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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

Three Arrows Capital, Ltd,¹

Debtor in a Foreign Proceeding.

Chapter 15

Case No. 22-10920 ()

**DECLARATION OF RUSSELL CRUMPLER
IN SUPPORT OF VERIFIED PETITION UNDER CHAPTER 15 FOR RECOGNITION
OF A FOREIGN MAIN PROCEEDING AND RELATED RELIEF**

I, Russell Crumpler, pursuant to 28 U.S.C. Section 1746, hereby declare under penalty of perjury under the laws of the United States of America, as follows:

1. I am a Senior Managing Director of Teneo (BVI) Limited (“Teneo”) in the British Virgin Islands. I, along with my colleague Christopher Farmer (also of Teneo), have been appointed as joint liquidators of Three Arrows Capital Ltd. (the “Debtor”) by the Eastern Caribbean Supreme Court in the High Court of Justice (Commercial Division).

2. I submit this declaration in support of the *Verified Petition under Chapter 15 for Recognition of a Foreign Proceeding* pending in the British Virgin Islands (“BVI”) [Docket. No.

¹ The last four digits of the Debtor’s British Virgin Islands company registration number are 0531. The location of the Debtor’s registered office is ABM Chambers, P.O. Box 2283, Road Town, Tortola, VG1110, British Virgin Islands.

2] (the “Verified Petition” and together with the Form of Voluntary Petition [Docket. No. 1], the “Petition”)² to provide background on the Debtor and the BVI proceeding, and other relevant events leading up thereto. I have reviewed the Petition and it is my belief that the relief sought therein is necessary to implement the liquidation described herein.

3. I am over the age of 18 and I am duly authorized to make this declaration acting in my capacity as joint liquidator of the Debtor. Except as otherwise indicated, the facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, or my opinion based upon experience, knowledge, and information concerning the Debtor. I am authorized to submit this declaration on behalf of the Debtor, and if called upon to testify, I could and would testify competently to the facts set forth herein.

4. Section I of this declaration describes my professional background and experience. Section II describes the Debtor, including specific information about the Debtor’s business and connections to the United States. Section III describes the events leading up to the Debtor’s insolvency and the appointment of joint liquidators in the BVI proceeding. Section IV provides an overview of a related arbitration against the Debtor,³ including a description of how that related proceeding could threaten the ability of joint liquidators in the BVI proceeding to properly discharge their duties with regards to the entirety of the Debtor’s creditor body. Finally, Section V describes the need for Chapter 15 relief.

I. PROFESSIONAL BACKGROUND AND EXPERIENCE

5. I joined Teneo earlier this year following the acquisition of KPMG’s BVI restructuring business by Teneo. Before joining Teneo, I was a Managing Director of KPMG (BVI) Limited and the Head of Restructuring for KPMG’s Islands Group. Teneo’s BVI team

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Verified Petition.

³ As of the filing of the petition in this case, the creditor who had initiated this arbitration agreed to a temporary stay of the proceedings.

(formerly KPMG) has been named Insolvency Practice of the Year in the BVI Finance awards for 2019 and 2020.

6. I am a UK Joint Insolvency Examination Board qualified insolvency professional and a fellow of the Institute of Chartered Accountants in England and Wales. I have led the advisory team in the BVI since 2011 and have been working as a restructuring and insolvency specialist since 2000. I am a licensed insolvency practitioner in the BVI and the former chair of Recovery and Insolvency Specialists Association (BVI) Limited, the BVI's INSOL⁴ member organization.

7. I have extensive restructuring experience from numerous complex, multi-jurisdictional engagements, including serving as a court-appointed liquidator in several high-profile matters, a number of which have caused me to seek recognition under the US Bankruptcy Code. I also have substantial experience across a number of business sectors, with a specific focus on contentious insolvencies, asset tracing, and the financial services industry.

II. THE DEBTOR

8. The Debtor has represented in public BVI filings that it is an investment firm engaged in short-term opportunities trading, and is heavily invested in cryptocurrency, funded through borrowings. As of April 2022, the Debtor was reported to have over \$3 billion of assets under its management. This was reported, for example, in a June 17, 2022 article published by the Wall Street Journal, a true and correct copy of which is attached hereto as **Exhibit 1**.

9. On May 3, 2012, Debtor was incorporated as a Business Company under the laws of the British Virgin Islands ("BVI"). It was co-founded by Kyle Davies and Su Zhu. It had

⁴ INSOL is a world-wide federation of national associations of accountants and lawyers who specialize in turnaround and insolvency.

three directors: Davies, Zhu, and Mark James Dubois, a BVI resident. Its sole shareholder owning all of its “management shares” is Three Arrows Capital Pte. Ltd.

10. As an investment firm registered in the BVI, the Debtor is also regulated by the BVI Financial Services Commission, and is consequently required to, *inter alia*, provide annual reporting to the Commission and comply with BVI rules and regulations, as well as subject itself to potential audit and enforcement actions.

