corporate bond transfers.²
 - A smart contract is a program on the blockchain that allows the conversion of traditional contracts into digital parallels. These digitized parallels have programs that execute automatically when terms are met. The conventional human element is decoupled from contract creation and execution.
- Widespread blockchain adoption for B2B services is anticipated to increase global supply chain efficiencies.

¹. “Making Sense of Bitcoin, Cryptocurrency, and Blockchain”. PwC. (<https://www.pwc.com/us/en/industries/financial-services/finance/bitcoin-blockchain-cryptocurrency.html>)

². “What is Blockchain Technology?”. IBM. (<https://www.ibm.com/topics/what-is-blockchain>)

What is Cryptocurrency?

- Crypto is a peer-to-peer network where currency can change hands without the traditional intermediary that is requisite in fiat currency transactions. It is created and stored in the blockchain and has served as the first alternative to the traditional banking system. Crypto has no intrinsic value, has no physical form, and its supply is not determined by a central bank.³
 - The removal of an intermediary—whether it be a financial institution, central bank, government—is one of the main selling point behind crypto adoption.
 - Cryptocurrencies are not subject to actions or whims of government, as the dollar is to the Federal Reserve.
- According to the official Bitcoin Whitepaper, the coin was created to serve a “purely peer-to-peer version of electronic cash [which] would allow online payments to be sent directly from one party to another without going through a financial institution.”³
 - Bitcoin, the largest cryptocurrency by market capitalization, was launched in 2008 as the first cryptocurrency.³
 - The coin was developed to be the internet’s native payment mechanism. The attractive features were, and remain to be, its speed, low fees, lack of censorship, and detachment from any governing body.⁴
 - In early days. BTC was often used to circumvent regulation for transacting in suspicious online marketplaces.
- Ethereum, the blockchain, and Ether (“ETH”), the corresponding coin, have more recently taken the spotlight, and were launched in 2015. Ethereum offers additional capabilities such as application functionality and contract creation.⁴
- While BTC and ETH are the dual faces of cryptocurrency, there exist 8,000, and counting, alternative coins (“altcoins”); some offering new features and some building on the capabilities of their progenitors.

3. “The Bitcoin Whitepaper, a simple nine-page document, was released on October 31, 2008, by an individual or group under the pseudonym Satoshi Nakamoto. The official whitepaper can be accessed here: <https://bitcoin.org/bitcoin.pdf>.”

4. Reutzel, Bailey. “What is Cryptocurrency? Here’s What You Need to Know About Blockchain, Coins, and More”. CNBC, 22 September 2021. <https://www.cnbc.com/select/what-is-cryptocurrency/>

What is an NFT? (Nonfungible Token)

- An NFT is a unique digital identifier that cannot be copied, substituted, or subdivided, which is recorded on the blockchain and serves as proof of authenticity and ownership.
- The holder of an NFT is conferred the right of ownership of a specified digital asset and those IP rights assigned to the digital asset (if any) which could be an image, audio and/or a video file(s).
- The holder of an NFT can sell, swap or transfer the NFT, thereby realizing value in an exchange transaction.
- A good way to think of an NFT would be like holding title to property; the NFT itself doesn't have value, but what it is connected to has value.
- While each NFT is unique, the associated digital asset may have common or unique traits; generally speaking the more unique traits, the greater the scarcity and the higher the value for that digital asset.

Important Developments for Crypto Regulation: Executive Order #14067

- In March 2022, President Biden signed an Executive Order on ensuring the responsible development of digital assets. Specifically, this order calls for measures to:
 - Protect US consumers, investors, and businesses
 - Protect US & global financial stability and mitigate systemic risks
 - Mitigate the illicit finance and national security risks posed by illicit use of digital assets
 - Promote US leadership in technology and economic competitiveness to reinforce US leadership in the global financial system
 - Promote equitable access to safe and affordable financial services
 - Support technological advances & ensure responsible development and use of digital assets
 - Explore a US Central Bank Digital Currency (CBDC)
- A CBDC is a digital form of central bank money that is widely available to the general public.
 - Although digital forms of currencies already exist (such as bank accounts, payment apps, online transactions) a CBDC would differ from existing digital money available to the general public because it would be a liability of the Federal Reserve – not a commercial bank

5. White House Briefing Room. "Fact Sheet: President Biden to Sign Executive Order on Ensuring Responsible Development of Digital Assets". 9 March 2022.

6. Board of Governors of the Federal Reserve System. "Central Bank Digital Currency (CBDC)". 20 April 2023.

7. Federal Reserve. "Central Bank Digital Currency (CBDC)". 20 April 2023.

Important Developments for Crypto Regulation: Congressional Bill #7614

- First introduced in April 28, 2022 and later passed on July 2023, a key congressional committee advanced a bipartisan bill that aims to develop a regulatory framework for cryptocurrencies in an effort to codify federal oversight for the digital asset industry
 - This comes at a time in which the industry is under increased regulatory scrutiny following the collapse of Celsius Network, Voyager Digital, FTX, and other companies.
 - The bill passed by the House Financial Services Committee would define when a cryptocurrency is a security or a commodity and expand the Commodity Futures Trading Commission's (CFTC) oversight of the crypto industry – while clarifying the SEC's jurisdiction
 - This is the first time a crypto regulatory bill was put to a vote in congress
- Detractors from this bipartisan bill, such as Maxine Waters a top Democrat on the Financial Services Committee, argue that this bill would create more confusion and offer consumers and investors fewer protections than they have currently. Similarly, Senate Banking Committee head Sherrod Brown stated that he is unsure if any additional legislation to regulate crypto is necessary.
- Crypto companies started out in a regulatory gray area – but the SEC has steadily asserted its authority over the industry by arguing that most cryptocurrencies are securities and are subject to investor protection rules. Most crypto companies dispute the SEC's jurisdiction – pushing for Congress to write laws clarifying that cryptocurrencies are more akin to commodities than securities
- Lawmakers are also set to consider a bill that would have the Federal Reserve write requirements for issuing stablecoins while preserving the authority of state regulators -- this bill was modified to address concerns that stablecoin issuers could evade stricter oversight by opting to be regulated under a state regime

Important Developments for Crypto Regulation: The Federal Reserve Announces a 12-Week Pilot Program on November 15, 2022

- In the US, there are several financial institutions that are collaborating to test the feasibility of a digital dollar based on distributed ledger technology – the blockchain technology behind bitcoin.⁶
 - Participants include BNY Mellon, Citi, HSBC, Mastercard, PNC Bank, TD Bank, Truist, US Bank, and Wells Fargo. Global payment processor Swift and The New York Innovation Center, part of the New York Fed, are also involved.
 - The US Dollar in this simulation will be represented by tokens and settled through simulated central bank reserves on a shared multi-entry distributed ledger
- Across the globe, other countries have already made headway in digital currency development.⁶
 - **China:** Currently testing a digital yuan in several provinces and the currency is available to users on the popular app WeChat. It recently expanded its CBDC trial to an additional 4 provinces
 - **Nigeria:** Following the launch of its digital currency eNaira, the Central Bank of Nigeria (CBN) stated that it was responsible for more than \$9 million in transactions in a month
 - **France, Switzerland, and Singapore:** Recently conducted a joint trial for their digital currencies – the first of its kind and the continuation of these cross-border trials will be increasingly important to the development of CBDCs
- Key findings upon completion of the pilot program were broken down into the following categories:
 - **Business:** The business workstream concluded that a global, near real-time, 24/7, dollar payment system could be delivered through the RLN concept.
 - **Technical:** The system demonstrated programmability through smart contracts that could enable efficient liquidity management.
 - **Legal:** It found that the use of shared ledger technology, including tokens, to record and update the ownership of central bank and commercial bank deposits should not alter the legal treatment of such deposits.
- As of August 8, 2023, the Federal Reserve Board provided greater clarity Re: the process for a state bank to follow before engaging in dollar token/ stable coin activities, as well as, information on novel activities (complex tech-driven partnerships, activities involving crypto-assets / distributed ledgers)

8. Nambhampurath, Rahul from Investopedia, "NY Fed Launches Digital Dollar Pilot Program With Big Banks", 16 November 2022 (<https://www.investopedia.com/ny-fed-launches-digital-dollar-pilot-program-with-big-banks-6829573>)

9. Regulated Liability Network, "US Financial Services Industry Study Demonstrates Feasibility of a Regulated Digital Asset Settlement Platform Supported by Shared Ledger Technology", 6 July 2023, (<https://www.flnusipoc.org/home/#subpage/press-release>)

10. Board of Governors of the Federal Reserve System, "Federal Reserve Board provides additional information on its program to supervise novel activities in the banks it oversees", 8 August 2023 (<https://www.federalreserve.gov/newsevents/pressreleases/20230808a.htm>)

Important Developments for Crypto Regulation: Trading Platforms

- On June 15, 2023, Blackrock, the world's biggest asset manager, filed for a bitcoin exchange-traded fund (ETF) that would allow investors to gain exposure cryptocurrency
 - This follows its launch of a spot bitcoin private trust for institutional clients in the US in the previous year
 - One of the SEC's key concerns about a spot bitcoin product is transparency in the market and the potential for manipulation – the Blackrock filing attempts to alleviate these concerns by including a proposed surveillance-sharing agreement.
- On June 28, 2023, Cathie Wood's Ark Invest filed for changes to its proposed bitcoin fund that brought it closer in line with BlackRock's application
- On June 29, 2023, Fidelity Investments reattempts to launch a spot bitcoin ETF.
 - Other firms appear to have taken Blackrock's filing as a sign that the SEC's stance could soon change. Since then, WisdomTree, VanEck, and Invesco have taken the initial steps toward their own funds.

