

VOYAGER

Second Day Hearing Presentation

In re Voyager Digital Holdings, Inc. (Case No. 22-10943)

United States Bankruptcy Court for Southern District of New York

Honorable Judge Michael E. Wiles

August 4, 2022

Formation of the Committee



- ◆ **Official Committee of Unsecured Creditors (the “Committee”) appointed on July 19, 2022.**

- ◆ **Melissa and Adam Freedman**
 - ◆ **Richard Kiss**
 - ◆ **Christopher Moser**
 - ◆ **Brandon Mullenberg**
 - ◆ **Jason Raznick**
 - ◆ **Russell G. Stewart**
 - ◆ **Byron Walker**
- ◆ **Voyager and the Committee are working closely together to ensure coordination and alignment on a path forward.**
 - ◆ **The Committee does not oppose any of the relief sought today and filed a statement in support of the FBO Motion [Docket No. 193].**



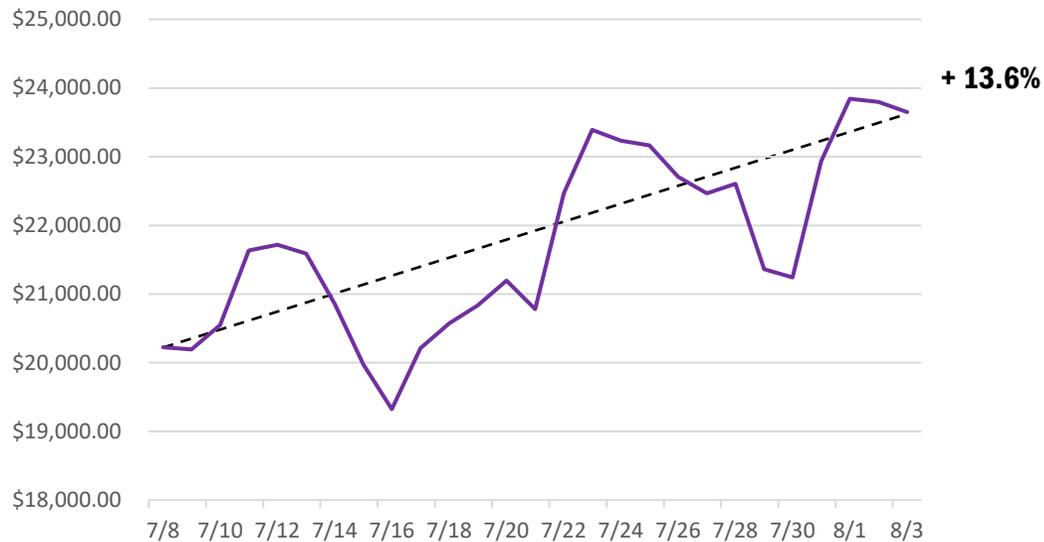
Cryptocurrency Market Update



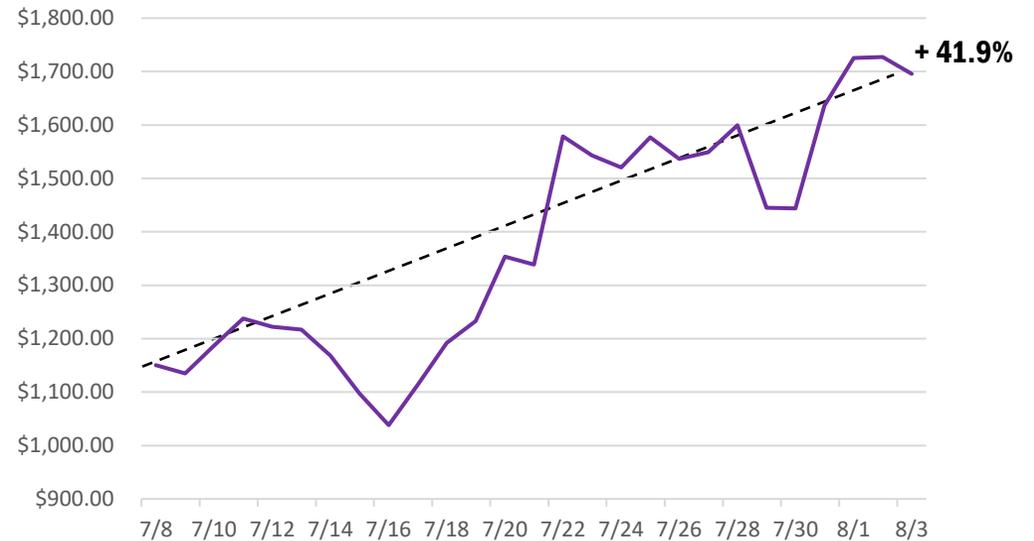
- ◆ Cryptocurrency market has partially rebounded since the Petition Date.