11. I understand that Three Arrows Capital Pte. Ltd. (the direct parent entity of the Debtor) operated as a regulated fund manager in Singapore until last year, when it shifted its domicile to the BVI, as part of a global corporate plan to relocate operations to Dubai. I also understand that, on June 30, 2022, the Monetary Authority of Singapore (the “MAS”) issued a “reprimand” of Three Arrows Capital Pte. Ltd. for providing false information to the MAS and exceeding the assets under management for a registered fund management company. A true and correct copy of the MAS’s press release is attached hereto as **Exhibit 2**.

12. It is my understanding and belief that Mr. Davies and Mr. Zhu’s current location remains unknown, but they are rumored to have left Singapore.

13. Currently, the Debtor’s registered office and address for service is located at c/o ABM Corporate Services, Ltd 1st Floor, Columbus Centre, P.O. Box 2283, Road Town, Tortola, British Virgins Islands, VG1110.

14. The Debtor has property in and connections to the United States and New York, New York. For example, I am aware that the Debtor has assets in the form of interests in a \$150,000 retainer with the New York office of Dan Tan Law, counsel to the Debtor, through a transfer by Solitaire LLP, the Debtor’s Singapore-based counsel, which is being held in a client trust account located in New York, New York. I am also aware that the Debtor is a borrower under certain loan agreements that are governed by the laws of the State of New York, provide

for loans to be made in U.S. Dollars or Bitcoin, and include forum selection clauses designating arbitration in New York as the forum for resolution of disputes arising in connection with the loan agreement. Further, one of these loan agreements is currently the subject of a pending (but temporarily stayed) arbitration against the Debtor, as described in more detail below.

III. THE DEBTOR'S INSOLVENCY AND THE APPOINTMENT OF JOINT LIQUIDATORS

The Debtor Becomes Insolvent

15. The Debtor was well known in the cryptocurrency industry as a leading proprietary trading fund. Since Debtor began trading in cryptocurrency in recent years, it grew into one of the largest and best known cryptocurrency hedge funds.

16. I understand that the Debtor borrowed digital and fiat currency from multiple lenders to fund its cryptocurrency investments. I also understand from various news outlets that a substantial portion of the Debtor's investment portfolio was comprised of one type of cryptocurrency called Luna. This was reported, for example, in the previously-mentioned June 17, 2022 Wall Street Journal article. *See Exhibit 1.*

17. I understand based on various news reports that, in mid-May 2022, Luna lost 99% of its value. I also understand that, following this "crash" in the value of Luna, prices of other cryptocurrencies also experienced further rapid declines, which were in addition to general downward trends in the cryptocurrency markets that have been prevalent during 2022. Among other news sources, the Luna crash and subsequent downturn of the cryptocurrency market was also covered in the June 17, 2022 Wall Street Journal article. *See Exhibit 1.*

18. I am informed and believe that, in the weeks that followed, the Debtor reportedly defaulted on its obligations to several of its major lenders, many of which liquidated the Debtor's positions. I also understand that, by mid-June 2022, the Debtor was rumored to be facing more

than \$400 million in liquidations. These events were widely reported, including in a June 16, 2022 article published by Fortune, a true and correct copy of which is attached hereto as **Exhibit 3**.

19. I understand that, later that month, some of the Debtor's known creditors publicly acknowledged that the Debtor had failed to repay hundreds of millions of loaned assets, including one creditor who publicly stated Debtor owed it the equivalent of \$675 million in cryptocurrencies, and that it planned to pursue recovery against the Debtor. This was reported in a June 27, 2022 Wall Street Journal article, among other publications. A true and correct copy of the June 27, 2022 Wall Street Journal article is attached hereto as **Exhibit 4**.

20. I am also aware that one of the Debtor's largest known creditors initiated arbitration against the Debtor seeking repayment of amounts loaned and provisional relief on an emergency basis with respect to the Debtor's remaining assets, but has agreed to temporarily stay those proceedings, as explained further below.

21. With many creditors seeking to enforce their rights to collect on the Debtor's outstanding debt obligations, the risk increased that the Debtor would dissipate its assets without consideration of each individual lender's ability to recoup its losses.

**DRB Panama Inc. Seeks Appointment of Provisional Liquidators; Debtor Seeks
Appointment of Liquidators**

22. Under BVI law, in my experience, a "liquidator" effectively serves to help wind up the affairs of a BVI company and protect its assets, so that, *inter alia*, its debts, liabilities and claims can be resolved fairly for the benefit of all creditors. It is, in essence, a collective remedy.

23. On June 24, 2022, one of the Debtor's many creditors—DRB Panama Inc. ("DRB")—filed an application to appoint joint provisional liquidators—and thereafter, full liquidators—in the Eastern Caribbean Supreme Court in the High Court of Justice (Commercial

Division) located in BVI (the “BVI Commercial Court”). The application was assigned claim number BVIHCOM2022/0117.