11. Reuters, "Blackrock files for bitcoin ETF in push into crypto", 15 June 2023.

(<https://www.reuters.com/business/finance/blackrock-close-filing-bitcoin-etf-colindesk-2023-06-15/>)

12. CNBC, "Fidelity joins the rush for a bitcoin ETF, following Blackrock, Ark Invest and others", 29 June 2023.

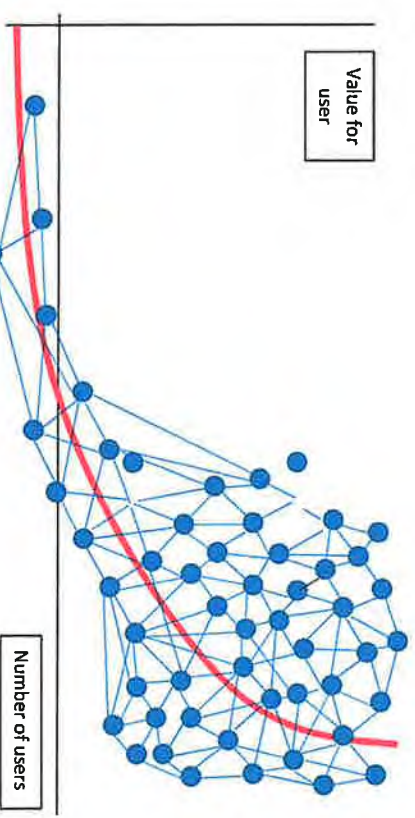
(<https://www.cnbc.com/2023/06/29/fidelity-joins-the-rush-for-a-bitcoin-etf-following-blackrock-ark-invest-and-others.html>)

Metcalf's Law

Metcalf's Law (c. 1980) of valuing networks helps to demonstrate the power potential of blockchain technology and cryptocurrency as they gain global traction.

- In layman terms, Metcalfe's Law says that the value of a network grows non-linearly with the number of users, as each new user can connect and communicate with every member of the growing user pool. The law applies to telephones, fax machines, social networks, websites, applications, etc.

- The law specifically states that the value of a network is proportional to the square of the number of users and assumes equality among the users' network connections.⁹ The foundation is that, in a general communication network with " n " members, there are $n(n-1)/2$ connections that can be made between the members. This number of connections, $n(n-1)/2$, grows like n^2 , assuming homogeneous connections.¹⁰








- The law was originally used to comprehend the internet and its corresponding value potential. During the dotcom and telecom booms, the law was used to justify the "hockey-stick" financial projections of vastly expanding internet companies.¹⁰
 - Today, the law is being applied to the cryptocurrency space, as the long-term value (price) of cryptocurrencies are best modeled as networks.⁹ A study run by Tim Peterson, CAIA, CFA on behalf of the Chartered Alternative Investment Analyst Association (CAIA) modeled the growth in BTC wallets (a proxy for new users) against the price of BTC. The study concluded that for the medium- to long-term, the price of BTC follows Metcalfe's law. It is believed that the law is consistent in the price of BTC because the assumption of homogeneity holds for cryptocurrency, e.g., each user of BTC transacts in BTC only.⁹

13. Peterson, Timothy of Carne Island Alternative Advisors, "Metcalf's Law as a Model for Bitcoin's Value", CAIA 2018. (https://caia.org/sites/default/files/metcalfeslaw_webstienupload_7-5-18.pdf)

14. Odlyzko, Andrew and Tilly, Benjamin, "A Retraction of Metcalfe's Law and a Better Estimate for the Value of Networks and Network Interconnections", University of Minnesota 2 March 2005. (<http://www.dtc.umn.edu/~odlyzko/doc/metcalfes.pdf>)

Uses & Intended Purposes

Other than speculation, what is crypto good for? Below are the use cases and intended purposes of some of the most popular coins of today.

Coin	Uses and Intended Purposes	Coin	Uses and Intended Purposes
Bitcoin (BTC) 	<ul style="list-style-type: none">• Low-cost, private, and cryptography-secured global transactions• Decentralized store of value• Global access with the internet	Tether (USDT) 	<ul style="list-style-type: none">• Fiat across the blockchain• Pegged to fiat currency (USD)• Low volatility• Global transactions at low cost
Ethereum & ETH 	<ul style="list-style-type: none">• Low-cost, private, and cryptography-secured global transactions• Decentralized store of value• Global access with the internet• Application functionality• Non-Fungible Tokens (NFTs)• Smart contracts	SAND Token 	<ul style="list-style-type: none">• Currency of the Sandbox metaverse• Built upon the Ethereum blockchain• Transactions within the Sandbox• Digital store of value
Solana (SOL) 	<ul style="list-style-type: none">• Low-cost, private, and cryptography-secured global transactions• Decentralized store of value• Global access with the internet• Application functionality• Non-Fungible Tokens (NFTs)• Smart contracts• The fastest blockchain technology to date	Other Crypto Uses <ul style="list-style-type: none">• Inflation protection• Lending/Borrowing• Wealth preservation• Maintain Anonymity	

15. Official Website of Ethereum. (<https://ethereum.org/en/smart-contracts/>)
16. Official Website of Tether. (<https://tether.to/en/>)
17. Official Website of Solana. (<https://solana.com/>)

Crypto Hardware



How does Cryptocurrency Relate to the Digital Economy?

- Cryptocurrency is a digital or virtual currency that uses cryptography for security and operates independently of a central bank. Cryptocurrencies can be used as a medium of exchange for goods and services and are often integrated into digital platforms to facilitate transactions.
- In the context of the digital economy, cryptocurrency plays an important role as it enables fast, secure, and decentralized transactions. This makes it an attractive alternative to traditional payment methods, particularly in online commerce where traditional payment methods can be slow and subject to high fees.
- Cryptocurrency also has the potential to challenge traditional financial systems and disrupt traditional banking models, as it allows for peer-to-peer transaction without the need for intermediaries such as banks. This can increase financial inclusion, particularly in areas where access to traditional banking services is limited.
- However, the use of cryptocurrency is still largely unregulated, however, see current changes in the “Important Developments for Crypto Regulation” section.
- There are concerns about its potential for illegal activities, such as money laundering and fraud. As the digital economy continues to evolve, it is likely that the role of cryptocurrency will continue to be a topic of discussion and regulation in the context of the larger digital economy ecosystem

Advantages of Using Cryptocurrency in the Digital Economy

1. **Decentralization:** Cryptocurrency operates on a decentralized network, meaning transactions are recorded on a public ledger, making it less susceptible to manipulation by central authorities.
2. **Security:** Cryptocurrency transactions are secured through encryption, making them less susceptible to fraud and hacking compared to traditional financial transactions.
3. **Speed:** Cryptocurrency transactions are processed faster than traditional financial transactions, as they do not require intermediaries such as banks.
4. **Lower fees:** Transactions made using cryptocurrency are often subject to lower fees compared to traditional financial transactions, as there are fewer intermediaries involved in the process.
5. **Financial Inclusion:** Cryptocurrency allows for financial transactions to occur without the need for a bank account, making it an attractive option for individuals and businesses in areas with limited access to traditional banking services.

Disadvantages of Using Cryptocurrency in the Digital Economy

1. **Volatility:** The value of cryptocurrencies can be highly volatile, making them an uncertain investment and a risky medium of exchange for goods and services.
2. **Lack of Regulation:** Cryptocurrency is largely unregulated, which makes it difficult for governments and financial institutions to monitor and prevent illegal activities, such as money laundering and tax evasion.
3. **Complexity:** The technology behind cryptocurrency can be difficult to understand, making it less accessible to the general public.
4. **Limited acceptance:** Cryptocurrency is not widely accepted as a medium of exchange, making it difficult for individuals and businesses to use it for everyday transactions.
5. **Storage and security risks:** Cryptocurrency is stored in digital wallets, which can be susceptible to hacking and other forms of cybercrime. This can result in the loss of funds if proper security measures are not taken.

