Jason New (00:05:21):

Good evening everybody. Thanks for joining. I'm Jason New, one of the co-founders of NovaWulf. You'll hear a lot from me today. I'm joined by my co-founder Mike Abbate, along with Mike Cagney at Figure. Our goal for tonight is to spend 45 minutes sharing some prepared remarks followed by 45 minutes of live Q&A. I want to start by saying we've been eager to speak with the community. We know people have a lot of questions and we believe there's some points of confusion around the plan. We do have some legal limitations on what we can say as we are not permitted to solicit votes without an approved disclosure statement. For example, we are not allowed to say why our plan is better than an opposing plan. I also can't talk about forward-looking numbers. We are not giving legal advice or financial advice, but we do have opinions which are our own and which we want to share with all of you.

(00:06:21):

We may not be able to answer everyone's questions today, but we will do our best. There are still several issues we're working through with the debtors, the UCC and the ad hoc loan group. We will try to establish consistent dialogue with the community. We will continue putting additional information on our website and we will likely do some more videos, which I think a few of you found informative, many of which many of you were critical of, but we will never be as entertaining as Bit Boy's four hour videos. Note that we refer to the new entity as NewCo. This has nothing to do with my last name. It's just a placeholder and we would love ideas on a new name for the company.

(00:07:06):

Before we dive in, I also want to quickly summarize where we are in the timeline. NovaWulf was selected by Celsius to sponsor this plan less than two weeks ago on February 15th. It is expected that this Wednesday, March 1st, the debtors will file plan term sheet. There will then be a hearing on March 8th. After that, we will continue working on the disclosure statement and listening to the community. By the end of March, we expect the debtors to have filed a full plan and disclosure statement, that will be out for vote. The disclosure statement, which will be a several hundred page document will lay out the expected recoveries for general earned creditors at current market prices. So what we have been discussing and are discussing tonight is still early days, even though I know many of you have been at this for eight very long months.

(00:08:07):

For today's agenda, we would like to accomplish the following. First, we'll try to address several key concerns that have been raised by the community. We will then provide our backgrounds, the origins of NovaWulf and Figure and why we started our businesses, discuss how we got involved in Celsius, discuss our intended approach to manage the Celsius asset base. We'll outline some of the things that need to be done to prepare NewCo to emerge from bankruptcy and begin operating as a public company. We will then provide detail on key structural features of the reorganization, including NewCo's structure and governance. And finally, we'll go to live Q&A.

(00:08:50):

Just going to have a glass of water here. Let's start with some of the key concerns that we've heard from the community. First, retail preference claims or clawbacks and avoidance actions. Let us be clear. We would prefer that claims not be brought against creditors. It does not do us any good to be suing our future shareholders. All proceeds of clawback litigation will go to creditors, not to NewCo. So it does not benefit us in any way. NewCo has no interest in the outcome of preference litigation. However, as you may have heard from the UCC, they are considering how to address these claims. They have a fiduciary duty. I know people have said you can negotiate to not have clawbacks as part of your plan. Maybe, we can say that we're out if there are any clawbacks whatsoever. However, the UCC has been pretty firm in its desire to evaluate these claims.

(00:09:54):

We do not know if these actions are going to come. A couple of things to note. Well, nothing has been finalized. We expect the UCC to set size and timeframe thresholds on any potential actions. There would not be a blanket action against those who took money off the platform in the 90 days before filing. And these actions would not just affect retail creditors. They would absolutely apply to institutions as well, of which there are many that have exposure. But keep in mind, clawbacks can be pursued whether or not we are involved. Clawbacks likely would be pursued in a liquidation. We encourage all of you to continue to communicate with the UCC, which represents you, the creditors in this case. We have made clear to them that this is not something we are pursuing or want to pursue, and we will continue to do so.

(00:10:52):

Now let's shift to the topic some of you brought up regarding perceived conflicts of interests in the relationships between NovaWulf, TeraWulf and Beowulf. In terms of relationship with professionals in the case and other people, some people have seemed to be very focused on the relationships TeraWulf has with Keith Wofford of White & Case and the fact that White & Case has done legal work for Figure. First, White & Case does not and has not ever represented NovaWulf or TeraWulf. Keith Wofford of White & Case represents a lender group to TeraWulf, which means he was hired as opposing counsel to TeraWulf. As part of the loan agreement, TeraWulf is legally obligated to pay for the bills of the Lender Group Council. This is standard operating procedure in most or all corporate loan agreements. This is why White & Case received payment from TeraWulf. It was not for legal representation of TeraWulf and neither Keith nor White & Case have ever represented TeraWulf or NovaWulf.

(00:11:59):

White & Case has represented Figure Technologies previously on certain security law issues in 2021 and 2022, but this was not related to Celsius. Both of these situations have been submitted to the docket with additional details by White & Case. NovaWulf, TeraWulf and Beowulf are separate entities that are run separately. There are some overlapping ownership, but ownership splits and control very greatly between the three entities. Mike and I own a significant majority of the equity of NovaWulf and we control the business. Paul and Nazar are the founders of TeraWulf, which is a public company and they own a lot of the stock. I own about 1% of the stock personally, and NovaWulf is a lender to TeraWulf holding 12% of the company's debt. TeraWulf has its own board of directors of which I am one right now. Beowulf is a private energy and data company that has been operating for over three decades.

(00:13:08):

The Beowulf team currently provides back office services to both NovaWulf and TeraWulf. Upon confirmation of the Celsius plan, we think it is prudent and the UCC agrees to establish walls for what the lawyers refer to as information barriers between TeraWulf and NovaWulf, which will be approved by the board of NewCo. I will step off the board of TeraWulf at the appropriate time. Let me be clear, TeraWulf will be completely separate and have no relationship with NewCo going forward. NewCo's mining operations will be run entirely in-house. We have great expertise to deploy in mining, and we are in dialogue with several executives who will be strong additions to the mining team. So in short, we are today and will continue to be entirely separate companies with some overlapping ownership. In terms of relationships with former management of Celsius, neither Mike nor I ever met Alex Mashinsky, Daniel Leon, or any other senior member of management.

(00:14:20):

We have only met new management including Chris Ferraro since the bankruptcy was filed. All of this said, Mike and I have been involved in distressed investing for over 20 years. We know a lot of people on Wall Street and a lot of lawyers. We know many of the professionals involved in this case, and we have known them for years. This is going to be true for any seasoned TradFi investor who's had a successful career. We view this as a big asset we're bringing to NewCo and a lot of business is about relationships and trust. We know we need to build your trust because you do not know us, but we have the trust of many institutions. We think that that will be critical to NewCo's success. Successful crypto firms are no longer going to be able to operate in the shadows. We think it is time to come into the light, and this will require credibility with traditional finance as well as the crypto community.

(00:15:19):

Finally, I'm going to mention there's been some discussions between an asset that Beowulf owns and Celsius with respect to a hosting agreement for mining. More to come on that, but that's in discussion. Now let's talk about the valuation of the CEL Token, also known as the amount or essentially the price at which that will be dollarized for claim purposes. We believe that the CEL Token should be dollarized at petition date value and have made this abundantly clear to the debtors and the UCC. This is not legal advice, but we think third party CEL Token holders have good arguments as to why the petition date value is appropriate, and we would prefer the debtors in the UCC not pick this fight. We think that the CEL community, those that believed in the vision of building a strong crypto company, but that were not involved in any of the shenanigans, is one of the largest assets of the business going forward.

(00:16:26):

A couple related points to note. We do believe it is probably not feasible to distribute CEL under the plan, given the SEC's likely view of the CEL Token. And we think insider claims need to be subordinated and vigorously litigated. I'm going to turn over to Mike Cagney now for a minute to talk about Figure and the Provenance Blockchain.