24. Subsequently, on June 27, 2022, the Debtor filed its own application for the appointment of joint liquidators before the BVI Commercial Court, and requested that the application be heard urgently on an *ex parte* basis. The Debtor’s originating application stated that Debtor is “in default of its [many] loan obligations” and “is insolvent” under applicable law, and thus seeks the appointment of joint liquidators pursuant to sections 159(1)(a), 162(1)(a) and 162(1)(b) of the BVI Insolvency Act 2003. In essence, the Debtor acknowledged, publicly, the many reports released in the press over the prior few weeks regarding the nature of its ability to operate as a going concern.

25. Despite seeking the appointment of joint liquidators through its own petition, DRB did not oppose the Debtor’s request. The Debtor’s application was assigned claim number BVIHC(COM)2022/0119. A true and correct copy of the originating application filed by the Debtor is attached hereto as **Exhibit 5**.

Joint Liquidators Are Appointed

26. On June 29, 2022, the Honorable Mr. Justice Jack of the BVI Commercial Court heard the Debtor’s application for the appointment of joint liquidators on an *ex parte* basis. Justice Jack consolidated DRB’s application with Debtor’s application under claim number BVIHC(COM)2022/0119. Justice Jack then formally appointed Mr. Farmer and myself as joint liquidators of the Debtor in the matter (also referred to as the “BVI Proceeding”), with the power to act jointly or severally on behalf of Debtor of all matters relating to the winding up of its business.

27. The order appointing us as joint liquidators states that we have the power to: “(a) commence, continue, discontinue or defend any claim, action or legal proceeding in the United

States of America ('US') as [we] see fit; (b) commence proceedings pursuant to Chapter 15 of US Bankruptcy Code as [we] deem appropriate; and (c) seek recognition of this order in any jurisdiction as [we] may deem appropriate.” It further states that we shall have “all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003,” including the “[p]ower to carry on the business of the Company so far as may be necessary for its beneficial liquidation,” “[p]ower to make a compromise or arrangement with creditors or persons claiming to be creditors,” “[p]ower to commence, continue or defend any action or other legal proceedings in the name and on behalf of the Company[,]” and the “[p]ower to sell or otherwise dispose of property of [the Debtor].” A true and correct copy of the BVI Commercial Court’s June 29, 2022 order issued in the BVI Proceeding is attached hereto as **Exhibit 6**. Section 162 of the Bankruptcy Act also provides that we have “the powers necessary to carry out the functions and duties of a liquidator under this Act[.]”

28. Based on this order, it is my understanding that Mr. Farmer and myself, as court-appointed joint liquidators of the Debtor, have a legal duty, subject to judicial supervision, to conduct an accounting and, ultimately, to dissolve the Debtor and marshal and distribute its assets to its creditors in a fair, legal, and orderly fashion. It is also my understanding that, because of the BVI Proceeding, the Debtor’s key corporate activities moving forward will be conducted by myself and Mr. Farmer and will occur in the BVI.

29. To that end, Mr. Farmer and I have already centralized the Debtor’s activities in the BVI, including directing all creditors to correspond with us in the BVI (which will occur pursuant to court-sanctioned protocols), and establishing a bank account in the BVI in the Debtor’s name. I also understand that many creditors have retained BVI counsel.

IV. THE ARBITRATION PROCEEDING

30. Despite our appointment as joint liquidators, I understand that one of the Debtor's largest known creditors has initiated an arbitration in New York, New York against the Debtor, which is being administered by the American Arbitration Association under its Commercial Arbitration Rules and is governed by New York law. I also understand that this creditor had applied for emergency relief with the intention of conserving Debtor's assets, or, alternatively, freezing the Debtor's assets pending an arbitration of the creditor's claims. The creditor had further requested that an emergency arbitrator issue an interim order while its emergency application is pending restraining the Debtor from taking any action with respect to its assets. A hearing on the creditor's application for emergency relief was set for July 5, 2022, but as of the filing of the petition in this case, the creditor has agreed to a temporary stay of all proceedings.

31. More specifically, on or about June 28, 2022, in our capacity as joint liquidators, Mr. Farmer and I reached out to Dan Tan Law, current counsel for the Debtor in the arbitration, to inquire about the status of the arbitration. Dan Tan and Mark Beckett are currently leading the defense for the Debtor in that matter. We informed Messrs. Beckett and Tan of our role. We also asked that they communicate to the creditor's counsel our request that the creditor put its request for emergency relief on temporary hold to give us the opportunity to evaluate the arbitration in connection with the BVI Commercial Court's order appointing joint liquidators in the BVI Proceeding. As communicated through its counsel, the creditor agreed to a temporary stay of all proceedings, including the application for emergency relief and an interim order in the arbitration.

V. NEED FOR CHAPTER 15 RELIEF

32. I am advised by BVI counsel that the BVI proceeding comports with BVI law, and, based on consultation with U.S. counsel, I believe that it also satisfies the requirement for

recognition under Chapter 15 of the Bankruptcy Code. In light of the many circumstances—including the significant number of creditors that will likely seek recovery against Debtor—a Chapter 15 proceeding is undeniably necessary. Absent recognition, I would expect other creditors of the Debtor to seek to exercise self-help remedies in the United States and elsewhere, in contravention of the BVI Commercial Court’s order.