Section 02

Current State

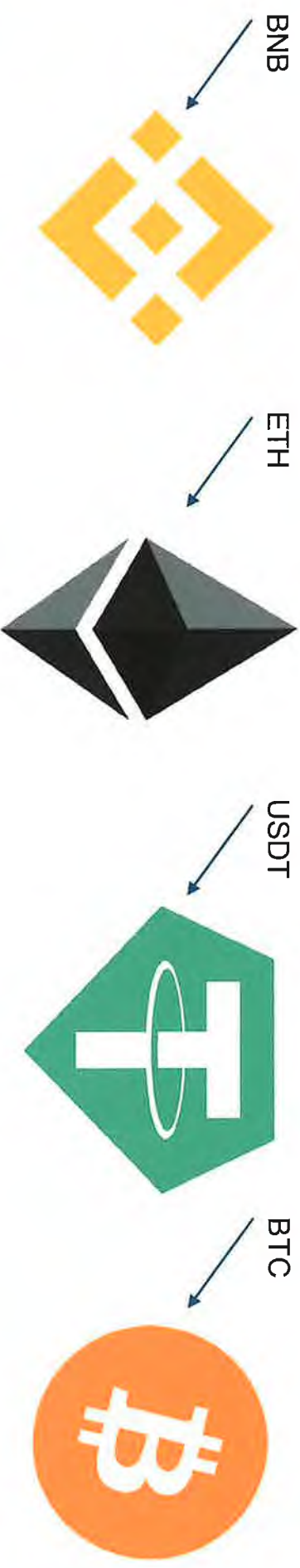
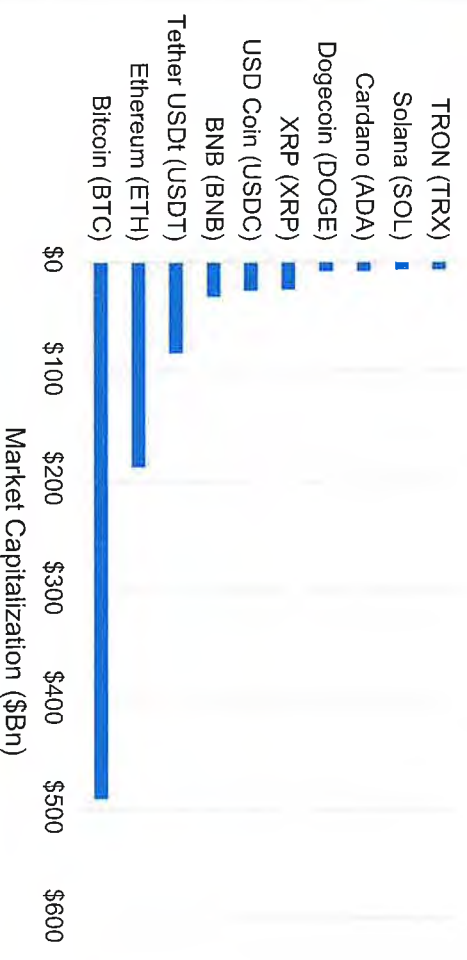


Coins – Which Cryptocurrencies Rule the Market?

Biggest Cryptocurrency in the world, based on Market Cap, as of Sept 11, 2023

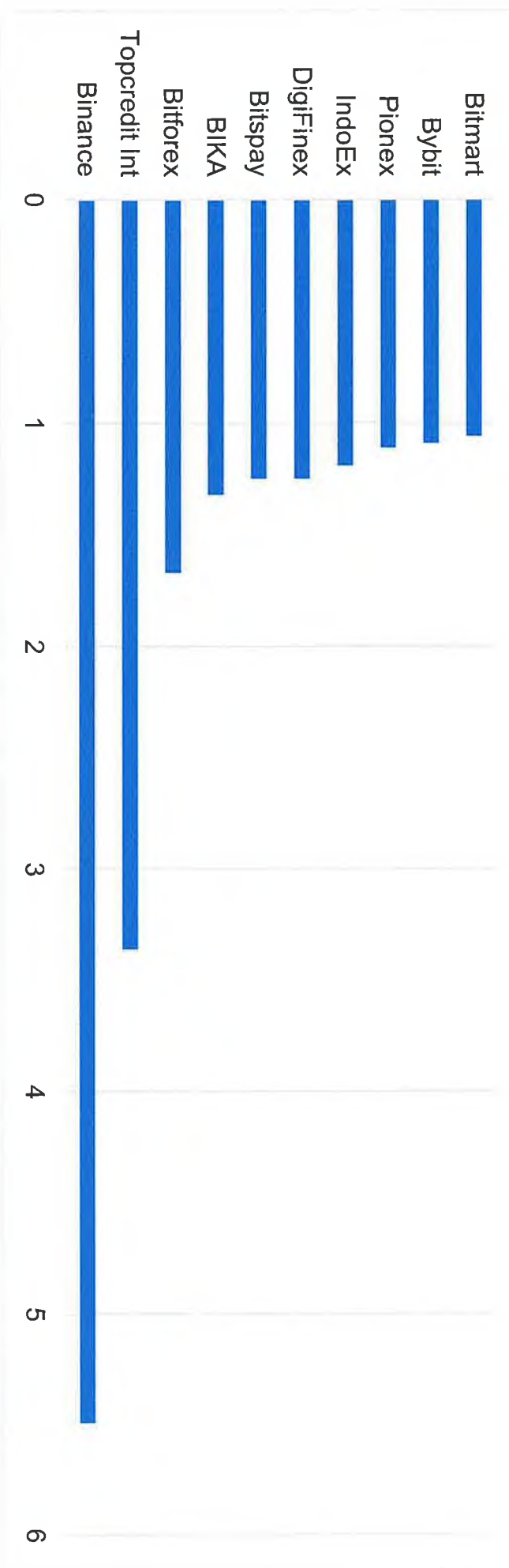
#	Exchange	Market Cap (\$Bn)
1	Bitcoin (BTC)	\$490.02
2	Ethereum (ETH)	187.08
3	Tether USDt (USDT)	82.99
4	BNB (BNB)	31.68
5	USD Coin (USDC)	26.05
6	XRP (XRP)	25.08
7	Dogecoin (DOGE)	8.46
8	Cardano (ADA)	8.43
9	Solana (SOL)	7.25
10	TRON (TRX)	6.92
Top 10 Cryptocurrencies		\$873.96
All Other Cryptocurrencies		134.00
Total Cryptocurrency Market Cap		\$1,007.96

Top 10 Cryptocurrencies as of Sept 11, 2023



Where is Crypto Exchanging Hands Today?

Top Cryptocurrency Exchanges by Trade Volume (In USD Billions)
As of Sept 11, 2023



Which Companies are Backing and / or Accepting Crypto?



Microsoft
NASDAQ:MSFT

Adopted BTC in 2014 by accepting the coin as payment for games and apps.



PayPal
NASDAQ:PYPPL

PayPal began accepting BTC in 2014, three months before MSFT. PYPPL's subsidiary, Venmo, launched a crypto service in April of 2021.¹⁰



Overstock
NASDAQ:OSTK

Overstock was the first major retailer to accept BTC as payment. The company has since invested heavily in blockchain technology.



Whole Foods
NASDAQ:AMZN

Whole Foods began accepting payments in BTC in 2019. Currently, its parent company, AMZN, does not accept payments made in crypto.



Etsy
NASDAQ:ETSY

Does not have a proprietary crypto platform, but Etsy allows independent sellers to accept crypto payments.



Starbucks
NASDAQ:SBUX

SBUX allows BTC to be added to its app. This is made possible by a third-party digital wallet app, Bakkt, that converts BTC to dollars.



Home Depot
NYSE:HD

HD accepts BTC as payment and uses third party software to convert the BTC to dollars at the register. HD also utilizes blockchain for supply chain operations.



Twitch
NASDAQ:AMZN

Streaming company Twitch allows BTC and other lesser-known coins as a method of payment.

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Downsides of Investing in or Using Crypto?

As with any innovation, there are growing pains that must be realized. Cryptocurrency investors and users have often been on the receiving end of these developmental pains.

Contemporary Crypto Dangers Include, but are not limited to:

- Price volatility
- Crime (human and drug trafficking on Darknet markets and money laundering)
- Cybersecurity (ransomware and hackers)
- Lost “wallets” or “keys”
- Environmental repercussions (mining)



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WIRED

Security News This Week: Crypto.com Finally Admits It Lost \$30 Million in Hack

RISK & COMPLIANCE JOURNAL

Cryptocurrency-Based Crime Hit a Record \$14 Billion in 2021

THE WALL STREET JOURNAL.

