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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

In re:

POWER BLOCK COIN, L.L.C.

Debtor

Case No. 24-bk-23041-CDP

Chapter 11

Judge Cathleen D. Parker

**DEBTOR POWER BLOCK COIN, L.L.C.'S RESPONSE TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITOR'S MOTION TO COMPEL
ACCOUNTING**

Power Block Coin, LLC, in its capacity as the debtor in possession (the “**Debtor**”), by and through its undersigned counsel, hereby objects to the Official Committee of Unsecured Creditor’s (the “**Committee**”) Motion to Compel Accounting (the “**Motion**”). [Dkt. No. 353]. In support of this Response, the objecting Debtor respectfully states as follows:

INTRODUCTION AND SUMMARY OF OBJECTION

The Debtor has complied in all respects with not only its statutory and court-ordered duties but also voluntarily provided the Committee plenary access to the Debtor’s current and historic financial information. Since the Court’s entry of the Order Authorizing the Continued Use of the Debtor’s Cash Management System Through Services Agreement with Blue Castle Holdings Inc. (the “**Cash Management Order**”), the Debtor has provided a comprehensive accounting and has consistently complied with that Order in the administration of the estate. Particularly, the Debtor has regularly filed its Monthly Operating Reports (“**MORs**”) as required by the Order, granted the Committee not just access to, but a duplicate copy of its entire cryptocurrency database (the “**Crypto Database**”) and its QuickBooks file, and offered to demonstrate how to run queries within the Crypto Database on multiple occasions. The Debtor has not withheld any information. There is nothing further to disclose. The Committee in its Motion appears in multiple cases to insinuate that assets have gone missing or are unaccounted for. There is zero evidence of this. All cryptocurrency belonging to the Debtor remain exactly as was disclosed in the Debtor’s schedules as of the Petition Date. Here are the Debtor’s cryptocurrency holdings, exactly as they have been since the Petition Date:

		Valuation		USD	USD
	Net Book Value	Method	Current	Spot Price	Value
Stable Coins	5,548.1100	FMV	5,548.1100	\$1.0000	\$5,548.11
BTC	0.1701	FMV	0.1701	108,253.0000	18,410.77
ETH	0.1601	FMV	0.1601	4,388.9300	702.69
BCH	4.2836	FMV	4.2836	544.8000	2,333.69
DOGE	17,020.7481	FMV	17,020.7481	0.2138	3,639.24
LINK	99.9193	FMV	99.9193	23.2300	2,321.13
LTC	73.8126	FMV	73.8126	108.9200	8,039.67
					\$40,995.29

This is the exact same number of tokens as was held on the Petition Date and disclosed in Schedule B filed after the Petition Date:

22) Other inventory or supplies

General description	Date of the last physical inventory	Net book value	Valuation method	Current value
Crypto - BCH	06/20/2024	1,669.82	FV	1,669.82
Crypto - LTC	06/20/2024	5,513.80	FV	5,513.80
Crypto - LINK	06/20/2024	1,423.85	FV	1,423.85
Crypto - DOGE	06/20/2024	2,117.33	FV	2,117.33
Crypto - USD Stable Coins	06/20/2024	5,548.11	FV	5,548.11
Crypto - ETH	06/20/2024	562.14	FV	562.14
Crypto - BTC	06/20/2024	11,025.52	FV	11,025.52

(Schedules, ECF 39, at p. 10.) The only addition to the information is that the first chart also enumerates the number of each token whereas the chart from the Petition Date only set forth values. But the Committee has always had the ability to search the database at any time to check the number of tokens or arrive at the number of tokens by simply dividing the value of the tokens by the Petition Date price. It is simple math.

The Debtor has not filed a motion to sell any of its assets and so has not sold or transferred any of its assets. These cryptocurrencies are not held on any public exchange, and they are unlike a bank account: you cannot ask for a monthly statement. The Debtor has given the Committee a complete copy of its cryptocurrency database, a copy of its QuickBooks, copies of all prepetition bank accounts, and it files its post-petition bank accounts each month on its monthly operating reports. The Debtor is at a loss as to what other information the Committee could possibly want.

Accordingly, the Court should overrule the Committee's Motion as meritless, pointless, and moot.

I. FACTUAL BACKGROUND

1. The Debtor filed its voluntary petition for relief under chapter 11 on June 20, 2024 (the “**Petition Date**”). (ECF 1.)

A. The Debtor Has Complied in All Respects with the Bankruptcy Code, Cash Management Order, and Court-Ordered Reporting Requirements.

2. On the Petition Date, the Debtor had no cash, and many traditional banking institutions had ceased providing banking services to cryptocurrency-related businesses such as SmartFi following failures of other cryptocurrency exchanges. On July 4, 2024, the Debtor timely filed its Statements of Financial Affairs and Schedules (“**Statements and Schedules**”), which disclosed all of the Debtor’s cryptocurrency holdings as of the Petition Date along with a detailed breakdown of the type, net book, and current value of cryptocurrency assets held by the Debtor. (ECF 39 at 10.)

3. The Debtor requested, and the Court granted by Motion permission for the Debtor to manage cash needs using its parent Blue Castle Holdings, LLC’s bank account under a Management Services Agreement (the “**Management Services Agreement**”) (the “**Cash Management Order**”). (ECF 181.) The Management Services Agreement authorized the Debtor to use a specially designated Blue Castle bank account (which is held at Hillcrest Bank) to satisfy any of the Debtor’s cash obligations to be funded by Blue Castle in exchange for credit against an existing loan previously extended by the Debtor to Blue Castle, the “Blue Castle Loan.” (*Id.* at ¶¶ 2-3.)