33. Accordingly, recognition of the BVI proceeding, enforcement of the BVI Commercial Court’s order appointing joint liquidators within the territorial jurisdiction of the United States, granting all relief afforded to foreign main proceedings under 11 U.S.C. Section 1520, and imposing an automatic stay of all proceedings against the Debtor within the United States will be critical components to liquidating the Debtor without disruption or the threat of adverse actions by dissenting creditors against the Debtor or its assets in the United States. Without assistance from this Court, liquidation could be fundamentally undermined to the detriment of all parties in interest. I believe that the interests of all the Debtor’s creditors are aligned with the Debtor in seeking the relief requested in the Petition, which will ensure that liquidation is carried out successfully.

34. Additionally, as a joint liquidator of the Debtor, I have the power to, among other things, investigate the affairs involving Debtor’s assets for purposes of recovering assets for the benefit of the creditors. I am seeking recognition to, among other things, obtain documentary and testimonial evidence from witnesses in furtherance of my investigative and asset recovery efforts.

35. Because I was only recently appointed as a joint liquidator, I have only recently started my investigative work. The work of the Foreign Representatives will include investigation of the details of the Debtor’s transactions leading up to its insolvency, as well as its outstanding obligations, and taking possession of the Debtor’s liquid and illiquid assets, which I

understand and believe to be located in and/or potentially subject to the laws of a number of different jurisdictions (keeping in mind that the Debtor's digital assets are intangible and transferrable). Thereafter, I hope to make recoveries to the extent possible, including by filing actions and asserting such proprietary claims as may be available to me in the United States or elsewhere. I may also bring claims against any third parties that are subject to suit and may have damaged or owe money to the Debtor in the United States, so that I can maximize creditors' ability to collect on their claims.

36. I have also requested that the Court cause the Proposed Order to become effective immediately upon entry, notwithstanding the 14-day stay of effectiveness of that order. I believe that a waiver of the 14-day stay of effectiveness period is necessary to shield the Debtor's assets from aggressive creditors and provide a breathing spell so that Mr. Farmer and I can fulfill our judicial duties, and immediately begin accounting for and liquidating the Debtor's assets, as was ordered by the BVI Commercial Court. Further delay could result in an unfair distribution of assets to creditors or loss of market confidence in the Debtor, which may seriously impact the viability of the Debtor's business.

Dated: July 1, 2022

/s/ Russell Crumpler

Russell Crumpler of Teneo (BVI) Limited as joint liquidator of the Three Arrows Capital Ltd. (the "Debtor")

Exhibit 1

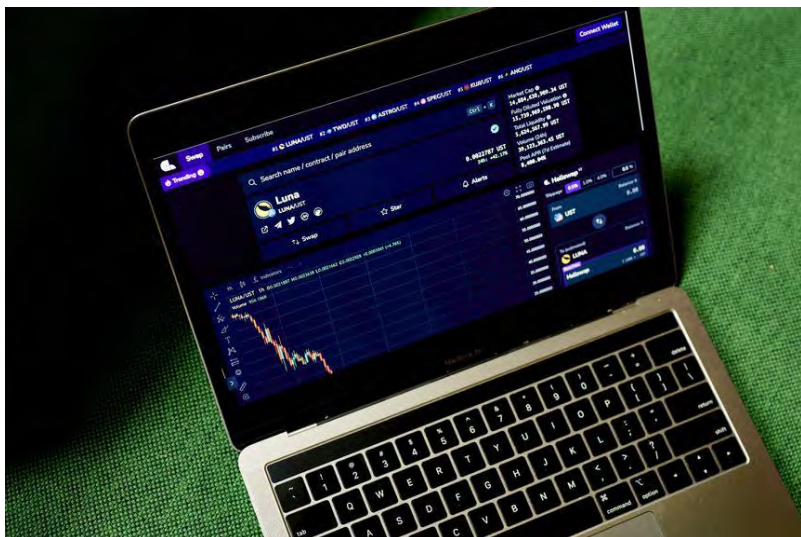
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<https://www.wsj.com/articles/battered-crypto-hedge-fund-three-arrows-capital-considers-asset-sales-bailout-11655469932>

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Crypto Hedge Fund Three Arrows Capital Considers Asset Sales, Bailout

Firm's founders say they still believe in the future of cryptocurrencies



By *Serena Ng*

June 17, 2022 8:45 am ET

Cryptocurrency-focused hedge fund Three Arrows Capital Ltd. has hired legal and financial advisers to help work out a solution for its investors and lenders, after suffering heavy losses from a broad market selloff in digital assets, the firm's founders said on Friday.

“We have always been believers in crypto and we still are,” Kyle Davies, Three Arrows’s co-founder, said in an interview. “We are committed to working things out and finding an equitable solution for all our constituents.”

The nearly decade-old hedge fund, which was started by former schoolmates and Wall Street currency traders Su Zhu and Mr. Davies, had roughly \$3 billion in assets under management in April this year.

That was shortly before a sudden collapse in the values of TerraUSD, a so-called algorithmic stablecoin, and its sister token, Luna, in mid-May.