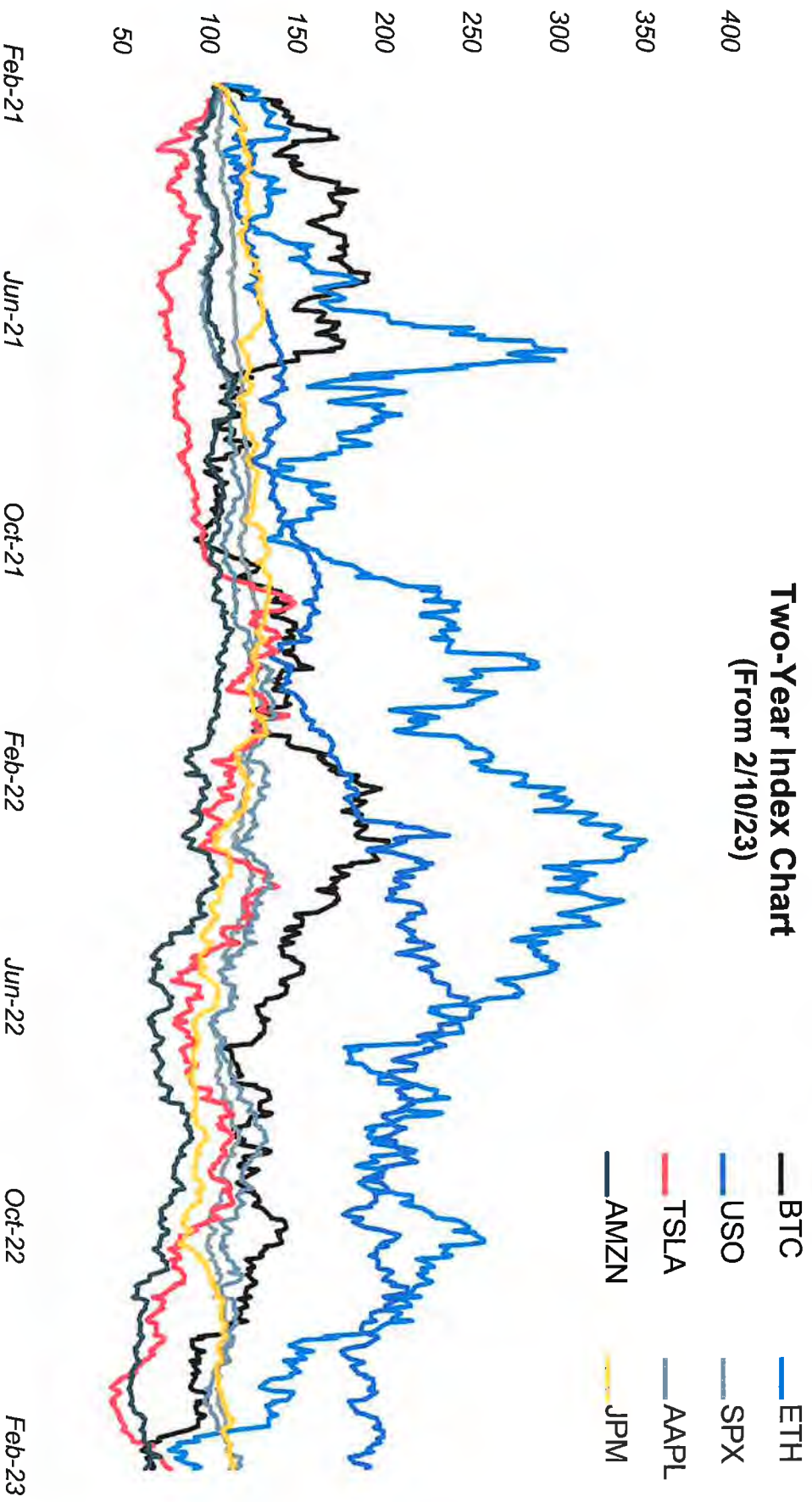
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(<https://www.wired.com/story/crypto-hack-rso-group-security-news/>)

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Volatility

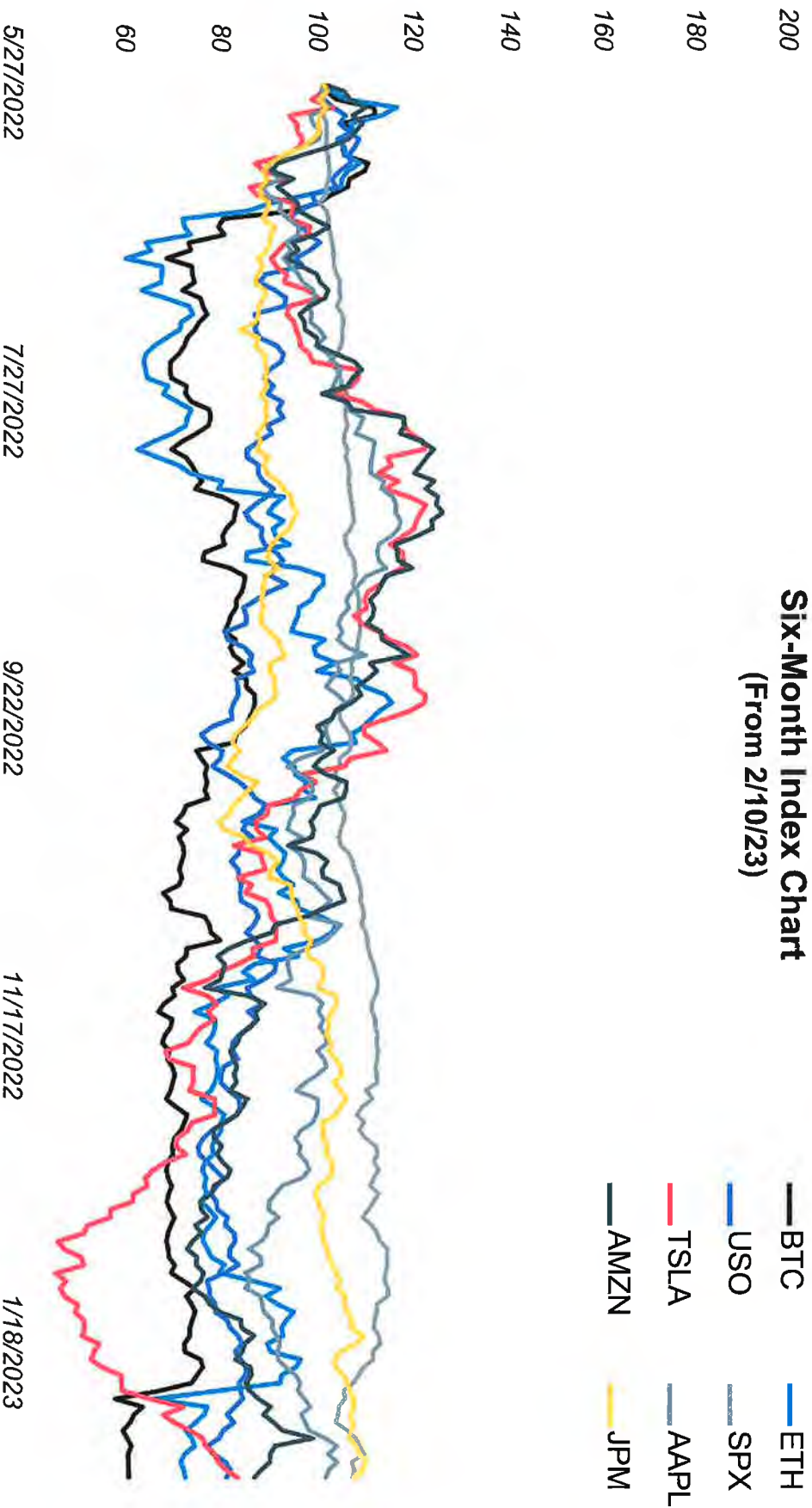
Two-Year Index Chart (From 2/10/23)