Price of Bitcoin up nearly 14% since the Petition Date



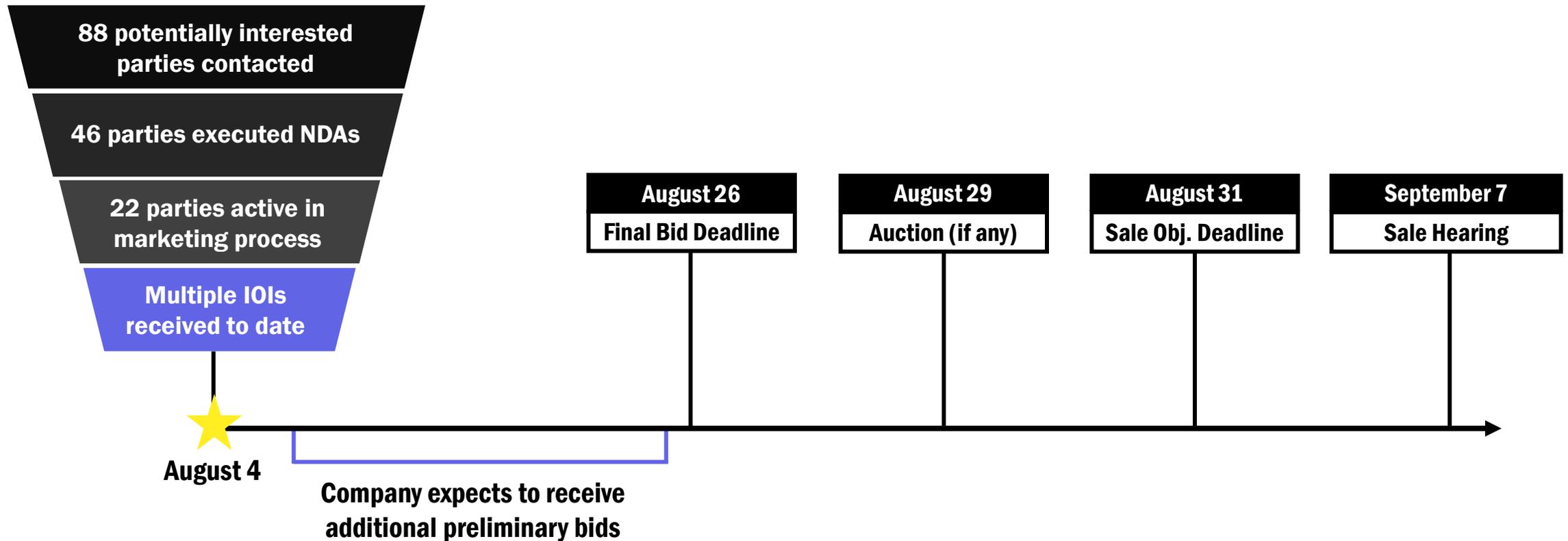
Price of Ethereum up nearly 42% since the Petition Date



Marketing Process Update



- ◆ Company received indications of interest from several parties and expects to receive more in the coming days.
- ◆ Company is focused on running a clear and transparent marketing process to ensure all interested parties are on a “level playing field.”