4. In the Cash Management Order, the Court ordered the following with respect to reporting on the Debtor’s cryptocurrency holdings:

6. The Debtor shall file with its monthly operating reports statements showing its cryptocurrency holdings. Further, the Debtor will file statements from the bank account used by Blue Castle, which will show all payments being made on the Debtor’s

behalf and an accounting of the amount remaining due under the Blue Castle Loan.

(*Id.* ¶ 6.)

5. On August 21, 2024, the Debtor filing its first monthly operating report (MOR). (ECF 145.) In the MOR, Debtor in compliance with paragraph 6 of the Cash Management Order, disclosed its that its cryptocurrency inventory (the same as was listed in Schedule B) had a value of \$36,742. (*Id.* at 5.) For the next year of 12 MOR filings, no one – not the Committee, not the U.S. Trustee, not the very active creditor body, and not the Court – expressed any concern that the disclosure was inadequate.

6. Likewise, the MORS all have a complete accounting of the balance of the Blue Castle Loan as well as the Debtor's other loans receivable. (*E.g., id.* at 18.) Further, in accordance with paragraph 6 of the Cash Management Order, the Debtor has submitted with each MOR a copy of the statement for the relevant month of the dedicated Blue Castle account for the Debtor. (*E.g., id.* at 7-10.)

7. In accordance with Section 363(b)(1) of the Bankruptcy Code, the Debtor's cryptocurrency holdings have remained untouched since the Petition Date. The Debtor has not filed a motion to sell any cryptocurrency holdings, and, indeed, it has not sold or transferred any cryptocurrency holdings. The cryptocurrency holdings therefore remain unchanged.

8. Specifically, since entry of the Cash Management Order, the Debtor has consistently filed its MORs, and, as ordered, attached statements from the dedicated Blue Castle bank account at Hillcrest Bank, a disclosure of its cryptocurrency holdings, and an accounting of deductions from the Blue Castle Loan. (*See* ECF 187, 196, 216, 220, 247, 253, 272, 281, 311, 325, 334, 347, 352.)

B. The Debtor Provided All of its Books and Records, Bank Accounts, and Cryptocurrency Database to the Committee.

9. The Debtor granted the Committee and its financial professionals unrestricted access to its Financial Database (which contains the entirety of the Debtor's cryptocurrency assets from the Debtor's inception) and demonstrated how to run queries in the database. The Committee hired Huron Consultants as its financial advisor, who represented that they were familiar with and could operate Sequel Database.

10. In correspondence on August 20, 2025, the Committee sent a "Final Demand for Accounting," a true-and-correct copy of which is attached as Exhibit A hereto. In the Demand Letter, the Committee alleges without foundation that the Debtor has engaged in "multiple post-petition transfers to third parties, including, but not limited to, BTC transfers aggregating approximately 2.9 BTC and over 370,000 USDT." (*Id.*) These claims are doubly nonsensical: first, the Debtor on the Petition Date had less than \$30,000 in cryptocurrency holdings, so how is it now alleged to have transferred 2.9 BTC (worth at least \$290,000) and \$370,000 worth of USDT? Second, if Huron, the Committee's financial advisors, has no access to the database as they claim, what source are they using to assert knowledge of specific amounts of post-Petition Date transfers of cryptocurrency holdings? The answers are obvious: there are no such post-petition date transfers of Debtor's cryptocurrency holdings. And the Committee has, and has had for a very long time, plenary access to the Crypto Database. The Debtor is not hiding anything.

11. The likely source of the Committee's confusion (charitably calling this "confusion," as this has been explained to the Committee multiple times) is that the database also tracks all transfers initiated through the FireBlocks messaging system that is used for the Debtor's former clients to manage their *own* cryptocurrency holdings. Those transactions then show up in the Crypto Database. These holdings have never been property of the Debtor, and

are not held by any Debtor system, but rather, are held in FireBlocks by their owners. The Debtor has no interest in these cryptocurrency assets, and has maintained this position, explained this in open court, and even put it in the first-day declaration filed on the Petition Date:

SmartFi earns fees from transactions made using its Platform. Specifically, SmartFi's platform allows its customers to manage their digital currency wallets. SmartFi's Platform (which is akin to a messaging system) facilitates customers' trades and withdrawals, and SmartFi earns fees on certain transactions. The wallets are at all times owned by the customers (even though they show on SmartFi's balance sheet), but the digital currencies remain property of and under control of the customers. SmartFi does not own the cryptocurrency traded on its Platform and thus has no obligation to return it or do anything with it. Likewise, the customers using its Platform to trade have no claims against SmartFi, secured, unsecured, or otherwise.

(First Day Declaration of Aaron Tilton, ECF 8, at ¶ 5.) The Committee knows this and yet is using transactions by *customers* of the *customer's* crypto that show up in the database to insinuate that the Debtor is hiding and transferring away crypto currency. The Committee cannot, after being informed since the Petition Date that this is the case, and having been reminded *again* in correspondence at Exhibit B that the transactions that they are seeing are not Debtor transactions, cannot claim ignorance of what the Debtor has disclosed regarding customer-owned cryptocurrency and how the database shows it, despite repeatedly being told these things since the Petition Date.

