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Attorneys for Zhouyang “Mason” Song

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

In re:

POWER BLOCK COIN, L.L.C.,

Debtor.

Case No. 24-bk-23041-

Chapter 11

Honorable Cathleen D. Parker

**JOINDER OF MASON SONG IN CREDITORS COMMITTEE’S
MOTION TO APPOINT CHAPTER 11 TRUSTEE**

(Hearing Scheduled November 18, 2025 at 10:00 a.m.)

Zhouyang “Mason” Song, a creditor and party in interest in this Chapter 11 case, by and through undersigned counsel, respectfully submits the following Joinder in Support of the *Motion to Appoint Chapter 11 Trustee* [Dkt. No. 413] (the “**Trustee Motion**”) filed by the Official Committee of Unsecured Creditors (the “**Committee**”), and in support thereof would show the Court as follows:

INTRODUCTION

1. Mr. Song is a member of the Committee and has filed a proof of claim in the amount of \$28,248,673.70 [Claim No.3-1]. The Court having approved a settlement of the claims previously asserted by the Celsius Parties,¹ Mr. Song holds by far the single largest claim in this Chapter 11 case, representing slightly over 35% of the remaining timely-filed claims. Thus, Mr. Song's vote is critical to acceptance and confirmation of any Chapter 11 plan in this case.

2. Prior to the appointment of the Committee, which was delayed by the Debtor's frivolous effort to cast this case as one eligible for streamlined treatment under Subchapter V of the Bankruptcy Code (and thereby avoid the appointment of a creditors committee, among other things), it was Mr. Song and the Celsius parties who were the principal protagonists in opposing certain efforts undertaken by the Debtor that they viewed as contrary to applicable provisions of the Bankruptcy Code and Rules and the interests of creditors generally.

3. At the hearing on September 24, 2025 – the first hearing since reassignment of this case to this Court – the Court got a messy glimpse of the contentiousness and lack of progress toward emergence from Chapter 11 that have plagued this case from its outset. As well described in the Trustee Motion, that contentiousness and lack of progress, coupled with the assertion by the Debtor and its affiliate Blue Castle Holdings that the estate now has no available funds from which to pay administrative expenses (unless the Debtor's own moribund and unconfirmable Plan is confirmed),² requires that the Court take all deliberate steps to expedite this case toward some acceptable – or more likely, “least bad” – outcome.

¹ *Order Approving the Stipulation Between Debtor and the Celsius Parties Under Bankruptcy Rule 9019* [Dkt. No. 371]. The settlement with Celsius fixes the amount of its allowed nonpriority unsecured claims at \$17,772,354 and \$1,983,110, for a total of \$19,755,464.

² As described to the Court at the September 24 hearing, the Debtor previously had informed the Court and parties in interest by way of the Jones Declaration [Dkt. No. 234] that the initial amount of \$512,153.75 had been set aside under the Blue Castle Note to cover professional and other administrative expenses in the case, and upon its formation the

4. The November 18 calendar offers two devices by which to pursue that objective,³ which Mr. Song suggests be employed in tandem:

- The Court should approve the Disclosure Statement [Dkt. No. 274] associated with the Committee's Chapter 11 Plan [Dkt. No. 273], in order for that Plan to advance toward confirmation and appointment of a plan administrator on the effective date, in whom all estate property -- including the attorney-client privilege and causes of action against insiders, affiliates and other third parties -- would vest so that those causes of action can be investigated and pursued as the Debtor steadfastly has failed and refused to do.⁴
- More immediately, the appointment of a Chapter 11 trustee as sought in the Trustee Motion, to remove the hopelessly and irretrievably conflicted Aaron Tilton from control of the Debtor and this case. The necessity of that appointment takes on an added degree of urgency in light of the ongoing federal investigation into

Committee and its professionals had relied on that Declaration and availability in continuing their efforts. As the Jones Declaration was offered expressly and specifically to address Blue Castle's "Wherewithal to Pay Fees Under the Management Services Agreement" based on a concern over payment of the amounts sought by counsel for the Debtor on its first interim fee application, and that Declaration now has proven to be false, Mr. Song reserves the right to seek disgorgement of the amounts paid to the Debtor's counsel and other professionals under the false pretences of that Declaration.

