

**GREENBERG TRAURIG, LLP**

Annette W. Jarvis (Utah #1649)  
Carson Heninger (Utah #17410)  
Abigail J. Stone (Utah #19083)  
222 South Main Street, Suite 1730  
Salt Lake City, UT 84101  
Telephone: (801) 478-6900  
Email: [jarvisa@gtlaw.com](mailto:jarvisa@gtlaw.com)  
[carson.heninger@gtlaw.com](mailto:carson.heninger@gtlaw.com)  
[abigail.stone@gtlaw.com](mailto:abigail.stone@gtlaw.com)

*Counsel for the Official Committee of Unsecured Creditors*

---

**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

Judge Cathleen D. Parker

---

**REPLY IN SUPPORT OF MOTION FOR DERIVATIVE STANDING**

---

The Official Committee of Unsecured Creditors (the “Committee”) of the Debtor Power Block Coin, L.L.C. (the “Debtor”), by and through counsel, respectfully submits this *Reply* (“Reply”) in support of its *Motion for Derivative Standing* (the “Derivative Standing Motion”) [Doc. No. 461]. In support thereof, the Committee respectfully states as follows:

**I. INTRODUCTION**

This has been an unduly contentious case from the outset—a period now running more than 20 months. Refreshingly, what emerges from the Debtor’s *Limited Opposition* (“Opposition”) [Doc. No. 469] to the Committee’s Derivative Standing Motion is that there is agreement between

the Debtor and Committee that if the Court will rule on the Committee’s pending Trustee Motion<sup>1</sup> and the Debtor’s pending Conversion Motion, the appointment of a trustee under either of those Motions will eliminate the need for the Court to address the Derivative Standing Motion. The Derivative Standing Motion is simply another alternative to allow the case to move forward and to remove the Debtor from control so that the creditors can protect their own interests—a task the Debtor has ignored since the beginning of this case in favor of helping its affiliates and insiders. Indeed, the tolling agreement attached to the Opposition is simply another example of the Debtor and its affiliates negotiating insider agreements without the knowledge or input of the creditors, as the Committee had no knowledge of this tolling agreement until it was filed with the Opposition.

As stated in the Derivative Standing Motion, Section 1112(b)(3) of the Bankruptcy Code and the associated deadline therein highlight the statutory need for quick action when there are motions to remove a Debtor from control.<sup>2</sup> If the Court chooses to announce a ruling on the Trustee Motion and Conversion Motion at the outset of the March 6, 2026 hearing, the Debtor is correct that the Derivative Standing Motion will be moot and can be withdrawn. Appointment of a trustee under the Trustee Motion (or for that matter, the Conversion Motion) will extend the statute of limitations on the insider claims for an additional year, and the Committee and its professionals will work cooperatively with the U.S. Trustee and appointed trustee to ensure that the causes of action are properly preserved and timely pursued. If, however, the Court is not yet ready on March

---

<sup>1</sup> Capitalized terms not otherwise defined herein have the meaning assigned to them in the Derivative Standing Motion.

<sup>2</sup> See 11 U.S.C. § 1112(b)(3) (“The court shall commence the hearing on a motion under this subsection not later than 30 days after filing of the motion, and shall decide the motion not later than 15 days after commencement of such hearing, unless the movant expressly consents to a continuance for a specific period of time or compelling circumstances prevent the court from meeting the time limits established by this paragraph.”).

6<sup>th</sup> to rule on the matter of a trustee, the Derivative Standing Motion provides an option to move the case along and build a foundation on which a trustee can later build.

## II. REPLY

### A. The Derivative Standing Motion Provides a Potential Jumpstart for a Subsequent Trustee.<sup>3</sup>

1. In the Opposition, the Debtor characterizes the Derivative Standing Motion as “premature” and as a potential monetary drain on the estate that will result in “superfluous” work. *See* Opposition at 1, 2. However, contrary to the Debtor’s characterization, the Derivative Standing Motion is actually a steppingstone that, if necessary, can help lay the groundwork for a trustee to come in under either the Trustee Motion or the Conversion Motion. If the Court is prepared to rule on the appointment of a trustee, that steppingstone is not necessary. Otherwise, however, the Derivative Standing Motion allows the Committee to begin pursuing the claims that the Debtor has failed to pursue and that will bring value back into the estate for creditors.