12. In response to the Demand Letter, the Debtor pointed out the source of the Committee's confusion – the customer crypto transactions by pointing the Committee to the First Day Declaration, and also cut and pasted the disclosure of the Debtor's cryptocurrency holdings from the Debtor's schedules so that the Committee had all the information in one place:

Abigail, *et al.*:

With respect, the Debtor has gone through this issue several times with Huron and the Committee. Most of the crypto controlled

through SmartFi's technology was not an asset of the Debtor: these were deposit accounts held at Fireblocks by SmartFi's customers. All SmartFi's system did was enable the clients to buy and sell their own assets on the platform in exchange for small transactions fees. Thus, the Debtor did not "engage in multiple post-petition transfers to third parties." These were transfers by non-debtors of non-debtor properties using SmartFi's system. In addition, to the many times this has been explained to Huron and to the Committee, this was disclosed in the First-Day Declaration and in the Schedules:

5. SmartFi operates a platform (the "Platform") for its clients through its website portal at www.smartfi.com. SmartFi earns fees from transactions made using its Platform. Specifically, SmartFi's platform allows its customers to manage their digital currency wallets. SmartFi's Platform (which is akin to a messaging system) facilitates customers' trades and withdrawals, and SmartFi earns fees on certain transactions. The wallets are at all times owned by the customers (even though they show on SmartFi's balance sheet), but the digital currencies remain property of and under control of the customers. SmartFi does not own the cryptocurrency traded on its Platform and thus has no obligation to return it or do anything with it. Likewise, the customers using its Platform to trade have no claims against SmartFi, secured, unsecured, or otherwise. They are simply customers who use SmartFi's Platform, from which activity SmartFi earns income.

(First Day Declaration, para. 5.) So if you believe you have uncovered some sort of non-disclosure or conspiracy by which the Debtor has moved hundreds of thousands of dollars, you are incorrect. If you believed there was any basis to assert that these were Debtor assets, you might have raised that issue 1.5 years ago. This is the first we are hearing of it even though, again, we disclosed this on the petition date.

All of the Debtor's crypto assets that it held as of the petition date have remained unchanged and unmoved. As for an accounting of the crypto, it is right there in the schedules:

22) Other inventory or supplies

General description	Date of the last physical inventory	Net book value	Valuation method	Current value
Crypto - BCH	06/20/2024	1,669.82	FV	1,669.82
Crypto - LTC	06/20/2024	5,513.80	FV	5,513.80
Crypto - LINK	06/20/2024	1,423.85	FV	1,423.85
Crypto - DOGE	06/20/2024	2,117.33	FV	2,117.33
Crypto - USD Stable Coins	06/20/2024	5,548.11	FV	5,548.11
Crypto - ETH	06/20/2024	562.14	FV	562.14
Crypto - BTC	06/20/2024	11,025.52	FV	11,025.52

(Schedule B, ECF 39, p. 10.)

These assets remain exactly where they have always been. Accounting provided. You also have been provided with the database, so you know this or have the capacity to find this information yourself.

As for your demand that Blue Castle, a non-debtor, provide an accounting of a non-debtor Blue Castle business account, which is not the account funded for the Debtor's cash payment needs and disclosed with the MORs, I'll let Mike Johnson answer whether he cares to do that. If Blue Castle drew it down to zero paying Mike Johnson, non-debtor employees, and development costs for Solara, what of it? If it has \$1 billion, what relevance? Blue Castle offered, and the Committee accepted, a settlement of its obligations under the Blue Castle Note and all other claims and a complete release. There is no basis for your demand for an accounting of funds you have no right to and, to the contrary, you have agreed to release. For you now to say you cannot support the settlement and move forward on the plan, the terms of which you agreed to, because Blue Castle is not willing to gift hundreds of thousands of dollars that you already waived and released is hard to wrap my head around. It is not the Debtor that is endangering this process through a belated attempt to grab more than was bargained for: it is the Committee. The request for an accounting is a strident demand beyond even the scope of a 2004 exam. The Debtor has no rights to any accounting much less to the funds of a non-debtor. Please point me to the part of the mediation agreement where the Committee negotiated for a turnover of all of Blue Castle's assets.

