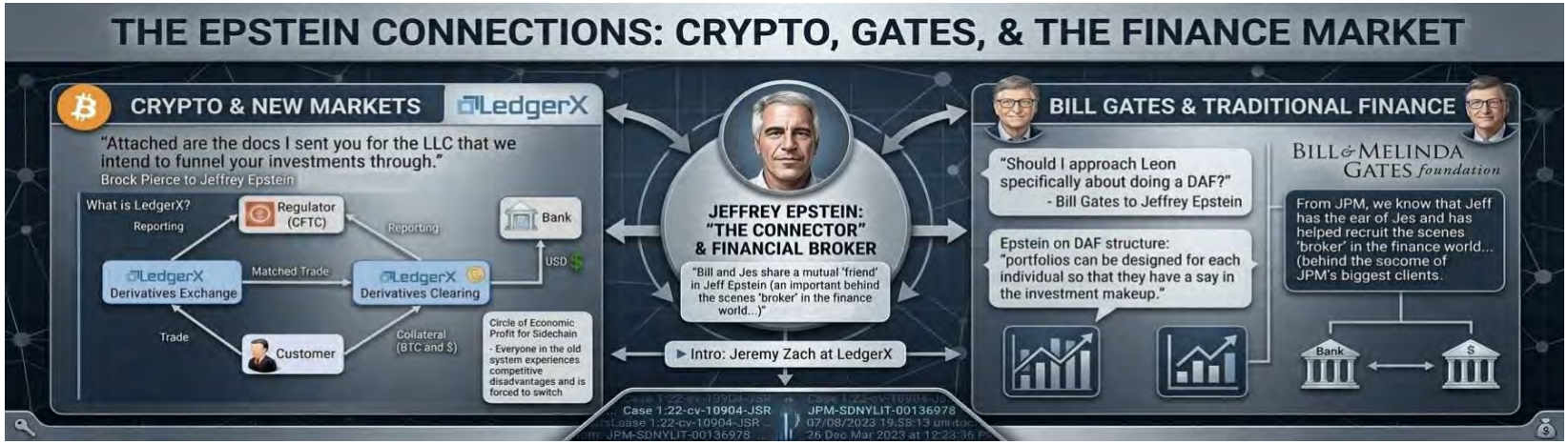


RIN 3235-AN38 **Date of Submission:** October 20, 2026 **Submitted via:** E-Mail

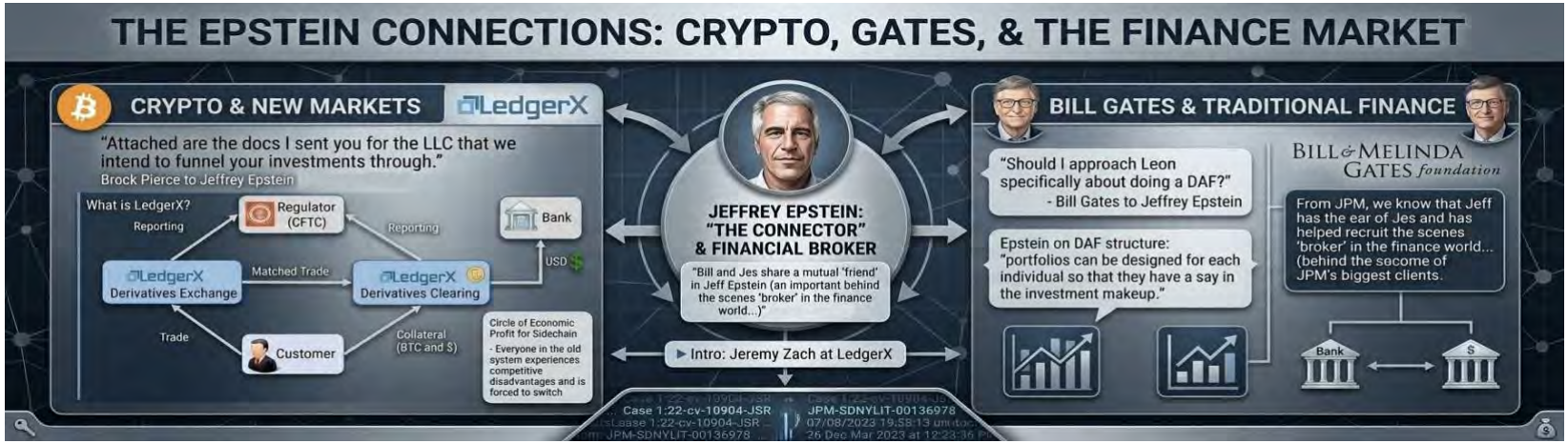
RE: Proposed Rule on Regulation Crypto Assets (Release Nos. 33-11434; 34-106150; File No. S7-2026-27; RIN 3235-AN38) and Adviser and Regulated Fund Custody Rules; Crypto Custody Rules (Release Nos. IA-7023; IC-36353; File No. S7-2026-35; RIN 3235-AN46).

Dear Ms. Countryman:

On behalf of the **global retail market participants [APES]** & **Conan Mak Former Domino's Pizza Franchisee,** this formal comment letter addresses the Securities and Exchange Commission's ("SEC" or "Commission") proposed rulemakings: *Regulation Crypto Assets* (Release Nos. 33-11434; 34-106150; File No. S7-2026-27; RIN 3235-AN38) and *Adviser and Regulated Fund Custody Rules; Crypto Custody Rules* (Release Nos. IA-7023; IC-36353; File No. S7-2026-35; RIN 3235-AN46).

While proposed Regulation Crypto Assets aims to establish a tailored offering framework via the Startup Exemption (proposed 17 CFR 228.200), the two-tier Fundraising Exemption (proposed 17 CFR 228.300–307), the Investment Contract Safe Harbor (proposed 17 CFR 228.400), and State Law Preemption (proposed 17 CFR 228.500), and while Release IA-7023 seeks to modernize client asset safeguarding under Rules 206(4)-2, 223-1, 17f-8, and 17f-9, the Commission must evaluate these mechanisms against documented forensic evidence. Existing audit trails consistently fail to capture **off-balance-sheet settlement loops, shadow ledger rehypothecation, offshore synthetic stock tokenization, Regulation SHO order mismarking, and gross leverage concealment.**

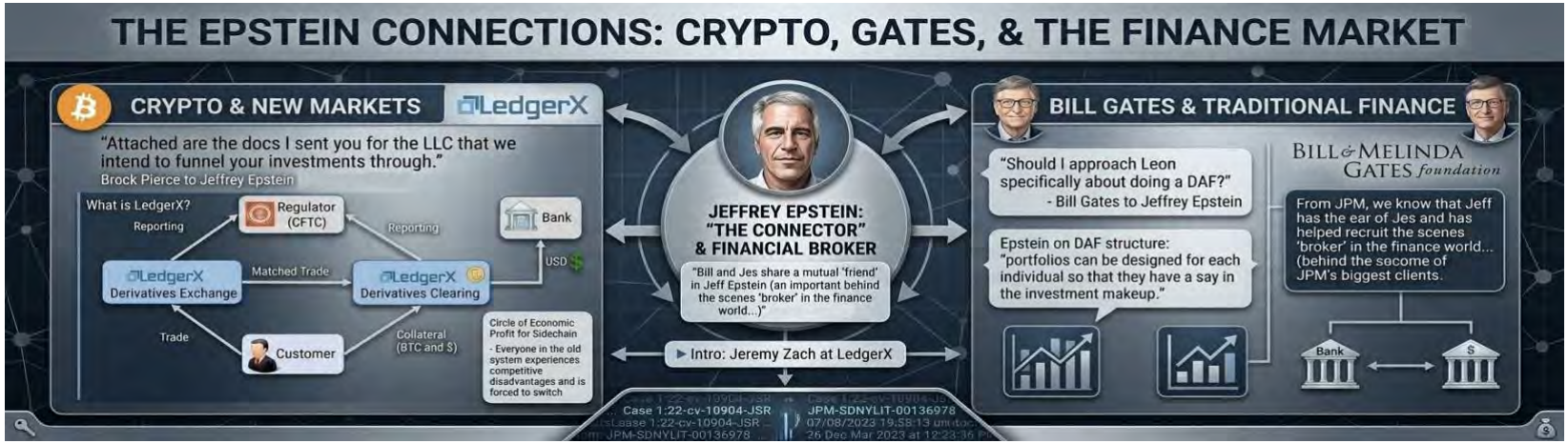
Forensic data synthesized from federal bankruptcy dockets (*In re FTX Trading Ltd.*, Case No. 22-11068-JTD), Department of Justice investigative transcripts, historical JPMorgan/Jeffrey Epstein shadow finance archives, and prime brokerage risk enforcement records demonstrates that without mandatory real-time Consolidated Audit Trail (CAT) transaction verification, Uniform Commercial Code (UCC) Article 8 bankruptcy segregation, and absolute statutory prohibitions against unbacked **"synthetic wrappers",** the proposed exemptions risk institutionalizing systemic shadow liquidity loopholes.



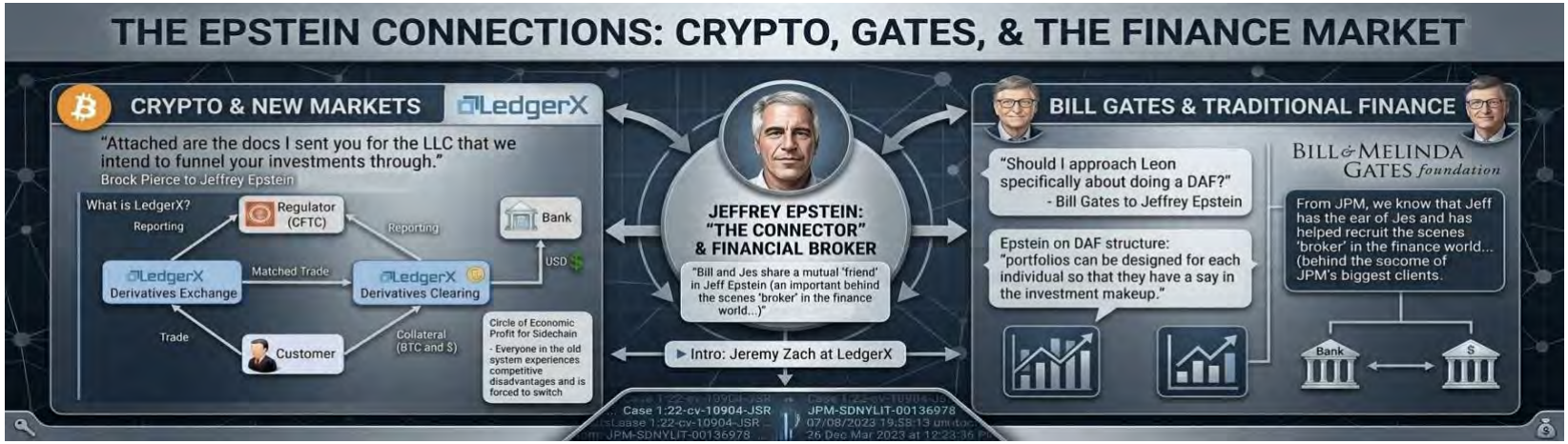
Forensic Lessons in Shadow Custody: From ISDA Total Return Swaps to Threat of Offshore Synthetic Tokenization and Offshore Regulatory Evasion

The CFTC and SEC has correctly identified that fragmented state money transmission laws are inadequate to address the financial market risks posed by crypto asset exchanges, necessitating a uniform federal market regulatory framework. The necessity of this framework is underscored by the ongoing deployment of unbacked, synthetic tokenized stocks to circumvent U.S. market protections.

- **The Offshore "Stock Token" Loophole:** In September 2026, Robinhood launched permissionless offshore "Stock Tokens" through a Jersey, Channel Islands entity (Robinhood Assets (Jersey) Limited). These instruments offer 24/7 fractional and derivative exposure to U.S. NMS stocks (such as AMC Entertainment, Tesla, and OpenAI) without registration under U.S. securities laws.
- **Corporate Issuer Repudiation:** AMC Entertainment CEO Adam Aron publicly denounced this practice as a **fictitious synthetic equity market** that decouples token ownership from capital raising and strips investors of voting rights. Similarly, OpenAI confirmed that Robinhood's private company **stock tokens represent zero equity in the company,** explicitly stating they never approved the transfer of equity or partnered with the platform.
- **The FTX/CM-Equity Synthetic Precedent:** This offshore evasion mirrors the architecture utilized by the bankrupt FTX.com. FTX partnered with European broker-dealer CM-Equity AG to issue "Tokenized Stocks" marketed as physically backed **1:1.** Forensic bankruptcy reports revealed these tokens held a **valuation of $0 outside debtor exchanges** and functioned entirely as internal, cash-settled synthetic derivatives. When CM-Equity severed its relationship with FTX in December 2021, the purported underlying equity backing vanished while trading continued on internal ledgers. FTX Europe AG maintained a precise 9.9% minority ownership stake in CM-Equity AG to bypass standard broker-dealer disclosure thresholds.
- **Forensic Bankruptcy Docket Proofs**
  Delaware Chapter 11 filings reveal that Alameda Research and FTX accumulated massive customer deficits, culminating in over **$23.6 quintillion** in filed proofs of claim, which were subsequently revised upward to an aggregate total exceeding **$1.187 sextillion** driven by unbacked tokenized stock claims, derivative re-lending, and cross-collateralized liabilities.



Legacy Shadow Banking (ISDA Total Return Swaps)	**Cryptographic Shadow Clearing (Offshore Tokenized Equities)**
Step 1: Unbacked Equity Swaps	**Step 1:** Offshore Synthetic Tokens
↓	↓
Step 2: Off-Balance-Sheet Netting	**Step 2:** Internal Book-Entry Ledgers
↓	↓
Step 3: Concentrated Gross Leverage	**Step 3:** Sextillion-Dollar Claims
↓	↓
Systemic Risk: Insolvency & Exposure	**Systemic Risk:** Sextillion-Dollar Claims



The Historical Shadow Banking Pipeline: From Wall Street ISDA Total Return Swaps to Crypto Clearing Architecture

The architectural evolution of crypto clearing infrastructure directly descends from historical efforts by elite financial networks to mask systemic risk and bypass statutory reporting thresholds.

THE EPSTEIN SHADOW FINANCE PIPELINE

Branch 1: Traditional Wall Street Swaps (2003–2013)

• JPM GIO Desk ISDA Master Agreements

• $100B "Project Molecule" Super DAF

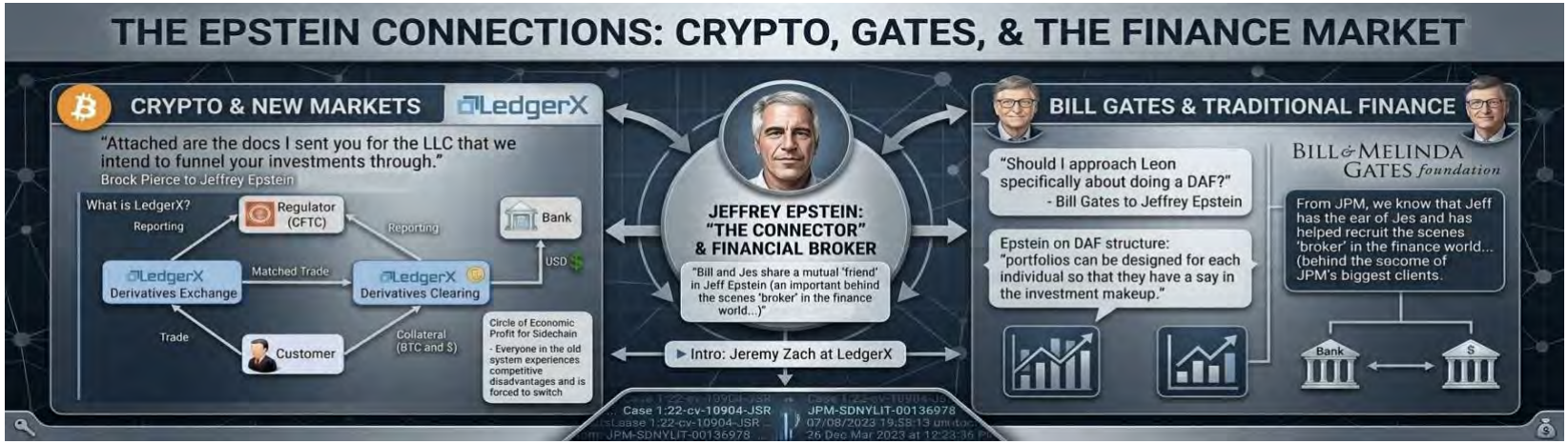
• Total Return Swaps on AAPL & TWTR

Branch 2: Crypto Clearing Infrastructure (2014–2026)

• Brock Pierce / CCP II LLC (Coinbase Series C)

• LedgerX CFTC DCO / 24/7 BTC Collateral

• Blockstream Seed Round & ZK Proofs



Total Return Swaps and Bespoke ISDA Frameworks

Between 2003 and 2011, Jeffrey Epstein brokered synthetic finance pipelines utilizing International Swaps and Derivatives Association (ISDA) master agreements established by JPMorgan Chase Private Bank. Managed through the Global Investment Opportunities (GIO) desk co-covered by Darren Indyke, Mary Casey, Paul Barrett, and Jes Staley, these structures generated over **$8.5 million** in revenue in 2003 alone from Leslie Wexner's account. They utilized Total Return Swaps (TRS) on equities (e.g., Apple, Twitter) to pass economic performance to shell entities (such as Southern Financial LLC) while avoiding direct equity ownership disclosures and using illiquid "funky assets" as collateral.

From: Duffy, John R [john.r.duffy@jpmorgan.com]
Sent: 9/20/2013 9:20:48 PM
To: Erdoes, Mary E [mary.erdoes@jpmorgan.com]
Subject: JE

Spoke with him. Good conversation. Told JE no on sole trustee or POA, yes for advisory role without discretion. Yes for custody in the client's name.

Tough one he brought up regarding Gates - JE and JPM as co-trustee. While I expect that this would be hard to get through - its like co-branding with him. We should still discuss it - Let's talk. He understood.

John R. Duffy
J.P. Morgan
CEO, U.S. Private Bank
270 Park Avenue
New York, NY 10017
Tel: 212-464-1468
Email: john.r.duffy@jpmorgan.com

J.P. Morgan Securities LLC

Confidential JPM-SDNYLIT-00136978

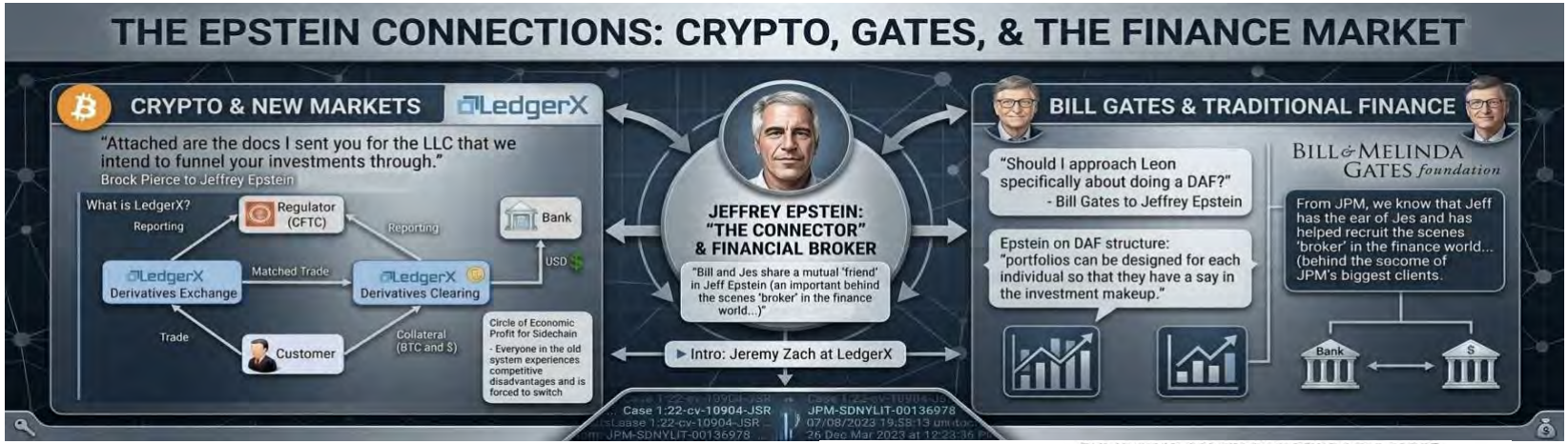
On Wed, Nov 13, 2013 at 6:01 PM, Bill Gates <[redacted]> wrote:

I should understand better what I should do here.
Should I approach Leon specifically about doing a DAF?
I would like to do a few of them on a private basis and see how it goes.
I should start with the people who are most open minded to the construct.

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Bill Gates <[redacted]>
Subject: Re: DAF structure learning?
Date: Wed, 13 Nov 2013 22:36:10 +0000

If you thought smart. Larry Summers would gladly be involved. the flexibility of the DAFS are custom made for the problems of the hyper rich. more and more people realize they can't give this much money to their children. however as Ive said before they have no solution. The Jp Morgan mini version was a failure, though it raised some money. To remind you, and you can check with Boris, I told you that this would not work . the presentations , goals persectives , were pedestrian sell side constructs. Mary Erdoes is a nice person. thats it. . Dafs allow anonymous giving, . so that ones alma mater is not hysterical that their favorite alumni has other interests. . portfolios can be designed for each individual so that they have a say in the investment makeup. (this quickly goes away). . It is like having a perpetual money fund, your children can advise in the future, an can call upon seasoned professionals. there is a limited number as you know of super high qualty people in any field , the chariable one , no exception. otherwise you have 50 families that have wealth greater than 5 billion , each setting up their own, having the same administration headaches concerns, and search criteria its silly. . look forward to spending time, it will be the most money any charity has ever had.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Wednesday, November 13, 2013 2:19 AM
To: Bill Gates
Subject:
the art sales are an example of the cash pressure. that could be going for good causes. Donor advised Fund Apollo , leon black will do the money piece, you do the giving.
http://www.nytimes.com/2013/11/13/arts/design/bacons-study-of-freud-sells-for-more-than-142-million.html?hp&gwh=5AED892B89D4E7F3E7A9A9F2C792565F



[DRAFT FOR DISCUSSION PURPOSES ONLY]

December ___, 2012

CONFIDENTIAL

[Date of Signing]

Mr. Larry Cohen, Manager
Business Operations
bgC3 LLC

Cascade Investment, LLC
[CASCADE TO PROVIDE ADDRESS]

RE: Letter of Understanding Regarding New Investment Entity

Re: Transaction between **[ENTITY OF BORIS NIKOLIC]** and Cascade Investement, LLC

Dear Larry:

This letter sets forth certain general understandings by and between bgC3 LLC ("**bgC3**") and Boris Nikolic ("**BN**"). BN has previously entered into an Employment Agreement with bgC3. This letter does is not intended to alter the terms of that Employment Agreement, including without limitation the "at will" and "confidentiality" provisions of the Employment Agreement.

Company Formation The parties anticipate the formation of a corporation:

bgC3 or an affiliate of bgC3 will form and provide all necessary funding for a separate corporation ("bgC4") that will be organized as a Washington corporation

- ~~The parties anticipate that bgC3 or an affiliate of bgC3 will form a separate company (the "**Company**"), structured as a Washington~~ wholly owned and ultimately ~~or~~ controlled by William H. Gates III (the "**Owner**"), the sole purpose of which will be to evaluate, make, and manage investments in Opportunities (as hereinafter defined) in third-party entities as deemed appropriate by Owner in his sole discretion.

EFTA00583852

~~[what office shall BN hold in the Company?]~~

BN Activities BN will be responsible for the following:

- Sourcing and presenting to bgC4, as BN in his discretion may select, potential investment opportunities in bioscience and health-related industries, which may from time to time include investment opportunities in the technology sector (collectively, "**Opportunities**"), at a target rate of (but not limited to) three Opportunities per calendar year;
- Conducting due diligence on ~~Ensuring that~~ all Opportunities presented to bgC4 to determine that the Opportunities involve investments in bona fide third parties having no affiliation or conflict of interest with bgC3, the Owner, or any of their respective affiliates or existing investment relationships (including, without limitation, "BGI," the Bill and Melinda Gates Foundation, Cascade Investment, L.L.C., Intellectual Ventures LLC, Gates Ventures, LLC, and Microsoft Corporation); and
- Conducting scientific and operational due diligence as BN determines in his sole discretion to be appropriate on all Opportunities.

Activities of bgC3 bgC3 (or another appropriate affiliate of the Owner) will be responsible for the following:

- Evaluating such Opportunities as the Owner determines, in his sole discretion, to be appropriate;

EFTA00583853

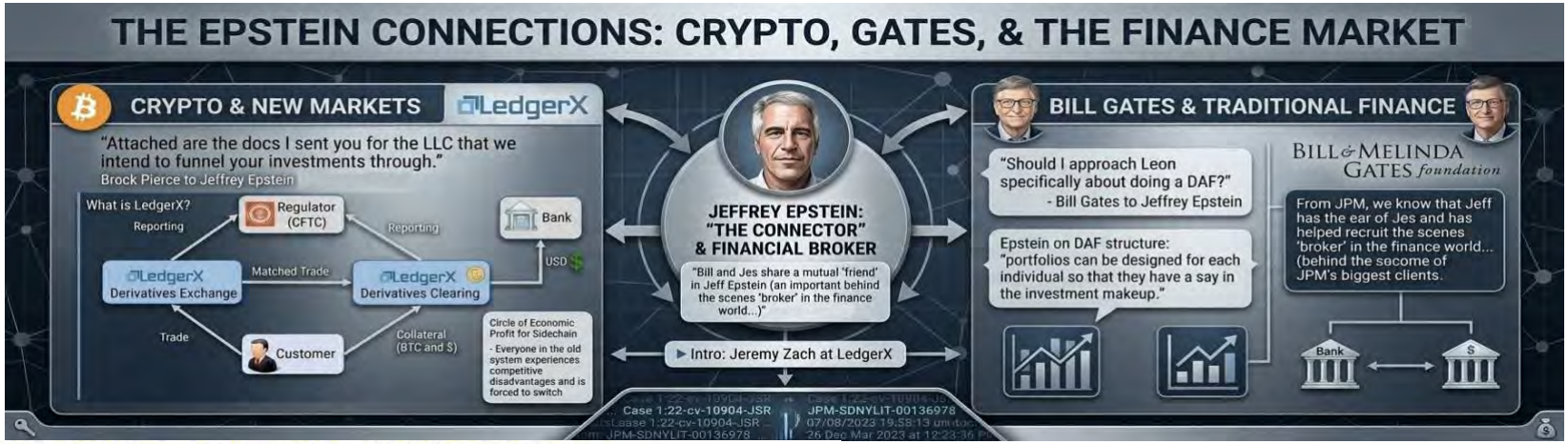
Set forth below in this letter agreement are the principal terms and conditions for the transaction (the "Transaction") between **[ENTITY OF BORIS NIKOLIC]** ("Nikolic") and Cascade Investment, LLC ("Cascade") entered into on the Trade Date specified below. This letter agreement evidences a complete and binding agreement between Nikolic and Cascade to the terms of the Transaction to which this letter agreement relates. This letter agreement constitutes a "Confirmation" as referred to in the Master Agreement (as hereinafter defined). This letter agreement shall supplement, form part of and be subject to an agreement in the form of the 1992 ISDA Master Agreement (the "Master Agreement", a copy of which has been made available to all parties) as if we had executed an agreement in that form (but without any Schedule except for the elections of the laws of the State of Washington as the governing law and of United States Dollars as the Termination Currency) on the Trade Date of the Transaction.

EFTA01070909

(b) The "Notional Portfolio Amount" of the Transaction shall be One Hundred Million U.S. Dollars ($100,000,000) and the "Notional Portfolio Investment" in the Transaction shall be a One Hundred Million U.S. Dollar ($100,000,000) fixed portfolio of specified assets as set forth on Schedule A annexed hereto and incorporated herein. **[ASSETS TO BE DETERMINED] [Adjustments, if any, to be made to the Notional Portfolio Amount and/or the Notional Portfolio Investment (including the assets thereof specified on Schedule A) shall be as provided in Section 2(j) hereof.]**

(c) As of any relevant Valuation Date (as hereinafter defined), the "Notional Portfolio Investment Return" shall be a percentage equal to the percentage of the Total Return on the Notional Portfolio Investment on the relevant Valuation Date, minus the percentage of the Average Return of Cascade's entire investment portfolio on that same Valuation Date.

(d) [The Total Return on the Notional Portfolio Investment shall be calculated as follows:][QUESTIONS: IN DETERMINING TOTAL RETURN OF NOTIONAL PORTFOLIO INVESTMENT, YOU ARE COMPARING ASSET VALUE AS OF THE VALUATION DATE TO THE ASSET VALUE AS OF A PRIOR DATE. WHAT IS THAT PRIOR DATE? ARE YOU ALWAYS COMPARING TO THE INITIAL TRADE DATE OR DO YOU COMPARE ANNUALLY AND UPDATE THE VALUES EACH YEAR, OR DO YOU COMPARE TO THE LAST TIME YOU DID A VALUATION AND REDEMPTION? ARE YOU CALCULATING RETURN FOR EACH SEPARATE DEAL OR FOR THE PORTFOLIO AS A WHOLE?]



Subject: NWS event

From: mary.rieth@jpmorgan.com

Date: Tue, 20 Apr 2004 20:11:59 +0000

To: marta.salgado@jpmorgan.com

Bcc: assentor@jpmorgan.com

My guests are Darren Indyke and his wife, Michelle. Mr. Indyke is the in-house counsel for Jeffrey Epstein. Epstein is a private banking client in his own right, as well as the money manager for Leslie Wexner. The Epstein/Wexner relationship generated over $8.5 million in revenue in 2003, primarily SDI-related. Mr. Indyke works with us on all legal related matters, including negotiation of hedge fund subscription documentation, derivative term sheets and ISDAs. His assistance this past year was crucial to closing a number of important transactions with Epstein.

Please thank him for his consistent support to us on such a crucial relationship to the private bank.

Thanks!

Mary C. Rieth

tel: (212) 464-1747

fax: (212) 464-1312

From: Mary C Casey [mary.c.casey@jpmorgan.com]
Sent: 3/9/2010 12:47:05 PM
To: Jes Staley [jes.staley@jpmorgan.com]
CC: Rosa M da Silva [rosa.m.dasilva@jpmorgan.com]; Paul V Morris [paul.v.morris@jpmorgan.com]
Subject: Jeffrey Epstein

Jes -- just a quick note to let you know that Jeffrey is now set up for business in the Private Bank (incl w/ an ISDA) on the GIO desk. Paul Barrett and Jeff Matusow are co-covering him on the GIO desk and Paul Morris will be his banker. Paul is a former investment banker from Barclays who joined our team last year. I'll make sure you get to meet him soon. So Jeffrey is well covered and hopefully the relationship will grow from here. We'll keep you posted.

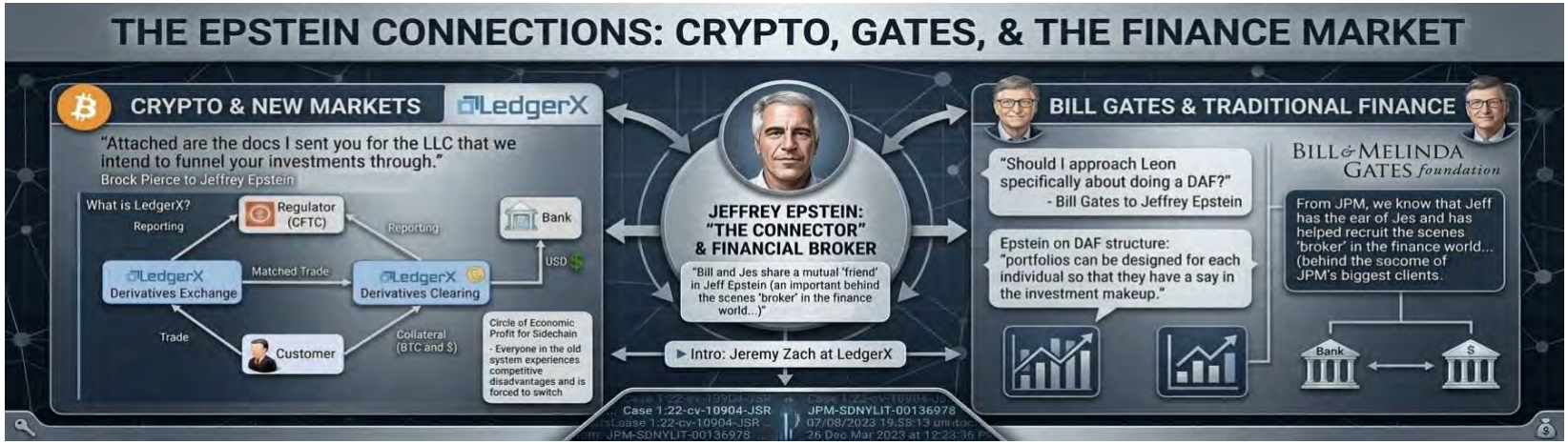
Thanks.

Mary

Mary Casey, Managing Director, J.P. Morgan Private Bank
270 Park Avenue, New York, NY 10017
tel: (212) 464-0374; fax (212) 464-1311
mary.c.casey@jpmorgan.com

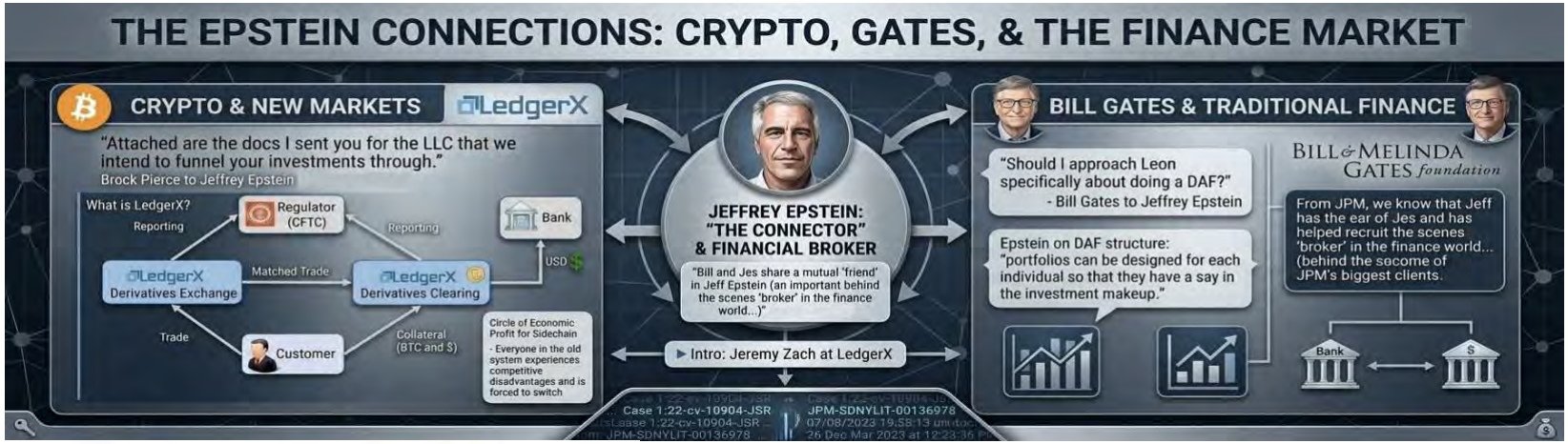
BILL & MELINDA GATES *foundation*

- Earlier this year, Boris brought together "think tanks" for Bill to learn more about DAFs – after these sessions, Bill spoke about how he might have set up the foundation in a similar structure when it was started had he known more then.
- Jes was invited to the think tanks but could not attend – he and Bill spoke about DAFs by phone.
- Bill and Jes share a mutual "friend" in Jeff Epstein (an important behind the scenes "broker" in the finance world with an unseemly reputation due to a criminal conviction):
  - From JPM, we know that Jeff has the ear of Jes and has helped recruit (behind the scenes) some of JPM's biggest clients.
  - From Bill's email, we know that he has spoken with Jeff and has discussed the DAF concept with him.
  - We think that Jeff is the link between Bill and Jes and has been feeding Jes information to shape the Project.
  - Jes seems to believe that, with the right product and operational setup, they could manage the endowment and the foundation's operations.



Project Molecule / Project Nucleus ($100B Super DAF)

In February 2011, Epstein presented JPM executive Jes Staley and Bill Gates with "Project Molecule" (or Project Nucleus), a proposed **$100 Billion** "Super Donor Advised Fund" (DAF). Designed with 10 subaccounts to anonymously ingest illiquid "funky assets" (closely held C-corp stock, Section 144 restricted shares, real estate, art), the entity allowed hyper-rich donors to park wealth and execute anonymous multi-billion-dollar netting outside public disclosures.



BILL & MELINDA GATES foundation

- We're also pleased that Bill agreed to participate in the JPM Alternative Investments Summit in January – thank you for inviting him.

- Project Nucleus/Molecule:
  - We know that Bill is interested in Donor-Advised Funds as a mechanism to channel more philanthropic capital into development and social causes, especially in the context of his work on the Giving Pledge.
  - It is important for you to understand that the foundation and the Giving Pledge are two separate efforts supported by Warren, Bill and Melinda. While the team that supports the Giving Pledge works closely with the foundation, we consider their work firewalled and entirely separate from our mission. Connie and I represent the foundation in this meeting.
  - Those who join the Pledge are provided a neutral space to learn from one another; Warren, Bill and Melinda have ensured this neutrality and are unwilling to market the issues or vehicles they support.
  - We want to ensure that this concept is separated from the work the foundation is doing with your Social Finance Team and the Private Bank.
  - We want to make sure that your efforts with regards to this particular Donor-Advised Fund concept and the Giving Pledge are supported appropriately by Bill and the Giving Pledge staff. We know that Bill really appreciates the thinking and work that JPM has done, but is also looking at the resources provided by other organizations.

Background: "Project Nucleus/Molecule"

Project Nucleus/Molecule ("Project") is an independent response to a conversation we understand Bill and Jes had in Davos in January 2011. Most of what we understand about the Project has been passed to us by JPM staff and is not direct knowledge of what will be presented. (Note: JPM staff have not shared an advance copy of the materials with us.)

Our Understanding of the Project

Leaving the context for how we think this came to fruition to the next section, this is our understanding of the Project:

- The Project is structured as a Donor Advised Fund (DAF);
- It would sit offshore to provide tax benefits to donors globally and not just from the US;
- It would allow donors to park their philanthropic dollars in one place, get an immediate tax benefit (in most cases), and make minimal payouts while their money is being managed and invested by JPM;
- JPM believes that the foundation could move its endowment into a product structured this way;
- Additionally, they believe that Bill may "market" this to the Pledgers.

How the Project Came to Be

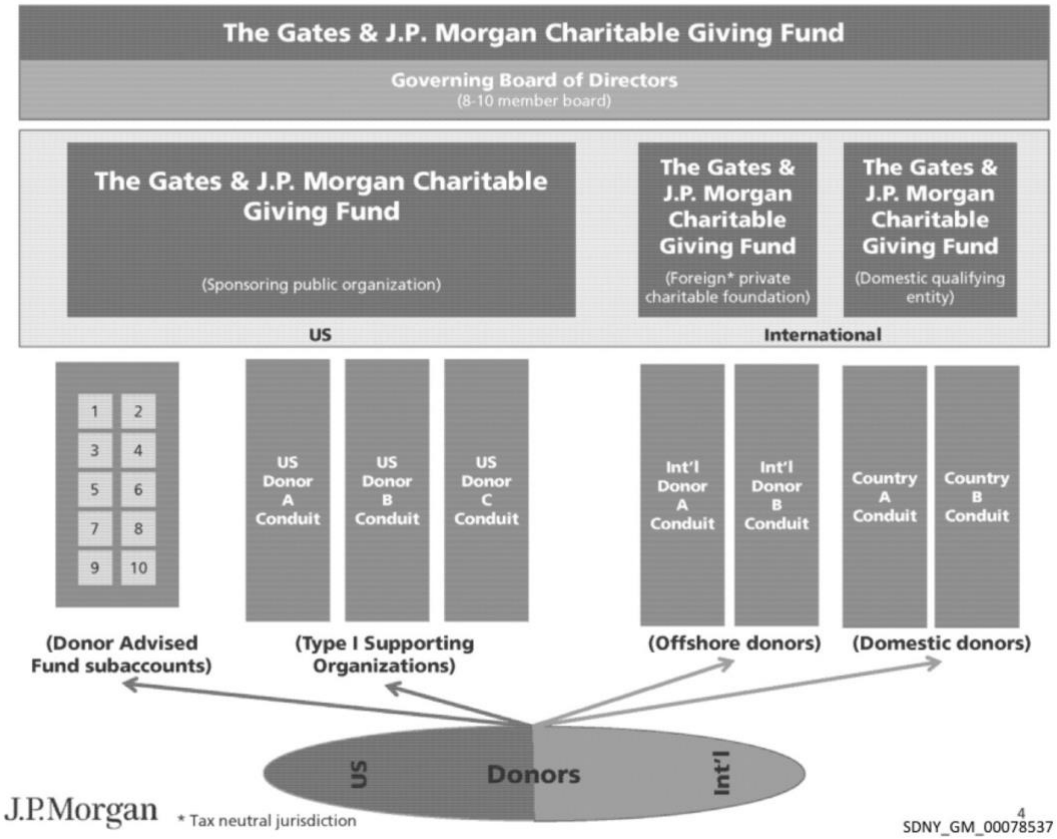
After various conversations with JPM, Boris Nikolic, and based on Bill's email, the following is our understanding of how this came to fruition.

- Bill had a hallway conversation with Jes Staley at Davos in January 2011 that prompted Jes to build a team at JPM to work on the Project.

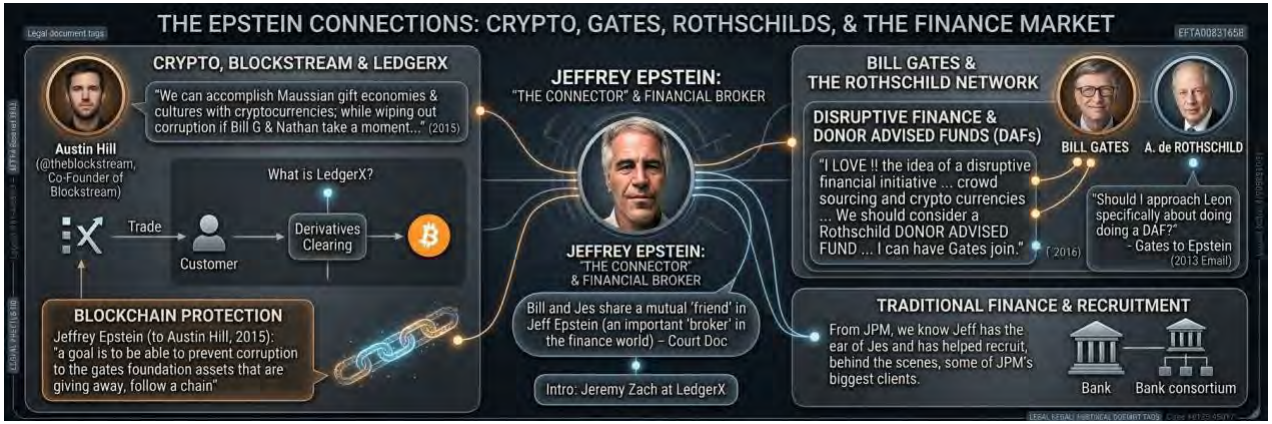
CONFIDENTIAL

Structure

Recommended structure



Confidential Treatment Requested by JPMorgan Chase



The Kathy Ruemmler & Rothschild Legal Axis

Following her tenure as White House Counsel (2011–2014), Kathy Ruemmler joined Latham & Watkins LLP as lead counsel for Swiss banking group Edmond de Rothschild Holding (led by Ariane de Rothschild). Introduced directly by Epstein—who served as an official consultant in the banking relationship—Ruemmler generated millions in legal billings for Latham & Watkins while coordinating U.S. DAF structures and private business sales.

From: "jeffrey E." <jeevacation@gmail.com> EFTA00831658

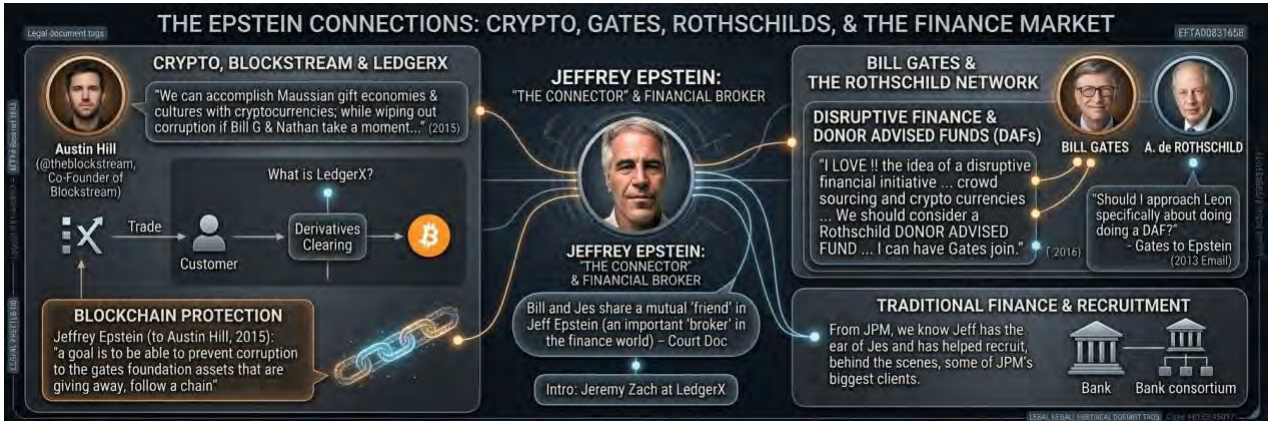
To: "A. de Rothschild" <[redacted]>

Subject:

Date: Wed, 16 Mar 2016 09:58:40 +0000

I LOVE !! the idea of a disruptive financial initiative. tomorrow I am meeting at MIT with the disuption and innovcation of the financial system grad students. some of who were with PayPAl, . electronic transfer, some from facebook, , same. . crowd sourcing and crypto currencies I must admit I never thought that you would consider being a financial maverick. I missed it, (shame on me) it is perfect. exciting, interesting young minds, you could have a truly great time, We should also consider a Rothschild DONOR ADVISED FUND in the states. I can have Gates join. etc. it would will have billions under mgmt quickly, ill explain when i see you. Your family helped to start the "banking system ", only appropriate that it help end it, and form a new paradigm for financial transactions . store of value vs peer to peer lending transfers etc.

re Kathy call, you and I hate most of the people around each of us, . 1 you do not need or want and investment bank their main role would be to put a package together to go out and find the best buyer, you neither want or need that. (Any buyer is already known to either me or you). 2 , they would direct the lawyers. . (same , our concern here is personal first. the investment banks focus would be the cos. 3. they do not work on success fees, and charge outrageious fees along the way, 4. their goal is a fair transaction, our goal is the best price for you. 5 they are usually inexpereince with taxes of trusts estates etc. . 6 , they hire the same people we / I would hire.



On Wed, Jan 7, 2015 at 5:04 AM, jeffrey E. <jeevacation@gmail.com> wrote:

if im there of couse otherwise skype of phone easy ,

On Wed, Jan 7, 2015 at 6:03 AM, Austin hill <[redacted]> wrote:

Hi Jeffrey,

I hope you are well. My apologies for interrupting in what I'm sure is a crazy media storm for you & your team. I will be in NY next week and would always appreciate your advice & council on a few things both business, Bitcoin, personal & esoteric mind games that we play.

Should you have time for me & think it appropriate for a visit, I would welcome the chance for a drop in.

EFTA00673842

respectfully yours &

best,

@austinhill
@blockstream

{{PS : I think it is a good time for me to revisit Andrew Larkin to spread some knowledge. But he should be warned I may bring a Bitcoin Belle who is an anarchist and was camping with Occupy New York, but not if it's inapprorpriate.}}

[Note to self: Don't comment on email threads : Letting Jeffrey play Jedi mind tricks with you only leads to a front seat at a Bobby Slayton Comedy Show]

@austinhill
@theblockstream

EFTA00673843

On Wed, Jan 7, 2015 at 5:43 AM, jeffrey E. <jeevacation@gmail.com> wrote:

ok with me

On Wed, Jan 7, 2015 at 5:51 AM, jeffrey E. <jeevacation@gmail.com> wrote:

a goal is to be able to prevent corruption to the gates foundation assets that are giving away, follow a chain

On Wed, Jan 7, 2015 at 6:12 AM, jeffrey E. <jeevacation@gmail.com> wrote:

give me a phone number to call . or site , ill explain

On Wed, Jan 7, 2015 at 6:15 AM, Austin Hill <[redacted]> wrote:

https://appear.in/je&ah:privatetalk

On Wed, Jan 7, 2015 at 6:33 AM, Austin hill <[redacted]> wrote:

I don't think the NSA deserves to hear what we say on Skype (after @pmarca gave them full listening capabilities to all Skype calls via Echelon).

We use http://appear.in which is encrypted, real time video that can be done ad hoc and in the privacy of your own mind.

On Wed, Jan 7, 2015 at 6:50 AM, Austin hill <[redacted]> wrote:

But [redacted] concerned because they are exploring Ethereum & Stellar which have provably broken security models of you have the right cryptographers & scientists on your team.

@austinhill
@theblockstream

On Wed, Jan 7, 2015 at 7:07 AM, Austin hill [redacted] wrote:

I've seen the end of this chain game :)

I've followed the chain and understand the intent : but allowing a broken security model that continues to allow nation states to exercise weapons of mass economic distraction doesn't serve anyone.

We can accomplish Maussian gift economies & cultures with cryptocurrencies; while wiping out corruption if Bill G & Nathan take a moment in time to learn about what they already bought.

They acquired Dr Stefan Brands (http://idtrail.org/content/view/55/43/) patent suite after we hosted it at Zero Knowledge but they ignored it. We all made Stefan rich (we contributed $2m but Microsoft gave him $18m) but the technology still hasn't been heard or deployed.

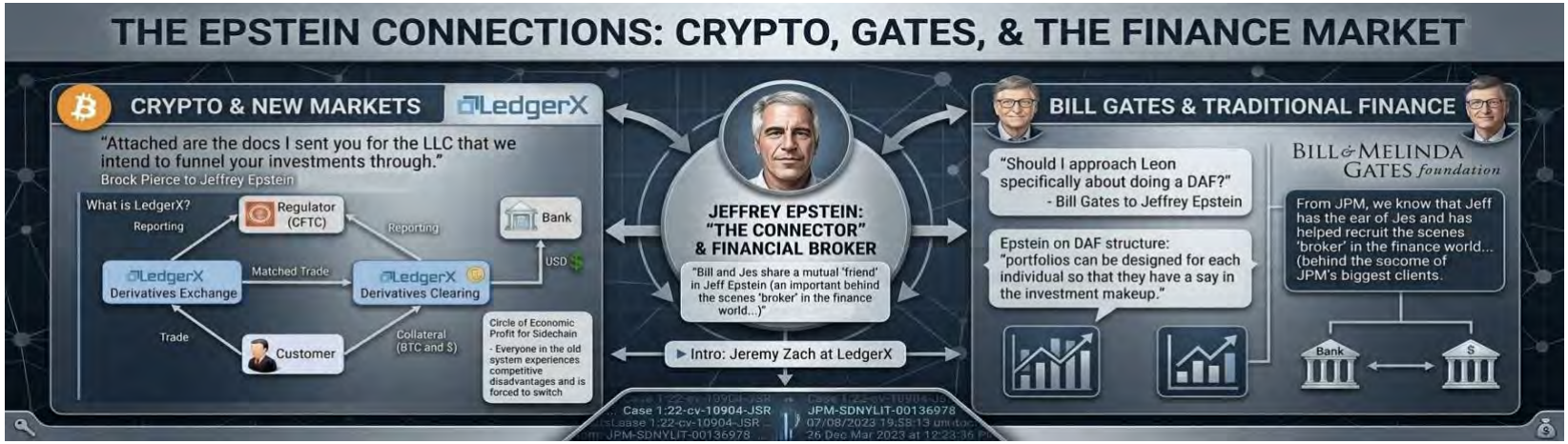
(Kim Cameron & Brian Arborgast their identities architect's tried to infuse MSFT & Passport/ACTIVE directory with this knowledge but they didn't listen)

Anyway, hopefully we piqued their interest and we can help them learn a thing or two about fixing MSFT (our co founders include 2 ex Microsofties & our investors include many more of them)

EFTA00673841

From: "Austin hill" <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Re: My apologies for interrupting & seeking advice
Date: Wed, 07 Jan 2015 11:20:57 +0000

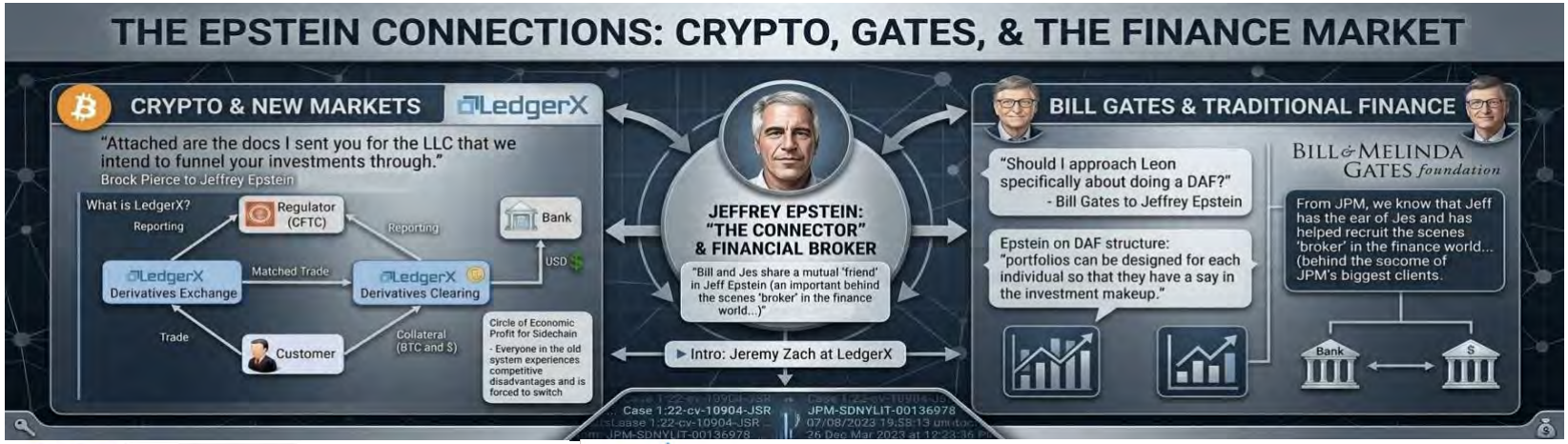
I'm there, if you can make it. Will hangout for a while as your team hopefully upgrades your technology 😉



The Pivot to Crypto Clearing Infrastructure

The exact mechanisms developed in legacy shadow banking found automated form in emerging crypto clearing rails:

- **Coinbase Series C Funnel:** In December 2014, Tether co-founder Brock Pierce sent legal documents to Epstein for Crypto Currency Partners II, LLC (CCP II), explicitly describing it as an LLC designed to "funnel your investments through" into Coinbase's **$60 million** Series C financing round alongside Andreessen Horowitz (a16z) and Union Square Ventures.
- **LedgerX Automated Clearing:** In March 2016, developer Jeremy Rubin pitched LedgerX to Epstein. Approved as a CFTC-regulated Derivatives Clearing Organization (DCO), Swap Execution Facility (SEF), and Designated Contract Market (DCM), LedgerX replaced legacy cash wires with **24/7** Bitcoin-as-collateral and multi-signature cryptographic escrow to automate bilateral netting and bypass ACH delays.
- **Blockstream & Zero-Knowledge Architecture:** In 2014–2015, Blockstream co-founders Dr. Adam Back and Austin Hill met with Epstein, securing a **$500,000** seed allocation bump directed by Reid Hoffman and Joi Ito (MIT Media Lab). Hill advised Epstein and Gates regarding Ethereum and Stellar security vulnerabilities while pushing Dr. Stefan Brands' Zero-Knowledge identity patent suite.



From: Brock Pierce <[redacted]>
Sent: Wednesday, December 3, 2014 4:50 PM
To: Jeffrey Epstein
Subject: CCP LLC Docs
Attachments: Crypto Currency Partners II, LLC - Operating Agreement.pdf; Crypto Currency Partners II LLC Subscription Application.pdf

Jeffrey,

Attached are the docs I sent you for the LLC that w= intend to funnel your investments through. Please let me know if there ar= any issues with the structure and/or details. I'm available to chat a=y time.

EFTA_R1_02113346
EFTA02708994

From: Brock Pierce <[redacted]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Fwd: The Stephens brothers - Potential Series C Investors
Date: Mon, 01 Dec 2014 18:18:21 +0000
Attachments: 4855_001.pdf; Amended_and_Restated_Co-Sale_Agreement_(Series_B).pdf; Amended_and_Restated_Investor_Rights_Agreement_(Series_B).pdf; Amended_and_Restated_Voting_Agreement_(Series_B).pdf; Capitalization_Table.xls; Coinbase_Global_-_Amended_and_Restated_Certificate_of_Incorporation.pdf; Coinbase_Series_C.pdf; Series_B_Stock_Purchase_Agreement_(Series_B).pdf; Series_C_Term_Sheet.pdf

---

Jeffrey,

The Coinbase Series C is going to be finalized this week. I have gotten us allocation if you're interested and able to move fast. Should be a $60M financing. The syndicate of investors in the round are DFJ Growth, a16z (Andreessen Horowitz), USV, Ribbit Capital and a few bank venture arms and traditional financial service players. Are you available to talk to the co-founder who is spearheading the financing today?

EFTA00679451

From: "jeffrey E." <jeevacation@gmail.com>
To: Jeremy Rubin <[redacted]>
Subject: Re: Intro: Jeremy <> Zach at LedgerX
Date: Sat, 26 Mar 2016 16:25:02 +0000

---

a " bit " , where is the version on how they make money and when , and how much time or cost it takes to get there.

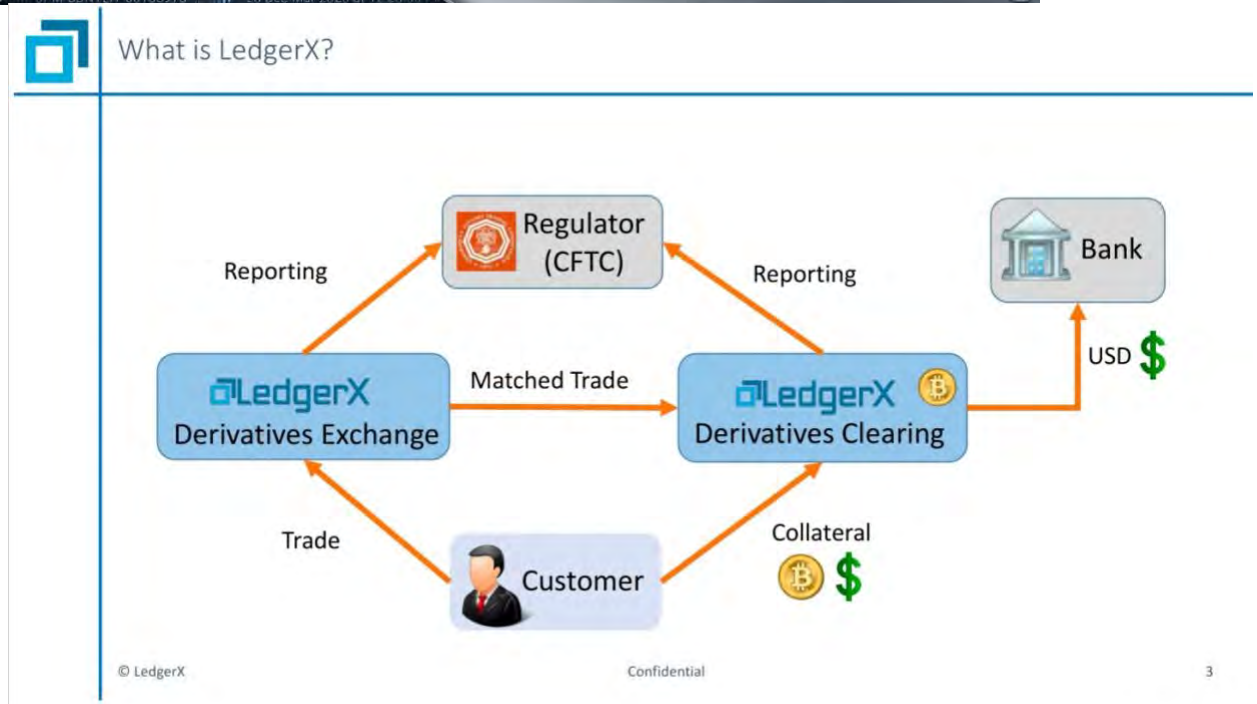
On Sat, Mar 26, 2016 at 11:32 AM, Jeremy Rubin <[redacted]> wrote:
Yeah you're right. Sorry, I did minimal review of the document this morning, this is a bit fluffy.

I'll ask them for real details.

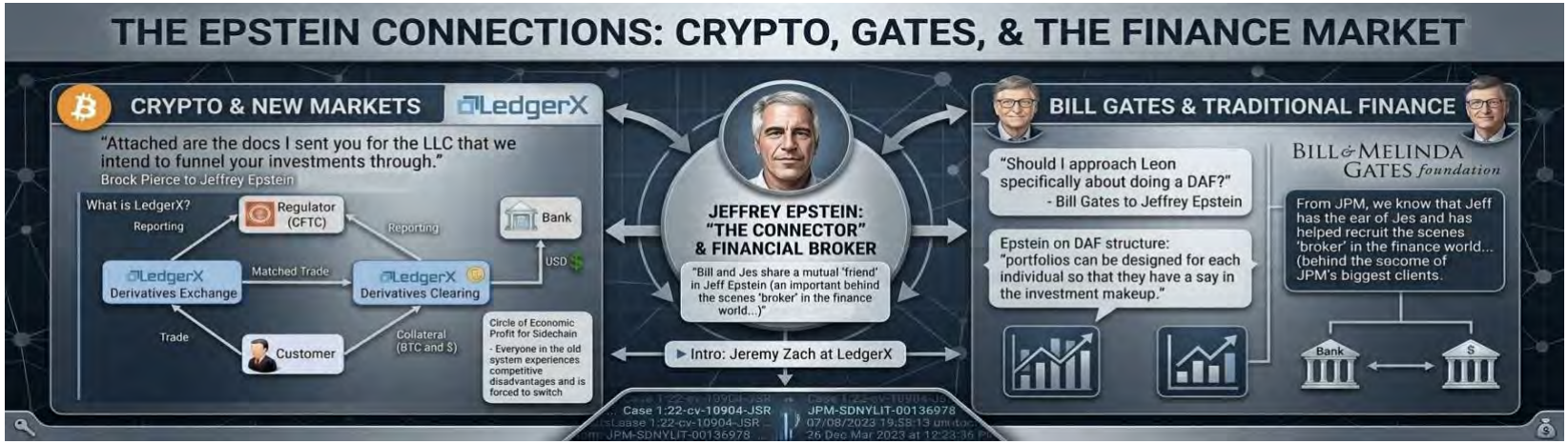
On Saturday, March 26, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i would like to see numbers, biz plan, this is a deck for the newspapers

On Sat, Mar 26, 2016 at 8:34 AM, Jeremy Rubin <[redacted]> wrote:
Lmk what you think.

EFTA00830809



EFTA00590688



Systemic Blind Spots: Proprietary Broker-Dealer Shield, Archegos Leverage, and Order Mismarking
To prevent regulatory failure under proposed Regulation Crypto Assets and Custody Rule 223-1, the SEC must close structural blind spots exploited by quantitative market makers and prime brokerages.

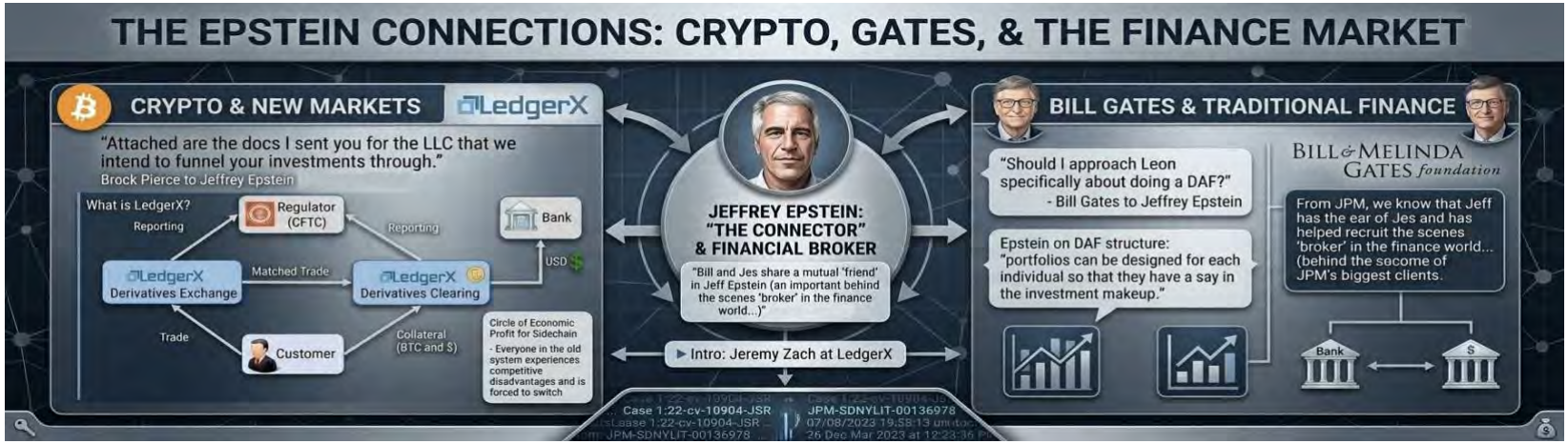
The Proprietary Broker-Dealer Reporting Shield
Quantitative investment vehicles utilizing internal broker-dealer licenses exploit a sequence of statutory exemptions:

1. They are structurally insulated from pre-borrow mandates before initiating massive short positions.
2. They bypass statutory 5% public ownership reporting thresholds, accumulating dominant positions without public disclosure.

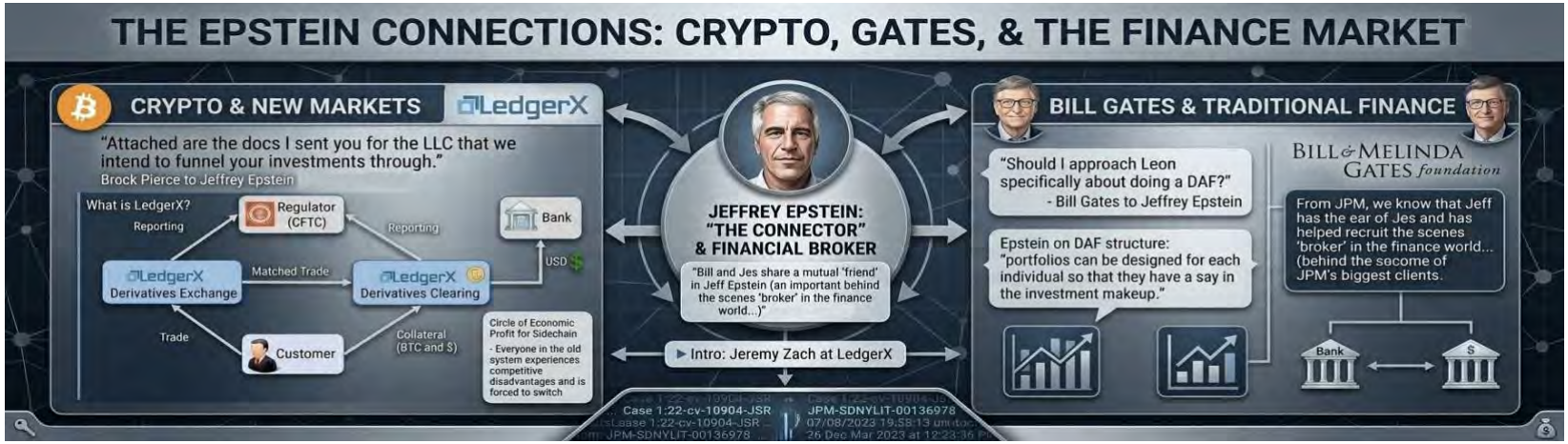
As documented in judicial proceedings, quantitative firms (e.g., Renaissance Technologies) absorbed massive short campaigns (e.g., Martin Shkreli's MSMB Capital shorting 32 million shares of Orexigen Therapeutics via Merrill Lynch naked shorting loops) completely insulated from 48-hour public disclosure rules.

Archegos Capital Management and Distributed Swap Evasion: Archegos Capital Management masked a $49.5 billion gross exposure and 300% NAV concentration by distributing its Total Return Swap portfolios across 7 distinct prime brokers. (Morgan Stanley, Credit Suisse, Nomura, Wells Fargo, UBS, Deutsche Bank, Jefferies) and ISDA counterparties (MUFG, Mizuho, Macquarie, Goldman Sachs)

- By structurally migrating its short market exposure off prime broker balance sheets via detached synthetic equity swaps, Archegos bypassed standard Portfolio Margin regimes and deceived credit teams.
- **Broker-Dealer 10% Ownership Evasion:** Prime brokers like Nomura deliberately suppressed physical stock ownership at 5.5% to avoid crossing the statutory 10% threshold, managing the remaining delta through unlisted, cash-settled swaps with secondary offshore entities.
- **13(f) Decoupling:** On September 30, 2020, Credit Suisse reported holding 2,088,120 physical shares of Baidu on Form 13F while running an economic swap exposure for Archegos totaling 6,968,500 shares. Goldman Sachs reported 2,754,520 physical shares of Discovery A while maintaining a synthetic swap exposure of 7,531,577 shares.
- **Reconciliation Falsification:** Internal chat logs reveal fund employees actively deleted symbols (e.g., Apple - AAPL, Pinduoduo - PDD) from daily Excel reconciliation sheets to bypass internal compliance filters.



Flow Stage	Action / Structural Mechanism
1. Source	**Archegos Capital**
↓	Distributes Swaps Across 7 Prime Brokers
2. Exposure	**Conceals $49.5B Gross Exposure**
↓	Re-routes via Intermediary Brokers
3. Broker Action	**Nomura / Credit Suisse** *(Suppresses Physical Ownership <10%)*
↓	Generates Reporting Disconnect
4. Regulatory Outcome	**13F Form Disconnect:** 2.08M Physical Shares vs. 6.96M Synthetic Exposure

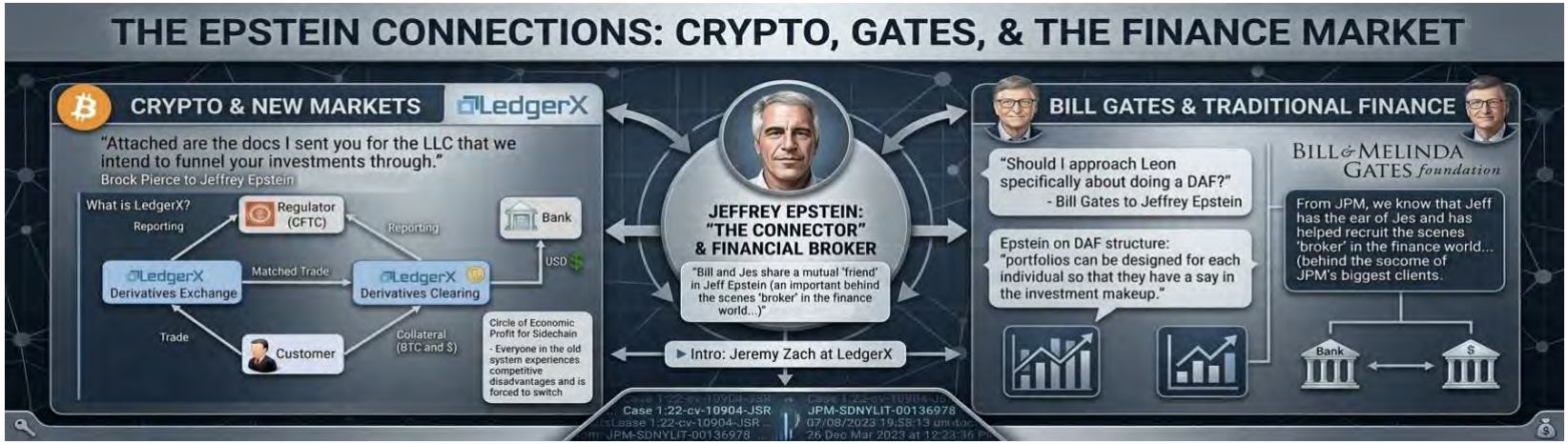


Order Mismarking and Regulation SHO Violations

- **Robinhood Securities Enforcement (File No. 3-22405):** Between December 2019 and December 2023, Robinhood Securities mismarked over 15 million principal short sales as "long" because its systems lacked the technical capability to calculate net proprietary firm positions in real time. From December 2019 to May 2022, Robinhood mismarked over 58 million fractional riskless principal short sale orders as "long" based on customer positions rather than firm net positions. From May 2022 to December 2023, Robinhood mismarked an add million riskless principal orders as "short exempt" without meeting statutory conditions.
- **Citadel Securities Enforcement (File No. 3-21703):** Over a five-year period (2015–2020), Citadel Securities—which executes ~35% of all U.S. retail equity volume—suffered a coding error regarding "not-held" schedule-based orders. Delayed updates to client-side leg executions caused proprietary sell orders to cross zero blindly, systematically mismarking millions of short sales as long sales on regulatory feeds and Electronic Bluesheets (EBS).

Sub-Second Institutional Auctions & NBBO Price Deviation

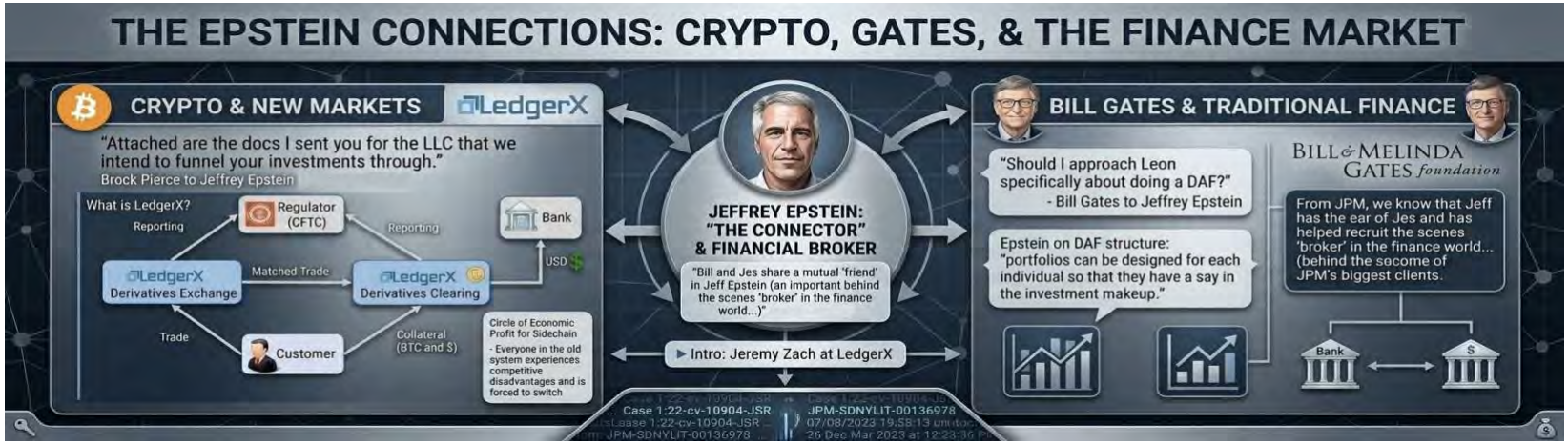
Internal clearing engines (such as Embed Clearing and Robinhood Securities) internalize retail order flow and route block segments into private micro-auction suites **[e.g. Apex's CODA FUSE].** Utilizing execution pauses between 1 and 20 milliseconds, these engines cross dark liquidity insulated from public lit exchanges. By processing SIP trade data through rolling 20-trading-day regression curves, automated routing systems establish Liquidity Protection Rule (LPR) thresholds that print trades outside the National Best Bid or Offer (NBBO), systematically depriving public lit markets of true price discovery.



Specific Policy Revisions for Regulation Crypto Assets (File No. S7-2026-27) & Crypto Custody Rules (File No. S7-2026-35)

To advance the SEC's regulatory mandate and incorporate the inviolate conditions announced under SEC Chairman Paul Atkins' "Innovation Exemption" Order (September 17, 2026), the Commission must amend proposed Regulation Crypto Assets and proposed Custody Rule 223-1:

SEC Mandate Pillar	Core Requirements & Controls
1. Investor Protection Is Not Optional	• Mandatory UCC Art. 8 Segregation • Real-Time CAT Integration
2. Absolute Prohibition of Synthetics	• 1:1 Voting & Dividend Rights • Prohibition of Unbacked Tokens
3. Issuers Can Object (Veto)	• Corporate Issuer Absolute Veto Over Tokenized Listings



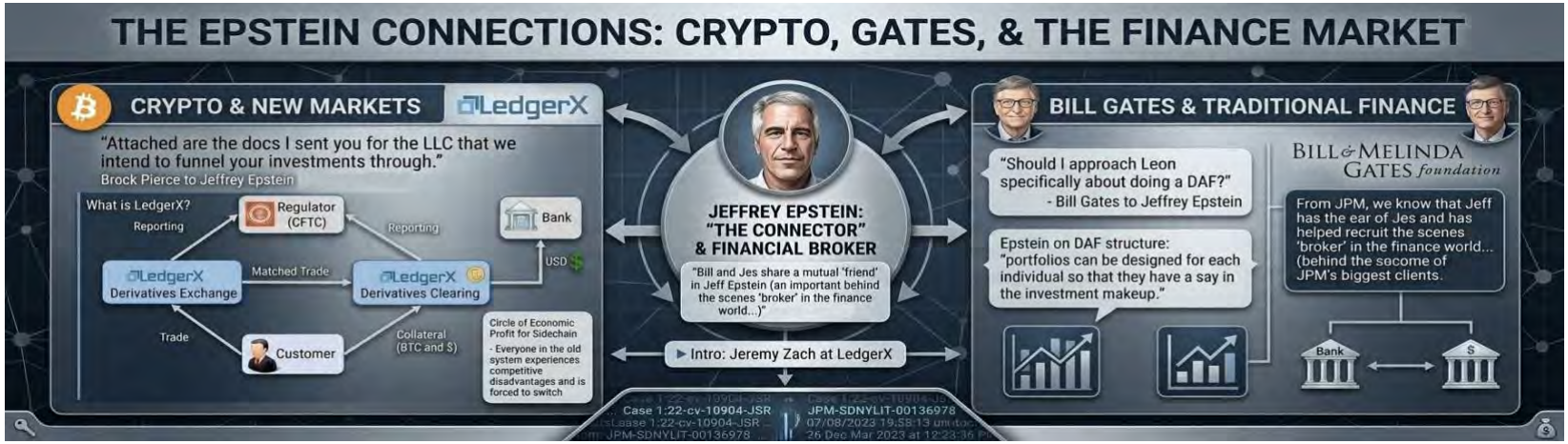
Mandate 1: Mandatory UCC Article 8 Bankruptcy Segregation & Real-Time CAT Verification
Amend proposed Advisers Act Rule 223-1(b)(7) and Investment Company Act Rule 17f-9 to mandate that all self-custodied and intermediated crypto assets be maintained under strict Uniform Commercial Code (UCC) Article 8 bankruptcy-remote custodial segregation. All transactions, including off-chain riskless principal legs, must integrate with the Consolidated Audit Trail (CAT) in real time to verify that assets are not commingled or rehypothecated.

Mandate 2: Absolute Statutory Prohibition of Synthetic Mimicry & Corporate Issuer Veto Rights
Codify an explicit prohibition in Regulation Crypto Assets (Subpart A, Rule 100 & Rule 103) preventing any tokenized asset or covered investment contract from mimicking the economic performance of traditional NMS equities or private corporate stock without conveying identical voting, dividend, and residual economic rights authorized directly by the corporate issuer. Grant corporate issuers an absolute statutory right to object to and veto the listing or tokenization of their equity on any venue.

Mandate 3: Rigorous Enforcement of the Actual Delivery Exception
Strictly enforce the "actual delivery" exception under Commodity Exchange Act Section 2(c)(2)(D)(ii). Delivery must require an immediate, verifiable on-chain transfer of the crypto asset to an independent, self-custodial wallet controlled solely by the retail buyer, invalidating constructive delivery mechanisms where assets remain book-entries on broker proprietary ledgers.

Mandate 4: Mandatory Swap Data Repository (SDR) & Real-Time CAT Integration
Require that all off-exchange, riskless principal, and swap transactions involving crypto assets or tokenized instruments be transmitted in real time to authorized Swap Data Repositories (SDRs) and the CAT. Eliminate the "Proprietary Broker-Dealer Reporting Shield" by requiring quantitative broker-dealers to publicly disclose position accumulations exceeding 5% in real time.

Mandate 5: Dedicated Physical Port Sourcing under Proposed Rule 6b-1(b)(1)
Require national securities exchanges and digital asset trading venues to mandate that clearing members route proprietary liquidity through entirely separate, dedicated physical ports or sessions. Prohibit the mixing of proprietary and agency order flow on shared ports to eliminate volume-tier mismarking.

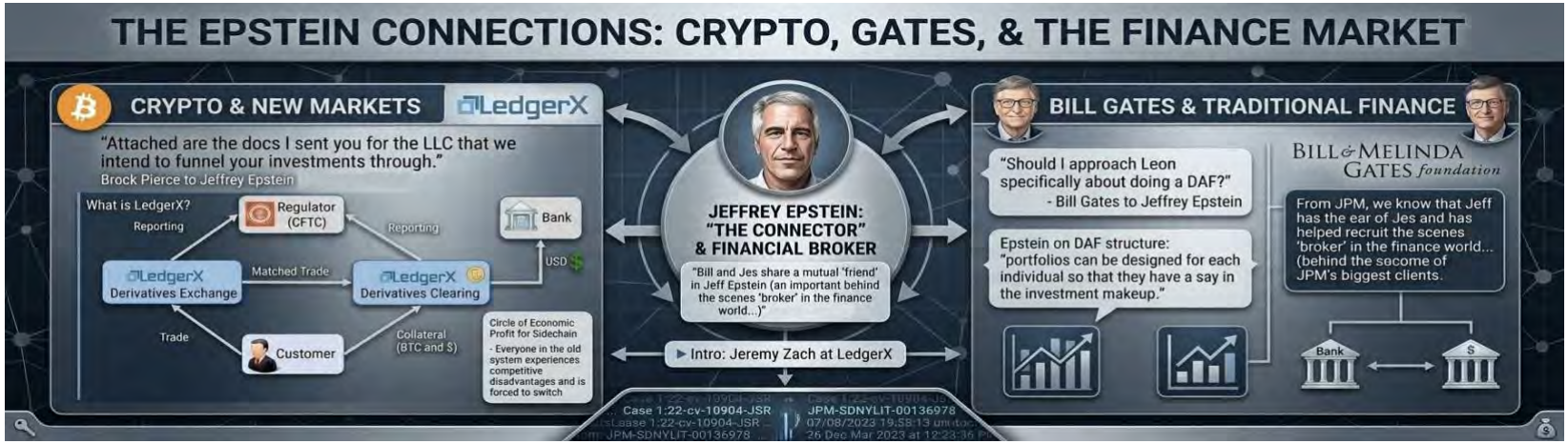


Mandate 6: Auditable Cryptographic Proof of 1:1 Physical Custody

Require crypto asset intermediaries and qualified custodians to provide machine-readable, cryptographic proof (e.g., daily proof-of-reserves audited via independent public accountants under Rule 223-1(b)(7)(iv)) verifying that all client positions are backed **1:1** by physical assets completely isolated from corporate balance sheets.

Comparative Regulatory Fixes Matrix

Structural Vulnerability / Evasion Mechanism	Legacy / Current Regulatory Deficit	Required Statutory Fix in Reg CA (§§ 228.100–500) & Custody Rules (Rule 223-1)
Offshore Synthetic Tokenization	Unregistered offshore entities (e.g., Robinhood Jersey) issue unbacked stock tokens.	Absolute prohibition of synthetics; mandatory 1:1 voting/dividend rights; explicit corporate issuer veto power.
Proprietary Broker-Dealer Shield	Quantitative funds use BD licenses to hide >5% ownership and bypass pre-borrow rules.	Eliminate BD reporting exemptions; require real-time 13D/G equivalent disclosures for quantitative positions.
Multi-PB Total Return Swap Evasion	Gross leverage distributed across prime brokers hides concentrated risk (e.g., Archegos).	Real-time SDR transmission and CAT reporting for all synthetic equity and crypto swap legs.
Reg SHO & Fractional Mismarking	Clearing systems mark short sales "long" or "short exempt" due to proprietary net deficits.	Real-time firm-wide proprietary inventory reconciliation prior to order marking; prohibition of customer-position marking.



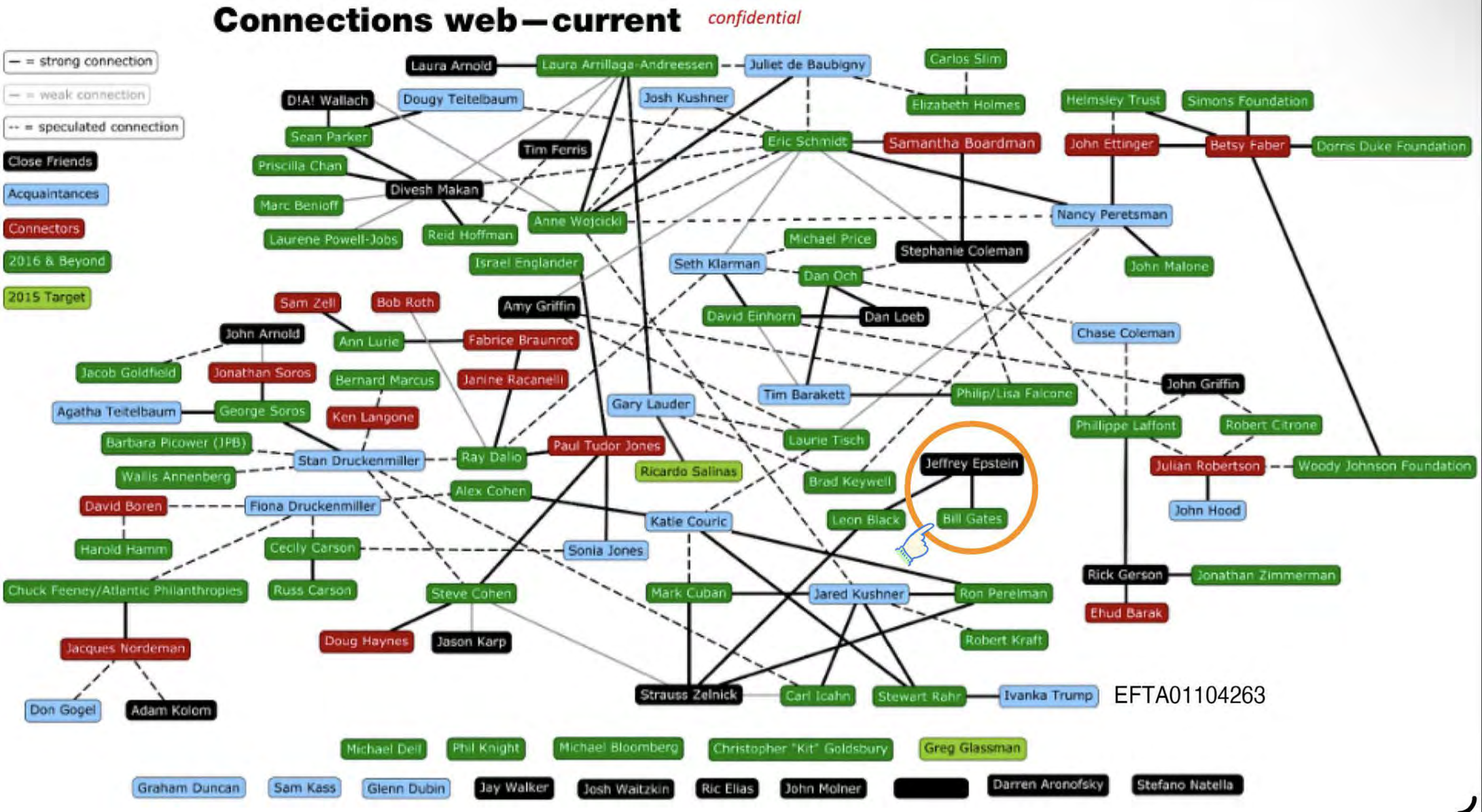
Structural Vulnerability / Evasion Mechanism	Legacy / Current Regulatory Deficit	Required Statutory Fix in Reg CA (§§ 228.100–500) & Custody Rules (Rule 223-1)
Sub-Second Auction NBBO Deviation	Internal engines cross orders during 1-20ms pauses outside public NBBO via regression curves.	Mandatory public lit order routing; prohibition of automated regression LPR price deviations.
Custodial Asset Commingling	Intermediaries pool customer funds, leading to rehypothecation and Chapter 11 shortfalls (FTX).	Mandatory UCC Article 8 bankruptcy segregation, address-level wallet isolation, and daily audited proof-of-reserves.