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Re: Press Releases by KaJ Labs

On July 11, 2022, KaJ Labs (“KaJ”) announced, via press release, that it issued a letter of intent (the “LOI”) to acquire the assets of Voyager Digital Holdings, Inc. (“Voyager”). The press release was published in several major news publications, including Bloomberg, Forbes, and Reorg Research.²

On July 21, 2022, KaJ announced, via press release, that it rescinded the LOI due to “disagreements regarding the deal structure and the closing process.” The press release was published in Bloomberg, Reorg Research, and several other publications.³

KaJ’s press releases are a complete fabrication. KaJ has not participated in Voyager’s marketing and sale process. KaJ did not sign a confidentiality agreement and was not given access to any confidential information. KaJ did not submit (and to date still has not submitted) an LOI to Voyager. KaJ did not engage in any conversations with Voyager’s management team or any of Voyager’s advisors regarding deal structure or the closing process and, therefore, the statement regarding “disagreements” about deal structure and the closing process are completely fabricated.

The only communication with KaJ to date are emails from a KaJ principal asking Voyager to publicly acknowledge receipt of an LOI (which, as noted above, would have been false). Voyager responded by inviting KaJ to sign a confidentiality agreement and participate in the process just like every other potential bidder. KaJ ignored Voyager’s invitation.

It is unclear what KaJ hopes to gain by the public release of false and misleading statements. But to ensure that these false statements have no impact on the fair and transparent process that Voyager and its advisors are currently engaged in, Voyager believes it is critical to correct the record. Voyager remains steadfast in its restructuring process and continues to work to drive toward a value-maximizing transaction that is beneficial to Voyager’s customers and stakeholders.

² See, e.g., <https://www.bloomberg.com/press-releases/2022-07-11/lithosphere-litho-developer-kaj-labs-announces-letter-of-intent-to-acquire-voyager-digital-assets-for-250-million>.

³ See, e.g., <https://www.bloomberg.com/press-releases/2022-07-21/kaj-labs-rescinds-250-million-loi-to-acquire-voyager-digital-s-assets>

AlamedaFTX Letter



◆ Voyager has already received bids through the marketing process that are higher and better than AlamedaFTX's tweets, interview on Fox, and press releases are inaccurate.

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Re: July 22, 2022, Press Release by Alameda and FTX

On July 5, 2022, Voyager filed a proposed stand-alone Plan of Reorganization that would reorganize the company, return to customers all of their cash and as much of the cryptocurrency they placed on Voyager's platform as possible as promptly as possible, and provide customers additional recovery in the form of both the equity of reorganized Voyager and any recovery against Three Arrows Capital.¹ In parallel, Voyager has engaged with more than 80 third-party investors or buyers to determine whether there is an alternative transaction that would be better for customers than the stand-alone Plan. On July 21, 2022, Voyager filed a Bidding Procedures Motion seeking to thoroughly and promptly compete that process.²

The day after Voyager filed its Bidding Procedures Motion, one of Voyager's competitors and largest stakeholders, Alameda Ventures Ltd. and FTX Trading Ltd. (together, "AlamedaFTX") issued a press release³ attaching a proposal simultaneously e-mailed to Voyager (the "Proposal"). AlamedaFTX's cover letter openly disparaged Voyager, and the statements AlamedaFTX made to the public about its proposal are, at best, highly misleading.

Voyager will entertain any serious proposal made pursuant to the Bidding Procedures described in its Motion. It seems clear, however, that AlamedaFTX's Proposal, which was made in contravention of the proposed Bidding Procedures, was designed to generate publicity for itself rather than value for Voyager's customers.

