



Dear Linqto Customers,

Xclaim has been closely following the Linqto situation since prior to the company's bankruptcy.

Disappointed with how Linqto has treated, and proposes to treat, its customers, we are organizing a group to **advance game changing customer-led solutions.**

We have received positive feedback from some of the largest and most vocal customers in the case as well as experienced bankruptcy lawyers that may be ready to represent a customer group **that is ready to take action now to promote their strategic interests.**

Xclaim will be hosting our third **Spaces event on X** to discuss our proposals (outlined in the following slides) this **Thursday, August 14 at 1:00pm ET.**

We encourage you to attend, ask questions and voice your support for these initiatives by **registering your claim** today.

How Linqto Customers Win

A customer-sponsored solution for the Linqto Chapter 11 Cases

August 13, 2025



Background

On July 7, 2025, following months of unsuccessful attempts to resolve operational, governance and regulatory deficiencies, Linqto Texas LLC and its debtor affiliates filed for chapter 11 in the Southern District of Texas Bankruptcy Court (Case No. 25-90186).

Linqto customers, via a series of managerial oversights, alleged fraud and theft, have found themselves **locked out of their investments.**

Until the Linqto debtors can propose a confirmable plan to reorganize their business, Linqto customers will be awaiting a resolution of the bankruptcy.





Background

Linqto has been in bankruptcy for just over a month and **customers are already getting steamrolled.**

The debtors have obtained interim court approval for a **\$60.0 million** debtor-in-possession (DIP) financing package to fund the bankruptcy, at a cost to creditors of no less than **\$13.2 million in fees and interest**, assuming a 1-year case.

On August 11, Linqto published its accounting and narrative that classified customers as **general unsecured creditors entitled to no more than their invested capital.** Linqto disputed any ownership rights of customers to valuable interests in their shares. Unless challenged, this position will transfer all of the gains from customer investments to the hands of Linqto equity holders.

Xclaim believes there is a better way to fund and manage these cases.





Opportunity

An orderly chapter 11 process to maximize recoveries requires cash to support it, but a DIP is not the only solution.

Instead of handing control and value to Sandton Capital, consenting Linqto customers^[1] could effectively “fund” the bankruptcy cases by **consenting to the debtors’ selling a small portion of the equities that customers purchased** through the Linqto platform (“**Customer Shares**”) and **using the escrowed cash generated from unauthorized prepetition** sales of Ripple shares (“**Unauthorized Proceeds**”).

This action is consistent with any customer argument that Customer Shares are customer property and makes no concession of a right to argue ownership at a later date.

This would save the estate at least \$10.4 million and directly enhance customer recoveries.

As part of this strategy, consenting customers could seek to negotiate priority recoveries to the extent of their pro rata share of any liquidated assets, upfront expense coverage/reimbursement as well as case controls to ensure the bankruptcy runs efficiently and that customers retain a direct voice in the process.

We call this the **Customer-Sponsored Solution**.

[1] Ideally this group would be comprised of customers with Ripple and/or Circle holdings given these are the largest and most liquid positions.