The promulgation of Regulation Crypto Assets and the Crypto Custody Rules represents a vital opportunity to eliminate shadow banking loops, enforce transparency, and safeguard retail investors. By incorporating mandatory UCC Article 8 segregation, real-time CAT and SDR integration, absolute prohibitions against unbacked synthetics, and strict issuer veto rights, the Commission will successfully fulfill its statutory mandate and protect the integrity of U.S. capital markets.

Criminal organizations with deep ties to Jeffrey Epstein interconnected and interlinked firms whom “funnel” & launder shadow banking liabilities, derivative re-lending, and cross-collateralizations exposure including derivatives and swaps has been revised drastically upward from a $26.8 quintillion baseline to a staggering $1.187 sextillion. This expansion is driven by complex networks of **synthetic equity wrappers, off-market tokenized balances, and broker-dealer disclosure exemptions** used to "funnel" and launder shadow banking liabilities furthermore collateralized through margin loan facilities and derivatives exchange i.e. LedgerX, Coinbase, Circle, Tether, USDT, Gemini, Paxos, Kraken, USDC, Ripple.

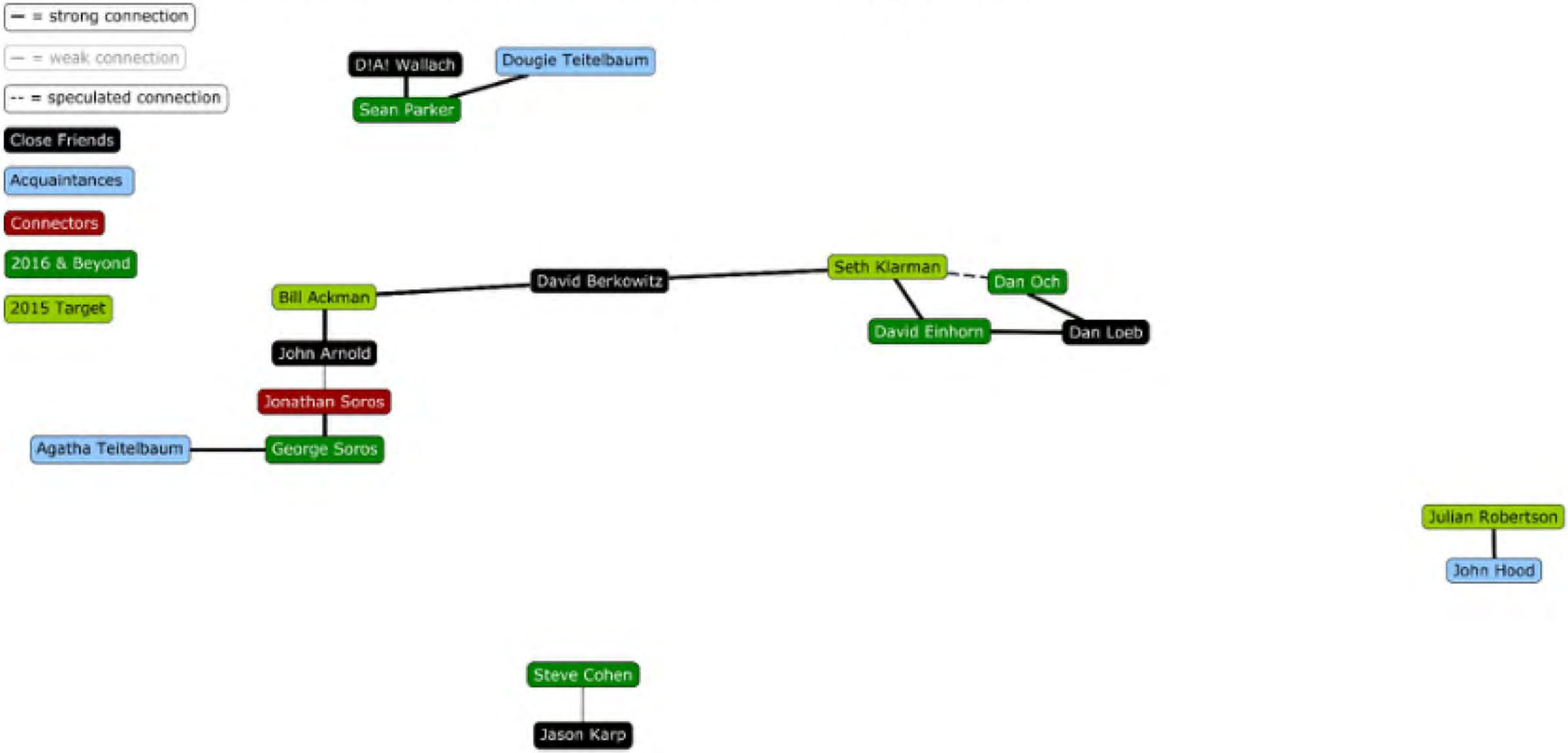
Connections web—current

confidential



EFTA01104263

Connections web—January 1, 2015



From: Brock Pierce <[redacted]>
Sent: Wednesday, December 3, 2014 4:50 PM
To: Jeffrey Epstein
Subject: CCP LLC Docs
Attachments: Crypto Currency Partners II, LLC - Operating Agreement.pdf; Crypto Currency Partners II LLC Subscription Application.pdf

Jeffrey,

Attached are the docs I sent you for the LLC that w= intend to funnel your investments through. Please let me know if there ar= any issues with the structure and/or details. I'm available to chat a=y time.

EFTA_R1_02113346
EFTA02708994

BILL & MELINDA GATES *foundation*

- Earlier this year, Boris brought together "think tanks" for Bill to learn more about DAFs after these sessions, Bill spoke about how he might have set up the foundation in a similar structure when it was started had he known more then.
- Jes was invited to the think tanks but could not attend – he and Bill spoke about DAFs by phone.
- Bill and Jes share a mutual "friend" in Jeff Epstein (an important behind the scenes "broker" in the finance world with an unseemly reputation due to a criminal conviction):
  - From JPM, we know that Jeff has the ear of Jes and has helped recruit (behind the scenes) some of JPM's biggest clients.
  - From Bill's email, we know that he has spoken with Jeff and has discussed the DAF concept with him.
  - We think that Jeff is the link between Bill and Jes and has been feeding Jes information to shape the Project.
  - Jes seems to believe that, with the right product and operational setup, they could manage the endowment and the foundation's operations.

What is LedgerX?



EFTA00590688

After Bitcoin + sidechains + LedgerX clearinghouse

Bitcoin Main Chain

LX Commodities/Swaps Clearinghouse
- Fulfills clearing requirement – Dodd-Frank req that certain swaps transactions in the US are cleared by a licensed clearinghouse
- Reports swaps transactions to Swap Data Repositories, as required by law, before signing blocks containing them

Bank consortium node(s)
- Participating banks can let their customers post collateral to swaps and securities clearinghouses within minutes – a huge boon for deposits

Circle of **Economic Profit** for Sidechain Members

- Each node can be a functionary, or run its own sidechain
- Everyone in the old system experiences competitive disadvantages and is forced to switch

Securities/Stocks Clearinghouse
- Fulfills requirement to clear securities transactions through SEC-licensed clearinghouse

ACH Clearinghouse
- Refuses to sign blocks if AML/KYC checks fail

EFTA00590697

MASTER CHRONOLOGICAL TIMELINE: EPSTEIN NETWORK & SEC FILE NO. 4-927

Complete Synthesis of SEC Comment File No. 4-927 (Release No. 34-106402), Kathy Ruemmler / Rothschild Legal Assets, Ethereum/Crypto Venture Infrastructure, and DOJ Network Disclosures

EXECUTIVE OVERVIEW & NETWORK DOSSIER

This master timeline synthesizes four decades of documented financial, legal, and regulatory intersections connecting Jeffrey Epstein's elite network to traditional Wall Street swap infrastructure, institutional philanthropic vehicles, emerging cryptocurrency platforms (Blockstream, Coinbase, Ethereum, LedgerX, Medici Bank), and the **SEC Comment File No. 4-927 (Release No. 34-106402)** regulatory dockets.

Key Structural Nodes & Findings:
• **Kathy Ruemmler / Edmond de Rothschild Axis:** Details Kathy Ruemmler's career bridging Obama White House Counsel (2011–2014), Latham & Watkins LLP, and Goldman Sachs (General Counsel). Epstein introduced Ruemmler directly to Ariane de Rothschild (Edmond de Rothschild Holding), with Ruemmler's 2015 letter confirming Epstein acted as an official consultant in the Swiss banking relationship, generating **millions in legal billings** for Latham & Watkins alongside a personal friendship and proposed U.S. Donor Advised Funds.
• **Ethereum & Early Crypto Infrastructure:** Details Blockstream's $18M seed round $500,000 allocation bump directed by Reid Hoffman and Joi Ito; Austin Hill's advisories to Epstein and Bill Gates regarding **Ethereum and Stellar security model vulnerabilities**; Brock Pierce's Crypto Currency Partners II, LLC funneling Epstein into **Coinbase's $60M Series C round**; Stone Ridge's SEC-registered **DGTLX Fund (BTC, ETH, XRP)**; and Medici Bank PR.
• **Systemic Market Failures & SEC File No. 4-927:** Traces Archegos synthetic swap fraud, FTX/Alameda Chapter 11 claims (**$23.6 Quintillion**), Elon Musk's public disclosures on Epstein's $500M Tesla short pressure on Bill Gates, and Robinhood's offshore Stock Tokens clash with AMC CEO Adam Aron, culminating in SEC Chairman Paul Atkins' **'Innovation Exemption' Order** establishing mandatory SEC oversight, prohibiting unbacked synthetics, and granting corporate issuers explicit veto rights.

I. TRADITIONAL BANKING RAILS, DERIVATIVES & WALL STREET SWAPS (1981–2010)

[March 12 & April 1, 1981] Bear Stearns Resignation & SEC Deposition (Seagrams / St. Joe Minerals)

Jeffrey Epstein resigns as a limited partner from Bear Stearns following internal discipline over improper loans. On April 1, 1981, Epstein is formally deposed by the SEC regarding potential insider knowledge during Seagrams' hostile takeover bid for St. Joe Minerals.

[1993 – 1995] White House Access & Rothschild Currency Stabilization Notes

White House visitor logs document 17 visits by Epstein during the Clinton administration. On November 1, 1995, Lynn Forester (later de Rothschild) writes a personal letter to President Clinton noting she used *'15 seconds of access'* with the President to discuss Epstein and currency stabilization.

[October 2003 – April 2004] JPMorgan Private Bank $8.5M+ Revenue & Wexner Derivative Swaps

JPMorgan Private Bank briefings (Marcus Sheridan, Mary C. Rieth) confirm the account relationship for Jeffrey Epstein and Leslie Wexner generated over **$8.5 million in revenue in 2003 alone**. Revenue was driven by foreign exchange (FX) trading, options, and Total Return Swaps (TRS) managed through specialized ISDA master agreements co-covered by Darren Indyke and JPM's Global Investment Opportunities (GIO) desk.

[July 16, 2008] Jes Staley Executive Bonus Compensation Advisory

JPMorgan Investment Bank CEO Jes Staley consults Epstein regarding his annual executive compensation negotiation with CEO Jamie Dimon. Epstein advises Staley to demand a **$25 million target compensation package** structured through stock option mechanisms to bypass corporate board restrictions.

[December 11–12, 2008] Bernie Madoff Collapse & Mary Erdoes Emergency Inquiries

Following Bernie Madoff's arrest by federal agents, JPMorgan Asset Management CEO Mary Erdoes contacts Jes Staley, noting that hundreds of JPM private clients (including Carl Shapiro with over $1 billion in exposure) face catastrophic losses. Erdoes instructs Staley: *'Can you call JE [Epstein] to get scoop from down there?'*. Concurrently, Epstein exchanges urgent emails with Rothschild family members advising them on setting up non-bank negotiation vehicles and estate settlement safeguards.

[August 17, 2009 & March 9, 2010] Peter Thiel Philosophy Disclosures & Formal JPM GIO Desk Onboarding

Literary agent John Brockman emails Epstein detailing Peter Thiel's view of democracy as a *'failed experiment'*. On March 9, 2010, Mary Casey notifies Jes Staley that Epstein is formally set up on JPM's GIO desk with an ISDA master agreement co-covered by Paul Barrett.

II. 'PROJECT MOLECULE' SUPER DAF & KATHY RUEMMLER LEGAL NETWORK (2011–2013)

[January 31, 2011] Initial Bill Gates Meeting with Epstein in New York

Bill Gates meets Jeffrey Epstein for the first time at Epstein's 9 East 71st Street townhouse in NYC, arranged by Gates' chief science advisor Dr. Boris Nikolic.

[February 4–5, 2011] Larry Summers Madoff Inquiry & Launch of 'Project Molecule' ($100B Super DAF)

Former Treasury Secretary Larry Summers emails Epstein asking about Madoff and JPM (*'What is real story on madoff? Shouldn't jpm have known better?'*). Epstein presents Jes Staley with a confidential proposal titled *'The Gates & J.P. Morgan Charitable Giving Fund'* (codenamed **Project Molecule** or **Project Nucleus**). The initiative is engineered as a **$100 Billion Super Donor Advised Fund (DAF)** featuring 10 subaccounts designed to anonymously ingest illiquid 'funky assets' (closely held C-corp stock, Section 144 restricted shares, commercial real estate, art) with a strict minimum contribution threshold of **$100 million per donor**.

[August 22, 2011] Gates Foundation Compliance Memos & Giving Pledge Firewalls

A confidential Gates Foundation briefing memo (Jennifer Alcorn, Julie Sunderland) acknowledges Epstein as the *'broker'* connecting Gates and Jes Staley, but stresses the necessity of strict compliance firewalls around the Giving Pledge due to Epstein's criminal conviction.

[May 12, 2012 & December 2012] Leon Black Munch Art Acquisition ($120M) & bgC3/bgC4 Letter of Understanding

Epstein advises Apollo co-founder Leon Black on acquiring Edvard Munch's *'The Scream'* for $120 million at Sotheby's via JPM trust accounts. In December 2012, bgC3 Manager Larry Cohen drafts a Letter of Understanding with Dr. Boris Nikolic to form **bgC4** funded by Gates, while Cascade Investment drafts a $100 Million ISDA Master Agreement.

[2014 – 2016] Kathy Ruemmler / Edmond de Rothschild Representation & Consulting Fees

Following her service as White House Counsel to President Barack Obama (2011–2014), Kathy Ruemmler joins Latham & Watkins LLP as lead attorney resolving complex cross-border tax and regulatory matters for Swiss banking group **Edmond de Rothschild Holding** (led by Ariane de Rothschild). Epstein introduces Ruemmler directly to Ariane de Rothschild and serves as an official

consultant in the banking relationship. Ruemmler's 2015 letter confirms that Epstein-referred clients generated **millions of dollars in legal billings** for Latham & Watkins while fostering a close personal friendship between Ruemmler and Ariane. Ruemmler was subsequently deposed in *USVI v. JPMorgan Chase*.

III. BLOCKSTREAM, ETHEREUM, CRYPTO RAILS & SHADOW BANKING (2014–2021)

[April – August 2014] Blockstream $18M Seed Round & Reid Hoffman Allocation Bump ($500k)

Blockstream co-founder Dr. Adam Back and CEO Austin Hill visit Epstein at Little St. James and New York, forwarding Bitcoin regulatory whitepapers. On July 15, 2014, Joi Ito (MIT Media Lab) and Austin Hill inform Epstein that Blockstream's $18M seed round is 10x oversubscribed. Reid Hoffman directly intervenes, directing Blockstream to increase Epstein's personal allocation from $50,000 to **$500,000** via Joi Ito Investment Co., cutting other institutional VC allocations to accommodate him.

[September 19 – October 15, 2014] MIT Crypto Summit Network (Ito, Rubin, Morcos, Hoffman, Casares)

MIT Media Lab Director Joi Ito and Jeremy Rubin organize global crypto governance summits with Alex Morcos, Jerry Brito (Coin Center), Reid Hoffman, and Wences Casares (Xapo).

[December 1–3, 2014] Coinbase Series C Allocation via Brock Pierce (CCP II LLC)

Brock Pierce (co-founder of Tether and Blockchain Capital) emails Epstein operating agreements for **Crypto Currency Partners II, LLC (CCP II)**, writing: *'Attached are the docs I sent you for the LLC that we intend to funnel your investments through'*. Pierce offers Epstein an allocation in Coinbase's **$60 Million Series C financing round** alongside Andreessen Horowitz (a16z), Union Square Ventures, and Ribbit Capital. Service providers include Silicon Valley Bank, Merrill Lynch, Sidley Austin LLP, and BitGo/Xapo vaults.

[January 7, 2015] Gates Foundation Grant Tracking & Ethereum / Stellar Security Model Debate

Epstein emails Austin Hill proposing a blockchain tracking mechanism for Gates Foundation grant distributions (*'prevent corruption to the gates foundation assets... follow a chain'*). Austin Hill cautions Epstein that Bill Gates (*'Bill G'*) and Nathan Myhrvold (*'Nathan'*) are actively exploring **Ethereum and Stellar**, asserting: *'I'm concerned because they are exploring Ethereum & Stellar which have provably broken security models if you have the right cryptographers & scientists on your team.'* Hill urges Gates to adopt Dr. Stefan Brands' Zero-Knowledge identity patent suite ($18M Microsoft acquisition).

[March 16, 2016] Rothschild Donor Advised Fund Pitch & Paradigm Shift to Peer-to-Peer Crypto

Following MIT meetings with PayPal and Facebook alumni focused on crypto transfers and stores of value, Epstein emails Ariane de Rothschild proposing a **Rothschild Donor Advised Fund** in the U.S. alongside Bill Gates, declaring: *'Your family helped to start the "banking system", only appropriate that it help end it, and form a new paradigm for financial transactions... store of value vs peer to peer lending transfers'*. He references consultation calls with 'Kathy' [Ruemmler] regarding private business sales and trust structures.

[March 26, 2016] LedgerX Derivative Exchange Pitching & Rejection

Jeremy Rubin introduces Zach Dexter (LedgerX) to Epstein. Epstein rejects their pitch deck as *'fluffy'* and *'a deck for the newspapers,'* demanding exact monetization timelines and CFTC clearing mechanics.

[November 16, 2017 & January 29, 2018] Crypto Wash Trading Disclosures & Coinbase Secondary Sale ($11M)

Austin Hill (Brudder Ventures) emails Epstein a spreadsheet of crypto hedge funds (Alphabit, Pantera, Polymath), disclosing that private funds ($5M min) perform HFT-style wash trading and market volume manipulation. Epstein forwards these disclosures to Paul Barrett at JPMorgan. On January 29, 2018, Darren Indyke communicates an OTC offer to sell 50% of Epstein's private Coinbase stake for **$11 million**.

[April 2018 & May 2019] Stone Ridge DGTLX Fund (BTC, ETH, XRP) & Medici Bank Puerto Rico

Teresa Teague (TTB Partners) pitches Stone Ridge Asset Management's SEC-registered Digital Asset Fund (**DGTLX**, $120M beta) to David Stern and Epstein, offering cap-weighted exposure to **Bitcoin (BTC), Ethereum (ETH), and Ripple (XRP)** led by former NY DFS Superintendent Ben Lawsky. In May 2019, Epstein conducts due diligence on **Medici Bank** (Puerto Rico), co-founded by Ed Boyle, Lorenzo de Medici, and Brock Pierce, with seed backers including Kyle Bass ($200K) and Greg Gilbert.

IV. ARCHEGOS, FTX COLLAPSE & SEC FILE NO. 4-927 RULING (2020–2026)

[2020 – 2024] Archegos Swap Fraud & FTX Bankruptcy Dockets ($23.6 Quintillion Claims)

Archegos Capital traders conceal $20B+ in synthetic swap losses by deleting Tesla, Apple, and PDD tickers from prime broker risk spreadsheets. Concurrently, FTX and Binance partner with German broker CM-Equity AG to launch 24/7 tokenized fractional stocks. Delaware Chapter 11 dockets (*In re FTX Trading Ltd.*) reveal Alameda borrowed >$10B in customer deposits, with Alvarez & Marsal reporting **$23.6 Quintillion in filed claims** driven by unbacked tokenized stock calculations.

[February 2026] Elon Musk Public Disclosures on Epstein Island Invites & Gates Tesla Short

Elon Musk reveals on X that Epstein attempted to lure him to his island, prompting SpaceX/X to blocklist Epstein at the server level. Musk discloses Epstein subsequently pressured Bill Gates to execute a **$500 million short position** against Tesla stock.

[September 3–17, 2026] Offshore Stock Tokens Clash & SEC File No. 4-927 Innovation Exemption Order

Robinhood Assets (Jersey) Limited launches offshore Stock Tokens in the Channel Islands. AMC CEO Adam Aron publicly clashes with Robinhood CEO Vlad Tenev and CLO Dan Gallagher, demanding a Cease and Desist against unregistered tokens. Retail investors file an official comment letter under **SEC File No. 4-927 / Release No. 34-106402** analyzing shadow banking records. On September 17, 2026, SEC Chairman Paul Atkins officially issues the **'Innovation Exemption' Order**, establishing mandatory SEC oversight, prohibiting unbacked synthetics, and granting corporate issuers explicit veto rights.

INSTITUTIONAL NETWORK CROSSOVER MATRIX

Entity / Individual	Institutional Role & Venue	Network Connection & Primary Financial/Legal Instrument
Kathy Ruemmler	White House Counsel / Latham & Watkins / Goldman Sachs GC	Lead counsel for Edmond de Rothschild Holding (introduced by Epstein); confirmed Epstein's consultant role; generated millions for Latham; deposed in USVI v. JPM.
Ariane de Rothschild	Edmond de Rothschild Holding (Swiss Banking)	Coordinated private business sales & DAF proposals with Epstein; retained Latham & Watkins via Epstein's referral.
Jes Staley	JPMorgan Private Bank CEO / Barclays CEO	Primary executive contact for Epstein at JPM; negotiated annual bonuses; co-pitched Project Molecule $100B Super DAF.
Bill Gates	Microsoft Founder / Cascade Investment / Gates Foundation	Target of Project Molecule $100B Super DAF; $100M ISDA master agreement draft with Boris Nikolic; explored Ethereum/Stellar; shorted $500M Tesla via Epstein pressure.

Entity / Individual	Institutional Role & Venue	Network Connection & Primary Financial/Legal Instrument
Austin Hill & Dr. Adam Back	Blockstream Co-Founders / Brudder Ventures	Visited Epstein at Little St. James; received $500k seed allocation bump via Reid Hoffman/Joi Ito; disclosed crypto wash trading & advised Gates on Ethereum security models.
Brock Pierce	Tether Co-Founder / Blockchain Capital	Onboarded Epstein into Crypto Currency Partners II, LLC (CCP II) to funnel $60M Coinbase Series C allocation; co-founded Medici Bank in Puerto Rico.
Adam Aron	AMC Entertainment CEO	Publicly opposed Robinhood's offshore stock tokens; praised SEC File No. 4-927 3-part ruling (Veto, No Synthetics, Investor Protection).

Adam Aron
@CEOAdam

Robinhood apparently is behind an effort related to "tokenized real-world assets including Stock Tokens" for AMC Entertainment (and supposedly 190+ other companies). They are not registered under U.S. securities laws !!!!!!

I find this practice to be contemptible, outrageous, disgusting, detestable, inexcusable, vile. How can it possibly be legal? We have no connection to this at all, and do not condone it in any way.

We immediately are going to have our outside securities counsel look into this.

docs.robinhood.com/rhj
Stock Tokens are not registered under U.S. securities laws and may not be offered, sold, or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. Offers and sales of Stock Tokens are subject to restrictions in other jurisdictions, including, without limitation, Canada, the United Kingdom, and Switzerland. A full list of the jurisdictions in which offers or sales are restricted or prohibited is available here:
docs.robinhood.com/rhj
Robinhood Assets (Jersey) Limited is a private limited company incorporated in Jersey, with its registered address at First Floor, La Chasse Chambers, Ten La Chasse, St. Helier, JE2 4UE, Jersey. The Issuer is registered under the registration number 162428.
Stock Tokens have not been and will not be registered under the U.S. Securities Act of 1933, as amended from time to time (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. Stock Tokens may not be offered, sold or delivered within the United States to, or for the account or benefit of U.S. Persons (as defined in Regulation S under the Securities Act ("Regulation S")), and (ii) may be offered, sold or otherwise delivered at any time only outside of the United States and to transferees that are not U.S. Persons (as defined in Regulation S)....

©2026 Robinhood Markets, Inc. All rights reserved.

docs.robinhood.com
Robinhood RHJ
Issuer and contact information, disclosures, price deviations, and corporate actions for ...

Last edited 5:18 PM · Sep 3, 2026 · **2.1M** Views

Vlad Tenev
@vladtenev

What's the concern?

11:11 PM · Sep 3, 2026 · **3.6M** Views

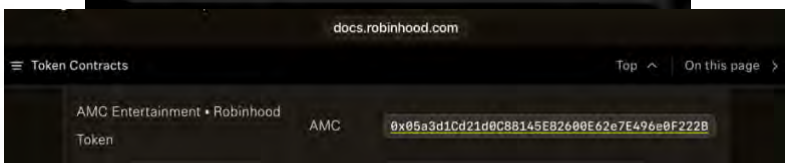
Adam Aron
@CEOAdam

And @vladtenev here is a similar view:

> **TheRoaringRockets** @rocketspv · Sep 3
> Replying to @vladtenev and @CEOAdam
> The concern is that you're offering synthetic exposure to 190+ public companies' stock without registering these as securities. 'Tokenized' doesn't exempt you from the Securities Act - ask the SEC, not on X.

3:03 AM · Sep 4, 2026 · **293.4K** Views





Adam Aron
@CEOAdam

Seriously? What's the concern you ask, @vladtenev? The list of concerns is almost existential.

U.S. securities laws are in place to protect investors. For good reason, we spend millions and millions of dollars every year to comply with U.S. securities laws. In good. conscience, how can Robinhood as a U.S. company set up an operation in far offshore Jersey, an island 3000 miles away, and market a security sort of posing as AMC in some shape or fashion, and not comply with U.S. securities laws. That is shocking and shameful.

Our past issuance of equity to strengthen our balance sheet was vital to our success. Your setting up some kind of fictitious synthetic equity market decouples stock token ownership from a company's ability to control its own capital raising efforts.

Share ownership gives shareholders various rights, including the right to vote their shares. Your stock token pretend to be some form of stock ownership, but disclosures to the contrary notwithstanding, they are not ownership and they deprive investors of their rights.

This quasi-fake market you are creating on the island of Jersey sows distrust amongst the public about financial markets in general. There already is distrust in financial institutions, you are potentially making it far worse.

These are but a few of my concerns about your actions.

I hereby call on you and Robinhood to voluntarily CEASE AND DECIST the trading of AMC stock tokens. If you don't, our high priced securities counsel has been asked to see whether we can force you to stop.

I also wonder how can the SEC possibly support your sham ignoring of U.S. securities laws. You can be sure we will be asking them.

> **Vlad Tenev** @vladtenev · Sep 3
> Replying to @CEOAdam
> What's the concern?

2:30 AM · Sep 4, 2026 · **3M** Views

Adam Aron
@CEOAdam

In addition to my own comments back to @vladtenev about about my strongly-held concerns about Robinhood's Stock Tokens, read what someone named Brad (who I don't know) insightfully had to say on this topic:

> **Brad. M**
> @D1ssoluti0ng0v
>
> @vladtenev The concern is not mysterious.
>
> You put AMC's name on a Jersey debt note, sold it as an "AMC Stock Token," and then asked the CEO of AMC what the problem is. That is the problem.
>
> Retail is not confused about the wrapper. We know it is not a share. No vote. No ownership. No claim on the company. You said that in the fine print. You still used the ticker, the brand, and the price of a company that never hired you to package its equity.
>
> Then you put that wrapper on a permissionless chain with a thin float. It trades 24/7. It sits in DeFi pools. It gets used as collateral and as the quote asset for memecoins. When a small token float gets shoved away from the NYSE print, that is not "innovation." That is a second AMC market you created without AMC.
>
> A 1:1 claim is not an answer. It only helps the listed stock if you buy real shares to mint. If you mint against inventory, hedges, locates, or delayed settlement, you created extra AMC exposure without extra demand on the tape. Discount arbitrage can hit the real stock. Premium minting can add more wrappers instead of lifting offers.
>
> You blocked this from U.S. persons and still wrapped a U.S. company. Then you replied to the CEO with "What's the concern?"
>
> The concern is you built a synthetic AMC market, kept the economics, left AMC with none of the control, and treated a shareholder-rights question like a support ticket. @RobinhoodApp @RobinhoodCrypto

Last edited 2:43 AM · Sep 4, 2026 · **319K** Views

Adam Aron
@CEOAdam

CEASE AND DECIST in all caps was my attempt at humor. It was a cross between Desist (which means to stop) and De-cyst (which would mean to remove a cyst, something that causes pain and discomfort).

What you know about U.S. securities laws apparently is that you are happy to ignore them if you simply disclose that you are ignoring them.

If your offshore Stock Tokens can not be offered or sold to U.S. persons, why are you touting them on your U.S. web site?

If it is not illegal, it should be. And in any case, it displays a terrible lapse of judgement on your part. Wisdom is displayed not just by obeying the strict letter of the law, but by doing what is right.

Shame on you.

> **Dan Gallagher** @DanGallagherDC · Sep 4
> We know a little something about the U.S. securities laws and will not "DECIST." Send your lawyers and we'll educate them.
> x.com/ceoadam/status...

12:38 PM · Sep 4, 2026 · **549.2K** Views

Vlad Tenev
@vladtenev

Everyone should be able to access high-quality financial assets, wherever they live.

That's what tokenization unlocks: taking the best of US capital markets and making them available on a global scale.

The industry is still small compared with global finance, but the advantages are becoming harder to ignore. Traditional market infrastructure was built around fixed hours, closed networks and layers of intermediaries. It was never designed for 24/7 execution, programmable assets, composability or self-custody.

The needs of investors have moved faster than the rails underneath them. We're working to change that.

What gives me confidence is seeing how many different people are now pushing this industry forward. Founders are building new products, LPs are bringing liquidity, traders are finding new uses, and infrastructure teams are making the whole thing work.

It's a privilege to be in the trenches with all of you.

We are still early, and there is a huge amount left to build. It will also take time and effort for the old guard to get onboard. This is worth fighting for.

9:24 PM · Sep 4, 2026 · **1.7M** Views

Adam Aron
@CEOAdam

In my opinion, one that is shared by others, that's a terrible lapse in your judgement @vladtenev

Playing fast and loose with U.S. securities laws is not something that brings honor to Robinhood. It is not one that adds integrity or credibility to financial markets.

By your own admission, in this instance you are not adhering to U.S. securities laws, and therefore you can not offer or sell these offshore island of Jersey tokens to U.S. persons. And yet, your company boasts about them on your U.S. web site.

This practice is something that you should not be standing behind.

> **Vlad Tenev** @vladtenev · Sep 4
> We stand behind Stock Tokens. x.com/dangallagherdc...

12:49 PM · Sep 4, 2026 · **357.2K** Views

Adam Aron
@CEOAdam

Hey there @DanGallagherDC, in the past week you and @vladtenev CEO of Robinhood have made public comments defending your use of and "standing behind" your relatively new Stock Token concept.

I think this practice is abhorrent. It defeats the very ethos of share ownership. Public financial markets were created so that companies could raise capital, and so that investors could share in the wealth created as a result. Not to turn investing instead merely into some gamified business-oriented casino.

If by your own admission you can't offer or sell Stock Tokens to "U.S. persons" why does your U.S. web site talk about them so much and so favorably?

Vlad: How can a U.S. brokerage firm be proud of creating an offshore Channel Island operation in far off Jersey specifically with the intent to operate outside U.S. securities laws? Is there potential confusion that Stock Token purchasers are getting less than all the rights accorded to real shareholders, and if so do you care? If those tokens are theoretically backed 1:1 by real shares, but hypothetically some of those underlying real shares are in turn lent out to short sellers, are the Tokens really backed 1:1 in fact?

Dan: I think U.S. securities laws have protected the public very well over the past century. You spent much of your career at the SEC. Deep down, in your heart of hearts, how can you really think a world without the precautions imposed by U.S. securities laws creates a better, safer environment for investors?

Choose whatever descriptors you think best make sense under the circumstances: Non-regulated, derivative, synthetic, sham, debt-backed securities trying to simulate actual real stock, or pick your own words if these don't fit.

Stock Tokens may make you an innovator in your own eyes. In my eyes, they bring your firm dishonor.

11:52 PM · Sep 12, 2026 · **4.2M** Views

Johann Kerbrat
@JohannKerbrat

SVP and GM of International & Crypto @ Robinhood.
Tweets are my own opinion.
Joined July 2021

With Stock Tokens TVL reaching over $170M and nearly $50B in DEX volume on the Robinhood Chain, we are getting more questions about what they are and how they work.

All Robinhood Stock Tokens are backed 1:1 with real shares in secure custody. And Stock Tokens receive the economic equivalent of dividends and corporate actions returns reinvested into their holdings.

In other words, when a new Stock Token is minted, we buy a real share of the company at the same time.

What about in-kind redemption and voting rights? Not yet, but they're coming. Step one is to scale adoption of Stock Tokens. We're actively working on redemptions for shares 1:1 with voting for eligible Stock Token holders on the roadmap. We know how to do this well: we run a shareholder engagement platform, Say by Robinhood, which allows shareholders to participate in actions like voting.

What about the technology? We built Stock Tokens to be composable, which allows developers to build new innovative offerings like we have seen the past few weeks, with many that we have yet to discover.

What am I the most excited about? Billions of people in the world don't have access to U.S. investment assets. With Stock Tokens, that era is ending. Any eligible customer with a phone and an internet connection can now get exposure to the most exciting market in the world.

11:17 AM · Sep 14, 2026 · **556.4K** Views

Paul Atkins
@SECPaulSAtkins

X.com

Today, we are taking a significant step forward, within our statutory authority, to bring America's capital markets into the digital age by facilitating onchain trading of certain tokenized stocks through the "Innovation Exemption." 🇺🇸

> **U.S. Securities and Exchange Commission** @SECGov · 1d
> 🚨 TODAY: The SEC issued an order granting temporary, conditional exemptive relief to Tokenized Securities Venues from the definition of "exchange" in the Exchange Act to trade tokenized NMS stock using innovative permissioned automated market makers and liquidity pools.



9:07 AM · 9/17/26 · **526K** Views

Adam Aron
@CEOAdam

X.com

I want to extend my highest praise to Paul Atkins, Chairman of the U.S. Securities and Exchange Commission, for the wise decision — perhaps a better characterization being the brilliant decision — he announced today on behalf of the SEC about Stock Tokens.

The SEC granted a five year period of experimentation on this topic in U.S. markets. In doing so, the SEC laid out some inviolate and unequivocally annumerated conditions:

The SEC highlighted that "Investor Protection Is Not Optional." The SEC clearly laid out that even as it puts forward an "Innovation Exemption," the SEC has an implicit right to govern on this issue. This means that at least within the U.S., there is an underpinning that appropriate regulatory bodies can regulate
as they think is needed. I believe that over the last full century, investors have best been protected when U.S. regulatory bodies have been involved and U.S. securities laws have been applicable. Thank you, SEC.

The SEC also emphasized that there can be "No Synthetics." Any such Stock Tokens must carry full voting and dividend rights. No synthetics is such a vital and basic concept. Thank you, SEC.

Also of crucial importance, the SEC mandated that "Issuers Can Object." It said that issuers of stock must have the opportunity to object and prevent their security from being trading on a Tokenized Securities Venue if companies so choose. This puts companies in charge of their own securities and capital structures, not brokerage houses. Thank you, SEC.

I applaud what the SEC did today. Bravo!

And @vladtenev and @DanGallagherDC I note that at Robinhood you accepted and supported the SEC's ruling today. I call on you now to adhere to the exact same standards internationally. How hypocritical would it be if Robinhood's stock tokens abroad were to differ materially from stock tokens in the U.S. on these hyper-important matters of investor protections, synthetics and issuer objections.

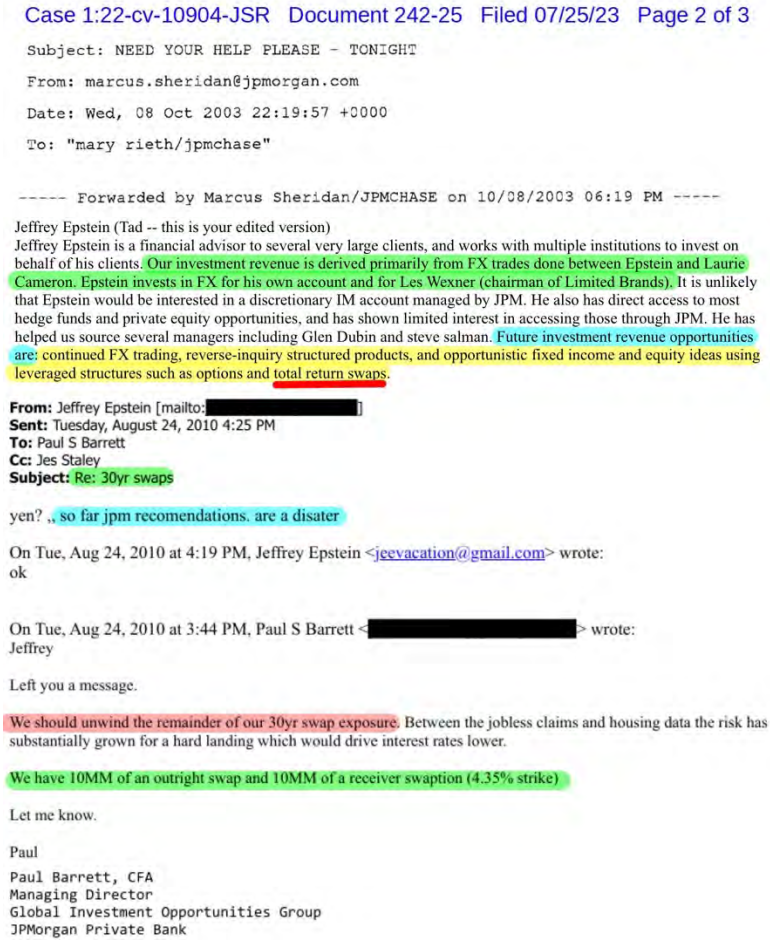
Adam Aron
Chairman and CEO
AMC Entertainment

5:18 PM · 9/17/26 · **236K** Views

Executive Summary

U.S. Department of Justice and court documents map out a web of high-level financial transactions, institutional relationships, and corporate evolutions spanning from 2003 to 2023. The data primarily converges on three major thematic areas:

- **Jeffrey Epstein's Financial Network & JPMorgan Relationship:** The documents highlight Jeffrey Epstein's deep integration with JPMorgan Chase (JPM). JPM personnel managed currency trades, interest rate swaps, and complex derivative accounts for Epstein and his primary client, Leslie Wexner (Chairman of Limited Brands). Epstein's relationship generated millions in revenue for the bank and was facilitated heavily by his in-house counsel, Darren Indyke.



Case 1:22-cv-10904-JSR Document 242-25 Filed 07/25/23 Page 2 of 3

Subject: NEED YOUR HELP PLEASE - TONIGHT

From: marcus.sheridan@jpmorgan.com

Date: Wed, 08 Oct 2003 22:19:57 +0000

To: "mary rieth/jpmchase"

----- Forwarded by Marcus Sheridan/JPMCHASE on 10/08/2003 06:19 PM -----

Jeffrey Epstein (Tad -- this is your edited version)
Jeffrey Epstein is a financial advisor to several very large clients, and works with multiple institutions to invest on behalf of his clients. Our investment revenue is derived primarily from FX trades done between Epstein and Laurie Cameron. Epstein invests in FX for his own account and for Les Wexner (chairman of Limited Brands). It is unlikely that Epstein would be interested in a discretionary IM account managed by JPM. He also has direct access to most hedge funds and private equity opportunities, and has shown limited interest in accessing those through JPM. He has helped us source several managers including Glen Dubin and steve salman. Future investment revenue opportunities are: continued FX trading, reverse-inquiry structured products, and opportunistic fixed income and equity ideas using leveraged structures such as options and total return swaps.

From: Jeffrey Epstein [mailto:[redacted]]
Sent: Tuesday, August 24, 2010 4:25 PM
To: Paul S Barrett
Cc: Jes Staley
Subject: Re: 30yr swaps

yen? ,, so far jpm recomendations. are a disater

On Tue, Aug 24, 2010 at 4:19 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:
ok

On Tue, Aug 24, 2010 at 3:44 PM, Paul S Barrett <[redacted]> wrote:
Jeffrey

Left you a message.

We should unwind the remainder of our 30yr swap exposure. Between the jobless claims and housing data the risk has substantially grown for a hard landing which would drive interest rates lower.

We have 10MM of an outright swap and 10MM of a receiver swaption (4.35% strike)

Let me know.

Paul

Paul Barrett, CFA
Managing Director
Global Investment Opportunities Group
JPMorgan Private Bank



Case 1:22-cv-10904-JSR Document 242-3 Filed 07/25/23 Page 2 of 3

Subject: NWS event

From: mary.rieth@jpmorgan.com

Date: Tue, 20 Apr 2004 20:11:59 +0000

To: marta.salgado@jpmorgan.com

Bcc: assentor@jpmorgan.com

My guests are Darren Indyke and his wife, Michelle. Mr. Indyke is the in-house counsel for Jeffrey Epstein. Epstein is a private banking client in his own right, as well as the money manager for Leslie Wexner. The Epstein/Wexner relationship generated over $8.5 million in revenue in 2003, primarily SDI-related. Mr. Indyke works with us on all legal related matters, including negotiation of hedge fund subscription documentation, derivative term sheets and ISDAs. His assistance this past year was crucial to closing a number of important transactions with Epstein.

Please thank him for his consistent support to us on such a crucial relationship to the private bank.

Thanks!
Mary C. Rieth

tel: (212) 464-1747

fax: (212) 464-1312

Confidential JPM-SDNYLIT-00105031

Case 1:22-cv-10904-JSR Document 326-118 Filed 09/08/23 Page 2 of 2

From: Mary C Casey [mary.c.casey@jpmorgan.com]
Sent: 3/9/2010 12:47:05 PM
To: Jes Staley [jes.staley@jpmorgan.com]
CC: Rosa M da Silva [rosa.m.dasilva@jpmorgan.com]; Paul V Morris [paul.v.morris@jpmorgan.com]
Subject: Jeffrey Epstein

Jes -- just a quick note to let you know that Jeffrey is now set up for business in the Private Bank (incl w/ an ISDA) on the GIO desk. Paul Barrett and Jeff Matusow are co-covering him on the GIO desk and Paul Morris will be his banker. Paul is a former investment banker from Barclays who joined our team last year. I'll make sure you get to meet him soon. So Jeffrey is well covered and hopefully the relationship will grow from here. We'll keep you posted.
Thanks.
Mary

Mary Casey, Managing Director, J.P. Morgan Private Bank
270 Park Avenue, New York, NY 10017
tel: (212) 464-0374; fax (212) 464-1311
mary.c.casey@jpmorgan.com

Confidential JPM-SDNYLIT-00099899

- **The "Project Molecule" / Gates Donor Advised Fund (DAF):** In 2011, Jeffrey Epstein acted as a behind-the-scenes broker between JPM executives (Jes Staley and Mary Erdoes) and Bill Gates to propose a massive, high-profile "Super Donor Advised Fund" (initially referred to as Project Nucleus/Molecule) targeting minimum donations of $100 million. While Epstein pitched it as a revolutionary vehicle for the ultra-wealthy, Bill & Melinda Gates Foundation internal memos reveal a conscious effort to keep their core mission firewalled from these pitches, noting Epstein's "unseemly reputation due to a criminal conviction."

From: Jeffrey Epstein <jeevacation@gmail.com> EFTA00646027
Date: Fri, 4 Feb 2011 15:52:23 -0500
To: Larry Summers<[redacted]>
Subject:

home tel no.[redacted] ehud,,, please keep very private.. expecting your call

On Sat, Feb 5, 2011 at 7:15 AM, <[redacted]> wrote:
Spoke w him. He is tied up in israel political fight over army cos. we are trying for monday?

How was mandelson?

Sent from my Verizon Wireless BlackBerry

From: [redacted]
To: "Jeffrey Epstein" <jeevacation@gmail.com>
Subject: Re:
Date: Sat, 05 Feb 2011 13:04:52 +0000
Importance: Normal

Agree re peter. Strikes me guy has talent for lucrative intruige that he is not exploiting. Way shrewd about politics not money.

What is real story on madoff? Shouldn't jpm have known better? If they had no ob ligation to figure it out why should people private bank w them.

Gates sounds interesting.

L

Sent from my Verizon Wireless BlackBerry

From: Jeffrey Epstein <jeevacation@gmail.com>
Date: Sat, 5 Feb 2011 07:35:56 -0500
To: <[redacted]>
Subject: Re:

he stayed the week at my house. politically savvy, commercially less so. -- He thinks my making the super -rich ,richer should be re-thought. I talked to Staley regarding the Donor advised fund. You and I are invited to Seattle to spend serious time with Bill Gates.

Date: Sunday, February 6 2011 12:10 PM
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jes Staley <jes.staley@jpmorgan.com>; ESTATE_JPM001591

donor advised fund. ;/ 1. you could tie it initally just to the gates program,, miinimum gift. 100 million. it could then be opend up later. IT will be the largest foundation in the world. You need an advisroy board for 1, investments. 2. distributions. . you will need an amministration , mirroring a mutual fund. 4. tax compiance dept. dedicated to the operation. IT will underpin a trust and estate . dept , the size of which will be enormous, 5. I would suggest , an irs auditor full time on site. 6, as a DAF , you will be able to take in funky assets. (sub s, closely held c's , Art,) valuation services. . sale and mgmt of 144 stock_). done right its 100 billion dollars in 2 years. thetension is making money from a Charitable Org. therefore the money making parts need to be arms length . salaries are disclosable ,and closely watched . Farming the investments to a highbridge is no brainer , but must be done with airtight opinions and reviewed by committees. I thought of University Heads. Foundation Chairs,for the boarrds It will be the most sort after board in the country.

To: Jes Staley[redacted]; Erdoes, Mary E[redacted]
From: Jeffrey Epstein
Sent: Sun 8/28/2011 10:45:11 AM
Subject: as of today,, no draft, - no financial proposal cutler / mary

Jeffrey Epstein to Jesshow details Feb 6

donor advised fund. ;/ 1. you could tie it initally just to the gates program,, miinimum gift. 100 million. it could then be opend up later. IT will be the largest foundation in the world. You need an advisroy board for 1, investments. 2. distributions. . you will need an amministration , mirroring a mutual fund. 4. tax compiance dept. dedicated to the operation. IT will underpin a trust and estate . dept , the size of which will be enormous, 5. I would suggest , an irs auditor full time on site. 6, as a DAF , you will be able to take in funky assets. (sub s, closely held c's , Art,) valuation services. . sale and mgmt of 144 stock_). done right its 100 billion dollars in 2 years. thetension is making money from a Charitable Org. therefore the money making parts need to be arms length . salaries are disclosable ,and closely watched . Farming the investments to a highbridge is no brainer , but must be done with airtight opinions and reviewed by committees. I thought of University Heads. Foundation Chairs,for the boarrds It will be the most sort after board in the country.s
jul 17

You can call and introduce yourself,, and tell him that Bill wanted you personally and he to work on the DAF. p.s. I understand that some low level jpm person in seattle, has been trying to pitch them on this idea..

EFTA_R1_00259343
EFTA01859857

jul 27

GATES. you should tell dick that the first week or so in sept , we will provide him a full presentation for a DAF the new legal restrictions , a silo based proposal that will get bill more money for vaccines , a public realtions strategy, an internet strategy, a proposed structure that encompasses a to be populated list of advisory committess investmentcommitees , grant comittes,, and a menu of structural choices to maximiaze flexibillity, We envision a multibillion dollar fund fairly quickly, and will research the international implications , for bothe donors and grants.

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jes Staley [redacted]>; Erdoes, Mary E
Sent: Wed Aug 10 04:19:42 2011
Subject: gates DAF

for the meeting with Dick , we should have a complete presentation,. IT needs to address how it enhances current giving by GF . vaccines, maternal care,, These should be two of the donor silos. . IT should have a structure, that for example purposes only, has , the best investors in the role of advisors. (we should decide whether being on the investment commmitee, automatially disqualifies an investment in ones particular fund , for example if LEon sat on the advisory board, should there be no apollo investments. (legal issue as well as optical).. JPM acts as fiduciary in every capacity,,It should deal with hard to value assets.. appreciated real estate. , (a real estate group, should be available). valuation firms, trust and estate experts. . The web based, investor access to information , could set an example for simple user interface. click or touch an investment silo to retrieve all relevant data, in many forms. This will be very HIGH profile. I propose a minimum of 100 million donation . It will be the most exclusive of clubs, In addition , though membersip in the "club"could be known , the gifts can be given anonymously. This will fulfill the wishes of many that have spoken to bill about wanting to do things but not wanting the publicity. For example funding Gay, Aids, Jewish, orgs, that otherwise might bring unwanted attention to the giver by both the press and its competing groups. For example, If someone wants to give money to a program that in any way competes with their self or perceived image. Another school. , program etc. many have expressed reservations that giving publicily woudl send a complex message to those institutions that have already close relations with the donor.

JPM-SDNYLIT-00016654

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jes Staley <jesstaley1@gmail.com>;Erdoes, Mary E" <mary.erdoes@jpmorgan.com>
Sent: 8/26/2011 10:13:53 AM
Subject:

I am more than happy to meet with anyone you think moves this along .. cutler. jamie. . etc.. As mary said it need to be PROPER. . please consider , there are four major areas of huge opportunity for some mutually satisfactory arrangement. Gates and his entourage (facebook, spotify (parker). Middle East. Africa, China. THe common thread is they all want private advice. . The opportunities like the DAf idea , originates with me, i cook it slowly, adding various ingredients almost fully cook it. and then want to turn it over to you . As I said to mary , if Tom Pritsker established an investment bank and I did most things with tom, could that be a beginning of a solution. ?

Confidential

JPM-SDNYLIT-00016924

From: Richard Henriques
Sent: Tuesday, September 13, 2011 8:17 PM EDT
To: Jeff Raikes; Bill Gates; Bill Gates
CC: Jenna Brereton (Geneva Global); Connie Collingsworth; Robert Rosen; Gabrielle Fitzgerald; Julie Sunderland; Ernest Loevinsohn; Boris Nikolic; Christine Turner; Andrea Voytko; Rose Patterson; Melinda French; Elizabeth Loy; Michele Boyer; Larry Cohen; Raymond Maas; Boris Nikolic; Christine Turner; Elizabeth Loy; Larry Cohen
Subject: 8/31 Meeting with Jes Staley et al on Donor Advised Funds
Attachments: MP Mtg notescrc doc.docx, Client Molecule Draft.FINAL-pdf.zip

Bill & Jeff,

Connie and I had a very informative discussion with Jes Staley and Mary Erdoes of JPM on August 31 to understand in some depth the "Super Donor Advised Fund" concept JPM is building out – the meeting notes and JPM presentation are attached. An important next is to establish the strategic direction for the foundation and coordination of foundation initiatives targeted at private donors. We will work with Boris to set up a meeting with Bill in October to discuss and receive guidance on alternative approaches to participating in donor advised funds. An agenda and additional background materials will be forthcoming in advance of the meeting. Please let us know if you have any questions of comments in the meantime.

Dick

CONFIDENTIAL

GV000028

From: Duffy, John R [john.r.duffy@jpmorgan.com]
Sent: 9/20/2013 9:20:48 PM
To: Erdoes, Mary E [mary.erdoes@jpmorgan.com]
Subject: JE

Spoke with him. Good conversation. Told JE no on sole trustee or POA, yes for advisory role without discretion. Yes for custody in the client's name.

Tough one he brought up regarding Gates - JE and JPM as co-trustee. While I expect that this would be hard to get through - its like co-branding with him. We should still discuss it - Let's talk. He understood.

John R. Duffy
J.P. Morgan
CEO, U.S. Private Bank
270 Park Avenue
New York, NY 10017
Tel: 212-464-1468
Email: john.r.duffy@jpmorgan.com

J.P. Morgan Securities LLC
Confidential

On Wed, Nov 13, 2013 at 6:01 PM, Bill Gates <[redacted]> wrote:

I should understand better what I should do here.
Should I approach Leon specifically about doing a DAF?
I would like to do a few of them on a private basis and see how it goes.
I should start with the people who are most open minded to the construct.

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Bill Gates <[redacted]>
Subject: Re: DAF structure learning?
Date: Wed, 13 Nov 2013 22:36:10 +0000

If you thought smart. Larry Summers would gladly be involved, the flexibility of the DAFS are custom made for the problems of the hyper rich. more and more people realize they can't give this much money to their children. however as Ive said before they have no solution. The Jp Morgan mini version was a failure, though it raised some money. To remind you, and you can check with Boris, I told you that this would not work . the presentations , goals persectives , were pedestrian sell side constructs. Mary Erdoes is a nice person. thats it. . Dafs allow anonymous giving, . so that ones alma mater is not hysterical that their favorite alumni has other interests. . portfolios can be designed for each individual so that they have a say in the investment makeup. (this quickly goes away). . It is like having a perpetual money fund, your children can advise in the future, an can call upon seasoned professionals. there is a limited number as you know of super high qualty people in any field , the chariable one , no exception. otherwise you have 50 families that have wealth greater than 5 billion , each setting up their own, having the same administration headaches concerns, and search criteria its silly. . look forward to spending time, it will be the most money any charity has ever had.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Wednesday, November 13, 2013 2:19 AM
To: Bill Gates
Subject:

the art sales are an example of the cash pressure. that could be going for good causes. Donor advised Fund Apollo , leon black will do the money piece, you do the giving.
http://www.nytimes.com/2013/11/13/arts/design/bacons-study-of-freud-sells-for-more-than-142-million.html?hp&gwh=5AED892B89D4E7F3E7A9A9F2C792565F

DRAFT

8/26/2011

Version 13

Wednesday, August 31, 2011

PROJECT MOLECULE – CLIENT DRAFT

Investment products: Not FDIC insured • No bank guarantee • May lose value

Please see important information at the end of this presentation.

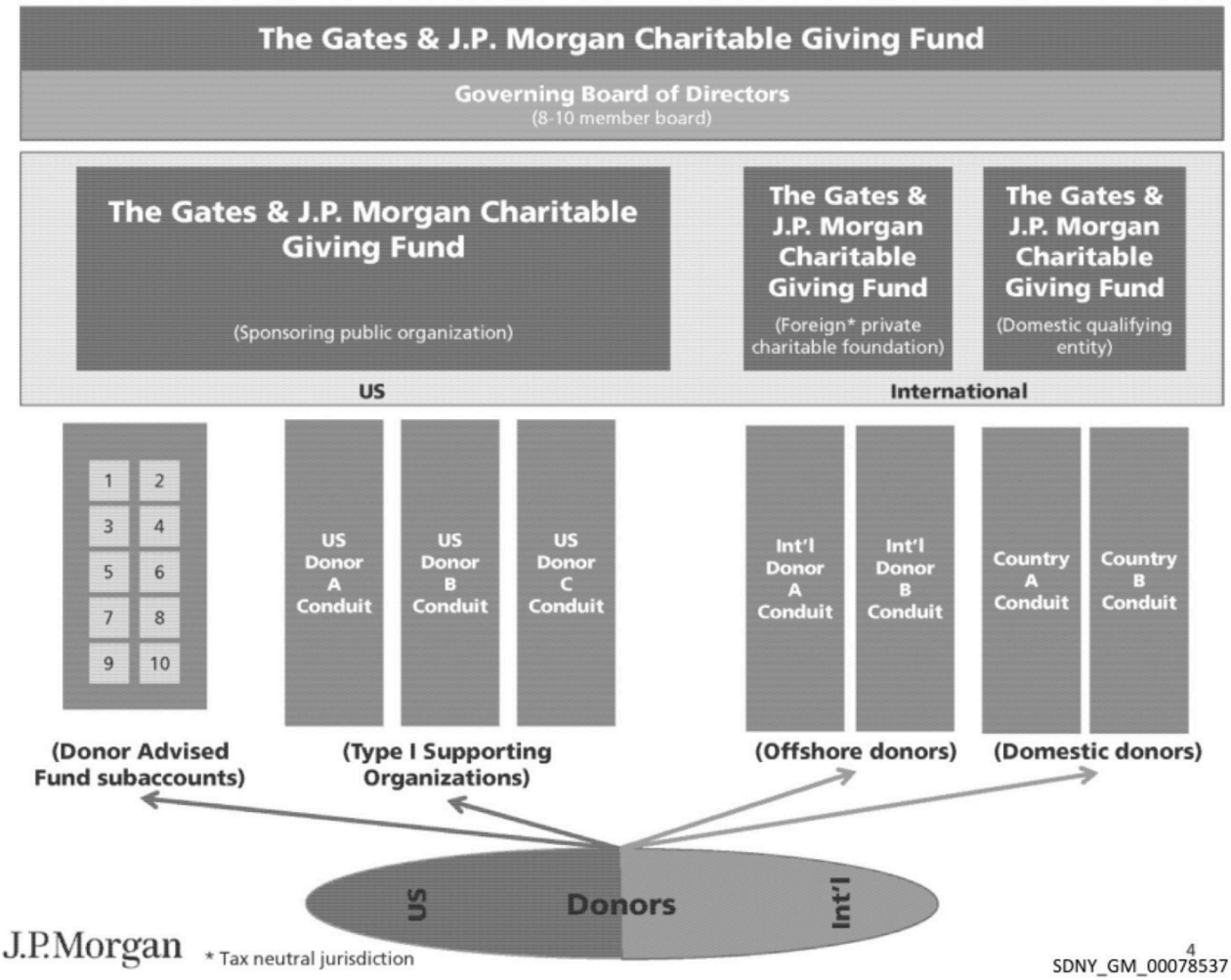
J.P.Morgan

CONFIDENTIAL

Confidential Treatment Requested by JPMorgan Chase

Structure

Recommended structure



J.P.Morgan * Tax neutral jurisdiction

CONFIDENTIAL

Confidential Treatment Requested by JPMorgan Chase

Structure

Managing risk and fiduciary responsibilities for over 160 years

Overall Portfolio Risk Management

- Liquidity
- Transparency
- Stress testing
- Drawdown
- Annual potential loss

The Gates & J.P. Morgan Charitable Giving Fund

Governing Board of Directors
(8-10 member board)

The Gates & J.P. Morgan Charitable Giving Fund	The Gates & J.P. Morgan Charitable Giving Fund	The Gates & J.P. Morgan Charitable Giving Fund
(Sponsoring public organization)	(Foreign* private charitable foundation)	(Domestic qualifying entity)
U.S.	International	

1 2	U.S. Donor A Conduit	U.S. Donor B Conduit	U.S. Donor C Conduit	Int'l Donor A Conduit	Int'l Donor B Conduit	Country A Conduit	Country B Conduit
3 4	*Restricted stock*	*Private Equity*	*Commodity Portfolio*	*Commercial Real Estate*	*EM Equity Portfolio*	*Hedge Funds*	*Restricted stock*
5 6							
7 8							
9 10							

(Donor Advised Fund subaccounts) (Type I Supporting Organizations) (Offshore donors) (Domestic donors)

U.S. Donors Int'l

J.P.Morgan

* Tax neutral jurisdiction.

SDNY_GM_00078540
Confidential Treatment Requested by JPMorgan Chase
JPM-SDNY-00001667
EFTA_00189007

Investments

J.P. Morgan advises each donor as their own CIO

J.P. Morgan

Global Head of Investment Strategy: Michael Cembalest

Fixed Income, FX and Commodities: Brian Carlin | Equities: Kevin Alger | Alternatives: David Frame | Manager Selection: Jamie Kramer | Portfolio Construction: Archan Basu

Works with

Board of Directors Investment Committee

S.O. Investment Committee

The Gates & J.P. Morgan Charitable Giving Fund

Committee Members

Voting
- Warren Buffett
- George Kaiser

Non-voting
- Ted Forstmann
- Lee Cooperman
- Mike Cembalest
- David Rubenstein
- Mary Erdoes

The Gates & J.P. Morgan Chartable Giving Fund Donor Investor ⟷ The Gates & J.P. Morgan Chartable Giving Fund Donor CIO: Tony Werley

The Gates & J.P. Morgan Chartable Giving Fund Donor

J.P.Morgan

SDNY_GM_00078544
Confidential Treatment Requested by JPMorgan Chase
JPM-SDNY-00001671
EFTA_00189011
EFTA01301125



BILL & MELINDA GATES *foundation*

Meeting with Jes Staley and Mary Erdoes, JP Morgan

Date: August 31, 2011
Location: JP Morgan, 270 Park Ave (bet 47th & 48th Sts), 48th Floor, Room B

Foundation Attendees: *In NYC:* Dick Henriques, Connie Collingsworth *By phone:* Gabrielle Fitzgerald, Jennifer Alcorn, Andrew Farnum

JP Morgan Attendees:

- ***Jes Staley***, Chief Executive, JP Morgan Investment Bank; Member of JP Morgan Chase's Executive and operating Committees
- ***Mary Erdoes***, Chief Executive of JP Morgan Asset Management
- ***Monica Issar***, Head of the JP Morgan Asset Management Endowments & Foundations Group

Overview:

- Prompted by Bill and Boris, Jes (short for James E. Staley) Staley requested a meeting with Dick without setting a formal agenda.
- After many conversations with our contacts within JP Morgan (JPM), we understand that he will present "Project Nucleus/Molecule" (see background section for details).
- As we understand it, the "Project" is an independent response to conversations Jes had with Bill and *is not directly related* to work the foundation has underway with JPM's Social Finance Team or the Private Bank.
- Bill may have linked the two concepts of "Donor Advised Funds" from his discussions with Jes and Jeff Epstein (described in more detail below) with the Private Donor Fund concept that GHPA presented to him at their strategy review
- Objectives for the meeting:
  - Ensure that Jes's pitch for the "Project" does not distract or derail the work underway between the foundation and JPM; and
  - Affirm our appreciation for JPM's collaborations with the foundation over the last three years.
- The background sections in this memo include:
  - "Project Nucleus/Molecule"
  - Politics within JPM around the GH Financing Facility
  - Overview of the JPM GH Private Donor Fund
  - Matrix of fund/fundraising "Products"
  - Giving Pledge Messaging
  - Bios of JPM Participants

High Level Talking Points:

- Relationship with JP Morgan:
  - The foundation appreciates the great collaboration it has shared with JPM over the last three years.
  - We are especially appreciative of the secondment program that we developed with the investment bank and the great resources provided to the foundation by the investment bankers who participated (Nic Johnston in the healthcare group and Glenn Rockman in public finance). We are hopeful that such collaborations can continue in the future.
  - We're excited that the natural progression of our relationship is leading to the development of tangible products that can have an incredible impact on the global health issues they support.

Case 2:22-cv-01090-JLR Document 83-5 Filed 07/28/25 Page 3 of 8

BILL & MELINDA GATES *foundation*

  - We're also pleased that Bill agreed to participate in the JPM Alternative Investments Summit in January – thank you for inviting him.

- Project Nucleus/Molecule:
  - We know that Bill is interested in Donor-Advised Funds as a mechanism to channel more philanthropic capital into development and social causes, especially in the context of his work on the Giving Pledge.
  - It is important for you to understand that the foundation and the Giving Pledge are two separate efforts supported by Warren, Bill and Melinda. While the team that supports the Giving Pledge works closely with the foundation, we consider their work firewalled and entirely separate from our mission. Connie and I represent the foundation in this meeting.
  - Those who join the Pledge are provided a neutral space to learn from one another; Warren, Bill and Melinda have ensured this neutrality and are unwilling to market the issues or vehicles they support.
  - We want to ensure that this concept is separated from the work the foundation is doing with your Social Finance Team and the Private Bank.
  - We want to make sure that your efforts with regards to this particular Donor-Advised Fund concept and the Giving Pledge are supported appropriately by Bill and the Giving Pledge staff. We know that Bill really appreciates the thinking and work that JPM has done, but is also looking at the resources provided by other organizations.

Background: "Project Nucleus/Molecule"

Project Nucleus/Molecule ("Project") is an independent response to a conversation we understand Bill and Jes had in Davos in January 2011. Most of what we understand about the Project has been passed to us by JPM staff and is not direct knowledge of what will be presented. (Note: JPM staff have not shared an advance copy of the materials with us.)

Our Understanding of the Project

Leaving the context for how we think this came to fruition to the next section, this is our understanding of the Project:

- The Project is structured as a Donor Advised Fund (DAF);
- It would sit offshore to provide tax benefits to donors globally and not just from the US;
- It would allow donors to park their philanthropic dollars in one place, get an immediate tax benefit (in most cases), and make minimal payouts while their money is being managed and invested by JPM;
- JPM believes that the foundation could move its endowment into a product structured this way;
- Additionally, they believe that Bill may "market" this to the Pledgers.

How the Project Came to Be

After various conversations with JPM, Boris Nikolic, and based on Bill's email, the following is our understanding of how this came to fruition.

- Bill had a hallway conversation with Jes Staley at Davos in January 2011 that prompted Jes to build a team at JPM to work on the Project.

BILL & MELINDA GATES *foundation*

- Earlier this year, Boris brought together "think tanks" for Bill to learn more about DAFs – after these sessions, Bill spoke about how he might have set up the foundation in a similar structure when it was started had he known more then.
- Jes was invited to the think tanks but could not attend – he and Bill spoke about DAFs by phone.
- Bill and Jes share a mutual "friend" in Jeff Epstein (an important behind the scenes "broker" in the finance world with an unseemly reputation due to a criminal conviction):
  - From JPM, we know that Jeff has the ear of Jes and has helped recruit (behind the scenes) some of JPM's biggest clients.
  - From Bill's email, we know that he has spoken with Jeff and has discussed the DAF concept with him.
  - We think that Jeff is the link between Bill and Jes and has been feeding Jes information to shape the Project.
  - Jes seems to believe that, with the right product and operational setup, they could manage the endowment and the foundation's operations.

Background: Politics behind the GH Financing Facilty

- Our understanding is that GHFF is not the subject of this meeting, though Jes may raise it as an example of JPM/BMGF cooperation.
- JPM's Social Finance group has told us that Jes has a philosophical bent against all social investment funds, and therefore he personally is not supportive of GHFF.
- In fact, Jes was the primary instigator of the Social Finance group being forced to leave the investment bank earlier this year. It now sits within JPM corporate (the GHFF will be managed by their Asset Management side led by Mary Erdoes, who is also attending the meeting).
- Despite Jes's lack of support, GHFF has the backing of Jamie Dimon and JPM's Executive and Operating Committees and will move forward.
- If GHFF is raised, we recommend expressing support for the project and our appreciation for the great work of the bankers from the Investment Bank's Social Finance, Health Care and Debt Capital Markets groups.

Background: Overview of the JPM GH Private Donor Fund

GHPA has been working with JPM's Private Bank since spring 2009. Our relationship has focused on educating and cultivating their clients on GH issues, including:

- JPM hosting two major events featuring Melinda and Tachi as keynote speakers for their UHNW clients interested in international giving;
- JPM hosting GH-focused meetings with UHNWI in Argentina and the UAE;
- JPM referring clients interested in GH and GD to the foundation, along with marketing the GH investment cases to clients;
- The foundation convening a group of JPM's UNHWI clients for a "GH Learning Circle" in our Seattle offices.

GHPA has used the JPM relationship as major learning initiative. From our interactions with UHNWI, we've learned that there is a deep interest in co-funding alongside the foundation to leverage our expertise, due diligence, etc. Yet, we've also learned that cultivating and managing these relationships (with the end goal of raising money) requires more capacity than we often have.

BILL & MELINDA GATES *foundation*

These learnings led GHPA and JPM to begin developing a GH Private Donor Fund as a wholesale approach to engaging their clients. The framework for the Fund is as follows:

- **Goals**:
  - Increase funding for GH issues by piloting a private donor fund w/ JPM.
  - Respond to Bill's requests to bring in new money for global health issues.
  - To leverage JPM's ability to market the Fund in a wholesale way (because our internal Private Donor team is only 1 FTE).
  - Learn from the pilot to understand what is appealing to UHNWI to inform future products and services the foundation and its grantees can provide.

- **Structure:**
  - JPM Clients (and potentially others) "buy in" to Fund with a minimum $1m donation.
  - They can determine if funding allocated across projects or to specific projects.
  - They can determine percentage of donation spent each year (though we will likely set a percentage that needs to be spent each year – likely at least 50%).

- **Foundation's role:**
  - Identifies projects and grantees based on priorities and current grantmaking (projects to revolve every 1 – 2 years).
  - Develop investment cases that share our expertise on a disease issue and promote specific projects that we have invested in as our "seal of approval".
  - (TBD) Offers learning opportunities for donors (e.g. sessions with foundation experts, learning trips, etc) – this is a way to engage donors in global health and potentially development on a broader scale to bring in additional new funding.

- **JPM's role:**
  - Markets Fund to UHNWI clients and potentially others.
  - Houses Advisory Board (JPM and BMGF staff sit on board and donors are informal "advisors").
  - Makes grants and reports back to donors.

- **GH Issues for first offering:**
  - ***Polio Eradication in Africa.*** Polio is the top GH priority and this fund will focus on funding eradication efforts in 3 African countries – S. Sudan, Angola, and Chad.
  - ***Ending Epidemic Meningitis A in Africa.*** MenA vaccine, developed with foundation funding, can eliminate epidemic meningitis A in Africa in this decade. This fund supports vaccination campaigns in 3 countries where limited funding gaps exist.
  - ***Treating Neglected Tropical Diseases in Africa.*** It costs less than $1.25 per year per person to treat 7 of the most prevalent NTDs. This fund will support NTD "mass drug administration" campaigns in 1 – 3 countries to eliminate disease burden for mass populations.

BILL & MELINDA GATES *foundation*

Background: Giving Pledge Messaging

Giving Pledge messaging focuses on the steady progress and the value pledgers are getting from having taken the pledge. Over the next year, the Pledge will talk to the long-term nature of the effort and situate this effort into the broader conversation about giving in the US.

- ***Overall:*** The Giving Pledge is an effort to help address society's most pressing problems by inviting the wealthiest individuals and families in America to commit to giving the majority of their wealth to the philanthropic causes and charitable organizations of their choice either during their lifetime or in their will.
- ***Achieving 100:*** Building on America's strong tradition of philanthropy, our sights are set on achieving 100 pledgers joining the Giving Pledge. A focus on the 'Founding 100' contributes to a broader trend of Americans who give generously (often at great personal sacrifice) to address the world's most pressing problems.
- ***Impact:*** The Giving Pledge encourages wealthy families to talk about giving and inspire more people to tackle problems that are inherently difficult and diverse, such as improving education or the criminal justice system or fighting childhood poverty or researching the next medical miracle.
- ***Learning:*** Pledgers are serious about giving. We are challenging our thinking and learning so much from one another to improve our own efforts to make a difference in building a better world.

Bios: JPM Participants



Jes Staley
Chief Executive Officer, Investment Bank

Jes Staley is the CEO of J.P. Morgan's Investment Bank (since 2009). He is a member of JPMorgan Chase's Executive Committee and Operating Committee, the decision-making group for day-to-day strategic and operating matters of the firm.

He was most recently CEO of J.P. Morgan Asset Management, one of the largest asset and wealth managers in the world with over $1.5 trillion of assets under supervision.
Mr. Staley led J.P. Morgan's expansion into alternatives, including J.P. Morgan's strategic partnership with Highbridge Capital Management.

Mr. Staley joined J.P. Morgan in 1979 after graduating from Bowdoin College with a degree in economics. From 1980 to 1989, he worked in the bank's Latin America division, where he served as head of corporate finance for Brazil and general manager of the company's Brazilian brokerage firm. Eight of these years were spent in São Paulo. He was one of the founding members of J.P. Morgan's equities business, which consolidated the firm's extension into investment banking in the early 1990's. He ran Equity Capital Markets and Syndicate.

Case 22-cv-10904-JSR Document 83-5 Filed 07/25/25 Page 7 of 8

BILL & MELINDA GATES *foundation*

In 1999, Mr. Staley was tapped to head J.P. Morgan's Private Bank, which under his leadership improved profitability threefold in two years. Late in 2001, he was promoted to his previous position, adding the asset management business to his responsibilities.

Mr. Staley and his wife have two daughters and live in Manhattan. He is an avid sailor and sits on the American Museum of Natural History's Advisory Council and the Board of Trustees of Bowdoin College.



Mary Callahan Erdoes
Chief Executive Officer, Asset Management

Mary Callahan Erdoes is Chief Executive Officer of J.P. Morgan's Asset Management line of business, one of the largest asset and wealth managers in the world, with $1.5 trillion of assets under supervision (as of July 2009). She is a member of JPMorgan Chase & Co.'s Executive Committee and Operating Committee, the decision-making groups for the day-to-day strategic and operating matters of the corporation.

In 1996, Ms. Erdoes joined J.P. Morgan Investment Management as head of fixed income for high-net-worth individuals, foundations and endowments. In 1999, she became head of Investment Management and Alternative Solutions for the Private Bank. Following the J.P. Morgan/Chase merger in 2000, Ms. Erdoes assumed responsibility for the global suite of investment solutions and investment strategy for private banking clients worldwide. In 2005, Ms. Erdoes was named CEO of J.P. Morgan's Private Bank. In 2008, she became Chairman and CEO of Global Wealth Management at J.P. Morgan, which comprises the Private Bank, Private Wealth Management, and Bear Stearns Private Client Services.

Before joining J.P. Morgan, Ms. Erdoes was a managing director with Meredith, Martin & Kaye, a fixed income specialty advisory firm. Prior to that, she worked at Bankers Trust in corporate finance, merchant banking and high yield debt underwriting.

Ms. Erdoes is a graduate of Georgetown University (B.S.) and Harvard Business School (M.B.A.). She is a member of the Board of Directors of the U.S. Fund for UNICEF. In 2009, Forbes magazine named Mary one of "The 100 Most Powerful Women in the World," and US

Banker magazine featured her among the 25 Most Powerful Women in Banking. She lives in New York City with her husband and three daughters.



Monica Issar
Head of the J.P. Morgan Asset Management Endowments & Foundations Group

Ms. Issar leads a team of experienced investment specialists, across the firm's Investment Management and Private Banking divisions, who provide customized advisory services and cross asset class investment strategies to public and private endowments and foundations.

Meeting with Jes Staley and Mary Erdoes, JP Morgan Page 6 August 22, 2011
Author: Jennifer Alcorn and Julie Sunderland
Confidential

BILL & MELINDA GATES foundation

Ms. Issar joined J.P. Morgan Investment Management in 1996, where she worked in the equities business in JPMIM. She then moved to the firm's Private Bank as a senior investment specialist. In this role, she worked with public company CEOs, hedge fund managers and endowment and foundations to create and implement investments strategies to sustain and grow their wealth. She has counseled some of the world's largest charitable organizations on how to successfully navigate complex market environments to ensure they meet their goals.

Ms. Issar is a founding member of J.P. Morgan's Foundation Research and Investment Center, a global multi-disciplinary group focused on providing foundations with insights and services to help them meet their financial and philanthropic goals. She is also a member of the Board of Directors of Community Resource Exchange (CRE), a nonprofit social change consulting firm, and the South Asian Women's Leadership Forum, (SAWLF). In 2009, Ms. Issar was named one of "the Top 1,000 Advisors in the U.S for New York," by Barron's magazine.

Ms. Issar earned both a Bachelor of Science and a Masters of Business Administration from New York University. She lives in New York City with her husband and two children.

- **Crypto Infrastructure & LedgerX Evolution:** U.S. Department of Justice and court documents detail early-stage cryptocurrency fundraising involving Brock Pierce (Crypto Currency Partners/Coinbase Series C) and Jeffrey Epstein in 2014, alongside a detailed 2016 corporate pitch for LedgerX. LedgerX's subsequent financial statements outline its trajectory as a CFTC-regulated derivatives clearinghouse, its 2021 acquisition by West Realm Shires Inc. (FTX.US), its isolation from the 2022 FTX bankruptcy, and its frantic cash movements during the March 2023 banking crisis involving Silicon Valley Bank and Signature Bank.

From: Brock Pierce <[redacted]
Sent: Wednesday, December 3, 2014 4:50 PM
To: Jeffrey Epstein
Subject: CCP LLC Docs
Attachments: Crypto Currency Partners II, LLC - Operating Agreement.pdf; Crypto Currency Partners II LLC Subscription Application.pdf

Jeffrey,

Attached are the docs I sent you for the LLC that w= intend to funnel your investments through. Please let me know if there ar= any issues with the structure and/or details. I'm available to chat a=y time.

EFTA_R1_02113346
EFTA02708994

From: Brock Pierce <[redacted]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Fwd: The Stephens brothers - Potential Series C Investors
Date: Mon, 01 Dec 2014 18:18:21 +0000
Attachments: 4855_001.pdf; Amended_and_Restated_Co-Sale_Agreement_(Series_B).pdf; Amended_and_Restated_Investor_Rights_Agreement_(Series_B).pdf; Amended_and_Restated_Voting_Agreement_(Series_B).pdf; Capitalization_Table.xls; Coinbase_Global_-_Amended_and_Restated_Certificate_of_Incorporation.pdf; Coinbase_Series_C.pdf; Series_B_Stock_Purchase_Agreement_(Series_B).pdf; Series_C_Term_Sheet.pdf

---

Jeffrey,

The Coinbase Series C is going to be finalized this week. I have gotten us allocation if you're interested and able to move fast. Should be a $60M financing. The syndicate of investors in the round are DFJ Growth, a16z (Andreessen Horowitz), USV, Ribbit Capital and a few bank venture arms and traditional financial service players. Are you available to talk to the co-founder who is spearheading the financing today?

EFTA00679451

From: "jeffrey E." <jeevacation@gmail.com>
To: Jeremy Rubin <[redacted]>
Subject: Re: Intro: Jeremy <> Zach at LedgerX
Date: Sat, 26 Mar 2016 16:25:02 +0000

---

a " bit " , where is the version on how they make money and when , and how much time or cost it takes to get there.

On Sat, Mar 26, 2016 at 11:32 AM, Jeremy Rubin <[redacted]> wrote:
> Yeah you're right. Sorry, I did minimal review of the document this morning, this is a bit fluffy.
>
> I'll ask them for real details.
>
> On Saturday, March 26, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
> > i would like to see numbers, biz plan, this is a deck for the newspapers
> >
> > On Sat, Mar 26, 2016 at 8:34 AM, Jeremy Rubin <[redacted]> wrote:
> > > Lmk what you think.

EFTA00830809

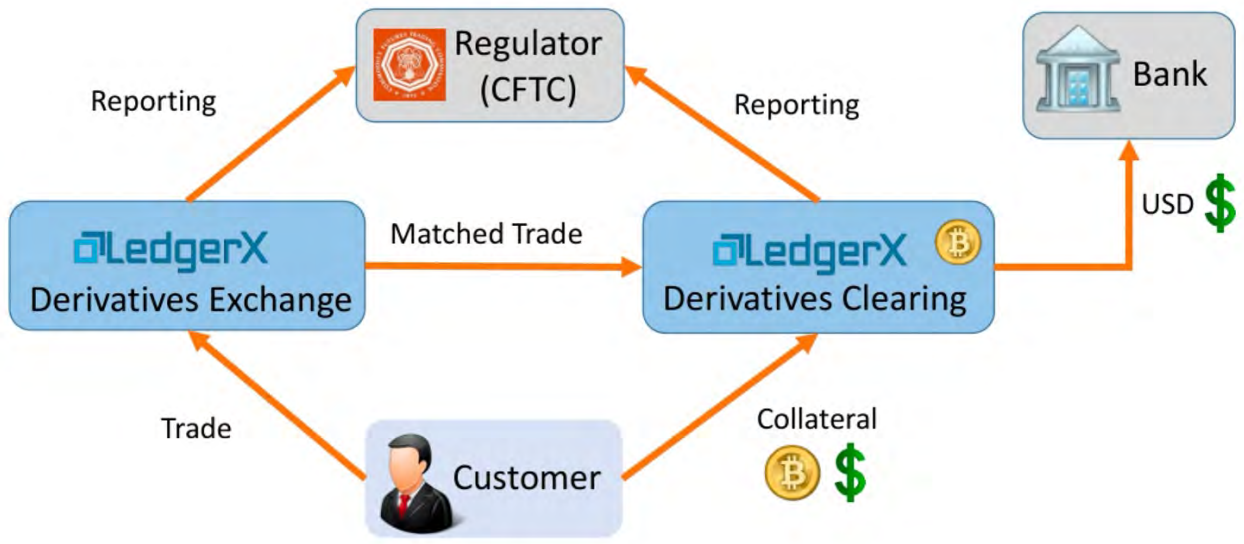
LedgerX Options Exchange + Bitcion Clearinghouse: Series B

Confidential

© March 2016 LedgerX LLC

EFTA00590685

What is LedgerX?



EFTA00590688

Bitcoin as collateral

- Same asset in every jurisdiction
- Less FX risk – collateral posts within 10 minutes (or 1 minute on sidechains)
- Margin in Europe, Asia and US, using the same collateral, any time
- Bitcoin blockchain is the only battle-tested blockchain, operating on public Internet 24/7 for multiple years
- CFTC has affirmatively asserted jurisdiction over bitcoin derivatives
- It's the most relevant use case

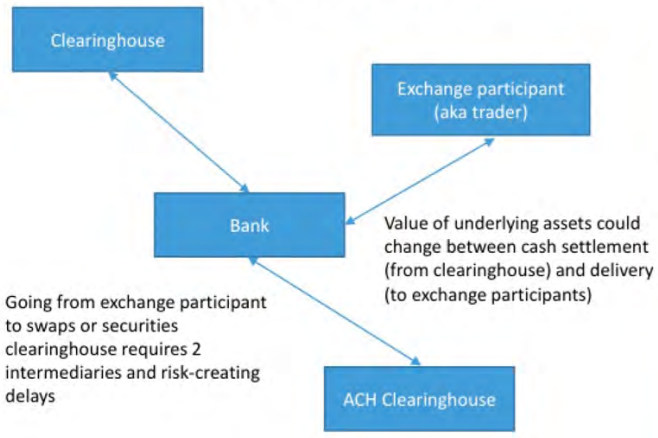
"Importantly, while there has been a great deal of discussion around implementing real-time settlement using distributed ledger technology, the current U.S. equity market convention of T+3 is based on laws and market structures. Modernizing current practices and laws to enable real-time settlement are not dependent on the use of blockchain technologies." – "*Embracing Disruption*" whitepaper, DTCC, January 2016

US Financial System: Before and After

Before Bitcoin + sidechains

Time risk everywhere!

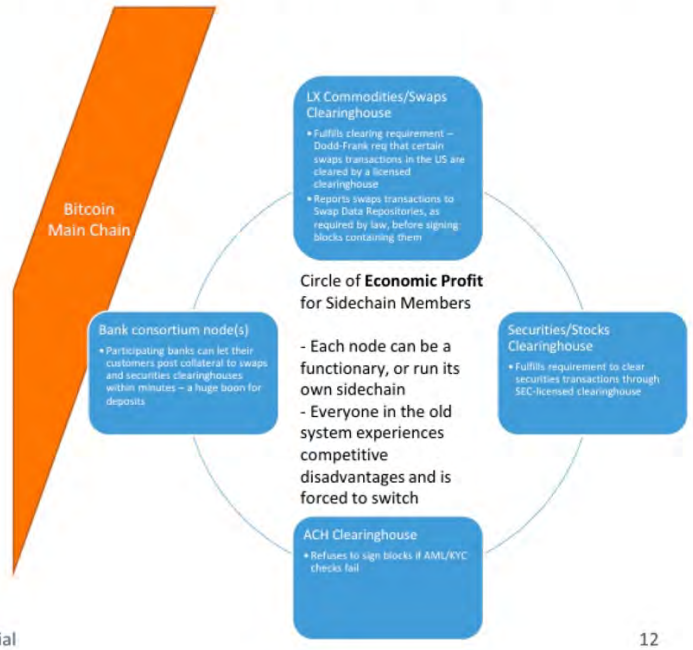
Arrows are collateral and asset transfers



Value of underlying assets could change between cash settlement (from clearinghouse) and delivery (to exchange participants)

Going from exchange participant to swaps or securities clearinghouse requires 2 intermediaries and risk-creating delays

After Bitcoin + sidechains + LedgerX clearinghouse



Circle of **Economic Profit** for Sidechain Members

- Each node can be a functionary, or run its own sidechain
- Everyone in the old system experiences competitive disadvantages and is forced to switch

Out-of-bank-hours collateral posting for reducing counterparty risk in uncleared trades

If you're a US shop and you only have access to US banks in USD. A market-moving event happens overnight in your favor. [redacted] like collateral pledged to you overnight, as opposed to beginning-of-next-business-day.



EFTA00590693

Money: Before and After

Old Money	New Money
M0: Cash in circulation	M0: Bitcoin blockchain as a settlement layer
M1-M2-M3: Commercial bank money lent via traditional ledgers	M1-M2-M3: Commercial bank obligations on top of the blockchain (via sidechains, smart contracts, etc)
Financial institutions manage cash volatility risk via CFTC-regulated FX trading	Financial institutions manage bitcoin volatility risk by trading on LedgerX's CFTC-regulated options exchange

Currencies targeting moderate inflation rates can be issued on top of the Bitcoin blockchain using sidechains technology.

CME Group — How the world advances

ICE Intercontinental Exchange

LedgerX

U.S. COMMODITY FUTURES TRADING COMMISSION

EFTA00590687



Revenue Opportunities

Derivatives is a good beachhead: There is meaningful demand on both the buy (merchant processors / consumer-facing bitcoin companies) and short (miner) side. Also, derivatives are big business: ICE acquired NYSE in 2012 for $11B, yet NYSE trading revenue (Cash / Spot Trading) is still only ~ 17% of ICE's total trading revenue. The remaining ~ 83% is from derivatives.

The long-term value is in the clearinghouse.

Short-Term	Long-Term
Trading fees (per unit of put/call options contract traded) from our beachhead market, "institutional" customers (big bitcoin corporates and miners)	Clear for other exchanges (SEFs/DCMs), especially traditional SEFs/DCMs that want to let participants post bitcoin as collateral for other assets
Clearing fees	Bloomberg Terminal for Bitcoin
Settlement fees	Offer bitcoin futures
Bitcoin volatility index (already developed) – cryptocurrency equivalent of VIX	Market making on LedgerX exchanges
License our SEF market data feed	Spot market making
	Retail derivatives exchange
	Become the next $3B/year clearinghouse for all commodities asset types, replacing CME

EFTA00590689

Bitcoin-as-collateral use cases the LedgerX clearinghouse will implement

1. Out-of-bank-hours collateral posting for any asset

   - **Reduce counterparty risk**

2. "Collateral room" for efficient bilateral netting in uncleared trades

   - **Reduce the total number of payments**

3. Vertically integrate OTC derivatives payment processing

   - **Replace services like CLS** with bitcoin, which delivers even better settlement certainty through cryptography-enforced finality, and is much less costly to operate and integrate with than e.g. CLS

4. Realtime margining for FCM Direct Clearing Members and client clearing

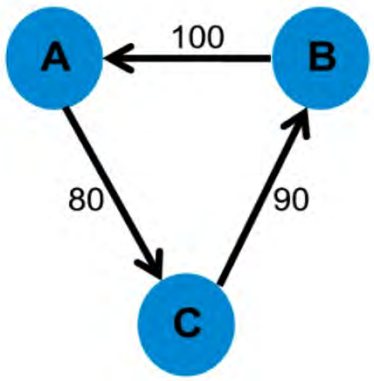
   - Use multisignature bitcoin wallets for big cost savings for FCMs providing fully segregated, LSOC client clearing
   - **Replace quad-party clearing** – multisignature wallets provide the benefits without the costs
   - Details available upon request

EFTA00590691

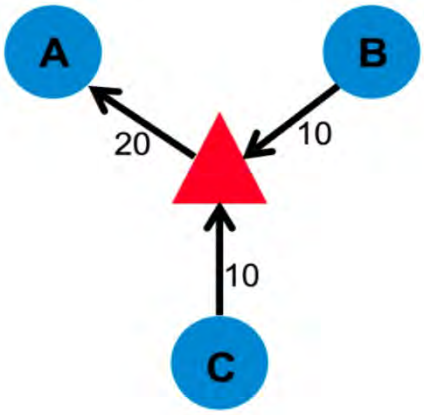
Replacing inefficient bilateral netting with Bitcoin-based escrow

Bitcoin "multisignature wallets" let multiple trading counterparties in uncleared OTC transactions put collateral in a secure "room" – then after a period of trading activity, withdraw any extra. This prevents over-collateralization, freeing up collateral for other uses.

Before, with cash wires



After, with bitcoin multisignature wallets



EFTA00590694

Facilitating the collateral use cases: Extensions on top of bitcoin

Unlike R3/DAH/Ethereum, Bitcoin extensions technology is built by the same people who have been developing and running the Bitcoin blockchain 24/7 for multiple years. These are the most capable software developers in the ecosystem. Bitcoin extensions are already live, tied to a source of value (bitcoin), and have additional regulatory certainty.

A "**sidechain**" is a private extension that can be operated by one or more financial institutions or intermediaries. The side part means that value represented on the sidechain as tokens or assets can be freely moved back and forth with the main Bitcoin blockchain, subject to pre-determined rules set by regulated entities participating in the project.

This means regulated entities like clearinghouses, FCMs and brokers can, *right now*, use bitcoin to implement custom collateral and settlement technology that follows business rules approved by risk and regulatory oversight committees.

LedgerX is the only company with both the in-depth bitcoin technical know-how and regulatory progress to quickly implement sidechains technology for collateral.