³ Of course, a third option of converting the case to a case under Chapter 17 exists under section 1112 of the Bankruptcy Code. While Mr. Song submits that "cause" for conversion exists under sections 1112(b)(4)(A), (B) and (E), among other grounds, he joins the Committee in the view that the "best interests of creditors" are better served by appointment of a Chapter 11 trustee so that the Committee Plan can proceed toward confirmation. Pursuit of the Debtor's First Amended Plan [Dkt. No. 242] is not an option for all of the reasons set forth in the Trustee Motion and this Joinder. Indeed, almost a year after putting that Amended Plan on file the Debtor has yet to file -- and cannot file based on the ongoing criminal fraud investigation described hereinafter -- an accompanying disclosure statement that could be approved by the Court.

⁴ Indeed, while the statutes of limitations on such claims and causes of action continue to run the Debtor has sought only to protect those transfers from investigation, contending unashamedly despite its fiduciary obligations to the estate that its dealings and communications with these insiders and affiliates are the subject of a joint defense agreement and related claim of privilege. See Trustee Motion, Exhibit A. On the basis of the fraudulent activity described more particularly below and in the accompanying Declaration, Mr. Song reserves the right if necessary to ask the Court to invalidate that and all of the Debtor's claims of privilege under the crime-fraud exception.

allegations of criminal fraud by the Debtor and Tilton, as described more particularly in the *Declaration of Mason Song in Support of Appointment of Chapter 11 Trustee* (the “**Song Declaration**”) that accompanies this Joinder.

JOINDER

5. More than a year into a case that was falsely presented as a Subchapter V case with less than \$7.5 million in debt,⁵ this case with almost \$200 million in filed claims⁶ languishes without substantial progress toward resolution as the Debtor, Blue Castle and other affiliates – all having made, received or benefited from the Debtor’s multiple fraudulent transfers of funds that left the Debtor hopelessly insolvent -- continue down their contentious path in an effort to thwart the will of creditors and the plain requirements of the Bankruptcy Code.

6. As set forth in the Trustee Motion, the enumerated but non-exclusive grounds for appointment of a trustee under section 1104(a)(1) include “fraud, dishonesty, incompetence, or gross mismanagement of the affairs of the debtor by current management, either before or after the commencement of the case” 11 U.S.C. §1104(a)(1). While that Motion (in a remarkable exercise of restraint) focuses primarily on and is replete with undeniable examples of incompetence and gross mismanagement, the Court also should be aware that the business activities of the Debtor and Tilton have attracted the attention of federal authorities who are conducting an active investigation into criminal fraud associated with the operation of the Debtor’s cryptocurrency business.

⁵ The case was filed on June 20, 2024 (the “Petition Date”), immediately before the Subchapter V debt limit was reduced to its current cap of \$3,424,000.

⁶ As reported in the Celsius Settlement Motion, the total amount of claims asserted in this case is \$192,521,332.36, and after the reduction of the Celsius claims from \$133,289,233.61 to \$19,755,464 under the settlement the remaining claims amount is \$78,987,562.75 –more than 10x the \$7,500,000 Subchapter V debt limit in effect as of the Petition Date. As noted above, Mr. Song’s claim in the amount of \$28,248,673.70 constitutes more than 35% of the remaining claims on file.

7. As set forth in his accompanying Declaration, Mr. Song was contacted by the FBI as a victim of that alleged fraud, and appeared voluntarily for an interview via Teams on October 31, 2025.⁷ The substance of that interview, which Mr. Song is at liberty to disclose to this Court,⁸ confirms the following facts about the investigation:

- The interview was conducted by a special agent at the FBI working out of its offices in Utah, as part of an ongoing criminal investigation into alleged criminal fraud perpetrated by the Debtor and Tilton.
- The agent was accompanied by a colleague identified as a “forensic specialist” with the FBI.
- Based on questions posed at the interview it appears that the focus of the investigation includes, but may not be limited to, certain of the pre-petition business activities of Power Block, including as relate to the loan made to Mr. Song and secured by his Bitcoin as collateral and the refusal to sell that collateral at his request to pay off that loan when Power Block demanded repayment.⁹
- Although not specifically stated, it appears from the questioning that Tilton has been made aware of the existence of this investigation; however, it does not appear

⁷ Mr. Song is advised and avers that at least one other member of the Committee has been in contact with and spoken to the FBI on “multiple occasions” as part of this ongoing investigation.

⁸ The absence of any prohibition on Mr. Song’s public disclosure regarding the fact and substance of his interview supports his belief that Tilton, and through Tilton as their control person, both the Debtor and Blue Castle, are aware of the investigation, notwithstanding their empty proclamations of good faith and compliance with prior orders of the court in this case as they continue defiantly to oppose the Committee’s efforts to obtain information and move the case toward conclusion.