Mike Cagney (00:16:53):

Sure. And specifically I want to talk about the alternative trading system, what we call the ATS as I've heard some things spoken about it that aren't entirely accurate. The ATS is critical as part of this process because it's where the NewCo equity is going to trade. So we have a considerable vested interest in ensuring liquidity and transparency in that marketplace. So a little bit of background. Figure's traded over $12 billion in real world assets like loans, company stock, closed end funds on Provenance Blockchain almost exclusively with institutions. Provenance is a public open source decentralized blockchain that Figure built and released into the public domain. And until very recently, we've avoided any focus on retail trading. We have a fundamental belief that every security that can be represented digitally is going to end up trading on a decentralized exchange on blockchain. And the ability to displace trust with truth, rely on bilateral transactions to disintermediate rent-seeking in traditional markets is a huge opportunity. And this means displacing centralized exchanges like the Nasdaq and the NYSE. But to attack this, we've done it in steps. So Figure received approval from the SEC to operate an ATS that has a very unique characteristic. The ATS supports marketplaces for blockchain native securities. So these aren't tokens of securities that are sitting on the blockchain where the security itself sits with DTC. These are securities that are actually native to the underlying blockchain, and this allows for bilateral self settlement and self clearing without a broker-dealer or any third party. We think this is the only ATS that supports this function, and this function's critical to eliminate the rent-seeking that we see in generating value for blockchain. So to build into this, we created two businesses, Figure Equity Solutions and Digital Fund Services to launch greenfield marketplaces on the ATS. Figure Equity Solutions allows private companies to run their cap table in the blockchain, and in November of '21, Figure ran the first secondary market for a blockchain native security Figure equity itself, where for 7 days for 24 hours a day, we ran a limit order book for our stock.

(00:19:01):

On Digital Fund Services, we have large fund complexes like Apollo that are using the application both for primary issuance and for secondary liquidity. So we've used this regulatory framework of the ATS and markets of FES and DFS to start moving to more contested markets like mortgage and consumer loans. This transaction allows us to start competing in the most valuable markets listed public equity. And we believe this is going to be a watershed moment for incremental public listings to come in behind that, and that's really the crux of our enthusiasm here. Jason, I can hand it back to you.

Jason New (00:19:37):

Thanks, Mike. Look, we know there are many other questions and concerns from the community. But we hope that our prepared remarks will address some of them. We'll look forward to those in Q&A. If you indulge us, we'd like to take a step back quickly to share more about our individual backgrounds. I started my career as a bankruptcy lawyer and I practiced for about four years. I then went to a firm called DLJ, which was acquired by Credit Suisse in 2000, and I worked on many distressed situations there. In 2005, I left CS with a group of senior people to start a firm called GSO Capital. I was one of the original GSO partners and sat on the firm's management and investment committees. GSO started with about 700 million of assets and about 30 employees and grew rapidly. The firm was sold to Blackstone in 2008 for almost a billion dollars.

(00:20:29):

GSO continued its growth. By the time I left at the end of 2019, the firm had grown to over 140 billion of AUM and the distressed group I was overseeing managed about 25 billion of assets. After leaving Blackstone, I went to Onex Corporation to run their credit business. When I joined Onex, the credit platform was 12 billion and I was able to double that AUM in less than two years. Over the course of my career, I've been involved in some of the largest bankruptcies in history, including Enron, Calpine, Energy Future Holdings, and Caesars among many others. I've been on the board of over a dozen companies and have helped facilitate the turnaround of businesses in the energy, telecommunications, chemicals, metals and mining and financial sectors. I've been involved in managing teams of over 300 people and companies with tens of billions of revenue. I'm happy to answer questions about my background, but rather than keep talking about myself, I'm going to turn it over to Mike. And Mike.

Michael Abbate (00:21:31):

Thank you, Jason. Contrary, or as I like to say, complimentary to Jason, I'm a computer scientist and engineer, my nature and education. After working as a software engineer, my career took a detour to Wall Street where I joined Morgan Stanley's Technology Investment Banking Group during the dot com era. I then moved to the fixed income division where I was structuring interest trading credit derivatives. In early 2004, I joined King Street Capital Management, where I spent 17 years and managed over 20 billion of assets at our peak. I oversaw the trading operations from one of the world's largest credit funds, managing hundreds of billions of trading volumes over my tenure. I spent three years in London opening and overseeing our European offices and launching our European fund. I was promoted to partner in 2014 and sat on the investment committee, which oversaw all the firm's investment opportunities. The risk committee, which evaluated more importantly, proposed ways to mitigate potential financial and operational risks.

(00:22:25):

The brokerage committee, which was focused on best execution practices and the new products committee, which was devoted to ensuring any new lines of business were vetted from a risk regulatory and operational perspective. I helped manage over 200 people across the firm's research and trading operations. I pride myself on prudent risk management. I was running our London office during the financial crisis and led our European funds to return 18% in 2008 when most hedge funds and other financial firms faltered. Similarly, my hypersensitivity and negative convexity allowed NovaWulf to avoid many of the potholes in the market last year. The NovaWulf Digital Master Fund returned a gross 1% in 2022, again, far outperforming the competition. And with that, I'm going to hand it over to Mike Cagney to give you his background.

Mike Cagney (00:23:11):

Sure. I'll go brief for the sake of as much question time as we can allow. Just by background, I started in '94 at Wells Fargo, setting up their structure product and product development group, and proprietary trading. I've done three startups including founding SoFi, founding Figure, building Provenance. Three of the four that I've done are now multi-billion dollar companies and businesses, and excited to be here today to help work on this opportunity.

Michael Abbate (00:23:41):

Thanks, Mike. Next, we'd like to discuss the origins of NovaWulf and Figure. When we started our businesses, and more importantly, why. At King Street, we were one of Lehman's biggest creditor post bankruptcy filings. And you really learn the nuts and bolts of the traditional banking system when you're involved in unwinding one of the world's largest broker dealers. That experience, along with having built a successful fixed income trading operation from the ground up, made it apparent to me that the infrastructure of our financial system is obsolete, and there was a tremendous opportunity to participate in its upgrade. My experiences have allowed me not only to identify the ways traditional finance system can be improved, but more importantly, the benefits of seeing what works well and can be repeated. Jason and I first met in 2004 and worked together on various deals in the credit markets over the years. The common thread between us is that we are innovators and entrepreneurs.

(00:24:34):

As we each independently learned about blockchain technology, we became convinced that it was a transformational force. It was this shared vision that motivates us to pivot our careers from working at large, established, traditional finance firms and into digital assets.

Jason New (00:24:51):

I started looking at blockchain technologies and BTC and ETH around 2016 when I was at Blackstone. Like many of you, I got involved by buying Bitcoin. I wish I had been as early as some of you. Mike and I had talked about starting a business together in 2019, but as we went into the pandemic, we put that on hold. I then started getting involved in mining when Beowulf built a data center for Marathon to mine in Montana. We then started looking at other opportunities more broadly in digital assets and Mike and I started investing personal capital in the space. We looked at investing in other managers, and with the exception of certain VC firms, we felt most managers in the space did not have the institutional quality systems and operational risk controls that we would expect. That led us to start NovaWulf at the end of 2021.

(00:25:44):

We spent nine months setting up our infrastructure and building an awesome team. We also built a business, Wolf Labs, to mine select proof of work tokens and stake certain crypto. We placed a significant amount of our personal wealth into our new venture and ultimately are placing a significant amount of that capital into this restructuring.

(00:26:09):

Mike, do you want to touch on just Figure briefly?

Mike Cagney (00:26:12):

Sure. As I mentioned earlier, when I talked about the ATS, the whole point of Figure is that, we believe blockchain is the most transformational technology that we'll experience in our lives, and that belief is fundamentally rooted around two characteristics, which is the ability to displace trust with truth and the ability to transact bilaterally without counterparty risk. And when we combine those two things, we can create markets where we are agnostic to our counterparty. And if we think about financial services, all financial services is intermediated markets. So when you trade stock, you have a buyer and seller, but you actually have seven different parties that are involved in that transaction in between the buyer and seller.

(00:26:49):

When you swipe your debit card, you have a buyer and a seller, but you actually have five different parties that are involved in moving that money and blockchain distills that down to just two people, the buyer and the seller on a decentralized exchange. And so that's our focus and the reason that we're excited about this is, that intermediation that exists today represents trillions of dollars of market capitalization. So by disintermediating that, you're freeing up that market capitalization to both accrue into the ecosystem, to the participants of the ecosystem, but also to the blockchains themselves. And so, with Figure, we're very focused on bringing real world applications into the financial ecosystem and driving as much of this disintermediation as we possibly can.

Michael Abbate (00:27:30):

Thanks Mike. We covered this a bit in our last video, but I wanted to talk more about how we became involved in Celsius. As we were building out NovaWulf, the crypto market started to collapse. Our team has extensive experience in complex distress situations and reorganizations. There are very few firms that understand both digital assets and the bankruptcy process, so it was natural for us to look at all the crypto bankruptcies last summer. Celsius stood out to us because unlike Voyager, Three AC and others, Celsius had high quality assets on his balance sheet, including a substantial amount of illiquid assets. As we dug deeper into the assets, it became clear that there were several operating businesses within the platform. Businesses such as mining, in which nearly 700 million of capital had been invested, but unfortunately in today's environment, would only fetch pennies on the dollar in auction.