Current State

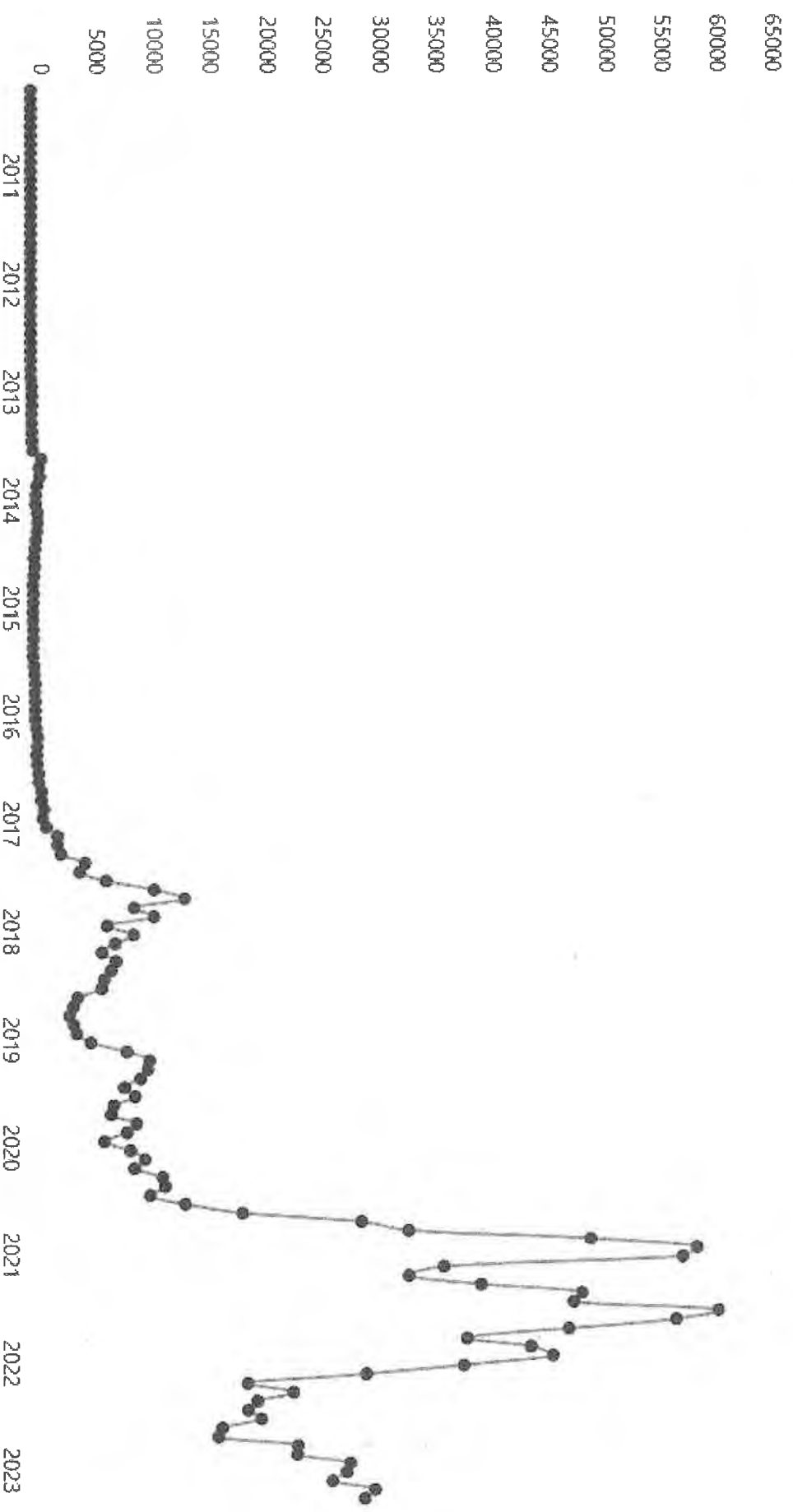
Volatility

Six-Month Index Chart
(From 2/10/23)



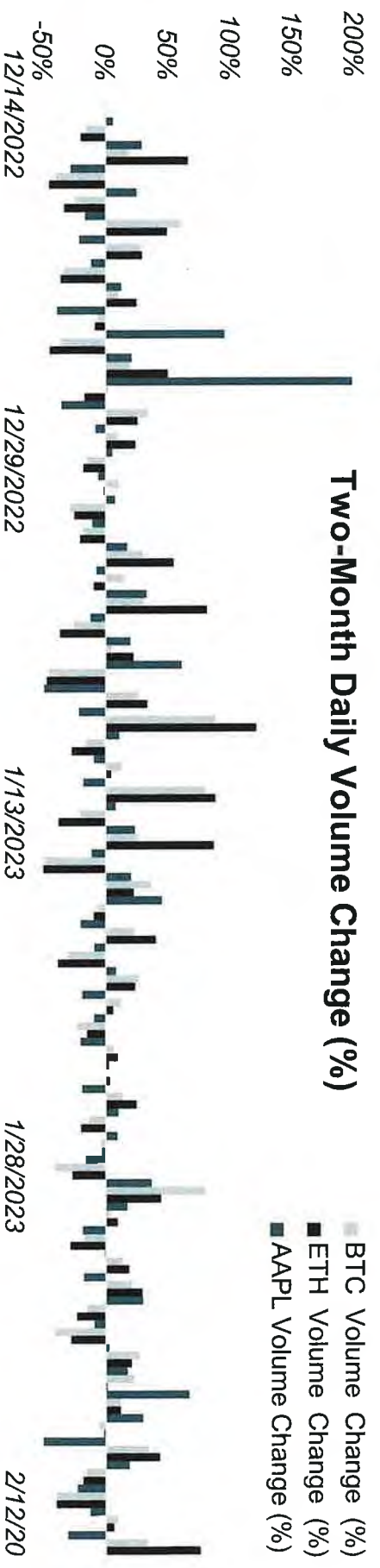
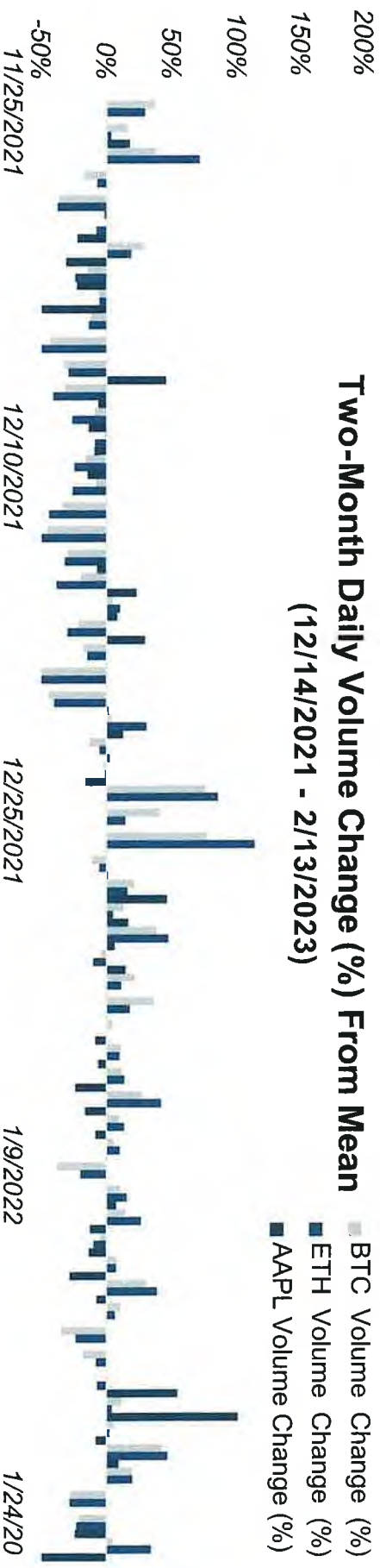
Bitcoin Prices (2010-2023)

This graph shows the conversion rate of 1 Bitcoin to 1 USD at the first of each month.



Volatility Cont'd

Crypto trades 24/7/365, whereas equities trade only during the market days of their respective exchanges (~253 trading days on NASDAQ and NYSE).



Volatility Cont'd

More than 2,300 businesses across the U.S. accept BTC, which does not include the use of BTC ATMs.¹⁵

Below is a historical Value at Risk (VAR) analysis for the securities graphed in the previous slide. The 1-day VAR was constructed at a 95% confidence interval and displays the maximum expected loss in a day, with 95% confidence. The single-day VAR95, % and \$, (assuming a \$1MM security position) is calculated for each security below. The price data spans one-year including 2/10/2023 close prices.

Security	Avg. 1-Day Return	1-Day STD	1-Day VAR95 (%)	Position	1-Day VAR95 (\$)
BTC	(0.47%)	3.75%	(6.66%)	\$ 1,000,000	\$ (66,579)
ETH	(0.57%)	4.64%	(8.23%)	1,000,000	(82,270)
USO	(0.07%)	2.25%	(3.78%)	1,000,000	(37,788)
SPX	0.03%	1.45%	(2.37%)	1,000,000	(23,663)
TSLA	(0.16%)	4.39%	(7.40%)	1,000,000	(74,021)
AAPL	(0.02%)	2.32%	(3.85%)	1,000,000	(38,511)
AMZN	(0.20%)	2.99%	(5.13%)	1,000,000	(51,258)
JPM	0.20%	1.67%	(3.85%)	1,000,000	(38,511)

TSLA and ETH have the highest VAR with 95% confidence and BTC trails behind. Taking BTC's \$1MM position as an example, we can say with 95% confidence that the position will not lose more than \$66,579 (or 6.66%) in a single day, given the historical price data used.

Correlation

(Pricing from 11/10/22-2/10/23)

	Bitcoin	Ether	Polygon	Cardano	Dogecoin
Bitcoin					
Ether	0.982271				
Polygon	0.909323	0.897628			
Cardano	0.956676	0.968269	0.931007		
Dogecoin	0.744362	0.745125	0.787604	0.840282	

Each of the above cryptocurrencies have a correlation coefficient (r) of above 0.7, which constitutes strong correlation.

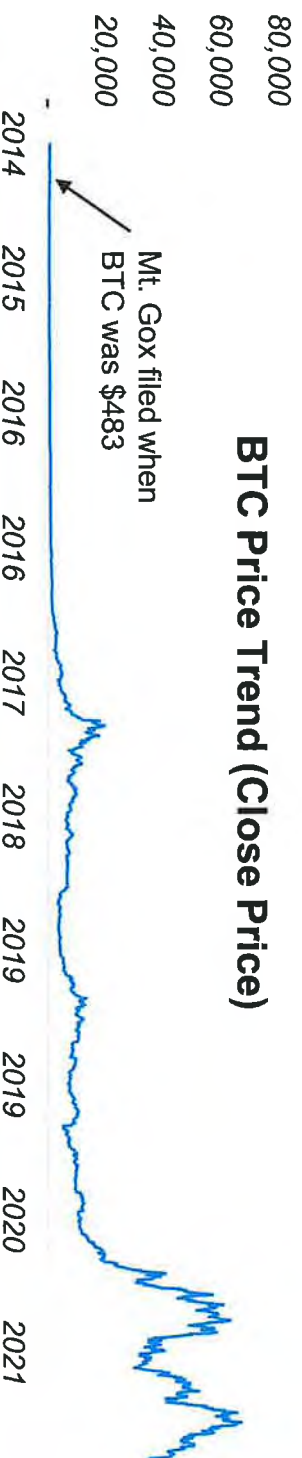
With this, it would be near impossible to build a diverse portfolio using some of the largest cryptocurrencies. The correlation in price movements increases the volatility risk of holding a portfolio configured with various cryptocurrencies.