Three Arrows is exploring options including asset sales and a rescue by another firm, Mr. Davies said. The fund is hoping to reach an agreement with creditors that would give it more time to work out a plan. The firm is still operating as it seeks a solution.

Price of Luna Classic*



As of June 17, 7:38 a.m. ET

Note: The original cryptocurrency previously called Luna. A new Luna token was issued last month after the collapse of TerraUSD and Luna Classic

Source: CoinDesk

Three Arrows was among a group of large investors that took part in a \$1 billion token sale earlier this year by Luna Foundation Guard, a nonprofit organization started by South Korean developer Do Kwon, the creator of TerraUSD. The funds went toward a bitcoin-denominated reserve for the stablecoin, and were meant to help maintain TerraUSD's value at \$1 per coin.

Mr. Davies said Three Arrows invested about \$200 million in Luna as part of that deal, a sum that was effectively wiped out when TerraUSD and Luna both became worthless in a matter of days.

The two cryptocurrencies were previously among the 10 largest digital coins before they lost a total of \$60 billion in market capitalization last month, he added. Before the collapse, a few people in the crypto industry had voiced concerns about TerraUSD's stability and its dependence on traders to act as its backstop, saying this mechanism could allow for a potential downward spiral.

"The Terra-Luna situation caught us very much off guard," Mr. Davies said, adding that the massive selloff was unprecedented. The Luna Foundation's sale of bitcoin to help support TerraUSD also worsened declines in the value of bitcoin in May.

Mr. Davies said Three Arrows was able to withstand the Luna losses, but the subsequent cascade of events that caused prices of bitcoin, ether and other cryptocurrencies to plummet in recent weeks created more problems, he added.

Credit conditions have tightened markedly as digital asset values have fallen across the board, leading some lenders to demand partial or full repayment on loans they previously made to crypto investors. Rapidly rising U.S. interest rates—a result of the Federal Reserve's attempts to rein in high inflation—have also worsened a selloff in riskier assets.

How many dollars one bitcoin buys

\$70000



Source: CoinDesk

Crypto's total market capitalization, which had topped out at nearly \$3 trillion in November last year, had tumbled to \$910 billion as of Friday, according to data provider CoinMarketCap.

Last weekend, Celsius Network LLC, a widely used cryptocurrency lender, abruptly froze customer withdrawals, swaps and transfers between accounts, blaming what it said were extreme market conditions.

“We were not the first to get hit...This has been all part of the same contagion that has affected many other firms,” Mr. Davies said.

He said Three Arrows is still trying to quantify its losses and value its illiquid assets, which include venture-capital investments in dozens of private cryptocurrency-related companies and startups.

“We are the biggest investors in the fund, and our intent was always for everyone to do well in it,” said Mr. Zhu, Three Arrows’s other founder.

Back in early 2021, Mr. Zhu had predicted that bitcoin would enter what is known as a growth supercycle with continually rising prices as the cryptocurrency gained more mainstream adoption. In late May, as the market selloff was under way, he tweeted that the “Supercycle price thesis was regrettably wrong, but crypto will still thrive and change the world every day.”

The sudden comedown of Three Arrows follows the firm’s previously strong performance record. Messrs Zhu and Davies started their fund in late 2012 with just \$1.2 million. It originally focused on trading emerging markets currencies before moving heavily into cryptocurrencies in recent years—multiplying the fund’s investments as bitcoin and other digital assets increased in value.

The firm is known to have had large positions in the Grayscale bitcoin Trust and “Lido staked ether” tokens, both of which have also suffered losses recently. The latter is derivative of the cryptocurrency ether that is locked up until the Ethereum network transitions to a less energy-intensive model. These tokens have recently traded at a discount to ether itself.

Nichol Yeo, a partner of law firm Solitaire LLP who is advising Three Arrows, said all of the fund’s investors are institutions or wealthy investors. He added that the firm is keeping Singapore’s financial regulator, the Monetary Authority of Singapore, apprised of its recent developments.

Just before the latest downturn, Three Arrows said it was making plans to move its headquarters to Dubai, where the digital-asset industry is booming. The firm operated as a

regulated fund manager in Singapore until last year, when it shifted its domicile to the British Virgin Islands as part of its relocation plan.

—*Caitlin Ostroff and Vicky Ge Huang contributed to this article.*

Appeared in the June 18, 2022, print edition as 'Hedge Fund Explores Asset Sales, Bailout'.

Exhibit 2

MAS Reprimands Three Arrows Capital for Providing False Information and Exceeding Assets Under Management Threshold

Singapore, 30 June 2022...The Monetary Authority of Singapore (MAS) today reprimanded Three Arrows Capital Pte. Ltd. (TAC) for providing false information to MAS and exceeding the assets under management (AUM) threshold allowed for a registered fund management company (RFMC).

2. In August 2013, TAC obtained its RFMC status which allowed it to carry on fund management business with no more than 30 qualified investors and manage assets of no more than S\$250 million. TAC novated the management of the only fund it managed to an offshore entity in the British Virgin Islands on 1 September 2021. While it resumed management of a portion of the fund's assets in February 2022, TAC notified MAS on 29 April 2022 of its intent to cease fund management activity in Singapore with effect from 6 May 2022.