EFTA00590695

1. DESCRIPTION OF BUSINESS

LedgerX LLC ("LedgerX" or the "Company"), a Delaware limited liability company, was organized on April 8, 2014, as a wholly owned subsidiary of its parent company, Ledger Holdings Inc. ("Ledger Holdings" or "Parent"), formerly known as NYBX Inc.

LedgerX is a trading and clearing platform that has been granted regulatory approval from the U.S. Commodity Futures Trading Commission ("CFTC") to trade and clear futures, swaps and options. LedgerX is registered with the CFTC as a Swap Execution Facility ("SEF"), Derivatives Clearing Organization ("DCO"), and Designated Contract Market ("DCM"); the Company's approvals were granted on July 6, 2017, July 24, 2017, and June 24, 2019, respectively.

On October 16, 2017, the Company commenced its principal business activities, making LedgerX the first federally regulated exchange and clearing house to list and clear fully-collateralized, physically settled Bitcoin swaps and options for the institutional market, as well as other eligible participants, including US persons in the retail market. On June 24, 2019, the Company began to list and clear fully-collateralized, physically settled Bitcoin futures. On June 30, 2021, the Company began to list and clear fully-collateralized, physically settled Ethereum swaps and options.

On May 24, 2020, through its clearinghouse, the Company executed its first Clearing Service Agreement ("CSA") with a third-party exchange that provides clearing and settlement services. LedgerX's clearing business strives to be the first stop for startup exchanges.

On October 13, 2021, Ledger Holdings was acquired by West Realm Shires Inc., the parent of West Realm Shires Services Inc. ("FTX.US"). On November 11, 2022, and November 14, 2022, FTX Trading Ltd., West Realm Shires Inc., and other affiliated entities, including Ledger Holdings, filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "FTX Bankruptcy"). The Company was not included in the bankruptcy filings and continues its operations in the normal course of business.

LedgerX generates revenue primarily from transaction and clearing fees for trades executed on its exchange and contracts centrally cleared in its clearing house. On September 2, 2020, the CFTC approved an amended DCO order of registration, removing the digital assets and swaps restrictions on cleared products.

Liquidity and Going Concern

LedgerX has required significant amounts of capital to support its operations prior to the commencement of its business activities and will continue to require such amounts until the Company is able to generate a steady revenue stream from its principal activities.

Due to the nature of the Company's business, working capital is required to support the Company's legal and regulatory compliance costs, as well as its normal operating costs.

During the period from inception through October 12, 2021, the Company's operations have mostly been funded by Ledger Holdings, which raised capital primarily through private sales of equity.

On October 13, 2021, Ledger Holdings was acquired by West Realm Shires Inc., the parent of West Realm Shires Services Inc. ("FTX.US").

The Company's financial statements are prepared as though the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, including securing additional capital and/or borrowings.

Fair Value Measurement and Fair Value of Digital Assets

LedgerX's digital assets and liabilities, including its Bitcoin and Ethereum held, are recorded at fair value at December 31, 2021. In September 2015, the CFTC determined that Bitcoin and other digital assets are commodities; as such, the Company's digital assets are held at fair value in accordance with ASC 330 – Inventory, which provides guidance for stating costs of precious metals having a fixed monetary value with no substantial cost of marketing. In accordance with ASC 820 – Fair Value Measurement, the Company determines the fair value of digital assets in U.S. dollars ("USD") on its balance sheet using the prevailing spot market price on the last day of the applicable reporting period.

To determine the principal market for a digital asset, the Company considers only digital asset exchanges that have sufficient volume and liquidity, have a U.S. presence, have an online platform, and publish transaction price and volume data continuously. The principal market must also be compliant with U.S. federal and state licensing requirements and practices regarding anti-money laundering procedures. The Company reviews and determines its principal market at least annually, or more frequently as needed.

Due to the above requirements as well as other factors, and in accordance with ASC 820 – Fair Value Measurement, the Company has chosen Gemini Exchange, LLC ("Gemini") to be the principal market for digital assets at December 31, 2021. The Company determines the fair value of digital assets, in U.S. dollars ("USD"), on its balance sheet using the prevailing spot market price provided by Gemini on the last day of the accounting period.

4. PARTICIPANT MARGIN DEPOSITS

Full-Collateralization

Generally, participant agreements require that accounts and transactions be fully-collateralized, which requires that participants post sufficient cash (USD) and/or digital asset margin deposits prior to trade execution in order to satisfy the maximum potential loss on all open positions. In addition, Participants may opt into a collateral netting system that allows a Participant's required collateral for a given option to be netted with the Participant's other options of the same type and term. In all cases, LedgerX still holds the maximum potential loss on the entire portfolio of positions.

Cash participant margin deposit balances are recorded as an asset and offsetting liability (participant margin deposits) on the statement of financial condition. Bitcoin and Ethereum margin deposits are not reflected on the financial statements, and instead are recorded off-balance sheet. Cash and digital assets held as participant margin deposits at fair value at December 31, 2021 were as follows:

Cash participant margin deposits	$70,129,953
Digital asset margin deposits	$410,653,228
Total	$480,783,181

LedgerX maintains custody of participant digital asset margin deposits on behalf of participants to support their trading portfolio. The Company has control of the participant's crypto, held at BitGo Trust on behalf of LedgerX (for cold wallets) and BitGo by LedgerX (for hot and warm wallets). Participant digital asset margin deposits are maintained in the Company's participant digital wallets and are not commingled with LedgerX's proprietary digital assets. The Company uses consolidated wallets to pool participants' digital assets but maintains a separate ledger to designate each participant's digital asset balance. At December 31, 2021, Bitcoin and Ethereum were the only two digital assets held by the Company and traded on the exchange.

5. ACH RESERVE DEPOSITS

The clearing house performs the role of central counterparty ("CCP") to each trade matched by exchanges that clear through the clearing house, including Kalshi. The original trade between a buyer and seller is novated such that the CCP steps between the initial parties to become their new substitute counterparty. In that way, the clearinghouse becomes the buyer to every seller and the seller to every buyer, thereby ensuring the future performance of all open contracts. The clearing house is able to sustain this role by having precisely equal and offsetting claims to and from participants on the opposite sides of each contract.

establishing bank accounts at other banks, and is in discussions with a number of institutions.

- On March 10, 2023, prior to the FDIC announcing all depositors would be made whole, the Company transferred all USD cash in custody at Silicon Valley Bank for [redacted]. Prior to the transfer, the Company stopped processing ACH transactions internally and transferred all ACH processing to its third-party ACH processor. [redacted]
- On March 12, 2023, the Federal Reserve Board and FDIC, under the systemic risk exception, closed Signature bank and transferred all the deposits to Signature Bridge Bank N.A., which is a full-service bank that is operated by the FDIC as it markets the institution to potential bidders. On March 19, 2023, the FDIC entered into a purchase and assumption agreement for substantially all deposits of Signature Bridge Bank N.A. by Flagstar Bank N.A. ("Flagstar"), a wholly owned subsidiary of New York Community Bancorp, Inc. On March 30, 2023, the Company was notified its accounts did not transfer to Flagstar; because of this, the Company plans to transfer its remaining cash at Signature bank to new or existing banks. The Company expects to transfer the full cash balance maintained at Signature Bank.
- On March 13, 2023, LedgerX distributed $69M to West Realm Shires Inc.

Comprehensive Master Chronological Timeline

Phase 1: Foundations of Shadow Finance & Traditional Banking Loops (1981–2010)

Structural Deficiencies & Early Regulatory Friction

- **March 12, 1981: Jeffrey Epstein** resigns as a limited partner from **Bear Stearns** following an internal investigation into improper loans ($15,000) made to a friend to purchase stock. The SEC subsequently deposes him regarding his potential knowledge of a Seagrams takeover of St. Joe Minerals.
    - *Source Info:* Official SEC transcript (April 1, 1981) where Epstein confirms his resignation as a limited partner following internal firm discipline regarding improper loans and new issue distributions.
- **1993:** Epstein makes a **$10,000 donation to the White House Historical Society** during the **Clinton** administration and is documented visiting the White House 17 times between 1993 and 1995.
    - *Source Info:* House Oversight Committee depositions of Bill and Hillary Clinton establish a $10,000 gift during a Sept 1993 fundraiser where a photo was taken of the group shaking hands.
- **April 1995: Lynn Forester (now de Rothschild)** writes a note to President **Bill Clinton** mentioning they used their brief access to discuss Jeffrey Epstein and currency stabilization.
    - *Source Info:* A 1995 note introduced as Minority Exhibit C in Bill Clinton's deposition, mentioning that Forester used "15 seconds of access" to discuss Epstein and currency stabilization.
- **October 1999:** Epstein contributes **$20,000 to Hillary Clinton's** joint fundraising account for her Senate campaign.
    - *Source Info:* House Oversight Committee questioning confirms a donation to a joint fundraising committee during the 2000 election cycle, which the Clintons claimed they only learned of during deposition prep.
- **February 2001: Lesley Groff** is hired as Epstein's executive secretary, later testifying that she connected **Donald Trump** and Epstein by phone "multiple times a year" over a ten-year period.
    - *Source Info:* June 2026 transcript where Groff details her hiring process via a headhunter and her subsequent ten-year role managing Epstein's global network of high-profile contacts.
- **July 2002: Chelsea Clinton** attends the wedding of the King of Morocco, where both Epstein and **Ghislaine Maxwell** are present; flight logs show Bill Clinton traveled on Epstein's plane approximately **20 times**.
    - *Source Info:* Bill Clinton's deposition and flight logs confirming attendance at the Morocco wedding alongside Chelsea, Epstein, and Maxwell, followed by multi-country trips on Epstein's Boeing 727.



Synthetic Foundations & Strategic Advisory (The JPM Era)

- **October 8, 2003:** Internal **JPMorgan (JPM)** Private Bank briefings identify Epstein as a financial advisor to "very large clients." The bank targets revenue opportunities through **leveraged structures**, including options and **Total Return Swaps (TRS)**, to mask direct market exposure.
    - *Source Info:* Internal JPM email (Marcus Sheridan to Mary Rieth) describing Epstein as an advisor for large clients like **Les Wexner**, focusing on using TRS and options to optimize yield and obscure exposure.
- **April 20, 2004:** JPM records indicate that the relationship between Epstein and his primary client, **Leslie Wexner** (Chairman of Limited Brands), generated over **$8.5 million in revenue** for the bank in 2003 alone.
    - *Source Info:* JPM email from Mary Rieth highlighting revenue generated by the Epstein/Wexner relationship through strategic derivative investments and Darren Indyke's role in legal documentation.
- **July 16, 2008:** JPM executive **Jes Staley** consults Epstein regarding his annual **bonus negotiation with CEO Jamie Dimon**, with Epstein suggesting a $25 million target.
    - *Source Info:* Court-released email (Document 191-4, Exhibit 4) where Staley discusses his JPM bonus target with Epstein, who recommends the use of options to bypass restrictions.
- **December 11–12, 2008:** Following the collapse of **Bernie Madoff's** Ponzi scheme, JPM Asset Management CEO **Mary Erdoes** prompts Jes Staley to "call JE [Epstein] to get scoop from down there," noting that hundreds of JPM clients (including Carl Shapiro) had billion-dollar exposures.
    - *Source Info:* JPM email chain where Asset Management CEO Mary Erdoes, assessing Madoff exposure, instructs Staley to call Epstein in Florida for "scoop" on the unfolding scandal.
      https://storage.courtlistener.com/recap/gov.uscourts.nysd.591653/gov.uscourts.nysd.591653.244.23.pdf
      https://storage.courtlistener.com/recap/gov.uscourts.nysd.591653/gov.uscourts.nysd.591653.284.4_1.pdf
      https://storage.courtlistener.com/recap/gov.uscourts.nysd.591653/gov.uscourts.nysd.591653.271.2.pdf
- **August 17, 2009:** Literary agent John Brockman emails Epstein describing **Peter Thiel's** libertarian philosophy as viewing democracy as a "failed experiment."
    - *Source Info:* Email provided in DOJ records describing Thiel's libertarian operational philosophy and rejection of "unacceptable compromise" or traditional democratic frameworks.
- **March 9, 2010:** Epstein is officially set up on JPM's **Global Investment Opportunities (GIO) desk** with an **ISDA agreement**, allowing him to execute complex **derivatives**.
    - *Source Info:* JPM Private Bank email (Mary Casey to Staley) confirming the execution of an ISDA agreement for complex derivatives trading and assignment to the GIO desk.



- **August 24, 2010:** JPM Managing Director Paul Barrett advises Epstein to unwind a **$20 million 30-year swap exposure** due to economic risks. Epstein sharply criticizes the firm, calling their recommendations a "disaster."
    - *Source Info:* Email exchange between JPM Managing Director Paul Barrett and Epstein regarding the unwinding of a $20 million swap position due to "hard landing" risks.

Phase 2: Institutional Engineering & "Project Molecule" (2011–2013)

The "Super DAF" Nexus

- **January 31, 2011: Bill Gates** meets Epstein for the first time at Epstein's New York home. Gates later emails colleagues calling Epstein's lifestyle "intriguing."
    - *Source Info:* Bill Gates' 2026 Transcribed Interview describing a first dinner meeting arranged by **Boris Nikolic** and follow-up email characterization of Epstein's intellectual circle.
- **February 5, 2011:** Former Treasury Secretary **Larry Summers** (initial "L") asks Epstein: "What is real story on madoff? Shouldn't jpm have known better?"
    - *Source Info:* Email forwarded by Epstein to Staley where Summers questions JPM's oversight regarding **Bernie Madoff** and notes interest in the Gates relationship.
- **February 6, 2011:** Epstein pitches **"Project Molecule"** (or Project Nucleus) to Jes Staley, proposing a **"Super Donor Advised Fund" (DAF)** intended to reach **$100 billion** in assets. The fund was designed to ingest **"funky assets"** like art and closely held stock.
    - *Source Info:* Internal JPM email from Epstein to Jes Staley proposing a massive DAF to ingest illiquid "funky assets" like art and closely held stocks to manage hyper-rich wealth.
- **August 22, 2011:** An internal **Gates Foundation memo** acknowledges Epstein is the "broker" connecting Gates and JPM but highlights his "unseemly reputation due to a criminal conviction." The memo notes the project had the **backing of Jamie Dimon**.
    - *Source Info:* Internal Foundation briefing (Jennifer Alcorn/Julie Sunderland) acknowledging Epstein as the link between Bill Gates and Staley, but stressing the need for "firewalls".
- **May 12, 2012:** Epstein advises **Leon Black** on the purchase of the artwork "The Scream" for nearly $120 million, demanding JPM provide structural trust solutions.
    - *Source Info:* USVI v. JPMC exhibit (Document 230-25) where Epstein provides structural trust solutions for Black's $120 million art acquisition via specialized JPM accounts.
      https://www.justice.gov/epstein/files/DataSet%2011/EFTA02349263.pdf
      https://www.justice.gov/epstein/files/DataSet%2010/EFTA02164172.pdf
      https://www.justice.gov/epstein/files/DataSet%209/EFTA01146283.pdf
      https://www.justice.gov/epstein/files/DataSet%2010/EFTA01904898.pdf
      https://www.justice.gov/epstein/files/DataSet%209/EFTA00600702.pdf
      https://www.justice.gov/epstein/files/DataSet%209/EFTA00844358.pdf
      https://www.justice.gov/epstein/files/DataSet%2011/EFTA02709670.pdf

https://www.justice.gov/epstein/files/DataSet%2011/EFTA02618531.pdf
https://www.justice.gov/epstein/files/DataSet%209/EFTA00644849.pdf
https://www.justice.gov/epstein/files/DataSet%209/EFTA01112136.pdf
https://www.justice.gov/epstein/files/DataSet%209/EFTA01193936.pdf

- **December 23, 2012: Howard Lutnick** (CEO of Cantor Fitzgerald) and his family visit Epstein's island, Little Saint James, for lunch.
    - *Source Info:* Howard Lutnick's transcribed interview confirming a brief, one-hour holiday lunch visit to Little Saint James island with 15 other people.
- **July 18, 2013:** Deposition records confirm Epstein facilitated financial introductions between **Bill Gates, Leon Black, and Boris Nikolic**.
    - *Source Info:* Legal deposition establishing Epstein's role in facilitating financial and social relationships between Gates, Leon Black, and Nikolic for advisory purposes.

Phase 3: The Pivot to Crypto Infrastructure & Synthetic Equities (2014–2021)

The "Funnel" to Digital Networks

- **September 2014: Crypto Currency Partners II (CCP II)**, involving **Tether** co-founder **Brock Pierce**, establishes **Silicon Valley Bank (SVB)** as its primary bank and Merrill Lynch as its custodian.
    - *Source Info:* Crypto Currency Partners II internal records identifying Silicon Valley Bank as its primary financial institution and funnel for digital investments.
- **December 1, 2014:** Brock Pierce invites Epstein to invest in a **$60 million Series C round for Coinbase** (alongside a16z and Ribbit Capital).
    - *Source Info:* Email from Brock Pierce (Co-founder of Tether) to Epstein regarding a $60 million financing round for **Coinbase** involving bank venture arms and a16z.
- **December 3, 2014:** Pierce sends legal documents to Epstein for "Crypto Currency Partners II, LLC," explicitly describing it as a vehicle to **"funnel your investments through."**
    - *Source Info:* Internal email from Pierce to Epstein providing documents for an LLC designed explicitly to "funnel" private investments into the emerging **crypto** ecosystem.
- **January 27, 2015:** Epstein's Southern Financial LLC suffers heavy losses on a **Total Return Swap on Twitter (TWTR)** stock package.
    - *Source Info:* JPM execution details for a TRS and short European Call options package on Twitter stock managed for Epstein's Southern Financial LLC.
- **February 11, 2015: Peter Thiel-linked Valar Global Fund II LP** issues a $900,000 capital call to Epstein, with funds directed to **Silicon Valley Bank**.
    - *Source Info:* Department of Justice records showing Valar Ventures issuing capital calls to Epstein's Southern Trust Company via Silicon Valley Bank.



- **October 2015: LedgerX** identifies its institutional partners, including **Soros Fund Management**, Goldman Sachs, and BNY Mellon, while listing **Circle** and **Coinbase** as Bitcoin partners.
    - *Source Info:* LedgerX corporate documents listing **Soros**, Goldman Sachs, and Coinbase as Bitcoin partners in their derivatives clearing approach.
- **March 26, 2016:** Jeremy Rubin introduces Epstein to **LedgerX**. Epstein dismisses the initial deck as "a deck for the newspapers" and demands a business plan with actual numbers.
    - *Source Info:* Email from Epstein to Jeremy Rubin dismissing the LedgerX pitch deck as "fluffy" and demanding an actual monetization path with hard data.
- **2017–2018: Bill Gates** opens a massive **unhedged short position against Tesla (TSLA)** targeting ~1% of outstanding shares (approx. $500 million).
    - *Source Info:* Multiple social media archives and internal summaries detailing Gates' unhedged $500 million short position against **Tesla** and Musk's subsequent reaction.
- **January 29, 2018:** Epstein's attorney Darren Indyke communicates an offer to sell **50% of Epstein's Coinbase position** for $11 million.
    - *Source Info:* Department of Justice Jeffrey Epstein documents shows a proposed $11 million sale of 50% of his **Coinbase** position as the platform scaled.
- **October 2020: FTX partners with CM-Equity** to launch **"Tokenized Stocks"** (Tesla, Apple, Amazon), allowing 24/7 offshore trading of synthetic U.S. equities.
    - *Source Info:* Framework Purchase Agreement between **FTX** and CM-Equity for collateralizing synthetic **tokenized stocks** for customer trading.
- **October 2021: LedgerX is acquired** by West Realm Shires Inc. (**FTX.US**).
    - *Source Info:* LedgerX financial statements confirming its 2021 acquisition by the FTX group and its subsequent regulatory trajectory.

Phase 4: Contagion and the "Sextillion" Dollar Reckoning (2022–2026)

Systemic Collapse & Shadow Banking Vulnerabilities

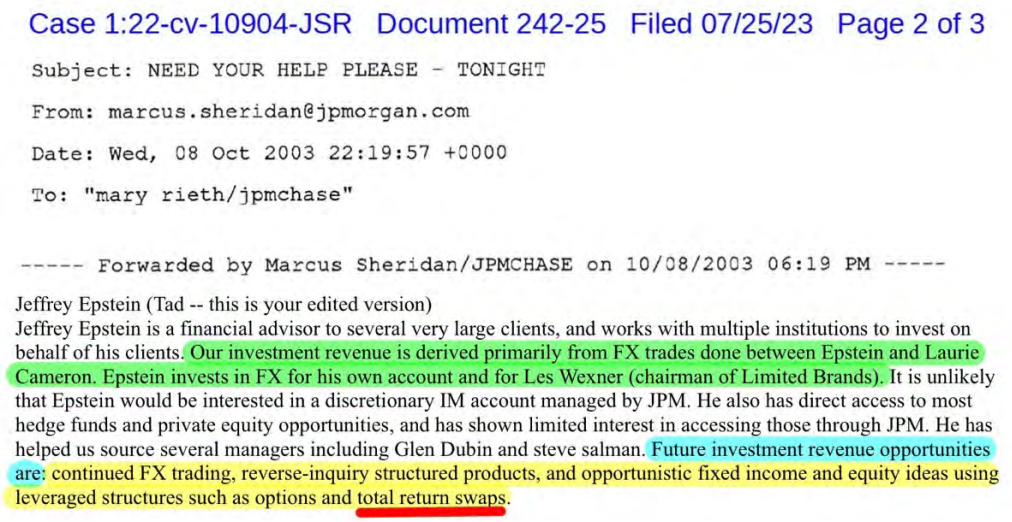
- **April 2022: Elon Musk** confronts Bill Gates over his $500 million short position against Tesla, which Musk estimates has yielded **over $10 billion in losses**.
    - *Source Info:* Social media records documenting Musk's claims that Gates' Tesla short position resulted in a hypocritical $10 billion loss for the philanthropist.
- **November 8–11, 2022: FTX** experiences an $8 billion liquidity crisis. Ryne Miller (former **Sullivan & Cromwell** partner) wires **$4 million to S&C** using customer cash to secure their role as lead counsel.
    - *Source Info:* Internal chat logs and bankruptcy filings showing former Sullivan & Cromwell partner Ryne Miller wiring $4 million in customer cash to his old firm during the crisis.



- **November 2022:** Internal chats reveal **Sam Bankman-Fried** coordinating which lenders to repay, stating he **"would prefer not to do it for BlockFi yet"** to hide debt levels.
    - *Source Info:* Federal criminal trial exhibit (United States v. Samuel Bankman-Fried) showing chats between SBF and Caroline Ellison regarding selective **BlockFi** repayment.
- **January 2023: Silvergate Bank** collapses after failing to monitor over $1 trillion in transactions, including suspicious transfers related to FTX.
    - *Source Info:* Financial Register reports detail the bank's failure to monitor massive volumes of suspect transactions related to the digital asset ecosystem.
- **March 9–10, 2023:** Peter Thiel's Founders Fund advises portfolio companies to withdraw all capital from **Silicon Valley Bank (SVB)**, triggering a **$42 billion bank run**. **Circle (USDC)** is revealed as the largest depositor at SVB with **$3.3 billion** in reserves.
    - *Source Info:* Bloomberg reports and account disclosures detailing how Founders Fund (**Thiel**) triggered a withdrawal and **Circle (USDC)** was exposed as the largest depositor.
- **March 10, 2023:** Mid-crisis, **LedgerX** halts internal ACH transactions and successfully evacuates its USD cash assets from SVB prior to the FDIC shutdown.
    - *Source Info:* LedgerX financial notes describing the emergency halt of ACH transactions and successful withdrawal of cash from SVB prior to the shutdown.
- **June 10, 2026:** Bill Gates testifies that Jeffrey Epstein attempted to **leverage awareness of Gates' infidelity** to force an ongoing financial advisory relationship.
    - *Source Info:* Transcribed testimony from William Henry Gates III describing Epstein's attempts to use knowledge of extramarital affairs to force a financial relationship via **Boris Nikolic**. https://www.justice.gov/epstein/files/DataSet%2010/EFTA01967528.pdf

The JPM, Epstein, and Madoff Era (2003–2011)

- **October 8, 2003:** JPM's Marcus Sheridan notes that Jeffrey Epstein acts as a financial advisor to very large clients, primarily generating foreign exchange (FX) trading revenue for JPM alongside Leslie Wexner. Epstein acts as a source for manager introductions, including Glen Dubin and Steve Cohen (noted as "steve salman").



Case 1:22-cv-10904-JSR Document 242-25 Filed 07/25/23 Page 2 of 3

Subject: NEED YOUR HELP PLEASE - TONIGHT

From: marcus.sheridan@jpmorgan.com

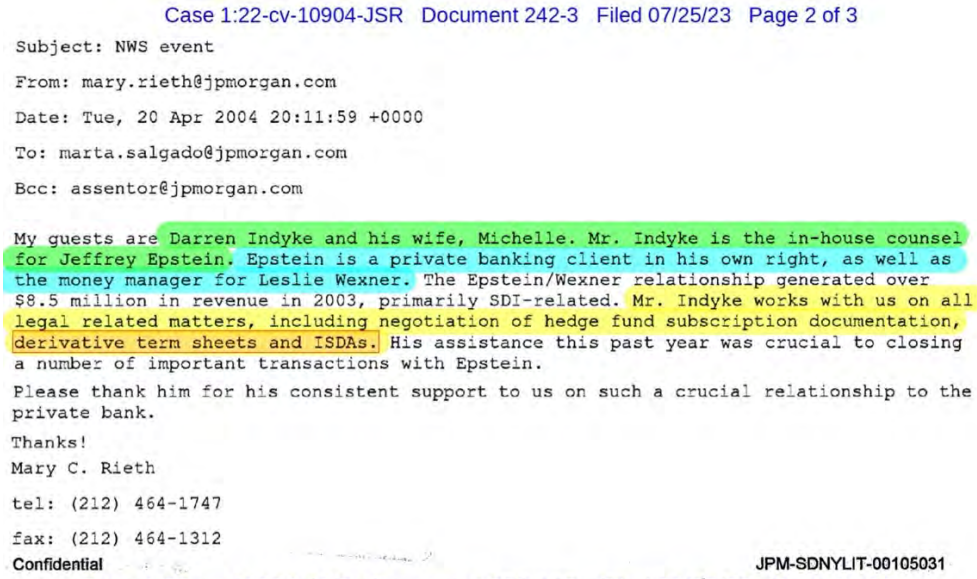
Date: Wed, 08 Oct 2003 22:19:57 +0000

To: "mary rieth/jpmchase"

----- Forwarded by Marcus Sheridan/JPMCHASE on 10/08/2003 06:19 PM -----

Jeffrey Epstein (Tad -- this is your edited version)
Jeffrey Epstein is a financial advisor to several very large clients, and works with multiple institutions to invest on behalf of his clients. Our investment revenue is derived primarily from FX trades done between Epstein and Laurie Cameron. Epstein invests in FX for his own account and for Les Wexner (chairman of Limited Brands). It is unlikely that Epstein would be interested in a discretionary IM account managed by JPM. He also has direct access to most hedge funds and private equity opportunities, and has shown limited interest in accessing those through JPM. He has helped us source several managers including Glen Dubin and steve salman. Future investment revenue opportunities are: continued FX trading, reverse-inquiry structured products, and opportunistic fixed income and equity ideas using leveraged structures such as options and total return swaps.

- **April 20, 2004:** JPM's Mary C. Rieth hosts Darren Indyke (Epstein's in-house counsel) and notes that the Epstein/Wexner relationship generated over $8.5 million in revenue for JPM in 2003.



Case 1:22-cv-10904-JSR Document 242-3 Filed 07/25/23 Page 2 of 3

Subject: NWS event

From: mary.rieth@jpmorgan.com

Date: Tue, 20 Apr 2004 20:11:59 +0000

To: marta.salgado@jpmorgan.com

Bcc: assentor@jpmorgan.com

My guests are Darren Indyke and his wife, Michelle. Mr. Indyke is the in-house counsel for Jeffrey Epstein. Epstein is a private banking client in his own right, as well as the money manager for Leslie Wexner. The Epstein/Wexner relationship generated over $8.5 million in revenue in 2003, primarily SDI-related. Mr. Indyke works with us on all legal related matters, including negotiation of hedge fund subscription documentation, derivative term sheets and ISDAs. His assistance this past year was crucial to closing a number of important transactions with Epstein.

Please thank him for his consistent support to us on such a crucial relationship to the private bank.

Thanks!

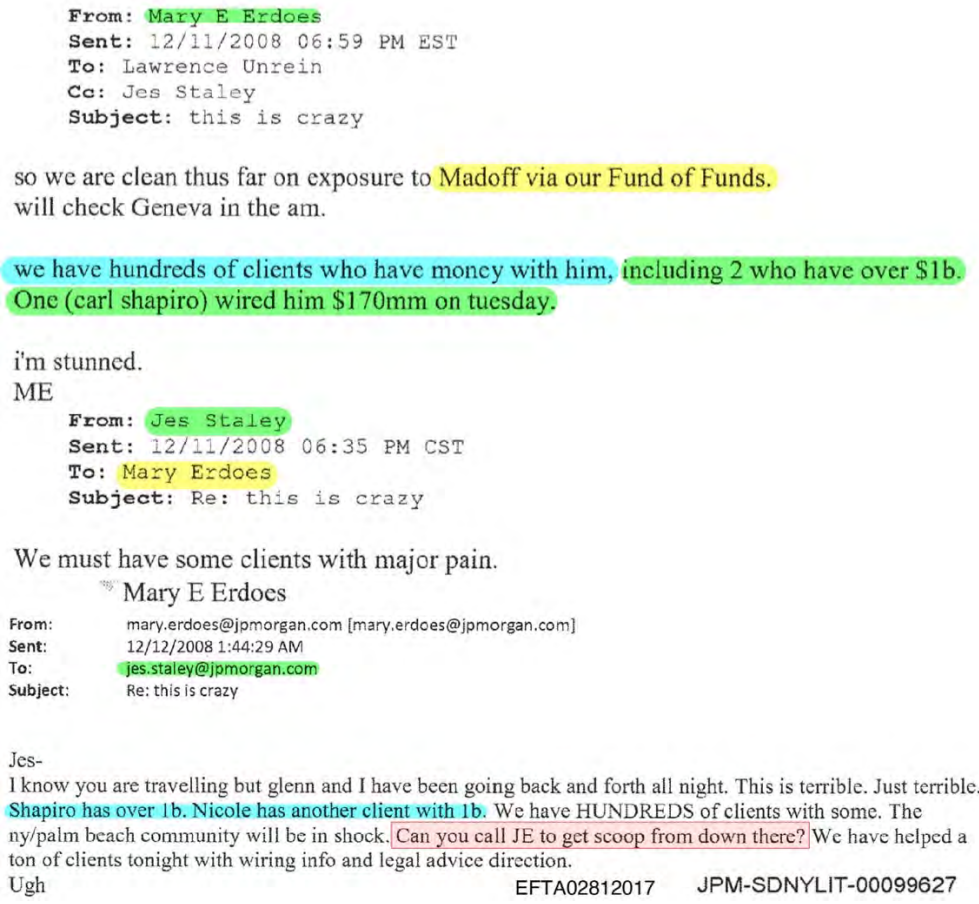
Mary C. Rieth

tel: (212) 464-1747

fax: (212) 464-1312

Confidential JPM-SDNYLIT-00105031

- **December 11–12, 2008:** Following the collapse of the Madoff Ponzi scheme, JPM Asset Management CEO Mary Erdoes texts Jes Staley stating JPM is "clean thus far" via its Fund of Funds, but notes "hundreds of clients who have money with him," including Carl Shapiro (who had over $1 billion with Madoff). Erdoes prompts Staley to "call JE [Jeffrey Epstein] to get scoop from down there."



From: Mary E Erdoes
Sent: 12/11/2008 06:59 PM EST
To: Lawrence Unrein
Cc: Jes Staley
Subject: this is crazy

so we are clean thus far on exposure to Madoff via our Fund of Funds.
will check Geneva in the am.

we have hundreds of clients who have money with him, including 2 who have over $1b.
One (carl shapiro) wired him $170mm on tuesday.

i'm stunned.
ME

From: Jes Staley
Sent: 12/11/2008 06:35 PM CST
To: Mary Erdoes
Subject: Re: this is crazy

We must have some clients with major pain.

Mary E Erdoes

From: mary.erdoes@jpmorgan.com [mary.erdoes@jpmorgan.com]
Sent: 12/12/2008 1:44:29 AM
To: jes.staley@jpmorgan.com
Subject: Re: this is crazy

Jes-
I know you are travelling but glenn and I have been going back and forth all night. This is terrible. Just terrible. Shapiro has over 1b. Nicole has another client with 1b. We have HUNDREDS of clients with some. The ny/palm beach community will be in shock. Can you call JE to get scoop from down there? We have helped a ton of clients tonight with wiring info and legal advice direction.
Ugh

EFTA02812017 JPM-SDNYLIT-00099627

- **July 28, 2009:** Author Ed Epstein and Peggy Siegal exchange emails regarding how Bernie Madoff's computer programs falsified thousands of options trades across main hedge funds to manipulate paper wealth. Siegal forwards the breakdown to Jeffrey Epstein.

From: "Peggy Siegal" <[redacted]> EFTA00773096
To: "[redacted]" <[redacted]>
Subject: Bernie Madoff
Date: Tue, 28 Jul 2009 16:12:56 +0000

Ed-
Why a simple computer program couldn't have been responsible.. it would include random generator, the cusip numbers are easy as they are attached to the security, they should be looking for an accounting programmer.

Did you ask for a demonstration of how a system would work, and then just plug it in?
xoxo Peggy Siegal

From: Ed Epstein [redacted]
To: Peggy Siegal
Sent: Tue Jul 28 15:03:36 2009
Subject: re: Bernie Madoff

Yes that would work in dividing same trades over many accords, but his 7 main hedge funds had different rules, so he bought and sold different options in these different accounts, which on paper had $40 billion. So you are talking about a lot of paperworks done every day. Maybe 3 to 5 thousand trades a day. Buy you are right, once they were entered the computer could find the CUSIP number
Regards
Ed
www.edwardjayepstein.com

To: jeevacation@gmail.com[jeevacation@gmail.com]
From: Peggy Siegal
Sent: Tue 7/28/2009 7:16:40 PM
Subject: Fw: Bernie Madoff

Title: Fw: Bernie Madoff

EFTA_R1_01514969
Here is your answer...peg EFTA02440838

- **March 9, 2010:** Mary Casey (Managing Director, J.P. Morgan Private Bank) informs Jes Staley that Jeffrey Epstein is officially set up on the Global Investment Opportunities (GIO) desk with an ISDA agreement, co-covered by Paul Barrett and Jeff Matusow.

From: Mary C Casey [mary.c.casey@jpmorgan.com]
Sent: 3/9/2010 12:47:05 PM
To: Jes Staley [jes.staley@jpmorgan.com]
CC: Rosa M da Silva [rosa.m.dasilva@jpmorgan.com]; Paul V Morris [paul.v.morris@jpmorgan.com]
Subject: Jeffrey Epstein

Jes -- just a quick note to let you know that Jeffrey is now set up for business in the Private Bank (incl w/ an ISDA) on the GIO desk. Paul Barrett and Jeff Matusow are co-covering him on the GIO desk and Paul Morris will be his banker. Paul is a former investment banker from Barclays who joined our team last year. I'll make sure you get to meet him soon. So Jeffrey is well covered and hopefully the relationship will grow from here. We'll keep you posted.
Thanks.
Mary

Mary Casey, Managing Director, J.P. Morgan Private Bank
270 Park Avenue, New York, NY 10017
tel: (212) 464-0374; fax (212) 464-1311
mary.c.casey@jpmorgan.com

- **August 24, 2010:** JPM's Paul Barrett advises Epstein to unwind a remaining $20 million exposure in 30-year swap markets due to worsening economic indicators. Epstein sharply replies that so far, JPM's recommendations "are a disater [sic]."

From: Jeffrey Epstein [mailto:[redacted]]
Sent: Tuesday, August 24, 2010 4:25 PM
To: Paul S Barrett
Cc: Jes Staley
Subject: Re: 30yr swaps

yen? ,, so far jpm recomendations. are a disater

On Tue, Aug 24, 2010 at 4:19 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:
ok

On Tue, Aug 24, 2010 at 3:44 PM, Paul S Barrett <[redacted]> wrote:
Jeffrey

Left you a message.

We should unwind the remainder of our 30yr swap exposure. Between the jobless claims and housing data the risk has substantially grown for a hard landing which would drive interest rates lower.

We have 10MM of an outright swap and 10MM of a receiver swaption (4.35% strike)

Let me know.

Paul

Paul Barrett, CFA
Managing Director
Global Investment Opportunities Group
JPMorgan Private Bank

- **January 7, 2011:** Academic Dan Ariely emails Jeffrey Epstein asking for an introduction to Bernie Madoff (or someone close to him) to assist with his scientific research on human dishonesty.

From: Dan Ariely [redacted]
Sent: Friday, January 7, 2011 8:03 PM
To: Jeffrey Epstein
Subject: help with Madoff?

EFTA_R1_00097016
EFTA01779542

Dear Jeffrey,

I hope all is well

I remember that you told me that you have some contacts with Madoff I =m very interested in talking to him, relating to my research on =ishonesty.

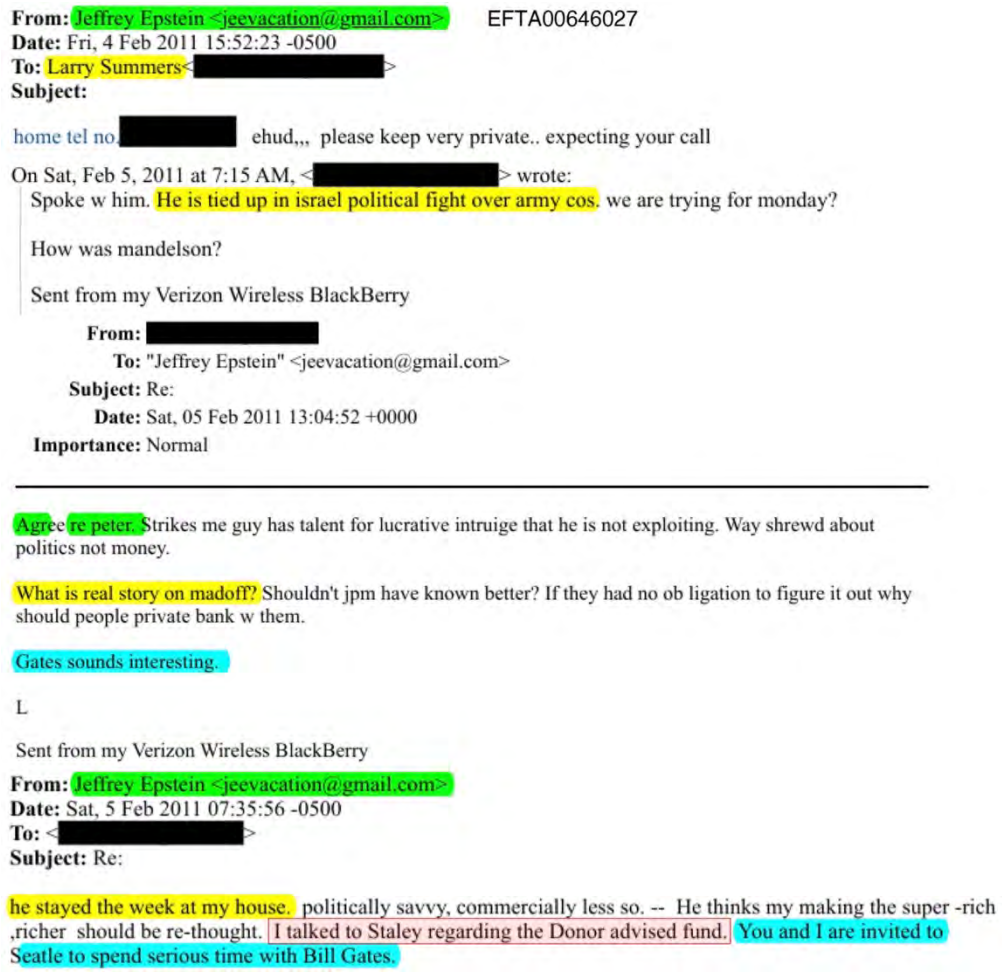
Do you think you can put me in touch with him or with someone close to =im?

And thanks again for a fun evening a while back

Irrationally yours

Dan

- **February 4–5, 2011:** Epstein coordinates a private call with Larry Summers regarding Israeli political conflicts. Simultaneously, Summers (under the initial "L") asks Epstein: *"What is real story on madoff? Shouldn't jpm have known better?"* Epstein also mentions to Jes Staley that he has spoken with Bill Gates about traveling to Seattle to pitch a massive Donor Advised Fund (DAF).



From: Jeffrey Epstein <jeevacation@gmail.com> EFTA00646027
Date: Fri, 4 Feb 2011 15:52:23 -0500
To: Larry Summers<[redacted]>
Subject:

home tel no.[redacted] ehud,,, please keep very private.. expecting your call

On Sat, Feb 5, 2011 at 7:15 AM, <[redacted]> wrote:

Spoke w him. He is tied up in israel political fight over army cos. we are trying for monday?

How was mandelson?

Sent from my Verizon Wireless BlackBerry

From: [redacted]
To: "Jeffrey Epstein" <jeevacation@gmail.com>
Subject: Re:
Date: Sat, 05 Feb 2011 13:04:52 +0000
Importance: Normal

Agree re peter. Strikes me guy has talent for lucrative intruige that he is not exploiting. Way shrewd about politics not money.

What is real story on madoff? Shouldn't jpm have known better? If they had no ob ligation to figure it out why should people private bank w them.

Gates sounds interesting.

L

Sent from my Verizon Wireless BlackBerry

From: Jeffrey Epstein <jeevacation@gmail.com>
Date: Sat, 5 Feb 2011 07:35:56 -0500
To: <[redacted]>
Subject: Re:

he stayed the week at my house. politically savvy, commercially less so. -- He thinks my making the super -rich ,richer should be re-thought. I talked to Staley regarding the Donor advised fund. You and I are invited to Seatle to spend serious time with Bill Gates.

- **February 6, 2011:** Epstein outlines a structural plan to Jes Staley for a DAF that could reach $100 billion in two years by utilizing high-profile boards, farming investments to Highbridge Capital, and allowing the integration of "funky assets" like art and closely held stock.

Date: Sunday, February 6 2011 12:10 PM
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jes Staley <jes.staley@jpmorgan.com>; ESTATE_JPM001591

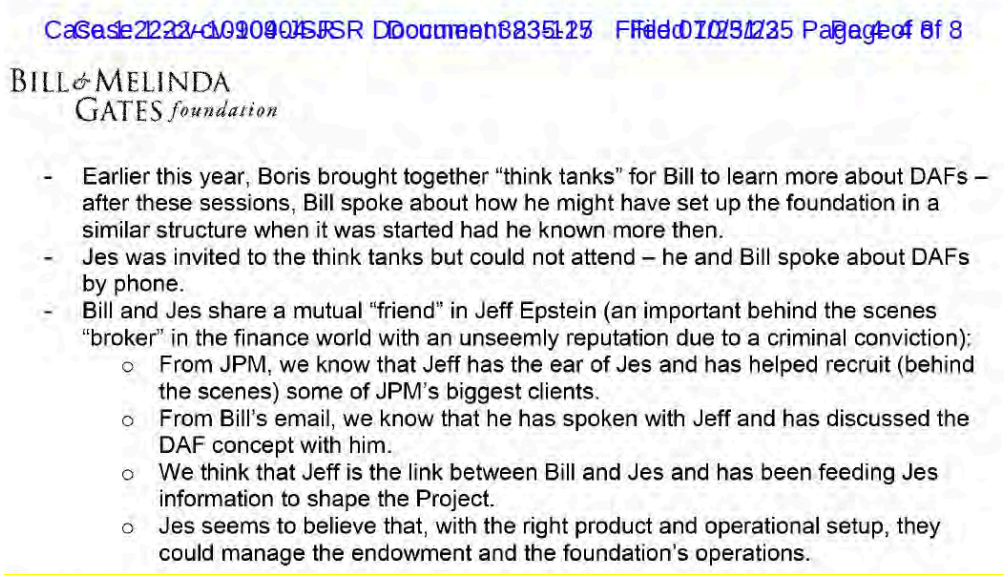
donor advised fund. :/ 1. you could tie it initally just to the gates program,, miinimum gift. 100 million. it could then be opend up later. IT will be the largest foundation in the world. You need an advisroy board for 1, investments. 2. distributions. . you will need an amministration , mirroring a mutual fund. 4. tax compiance dept. dedicated to the operation. IT will underpin a trust and estate . dept , the size of which will be enormous, 5. I would suggest , an irs auditor full time on site. 6, as a DAF , you will be able to take in funky assets. (sub s, closely held c's , Art,) valuation services. . sale and mgmt of 144 stock_). done right its 100 billion dollars in 2 years. thetension is making money from a Charitable Org. therefore the money making parts need to be arms length . salaries are disclosable ,and closely watched . Farming the investments to a highbridge is no brainer , but must be done with airtight opinions and reviewed by committees. I thought of University Heads. Foundation Chairs,for the boarrds It will be the most sort after board in the country.

- **August 10, 2011:** Epstein pushes Staley and Erdoes to design a polished presentation for a meeting with "Dick" (Richard Henriques of the Gates Foundation) regarding the exclusive DAF structure.

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jes Staley [redacted]>; Erdoes, Mary E
Sent: Wed Aug 10 04:19:42 2011
Subject: gates DAF

for the meeting with Dick , we should have a complete presentation,. IT needs to address how it enhances current giving by GF . vaccines, matemal care,, These should be two of the donor silos. . IT should have a structure, that for example purposes only, has , the best investors in the role of advisors. (we should decide whether being on the investment commmitee, automatially disqualifies an investment in ones particular fund , for example if LEon sat on the advisory board, should there be no apollo investments. (legal issue as well as optical).. JPM acts as fiduciary in every capacity,,It should deal with hard to value assets.. appreciated real estate. , (a real estate group, should be available). valuation firms, trust and estate experts. . The web based, investor access to information , could set an example for simple user interface. click or touch an investment silo to retrieve all relevant data, in many forms. This will be very HIGH profile. I propose a minimum of 100 million donation . It will be the most exclusive of clubs, In addition , though membersip in the "club"could be known . the gifts can be given anonymously. This will fulfill the wishes of many that have spoken to bill about wanting to do things but not wanting the publicity. For example funding Gay, Aids, Jewish, orgs, that otherwise might bring unwanted attention to the giver by both the press and its competing groups. For example, If someone wants to give money to a program that in any way competes with their self or perceived image. Another school. , program etc. many have expressed reservations that giving publicily woudl send a complex message to those institutions that have already close relations with the donor.

- **August 22, 2011:** The Bill & Melinda Gates Foundation drafts an internal briefing memo ahead of a meeting with JPM. The authors (Jennifer Alcorn and Julie Sunderland) explicitly note that Jeffrey Epstein is acting as a behind-the-scenes broker connecting Gates and Staley, but highlight Epstein's "unseemly reputation due to a criminal conviction" and state that the Giving Pledge must remain entirely separate and firewalled from JPM's product pitches.



Case 1:22-cv-10904-JSR Document 835-17 Filed 07/25/23 Page 1 of 8

BILL & MELINDA GATES *foundation*

- Earlier this year, Boris brought together "think tanks" for Bill to learn more about DAFs – after these sessions, Bill spoke about how he might have set up the foundation in a similar structure when it was started had he known more then.
- Jes was invited to the think tanks but could not attend – he and Bill spoke about DAFs by phone.
- Bill and Jes share a mutual "friend" in Jeff Epstein (an important behind the scenes "broker" in the finance world with an unseemly reputation due to a criminal conviction):
  - From JPM, we know that Jeff has the ear of Jes and has helped recruit (behind the scenes) some of JPM's biggest clients.
  - From Bill's email, we know that he has spoken with Jeff and has discussed the DAF concept with him.
  - We think that Jeff is the link between Bill and Jes and has been feeding Jes information to shape the Project.
  - Jes seems to believe that, with the right product and operational setup, they could manage the endowment and the foundation's operations.

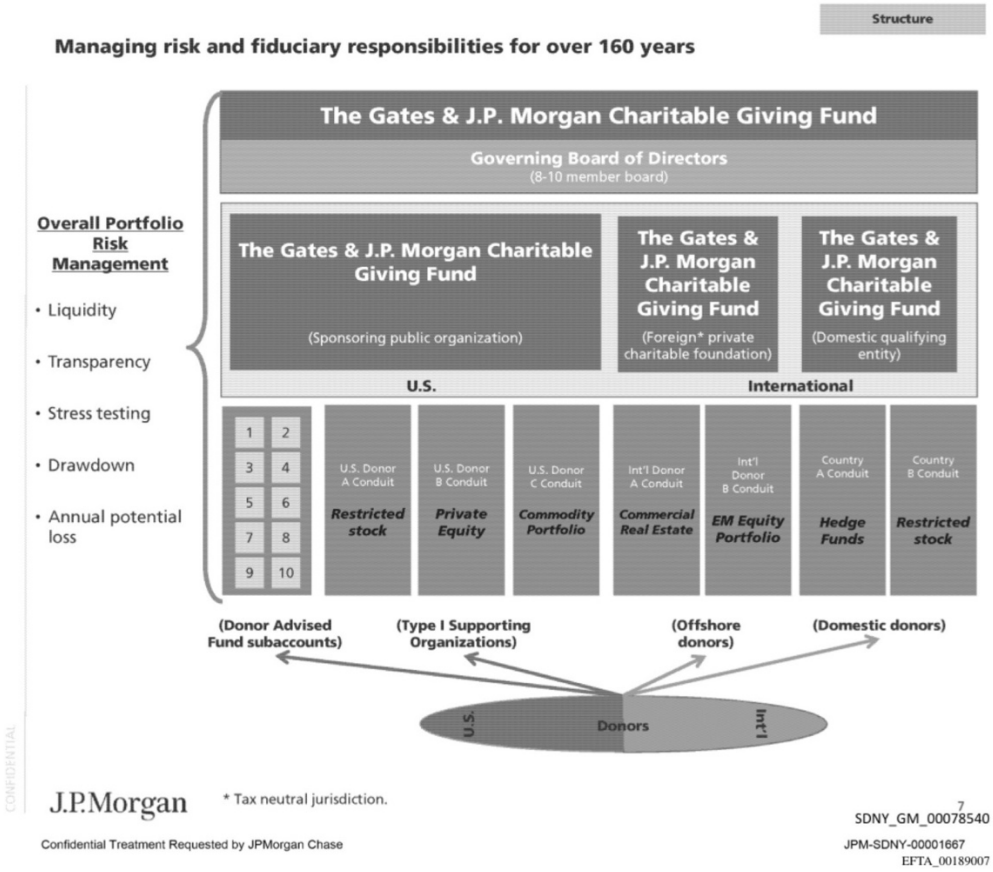
- **August 26, 2011:** Epstein writes to Staley and Erdoes, stating he likes to "cook [opportunities] slowly" before handing them over to JPM, proposing further wealth-management collaborations via entities linked to Tom Pritzker.

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jes Staley <jesstaley1@gmail.com>;Erdoes, Mary E" <mary.erdoes@jpmorgan.com>
Sent: 8/26/2011 10:13:53 AM
Subject:

I am more than happy to meet with anyone you think moves this along .. cutler. jamie. . etc.. As mary said it need to be PROPER. please consider , there are four major areas of huge opportunity for some mutually satisfactory arrangement. Gates and his entourage (facebook, spotify (parker). Middle East. Africa, China. THe common thread is they all want private advice. . The opportunities like the DAf idea , originates with me, i cook it slowly, adding various ingredients almost fully cook it. and then want to turn it over to you . As I said to mary , if Tom Pritsker established an investment bank and I did most things with tom, could that be a beginning of a solution. ?

Confidential JPM-SDNYLIT-00016924

- **August 31, 2011:** Gates Foundation representatives (Dick Henriques, Connie Collingsworth) meet with JPM executives at 270 Park Avenue to review "Project Molecule," structured formally as "The Gates & J.P. Morgan Charitable Giving Fund" presentation.



Shift to Crypto and Structured Assets (2012–2016)

- **December 2012:** Larry Cohen (bgC3 LLC) coordinates a draft letter of understanding with Boris Nikolic to form a new health/bioscience and technology investment entity funded by Bill Gates (initially dubbed "bgC4").

December ___, 2012 **CONFIDENTIAL**

Mr. Larry Cohen, Manager
Business Operations
bgC3 LLC

RE: Letter of Understanding Regarding New Investment Entity

Dear Larry:

This letter sets forth certain general understandings by and between bgC3 LLC ("**bgC3**") and Boris Nikolic ("**BN**"). BN has previously entered into an Employment Agreement with bgC3. This letter does is not intended to alter the terms of that Employment Agreement, including without limitation the "at will" and "confidentiality" provisions of the Employment Agreement.

Company Formation — The parties anticipate the formation of a corporation:

bgC3 or an affiliate of bgC3 will form and provide all necessary funding for a separate corporation ("bgC4") that will be organized as a Washington corporation

- ~~The parties anticipate that bgC3 or an affiliate of bgC3 will form a separate company (the "**Company**"), structured as a Washington~~ wholly owned and ultimately ~~or~~ controlled by William H. Gates III (the "**Owner**"), the sole purpose of which will be to evaluate, make, and manage investments in Opportunities (as hereinafter defined) in third-party entities as deemed appropriate by Owner in his sole discretion.

EFTA00583852

~~[what office shall BN hold in the Company?]~~

BN Activities — BN will be responsible for the following:

- Sourcing and presenting to bgC4, as BN in his discretion may select, potential investment opportunities in bioscience and health-related industries, which may from time to time include investment opportunities in the technology sector (collectively, "**Opportunities**"), at a target rate of (but not limited to) three Opportunities per calendar year;
- Conducting due diligence on ~~Ensuring that~~ all Opportunities presented to bgC4 to determine that the Opportunities involve investments in bona fide third parties having no affiliation or conflict of interest with bgC3, the Owner, or any of their respective affiliates or existing investment relationships (including, without limitation, "BGI," the Bill and Melinda Gates Foundation, Cascade Investment, L.L.C., Intellectual Ventures LLC, Gates Ventures, LLC, and Microsoft Corporation); and
- Conducting scientific and operational due diligence as BN determines in his sole discretion to be appropriate on all Opportunities.

Activities of bgC3 — bgC3 (or another appropriate affiliate of the Owner) will be responsible for the following:

- Evaluating such Opportunities as the Owner determines, in his sole discretion, to be appropriate;

EFTA00583853

- **September 2013:** John R. Duffy (CEO, U.S. Private Bank) notifies Mary Erdoes that he firmly denied Epstein's requests to act as a sole trustee or power of attorney on accounts. He notes Epstein raised a "tough one" regarding an asset structure that would name Gates, Epstein, and JPM as co-trustees.

From: Duffy, John R [john.r.duffy@jpmorgan.com]
Sent: 9/20/2013 9:20:48 PM
To: Erdoes, Mary E [mary.erdoes@jpmorgan.com]
Subject: JE

Spoke with him. Good conversation. Told JE no on sole trustee or POA, yes for advisory role without discretion. Yes for custody in the client's name.

Tough one he brought up regarding Gates - JE and JPM as co-trustee. While I expect that this would be hard to get through - its like co-branding with him. We should still discuss it - Let's talk. He understood.

John R. Duffy
J.P. Morgan
CEO, U.S. Private Bank
270 Park Avenue
New York, NY 10017
Tel: 212-464-1468
Email: john.r.duffy@jpmorgan.com

J.P. Morgan Securities LLC

Confidential

- **November 13, 2013:** Bill Gates emails Epstein asking if he should approach Leon Black about setting up a private DAF. Epstein replies with a critique of Mary Erdoes and JPM's "mini version" DAF (calling it a failure), while pushing the benefits of customized, anonymous DAF structures for the "hyper rich."

On Wed, Nov 13, 2013 at 6:01 PM, Bill Gates <[redacted]> wrote:

I should understand better what I should do here.
Should I approach Leon specifically about doing a DAF?
I would like to do a few of them on a private basis and see how it goes.
I should start with the people who are most open minded to the construct.

From: Jeffrey Epstein <jeevacation@gmail.com>
To: Bill Gates <[redacted]>
Subject: Re: DAF structure learning?
Date: Wed, 13 Nov 2013 22:36:10 +0000

If you thought smart. Larry Summers would gladly be involved, the flexibility of the DAFS are custom made for the problems of the hyper rich. more and more people realize they can't give this much money to their children. however as Ive said before they have no solution. The Jp Morgan mini version was a failure, though it raised some money. To remind you, and you can check with Boris, I told you that this would not work . the presentations , goals persectives , were pedestrian sell side constructs. Mary Erdoes is a nice person. thats it. . Dafs allow anonymous giving, . so that ones alma mater is not hysterical that their favorite alumni has other interests. . portfolios can be designed for each individual so that they have a say in the investment makeup. (this quickly goes away). . It is like having a perpetual money fund, your children can advise in the future, an can call upon seasoned professionals. there is a limited number as you know of super high qualty people in any field , the chariable one , no exception. otherwise you have 50 families that have wealth greater than 5 billion , each setting up their own, having the same administration headaches concerns, and search criteria its silly. . look forward to spending time, it will be the most money any charity has ever had.

From: Jeffrey Epstein [mailto:jeevacation@gmail.com]
Sent: Wednesday, November 13, 2013 2:19 AM
To: Bill Gates
Subject:

the art sales are an example of the cash pressure. that could be going for good causes. Donor advised Fund Apollo , leon black will do the money piece, you do the giving.
http://www.nytimes.com/2013/11/13/arts/design/bacons-study-of-freud-sells-for-more-than-142-million.html?hp&gwh=5AED892B89D4E7F3E7A9A9F2C792565F

- **December 1, 2014:** Brock Pierce emails Jeffrey Epstein regarding an urgent allocation opportunity in a $60 million Series C financing round for Coinbase (alongside Andreessen Horowitz and Union Square Ventures), sending legal onboarding documents via "Crypto Currency Partners II, LLC."

From: Brock Pierce <[redacted]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Fwd: The Stephens brothers - Potential Series C Investors
Date: Mon, 01 Dec 2014 18:18:21 +0000
Attachments: 4855_001.pdf; Amended_and_Restated_Co-Sale_Agreement_(Series_B).pdf; Amended_and_Restated_Investor_Rights_Agreement_(Series_B).pdf; Amended_and_Restated_Voting_Agreement_(Series_B).pdf; Capitalization_Table.xls; Coinbase_Global_-_Amended_and_Restated_Certificate_of_Incorporation.pdf; Coinbase_Series_C.pdf; Series_B_Stock_Purchase_Agreement_(Series_B).pdf; Series_C_Term_Sheet.pdf

---

Jeffrey,

The Coinbase Series C is going to be finalized this week. I have gotten us allocation if you're interested and able to move fast. Should be a $60M financing. The syndicate of investors in the round are DFJ Growth, a16z (Andreessen Horowitz), USV, Ribbit Capital and a few bank venture arms and traditional financial service players. Are you available to talk to the co-founder who is spearheading the financing today?

EFTA00679451

- **January 27, 2015:** JPM's Vahe Stepanian and Daniel Sabba confirm execution details for a Total Return Swap (TRS) and short European Call options package on Twitter (TWTR) stock for Epstein's entity, Southern Financial LLC.

From: Vahe Stepanian
Sent: Tuesday, January 27, 2015 5:50 PM
To: Daniel Sabba; jeffrey E.
Cc: Paul Morris; Richard Kahn
Subject: RE: Trade Recap - 01/27/2015 - Long TWTR on 1y TRS, Short TWTR 1y calls [C]

Classification: **Confidential**

EFTA01203566

Jeffrey – please find updated TWTR trade details below (inclusive of initial strike), along with attached termsheet.

Total Return Swap:

Swap Seller:	DB
Swap Buyer:	Southern Financial LLC
Ticker:	TWTR
Size:	100,000 shares
Expiry:	1/27/2016
Spread:	1mL+ 75bps
Resets:	Monthly
Optional Early Termination:	Applicable, 3 days (two-way)
Commissions:	$0.03 per share in and out
Initial Strike:	$38.9662 (Gross) / $38.9962(Net)

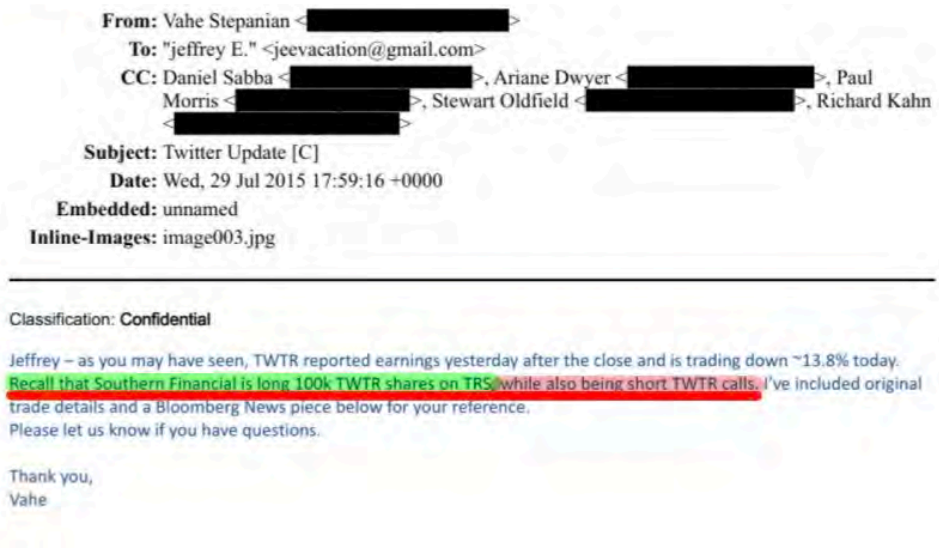
European Call options on TWTR:

Option Seller:	Southern Financial LLC
Option Buyer:	DB
Shares:	100,000
Notional:	$3,896,620.00
Type:	Call
Style:	European
Expiry:	1/27/2016
Strike	$38.9662

Premium client receives: $728,278.28 (18.69%)

Thank you,
Vahe

- **July 29, 2015:** JPM alerts Epstein that Twitter stock plummeted 13.8% following its earnings release, impacting his active long TRS position.



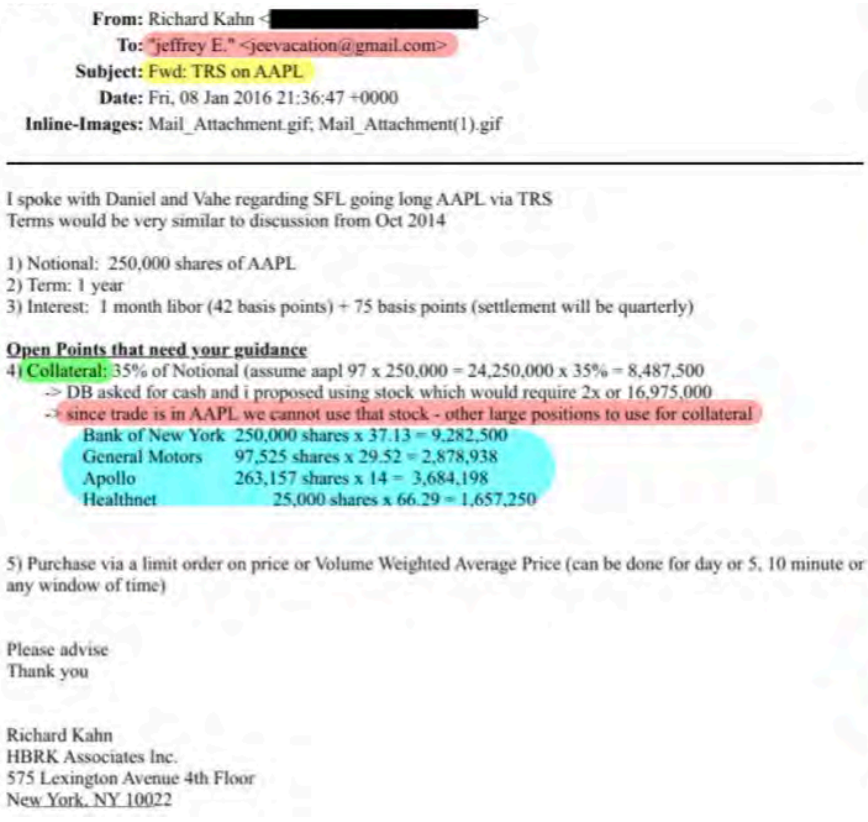
From: Vahe Stepanian <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
CC: Daniel Sabba <[redacted]>, Ariane Dwyer <[redacted]>, Paul Morris <[redacted]>, Stewart Oldfield <[redacted]>, Richard Kahn <[redacted]>
Subject: Twitter Update [C]
Date: Wed, 29 Jul 2015 17:59:16 +0000
Embedded: unnamed
Inline-Images: image003.jpg

Classification: **Confidential**

Jeffrey – as you may have seen, TWTR reported earnings yesterday after the close and is trading down ~13.8% today. Recall that Southern Financial is long 100k TWTR shares on TRS while also being short TWTR calls. I've included original trade details and a Bloomberg News piece below for your reference.
Please let us know if you have questions.

Thank you,
Vahe

- **January 8, 2016:** Richard Kahn (HBRK Associates) details a proposal for Southern Financial LLC to go long on Apple (AAPL) via a 1-year TRS. The deal outlines a need for $16.97 million in collateral, proposing the use of heavy stock concentrations in Bank of New York, General Motors, Apollo, and Healthnet.



From: Richard Kahn <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Fwd: TRS on AAPL
Date: Fri, 08 Jan 2016 21:36:47 +0000
Inline-Images: Mail_Attachment.gif; Mail_Attachment(1).gif

I spoke with Daniel and Vahe regarding SFL going long AAPL via TRS
Terms would be very similar to discussion from Oct 2014

1) Notional: 250,000 shares of AAPL
2) Term: 1 year
3) Interest: 1 month libor (42 basis points) + 75 basis points (settlement will be quarterly)

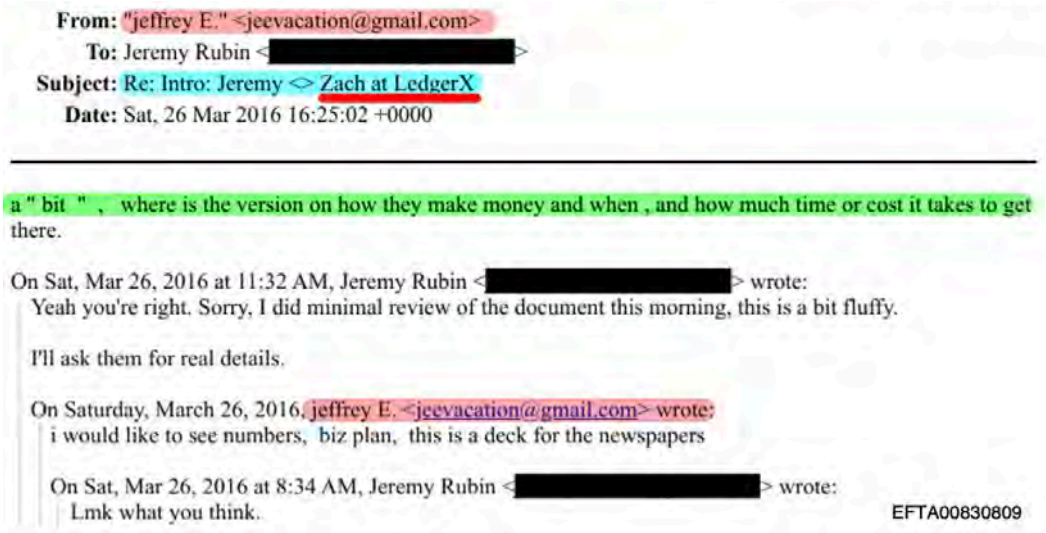
Open Points that need your guidance
4) Collateral: 35% of Notional (assume aapl 97 x 250,000 = 24,250,000 x 35% = 8,487,500
-> DB asked for cash and i proposed using stock which would require 2x or 16,975,000
-> since trade is in AAPL we cannot use that stock - other large positions to use for collateral
Bank of New York 250,000 shares x 37.13 = 9,282,500
General Motors 97,525 shares x 29.52 = 2,878,938
Apollo 263,157 shares x 14 = 3,684,198
Healthnet 25,000 shares x 66.29 = 1,657,250

5) Purchase via a limit order on price or Volume Weighted Average Price (can be done for day or 5, 10 minute or any window of time)

Please advise
Thank you

Richard Kahn
HBRK Associates Inc.
575 Lexington Avenue 4th Floor
New York, NY 10022

- **March 26, 2016:** Developer Jeremy Rubin shares an early deck regarding digital currency exchange LedgerX with Epstein. Epstein responds critically, dismissing it as "a deck for the newspapers" and demanding to see an actual business plan, cost timelines, and revenue numbers.



From: "jeffrey E." <jeevacation@gmail.com>
To: Jeremy Rubin <[redacted]>
Subject: Re: Intro: Jeremy <> Zach at LedgerX
Date: Sat, 26 Mar 2016 16:25:02 +0000

---

a " bit " , where is the version on how they make money and when , and how much time or cost it takes to get there.

On Sat, Mar 26, 2016 at 11:32 AM, Jeremy Rubin <[redacted]> wrote:
Yeah you're right. Sorry, I did minimal review of the document this morning, this is a bit fluffy.

I'll ask them for real details.

On Saturday, March 26, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
i would like to see numbers, biz plan, this is a deck for the newspapers

On Sat, Mar 26, 2016 at 8:34 AM, Jeremy Rubin <[redacted]> wrote:
Lmk what you think.

EFTA00830809

- **March 3, 2017:** A proposal letter to Bill Gates outlines deliverables for data infrastructure at bgC3, focusing on zero-knowledge proof digital systems for secure consumer healthcare data, neurotech whitepapers as weapons in national intelligence and defense, and pandemic simulations.

From [redacted]
Sent: Friday, March 3, 2017 5:31 PM
To: 'Bill Gates' <billg@bgc3.com <mailto:billg@bgc3.com> >
Cc: Larry Cohen <larry.cohen@bgc3.com <mailto:larry.cohen@bgc3.com> >
Subject: bgc3 Deliverables and Scope

Bill –

Larry and I have been=working on deliverables for my time at bgc3 since you and I spoke. At Larr='s request I have spoken with Rodger, Mark, Chris, Trevor, Geoff =E2[illegible] and next week Bose/Jonah. Everyone has offered guidance, advice t=oughts and ideas.

As Larry works to put=together any required documentation, we are trying to make sure we make th=s time valuable for all.

Two areas where I am =nterested, in terms of scope: domestic health and neurotech/brain science.=/div>
I propose these as de=iverables, please let Larry and I know what you think.
Deliverables:<=div>

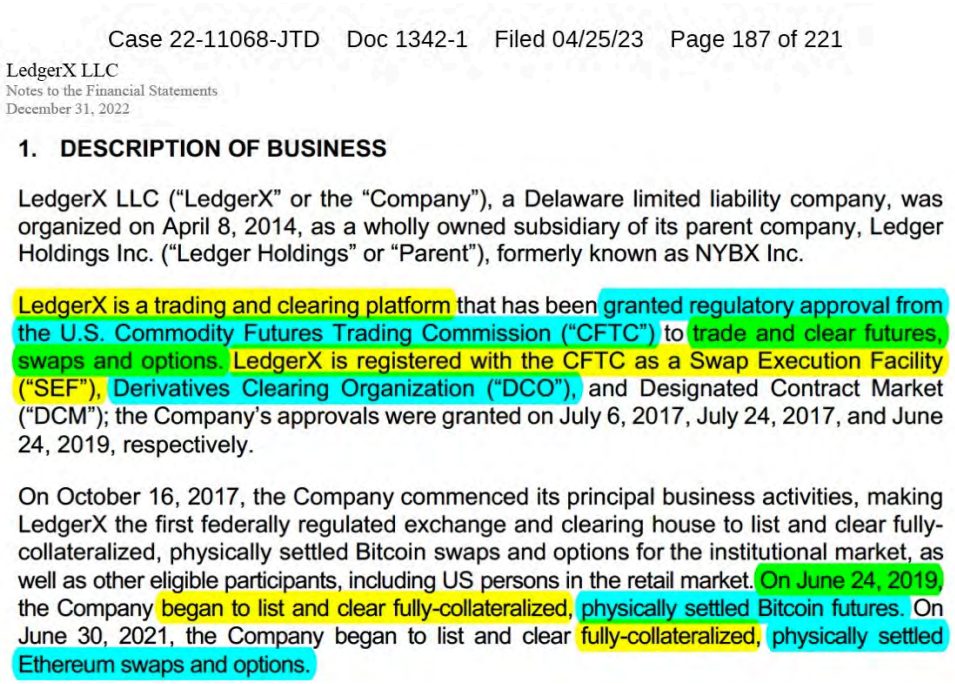
1. To improve access and secure personal health data (affordabil=ty/access) -->Blueprint and/or recomme=dations for a zero knowledge proof-based digital system to secure private personal=health information while allowing access to digitally redacted personal in=ormation
2. Whitepaper on consumer health expenditures in the USA
3. Whitepaper and/or recommendations on neurotechnologies relate= to chronic/degenerative disease
4. Whitepaper on Neurotechnologies as weapons in national intell=gence and defense
5. Follow-up recommendations and/or technical specifications for Strain pandemic simulation

Happy to do whatever =lse is helpful – or adapt along the way.
Thanks for the opport=nity...hope the weekend is off to a good start.

EFTA_R1_01904025
EFTA02657725

LedgerX Corporate Evolution and Banking Crisis (2017–2023)

- **July 2017 – June 2019:** LedgerX LLC receives formal regulatory approval from the CFTC as a Swap Execution Facility (SEF), Derivatives Clearing Organization (DCO), and Designated Contract Market (DCM), launching institutional physically settled Bitcoin derivatives.



Case 22-11068-JTD Doc 1342-1 Filed 04/25/23 Page 187 of 221

LedgerX LLC
Notes to the Financial Statements
December 31, 2022

1. DESCRIPTION OF BUSINESS

LedgerX LLC ("LedgerX" or the "Company"), a Delaware limited liability company, was organized on April 8, 2014, as a wholly owned subsidiary of its parent company, Ledger Holdings Inc. ("Ledger Holdings" or "Parent"), formerly known as NYBX Inc.

LedgerX is a trading and clearing platform that has been granted regulatory approval from the U.S. Commodity Futures Trading Commission ("CFTC") to trade and clear futures, swaps and options. LedgerX is registered with the CFTC as a Swap Execution Facility ("SEF"), Derivatives Clearing Organization ("DCO"), and Designated Contract Market ("DCM"); the Company's approvals were granted on July 6, 2017, July 24, 2017, and June 24, 2019, respectively.

On October 16, 2017, the Company commenced its principal business activities, making LedgerX the first federally regulated exchange and clearing house to list and clear fully-collateralized, physically settled Bitcoin swaps and options for the institutional market, as well as other eligible participants, including US persons in the retail market. On June 24, 2019, the Company began to list and clear fully-collateralized, physically settled Bitcoin futures. On June 30, 2021, the Company began to list and clear fully-collateralized, physically settled Ethereum swaps and options.

- **June 30, 2021:** LedgerX officially expands its platform to clear physically settled Ethereum swaps and options.

- **October 13, 2021:** LedgerX's parent company, Ledger Holdings Inc., is officially acquired by West Realm Shires Inc. (the parent company of FTX.US). At the close of December 2021, LedgerX holds over $480 million in participant margin deposits.

LedgerX LLC
Notes to the Financial Statements
December 31, 2021

4. PARTICIPANT MARGIN DEPOSITS

Full-Collateralization

Generally, participant agreements require that accounts and transactions be fully-collateralized, which requires that participants post sufficient cash (USD) and/or digital asset margin deposits prior to trade execution in order to satisfy the maximum potential loss on all open positions. In addition, Participants may opt into a collateral netting system that allows a Participant's required collateral for a given option to be netted with the Participant's other options of the same type and term. In all cases, LedgerX still holds the maximum potential loss on the entire portfolio of positions.

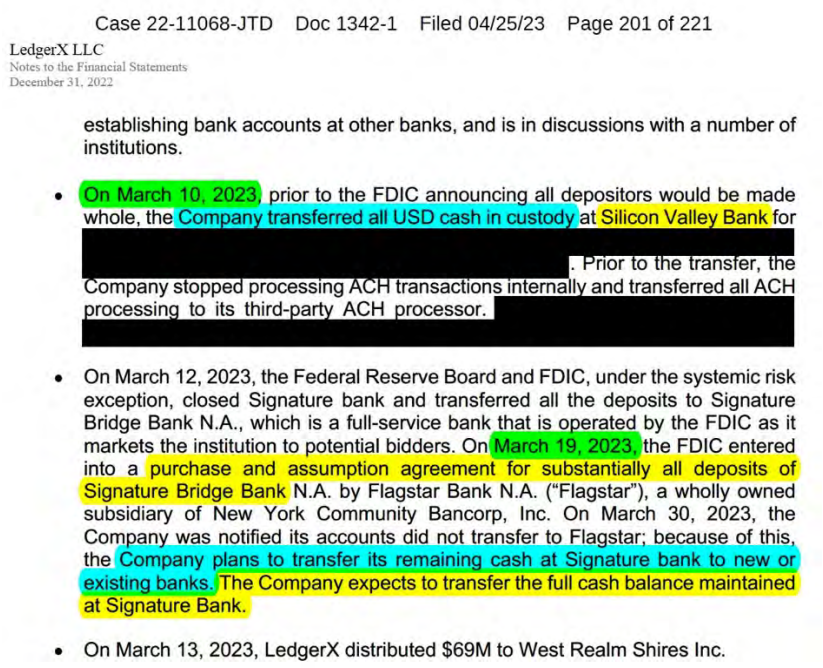
Cash participant margin deposit balances are recorded as an asset and offsetting liability (participant margin deposits) on the statement of financial condition. Bitcoin and Ethereum margin deposits are not reflected on the financial statements, and instead are recorded off-balance sheet. Cash and digital assets held as participant margin deposits at fair value at December 31, 2021 were as follows:

Cash participant margin deposits	$70,129,953
Digital asset margin deposits	$410,653,228
Total	$480,783,181

LedgerX maintains custody of participant digital asset margin deposits on behalf of participants to support their trading portfolio. The Company has control of the participant's crypto, held at BitGo Trust on behalf of LedgerX (for cold wallets) and BitGo by LedgerX (for hot and warm wallets). Participant digital asset margin deposits are maintained in the Company's participant digital wallets and are not commingled with LedgerX's proprietary digital assets. The Company uses consolidated wallets to pool participants' digital assets but maintains a separate ledger to designate each participant's digital asset balance. At December 31, 2021, Bitcoin and Ethereum were the only two digital assets held by the Company and traded on the exchange.

- **November 11–14, 2022:** FTX Trading Ltd., West Realm Shires Inc., and affiliated entities enter Chapter 11 bankruptcy. LedgerX LLC is excluded from the filings and continues standalone operations.

- **March 10, 2023:** Mid-banking crisis, LedgerX completely halts its internal ACH transaction pipeline and successfully transfers all USD cash assets out of custody at the failing Silicon Valley Bank (SVB).



Case 22-11068-JTD Doc 1342-1 Filed 04/25/23 Page 201 of 221

LedgerX LLC
Notes to the Financial Statements
December 31, 2022

establishing bank accounts at other banks, and is in discussions with a number of institutions.

- On March 10, 2023, prior to the FDIC announcing all depositors would be made whole, the Company transferred all USD cash in custody at Silicon Valley Bank for [redacted]. Prior to the transfer, the Company stopped processing ACH transactions internally and transferred all ACH processing to its third-party ACH processor. [redacted]
- On March 12, 2023, the Federal Reserve Board and FDIC, under the systemic risk exception, closed Signature bank and transferred all the deposits to Signature Bridge Bank N.A., which is a full-service bank that is operated by the FDIC as it markets the institution to potential bidders. On March 19, 2023, the FDIC entered into a purchase and assumption agreement for substantially all deposits of Signature Bridge Bank N.A. by Flagstar Bank N.A. ("Flagstar"), a wholly owned subsidiary of New York Community Bancorp, Inc. On March 30, 2023, the Company was notified its accounts did not transfer to Flagstar; because of this, the Company plans to transfer its remaining cash at Signature bank to new or existing banks. The Company expects to transfer the full cash balance maintained at Signature Bank.
- On March 13, 2023, LedgerX distributed $69M to West Realm Shires Inc.

- **March 12–13, 2023:** Signature Bank is closed by regulators. On March 13, LedgerX successfully distributes a $69 million payment to its bankrupt parent entity, West Realm Shires Inc.
- **March 30, 2023:** LedgerX is notified that its residual banking accounts did not transfer to Flagstar Bank N.A. following the Signature Bridge Bank resolution, initiating plans to completely clear its cash balances out of Signature to alternative financial institutions.

1. The Blueprint: Synthetics, Swaps, and ISDA Frameworks (Epstein & JPM)

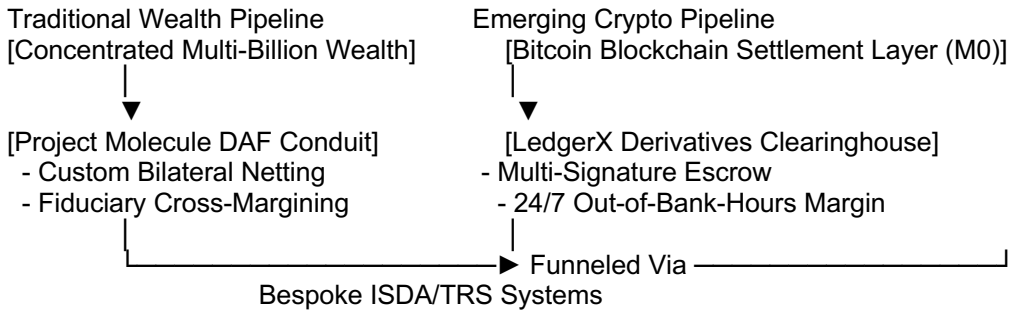
The early pipeline demonstrates how traditional investment banking utilized complex derivatives to create synthetic exposure and park illiquid assets for high-net-worth clients:

- **ISDA Infrastructure:** To trade customized derivatives, a counterparty must first execute an International Swaps and Derivatives Association (**ISDA**) master agreement. The U.S. Department of Justice documents show that JPM established this framework for Epstein on the Global Investment Opportunities (**GIO**) desk, a crucial step that allowed him to move away from vanilla market assets into bespoke synthetics.

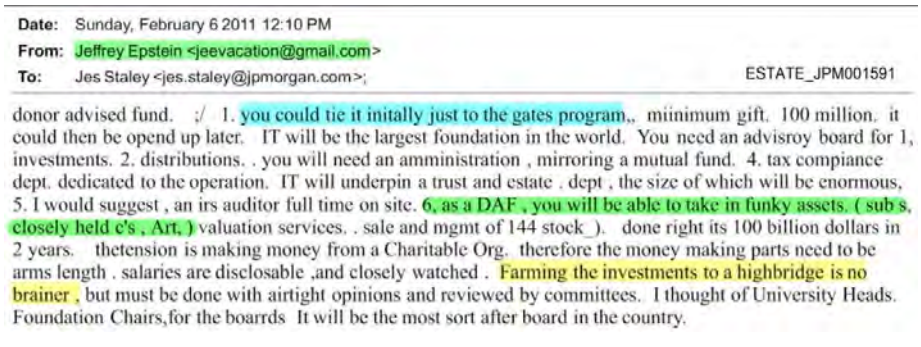
- **Total Return Swaps (TRS) & Bilateral Credit:** In his trades (such as on AAPL and TWTR), Epstein utilized Total Return Swaps. In a TRS, an investment bank (acting as the Swap Seller, such as Deutsche Bank or JPM) passes the total economic performance of an underlying asset to the client's shell company (**Southern Financial LLC**) in exchange for a floating interest rate (e.g., 1 m Libor + 75bps.
- **The Collateral Problem:** Traditional TRS structures require massive margin outlays. When entering the AAPL swap, Epstein's associates explicitly proposed utilizing existing concentrated equity positions (such as shares of Bank of New York or General Motors) at a 2 times haircut to avoid posting pure cash collateral. This process—**collateralization via non-cash, highly volatile, or funky assets**—set the stage for what the ultra-wealthy required from emerging digital networks.

2. Institutional Engineering: Project Molecule & "Funky Assets"

When Epstein brokered the connection between Jes Staley (JPM) and Bill Gates to pitch the **Super Donor Advised Fund (DAF)**, known internally as **Project Molecule**, the core financial objective was to build a multi-billion-dollar conduit capable of managing institutional scale.



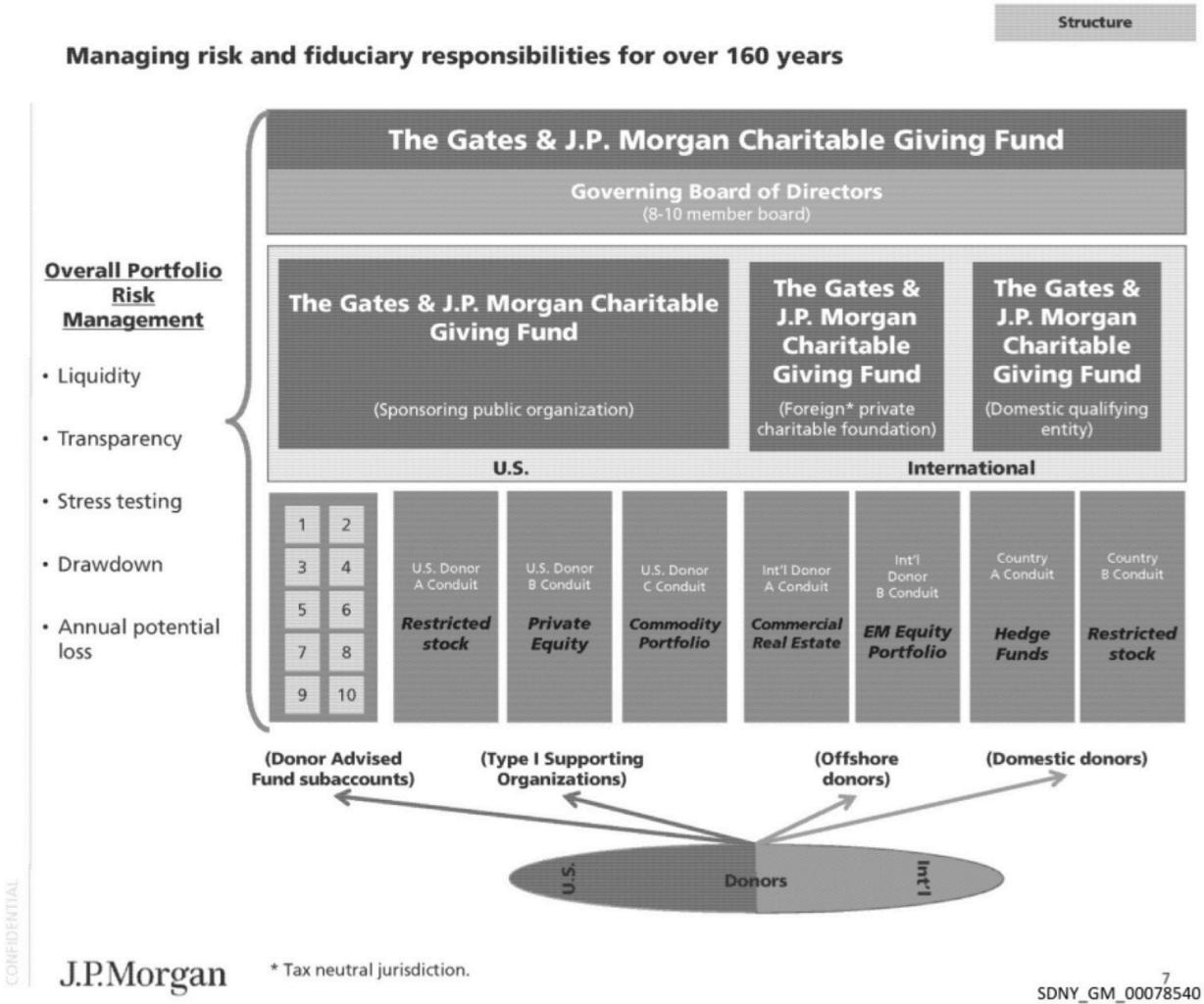
- **Valuation & Title Transfer of Illiquid Assets:** Epstein's structural proposal for the Gates DAF specifically emphasized that the entity must be capable of taking in **"funky assets"** (such as Closely Held C-corporations, Subchapter S stock, or Art). Project Molecule's official presentation detailed specialized U.S. and International "Conduits" designed to hold restricted stock, private equity, and hedge fund allocations.



Date: Sunday, February 6 2011 12:10 PM
From: Jeffrey Epstein <jeevacation@gmail.com>
To: Jes Staley <jes.staley@jpmorgan.com>; ESTATE_JPM001591

donor advised fund. ;/ 1. you could tie it initally just to the gates program,, minimum gift. 100 million. it could then be opend up later. IT will be the largest foundation in the world. You need an advisroy board for 1, investments. 2. distributions. . you will need an amministration , mirroring a mutual fund. 4. tax compiance dept. dedicated to the operation. IT will underpin a trust and estate . dept , the size of which will be enormous, 5. I would suggest , an irs auditor full time on site. 6, as a DAF , you will be able to take in funky assets. (sub s, closely held c's , Art,) valuation services. . sale and mgmt of 144 stock_). done right its 100 billion dollars in 2 years. thetension is making money from a Charitable Org. therefore the money making parts need to be arms length . salaries are disclosable ,and closely watched . Farming the investments to a highbridge is no brainer , but must be done with airtight opinions and reviewed by committees. I thought of University Heads. Foundation Chairs,for the boarrds It will be the most sort after board in the country.