(00:28:20):

Moreover, there's an illiquid portfolio of institutional loans and private equity investments with a total face value in excess of 500 million that would be worth far less if forced to sell. It became clear to us that the maximizing value path was to keep these assets together by reorganizing as a new company ready to play offense in this bear market. Our team has worked diligently to come up with a structure for Celsius that we believe optimizes the outcome for all creditors, and with your buy-in, we're excited for the opportunity that lies ahead.

Jason New (00:28:54):

It's worth some time, we think, to go into more detail on our view of how to maximize the value of the company's assets. Our vision is to develop Celsius' current assets into distinct, best in class operating businesses in which, with this foundation, over time, can grow into a dominant and scaled digital asset conglomerate. Our intention is not just to make creditors whole, our intention is to make creditors many multiples of their initial capital. There is a long history of successful companies that have been built through distress, perhaps most notably, Berkshire Hathaway, although we certainly do not agree with Charlie Munger's view of digital assets. At the outset, there will be three initial business segments, mining, staking and the legacy illiquid assets. With regard to mining, we are excited to reposition the business for growth and we're lucky to have a large asset base from which to build.

(00:29:55):

The business faces real headwinds today, and it's unfortunate, to be missing out on approximately $700,000 of daily revenue due to idle machines. However, in my experience, it is never smart to sell cyclical businesses at cyclical lows. As Mike mentioned, Celsius spent about 700 million dollars on existing mining equipment and select infrastructure, and while there is more investment needed, we are developing a path to having all 120,000 machines hashing. But it's important to consider the long term when evaluating where to place these machines. Mining is a challenging and competitive business and is our view that miners with the lowest all in cost will be the winners post halving next year, when the block reward will go from six and a quarter to three and an eight.

(00:30:45):

To be clear, this means sourcing proprietary power versus using a third party hosting model. There is potential for significant return on investment in this business. Remember, not so long ago, Marathon's market cap reached 7 billion and Riot's was about four and a half billion. The claims pool of Celsius is about 4 billion. If we were able to achieve comparable valuation for Celsius' mining business, we're obviously not promising that we can, but that could more than triple expected recoveries.

(00:31:19):

We were really excited about the staking business. Celsius represents nearly 5% of the overall Ethereum staking market. Currently, Celsius stakes entirely through third parties. Like our purely hosted mining model, we don't think this approach makes sense going forward for NewCo and we plan to build a proprietary staking operation. A key element of this concept is the loan settlement, which we recognize is still under negotiation, but it should provide NewCo with income in a solid base of ETH to stake. The opportunity to offer staking services to new customers should not be overlooked, but needs to be done in a regulatory, compliant way. Keep in mind, Figment raised money, last year, to 1.4 billion dollar valuation and Celsius represents... I'm sorry, that was at the end of '21. And Celsius represents a very significant portion of the Figment ETH staking business.

(00:32:24):

Additionally, there should be significant recoverable value through the institutional loan and private equity and venture capital portfolios. Many of these positions are distressed or in default, but the good news is, that we have extensive experience managing these types of situations. We will work tirelessly to maximize value for NewCo across these positions, which, at their face value, are over half a billion dollars.

(00:32:53):

Lastly, but perhaps most exciting, is the litany of new, potential blockchain enabled financial services businesses that we can add to NewCo over time. Potential target businesses include loan origination, factoring a trade finance, payroll finance, debit cards, and crypto mortgage lending. A final example that this community might now be all too aware of is the opacity and slowness of the bankruptcy claims process. We think providing transparency, liquidity, and efficient scheduling on bankruptcy claims is a very promising use for blockchain applications.

Michael Abbate (00:33:36):

It's always fun to talk about where we're going, it's also important to spend some time discussing where Celsius is now.

(00:33:42):

Before we begin new growth businesses, we need to position NewCo to operate efficiently as a public company and this is going to require a tremendous amount of work. Celsius grew rapidly and really did not put into place any of the operational controls or corporate formalities that most businesses have and need. The company did not have any risk systems. Celsius, at its peak, was a 20 billion dollar company that used QuickBooks and Slack for its accounting. So we'll need to build new, high quality infrastructure for NewCo from the ground up to ensure our systems have the functionality and, more importantly, the resiliency needed to support a large public company. An ERP system, quality auditor, various forms of insurance and a new user interface are just a few of the key items we plan on building. These are all achievable tasks and we're working diligently with the company and the UCC to resolve all these issues as quickly and efficiently as possible because in this situation, time is really money. Time is your money.

(00:34:54):

Being in bankruptcy is costly, and the cost of the professional fees and legal fees are eating away at your recoveries every day. I could go on, but I don't need to waste any more of your time and money. In short, we're focused on putting good systems in place to getting Celsius out of bankruptcy as quickly as possible and start maximizing value instead of eroding it.

Jason New (00:35:18):

Next, we want to talk through some key structural considerations of the plan. First, we wanted to discuss the consideration for creditors. We recognize that everyone wants their coins back, but unfortunately, due to prior mismanagement, there is not enough to go around. The plan is to give out all that is available after settling with the loan group and capitalizing the NewCo. Earn claimants will receive both liquid crypto and equity in the NewCo. The plan provides creditors with an option to adjust their mix of each and elect for either more liquid crypto, or more equity. We're still finalizing the details of how this toggle structure will work with the debtors and the UCC, but we want to give those who share our vision and want to build with us an option to take more equity.

(00:36:13):

Also, I want to spend a bit more time on the equity component as we know there has been some confusion about this. Simply put, the EST is the common equity of NewCo. This is nothing like the CEL Token. It's exactly like getting stock in Apple or another publicly traded company, except for that it's issued on the blockchain instead of the NASDAQ or the NYSE. That's it. The EST will make NewCo the first US public company listed on blockchain. We think this is hugely important. It is a concrete proof of concept for the power of blockchain to disintermediate and decentralize legacy financial infrastructure in a regulatory compliant way, which is important to us and we believe is important to the community as well. NewCo is expected to have real scale with close to 2 billion of asset value, making it the second largest, publicly traded crypto company behind Coinbase and will be a hundred percent owned by the Celsius community. There is nothing comparable on chain today.

(00:37:21):

NewCo's scale is also critical for liquidity. We are committed to facilitating liquidity on the ESTs from day one. We know this has been a concern for some members of the community. Similar to an IPO process, we intend to do an investor roadshow prior to emergence to both market makers and long-term buy and hold investors to attract interest in NewCo stock. We already have a list of potential target investors, many of whom are excited about crypto, but they have been cautious to enter the space due to regulatory concerns. That worry does not exist here. To touch on governance a bit, when we talk about our driving performance for NewCo, it's important to think about who that performance is for. We will be managing NewCo on behalf of its owners, the creditors who hold ESTs, and we report to the board and our shareholders. There will be seven board members, five appointed by the UCC and two by NovaWulf, which will be me and Mike Abbate. NewCo will be a publicly listed company as just discussed, and we will file public financial statements like 10 Ks and 10 Qs and annual audits like all other public companies. NewCo will be incorporated in the United States, most likely in Delaware. We'll also leverage NewCo's digitally native infrastructure to provide daily breakdowns of the asset base. We want to take full advantage of blockchain's ability to increase transparency and accountability. Finally, I want to address some of the concerns from the community about NovaWulf and NewCo as lasting businesses. We've heard it said that NovaWulf is a startup. I would argue that, well, NovaWulf is new in that it was founded in 2021. I would certainly not characterized it as a startup in the sense of a VC type investment. Investment firms really are their people. Mike and I have each been investing for over 20 years. We've been able to attract great talent on our team and I'm confident we will be able to continue to grow and build our platform.

(00:39:35):

Just like I would not have considered GSO a startup when we launched in 2005, I do not consider NovaWulf a startup today. If anything, were like a spin-out. A spin-out of investment talent from two very successful traditional finance companies, Blackstone and King Street. Our operations have withstood the most rigorous institutional due diligence, including those performed by the company and the UCC's financial advisors. We have built strong relationships in the digital asset space and we maintain very strong relationships across traditional finance. We expect to have a few select partners in our investment into NewCo, that are leading high-profile financial firms.