3. The reprimand relates to contraventions by TAC which occurred prior to its notification to MAS in April 2022. MAS has been investigating these contraventions since June 2021. The contraventions, under the Securities and Futures Act 2001 (SFA) and the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), are as follows:

- **Failure to ensure that information provided to MAS is not false or misleading.** TAC had represented to MAS that it had novated the management of its fund to an unrelated offshore entity with effect from 1 September 2021. However, this representation was misleading as TAC and the offshore entity shared a common shareholder, Mr Su Zhu, who is also a director of TAC. (Section 329(1) of the SFA).
- **Failure to notify MAS of changes to directorships and shareholdings.** TAC failed to inform MAS within the required timeline of changes in the directorships and shareholdings of its directors, Mr Su Zhu and Mr Kyle Livingston Davies. (Paragraph 5(7I)(a) of the Second Schedule to the SFR).
- **Prolonged breach of the AUM threshold.** TAC exceeded its allowable AUM of S\$250 million for a RFMC between July 2020 and September 2020 and between November 2020 and August 2021. (Paragraph 5(7F) of the Second Schedule to the SFR).

4. In light of recent developments which call into question the solvency of the fund managed by TAC, MAS is assessing if there were further breaches by TAC of MAS' regulations.

Additional Information

- Section 329(1) of the SFA states that any person who provides MAS with any information under the SFA must use due care to ensure that the information is not false or misleading in any material particular.
- Paragraph 5(7I)(a) of the Second Schedule to the SFR states that a RFMC shall lodge with MAS a notice of change of particulars in Form 23A providing any change in the particulars in the notice lodged under sub-paragraph (7) of the Second Schedule to the SFR, not later than 14 days after the date of the change.
- Paragraph 5(7F) of the Second Schedule to the SFR states that the total value of the managed assets of a RFMC shall not at any time exceed S\$250 million.

Exhibit 3

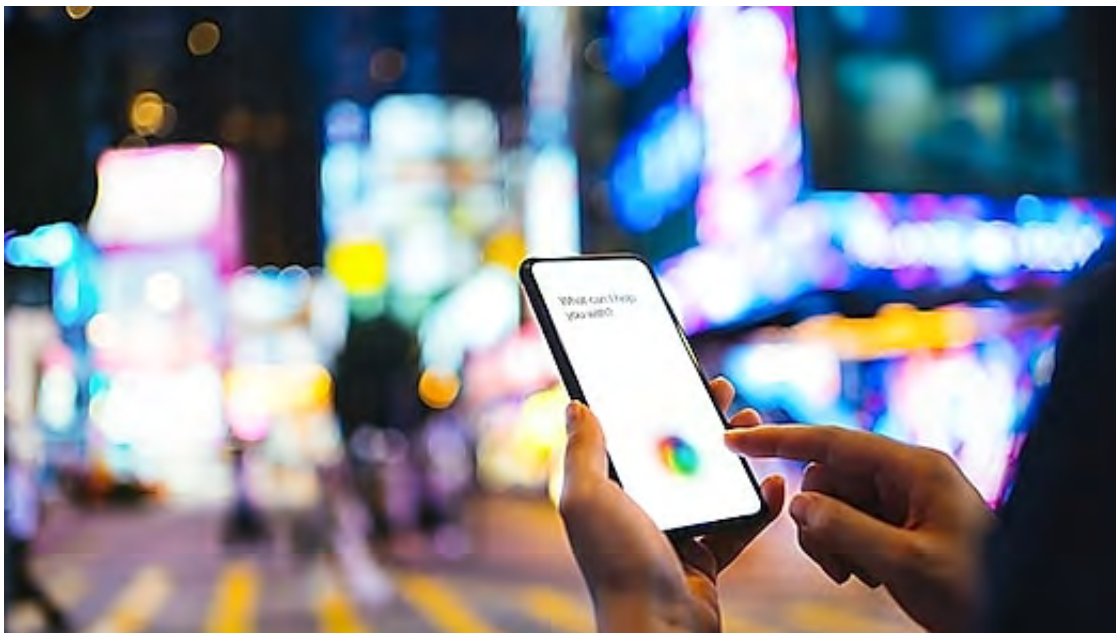
A major crypto hedge fund is wobbling as \$10 billion Three Arrows Capital sees a spate of liquidations

June 16, 2022 2:20 PM PDT

The word "FORTUNE" is displayed in a large, bold, sans-serif font, centered within a light gray rectangular background.

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As the crypto winter intensified in early June, Galaxy Digital CEO Mike Novogratz said he thinks [two-thirds of crypto hedge funds](#) will go out of business. His prediction took days to start bearing out.



After \$400 million in liquidations, a major hedge fund in the space, Singapore-based Three Arrows Capital, or 3AC, is [reportedly facing](#) insolvency, and many dominos look likely to fall next.