Sincerely,

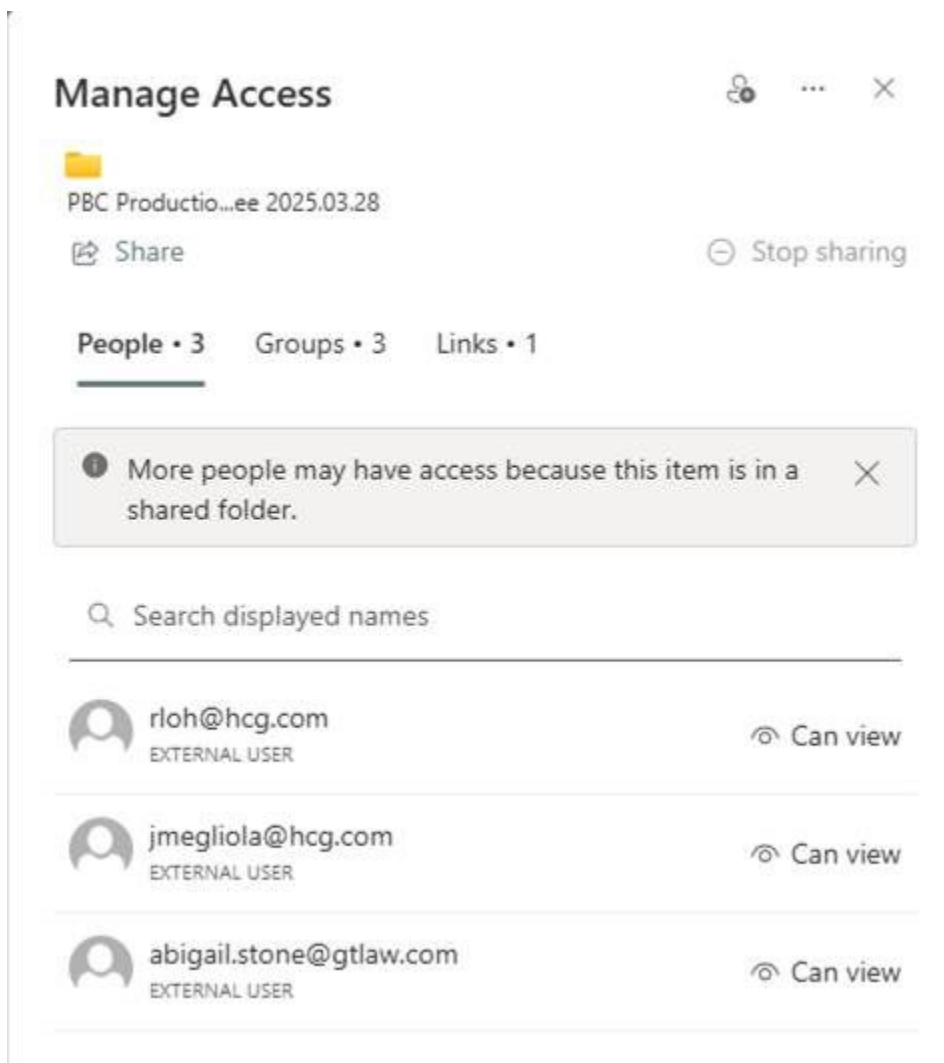
Brian

(Email Correspondence, Ex. A hereto.)

13. Following correspondence from Blue Castle, the Debtor addressed the Committee's allegation that the Committee and its financial professionals were not granted full access to its Crypto Database. The Debtor responded with receipts, and even resent a link to the Crypto Database in its response, showing that the professionals at Greenberg Traurig (gtlaw.com) and Huron (hgc.com) that were complaining they did not have access had actual access since March 28. The Debtor offered to demonstrate *once again* how to run queries in the Financial Database to the Committee:

Greenberg:

With respect to the statements in the Committee's letter that the Debtor has not provided access to the Debtor's cryptocurrency database and thus has not been transparent, the Debtor respectfully reiterates that all this information was given to the Committee and its financial professionals. Just so there is no dispute, here is a link that contains the entire crypto database separated from all other documents so that you can find it. The link is [here](#). Let me know if anyone else needs access. Huron and Greenberg were previously provided access to the productions, e.g., the March 28 production:



Since we continue to go around and have these disagreements about what has been provided, I would like to invite Greenberg and Huron onto a Teams call in which we open the database and (again) demonstrate how to run queries and get reports to your hearts' content. Huron on the previous call stated that they had people conversant with Sequel database. Unlike the last calls, however, we want Greenberg on the line, too. That way, there will be no further assertions that we have not provided access to the Debtor's entire cryptocurrency database. That access, plus the bank accounts and QB files, which have all also been provided, are the complete financial picture of the Debtor.

Our side has time tomorrow between 9:00 a.m. and noon and again from 2:00 to 3:00 p.m. Please give me some times.

Sincerely,

Brian

(Email Correspondence, a true-and-correct copy of which is attached as Exhibit C hereto.)

14. The Debtor further reminded the Committee that it had already rendered an accounting of the crypto holdings—which remain unchanged—in its Statements and Schedules, had provided the full Crypto Database. The Debtor proposed holding a Teams call on August 28, 2025, with the Committee and its attorneys to resolve any disagreements or misunderstandings. (*Id.*)

15. The Committee ignored the Debtor’s offer to go through the Crypto Database with Huron on a Teams Call. Instead, the Committee filed its Motion to Compel.

RESPONSE TO MOTION TO COMPEL

I. THE COURT SHOULD DENY THE COMMITTEE’S MOTION TO COMPEL BECAUSE THE DEBTOR HAS PROVIDED AN ACCOUNTING OF ITS CRYPTOCURRENCY HOLDINGS

The Committee makes two arguments. It argues that (1) the Debtor has repeatedly ignored its requests for an updated accounting of the Debtor’s cryptocurrency holdings, and (2) the Debtor violated the Cash Management Order when it failed to attach cryptocurrency statements to its MORs. The Debtor has provided plenary access and information, offered to provide it in real-time again, and has been completely transparent about every asset it owns. There are no “cryptocurrency statements,” and the Committee already has the complete Crypto Database that it can look at and analyze to its heart’s content. There is nothing to compel.

A. The Debtor Has Provided the Committee with All Possible Primary Sources of Information Relating to Its Assets.

The Debtor has rendered an accounting for its cryptocurrency holdings. On July 4, 2024, the Debtor provided an inventory of its cryptocurrency holdings, which contained a detailed breakdown of the type, net book value and current value of the Debtor’s cryptocurrency assets to

the Committee, the Court, and all parties in interest. (Schedules, ECF 39 at 10.) In compliance with the Cash Management Order, the Debtor in its MORs each month updated its cryptocurrency holdings, which have remained static as the Debtor has neither sought permission to liquidate nor has it liquidated or transferred any of its crypto holdings. (*E.g.*, MOR, ECF 145 at 5]. It also attached every bank statement and provided detailed accounting of the balance of the Blue Castle Loan and all other loans receivable in each MOR. (*See* ECF 187, 196, 216, 220, 247, 253, 272, 281, 311, 325, 334, 347, 352.)