Hopefully customers understand that public dissemination of proposals that subvert a coordinated, confidential, competitive bidding process can have the effect of chilling bidding. AlamedaFTX's actions are **not** value maximizing. Nevertheless, since the Proposal is now public, we encourage all of our creditors and customers to read it. Really read it. And understand it with the benefit of the following analysis. The AlamedaFTX proposal is nothing more than a liquidation of cryptocurrency on a basis that advantages AlamedaFTX. It's a low-ball bid dressed up as a white knight rescue. To anyone who reads the Proposal even in a cursory way, it will be obvious that the stand-alone Plan that Voyager filed is capable of delivering far more value to customers than the AlamedaFTX proposal—which transfers significant value to AlamedaFTX, and completely eliminates the value of assets that are of no interest to AlamedaFTX.

AlamedaFTX essentially proposes a liquidation where FTX serves the role of liquidator. The "fair value" of Voyager's cryptocurrency assets and loans is subject to negotiation with AlamedaFTX. The Proposal requires converting customer cryptocurrency claims into U.S. dollars based on prices as of July 5, 2022 and paying cryptocurrency claims in U.S. dollars, with customers bearing the tax consequences associated with dollarizing and liquidating their claims.

¹ *Joint Plan of Reorganization of Voyager Digital Holdings, Inc., and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [U.S. Bankruptcy Court for the Southern District of New York, Case No. 22-10943 (MEW), Docket No. 17] (the "Plan")

² *Motion Seeking Entry of an Order (I) Approving the Bidding Procedures and Related Dates and Deadlines, (II) Scheduling Hearings and Objection Deadlines With Respect To the Debtors' Sale, and (III) Granting Related Relief* [U.S. Bankruptcy Court for the Southern District of New York, Case No. 22-10943 (MEW), Docket No. 126] ("the Bidding Procedures Motion")

³ <https://www.prnewswire.com/news-releases/ftx-proposes-joint-plan-to-offer-early-liquidity-to-voyager-digital-customers-in-bankruptcy-proceeding-301591902.html>

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More specifically, the Proposal contemplates a "two-pronged" transaction structure:

- AlamedaFTX purchases Voyager's cryptocurrency assets and cryptocurrency loans at "fair market value," moves the **cryptocurrency** into its own account, and moves the **cash value** of such assets and loans onto FTX's platform for distribution to customers.
- Customers can elect to open an account with FTX and receive their "share" of the cash through an FTX account. **No customer will be made whole under the Proposal, nor will any cryptocurrency be returned to customers under the Proposal.**

The Proposal harms customers (but benefits AlamedaFTX) for many reasons, including:

- First, the way in which the AlamedaFTX Proposal was made chills bidding and undermines efforts to maximize value that are inherent in a competitive process.
- Second, the cover letter attached to the Proposal suggests that AlamedaFTX believes customer claims based on cryptocurrency investments are "capped" at the U.S. dollar value of those investments on July 5, 2022. Voyager disagrees with the premise of AlamedaFTX's cover letter, and Voyager's proposed stand-alone plan is clear that customer claims are not "capped."
- Third, the Proposal requires converting and paying cryptocurrency claims in U.S. dollars. But it ignores the tax consequences of the transaction—customers may have to pay capital gains or other tax on distributions, diluting their recovery. By contrast, Voyager's stand-alone plan, as proposed, does not aim to dollarize customer claims.
- Fourth, the Proposal would effectively eliminate the VGX token, which Voyager believes would destroy in excess of \$100 million in value immediately.
- Fifth, the Proposal declares that there is no value in the Voyager platform and intellectual property, but simultaneously requires a downward price adjustment if Voyager chooses to keep it and sell it to a third party, which makes no sense.
- Sixth, the Proposal burdens Voyager (and customers) with both migration and wind-down expenses, while requiring customers to set up an account on the FTX platform.