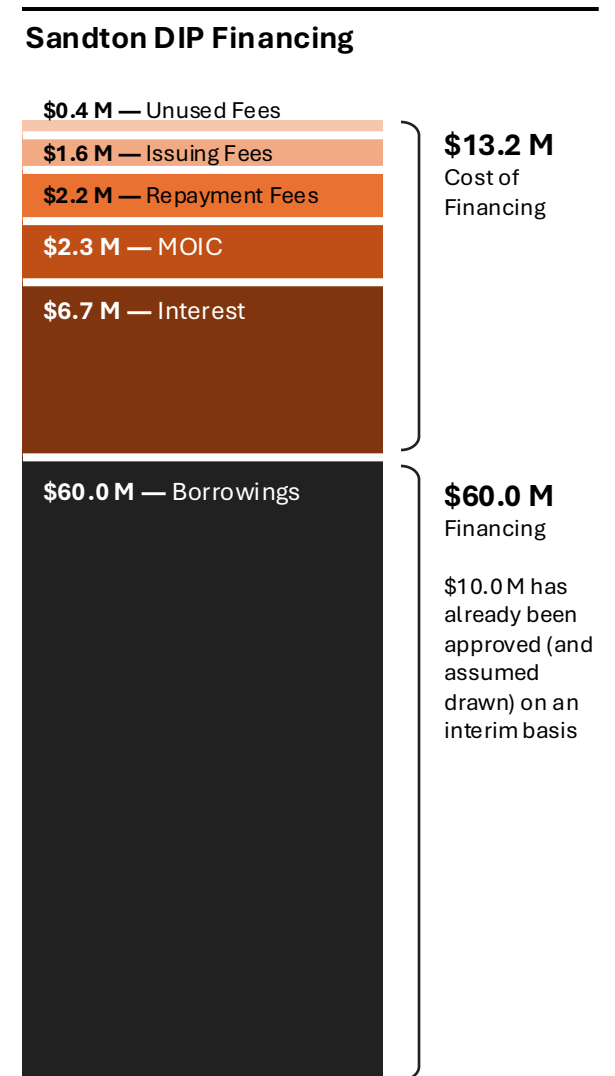


Sandton Capital's \$60 million DIP financing is a customer asset grab

The proposed DIP provides \$60.0 million in liquidity to Linqto over a 1-year period but **incurs \$13.2 million in financing costs** (see right).

The DIP is secured by all assets of the debtors, including:

- \$665 million in Customer Shares;
- \$19.2 million in Unauthorized Proceeds; and
- Other assets including but not limited to the Linqto brand and platform.





A customer-sponsored case is the better option

Instead of relinquishing value and control to Sandton Capital, a group of **customers can agree to “fund” the bankruptcy cases** by consenting to the use of the Unauthorized Proceeds and the sale/liquidation of a portion of the Customer Shares **and, in turn, gain control of their own destiny.**

Customers that invested in Circle and Ripple are best positioned to lead:

- Circle (\$106M) and Ripple (\$398M) are the largest customer holdings
- Circle is public and Ripple is frequently offered on competing platforms with readily discernable market pricing
- Ripple has exercised buy-backs at favorable pricing
- The Unauthorized Proceeds relate only to Ripple

Sandton DIP Financing

\$73.22 M — 1 Year Cost of Financing

Customer-Sponsored

\$10.39 M
Customer Savings Relative to Proposed DIP Financing

\$62.83M — 1 Year Cost of Financing

Funded by:

\$19.23 M — Cash from release of Unauthorized Proceeds (\$12.9 M to take out Sandton)

\$43.60 M — Proceeds from additional sales of Customer Shares (as needed) at current market prices



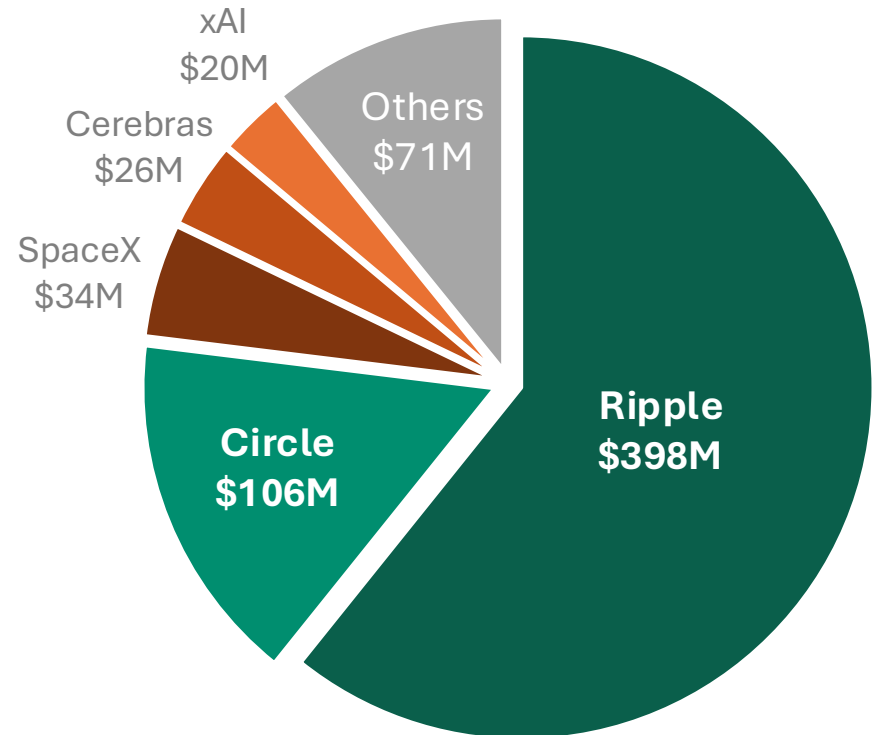
One way or another, some customer shares must be liquidated