The Committee has received all of these disclosures. The Debtor further, without any discovery requests, Rule 2004 examination, or any other means of compulsion, voluntarily gave the Committee and its financial professionals full access to its Crypto Database and demonstrated in multiple sessions how to use it, thereby enabling the Committee to independently monitor and receive firsthand knowledge of any changes to the cryptocurrency assets.

Notwithstanding the Debtor's efforts, the Committee in its "Final Demand for Accounting" and now this Motion to Compel, is seeking to tar the Debtor before this Court by falsely insinuating that the Debtor is secreting assets, and (as stated in the Demand Letter) gain some leverage to push the Debtor in the negotiations on the Plan. In response to the Committee's Demand Letter, the Debtor explained that the cryptocurrency holdings had remained unchanged and unmoved since the Petition Date and attached the inventory of cryptocurrency holdings as reflected in the Statements and Schedules filed on July 4, 2024. (*See* Correspondence, Ex. A hereto.) The Debtor offered to provide any information or once again show the Committee's professionals how they could answer any questions themselves through the Crypto Database on a Teams call with the Committee and its attorneys. Given the Debtor's offer, the Committee's object in filing the Motion to Compel obviously has nothing to do with getting information – they already have it.

The Committee in the Motion to Compel alleges that the Debtor had not provided an *updated* accounting for its cryptocurrency holdings. However, Section 363 of the Bankruptcy Code provides that the debtor in possession may sell or lease property in its estate only after notice and a hearing. Accordingly, in the absence of a hearing, no such sale or lease may occur. The Debtor has neither sought nor obtained permission to sell and thus has not transferred any of its cryptocurrency holdings since the Petition Date. Again, there is nothing to compel. The Committee can go look at the Crypto Database right now and verify this for itself.

B. The Debtor Has Meticulously Complied with the Cash Management Order.

The Committee contends that the Debtor violated the Cash Management Order when it failed to file “with [13 of] its Monthly Operating Reports statements showing its cryptocurrency holdings.” [Dkt. 181 at 4]. This is demonstrably false. In each MOR spanning more than a year, the Debtor in compliance with paragraph 6 of the Cash Management Order, disclosed its cryptocurrency inventory (the same as was listed in Schedule B). (ECF 145 at 5.) For the next year of 12 MOR filings, no one – not the Committee, not the U.S. Trustee, not the very active creditor body, and not the Court – expressed any concern that the disclosure was inadequate. If they at any time wanted to drill down and get more detail, all they needed to do was ask.

Likewise, the MORS all have a complete accounting of the balance of the Blue Castle Loan as well as the Debtor’s other loans receivable. (*E.g., id.* at 18.) Further, in accordance with paragraph 6 of the Cash Management Order, the Debtor has submitted with each MOR a copy of the statement for the relevant month of the dedicated Blue Castle account for the Debtor. (*E.g., id.* at 7-10.)

In accordance with Section 363(b)(1) of the Bankruptcy Code, the Debtor’s cryptocurrency holdings have remained untouched since the Petition Date. The Debtor has not filed a motion to

sell any cryptocurrency holdings, and, indeed, it has not sold or transferred any cryptocurrency holdings. The cryptocurrency holdings therefore remain unchanged.

Specifically, since entry of the Cash Management Order, the Debtor has consistently filed its MORs, and, as ordered, attached statements from the dedicated Blue Castle bank account, a disclosure of its cryptocurrency holdings, and an accounting of deductions from the Blue Castle Loan. (*See* ECF 187, 196, 216, 220, 247, 253, 272, 281, 311, 325, 334, 347, 352.)

The Committee ignores that, unlike bank accounts, there are no “statements” for cryptocurrency held on Fireblocks. However, because the assets in the cryptocurrency holdings remained unchanged since the first MOR, the Debtor did not belabor repeating a complete breakdown of its holding of each type of cryptocurrency token in every filing. Nevertheless, in the introduction above, the Debtor provides such a breakdown.

C. The Debtor Has Disclosed all the Information It Has.

From the Petition Date, the Debtor has been transparent and cooperative. Particularly, the Debtor timely filed its Statements and Schedules, provided the monetary value of its cryptocurrency assets in its first MOR, consistently filed its MORs, granted the Committee unfettered access to its Crypto Database, attached every single bank statement, provided a demonstration on how to run queries in the financial database on multiple occasions, sought to meet with the Committee and its attorneys to resolve any miscommunications or teach them again how to run queries in the Crypto Database, and again provided the Committee and this Court with a complete accounting of its cryptocurrency holdings, which, again, have remained unchanged since the Petition Date. At present, the Debtor is incapable of providing more information because all the information it holds has already been provided to the Committee.

CONCLUSION

WHEREFORE, the Debtor respectfully requests that the Bankruptcy Court overrule the Committee's Motion.

Dated this 19th day of September, 2025.