3AC's lenders continue to come forward as the fund, which managed \$10 billion in assets in March, according to blockchain analytics firm Nansen, fails to meet margin calls and liquidates its cryptocurrency holdings, adding more downward pressure on the beleaguered market.

There were "some major shifts in [3AC's] positions" early in the week, Andrew Thurman, content lead and analyst at leading blockchain data firm Nansen, told *Fortune* on Tuesday. "I don't want to comment on what that might mean for their health, but it's clear that they're reshuffling major portions of their holdings."

As rumors began to swirl of possible insolvency, 3AC cofounder Su Zhu was initially silent, then [seemed to acknowledge](#) the turbulence

on Tuesday, tweeting, "We are in the process of communicating with relevant parties and fully committed to working this out."

Cryptocurrency lender [BlockFi is among the most recent](#) to liquidate some of 3AC's positions, according to the Financial Times. BlockFi CEO Zac Prince confirmed its exit in a [Thursday tweet](#): "BlockFi can confirm that we exercised our best business judgment recently with a large client that failed to meet its obligations on an overcollateralized margin loan. We fully accelerated the loan and fully liquidated or hedged all the associated collateral."

Since then, others with exposure to 3AC have come forward. Finblox, a platform offering users up to 90% yield to deposit their cryptocurrency, [reduced its withdrawal limits by two-thirds](#) and cited its relationship with 3AC.

On [Twitter](#), Deribit, a cryptocurrency derivatives exchange, claimed on Thursday that 3AC is [a shareholder of its parent company](#), adding that Deribit has "a small number of accounts that have a net debt to us

that we consider as potentially distressed.”

Deribit [also tweeted](#), “Even in the event that none of this debt is repaid to us, we will remain financially healthy and operations will not be impacted. We can confirm all customer funds are safe and the full insurance fund will remain intact as is.”

Danny Yuan, chief executive officer of cryptocurrency trading firm 8 Blocks Capital, also claimed to have been impacted by 3AC. “We trade in one of 3AC’s trading accounts. This morning they took about [\$1 million] out of our accounts. I hope you pay us back asap,” he [tweeted on Tuesday](#).

Since the [Terra ecosystem collapsed](#), with failed algorithmic stablecoin TerraUSD (UST) and cryptocurrency Luna (LUNC) becoming [nearly worthless](#), there has been a ripple effect throughout the space. One of the cryptocurrency market’s biggest lending platforms, Celsius Network, paused its withdrawals on Sunday, [sparking rumors of bankruptcy](#). Reports concerning the state of 3AC followed soon after, pushing [further fears of contagion and systemic risk](#).

3AC [reportedly owned LUNC](#) alongside [other cryptocurrencies](#), and it was a hefty investor in the Grayscale Bitcoin Trust, or GBTC, the largest Bitcoin fund. According to a January 2021 SEC filing, 3AC owned almost 39 million units of GBTC at the end of 2020.

“A lot of people have reached out about what they know—many of whom have direct relationships with 3AC as well. What we learned is that they were leveraged long everywhere and were getting margin-

called," Yuan [wrote on Twitter](#). "Instead of answering the margin calls, they ghosted everyone. The platforms had no choice but to liquidate their positions, causing the markets to further dump."

3AC did not immediately respond to *Fortune's* request for comment.

Exhibit 4

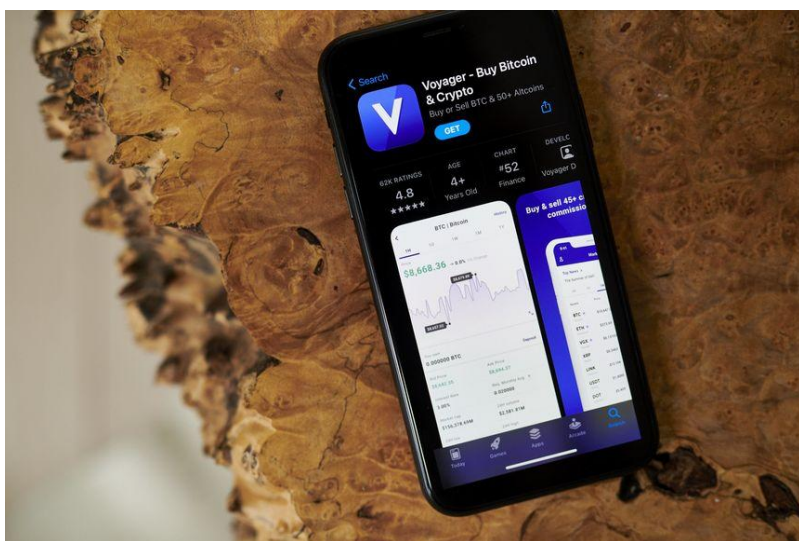
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<https://www.wsj.com/articles/crypto-hedge-fund-three-arrows-defaulted-on-loan-says-broker-voyager-digital-11656336534>

MARKETSFINANCE

Crypto Hedge Fund Three Arrows Defaulted on Loan, Says Broker Voyager Digital

Three Arrows, which has suffered heavy losses, owes Voyager Digital equivalent to \$675 million in cryptocurrencies



By *Caitlin Ostroff*

Updated June 27, 2022 9:50 am ET

Crypto broker Voyager Digital Ltd. **VOYG -14.29%** ▼ said that hedge fund Three Arrows Capital Ltd. had defaulted, failing to make loan payments tied to large bets in the digital-currency realm.