Michael Abbate (00:40:18):

I'd also like to address the concerns of the staying power of NewCo. The creditors will be the equity owners of the NewCo and NovaWulf will simply be its manager. As we've mentioned, NewCo is expected to have almost 2 billion of assets upon emergence, making it one of the largest public digital asset companies. It'll be community owned and is expected to have strong liquidity with no funded debt. These are significant competitive advantages. NewCo will file financial statements with the SEC, which means it'll be one of the few companies in the space with real transparency. Now no one has a crystal ball and the assets in NewCo's are volatile. We intend to augment our business lines beyond mining, staking and lending. However, this will take some time. The business will always have a significant exposure to the digital asset space, but we believe that this is the exposure the community wants. Nothing is without risk, but with calculated risk comes the greatest reward.

(00:41:14):

As mentioned, NewCo is expected to have no funded debt upon emergence from bankruptcy, given that your creditor claims will be equitized. We know this was not your intended outcome when you deposited your coins on the Celsius platform, but as we mentioned above, there is a silver lining for us to grow a NewCo together. We do not want to simply fill the hole and balance sheet currently. We strive to make you, our shareholders, many multiples of the capital that you had on the old Celsius platform. The business is expected to generate meaningful cash flow from day one, and we want to position NewCo as both an income generative business that also has the ability to grow. We think this growth, plus income orientation, will be attractive to both retail and institutional investors. Income plays well in bear markets like we're in today, but we also intend to build growth businesses which attract higher multiples and valuations in bull markets.

Jason New (00:42:10):

I know that was a lot of information and I know people don't really enjoy being read to for an hour and we don't necessarily enjoy reading for an hour so I appreciate your patience while we shared all of that. Michael, Mike and I can honestly say, we've never been so excited to be part of something with so much potential in our entire careers. And with that, we'd like to open the floor for Q and A, moderated by my colleague Connor Dougherty. Thanks.

Connor Dougherty (00:42:39):

Thank you Jason. Nice to meet you all. Just by way of background, I'm Connor Dougherty and I'm a member of the NovaWulf team. I joined Jason and Mike as they were founding NovaWulf. Prior to that, I spent six years on the investment team at Blackstone where I worked under Jason for a number of those. Before that, I spent three years in investment banking at Wells Fargo and received my bachelor's degree in econ philosophy from Columbia University. As we shift to the live Q and A portion of this Spaces, we'd like to invite anyone with a question to raise their hand and join the queue. I will be bringing people up on stage two at a time, one for speaking and one for on deck. While you're on deck, please be respectful of the people speaking ahead of you. In an effort to get through as many questions as possible, we will try to avoid bringing people up for more than one question.

(00:43:29):

As Jason mentioned earlier, we can appreciate the memes and don't mind being the brunt of good nature jokes, but we hope that all members of the community speaking tonight keep their commentary professional and constructive. While we are open to tough questions and honest feedback, we do want to establish a few ground rules for the benefit of anyone listening. Violations of those rules will result in being muted on the first violation and ejected from the Spaces on the second violation. One, keep your commentary professional and constructive. Two, no explicit or implied threats of violence. Three, no personal attacks or insults toward anyone on stage or in the community. And four, no destructive behavior like interrupting or derailing conversations with off-topic commentary. We hope we can all agree on those rules to make this a productive dialogue. And with that, we'll bring up our first speaker.

(00:44:26):

So, looking at the requests, I'm going to bring up Simon to start. Simon Dixon to start and Plan C, I'll have you on deck. So both of you guys are brought up. And Simon, you can start when ready.

@SimonDixonTwitt (00:44:47):

Hey guys, that was a controversial decision bringing me up first. I just want to say, we're a crazy bunch of shareholders, so thank you for being brave enough to do this. We've got some crazy memes and no easy task, so thanks for doing that.

(00:45:05):

The question I wanted to ask, if I've got one, is alignment of interest. So we've heard your great visions for NovaWulf, TeraWulf and Figure, but this is a NewCo where we wouldn't benefit from all of those businesses getting the business that we would have within the NewCo. Is there any plans, and I know, I think you said the MST, but I couldn't quite figure out how the alignment of interest, and would any of the NewCo own any of the shares in the other operating business just to align all of our interests?

Jason New (00:45:47):

Yeah. Simon, hey, it's Jason. Thank you. And I feel like I know you because I've listened to you a lot. I hope we'll meet in person in the not so distant future. And also, thanks for the enormous amount of effort you and a lot of other people have put in to this plan. And I realize this has been a very, very bad experience for a lot of people and we understand that. With regard to alignment. So, this is all going to be out there fairly soon. Our fees are, basically, over time, become completely aligned with the share price of the EST. Day one, they're structured around the value of the assets, but they transition over time to be based upon the value of the ESTs. As I mentioned earlier, TeraWulf is a completely separate company. It's going to be, basically, completely walled off. It's a public company, it has its own shareholders so I don't think it'd be really fair to those shareholders to give equity in that company when it's getting nothing out of this process.

(00:46:54):

As you know, Mike and I and some other investors, we're putting in at least 45 million dollars of cash into NewCo. So we think that is a pretty significant financial investment into this situation. And then, you know, this is going to all come out. We're going to have an incentive fee. That incentive fee is also tied to the price of EST. So we think there's real strong alignment there. And everything that we're going to do to build operating businesses is going to be done within NewCo, which all of you are going to own a hundred percent of. We're going to work through with the new board, what, frankly, limited things we can do outside of NewCo and NovaWulf. But NewCo is going to be our primary focus and where we're really trying to drive value for the shareholders because if you guys win, we can win. More details to come and we're happy to have more dialogue around this point because I think it's a fair one and a good one.

@SimonDixonTwitt (00:47:58):

All right, thank you. I just had one question.

Jason New (00:48:02):

All right, thanks Simon.

Connor Dougherty (00:48:03):

Thanks Simon. Plan C, you can ask your question and Celsius Loans. I'm going to bring you up to be on deck.

@TheRealPlanC (00:48:14):

Yeah, thanks very much. I appreciate you guys having me on stage and yeah, thanks for hosting the Space tonight. I know a lot of people really appreciate it. So my points are kind of related. I know you guys kind of hit on clawbacks and CEL Token during your opening remarks and it kind of sounded like, obviously, it doesn't sound like that's your decision necessarily to make, but my question for you would be just regarding the future of your business. So obviously, you can't necessarily know for sure... I mean, crypto's so new that it's hard to say exactly how crypto will grow over the next five and 10 years, and it's hard to rule out certain parts of your business. So we've kind of speculated in the community and been kind of told by the UCC that, well, the NewCo is not necessarily going to be retail facing. Therefore, if they're suing their retail clients, it's not a concern.

(00:49:05):

I'd like to hear from you guys if you have any concerns about doing retail clawback, because you guys will be absolutely linked to retail clawbacks in perpetuity... Excuse me. In perpetuity, you guys will be linked to retail clawbacks. And if you feel like that is a detrimental thing for your future business, if you guys do interface with retail and then just with a CEL Token, CEL Token holders, although they were defrauded like everyone else, they were some of the biggest supporters of the vision of Celsius. And people like myself, that donated three years unpaid, I wasn't an ambassador, I wasn't a partner of Celsius, I didn't even post a referral link, but I, unpaid, supported the community and the company for three years. And those are the kind of people that held large amounts of CEL Token. And I feel like those kinds of people, maybe if they're given equity in your company, could be huge advocates for you guys. So anyway, just wanted to get your thoughts on that.

Jason New (00:50:04):

Yeah, Plan C, it's Jason again. Look, thanks. We've also listened to you quite a bit and you said your company, it's actually all of your company. We're here to manage the company for you guys and you guys are our shareholders and we're going to report to the board, which ultimately is accountable to everybody here. With respect to callbacks, I mean, yes, we feel pretty strongly that suing any member of our shareholder base is not really something we want to do and we've expressed that to the UCC and we will continue to express that.

(00:50:43):

We also, while our businesses day one are focused on mining and staking and maximizing the value of the illiquid assets, we do over time want to build businesses that potentially face retail investors. Look, I think it's going to be critically important for us, but for really for the entire crypto community when facing really any investor, retail or institutional, that if money is put on a platform that that money is not commingled, rehypothecated or otherwise put in a position where if something, God forbid were to go wrong, that it wasn't crystal clear that people had title to that.

(00:51:26):

That needs to be a wholesale change, in our opinion, in the industry, for the industry to be successful. We firmly believe that, and I think you're going to start to see those changes or else those platforms are not going to succeed in our opinion. With respect to the value of the CEL Token, look, we've read the Examiner report, I'm sure most of you have, but that doesn't change our view that the price as of the petition date for dollarization just seems to be the most straightforward way to address that issue. We too have communicated that to the professionals involved in the case. Hopefully that answers you.