PARSONS BEHLE & LATIMER

/s/ Brian M. Rothschild

Brian M. Rothschild

Attorneys for Power Block Coin, L.L.C.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of September, 2025 I served the foregoing **DEBTOR POWER BLOCK COIN, L.L.C.'S RESPONSE TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITOR'S MOTION TO COMPEL ACCOUNTING** to the parties in the manner designated below:

(1) by filing on the Courts' docket, which sent notice by electronic mail to the following:

- **James W. Anderson** jwa@clydesnow.com, gmortensen@clydesnow.com
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- **United States Trustee** USTPRegion19.SK.ECF@usdoj.gov
- **Melinda Willden tr** melinda.willden@usdoj.gov,
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(2) by mail sent September 19, 2025, to the following:

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Nicholas Kennedy
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Dallas, TX 75201

PARSONS BEHLE & LATIMER

/s/ Brian M. Rothschild

Brian M. Rothschild

Exhibit A

Brian M. Rothschild

From: Abigail.Stone@gtlaw.com
Sent: Wednesday, August 20, 2025 3:30 PM
To: Brian M. Rothschild; mjohnson@rqn.com
Cc: Carson.Heninger@gtlaw.com; thomsonm@gtlaw.com; jarvisa@gtlaw.com; rloh@hcg.com
Subject: PBC - Final Accounting Demand Letter
Attachments: PBC - Final Accounting Demand Letter w_ Exhibits(714050992.2).pdf

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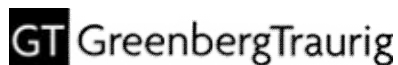
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Counsel,

Please see the attached letter regarding the Power Block Coin case.

Best,
Abigail Stone
Associate

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Annette Jarvis
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August 20, 2025

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Re: *In re Power Block Coin L.L.C.* (Case No. 24-bk-23041): Demand for Accounting

Dear Mr. Rothschild and Mr. Johnson:

This letter serves as a demand from the Official Committee of Unsecured Creditors (the “Committee”) to the Debtor Power Block Coin L.L.C. (the “Debtor”) and to the Debtor’s parent company Blue Castle Holdings (“Blue Castle”) for an accounting of (1) the Debtor’s cryptocurrency holdings and (2) the Blue Castle Wells Fargo bank account featured in the *Declaration of Brad Jones* dated December 10, 2024 (the “Jones Declaration”), attached hereto as **Exhibit A**. Without these accountings, it is unlikely that the Committee can move forward and support the proposed Joint Plan.

As we discussed with you in our meeting on August 18, 2025, and in previous meetings, it will likely be impossible to administer the Plan Trust and effectuate the proposed Joint Plan without some initial funding for the Plan Trust. During our call, you indicated that the Debtor’s cryptocurrency holdings could potentially be liquidated to fund the Plan Trust. However, the Committee does not have a full understanding of what cryptocurrency the Debtor actually holds. Although the Debtor’s Statements & Schedules indicate that the Debtor held approximately \$27,000 in cryptocurrency as of June 20, 2024 (the “Petition Date”), the Committee has concerns that the Debtor may have held more cryptocurrency than this on the Petition Date. Cryptocurrency wallets belonging to the Debtor engaged in multiple post-petition transfers to third parties, including, but not limited to, BTC transfers aggregating approximately 2.9 BTC and over 370,000

Greenberg Traurig, LLP | Attorneys at Law

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USDT. Additionally, the Debtor demonstrated to Committee professionals that its wallets managed by Fireblocks held approximately \$266,000 as of January 23, 2025.

Thus, the Committee respectfully demands that the Debtor provide a full accounting of all its cryptocurrency holdings and transfers from the Petition Date to the present in Excel or .CSV file format by no later than Friday, August 22, 2025.

Additionally, as we discussed, the Committee and its professionals read and understood the Jones Declaration to mean that, as of December 10, 2024, Blue Castle held at least \$500,000 to be used to pay administrative expenses in the Debtor's bankruptcy case. Specifically, the Jones Declaration states that \$512,153.75 "is available to be paid to BCH's account that is separately maintained for the payment of the Debtor's administrative expenses." The Jones Declaration further states that "BCH has the wherewithal to pay the allowed fees and expenses of the Debtor's counsel" and that "BCH will be able to pay other allowed administrative claims of the Debtor's chapter 11 case as and when they are allowed and come due." Thus, the Committee was under the impression that any remaining balance in this account would be available to fund the Plan Trust.

Thus, the Committee respectfully demands that Blue Castle provide a full accounting of all bank account statements for the Blue Castle Wells Fargo bank account from the date of the Jones Declaration (December 10, 2024) to the present, by no later than Friday, August 22, 2025.

As stated before, we are at a critical juncture in our negotiations. The Committee has acquiesced on many points during these negotiations and is still interested in trying to reach a consensual resolution. However, without a full accounting of the cryptocurrency and the Blue Castle Wells Fargo account, the Committee cannot fully understand what options may be available to initially fund the Plan Trust. Without such accountings, and without sufficient funding, the Joint Plan is unlikely to succeed.

We look forward to your response.