Anecdote: the 2014 Mt. Gox Bankruptcy

The crypto space has seen many, albeit smaller, instances such as Mt. Gox, e.g., the Poly Network hack in August 2021. It has been a long road for exchanges as they attempt to make themselves impervious to predations of hackers.

When Tokyo-based Mt. Gox collapsed, it was the largest global BTC exchange

- The exchange handled more than 90% of global BTC trading as of 2013.¹⁹ After filing for bankruptcy in February of 2014, the exchange was shortly court-ordered into liquidation under Japanese bankruptcy laws. The debtor soon thereafter filed Ch. 15.
- 24,750 total customers lost hundreds of millions worth of crypto and cash holdings. The value ascribed to the stolen coins as of 2017 was ~\$4 billion.²⁰
- Investigations into the blockchain have shows that funds began disappearing from Mt. Gox as early as 2011. The hackers were able to alter internal records, so no red flags were raised.²¹
- Interestingly, creditors requested payout be in BTC form, and the trustee begun making BTC disbursements.
- The process of valuing claims for disbursement has been made difficult and contentious by both the volatility of the assets and their rising post-filing market values.

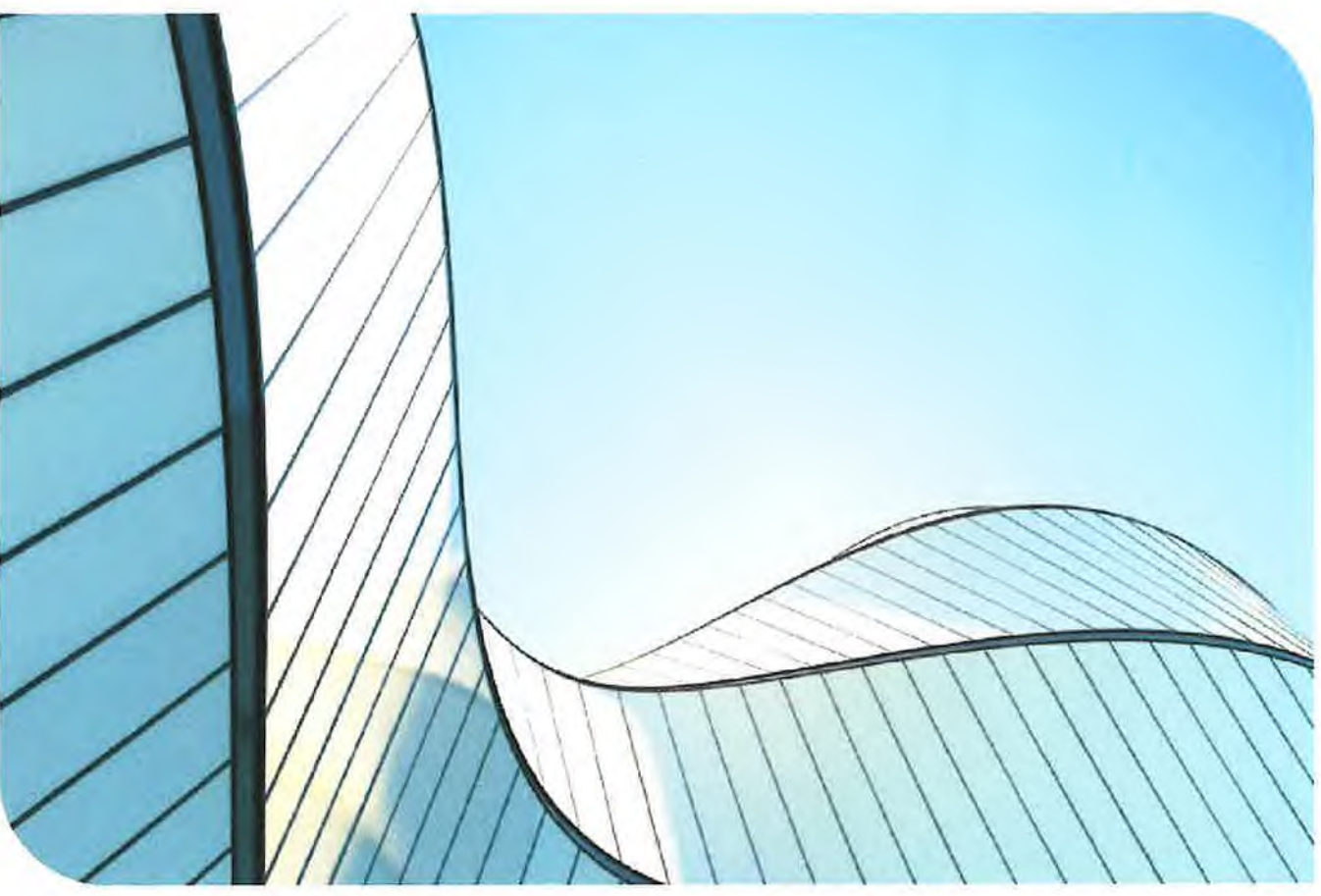


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Section 03

Outlook



Regulation: Consensus is in Development

Imposed government regulation could determine the future of crypto on both the individual and corporate levels.

Will there be a sovereign cryptocurrency?

El Salvador and the IMF

- El Salvador is the first country in the world to adopt BTC as legal tender and more recently has looked to back \$1.3 billion worth of bonds with the cryptocurrency.
- The IMF has voiced concerns of the country's crypto venture, citing the financial instability of the currency.
- Most recently, the IMF has strongly urged the country to remove BTC's legal tender status.
- "The IMF has long warned against adopting highly speculative crypto assets as national currency, primarily because the privately issued tokens bypass authorities and central banks tasked with preserving economic and currency stability."
- In 2021, Moody's lowered the country's already speculative debt rating to junk status citing "a deterioration in the quality of policy-making."

Developments & Public Statements

- See section "Important Developments for Crypto Regulation" for recent developments
- SEC Chairman Gary Gensler, at the August 2021 Aspen Security Form, described cryptocurrencies as "rife with fraud, scams, and abuse."
- Harvard Business School professor Scott Duke Kominers, Ph.D., who regularly advises crypto businesses and projects, expects "to see regulation around allowable asset and reserve design" as well as "regulation to ensure open competition among different crypto products and platforms."
- In May. 2021, three Chinese regulatory bodies imposed restrictions on financial institutions and payment companies, deterring crypto services such as registration, trading, clearing, and settlement. Crypto-backed securitization was also banned.
- On 9/21/2021, the UST's Office of Foreign Assets Control (OFAC) issued the first sanction against a crypto exchange, SUEX, and against each of it controlled-interest entities. The sanction came about because 40% of SUEX transactions were associated with illicit actors, according to the Treasury Department's press release.
- On 9/1/2021, the SEC sent a Wells notice to Coinbase regarding the intended launch of Lend. Coinbase cancelled the launch after the notice became public.

Anecdote: the 2020 Cred Inc. Bankruptcy

- Ch. 11 voluntary filed 1/17/2020 in District of DE, Case 20-12836
- Judge: The Honorable John T. Dorsey
- Trustee: N/A²²
- Examiner: Robert J. Stark of Brown Rudnick LLP
- Assets: \$60MM (per 1/11/2021 Form 206, Doc 346)²³
- Liabilities: \$144MM (per 1/11/2021 Form 206, Doc 346)²³
- Staff: 20 high-skilled software engineers



Misappropriation by an Officer

- The UCC petitioned the court to hold the lender's former Chief Capital Officer, James Alexander, "in civil contempt for violating an earlier bankruptcy court order and directive and to issue a warrant for his arrest." Both the debtor and UCC alleged that Alexander misappropriated at least 225 BTC while an officer of the debtor.²⁵
- The examiner in the case found that "Cred had failed to uncover the 'extremely worrisome past' of Mr. Alexander, including his status as a convicted financial criminal and fugitive in the U.K."²⁵

Background

- The debtors (Cred Inc. et al.) were licensed lenders allowing customers to attain yield on 15 different cryptocurrencies through a partner network. The debtor operated as a fractional reserve bank within crypto lending and investing. Most liabilities of the debtors were related to customer liabilities, apart from \$2.6MM of convertible notes.²⁴
- Cred made money by: (a) transferring and subsequently investing crypto from customers, pursuant to loan and financing agreements; and (b) lending to certain customers. Cred invested of customer assets (crypto) with third-party asset managers. Because of this, Cred did not hold significant amounts of crypto. When customers would borrow from Cred, they would pledge their personal crypto holdings and pay interest and fees pursuant to the lending agreements.²⁴
- One major cause of insolvency was depreciation of third-party-held long crypto future positions, on margin, during the COVID price drop. Stop-loss orders were executed, causing a significant loss of asset value. Cred was forced to buy crypto in the open-market at higher prices.²⁴
- In his report as examiner, Mr. Stark attributed the firm's collapse to "chaotic and, in some instances, non-existent diligence, accounting, and compliance functions", as well as to utter "dereliction in corporate responsibility."²⁴