- **Anonymous Multi-Billion Netting:** The DAF was engineered to offer a user interface where hyper-rich investors could pull data from individual investment "silos" while executing their transfers completely anonymously. This architecture perfectly mirrors the privacy requirements and programmatic settlement of decentralized ledgers.
- **Cross-Margining Systems:** Project Molecule positioned JPM to act as a centralized outsourced Chief Investment Officer (CIO), utilizing an investment committee to manage overall portfolio risk, stress testing, and liquidity drawdowns. The structural challenge of cross-margining—using one class of asset or financial contract to collateralize another—was the exact pain point waiting for a cryptographic solution.



3. The Financial Pipeline: From Wall Street Synthetics to Crypto Ecosystems

The conceptual shift from the Epstein/JPM/Gates proposals to the crypto ecosystem occurs when traditional, slow-moving legacy rails (which Epstein criticized as "pedestrian sell-side constructs") collided with early-stage digital asset funding.

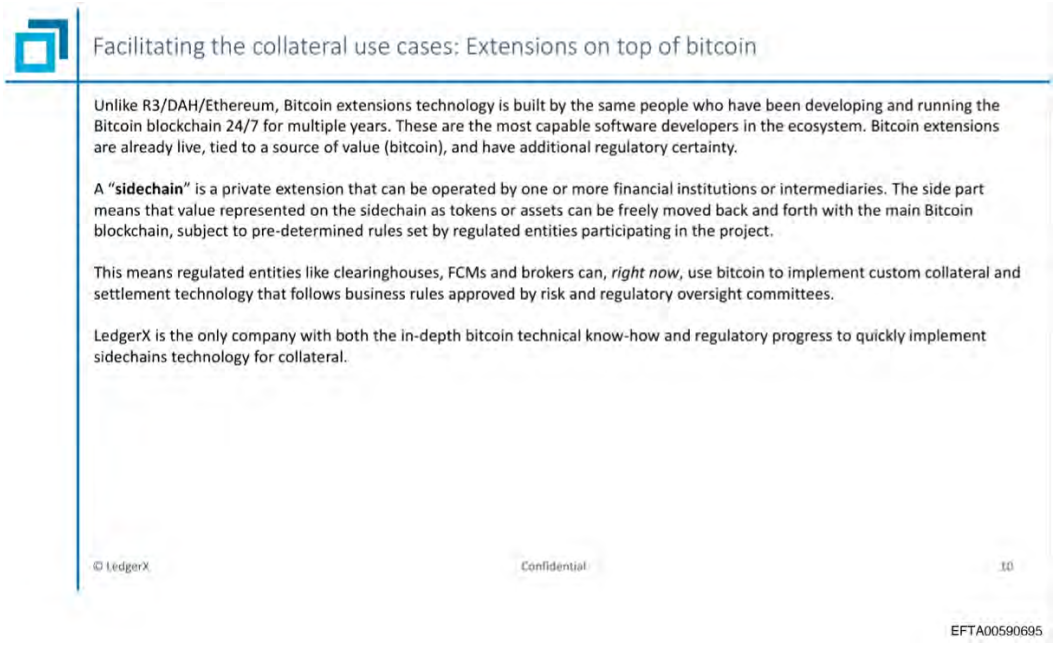
Step A: Early Capital & Blockchain Pitches

As early as late 2014, the same network of high-net-worth capital began shifting directly toward blockchain infrastructure. Brock Pierce explicitly targeted Epstein for rapid allocation into the **Coinbase Series C** financing round via Crypto Currency Partners II, LLC. Concurrently, developers like Jeremy Rubin were feeding Epstein pitch decks for **LedgerX**, which was explicitly designed to marry traditional options trading with Bitcoin clearing mechanics.

Step B: The Structural Transformation (LedgerX)

LedgerX took the core mechanics of the JPM/Epstein/Gates swaps and reinvented them natively on the blockchain:

- **Replacing Cash Wires with Bitcoin-as-Collateral:** In the legacy banking system, moving collateral to adjust swap positions was constrained by banking hours and ACH/wire delays. LedgerX introduced **Bitcoin as a settlement layer**. Because Bitcoin can be posted 24/7, counterparty risk on uncleared trades could be managed within 10 minutes rather than waiting for the next business day.



Facilitating the collateral use cases: Extensions on top of bitcoin

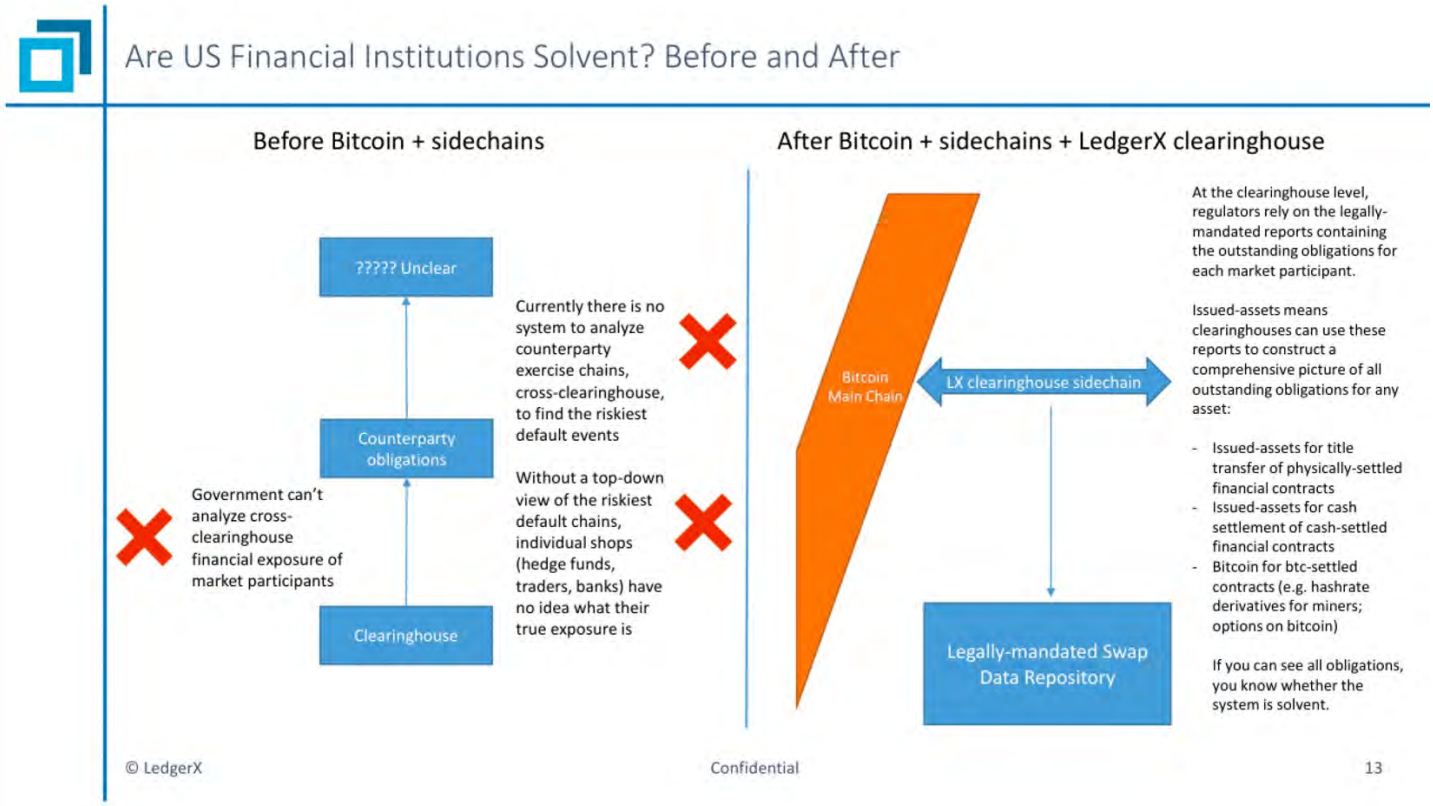
Unlike R3/DAH/Ethereum, Bitcoin extensions technology is built by the same people who have been developing and running the Bitcoin blockchain 24/7 for multiple years. These are the most capable software developers in the ecosystem. Bitcoin extensions are already live, tied to a source of value (bitcoin), and have additional regulatory certainty.

A "**sidechain**" is a private extension that can be operated by one or more financial institutions or intermediaries. The side part means that value represented on the sidechain as tokens or assets can be freely moved back and forth with the main Bitcoin blockchain, subject to pre-determined rules set by regulated entities participating in the project.

This means regulated entities like clearinghouses, FCMs and brokers can, *right now*, use bitcoin to implement custom collateral and settlement technology that follows business rules approved by risk and regulatory oversight committees.

LedgerX is the only company with both the in-depth bitcoin technical know-how and regulatory progress to quickly implement sidechains technology for collateral.

- **Cryptographic Escrow vs. Central Co-Trustees:** In 2013, Epstein and JPM executives struggled with the legal hurdles of co-branding and forming a structure where Gates, Epstein, and JPM would act as "co-trustees". LedgerX solved this trust architecture legally and technically by utilizing **Bitcoin multi-signature wallets**. Instead of relying on a human custodian or a legacy bank trust department, multi-sig wallets allow multiple trading counterparties to deposit collateral into a secure, shared cryptographic "room," automating bilateral netting and preventing over-collateralization.
- **Sidechains and Regulatory Wrappers:** To funnel institutional wealth securely, LedgerX deployed **"sidechains"**. These are private, regulated extensions of the main blockchain that allow clearinghouses, Futures Commission Merchants (FCMs), and brokers to maintain a running log of collateral balances with transaction confidentiality—satisfying the strict privacy demands of ultra-high-net-worth individuals while executing real-time cross-margining.



EFTA00590698

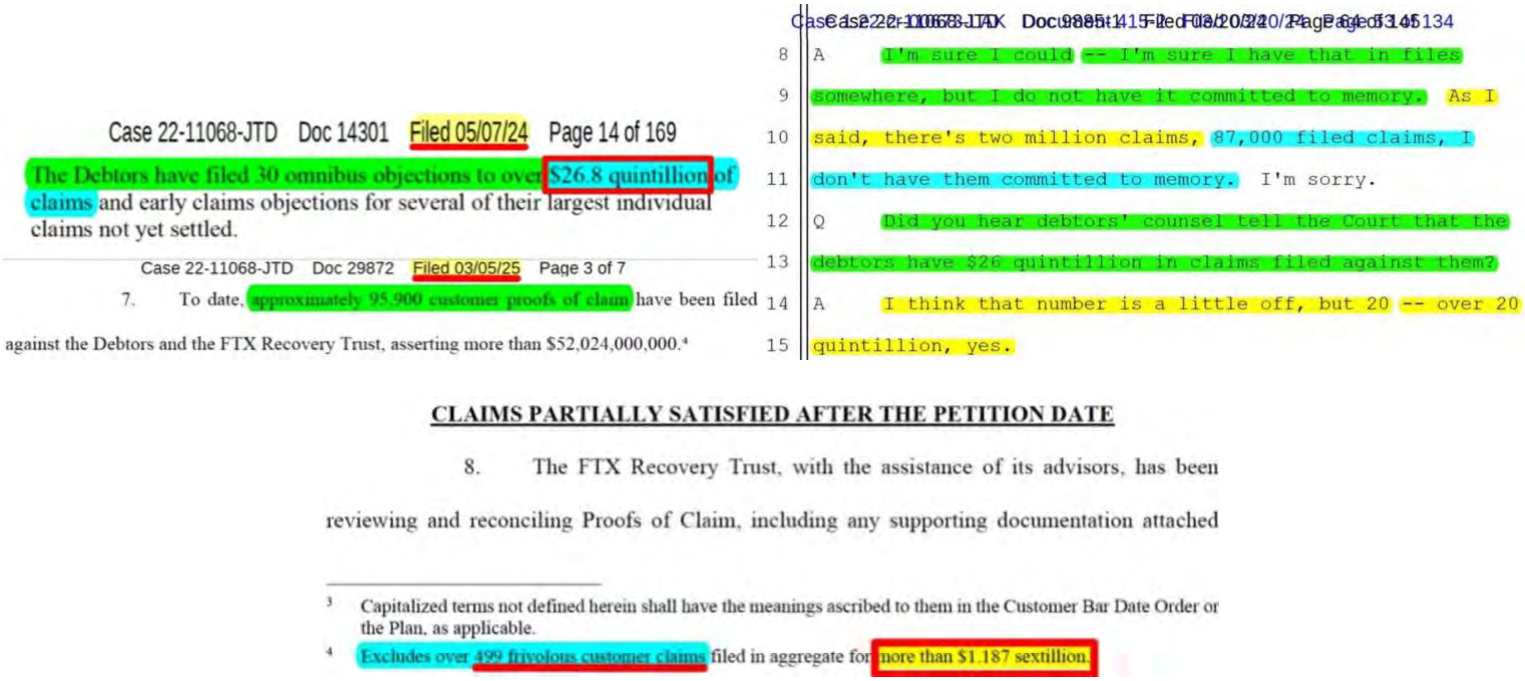


4. Institutional Integration and the Banking Crisis (2017–2023)

Once the technology was established, LedgerX successfully wrapped this derivative structure in full federal compliance, earning CFTC approval as a Swap Execution Facility (SEF) and Derivatives Clearing Organization (DCO).

- **The Systemic Solvency Solution:** In the legacy framework, governments struggled to analyze the cross-clearinghouse financial exposure of market participants during market crashes. By vertically integrating OTC derivatives payment processing over blockchain rails, LedgerX generated real-time, legally mandated reports for Swap Data Repositories, providing an instant view of systemic solvency.
- **The FTX Choke Point:** In October 2021, it was bought by West Realm Shires Inc. (FTX.US). However, because LedgerX's regulatory wrapper mandated a **fully-collateralized structure** (requiring participants to post the maximum potential loss in cash or digital margin *prior* to trade execution), its participant assets were completely isolated from the massive commingling and leverage failure that triggered the historic Chapter 11 FTX bankruptcy in November 2022.
- **The March 2023 Banking Crisis Evacuation:** The final test of this pipeline came during the macro banking crisis of March 2023. As Silicon Valley Bank (SVB) and Signature Bank faced rapid insolvency collapses, LedgerX bypassed traditional banking plumbing. Because its clearinghouse operates as a Central Counterparty (CCP) with precisely equal and offsetting claims, it was able to swiftly halt its internal ACH pipeline, successfully evacuate its USD cash assets from SVB prior to the FDIC shutdown, and “funnel” & launder shadow banking liabilities, derivative re-lending, and cross-collateralizations having theoretical operational exposure revised drastically upward by from a baseline of $26.8 quintillion up to an unprecedented $1.187 sextillion; Signature Bank, Silicon Valley Bank, Deltec, and others while distributing funds back to its Venture Investment entity whom laundered the loosing underlying synthetic swap positions’ value into the blockchain.

Ultimately, the exact derivative mechanisms designed to maximize flexibility, mask publicity, and cross-collateralize the assets of the hyper-rich under the JPM and Project Molecule umbrellas found their final, automated evolutionary form inside the fully collateralized, 24/7 clearing infrastructure of the crypto ecosystem.



Case 22-11068-JTD Doc 14301 Filed 05/07/24 Page 14 of 169

The Debtors have filed 30 omnibus objections to over $26.8 quintillion of claims and early claims objections for several of their largest individual claims not yet settled.

Case 22-11068-JTD Doc 29872 Filed 03/05/25 Page 3 of 7

7. To date, approximately 95,900 customer proofs of claim have been filed against the Debtors and the FTX Recovery Trust, asserting more than $52,024,000,000.[4]

Case 22-11068-JTD Doc 9885-1 Filed 03/20/24 Page 5 of 134

A I'm sure I could -- I'm sure I have that in files somewhere, but I do not have it committed to memory. As I said, there's two million claims, 87,000 filed claims, I don't have them committed to memory. I'm sorry.

Q Did you hear debtors' counsel tell the Court that the debtors have $26 quintillion in claims filed against them?

A I think that number is a little off, but 20 -- over 20 quintillion, yes.

CLAIMS PARTIALLY SATISFIED AFTER THE PETITION DATE

8. The FTX Recovery Trust, with the assistance of its advisors, has been reviewing and reconciling Proofs of Claim, including any supporting documentation attached

[3] Capitalized terms not defined herein shall have the meanings ascribed to them in the Customer Bar Date Order or the Plan, as applicable.

[4] Excludes over 499 frivolous customer claims filed in aggregate for more than $1.187 sextillion.

I. Structural Deficiencies in Existing Audit Trails: The Exploitation of Broker-Dealer and Bank Exemptions

The Commission's concept release notes the critical role audit trails serve in tracking market conditions and maintaining demonstrated regulatory needs. However, legacy architecture consistently fails to track off-balance-sheet settlement loops. Historical data shows that traditional market operators frequently utilize institutional loopholes to conceal massive short allocations and mask direct equity exposures.

A. The Prime Brokerage Pre-Borrow and Locate Loophole

Standard regulatory reporting requires short-sellers to verify borrowable shares through an official "locate" before executing a short sale. Yet, historic multi-million-share short campaigns highlight how relationship-driven prime brokerages can selectively wave these rules. In institutional short-selling models, prime brokers have historically bypassed immediate pre-borrow verification, telling high-volume hedge funds that as long as they secure a locate "at some point," a naked short position can actively sit on the books. When short sellers execute synthetic loops without immediate borrow enforcement, they create artificial downward pricing momentum, fundamentally breaking true price discovery.

B. The Proprietary Broker-Dealer Reporting Shield

The CAT's current oversight parameters contain a severe blind spot regarding quantitative funds that maintain internal broker-dealer licenses. When an asset manager operates under a broker-dealer classification, a sequence of regulatory exemptions unfolds:



1. They are structurally insulated from pre-borrow mandates before initiating short books.
2. They are legally permitted to bypass standard public reporting thresholds, allowing them to systematically accumulate more than 5% of a target company's outstanding equity without issuing immediate, transparent disclosures.

For example, during the 2011 Orexigen Therapeutics short campaign, a massive 32-million-share short book was entirely absorbed by a quantitative counterparty (Renaissance Technologies) utilizing internal broker-dealer routing to shield the massive transaction volume from public oversight. This opacity creates severe information asymmetry. While mainstream corporate leaders are strictly targeted by the SEC for failing to meet 48-hour disclosure windows when acquiring over 5% of a company, institutional market-makers and quantitative broker-dealers routinely execute multi-million-share block trades completely insulated from clear public reporting timelines.

> The following is a transcript of an interview between an interviewer (Vlad Lyubovny) and Martin Shkreli:
>
> **PROCEEDINGS**
>
> [00:10] **INTERVIEWER:** I mean after the whole Lehman Brothers situation, you and your friend, uh, Mark Biestek—
>
> [00:19] **MR. SHKRELI:** Yeah, Mark. Mark Biestek.
>
> [00:19] **INTERVIEWER:** You guys started MSMB Capital Management.
>
> [00:22] **MR. SHKRELI:** Yeah, we did a lot better with this one, right?
>
> [00:24] **INTERVIEWER:** But then in 2011, you guys had a naked short sale with Merrill Lynch?
>
> [00:29] **MR. SHKRELI:** It was kind of a naked short. I wouldn't exactly say that, but yeah, we got into more trouble, right.
>
> [00:34] **INTERVIEWER:** Well, you guys shorted 32 million shares of, uh, Orexigen Therapeutics at $2.50 a share?
>
> [00:41] **MR. SHKRELI:** It was an interesting trade, that's for sure.
>
> [00:45] **INTERVIEWER:** Okay. So how big was this trade when the dust settled?
>
> [00:49] **MR. SHKRELI:** It was, uh, it was kind of a weird trade. The company would then go bankrupt, by the way, like a year later. But at the time, the company had this weight loss drug and it didn't work very well,



and the FDA said they weren't going to approve it. [01:03] I think that was what happened, and we shorted it thinking basically the company was kaput. [01:11] And one of the things—it was kind of interesting and again, I probably shouldn't have done this—but what I tried to do is I actually tried to short so much stock, I wanted to see if it would, um, lower the price. [01:23] Because that makes sense. You know, so why not short as much as you can?

[01:28] **INTERVIEWER:** You remember in shorting, you actually have a few days to borrow the stock, right? But naked short sales is when you don't borrow first, right? And that's what happened in your situation.

[01:37] **MR. SHKRELI:** It's complicated. There's, there's a lot of, uh... you know, technically you're supposed to get a locate, borrow the stock, and then short it. [01:43] Yeah, the bank we had a relationship with didn't require that, which is really odd. They've since required it, as you can imagine, um, but they basically said, "Listen, as long as you get a locate at some point, we don't care." [02:01]

[02:02] **MR. SHKRELI:** And what I found out that day was really fascinating. I found out that Renaissance actually bought all the stock we shorted. [02:08] And since you brought it up, and it was really fascinating, because there's this little weird rule in the stock market that if you're a broker-dealer—which is a weird thing to be, uh, most hedge funds don't need to be a broker-dealer because you don't have any customers. You know, it's not like you're going to call me up and say, "I want to place a trade." You don't have an account here, we're a hedge fund. [02:30] You could be a limited partner, but you're not going to... we're not a brokerage.

[02:35] **MR. SHKRELI:** So, so a lot of these quantitative funds like Renaissance, they have broker-dealer licenses. And when you have one of those—it's not hard to get—you no longer have to borrow before you short. You no longer have to disclose that you own more than 5% of a company. [02:53] So I shorted so much of this company, like a massive amount. They said, "Who's buying this? Why isn't the price dropping?" and they're just sitting there buying and buying and buying.

[03:19] **INTERVIEWER:** Well, I mean, just for everyone who's watching this, shorting is extremely dangerous because of this reason: if you buy a stock for, let's say, $10,000 and you buy it long, and the company goes completely out of business, your maximum loss is $10,000. 100%.

[03:36] **MR. SHKRELI:** Yeah.

[03:37] **INTERVIEWER:** If you short a company at $10,000 and then it becomes worth a million dollars the next day, you're on the hook.



[03:45] **MR. SHKRELI:** Yeah, you're on the hook for $990,000. You could easily go past your initial investment in a bad short. [03:52] In a really bad short. Most of the time it's not what happens. [03:56] Right.

[03:57] **INTERVIEWER:** Right. And when, also when companies—you know, when short companies, because it's usually they're on their way out—they kind of have this death rattle that happens all the time. It's sort of like, "Oh, it's going out of business. Oh wait, Microsoft might..." you know, there's a rumor that so-and-so is going to invest in them. So suddenly they jump up 500% out of the blue and then drop back down again. [04:15] And it's very—like, I've shorted here and there. Remember, I tried shorting like Barnes & Noble or like Best Buy, and I just didn't have the temperament.

[04:23] **MR. SHKRELI:** It's funny because I've actually—that's the worst short I've ever had, but I've actually made tons of money shorting over the years. Probably like half a billion dollars or something.

[04:29] **INTERVIEWER:** You made half a billion dollars shorting stocks?

[04:31] **MR. SHKRELI:** Yeah. I mean, for funds and things like that. Myself as well, of course. For myself, maybe hundred, you know, million. [04:38] Yep. I mean, in pharma, it's very easy to figure out what drugs don't work because typically there's some sign. [04:46] There's actually several signs. There's clinical signs where the drug just isn't helping anybody, right? And you can see that, okay, the, the cancer patients aren't living any longer than they should be. The drug probably doesn't work. [04:55] But people hope. They have a lot of... they're like, "Ah, this thing just might work, and it might be the next Pfizer," and it's like, nah, it's probably not the next Pfizer.

[05:03] **MR. SHKRELI:** Right. And then there's scientific reasons why. Like, "Oh, this drug is supposed to stop this enzyme," but it turns out if you do a little reading, the enzyme has nothing to do with cancer. [05:09] And it's just so preposterous that it would actually cure the cancer. But some moron—you know, suckers are born every day—they're hoping that, you know, this is the lotto ticket and it usually doesn't work out. [05:18] So every year there's usually at least two or three drug companies where it's not even a... there's no chance it's going to work. There's hundreds of drug companies that fail, but there's two or three that are just like, there's no chance. [05:30] And they're usually pretty safe to short. But as you can imagine, if it doesn't work out, you could be on the hook. If it is a cancer cure, like you just said, you could be in big trouble.

VIDEO SOURCE: Martin Shkreli: I Made Half a Billion Dollars Shorting Stocks (Part 4)

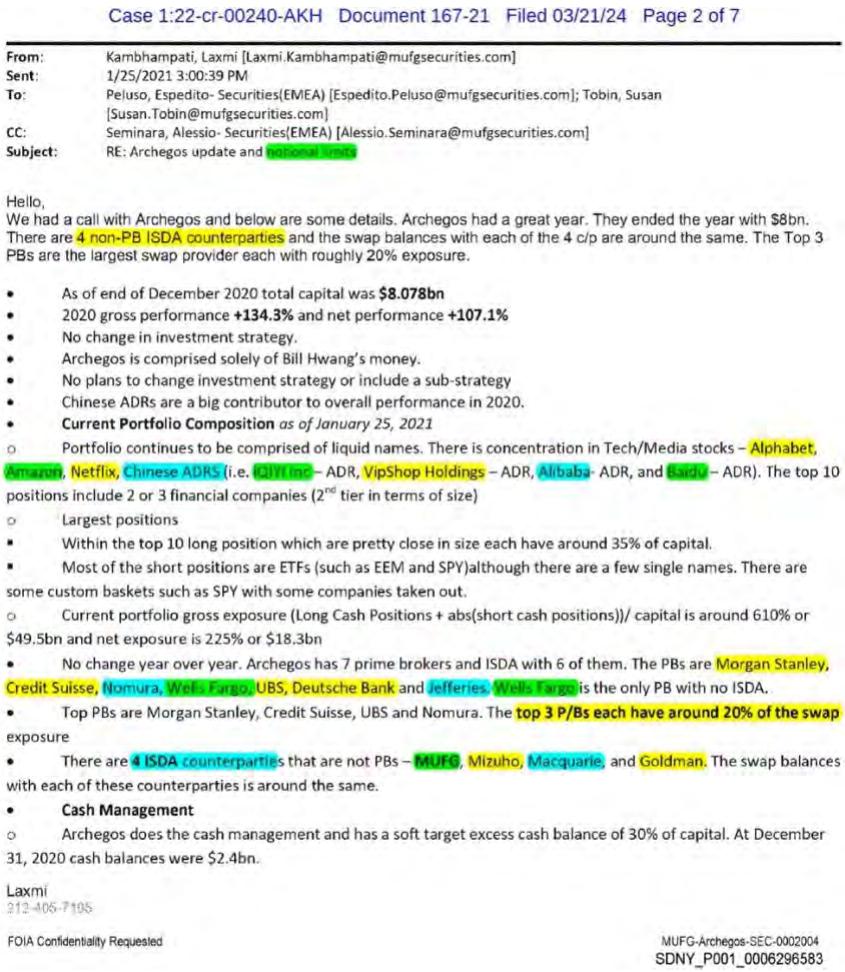
II. Forensic Analysis of Synthetic Gross Leverage, Swap Misrepresentations, and Counterparty Decoupling

The following structured analytical sections detail the reporting evasion, swap misrepresentations, and counterparty decoupling mechanics utilized within large-scale family office leverage frameworks that must be comprehensively captured by expanded CAT protocols.

A. Synthetic Gross Leverage and the Suppression of Counterparty Credit Risk

Forensic investigation logs, credit review filings, and internal risk assessment dockets reveal the operational architecture used by massive family offices to amass hidden market power while systematically masking risk metrics from clearing counterparties.

- **The Total Asset-to-Leverage Distortion:** Financial data and prime brokerage intake audits show that entities such as Archegos Capital Management, LLC dramatically expanded their synthetic footprint within a compressed timeline. Archegos began 2020 with approximately $3.4 billion in capital, suffered severe market drawdowns of 58% in the first quarter of 2020 due to macro COVID disruptions, yet manipulated its reporting to reflect an engineered surge to $23 billion in capital by early 2021—marking an indicative Year-to-Date performance increase exceeding 134% gross.
- **The Concentration Reality:** While family offices claimed to manage diversified books to appease risk professionals (e.g., reporting 110 long positions and 50 short positions), the core capital was hyper-concentrated. Corporate records show that just 10 concentrated positions accounted for 300% of the fund's Net Asset Value (NAV), totaling over $69 billion in exposure, with individual top-tier names alone commanding up to 35% of total AUM (representing $7 billion to $8.1 billion in market exposure per security issuer).
- **The Multi-PB Information Vacuum:** This extreme concentration was intentionally hidden through a distributed prime brokerage clearing strategy. Archegos utilized 7 distinct prime brokers (including Morgan Stanley, Credit Suisse, Nomura, Wells Fargo, UBS, Deutsche Bank, and Jefferies) and executed International Swaps and Derivatives Association (ISDA) master agreements with 6 of them. By splitting swap portfolios equally—where the top 3 prime brokers each held roughly 20% of the swap exposure and the remainder was diffused across non-PB ISDA counterparties like MUFG, Mizuho, Macquarie, and Goldman Sachs—the fund ensured that no single institution possessed independent visibility into the aggregate gross leverage of the total fund.



Case 1:22-cr-00240-AKH Document 167-21 Filed 03/21/24 Page 2 of 7

From: Kambhampati, Laxmi [Laxmi.Kambhampati@mufgsecurities.com]
Sent: 1/25/2021 3:00:39 PM
To: Peluso, Espedito- Securities(EMEA) [Espedito.Peluso@mufgsecurities.com]; Tobin, Susan [Susan.Tobin@mufgsecurities.com]
CC: Seminara, Alessio- Securities(EMEA) [Alessio.Seminara@mufgsecurities.com]
Subject: RE: Archegos update and notional limits

Hello,
We had a call with Archegos and below are some details. Archegos had a great year. They ended the year with $8bn. There are 4 non-PB ISDA counterparties and the swap balances with each of the 4 c/p are around the same. The Top 3 PBs are the largest swap provider each with roughly 20% exposure.

- As of end of December 2020 total capital was **$8.078bn**
- 2020 gross performance **+134.3%** and net performance **+107.1%**
- No change in investment strategy.
- Archegos is comprised solely of Bill Hwang's money.
- No plans to change investment strategy or include a sub-strategy
- Chinese ADRs are a big contributor to overall performance in 2020.
- **Current Portfolio Composition** *as of January 25, 2021*
  - Portfolio continues to be comprised of liquid names. There is concentration in Tech/Media stocks – Alphabet, Amazon, Netflix, Chinese ADRS (i.e. iQIYI Inc – ADR, VipShop Holdings – ADR, Alibaba- ADR, and BaiDU – ADR). The top 10 positions include 2 or 3 financial companies (2nd tier in terms of size)
  - Largest positions
  - Within the top 10 long position which are pretty close in size each have around 35% of capital.
  - Most of the short positions are ETFs (such as EEM and SPY)although there are a few single names. There are some custom baskets such as SPY with some companies taken out.
  - Current portfolio gross exposure (Long Cash Positions + abs(short cash positions))/ capital is around 610% or $49.5bn and net exposure is 225% or $18.3bn
  - No change year over year. Archegos has 7 prime brokers and ISDA with 6 of them. The PBs are Morgan Stanley, Credit Suisse, Nomura, Wells Fargo, UBS, Deutsche Bank and Jefferies. Wells Fargo is the only PB with no ISDA.
  - Top PBs are Morgan Stanley, Credit Suisse, UBS and Nomura. The **top 3 P/Bs each have around 20% of the swap** exposure
  - There are 4 ISDA counterparties that are not PBs – MUFG, Mizuho, Macquarie, and Goldman. The swap balances with each of these counterparties is around the same.
  - **Cash Management**
  - Archegos does the cash management and has a soft target excess cash balance of 30% of capital. At December 31, 2020 cash balances were $2.4bn.

Laxmi
212-405-7195

FOIA Confidentiality Requested

MUFG-Archegos-SEC-0002004
SDNY_P001_0006296583

B. Misleading Broker Disclosures and the Failure of Portfolio Regimes

Internal credit applications and prime brokerage review logs document a critical vulnerability in standard Portfolio Margin (PM) regimes, where institutions failed to evaluate the macro liquidity profile of concentrated positions hidden across competing platforms.

- **The Static Long-Only PB Capture:** Under standard Portfolio Margin rules, broker-dealers (such as Wells Fargo Securities LLC) cleared long equity portfolios and American Depositary Receipts (ADRs) using a PM framework that permitted gross leverage up to 6-7x, specifying a minimum margin requirement of 15%. Archegos used this regime to transfer massive debit balances exceeding $1.8 billion from legacy providers like Deutsche Bank, anchoring a largely static long-only book in high-cap technology and internet sectors.

WELLS FARGO SECURITIES	Wholesale Counterparty Credit Risk Credit Review – Hedge Funds Incremental Request
Investment Manager	Archegos Capital Management, LLC
Fund(s) Name	Archegos Fund, LP

- **Directional Portfolio –** Archegos holds a directional, long-only portfolio of securities in its PB portfolio at WFS. Given its directionality, the portfolio at WFS remains vulnerable to a decline across developed equity markets, particularly in technology and FAANG stocks. Note, Archegos obtains the majority of its short exposure through swaps at other providers.
    - Mitigant – In addition to the excess collateral at its prime brokers, Archegos holds $1Bn in cash and cash equivalents at a third party custodian. The cash reserve can be used to meet margin calls. The portfolio is also very liquid, which provides them with the ability/option to liquidate to meet calls, when required.

EXPOSURE & RELATIONSHIP SUMMARY

Relationship Summary – Archegos is a new PB client that began clearing in September 2018. The fund's PB activity is cleared on the broker-dealer (WFSLLC) under the PM margin regime. This margin methodology allows for a maximum of 6-7x in gross leverage (minimum margin requirement of 15%).

On September 6th, 2018, Archegos transferred over ~$970M of equity securities, resulting ~$800M in debits. This was followed by a second transfer on September 10th, 2018. The second transfer included an additional ~$950M of equity securities and resulted in an additional ~$966M in debits. A large percentage of the balances were transferred over from Deutsche Bank.

Following the two transfers, Archegos became one of the largest PB clients by debit balances, totaling $1.8Bn, as of October 3rd, 2018. The portfolio has remained largely static since the initial transfers.

Exposure – Archegos is currently clearing a portfolio of liquid, large cap US equity securities and ADRs of large, Asia based equity issuers. This is a long only portfolio (the manager does the large majority of its short business on swap, at other providers) and includes 24 positions. The portfolio is heavily invested in the tech and internet sectors and includes many of the FANG + BAT constituents. Archegos has been invested in its largest positions for several years.

At present, the portfolio carries a long market value of $2.2Bn. PB Equity totals $425M. The fund also holds excess collateral equal to $82M at WFS. Since the initial transfer, Archegos has maintained excess collateral between $70M and $90M at WFS.

The portfolio currently includes a margin requirement of $342M. The requirement is largely driven by PB Risk's base calculation, with a smaller amount driven by a sector add-on. The weighted average portfolio requirement totals 15.3%.

Currently, there is no PFE on this portfolio. The PB margin requirement provides over 2x coverage of the PEAC pre-collateral stress ($152M). In addition, the PB margin requirement comfortably exceeds the portfolio's 5 day, 99.7% VAR ($209M).

Portfolio Overview	USO
Long Market Value	$2,238,807,232
Short Market Value	-
Net Market Value	$2,238,807,232
PB Equity	$425,185,310
Margin Requirement	$342,999,697
Debit Balance	$1,813,621,922
Leverage	5.27X

Top 10 Positions:

TKR	ISSUER	LMV	% OF LMV	TYPE
BABA	ALIBABA GROUP HOLDING	264,977,286	11.8%	ADR
BIDU	BAIDU INC	223,741,381	9.99%	ADR
AMZN	AMAZON COM INC	210,517,292	9.40%	CMN STOCK
NFLX	NETFLIX INC	209,845,669	9.37%	CMN STOCK
MSFT	MICROSOFT CORP	203,390,220	9.08%	CMN STOCK
AAPL	APPLE INC	191,857,607	8.56%	CMN STOCK

WELLS FARGO SECURITIES	Wholesale Counterparty Credit Risk Credit Review – Hedge Funds Incremental Request
Investment Manager	Archegos Capital Management, LLC
Fund(s) Name	Archegos Fund, LP

GOOGL	ALPHABET INC-CL A	185,900,798	8.30%	CMN STOCK
GOOG	ALPHABET INC-CL C	183,167,182	8.18%	CMN STOCK
FB	FACEBOOK INC-A	165,816,016	7.40%	CMN STOCK
FDC	FIRST DATA CORP- CLASS A	124,026,118	5.53%	CMN STOCK
TOTAL	-	**1,963,239,568**	**87.69%**	-

- As of October 3rd, 2018

- **The Structural Short Hiding Place:** To preserve the low-risk appearance of its long-only PM books, the fund structurally migrated the vast majority of its short market exposure off the prime brokers' balance sheets. Short block positions were executed entirely as synthetic equity swaps at detached, non-clearing providers. This design successfully deceived credit teams into believing the fund maintained a conservative, liquid, and easily salvageable profile backed by standalone cash reserves.

- **The Rolling Average Gross Exposure Fraud:** When historical positions—such as a substantial short position in Tesla (TSLA)—failed to perform in early 2020 and drove the fund down 70% year-to-date, prime brokers increased their frequency of risk inquiries. To suppress these flags, fund executives (including CFO Patrick Halligan and Finance Director Scott Becker) fabricated an internal mathematical filter. Halligan directed the creation of monthly reports that calculated a rolling "year-to-date average gross exposure". This metric mathematically diluted and understated the firm's true, active gross exposure at the time of the bank inquiries, providing a fundamentally misleading risk baseline to clear daily margin queries.

If these conditions are met, CB feels that the proposed activity is both soundly structured and appropriately sized to an ultimately creditworthy, albeit riskier, counterparty. Although BMO's risk appetite should not necessarily follow that of competitors, CB recommends structural protections that are consistent with commercial industry practice in approaching this activity & believes has kept a large number of reputable banks comfortable with Archegos. The margin of safety is significant. Even at March 2020's NAV $1.48Bn, the fund would still be a sizeable fund in the industry overall, and without the potential pressure of investor redemptions. Activity would still be sized appropriately small and after initial margin, uncollateralized PFE risk would be de-minimis.

Source of Repayment

- Primary: hedge fund's operating cash flow
- Secondary: collateral embedded in the trade; daily MTM with $0 threshold and $250K MTA.

Historical Financial Analysis

September 2020 – based on due diligence call

- The fund's NAV was $4.38Bn as of September 2020 month-end., up from $3.5Bn FYE2019. YTD performance was +20.1%.
- Long exposure was 465%, short exposure was 185% measured at notional. All positions were cash equities or equity swaps.
- The long portfolio consisted of 115 names, 25 of which were above 2% of NAV. The short portfolio is composed of two components: (i) alpha shorts (ii) hedges. The alpha short portfolio had 40 names, 22 of which were over 2% of NAV. The hedge portfolio is mainly constructed using ETF's such as SPY, EEM, and FXI.
- The top 10 longs were 350% of NAV.
- Per Mr. Becker, due to the dramatic increase in equity prices during the Q2-Q3 2020, the geographic focus of the portfolio had shifted somewhat. Earlier in the year, the fund's largest positions were major U.S. tech names such as Microsoft, Apple, Amazon, Facebook, Netflix, and Tesla (TSLA short.) The fund began taking profits on these names throughout Q3, partially recycling capital into some Chinese ADR's. The three main themes in the portfolio remain the above U.S. technology stocks, Chinese technology names (Alibaba and Baidu are major positions,) as well a U.S. financials.
- Unencumbered cash was 30% of NAV, at target. This was down from 42% in the summer when the firm was still more cautious redeploying risk. Margin with counterparties averaged 11.5% of GMV.

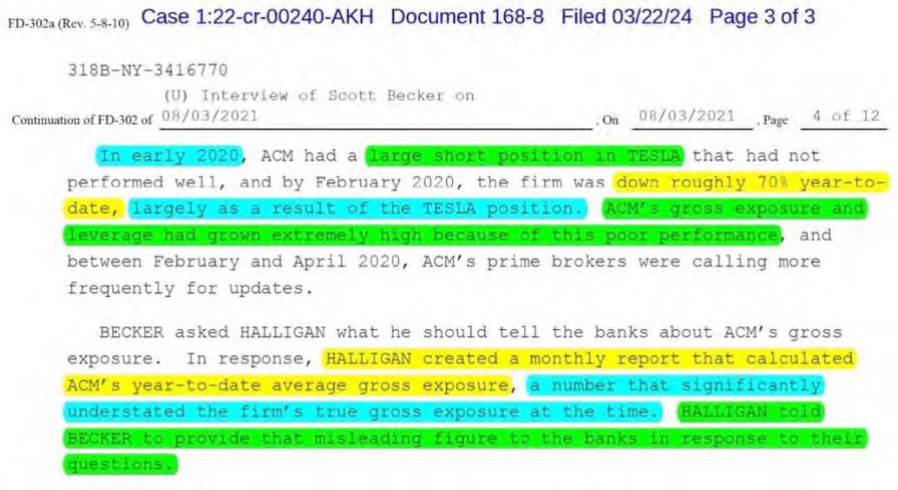
Audited financials, December 31, 2019

- The audits are fairly detailed in terms of the funds' positioning, as it is mostly long/short global equities and swaps (reported at notional values in additional fair value.) Other than the repositioning described by Mr. Becker above, he also indicated the audits present a fair representation of the fund's major exposures and trading patterns, again highlighting that the trade horizon tends to be long-term. A summary of the fund's largest positions, geographic, and sector exposures as of year-end are below. Figures are expressed as a % of NAV, and ADR's as the home-country of the issuer.

Country	Long	Short
U.S.	255.4%	177.0%
China	118.3%	21.1%
South Korea	0.6%	41.7%
Japan	4.5%	26.2%
Germany	5.4%	
U.K.	1.9%	
Netherlands	0.2%	
Spain		0.1%
Sweden		0.1%
Italy	0.0%	
Australia	0.0%	
Total	**386.4%**	**266.1%**

Sector	Long	Short
Internet, Media, & Telecom	267.0%	15.2%
Financial	74.0%	43.7%
Index		114.1%
Retail	24.0%	58.0%
Info. Technology	18.4%	4.5%
Automotive	0.1%	19.3%
Pharmaceuticals		7.3%
Consumer Staples	0.0%	2.0%
Health Care		1.9%
ETF	1.0%	
Real Estate	0.7%	
Transportation	0.6%	
Professional Services	0.2%	
Airline	0.2%	
Portfolio Swap	0.1%	

Issuer	Long	Short
Other	55.4%	112.7%
SPY		114.1%
Amazon	66.2%	
Alibaba	37.9%	
Baidu	29.2%	
Netflix	26.9%	
Fiserve Inc.	26.3%	
IQIYI Inc.	25.7%	
Apple	23.4%	
Fast Retailing		19.9%
Tesla		19.3%
Microsoft	18.2%	
Facebook	14.0%	
Vipshop Holdings	12.2%	
Alphabet - A	11.7%	



FD-302a (Rev. 5-8-10) Case 1:22-cr-00240-AKH Document 168-8 Filed 03/22/24 Page 3 of 3

318B-NY-3416770

Continuation of FD-302 of (U) Interview of Scott Becker on 08/03/2021, On 08/03/2021, Page 4 of 12

In early 2020, ACM had a large short position in TESLA that had not performed well, and by February 2020, the firm was down roughly 70% year-to-date, largely as a result of the TESLA position. ACM's gross exposure and leverage had grown extremely high because of this poor performance, and between February and April 2020, ACM's prime brokers were calling more frequently for updates.

BECKER asked HALLIGAN what he should tell the banks about ACM's gross exposure. In response, HALLIGAN created a monthly report that calculated ACM's year-to-date average gross exposure, a number that significantly understated the firm's true gross exposure at the time. HALLIGAN told BECKER to provide that misleading figure to the banks in response to their questions.

C. The One-to-One Hedging Decoupling and Sub-Ledger Netting Omissions

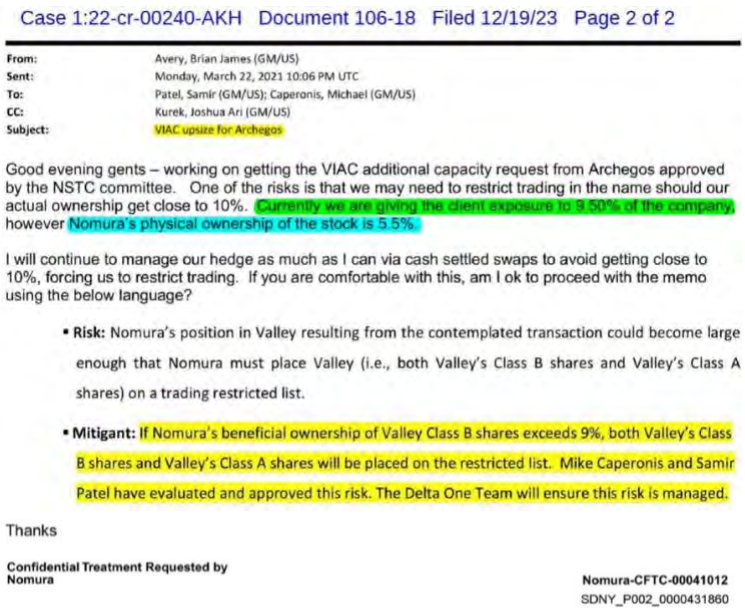
Regulatory enforcement transcripts and institutional filings show that the standard regulatory assumption that swap counterparty banks hold physical hedges on a strict 1:1 basis with outstanding client swaps is inaccurate, undermining basic transparency tracking.

- **The 13(f) Disclosure Disconnect:** Institutional Form 13F-HR quarterly filings systematically expose a significant gap between reported bank holdings and actual synthetic economic exposure. For example, SEC dockets from September 30, 2020, show that while Credit Suisse reported holding 2,088,120 physical shares of Baidu stock on its balance sheet, it was simultaneously running an economic swap exposure for Archegos totaling 6,968,500 shares of the exact same security. Similarly, Goldman Sachs reported 2,754,520 physical shares of Discovery A stock at year-end 2020 while maintaining a synthetic swap exposure for a single client of 7,531,577 shares.
- **The Myth of Floating Domination:** This systematic multi-million-share variance disproves the regulatory thesis that prime brokers act as passive, one-to-one mirrors of synthetic orders. Brokers did not hold matching physical inventory for the duration of the swap contracts, meaning that public reporting metrics completely failed to map the true volume of underlying shares locked in synthetic leverage loops.
- **Sub-Ledger Short Netting Evasion:** This tracking disconnect was exacerbated by how banks structured internal reporting via divided sub-ledger accounts. If Client A held 100 shares of a security short and Client B purchased 100 shares long, the prime broker's internal sub-ledgers allowed the positions to net to zero. The firm would report the shares as a long position on public disclosures, and would only enter the live lit marketplace to purchase physical shares at the exact moment an execution or manual unwind was requested, creating artificial supply spikes completely disconnected from historical disclosures.

D. Regulatory Ownership Avoidance and Internal Market Manipulation

Internal trading logs and communications between prime brokerage desk managers illustrate how institutional counterparties knowingly adjusted physical equity tracking methods to avoid crossing critical statutory disclosure thresholds.

- **The 10% Ownership Restricted List Loophole:**
  - **The Delta One Threshold Evasion:** Internal risk memoranda from major swap providers (such as Nomura's Delta One trading desk) document an explicit awareness of regulatory reporting boundaries. In March 2021, during an aggressive upsize request for Viacom (VIAC) swap capacity, desk managers flagged that the fund's total economic exposure had reached 9.50% of the entire outstanding corporate issuer.
  - **The Physical vs. Synthetic Split:** To prevent Nomura's beneficial ownership from crossing the statutory 10% threshold—which would mandate immediate regulatory disclosure and place the security on a strict public trading restriction list—the bank modified its hedging architecture. While the client was given nearly 10% economic exposure, Nomura deliberately suppressed its physical stock ownership at exactly 5.5%, managing the remaining delta through unlisted, cash-settled swaps with secondary offshore entities. This structural bifurcation permitted continuous trading and capital expansion without triggering standard ownership alerts.



Case 1:22-cr-00240-AKH Document 106-18 Filed 12/19/23 Page 2 of 2

From: Avery, Brian James (GM/US)
Sent: Monday, March 22, 2021 10:06 PM UTC
To: Patel, Samir (GM/US); Caperonis, Michael (GM/US)
CC: Kurek, Joshua Ari (GM/US)
Subject: VIAC upsize for Archegos

Good evening gents – working on getting the VIAC additional capacity request from Archegos approved by the NSTC committee. One of the risks is that we may need to restrict trading in the name should our actual ownership get close to 10%. Currently we are giving the client exposure to 9.50% of the company, however Nomura's physical ownership of the stock is 5.5%.

I will continue to manage our hedge as much as I can via cash settled swaps to avoid getting close to 10%, forcing us to restrict trading. If you are comfortable with this, am I ok to proceed with the memo using the below language?

- **Risk:** Nomura's position in Valley resulting from the contemplated transaction could become large enough that Nomura must place Valley (i.e., both Valley's Class B shares and Valley's Class A shares) on a trading restricted list.
- **Mitigant:** If Nomura's beneficial ownership of Valley Class B shares exceeds 9%, both Valley's Class B shares and Valley's Class A shares will be placed on the restricted list. Mike Caperonis and Samir Patel have evaluated and approved this risk. The Delta One Team will ensure this risk is managed.

Thanks

Confidential Treatment Requested by Nomura

Nomura-CFTC-00041012
SDNY_P002_0000431860

- **The Total Internalization Reality:** Internal chat logs between prime brokerage traders and fund staff confirm that high-volume swap matching allowed these actors to become the exclusive controllers of specific stock prices, rendering public market demand metrics irrelevant:
    - During extreme downward market turns in highly leveraged names (e.g., Viacom and Discovery), internal traders openly documented their market-dominating footprint, stating in internal messaging logs: *"We were literally the market."*
    - When underlying corporate issuers attempted to launch legitimate public equity capital raises based on inflated market prices, the deals routinely failed to fill because the apparent demand was completely synthetic. Traders noted that corporate boards misread the market demand because the stock's elevated price was entirely artificial, explicitly confirming: *"The stock wouldn't be anywhere close to where it was without us... We manipulated the stock price."*

Name	Message
Berger	But it might not have gotten here
***	
Sullivan	Do we know the avg price that Viacom's offering got filled? Look at foxa and dis versus our names. Shows you the risk of market of one I wonder what all the street chatter is saying. We could get found out
Berger	You think?
Chuang	I think so Cause this is extreme moves
Sullivan	Everyone is going to say why are foxa and dis hardly down But Viacom and disca down big
Chuang	And China
Sullivan	We were literally the market
Chuang	If every stock takes 10% off performance It's looking like 40-50% down
Sullivan	We manipulated the stock price
***	
Sullivan	https://www.google.com/amp/s/www.barrons.com/amp/articles/heres-why-viacomcbs-and-discovery-stocks-are-tumbling-today-51616610549
***	
Chuang	So they couldn't fill the full $2bn? Could only do 1.7? Even with that discount
Berger	Wow
Sullivan	That's really really bad Doing equity deal also dumb Viacom clearly misread the market demand because of us
Berger	When you say us as the market and why viac is down is because we are the only buyers?
Sullivan	Yes
Chuang	Viacom thought they were in a stronger position than they were
Sullivan	the stock wouldn't be anywhere close to where it was without us
Chuang	They thought investors loved them even at $100
Berger	Yeah. That makes sense
Chuang	So of course it made sense To raise equity
Sullivan	I haven't heard of a single investor who likes this stock
Berger	Me either
***	
Berger	Most investors I know are short viac
Chuang	Yup
Sullivan	Yup
Chuang	I'll bet pressing it too
Sullivan	All my friends are short viac

- To maintain these artificial price baselines, internal data teams regularly falsified daily reconciliation records. Trading desk employees actively adjusted internal Excel sheets and Bloomberg data pastes, deleting specific symbols (such as Pinduoduo - PDD or Apple - AAPL) from long sections to mask overnight portfolio cross-pulls and manually locking in hardened prices to circumvent basic corporate and regulatory compliance filters.

strategy makes no sense

06/22/2020 15:10:05 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: To avoid any questions, perhaps don't even add the new tsla short -- just adjust the realized

06/22/2020 15:10:11 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: yes

06/22/2020 15:10:16 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: I think that's the way

06/22/2020 15:10:19 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: I was about to type that

06/22/2020 15:10:21 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: cool

06/22/2020 15:10:31 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Yeah otherwise he'd start asking about pdd and aapl too

06/22/2020 15:10:48 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Btw- how many people are getting emails from fernanda right now to close out their aapl position?

06/22/2020 15:10:49 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: hehe

06/22/2020 15:10:56 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Well he'd probably wonder why he has a loss that size already from tsla too

06/22/2020 15:11:07 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Yeah that too.

06/22/2020 15:11:22 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Dude I'm not closing my APPLE

06/22/2020 15:11:27 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: No f'ing way

06/22/2020 15:11:35 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Compliance rule man

06/22/2020 15:11:41 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Bill rule man

06/22/2020 15:11:48 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Not regulatory or anything

06/22/2020 15:11:49 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Bill = compliance

06/22/2020 15:11:54 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Just fing stupid

06/22/2020 15:12:06 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Did you just punch the wall?

06/22/2020 15:12:12 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: I'm ready to

06/22/2020 15:12:24 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: She just asked me to confirm my sbux shares

06/22/2020 21:27:10 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Hey $$

06/22/2020 21:27:18 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: What symbol did you use to price apple

06/22/2020 21:27:30 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: In the sheets?

06/22/2020 21:27:34 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: yeah

06/22/2020 21:27:45 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: I'm checking now but greenies used aapl un

06/22/2020 21:27:55 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: I think you're using something different maybe

06/22/2020 21:28:03 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: I pulled up the one that was in the sheets(excel) from when we last had it and used that

06/22/2020 21:28:28 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: =BDP("aapl UW EQUITY","LAST_PRICE")

06/22/2020 21:28:31 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Ok I'll use UW

06/22/2020 21:28:41 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: I went to jan 2 2020 sheets (excel)

06/22/2020 21:28:42 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Guess greenies were wrong for awhile

06/22/2020 21:28:48 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: And I took that formula

06/22/2020 21:28:50 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: cool

06/22/2020 21:28:52 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: But let me double check now

06/22/2020 21:28:57 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Nah nah

06/22/2020 21:29:00 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: I think you're good

06/22/2020 21:29:05 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Okay sweet

06/22/2020 21:29:15 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Let me check the four sheets too

06/22/2020 21:29:24 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Liek the price in those

06/22/2020 21:29:52 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Oh yeah good call

06/22/2020 21:29:52 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Nah I think it should be UN actually

06/22/2020 21:29:59 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: I just checked tho

06/22/2020 21:30:00 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Let me check something

06/22/2020 21:30:04 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Like all the sheets from jan

06/22/2020 21:30:09 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: When we had appl

06/22/2020 21:30:11 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Have uw

06/22/2020 21:30:25 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Which is the p&l we are incorporating

06/22/2020 21:12:55 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Cool so everyday with the four sheets now we have to delete out the PPDD symbol

06/22/2020 21:13:01 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: PDD synbol

06/22/2020 21:13:05 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: In the longs

06/22/2020 21:13:08 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: yup

06/22/2020 21:13:15 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: And then make sure that hardcode price is moved to sillujen row

06/22/2020 21:13:27 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Should be ok on the sillajen

06/22/2020 21:13:28 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Just writing that out for scott when he does am tomorow

06/22/2020 21:13:35 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: It's the 4th smallest name in the short book

FOIA Confidential Treatment Requested-S1230350326 BBG00007534
SDNY_SWR_0000004117

06/22/2020 21:13:40 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Word

06/22/2020 21:13:43 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: Teamwork

06/22/2020 21:13:43 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Where does pdd get deleted?

06/22/2020 21:13:44 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Yeah but if order changes

06/22/2020 21:13:44 UTC DAVID HOHLMAN (DHOHLMAN1@Bloomberg.net) posted: dreamwork

06/22/2020 21:13:54 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: When u paste in the combo

06/22/2020 21:14:03 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Delete the actual symbol from the long section

06/22/2020 21:14:05 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: In that combo

06/22/2020 21:14:20 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Just the combo tab?

06/22/2020 21:14:24 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: yeah

06/22/2020 21:14:28 UTC SCOTT BECKER (SBECKER15@Bloomberg.net) posted: Cool thx

06/22/2020 21:14:55 UTC JESSE MARTZ (JMARTZ4@Bloomberg.net) posted: Yeah if u don't do that you'll end up seeing the short section starts pulling longs

swap transactions allegedly manipulated the market (*see* Opposition to Motion to Dismiss at 64-66, ECF 53), leaving the defense to guess among the thousands of swap transactions over the charged time period.

The request for data regarding the unwinding of the hedges is equally relevant and specific. Data on the unwinding of hedges is critical because of the government's theory that Archegos "dominate[d] the marketplace for the[] securities[.]" (Indictment ¶¶ 26-27). The government improperly assumes that each Counterparty held its hedge for the duration of the swap, thereby reducing the number of freely traded shares in the security. However, documents available through the United States Securities and Exchange Commission's ("SEC") Electronic Data Gathering, and Retrieval System contradict the government's hypothesis. For example, Credit Suisse filed a Section 13(f) disclosure showing that on September 30, 2020, it held approximately 2,088,120 shares of Baidu stock. Credit Suisse AG, Quarterly Report Filed by Institutional Managers, Holdings (Form 13F-HR) 393 (Nov. 13, 2020). But at the time, Archegos had economic exposure to approximately 6,968,500 shares of Baidu through swaps with Credit Suisse. Similarly, a 13(f) disclosure filed by Goldman Sachs shows that on December 31, 2020 it held 2,754,520 shares of Discovery A stock, whereas at the time, Archegos had economic exposure to approximately 7,531,577 shares of Discovery A through swaps with Goldman. Goldman Sachs Group Inc., Quarterly Report Filed by Institutional Managers, Holdings (Form 13F-HR) 80 (Feb. 12, 2021). In other words, the government's assumption that Archegos's Counterparties held their hedges on a one-to-one basis with the swaps is fundamentally wrong, undermining the government's theory that Archegos "dictated" the Counterparties' hedging transactions and thereby "dominated" the float of the relevant stocks. (Indictment ¶ 27). The defense is entitled to the specific transaction data that will prove this point.

III. Total Return Swaps, Synthetic Market Power, and Regulatory Evasion

Forensic bankruptcy tracking, corporate filings, and regulatory enforcement dockets reveal how complex equity swap agreements were structurally deployed to amass artificial market power, obscure true position sizes, and bypass standard oversight frameworks.

- **The Swap Counterparty Protocol:** In traditional synthetic prime brokerage models—such as the formats executed by Nomura International plc or Credit Suisse First Boston (CSFB)—the explicit terms of Synthetic Prime Brokerage Master Confirmations (SPBMC) dictate that the counterparty seeks solely to gain exposure to security price fluctuations. Under these specific contract terms, neither party acquires a direct ownership interest, a right to acquire or dispose of the underlying security, or voting/consent rights.

SCHEDULE 2

Form of SPB Transaction Supplement

This SPB Transaction Supplement is entered into between Nomura International plc ("**Nomura**") and [●] ("**Counterparty**" and, together with Nomura, the "**Parties**") on the Trade Date set forth below.

The purpose of this communication is to confirm the terms and conditions of the SPB Transaction entered into between Nomura and Counterparty on the Trade Date specified below. This SPB Transaction Supplement supplements, forms part of and is subject to the Synthetic Prime Brokerage Master Confirmation between the Parties dated [●], as may be amended and supplemented from time to time (the "**SPBMC**"), and, together with the SPBMC, the SPB General Terms Supplement, the applicable SPB Product Supplement and the Jurisdiction Supplement (if applicable) constitutes a "Confirmation" as referred to in the Agreement.

The terms of the SPB Transaction to which this SPB Transaction Supplement relates are as follows:

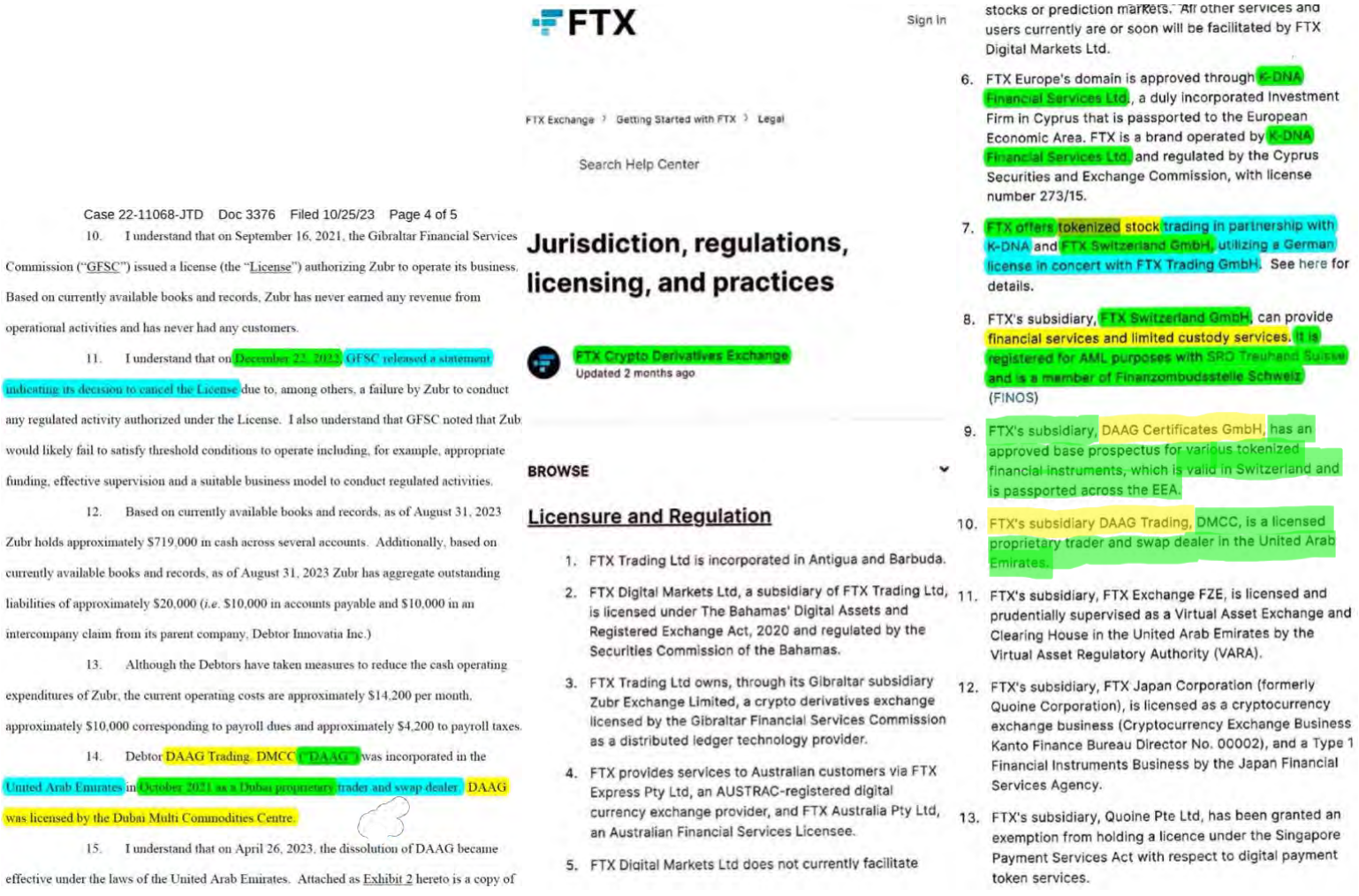
Product Identifier	RIC Code / ISIN	Underlying	SPB Product Type	Futures Price Valuation[1]	Multiplier	Maturity Date	Trade Date	Effective Date	Long / Short / Unwind
			[SPB Bonds] [SPB Shares] [SPB Custom Basket] [SPB Index] [SPB Futures]	[Applicable][Not Applicable]					

Number of Units	Initial Price / Final Price[2]	FX Rate	Dividend / Distribution Percentage	Transaction Spread (bps)	Fee Adjustment (bps)	Related Exchange	Combined Synthetic Payment	Synthetic Payment Adjustment	Synthetic Payment Date
							[Applicable][Not Applicable]	[●], or otherwise notified by Nomura to Counterparty from time to time in accordance with the SPBMC.	[Each Cash Settlement Payment Date] [3 Currency Business Days after the next Valuation Date defined in the SPB Bonds General Terms Supplement] [The Termination Date]

Floating Amount Payer Payment Dates	Valuation Dates	Floating Rate Option
[Each Cash Settlement Payment Date] [[1st] Business Day of each month and each Unwind Cash Settlement Payment Date] [Last SPB Business Day of each month and each Unwind Cash Settlement Payment Date]	[•] / [1st Scheduled Trading Day of each month] / [Each Scheduled Trading Day] / [(a) 1st February, 1st May, 1st August and 1st November in each year from the Effective Date to the Termination Date, or in each case if not a Scheduled Trading Day, the next following Scheduled Trading Day and (b) the Scheduled Trading Day falling one Settlement Cycle prior to the Termination Date]	[AUD-SWAP-OIS-RBA] [HIBOR-HKAB] [JPY-LIBOR-ICE] [NZD-OCR-RBNZ] [SGD-SIBOR-ABS] [USD-LIBOR-ICE] [GBP-LIBOR-ICE] [EUR-EURIBOR-EBF]

[2] This will be the "Initial" where the SPB Transaction is a short or long and Final Price where the SPB Transaction is an Unwind.

- **Concealment and Price Manipulation:** As detailed in enforcement proceedings (e.g., *SEC v. Archegos Capital Management*), head traders and institutional actors utilized these security-based swaps to quietly accumulate dominant market power in specific U.S. exchange-traded equities. Because the positions were structured as database entries and cash-settled synthetic exposures rather than direct equity purchases, the true size of the fund's concentrated holdings was systematically concealed from the public market and transactional counterparties. Once sufficient market power was generated, funds actively manipulated underlying stock prices—buying large blocks during negative news cycles or targeting lower-volume premarket windows to artificially inflate long positions and maximize variation margin collections.
- **The Crypto-Asset Swap Conduit:** This exact synthetic prime brokerage blueprint was duplicated within the international cryptocurrency exchange network to move and obscure capital. In October 2021, the corporate ecosystem established DAAG Trading, DMCC ("DAAG") in the United Arab Emirates, specifically licensed as a Dubai proprietary trader and swap dealer.



Case 22-11068-JTD Doc 3376 Filed 10/25/23 Page 4 of 5

10. I understand that on September 16, 2021, the Gibraltar Financial Services Commission ("GFSC") issued a license (the "License") authorizing Zubr to operate its business. Based on currently available books and records, Zubr has never earned any revenue from operational activities and has never had any customers.

11. I understand that on December 22, 2023, GFSC released a statement indicating its decision to cancel the License due to, among others, a failure by Zubr to conduct any regulated activity authorized under the License. I also understand that GFSC noted that Zub would likely fail to satisfy threshold conditions to operate including, for example, appropriate funding, effective supervision and a suitable business model to conduct regulated activities.

12. Based on currently available books and records, as of August 31, 2023 Zubr holds approximately $719,000 in cash across several accounts. Additionally, based on currently available books and records, as of August 31, 2023 Zubr has aggregate outstanding liabilities of approximately $20,000 (*i.e.* $10,000 in accounts payable and $10,000 in an intercompany claim from its parent company, Debtor Innovatia Inc.)

13. Although the Debtors have taken measures to reduce the cash operating expenditures of Zubr, the current operating costs are approximately $14,200 per month, approximately $10,000 corresponding to payroll dues and approximately $4,200 to payroll taxes.

14. Debtor DAAG Trading, DMCC ("DAAG") was incorporated in the United Arab Emirates in October 2021 as a Dubai proprietary trader and swap dealer. DAAG was licensed by the Dubai Multi Commodities Centre.

15. I understand that on April 26, 2023, the dissolution of DAAG became effective under the laws of the United Arab Emirates. Attached as Exhibit 2 hereto is a copy of

FTX

Sign In

FTX Exchange › Getting Started with FTX › Legal

Search Help Center

Jurisdiction, regulations, licensing, and practices

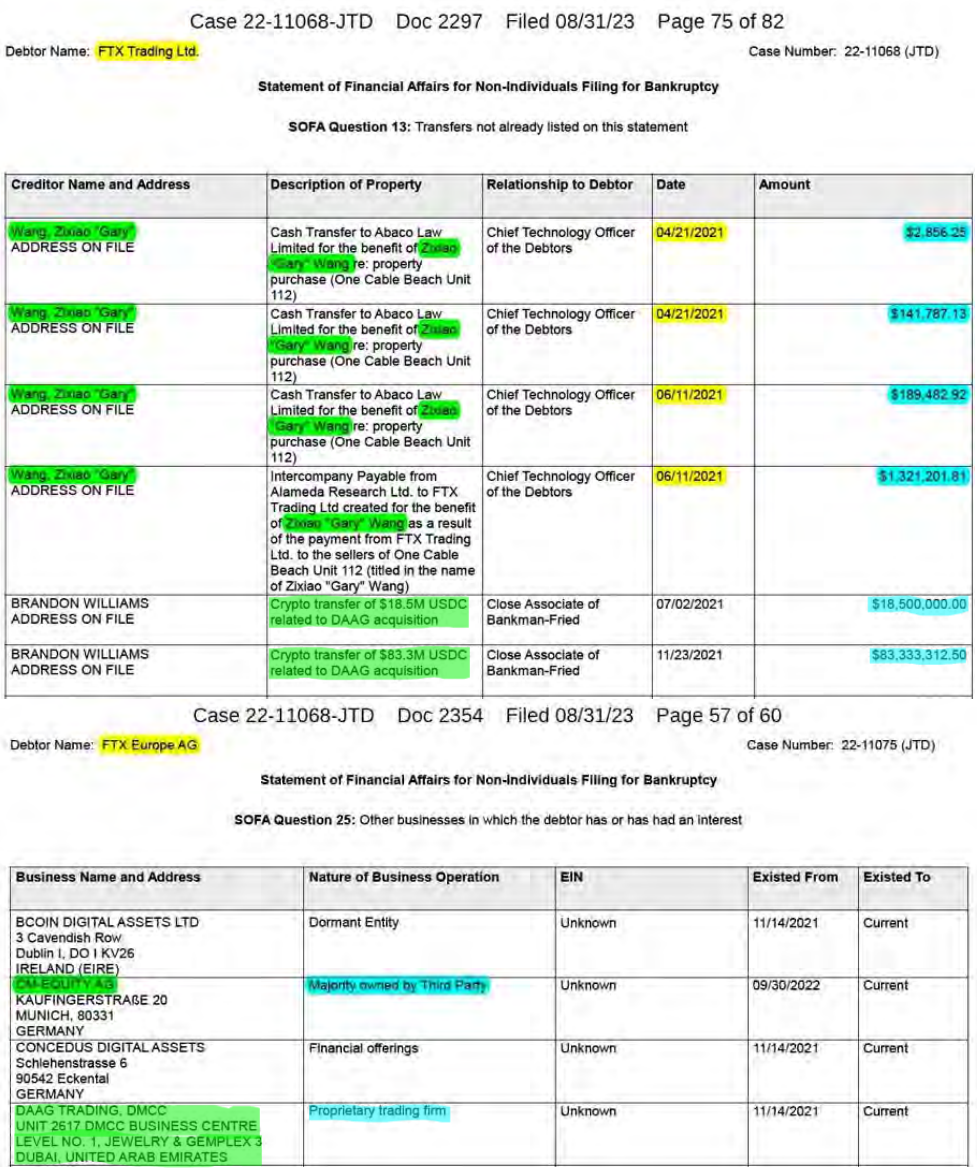
FTX Crypto Derivatives Exchange
Updated 2 months ago

BROWSE

Licensure and Regulation

1. FTX Trading Ltd is incorporated in Antigua and Barbuda.
2. FTX Digital Markets Ltd, a subsidiary of FTX Trading Ltd, is licensed under The Bahamas' Digital Assets and Registered Exchange Act, 2020 and regulated by the Securities Commission of the Bahamas.
3. FTX Trading Ltd owns, through its Gibraltar subsidiary Zubr Exchange Limited, a crypto derivatives exchange licensed by the Gibraltar Financial Services Commission as a distributed ledger technology provider.
4. FTX provides services to Australian customers via FTX Express Pty Ltd, an AUSTRAC-registered digital currency exchange provider, and FTX Australia Pty Ltd, an Australian Financial Services Licensee.
5. FTX Digital Markets Ltd does not currently facilitate stocks or prediction markets. All other services and users currently are or soon will be facilitated by FTX Digital Markets Ltd.
6. FTX Europe's domain is approved through K-DNA Financial Services Ltd., a duly incorporated Investment Firm in Cyprus that is passported to the European Economic Area. FTX is a brand operated by K-DNA Financial Services Ltd. and regulated by the Cyprus Securities and Exchange Commission, with license number 273/15.
7. FTX offers tokenized stock trading in partnership with K-DNA and FTX Switzerland GmbH, utilizing a German license in concert with FTX Trading GmbH. See here for details.
8. FTX's subsidiary, FTX Switzerland GmbH, can provide financial services and limited custody services. It is registered for AML purposes with SRO Treuhand Suisse and is a member of Finanzombudsstelle Schweiz (FINOS)
9. FTX's subsidiary, DAAG Certificates GmbH, has an approved base prospectus for various tokenized financial instruments, which is valid in Switzerland and is passported across the EEA.
10. FTX's subsidiary DAAG Trading, DMCC, is a licensed proprietary trader and swap dealer in the United Arab Emirates.
11. FTX's subsidiary, FTX Exchange FZE, is licensed and prudentially supervised as a Virtual Asset Exchange and Clearing House in the United Arab Emirates by the Virtual Asset Regulatory Authority (VARA).
12. FTX's subsidiary, FTX Japan Corporation (formerly Quoine Corporation), is licensed as a cryptocurrency exchange business (Cryptocurrency Exchange Business Kanto Finance Bureau Director No. 00002), and a Type 1 Financial Instruments Business by the Japan Financial Services Agency.
13. FTX's subsidiary, Quoine Pte Ltd, has been granted an exemption from holding a licence under the Singapore Payment Services Act with respect to digital payment token services.

- **Obscured Corporate Transfers:** Statement of Financial Affairs (SOFA) filings from the bankruptcy estate demonstrate that the acquisition and operation of this swap vehicle involved massive unrecorded capital movements, including an [$18.5 million USDC crypto transfer on July 2, 2021, followed by an $83.3 million USDC transfer on November 23, 2021, routed to close associates of Sam Bankman-Fried for the "DAAG acquisition".]



Case 22-11068-JTD Doc 2297 Filed 08/31/23 Page 75 of 82

Debtor Name: FTX Trading Ltd. Case Number: 22-11068 (JTD)

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

SOFA Question 13: Transfers not already listed on this statement

Creditor Name and Address	Description of Property	Relationship to Debtor	Date	Amount
Wang, Zixiao "Gary" ADDRESS ON FILE	Cash Transfer to Abaco Law Limited for the benefit of Zixiao "Gary" Wang re: property purchase (One Cable Beach Unit 112)	Chief Technology Officer of the Debtors	04/21/2021	$2,856.25
Wang, Zixiao "Gary" ADDRESS ON FILE	Cash Transfer to Abaco Law Limited for the benefit of Zixiao "Gary" Wang re: property purchase (One Cable Beach Unit 112)	Chief Technology Officer of the Debtors	04/21/2021	$141,787.13
Wang, Zixiao "Gary" ADDRESS ON FILE	Cash Transfer to Abaco Law Limited for the benefit of Zixiao "Gary" Wang re: property purchase (One Cable Beach Unit 112)	Chief Technology Officer of the Debtors	06/11/2021	$189,482.92
Wang, Zixiao "Gary" ADDRESS ON FILE	Intercompany Payable from Alameda Research Ltd. to FTX Trading Ltd created for the benefit of Zixiao "Gary" Wang as a result of the payment from FTX Trading Ltd. to the sellers of One Cable Beach Unit 112 (titled in the name of Zixiao "Gary" Wang)	Chief Technology Officer of the Debtors	06/11/2021	$1,321,201.81
BRANDON WILLIAMS ADDRESS ON FILE	Crypto transfer of $18.5M USDC related to DAAG acquisition	Close Associate of Bankman-Fried	07/02/2021	$18,500,000.00
BRANDON WILLIAMS ADDRESS ON FILE	Crypto transfer of $83.3M USDC related to DAAG acquisition	Close Associate of Bankman-Fried	11/23/2021	$83,333,312.50

Case 22-11068-JTD Doc 2354 Filed 08/31/23 Page 57 of 60

Debtor Name: FTX Europe AG Case Number: 22-11075 (JTD)

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

SOFA Question 25: Other businesses in which the debtor has or has had an interest

Business Name and Address	Nature of Business Operation	EIN	Existed From	Existed To
BCOIN DIGITAL ASSETS LTD 3 Cavendish Row Dublin I, DO I KV26 IRELAND (EIRE)	Dormant Entity	Unknown	11/14/2021	Current
CM-EQUITY AG KAUFINGERSTRAßE 20 MUNICH, 80331 GERMANY	Majority owned by Third Party	Unknown	09/30/2022	Current
CONCEDUS DIGITAL ASSETS Schlehenstrasse 6 90542 Eckental GERMANY	Financial offerings	Unknown	11/14/2021	Current
DAAG TRADING, DMCC UNIT 2617 DMCC BUSINESS CENTRE LEVEL NO. 1, JEWELRY & GEMPLEX 3 DUBAI, UNITED ARAB EMIRATES	Proprietary trading firm	Unknown	11/14/2021	Current

- **The Dissolution Path:** Just as synthetic positions in the traditional space are abruptly unwound to mitigate structural collapse, these off-shore shell operations were rapidly dismantled. [The Dubai Multi Commodities Centre (DMCC) Authority records indicate that the dissolution of DAAG Trading DMCC was finalized on April 26, 2023]—effectively wiping out the primary swap dealer vehicle utilized to process international synthetic product structures prior to comprehensive regulatory clawbacks.



IV. Order Mis-Marking and Compliance Omissions: The Integrity of CAT Reporting

A persistent and alarming vulnerability within current audit trails is the systemic failure of broker-dealers to accurately report short-sale order marks to the Consolidated Audit Trail, directly obscuring short-sale volume and short interest from regulatory watchdogs.

A. Systemic Failure to Mark Short-Sale Orders Accurately

The Commission's recent enforcement action under *In the Matter of Robinhood Financial LLC and Robinhood Securities, LLC* (File No. 3-22405) unmasked a chronic, multi-year failure of automated order-routing systems to accurately capture short-sale data. Between 2020 and 2023, structural defects in execution scripts resulted in millions of retail equity and options orders being mis-marked on external trade feeds. Specifically, broker-dealers routed or executed short-sale orders marked incorrectly as "long," directly falsifying the market data transmitted to the CAT.

B. Deletion and Omission of Compliance Ledger Records

Compounding this technical deficiency, internal audits have revealed instances where broker-dealers failed to retain and preserve required compliance records—including business-related communications via internal tools or Bloomberg chat systems—that detailed internal order exceptions, risk parameter changes, and manual system overrides. When firms systematically fail to preserve records documenting how internal trade desks manually adjusted risk sections or bypassed short-sale compliance scripts, the Commission's ability to use the CAT to reconstruct historical market manipulation is completely neutralized.

C. Systemic Coding Failures in Riskless Principal Logic

The threat of systemic mis-marking is further illustrated by the Commission's recent enforcement action *In the Matter of Citadel Securities, LLC* (File No. 3-21703). As one of the largest broker-dealers in the U.S. equities markets—responsible for executing approximately 35% of all U.S.-listed retail volume and 22% of total U.S. equities volume—the firm's internal automated tracking failures emphasize how easily major liquidity providers can distort data fed to regulatory audit trails.

Over a five-year period from September 2015 through September 2020, a coding error in Citadel Securities' trading logic resulted in an estimated millions of sell orders being inaccurately marked. The deficiency arose directly from the handling of schedule-based, "not-held" client orders filled on a riskless principal basis.



- **The Mechanics of the Defect:** To execute these trades, the firm utilized a back-to-back transaction sequence: routing a principal order to the market via multiple smaller "child orders" (the Street-Side Leg) and entering into a contemporaneous, offsetting trade with the broker-dealer client at identical pricing and sizing (the Client-Side Leg).
- **The Deferral Vulnerability:** At the request of a limited set of institutional clients seeking to minimize electronic message traffic, Citadel Securities deferred transmitting execution reports to the clients (known as "roll-up" transactions) until designated intra-day intervals or until the parent order was fully complete.
- **The Aggregate Position Distortion:** While the market-facing Street-Side Leg updated the firm's position calculation system without delay, a coding error caused the firm's order-marking system to delay updating the offsetting Client-Side Leg executions until the deferred execution report was finally sent to the client.
- **The Order Marking Contagion:** This artificial processing delay lasted for minutes and, in some cases, up to several hours. Consequently, during periods where the firm's inventory in an impacted symbol approached zero, the intraday calculation inaccuracies caused subsequent proprietary sell orders in that same symbol to cross zero blindly— mis-marking short sales as long sales and long sales as short sales.

This algorithmic blindness persisted completely by the firm's mandated annual reviews, daily end-of-day order marking reports, and intraday monitors for five years. Furthermore, these corrupted order markings were systematically integrated into Electronic Bluesheet (EBS) data submitted to the Commission and SROs, directly degrading the integrity of regulatory surveillance data. This failure demonstrates that without real-time, independent validation of riskless principal legs within the CAT architecture, institutional automated systems can distort macro order-marking metrics across millions of transactions without triggering basic oversight compliance alarms.

D. Regulation SHO Violations, Fractional Trading, and Net Proprietary Omissions

Forensic regulatory examinations and compliance enforcement findings outline how systematic processing failures in structural inventory tracking led to massive, multi-year reporting violations under Regulation SHO ("Reg SHO").

- **Stock Lending and Fail-to-Deliver Omissions:** Regulatory audits show that Robinhood Securities failed to maintain basic compliance with Reg SHO protocols. Most notably, from May 2019 until March 2020, the firm routinely failed to execute timely close-outs on fails-to-deliver that directly resulted from its high-volume stock lending activities.

4. Fractional Share Trading and Stock Lending: Robinhood Securities failed to comply with Regulation SHO ("Reg SHO") in connection with stock lending and fractional trading programs. From May 2019 until March 2020, Robinhood Securities did not timely close out fails to deliver resulting from its stock lending activities. Additionally, from at least December 2019 until December 2023, Robinhood Securities effected millions of principal short sales relating to fractional shares trades that it mismarked as "long" because it lacked the ability to calculate its net proprietary position at the time of its sale orders. From December 2019 until May 2022, Robinhood securities mismarked millions of short sale riskless principal orders relating to fractional share trades as "long" because it improperly marked the orders based on its customers' positions rather than its proprietary positions. Then, from May 2022 until December 2023, Robinhood Securities mismarked an additional 4.5 million riskless principal orders relating to fractional shares trades as "short exempt" even though Robinhood Securities did not satisfy all the conditions for doing so.

41. From December 2019 until December 2023, Robinhood Securities mismarked more than 15 million principal short sales as "long."

b. Reg SHO Violations Relating to Riskless Principal Transactions

i. Robinhood Securities Improperly Marked Short Sale Riskless Principal Orders "Long" Based on Customers' Positions

42. Reg SHO Rule 201(a)(8) states that the term "riskless principal" shall mean a transaction in which a broker or dealer, after having received an order to buy a security, purchases the security as principal at the same price to satisfy the order to buy, exclusive of any explicitly disclosed markup or markdown, commission equivalent, or other fee, or, after having received an order to sell, sells the security as principal at the same price to satisfy the order to sell, exclusive of any explicitly disclosed markup or markdown, commission equivalent, or other fee.

43. When Robinhood Financial launched Fractional Trading in December 2019, Robinhood Securities' systems were designed to facilitate customer orders through a combination of riskless principal transactions and principal transactions. (All references to riskless principal sales orders in this section refer to Fractional Trading riskless principal sale orders.) For example, if a Robinhood Financial customer placed an order to sell 100.5 shares of a security, Robinhood

48. From December 2019 until May 2022, Robinhood Securities mismarked as "long" over 58 million Fractional Trading riskless principal short sale orders based on its customers' underlying positions when it should have marked the orders "short" based on its net position.

ii. Robinhood Securities Improperly Marked Short Sale Riskless Principal Orders and Short Sale Principal Orders as "Short Exempt"

- **The Net Proprietary Tracking Deficit:** When fractional share trading was launched in December 2019, systems were constructed without the technical capability to calculate real-time net proprietary positions across internal clearing accounts. Consequently, from December 2019 until December 2023, Robinhood Securities executed and mismarked more than 15 million principal short sales as "long" orders because it did not reconcile its internal firm-wide positions at the time the sales orders were processed.
- **Customer-Facing Compliance Marking Deflection:** To mask this inventory tracking deficit, the clearing system shifted its compliance tracking metrics outward. For multiple years, the firm systematically marked short sale orders based entirely on individual customer long positions rather than validating the clearinghouse's actual, net proprietary firm position.

E. The Riskless Principal Loophole and Fractional Share Mismarking

The exploitation of the "Riskless Principal" framework allowed clearing structures to mask short-selling obligations under the guise of customer-driven fractional order execution.

- **The Riskless Principal Mandate:** Under Reg SHO Rule 201(a)(8), a "riskless principal" transaction is strictly defined as an order where a broker-dealer, after receiving an explicit customer buy/sell order, purchases or sells the security as principal at the exact same price to satisfy that customer request, exclusive of disclosed markups, markdowns, or commissions.
- **The Fractional Share Matching Architecture:** In fractional trading structures, system routing protocols were designed to automatically satisfy incoming customer retail orders by splitting execution between riskless principal matching and firm-directed principal transactions. For example, if an account placed a request to sell 100.5 shares of an equity, the system would process 100 shares via traditional routing networks while handling the remaining 0.5 fractional segment as a principal transaction drawn from internal inventory books.
- **Systemic Multi-Million Order Mismarking:** Because the clearing infrastructure substituted underlying customer long statuses for firm-level inventory validations, from December 2019 until May 2022, Robinhood Securities improperly marked over 58 million Fractional Trading riskless principal short sale orders as "long".
- **The Short Exempt Abuse Loophole:** Following initial regulatory pushback in May 2022, the firm modified its compliance parameters but continued to violate Reg SHO rules. From May 2022 until December 2023, Robinhood Securities mismarked an additional 4.5 million fractional riskless principal orders as "short exempt," despite completely failing to satisfy the mandatory statutory conditions required to claim the exempt status.

V. Technical Amendment: Data Integrity, Mis-Marking, and Riskless Principal Order Capacity

Executive Summary of Data Concerns

While the Commission's proposal to prohibit volume-based transaction pricing for agency-related volume is a critical step toward fostering fair competition among broker-dealers, the structural integrity of this prohibition relies entirely on the accuracy of order marking. Because high-volume members retain a significant financial incentive to mischaracterize their order capacities to cross volume tier thresholds, the final rule must explicitly address the temporal and volume-based dynamics of riskless principal transactions.

The Consolidated Audit Trail (CAT) baseline sample from January 2023 highlights that while Riskless Principal orders constitute a smaller overall slice of the market, they represent a highly concentrated, vulnerable pool of order flow that could be weaponized to evade volume-tier restrictions.

Analysis of Riskless Principal Volume & Timeframes

The intersection of volume requirements and monthly resetting timeframes creates an environment ripe for order mischaracterization. We urge the Commission to consider the structural vulnerabilities exposed by the January 2023 CAT data:

TABLE 4—EXCHANGE TRADING VOLUME AND SHARE BY LIQUIDITY TYPE, JAN. 2023

[The following table breaks apart the total buy and sell executed order flow from all exchange members using a sample of CAT data for the month of Jan 2023. Exchange members are identified as the set of unique CRD IDs in CAT which have directly routed orders to any of the national equities exchanges in the month. Exchange member CRDs are also verified in the CAT Industry Member Identifier List daily reference data. For each exchange the number of shares executed under the CAT allowable trade capacities of Agency, Principal, and Riskless Principal are reported. Trade capacity in CAT is defined by the exchange member for its side of a trade and represents the capacity in which the exchange member acted at trade time. Trades with the sale condition codes–M—Market Center Official Close, –Q—Market Center Official Open, –V—Contingent Trade, –7—Qualified Contingent Trade (QCT), –8—Placeholder for 611 Exempt, and –9—Corrected Consolidated Close (per listing market) were excluded. The share of total trading volume across all exchanges for orders of a specific capacity are reported under the trading volume. The fourth column, "Total" reports the total trading volume for each exchange with the exchange's volume-based exchange market share reported below.]