Best Regards,


Annette Jarvis

Cc: thomsonm@gtlaw.com; carson.heninger@gtlaw.com; abigail.stone@gtlaw.com; rloh@hcg.com

(exhibits to Demand Letter omitted)

Exhibit B

Brian M. Rothschild

From: Brian M. Rothschild
Sent: Wednesday, August 20, 2025 4:25 PM
To: Abigail.Stone@gtlaw.com; mjohnson@rqn.com
Cc: Carson.Heninger@gtlaw.com; thomsonm@gtlaw.com; jarvisa@gtlaw.com; rloh@hcg.com
Subject: RE: PBC - Final Accounting Demand Letter

Abigail, *et al.*:

With respect, the Debtor has gone through this issue several times with Huron and the Committee. Most of the crypto controlled through SmartFi's technology was not an asset of the Debtor: these were deposit accounts held at Fireblocks by SmartFi's customers. All SmartFi's system did was enable the clients to buy and sell their own assets on the platform in exchange for small transactions fees. Thus, the Debtor did not "engage in multiple post-petition transfers to third parties." These were transfers by non-debtors of non-debtor properties using SmartFi's system. In addition, to the many times this has been explained to Huron and to the Committee, this was disclosed in the First-Day Declaration and in the Schedules:

5. SmartFi operates a platform (the "Platform") for its clients through its website portal at www.smartfi.com. SmartFi earns fees from transactions made using its Platform. Specifically, SmartFi's platform allows its customers to manage their digital currency wallets. SmartFi's Platform (which is akin to a messaging system) facilitates customers' trades and withdrawals, and SmartFi earns fees on certain transactions. The wallets are at all times owned by the customers (even though they show on SmartFi's balance sheet), but the digital currencies remain property of and under control of the customers. SmartFi does not own the cryptocurrency traded on its Platform and thus has no obligation to return it or do anything with it. Likewise, the customers using its Platform to trade have no claims against SmartFi, secured, unsecured, or otherwise. They are simply customers who use SmartFi's Platform, from which activity SmartFi earns income.

(First Day Declaration, para. 5.) So if you believe you have uncovered some sort of non-disclosure or conspiracy by which the Debtor has moved hundreds of thousands of dollars, you are incorrect. If you believed there was any basis to assert that these were Debtor assets, you might have raised that issue 1.5 years ago. This is the first we are hearing of it even though, again, we disclosed this on the petition date.

All of the Debtor's crypto assets that it held as of the petition date have remained unchanged and unmoved. As for an accounting of the crypto, it is right there in the schedules:

22) Other inventory or supplies

General description	Date of the last physical inventory	Net book value	Valuation method	Current value
Crypto - BCH	06/20/2024	1,669.82	FV	1,669.82
Crypto - LTC	06/20/2024	5,513.80	FV	5,513.80
Crypto - LINK	06/20/2024	1,423.85	FV	1,423.85
Crypto - DOGE	06/20/2024	2,117.33	FV	2,117.33
Crypto - USD Stable Coins	06/20/2024	5,548.11	FV	5,548.11
Crypto - ETH	06/20/2024	562.14	FV	562.14
Crypto - BTC	06/20/2024	11,025.52	FV	11,025.52

(Schedule B, ECF 39, p. 10.)

These assets remain exactly where they have always been. Accounting provided. You also have been provided with the database, so you know this or have the capacity to find this information yourself.

As for your demand that Blue Castle, a non-debtor, provide an accounting of a non-debtor Blue Castle business account, which is not the account funded for the Debtor's cash payment needs and disclosed with the MORs, I'll let Mike Johnson answer whether he cares to do that. If Blue Castle drew it down to zero paying Mike Johnson, non-debtor employees, and development costs for Solara, what of it? If it has \$1 billion, what relevance? Blue Castle offered, and the Committee accepted, a settlement of its obligations under the Blue Castle Note and all other claims and a complete release. There is no basis for your demand for an accounting of funds you have no right to and, to the contrary, you have agreed to release. For you now to say you cannot support the settlement and move forward on the plan, the terms of which you agreed to, because Blue Castle is not willing to gift hundreds of thousands of dollars that you already waived and released is hard to wrap my head around. It is not the Debtor that is endangering this process through a belated attempt to grab more than was bargained for: it is the Committee. The request for an accounting is a strident demand beyond even the scope of a 2004 exam. The Debtor has no rights to any accounting much less to the funds of a non-debtor. Please point me to the part of the mediation agreement where the Committee negotiated for a turnover of all of Blue Castle's assets.

Sincerely,

Brian



A Professional
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Brian M. Rothschild

Attorney at Law

Admitted in California, Idaho, and Utah

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From: Abigail.Stone@gtlaw.com <Abigail.Stone@gtlaw.com>
Sent: Wednesday, August 20, 2025 3:30 PM
To: Brian M. Rothschild <BRothschild@parsonsbehle.com>; mjohnson@rqn.com
Cc: Carson.Heninger@gtlaw.com; thomsonm@gtlaw.com; jarvisa@gtlaw.com; rloh@hcg.com
Subject: PBC - Final Accounting Demand Letter

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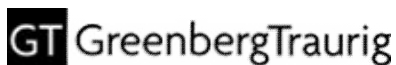
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Counsel,

Please see the attached letter regarding the Power Block Coin case.