More generally, the Proposal contemplates customers "choosing" to receive cash from FTX or retain their claims. But that could create chaos in the process and seriously disadvantage customers who choose not to participate in what Voyager believes a value-weakening proposition. Voyager's ability to reorganize on its own or to consummate a transaction for the remainder of the company to maximize value for all would be at a minimum, stuck in limbo, and potentially forever sacrificed. This problem is exacerbated by the fact that FTX US does not support the majority of the coins offered on Voyager.

The Proposal also makes several false and misleading assertions.

- First, AlamedaFTX states that it will "write-off" its \$75 million loan in an effort to provide additional recovery to customers. Voyager believes that AlamedaFTX's loan

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is already structurally subordinated to customer claims—it is not entitled to a recovery on account of its loan unless customers are paid in full first. Indeed, AlamedaFTX's publicly stated rationale for providing the \$75 million revolver was to protect customers, which is directly contrary to the suggestion in the Proposal that the loan is now somehow *pari passu* with customer accounts. Accordingly, Voyager's proposed stand-alone plan provides that AlamedaFTX will not receive any distribution. The \$75 million "write-off" in the Proposal does not increase customer recoveries at all.

- Second, the Proposal states that AlamedaFTX "is open to including or excluding [FBO cash accounts] from the transaction, as best for customers." But cash held in the FBO account is not property of Voyager and is instead property of its customers. Voyager filed a motion to honor withdrawals by customers from the FBO account, which will be heard by the Bankruptcy Court on August 4, 2022. If approved by the Bankruptcy Court, Voyager will work with Metropolitan Commercial Bank to allow customers to withdraw their cash from the FBO account as quickly as possible. It is at best unclear how the FBO account would be handled by AlamedaFTX under the Proposal, and addressing that issue would be critical if the Proposal were otherwise viable. But because Voyager has already sought to resolve customer cash in the FBO account, inclusion or exclusion of FBO accounts from the Proposal is irrelevant.
- Finally, AlamedaFTX states that it "does not ascribe independent value to the Voyager brand or intellectual property." Voyager strongly disputes this statement, which we do not believe even AlamedaFTX believes. Voyager continues to market a sale of its business to potential strategic investors and will continue working to maximize the value of its business. By insisting that it acquire such assets in the Proposal, but refusing to pay for them, AlamedaFTX proposes to pay a reduced price for Voyager's business, further reducing any distributions to customers.

AlamedaFTX's proposal purports to allow customers to be "long crypto" while receiving cash on account of their claim. But all AlamedaFTX's proposal actually does is buy customers' claims at a discount. Again, Voyager has already filed a proposed stand-alone Plan that would reorganize the company, return to customers all of their cash and as much of the cryptocurrency they placed on Voyager's platform as possible as promptly as possible, and provide customers upside in both the value of reorganized Voyager and any recovery from Three Arrows Capital. And Voyager will consider **any serious proposal** that is better for customers than the proposed stand-alone Plan as part of the orderly process described in Voyager's Bidding Procedures Motion.

In the interim, many third parties have speculated that AlamedaFTX—because of its various relationships with Voyager, including as creditor, lender, and equity holder—had an "inside track" to acquire Voyager on some type of sweetheart transaction terms. Nothing could be further from the truth as evidenced by this response. Voyager's process will not be obstructed by anyone, including AlamedaFTX.

By making its Proposal publicly in a press release laden with misleading or outright false claims, AlamedaFTX violated many obligations to the Debtors and the Bankruptcy Court. Voyager reserves all rights and remedies against AlamedaFTX for its clear and intentional subversion of the bankruptcy process and the damages that may be suffered by customers and other

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creditors as a result. Voyager will remain steadfast in its restructuring process, continuing to work toward a value-maximizing transaction that is beneficial to Voyager's customers and stakeholders.

AlamedaFTX Letter (cont'd.)