Exchange	Agency	Principal	Riskless principal	Total
Nasdaq[b] (Maker-Taker)	42,381,231,425 32.04%	26,084,186,949 24.37%	256,443,292 13.90%	68,721,861,666 28.50%
NYSE[a] (Maker-Taker)	23,578,087,344 17.82%	15,663,850,087 14.64%	145,114,774 7.86%	39,387,052,205 16.33%
NYSE Arca[a] (Maker-Taker)	19,581,312,954 14.80%	19,600,669,528 18.31%	129,269,046 7.00%	39,311,251,528 16.30%
Cboe EDGX[c] (Maker-Taker)	13,478,973,097 10.19%	12,512,933,159 11.69%	677,345,568 36.70%	26,669,251,824 11.06%
Cboe BZX[c] (Maker-Taker)	9,612,667,056 7.27%	10,242,339,878 9.57%	367,462 0.02%	19,855,374,396 8.23%
MEMX (Maker-Taker)	6,308,673,864 4.77%	6,746,470,107 6.30%	186,541,931 10.11%	13,241,685,902 5.49%
IEX (Flat)	6,860,652,435 5.19%	3,905,276,620 3.65%	7,011,129 0.38%	10,772,940,184 4.47%
Cboe EDGA[c] (Inverted)	3,401,951,122 2.57%	2,289,187,280 2.14%	109,407,328 5.93%	5,800,545,730 2.41%
Cboe BYX[c] (Inverted)	1,950,854,778 1.47%	2,582,413,642 2.41%	131,506,520 7.13%	4,664,774,940 1.93%
MIAX Pearl (Maker-Taker)	1,803,716,409 1.36%	2,527,733,474 2.36%	153,910,919 8.34%	4,485,360,802 1.86%
NYSE National[a] (Inverted)	827,209,968 0.63%	1,489,403,927 1.39%	1,340,645 0.07%	2,317,954,540 0.96%
Phlx (PSX)[b] (Maker-Taker)	877,534,988 0.66%	1,342,954,596 1.25%	53,580 0.00%	2,220,543,164 0.92%
BX[b] (Inverted)	713,708,890 0.54%	965,538,116 0.90%	32,818,578 1.78%	1,712,065,584 0.71%
NYSE American[a] (Maker-Taker)	712,130,625 0.54%	818,767,495 0.77%	14,185,250 0.77%	1,545,083,370 0.64%
NYSE Chicago[a] (Flat)	177,946,002 0.13%	254,499,006 0.24%	120,789 0.01%	432,565,797 0.18%
LTSE (Free)	10,749,491 0.01%	1,411,063 0.00%	0 0.00%	12,160,554 0.01%
Total	132,277,400,448 100.00% 54.85%	107,027,634,927 100.00% 44.38%	1,845,436,811 100.00% 0.77%	241,150,472,186

- **The Monthly Reset Dynamic:** Exchange volume tiers are calculated in arrears and reset on a strictly monthly timeframe. Because a member's achieved tier applies retroactively to all executions transacted earlier in that month, a marginal increase in volume at the end of a monthly period exponentially increases the financial payout across billions of previously executed shares.
- **Volume Threshold Urgency:** This monthly timeframe creates a mathematical "cliff" toward the end of each calendar month. Members seeking to achieve specific tier targets face an intense economic incentive to aggregate and route order flow to a single venue to capture the highest possible rebate.



- **The Incentive to Mis-Mark Small-Pool Capacities:** According to Table 4 of the Commission's baseline data, Riskless Principal orders accounted for 1,845,436,811 shares, representing just 0.77% of total trading volume across all exchanges (241,150,472,186 total shares). Because the proposed rule strictly prohibits counting agency-related volume toward proprietary volume tiers, a structural firewall is created. However, lower-volume or sponsoring members facing a month-end shortfall have an intense economic motivation to mis-mark riskless principal orders as proprietary volume.
- **Concentration Risks on Specific Venues:** The temptation to mis-mark is structurally amplified on exchanges where Riskless Principal capacity is heavily concentrated. For instance, Cboe EDGX alone processed 677,345,568 Riskless Principal shares, capturing a staggering 36.70% share of the entire market's riskless principal volume. Nasdaq followed with 256,443,292 shares (13.90% share), and MEMX handled 186,541,931 shares (10.11% share). If bad actors are permitted to selectively mischaracterize these pools as proprietary volume during month-end scrambles, they can artificially inflate their proprietary volume metrics on these target exchanges to cross unfair rebate thresholds.

Statutory Scope of Riskless Principal Orders

To ensure the final rule effectively mitigates this evasion risk, the Commission must maintain a precise framework regarding order pricing:

Proposed Rule 6b-1 Definition: A riskless principal transaction is broadly defined as a transaction where a broker-dealer, after receiving a customer order, purchases or sells a security from another person to offset a contemporaneous leg to the customer, without retaining market risk.

Crucially, we support the Commission's deliberate omission of a "same price" requirement within this specific definition. If the rule required both legs of a riskless principal trade to execute at the exact same price, bad actors could easily evade the volume ban by altering the customer leg by the smallest fraction of a penny (e.g., an economically insignificant change) to artificially classify the trade as proprietary.

Recommendations for Anti-Evasion Rules and Post-Filing Transparency

To prevent the volume-based manipulation of riskless principal designations during these monthly end-of-period scrambles, the final rule must aggressively enforce the provisions of proposed Rule 6b-1(b) and (c):

1. **Mandatory Distinct Port Sourcing:** Exchanges must utilize their flexibility under proposed Rule 6b-1(b)(1) to mandate that members route proprietary orders through entirely separate, dedicated physical ports or sessions. Mixing proprietary and riskless principal orders on a single session should be strictly prohibited to eliminate automated billing mis-marking.



2. **Auditable Machine-Readable Tally Disclosures:** The 5-calendar-day monthly deadline for Inline XBRL table submissions must be rigidly maintained. This prompt timeframe is the only mechanism that allows the Commission and the public to cross-reference data changes within the critical 60-day statutory suspension window. If an exchange's monthly disclosure reveals an anomalous spike in proprietary volume corresponding with a drop in riskless principal volume at month-end, it provides an immediate data point to flag potential evasion or mis-marking.

VI. Retail Broker-Dealer Clearing Structures and Sub-Second Institutional Auctions

To demonstrate how internal retail clearing infrastructures interface with specialized institutional order-routing mechanics, the following structural breakdown links internal broker-dealer processing directly to sub-second institutional auction protocols and execution networks.

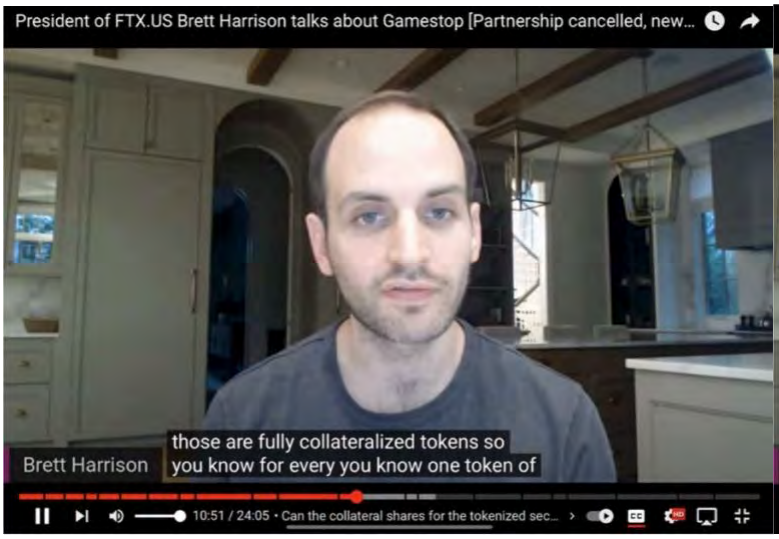
A. The Structural Convergence of Retail Broker-Dealer Clearing and Sub-Second Institutional Auctions

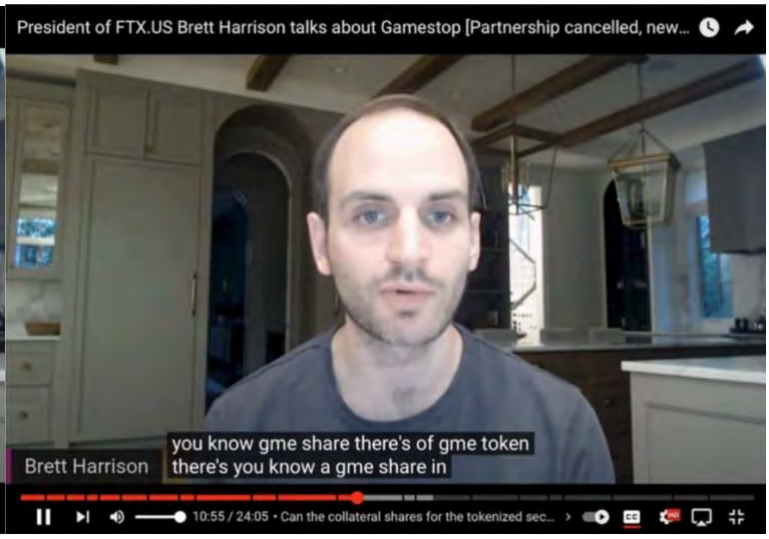
A precise investigation of the modern market structure reveals that retail-facing broker-dealers do not operate as isolated, simplified customer interfaces. Instead, firms like Embed Financial Technologies and Robinhood Securities function as intentional front-end collection points that feed directly into a heavily integrated network of institutional clearing mechanisms, off-shore shell platforms, and sub-second auction protocols designed to circumvent public market lit exchanges.

B. The Retail-to-Institutional Routing Funnel

The mechanical path of a retail customer order exposes a deliberate separation between the consumer interface and the underlying financial execution:

- **The Internal Clearing Gatekeeper:** Retail entities establish 100% owned clearing subsidiaries—such as West Realm Shires Inc.’s acquisition of Embed Financial Technologies or Robinhood Financial’s reliance on Robinhood Securities to take legal and beneficial ownership of incoming customer order flows.





CASE NAME: West Realm Shires Financial Services Inc. **CASE NUMBER:** 22-11072

Exhibit B: Description of Operations for Controlled Non-Debtor Entities

Official Form 426
United States Bankruptcy Court
District of Delaware

Non-Debtor Entity	Description
FTX Capital Markets LLC	Previously registered as a Broker-Dealer with the Securities and Exchange Commission and the Financial Industry Regulatory Authority. Registration status terminated 2/5/2023

As of June 30, 2024, FTX Capital Markets LLC has an intercompany payable of $113.8k due to Embed Clearing LLC for withdrawals made while Debtor West Realm Shires Services Inc. accounts were inaccessible before the bankruptcy court authorized the Debtors to operate a cash management system (D.I. 145). FTX Capital Markets LLC has an offsetting intercompany receivable of $113.9k due from Debtor West Realm Shires Services Inc. related to Embed Clearing LLC customer account withdrawals funded by FTX Capital Markets LLC. Additionally, FTX Capital Markets LLC has an intercompany payable of $184.5k due to Debtor West Realm Shires Financial Services Inc. related to the payment of compensation expenses for FTX Capital Markets LLC. Lastly, FTX Capital Markets LLC has an intercompany payable of $476 due to Debtor West Realm Shires Inc. for corporate services paid on behalf of FTX Capital Markets LLC.

As of the balance sheet date of the financials presented in Exhibit A, no payments of professional fees were paid by FTX Capital Markets LLC that would have otherwise been payable by a Debtor. Post petition, FTX Capital Markets incurred an intercompany payable of $113.8k due to Embed Clearing LLC for withdrawals made while Debtor West Realm Shires Services Inc. accounts were inaccessible before the bankruptcy court authorized the Debtors to operate a cash management system (D.I. 145). FTX Capital Markets LLC has an offsetting intercompany receivable of $113.9k due from Debtor West Realm Shires Services Inc. related to Embed Clearing LLC customer account withdrawals funded by FTX Capital Markets LLC.

Messages in chronological order (times are shown in GMT +00:00)

D0493KXPGRE

ZD **Zach Dexter** 11/11/2022, 3:33 AM
Michael, we're trying to get Sam to sign a control agreement that will empower a restructuring professional to immediately make a series of critical decisions without the delays and disengagement Sam has been providing us.

ZD **Zach Dexter** 11/11/2022, 3:35 AM
those decisions include the appropriate/best actions on FTXUS - need someone who can consult with counsel to quickly wind down activity there in the most appropriate way for customers - all Sam needs to do is sign. he's been unable to relinquish control or approve / delegate authority to approve material decisions - I hope we're able to cross that bridge tonight.

MG **Michael Giles** 11/11/2022, 3:44 AM
Sounds like the right approach to me. We are in contact with all of our own regulators daily and it's hard to navigate without direction and ability to make big decisions. We are currently focused on assisting with the off boarding of FTXCM customers and ensuring they can liquidate and receive their funds (likely from Embed Clearing directly).

ZD **Zach Dexter** 11/11/2022, 3:56 AM
I'm on the phone with Sam's personal lawyers at Paul Weiss essentially yelling at them about how the internal ledger doesn't work, but if Sam authorizes an executive authority, that person will have the capacity to make the decisions we absolutely must make to bring in people who can help us fix this

Debtor Name: FTX Europe AG

Case Number: 22-11075 (JTD)

Assets - Real and Personal Property

Part 4, Question 15: Non-publicly traded stock interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture.

Non-publicly traded stock and interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture *(Name of entity:)*	% of Ownership	Valuation method used for current value	Current value of debtor's interest
BCOIN DIGITAL ASSETS LTD	100%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined
CM-EQUITY AG	9.9%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined

Debtor Name: West Realm Shires Inc.

Case Number: 22-11183 (JTD)

Assets - Real and Personal Property

Part 4, Question 15: Non-publicly traded stock interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture.

Non-publicly traded stock and interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture *(Name of entity:)*	% of Ownership	Valuation method used for current value	Current value of debtor's interest
DIGITAL CUSTODY INC.	100%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined
EMBED FINANCIAL TECHNOLOGIES INC.	100%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined
FTX LEND INC.	100%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined
IEX GROUP, INC.	Undetermined	Funded Amount	$112,554,985.67
		TOTAL	**$114,554,985.67** + Undetermined Amounts

Debtor West Realm Shires Inc. Case number (if known): 22-11183 (JTD)

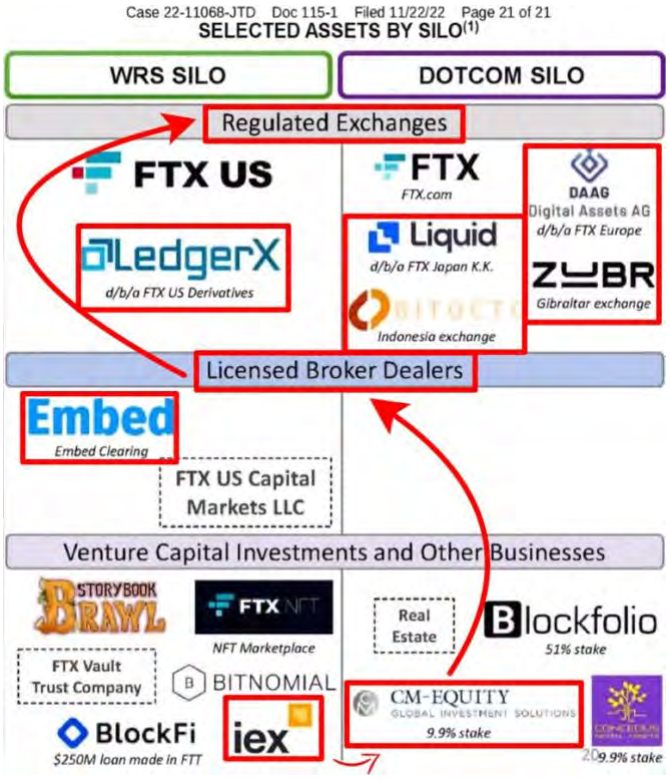
Name

Additional Page if Debtor Has More Executory Contracts or Unexpired Leases

Copy this page only if more space is needed. Continue numbering the lines sequentially from the previous page.

	List all contracts and unexpired leases	State the name and mailing address for all other parties with whom the debtor has an executory contract or unexpired lease
2.38	State what the contract or lease is for and the nature of the debtor's interest: CONFIDENTIAL GLOBAL SETTLEMENT AGREEMENT DATED 1/13/2022 State the term remaining List the contract number of any government contract	Citadel Securities Americas LLC - Heath Tarbert, Jessica Fricke 131 S. Dearborn Chicago, IL 60603
2.39	State what the contract or lease is for and the nature of the debtor's interest: SPONSORSHIP AGREEMENT DATED 8/18/2021 State the term remaining List the contract number of any government contract	Coachella Music Festival, LLC 425 W. 11th Street, Suite 500 Los Angeles, CA 90015
2.40	State what the contract or lease is for and the nature of the debtor's interest: INVESTORS' RIGHTS AGREEMENT DATED 1/21/2022 State the term remaining List the contract number of any government contract	COINBASE GLOBAL, INC. 248 3rd Street #434 Oakland, CA 94607

- **Bypassing Lit Exchanges:** Rather than routing marketable orders directly to public national securities exchanges (such as the NYSE or NASDAQ), the internal clearing infrastructure handles volume through a combination of proprietary principal matching and systemic diversion.
- **The Institutional Hand-Off:** This structure serves as the primary mechanism to transfer retail orders internationally or route them directly into specialized institutional trading networks, matching retail volume against hidden institutional inventory outside the view of public market quotations.



C. Interfacing with Sub-Second Institutional Auctions

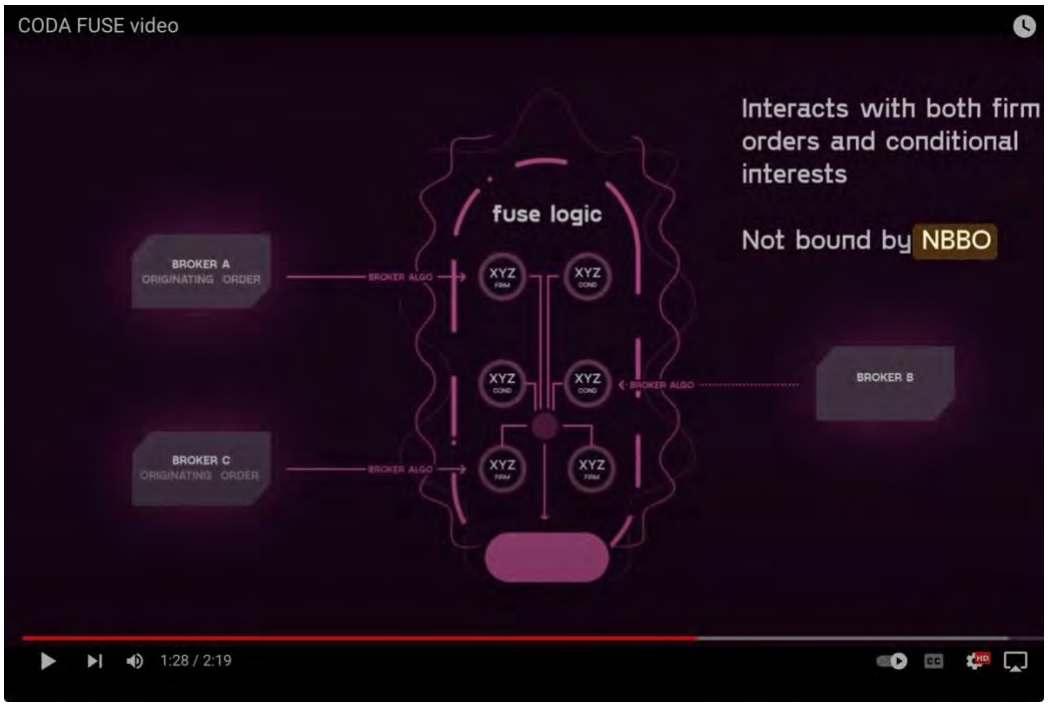
Once retail order flow is internalized by the broker-dealer's clearing arm, it becomes eligible to interface with highly advanced, sub-second institutional auction protocols that actively operate parallel to the national market system:

- **Exploiting the Sub-Second Pause:** Internal clearing systems can route internalized block or fractional order segments into private micro-auction suites (such as specialized institutional routing networks). These platforms utilize brief execution pauses lasting between 1 and 20 milliseconds to generate non-public alerts to an enclosed circle of subscribers.
- **Internal Order Book Matching:** During this sub-second window, institutional subscribers submit non-displayed, dark liquidity into an enclosed order book. The matching engine resolves the auction using custom priority parameters (such as price/time or first-responder matching), effectively crossing substantial volume completely insulated from public lit books.

- **The Off-Exchange Reporting Loop:** Completed executions are systematically reported to an off-exchange Trade Reporting Facility (TRF). Unmatched order remnants are either cancelled or parked in non-displayed facilities, ensuring that the broader public market remains unaware of the real-time institutional demand curve.

D. Systematic NBBO Price Deviation via Automated Regressions

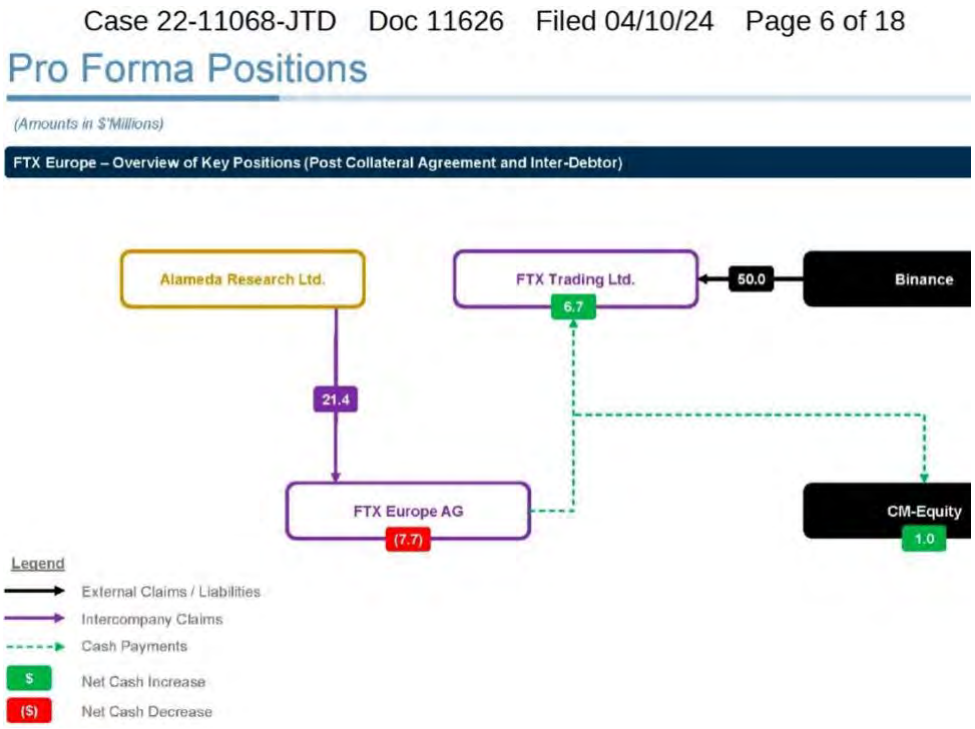
To safely execute these crossed retail and institutional sizes without triggering catastrophic public order book imbalances, routing engines [i.e. Apex's Coda Fuse] deploy dynamic mathematical regressions to establish parameters for printing trades outside of the National Best Bid or Offer (NBBO):

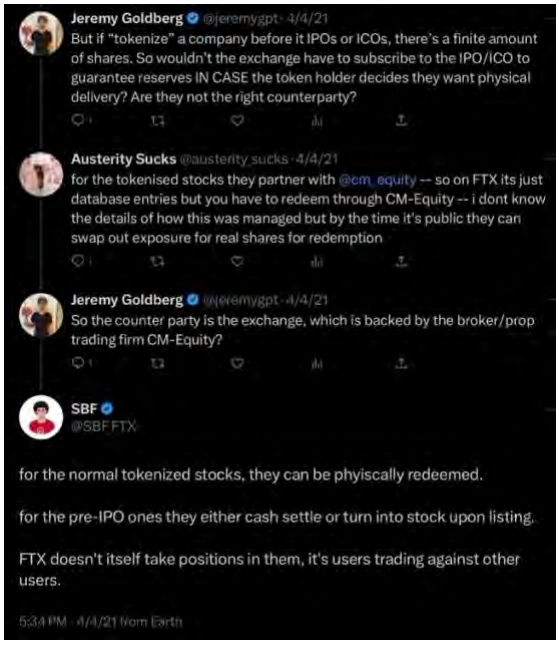


- **Dynamic Variance Calculation:** Automated data platforms continually analyze regular-way sequential trade data from the Securities Information Processor (SIP). By running these numbers through a rolling 20-trading-day regression curve, the system calculates median price variances across distinct notional brackets.
- **Hardcoded Liquidity Protection Boundaries:** The output of this regression calculation—the Liquidity Protection Rule (LPR) threshold—acts as an operational gatekeeper. It calculates the maximum basis points or cents that an internal matching engine will permit a trade to print outside the prevailing public NBBO based on order size.
- **Institutional Price Isolation:** This mathematical architecture allows internal broker-dealer clearing networks and institutional subscribers to routinely cross massive volumes at prices that deviate directly from national public quotations, depriving the public lit markets of transparent price-discovery data.

VII. The Synthetic Parallel Ecosystem: Tokenized Stocks and Global Digital Networks

The most critical threat to the integrity of U.S. securities regulation is the emergence of a synthetic parallel market through tokenized stocks. Between 2019 and 2022, offshore crypto platforms (including FTX, Alameda Research, and Binance) partnered with licensed European broker-dealers and custodians (such as CM-Equity AG) to pioneer 24/7 tokenized fractional representations of U.S. equities.







A. Explanation of the Main Purpose of FTX.com and Related Exchanges

The primary exchange operated by FTX Trading Ltd. was FTX.com, an international cryptocurrency exchange based outside the United States that served non-U.S. customers. Founded in 2019 by Samuel Bankman-Fried and Gary Wang, the exchange was specifically designed to bridge the gap between traditional financial markets and the digital asset ecosystem by offering sophisticated, institutional-grade trading functionalities that were largely unavailable on domestic, spot-only crypto platforms. To fulfill this purpose, the platform was built around two core pillars:

- **A Cryptocurrency Futures and Derivatives Exchange:** Unlike standard domestic spot exchanges that only allowed users to buy or sell digital assets dollar-for-dollar, FTX.com focused heavily on cryptocurrency derivatives. It enabled users to trade complex financial instruments, such as futures contracts, allowing market participants to short assets or hedge risks based on the future price movements of underlying cryptocurrencies. Derivatives quickly became the platform's most popular financial product, driving immense volume.
- **A Leveraged Finance Platform and Prime Broker:** FTX.com functioned as a comprehensive finance platform by integrating margin trading and lending services. Through an innovative feature known as "cross-margining," retail customers and institutional investors could use their entire portfolio of varied assets and currencies on the exchange to secure and leverage their trading positions. Roughly 80% of the assets on the exchange had this margin feature enabled by customer election, effectively making FTX a global prime broker for digital assets.

First, it allowed customers to trade crypto derivatives such as futures. A-705-06. In a spot trade a customer purchases or sells an asset like bitcoin. A-703-04. By contrast, futures trading involves purchasing or shorting a futures contract—a derivative financial instrument in which parties agree to buy or sell an asset at a specific price in the future. A-1002-03, A-827-28, A-689-90, A-714-716. The investment's value is contingent on whether the future price of the underlying asset ends up higher or lower than the price when the future was purchased. A-689-90, A-715-16. The ability to trade derivatives was a key feature on FTX, and derivatives became its most popular financial product. A-689-91, A-714-15.

Second, like other non-U.S.-based crypto exchanges, FTX allowed customers to trade on margin, i.e., by borrowing funds from the exchange. Whereas U.S.-based competitors allowed customers to purchase and sell assets dollar-for-dollar, A-703-704, FTX's margin feature allowed customers to increase and leverage their positions through spot margin borrowing and lending.

One innovative feature of FTX was "cross-margining," which allowed customers to rely on their overall assets and liabilities on the exchange—in whatever currencies—to margin trade other assets on the exchange. A-1004-05, A-999-1001. For example, a customer could deposit $100 of bitcoin to immediately trade $1,000 of bitcoin, or to trade other assets on the exchange, such as $1,000 of ether. A-704. These margin features meant FTX was not merely a

trading platform; it was a finance platform as well, offering lending services and operating as a "prime broker." A-993-94, A-1222.

FTX's innovations gave retail customers access to a variety of sophisticated trading strategies that were previously available only to hedge funds and institutional investors. These innovations were incredibly popular. FTX became "predominantly a margin exchange," and the "vast majority of [trading] activity happened on margin on FTX." A-991. About 80% of assets had the margin feature enabled, by customers' election. A-881, A-1298-99.

The facts here also make the instruction wrong and deeply confusing. Alameda was a hedge fund, and FTX was a margin futures trading platform—a leveraged lending platform. Lenders like BlockFi deployed complicated cryptocurrency lending structures where they would rehypothecate crypto assets.

A-817. BlockFi placed no restrictions on what Alameda could do with the funds. The very nature of the lending agreement meant BlockFi would be "deprived" of its funds for a period, and if Bankman-Fried believed the loans could be covered, he could not have intended a "loss" in any meaningful sense. The same is true of FTX customers, who engaged in margin trading with 80% of assets on the platform.

A. Alameda had been leveraged long the market for the prior year. That basically means it had a bunch of assets that were correlated with the market, and it had loans, liabilities, many of which were in dollars, and as the market crashed, the value of its assets fell.

Q. Okay. Let me go back. You said Alameda had been leveraged long.

A. Yes.

Q. What does that mean?

A. So Alameda had a number of assets. Some of them -- a few billion, to my understanding -- were from trading profits from arbitrage. Substantially more than that, tens of billions, as of late 2021, were from investments that it had made, venture

investments. Those investments, it had financed in part through borrowing of -- from third-party lenders like Genesis and Celsius and others. That meant that it had tens of billions, I think, tens of billions -- over 40 billion of assets at the peak in late 2021, but it also had substantial liabilities. And it was leveraged long because the exposure it had to the market was that it made money if the market went up and it lost money if the market went down. Many of its assets had that property. Most of them did. And --

Q. If I could interrupt.

A. Yup.

Q. Long meaning you bought the stock?

A. Right. Long meaning we bought these companies rather than short selling, which would be betting on them to decline. And it was leveraged because it was more than a hundred percent of its value was in its positions, because it had taken on debt to make those investments.

A. Understood.

MS. SASSOON: Objection. It is based on hearsay.

THE COURT: Sustained. That's another way of doing it, but it's still hearsay.

Q. Following his Honor's ruling, say what you did.

A. I ended up believing --

MS. SASSOON: Objection.

Q. Just tell us --

MS. SASSOON: He can describe what he did, not what he believed based on his conversations.

Q. Tell us what you did in connection with the Solana investigation.

A. I ended up making a significant investment in the cryptocurrency Solana at prices starting, I think, around 20 cents per token.

Q. Where did you believe the funds for the venture investments came from?

A. I believe that they came from Alameda Research's operating profits and, in some cases, from the loans that it had from third-party borrow lending desks.

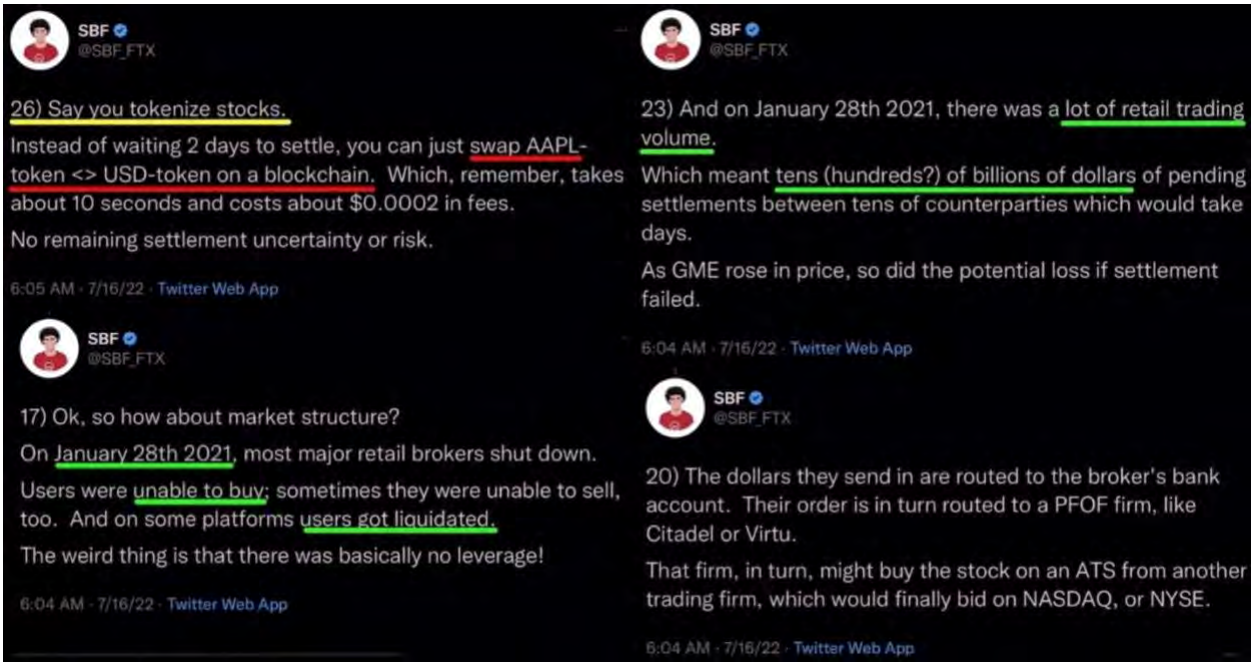
Q. What entities would make the investments?

A. It varied. Sometimes, especially for liquid -- for tokens that were already trading, it would be Alameda Research's core trading entities. For more early-stage projects, or things that were not in the cryptocurrency sector, it would generally

To facilitate continuous liquidity, ensure confidence, and maintain orderly markets for these highly leveraged products, FTX utilized large-scale crypto hedge funds—most notably its related entity, Alameda Research LLC—to serve as primary market makers and "backstop liquidity providers". Alameda's main purpose in this ecosystem was to act as a counterparty of last resort, absorbing customer assets and liabilities during volatile market movements to prevent systemic losses on the exchange.

B. Tokenized Stock Architecture and the Custodial Disconnect

A critical element of the structural deception within the cryptocurrency ecosystem involved the offering of "Tokenized Stocks" (e.g., Tesla, Apple, Amazon) marketed by Sam Bankman-Fried as being physically redeemable and backed 1:1 with real U.S. equities.



SBF
@SBF_FTX

26) Say you tokenize stocks.

Instead of waiting 2 days to settle, you can just swap AAPL-token <> USD-token on a blockchain. Which, remember, takes about 10 seconds and costs about $0.0002 in fees.

No remaining settlement uncertainty or risk.

6:05 AM · 7/16/22 · Twitter Web App

SBF
@SBF_FTX

17) Ok, so how about market structure?

On January 28th 2021, most major retail brokers shut down.

Users were unable to buy; sometimes they were unable to sell, too. And on some platforms users got liquidated.

The weird thing is that there was basically no leverage!

6:04 AM · 7/16/22 · Twitter Web App

SBF
@SBF_FTX

23) And on January 28th 2021, there was a lot of retail trading volume.

Which meant tens (hundreds?) of billions of dollars of pending settlements between tens of counterparties which would take days.

As GME rose in price, so did the potential loss if settlement failed.

6:04 AM · 7/16/22 · Twitter Web App

SBF
@SBF_FTX

20) The dollars they send in are routed to the broker's bank account. Their order is in turn routed to a PFOF firm, like Citadel or Virtu.

That firm, in turn, might buy the stock on an ATS from another trading firm, which would finally bid on NASDAQ, or NYSE.

6:04 AM · 7/16/22 · Twitter Web App

- **The Valuation Reality:** Regulatory and forensic analysis conducted during bankruptcy proceedings revealed that these tokenized stocks held a valuation of $0 outside the specific debtor exchanges. They were functionally structured as internal derivatives or financial contracts designed solely to mimic price movements and were entirely untradeable on public equity infrastructure.

F. Tokenized Stock Prices Are Specific to the Debtors' Exchanges.

57. As explained by Professor Howell, tokenized stocks are derivatives that aim to mimic the price movements of publicly traded stocks. (Howell Rep. ¶ 37.) The tokenized stocks on the Debtors' exchanges were not otherwise tradeable outside of the Debtors' exchanges. (*Id.* ¶ 38.) Therefore, Professor Howell considered tokenized stocks to amount to a financial contract between a customer and the Debtors to track a stock price. (*Id.*) Accordingly, the price of the tokenized stocks on the Debtors' exchanges—rather than same tokenized stocks on other exchanges or the underlying stocks themselves—best reflect the Petition Time value of such tokenized stocks. (*Id.*)

Case 22-11068-JTD Doc 6728 Filed 01/28/24 Page 29 of 35

Case 22-11068-JTD Doc 5203-1 Filed 12/27/23 Page 117 of 129

Exhibit 6
Asset Prices
Tokenized Stocks

770.	AAPL	$164.1105734
771.	ABNB	$96.0000000
772.	ACB	$0.9999615
773.	AMC	$2.3736839
774.	AMD	$71.5300000
775.	AMZN	$141.0000000
776.	AMZNPRE**	$0.0000000
777.	APEAMC	$2.8312387
778.	APHA	$3.3000000
779.	ARKK	$36.7500000
780.	BABA	$69.6482759
781.	BB	$4.3800000
782.	BILI	$11.5000000
783.	BITO	$141.1510000
784.	BITW	$654.0250000
785.	BNTX	$130.0069841
786.	BYND	$10.0000000
787.	CBSE**	$0.0000000
788.	CGC	$1.9770210
789.	COIN	$30.0000000
790.	CRON	$3.5830000
791.	DKNG	$10.2000000
792.	ETHE	$9.9990000
793.	FB	$118.0000000
794.	GBTC	$8.4053969
795.	GDX	$28.0000000
796.	GDXJ	$34.6500000
797.	GLD	$164.0000000
798.	GLXY	$2.8534083
799.	GME	$21.7725000
800.	GMEPRE**	$0.0000000
801.	GOOGL	$140.0000000
802.	GOOGLPRE**	$0.0000000
803.	HOOD	$8.9000000
804.	HOOD_PRE**	$0.0000000
805.	MRNA	$162.2837500
806.	MSTR	$176.0022727
807.	NFLX	$221.5600000

Case 22-11068-JTD Doc 5203-1 Filed 12/27/23 Page 118 of 129

Exhibit 6
Asset Prices

	Asset [A]	Price [B]
	Tokenized Stocks (Cont.)	
808.	NIO	$7.1215967
809.	NOK	$192.0000000
810.	NVDA	$179.2500000
811.	NVDA_PRE**	$0.0000000
812.	PENN	$35.0360000
813.	PFE	$57.0000000
814.	PYPL	$82.7457524
815.	SLV	$21.0000000
816.	SPY	$395.2800000
817.	SQ	$68.4769563
818.	TLRY	$1.0888269
819.	TSLA	$218.9500000
820.	TSLAPRE**	$0.0000000
821.	TSM	$86.2900000
822.	TWTR	$54.2000000
823.	UBER	$20.0350000
824.	USO	$139.3253569
825.	WNDR	$0.1800000
826.	ZM	$87.9242857

- **The Custodial Disconnect:** While FTX publicly claimed that these synthetic assets were backed via a partnership with the licensed financial institution CM-Equity AG (which acting as the custodian would allow physical redemption), corporate ledger records and interviews showed that CM-Equity completely severed its relationship with FTX in December 2021.



- **Bypassing Reporting Thresholds:** To obscure operational transparency and coordinate corporate control, FTX Europe AG maintained a precise 9.9% ownership stake in CM-Equity AG, leveraging this specific minority threshold to bypass regulatory reporting requirements while failing to secure the underlying equity backing the tokenized derivatives.

Debtor Name: FTX Europe AG Case Number: 22-11075 (JTD)

Assets - Real and Personal Property

Part 4, Question 15: Non-publicly traded stock interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture.

Non-publicly traded stock and interests in incorporated and unincorporated businesses, including any interest in an LLC, partnership, or joint venture *(Name of entity:)*	% of Ownership	Valuation method used for current value	Current value of debtor's interest
BCOIN DIGITAL ASSETS LTD	100%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined
CM-EQUITY AG	9.9%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined
CONCEDUS DIGITAL ASSETS	90.1%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined
DAAG TRADING, DMCC	100%	% Ownership Per Corporate Org Structure [DI: #92]	Undetermined

C. Binance Control Covenants and the Laundering Mechanism

The operational framework of the global crypto exchanges was bound by intricate, non-public corporate governance structures that systematically consolidated power and facilitated the moving of equity values.

- **The Restrictive Liquidation Covenants:** Landmark agreements, such as the November 2019 Voting Agreement executed between Samuel Bankman-Fried (FTX Trading Ltd.) and Changpeng Zhao (Binance Capital Management Co. Ltd.), revealed that Binance held Series A Preferred Shares carrying severe corporate blockades. Under these covenants, FTX was strictly prohibited from passing any resolution approving liquidation, dissolution, or the initiation of bankruptcy proceedings without the explicit written consent of Binance.

VOTING AGREEMENT

THIS VOTING AGREEMENT (this "***Agreement***"), is made and entered into as of this 27th day of November, 2019 (the "***Effective Date***"), by and among FTX Trading Ltd., a company established under the laws of Antigua and Barbuda (the "***Company***"), each holder of the Series A Preferred Shares of the Company ("***Series A Preferred Shares***" or "***Preferred Shares***") listed on Schedule A (together with any subsequent investors, or transferees, who become parties hereto as "Investors" pursuant to Subsections 7.1(a) or 7.2 below, the "***Investors***"), and those certain shareholders of the Company listed on Schedule B (together with any subsequent shareholders, or any transferees, who become parties hereto as "Key Holders" pursuant to Subsection 7.2 below, the "***Key Holders***," and together collectively with the Investors, the "***Shareholders***").

RECITALS

A. Concurrently with the execution of this Agreement, the Company and the Investors are entering into a Series A Preferred Share Purchase Agreement (the "***Purchase Agreement***") providing for the sale of shares of the Series A Preferred Shares, and in connection with that agreement the parties desire to provide the Investors with the right, among other rights, to designate the election of certain members of the board of directors of the Company (the "***Board***") in accordance with the terms of this Agreement.

B. The Amended and Restated Memorandum and Articles of Association of the Company (the "***Restated Articles***") provides that the holders of record of the shares of Common Shares, voting as a separate class, shall be entitled to elect one director of the Company.

NOW, THEREFORE, the parties agree as follows:

1. Voting Provisions Regarding the Board.

1.1 Size of the Board. Subject to Subsection 1.2(b) below, each Shareholder agrees to vote, or cause to be voted, all Shares (as defined below) owned by such Shareholder, or over which such Shareholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that the size of the Board shall be set and remain at one director. For purposes of this Agreement, the term "***Shares***" shall mean and include any securities of the Company that the holders of which are entitled to vote for members of the Board, including without limitation, all Common Shares and Series A Preferred Shares, by whatever name called, now owned or subsequently acquired by a Shareholder, however acquired, whether through share splits, share dividends, reclassifications, recapitalizations, similar events or otherwise.

1.2 Board Composition. Each Shareholder agrees to vote, or cause to be voted, all Shares owned by such Shareholder, or over which such Shareholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to ensure that at each annual or special meeting of shareholders at which an election of directors is held or pursuant to any written consent of the shareholders, subject to Section 5, the following persons shall be elected to the Board:

(a) Samuel Bankman-Fried (the "***Founder***") for so long as he remains an officer of the Company, except that if he declines or is unable to serve, his successor shall be designated by the holders of a majority of the Common Shares outstanding; and

(b) If, in connection with an investment in the equity capital of the Company from a third-party unaffiliated with the Company, any investor designee is elected to serve on the Board, then Binance Capital Management Co. Ltd. ("***Binance***") shall have the right to appoint one (1) individual to serve on the Board, for so long as such other incoming investor has a designee serving on the Board.

promptly as practicable take such actions as are necessary to remove such Disqualified Designee from the Board and designate a replacement designee who is not a Disqualified Designee.

2. Vote to Increase Authorized Common Shares. Each Shareholder agrees to vote or cause to be voted all Shares owned by such Shareholder, or over which such Shareholder has voting control, from time to time and at all times, in whatever manner as shall be necessary to increase the number of authorized shares of Common Shares from time to time to ensure that there will be sufficient shares of Common Shares available for conversion of all of the shares of Preferred Shares outstanding at any given time.

3. Covenants. For so long as Binance holds more than 25% of the Series A Preferred Shares originally issued to Binance pursuant to the Purchase Agreement, the Company will not, without the written consent of Binance, take any of the following actions:

(a) Accept an investment in capital equity or any instrument convertible or exchangeable for capital equity from a digital asset exchange;

(b) For the first $200,000,000 of cumulative profits, with such computation commencing from the date of Closing (the "***Initial Profits***"), award bonuses to employees that are equal to or greater than 25% of the Company's annual profits for the immediately preceding fiscal year;

(c) For profits in excess of the Initial Profits, award bonuses to employees that are equal to or greater than 50% of the Company's annual profits for the immediately preceding fiscal year. Annual profits shall be reasonably determined by the Board in accordance with the information delivered by the Company to Binance under Section 3 (Information Rights) of the Investor's Rights Agreement entered into between the Company and Binance concurrently with the execution of this Agreement;

(d) Accept an investment in capital equity or any instrument convertible or exchangeable for capital equity from an unaffiliated third party, other than Binance (such consent not to be unreasonably withheld);

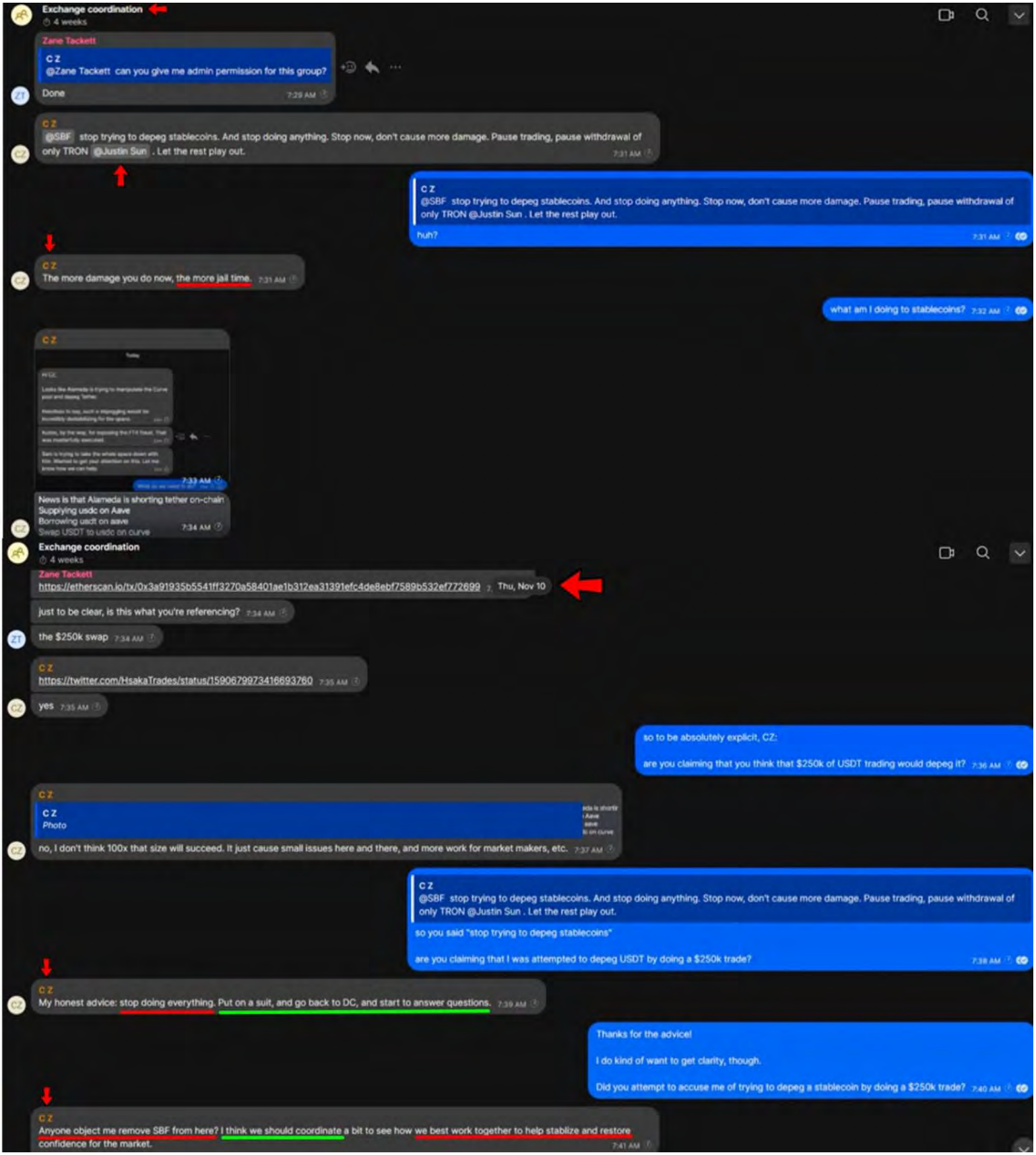
(e) Alter or change the rights, preferences or privileges of the Preferred Shares in a manner that is materially adverse to the Preferred Shares; *provided*, that the creation of any new class or series of shares shall be deemed to not be materially adverse to the Preferred Shares;

(f) Effect a recapitalization, reclassification, split-off or spin off that would be reasonably expected to have any material adverse effect on the holders of Preferred Shares shareholding or rights in the Company;

(g) Amend any provision of the Restated Articles that would be reasonably expected to have any material adverse effect on the holders of Preferred Shares shareholding or rights in the Company; or

(h) Pass any resolution approving liquidation, dissolution or winding up or the initiation of bankruptcy proceedings or apply for the appointment of a receiver, judicial manager or like officer; *provided*, that the Company shall not need the written consent of Binance to pass a resolution enacting any of the foregoing actions that are taken in connection with any merger, acquisition or similar transaction involving a Sale of the Company or all or substantially all of its assets.

Except as otherwise provided in the foregoing, Binance agrees that it shall execute such consents, waivers, documents and/or instruments and to take such actions as may be reasonably necessary to ensure that the Company will have full operational independence.


Exchange coordination
4 weeks
Zane Tackett
CZ
@Zane Tackett can you give me admin permission for this group?
Done
7:29 AM
CZ
@SBF stop trying to depeg stablecoins. And stop doing anything. Stop now, don't cause more damage. Pause trading, pause withdrawal of only TRON @Justin Sun . Let the rest play out.
7:31 AM
CZ
@SBF stop trying to depeg stablecoins. And stop doing anything. Stop now, don't cause more damage. Pause trading, pause withdrawal of only TRON @Justin Sun . Let the rest play out.
huh?
7:31 AM
CZ
The more damage you do now, the more jail time.
7:31 AM
what am I doing to stablecoins?
7:32 AM
CZ
7:33 AM
News is that Alameda is shorting tether on-chain
Supplying usdc on Aave
Borrowing usdt on aave
Swap USDT to usdc on curve
7:34 AM
Exchange coordination
4 weeks
Zane Tackett
https://etherscan.io/tx/0x3a91935b5541ff3270a58401ae1b312ea31391efc4de8ebf7589b532ef772699
Thu, Nov 10
just to be clear, is this what you're referencing?
7:34 AM
the $250k swap
7:34 AM
CZ
https://twitter.com/HsakaTrades/status/1590679973416693760
7:35 AM
yes
7:35 AM
so to be absolutely explicit, CZ:
are you claiming that you think that $250k of USDT trading would depeg it?
7:36 AM
CZ
CZ
Photo
no, I don't think 100x that size will succeed. It just cause small issues here and there, and more work for market makers, etc.
7:37 AM
CZ
@SBF stop trying to depeg stablecoins. And stop doing anything. Stop now, don't cause more damage. Pause trading, pause withdrawal of only TRON @Justin Sun . Let the rest play out.
so you said "stop trying to depeg stablecoins"
are you claiming that I was attempted to depeg USDT by doing a $250k trade?
7:38 AM
CZ
My honest advice: stop doing everything. Put on a suit, and go back to DC, and start to answer questions.
7:39 AM
Thanks for the advice!
I do kind of want to get clarity, though.
Did you attempt to accuse me of trying to depeg a stablecoin by doing a $250k trade?
7:40 AM
CZ
Anyone object me remove SBF from here? I think we should coordinate a bit to see how we best work together to help stablize and restore confidence for the market.
7:41 AM

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: FTX TRADING LTD., et al.,[1] Debtors.	Chapter 11 Case No. 22-11068 (JTD) (Jointly Administered) **Hearing Date: May 23 2024 at 1:00 p.m. (ET)** **Objection Deadline: April 30, 2024**

DANIEL FRIEDBERG'S AMENDED FIRST SET OF INTERROGATORIES TO FTX TRADING LTD. AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION

INTERROGATORIES

INTERROGATORY NO. 1.

Identify the date(s) on which Binance allegedly transferred the $65,000,000 of collateral to CM-Equity AG, and with respect to each such transfer, identify the form of the collateral, name of the stock issuer, number of shares, date of purchase, and the purchase price of Binance's purchases and sales of stock made with the collateral furnished to CM-Equity AG.

INTERROGATORY NO. 2.

State the market value of the stock purchased by Binance using the collateral to CM-Equity AG, as of (i) the Petition Date, (ii) date of the filing of the petition for the Swiss Moratorium (as such term is defined in the Motion), and (iii) today.

INTERROGATORY NO. 3.

Explain why it is reasonable to pay Binance more than the valuation of its stock purchased as of the Petition Date, when all other creditors of the estates are paid the value of their claims as of the Petition Date.

INTERROGATORY NO. 4.

State the process by which the Debtors determined that Binance should be allowed an unsecured claim of $50,000,000 in connection with the FTX Europe Restructuring Agreements, as discussed in the Motion, and identify all persons who made that determination.

REQUEST FOR PRODUCTION NO. 2.

All Communications with third parties, including, without limitation, the United States Government, concerning investigations by governmental authorities into Binance (including Binance Holdings Limited and its former chief executive officer, Changpeng Zhao), regarding both established and potential criminal and civil violations of United States law by Binance.

REQUEST FOR PRODUCTION NO. 3.

Documents sufficient to identify by name of stock, number of shares, the initial value of shares, and the date of purchase(s) and/or sale(s) of the stocks purchased by Binance in connection with the Tokenized Stock and Collateral Agreement, as discussed in paragraph 11 of the Motion.

REQUEST FOR PRODUCTION NO. 4.

Documents sufficient to identify the value, as of the Petition Date, of Binance's stock then held in connection with the Tokenized Stock and Collateral Agreement, as discussed in paragraph 11 of the Motion.

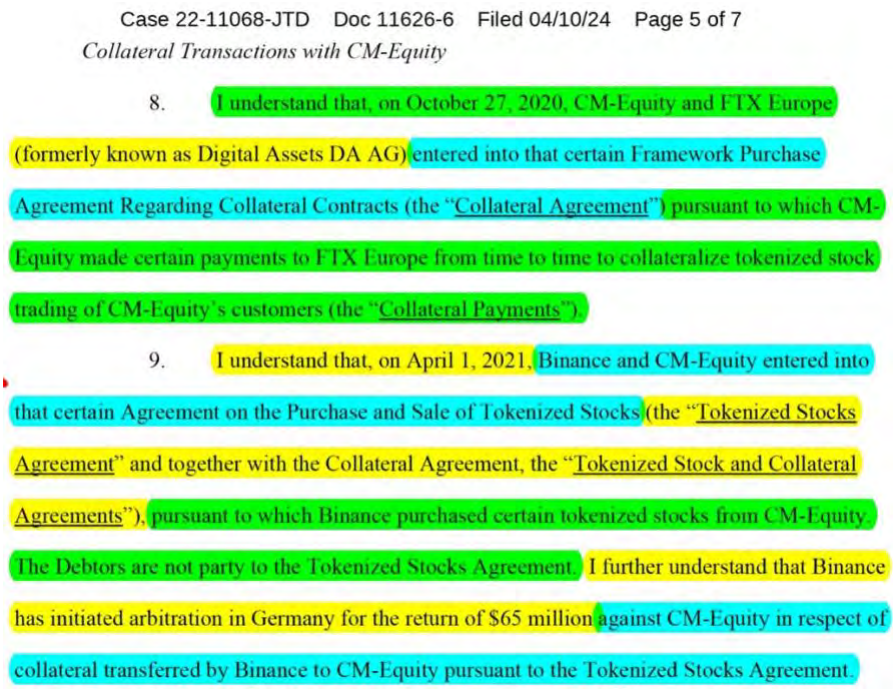
REQUEST FOR PRODUCTION NO. 5.

Documents sufficient to identify the value, as of FTX Europe's date of filing of the petition for the Swiss Moratorium (as such term is defined in the Motion), of Binance's stock in connection with the Tokenized Stock and Collateral Agreement, as discussed in paragraph 11 of the Motion.

REQUEST FOR PRODUCTION NO. 6.

Documents sufficient to identify the value, as of the date hereof, of Binance's stock in connection with the Tokenized Stock and Collateral Agreement, as discussed in paragraph 11 of the Motion.

- **The Arbitrated Cash Flows:** Additional cross-border friction was highlighted by the "Tokenized Stocks Agreement" entered into on April 1, 2021, between Binance and CM-Equity. This arrangement ultimately resulted in a $65 million German arbitration claim filed by Binance against CM-Equity regarding unreturned collateral.



Case 22-11068-JTD Doc 11626-6 Filed 04/10/24 Page 5 of 7

Collateral Transactions with CM-Equity

8. I understand that, on October 27, 2020, CM-Equity and FTX Europe (formerly known as Digital Assets DA AG) entered into that certain Framework Purchase Agreement Regarding Collateral Contracts (the "Collateral Agreement") pursuant to which CM-Equity made certain payments to FTX Europe from time to time to collateralize tokenized stock trading of CM-Equity's customers (the "Collateral Payments").

9. I understand that, on April 1, 2021, Binance and CM-Equity entered into that certain Agreement on the Purchase and Sale of Tokenized Stocks (the "Tokenized Stocks Agreement" and together with the Collateral Agreement, the "Tokenized Stock and Collateral Agreements"), pursuant to which Binance purchased certain tokenized stocks from CM-Equity. The Debtors are not party to the Tokenized Stocks Agreement. I further understand that Binance has initiated arbitration in Germany for the return of $65 million against CM-Equity in respect of collateral transferred by Binance to CM-Equity pursuant to the Tokenized Stocks Agreement.

- **The Shell Exchange Funnel:** Legal billing records and corporate structure diagrams indicate that these agreements were utilized as a conduit to transfer capital through elaborate shell companies like FTX Europe AG and West Realm Shires Inc.. This mechanism enabled the routing of digital assets globally while obscuring the fact that corresponding physical U.S. equity positions were never acquired or safely custodied.

D. Synthetic Private Tokens, SPV Structures, and Corporate Equity Disclaimers

Recent market Robinhood's Vlad Tenev expansions into "Private Company Stock Tokens" (e.g., OpenAI, SpaceX) demonstrate how the identical synthetic derivative frameworks used to simulate public stocks are being deployed to capture private venture markets without primary corporate authorization.

- **The Special Purpose Vehicle (SPV) Mirage:** Robinhood statements and media promotional streams detail the launch of unlisted private company stock tokens marketed directly to retail investors. Robinhood's CEO Vlad Tenev claim that these tokens provide indirect exposure to highly restrictive private equity markets, stating that the offerings are backed and enabled via an internal ownership stake held by a specialized "special purpose vehicle" (SPV).
- **The Corporate Equity Repudiation:** Elon Musks' statements and direct communications from the underlying private entities completely contradict these tokenization claims. Official releases from the OpenAI's Twitter explicitly confirm that these tokenized instruments represent 0% actual equity in the underlying company. Primary issuers have stated they never partnered with the platform, held zero involvement in the product architecture, and maintain strict bylaws requiring board-level approval for any transfer of equity—approvals that were never granted.
- **The Synthetic Derivative Reality:** Under direct media questioning regarding the legitimacy of these "tokenized equities," executive leadership, including Robinhood's CEO Vlad Tenev, admitted that the underlying instruments are not technically corporate equity but are instead cash-settled synthetic derivatives structured to track isolated private valuations. International regulatory watchdogs, including the Bank of Lithuania, have launched formal investigations demanding clarification regarding the true asset backing of these tokens, while primary technology founders have publicly stated that the tokenized equity is entirely "fake" and functions without direct ledger correlation to physical private shares.

Attached please find the following agreements:

1. Amendment and Forbearance Agreement between BF Lending, BF International and Alameda.
   a. BF forbears exercising remedies in return for additional pledge and payments made per the payment schedule in Exhibit B

2. Pledge Agreement between BF Lending, BF International, and Alameda
   a. Pledges GBTC, ETHE, and BITW Shares. **We need the Number of Shares filled in Schedule A**

3. Pledge Agreement between BF Lending, BF International and Emergent Fidelity Technologies Ltd (who we assume holds HOOD shares, please confirm)
   a. Pledges HOOD Shares. **We need Notice information on page 8, and the number of shares in Schedule A**

Please note that we are in the process of setting up a brokerage account to accept the additional collateral. The Pledge Agreements contemplate that the shares will be transferred to the account upon notice from BlockFi that set up is done.

	notional	
Interactive brokers balance	598,327,809	(this is a subset of liquid assets but represents the most major ones)
GBTC + ETHE + BITW	381,810,430	
EDF additional collateral	409,405,732	(some are more liquid than others; eg GBTC less liquid)
HOOD	739,358,487	
Binance account	180,651,817	
OKX account	119,305,665	
Bybit account	117,635,115	
Kucoin account	66,712,670	
Bitfinex account	49,424,777	
total	2,662,632,502	



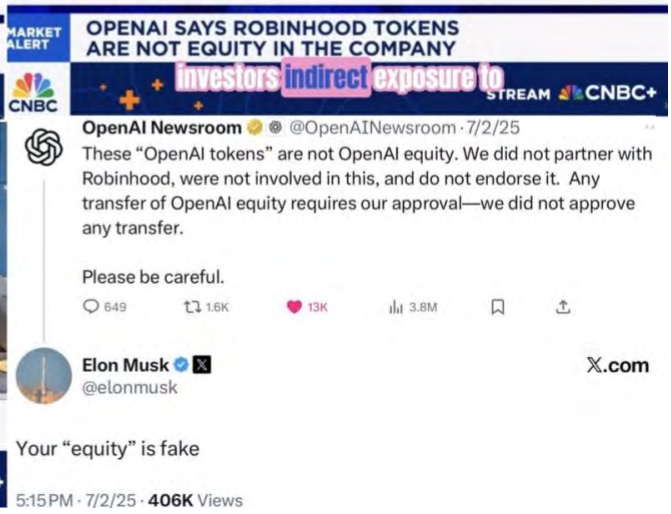
ROBINHOOD RESPONSE
PER COMPANY SPOKESPERSON

"These tokens give retail investors indirect exposure to private markets, opening up access, and are enabled by Robinhood's ownership stake in a special purpose vehicle."

ROBINHOOD RESPONSE
PER COMPANY SPOKESPERSON

"These tokens give retail investors indirect exposure to private markets, opening up access, and are enabled by Robinhood's ownership stake in a special purpose vehicle."













BANK OF LITHUANIA ON ROBINHOOD
OFFERINGS CAUSE CONCERN

"We have contacted Robinhood and are awaiting clarifications regarding the structure of OpenAI and SpaceX stock tokens as well as the related consumer communication"

OPENAI ON ROBINHOOD'S STOCK TOKENS

"We did not partner with Robinhood, were not involved in this, and do not endorse it"







VIII. Professional Conflicts, Cross-Border Evasion, and Banking Failures

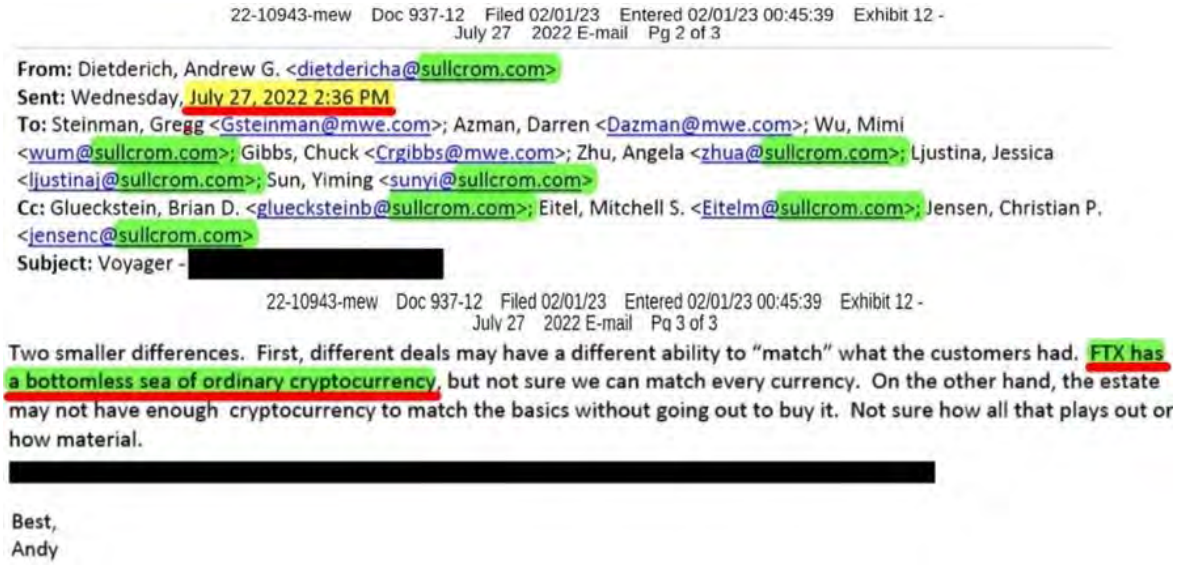
A. Structural Interlocking of Counsel and Professional Conflicts of Interest

Forensic bankruptcy applications, internal communications, and billing disclosures expose a highly consolidated network of legal professionals concurrently advising debtor entities, primary creditors, and sovereign regulators. This legal integration facilitated the rapid reallocation of estate assets immediately prior to formal insolvency filings.

The Sullivan & Cromwell / Quinn Emanuel Counsel Web

Sworn declarations and conflict disclosure tables filed by John J. Ray III and restructuring professionals reveal that the exact same law firms handled the advisory work for polarized, structurally adversarial market participants:

- **Sullivan & Cromwell LLP (S&C):** While serving as primary debtor counsel to the FTX Estate, formal disclosures under penalty of perjury show that S&C concurrently or historically maintained representation for critical counterparty blocks, including massive short-swap family offices, claimant hedge funds, and primary landing venues. S&C's client roster included SVB Financial Group (Silicon Valley Bank), First Republic Bank, Genesis Global Capital, LLC, BlockFi Lending LLC, Apollo Capital Opportunities Fund, and Deltec International Group.



22-10943-mew Doc 937-12 Filed 02/01/23 Entered 02/01/23 00:45:39 Exhibit 12 - July 27 2022 E-mail Pg 2 of 3

From: Dietderich, Andrew G. <dietdericha@sullcrom.com>
Sent: Wednesday, July 27, 2022 2:36 PM
To: Steinman, Gregg <Gsteinman@mwe.com>; Azman, Darren <Dazman@mwe.com>; Wu, Mimi <wum@sullcrom.com>; Gibbs, Chuck <Crgibbs@mwe.com>; Zhu, Angela <zhua@sullcrom.com>; Ljustina, Jessica <ljustinaj@sullcrom.com>; Sun, Yiming <sunyi@sullcrom.com>
Cc: Glueckstein, Brian D. <gluecksteinb@sullcrom.com>; Eitel, Mitchell S. <Eitelm@sullcrom.com>; Jensen, Christian P. <jensenc@sullcrom.com>
Subject: Voyager - [redacted]

22-10943-mew Doc 937-12 Filed 02/01/23 Entered 02/01/23 00:45:39 Exhibit 12 - July 27 2022 E-mail Pg 3 of 3

Two smaller differences. First, different deals may have a different ability to "match" what the customers had. FTX has a bottomless sea of ordinary cryptocurrency, but not sure we can match every currency. On the other hand, the estate may not have enough cryptocurrency to match the basics without going out to buy it. Not sure how all that plays out or how material.

[redacted]

Best,
Andy

I, Andrew G. Dietderich, under penalty of perjury, declare as follows:

1. I am admitted to practice law in the State of New York and the Southern District of New York. I am a partner in the law firm of Sullivan & Cromwell LLP ("S&C" or the "Firm"), which maintains an office at 125 Broad Street, New York, NY 10004-2498. On December 21, 2022, I submitted a declaration in support of the *Debtors' Application for an Order Authorizing the Retention and Employment of Sullivan & Cromwell LLP as Counsel to the Debtors and Debtors-in-Possession* Nunc Pro Tunc *to the Petition Date* [D. I. 270] (the

Entity	Relationship to Debtor	S&C Relationship
Rothschild & Co.	Ad Hoc Committee (Non US Customers of FTX.com)	Current Client
ACX	363 Sale Parties	Ultimate Parent is Current Client
Flow Traders	363 Sale Parties	Current Client
Galaxy Digital	363 Sale Parties	Current Client
JC Flowers	363 Sale Parties	Current Client
NYDIG	363 Sale Parties	Current Client
Name on File	363 Sale Parties	Ultimate Parent is Current Client
Rakuten	363 Sale Parties	Current Client
Robinhood	363 Sale Parties	Current Client
StoneX	363 Sale Parties	Current Client
Citizens Bank	Banks/Lender/UCC Lien Parties/Administrative Agents	Ultimate Parent is Current Client
First Republic Bank	Banks/Lender/UCC Lien Parties/Administrative Agents	Current Client
SBI Clearing Trust	Banks/Lender/UCC Lien Parties/Administrative Agents	Ultimate Parent is Current Client
Artz Fund Investments PTE Ltd.	Claimant	Ultimate Parent is Current Client
Name on File	Customers	Ultimate Parent is Current Client
Name on File	Customers	Ultimate Parent is Current Client
Name on File	Customers	Ultimate Parent is Current Client
Name on File	Customers	Ultimate Parent is Current Client
Eric Schwartz	Director/Officer	Current Client
FTX PHILANTHROPY INC.	Donations	Ultimate Parent is Current Client
Galaxy Digital Holdings Limited Partnership (a/k/a Galaxy Digital Holdings Ltd.)	Interested Parties	Current Client
Kalshi, Inc.	Interested Parties	Current Client
Robinhood Markets, Inc.	Interested Parties	Current Client
SVB Financial Group	Interested Parties	Current Client
BlackRock Inc	Investments/Acquisitions	Current Client

Entity	Relationship to Debtor	S&C Relationship
FANATICS HOLDINGS, INC.	Investments/Acquisitions	Current Client
FTX VENTURES BAHAMAS LIMITED	Investments/Acquisitions	Ultimate Parent is Current Client
PANTERA BLOCKCHAIN GP LLC	Investments/Acquisitions	Current Client
PROTEGO TRUST COMPANY	Investments/Acquisitions	Current Client
TIPLINK CORP	Investments/Acquisitions	Ultimate Parent is Current Client
WENEW, INC.	Investments/Acquisitions	Ultimate Parent is Current Client
FTX GENERAL PARTNERS AG	Known Affiliates - JV	Ultimate Parent is Current Client
APOLLO CAPITAL OPPORTUNITIES FUND LTD	Other Significant Creditors	Ultimate Parent is Current Client
BlockFi Lending LLC	Other Significant Creditors	Ultimate Parent is Current Client
itBit PTE. LTD (Paxos)	Other Significant Creditors	Ultimate Parent is Current Client
JONDAL PARTNERS PTE LTD	Other Significant Creditors	Ultimate Parent is Current Client
LEDGERPRIME DIGITAL ASSET OPPORTUNITIES OFFSHORE FUND	Other Significant Creditors	Ultimate Parent is Current Client
RIPPLE LABS, INC.	Other Significant Creditors	Current Client
US Department of Treasury	Taxing Authority/Governmental/Regulatory Agencies	Current Client
Merril Lynch	Vendors	Ultimate Parent is Current Client
MPEG Live	Vendors	Ultimate Parent is Current Client
PARADIGM ONE LP	Vendors	Ultimate Parent is Current Client
PRICEWATERHOUSECOOPERS	Vendors	Current Client
Wasserman Media Group	Vendors	Current Client
WASSERMAN MEDIA GROUP LLC	Vendors	Current Client
WASSERMAN MUSIC LLC	Vendors	Ultimate Parent is Current Client

Entity	Relationship to Debtor	S&C Relationship
Name on File	363 Sale Parties	Ultimate Parent is Former Client
Docomo	363 Sale Parties	Ultimate Parent is Former Client
Enhanced Digital	363 Sale Parties	Former Client
Bittrex, Inc.	Banks/Lender/UCC Lien Parties/Administrative Agents	Former Client
Genesis Global Capital, LLC	Banks/Lender/UCC Lien Parties/Administrative Agents	Ultimate Parent is Former Client
Two Sigma Ventures III	Claimant	Former Client
Name on File	Customers	Ultimate Parent is Former Client
Cantor Fitzgerald Technology Markets LLC	Interested Parties	Ultimate Parent is Former Client
Clear Street Holdings LLC	Interested Parties	Former Client
Walton Enterprises	Interested Parties	Former Client
Grant Thornton	Ordinary Course Professionals	Former Client
Deltec International Group	Scheduled Claimant	Former Client
JEFFERIES FINANCIAL GROUP INC.	UCC Professionals	Former Client
TD Ameritrade Clearing, Inc.	Vendors	Former Client

- **Quinn Emanuel Urquhart & Sullivan, LLP:** Retained as special counsel to FTX Trading Ltd., Quinn Emanuel's conflict logs indicate simultaneous or prior representation of foundational market actors, including top creditor Changpeng Zhao (CEO of Binance), major venture funds like Sequoia Capital, and key infrastructure networks like Ripple Labs, Inc. and Aptos.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
FTX TRADING LTD., *et al.*,[1]	Case No. 22-11068 (JTD)
Debtors.	(Jointly Administered)
	Ref. No. 280

SECOND SUPPLEMENTAL DECLARATION OF WILLIAM A. BURCK IN SUPPORT OF THE DEBTORS' APPLICATION FOR ENTRY OF AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF QUINN EMANUEL URQUHART & SULLIVAN, LLP AS SPECIAL COUNSEL FOR THE DEBTORS AND DEBTORS IN POSSESSION, *NUNC PRO TUNC* TO NOVEMBER 13, 2022

I, William A. Burck, being duly sworn, hereby state as follows:

1. I am the global co-managing partner of the law firm Quinn Emanuel Urquhart & Sullivan, LLP ("Quinn Emanuel"), special counsel to FTX Trading Ltd. and its affiliated debtors and debtors in possession (collectively, the "Debtors").

Buyback of FTX Stock from Binance
July 15, 2021

Message

From: Sam Bankman-Fried [sam@ftx.com]
on behalf of Sam Bankman-Fried <sam@ftx.com> [sam@ftx.com]
Sent: 7/15/2021 12:10:16 PM
To: Brooke Xue [brooke.xue@binance.com]
CC: Wang, David S. [davidwang@paulhastings.com]; Hon Ng [hon.ng@binance.com]; Can Sun [csun@fenwick.com]; Helen Hai [helen.h@binance.com]; danny.f@binance.com; Xiong, Jialing [jialingxiong@paulhastings.com]; susan Li [susan.li@binance.com]; Daniel Friedberg [dan@ftx.com]
Subject: Re: Binance / FTX - closing funds flow memo

Please transfer:

1) 1,764,040.96088 BNB
2) 500,000,000 BUSD, in addition to all currently pending BUSD (roughly 571,250,000.00 as of writing)

from: email is evergreennorthamenterprises@gmail.com and UID is 94086678

To: address is bnb136ns6lfw4zs5hg4n85vdthaad7hq5m4gtkgf23, memo is 558635257

please do these transfers if and only if you promise to send both a scan and the hard copy of the necessary notarized documents to us in the next hour.

—
Sam Bankman-Fried

GOVERNMENT EXHIBIT 3016
22 Cr. 673 (LAK)

Name of Entity Searched	Relationship to Debtors	Name of Entity and/or Affiliate of Entity that is Client	Quinn Emanuel Relationship
Abu Dhabi Investment Council Company P.J.S.C.	Interested Parties	Abu Dhabi Investment entities	Current Client
Altimeter	Investments/ Acquisition	Altimeter	Former Client
Apex Fintech Solutions Inc.	Interested Parties	Apex Fintech Solutions Inc.	Former Client
Apollo Capital Opportunities Fund Ltd	Other Significant Creditors	Apollo Capital Opportunities Fund Ltd	Current Client
Avalanche (Bvi), Inc.	Other Significant Creditors	Avalanche (Bvi), Inc.	Former Client
[redacted]	Customers	[redacted]	Current Client
Bittrex, Inc.	Banks/ Lenders/ UCC Lien Parties/ Administrative Agents	Bittrex, Inc.	Current Client
Blackrock Inc	Investments/ Acquisition	Blackrock Inc	Current Client
Cantor Fitzgerald Technology Markets LLC	Interested Parties	Cantor Fitzgerald Technology Markets LLC	Former Client
Changpeng Zhao	Other Significant Creditors	Changpeng Zhao	Current Client
Contrarian Funds, LLC	Investments/ Acquisition	Contrarian Capital Partners (if related)	Former Client
Docomo	363 Sales Parties	NTT Docomo	Current Client
Fanatics Holdings, Inc.	Investments/ Acquisition	Fanatics Holdings, Inc.	Current Client
HDI Global Specialty Se	Insurance	HDI-Gerling Insurance Co., if related	Former Client
Herbert Smith Freehills	Vendors	Herbert Smith Freehills	Current Client
Kalshi, Inc.	Interested Parties	Kalshi, Inc.	Former Client

Name of Entity Searched	Relationship to Debtors	Name of Entity and/or Affiliate of Entity that is Client	Quinn Emanuel Relationship
Lloyd's America, Inc. / Beazley Syndicate	Insurance	Lloyd's of London Beazley Management and Beazley Group	Former Client Former Client
Matilock, Inc. aka Mati	Investments/ Acquisition	Matilock, Inc. aka Mati	Former Client
Naomi Osaka, LLC	Contract Counter-Parties	Naomi Osaka, LLC	Former Client
Nasdaq	363 Sales Parties	Nasdaq	Former Client
NYDIG	363 Sales Parties	NYDIG	Current Client
Oracle America, Inc.	Notice of Appearance	Oracle entities	Current Client
Paul Hastings Llp	UCC Professionals	Paul Hastings Llp	Former Client
Pinetree East Inc.	Other Significant Creditors	PineTree	Current Client
Pricewaterhousecoopers	Vendors	Pricewaterhousecoopers	Former Client
Regus Japan Holdings K.K.	Landlords	Regus Management Group, if related	Current Client
Regus Kk	Landlords	Regus Management Group, if related	Current Client
Ripple Labs, Inc.	Other Significant Creditors	Ripple Labs, Inc.	Current Client
Robinhood	363 Sales Parties	Robinhood	Former Client
Robinhood Markets, Inc.	Interested Parties	Robinhood Markets, Inc.	Former Client
Sequoia Heritage	Investments/ Acquisition	Sequoia Capital	Current Client
Socios Technologies Ag	Other Significant Creditors	Socios.com	Former Client
Sofi Technologies, Inc.	Interested Parties	Sofi Ltd	Current Client
Sol Stores (Solana Spaces-Solana Labs, Inc.)	Vendors	Sol Stores (Solana Spaces-Solana Labs, Inc.)	Current Client



- **The Cross-Border Asset Funnel:** This multi-layered representation enabled platforms to shift unbacked naked short swap positions across international borders. Specifically, Alameda Research routed immense capital through its corporate accounts at Deltec Bank to systematically fund the creation of billions of dollars in Tether (USDT), leveraging synthetic valuations to back unsecured venture loan books.

    - **Example of Shadow Banks approving Venture Investment Loans from Silvergate:**

    "From November 2022 to January 2023, Silvergate, Lane, and Fraher misled investors in stating that Silvergate had an effective BSA/AML compliance program and conducted ongoing monitoring of its high-risk crypto customers, including FTX, in part to rebut public speculation that FTX had used its accounts at Silvergate to facilitate FTX's misconduct. In reality, Silvergate's automated transaction monitoring system failed to monitor more than $1 trillion of transactions by its customers on the bank's payments platform, the Silvergate Exchange Network"

    "Rather than coming clean to investors about serious deficiencies in its compliance programs in the wake of the collapse of FTX, one of Silvergate's largest banking customers, they doubled down in a way that misled investors about the soundness of the programs. In fact, because of those deficiencies, Silvergate allegedly failed to detect nearly $9 billion in suspicious transfers among FTX and its related entities. Silvergate's stock eventually cratered, wiping out billions in market value for investors."

    - **Example TerraLuna used as further Collateral for Crypto Backed Loans:**

    "Terraform blockchain to settle transactions and about the stability of their crypto asset security, UST. The SEC also offered evidence at trial showing that, in May 2022, after UST depegged from the U.S. dollar, the price of UST and Terraform's other tokens plummeted to close to zero. This wiped out $40 billion in market value nearly overnight and caused devastating losses to countless investors, including numerous retail investors who believed defendants' lies and poured their life savings into Terraform's ecosystem."

Internal Law Firm Infiltration and Pre-Petition Control

The transition of control from exchange founders to restructuring firms was managed internally by former legal partners placed directly within corporate c-suites:

- **The Ryne Miller Nexus:** Ryne Miller, who served as General Counsel of FTX US, was a literal partner at Sullivan & Cromwell immediately prior to his employment at the exchange.

Case 22-11068-JTD Doc 510 Filed 01/17/23 Page 19 of 34

S&C's Relationship with Internal Lawyers of the Debtors

62. Ryne Miller, the General Counsel of FTX US, was a partner of S&C from January 2019 through July 2021 and an associate for several years before being elected partner. Mr. Miller introduced S&C to WRS in connection with the LedgerX acquisition and supervised certain of S&C's work on non-bankruptcy matters for WRS and its affiliates prior to the Petition Date. I understood that Mr. Miller was the General Counsel for the U.S. businesses, was based in the U.S. and reported to Mr. Friedberg, who was the senior legal officer for the FTX group. I also understood that Mr. Sun was the General Counsel of the businesses outside of the U.S., was based in The Bahamas and also reported to Mr. Friedberg. Neither Mr. Friedberg nor Mr. Sun had any relationship with S&C.

Case 22-11068-JTD Doc 510 Filed 01/17/23 Page 21 of 34

S&C's Disinterestedness

72. S&C does not own any debt or equity securities of the Debtors, and does not hold any accounts on any of the Debtors' exchanges. None of the connections with the parties listed on Schedule 2 or 3 of the Original Declaration is directly related to the Debtors or involves S&C advising on any matter adverse to the Debtors.[4] S&C does not hold or represent an interest adverse to the Debtors' estates.

73. S&C lawyers generally are not permitted to serve as corporate officers or directors. S&C sent a firm wide email to confirm that no S&C attorney or their spouse or other close family member are officers or board members of any of the Debtors.

74. S&C also sent a firm wide email to confirm that no S&C attorney (i) owns any debt or equity securities of the Debtors or their affiliates, (ii) holds any account on the Debtors' exchanges, and (iii) has a connection to any of the following categories of parties-in-interest: (a) current and former directors and officers of the Debtors, (b) holders of 5% or more of the equity of any Debtor, (c) non-Debtor affiliates, (d) the joint provisional liquidators, (e) members of the Official Committee of Unsecured Creditors, or (f) significant competitors of the Debtors. With respect to accounts on the Debtors' exchanges, three S&C attorneys stated that they opened accounts on FTX exchanges but did not deposit any funds or transact.

25. S&C represented all of these groups simultaneously without proper conflict waiver. S&C also represented Sam and Nishad personally. The lawyers in this important bankruptcy proceeding should be independent and not have a history of representing all of the various groups and the principals at one time.

V. Discovery of the Customer Deficit

26. On November 7, 2023, certain FTX personnel including Sam informed certain executives in the Bahamas of the existence of an $8 billion customer deficit with respect to FTX International.

27. The FTX International general counsel contacted me by zoom to inform me of this shocking development.

28. Prior to this disclosure, I had no idea of any customer deficit. It was not my job as regulatory counsel to conduct a customer proof of reserves; indeed, I would have no idea how to do this. I relied on the executives, the finance team, and the auditors, and believed that the customer assets were fully funded on a 1:1 basis as advertised to the customers.

29. I was in the New York office of FTX.US at the time and went to Ryne Miller to inform him of the development. Mr. Miller was already aware of the development and said that he was busy contacting "all the billionaires that he knew" to provide emergency financing to cover the customer deficit.

30. I explained to Mr. Miller that he had to review his ethical obligations before continuing to represent FTX.US under such circumstances, and soliciting financing under the circumstances might conflict with his ethical duties. He dismissed my concerns and remained optimistic about helping Sam get future financing.

31. I reviewed my ethical obligations that evening and felt that there was substantial risk that I would be used to further additional fraud in connection with the additional investment efforts if I stayed on. In addition, I no longer trusted

Sam, Gary, or Nishad, and did not think that I could proceed under such circumstances.

32. I therefore tendered my resignation the following day.

VI. Final Discussion with Ryne Miller

33. A day or two later, I had a final call with Ryne Miller as I was concerned about the direction of the companies. This was after CZ of Binance had announced that he was abandoning the purchase of the Debtors and it looked like bankruptcy was the only answer for the FTX International Group and the Alameda Group.

34. On that call, I first informed Mr. Miller that we had been counseled by all our other law firms that the bankruptcy filings of FTX International Group and the Alameda Group should occur outside the United States, and likely in Bahamas or Europe. This was in part because of the unnecessary expense of the US bankruptcy system, the situs of the primary regulator, as well as the fact that creditors of the FTX International Group were outside the United States, amongst other legal issues.

35. Mr. Miller told me that the bankruptcy filings of FTX International Group, the Alameda Group, and the FTX.US Group had to be in the United States because otherwise S&C couldn't do the job.

36. I then told Mr. Miller that FTX.US should not file bankruptcy at all until it was certain that there were insufficient assets at FTX.US. Indeed, the tech team checked the wallets and had told the FTX International general counsel at the time of the disclosure of the customer deficit that FTX.US was not affected. I told Mr. Miller that the FTX.US crypto exchange needed to be retained if at all possible and sold as a going concern to allow the preferred shareholders to be paid back. Mr. Miller stated that he needed to include FTX.US as part of the bankruptcy because FTX.US had the cash to pay S&C its retainer. Without this retainer from FTX.US,

S&C wouldn't file. I told him that it wasn't proper for FTX.US to pay for the expenses of the bankruptcy of FTX International Group or the Alameda Group.

37. Mr. Miller informed me that S&C was installing "S&C's guy" to run all the companies.

38. I told Mr. Miller that S&C was not the proper law firm to select because of the claims and conflicts, as well as the exorbitant costs of the firm. Mr. Miller told me that there was over $200 million cash in LedgerX and that he was going to send these funds to S&C, and that bankruptcy legal costs were therefore not a problem.

39. I was horrified at this response and started to try to remind him of his ethical obligations and that he was stealing further funds from customers, but he hung up the phone on me and terminated the call.

VII. Inappropriate Conduct of S&C After Bankruptcy Filings

40. I have had several disturbing interactions with S&C following the bankruptcy filing.

41. In my first call with an S&C female partner who specialized in white collar crime (I forget her name), I asked who S&C was representing in this matter. She indicated that S&C was representing all the companies and that all the assets were being combined. I started to explain to her that there were unwaivable conflicts considering the bankruptcy (as described above) between the entities. She told me that the conflict rules do not apply in the bankruptcy context. I was later told by other counsel that this was not correct. This was a knowingly false statement made to me in violation of the New York ethical rules that prohibits a lawyer from making a false statement of fact or law made to third persons in the course of representation.

42. Then that same S&C lawyer told me that I should personally hi a lawyer at the Covington law firm that was representing FTX personnel in this

matter. I spoke to the lawyer at Covington who informed me that he had received assurances from S&C that they would foot his bill through indemnification.

43. I asked how much he would charge me for this personal representation and he said it would likely be in the hundreds of thousands and under $1 million but that I could rest assured that he would get the Debtors to pay because the "lawyers are always paid first".

44. I was horrified of the thought that customer assets were being used to frivolously pay lawyers at the behest of S&C. I did not hire this lawyer.

45. Finally, I approached S&C and asked them to waive my attorney-client privilege solely for the purpose of aiding the FBI, the SEC, the CFTC and the regulators in their investigations. S&C has repeatedly refused this request and attempted to muzzle me in an effort to avoid me raising issues adverse to S&C. I think this is totally inappropriate and I should be allowed to freely help law enforcement under these circumstances.

46. In addition, from Bahamian regulators, I was told that S&C refuses to communicate with the Bahamas on this important matter. This is attributed to the fact that the bankruptcies of the FTX International Group and the Alameda Group should have been made in the Bahamas, and the Bahamas were the appropriate place of jurisdiction, notwithstanding that S&C couldn't represent those groups in such a proceeding.

VIII. Claims that the Debtors have against S&C

47. The Debtors have at least four significant claims against S&C arising from their past work and also related to the bankruptcy. Under any reasonable reading, these potential claims are sufficient to disqualify S&C from acting as a lawyer at all for the Debtors in this proceeding.

- **Corporate Board Proliferation:** Pre-petition records demonstrate that Miller systematically consolidated legal and administrative power across 100% owned subsidiaries, simultaneously holding equity or executive officer titles within West Realm Shires Services Inc., West Realm Shires Inc., Alameda Research LLC, FTX Lend Inc. (as Treasurer and Secretary), and the core tokenization vehicle Cottonwood Grove Ltd..

Case 22-11068-JTD Doc 2092 Filed 07/31/23 Page 45 of 45

Debtor Name: FTX Lend Inc. Case Number: 22-11167 (JTD)

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

SOFA Question 28: List the debtor's officers, directors, managing members, general partners, members in control, controlling shareholders, or other people in control of the debtor at the time of the filing of this case.