Best,
Abigail Stone
Associate

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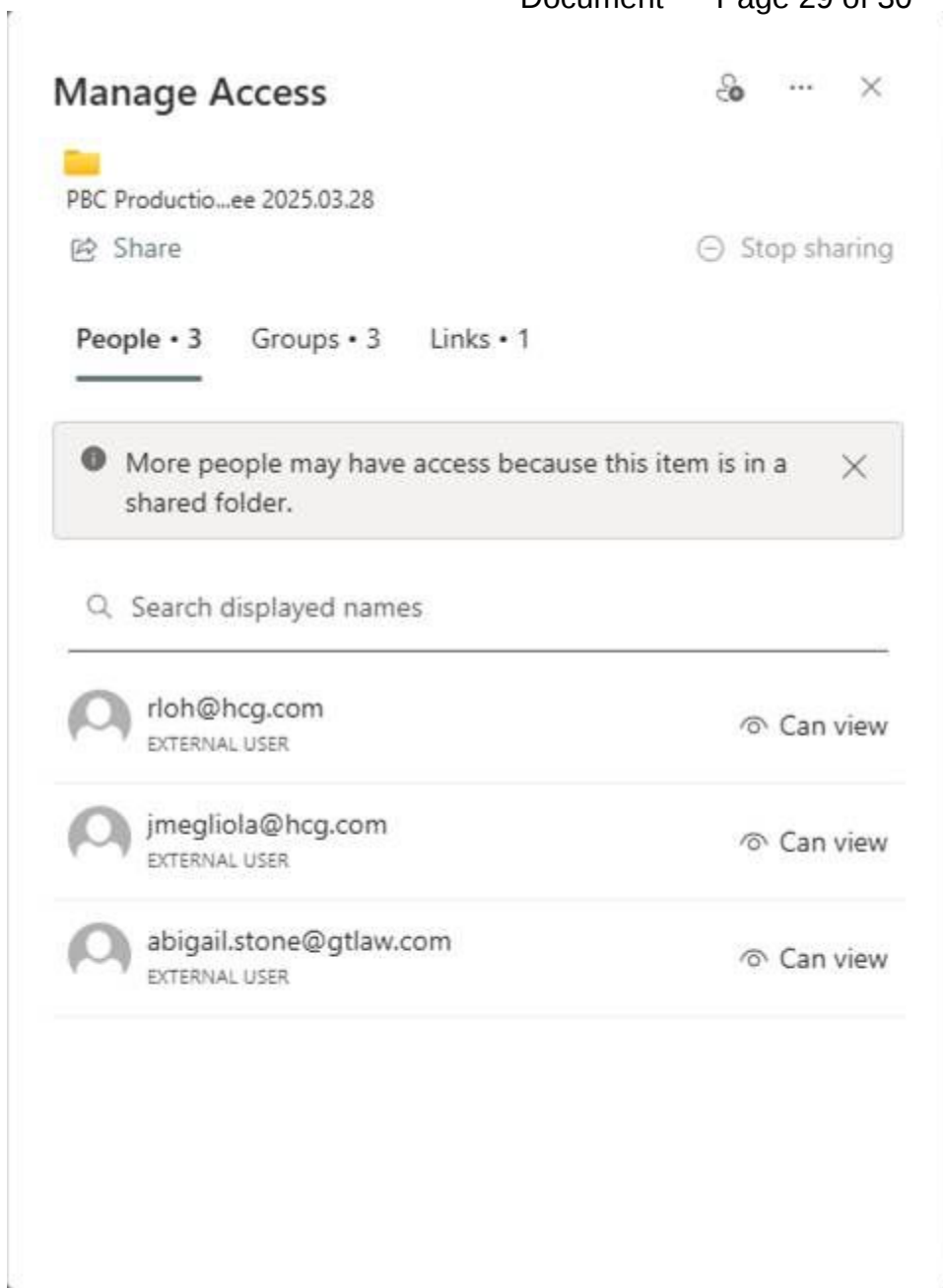
Exhibit C

Brian M. Rothschild

From: Brian M. Rothschild
Sent: Wednesday, August 27, 2025 11:30 AM
To: Michael Johnson; Abigail.Stone@gtlaw.com; thomsonm@gtlaw.com; Annette W. Jarvis Esq. (JarvisA@gtlaw.com)
Cc: Aaron Tilton; Annette Sanchez
Subject: RE: Power Block Coin

Greenberg:

With respect to the statements in the Committee's letter that the Debtor has not provided access to the Debtor's cryptocurrency database and thus has not been transparent, the Debtor respectfully reiterates that all this information was given to the Committee and its financial professionals. Just so there is no dispute, here is a link that contains the entire crypto database separated from all other documents so that you can find it. The link is  [here](#). Let me know if anyone else needs access. Huron and Greenberg were previously provided access to the productions, e.g., the March 28 production:



Since we continue to go around and have these disagreements about what has been provided, I would like to invite Greenberg and Huron onto a Teams call in which we open the database and (again) demonstrate how to run queries and get reports to your hearts' content. Huron on the previous call stated that they had people conversant with Sequel database. Unlike the last calls, however, we want Greenberg on the line, too. That way, there will be no further assertions that we have not provided access to the Debtor's entire cryptocurrency database. That access, plus the bank accounts and QB files, which have all also been provided, are the complete financial picture of the Debtor.

Our side has time tomorrow between 9:00 a.m. and noon and again from 2:00 to 3:00 p.m. Please give me some times.

Sincerely,

Brian



A Professional
Law Corporation

Brian M. Rothschild

Attorney at Law

Admitted in California, Idaho, and Utah

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From: Michael Johnson <MJohnson@rqn.com>

Sent: Tuesday, August 26, 2025 2:50 PM

To: Abigail.Stone@gtlaw.com; thomsonm@gtlaw.com; Annette W. Jarvis Esq. (JarvisA@gtlaw.com)

<JarvisA@gtlaw.com>

Cc: Brian M. Rothschild <BRothschild@parsonsbehle.com>; Aaron Tilton <aarontilton@bluecastleproject.com>; Annette Sanchez <ASanchez@rqn.com>

Subject: Power Block Coin

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Greenberg Team:

Attached please find:

1. RQN's response to your August 24, 2025 letter demanding an accounting of Blue Castle's Wells Fargo Account; and
2. The recorded Development and Service Agreement between our clients and the WCWCD related to water for the Solara project (this guarantees water for the first 75 units).