- ◆ **Voyager separately sent AlamedaFTX a cease and desist letter regarding its public statements.**
- ◆ **AlamedaFTX does not have a “leg up.”**
- ◆ **AlamedaFTX is still making public statements about its bid and the process.**

Customer Letters



- ◆ **31 customers have filed letters on the Court’s docket; Voyager had 1.1 million customers with active accounts as of the Petition Date.**

Concern	Response
Customers will lose all of their money in Voyager’s chapter 11 cases.	These chapter 11 cases are for customers. All is <u>not</u> lost. Voyager is working tirelessly to identify the transaction that provides the greatest possible recovery to its customers. Voyager is confident in its restructuring process and prospects through either a sale to a third party or a “standalone” restructuring.
The letter from the FDIC indicates that Voyager committed fraud.	Voyager actively communicated with the FDIC in March of 2021 and again in January 2022 to address the FDIC’s expressed concerns; Voyager addressed those concerns as demonstrated by changes to its Website and Customer Agreement on both occasions and is in active discussions with the FDIC to resolve the situation as quickly as possible.
Customers will not receive cash held on Voyager’s platform.	Voyager filed a motion with the Bankruptcy Court to release cash from the FBO Account to its customers. If approved, Voyager plans to release funds as quickly as possible.
No party is interested in acquiring Voyager’s business.	Voyager already received several indications of interest and expects to receive more in the coming weeks. Voyager’s advisors are engaged in active discussions with over 20 potentially interested parties. If approved, the Bidding Procedures Motion will provide a timeline for an auction and sale to a strategic third party in the event that Voyager, in coordination with the Committee, pursues a sale transaction.

Other Customer Concerns



- ◆ Customers have voiced other concerns to Voyager on social media and other forums.

Concern	Response
Voyager stole customer money and is profiting from the restructuring at the expense of customers.	<p>Most employees received the majority of their compensation in the form of equity; that equity will be cancelled under Voyager’s proposed chapter 11 plan. Many employees have cryptocurrency accounts with Voyager and will receive the same treatment as customers in any restructuring transaction.</p> <p>Voyager is <u>not</u> looking or seeking to capture upside in the markets by freezing claims as of the Petition Date.</p>
Voyager should have commenced a SIPC liquidation.	<p>Voyager is not a member of SIPC. Membership in SIPC requires approval from FINRA, and FINRA historically has declined to approve digital asset brokers like Voyager. SIPC denied Voyager’s application in 2018, 2019, and 2020.</p>
Voyager’s restructuring process will take years.	<p>Voyager is working to expeditiously complete its restructuring efforts. Prolonged restructuring cases do not benefit Voyager employees, customers, or stakeholders.</p> <p>Voyager’s chapter 11 cases will not take “years;” subject to regulatory approvals, Voyager plans to emerge from bankruptcy in Q1 2023.</p>



Secure your financial freedom

PUBLICLY TRADED, LICENSED, AND REGULATED

Honesty and transparency are our top priorities. Voyager is audited to ensure every asset is accounted for in our secure system.

ADVANCED FRAUD PROTECTION

Rest assured knowing our advanced technology is preventing hackers and fraud, always securing your funds.

FDIC INSURED ON USD \$250,000

Your USD is held by our banking partner, Metropolitan Commercial Bank, which is FDIC insured, so the cash you hold with Voyager is protected.

Voyager Cryptocurrency Disclosures

Cryptocurrencies are highly speculative in nature, involve a high degree of risk and can rapidly and significantly decrease in value. It is reasonably possible for the value of Cryptocurrencies to decrease to zero or near zero.

Cryptocurrency held on the Voyager Platform is not protected by FDIC insurance or any other government-backed or third party insurance.

3AC Liquidation Proceedings Update



- ◆ **3AC creditor committee appointed on July 18; Voyager selected as one of five committee members.**
 - ◆ **Blockchain.com**
 - ◆ **CoinList**
 - ◆ **Digital Currency Group**
 - ◆ **MatrixPort**
 - ◆ **Voyager Digital**

Case Timeline