Name	Address	Position	% Interest
Ryne Miller	ADDRESS ON FILE	Treasurer, Secretary	N/A
Samuel Bankman-Fried	ADDRESS ON FILE	Director, President	N/A

Case 22-11068-JTD Doc 2305 Filed 08/31/23 Page 51 of 56

Debtor Name: Cottonwood Grove Ltd Case Number: 22-11112 (JTD)

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

SOFA Question 13: Transfers not already listed on this statement

Creditor Name and Address	Description of Property	Relationship to Debtor	Date	Amount
Miller, Ryne ADDRESS ON FILE	Grant on Exchange	General Counsel	09/27/2021	1,000,000 Locked_MAPS
Miller, Ryne ADDRESS ON FILE	Grant on Exchange	General Counsel	09/27/2021	1,000,000 Locked_OXY

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 17 of 65

EXHIBIT B

FTX Trading Equity Holders List

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 34 of 65

RDM Revocable Trust (Ryan Miller)	Common	Common (CS)	763
RDM Revocable Trust (Ryan Miller)	Preferred	Series B-1 Preferred (PB1)	191

Case 22-11068-JTD Doc 2401 Filed 08/31/23 Page 53 of 59

Debtor Name: West Realm Shires Inc. Case Number: 22-11183 (JTD)

Statement of Financial Affairs for Non-Individuals Filing for Bankruptcy

SOFA Question 13: Transfers not already listed on this statement

Creditor Name and Address	Description of Property	Relationship to Debtor	Date	Amount
Miller, Ryne ADDRESS ON FILE	Equity	General Counsel	10/27/2021	JITY_STRIKE-0.33_EXPIRE-2030

- **Regulatory Interventions and Misrepresentations:** On August 10, 2022, Miller and S&C partners jointly answered policy questions from the Commodity Futures Trading Commission (CFTC). They explicitly declared that Alameda Research acted as a primary liquidity backstop providing over-the-counter "convert" (crypto-to-fiat) functionality, while assuring the Commission that internal access controls completely insulated sensitive data networks from affiliates.

2. When it may be more difficult for customers to add margin during off-business hours, because of when funds from traditional US banks typically clear (e.g., not during the weekend).

24x7 Collateral Transfer Mechanisms

ACH and Stablecoin: FTX plans to support instant transfers from FTX US, which accepts 24x7 cash deposits via stablecoin, ACH and other common payment rails. These instant transfers will work in roughly the same way that FTX plans to credit Kalshi customers for ACH deposits at its clearinghouse: by maintaining a pre-funded facility that fully collateralizes cash settlement risk.

Instant bank transfer networks: FTX will continue to support instant bank transfer networks, such as Silvergate Exchange Network and Signature Bank's Signet, which permit 24x7 transfer of fully settled US dollar funds.

FTX solves weak customer protections on traditional platforms, which offer crypto products with dangerous auto-margin calls, which can lead to unlimited loss

Retail traders on traditional platforms offering crypto derivatives products may face margin calls, whereby risk positions remain open and accumulate potentially unlimited losses, including during overnight hours, when traditional derivatives markets remain closed but underlying prices of crypto continue to move.

FTX's model dispenses with this practice in favor of requiring more margin from users, so that under-margining events are more rare, given the same level of price movement.

While on-market de-risking orders may be inconvenient for some institutional traders in traditional markets, they are the only safe approach to use on platforms with large amounts of retail traders.

In fact, the danger of allowing risk positions to remain open (by allowing for margin calls) is so great that both regulators and industry are moving away from the margin call system for retail traders. For example, Interactive Brokers has long disallowed margin calls.

2. What are the relationships between the current BLPs and FTX?
   1. What steps have been taken to minimize/eliminate conflict of interest concerns?

LedgerPrime is both a wholly owned subsidiary of the parent company of LedgerX LLC (dba FTX US Derivatives), and a Backstop Liquidity Provider. Compliance manual section 10.3 addresses LedgerPrime Conflict of Interest Mitigation. Among other things, those provisions prohibit LedgerX employees from providing LedgerPrime with access to material, non-public information. It also requires such information to be stored in a manner that renders it inaccessible to LedgerPrime. Moreover, DCM Rule 2.5 discloses that LedgerPrime is a wholly-owned subsidiary of the parent company of LedgerX, and that "LedgerPrime does not receive any preferential pricing from the Company and does not have an inherent advantage over any other Participant with respect to latency or Order execution speed." It further states that "LedgerPrime traders are subject to the same access criteria and must abide by the same rules as all other Participants."

Alameda Research LLC ("AR") is not owned by any FTX entity, but is majority owned by Sam Bankman-Fried in his personal capacity (although he is not involved in the day-to-day activities of AR, does not offer trading suggestions, advice, or have control over AR's trading activities). AR also holds approximately 1% of the interests in the holding company of FTX.com. AR is one amongst many other professional trading participants transacting on both FTX International and FTX.US. In both instances, AR has no preferential fee structures or special or unique access to the exchange, to exchange data, or to any other feature of either exchange, versus that which is available to any other professional trading participant (e.g., AR does have access to the fee schedule tiers available to any user that meets the relevant requirements). Similar to any other professional trading participant, AR may participate in FTX US's borrow-lend book as well as the FTX US letter of credit program, and AR may participate in similar programs on FTX.com. AR also provides liquidity through the over-the-counter and "convert" (i.e., crypto to USD) functionality on the FTX crypto exchanges.

AR does not currently trade on FTX, but FTX expects that AR will be one of the Primary BLPs on FTX following approval of our forthcoming amended application to revise our DCO registration order.

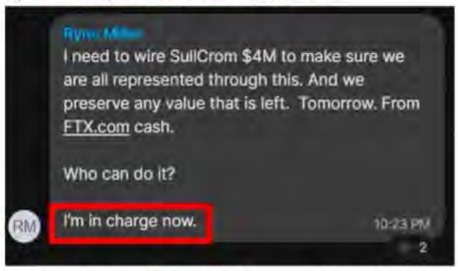
FTX technology is segmented from technology used by affiliates, including any affiliates who may be BLPs, using industry standard access control technology. In addition, FTX communication channels with sensitive information (such as Slack channels and email) are not shared with affiliates, including affiliates that may be BLPs.

The $4 Million SullCrom Transfer and the Executive Coup

Internal, time-stamped messaging logs extracted by federal investigators document that the execution of the bankruptcy filings was characterized by an aggressive, non-cooperative transfer of operational authority:

- **The November 8th Mandate:** At 10:23 PM on November 8, 2022, Ryne Miller bypassed existing executive structures, messaging the small group chat: *"I need to wire SullCrom $4M to make sure we are all represented through this... From FTX.com cash. Who can do it? I'm in charge now."* Subsequent testimony from executive insiders like Ryan Salame confirmed that while inside lawyers like Dan Friedberg and Can Sun structured prior loans, Miller took absolute operational command on November 8th, issuing unilateral directives to wire millions out of international customer cash pools.

14) I will end this section with a screenshot of a message Mr. Miller sent to much of FTX's leadership at 10:23 pm on November 8th, 2022:



a)

b) Needless to say, Sullivan & Cromwell has not made sure that we are all represented through this. They have, however, done a good job of making sure they were wired $4M.

i) I believe that the current Chapter 11 team has significantly overstepped its mandate.

a) Numerous entities were improperly placed in Chapter 11 proceedings by the Chapter 11 team, either because:

i) John Ray was not the CEO of the entities;

ii) they were not owned by FTX, FTX US, or Alameda Research to begin with;

iii) they are subject to other global insolvency processes that preceded and thus supersede the Chapter 11 process; or

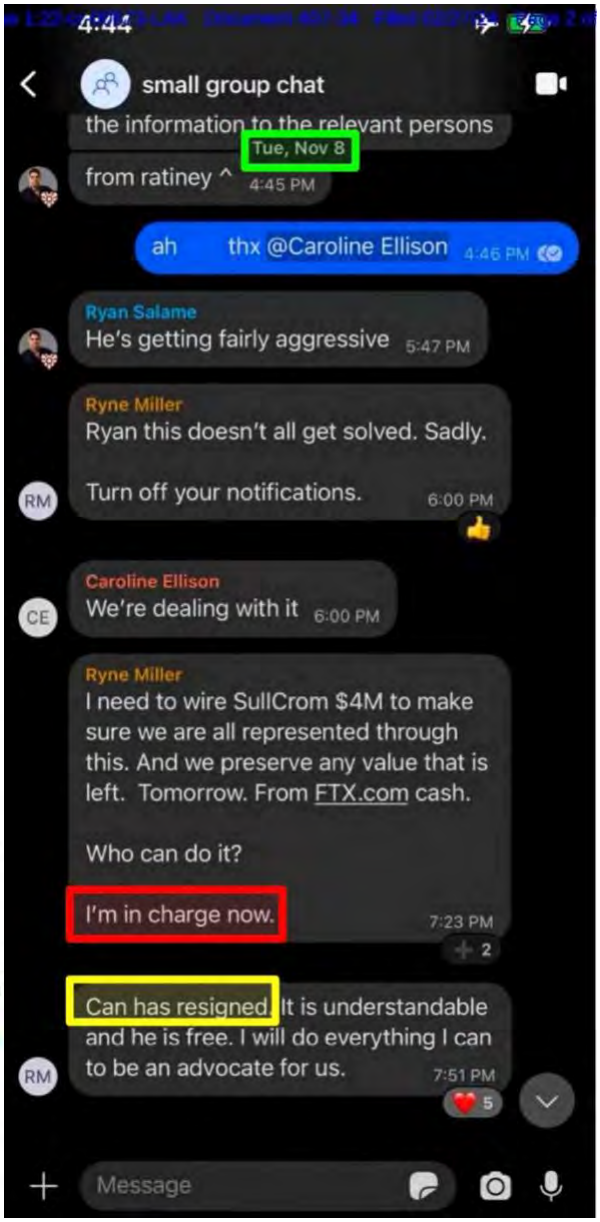
iv) they were not filed properly

b) This includes entities that I believe own the vast majority of customer accounts of FTX International, and oversee the vast majority of customer assets.

5) Claims that I have billions of dollars stashed away personally

a) I'm aware of a bank account which, as best I can remember, has roughly $100k in it. While I have taken loans out of Alameda in my own name, those were not generally used for personal consumption or savings; most were used to invest in the business. I believe that they were taken out of Alameda's trading profits, which I believe were in the billions of dollars prior to 2022. I was not involved in the structuring of any of these loans. They were handled by inside and outside counsel.

8) When John Ray became CEO of FTX US on November 10th, 2022, FTX US was still operational, and still processing customer withdrawals. I intended and expected for withdrawals to remain open, making all customers whole. I am surprised that did not happen.



- **The Coerced Signature Disconnect:** On November 10, 2022, S&C partner Andrew Dietderich pressured the founding team for signatures, emailing Sam Bankman-Fried: *"We have done the work we can without Sam's signature. If Sam is not going to sign the instruction appointing Ray tonight, we will send people home and regroup."*

Case 1:22-cr-00673-LAK Document 407-34 Filed 02/27/24 Page 8 of 45

From: Ryne Miller <ryne@ftx.us>
Date: Wednesday, Nov 09, 2022 at 10:14 PM
To: Dietderich, Andrew G. <dietdericha@sullcrom.com>, Joe Bankman <joebankman@ftx.us>, Joe Bankman <joebankman@gmail.com>
Cc: Eitel, Mitchell S. <Eitelm@sullcrom.com>, Glueckstein, Brian D. <gluecksteinb@sullcrom.com>, sam@ftx.com <sam@ftx.com>, zzExt-sam <sam@ftx.us>
Subject: [EXTERNAL] Re: Preparation steps

Adding in Joe Bankman as well.

Joe - appreciate your looking at below.

On Wed, Nov 9, 2022 at 9:32 PM Dietderich, Andrew G. <dietdericha@sullcrom.com> wrote:

Sam and Ryne,

I know company focused on rescue alternatives at this time and we are here to help support that however we can. On the safety net, there is a short list we need your decision on to keep making progress and have the option ready in case you need it. Even if we go full speed, it usually takes two weeks to be ready in an organized manner. We have that process underway but think it's important to do a few more things:

1. Identify someone at FTX.com that can be our point person for information requests. Is that Ryne or is Ryne only in US? There is a lot of information to get ready to pay employees etc. without disruption upon filing.

2. Appoint Alvarez & Marsel to help us on the accounting side for case prep. They work on an hourly basis and take a retainer. We have documentation to send you to sign if you are okay.

SBF GOOGLE SW 00899258

EMAIL - NOV 10, 21:20 https://www.ft.com/content/6e912f25-f1b7-4b19-b370-007fbc867246
FROM: RYNE MILLER
TO: SAM BANKMAN-FRIED
Sam need this signed ASAP. Let me know.

EMAIL - NOV 10, 22:36
FROM: ZACH DEXTER
TO: SAM BANKMAN-FRIED
Sam this is an excellent pick and I wholeheartedly hope you sign this tonight. The faster John is in place, the faster the company can resolve issues that require urgent progress. Those of us remaining can help you significantly if you sign tonight.

Bankman-Fried's lawyers haggled over the choice of Ray and the selection of new directors for the company in bankruptcy. They questioned whether filing for bankruptcy in the US would expose Bankman-Fried to more scrutiny from American law enforcement, Dietderich later said in court filings. He said he told Bankman-Fried's counsel that the worries about his own interest were "inappropriate." Meanwhile, Miller continued to press.

NOV 10, 21:48
Ryne Miller to SBF: *Hello sir — I sent you the doc as DocuSign. I would super appreciate your signing it. Thank you again for getting this piece done.*

Ryne Miller to Sam Bankman-Fried: MISSED CALL 22:14

NOV 10, 22:36
Ryne Miller to SBF: *Hi there - a gentle ping to see if you could sign the DocuSign I sent. Happy to discuss it with you if helpful. Thanks again.*
EMAIL - NOV 10, 22:36
FROM: ANDY DIETDERICH
TO: SAM BANKMAN-FRIED
Can we please have an update? We have many people in NY and Delaware waiting to proceed. We have done the work we can without Sam's signature. If Sam is not going to sign the instruction appointing Ray tonight, we will send people home and regroup in the morning. Australia has commenced voluntary proceedings and we can expect more shortly. If Sam is signing relatively promptly, we can stay around. Please let us know promptly if we should continue to wait. Andy

Case 1:22-cr-00673-LAK Document 407-34 Filed 02/27/24 Page 19 of 45

Messages in chronological order (times are shown in GMT +00:00)

mpdm-zach--nishadsingh--zx.gary--brian225--ryne-1

Zach Dexter 11/10/2022, 1:20 PM
Nishad, Gary - I extremely strongly recommend to you that you convince SBF to re-enable Ryne's posting ability. we are not all going to agree on what to do, but there is an objectively correct way and an objectively incorrect way to conduct operations at this point. Ryne has laid out the objectively correct way. you guys need to convince SBF to let Ryne continue to do that.

Zach Dexter 11/10/2022, 1:20 PM
what you guys do now is extremely important

Zach Dexter 11/10/2022, 3:23 PM
@Gary Wang I don't know where Nishad is. if there is ever a time in your life where you need to stand up and tell someone to stop fucking around, it's now.

Zach Dexter 11/10/2022, 3:24 PM
tell Sam to appoint a wind-down manager as Ryne has instructed

CONFIDENTIAL TREATMENT REQUESTED BY FTX
FTX_000287073
SDNY_02_00411771

Case 1:22-cr-00673-LAK Document 407-34 Filed 02/27/24 Page 12 of 45

From: Ryne Miller <ryne@ftx.us>
Subject: Re: URGENT - FTX Australia - Crypto-Assets [434982] [PA-A.FID1016001]
Sent: Thursday, November 10, 2022 2:37:23 PM
Cc: Sam Bankman-Fried <sam@ftx.com>, "tim@ftx.com" <tim@ftx.com>, Steven Pettigrove <spettigrove@piperalderman.com.au>
To: Michael Bacina <MBacina@piperalderman.com.au>

Thank you. I am FTX US General Counsel. I am advising the founding team that the exchanges must be halted immediately. The founding team is not currently in a cooperative posture. We are exploring ways to change control in order to authorize a proper insolvency process (Sullivan & Cromwell and Fenwick are advising).

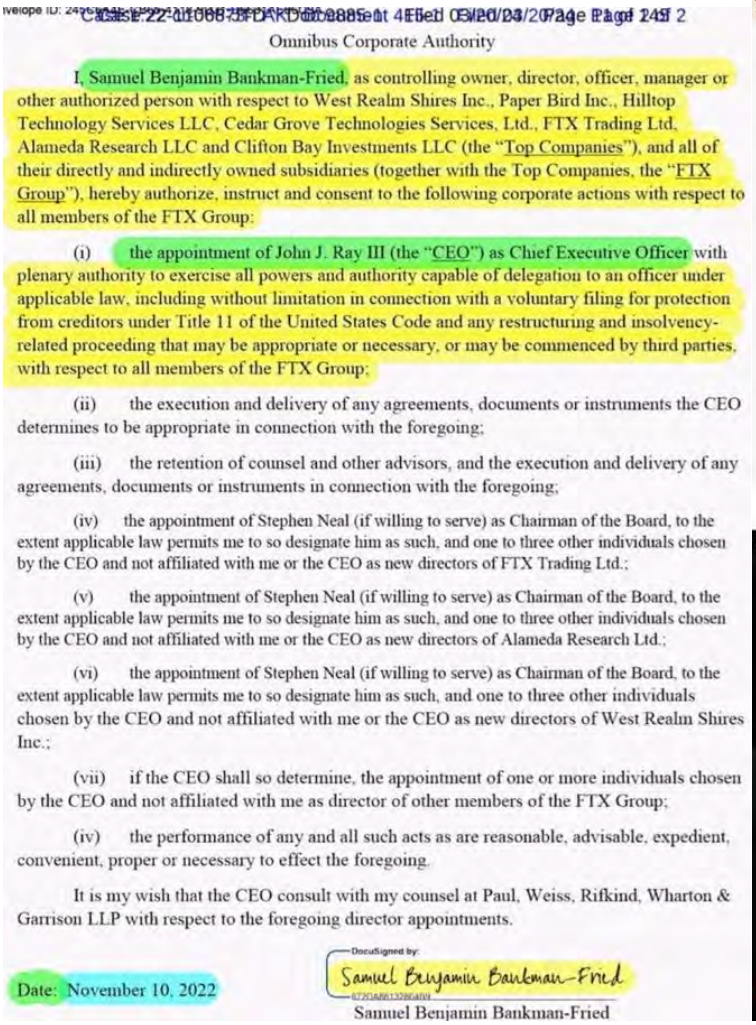
Ryne Miller

FTX US
General Counsel
ryne@ftx.us
(405) 517 7570

<URGENT Letter to SBF re FTX Australia.pdf>

SBF_GOOGLE_SW_00899946

- **The Forgery and Solvency Contradiction:** While the restructuring team filed an "Omnibus Corporate Authority" dated November 10th granting John J. Ray III plenary authority, contemporaneous Signal logs from November 11th reveal that Miller was still actively trying to push unexecuted documents to Bankman-Fried. Bankman-Fried publicly declared that the exchange's domestic arm, FTX US, was entirely solvent with hundreds of millions in excess cash balances, stating in recorded media interviews that he was "sort of coerced" into signing over complete corporate control to S&C's designated management team under intense legal duress.



Omnibus Corporate Authority

I, Samuel Benjamin Bankman-Fried, as controlling owner, director, officer, manager or other authorized person with respect to West Realm Shires Inc., Paper Bird Inc., Hilltop Technology Services LLC, Cedar Grove Technologies Services, Ltd., FTX Trading Ltd, Alameda Research LLC and Clifton Bay Investments LLC (the "Top Companies"), and all of their directly and indirectly owned subsidiaries (together with the Top Companies, the "FTX Group"), hereby authorize, instruct and consent to the following corporate actions with respect to all members of the FTX Group:

(i) the appointment of John J. Ray III (the "CEO") as Chief Executive Officer with plenary authority to exercise all powers and authority capable of delegation to an officer under applicable law, including without limitation in connection with a voluntary filing for protection from creditors under Title 11 of the United States Code and any restructuring and insolvency-related proceeding that may be appropriate or necessary, or may be commenced by third parties, with respect to all members of the FTX Group;

(ii) the execution and delivery of any agreements, documents or instruments the CEO determines to be appropriate in connection with the foregoing;

(iii) the retention of counsel and other advisors, and the execution and delivery of any agreements, documents or instruments in connection with the foregoing;

(iv) the appointment of Stephen Neal (if willing to serve) as Chairman of the Board, to the extent applicable law permits me to so designate him as such, and one to three other individuals chosen by the CEO and not affiliated with me or the CEO as new directors of FTX Trading Ltd.;

(v) the appointment of Stephen Neal (if willing to serve) as Chairman of the Board, to the extent applicable law permits me to so designate him as such, and one to three other individuals chosen by the CEO and not affiliated with me or the CEO as new directors of Alameda Research Ltd.;

(vi) the appointment of Stephen Neal (if willing to serve) as Chairman of the Board, to the extent applicable law permits me to so designate him as such, and one to three other individuals chosen by the CEO and not affiliated with me or the CEO as new directors of West Realm Shires Inc.;

(vii) if the CEO shall so determine, the appointment of one or more individuals chosen by the CEO and not affiliated with me as director of other members of the FTX Group;

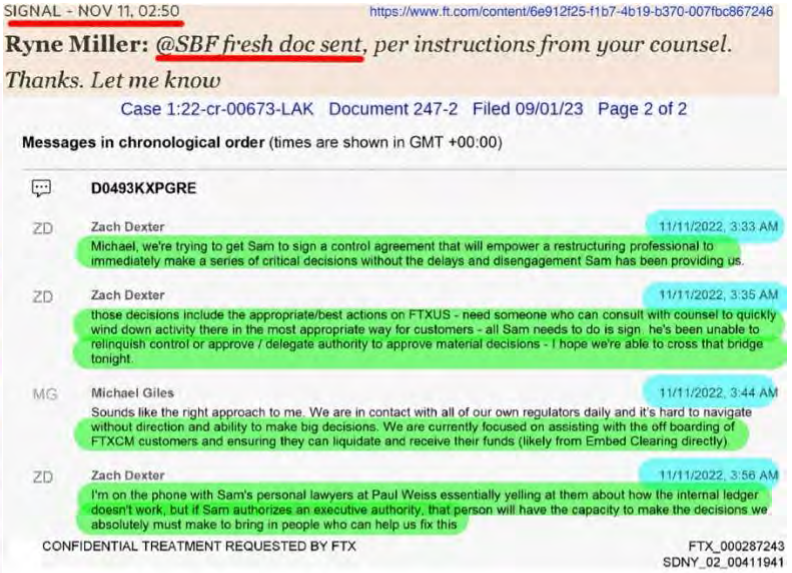
(iv) the performance of any and all such acts as are reasonable, advisable, expedient, convenient, proper or necessary to effect the foregoing.

It is my wish that the CEO consult with my counsel at Paul, Weiss, Rifkind, Wharton & Garrison LLP with respect to the foregoing director appointments.

Date: November 10, 2022

DocuSigned by:
Samuel Benjamin Bankman-Fried

Samuel Benjamin Bankman-Fried



SIGNAL - NOV 11, 02:50 https://www.ft.com/content/6e912f25-f1b7-4b19-b370-007fbc867246

Ryne Miller: *@SBF fresh doc sent, per instructions from your counsel. Thanks. Let me know*

Case 1:22-cr-00673-LAK Document 247-2 Filed 09/01/23 Page 2 of 2

Messages in chronological order (times are shown in GMT +00:00)

D0493KXPGRE

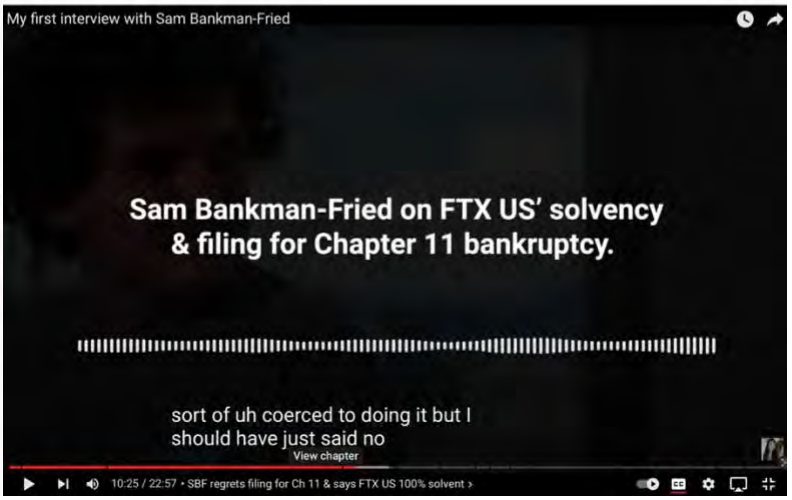
ZD Zach Dexter 11/11/2022, 3:33 AM
Michael, we're trying to get Sam to sign a control agreement that will empower a restructuring professional to immediately make a series of critical decisions without the delays and disengagement Sam has been providing us.

ZD Zach Dexter 11/11/2022, 3:35 AM
those decisions include the appropriate/best actions on FTXUS - need someone who can consult with counsel to quickly wind down activity there in the most appropriate way for customers - all Sam needs to do is sign. he's been unable to relinquish control or approve / delegate authority to approve material decisions - I hope we're able to cross that bridge tonight.

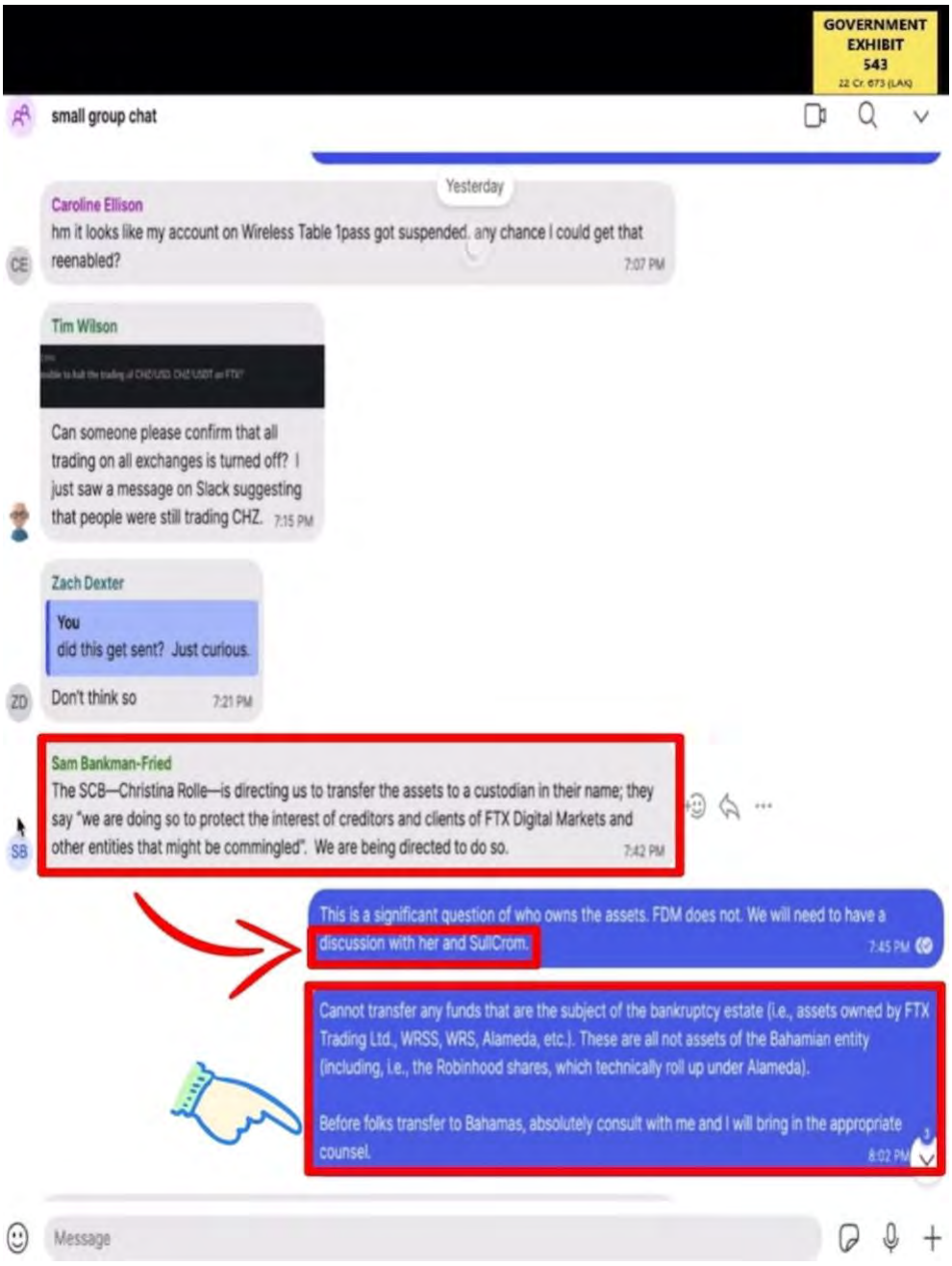
MG Michael Giles 11/11/2022, 3:44 AM
Sounds like the right approach to me. We are in contact with all of our own regulators daily and it's hard to navigate without direction and ability to make big decisions. We are currently focused on assisting with the off boarding of FTXCM customers and ensuring they can liquidate and receive their funds (likely from Embed Clearing directly).

ZD Zach Dexter 11/11/2022, 3:56 AM
I'm on the phone with Sam's personal lawyers at Paul Weiss essentially yelling at them about how the internal ledger doesn't work, but if Sam authorizes an executive authority, that person will have the capacity to make the decisions we absolutely must make to bring in people who can help us fix this

CONFIDENTIAL TREATMENT REQUESTED BY FTX FTX_000287243 SDNY_02_00411941



- **The Sovereign Jurisdictional Conflict:** This internal coup directly interfered with international regulatory enforcement. When Christina Rolle of the Securities Commission of The Bahamas (SCB) directed the immediate transfer of assets to a protected sovereign custodian wallet to preserve creditor interests, Miller aggressively intervened. He ordered a total halt on all data transfers and site functionality, stating that no funds subject to the U.S. bankruptcy estate could be transferred to Bahamian jurisdiction, effectively locking down Robinhood equity shares and international customer assets within the S&C-controlled Chapter 11 framework.





B. Capital Control Evasion via "KYC Farming" and Chinese Exchange Funnels

Extracted media testimony, insider communications, and regulatory disclosures reveal that a primary mechanism for driving large-scale capital into the digital asset ecosystem relied on the systematic circumvention of sovereign capital controls through illicit peer-to-peer verification networks.

- **The Sovereign Capital Flight:** High-net-worth individuals seeking to extract massive volumes of capital from strict control jurisdictions, such as mainland China, were blocked from traditional interbank networks due to restrictive domestic outbound limits. To bypass these barriers, actors engaged specialized "KYC farmers" to construct dummy authentication profiles.
- **The Mechanics of KYC Farming:** "KYC farming" involves the collection and utilization of third-party identities to open hundreds of secondary, straw-buyer bank accounts and corresponding exchange profiles. In practice, a single coordinator would manage 50 to 100 distinct bank accounts under falsified or rented credentials.
- **The Peer-to-Peer Funnel:** Wealthy capital holders distributed large fiat sums incrementally across these networks of surrogate accounts. The KYC farmers then funneled the split cash tranches directly into international cryptocurrency exchanges—specifically targeting specialized accounts operating in China under Huobi (HBY) and OKX.
- **The Institutional Liquidity Destination:** These highly fragmented, peer-to-peer cash flows were ultimately consolidated to provide the core trading liquidity utilized by institutional market makers. Post-collapse testimonies from exchange executives, such as Ryan Salame, explicitly document that the digital assets driving Alameda Research's high-volume trading desks were predominantly derived from funds borrowed directly against these exact Genesis trading accounts and Chinese exchange deposit funnels.

C. Automated Stablecoin Default Conversions and Third-Party DCE Deflection

Corporate service schedules and internal platform terms show that international crypto exchanges utilized structural architecture to systematically deflect local banking compliance obligations while automatically replacing customer fiat balances with unbacked stablecoins.

- **The Automated Conversion Default:** As detailed in updated corporate user agreements (such as the September 18, 2022, Service Schedule for Australian Users), exchanges implemented an automated fiat-to-stablecoin default loop. When a retail customer deposited local fiat currency into the platform, the funds were routed away from standard deposit accounts and automatically converted into stablecoins by default.

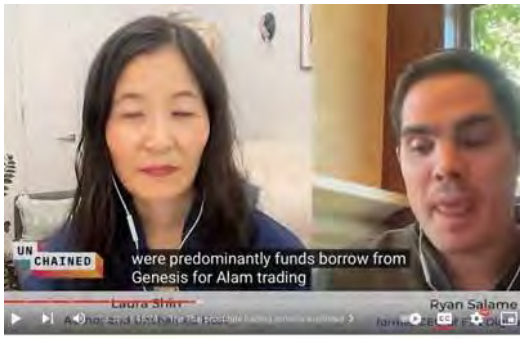


- **The Balance Sheet Ledger Disconnect:** Under this structure, international entities like FTX Trading did not hold actual cash or E-Money balances for standard accounts. Any account balances displayed to users on the application interface in traditional fiat denominations were completely synthetic ledger entries provided strictly for "convenience". The actual underlying value was entirely held in stablecoins, such as Circle's USDC.
- **The Third-Party DCE Provider Shield:** To shield the primary exchange entities from regional licensing liabilities, corporate covenants dictated that all fiat-to-digital asset conversions were legally processed by detached, third-party Digital Currency Exchange (DCE) providers. Users were forced to explicitly agree that they were not placing conversion orders with the primary exchange (e.g., FTX Trading or FTX Australia), effectively allowing the platform to operate macro-scale fiat clearing rails while denying any direct involvement in money transmission or domestic banking activities.

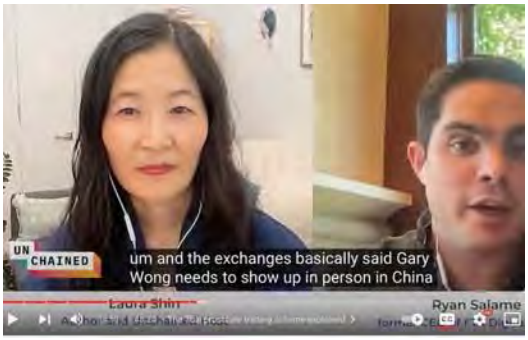
D. Internal Structuring, Legal Licensing Omissions, and Fee Tier Manipulation

Internal law firm invoices and corporate organization agreements establish that the structuring of foreign futures entities and the omission of money transmitting licenses were actively directed by internal and external legal teams.

- **The Deliberate Money Transmitter Omission:** Retrospective legal analysis and interview records indicate that exchange executives were explicitly instructed by senior legal officers, including compliance attorney Daniel Friedberg, that the corporate ecosystem did not require standard Money Transmitting Licenses (MTLs) to process user transactions. Executives relied on multiple overlapping sets of internal and external law firms to validate these operational omissions.
- **Forensic Legal Billing Proofs:** Itemized general corporate invoices from April and May 2019 outline the precise development of this regulatory avoidance strategy. Billing logs show that Friedberg, alongside specialized tax partners like David L. Forst and corporate associates like Chad Richman, structured the offshore Antigua and Seychelles entities specifically to isolate the futures exchange and leveraged token models from U.S. regulatory reach. Legal teams hounded regional counsel to draft cross-border "user agreements" and "liquidity provider agreements" designed to embed AML checklists and stablecoin transaction definitions directly into the code before compliance flags could be raised.
- **The Multi-Jurisdictional Token Loop:** By January 2021, legal teams were actively coordinating massive token sales and researching multi-jurisdictional loopholes, including structural drafts for Silvergate bank submissions, Bittrex regulatory carve-outs, and Special Purpose Acquisition Company (SPAC) precedents. This legal architecture allowed the platform to launch predatory volume incentives—such as the July 2022 "VIP Fee Tier" promotion—which coerced massive retail and market-maker deposits up to $10 million per account to achieve artificial volume expansion while shielding the core capital transfers behind unbacked synthetic collateral agreements with offshore entities like Binance and CM-Equity.


UN CHAINED
were predominantly funds borrow from Genesis for Alam trading
Laura Shin
Ryan Salame


UN CHAINED
name that these accounts existed in China in HBY and in okx
Laura Shin
Ryan Salame

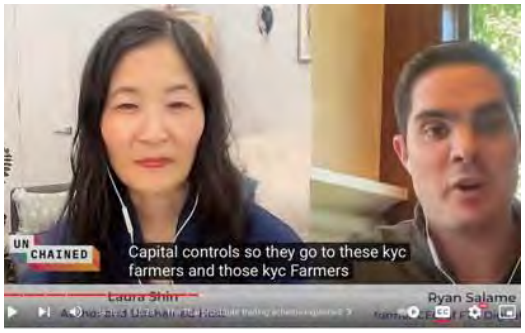

UN CHAINED
um and the exchanges basically said Gary Wong needs to show up in person in China
Laura Shin
Ryan Salame


UN CHAINED
they're very it's very common in China but it's in most Capital control
Laura Shin
Ryan Salame


UN CHAINED
but it's in most Capital control countries and it's called kyc farming
Laura Shin
Ryan Salame


UN CHAINED
know someone who has a t ton of money in China and is trying to move it to the
Laura Shin
Ryan Salame


UN CHAINED
United States they're not able to due to Capital controls
Laura Shin
Ryan Salame

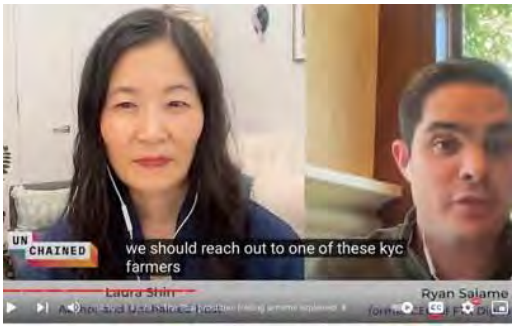

UN CHAINED
Capital controls so they go to these kyc farmers and those kyc Farmers
Laura Shin
Ryan Salame


UN CHAINED
farmers and those kyc Farmers give them you know 50 or 100 bank accounts to
Laura Shin
Ryan Salame


UN CHAINED
of people within China that they can send a little bit of money slowly out
Laura Shin
Ryan Salame


UN CHAINED
and get it out of China so this is just this this is just a backstory of what
Laura Shin
Ryan Salame


UN CHAINED
kyc farming is but that's sort of very popular in capital control countries
Laura Shin
Ryan Salame


UN CHAINED
we should reach out to one of these kyc farmers
Laura Shin
Ryan Salame


UN CHAINED
Tai prostitute thing I don't know I never met any of these people before
Laura Shin
Ryan Salame


UN CHAINED
farmers and see if sort of getting these other accounts set up on these exchanges
Laura Shin
Ryan Salame


UN CHAINED
you know there's going to be this theme of me blaming lawyers but
Laura Shin
Ryan Salame


UN CHAINED
telling you what happened Dan freeberg said hey you know there's something you
Laura Shin
Ryan Salame

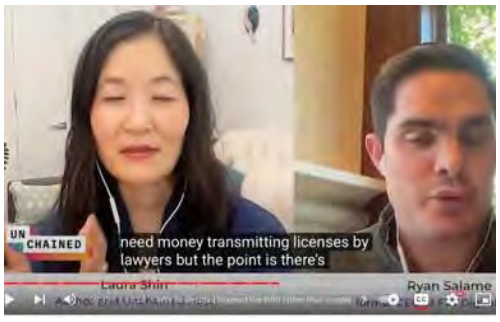

UN CHAINED
multiple sets of lawyers that were involved for the loans that I was
Laura Shin
Ryan Salame


UN CHAINED
um and you know the lawyers advised first off other people in the company
Laura Shin
Ryan Salame


UN CHAINED
had been taking out loan agreements so I hadn't been aware of that but this loan
Laura Shin
Ryan Salame

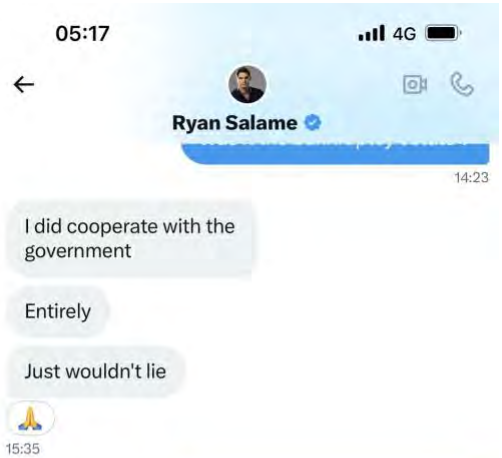

UN CHAINED
external lawyers and tax accountants that indicated that you know
Laura Shin
Ryan Salame

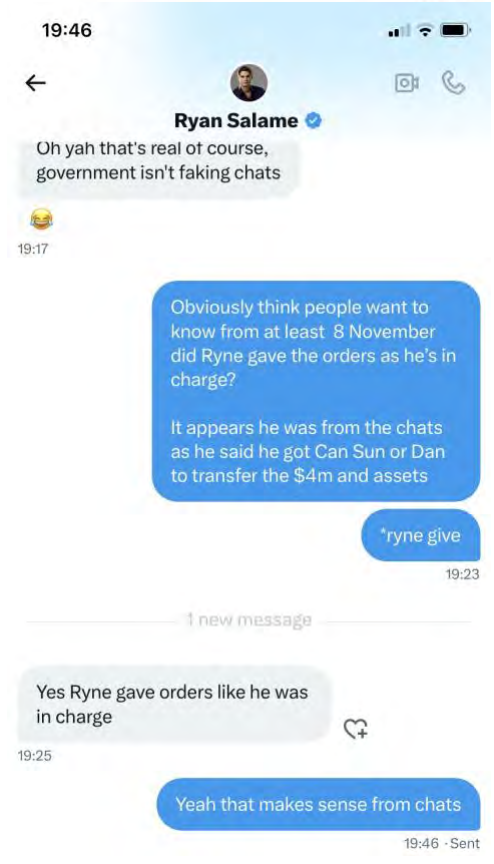

UN CHAINED
you know they had stuff around the MTI you know I was explicitly told we didn't
Laura Shin
Ryan Salame

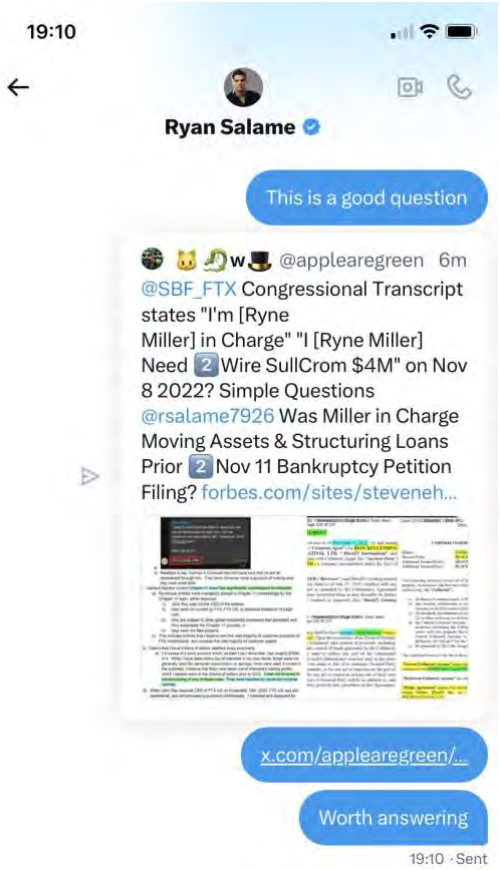

UN CHAINED
need money transmitting licenses by lawyers but the point is there's
Laura Shin
Ryan Salame

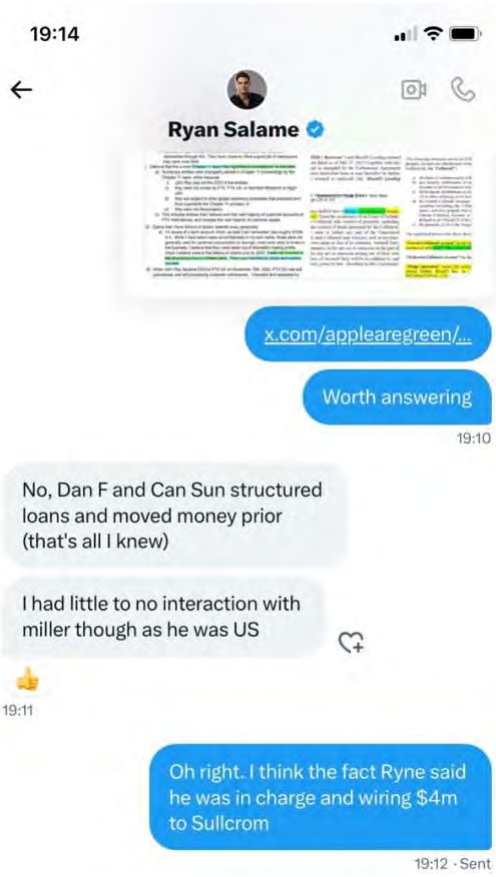

instruction from you know good lawyers that we did not need money transmitting
THE TUCKER CARLSON


um you know the lawyers that sort of ran the company ran regulation
THE TUCKER CARLSON









Daniel S. Friedberg
January 10, 2022
Page 26

"Buying, selling, issuing, or taking custody of payment instruments or stored value in the form of virtual currency or receiving virtual currency for transmission to a location within or outside the United States by any means."[70] Based on the above, FTX.US would not be subject to MTL requirements. Nonetheless, FTX.US has submitted an MTL application to account for changes in the regulatory treatment of the Platform and any future product launches that may require licensure.



E. The Venture Loan Avoidance Strategy and California Bank Failures

Forensic accounting invoices and internal communications suggest a coordinated effort by major venture capital entities and digital asset platforms to systematically use traditional banking vulnerabilities to isolate their "Venture Books" from market collapses.

- **Rehypothecated Collateral in Traditional Banks:** Digital platforms—working alongside specialized legal experts across concurrent bankruptcies (Voyager, BlockFi, Celsius, and FTX)—regularly utilized cryptocurrency assets and unbacked tokenized stocks as collateral to secure massive venture loans from California-based financial institutions, most notably Silicon Valley Bank (SVB) and Silvergate Bank.



SULLIVAN & CROMWELL LLP

125 Broad Street
New York, New York 10004-2498

July 22, 2022

Voyager Digital Holdings, Inc.

c/o Jared Dermont
Moelis & Company LLC
399 Park Avenue, 4th Floor
New York, NY 10022

c/o Joshua A. Sussberg, P.C.
Kirkland & Ellis LLP
601 Lexington Avenue
New York, NY 10022

Re: Customer Liquidity and Asset Purchase Agreement

Dear Jared and Josh,

FTX Trading Ltd and West Realm Shires Inc. (collectively, "FTX") and Alameda Ventures Ltd ("Alameda") have asked us to convey their joint proposal to enter into a Customer Liquidity and Asset Purchase Agreement, subject to the terms and conditions we describe in this letter and more fully in the attached term sheet.

A few other notes with respect to the proposal. First, FTX and Alameda are not interested in purchasing, and plan to leave behind in the bankruptcy estate, all 3AC-related litigation claims. The chapter 11 case is the best place to pursue recoveries relating to Voyager's loan to 3AC. We expect Voyager will use its bankruptcy powers to monetize these claims and provide supplemental recoveries to customers.

Second, Alameda will write off its own $75 million loan claim as part of the proposed transaction. This claim would otherwise share in supplemental recoveries. By writing off our loan, we will permit customers and other unsecured creditors to receive 100% of any incremental recoveries from the enforcement of the 3AC claim and any related litigation claims.

Attached is a term sheet describing the legal and financial terms of the customer liquidity transaction, as well as a short annex describing some of its benefits for FTX and Voyager customers. As with other financial institution insolvencies, we would seek expedited approval from the Bankruptcy Court of the customer liquidity transaction. We would aim to have a closing by August 17, so that we can begin customer migration promptly.

We are available to discuss this proposal with you at your earliest convenience.

Sincerely,

Andy Dietderich

cc: Mitchell S. Eitel (Sullivan & Cromwell LLP)

SCHEDULE A
LOAN TERMS

BORROWER:	**VOYAGER DIGITAL HOLDINGS, INC.**
Cash Revolving Loan Amount:	Two Hundred Million Dollars ($200,000,000.00) (the "**Cash Revolving Loan Amount**").
BTC Revolving Loan Amount:	Fifteen Thousand (15,000) BTC (the "**BTC Revolving Loan Amount**").
Guarantor:	Voyager Digital LTD.
Draw Period:	The period of time commencing upon the Effective Date and continuing through the earlier to occur of (a) December 30, 2024 or (b) the earlier termination of this Agreement in accordance with the terms thereof (**"Draw Period"**).
Maturity Date:	December 31, 2024 (the "**Maturity Date**").
Cash Revolving Loan:	Subject to the terms and conditions of this Agreement, during the Draw Period, and upon the delivery by Borrower to Lender of a completed and executed irrevocable loan request (in a form acceptable to Lender), Lender shall make cash loans available to Borrower in an aggregate original principal amount not to exceed the Cash Revolving Loan Amount, subject to the funding restrictions set forth in this Agreement. Prior to the Maturity Date, Cash Revolving Loans may be repaid and reborrowed. Lender will only be obligated to make a Cash Revolving Loan so long as the Conditions to Funding set forth in Section 3 of this Agreement have been met.
BTC Revolving Loan:	Subject to the terms and conditions of this Agreement, during the Draw Period, and upon the delivery by Borrower to Lender of a completed and executed irrevocable loan request (in a form acceptable to Lender), Lender shall make loans available to Borrower in an aggregate original principal amount not to exceed the BTC Revolving Loan Amount, subject to the funding restrictions set forth in this Agreement. Prior to the Maturity Date, BTC Revolving Loans may be repaid and reborrowed.
Repayment:	For the Cash Revolving Loan, the repayment shall be in the form of Dollars or USDC, depending on the Applicable Currency in which such Loan was funded. For the BTC Revolving Loan, the repayment shall be in the form of BTC in an amount equal to the amount drawn down and outstanding at the time of repayment.
Interest:	The Loans shall accrue interest on the outstanding principal balance at a rate equal to five percent (5.0%) per annum and shall be payable on the Maturity Date (provided that under the BTC Revolving Loan the interest shall be paid in kind based on the number of BTC outstanding at the Maturity Date). Interest is computed on a three hundred sixty (360) day year for the actual number of days elapsed.

VOYAGER

VOYAGER DIGITAL LTD.

Management's Discussion and Analysis

For the quarter ending March 31, 2022

May 16, 2022

USE OF PRINCIPAL

14. After investors provide principal to Voyager, their principal is comingled in omnibus accounts, they relinquish control of their principal and Voyager takes legal and beneficial ownership of the principal.

15. Voyager is thereafter able to use principal consistent with the terms of use, and as such it may transfer principal to foreign jurisdictions, lend principal, pledge principal, sell principal, rehypothecate principal, transfer principal to unidentified third parties and engage in any other transaction at Voyager's discretion and the depositing investor's sole risk.

7. Voyager's Security Processes and Procedures

Voyager has a defined cybersecurity framework that includes protecting people, technology, and digital assets. The security protocols utilize several strategies and activities, including conducting first and third-party security assessments, multi-party computation ("MPC") and asset protection, and diligent monitoring and proactive hunting for risks. The Debtors use four different custodial solutions to hold and safely store a majority of the Cryptocurrency: Fireblocks Inc. ("Fireblocks"), Copper.co ("Copper"), Anchorage Digital Bank N.A. ("Anchorage") and Coinbase Trust Company ("Coinbase") and one self-custodial software solution called Gnosis (collectively, the "Custodians").[30] Specifically, all of the Custodians use MPC, which is one of the primary technologies custodians in the industry utilize to secure Cryptocurrency assets. Through MPC, private keys are never constructed in one place, which minimizes the possibility for a single point of compromise. To set up keys, wallets typically are "multi-signer" wallets that require a threshold of co-signers on behalf of the Custodian and a threshold of co-signers on behalf of Voyager. None of the parties are able to sign a transaction by themselves to setup a key and none of the Custodians hold the entire "private key" for wallets.

From: Dietderich, Andrew G. <dietdericha@sullcrom.com>
Sent: Tuesday, November 8, 2022 8:34 AM
To: Azman, Darren
Cc: gluecksteinb; FTI_Voyager; Steinman, Gregg; Williams, Grayson; Evans, Joseph
Subject: RE: [EXTERNAL] Re: Town Hall

[External Email]
First I've heard of it. Talking with them later today on Voyager migration protocol and will ask. Assume Binance nonsense. This is getting crazy.

From: Azman, Darren <Dazman@mwe.com>
Date: Tuesday, Nov 08, 2022, 9:29 AM
To: Dietderich, Andrew G. <dietdericha@sullcrom.com>
Cc: Glueckstein, Brian D. <gluecksteinb@sullcrom.com>, FTI_Voyager <FTI_Voyager@fticonsulting.com>, Steinman, Gregg <Gsteinman@mwe.com>, Williams, Grayson <Gwilliams@mwe.com>, Evans, Joseph <Jbevans@mwe.com>
Subject: RE: [EXTERNAL] Re: Town Hall

Andy: Can you let me know whether this story is accurate about FTX withdrawals being paused (removing your client from this email).

https://www.theblock.co/post/184176/ftx-appears-to-have-stopped-processing-withdrawals-on-chain-data-show [theblock.co]

DARREN AZMAN
Partner
McDermott Will & Emery LLP One Vanderbilt Avenue, New York, NY 10017-3852
Tel +1 212 547 5615 Mobile +1 410 409 7591 Email dazman@mwe.com
Biography [mwe.com] | Website [mwe.com] | vCard [dynasend.com] | Twitter [twitter.com] | LinkedIn [linkedin.com]

baseline liquidity in the middle of April.

The price of bitcoin, which has gained more than 35 percent in the last month, increases the value of the mined bitcoin and makes the mining operations that much more attractive and productive, even without Core Scientific.

Additionally, now that the Court has authorized the Debtors to sell stable coins, the Debtors have access to much-needed liquidity that improves the cashflow forecast

THE COURT: Have stable coins been sold since the Court's ruling?

MR. FERRARO: No, but it's -- it will be this week.

THE COURT: Okay.

MR. KWASTENIET: Your Honor, I don't have anything further for Mr. Ferraro.

THE COURT: I do. I do. So, Mr. Ferraro, during the hearing on November 15th, 2022 -- let me -- I have the transcript if you'll just bear with me a second.

Okay. I ask questions about the -- let me -- I ask a question about Celsius' exposure with respect to FTX. And at Pages 27 and 28 of the transcript, your answer is there. And I won't read it verbatim, but I believe that you estimates Celsius' exposure to FTX and Alameda at approximately $12 million.

I read some reports over the last week or two that

questioned whether Celsius had exposure to FTX and Alameda in the hundreds of millions of dollars. Are you -- I just want to ask, not for you to comment on a report you haven't seen, but I just want to see whether you have any update on what Celsius' exposure to FTX or any of its affiliates are at this time.

MR. FERRARO: Yes, Your Honor. My update -- I don't have it in front of me, so I apologize. But to my understanding, our exposure remains at the $12 million. I think there was transactions between Celsius and Alameda, you know, leading up to our filing. We did have relationships with them, as I discussed I believe in November when I gave the update to the report. So I haven't read the report that you're speaking to. But, you know, our exposures from the standpoint of what's on the balance sheet are really limited to some coins on FTX and then the Alameda loan.

THE COURT: Okay. Let me make -- when I saw I saw a report, it wasn't from FTX. I mean, you know, there are some wild things on the internet, and I don't -- I'm not putting credence in them. But because I saw some report that suggested that the Celsius exposure was in the hundreds of millions, I thought I would ask about -- we went back and we looked at the transcript from November. And I just wanted to be sure to ask it again today. So thank you very

- **The "Pledge Agreement" Loophole:** Legal firms executed sophisticated "Pledge Agreements" (such as the November 9, 2022, agreements between Alameda Research and BlockFi) that granted platforms the absolute right to pledge, rehypothecate, assign, commingle, or otherwise dispose of customer collateral at the depositing investor's sole risk. This architecture allowed the same pools of digital and synthetic stock assets to be reused repeatedly across multiple traditional banking entities.

c. BlockFi Private Client Program

40. In addition to BIAs, which generally have standardized terms applicable to all holders, BlockFi provides an individually negotiated interest-bearing borrowing product to eligible clients as part of its BlockFi Private Client suite of products ("BPC"). The BPC product suite permits clients to lend digital assets to BlockFi on individually negotiated terms, which may lead to individually negotiated terms for other products and services. BPC loan interest is paid in the form of digital assets at a negotiated rate. A BPC loan may be structured as an "open" term (*i.e.*,

13

the BPC client may request that BlockFi repay the loan at any time) or a "fixed" term (*i.e.*, the loan has a negotiated maturity date).



41. BlockFi has the right to redeploy digital assets borrowed under a BPC loan for its revenue-generating activities. More specifically, BlockFi has the right, without further notice to a BPC client, to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest, or use any amount of digital assets borrowed under a BPC loan, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in BlockFi's possession and/or control a like amount of digital assets.

1. The FTX Loan Agreement

67. On June 30, 2022, BlockFi Inc., as borrower, entered into a loan agreement with West Realm Shires Inc. (d/b/a FTX US, "FTX US"), as lender (the "FTX Loan Agreement"), which provides for loans (the "Loans") to be made to BlockFi Inc. in an amount of up to $400 million outstanding at any time, of which: (a) $300 million is available for general corporate purposes; and (b) $100 million is available solely to fund BlockFi Inc.'s obligations to its clients (the "Client Payment Obligations"). BlockFi Inc.'s obligations under the FTX Loan Agreement are guaranteed by BlockFi Trading and BlockFi Lending (together, the "Guarantors").

68. The Loans (a) are *pari passu* in right of payment with all other senior unsecured indebtedness of BlockFi Inc. and the Guarantors and (b) rank junior to the Customer Liabilities.[8]

[8] Customer Liabilities are defined as "obligations to clients incurred by [BlockFi Inc., the Guarantors] or any of [their] Subsidiaries in connection with (x) the BlockFi Interest Account, BlockFi Yield, BlockFi Personalized Yield or BlockFi Wallet products, (y) custody arrangements and collateral arrangements relating to loans made to clients and (z) any other similar products or services provided to clients by [BlockFi Inc., the Guarantors] or any of [their] Subsidiaries."

21

The Loans bear interest at a fixed rate of 5.00% per annum, payable at maturity. Loans may be made in USDC, the digital asset issued by the Centre Consortium, and are redeemable 1:1 for U.S. dollar, or other digital asset or fiat currency as mutually agreed to between the parties.

loans. This report (available at https://blockfi.com/blockfi-transparency-report-Q2-2022) was and is part and parcel of BlockFi's guiding principle that "Transparency Builds Trust."

26. Among other things, BlockFi was transparent with clients and investors that funds held in BlockFi Interest Accounts and in the Private Client Program, as well as loan collateral for Retail Client Loans (all discussed below), were going to be used for lending to generate the yields provided to clients. BlockFi was forthright about what it would and would not do with funds on its platform—in stark contrast to others reported to have done the opposite.[3]

27. BlockFi experienced rapid growth; between 2019 and March 2022, total trading volume grew from $2 million to more than $23 ***billion*** as of March 2022 (on an LTM basis), while deployable assets grew from $345 million to $14.8 billion, and gross loan originations expanded from $687 million to more than $47 billion. As BlockFi's business and operations grew, it expanded its management team and employee base, with a focus on hiring experts from other segments of the financial industry to better mature the nascent cryptocurrency business.

II. The Company's History and Business Operations

22. BlockFi Inc. (with its direct and indirect subsidiaries, "BlockFi") was founded in 2017 by Zac Prince and Flori Marquez to provide credit services to markets with limited access to simple financial products. BlockFi's culture embodies four core values: "Pragmatic Pioneering"; "Clients not Customers"; "Individual Effort, Collective Success"; and "Transparency Builds Trust." These values have been key drivers of BlockFi's strategy and decision-making, which has consistently prioritized client protection, stability, and prudent stewardship. BlockFi always endeavored to do things the right way, even when it was difficult, and even when certain of BlockFi's competitors did less to gain a competitive advantage.

23. BlockFi worked to become an industry leader in compliance. Unlike certain competitors, BlockFi never launched its own token to raise funds but instead relied on traditional venture capital. BlockFi was also the first in many states to seek and receive lending licenses to make cryptocurrency-backed loans. As disclosed on its website, https://blockfi.com/licenses, BlockFi was issued 47 licenses for lending, money transmission, operations, and the like by 32 states and D.C., and received a separate Class F Digital Business Assets License from Bermuda.



A. BlockFi's Client Offerings

29. BlockFi's business model is client centric, consistent with its core value of "Clients not Customers" and its commitment to prioritizing clients' best interests. BlockFi acquires clients by offering custom products and services that enable its clients to meet their financial goals, and continuously expands its product suite to deepen its relationship with its clients over time.

30. Generally, BlockFi has two primary types of clients: retail and institutional. As described in more detail below, BlockFi serves retail clients through web and mobile applications, and its products enable individuals and small businesses to store and/or earn interest on, buy and sell, borrow U.S. dollars secured by, and earn (via a credit card rewards program) digital assets. On the institutional front, BlockFi provides hedge funds, market makers, proprietary trading firms, trading desks, cryptocurrency miners, exchanges, and corporations with bespoke financing, trading, and treasury solutions relating to digital assets.

- **Coordinated Bank Runs as Venture Deleveraging:** Financial Stability Oversight Council (FSOC) data and public bank records document that the March 2023 bank stress was heavily accelerated by a flight of capital engineered by top depositors. Venture capital firms and digital asset entities used Circle's USDC stablecoin as a core transactional conduit to rapidly extract cash from U.S. equity markets, funneling it through SVB. Circle Internet Financial emerged as the single largest depositor at Silicon Valley Bank with a cash balance exceeding $3.3 billion.

state securities law violations in relation to a firm's staking rewards programs.[74] Federal agencies, specifically the SEC and CFTC, have continued to bring enforcement actions due to fraud, manipulation, and failure to register with the appropriate agency, among other types of misconduct. In fiscal year 2023, the CFTC brought 47 actions charging a wide range of violations, including fraud, manipulation, failure to register, failure to supervise, and lack of adequate know your customer and anti-money laundering controls. The defendants in these actions included, among others, digital asset trading platforms, the operators of DeFi protocols, and a digital asset lending platform.[75] The allegations in these cases exemplify the consumer and investor risks that arise from using unregistered platforms. The SEC brought actions this year against companies for operating as unregistered exchanges, broker-dealers, and clearing agencies.[76] The SEC also charged entities with the unregistered offer and sale of securities, including the offer and sale of securities in connection with staking and lending programs.[77] Both the SEC and the CFTC have brought charges related to a firm's failure to comply with anti–money laundering laws.[78]

Interconnections Between the Crypto-Asset Ecosystem and Traditional Finance

The crypto-asset market experiences a higher level of volatility than does the traditional finance system and is also prone to shocks that may impact traditional financial institutions that partner or otherwise interact with the crypto-asset market.[79] Such shocks may include the collapse of fraudulent schemes, cybersecurity issues, technology-related disruptions, and governance or decision-making breakdowns, among other events.

Banking

In January and February 2023, the FDIC, OCC, and Federal Reserve issued joint statements on crypto-asset risks to banking organizations and liquidity risks related to the crypto-asset market.[80] The statements noted, among other things, that the stability of deposits placed by crypto-asset-related entities may be influenced by vulnerabilities in the crypto-asset sector.

The risks faced by banks that maintain a high concentration of deposit accounts for crypto-asset-related entities were visible during the March 2023 bank stress, when California-based Silvergate Bank announced its voluntary liquidation.[81] In the last quarterly report it filed in 2022, Silvergate noted that substantially all of its deposits were derived from crypto-asset customers.[82] However, depositors withdrew over $8 billion (68 percent of Silvergate's deposits) as stress within the crypto-asset market was exacerbated by the shock of the collapse of crypto-asset trading platform FTX.[83] On January 4, 2023, Judge John Dorsey, the presiding official in the FTX bankruptcy, also ordered the seizure of FTX's funds held at Silvergate. Silvergate's SEC filings show that in response to the outflow, it secured a $4.3 billion advance from the Federal Home Loan Bank (FHLB) of San Francisco. To pay back the FHLB and address remaining liquidity issues posed by the decline in deposits, Silvergate sold assets at a loss. In a March 1 SEC filing, Silvergate disclosed that it might be unable to continue as a going concern.[84] Silvergate began the process of self-liquidation on March 8.[85]

The disruption created by Silvergate's self-liquidation made evident the potential for further knock-on effects arising from interconnections between the crypto-asset ecosystem and traditional finance. On March 9, Silicon Valley Bank (SVB) experienced a deposit run and was closed by the California Department of Financial Protection and Innovation the next day, March 10. Signature Bank also experienced a run and was closed by the NYDFS on March 12. The NYDFS noted in its report that in the case of Signature Bank, the percentage of crypto-asset customer withdrawals on March 10 was relatively proportional to the percentage of crypto-asset customers in the deposit base overall. The NYDFS also noted that the perceived public association between Signature and the crypto-asset ecosystem, as well as the timing of SVB's failure and Silvergate's voluntary liquidation, were factors in Signature's failure.[86] Separately, the FDIC noted in its internal review that the root cause of Signature's failure was poor management, including its failure to understand the risks associated with its reliance on crypto-asset industry deposits and its vulnerability to contagion from the crypto-asset industry turmoil that occurred in late 2022 and into 2023.[87] According to the FDIC's report, crypto-asset-related deposits represented 23.5 percent of total deposits at Signature Bank as of September 30, 2022.[88]

In addition to showing the effects the crypto-asset market could have on the traditional financial system, the March bank stress revealed how the interconnections between the crypto-asset and banking sectors, as well as concentration risk, can cause stress in the crypto-asset market. Hours after SVB closed on March 10, Circle Internet Financial LLC (Circle), the issuer of the stablecoin USDC, revealed that $3.3 billion (approximately 8 percent) of the reserves purportedly backing USDC were held at SVB.[89] The news sparked a run on USDC, with $1.6 billion of USDC redemptions occurring on the same day as Circle's announcement. Coinbase and Binance announced that the platforms would temporarily pause conversions between USDC and U.S. dollars as well.[90] Over the weekend after SVB's closure, USDC temporarily lost its 1-to-1 peg with the dollar, with the value of USDC falling as low as $0.89. By March 15, Circle reported that crypto-asset market participants redeemed some $3 billion of USDC. Circle's problems triggered MakerDAO's DAI stablecoin to de-peg over the weekend as well.[91] DAI, a stablecoin backed by other crypto-assets, relied on USDC for approximately 52 percent of the collateral supporting its circulating stablecoins.[92]

To help ensure the safety and soundness of the banking system as banks explore crypto-asset related activities, the Federal Reserve announced a novel-activities supervision program in August 2023. The program will be integrated into the Federal Reserve's existing supervisory process to help address risks of novel activities related to crypto-assets, DLT, and complex technology-driven partnerships with nonbanks.[93]

Stablecoins

The Council has previously noted that interconnections between the financial system and the crypto-asset trading markets that are created by stablecoins could serve as conduits for contagion to traditional financial institutions. A stablecoin's impact on the financial system depends on the scale of the stablecoin. For example, if a stablecoin were to scale significantly, a run on the stablecoin could lead to fire sales of the traditional assets backing the stablecoin like bank deposits, MMFs, Treasury securities, and commercial paper (CP).[94] The President's Working Group on Financial Markets (PWG), FDIC, and OCC have also published an assessment of the risks related to stablecoins (2021 PWG Report).[95] In the 2021 PWG Report, the PWG, FDIC, and OCC noted that the failure of stablecoins to maintain a stable value could expose stablecoin users to unexpected losses and lead to stablecoin runs that damage financial stability.[96] The 2021 PWG Report also flagged that disruptions to the payment chain that allow stablecoins to be transferred among users could lead to a loss of payments efficiency and, depending on the extent to which stablecoins are used, undermine functioning in the broader economy.[97] Like the Council's Digital Asset Report, the 2021 PWG Report detailed systemic concerns related to the potential risk of stablecoin arrangements to rapidly scale.[98]

In addition to these issues, some stablecoin issuers do not provide adequate or accurate information about their asset holdings and rights of redemption.[99] A lack of information about these holdings and issuers' reserve management practices may pose a challenge for accurate market analysis of the impact of a stablecoin issuer's holdings, as well as a risk of fraud if the extent of the stablecoin's reserves is misrepresented. The lack of information on reserves can contribute to outsize market reactions to news about an issuer, which can manifest in outsize volatility and potential losses. Regulatory requirements for reserves, capitalization, and reporting may mitigate some of these risks.[100] Like the traditional payment system, stablecoins, if used as a payment instrument, may pose credit risk, liquidity risk, operational risk, risks arising from ineffective system governance, and settlement risk.[101]

Recent Developments

Tokenization

Tokenization, the process of digitally representing an existing reference asset on a ledger, involves linking a digital token's price to the value of its reference asset. Tokenization that occurs on blockchains, a type of DLT, aspires to introduce DLT into clearing and settlement processes, as well as payment systems.[102] This year, some firms have offered tokenized products, including digital forms of securities.[103] To date, the current uses of tokenized traditional assets are limited in their size and impact.[104] The overall value of tokenized

Bloomberg.com

Top 10 Depositors

Owner Name	Total Balance
CIRCLE INTERNET FINANCIAL	$ 3,340,061,357.25
SILICON VALLEY BANK	$ 2,497,556,580.09
SVB FINANCIAL GROUP	$ 2,118,179,865.33
SEQUOIA CAPITAL FUND	$ 1,011,479,029.59
KANZHUN LIMITED	$ 902,875,700.25
BILL.COM LLC	$ 761,109,263.00
ALTOS LABS	$ 680,346,027.62
MARQETA	$ 634,534,332.85
ROKU INC	$ 420,004,504.53
INTRAFI / PROMONTORY	$ 410,856,940.57

Top 10 Accounts

CIRCLE INTERNET FINANCIAL, LLC	$ 3,276,604,827.99
SVB FINANCIAL GROUP	$ 1,953,395,231.76
SEQUOIA CAPITAL FUND, L.P.	$ 1,011,479,029.59
SVB F BENEFIT OF NVOICEPAY, INC. CLIENTS	$ 995,451,708.21
KANZHUN LIMITED	$ 701,608,671.03
MARQETA, INC. 6TH FLO	$ 632,034,327.92
ALTOS LABS, INC.	$ 601,002,262.65
SVB F BENEFIT OF PEOPLE CENTER, INC. CLIENTS DBA RIPPLING	$ 544,083,624.59
BILL.COM, LLC	$ 444,085,284.84
ROKU INC ATTN TREASURY ROKU INC	$ 415,602,338.78

FDIC Insured Billions In Deposits For Sequoia, Other Top SVB Customers -...

Visit >

- **The Loan Avoidance Objective:** Internal corporate tracking records from February 2023 reveal that investigative teams focused heavily on "Venture Book Avoidance" strategies. By orchestrating a rapid run on California banks, prominent venture capital figures—including Peter Thiel (whose linked fund Valar Ventures controlled a massive 19% equity stake in BlockFi) alongside funds like Coatue, USV, and Founder Collective—advised portfolio companies to simultaneously pull funds from SVB. This deliberate liquidity drain successfully triggered federal interventions and receiverships, effectively isolating and protecting approximately $4.5 billion in funded assets across 438 highly illiquid venture investments from bankruptcy estate clawbacks.

Bloomberg Today 4m ago
Coatue, USV, Founder Collective joined Thiel in advising companies to pull SVB funds.

@jason @Jason · 3/12/23
YOU SHOULD BE ABSOLUTELY TERRIFIED RIGHT NOW — THAT IS THE PROPER REACTION TO A BANK RUN & CONTAGION

@POTUS & @SecYellen MUST GET ON TV TOMORROW AND GUARANTEE ALL DEPOSITS UP TO $10M OR THIS WILL SPIRAL INTO CHAOS

David Sacks @DavidSacks · 3/10/23
Where is Powell? **Where is** Yellen? Stop this crisis NOW. Announce that all depositors will be safe. Place SVB with a Top 4 bank. Do this before Monday open or there will be contagion and the crisis will spread.

March 10, 2023 7:52 PM EST

Thiel's Founders Fund Withdrew Millions From Silicon Valley Bank

Bloomberg
Lizette Chapman
Bloomberg News

Peter Thiel's Founders Fund had no money with Silicon Valley Bank as of Thursday morning as the bank descended into chaos, according to a person familiar with the matter.

Founders Fund withdrew millions from SVB, said the person, who asked not to be identified discussing private information. It joined other venture funds that took dramatic steps to limit exposure to the now-failed financial institution. Founders Fund also advised its portfolio companies that there was no downside to moving their money away from SVB, even if the risk was low.



Peter Thiel

EXHIBIT B

FTX Trading Equity Holders List

Holder	Security Class	Share Type	Number of Securities
2021-015 Investments LLC investments@rivendelltrust.com, jmichels@thielcapital.com	Common	Common (CS)	45,784
2021-015 Investments LLC investments@rivendelltrust.com, jmichels@thielcapital.com	Preferred	Series B-1 Preferred (PB1)	11,446

EXHIBIT A

WRS Equity Holders List

Holder	Security Class	Share Type	Number of Securities
Name on File Address on File	Common	Class A Common (CA)	85,000
1885 Private Opportunities Fund, L.P. (2021 Series) 1 University Square Drive 5th Floor Princeton, NJ 08540 samir.menon@blackrock.com	Preferred	Series A Preferred (PA)	59,557
2021-015 Investments LLC investments@rivendelltrust.com; jmichels@thielcapital.com	Common	Class A Common (CA)	245,000



1. The Institutional Venture Loan Reciprocity Framework and Capital Circularity

Sworn criminal trial transcripts and admissions from corporate insiders expose a highly integrated financial network where customer fiat and digital asset pools were systematically deployed to inflate corporate valuations, generate artificial bank deposits, and isolate venture capital books from free-market losses.

- **The Circular Banking Loop:** Forensic analysis of the trial record details a circular loan fraud mechanism spanning digital asset exchanges, venture capital funds, and specialized regional banks. Under this structure, client assets deposited on cryptocurrency exchanges were secretly extracted to fund high-risk corporate venture investments. The venture capital entities then required their newly funded portfolio start-ups to deposit their financing checks directly back into the identical California financial institutions that were issuing the senior credit lines.
- **The Insider-Creditor Duplicity:** This architecture created a closed-loop ecosystem where prominent venture capital figures functioned simultaneously as the majority creditors, primary debtors, dominant depositors, and lead lenders across the banking network and the underlying venture start-ups. Customer asset pools were systematically diverted to serve as the unbacked collateral and loan payment rails driving this multi-billion-dollar circular balance sheet illusion.
- **The Executive Looting Scheme:** Internal financial records and testimonies confirm that while customer balances faced severe shortfalls, executive insiders weaponized the exchange's lending arms to extract massive personal capital under the guise of unmonitored "open term" venture loans. Chief Technology Officer Gary Wang received over $200 million in loans from Alameda Research to fund personal real estate acquisitions and private venture investments, executed via internal promissory notes drafted by general counsel under the direction of Senior Legal Officer Daniel Friedberg. Simultaneously, Chief Engineering Officer Nishad Singh extracted a $477 million loan from the exchange to purchase direct equity tranches within the corporate structure, while adding $1 million to $2 million cash bonuses to his personal ledger.

2. Criminal Admission of Systematic Customer Misappropriation and Balance Sheet Falsification

Cross-examinations and direct testimonies from the executive leadership of the debtor entities provide irrefutable proof of intentional asset commingling, the creation of fraudulent financial disclosures, and the active deception of institutional lenders.

- **The $10 Billion Customer Deficit:** In explicit trial admissions, Alameda Research CEO Caroline Ellison confirmed that the trading desk was entirely dependent on the structural misappropriation of exchange deposits. Under direct questioning by the Assistant United States Attorney (AUSA), Ellison stated that



Alameda had covertly borrowed over $10 billion directly from FTX customer accounts to fund private investments, settle external debt liabilities, and fuel directional cryptocurrency trading desks controlled 90% by Sam Bankman-Fried.

- **The False Financial Mandate:** As macro market pressures accelerated in mid-2022, external institutional lenders began recalling open-term credit lines. To prevent a systemic unwind, exchange leadership explicitly directed the creation of fraudulent corporate financial statements. Ellison testified that Bankman-Fried ordered her to actively withhold the true balance sheets from institutional lenders like Genesis Capital. This was done to deliberately conceal that the trading desk had misappropriated $10 billion in customer funds while maintaining over $5 billion in unbacked, illiquid loans granted directly to its own executive officers and affiliated shell entities.
- **The 30% Probability Insolvency Protocol:** Internal statistical modeling conducted by the fund's management team calculated a definitive 30% mathematical probability that Alameda would be completely unable to repay its outstanding debt obligations, even when factoring in the continuous, unapproved injection of stolen customer assets. Despite explicit internal confirmation that the firm lacked the capacity to cover its liabilities, executives continued to misappropriate retail deposits to repay senior institutional lenders.
- **The November 6th Public Deception:** On November 6, 2022, as public market anxiety heightened, fund leadership published public statements and digital communications claiming that Alameda had successfully returned the vast majority of its outstanding third-party loans. Trial testimony confirms this public assurance was entirely false. The firm had only succeeded in settling its external institutional debt by aggressively pulling billions of dollars more out of internal FTX customer asset pools, effectively replacing third-party liabilities with an unbacked, concealed deficit against retail depositors.

3. Institutional Contagion, Credit Extensions, and Inter-Debtor Loan Arbitrage

The trial record documents how the concealment of inter-debtor liabilities and the manipulation of native exchange tokens deliberately corrupted the credit risk models of competing digital asset platforms, accelerating systemic institutional collapse.

- **The BlockFi Insolvency Contagion:** Testimonies from competing platform executives, including BlockFi CEO Zac Prince, establish that institutional credit extensions were granted based entirely on the fraudulent misrepresentation of the exchange's asset backing. Between July and early November 2022, BlockFi extended over $850 million in active credit lines to Alameda Research. Prince testified under oath that had the firm been notified that Alameda's trading operations were funded via the unauthorized borrowing of exchange customer deposits, or that billions were routed to corporate insiders, BlockFi would have immediately halted all credit extensions, as the disclosure would have instantly exposed Alameda as fundamentally insolvent.
- **The FTT Liquidity Trap:** When the exchange’s native utility token (FTT) experienced sudden price drops, the interlinked credit agreements collapsed.



Although BlockFi attempted to aggressively recall its outstanding loans, it was left with over $650 million in unrecoverable, toxic exposure due to the underlying asset commingling and the unbacked nature of the tokenized collateral.

- **The "On-Paper" Corporate Authority Illusion:** To further mask structural capital holes, internal engineering teams and executives coordinated artificial, non-executed corporate maneuvers. Chief Security Officer Nishad Singh testified that in September 2022, executive leadership directed himself, Sam Bankman-Fried, and Gary Wang to execute purely "on-paper" loan agreements. Under these arrangements, insiders signed documents stating they were personally taking out massive loans to inject capital directly into the domestic entity, FTX US, creating a false ledger illusion of capital sufficiency to mislead regulators while no physical cash or digital asset units were ever moved or deposited.

4. General Counsel Omissions and the Failure of Internal Segregation Mandates

The breakdown of compliance infrastructure was characterized by a deliberate disregard for formal legal boundaries and the systematic bypass of internal controls by executive management.

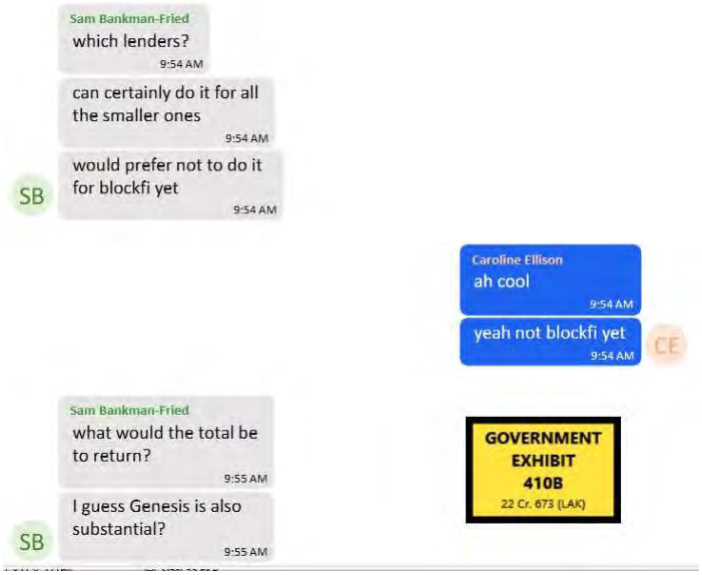
- **The Total Segregation Falsehood:** External promotional campaigns and regulatory compliance filings repeatedly assured the Commission that customer asset pools were strictly segregated from proprietary trading desks to guarantee protection against misappropriation. However, internal legal evaluations completely contradict these claims. Former General Counsel Can Sun testified under oath that while he structured international legal parameters under the explicit mandate that customer deposits must remain locked and unencumbered, executive leadership routinely bypassed the legal department to authorize billions in secret transfers without the knowledge or approval of compliance officers.
- **The Concealed Straw-Buyer Loan Funnel:** To route funds into highly sensitive or legally restricted entities without triggering audit flags, executives used straw-buyer arrangements. Ellison testified that she was directed to assume a personal $3.5 million loan in her own name to acquire a gambling company that platform engineers wanted to integrate. This structure was intentionally deployed because Ellison was not listed on the official corporate books of the exchange entity, allowing the firm to execute high-value corporate acquisitions and massive political contributions while completely insulating the transactions from regulatory oversight and standard disclosure dockets.
- **The Ephemeral Messaging Evidentiary Gap:** Internal compliance workflows and legal department communications were systematically migrated onto encrypted, ephemeral messaging platforms like Signal and Slack. Executive management maintained hundreds of distinct, auto-deleting communication channels to coordinate day-to-day operations and balance sheet modifications. This operational architecture was intentionally maintained to erase the daily decision-making trail, disrupt internal audit capabilities, and prevent the post-petition recovery of definitive cross-corporate routing instructions.

5. Appendix: Comprehensive Criminal Trial Transcript Registry

To support the statutory enforcement arguments detailed across this submission, the following formal evidentiary matrix compiles the specific Government Exhibits (GX) and time-stamped chat logs establishing the mechanical execution of the balance sheet fraud:

Evidentiary Communications and Ledger Admissions Matrix

- **Exhibit 9: The Pre-Collapse Loan Recall Protocol**
  - *Source:* Federal Criminal Trial Record, *United States v. Samuel Bankman-Fried*, Case No. 22-cr-00673-LAK, Government Exhibit 410B.
  - *Transaction Content:* Active Signal log tracking data from November 2022 establishing a direct coordination between Sam Bankman-Fried and Caroline Ellison regarding the selective return of institutional capital. The text documents Bankman-Fried explicitly directing the platform to prioritize returning capital to smaller lenders, while explicitly stating: *"would prefer not to do it for blockfi yet,"* exposing a calculated corporate preference to leave specific institutional counterparty books exposed while hiding the massive underlying debt levels from primary lenders like Genesis Capital.
  - *Source:* Sworn Trial Testimony of Corporate Insiders (Yedidia, Wang, Singh, Sun), Southern District of New York Enforcement Docket.
  - *Regulatory Focus:* Compiles the formal trial admissions of senior software engineers and legal officers operating under federal immunity orders. This docket mathematically outlines how the platform's automated engine was coded to allow a multi-billion-dollar negative balance sheet exemption for a single proprietary trading participant, directly undermining the public exchange's automated liquidation safeguards and verifying the absolute absence of physical asset segregation.



- *Source:* Caroline Ellison Nov 9, 2022; "All Hands Meeting" vast amounts of "Open Terms" "Venture Loans" [TimeStamp 0:40].

  AUSA Roos: The defendant WAS Alameda. 90% owner. It took out loans to do crypto trading. Then the defendant started FTX and started getting customer money. He thought this was a new source of money for Alameda. Caroline Ellison told you so

  AUSA Rehn: He gave stolen money to a non-profit his brother controlled. But then Alameda was losing money. The defendant doubled down. He pulled more customer money out of FTX to pay off Alameda's loans. He directed creation of false financial statement

  AUSA Sassoon: When the defendant said FTX had enough to cover all customer holdings, that was a lie. That was taking into account illiquid investments not on the exchange. He said privately they had one-third...

  SBF's Cohen: Sam worked at Jane Street, a highly regarded trading firm. He wanted to create a Jane Street for crypto. From Jane Street he learned you could fund it with third party loans. Then they created the futures exchange, FTX, unsurprisingly called that.

  AUSA: What was his involvement in the crimes?
  Ellison: He was the head of Alameda then FTX. He directed me to commit these crimes.
  AUSA: What makes you guilty?
  Ellison: Alameda took several billions of dollars from FTX customers and used it for investments.

  Ellison: We were discussing having borrowed $10 billion
  AUSA: From where?
  Ellison: FTX customers. Sam was screaming that it was my fault
  AUSA: How did you feel?
  Ellison: I was crying. But it was Sam who made all these investments that put us in this situation

  AUSA: What was the volume of Alameda's loans at the time?
  Ellison: Over $9 billion.
  AUSA: When you wrote "FTX borrows" what did you mean?
  Ellison: The money on the FTX exchange that Alameda could make use of: $7 billion. We had done it before.



AUSA: Did you get any loans from Alameda?
Ellison: One loan of $3.5 million for a gambling company people at FTX wanted to put in my name since I wasn't on the books of FTX. Money also went to political contributions. Ryan Salame got a $35 million loan

AUSA: What did the defendant tell you to do?
Ellison: To continue repaying Alameda's loans.
AUSA: How did you?
Ellison: Taking money from FTX customer funds.

AUSA: At this time, what was FTX's equity value?
Ellison: $20 billion.
AUSA: Did you share your conclusions on possible impacts on Alameda with the defendant?
Ellison: Yes. He suggested we shift our loans to fixed term...
AUSA: Did he dispute the risk?
Ellison: No

AUSA: Please read this. What is a USD return?
Ellison: Return of our US Dollar loans, to this crypto currency address.
AUSA: What is an OT loans?
Ellison: An open term loan. Genesis wanted $400 million back. I was very stressed out. We would have to take from FTX

Ellison: Alameda by Sept 2022 was borrowing $13 billion from FTX customers.
AUSA: How did it go up?
Ellison: We used it to repay loans, and as collateral for other investments.

AUSA: What did you do?
Ellison: Sam said don't sent the balance sheet to Genesis. We were borrowing $10 billion from FTX and we had $5 billion in loans to our own executives and affiliated entities. We thought Genesis might share the info

Ellison: I withdrew $10 million for an investment in a start up. $100,000 for a loan to my parents. And $2 million for my own donor-advised fund.
AUSA: Did you have equity in Alameda?
Ellison: No. And 0.5% of FTX.



AUSA: You calculated a 30% chance Alameda could not repay its loans - was that of concern?
Ellison: Yes.
AUSA: Even if you used FTX customer funds?
SBF's lawyer: Objection!
Judge Kaplan: Overruled
AUSA: And you still wouldn't be able to repay
Ellison: That's right

AUSA: Did Alameda still have lenders?
Ellison: Yes. They were recalling the loans. I wasn't sure how to balance with responsibilities to FTX customers.
AUSA: GX 410. Mr. Arora, an agent of the defendant.
SBF's lawyer: Not in the scope of the agency
Judge: Denied

AUSA: Were you able to convert over to fixed term loans?
Ellison: Not much.
AUSA: Did you tell the defendant?
Ellison: Yes, I regularly updated him. He wanted to expand investments.
AUSA: And if Genesis recalled the loans?
Ellison: We'd borrow from FTX

AUSA: You were assuming that FTX customer money would be available to Alameda?
Ellison: That's right.
AUSA: What does this mean, "Genesis freaks out immediately?"
Ellison: That Genesis would call in all our loans.

SBF's Cohen: You discussed them with Mr. Bankman-Fried?
Ellison: Some.
Cohen: What was your concern with the third party loans?
Ellison: It might look like Alameda was funneling money to FTX executives.

SBF's Cohen: What is this?
Ellison: Loan agreement with Voyager. I signed it.
Cohen: Did you know Ramnik Arora?
Ellison: Yes. I heard him making a lot of calls to investors. FTX was selling shares. Cohen: You didn't prepare materials to investors?
A: I did not



SBF's Cohen: Let's move forward to November 6. You put up a tweet, that Alameda had returned most of its loans - as that true?
Ellison: Not really. We'd returned 3rd party loans, by taking out more loans from FTX.

AUSA: What did the defendant say in this tweet?
Ellison: That FTX was starting a venture fund. This was part of Sam's general push to do more investments.
AUSA: If the money was coming from Alameda, why was it called FTX?
Ellison: The brand.