@TheRealPlanC (00:52:12):

No, it does. Oh sorry, go ahead.

Michael Abbate (00:52:15):

I'm sorry. Yeah, I just wanted to jump in and say that the community is one of the greatest assets in the company and we really love and appreciate the energy and the enthusiasm of the shareholder base. We're doing everything we can to bottle that energy and kind of maximize that potential within the NewCo.

@TheRealPlanC (00:52:35):

Yeah, I'll get off stage. The last thing, this is just to piggyback on what Jason said. Basically there's a lot of high net worth individuals that are, although they pulled some money off the platform, there's a huge amount of people that still have assets on the platform and would be equity shareholders. Absolutely a company would be suing itself, so to speak. Anyways, I'll get off stage, give other people a chance.

Connor Dougherty (00:53:00):

Okay, thank you Plan C. Celsius Loans, you're up, but Crypto Yolo, why don't I pull you into the queue and you can be next.

@CelsiusLoans (00:53:09):

Hey, thanks, Connor and NovaWulf, can you guys hear me okay? Hey, thanks Jason. Thanks, Mike. The first thing I'll say is I think if you guys can run a good Twitter space with those ground rules and a good productive conversation, I think you'll be well on your way to running a successful company with creditors. I do appreciate you guys not only coming on stage here hosting a Twitter space, having maximum amount of Q&A. I think that's incredibly valuable and I appreciate the conversations with the UCC, specifically Scott Duffy in reaching a settlement with regards to loans on your new company.

(00:53:49):

Borrowers are comfortable being part of a future to where we will continue to pay interest and get the overwhelming majority of our collateral back over time. My question is probably more for Mike Cagney and Figure, do you see the retail loan portfolio, do you see that as something that is a wind down option or in this new company, is there going to be the ability to take out future crypto retail loans and have that be a part of the company or is this more of a wind down and thanks again for the time?

Mike Cagney (00:54:25):

Sure. I think it's two pieces. I think the existing loan book is a runoff of taking that book and servicing it out and getting everyone's collateral back at maturity. But I absolutely believe, and I think that the NovaWulf team does as well, that there's an opportunity to restart a loan book and restart it in a way to Jason's point where the collateral isn't hypothecated to a point where it exposes any underlying risk to the lender or the borrower. I think that we will see a potential loan book reemerge off of this. I also think a borrow against your public security, that should happen. I think the idea of having a debit card that automatically debits against that, against a margin balance can happen. I would say there's two chapters of this. The first chapter is running off the legacy book, but we absolutely expect the second chapter to open relatively soon, which is turning lending back on.

@CelsiusLoans (00:55:21):

Great. Thanks. Yeah, I appreciate your guys' intros and your background that you do. You all come across as very competent and successful. The one thing I just want to put forward for your consideration for the borrowers, the legacy loan book has 67% of borrowers being Bitcoin borrowers. Obviously you guys are well aware of the directional risk, especially from legacy management getting involved in directional risk. Just the consideration going forward that if Bitcoin borrowers are going to become Staked ETH maxis under duress for a limited amount of time, just the ability for your management team to consider that directional risk and also to be able to rebalance that portfolio over time so we manage that risk. But I appreciate you guys talking about it. Thanks for bringing me off on stage. I'll pass it over to my good friend Crypto Yolo.

Jason New (00:56:11):

Yeah, I'll just say there real quick, look, we think those are fair concerns, we had a really constructive conversation with David Adler and the loan group and we hope, because I think it is important to this overall plan that we can come to terms that are like all things in bankruptcy, nobody loves everything, but that work pretty well for you guys and we're certainly sensitive to that topic and the basis risk between BTC and ETH.

@CelsiusLoans (00:56:38):

Great, thanks.

Connor Dougherty (00:56:40):

Yeah, and Crypto Yolo, you're going to be up in. I'll call Mary Delgado into the queue.

@Cryptoyolo7 (00:56:50):

Okay, great. Thanks for bringing me up on stage. I guess I'm going to wrap this all into kind of one capitalization question for you primarily Jason I guess, Jason and Michael, which is it sounds like you said that you would distribute most of the coins on the platform except for the staked ETH and some amount of coins that were going to be necessary to capitalize the company. Then you're bringing 40 to 55 million in and you're getting preference shares as I hear it, which are not the ESTs. Then I'm confused about the outside investors. Are they going to get ESTs, are they going to get preference shares? Are they going to get neither? Something else? Or are they just going to provide liquidity to the order book on Figure where the ESTs trade and then what's the governance relationship between the preference shares and the ESTs for the evolution of the board, for example?

Jason New (00:58:01):

Okay, that's a lot for me to unpack.

@Cryptoyolo7 (00:58:03):

I tried to get it all in one question.

Jason New (00:58:08):

No, no, no, it's a good question and I'm not going to hold you at task for compound questioning, so we'll try to address all that. I may not get it all back. Let me just start with the quote preference shares. Our relationship with the company, with NewCo is going to be as the manager. Think about we will have a contractual relationship where we're paid a management fee and an incentive fee to manage NewCo going forward. We're finalizing that. It's possible that will be memorialized in a preferred equity instrument that's for some tax and some legal reasons, but that will not have a liquidation preference. It will not rank senior preferred shares like you typically think of vis-a-vis the common equity or the ESTs. We will be basically getting paid a variable dividend which ties to our management fee and the incentive fee. I think it's confusing, but I guarantee you there's no sort of preference like we're putting our 50 million bucks or 45 million bucks in and coming in senior to guys. That's not true. We're just getting paid a fee for managing the business.

@Cryptoyolo7 (00:59:36):

You're saying, if I put it in my words for a second, that the preference shares are just a dividend right but are not convertible into an ownership position?

Jason New (00:59:46):

That that's correct, yes. Yeah, that's correct. I mean we will get equity over time because part of our fee is paid in equity but is not convertible into an ownership position. With regard to outside investors, maybe I confused this a little bit. There's two things to think about here. One is when we talk about bringing outside investors into NewCo, it is our goal like when you do an IPO of a company to go out and build institutional investor interest in NewCo so that they will be buying the shares. We've been spending a lot of time on who that might be attractive to. We spend a lot of time talking to Mike Cagney and his team because they obviously have sort of a blue chip roster of VC firms and other investors in their business. As we mentioned, there's a lot of people interested in investing in a digital asset company, but where they are able to do it in a regulatory compliant way.

(01:00:52):

Think about your traditional long only firms who are right now are basically limited to Coinbase, maybe MicroStrategy and the Bitcoin miners and I guess in Galaxy, but it's a pretty limited universe. That's one group of investors. Our capital, let's just use the $45 million number. Our money is coming from the NovaWulf principles, so the people who own NovaWulf. It's really basically coming from Mike and I and the GP of NovaWulf will be making that investment. That's the general partner of NovaWulf will be making that investment into NewCo. And what I was saying there is we may bring in a partner or two into NovaWulf as part of that process, but otherwise we'll fund the $45 million ourselves. Hopefully that clarified things.

@Cryptoyolo7 (01:01:41):

What do you get for that? Well, two, there's two things. Yeah. So what do you get for that 45 million? Then I think the one thing that wasn't answered is you mentioned that you were going to retain some of the coins as opposed to distributing them to capitalize the platform initially. I think in addition to at least I inferred that was in addition to the Staked ETH through the loan book.

Jason New (01:02:04):

There's going to be the Staked ETH through the loan book and then we're finalizing this number, but it's probably between 150 and 200 million that will be used to capitalize NewCo, of which 45 or 50 is going to be the money coming from us. Then what do we get for that money? We essentially get the right to manage the business and have the management fee and the incentive fee for an initial term of five years.

@Cryptoyolo7 (01:02:39):

Okay. A five year management contract. Thank you. I appreciate you.

Connor Dougherty (01:02:46):

You got a little bonus questions in there. We're going to push you down if you don't mind. Mary, you're going to be up and I am going to ask Otis to be on deck.

@Blockchainherd (01:03:01):

Hey guys, Jason, Michael, Mike, thank you so much for putting this space together, really appreciate it. I'm excited about everything you were talking about and thank you so much for being sensitive to so many people that are in so many different buckets right now. My question basically was pretty much what Yolo was talking about, but so you kind of answered it. Is the team then willing to bypass the management fee and only take profits if the fund generates returns? Since let's say a 2% management fee would be roughly 40 million, which is basically what you guys are putting up in year one.