2. Granting the Committee standing to pursue the Derivative Actions described in the Derivative Standing Motion does not create superfluous work, as the Debtor suggests. Rather, it gives the Committee the opportunity to begin pursuing claims that the Debtor has failed to pursue, thereby laying a foundation that can then be turned over to the trustee once he or she is appointed. At the end of the day, the Derivative Standing Motion offers a way, if necessary, to help the case progress and to help preserve rights for creditors. The Committee has already begun the work of investigating potential claims, and this work could be particularly helpful to a trustee (and

---

<sup>3</sup> The Committee believes that that the clearest and most efficient path forward in this case is for the Court to grant the pending Trustee Motion. *See* note 4 *infra*. Nevertheless, if for some reason the Court is unwilling or unable to grant the Trustee Motion (or for that matter, the Conversion Motion), then this Reply addresses the frailty of the Debtor’s Opposition to the grant of derivative standing.

especially a Chapter 11 trustee) as a building block on which to continue pursuing the claims that the Committee has identified.

3. Finally, contrary to the Debtor's assertions, the Committee did not walk away from "a resolution of all estate causes of action." *Opposition* at 3. As set forth in the Trustee Motion, the mediation between the parties left key issues outstanding, the details of which the parties could not resolve. There was never such a resolution to walk away from, and for this reason no settlement, compromise, or other resolution ever was presented to the Court for approval.

**B. The Tolling Agreement Highlights the Insider Conflicts That Have Plagued this Case from the Beginning.**

4. Finally, the Debtor asserts that concerns about the upcoming statute of limitations are "already addressed" with the tolling agreement attached to the Opposition. This contention, however, is inaccurate. The tolling agreement is an agreement between insiders and affiliates, negotiated without any input from the Committee, that can be unilaterally terminated by any party on 30 days' notice. *See Opposition*, Exh. A § 4. This unfettered right of termination renders the tolling agreement almost illusory and does not solve the problems set forth in the Derivative Standing Motion. Instead, it highlights the insider conflicts of interest that have plagued this case from the beginning.

5. The parties to the tolling agreement are all associated with and/or under the control of Mr. Tilton. These are some of the same parties that (1) entered into a joint defense agreement without the Court's permission; (2) did not file a claim in the GSB Partners' claims process until Huron, the Committee's financial advisor, effectively prepared the claim for them; and (3) are so intermingled that it is effectively impossible to disentangle their finances. *See* [Doc. No. 413] at 5–6, 8, 13. The tolling agreement, like the rest of this case, is tainted with the same conflicts of

interest and insider priorities that have defined the Debtor's actions throughout this case. The right of the insider parties under Mr. Tilton's control to terminate the agreement unilaterally, without input from the Committee or an eventual trustee, leaves the estate at the mercy of those insiders to preserve these valuable causes of action.

6. The tolling agreement is not the answer here. The answer is to remove the Debtor from control, whether through an interim step of granting derivative standing to the Committee, or through the appointment of a trustee.<sup>4</sup> It is not until the Debtor is removed from control that the interests of creditors can be truly protected and advanced.

### III. CONCLUSION

**WHEREFORE**, if the Court chooses not to rule on the appointment of a trustee at the March 6<sup>th</sup> hearing, the Committee respectfully requests that the Court grant the Derivative Standing Motion to give the Committee derivative standing and grant such other and further relief as this Court deems just and necessary.

*[Signature Page Follows]*

---

<sup>4</sup> As stated previously, the Committee strongly believes that the appointment of a Chapter 11 trustee will be in the best interests of the parties. As stated in the Trustee Motion, the Committee's objection to the Conversion Motion, and the Derivative Standing Motion, appointment of a Chapter 11 trustee (1) allows for the appointment of a candidate with cryptocurrency experience (which a Chapter 7 panel trustee would likely not have); (2) avoids the expense, delay, and uncertainty of a Chapter 7 trustee election by creditors where the Debtor has never amended its statements and schedules to reflect the proper claim amounts of creditors for voting purposes; (3) allows the trustee access to all of the work done by the Committee and its professionals to pursue identified causes of action and sources of potential recoveries for creditors and to move forward with the Chapter 11 plan the Committee has already drafted and noticed out; and (4) provides the best option to avoid potential *in pari delicto* defenses to estate claims through the appointment of a liquidating trustee appointed under § 1123. See Derivative Standing Motion at 13; [Doc. No. 433] at 9–10, 12; [Doc. No. 413].