Cohen: How many Signal channels were you on?
SBF: A few hundred, I think.
Cohen: Did the growth of FTX impact your relationship with Alameda?
SBF: I had to stop being CEO. But I was still involved in ventures. I turned it over to Caroline Ellison and Sam Trabucco

SBF's Cohen: The Robin Hood shares you mentioned, did you know who owned them?
BlockFi's Prince: It turns out I wasn't aware of the nuances.
Cohen: Why did BlockFi seek a loan from FTX in the summer of 2022?
AUSA Roos: Objection! Cumulative!
Judge Kaplan: It is

AUSA Roos: If you'd known Alameda was using FTX customer money, would you have lent?
BlockFi's Prince: No. That is not appropriate.
AUSA: And when FTT dropped what did BlockFi do?
Prince: We called some of the loans. But there were still $650 million outstanding

AUSA Roos: Were you extending loans to Alameda because of your deal with FTX?
SBF's lawyer Cohen: Objection! Leading!
Judge Kaplan: Sustained.
AUSA: Did BlockFi lend to Alameda in 2022?
BlockFi's Prince: Yes, from July to early November, $850 million of loans

AUSA: If you'd known of FTX - Alameda loans would BlockFi have still extended credit?
BlockFi's Prince: No. They would have been insolvent.
AUSA: & if you'd known of Alameda's loans to Sam Bankman-Fried?
Prince: That's not generally done, we'd have been concerned



BlockFi's Prince: It also provided for FTX being able to acquire BlockFi in July 2023. We thought that would happen
AUSA: Did that happen?
Prince: No.
AUSA: But did your arrangement with FTX influence loans to Alameda?
Prince: It was a data point

AUSA: What about his, Skybridge Capital?
Singh: That's Anthony Scaramucci's firm.
AUSA: And this was in September, after your talk?
Singh: Yes... In this one, Sam, Gary and me were supposed to take loans and then give it to FTX US, this was just on-paper

SBF's Cohen: You got cash bonuses of 1 to 2 million?
Singh: I think that's right.
SBF's Cohen: And loans from FTX - let me give you the foundation. You borrowed $477 million from FTX?
Singh: In a sense.
SBF's Cohen: To buy equity in FTX?
Singh: My first

Everdell: You got over $200 million in loans from Alameda?
Gary Wang: Yes.
Everdell: To make venture investments, and to buy a house, right?
Wang: I used $200,000 for a house.
Everdell: What lawyers worked on the promissory notes?
Wang: General counsel, under Dan

AUSA Sassoon: What if anything did you approve about lending to Alameda?
SBF's lawyer Cohen: Same objection.
Judge: Overruled
Sun: I never approved loans of FTX customer funds to Alameda. It was segregated.
AUSA: What was the purpose?
Sun: So not misappropriated



SBF's Cohen: Have you heard of Signal and Slack?
Can Sun: Yes.
Cohen: Were they used by the FTX legal dep't?
Sun: Yes.
Cohen: You said Nishad Singh told you he was concerned about this loans?
Sun: He was worried about repaying
Cohen: Understood

Cohen: After you took the $2.3 million loans, you got a $2.3 million bonus from FTX?
Can Sun: Actually I think it was $3.5 million.
SBF's Cohen: And they were connected?
Can Sun: Well they were both about my employment.

Yedidia: I learned that Alameda used FTX depositors money to pay back Almeda's loans.
AUSA: Were you subpoenaed to be here today?
Yedidia: No.
AUSA: Do you have an immunity order?
Yedidia: Yes.

From: Washburn, Charles
Sent: Tuesday, July 24, 2018 10:57 AM
To: 'Nourafshan, Alexander@DBO'
Subject: RE: Confidential Treatment Re: BlockFi
Importance: High

CONFIDENTIAL

Alex,

I hope this message finds you well.

I am following up to check on the status of our request for an interpretive opinion, a copy of which request I have attached for ease of reference. As you know, it was received by the Department on May 15.

As discussed in more detail in the opinion request, the position taken by the Department to-date that a licensee under the California Financing Law ("CFL") cannot hold collateral I respectfully believe is based on a clear misreading of vestigial language in Section 22009 of the CFL defining the term "finance lender," which hopefully you see as well.

As also discussed in the request, this incorrect Department position is causing substantial harm to our client BlockFi Lending LLC. In particular and as noted in the request for expedited treatment, I understand from the client that a competitor, Unchained Capital, Inc., was granted a CFL license by the Department (60DBO-78867) and based on the Department's web site that license is still active. The client further advises that Unchained Capital is still doing a lending business in California and is still holding crypto currency as collateral in connection

with those loans, while at the same time BlockFi Lending is unable to lend in California on similar terms with respect to holding collateral based on this Department position.

Thank you in advance for your assistance, and I would again be happy to discuss any questions you may have regarding the analysis.

Best regards,

Chuck

Charles Washburn

Partner

Exhibit D

FTX Trading Ltd., et al.,
Time Detail by Activity by Professional
February 1, 2023 through February 28, 2023

Avoidance Actions

Professional	Date	Hours	Activity
David Medway	2/1/2023	0.5	Call with A. Canale, D. Medway (A&M) regarding Alameda venture investment investigation
David Medway	2/1/2023	0.4	Review summary of findings from analysis of Alameda venture investment Loan and Option Agreements
David Medway	2/1/2023	0.4	Call with A. Canale, D. Medway (A&M) regarding Alameda venture investment investigation
David Medway	2/1/2023	0.3	Teleconference with D. Medway and S. Mimms (A&M) regarding Alameda venture investment loan history documentation and Relativity review
David Medway	2/1/2023	0.2	Teleconference with D. Medway and S. Mimms (A&M) regarding updates to Alameda venture investment loan history spreadsheet
David Medway	2/1/2023	0.2	Teleconference with D. Medway and A. Helal (A&M) regarding Alameda venture investment collateral transactions analysis
David Medway	2/1/2023	0.8	Prepare materials summarizing historical Alameda venture investment loan accrued interest and payments
David Medway	2/1/2023	0.5	Investigate cash transactions with Alameda loan counterparty during the preference period

quinn emanuel trial lawyers

Matter #: 11807-00001
Invoice Number: 101-0000149656

02/02/23	NH2	Review of engagement letters and populate the summary chart for purpose of Rule 2004 document request (4.8); call with S. Rand related to the review (0.5); call with A. Alden and S. Seneczko for avoidance action analysis (0.6).	5.90	5,336.55
02/02/23	OBY	Team call on issuing Rule 2004 requests (.5).	0.50	452.25
02/02/23	SS6	Research due diligence materials re potential avoidance actions, entities (3.7); draft analysis re same (2.4); correspond with A. Kutscher re same (.1); conference with A. Alden, N. Huh re avoidance action complaints, diligence analysis (.6); review, revise memorandum, materials re same (1.1).	7.90	7,785.45
02/02/23	APA	Review Token Purchase Agreement and memo regarding same (0.8); review memo regarding Venture investments (0.5); teleconference with N. Huh and S. Senezcko regarding tasks and research (0.6).	1.90	2,736.00
02/02/23	EK	Legal and factual research in support of avoidance actions (1.3); case management for avoidance actions (0.3).	1.60	1,994.40
02/02/23	AK2	Confer with J. Young re: venture book avoidance action targets (.2); conduct research and determine next steps re: same (3.7); confer with Alvarez and Marsal re: same (.1); confer with S. Seneczko re: same (.1).	4.10	4,981.50

quinn emanuel trial lawyers

		regarding same (0.2); emails to and from A. Kutscher and S. Rand regarding same (0.3); review agreements with venture book target and emails regarding same (1.7); attention to emails from N. Huh and Alvarez and Marsal regarding venture book target (0.3).		
02/07/23	EK	Conference with A&M re avoidance action analysis (0.4); analyze data in connection with avoidance actions (0.5); correspond with team regarding avoidance action analysis (0.3).	1.20	1,495.80
02/07/23	AK2	Confer with S. Rand re: upcoming call with Alvarez and Marsal re: avoidance action targets in venture book (.1); confer with Alvarez and Marsal re: venture book targets for avoidance actions and next steps re same (.1); confer with E. Sutton and Alvarez and Marsal re: same (.1); confer with I. Nesser re: upcoming call re: same (.1); conduct research re: potential avoidance action targets between $10 million and $20 million and determine next steps re: same (2.3); confer with S. Rand and Alvarez and Marsal re: upcoming call re: avoidance action targets in venture book (.1); attend same (1.3); confer with team re: results of same (.1); analyze venture book and revisions to priority cases (2.8); confer with team re: results of same (.2); confer with Alvarez and Marsal re: same (.1); confer with S. Rand re: same (.2); confer with A. Alden re: same (.1); confer with Alvarez and Marsal re: upcoming call on avoidance targets and next steps re: same (.1); confer with I. Nesser re: potential avoidance action target and next steps for avoidance actions generally (.3); confer with M. Smith	8.70	10,570.50

quinn emanuel trial lawyers

Matter #: 11807-00001
Invoice Number: 101-0000149656

		Alvarez and Marsal re: financial valuation of potential avoidance target and stock received from purchase, confer with I. Nesser re: same, and confer with Alvarez and Marsal and I. Nesser re: upcoming call re: same (.3); revise draft memorandum on avoidance action target, conduct research re: same, and confer with S. Rand, J. Shaffer, and I. Nesser re: same (.5); confer with A. Roytenberg re: avoidance action target and timing of memorandum re: same (.1); confer with I. Nesser re: memorandum on potential avoidance action, revise comments on same, confer with E. Winston re: same (.3); confer with M. Meadows re: avoidance action document review and documents to provide to investigations team (.1); confer with S. Rand, J. Shaffer, I. Nesser, E. Winston, E. Sutton, E. Kapur, and A. Alden re: upcoming call on status of avoidance action analysis and next steps re: same (.2); draft venture book avoidance analysis status document and confer with team re: same (.4); review and revise draft memorandum on potential avoidance action target, determine next steps re: same, confer with S. Turk and M. Smith re: same, and confer with I. Nesser re: same (.7); draft communication to Sullivan and Cromwell re: data source, confer with S. Rand re: same, and confer with E. Sutton re: same (.3).		
02/27/23	JR8	Prepare draft complaint (5.2), fact research re: same (1.2).	6.40	6,710.40
02/28/23	NH2	Drafted a memo for a target - draft fact sections and legal analysis (2.7), finalized a memo for another target and reviewed investigation result (1.5).	4.20	3,798.90

quinn emanuel trial lawyers

Matter #: 11807-00001
Invoice Number: 101-0000149656

		S. Hill (0.2).		
02/28/23	RP	Review documents related to investigations targets (7.7).	7.70	6,964.65
02/28/23	ET3	Drafting and editing memorandum on results of law firm review (5.1).	5.10	2,593.35
02/28/23	KS7	Analyze documents and communications to evaluate in-house counsel targets (summarize same) (5.9).	5.90	5,336.55
02/28/23	TCM	Investigations team calls re. prioritization of bank and law firm 2004s (.5); review of SBF superseding indictment and SEC and CFTC complaints, and associated dockets (3).	3.50	4,252.50
02/28/23	CM	Research regarding law firm review (6.8); Analyze court filings and other documents related to potential claims (1.6).	8.40	4,271.40
02/28/23	JA4	Review of documents for family investigations targets (7.5).	7.50	3,813.75
02/28/23	SH6	Prepare 2004 law firm requests, review and analyze invoices and retainers detailing services of potential targets and emails with QE leadership team re: same (3.5); correspondence with K. Lemire and J. Young re: bank targets for 2004 requests (0.1); review issue documents related to intercompany loans of inside counsel (1.0); review draft in house counsel module and analyze for interview targets (1.0); review and revise family investigation team's political and charitable module (0.9); correspondence with investigation reviewers re: findings related to political and charitable contributions and analyze documents of interest re: the same (1.0); prepare case management topics for upcoming	8.00	6,732.00



Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 17 of 65

EXHIBIT B

FTX Trading Equity Holders List

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 22 of 65

Coinbase Global, Inc. c/o: The Corporation Trust Company 1209 Orange Street Wilmington, DE 19801 ventures.legal@coinbase.com, brandon.myint@coinbase.com, dan.klawitter@coinbase.com	Preferred	Series B Preferred (PB)	929,989

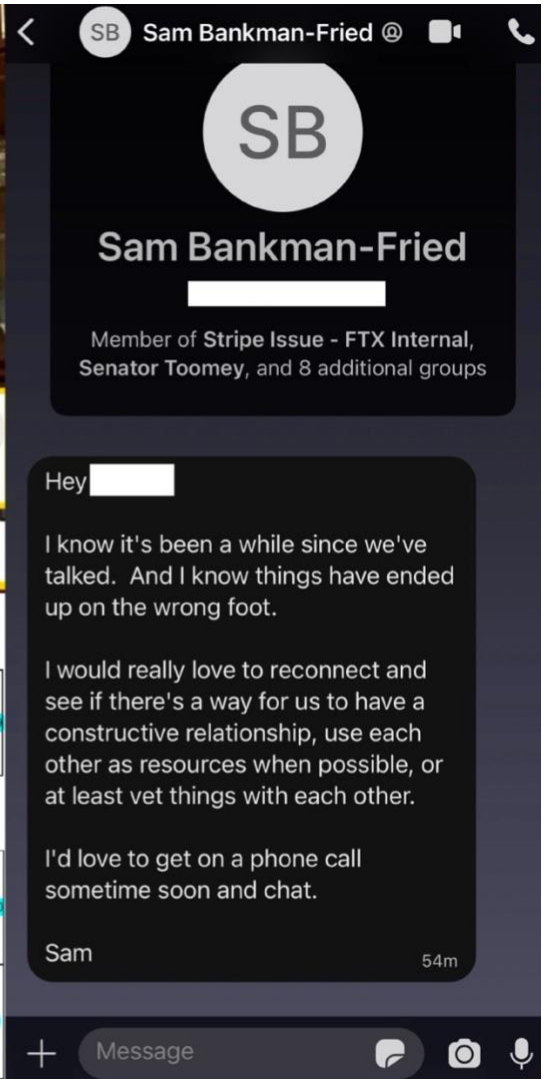
Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 1 of 65

EXHIBIT A

WRS Equity Holders List

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 5 of 65

Coinbase Global, Inc. c/o: The Corporation Trust Company 1209 Orange Street Wilmington, DE 19801 ventures.legal@coinbase.com; brandon.myint@coinbase.com; dan.klawitter@coinbase.com; ventures.legal@coinbase.com	Common	Class A Common (CA)	3,992,000
Coinbase Global, Inc. c/o: The Corporation Trust Company 1209 Orange Street Wilmington, DE 19801 ventures.legal@coinbase.com; brandon.myint@coinbase.com; dan.klawitter@coinbase.com; ventures.legal@coinbase.com	Preferred	Series A Preferred (PA)	362,910



Facts Specific to Relief Requested

6. SC30 is "the off-court presence of four-time NBA Champion and two-time MVP, Stephen Curry, which prioritizes endeavors spanning brand partnerships, media, investments and philanthropy." Coverick Decl. Ex. 2. SC30 states that it seeks to partner with, and invest in, organizations that will bring strong financial returns and amplify Curry's brand. *See* Coverick Decl. Ex. 3.

7. On August 11, 2021, Blockfolio and SC30 executed their Agreement pursuant to which Blockfolio agreed to pay SC30 sponsorship fees of $12,000,000 (the "Sponsorship Fees") to SC30 as follows: $4,000,000 upon execution of the Agreement, $1,000,000 one year after the execution of the Agreement, and $1,000,000 every three months thereafter until all sponsorship fees are paid. Agreement § 5(A). In return, Curry would contribute each year a maximum of twenty "service hours," for which Curry could be asked to, among other things, participate in personal and virtual appearances, photo shoots for the purpose of creating

advertising materials, and provide autographs, limited to a maximum of fifty autographed items each year. Agreement § 4.

8. Under section 5(B) of the Agreement, Blockfolio also agreed to a separate cryptocurrency compensation whereby Blockfolio would deposit into Curry's FTX.com exchange account $500,000 per year in cryptocurrencies of Curry's choosing. Instead of making a payment in cryptocurrency, Blockfolio also could make a payment equal to the cryptocurrency compensation in cash. Agreement § 5(B).

9. Prepetition, Blockfolio paid a total of $6 million in Sponsorship Fees and cryptocurrency compensation under the Agreement. On September 14, 2021, Blockfolio received an invoice for the first $4,000,000 payment, and Blockfolio paid SC30 the invoiced $4,000,000 on September 30, 2021. On July 18, 2022, Blockfolio received an invoice for the second $1,000,000 payment, which Blockfolio paid to SC30 on July 19, 2022. Under the cryptocurrency compensation portion of the Agreement, Blockfolio paid Curry a total of $1 million. On August 27, 2021, Debtor West Realm Shires Services Inc., on behalf of Blockfolio, paid Curry $500,000 in cash. On August 9, 2022, Blockfolio paid Curry the following cryptocurrencies: 12.93 BTC, 58.82 ETH, and 2,470 SOL, which amounted to $500,000.

5. COMPENSATION.

A. In consideration of the rights and services granted to Company by Consultant hereunder, Company agrees to pay to Consultant Twelve Million Dollars ($12,000,000) (the "***Cash Compensation***") payable in accordance with the following schedule:
- $4,000,000 due upon the execution hereof;
- $1,000,000 due one (1) year following the Effective Date; and
- $1,000,000 due every three (3) months thereafter during the Term until the full Cash Compensation is paid.

B. Every Contract Year, Company shall pay to Consultant Five Hundred Thousand Dollars ($500,000) in the cryptocurrency or cryptocurrencies of Talent's choosing and deposited into Talent's FTX/Blockfolio account, subject to any applicable restrictions on such cryptocurrency or cryptocurrencies being transferred to Talent (the "***Crypto Compensation***"), provided to the extent Company cannot provide Crypto Compensation due to such applicable restrictions, Company shall provide an amount equal to such Crypto Compensation in cash, which shall be due with the next

installment of any Cash Compensation. The Crypto Compensation shall be due on the Effective Date for Contract Year One, and on the first day of each subsequent Contract Year in Contract Year Two and Contract Year Three. Notwithstanding the foregoing and for the avoidance of doubt, the Crypto Compensation paid in connection with each Contract Year shall remain in Talent's FTX/Blockfolio account for twelve (12) months following the initial deposit thereof and shall not be subject to forfeiture for any reason.

C. In addition to the Cash Compensation and Crypto Compensation Consultant shall be entitled to receive common shares of FTX TRADING LTD on the terms outlined in the attached Exhibit A, incorporated herein for reference (the "***Equity Compensation***").

D. The Cash Compensation shall be paid by wire transfer to the bank account designated by "SC30 Inc." and paid/wired as directed by invoice. The Cash Compensation shall be payable in U.S. Dollars, provided upon notice to Company, Consultant or Talent may request that Company make any payment due hereunder in the cryptocurrency or cryptocurrencies of Talent's choice into Talent's FTX/Blockfolio account subject to any applicable restrictions on such cryptocurrency or cryptocurrencies being transferred to Talent. Furthermore, if Consultant or Talent provides notice to the Company that Talent wants the Cash Compensation to be made to an alternate account, the Company shall follow such instructions of Consultant or Talent, as applicable.

EXHIBIT A
Equity Compensation Terms

On the Effective Date, Talent will receive from FTX TRADING LTD. (the "Issuer") 572,301 shares of the common stock of Issuer (the "***Shares***").

For purposes of calculating the number of Shares issued to Talent, Issuer will divide $15 million by the per share price paid by investors for shares of preferred stock in Issuer's current financing round ($17 billion pre-money fully diluted valuation).

Vesting. One third (1/3) of the Shares will be vested upon issuance, one sixth (1/6) of the Shares shall vest one year from the Effective Date, and the remaining one half (1/2) of the Shares will vest ratably on a daily basis over the first three years of the Term. Except as otherwise set forth in the Award Agreement or determined by the Issuer, the Shares may not be transferred until vested, and vesting will cease and any then-unvested Shares (after taking into account any accelerated vesting, if any, that occurs in connection with such termination) will be cancelled upon termination of the Agreement prior to expiration of the initial 3-year term.

In the event of a change of control of the Company during the Term, including but not limited to a SPAC transaction, all of the then-unvested Shares will automatically vest, if and only if the Company or its successor terminates this Agreement in violation of the permitted terminations pursuant to the Agreement as outlined in Section 11 of this Agreement.

Talent acknowledges that the issuance of the Shares to Talent will have tax consequences and Talent is responsible for paying any taxes for which he is liable under applicable law with respect to the Shares.

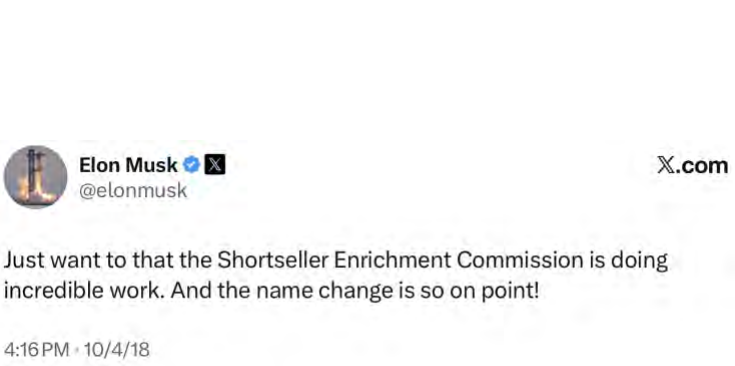
The Shares will be subject to the terms set forth in an award agreement between Issuer and Talent, in a form mutually agreed upon by Issuer and Talent (the "***Award Agreement***").



IX. Public Backlash and the Weaponization of Unhedged Short Positions

The complete absence of a unified audit trail tracking order mis-marking, tokenized rehypothecation, and hidden institutional short interests has led to a complete breakdown of trust in market fairness. This opacity has catalyzed two dangerous phenomena:

1. **Vocal on Short Selling:** Elon Musk have repeatedly called out naked short selling on public channels, what he terms the "Shortseller Enrichment Commission", utilizing social media to openly mock regulatory bodies (such as releasing promotional merchandise like "radiant red satin short shorts") to highlight criminal institutional short books.
2. **Catastrophic Sovereign Losses:** Major institutional actors and global tech founders [i.e. Jim Chanos **(Kynikos Associates)**; John Hempton **(Bronte Capital Management Pty Ltd)**; George Nobles; Chase Coleman **(Tiger Global Management)**; Phillippe Laffont **(Coatue Management)**; Peter Thiel **(Valar Ventures)**; Robert Citrone **(Discovery Capital Management, LLC)**; David Saunders **(K2 Advisors)**; Marc Andreessen, Ben Horowitz **(a16z)**; Ravi Mhatre, Peter Nieh, Barry Eggers, Christopher Schaepe **(Lightspeed Venture Partners);** Micky Malka **(Ribbit Capital);** Paul Graham, Jessica Livingston, Robert Tappan Morris, Trevor Blackwell **(Y Combinator);** Scott Goodwin and Jonathan Lewinsohn **(Diameter Capital Partners LP, Anchorage Capital Group, Apollo);** Brad Gerstner **(Altimeter Capital);** Daniel Sundheim **(D1 Capital Partners);** Alfred Lin **(Sequoia Capital);** Teo Chee Hean **(Temasek Holdings);** Patrick Soon-Shiong **(NantWorks & Nant Capital);** Ken Griffin **(Citadel LLC);** Steve Cohen **(Point72);** Matt Huang, Fred Ehrsam **(Paradigm);** & Bill Gates] have suffered massive financial consequences from constructing unhedged short positions without transparent market visibility. Unhedged short exposure targeting 1% of Tesla's outstanding shares (initially valued as a $500 million bet by entities associated with Bill Gates) ballooned into cumulative unrealized losses exceeding $10 billion as the underlying equity surged past $495 per share.







IN THE MATTER OF: TESLA STOCK SHORTING INQUIRY

WITNESS: Bill Gates

FORUM: Wall Street Journal Interview

DATE OF RECORDING: May 4, 2022

VIDEO SOURCE: WSJ Interview via YouTube

EXAMINER INQUIRY & WITNESS RESPONSE SUMMARY

[02:54] — Topic: Personal Conflict & Shorting Tesla Stock

Inquiry: The examiner brings up Musk's recent critical public tweets directed at Gates, asking if they bother him, and directly confronts him with the underlying concern: "Are you shorting Tesla?"

Gates Response: Gates states that the social media comments do not bother him. Regarding the short position, Gates pivots by stating it is simply a market reality that if a stock goes down, anyone shorting it makes money. He claims he has not closely followed whether the stock fell in the preceding month.



Gates Position on Climate: Gates explicitly rejects the premise that holding a short or long position in Tesla functions as a benchmark or statement regarding an individual's seriousness about climate change. He notes that he personally dedicates billions of dollars to climate change innovation and commends Tesla's historic role in the green transition, stating he has only positive things to say about Musk's industrial contributions.

WITNESS: Elon Musk (Chief Executive Officer, Tesla, Inc.)

INTERVIEWER: Chris Anderson (Head of TED)

DATE OF VIDEO PROCEEDING: April 14, 2022

VIDEO SOURCE: Elon Musk live at TED2022

EXCERPT TRANSCRIPT

MR. CHRIS ANDERSON: Let me ask this... how can I say is... funding secured?

MR. ELON MUSK: [28:18] At the time, Tesla was in a precarious financial situation, and I was told by the banks that if I did not agree to settle with the SEC, that they would... the banks would cease providing working capital, and Tesla would go bankrupt immediately. So that's like having a gun to your child's head. So I was forced to concede to the SEC unlawfully, those bastards. [28:48] And and and now that they... they say it makes it look like I lied, when I did not in fact lie. I was... I was forced to admit that I lied for... to save Tesla's life, and that's the only reason.

MR. CHRIS ANDERSON: Given what's actually happened... given what's actually happened to Tesla since then, though, aren't you glad that you didn't take it private?

MR. ELON MUSK: [29:01] Yeah, I mean it's difficult to put yourself in the position at the time. Tesla was under the most relentless short seller attack in the history of the stock market. Uh, there's something called "short and distort," um, where the barrage of negativity that Tesla was experiencing from short sales on Wall Street was beyond or belief. Tesla was the most shorted stock in the history of stock markets. [29:33] This is saying something.

So, you know, this was affecting our ability to hire people. It was affecting our ability to sell cars. It was... uh, they were... yeah, it was terrible. Um, yeah, they wanted Tesla to die so bad they could taste it.

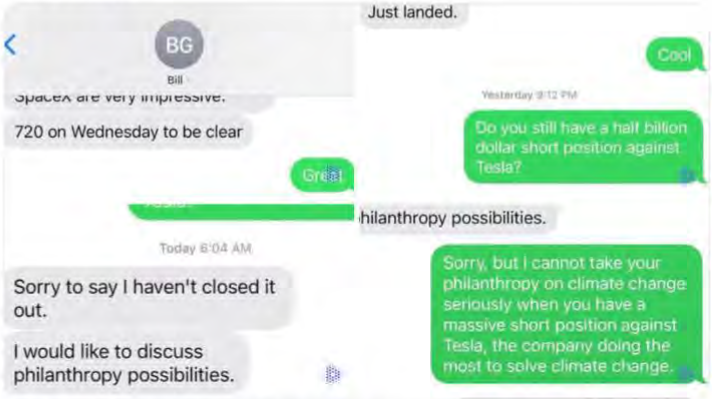
MR. CHRIS ANDERSON: Well, most of them have paid the price.

MR. ELON MUSK: [29:49] Yes, where are they now?

Whole Mars Catalog @wholemars · 4/22/22

So apparently Bill Gates hit up @elonmusk to discuss "philanthropy on climate change" but Elon asked if he still had a half billion dollar short position on $TSLA.

Bill said he hasn't closed it out, so Elon told him to get lost. No idea if this is true lol



1.4K 9.6K 50K

Whole Mars Catalog @wholemars · 4/22/22

@elonmusk is this real lol

81 462 9K

Elon Musk @elonmusk X.com

Yeah, but I didn't leak it to NYT. They must have got it through friends of friends.

I heard from multiple people at TED that Gates still had half billion short against Tesla, which is why I asked him, so it's not exactly top secret.

11:12 PM · 4/22/22

Ian Miles Cheong @ianmiles · 9/11/23

Bill Gates says Elon Musk was 'super mean' to him following Tesla short position. In my opinion you cannot be mean enough to Bill Gates.



From rebelnews.com

475 752 6.1K 867K

Elon Musk @elonmusk X.com

Just so that the public understands:

Taking out a short position against Tesla, as Gates did, results in the highest return only if a company goes bankrupt!

Gates placed a massive bet on Tesla dying when our company was at one of its weakest moments several years ago. Such a big short position also drives the stock down for everyday investors.

To the best of my knowledge, Gates *still* has that massive bet against Tesla on the table. Someone should ask him if he does.

The lack of self-awareness and hypocrisy of Gates who had the nerve to ask me to donate to his mostly window-dressing environmental causes, while simultaneously aiming to make $500M from Tesla's demise, boggles the mind ... 😵

5:12 PM · 9/11/23 · **2.7M** Views

Alex @alex_avoigt · 5/28/24

By constantly shorting Tesla for years the fund of Jim Chanos has lost 96% of its value from $6bn in 2008 down to $200m in Nov 2023.

Never bet against Elon.

56 128 1.6K 217K

Elon Musk @elonmusk X.com

It's not just that he would short Tesla, he would also push false stories about Tesla in the media, who performed for him like circus poodles!

12:28 AM · 5/29/24 · **139K** Views



SUBJECT: SHORTING TESLA STOCK / ENVIRONMENTAL INCONSISTENCY CLAIMS

INTERVIEW TRANSCRIPT

WITNESS: BILL GATES

DATE OF INTERVIEW: June 2, 2022

INTERVIEWER: Hugo Travers (HugoDécrypte)

[13:46] **MR. TRAVERS:** So this is a telephone emoji, so let's discover basically what's, uh, what's behind. So it's a text message discussion between you and Elon Musk, so the owner of Tesla, and recently, uh, Twitter. The screenshots were leaked, leaked on Twitter, and Elon Musk a few days ago, as you know, confirmed this discussion happened.

[14:07] In this chat, Elon Musk said that he can't work with you on financial philanthropic projects because you were shorting on Tesla, basically trying to make profit with a fall of Tesla's stock price. And Elon Musk sees this as contradictory to the desire to fight, uh, climate change, as you say you should support Tesla as an electric development. First of all, do you think he's right? And then, most importantly, how do you handle the fact, as, as a billionaire, you might want to fight for causes, whatever they are, like climate change, but at the same time, you might want to make your money grow through investments?

[14:36] **MR. GATES:** Well, Tesla's not short of capital, and Tesla's done a fantastic job. The cars are great. Uh, I give, give a lot more money to climate change than, uh, Elon or, or anyone else.

[14:52] Uh, I give lots of philanthropic dollars, I back companies. You know, electric car, cars are about 16% of emissions, so we also need to solve that other 84%. But, you know, he's done a great job, but somebody's shorting his stock doesn't slow him down or hurt him in any way.

Transcription of the relevant segment of the audio/visual recording provided via YouTube Link: Bill Gates - L'interview face cachée, extracted specifically at the requested timestamp location of **[13:46]** through **[15:15]**.

Whole Mars Catalog @wholemars · 7/2/24
Suck my balls

> **ValueAnalyst** @ValueAnalyst1 · 7/2/24
> What do you say to $TSLA bears?
>
> 94 62 1.8K 189K

Elon Musk X.com
@elonmusk

😂

Once Tesla fully solves autonomy and has Optimus in volume production, anyone still holding a short position will be obliterated. Even Gates.

11:09 AM · 7/2/24 · **1.6M** Views

Michael A. Arouet @MichaelAArouet · 12/16/25
Fun fact: if Bill Gates hadn't listened to Warren Buffett and hadn't sold his Microsoft shares to diversify, he would be the world's first trillionaire, worth twice as much as Elon.

What do we learn from this story?

Rank	Name	Total net worth	$ YTD change
1	Elon Musk	$638B	+$205B
2	Larry Page	$265B	+$96.8B
3	Sergey Brin	$246B	+$88.2B
4	Jeff Bezos	$246B	+$6.99B
5	Larry Ellison	$238B	+$46.1B
6	Mark Zuckerberg	$229B	+$21.5B
7	Bernard Arnault	$202B	+$26.1B
8	Steve Ballmer	$166B	+$19.0B
9	Jensen Huang	$153B	+$39.0B
10	Warren Buffett	$152B	+$10.2B

1.5K 1.4K 23K 3.1M

Elon Musk X.com
@elonmusk

Bill Gates placed a massive short bet against Tesla of ~1% of our total shares, which might have cost him over $10B by now

10:27 AM · 12/17/25 · **2.4M** Views

Teslaconomics @Teslaconomics · 12/9/24
This is why it's a big [redacted] to Bill Gates since day 1 $TSLA

> **Elon Musk**
> @elonmusk
>
> Just so that the public understands:
>
> Taking out a short position against Tesla, as Gates did, results in the highest return only if a company goes bankrupt!
>
> Gates placed a massive bet on Tesla dying when our company was at one of its weakest moments several years ago. Such a big short position also drives the stock down for everyday investors.
>
> To the best of my knowledge, Gates *still* has that massive bet against Tesla on the table. Someone should ask him if he does.
>
> The lack of self-awareness and hypocrisy of Gates who had the nerve to ask me to donate to his mostly window-dressing environmental causes, while simultaneously aiming to make $500M from Tesla's demise, boggles the mind ... 😎
>
> 2:12 PM · 9/11/23 · **2.7M** Views
>
> 2.6K 6.2K 31K 864

158 420 3.7K 223K

Elon Musk X.com
@elonmusk

If Tesla does become the world's most valuable company by far, that short position will bankrupt even Bill Gates

1:44 AM · 12/10/24 · **2.1M** Views

Tesla Owners Silicon Valley @teslaownersSV · 11/15/25

Dang, Bill is covering his $TSLA short

> **Barchart** @Barchart · 11/15/25
>
> Bill Gates Foundation dumped 65% of its Microsoft $MSFT position for a total of $8.8 Billion Wut?
>
> **GATES FOUNDATION TRUST**
>
> 
>
> 46 128 1.9K 361K

Elon Musk @elonmusk

X.com

If Gates hasn't fully closed out the crazy short position he has held against Tesla for ~8 years, he had better do so soon

6:53 AM · 11/16/25 · **4.4M** Views

X Freeze @XFreeze · 2/16/26

Epstein was desperately spamming invites, trying to get Elon to the island, using every connection he had

Elon had to blocklist him at the SERVER LEVEL

That's how badly Elon wanted zero contact with Epstein - completely blacklisted from SpaceX



1K 3.4K 27K 1.8M

Elon Musk @elonmusk

X.com

Yup

That really made him upset. After I ghosted him, Epstein went on a massive campaign to short Tesla and got Gates to short 1% of Tesla stock when the market cap was $40B. As far as I know, Gates still has the short open.

Someone should ask him how that's working out

2:46 AM · 2/16/26 · **4.3M** Views



Short-selling is fundamentally defined by an extreme, asymmetrical risk curve: while a long investor's maximum loss is strictly capped at 100% of their initial capital, an unhedged short position faces theoretically infinite upside liability. When retail platforms like Gemini Earn concurrently lock up nearly a billion dollars in customer funds due to unsecured institutional lending failures by entities like Genesis, it becomes clear that the systemic cost of unmapped short exposure is invariably offloaded onto the public.

X. Explicit Recommendations for Enhanced Data Standards under File No. S7-2026-12

To address these vulnerabilities and protect the integrity of the U.S. financial system, the SEC must update the Consolidated Audit Trail rules to include the following mandates:

- **Stricter Algorithmic Audits on Short-Sale Marking and Riskless Principal Processing:** The Commission must mandate daily automated verification routines within the CAT system to programmatically cross-check firm execution records against actual clearing settlements. Broker-dealers processing client orders on a riskless principal basis must be restricted from using internal logic that delays aggregate inventory updates. All "child order" execution legs must report and update position engines in real time, regardless of whether institutional underlying clients request deferred or "roll-up" data reporting.
- **Mandatory Integration of Tokenized Securities and Cross-Chain Swaps:** The CAT must systematically capture all digital assets, stablecoin pairs, and tokenized stock certificates tracking national market system (NMS) securities. Any offshore or onshore entity utilizing "riskless principal" routing to issue asset-backed tokens must be subjected to real-time transaction reporting.
- **Elimination of the Broker-Dealer Reporting Shield:** Quantitative investment vehicles and market-makers utilizing internal broker-dealer licenses must be stripped of reporting exemptions. They must face identical 48-hour disclosure windows when accumulating significant stakes, and all short positions must require clear pre-borrow verification before execution.
- **Transition to Open-Source, Non-Proprietary Identifiers:** In alignment with current retail advocacy filings submitted under the Financial Data Transparency Act (FDTA) (File Number S7-2024-05), the Commission must replace restrictive, copyrighted CUSIP identification systems with an open-source, non-proprietary data architecture. Proprietary identification networks allow institutions to mask synthetic rehypothecation loops across alternative trading systems; a public, uniform tracking framework is required to bring total clarity to short accounting.



Executive Conclusion: Systems Risk, Synthetic Leverage, and Shadow Network Exposure

The collective empirical data, statutory disclosures, and internal multi-brokerage ledgers mapped between 2003 and 2023 reveal a systemic breakdown in legacy reporting frameworks. Traditional oversight systems fail to capture a massive network of cross-border parallel ledgers and synthetic derivatives, which has exponentially inflated institutional operational exposure from a baseline of **$26.8 quintillion up to an unprecedented $1.187 sextillion**. To mitigate catastrophic liquidity distortions and protect retail market structures, the Consolidated Audit Trail (CAT) must be structurally modernized to ingest the following empirical realities:

1. The Proliferation of Shadow Networks and Off-Market Capital Funnels

- **Epstein / JPMorgan Revenue Engine:** Internal Private Banking records show that the relationship with Jeffrey Epstein and his primary client, Leslie Wexner, generated over **$4.5 million in revenue in 2003 alone**, fueled entirely by complex foreign exchange (FX) transactions, options, total return swaps, and structured products managed across specialized ISDA/GIO desks.
- **The $100 Billion Asset Target:** Behind-the-scenes structuring from 2011 to 2013 for Bill Gates' proposed "Super Donor Advised Fund" (Project Molecule/Nucleus) reveals plans to use JPM as a fiduciary to ingest complex, unlisted "funky assets." The financial roadmap explicitly targeted a scale of **$100 billion in assets within two years** of launch, establishing minimum entry contributions of **$100 million per donor**.
- **Offshore Legal Funnels:** Corporate operations actively utilized custom-built shell structures—such as Crypto Currency Partners II, LLC—designed explicitly to "funnel" assets away from transparent regulatory visibility, while foundational entities like FTX orchestrated massive multi-billion-dollar liquid flows (e.g., executing a single transfer of **1,764,040 BNB and over $1.071 billion BUSD** directly to Binance).

2. The Decoupling of 1:1 Physical Hedging and Sub-Ledger Netting Evasion

- **The 13(f) Disclosure Disconnect:** Regulatory filings reveal that prime brokers routinely run immense synthetic exposures that completely detach from physical holdings. For example, statutory dockets show Credit Suisse reporting **2,088,120 physical shares** of Baidu (BIDU) while running a synthetic swap exposure of **6,968,500 shares** for Archegos. Similarly, Goldman Sachs held **2,754,520 physical shares** of Discovery A while maintaining an active client swap exposure of **7,531,577 shares**.
- **Internalized Market Control:** Prime brokers weaponized internal sub-ledgers to net long and short client positions to zero outside of the lit market. Internal trading desk admissions confirm total price manipulation, acknowledging that asset prices would not be anywhere near their public valuations without synthetic manipulation ("We were literally the market").



3. Statutory Evasion and Short-Position Exposure

- **The Delta One Threshold Loophole:** Risk management logs from major desks (e.g., Nomura) demonstrate deliberate threshold manipulation. When a client's swap capacity reached **9.50% of an entire outstanding corporate issuer** (Viacom), managers deliberately artificially capped physical ownership at **5.5%**. They bypassed the mandatory **10% statutory disclosure threshold** and public trading restriction lists by routing the remaining delta through unlisted, cash-settled offshore swaps.
- **Concentrated Short Exposure Risks:** Broad public and institutional short exposure tracking remains highly opaque. Corporate asset dumps—such as the Bill & Melinda Gates Foundation Trust shedding **65% of its Microsoft (MSFT) position for $8.8 billion** —coincide with massive, multi-year directional short bets against high-volume equities (e.g., a **-1% total share short bet against Tesla** resulting in more than **$10 billion in theoretical exposure**).

Final Regulatory Recommendation

To ensure that the rescission of Rules 611 and 610(e) fosters a transparent, competitive, and fair market environment, the Commission must integrate the following anti-evasion safeguards into the final rule:

1. **Mandatory Distinct Port Sourcing:** In alignment with proposed Rule 6b-1(b)(1), the SEC must mandate that exchanges require members to route proprietary orders through entirely separate, dedicated physical ports or sessions. Mixing proprietary, agency, and riskless principal volume on a single session must be strictly prohibited to prevent automated billing mis-marking and month-end volume-tier manipulation.
2. **Rigid Inline XBRL Tally Disclosures:** The 5-calendar-day monthly deadline for Inline XBRL table submissions must be unyieldingly maintained. Prompt public disclosures are the only mechanism that allows the Commission and market participants to cross-reference data changes within the critical 60-day statutory suspension window to flag anomalous spikes in proprietary volume.
3. **Forensic CAT Audits of Synthetic Wrappers:** The Consolidated Audit Trail must be enhanced to systematically ingest and capture the complete sub-ledger lifecycle of Total Return Swaps, security-based derivatives, and off-market tokenized balances. Regulators must look past physical 13(f) disclosures to map the true volume of underlying shares locked in synthetic leverage loops.
4. **Independent Validation of Riskless Principal Legs:** The Commission must enforce real-time, independent verification of back-to-back riskless principal transactions within the CAT architecture. Broker-dealers must be structurally barred from marking short sales based on external customer long accounts without validating the clearinghouse's actual, net proprietary position at the exact microsecond of trade execution.

We commend the Commission for its willingness to undertake this calibrated modernization of Regulation NMS. However, true market optimization cannot occur without absolute structural transparency across both lit, dark, and parallel cryptographic horizons. Jeffrey Epstein's and his entire criminal organization will continue to "funnel" investments and proceeds from criminal operations into crypto ecosystem without proper transparency and tracking mechanisms in place.

To protect retail investors and prevent catastrophic liquidity distortions, the CAT must be enhanced to systematically capture and map the complex networks of synthetic equity wrappers, off-market tokenized balances, order mis-marking anomalies, and broker-dealer disclosure exemptions that criminal actors utilize to "funnel" investments and launder synthetic swap and derivatives transactions from traditional transparent market operations.

Respectfully submitted,
Conan Mak (Former Domino's Pizza Franchisee)
Global Retail Market Participants & The Apes Together Strong Movement



Comprehensive Master Chronological Timeline

Phase 1: Traditional Banking Infrastructure & Early Shorting Strategies (2003–2013)

- **October 8, 2003:** JP Morgan Private Bank issues an internal briefing outlining financial advising services for Jeffrey Epstein, focusing on utilizing leveraged structures like options and total return swaps (TRS) to optimize yield and mask direct market exposure.

Case 1:22-cv-10904-JSR Document 242-25 Filed 07/25/23 Page 2 of 3

Subject: NEED YOUR HELP PLEASE - TONIGHT

From: marcus.sheridan@jpmorgan.com

Date: Wed, 08 Oct 2003 22:19:57 +0000

To: "mary rieth/jpmchase"

----- Forwarded by Marcus Sheridan/JPMCHASE on 10/08/2003 06:19 PM -----

Jeffrey Epstein (Tad -- this is your edited version)
Jeffrey Epstein is a financial advisor to several very large clients, and works with multiple institutions to invest on behalf of his clients. Our investment revenue is derived primarily from FX trades done between Epstein and Laurie Cameron. Epstein invests in FX for his own account and for Les Wexner (chairman of Limited Brands). It is unlikely that Epstein would be interested in a discretionary IM account managed by JPM. He also has direct access to most hedge funds and private equity opportunities, and has shown limited interest in accessing those through JPM. He has helped us source several managers including Glen Dubin and steve salman. Future investment revenue opportunities are: continued FX trading, reverse-inquiry structured products, and opportunistic fixed income and equity ideas using leveraged structures such as options and total return swaps.

HUBUS133 Alpha Group Capital

Convertible arbitrage is an example of a relative value strategy. Another example of this strategy is where the Capital Structure Fund acquires a long position in an issuer's debt which is hedged by an offsetting position in another security in the same capital structure. A relative value trade also may involve the use of other instruments (such as a credit default swap) in conjunction with the long positions. This strategy also could be reversed at times, to center around a short position in the issuer's debt, hedged with offsetting long position/s.

Convertible Arbitrage Strategy

The Capital Structure Fund's convertible arbitrage strategy consists of buying, selling and trading convertible securities, typically including hedging a portion of the risk inherent in such securities. Convertible hedging combines the use of other instruments in conjunction with a convertible security with a view to controlling risk while seeking capital gains. Convertible securities may be hedged by selling short some or all of the common stock issuable upon conversion of such securities, or by establishing "synthetic" short positions through derivatives and options transactions.

Hudson Bay Capital will employ a variety of convertible arbitrage trading and investment strategies for the Capital Structure Fund. The primary objective of such trading is to profit from mispricings and anomalies between and among the various instruments traded, seeking to exploit a relatively small perceived spread on any given trade. The successful identification of mispriced securities and contracts requires expertise in assessing the relative values of different but related instruments.

The value of a security is influenced by a number of characteristics, including credit quality, volatility, liquidity and "borrowability," as well as "corporate event" risk (*e.g.*, change of control transactions). In order to mitigate these risks, Hudson Bay Capital utilizes fundamental credit research along with quantitative analysis and modeling in making investments with regard to the equity and fixed income components of any particular investment.

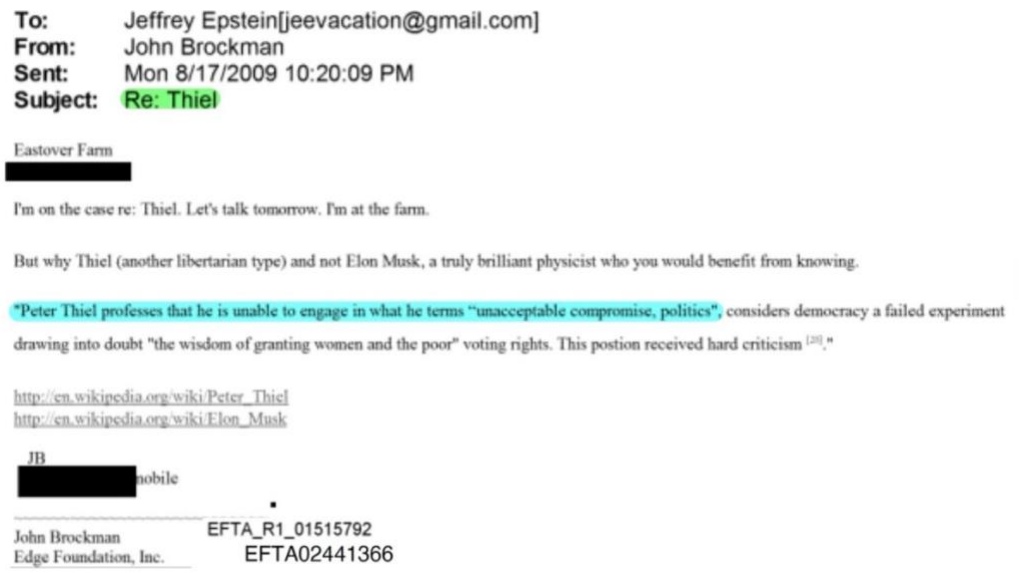
"Low Premium" Convertibles

At times in the life cycle of a convertible or equity-linked instrument, that instrument will trade at a valuation near to the market valuation of the equity into which it converts. This may be due to the underlying equity trading above the effective conversion price, the occurrence of certain corporate or market events, limited availability of borrowable shares for hedging purposes, structural or regulatory issues and/or other factors. As a result, Hudson Bay Capital may enter into a long position in such convertible or equity-linked instrument and a short position in the underlying equity (and possibly incorporate other hedging methods). Such trades may provide a cash flow arbitrage opportunity, a synthetic put on the related equity or may be utilized as an equity substitution vehicle (unhedged or not fully hedged) in a directional trade.

CONFIDENTIAL - PURSUANT TO FED. R. CRIM. P. 6(e)
CONFIDENTIAL

DB-SDNY-0084831
SDNY_GM_00231015
EFTA01384550

- **August 17, 2009:** Literary agent John Brockman emails Epstein regarding Peter Thiel's core operational philosophy, writing that Thiel professes an absolute inability to engage in "unacceptable compromise" or "politics."



To: Jeffrey Epstein[jeevacation@gmail.com]
From: John Brockman
Sent: Mon 8/17/2009 10:20:09 PM
Subject: Re: Thiel

Eastover Farm
[redacted]

I'm on the case re: Thiel. Let's talk tomorrow. I'm at the farm.

But why Thiel (another libertarian type) and not Elon Musk, a truly brilliant physicist who you would benefit from knowing.

"Peter Thiel professes that he is unable to engage in what he terms "unacceptable compromise, politics", considers democracy a failed experiment drawing into doubt "the wisdom of granting women and the poor" voting rights. This postion received hard criticism [20]."

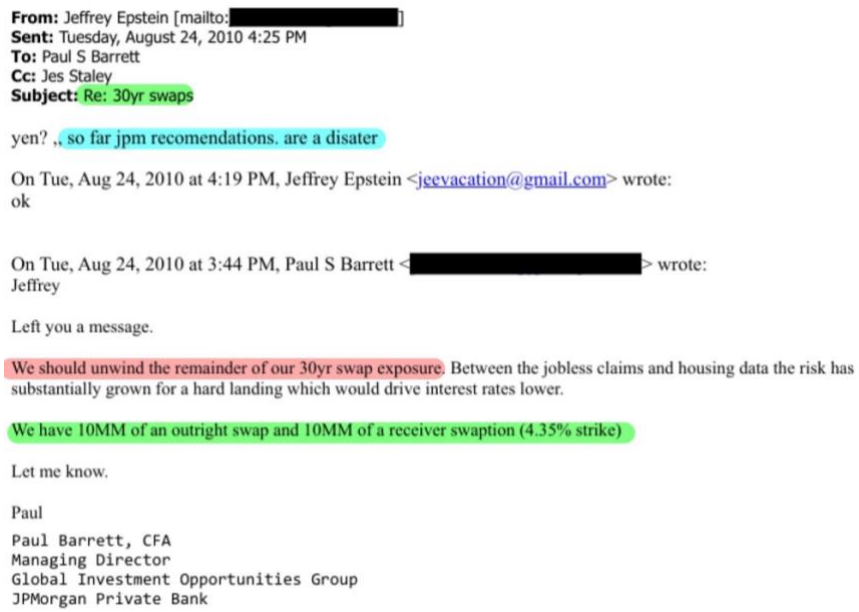
http://en.wikipedia.org/wiki/Peter_Thiel
http://en.wikipedia.org/wiki/Elon_Musk

JB
[redacted]nobile

John Brockman
Edge Foundation, Inc.

EFTA_R1_01515792
EFTA02441366

  - *Source:* Department of Justice USVI v. JPMorgan Chase Bank, Case No. 1:22-cv-10904 (S.D.N.Y.).
- **August 24, 2010:** Paul S. Barrett (JP Morgan Private Bank Managing Director) advises Epstein to immediately unwind his remaining 30-year swap exposure due to high economic hard-landing risks. Later that evening, Epstein emails Barrett and Jes Staley sharply criticizing the firm's guidance: *"Yen?,, So Far JPM Recommendations. Are A Disaster"*.



From: Jeffrey Epstein [mailto:[redacted]]
Sent: Tuesday, August 24, 2010 4:25 PM
To: Paul S Barrett
Cc: Jes Staley
Subject: Re: 30yr swaps

yen? ,, so far jpm recomendations. are a disater

On Tue, Aug 24, 2010 at 4:19 PM, Jeffrey Epstein <jeevacation@gmail.com> wrote:
ok

On Tue, Aug 24, 2010 at 3:44 PM, Paul S Barrett <[redacted]> wrote:
Jeffrey

Left you a message.

We should unwind the remainder of our 30yr swap exposure. Between the jobless claims and housing data the risk has substantially grown for a hard landing which would drive interest rates lower.

We have 10MM of an outright swap and 10MM of a receiver swaption (4.35% strike)

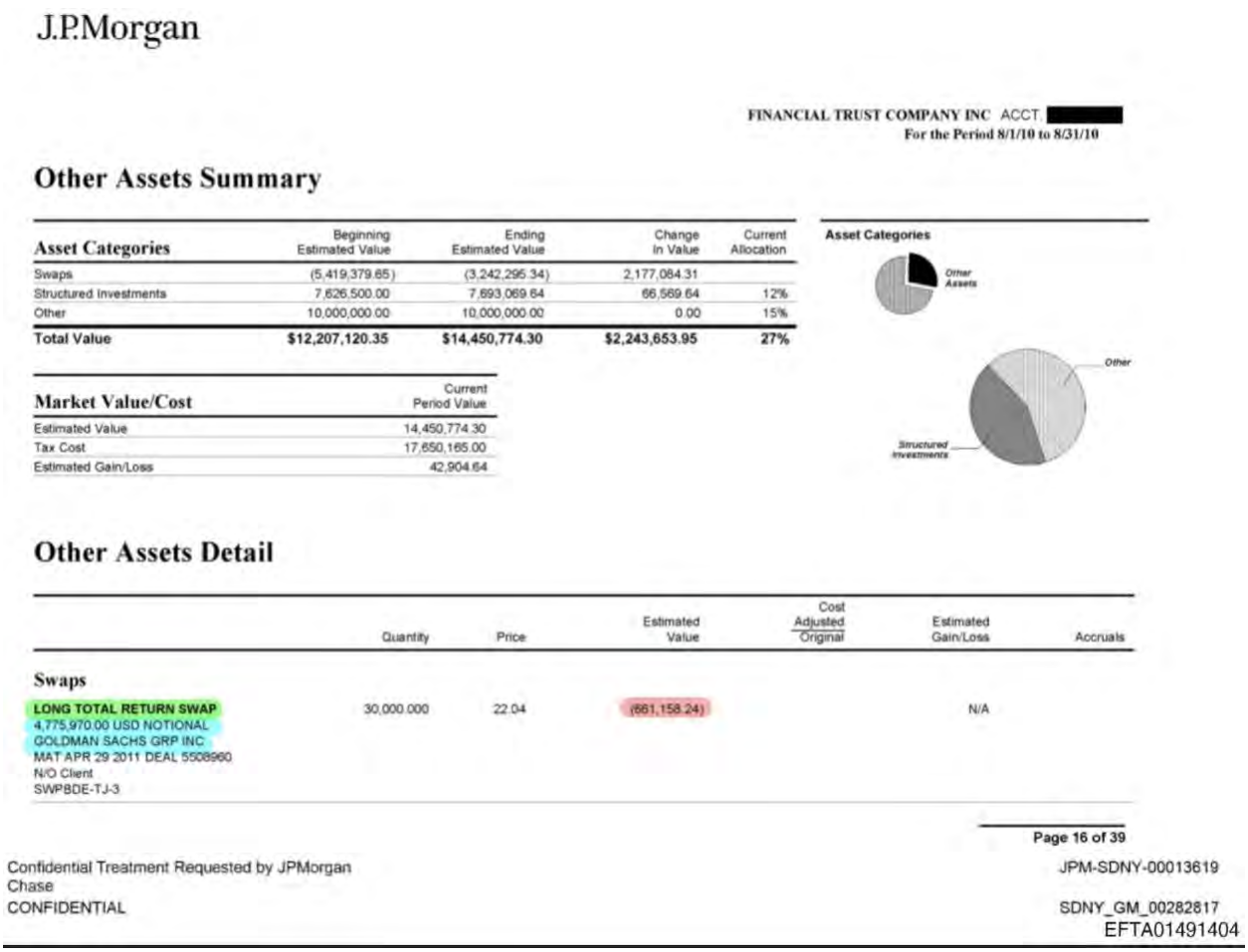
Let me know.

Paul

Paul Barrett, CFA
Managing Director
Global Investment Opportunities Group
JPMorgan Private Bank

  - *Source:* Department of Justice USVI v. JPMorgan Chase Bank, Case No. 1:22-cv-10904 (S.D.N.Y.).

- **August 2010 (Full Month):** Internal monthly banking statements track Epstein's major losses on a Long Total Return Swap managed by JP Morgan on Goldman Sachs Group Inc. equity, utilizing a USD Notional value of $4,775,970.



J.P.Morgan

FINANCIAL TRUST COMPANY INC ACCT [redacted]
For the Period 8/1/10 to 8/31/10

Other Assets Summary

Asset Categories	Beginning Estimated Value	Ending Estimated Value	Change In Value	Current Allocation
Swaps	(5,419,379.65)	(3,242,295.34)	2,177,084.31	
Structured Investments	7,626,500.00	7,693,069.64	66,569.64	12%
Other	10,000,000.00	10,000,000.00	0.00	15%
Total Value	**$12,207,120.35**	**$14,450,774.30**	**$2,243,653.95**	**27%**

Asset Categories

Market Value/Cost	Current Period Value
Estimated Value	14,450,774.30
Tax Cost	17,650,165.00
Estimated Gain/Loss	42,904.64

Other Assets Detail

	Quantity	Price	Estimated Value	Cost Adjusted Original	Estimated Gain/Loss	Accruals
Swaps						
LONG TOTAL RETURN SWAP 4,775,970.00 USD NOTIONAL GOLDMAN SACHS GRP INC MAT APR 29 2011 DEAL 5508960 N/O Client SWPBDE-TJ-3	30,000.000	22.04	(661,158.24)		N/A	

Page 16 of 39

Confidential Treatment Requested by JPMorgan Chase
CONFIDENTIAL

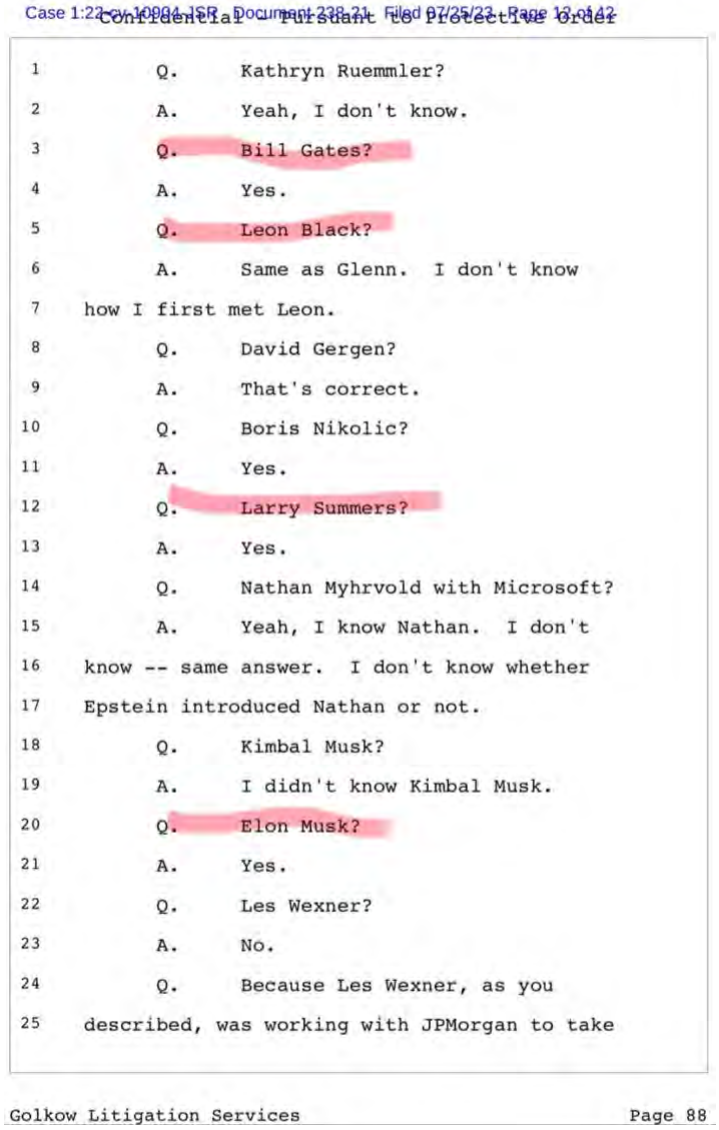
JPM-SDNY-00013619

SDNY_GM_00282817
EFTA01491404

  - *Source:* Department of Justice USVI v. JPMorgan Chase Bank, Case No. 1:22-cv-10904 (S.D.N.Y.), Monthly Ledger Statements.
- **Post-2008 Lehman Brothers Collapse:** Following the systemic fallout of the Lehman Brothers collapse, Martin Shkreli and his partner, Mark Biestek, co-found the hedge fund MSMB Capital Management.
  - *Source:* Martin Shkreli Interview with Vlad Lyubovny, Part 4.
- **2011 (The Orexigen Naked Short Campaign):** Shkreli and MSMB Capital Management execute a massive short position targeting 32 million shares of Orexigen Therapeutics at $2.50 per share.
  - **Mechanics of the Short:** MSMB initiates the trade after identifying that Orexigen's core weight-loss drug did not perform effectively in trials, prompting an FDA non-approval signal. Believing the company is completely terminal, Shkreli attempts to aggressively over-short the equity to test if the sheer volume of selling pressure will artificially force the stock price downward.
  - **The "Naked Short" / Bank Loophole:** Standard regulatory frameworks dictate that a short-seller must secure a "locate" (verify borrowable

shares) and officially borrow the stock before selling it. However, MSMB's prime brokerage bank operates under a relaxed relational allowance, advising Shkreli that as long as he obtains a locate "at some point," they do not require a pre-borrow. This omission effectively facilitates a naked short sale.
    - **The Broker-Dealer Loophole (The Renaissance Counterparty):** Despite MSMB's massive selling volume, Orexigen's stock price fails to drop because Renaissance Technologies aggressively buys up the entirety of Shkreli's short book. Shkreli highlights a critical institutional loophole: quantitative funds like Renaissance frequently maintain formal broker-dealer licenses. Because they operate as broker-dealers rather than standard hedge funds, they are legally exempt from pre-borrowing rules before shorting and are not mandated to publicly disclose when their ownership stake eclipses 5% of a company. (Orexigen would ultimately collapse into bankruptcy approximately one year later).
    - *Source:* Martin Shkreli Interview with Vlad Lyubovny, Part 4.
- **December 28, 2012:** AdFin Solutions, Inc. enters into a Series A Preferred Stock Purchase Agreement with purchasers David J. Mitchell and Jonathan Leitersdorf. Mitchell commits to an initial investment of 685,714 shares for $299,999.88, and Leitersdorf invests $1,499,999.81 for 3,428,571 shares, at a purchase price of $0.4375 per share.
    - *Source:* Department of Justice AdFin Solutions, Inc., Series A Preferred Stock Purchase Agreement, Schedule of Purchasers.
- **April 10, 2013:** AdFin Solutions, Inc. executes a subsequent closing of Series A Preferred Stock, raising $2,649,999.63 across 6,057,142 shares. Investors and their respective investments include:
    - Southern Trust Company, Inc. (Jeffrey Epstein): 1,142,857 shares for $499,999.94
    - David J. Mitchell: 457,143 shares for $200,000.06
    - Tom Glocer: 228,571 shares for $99,999.81
    - Richard Kirshenbaum: 114,286 shares for $50,000.13
    - *Source:* Department of Justice AdFin Solutions, Inc., Series A Preferred Stock Purchase Agreement, Exhibit A Ledger.

- **July 18, 2013:** Deposition documents Epstein leveraging private information regarding Bill Gates' personal meetings and associates (specifically Boris Nikolic) to force an ongoing financial advisory relationship.



Q. Kathryn Ruemmler?
A. Yeah, I don't know.
Q. Bill Gates?
A. Yes.
Q. Leon Black?
A. Same as Glenn. I don't know how I first met Leon.
Q. David Gergen?
A. That's correct.
Q. Boris Nikolic?
A. Yes.
Q. Larry Summers?
A. Yes.
Q. Nathan Myhrvold with Microsoft?
A. Yeah, I know Nathan. I don't know -- same answer. I don't know whether Epstein introduced Nathan or not.
Q. Kimbal Musk?
A. I didn't know Kimbal Musk.
Q. Elon Musk?
A. Yes.
Q. Les Wexner?
A. No.
Q. Because Les Wexner, as you described, was working with JPMorgan to take

  - *Source:* Government of the United States Virgin Islands *v.* JPMorgan Chase Bank, N.A.(1:22-cv-10904)

- **July 23, 2013:** AdFin Solutions, Inc. executes a final subsequent Series A Preferred Stock closing, issuing 7,940,935 shares for an aggregate amount of $3,474,158.50. Venture fund CVAFH I LLC (associated with Howard Lutnick's Cantor Fitzgerald) participates under specific custom purpose clauses. Investors and their investments include:
    - CVAFH I LLC: 800,000 shares for $350,000.00
    - David J. Mitchell: 285,714 shares for $124,999.87
    - Jonathan Leitersdorf: 285,714 shares for $124,999.87
    - Southern Trust Company, Inc. (Jeffrey Epstein): 285,714 shares for $124,999.87
    - Dani Ilani: 169,508 shares for $74,159.75
    - Gil Mandelzis: 57,142 shares for $24,999.63
    - *Source:* Department of Justice AdFin Solutions, Inc., Series A Preferred Stock Purchase Agreement, Closing Exhibits & Letter Agreements.



EFTA01230639

Phase 2: Venture Capital & Crypto Banking Gateways (2014–2018)

- **December 1, 2014:** Brock Pierce (Co-Founder of Tether) contacts Epstein regarding Coinbase's ongoing $60 million Series C financing round, securing a dedicated investment allocation ahead of the round's finalization.

From: Brock Pierce <[redacted]>
To: Jeffrey Epstein <jeevacation@gmail.com>
Subject: Fwd: The Stephens brothers - Potential Series C Investors
Date: Mon, 01 Dec 2014 18:18:21 +0000
Attachments: 4855_001.pdf; Amended_and_Restated_Co-Sale_Agreement_(Series_B).pdf; Amended_and_Restated_Investor_Rights_Agreement_(Series_B).pdf; Amended_and_Restated_Voting_Agreement_(Series_B).pdf; Capitalization_Table.xls; Coinbase_Global_-_Amended_and_Restated_Certificate_of_Incorporation.pdf; Coinbase_Series_C.pdf; Series_B_Stock_Purchase_Agreement_(Series_B).pdf; Series_C_Term_Sheet.pdf

---

Jeffrey,

The Coinbase Series C is going to be finalized this week. I have gotten us allocation if you're interested and able to move fast. Should be a $60M financing. The syndicate of investors in the round are DFJ Growth, a16z (Andreessen Horowitz), USV, Ribbit Capital and a few bank venture arms and traditional financial service players. Are you available to talk to the co-founder who is spearheading the financing today?

EFTA00679451

  - *Source:* Department of Justice Estate of Jeffrey Epstein v. Coinbase, Inc., Ledger Logs and Electronic Mail Correspondence [Public Records / Delaware Chancery Court].
- **December 3, 2014:** Brock Pierce emails corporate and subscription documents to Epstein for "Crypto Currency Partners II, LLC" to systematically funnel private bank funds directly into the emerging crypto ecosystem.

From: Brock Pierce <[redacted]>
Sent: Wednesday, December 3, 2014 4:50 PM
To: Jeffrey Epstein
Subject: CCP LLC Docs
Attachments: Crypto Currency Partners II, LLC - Operating Agreement.pdf; Crypto Currency Partners II LLC Subscription Application.pdf

Jeffrey,

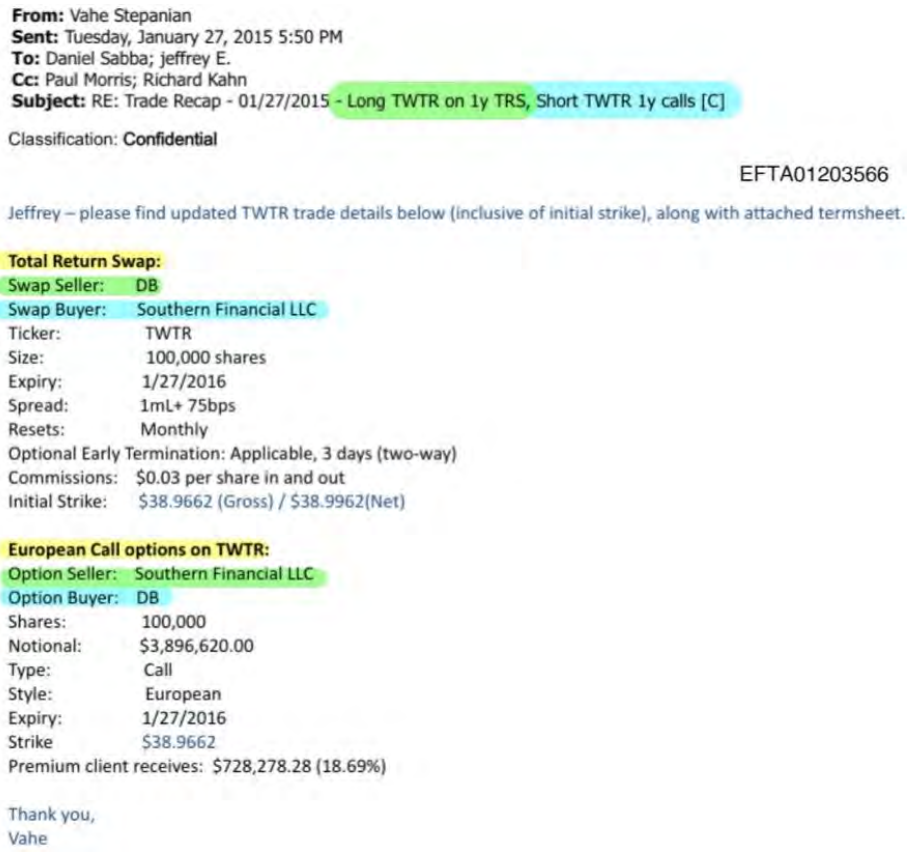
Attached are the docs I sent you for the LLC that w= intend to funnel your investments through. Please let me know if there ar= any issues with the structure and/or details. I'm available to chat a=y time.

EFTA_R1_02113346
EFTA02708994



- *Source:* [Department of Justice In re Crypto Currency Partners II, LLC, Subscription Records [Public Disclosure Archive].]

- **January 27, 2015:** Wealth advisor Vahe Stepanian emails Epstein a banking trade recap showing heavy losses. Epstein's entity, Southern Financial, is long 100,000 Twitter (TWTR) shares on a Total Return Swap while being short TWTR calls; the strategy backfires as Twitter reports earnings and the stock drops 13.8%.



From: Vahe Stepanian
Sent: Tuesday, January 27, 2015 5:50 PM
To: Daniel Sabba; jeffrey E.
Cc: Paul Morris; Richard Kahn
Subject: RE: Trade Recap - 01/27/2015 - Long TWTR on 1y TRS, Short TWTR 1y calls [C]

Classification: **Confidential**

EFTA01203566

Jeffrey – please find updated TWTR trade details below (inclusive of initial strike), along with attached termsheet.

Total Return Swap:

Swap Seller:	DB
Swap Buyer:	Southern Financial LLC
Ticker:	TWTR
Size:	100,000 shares
Expiry:	1/27/2016
Spread:	1mL+ 75bps
Resets:	Monthly

Optional Early Termination: Applicable, 3 days (two-way)

Commissions:	$0.03 per share in and out
Initial Strike:	$38.9662 (Gross) / $38.9962(Net)

European Call options on TWTR:

Option Seller:	Southern Financial LLC
Option Buyer:	DB
Shares:	100,000
Notional:	$3,896,620.00
Type:	Call
Style:	European
Expiry:	1/27/2016
Strike	$38.9662

Premium client receives: $728,278.28 (18.69%)

Thank you,
Vahe

  - *Source:* Department of Justice USVI v. JPMorgan Chase Bank, Case No. 1:22-cv-10904 (S.D.N.Y.), Brokerage Trade Recaps.

- **February 11, 2015:** Venture capital fund Valar Global Fund II LP (a Peter Thiel-linked entity) issues an official capital call notice to investor Southern Trust Company, Inc. (Jeffrey Epstein) requesting a contribution of $900,000.00. This represents 6% of an overall $15,000,000.00 total institutional commitment, bringing total contributions up to $1,050,000.00 and leaving an unfunded commitment balance of $13,950,000.00. The capital injection is directed to be wired by February 25, 2015, using Silicon Valley Bank as the processing bank repository.
    - *Source:* Department of Justice Valar Ventures, Valar Global Fund II LP Capital Call Records.
- **January 2015 – December 2016:** Epstein's Southern Trust Company systematically deploys capital across eight distinct capital calls into Peter Thiel's Valar Global Fund II & III LP ($150k on 1/21/15; $900k on 2/12/15; $2.7M on 3/20/15; $600k on 7/24/15; $1.95M on 9/24/15; $250k on 6/23/16; $1.25M on 8/18/16; and $3.75M on 12/12/16).

Asset Description	Mort Inc.	JEE	SFL Southern Trust	Grat IGO LLC	FT Real Estate
Investments			SFL		
Kyara I (repaid 100 cost + 201k profit)			0		
Kyara II (investment amount)			250,000		
Kyara III -> 483,915 repaid 8/5/2015			0		
Kyara IV (investment amount)			250,000		
Neoteny 3 (investment amount)			1,000,000		
Prytanee LLC (art partnership)			1,000,000		
Jawbone Investment (grat)	1,000,000				
AYH Marina (value per jee)		3,000,000	STC		
Seaford Avenue Capital - PB Investment - Auto Debt (total comm 2.6mm)			346,680		
Adfin Solutions (investment amount)			875,000		*butterfly trust*
Park Partners LLC - 320 East 82nd Street (investment amount)					3,480,000
Paid Contract to Purchase 2 Kean Court Livingston, NJ					3,000,000
Coinbase via Grat			STC	3,001,000	
Spotify via Honeycomb			1,000,000		
Reporty via Ergo Ltd (investment amount)			1,000,000		
Valar Global Fund II (amount funded vs 15mm committment)			14,250,000	(9/30/2017 stmt shows 3,055,395 unrealized gai	
Valar Global Fund III (amount funded vs 25mm committment)			17,250,000	(9/30/2017 stmt shows 4,327,247 unrealized gai	
Totals	1,000,000	3,000,000	37,221,680	3,001,000	6,480,000
Total Investments	50,702,680				

EFTA00811656

EXHIBIT B: TRANSACTIONS INVOLVING HEDGE / INVESTMENT FUNDS

DATE	PAYER	RECIPIENT	AMOUNT	BATES #
5/2/2014	Southern Financial LLC	Boothbay Multi Strategy Fund LP	$10,000,000	DB-SDNY-0003845
5/14/2014	Southern Financial LLC	Barack Ferrazzano Kirschbaum and Nagelberg Client Fund[2]	$99,999	DB-SDNY-0003846
7/2/2014	Southern Financial LLC	Joichi Ito	$250,000	DB-SDNY-0003972
8/4/2014	Tudor Futures Fund	Southern Financial LLC	$12,826,541	DB-SDNY-0004032
8/8/2014	Tudor Futures Fund	Southern Financial LLC	$677,400	DB-SDNY-0004032
9/9/2014	Southern Financial LLC	Joichi Ito[3]	$500,001	DB-SDNY-0004084
1/21/2015	Southern Trust Company, Inc.	Valar Global Fund II LP	$150,000	DB-SDNY-0004346
2/12/2015	Southern Trust Company, Inc.	Valar Global Fund II LP	$900,000	DB-SDNY-0004412
3/12/2015	Southern Financial LLC	Joichi Ito[4]	$250,000	DB-SDNY-0004441
3/30/2015	Southern Trust Company, Inc.	Valar Global Fund II LP	$2,700,000	DB-SDNY-0004487
4/13/2015	Southern Financial LLC	Neoteny 3, LP	$1,000,000	DB-SDNY-0004518
6/30/2015	Southern Financial LLC	Boothbay Absolute Strategies Fund LP	$2,000,000	DB-SDNY-0004675
7/24/2015	Southern Trust Company, Inc.	Valar Global Fund II LP	$600,000	DB-SDNY-0004790
7/28/2015	Southern Financial LLC	Boothbay Absolute Strategies Fund LP	$7,000,000	DB-SDNY-0004745
8/5/2015	Joichi Ito	Southern Financial LLC	$483,915	DB-SDNY-0004815
9/24/2015	Southern Trust Company, Inc.	Valar Global Fund II LP	$1,950,000	DB-SDNY-0004924
9/28/2015	Southern Financial LLC	Boothbay Absolute Strategies Fund LP	$4,250,000	DB-SDNY-0004881
3/1/2016	Southern Financial LLC	Boothbay Absolute Strategies Fund LP	$10,000,000	DB-SDNY-0005280
3/31/2016	Southern Financial LLC	Boothbay Absolute Strategies Fund LLP	$5,000,000	DB-SDNY-0005281
5/31/2016	Southern Trust Company, Inc.	Honeycomb Partners LP	$20,000,000	DB-SDNY-0005457
6/23/2016	Southern Trust Company, Inc.	Valar Globaal Fund III LP	$250,000	DB-SDNY-0005526
8/18/2016	Southern Trust Company, Inc.	Valar Globaal Fund III LP	$1,250,000	DB-SDNY-0005667
12/2/2016	Kyara Investments I	Southern Financial LLC	$10,000	DB-SDNY-0005882
12/12/2016	Southern Trust Company, Inc.	Valar Globaal Fund III LP	$3,750,000	DB-SDNY-0005932

EFTA00027020

EXHIBIT A: LEON BLACK / ROTHSCHILD GROUP TRANSACTIONS

DATE	PAYER	RECIPIENT	AMOUNT	BATES #
10/15/2013	Leon and Debra Black	Southern Trust Company, Inc.	$8,500,000	DB-SDNY-0002962
12/18/2013	Black Family Partners, LP c/o Apollo Management	Southern Trust Company, Inc.	$10,000,000	DB-SDNY-0003484
4/25/2014	Leon and Debra Black	Southern Trust Company, Inc.	$5,000,000	DB-SDNY-0003819
4/25/2014	Black Family Partners, LP c/o Apollo Management	Southern Trust Company, Inc.	$5,000,000	DB-SDNY-0003819
4/29/2014	Leon and Debra Black	Southern Trust Company, Inc.	$15,000,000	DB-SDNY-0003819
7/15/2014	Narrow Holdings LLC c/o Elysium Management	Southern Trust Company, Inc.	$20,000,000	DB-SDNY-0004009
10/16/2014	Leon and Debra Black	Southern Trust Company, Inc.	$7,000,000	DB-SDNY-0004172
10/16/2014	Black Family Partners, LP c/o Apollo Management	Southern Trust Company, Inc.	$13,000,000	DB-SDNY-0004172
10/22/2014	Leon and Debra Black c/o Apollo Management	Southern Trust Company, Inc.	$2,000,000	DB-SDNY-0004173
10/22/2014	Black Family Partners, LP c/o Apollo Management	Southern Trust Company, Inc.	$3,000,000	DB-SDNY-0004173
10/13/2015	Leon and Debra Black c/o Apollo Management	Southern Trust Company, Inc.	$5,000,000	DB-SDNY-0004990
10/13/2015	Black Family Partners, LP c/o Apollo Management	Southern Trust Company, Inc.	$5,000,000	DB-SDNY-0004990
10/14/2015	BV70 LLC	Gratitude America, Ltd.	$10,000,000	DB-SDNY-0004999
12/17/2015	Edmond de Rothschild (Suisse) SA Geneva, Switzerland	Southern Trust Company, Inc.	$10,000,000	DB-SDNY-0005122

EFTA00027019

BLOCKCHAIN CAPITAL, LLC

CCP II, LP

OCTOBER 2015

BLOCKCHAIN CAPITAL

ONE FERRY BUILDING, SUITE 255 SAN FRANCISCO, CA 94111 investor@blockchain.capital

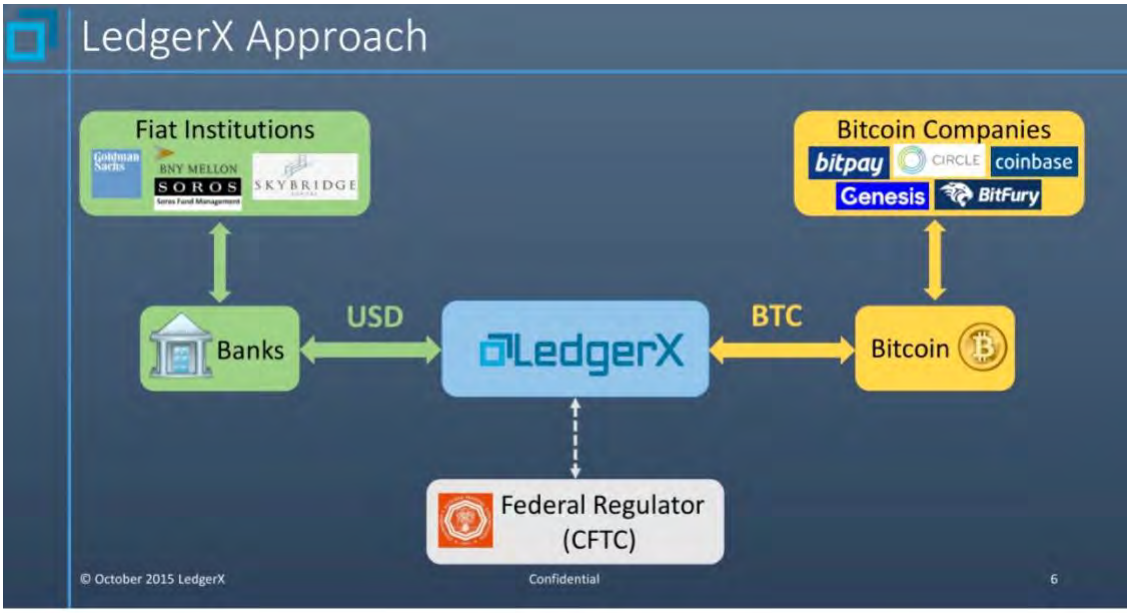
EFTA01088644

CRYPTO CURRENCY PARTNERS I, LP

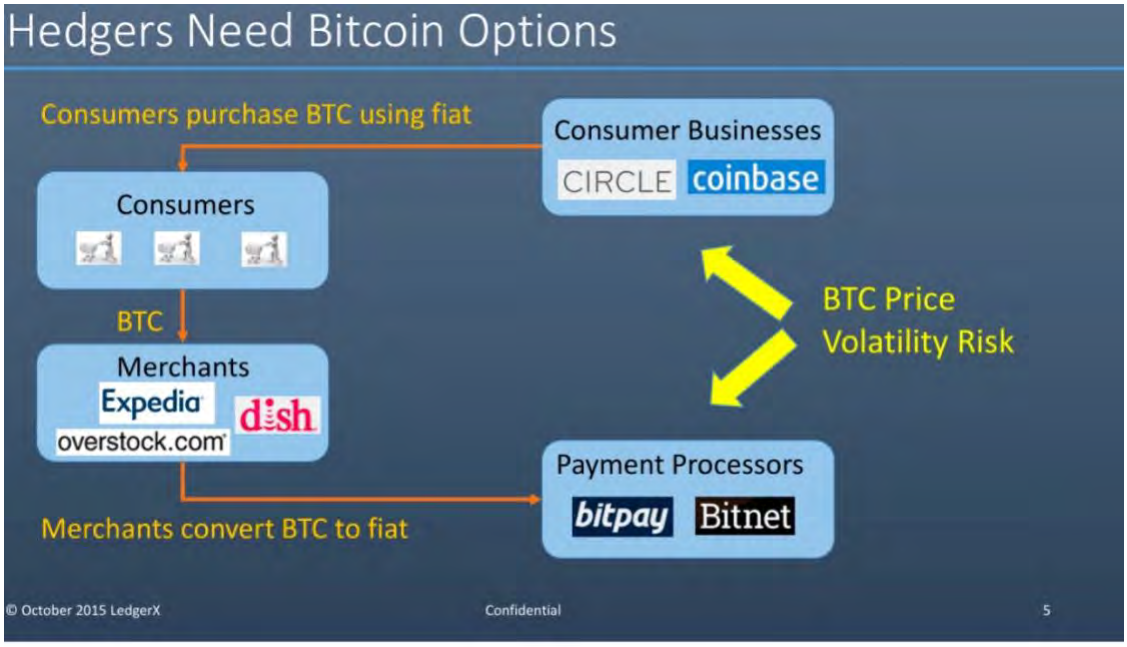
AUTHY · AlphaPoint · bex.io · BitFury · BitGo · BitPesa · BITACCESS · BLADE · BLOCKCYPHER · Blockstream · BTCC · chain · ChangeTip · CIRCLE · coinbase · coinsetter · expresscoin · freshpay · Gem · GOCOIN · Koinify · kraken · LedgerX · NOBLE MARKETS · PEERNOVA · SFOX · snapCard · xapo · zenBOX · zipzap

The First Dedicated Bitcoin Venture Fund - 30 Investments, Fully Deployed

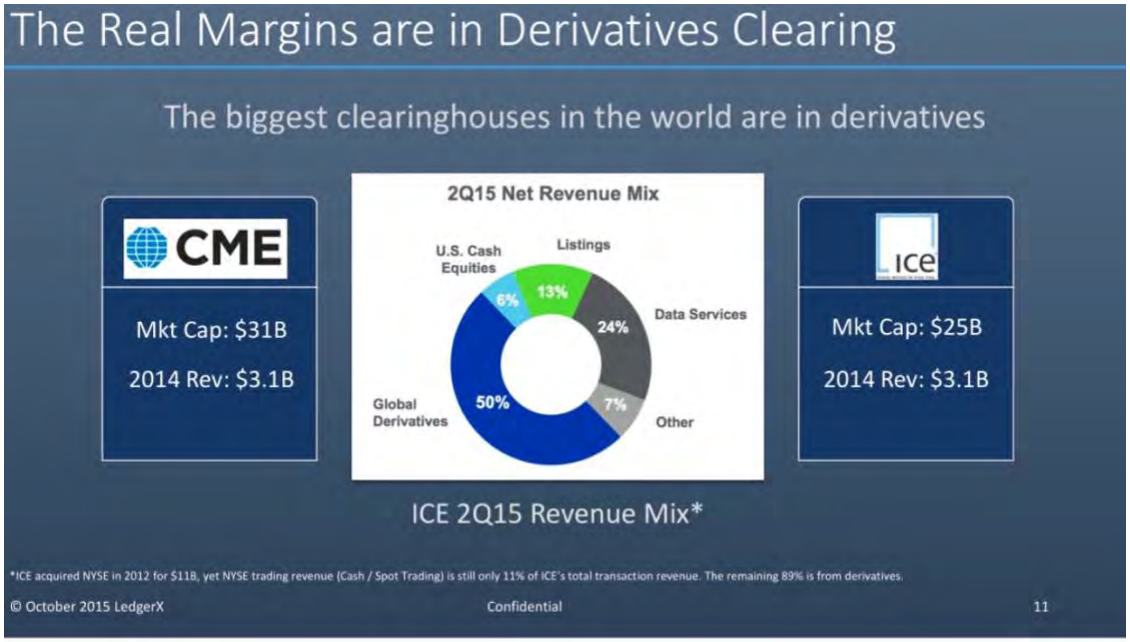
EFTA01088652



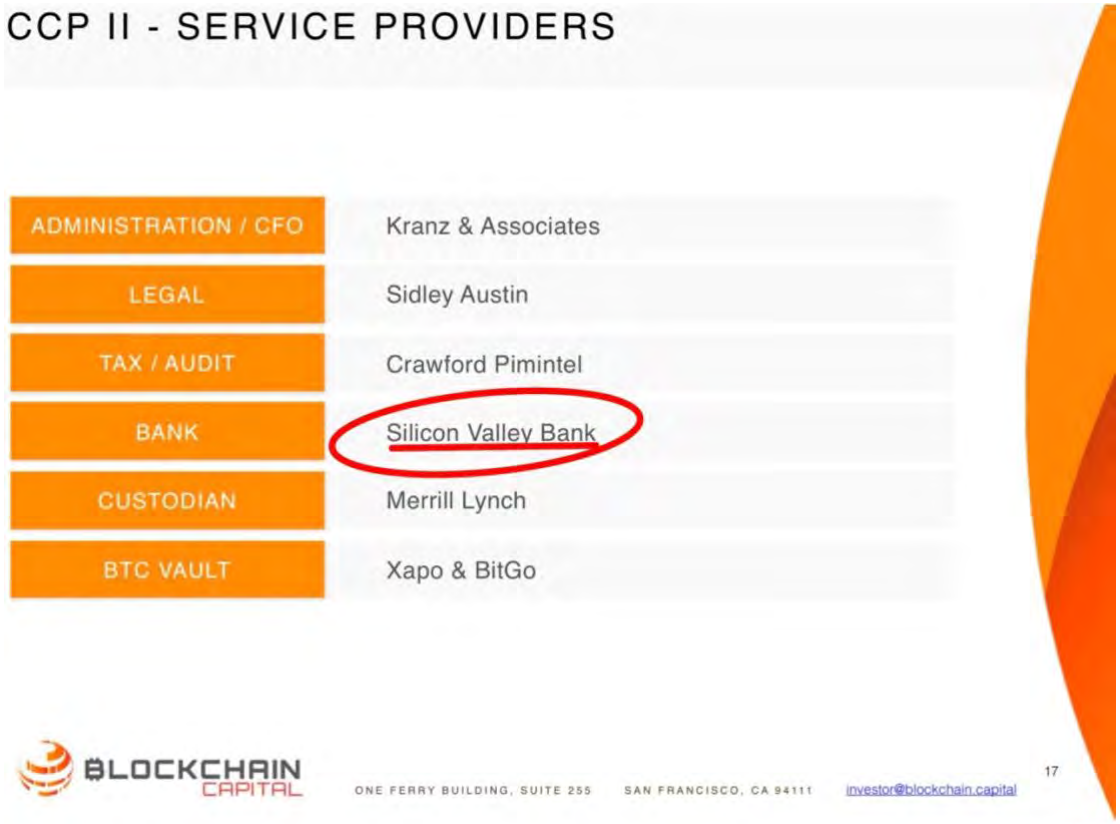
EFTA01128561



EFTA01128560



EFTA01128566



EFTA01088660

- *Source:* [Department of Justice Southern Trust Company LLC, Case No. ST-2020-CV-00003, Financial Wire Transfer Schedules [Public Records].]
-

- **March 23 & 26, 2016:** Crypto developer Jeremy Rubin introduces Epstein to Zach Dexter at LedgerX. Epstein interrogates the structural viability of the pitch deck, demanding precise regulatory timelines and monetization paths.

From: Jeremy Rubin <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Re: [Potential Investment] Fwd: LedgerX deck
Date: Wed, 23 Mar 2016 22:43:42 +0000

I'm getting the term sheet, will fwd when I get it.