Jason New (01:03:42):

Yeah. Mary, thank you. It's a great question. The fee paying asset base is not going to be 2 billion. This gets a little bit confusing, but we're not taking a fee on the retail loan book that will be held within the company. These move around a lot and we're going through the numbers daily with the debtor, but let's say it's more like 1.5 billion. Obviously part of our deal is we're putting this money in with an expectation to get paid, but there's a lot of cost to our business too. We've got a big team, we're going to need a bigger team to support the operations of this company. NewCo itself is going to need to hire more people in both the staking and the mining businesses among others. Essentially, what we're doing is putting this capital in and then getting paid the management fee for operating the business.

@Blockchainherd (01:04:48):

Thank you so much. Really appreciate that.

Jason New (01:04:50):

Of course.

Connor Dougherty (01:04:50):

Okay, thank you, Mary. Otis, you'll be up and then Cam Crews, I'll bring you up to be next.

@Otisa502 (01:05:01):

Thank you so much, Jason. Thank you so much Michael for having this space. You touched on this before. If your position is that CEL Token should be 81 cents as of the petition date and you are a former bankruptcy litigator, so you would know that and that there should be no retail clawbacks, how come that language made it into your plan? Why did the 20 cent make it into your plan and why did the TBD make it into your plan for clawbacks? For the record, I'm against all retail clawbacks. I don't think you should be clawing back your future customers, which you now agree with. Those are my questions.

Jason New (01:05:44):

Yeah, great question. First, I haven't practiced bankruptcy law for well over 20 years and I don't have malpractice insurance, so I would not rely on what I say as a bankruptcy lawyer. I'm pretty dated in that regard. With respect to the plan, and people are now going to criticize me for sounding like a lawyer when I say this but there is a real distinction between whose plan it is. It's the debtor's plan, we're the plan sponsor. I will say there are a lot of things with the debtor and the UCC that we do not agree with and that we've been arguing with them about and trying to move. These are two of the points, but there's a lot of other points and we're trying to get this done. I think it's important that the community continue to voice your views so that they're heard. I think they are heard. I know they're heard. Certain elements of the plan, it's the debtor's plan.

@Otisa502 (01:06:50):

Okay. Okay.

Connor Dougherty (01:06:51):

Thank you, Otis. I don't know, Cam, I guess you dropped down. I'll invite Crypto Cexual up to speak and I will put Tony V in the queue, Crypto Cexual if you want to speak, you should do it.

@Jamers2012 (01:07:23):

Hello gentlemen. Michael, Jason, Mike, Connor. Thanks for your time tonight guys. I do have a question, but before I ask it, I noticed at the beginning of the call, Jason you said you soliciting ideas for naming the NewCo. Just so happens I opened up a tweet a little over a week ago. I posted it, the comments of the spaces right here in the comments, but there's some good suggestions in there. I like Alpha Digital Partners.

Michael Abbate (01:07:58):

Yep. We read it.

@Jamers2012 (01:08:00):

Okay.

Michael Abbate (01:08:01):

New equity co I think was the other one.

@Jamers2012 (01:08:02):

Digital equity group is a good one. Right? Some good ideas I think in there, and I would encourage everyone else to put some ideas in the comments. Here's my question. What firm safeguards and assurances do the equity holders have that the NewCo equity won't or can't be diluted down the road?

Jason New (01:08:32):

Hey, good question. First, thanks. Well, it's nice to talk to Crypto Cexual finally.

@Jamers2012 (01:08:38):

Thank you, Jason.

Jason New (01:08:41):

Yeah, and thanks for the name. I don't think it's prudent to restrict a company's ability to raise capital through issuing equity. That's a great thing about being a public company is it gives you flexibility to build your business. That having been said, and Mike kind of went through this, we view this as a mix between an income play and a business that can grow and thrive over time. We do plan on paying dividends. We're going to have to go through that policy with the new board, and ultimately it's the new board that will set both the dividend policy as well as, but we're going to make some recommendations to them. Then also anytime shares are to be issued on a go forward basis, that will have to be approved by the board. The reason I would think we would do something like that is because we could make a very accretive acquisition, for example, or we could do maybe something that further de-risks or diversifies the business because as we all know, we're going to have a lot of exposure to ETH principally and then BTC through the mining business.

(01:09:54):

We want to have a really good board here and we want to have robust dialogue with the board. We'll make recommendations to the board, but ultimately they'll approve any dilution. Again, our incentives are to create a company where the stock trades really, really well. Diluting people perpetually does not work. You have to grow and we want both income and growth.

@Jamers2012 (01:10:23):

Yeah, great answer. I prefer to grow the company through organic growth and not raising capital on a annual basis or semi-annual basis.

Jason New (01:10:33):

I think that's right. It's just a balancing act between paying dividends and preserving that capital for organic growth. We've got some good ideas we think, and we think all of you guys have good ideas too. Look, we're excited. This is a very invigorated shareholder base that we're going to be hopefully dealing with here.

Michael Abbate (01:10:53):

Yeah, I'll make one other point. We'll do extensive analysis on every opportunity to analyze the cost of capital and compare it versus the potential return of those investments. That's what we do. You can feel pretty confident that whether if we raise equity, that it'll be for a very high return investment profile.

@Jamers2012 (01:11:20):

Great to hear.

Connor Dougherty (01:11:20):

Okay. Thank you. Tony, you'll be up next and I'll call, well BitBoy, I see that your hand is raised, but since you got a private call from your little NYC visit, we want to make sure some of the others get an opportunity to talk with us. I think we're going to pass and Cam will be up in the queue.

@Elveton101 (01:11:50):

Hey guys, thank you. Thank you for having me and having this space. I don't know if you've heard some of the recent spaces. I have a ton of questions, but I'm going to keep it light at least on this first one. First and fore-

Connor Dougherty (01:12:03):

Well, you only get one, Tony.

@Elveton101 (01:12:04):

Only one? I got two. All right. First and foremost, this is for Jason, for the love of God, can you never call us ShareWulfers ever again? I will personally hire a company to think of a new nickname for us.

Jason New (01:12:20):

I think that was unintentional. I was sort of stumbling over my words. I'm not used to doing fake interviews on video, so I sort of just stumbled over that.

@Elveton101 (01:12:30):

All right. I'm glad. One of the biggest problems with Celsius and Alex Mashinsky specifically is he targeted the most vulnerable population. I'm talking about people that don't necessarily have a lot of money, and especially the elderly. There's a lot of people in Celsius, a lot of creditors now that are in their late 60s, 70s, and they were convinced by Alex to put a hundred percent of their life savings, their retirement fund into Celsius. Is there a way to have, we're calling it the AARP class, seems a little derogatory, but it's meant in a nice way for people that are 65 or 70 or whatever, if they can get a higher portion now as opposed to waiting for it in the long run. Would that be something you guys are interested in? I don't need a yes or no right away, but I just want to throw that out there.

Jason New (01:13:31):

It's an interesting concept. As I just said, I haven't practiced bankruptcy law for a long time, but I have been involved. I've never seen that concept in a plan, but I certainly understand and sympathize with everybody, but probably some people that seems like a really trying class. Let us bounce some stuff off. I also don't know what dollar figures are involved with those folks who may be more elderly, but I understand the concern.

@Elveton101 (01:14:02):

Okay. Yeah, I mean that's good to hear. I know you mentioned it briefly before with the little toggle, if this is going to be kind of like a hedge fund, you specifically want people that want to be in it or the people that can wait a long time for it. Someone like myself, I'm 30, I don't know, two I think, I don't remember, but I can wait 20 years to get my money back. It's not the end of the world. I would be more incentivized to put more of my claim as opposed to a portion of it. Whereas someone that's a little bit older maybe doesn't have as much cash flow or whatever, they would need more of their cash upfront and maybe less to kind of gamble with these equity share tokens.

Jason New (01:14:45):

Yeah, look, we understand the concern. Two observations. One, this is going to be a company, this is going to be an operating business, so it's certainly not a fund. Also then two, we do want to build want to build and have liquidity in the ESTs. So if somebody is getting a recovery in ESTs, we want them to have the ability to sell those, particularly if they need the liquidity for their life purposes or retirement or those sorts of things. So there's a lot of shareholders in this company on a go forward basis. So it's our job to bring an institutional demand, but we do want there to be liquidity in the stock. So hopefully that will give people an outlet to sell if they need to for personal circumstances.

@Elveton101 (01:15:39):

That's good to hear. And then the last question go-

Connor Dougherty (01:15:42):

Tony, do you mind if we just stop you there and if we have time at the end we can give you another opportunity. And Ben, I was kidding as well, if there's time at the end, we'll try to get your question. But since there's a long list of people who want to speak, I recommend we move on to Cam and I will put, how about Ali Demirtas. Sorry, I probably butchered your name, in the queue.