Returning title of the Customer Shares on a 1:1 basis is impossible given the liquidity needs of the company, as well as regulatory, corporate and other practical challenges. Resolving this equitably will take time and money that the estate doesn't have and is likely to involve an evaluation of solvency of the debtors and valuation of customer claims.

Without other meaningful assets to repay the DIP or fund the case, **some Customer Shares must be sold** before Linqto can exit bankruptcy and return value to customers.

While selling some shares today may limit upside, only a small portion would need to be liquidated to fund the cases (est. 6-7% depending on valuation), allowing Customers to preserve option value.

Customer Shares (\$655 million)





By offering a solution to fund the case, customers can maximize leverage while preserving ownership arguments

While Judge Perez may be sympathetic to customers' arguments about ownership, there is almost no chance he will decide whether to impose a constructive trust at the August 19 hearing given the limited factual development and briefing to date. ^[1]

Even if Judge Perez were to decide this issue now ...

- a. if he determines that the Unauthorized Proceeds and Customer Shares are **customer property**, absent any alternative source of financing, he will likely approve the Sandton DIP over objections, preserving customer arguments, but effectively handing control to Sandton and the debtors;
- b. if he determines that the Unauthorized Proceeds and Customer Shares are **estate property**, the debtors will be cleared to proceed with the Sandton DIP (as the collateral is unencumbered).

Either way, by failing to present a solution of their own, customers will forfeit meaningful leverage to determine how the bankruptcy is resolved.

[1] The constructive trust argument may get better traction in the form of a Bankruptcy Rule 7001 adversary proceeding and/or Section 363(e) adequate protection motion filed by an ad hoc group of customers.



The time to act is now . . .

August 19 is the final hearing on the Unauthorized Proceeds and Sandton DIP motions.^[1]

Without the Customer-Sponsored Solution before the court, **which would provide \$10.4 million in concrete savings**, Judge Perez may have no alternative but to approve the Sandton DIP to provide Linqto with critically necessary funding.

. . . and we are ready to lead:

Xclaim is prepared to onboard customers and validate claims at scale.

We are engaging with experienced bankruptcy counsel that are fully up-to-speed and capable of representing an ad hoc group of customers in these cases.

We are inviting all customers to join this initiative and are targeting **at least \$45 million** in aggregate claims.

[1] The DIP Credit Agreement requires the Final DIP Order to be entered by August 22 (“The Bankruptcy Court shall have entered the Final DIP Order by the date that is no later than 45 days after the Interim Order Entry Date”)



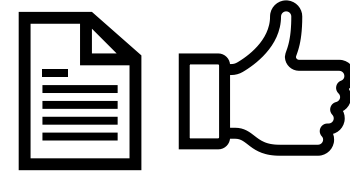
Next Steps



Join the Spaces Event

Thursday, August 14, 2025 at 1:00pm ET on X (recording to be made available via the same link)

[View Event →](#)



Make Your Voice Heard

Express your support for the Customer-Sponsored Solution by registering your claim with Xclaim

View our confidential term sheet and implementation timeline

[Register / View Term Sheet →](#)