23. The motion to appoint a Ch. 11 trustee was filed by the U.S. DOJ and rejected by Judge Dorsey under the Judge's stipulation that the CRO remain in place. DiCamillo, Nathan. "Here's What Happened at Crypto Lender Cred's Latest Bankruptcy Hearing". NASDAQ 18 December 2020. <https://www.nasdaq.com/articles/heres-what-happened-at-crypto-lender-creds-latest-bankruptcy-hearing-2020-12-18>

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Combined Joint Plan of Liquidation and Disclosure Statement of Cred Inc., Doc 301 Filed 12/31/2020 of Case 20-12836. PACER Accessed 1/26/2022. https://ecf.debt.uscourts.gov/cdlh/shaw_mullidocs.p?caseid=183348&arr_de_seq_nums=1159&magic_num=AA61&pdf_header=1&pdf_toggle_value=1&arr_de_seq_nums=1159&create_tox=klabes_format_rdkler&col_recepf=1

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Celsius Network LLC, et al. Examiner Report

Case Summary

- Ch. 11 voluntary filed 7/13/2022 in the SDNY, Case 22-10964
- Judge: The Honorable Martin Glenn
- Examiner: Shoba Pillay
- Examiner Report Filed: 1/31/2023
- Report Size: 689 pages



Background

- Examiner indicates that many of the firm's systems were insufficient
- Faults former CEO for lacking adequate risk management and misleading customers about business practices and financial health

27. Jenner & Block LLP, "Final Report of Shoba Pillay, Examiner", 31 January 2023, (<https://www.jenner.com/a/web/aad4HeVaPPEsIMWVJp9N5GI4SaB6v/celsius-final-report-shoba-pillay.pdf>)

What is the Business Outlook?

- Recent spate of exchange fraud cases have damaged crypto market credibility and values; new protections and regulation are needed to re-establish customer / investor confidence and marketplace adoption.
- It is consensus that businesses will continue to accept crypto for payment as the currencies become mainstream among consumers (an estimated mere 15% of Americans currently own some form of cryptocurrency²⁸). Whether businesses decide to hold crypto reserves on balance sheets is unknown and will depend on company objectives and governance.
 - Allowing crypto as payment is attractive to businesses for a few reasons:
 1. It can boost sales via providing access to new demographic groups. A somewhat recent study found that “up to 40% of customers that pay with crypto are new to the merchant” and “purchase amounts are twice that of credit cards.”²⁹
 2. Allows companies to be early movers in the space and adopt a familiarity in handling the currency.
 3. Crypto can enhance traditional treasury activities.
 4. It can serve as an effective balancing asset to fiat, which depreciates over time due to inflation.
- Blockchain will be of far more use to businesses than cryptocurrencies, but since crypto is a product of the blockchain, businesses will need to understand how to handle, convert, invest, and hedge against cryptocurrencies.
 - Home Depot is currently using blockchain technology to handle vendor disputes. “We’re essentially allowing vendors to have visibility into our receiving, and they are allowing us visibility in what they’ve shipped ... like a settlement is happening with every transaction,” explains Brian Qaurtel, Director of Financial Operations at Home Depot.³⁰
 - We.Trade is using blockchain technology to facilitate smart contracts between global counterparties, acting as the first blockchain trade finance solution.³¹

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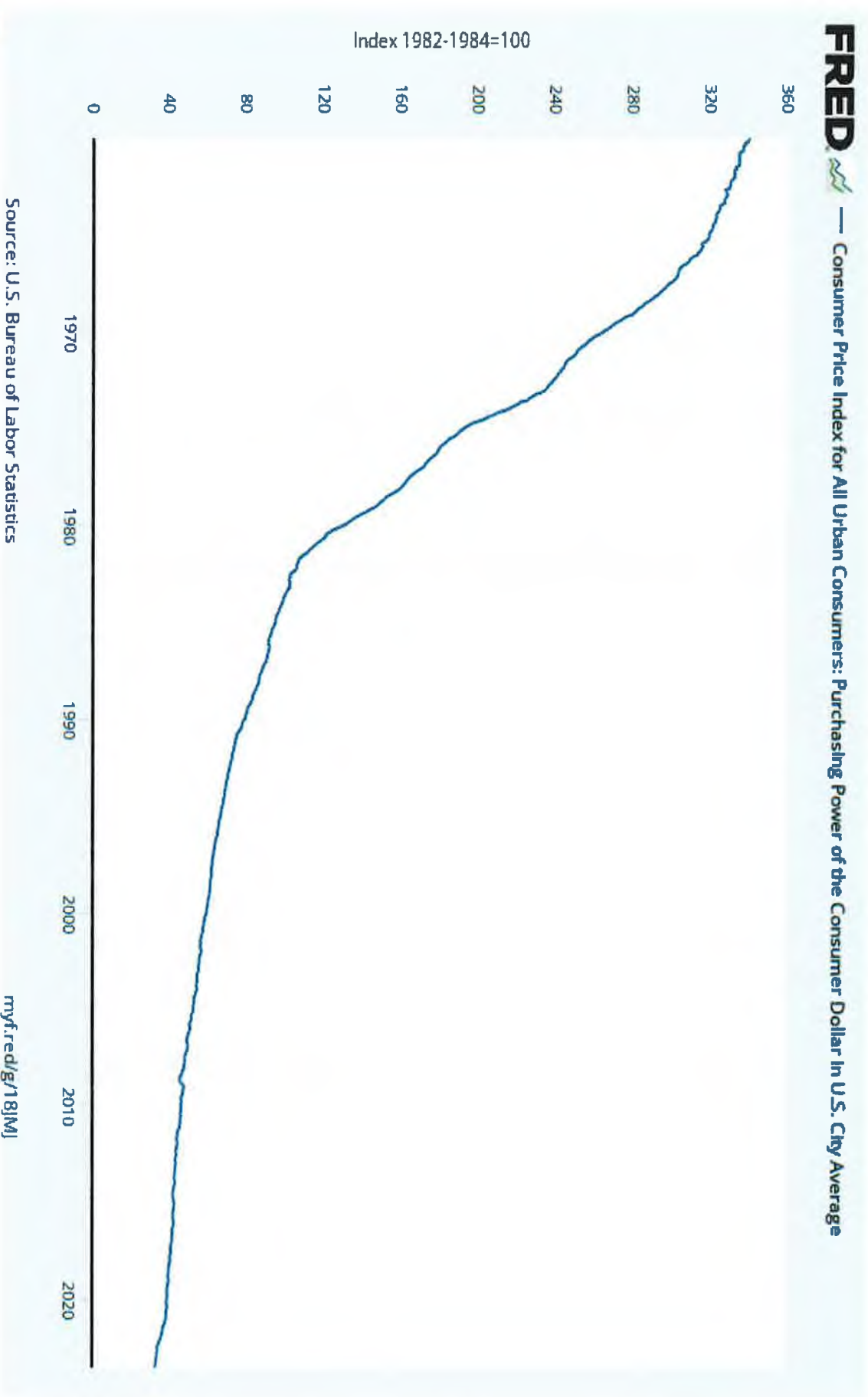
Section 04

Other Perspective



Buying Power of U.S. Dollar Over Time

This graph shows the Buying Power of \$100 USD between 1960-2023.