@CamCrews (01:16:13):

Yeah, thanks guys. As one of the many Earn customers that's over 5K, we're primarily concerned right now about the distribution that would be available to us. As the slide deck said, it would be 100% of available liquid coins, which effectively amounts to leftovers. And we're trying to quantify what that would look like based on my analysis. Some of us have been looking at the coin reports, it seems like it would be a target of around 30% based on our claim. And in terms of those estimates, it's also good to distinguish between in-kind distribution, which would be a lower percentage and the bankruptcy date, which would appear higher, but is not a percent that we identify with as much because it's still money that's being shaved off of our claims. And specifically when it comes to distribution about the Staked Ethereum, there is a split between the techniques of staking.

(01:17:12):

According to the coin report, there's 367,000 Ethereum being staked through, I suppose, an unknown provider. And there are 420,000 stETH, which are liquid ERC 20 tokens that could be distributed to creditors today. Because we have Ethereum wallets and we'd be able to take custody of those. But it seems like from the plan, you're looking to keep custody of both of those assets. And I'm wondering if you'd be open to distributing the stETH to customers to increase the liquid tokens we would take on. And if you could just speak to the distribution, we can expect. Thank you.

Jason New (01:17:55):

Thanks. Go ahead Mike.

Michael Abbate (01:17:57):

I'll take that one. So thank you very much for the question. That was actually some incredibly insightful question that you've asked, and something that we've been debating with the UCC and the Debtor as recently as this morning. So the good thing is the assets, as we mentioned prior, are all high quality. They're mostly Bitcoin and ETH. So unlike some of the other bankruptcies, you don't have to worry about distribution in some of the altcoins. And we will attempt to distribute as much liquid crypto as we can. But, I just want to caution some of the analysis that's been thrown around out there. There are a lot of other priority claims that I think don't get incorporated properly. Now these will all get laid out in excruciating detail in the disclosure statement, and so you'll have more info at that time.

(01:18:47):

In terms of your specific question about the Staked ETH, you touched on a really good point. And you guys I'm sure have all been following... I can tell from following you guys on Twitter, you're very well versed in what the SEC has been saying and making public in regards to some pooled ETH contracts. We're evaluating the Staked ETH in that context that will have some limitations potentially in terms of who that Staked ETH could be distributed to if we were to decide to distribute that Staked ETH. Now, our hope is that the Shanghai protocol goes according to plan, and this will become less of an issue, but it's hard to bet on that currently. Hopefully that answers your question.

@CamCrews (01:19:34):

Yeah, thank you. I think as an Ethereum depositor, I would be among many that would be willing to take stETH in lieu of our Ethereum. So that's just another possibility if things don't go well with the upgrade. But thanks for answering.

Michael Abbate (01:19:45):

Right. And I'm sorry Cam. I called you Ali by mistake there. Ali's on deck, so I apologize for that.

Jason New (01:19:54):

Hey, and Cam, the percentage recoveries are going to be laid out in a disclosure statement. Obviously that moves around daily, but that's going to be clearly laid out. That's probably one thing we should not go into prematurely tonight. We understand it's important.

@CamCrews (01:20:14):

Great, thank you.

Connor Dougherty (01:20:15):

All right, thanks Cam. Ali, you can ask your question and Rob Christensen, I'm going to bring you up.

@AliDTwitt (01:20:25):

Hey guys, thanks for hosting this discussion tonight and for taking my questions. I feel that many of the questions asked tonight could have been answered, had a full plan being released by now. Firstly, when can we expect the full plan to be released? Secondly, if you cannot provide exact figures, please provide an estimated number. How much can the non convenience class expect? When can they expect the payment? How will the payment be made? Would it be made in BTC, USDC or ETH, or would it be in kind based upon account holdings? When the hedge fund starts, how much do you expect to start with and what's your five-year expected forecast for its value to be? Thank you.

Jason New (01:21:14):

Yeah, those are great questions. Unfortunately a lot of them we're just not going to be able to touch on tonight. But with respect to when the plan and disclosure statement will be filed, the target is to get that on file by the end of March, and that will have a lot of these details. With respect to the crypto distributions, as you pointed out, it's going to be largely focused on Bitcoin, Ethereum and USDC. At least that's as the debtor is contemplating it. And this is just me talking out loud now. I don't know why the Debtor would not at least try to match those distributions with what was deposited on the platform.

(01:21:55):

And then just again, let me just be crystal clear, this is not a fund, this is an operating company. And so what we're starting with is the mining business, the staking business, the working capital numbers I've outlined before, as well as the illiquid assets on the company's balance sheet today that need to be worked through. So that's what's starting in NewCo, and so we think those will generate good cash flow and we'll try to lay this out for you, but I can't put that all out other than in an approved disclosure statement, which is really going to be coming from the Debtor working with us.

@AliDTwitt (01:22:36):

So right now you can't tell me what percentage of the non convenience class can expect to withdraw and how much you expect to manage on your five year forecast?

Connor Dougherty (01:22:46):

He just answered that.

Jason New (01:22:47):

Yeah, I just can't answer that outside the context of a disclosure statements filed with the court.

@AliDTwitt (01:22:54):

Thanks Jason.

Jason New (01:22:55):

Sure.

Connor Dougherty (01:22:57):

Okay, Rob, you're up. And then Ruppi Macho, I'm going to bring you up to go next.

@RobChristiansen (01:23:04):

Thank you. Your reply to Ali just addressed most of the question I had anticipated, in particular around tax consequences and the distribution of what in-kind assets are on the platform. So I appreciate that. I'll move on to another question, which is, how DAO-like do you anticipate engaging with the community? Do you anticipate using tokens to vote on various proposals or look at using the tokens to distribute the dividends by way of airdrops? Can you elaborate on how far you plan on taking that?

Jason New (01:23:40):

Yeah, excellent question. So this is going to be a public company. So again, while essentially listed on the blockchain and trading on the ATS, the legal rules and regulatory rules will be just like with a public company. So we will be filing proxy statements, which will entitle the shareholders to vote. That's going to feel very TradFi and old school. It may be the case we actually have to send out paper proxy statements to people, but that's the way it's going to work, but people will have their votes. With respect to the dividend, we would expect to be able to pay those dividends into people's wallets on a go forward basis.

@RobChristiansen (01:24:35):

Okay, thank you. Respectfully, it seems like you're using token and a stockholder a little loosely. I acknowledge I'm asking a follow-up question, but it seems like that language needs to be tightened down from my perspective. Thank you.

Jason New (01:24:55):

So look, the people who own ESTs own the stock of this company.

@RobChristiansen (01:25:03):

Okay, that makes more sense. Thank you. I appreciate that.

Jason New (01:25:05):

Sure, of course.

Connor Dougherty (01:25:07):

Okay, thank you Rob. Just to give everybody a time check about 10 minutes out from being done. So we'll take a few more and recognize that there's a lot of people that have questions, but we'll do our best to get through a couple more. So Ruppi, why don't you go ahead, and Harrison, I'll bring you up into the queue next.

@Realrephy (01:25:34):

Thank you Connor, and thank you Jason, Mike, and Mike. I appreciate the time you guys gave us. One question is pretty very quick and easy. And this one is just, is there a binding agreement yet or not, between NovaWulf and Celsius and the Debtors?

Jason New (01:25:54):

That's a great question. So as of tonight, right now, there's not. We're working really hard to get that done. I also want to bring up one point that has been mentioned, which doesn't tie specifically to the binding agreement. But people have thrown around the term "stalking-horse." And while we are the plan sponsor, a stocking-horse is typically used in what they call a 363 sale. So that's like a sale of a one specific asset, not necessarily sponsoring a plan. But for all intents and purposes, we are basically being forced to act here as a stocking horse. And this is a point... Just be candid, we don't really love that, but that's the process and we understand that's a process through which people get to look at our plan and consider things that they may want us to change or that may make a situation better.

(01:26:51):

And because of that, the Debtor has what's called a "Fiduciary Out" to consider other proposals in this process. That fiduciary out is something that the UCC and the Debtors have been very insistent upon and we've agreed to. Because of that, we're going to ask for something called a "breakup fee" and an expense reimbursement. We think that's only fair given all the work that we're doing and the fact that we're trying to put this all together, but the court's going to have to approve that as well. And that will be filed at some point in the future. But to be very specific at this exact moment in time, we do not have a signed agreement.