⁹ The presence of the “forensic specialist” at the interview suggests that the criminal investigation includes an analysis of transactions that may or may not be reflected on the books and records of the Debtor. Of course, that effort is similar to the investigation the Committee and its professionals have sought to undertake through repeated requests to the Debtor that have gone unheeded for several months, the filing of a *Motion to Compel Accounting* [Dkt. No. 353], and at the Court’s direction in its denial of that Motion, the issuance of *no less than ten (10) Rule 2004 subpoenas* seeking documents and information to determine what the Debtor has done with millions of dollars in cash and cryptocurrency assets before and since the Chapter 11 filing.

that he has disclosed that knowledge to this Court in connection with the Chapter 11 case in which he remains in control of the Debtor.

8. So the full context of this case is that the Debtor is a moribund, non-operating business, holding nothing to rehabilitate or reorganize and doing nothing other than stalling off creditors (for over 16 months and counting) while the founder shelters in place under the pressure of a federal criminal investigation into fraud of which he is the principal architect. The Monthly Operating Reports for the 12-month period since October of 2024 show nothing more than the sporadic receipt of nominal cash (all seemingly advanced by Blue Castle) totalling less than \$80,000 over that year-long period, and the monthly “accrual” of below-market interest on non-performing, long-term, unsecured insider “loans” that were booked to paper over the diversion of all the Debtor's cash and cryptocurrency assets that left it hopelessly insolvent. [See Dkt. Nos. 220, 247, 253, 272, 281, 311, 334, 347, 352, 369, and 415].

9. The combined effect of these facts and the multiple instances of fraud, dishonesty, incompetence and gross mismanagement detailed in the Trustee Motion convey vividly and unmistakably to the Court that it cannot act quickly enough to remove Tilton from control of the Debtor and order that he be replaced and supplanted by appointment of a trustee. Indeed, the appointment of a trustee is long overdue, Judge Marker having recognized as early as the hearing back on December 17, 2024 the Debtor’s *“lack of good faith and transparency . . . and ability to operate this estate in a way that’s beneficial to creditors with transparency and good faith.”* See Trustee Motion at paragraph 13, citing to and quoting from audio file transcript of that hearing.

10. At best, it is undeniable that the Debtor in Possession under Tilton’s control has failed miserably to conduct its affairs in a manner consistent with the fiduciary and other obligations imposed by the Bankruptcy Code and Rules. At worst, this case has been nothing less

than an outright fraud upon creditors and the court from its inception – an effort to masquerade as a simple Subchapter V case designed and pursued to protect Tilton, Blue Castle and other insiders and affiliates from civil, and potentially criminal, exposure arising from their pre- (and likely post-) petition diversions of substantial cash and cryptocurrency assets under the flimsy guise of a sudden “migration” of the Debtor’s business from cryptocurrency to “real estate lending” in which not a single loan secured by an interest in real estate ever was made.

CONCLUSION

11. As should be evident from the Trustee Motion, this Joinder and the accompanying Song Declaration, there is a level of urgency associated with this request, as the two-year limitations period applicable to the multiple pre-petition transfers that may be subject to avoidance will run in June of 2026. Appointment of a Chapter 11 trustee not only would divest Tilton of control over the Debtor, but also extend that limitations period by an additional one year from the appointment under section 546(a)(1)(B) of the Code, thus enabling the long-overdue investigation and pursuit of insider claims that Tilton, the Debtor and Blue Castle have sought only to shield and protect. That additional year would upend the effort by those parties with interests adverse to the estate to “run out the clock” through their continuing pattern of defiance, nondisclosure and, incredibly, invocation of a joint interest privilege with some of the very insiders to whom or for whose benefit the fraudulent transfers have been made. Appointment of a trustee would send a clear message that such blatant abuses of the Chapter 11 process will not fly in this Court.

WHEREFORE, creditor Zhouyang “Mason” Song joins in the Committee’s Motion to Appoint Chapter 11 Trustee, and respectfully requests that the Court proceed with dispatch to enter such relief as is lawful, appropriate and just in the circumstances of this unduly long and contentious case.

DATED this 4th day of November 2025.

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CERTIFICATE OF SERVICE

I hereby certify that on the 4th day of November 2025, the foregoing was electronically filed with the Court and served to the parties in the manner designated below:

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

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