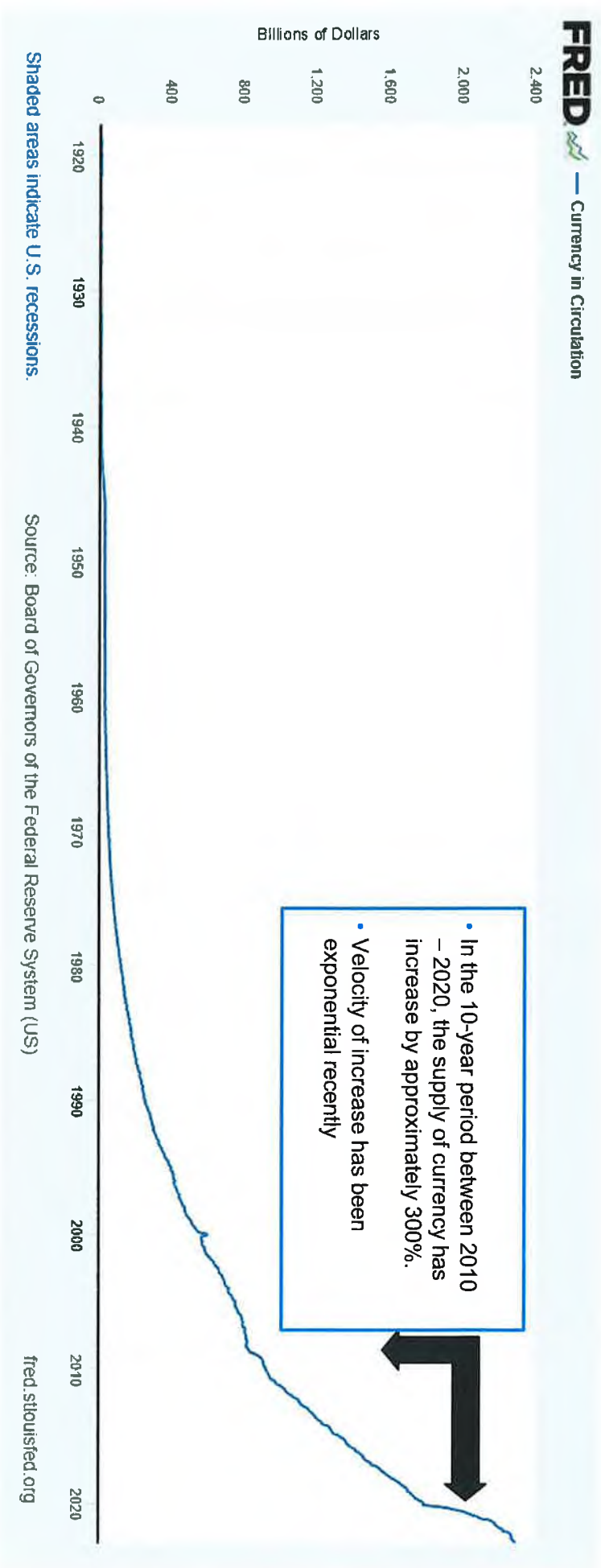


Source: U.S. Bureau of Labor Statistics

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U.S. Dollar Currency in Circulation

This graph illustrates the amount of US Currency that has been issued recently versus the amount of US currency issued since 1920.



Informational Resources

- Free Access to Artificial Intelligence: ChaptGPT
- Authors and Podcasters
 - Raoul Pal
 - Michael Saylor
 - Kathy Woods
 - Mike Novogratz
 - Kevin O'Leary

Our Leadership



James S. Feltman

Senior Managing Director

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James (Jim) Feltman has more than three decades of experience leading fiduciary and restructuring matters, as well as providing clients with key litigation support and expert witness testimony. As an advisor, Jim has worked primarily on Debtor side assignments.

Over the course of his career, he has acted as interim management in numerous situations and has been retained as Chief Restructuring Officer on multiple occasions, shepherding company turnaround, restructuring or sale. He collaborates closely with corporate management, Boards of Directors, lenders and legal advisors to develop cash flow forecast methodologies, manage the disposition of key assets, oversee operation and financing of corporate functions, develop and secure approval for Plans of Reorganization, and to manage potential risk exposure.

As one of the nation's leading multi-jurisdictional bankruptcy fiduciaries, Jim has considerable experience acting as a Chapter 11 Trustee, Examiner, Chapter 7 Trustee, Mediator, Arbitrator and Monitor. His industry specialization includes agriculture, retail, manufacturing and distribution, real estate / construction, aviation, healthcare, financial services, and other industries. Jim has also served on the Boards of numerous privately held businesses.

He concentrates his work on issues of insolvency, Ponzi schemes, money laundering, asset tracing and recovery, accounting and financial statement reporting issues, causes of action against officers, directors and third parties, securities fraud, misrepresentation, and hedging and trading in complex securities schemes. Jim has substantial experience leading cross-border forensic and investigative engagements on behalf of U.S. and foreign government agencies and is an established expert in determining the underlying fact pattern, establishing liability and determining damages in myriad engagements. He recently served as the lead financial advisor to the US Government in the bankruptcy of Perdue Pharma.

Jim has served as an appointed fiduciary with a branch of the United States Department of Justice spanning nearly 30 years. He has been appointed as an advisor by both Federal (U.S. District and U.S. Bankruptcy) and State Courts, served as an arbitrator and mediator, and has been appointed as a Monitor by the U.S. Federal Trade Commission. He was recently named a Top 25 Consultant for "Excellence in Client Service" in 2015 by *Consulting Magazine*.

Prior to joining Teneo, Jim served as a Managing Director with Kroll for seven years. He spent over two decades with Big 4 Accounting firms and was previously a partner at Mesrow Financial, Arthur Andersen LLP and KPMG LLP.

Jim earned a M.P.S. from Cornell University and a B.A. from the University of Wisconsin. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants. He is also a Fellow of the American College of Bankruptcy and, from 2002-2008, was a member of the Board of Directors of the American Bankruptcy Institute. He was honored as one of the 2015 Consultants of the Year by *Consulting Magazine*.

Our Leadership



David Sawyer

Leader, U.S. Financial Advisory

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David Sawyer has over 30 years of experience in global financial markets as a principal investor and as a trusted advisor to corporate boards and CEOs.

For a significant portion of his career, David has been active in the distressed debt and restructuring arena with roles ranging from a distressed debt and special situations investor, to a senior lender and active equity owner, to a strategic advisor to a wide range of companies.

David has played an active role as a principal and advisor across multiple creditor classes in global turnaround and restructuring activities across a broad range of industries, including healthcare, energy, media, telecom, restaurants and retail, manufacturing and real estate. He has demonstrated strong leadership skills and has a proven track record of building and developing business plans, organizations, teams and cultures within both distressed and growing organizations. Through his participation on distressed company boards and by leading organizations, he has proven himself as a change agent through successful strategy development and implementation.

Prior to joining Teneo, David was the Head of Special Situations at Golub Capital, a \$40BN credit asset manager. In this role he was responsible for setting strategy and driving execution of transactions where Golub would convert all or a portion of its debt into equity, either through in-court or out of court restructuring processes. Additionally, he worked closely with all of the management teams of Golub's owned portfolio companies to develop short- and long-term strategic plans to improve operations, increase efficiencies and accelerate growth with an ultimate focus on maximizing enterprise value.

David was the Co-Head of Turnaround and Restructuring at Ankura Consulting before joining Golub, where he was instrumental in building the T&R team to over 90 professionals and diversifying their service offerings. While at Ankura, he also founded and acted as the CEO for Ankura Trust Company, which provided indenture trustee and independent third-party loan agency services. David's career also included over seven years as Global Head of Workouts at Barclays, during which time he simultaneously served as Global Head of Portfolio and Counterparty Credit.

David spent several years at Silver Point Capital, a hedge fund in Greenwich, CT before joining Barclays. At Silver Point, he ran the firm's Restructuring and Portfolio Group which was responsible for leading all the restructuring and workout activities across the firm, including active participations on creditor committees, and managing the firm's \$3 billion private lending portfolio. He was also a member of Silver Point's Distressed Private Equity Group focused on obtaining control equity positions through fulcrum security investing.

Prior to joining Silver Point, David was a director at Credit Suisse in their workout group with a focus on media, telecom and energy, and before that he held various roles in the risk departments of Société Générale and HSBC focused on leveraged lending. David is a graduate of Georgetown University.

Our Leadership



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As Client Chairman of Teneo's Financial Advisory Business, Jay Goffman leads client development and execution for Teneo's North American Financial Advisory business, while also working across the broader business globally.

Prior to joining Teneo, he was Vice-Chairman, Global Advisory at Rothschild & Co, a large international investment bank, where he advised clients across Rothschild's Restructuring, Debt Advisory and M&A practices.

Before Rothschild, Jay spent 36 years as a lawyer focused on restructuring, debt advisory and distressed M&A. For the last 24 years of his legal career, he practiced at Skadden Arps, where he was the long-time Global Head of the Corporate Restructuring Department.

Over the course of his career, Jay has consistently been recognized as one of the leading and most innovative restructuring advisors in the world. He has received dozens of professional awards, accolades and honors, including being named a Dealmaker of the Year by *The American Lawyer* and one of the Most Influential Lawyers of the Decade by *The National Law Journal*. He has also received several Lifetime Achievement and Hall of Fame honors, in addition to numerous philanthropic awards.

Jay is best known for having devised and pioneered the "Prepackaged" Restructuring which revolutionized the field of restructuring and has been successfully used over the past 35 years to reorganize hundreds of companies in a quick, efficient and cost-effective manner. As a result of his efforts, prepacks are now the predominant method used in major restructurings.

Jay has successfully reorganized businesses out of court and in court across multiple industries and geographies, including some of the largest, most high-profile and most complex cases in history. Many of his deals and accomplishments have been profiled in various publications including *The Wall Street Journal*.

Jay has chaired restructuring panels and legislative review committees, in addition to chairing and speaking at numerous restructuring and distressed M&A conferences. He has also published extensively on restructuring, fiduciary duties and distressed M&A.

Jay received a J.D. with Honors from the University of North Carolina in 1983, where he was on the Law Review, and a BS from SUNY Binghamton in 1980, where he majored in Chemical Psychology with an emphasis in Neurochemistry. He is a frequent lecturer on restructuring, distressed investing and M&A. He is a Board Member of numerous restructuring organizations and philanthropic foundations.

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35. "The Trust Merchant". IBM Blockchain ()

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