@Realrephy (01:27:39):

And that makes sense actually. I mean, if they just extended the bid deadline so it makes sense that they want to have a stalking horse in there, so other people can well try to offer a better bid. And then my real question after is just the regulations-

Connor Dougherty (01:27:55):

Rupi, do you mind?

@Realrephy (01:27:56):

Oh yeah, no worries Connor, it's all good.

Connor Dougherty (01:27:57):

We want to make sure that everybody gets one.

@Realrephy (01:27:59):

You got it. Thank you guys for hosting this. Appreciate it.

Connor Dougherty (01:28:03):

Okay, Harrison, you're going to be up and then Joe Lehr, I'm going to bring you up next.

@Leet888 (01:28:11):

Hey guys, I just wanted to say Simon does seem to represent the will of the majority of creditors. So I would appreciate you taking his recommendations to heart. Please do your best to ensure that whatever plan you put forth, that it doesn't overpay the convenience class in order to push through ideas that are unpopular with the rest of the user base who have the majority of the funds on the platform. And I just wanted to say it's pretty clear that clawbacks are very unpopular and that the primary advocate for them appears to be White and Case who likely stands profit.

Connor Dougherty (01:28:39):

Harrison, do you have a question or are these comments?

@Leet888 (01:28:42):

Yeah, this is a question. White and Case likely stands to profit from it. They also seem to have an outsized influence on the UCC. So if you know the majority of your customers are against non-insider clawbacks and against devaluing the CEL Token, why not play hardball with the UCC and tell them that those must be off the table for you to proceed with any deal?

Jason New (01:29:02):

It's a good question. This is a hard, tough negotiation, and it's not over with as we just discussed. So there are a lot of points that we're negotiating still. But I hear your point and we want input from everybody here. And we know Simon's had some very, very constructive thoughts and we want to hear those from him as well.

@Leet888 (01:29:28):

Thank you.

Connor Dougherty (01:29:32):

Oh, okay. So Joe, you're next. And then I'm just looking through Krypto KPR, I will bring you up into the queue.

@JSLVENTURES (01:29:45):

Hey guys, thank you very much for all that you're putting in and trying to build something constructive in a really messed up situation. You mentioned earlier that there was going to be management and incentive structure. It wasn't clear what those numbers actually look like. And I'm wondering if it'll also build into the calculation for incentives, I guess a threshold or a baseline that NovaWulf or the management would need to beat in order to earn the incentives where crypto is the benchmark - Bitcoin or whatever is being held. And just throw out a quick comment. It sounds like you're still in the middle of the process of pulling all the different possible levers to make a plan work for everybody. I would strongly encourage doing something with like Earn like is being done with loans. I understand that it's great to start a business with a clean balance sheet, but I think a lot of people are having a very hard time giving up custody of their coins or dealing with a taxable event that may force them to liquidate everything.

(01:30:58):

And so if you can have an option where people can lend their coins the same way, there's loans being structured in a tokenized securitized where you have all the ingredients it sounds like to really put together something amazing. So if you do something like that with Earn, where people can lend their tokens for an extended period of time and maybe perhaps share in the equity more, instead of, in other words, putting the full a bucket of assets into equity minus certain amount that gets taken off, people may be willing to even keep more on the full amount of their coins - what's left to them - on the platform for an extended period of time and ultimately get more back in crypto.

Jason New (01:31:46):

Thanks. That's a lot to unpack. So let me address the first point, which was with respect to our fees, this is obviously all going to be weighed out very clearly. We do have an incentive fee. That incentive fee is tied to us hitting a performance metric, but that performance metric is contemplated right now as a percentage return. It's not tied specifically to Bitcoin or Ethereum. So that is what's currently contemplated, but that needs to get finalized with the Debtors and the UCC. On your second point, honestly, I think I understand what you're proposing, but it's a lot to think through, and I think as we spend more dialogue, more time discussing things with all of you, we'll see if we can flush that out a little bit more. I don't think I'm going to be able to digest all that and flush it out in the next two minutes though, unfortunately.

@JSLVENTURES (01:32:49):

Yeah, it's a complex thing. If you don't mind, when you have a chance, I pinned to my account just a brief outline of what I'm thinking in terms of that option. Thank you so much.

Jason New (01:32:58):

Okay, that's helpful. Thank you.

Connor Dougherty (01:33:01):

Okay, and Krypto KPR, you will be our last question of the night. So you can go ahead.

@KryptoKpr (01:33:07):

Oh, hey guys. Thanks for letting me up. Hey, it's worked out pretty good for a first date, don't you think?

Jason New (01:33:17):

So far, I don't know. I don't want to jinx it. So, keep going.

@KryptoKpr (01:33:21):

I'm going to keep it light.

Jason New (01:33:22):

I've been on a lot of bad first date, so why don't you finish it for us.

@KryptoKpr (01:33:26):

Well, I'm glad I'm the last one, so I'm going to make sure that you guys get home safe. So just to break the ice, I mean, I came to this country back in 2001 and I'm from Kuwait. All right? So it wasn't a popular year for my kind of people. And at that point, I was in Alabama and I was viewed as an adversary. And guess what? Here I am, I have all my teeth and my limbs and everything and people gave me a chance. So that's my outlook for you guys as well. Because now I commend you in your bravery to face two adversaries. One, the industry, and the second is this community behind me that we've been through a lot.

(01:34:08):

So I know that you understand that. So with that said, I wanted to basically get a sense from your opportunistic point of view, what was that aha moment that made you want to make a career shift and take an interest into crypto? And where is it that you actually would find that you individually, and all three of you can contribute if you'd like, can add the most value? As in where do you think that crypto really... Where the biggest failures and where is it that you see or saw an opportunity that you can now take?

Michael Abbate (01:34:50):

Sure. I'll take this one. And thank you very much for your questions. These are incredibly thoughtful and gives us a chance to really express some of our more macro reviews. So I'll speak from my own perspective. My view started with Bitcoin and being a skeptic of the long-term value in fiat currencies. The math of sovereign balance sheets is very apparent that continued debasement needs to happen. But the issue that I had being also a student of economics was that Bitcoin being a scarce asset, actually is not a good currency. You don't want to spend something that's going to go higher over time and that's limited in supply.

(01:35:35):

And so the aha moment, at least for me was again combining with my computer science background, was the understanding of Ethereum, the virtual machine, the open source nature of a programmable database, essentially.

@KryptoKpr (01:35:52):

You and me both.

Michael Abbate (01:35:54):

And really understanding and harnessing that. And then more importantly, Mike describes it more articulately than I can, using the power of that blockchain in financial services. But the issue that we've had with so many of the blockchains to date, outside of Provenance and maybe a few others, is that people assume that regulation doesn't need to be a part of the broader transaction and financial services. And so that's our aha moment. Where we can give people the protection of regulation, but all the benefits of the technology.

Jason New (01:36:41):

Yeah. Mike Cagney, do you want to chime in? Because I'm sure you've got a lot of thoughts on this and maybe I'll finish up then.

Mike Cagney (01:36:47):

No, just to add on the point, I think what I talked about earlier, the ability to displace trust with truth and being able to transact bilaterally, those are two very powerful things that are at the forefront of trillions of dollars of market cap reallocation. And I think there's just a tremendous opportunity in what it takes or some transactions like the ones that we're going through here, the community like the one that's behind these transactions to really push these to the forefront, but just an enormous opportunity for everyone right now.

@KryptoKpr (01:37:18):

Thank you for that. I do have a suggestion and a recommendation for a name, which I'm pretty excited about. So the suggestion, you know guys, we are data heads over here in crypto, and I know you guys are number crunchers. There's definitely a common language that we speak, and that's numbers. So, I understand contractually there's some limitations, but if you guys could give us examples to paint a visual so you can model it out and give us some kind of a data set that we can visualize and see how it works out, I think that would really help you guys in driving a point across. So maybe something to consider. And as for the name we're the Dire Wulves. Thank you guys.

Jason New (01:38:08):

All right, well I think that's a good place to end. Clearly, we are number cruncher guys by background, and we're going to share a lot of our thoughts with regard to financially where this business can go and I think should go, and we'll take a lot more names. I don't know if we're going to keep the Wulf in the name, but we defer to the community. But more than anything, we just want to thank people. I know people all over the world, so for some people it might be incredibly late. There's really no perfect time to do these things, given the global nature of the customer base here. But we'll try to have more dialogue, more communication. And look, we are really excited. We mean that sincerely. But this is a really passionate group of people and we want to work with you guys. So thank you.