Dated: March 4, 2026

Respectfully submitted,

**GREENBERG TRAURIG, LLP**

/s/ Abigail Stone

Annette W. Jarvis

Carson Heninger

Abigail J. Stone

*Attorneys for the Committee*

**CERTIFICATE OF SERVICE BY NOTICE OF ELECTRONIC FILING (CM/ECF)**

I hereby certify that on this 4<sup>th</sup> of March, 2026, I electronically filed the foregoing with the United States Bankruptcy Court for the District of Utah by using the CM/ECF system. I further certify that the parties of record in this case, as identified below, are registered CM/ECF users and will be served through the CM/ECF system.

- James W. Anderson jwa@clydesnow.com, gmortensen@clydesnow.com
- Laura Elizabeth Baccash laura.baccash@whitecase.com, mco@whitecase.com
- Mark D. Bloom mark.bloom@bakermckenzie.com
- Simeon J Brown sbrown@parsonsbehle.com
- Matthew James Burne matthew.burne@usdoj.gov, James.Gee@usdoj.gov;Lindsey.Huston@usdoj.gov;Rinehart.Peshell@usdoj.gov;Rachell e.D.Hughes@usdoj.gov;Brittany.Dewitt@usdoj.gov
- Deborah Rae Chandler dhandler@aklawfirm.com
- Carson Heninger heninger@gtlaw.com, carson-heninger-5642@ecf.pacerpro.com,Candy.Long@gtlaw.com
- Samuel P. Hershey sam.hershey@whitecase.com, mco@whitecase.com
- Annette W. Jarvis jarvisa@gtlaw.com, longca@gtlaw.com
- Michael R. Johnson mjohanson@rqn.com, docket@rqn.com;ASanchez@rqn.com;RQN@ecfalerts.com
- Peter J. Kuhn Peter.J.Kuhn@usdoj.gov, James.Gee@usdoj.gov;Lindsey.Huston@usdoj.gov;Rinehart.Peshell@usdoj.gov;Rachell e.D.Hughes@usdoj.gov;Brittany.Dewitt@usdoj.gov
- Joli A. Lofstedt joli@jaltrustee.com, ecf.alert+LofstedtUTB@titlexi.com,brenda@jaltrustee.com
- Artur Machalski artur.machalski@gmail.com
- Elliott D. McGill emcgill@parsonsbehle.com
- Darren B. Neilson dneilson@parsonsbehle.com
- Christopher L. Perkins cperkins@eckertseamans.com
- Gregory F. Pesce gregory.pesce@whitecase.com, mco@whitecase.com
- Walter A Romney war@clydesnow.com, gmortensen@clydesnow.com
- Brian M. Rothschild brothschild@parsonsbehle.com, ecf@parsonsbehle.com;docket@parsonsbehle.com
- Jeffrey Weston Shields jshields@rqn.com, 5962725420@filings.docketbird.com;docket@rqn.com;ecasaday@rqn.com
- Abigail Jennifer Stone abigail.stone@gtlaw.com
- Landon S. Troester lst@clydesnow.com, rcondos@clydesnow.com
- United States Trustee USTPRegion19.SK.ECF@usdoj.gov
- Melinda Willden tr melinda.willden@usdoj.gov, James.Gee@usdoj.gov;Lindsey.Huston@usdoj.gov;Rinehart.Peshell@usdoj.gov;Rachell e.D.Hughes@usdoj.gov;Brittany.Dewitt@usdoj.gov

/s/ Abigail Stone

**CERTIFICATE OF SERVICE – MAIL, OTHER**

I further certify that I caused to be served a true and correct copy of the Notice as follows:

**Mail Service** – By regular first-class United States Mail, postage fully pre-paid, addressed to:

Nikita Ash  
1221 Avenue of the Americas  
New York, NY 10020-1095

CFO Solutions, LLC dba Amplo  
13601 W McMillan Rd  
#102 PMB 320  
Boise, ID 83713

Kyle Ferrier  
300 South Biscayne Blvd.  
Suite 4900  
Miami, FL 33131

Nicholas Kennedy  
1900 N. Pearl Street  
Suite 1500  
Dallas, TX 75201

Colonel Michael D. Brewer  
8901 Beauchamp Dr  
Alexandria, VA 2230

Kathleen Conger  
111 East Broadway 11th Floor  
Salt Lake City, UT 84111

Nissa Beth Gay  
35 Live Oak Drive  
Ventura, CA 93001

Douglas Scribner  
1717 North Bayshore Drive #2847  
Miami, FL 33132

/ s / Patsy Brown