Re: the above, I'm indifferent, biased to having it in your name as it seems odd for me to come across that money -- unless we were to form some fund that I'm running that you invested in for example which seems more plausible. I guess I would be moreso at their preference, but I think they would be worried about the same issue I raised, so in either case it would be good to talk to them once I get a term sheet.

Best,

Jeremy

From: "jeffrey E." <jeevacation@gmail.com>
To: Jeremy Rubin <[redacted]>
Subject: Re: Intro: Jeremy <> Zach at LedgerX
Date: Sat, 26 Mar 2016 16:25:02 +0000

---

a " bit " , where is the version on how they make money and when , and how much time or cost it takes to get there.

On Sat, Mar 26, 2016 at 11:32 AM, Jeremy Rubin <[redacted]> wrote:
> Yeah you're right. Sorry, I did minimal review of the document this morning, this is a bit fluffy.
>
> I'll ask them for real details.
>
> On Saturday, March 26, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
> > i would like to see numbers, biz plan, this is a deck for the newspapers
> >
> > On Sat, Mar 26, 2016 at 8:34 AM, Jeremy Rubin <[redacted]> wrote:
> > > Lmk what you think.

EFTA00830809

- **Late 2017 – Early 2018:** Microsoft co-founder Bill Gates opens a massive short position against Tesla (TSLA) targeting roughly 1% of Tesla's outstanding shares (an initial bet of $500 million).
    - *Source:* CNBC Elon Musk Confronts Bill Gates About Shorting Tesla

- **January 29, 2018:** Darren K. Indyke communicates an OTC offer to sell 50% of Epstein's private Coinbase position for $11 million, noting that the fiat gateway's overall ecosystem valuation has already scaled past $3 billion.



From: Richard Kahn <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Coinbase
Date: Tue, 30 Jan 2018 23:07:53 +0000
Inline-Images: image001.png

---

please advise
thank you

Richard Kahn
HBRK Associates Inc.

Good morning, Brad.

We recognize that the company's value is greater than $3 Billion already. So, we think a fair offer is $11 Million for 50% of our Coinbase position.

Best,

DARREN K. INDYKE
DARREN K. INDYKE, PLLC EFTA00901774

  - *Source:* Department of Justice Estate of Jeffrey Epstein, Inventory Asset List [Public Ledger Filings].

Phase 3: Riskless Principal Abuses, Synthetic Equities, and Short Backlash (2018–2022)

- **July 24, 2018:** BlockFi Lending LLC issues a corporate follow-up to California regulators claiming that restrictions preventing finance lenders from holding customer collateral cause "substantial harm" relative to unregulated offshore competitors.

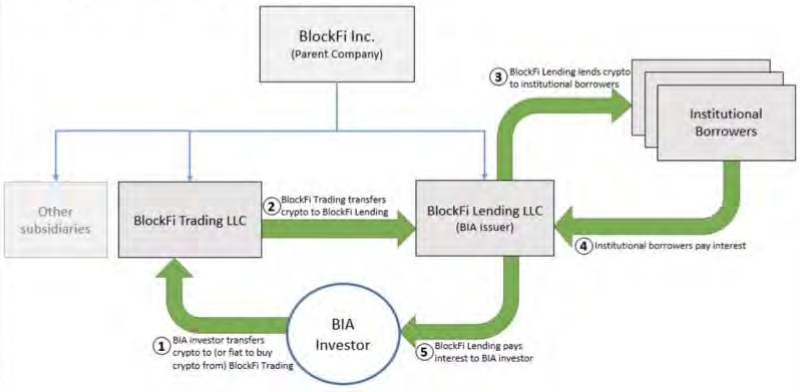
16. BlockFi represented it generated the interest it paid BIA investors by deploying investors' digital assets in various ways, including loans made to institutional investors, lending U.S. dollars to retail investors, and investing in digital assets, equities, and futures.

17. Under BlockFi's terms for the BIA, investors:

> grant BlockFi the right, without further notice to [the investor], to hold the cryptocurrency held in [the] account in BlockFi's name or in another name, and to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest or use any amount of such cryptocurrency, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in BlockFi's possession and/or control a like amount of cryptocurrency, and to use or invest such cryptocurrency at its own risk.

18. BlockFi offered and sold BIAs to obtain digital assets for the general use of its business, namely to use the assets in its lending and investment activities, which generated income both for BlockFi and to pay interest to BIA investors. BlockFi pooled the loaned assets, and exercised full discretion over how much to hold, lend, and invest. BlockFi had complete legal ownership and control over the digital assets loaned to it by BIA investors and advertised that it managed the risks involved.

19. To begin investing in a BIA, an investor could transfer digital assets to the digital wallet address assigned by BlockFi to the investor or purchase digital assets with fiat currency from BlockFi Trading LLC for the purpose of investing in a BIA. BlockFi Trading LLC accepted the digital asset or fiat from the investor, and then transferred the asset to BlockFi. BlockFi did not hold private keys for the investors' wallet addresses; rather, investors' digital assets were sent to BlockFi's wallet addresses at third-party custodians.



- *Source:* [California Department of Financial Protection and Innovation (DFPI) Archive, BlockFi Interpretive Opinion Request Logs].

- **September 28, 2018:** The SEC issues a major cease-and-desist order against Credit Suisse (USA) LLC for widespread abuse of the "Riskless Principal" transaction classification to execute-match transactions internally across proprietary books, altering standard stock pricing feeds and actively concealing institutional selling programs.
    - *Source:* In the Matter of Credit Suisse Securities (USA) LLC, SEC Investment Advisers Act Release No. IA-5051 / Administrative Proceeding File No. 3-18848.
- **October 4, 2018 (4:16 PM):** Tesla CEO Elon Musk publishes a highly public social media post on X targeting regulatory oversight. He sarcastically remarks, *"Just want to that the Shortseller Enrichment Commission is doing incredible work. And the name change is so on point!"* Shkreli later notes that this is a prime example of the extreme regulatory and operational friction generated when short sellers build concentrated positions against a mega-cap tech executive.
    - *Source:* Elon Musk Official X Account Post [@elonmusk / Status Link: x.com/elonmusk/status/1047943670350020608].
- **March 28, 2019:** General corporate billing records begin tracking extensive legal and structuring work handled by attorneys Daniel Friedberg and Chad Richman specifically for Alameda Research LLC, establishing the operational framework for Sam Bankman-Fried's crypto-equity empire

Alameda Research LLC
Client Number: 34394

Invoice Date: April 30, 2019
Invoice Number: 750861
Billing Attorney: Daniel Friedberg

Page 7

General Corporate
Matter number 34394-00600

Date	Timekeeper	Description	Hours	Amount
03/28/19	Igor Voloshin	Analyze Singapore futures exchange operations presence with visiting Singaporean attorney.	0.5	247.50
03/29/19	Daniel Friedberg	Attention to formation matters; draft documents.	2.0	1,430.00
03/29/19	Chad Richman	Review FTX deck, discuss FTX process with D.Friedberg.	0.8	396.00
		Total Hours and Fees	73.4	$ 44,050.00

Timekeeper Summary

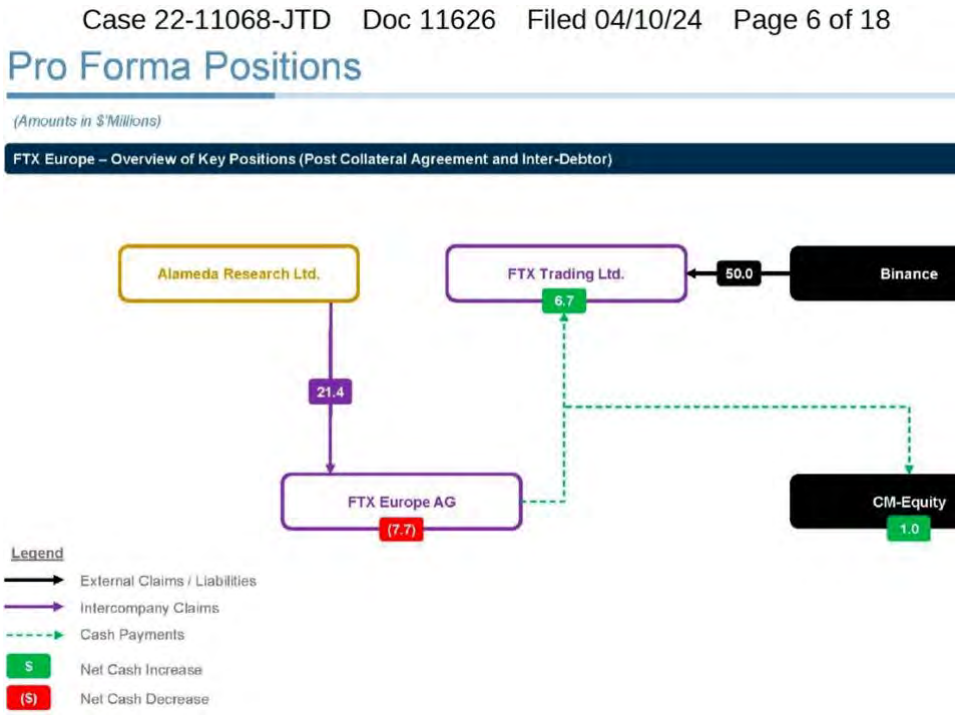
Name	Title	Hours	Rate	Amount
Andrew Albertson	Partner	3.8	775.00	2,945.00
David L. Forst	Partner	1.7	1325.00	2,252.50
Mona Clee	Of Counsel	1.7	715.00	1,215.50
Daniel Friedberg	Of Counsel	24.5	715.00	17,517.50
Chad Richman	Associate	30.7	495.00	15,196.50
Vincent Sheu	Associate	4.0	400.00	1,600.00
Igor Voloshin	Associate	6.5	495.00	3,217.50
Melanie McLain	Paralegal	0.2	310.00	62.00
Kathleen Murray	Paralegal	0.3	145.00	43.50
Total		73.4		$ 44,050.00

Disbursement Summary

Date	Description	Total
03/07/19	Incorporation of International Business Corporation. - VENDOR: Corporate & Trust Services (Caribbean)	3,802.00
03/31/19	Voice & Data Communications	1,321.50
	Total Disbursements	$ 5,123.50

- *Source:* In re FTX Trading Ltd., et al., Case No. 22-11068 (Bankr. D. Del.), Fee Application Exhibits.

- **December 20, 2019:** Binance announces a major strategic investment in FTX. This equity partnership leverages the native FTX Token (FTT) and initiates the multi-asset architectural development needed to anchor a global tokenized stock infrastructure using a unified, multi-asset crypto/fiat collateral wallet.
  - *Source:* Binance Corporate Press Registry / Strategic Investment Log.
- **June 22, 2020:** Internal Bloomberg chat leaks capture market trading desks actively coordinating the hardcoding and deletion of specific stock ticker symbols from short/long risk sections to artificially manipulate short books overnight and dodge compliance alarms.
  - *Source:* Bloomberg DOJ Probe Looks at Almost 30 Short-Selling Firms.
- **July 2, 2020:** Elon Musk continues his public criticism of short positions via X.
  - At 2:50 PM, he posts a follow-up stating: *"Will send some to the Shortseller Enrichment Commission to comfort them through these difficult times"*.
  - At 4:00 PM, he posts: *"Tesla will make fabulous short shorts in radiant red satin with gold trim"*, aiming directly at institutional actors holding short positions against Tesla.
  - *Source:* Elon Musk Official X Account Posts [@elonmusk / Status Links: x.com/elonmusk/status/1278762916326649863].
- **October 2020:** FTX officially partners with German licensed broker-dealer and custodian CM-Equity to pioneer synthetic tokenized U.S. stocks. This relies on a digital optimization of the Riskless Principal framework: the exchange takes stablecoins or crypto from users, matches the order offshore via CM-Equity, and issues fractionally backed tokens tracking real-time spot prices of U.S. equities 24/7.



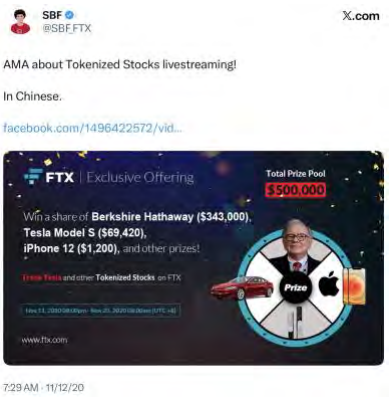
Case 22-11068-JTD Doc 11626-6 Filed 04/10/24 Page 5 of 7

Collateral Transactions with CM-Equity

8. I understand that, on October 27, 2020, CM-Equity and FTX Europe (formerly known as Digital Assets DA AG) entered into that certain Framework Purchase Agreement Regarding Collateral Contracts (the "Collateral Agreement") pursuant to which CM-Equity made certain payments to FTX Europe from time to time to collateralize tokenized stock trading of CM-Equity's customers (the "Collateral Payments").

9. I understand that, on April 1, 2021, Binance and CM-Equity entered into that certain Agreement on the Purchase and Sale of Tokenized Stocks (the "Tokenized Stocks Agreement" and together with the Collateral Agreement, the "Tokenized Stock and Collateral Agreements"), pursuant to which Binance purchased certain tokenized stocks from CM-Equity. The Debtors are not party to the Tokenized Stocks Agreement. I further understand that Binance has initiated arbitration in Germany for the return of $65 million against CM-Equity in respect of collateral transferred by Binance to CM-Equity pursuant to the Tokenized Stocks Agreement.

  - *Source:* BaFin (Federal Financial Supervisory Authority) Corporate Registry, CM-Equity AG Permitted Product Offerings.
- **November 2, 2020:** Sam Bankman-Fried publicly tweets: *"Tokenized Stocks are now on FTX!"*, officially launching synthetic digital trackers of major U.S. corporate equities. The initial suite of FTX tokenized stock products officially rolled out to market protocols includes:
  - Tesla (TSLA)
  - Apple (AAPL)
  - Amazon (AMZN)
  - Netflix (NFLX)
  - Alphabet / Google (GOOGL)
  - *Source:* Sam Bankman-Fried Official X Account Archive [@SBF_FTX / Public Announcement Record].
- **November 12, 2020:** Sam Bankman-Fried hosts an Ask-Me-Anything livestream actively promoting FTX tokenized stocks, asserting that the tokens are completely safe because they can be "physically redeemed" for real shares through European custodian CM-Equity.



  - *Source:* FTX Official AMA Broadcast Archive, Crypto-Equity Settlement Protocols.

- **December 2020:** Genesis (a Digital Currency Group subsidiary) enters into a formal institutional agreement with Gemini to launch the "Gemini Earn" interest-bearing crypto loan program, bypassing traditional banking protections to funnel retail assets into high-yield, unsecured institutional lending.
    - *Source:* SEC v. Gemini Trust Company, LLC & Genesis Global Capital, LLC, Case No. 1:23-cv-00287 (S.D.N.Y.), Formal Complaint Filing.
- **2021:** Venture entity "2021-015 Investments LLC" (associated with email endpoints investments@rivendelltrust.com and jmichels@thielcapital.com) secures a private equity placement under Class A Common (CA) stock, tracking an allocation block of 45,784; 11,446; 245,000 shares within the FTX master corporate registers.

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 17 of 65

EXHIBIT B

FTX Trading Equity Holders List

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 18 of 65

Holder	Security Class	Share Type	Number of Securities
2021-015 Investments LLC investments@rivendelltrust.com, jmichels@thielcapital.com	Common	Common (CS)	45,784
2021-015 Investments LLC investments@rivendelltrust.com, jmichels@thielcapital.com	Preferred	Series B-1 Preferred (PB1)	11,446

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 1 of 65

EXHIBIT A

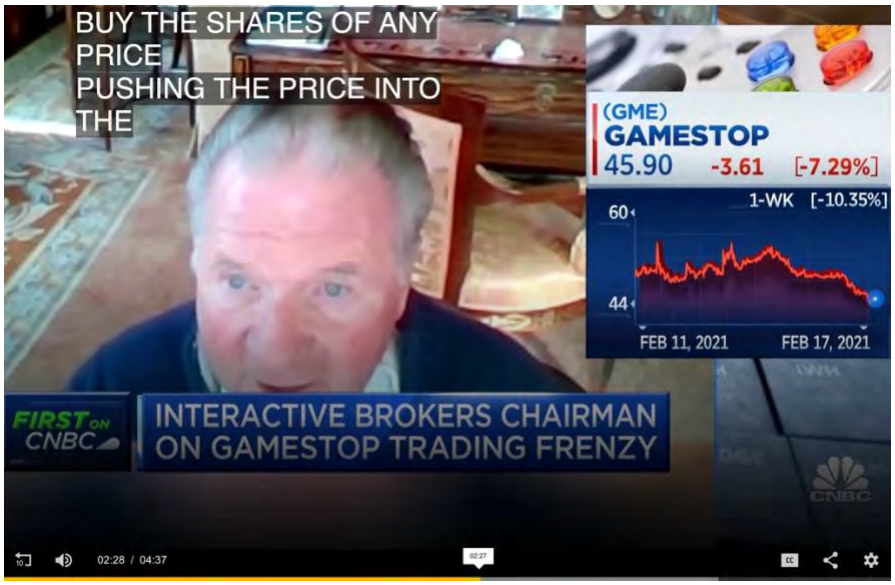
WRS Equity Holders List

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 2 of 65

Holder	Security Class	Share Type	Number of Securities
Name on File Address on File	Common	Class A Common (CA)	85,000
1885 Private Opportunities Fund, L.P. (2021 Series) 1 University Square Drive 5th Floor Princeton, NJ 08540 samir.menon@blackrock.com	Preferred	Series A Preferred (PA)	59,557
2021-015 Investments LLC investments@rivendelltrust.com; jmichels@thielcapital.com	Common	Class A Common (CA)	245,000

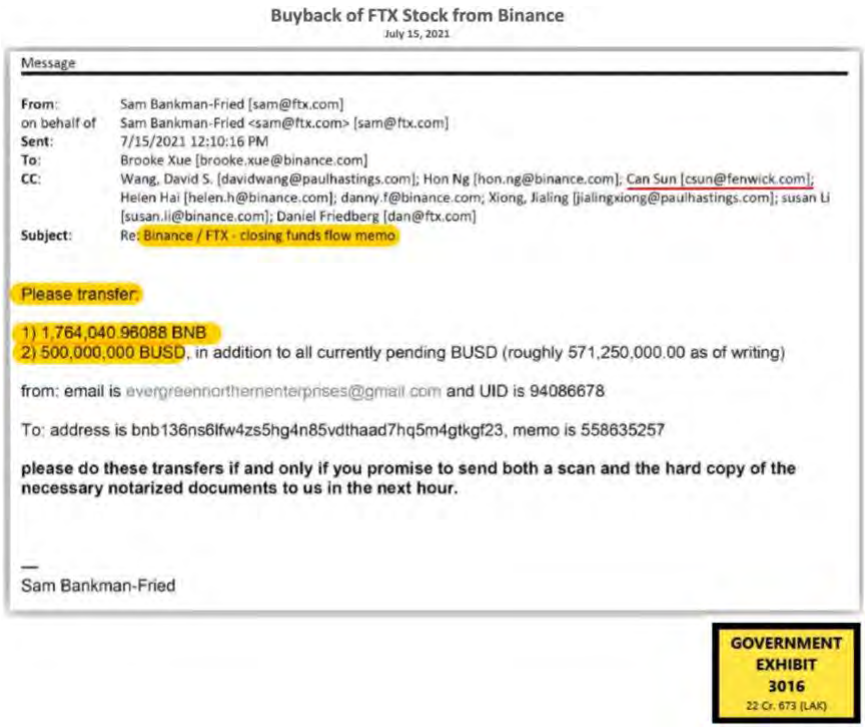
    - *Source:* In re FTX Trading Ltd., Case No. 22-11068-JTD, Exhibit A WRS Equity Holders List & Exhibit B FTX Trading Equity Holders List.
- **February 24, 2021:** Bill Gates evades direct confirmation of his short position on Bloomberg TV, stating, *"I wish I'd owned or been more on the long side... I don't talk about my investments."*
    - *Source:* Bloomberg Technology Broadcast, Live Interview with Bill Gates.
- **February 2021:** The Gemini Earn program officially opens to retail users. Internal data reveals that Gemini structures the system to pocket massive undisclosed banking agent fees, taking cut-outs as high as 4.29% before passing residual yield to users.
    - *Source:* New York State Department of Financial Services (NYDFS) Enforcement Action, In re Gemini Trust Company.

- **April 2021:** Following FTX's multi-asset infrastructure expansion, Binance launches its alternative "Stock Tokens" program, using zero-commission stablecoin pairs (USDT/BUSD) routed through compliance coverage from CM-Equity. The specific asset list tracking this secondary deployment includes:
    - Tesla (TSLA)
    - Apple (AAPL)
    - Microsoft (MSFT)
    - Coinbase (COIN)
    - GameStop (GME) *(Whose broader equity trading freeze at Interactive Brokers under CEO Thomas Peterffy is logged as capping price momentum from running into thousands of dollars per share).*



    - *Source:* Binance Exchange Product Guide / Automated Share Token Terms, Supported Instruments Registry.
- **July 16, 2021:** Binance abruptly terminates its tokenized stock trading service after facing intense regulatory warnings from European and Asian banking watchdogs (including Germany and Hong Kong). While CM-Equity elects to cease compliance coverage for Binance, FTX and Bittrex Global keep their tokenized equity structures running actively.
    - *Source:* CNBC Crypto Exchange Binance Stops Selling Digital Versions Of Stocks Like Tesla And Apple As Regulators Circle.

- **Late 2021:** FTX buys back Binance's early equity stake in the company for $2.1 billion paid out in a mix of corporate stablecoins (BUSD) and FTX native utility tokens (FTT), leaving Binance holding a massive treasury block of FTT.



Buyback of FTX Stock from Binance
July 15, 2021

Message

From: Sam Bankman-Fried [sam@ftx.com]
on behalf of Sam Bankman-Fried <sam@ftx.com> [sam@ftx.com]
Sent: 7/15/2021 12:10:16 PM
To: Brooke Xue [brooke.xue@binance.com]
CC: Wang, David S. [davidwang@paulhastings.com]; Hon Ng [hon.ng@binance.com]; Can Sun [csun@fenwick.com]; Helen Hai [helen.h@binance.com]; danny.f@binance.com; Xiong, Jialing [jialingxiong@paulhastings.com]; susan Li [susan.li@binance.com]; Daniel Friedberg [dan@ftx.com]
Subject: Re: Binance / FTX - closing funds flow memo

Please transfer:

1) 1,764,040.96088 BNB
2) 500,000,000 BUSD, in addition to all currently pending BUSD (roughly 571,250,000.00 as of writing)

from: email is evergreennorthernenterprises@gmail.com and UID is 94086678

To: address is bnb136ns6lfw4zs5hg4n85vdthaad7hq5m4gtkgf23, memo is 558635257

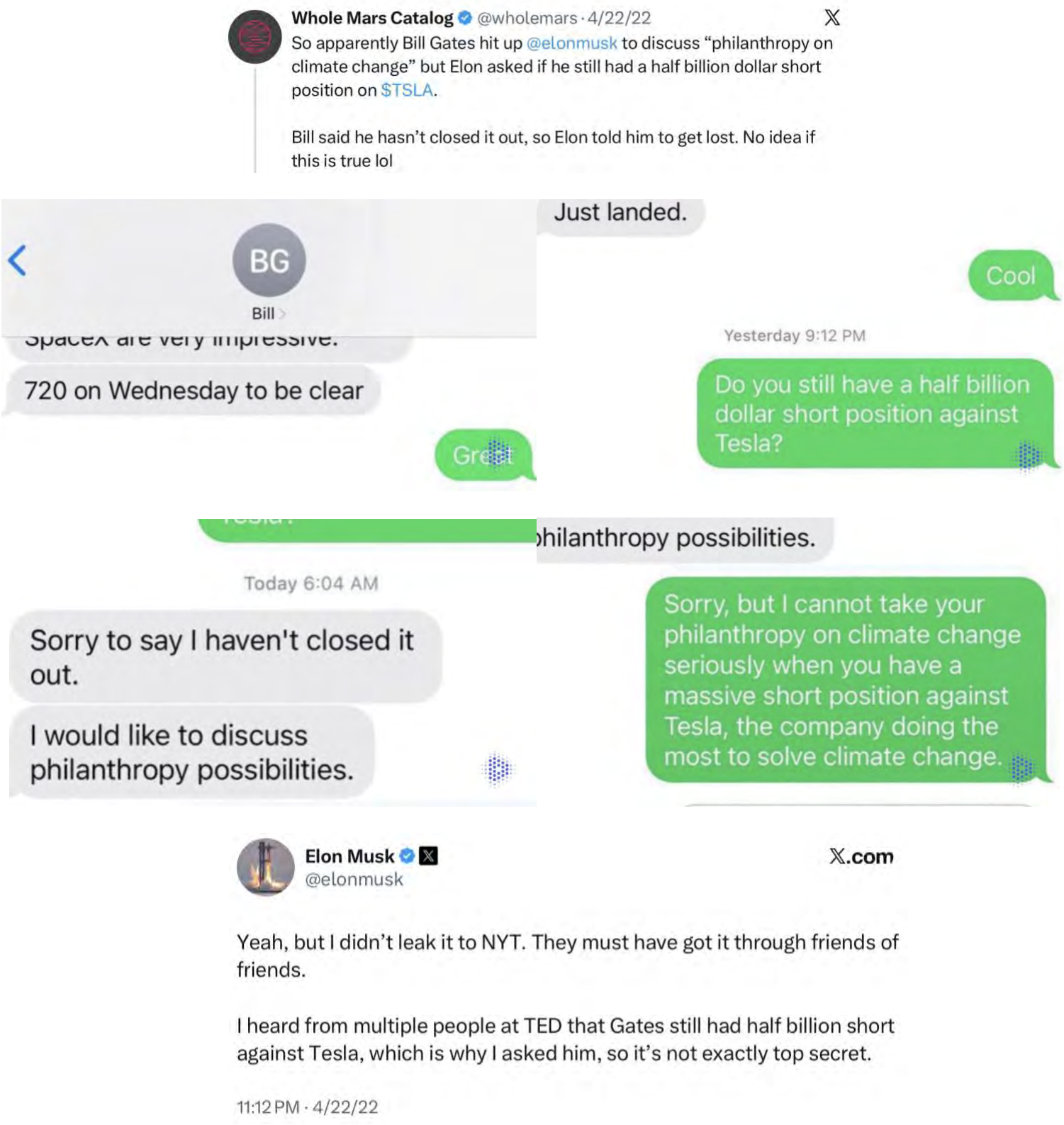
please do these transfers if and only if you promise to send both a scan and the hard copy of the necessary notarized documents to us in the next hour.

—
Sam Bankman-Fried

GOVERNMENT EXHIBIT 3016
22 Cr. 673 (LAK)

  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.), Schedules of Assets and Liabilities.

- **April 2022:** Leaked text messages confirm Elon Musk confronting Bill Gates over his ongoing $500 million short position against Tesla, which has swollen to over $1.5 billion in unrealized losses due to Tesla's market surge.



- **March 31, 2022:** A documented multi-quintillion dollar valuation benchmark is established under the "Caroline 3/31/2022" tokenized stock loan structures, utilized by FTX/Alameda to loop real equity value through offshore margin accounting cracks.



I would like to talk about claims. If our asset recovery effort is on the verge of being a qualified success the next equally immense challenge is claim management. When I asked Mr. Coverick of A&M this morning to remind me the amount of claims filed by our bar dates he told me it was $23.6 quintillion. I had to ask him how many zeros in quintillion and the answer is 18. I then asked him to run recoveries if we allowed all of those claims and everyone would get a millionth of a percent. So, we have a job to do.

A I'm sure I could -- I'm sure I have that in files somewhere, but I do not have it committed to memory. As I said, there's two million claims, 87,000 filed claims, I don't have them committed to memory. I'm sorry.

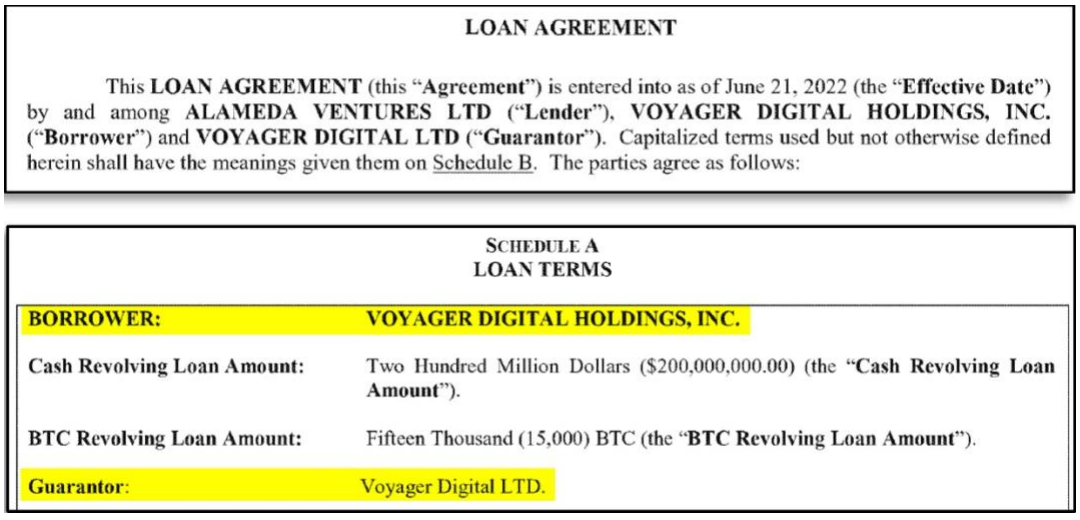
Q Did you hear debtors' counsel tell the Court that the debtors have $26 quintillion in claims filed against them?

A I think that number is a little off, but 20 -- over 20 quintillion, yes.

Q And is it fair to say that the claims of creditors that hold OXY and MAPS tokens are a very small portion of that 20-plus quintillion dollars in claims?

A Tell me what your threshold for small is. I mean, it's very objective what you're asking and I've told you a couple times that I don't remember. I didn't commit them to memory, I don't know what the -- to do that math, I'd have to know what their amount is and divide it by 20 quintillion, which is a big number.

  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.).
- **June 21, 2022:** Alameda Ventures Ltd. enters into a major revolving cash and Bitcoin Master Loan Agreement facility to artificially prop up Voyager Digital Holdings following systemic liquidity failures.



LOAN AGREEMENT

This **LOAN AGREEMENT** (this "**Agreement**") is entered into as of June 21, 2022 (the "**Effective Date**") by and among **ALAMEDA VENTURES LTD** ("**Lender**"), **VOYAGER DIGITAL HOLDINGS, INC.** ("**Borrower**") and **VOYAGER DIGITAL LTD** ("**Guarantor**"). Capitalized terms used but not otherwise defined herein shall have the meanings given them on Schedule B. The parties agree as follows:

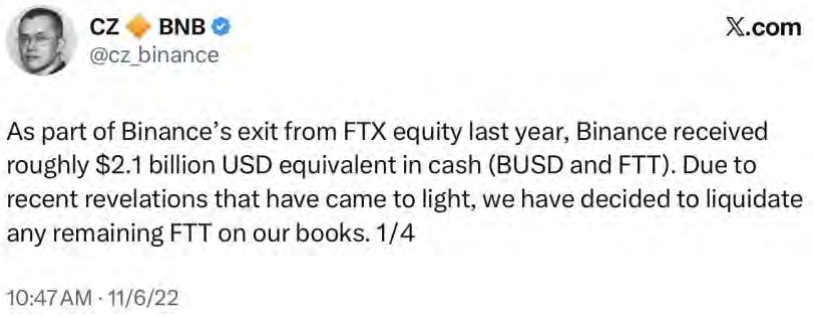
SCHEDULE A
LOAN TERMS

BORROWER:	**VOYAGER DIGITAL HOLDINGS, INC.**
Cash Revolving Loan Amount:	Two Hundred Million Dollars ($200,000,000.00) (the "**Cash Revolving Loan Amount**").
BTC Revolving Loan Amount:	Fifteen Thousand (15,000) BTC (the "**BTC Revolving Loan Amount**").
Guarantor:	Voyager Digital LTD.

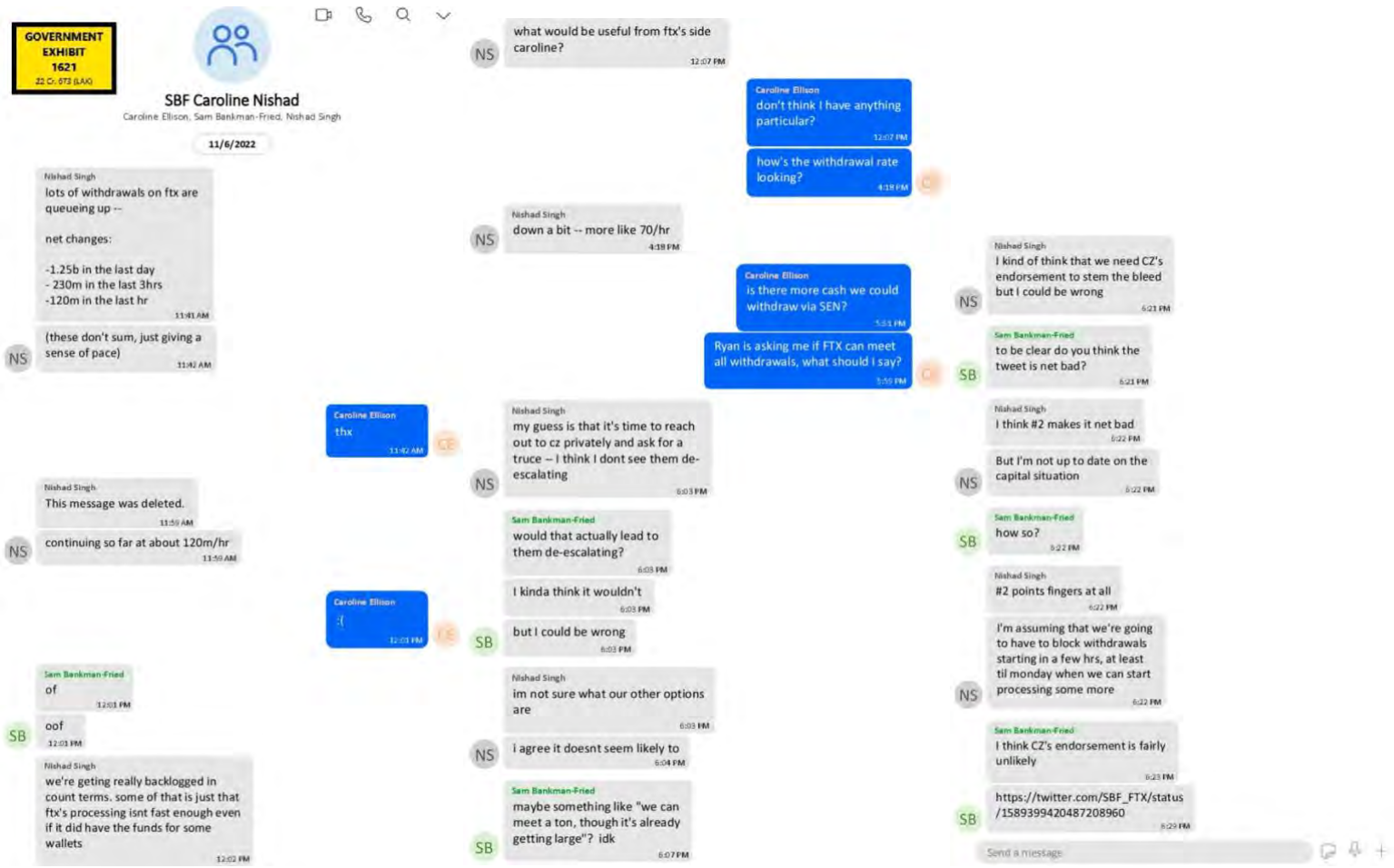
  - *Source:* In re Voyager Digital Holdings, Inc., Case No. 22-10943 (Bankr. S.D.N.Y.), Debt-in-Possession Loan Exhibits.

Phase 4: Insolvency, De-Pegs, and the Crypto-Banking Collapse (Late 2022–2024)

- **May 2022:** The TerraLuna ecosystem completely collapses as its algorithmic UST token completely de-pegs from the U.S. dollar, wiping out $40 billion in market value overnight and triggering a systemic margin call across the crypto lending sector.
    - *Source:* SEC v. Terraform Labs Pte Ltd and Do He Hyeong Kwon, Case No. 1:23-cv-01346 (S.D.N.Y.), Litigation Release.
- **November 6, 2022:** Binance CEO Changpeng Zhao (CZ) announces that due to "recent revelations that came to light," Binance is liquidating its entire remaining $530 million holding of FTT tokens received from the 2021 equity buyback. The announcement sparks a severe confidence crisis and a massive run on FTX's ledger.



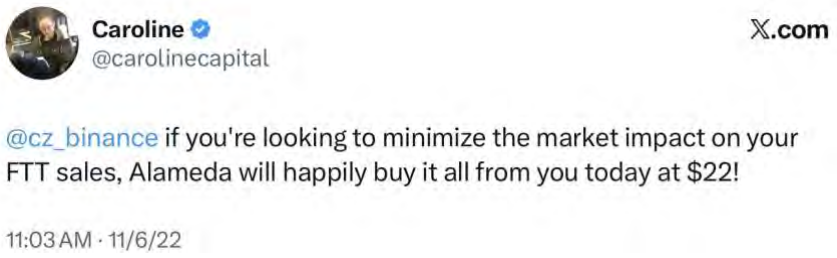
    - *Source:* Changpeng Zhao Official X Account Post [@cz_binance].
- **November 6, 2022 (Internal Platform Small Group Chat Logs):** Internal platform records preserve a high-level message exchange between Nishad Singh, Sam Bankman-Fried, and Caroline Ellison outlining real-time platform degradation. Singh flags an aggressive backlog, stating, "lots of withdrawals on ftx are queueing up -- net changes: -1.25b in the last day, -230m in the last 3hrs, -120m in the last hr... continuing so far at about 120m/hr". SBF laments the diagnostic with an "oof". Singh details that "FTX's processing isn't fast enough even if it did have the funds for some wallets" and prompts Ellison for useful steps, to which she queries, "is there more cash we could withdraw via SEN?"
    - *Escalation and Strategic Truce Proposals:* Later that evening, as processing drops to roughly 70 million/hour, Singh proposes a tactical de-escalation: "my guess is that it's time to reach out to cz privately and ask for a truce I think I dont see them de-escalating". SBF expresses doubt, noting, "would that actually lead to them de-escalating? I kinda think it wouldn't". Singh counters, "im not sure what our other options are... I kind of think that we need CZ's endorsement to stem the bleed". SBF directly queries if Singh believes an unreleased public draft tweet is net bad; Singh objects to a specific clause, stating, "#2 points fingers at all... I'm assuming that we're going to have to block withdrawals starting in a few hrs, at least til monday when we can start processing some more," while SBF concludes that an endorsement from CZ remains "fairly unlikely".



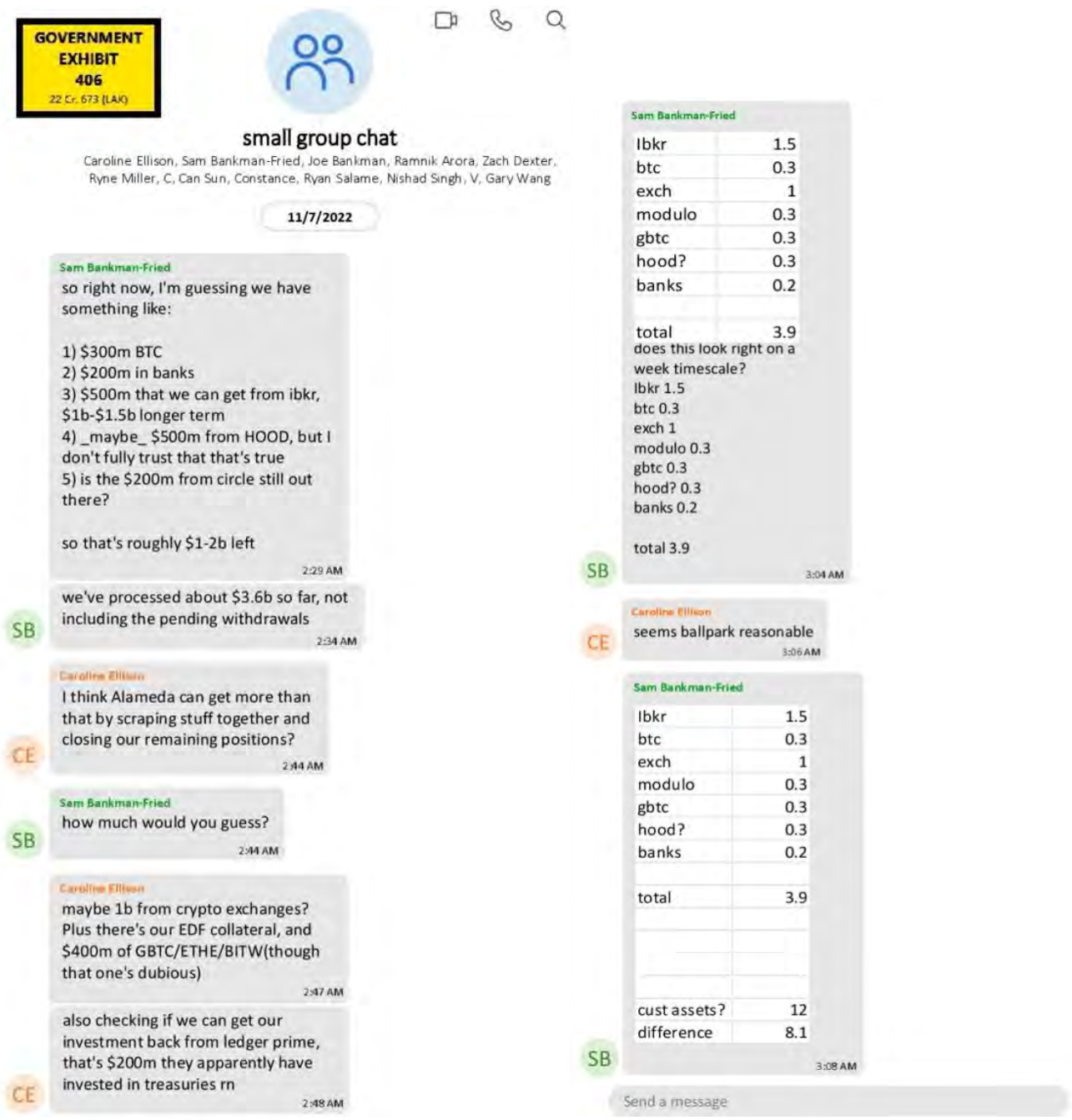


- Source: [NYT United States v. Samuel Bankman-Fried, Case No. 1:22-cr-00673 (S.D.N.Y.), Government Exhibit 1621.]

- **November 7, 2022:** Alameda's Caroline Ellison offers to buy Binance's FTT block at a fixed rate of $22 to protect a critical loan liquidation threshold. FTT breaks support, plunging drastically below $15.



  - *Source:* Caroline Ellison Official X Account Post [@carolinecapital].
- **November 7, 2022 (Internal Platform Small Group Chat Logs):** Internal platform records preserve a small group chat involving core leadership figures, including Caroline Ellison, Sam Bankman-Fried, Joe Bankman, Ramnik Arora, Zach Dexter, Ryne Miller, Can Sun, Ryan Salame, Nishad Singh, and Gary Wang. In this discussion, SBF frames a localized diagnostic of remaining platform liquid reserves, stating, "so right now, I'm guessing we have something like: 1) $300m BTC 2) $200m in banks 3) $500m that we can get from ibkr, $1b-$1.5b longer term 4) *maybe* $500m from HOOD, but I don't fully trust that that's true 5) is the $200m from circle still out there? so that's roughly $1-2b left". SBF indicates that the team has "processed about $3.6b so far, not including the pending withdrawals".
  - *Platform Reserves Realignment Analysis:* Caroline Ellison responds to SBF's estimates, stating, "I think Alameda can get more than that by scraping stuff together and closing our remaining positions? ... maybe 1b from crypto exchanges? Plus there's our EDF collateral, and $400m of GBTC/ETHE/BITW (though that one's dubious)". Ellison notes that they are "also checking if we can get our investment back from ledger prime, that's $200m they apparently have invested in treasuries rn". SBF compiles a final weekly database structure tracking standard valuation buckets: Interactive Brokers (IBKR) at $1.5 billion, BTC at $0.3 billion, Exchanges at $1.0 billion, Modulo at $0.3 billion, GBTC at $0.3 billion, Robinhood (HOOD) conditionally at $0.3 billion, and traditional banks at $0.2 billion, for an aggregate of $3.9 billion. SBF contrasts this against customer asset liabilities recorded at $12 billion, defining a core platform deficit gap of $8.1 billion, to which Ellison replies that the calculated framework "seems ballpark reasonable".



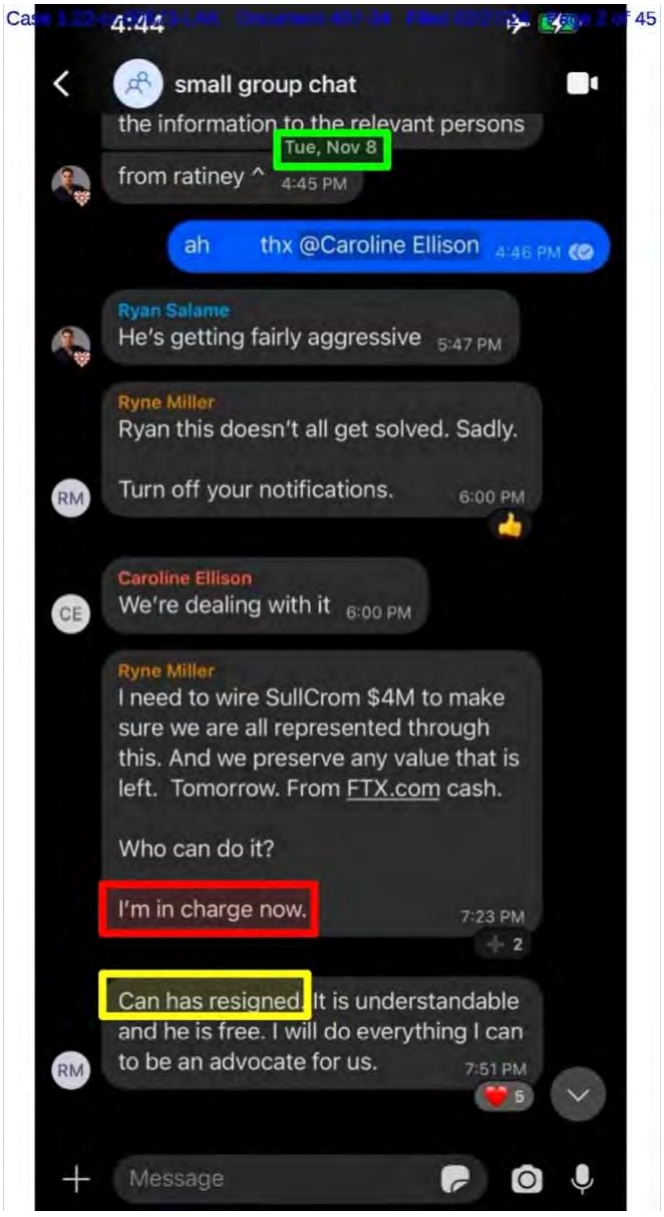
- Source: [NYT United States v. Samuel Bankman-Fried, Case No. 22-Cr-673 (LAK), Government Exhibit 406.]

- **November 8, 2022:** FTX experiences a crushing $6 billion liquidity crunch and halts withdrawals. Binance enters into a non-binding Letter of Intent (LOI) to fully acquire FTX to stabilize the market. Simultaneously, CZ publicly issues a warning to the banking and crypto industries that crypto exchanges should never use their on native tokens as collateral.



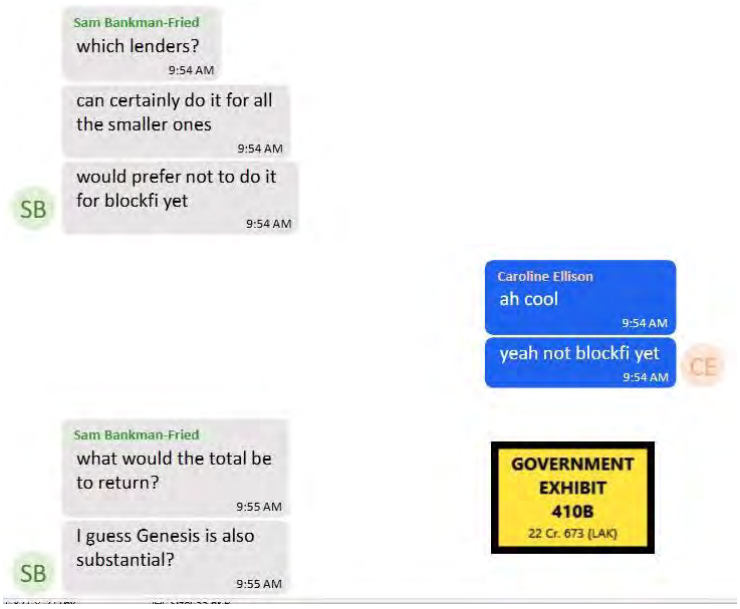
  - *Source:* CNBC Binance Offers To Buy FTX's Non-U.S. Operations To Fix 'Liquidity Crunch'.

- **November 8, 2022 (10:23 PM):** As FTX implodes behind closed doors, Ryne Miller (Sullivan & Cromwell Partner and FTX US Counsel) sends an urgent message to leadership stating: *"I need to wire SullCrom $4M to make sure we are all represented through this... Tomorrow. From FTX.com cash. Who can do it? I'm in charge now."*



  - *Source:* Financial Times 'Sam? Are You There?!' The Bizarre And Brutal Final Hours Of FTX.

- **November 8, 2022 (Internal Ledger Communications):** Internal platform chats capture an executive-level exchange between Sam Bankman-Fried and Caroline Ellison regarding immediate institutional exposure paths. SBF queries "which lenders?" can absorb targeted asset adjustments, stating he "can certainly do it for all the smaller ones" but "would prefer not to do it for blockfi yet". SBF then inquires "what would the total be to return?" and adds "I guess Genesis is also substantial?" to which Ellison confirms "yeah not blockfi yet".



  - *Source: United States v. Samuel Bankman-Fried, Case No. 22-Cr-673 (LAK), Government Exhibit 410B.*
- **November 8, 2022 (Venture Book Realignment & Banking Risk Exposures):** Accompanying text logs highlight deep macroscopic ties tracing how major Venture Capital and related firms systematically reloaned, repledged, rehypothecated, and commingled primary assets across overlapping networks. Context logs track that BlockFi's single largest institutional creditor is Ankura Trust (representing creditors in stressed situations) holding an outstanding debt of $729 million. Peter Thiel-linked fund Valar Ventures holds a 19% equity position within BlockFi shares, concurrently maintaining an FTX Equity Stake prior to systemic asset book avoidance ("Venture Book Avoidance") executed ahead of the cascading banking failures of Silicon Valley Bank and other California banking institutions after obtaining strategic Venture Loans.

quinn emanuel trial lawyers

Matter #: 11807-00001
Invoice Number: 101-0000149656

02/02/23	NH2	Review of engagement letters and populate the summary chart for purpose of Rule 2004 document request (4.8); call with S. Rand related to the review (0.5); call with A. Alden and S. Seneczko for avoidance action analysis (0.6).	5.90	5,336.55
02/02/23	OBY	Team call on issuing Rule 2004 requests (.5).	0.50	452.25
02/02/23	SS6	Research due diligence materials re potential avoidance actions, entities (3.7); draft analysis re same (2.4); correspond with A. Kutscher re same (.1); conference with A. Alden, N. Huh re avoidance action complaints, diligence analysis (.6); review, revise memorandum, materials re same (1.1).	7.90	7,785.45
02/02/23	APA	Review Token Purchase Agreement and memo regarding same (0.8); review memo regarding Venture investments (0.5); teleconference with N. Huh and S. Senezcko regarding tasks and research (0.6).	1.90	2,736.00
02/02/23	EK	Legal and factual research in support of avoidance actions (1.3); case management for avoidance actions (0.3).	1.60	1,994.40
02/02/23	AK2	Confer with J. Young re: venture book avoidance action targets (.2); conduct research and determine next steps re: same (3.7); confer with Alvarez and Marsal re: same (.1); confer with S. Seneczko re: same (.1).	4.10	4,981.50

quinn emanuel trial lawyers

Matter #: 11807-00001
Invoice Number: 101-0000149656

		Alvarez and Marsal re: financial valuation of potential avoidance target and stock received from purchase, confer with I. Nesser re: same, and confer with Alvarez and Marsal and I. Nesser re: upcoming call re: same (.3); revise draft memorandum on avoidance action target, conduct research re: same, and confer with S. Rand, J. Shaffer, and I. Nesser re: same (.5); confer with A. Roytenberg re: avoidance action target and timing of memorandum re: same (.1); confer with I. Nesser re: memorandum on potential avoidance action, revise comments on same, confer with E. Winston re: same (.3); confer with M. Meadows re: avoidance action document review and documents to provide to investigations team (.1); confer with S. Rand, J. Shaffer, I. Nesser, E. Winston, E. Sutton, E. Kapur, and A. Alden re: upcoming call on status of avoidance action analysis and next steps re: same (.2); draft venture book avoidance analysis status document and confer with team re: same (.4); review and revise draft memorandum on potential avoidance action target, determine next steps re: same, confer with S. Turk and M. Smith re: same, and confer with I. Nesser re: same (.7); draft communication to Sullivan and Cromwell re: data source, confer with S. Rand re: same, and confer with E. Sutton re: same (.3).		
02/27/23	JR8	Prepare draft complaint (5.2), fact research re: same (1.2).	6.40	6,710.40
02/28/23	NH2	Drafted a memo for a target - draft fact sections and legal analysis (2.7), finalized a memo for another target and reviewed investigation result (1.5).	4.20	3,798.90

quinn emanuel trial lawyers

Matter #: 11807-00001
Invoice Number: 101-0000149656

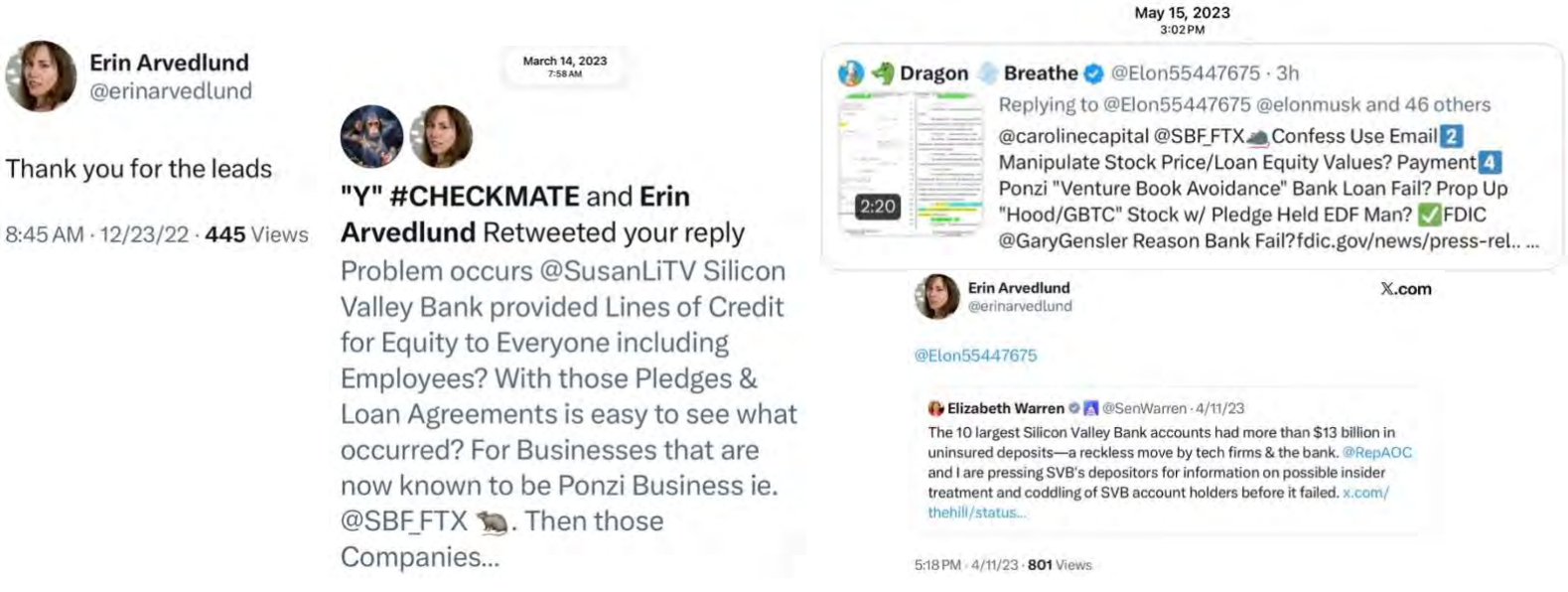
		regarding same (0.2); emails to and from A. Kutscher and S. Rand regarding same (0.3); review agreements with venture book target and emails regarding same (1.7); attention to emails from N. Huh and Alvarez and Marsal regarding venture book target (0.3).		
02/07/23	EK	Conference with A&M re avoidance action analysis (0.4); analyze data in connection with avoidance actions (0.5); correspond with team regarding avoidance action analysis (0.3).	1.20	1,495.80
02/07/23	AK2	Confer with S. Rand re: upcoming call with Alvarez and Marsal re: avoidance action targets in venture book (.1); confer with Alvarez and Marsal re: venture book targets for avoidance actions and next steps re same (.1); confer with E. Sutton and Alvarez and Marsal re: same (.1); confer with I. Nesser re: upcoming call re: same (.1); conduct research re: potential avoidance action targets between $10 million and $20 million and determine next steps re: same (2.3); confer with S. Rand and Alvarez and Marsal re: upcoming call re: avoidance action targets in venture book (.1); attend same (1.3); confer with team re: results of same (.1); analyze venture book and revisions to priority cases (2.8); confer with team re: results of same (.2); confer with Alvarez and Marsal re: same (.1); confer with S. Rand re: same (.2); confer with A. Alden re: same (.1); confer with Alvarez and Marsal re: upcoming call on avoidance targets and next steps re: same (.1); confer with I. Nesser re: potential avoidance action target and next steps for avoidance actions generally (.3); confer with M. Smith	8.70	10,570.50

  - *Source:* [In re FTX Trading Ltd., et al., Case No. 22-11068 (Bankr. D. Del.), Fee Application Exhibits.]
- **November 9, 2022:** Following a rapid review of internal books and corporate structures, Binance officially pulls out of the acquisition deal, citing FTX's severe mishandling of customer funds and pending regulatory and banking investigations.
  - *Source:* [Binance Global PR Wire / Regulatory Communications Division.]



- **November 11, 2022:** FTX files for Chapter 11 bankruptcy in Delaware after identifying an astronomical $8 billion customer deficit. Ryne Miller aggressively forces a U.S. bankruptcy filing for the solvent FTX.US entity over fierce internal executive objections, ensuring Sullivan & Cromwell (S&C) can secure massive multi-million dollar cash retainers.
    - *Source:* WSJ FTX Files for Bankruptcy, CEO Sam Bankman-Fried Resigns.
- **November 2022:** Genesis officially halts all retail user withdrawals from the Gemini Earn program due to an absolute lack of liquid assets on its balance sheet, locking up $900 million in customer funds belonging to 340,000 retail investors.
    - *Source:* In re Genesis Global Holdco, LLC, et al., Case No. 23-10063 (Bankr. S.D.N.Y.), Chapter 11 First Day Motions.
- **November 2022 – January 2023:** Silvergate Bank executives actively mislead the public, banking regulators, and investors regarding their automated compliance soundness, failing to log over $1 trillion in transactions or flag $9 billion in highly suspicious transfers moving seamlessly between FTX and Alameda accounts.
    - *Source:* SEC v. Silvergate Capital Corporation, Alan J. Lane, and John M. Bonino, Case No. 3:24-cv-01145 (S. Cal.), Litigation Release.
- **January 2023:** Silvergate Bank's stock craters entirely after it experiences a massive bank run, forcing it to dump assets at a steep loss to pay back an emergency $4.3 billion advance from the Federal Home Loan Bank of San Francisco.
    - *Source:* Federal Reserve Board & FDIC Joint Investigation Report into the Collapse of Silvergate Bank.
- **March 9, 2023:** Peter Thiel's Founders Fund actively advises its portfolio companies to immediately withdraw their capital from Silicon Valley Bank (SVB) following revelations of the bank's deep duration mismatches and realized bond portfolio losses. This directive triggers widespread institutional panic in the venture capital space, culminating in an unprecedented $42 billion digital bank run in a single day, effectively breaking SVB's remaining liquidity cushions.
    - *Source:* Bloomberg, Founders Fund Advises Companies to Withdraw Money From SVB.
- **March 10, 2023 (3:36 PM):** High-profile tech investor David Sacks takes to X to sound an emergency system alarm as SVB is officially seized by the California DFPI and placed under FDIC receivership. Sacks asserts that the federal government must step in immediately to safeguard all deposits, warning that without a complete backstop of uninsured startup payroll cash, a catastrophic chain reaction will sweep across the tech ecosystem: "Where is the Fed? Where is Yellen? They need to announce that all depositors will be safe... This is an administrative crisis." Sacks stresses that a failure to act will cause a widespread regional bank run across the entire mid-tier banking system on Monday morning.
    - *Source: David Sacks Official X Account Post [@DavidSacks].*
- **March 10, 2023 (8:09 PM):** Sacks releases a secondary public statement explicitly untangling the structural difference between a corporate bailout and a depositor backstop, noting that the bank's equity and bond holders should be wiped out entirely, while regular depositors who parked cash for operational

payroll must be insulated to stop systemic contagion from freezing the broader economy. Sacks warns that if depositors face a "haircut" on cash over the standard $250,000 FDIC limit, it will drive immediate capital concentration into the top four systemically important financial institutions (SIFIs), permanently starving regional economies of business credit.
    - *Source:* David Sacks Official X Account Post [@DavidSacks].
- **March 12, 2023 (8:30 AM):** Tech personality Jason Calacanis amplifies the market panic on X, publishing a highly volatile warning designed to force immediate regulatory intervention from the executive branch: "YOU SHOULD BE ABSOLUTELY TERRIFIED RIGHT NOW — THAT IS THE PROPER REACTION TO A BANK RUN & CONTAGION. @POTUS & @SecYellen MUST GET ON TV TOMORROW AND GUARANTEE ALL DEPOSITS UP TO $10M OR THIS WILL SPIRAL INTO CHAOS." Critics sharply target the commentary as the modern financial equivalent of shouting "fire" in a crowded theater, highlighting how localized venture capital panic can synthetically weaponize social media algorithms to accelerate macro-banking fragility. Later that evening, the Treasury, Federal Reserve, and FDIC jointly invoke a systemic risk exception to guarantee 100% of all SVB depositor balances.
    - *Source:* Jason Calacanis Official X Account Post [@Jason].
- **March 14, 2023 (7:58 AM):** An online retail community development surfaces on X under the tag "#CHECKMATE," wherein accounts "Y" and prominent financial journalist Erin Arvedlund interact with historical commentary directed at media endpoint @SusanLiTV, @SecYellen, @POTUS. The systemic narrative identifies that a core structural problem occurred where Silicon Valley Bank provided specialized "Lines of Credit for Equity" extending across institutional networks to encompass corporate personnel and employees. The public dialogue notes that with the leverage generated from these custom pledge structures and loan agreements, an operational loop emerges linking the bank's credit facilities directly to downstream entities now exposed as "Ponzi Businesses," explicitly citing Sam Bankman-Fried's collapsed crypto-equity setup (@SBF_FTX).
    - *Source:* X Platform Interaction Log Record, Dragon Breathe [@Elon55447675].



- **December 8–11, 2023:** Forensic accounting firm AlixPartners tracks complex blockchain data across the Solana network to reconstruct historical financial statements and explicitly pin down the manipulative internal pricing scripts of the Debtors' compromised liquidity pools.

A-1017

NARMBAN4 Bankman-Fried - Direct 2413

A. Understood.

MS. SASSOON: Objection. It is based on hearsay.

THE COURT: Sustained. That's another way of doing it, but it's still hearsay.

Q. Following his Honor's ruling, say what you did.

A. I ended up believing --

MS. SASSOON: Objection.

Q. Just tell us --

MS. SASSOON: He can describe what he did, not what he believed based on his conversations.

Q. Tell us what you did in connection with the Solana investigation.

A. I ended up making a significant investment in the cryptocurrency Solana at prices starting, I think, around 20 cents per token.

Q. Where did you believe the funds for the venture investments came from?

A. I believe that they came from Alameda Research's operating profits and, in some cases, from the loans that it had from third-party borrow lending desks.

Q. What entities would make the investments?

A. It varied. Sometimes, especially for liquid -- for tokens that were already trading, it would be Alameda Research's core trading entities. For more early-stage projects, or things that were not in the cryptocurrency sector, it would generally

SOUTHERN DISTRICT REPORTERS, P.C.
(212) 805-0300

A-1016

NARMBAN4 Bankman-Fried - Direct 2412

A. Yes, that is correct.

Q. Who was Amy?

A. Amy was a former venture capitalist who we had hired to work on and help lead our investment team as well.

Q. I don't want to go through all the investments. I just want to talk about one.

Do you recall the investment in Solana?

A. Yes.

Q. Can you describe for the jury the due diligence, if any, that was performed.

A. Yes. Solana is a cryptocurrency. It's a token, like Bitcoin or Ethereum. In the spring of 2020, it was a new cryptocurrency, had just been launched. We were investigating various blockchains at the time to compare them and figure out the pros and cons. I and others had calls with the leadership of most of the major cryptocurrency teams in the space and asked them questions about their technology, about their future projections, how they were going to get there, what they were prioritizing, and came away with the impression from those calls that Solana was --

MS. SASSOON: Objection. Hearsay.

THE COURT: Yes.

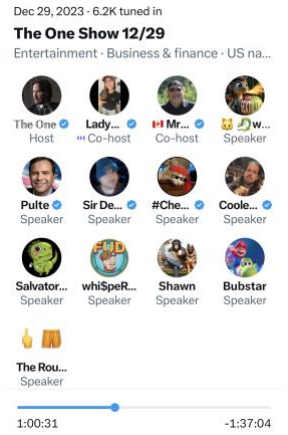
Don't tell us what anyone else said, Mr. Bankman-Fried.

Q. To his honor's point, just tell us what your takeaway is.

SOUTHERN DISTRICT REPORTERS, P.C.
(212) 805-0300

- *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.).

- **December 29, 2023:** Bill Putle on The One Show on the subject of total return swaps & Tokenized Stock.

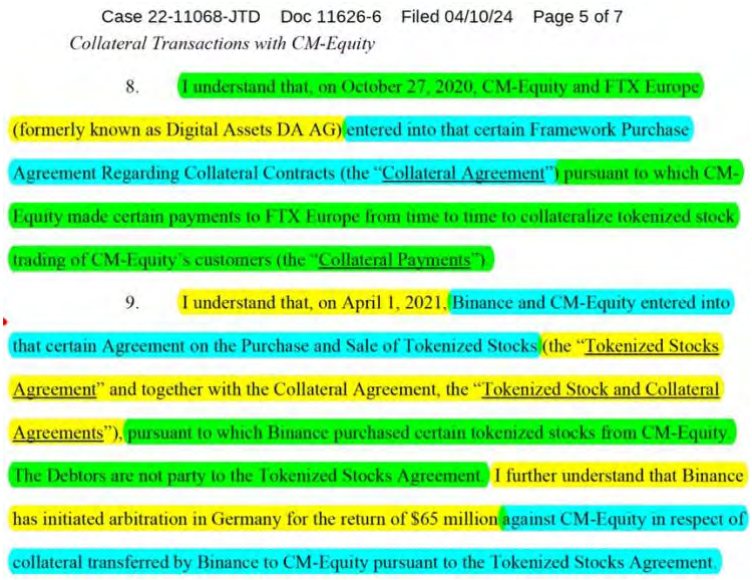


  - *Source:* The One Official X Account Post [TimeStamp -1:37:04] [@The1_RadioShow].
- **May 15, 2024:** Former FTX executive Daniel Friedberg files an Amended First Set of Requests for Production in Delaware Bankruptcy Court against the Chapter 11 debtors, demanding Documents sufficient to identify by name of stock, number of shares, the initial value of shares, and the date of purchase(s) and/or sale(s) of the stocks purchased by Binance in connection with the Tokenized Stock a Collateral Agreement. All Documents and Communications exchanged between you and any potential purchasers of FTX Europe, including, without limitation, Coinbase and Trek Labs. The Chapter 11 filing of FTX Europe indicates that Mr. John Ray III was its Chief Executive Officer at the time of the filing. Please produce all Documents and Communications showing Mr. Ray's asserted appointment to this position in accordance with applicable law, including all minutes of board meetings, names of board directors, and board consents. Provide the valuation report that was conducted by accounting firm BDO following FTX's acquisition of Digital Assets DA AG (DAAG).
  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.), Discovery Request Index.
- **December 10, 2024:** As Tesla stock surges past $400, Elon Musk issues a public warning targeting unhedged shorts, noting that the uncovered position could bankrupt actors like Bill Gates.
  - *Source:* Elon Musk Official X Account Post [@elonmusk].

Phase 5: The Post-Settlement Ledger & Systemic Liability Revisions (2025–2026)

- **March 5, 2025:** Regulatory estimates regarding the massive hidden liabilities created by tokenized stocks, asset rehypothecation, and venture capital loan agreements are officially revised upward by auditing bodies from a baseline of "$27.3 Quintillion" up to an unprecedented, systemic-risk level of "$1.187 Sextillion".
  - *Source:* Sullivan Cromwell & John Ray III, In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.).

- **May 2025:** Delaware Bankruptcy Court proceedings confirm that Binance is granted an allowed general unsecured claim against FTX Trading in the amount of $50,000,000 (The "Binance Allowed Claim") under the terms of the Collateral Claim Settlement Agreement. FTX Trading is further ordered to pay CM-Equity $1,000,000 in cash to settle outstanding tokenized stock infrastructure claims.



Case 22-11068-JTD Doc 11626-6 Filed 04/10/24 Page 5 of 7

Collateral Transactions with CM-Equity

8. I understand that, on October 27, 2020, CM-Equity and FTX Europe (formerly known as Digital Assets DA AG) entered into that certain Framework Purchase Agreement Regarding Collateral Contracts (the "Collateral Agreement") pursuant to which CM-Equity made certain payments to FTX Europe from time to time to collateralize tokenized stock trading of CM-Equity's customers (the "Collateral Payments").

9. I understand that, on April 1, 2021, Binance and CM-Equity entered into that certain Agreement on the Purchase and Sale of Tokenized Stocks (the "Tokenized Stocks Agreement" and together with the Collateral Agreement, the "Tokenized Stock and Collateral Agreements"), pursuant to which Binance purchased certain tokenized stocks from CM-Equity. The Debtors are not party to the Tokenized Stocks Agreement. I further understand that Binance has initiated arbitration in Germany for the return of $65 million against CM-Equity in respect of collateral transferred by Binance to CM-Equity pursuant to the Tokenized Stocks Agreement.

  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.), Order Granting Motion to Approve Settlement Agreement between Debtors, Binance, and CM-Equity.
- **December 17, 2025:** Following Tesla shares touching an all-time high of $495, Musk publicly notes that Bill Gates' unhedged short position has yielded cumulative losses exceeding $10 billion.
  - *Source:* Elon Musk Official X Account Post [@elonmusk].
- **March 27, 2026:** Retail advocacy group "APEs" submits an official electronic policy filing to SEC Secretary Vanessa A. Countryman. The letter challenges File Number S7-2024-05 regarding joint data standards under the Financial Data Transparency Act (FDTA).
  - **The Intertwined Macro Narrative:** The group demands an open-source, non-proprietary identification infrastructure to replace copyrighted CUSIP numbers. They explicitly cite how proprietary identifiers, "riskless principal" routing exemptions, broker-dealer reporting loopholes (as detailed by Shkreli's Renaissance observations), and unmapped tokenized stock collateral agreements have allowed institutional actors to establish a parallel, untraceable system of asset rehypothecation, hidden short interest accumulation, and artificial liquidity generation completely shielded from public oversight registries.
  - *Source:* SEC Rulemaking Comment Index, Letter from APEs Re: File Number S7-2024-05 (Financial Data Transparency Act Joint Data Standards).





CommissionerPeirce Sep 2, 2024
to me

Good afternoon,

Thank you for reaching out. All tips, complaints, or referrals can be submitted using our online form found here: https://www.sec.gov/tcr. If you are a whistleblower and would like to submit information to the Commission, you may do so here: https://www.sec.gov/whistleblower. If you have questions you'd like to discuss, you can contact the Office of Investor Education and Advocacy at 1-800-732-0330 or by email at help@sec.gov.

Office of Commissioner Hester M. Peirce

100 F Street, NE

Washington, DC 20549

From:
Sent: Friday, August 30, 2024 1:03 PM
To: Grewal, Gurbir <GrewalG@SEC.GOV>; Chair <chair@sec.gov>; CommissionerPeirce <CommissionerPeirce@SEC.GOV>; CommissionerCrenshaw <CommissionerCrenshaw@SEC.GOV>; CommissionerUyeda <CommissionerUyeda@SEC.GOV>; CommissionerLizarraga <CommissionerLizarraga@SEC.GOV>; Gensler, Gary <GenslerG@SEC.GOV>; Lisa.monaco@usdoj.gov; lisa.monaco@usdoj.sgov.gov
Subject: Re: FTX, Sullivan & Cromwell, Binance, USDC, TRON

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

To Whom Values Simple Math of Quintillions:

Majority @SBF_FTX Crimes Were Fake Venture Loans & Investment using Crypto like Tokenized Stocks for Collateral. Why are the Investigator & Criminals Same People As the Buyer & Seller of Crime Scene like Maclaurin also known as Alameda Ventures? Remember Quintillions in liabilities used as collateral can steal and collapse everything.

M me Oct 26, 2024
to grewalg, Chair, CommissionerPeirce, CommissionerCrenshaw, CommissionerUyeda ...

https://www.sec.gov/comments/s7-2024-05/s7202405-533076-1528863.pdf

PDF Financial Transparency.pdf

Remarks by SEC Chair Gensler at the Meeting of SEC Investor Advisory Committee

Posted by Gary Gensler, U.S. Securities and Exchange Commission, on Saturday, June 12, 2021

Comments Off Print E-Mail X Post

Tags: Broker-dealers, Information asymmetries, Insider trading, Investor protection, NBBO, Regulation NMS, Retail investors, Rule 10b-5-1, SEC, Securities regulation

More from: Gary Gensler, U.S. Securities and Exchange Commission

Editor's Note: Gary Gensler is Chair of the U.S. Securities and Exchange Commission. This post is based on his recent remarks at the Meeting of SEC Investor Advisory Committee. The views expressed in the post are those of Chair Gensler, and do not necessarily reflect those of the Securities and Exchange Commission or the Staff.

Good morning. Thank you Jennifer, Heidi, and all the committee members for having me. I enjoyed meeting with members of the Executive Committee yesterday and am thrilled to meet the whole committee for the first time. I'm grateful for the members' time and willingness to represent the interests of American investors.

I know this committee has weighed in on a variety of policies that are of great importance to the agency and to the investing public. Every day, I'm motivated by working families and how they're served by the agency's mission.

At the heart of our mission and our work protecting investors—from new investors exploring the stock market for the first time to retirees living off their pensions. I look forward to your recommendations on representing investors' interests in areas as diverse as climate risk disclosures and market structure.

On today's panels, I know you'll be discussing issues related to best execution and executive stock ownership. I look forward to seeing the readouts on these topics. In that regard, I wanted to share some thoughts about how I'm thinking through these matters.

First, let me turn to the requirements for best execution in the context of the National Best Bid and Offer (NBBO).

Broker-dealers are obligated to seek the best execution for their customers' orders—not just better execution. I've been thinking about these issues a lot in the wake of January's market events, which brought more attention to payment for order flow.

It's interesting to note that the United Kingdom, [1] Canada, [2] and Australia [3] don't allow broker-dealers to route retail orders to wholesalers in return for payments. The European Securities and Markets Authority has also raised concerns about these potential conflicts of interest in payment for order flow and best execution. [4]

Again, it's best execution—not just better execution. But it's best execution in comparison to what?

That brings me to the NBBO. In fulfilling the requirement of best execution, brokers must consider, among other factors, prices currently being quoted. The NBBO is designed to aggregate information across different exchanges. I believe there are signs, however, that the NBBO is not a complete enough representation of the market.

First, as evidenced in January, nearly half of the trading interest in the equity market either is in dark pools or is internalized by wholesalers. Dark pools and wholesalers are not reflected in the NBBO. Moreover, the NBBO is also only as good as the market itself. Thus, under the segmentation of the current market, nearly half of trading along with a significant portion of retail market orders happens away from the lit markets. I believe this may affect the width of the bid-ask spread.

Further, as it relates to the lit markets, while the definition of odd lots is planned to change under the SEC's 2020 Infrastructure rulemaking, the NBBO still doesn't include many of the exchange prices, such as odd lots and non-displayed orders. Additionally, by SEC rule, the NBBO must be priced in penny increments.

Wholesalers are able to transact at sub-penny increments. As a result, wholesalers may operate on an unequal playing field when competing for order flow.



indonesian_activist

redditor for 3 y • 110,501 karma
Active in r/pancakeswap, r/wallstreetbets, and r/indonesia

FEB 17

Hi, please post this video that was just on cnbc. I have a new wsb account but was on the amc, gamestop before everyone knew. This was an interview today. Its the same guy that was crying saying he wanted to protect us. Now he is being honest in interview. https://www.dropbox.com/s/p5v6vh1b5o19ayq/IMG_3524.MOV?dl=0

did u contact the mods ?

Don't know how never really posted. Y'all can pull the video interview interactive broker did. He was basically saying GME was valid play and really it's still it

ok, first is this real ? I was at work didn't catch cnbc

so he said without the trading restrictions it would have gone up to thousands posing systemic risk, what time was this interview ?

You can Google it. He just said it. And congress lady was on right after. Basically squeeze is still on and we would have collapsed the financial market if it went through

Closing bell today

On CNBC and Maxine waters was on after. She only gonna find out what happened with that trade. I've been working with Elon on doge and crypto too for Robinhood. She said she not asking about that

Google interactive broker interview

Ceo

CNBC

Here

https://www.cnbc.com/2021/02/17/interactive-brokers-chairman-thomas-peterffy-on-gamestop-frenzy.html

I messaged a few top contributors hope someone puts it up. So ppl will know it was a good play. And why they stopped it. Still can be.

thx brah, I'll try to post it if mods allow



9:06 PM Mon Nov 29 89%

indonesian_activist

Here

https://www.cnbc.com/2021/02/17/interactive-brokers-chairman-thomas-peterffy-on-gamestop-frenzy.html

I messaged a few top contributors hope someone puts it up. So ppl will know it was a good play. And why they stopped it. Still can be.

thx brah, I'll try to post it if mods allow

No problem:) give apes hope

When you do post like of interview. DFV or someone needs to bring interactive broker admission to congress and ask Melvin and citadel it would be $1000 a share.

posted it

r/wallstreetbets
u/indonesian_activist • 285d • v.redd.it

892 Awards

Today, Interactive Brokers CEO admits that without the buying restrictions, $GME would have gone up in to the thousands



144k 7.9k Share Award

Thank you I getting congress to ask Robinhood and hedge

U writing to Maxine ?

Message GIF



r/Superstonk

Dark Pool Not Required, Market Markers can Control Pricing w/out Orders Reported, "Riskless" Princip...

2.7k upvotes • 166 comments

dlauer • 3y
- WRINKLE BRAIN

This description suggests that riskless principle is primarily used to avoid double-counting trades, it cannot be used to avoid reporting them. I asked a friend who knows more than I do about this and he said riskless principle hasn't been used for a decade.

Reply 163

UnderstandingNew7083 • 3y
Power to the Players

With great desperation comes great deceit. Hasn't been used and Can't be used are two different things. My question: is it possible?

60

boskle • 3y
ComputerShared

let's accept the fact that he might not know if it's possible

17

idLogger OP • 3y
Power to the Players

Laura Tuttle Senior Financial Economist at SEC did an study on "riskless" on exchange. https://www.sec.gov/files/marketstructure/research/otc_trading_march_2014.pdf

16

dlauer • 3y
- WRINKLE BRAIN

Right, so that paper confirms what I said in the first part, that riskless principle is used to avoid double-reporting trades, because they are trades executed at the same price, and I think there's a timing requirement too - it has to happen quickly, aka riskless. Looks like it's used more than my friend thinks though this data is 9 years old (2012 dataset).

32

idLogger OP • 3y
Power to the Players

The "riskless" principle classification was recently issued a cease and desist order by the SEC to Credit Suisse Sept 28, 2018. https://www.sec.gov/litigation/admin/2018/33-10565.pdf in the SEC filing explains what Credit Suisse was doing.

14

dlauer • 3y
- WRINKLE BRAIN

Yes, I remember this case well, it was a big deal at the time. But as I read this, RES was not abusing riskless principle trades, per se. It was using them to impact the stock price and then capture that impact on a principle basis. This is shady af, and deserved the enforcement. But I'm not sure how it bolsters what you're trying to show. Maybe I'm missing something here?

27

idLogger OP • 3y
Power to the Players

Aug. 21, 2018 SEC https://www.sec.gov/comments/265-30/26530-4268151-173129.pdf

We also are concerned that delayed dissemination of **block trade reports can mislead the market about supply and demand** conditions when dealers distribute the block in smaller trades whose reports are immediately disseminated. For example, if a dealer crosses $20 million in bonds from one seller to four buyers each buying $5 million on a **riskless-principal** basis, under the recommended proposal, **FINRA would delay dissemination of the $20 million dealer buy report** but would **immediately disseminate reports each of the $5M dealer sales.** The immediately disseminated reports would give the appearance of surplus buying demand and the possibility that one or more dealers have been left short facilitating this customer demand. The response to such **reports could artificially push the price of the bonds higher,** at least until FINRA disseminates the "$10MM+" dealer buy trade two days later.

12

dlauer • 3y
- WRINKLE BRAIN

This is a comment from the Fixed Income Advisory Committee pushing for faster block trade dissemination times in the fixed income market. It's an issue I'm very familiar with, but it has nothing to do with stocks/equities.

5

idLogger OP • 3y
Power to the Players

The "riskless" principle is not only still being used, but 14 days ago the SEC is selling the information including short volume data. https://www.sec.gov/rules/sro/cboebyx/2021/34-92149.pdf "The Exchange proposes to offer Short Sale Volume data on an end-of-day and intraday basis which will be available for purchase by Members and non-Members. Specifically, the Exchange proposes to offer an end-of-day short sale volume report that includes the date, session (i.e., Pre-Opening Session,4 Regular Trading Hours,5 or After Hours Trading Session6),7 symbol, trade count, buy and sell volume, type of sale (i.e., sell, sell short, or sell short exempt), capacity (i.e., principal, agent, or **riskless principal**), and retail order indicator. The end-of-day Short Sale Volume data would include same day corrections to short sale volume." Guess we can buy tax payer paid for information on methods of manipulation.

11

dlauer • 3y
- WRINKLE BRAIN

So this isn't the SEC selling data, it's CBOE BYX, which is a stock exchange. And they are a private, for-profit entity who sells data.

All this comment says to me is that someone is selling data reporting the amount of riskless principal trading. Again, I'm really not seeing how any of this bolsters the point you're trying to make. In fact, riskless principal trading is good to know about because it's generally inconsequential - it's not a real trade, it's simply a facilitation of a trade. It looks like a real trade, and so it needs to be flagged as a riskless facilitation transaction. But that doesn't eliminate the reporting of the ACTUAL real trade.

6

idLogger OP • 3y
Power to the Players

The examples were mainly from your comment regarding a friend with inside knowledge that "riskless" principles have not been used in a while. Mainly for the fact that CBOE BYX a private exchange 14 days ago petition SEC to gather short interest as well as "riskless" principal transactions for sale for profit only bolster the value of Short Interest Data in conjunction with "Riskless" Principal Data. Yes, I agree "riskless" principle is an ACTUAL trade. The trade in itself is not in question. The "10 second" reporting requirement when MM utilize "riskless" principal which can cause a non-tape reporting event. Or with the "riskless" principle can delay in reporting after-market hours at 6:30pm Eastern and not "10 second" after trade during market hours. This classification can facilitate supply and demand volume distortions as well as pricing issues.

In regards to the Fixed income Market example, be it stock/equity, bonds, or fixed income. The use of the "riskless" principal anything sold/brought classification can lead to a known "block trade reports can mislead the market about supply and demand" and "reports could artificially push the price" with SEC/FINRA knowledge.

4

dlauer • 3y
- WRINKLE BRAIN

Sorry I thought I was clear that I initially agreed with you that my friend was wrong about it not being used. But while I agree it's used, I don't see it being abused in the way you're describing. Even when it's used, the actual trade is still printed to the tape in real-time, it's only later that you find out that a certain portion of the day's trading might have been facilitated with riskless principal.

The Fixed Income example doesn't apply to equities because equity reporting requirements aren't the same. So I don't see the connection.

10



@TheRoaringKitty DFV Naked Short #NakedShort Short Ladder Attack Short Distort Synthetic Shares Using Mis-Marking Token Tokenized Stocks Tokenized Shares Convertible Bonds Similar BTIG Overstock @ryancohen Ryan Cohen @GameStop GameStop GME Adam Aron @CEOAdam AMC Theaters @AMCTheatres Keith Miller AB 525 @PeteG_5 @vladtenev Vlad Tenev Robinhood @elonmusk Elon Musk Tesla TSLA TSLAQ TelslaQ @SpaceX @jack Jack Dorsey Twitter TWTR @citsecurities Citadel Securities Ken Griffin Melvin Capital Gabe Plotkin Martin Shkreli Julian Robertson Tiger Cubs Virtu Doug Cifu Reddit WallStreetBets redchessqueen @redchessqueen99 SuperStonk Jim Cramer @jimcramer Charles Payne @cvpayne Gary Gensler @GaryGensler SEC.gov @SECGov Lisa Monaco @LisaMonaco APE @TheJusticeDept DOJ MOASS Squeeze APE Leverage Bill Gate Tiger Global Calipers Pensions @dianeg_ceo Bob Huth @Hycroft HYMC Apex Clearing Dave Black @RobinhoodApp Camp LeJuene @The_DTCC @CreditSuisse @FINRA Phantom Short Failure to Deliver (FTD) Bernie Madoff "Madoff Exemption" Bill Gate @BillGates BCG Boston Consulting Group Mark Cuban @mcuban Patrick Olds Mia Khalifa @miakhalifa @chamath @JaneDoeLMNOP Reverse Split swaps Wilson Mak @kevinolearytv David Portnoy @stoolpresidente Andreessen Horowitz a16 Clubhouse Cathie Wood @CathieDWood Securitization @x @robertherjavec Martin Shkreli @MartinShkreli @TheSharkDaymond Conversion Shawn Corey Carter @sc @aplusk Eddie Griffin @EddieGriffinCom Jon Stewart @jonstewart January 28 2021 Buy Button Milly Elvis @MillyELVIS @TilmanJFertitta Jay Clayton Pat Toomey Marcus Lemonis @marcuslemonis Donald Trump Jr. @DonaldJTrumpJr @LizClaman Helen Lee @peterelkind @eisingerj Janet Sparks @lizgarbus @JchristianWes @BetterMarkets @jbrutvan @cz_binance Dave Lauer @dlauer @SusanneTrimbath Dragonbreathe @DennisKelleher Travis Kelce @tkelce @LucyKomisar Aldwin Mak @andyleeck @LisaBraganca @GurbirGrewalNJ Maxine Waters @RepMaxineWaters Alexandria Ocasio-Cortez @AOC @RepAOC @PatrickMcHenry @RepBlaine @RepAlGreen @RepAdams @SenWarren @BradSherman @RoKhanna Ted Cruz @tedcruz @SenSherrodBrown Peter Thiel @RashidaTlaib @SenToomey @RepJuanVargas Conan Mak @RepPerlmutter @SecYellen @FSCdems @BankingGOP Jay-Z @SenateBanking @SenFinance @FinancialCmte @caroljsroth Dominos Pizza @timseymour @reddit idLogger @SEC_News @CNNBusiness @Foxbusiness @reuters @guardian @guardiannews @forbes @WSJ @YahooFinance @NYSE Lehmann Brothers Bear Stearns Corp @business Bill Pulte @Jefferies @andrewrsorkin @Nasdaq @Overstock @peterthiel @reuters @guardian @guardiannews @forbes @WSJ @SBF_FTX Beyonce @erinarvedlund Erin Arvedlund @MaxJReyes Max Reyes @0x_tracy Tracy Wang @SimonDixonTwitt @AlexDamsker ALEX DAMSKER @MarioNawfal Mario Nawfal @CelsiusNetwork Modulo Janet Sparks @SMTuffy Sean Tuffy SVB Silicon Valley Bank First Republic Bank FRM Signature Bank Silvergate @coinbase @brian_armstrong Brian Armstrong @yaffebellany David Yaffe-Bellany @leomschwartz Leo Schwartz @MattGoldstein26 Matthew Goldstein @giseleofficial Gisele Bündchen @SHAQ @StephenCurry30 Stephen Curry @TomBrady Tom Brady FDIC Apollo Sequoia LightSpeed Coinbase @innercitypress Ryan Salame @rsalame7926 Dumb Money Ben Mezrich Taylor Swift @taylorswift13 The Eras Tour AMC theatres Cameron Winklevoss Tyler Winklevoss @circle