Three Arrows had borrowed \$675 million from Voyager Digital in the form of 15,250 bitcoin and \$350 million in USD Coin, a stablecoin whose value is pegged to the dollar. Voyager had previously said it would issue a notice of default if the crypto hedge fund didn't repay the loan by Monday.

Three Arrows Capital hired legal and financial advisers after suffering heavy losses from a broad market selloff in digital assets. Its troubles and those of other crypto firms have reverberated widely through the digital-assets ecosystem, revealing the interconnectedness of its largest players.

The firm had invested in Luna, a cryptocurrency that has eroded nearly all of its value, and “Lido Staked ether” tokens, a derivative of ether that has also suffered losses. The hedge fund is exploring options including asset sales and a rescue by another firm, The Journal previously reported.

A lawyer for Three Arrows didn’t immediately respond to a request for comment.

Voyager Digital said it intends to recover its assets and is discussing legal remedies with its advisers. The crypto broker said it had \$137 million of cash and crypto assets on hand as of Friday and is still processing user orders and withdrawals, adding that it has engaged Moelis & Co. as financial advisers.

A Moelis spokesperson declined to comment.

Voyager Digital said Monday it had used \$75 million from a line of credit it took out last week to facilitate customer orders and withdrawals and may use more. The crypto broker said last week it secured a loan that includes \$200 million in cash and USD Coin and 15,000 bitcoin from crypto-trading firm Alameda Research to meet customer liquidity needs. The two lines of credit expire at the end of 2024 and carry an annual interest rate of 5% payable on maturity.

Other crypto firms have been hurt by sharp falls in crypto’s value. Celsius Network LLC has hired restructuring consultants from advisory firm Alvarez & Marsal to advise on a possible bankruptcy filing, The Wall Street Journal reported. The major crypto lending platform has suspended withdrawals for the past two weeks.

Crypto exchange FTX is also in talks to acquire a stake in crypto lender BlockFi, The Journal has reported.

Write to Caitlin Ostroff at caitlin.ostroff@wsj.com

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Appeared in the June 28, 2022, print edition as 'Crypto Hedge Fund Defaults On Loan'.

Exhibit 5



The Insolvency Act 2003
The Insolvency Rules 2005

Form R14A

Submitted Date: 27/06/2022 07:40

Filed Date: 27/06/2022 08:30

Fees Paid: 811.84

Originating Application (Company)

Rule 14

In The Eastern Caribbean Supreme Court In the High Court of Justice (Commercial Division)	
Matter No:	BVIHC(COM)
Applicant:	Three Arrows Capital, Ltd (Co Number 1710531)
Respondent:	N/A

**IN THE MATTER OF THREE ARROWS CAPITAL, LTD
AND
SECTIONS 159(1)(a) and 162(1)(a) and 162(1)(b) OF THE INSOLVENCY ACT,
2003 (AS AMENDED)**

For Court use only

The Application heard by Master/Judge at
on the day of 2022 at o'clock at a time specified in the Final
Court List for the Commercial Division of the period in questions. If you do not attend at the
time shown the Court may make an order in your absence.

We Bedell Cristin BVI Partnership, Mandar House, Johnson's Ghut Road Town, British Virgin
Islands, on behalf of the Applicant, **Three Arrows Capital, Ltd**

Apply to the Court pursuant to Sections 159(1)(a) and 162(1)(a) and/or 162(1)(b) of the BVI
Insolvency Act 2003 (*as amended*) ("**the Act**") for an order that:

1. The hearing of this application shall be on an ex parte basis pursuant to Insolvency
Rule 21.
2. Advertisement of the Application shall be dispensed with pursuant to section 165 of
the Act.

3. Ms Charlotte Caulfield and Mr Paul Prelove of Kalo (BVI) Limited, PO Box 4571, 4th Floor, LM Business Centre, Fish Lock Road, Road Town, Tortola, British Virgin Islands, licensed insolvency practitioners in the Act, be appointed as the Joint Liquidators of the Company with power to act Jointly and/or Severally ("**the Proposed Joint Liquidators**").
4. The Proposed Liquidators be given the powers necessary to carry out the functions and duties of the liquidator under Schedule 2 of the Act and more particularly set out in the draft Order.
5. The costs of the Proposed Liquidators to be paid out the Company's assets with the priority prescribed by Rule 199 of the Insolvency Rules 2005.
6. The Proposed Liquidators may draw down 80% of their fees and 100% of their expenses subject to any Order of the Court and the Joint Liquidators may apply to have their remuneration, costs and expenses to be fixed by the court.
7. Any further relief as the Court considers appropriate.

A draft of the order sought is attached.

The application is supported by the First Affidavit of Robert Gardner sworn on 27 June 2022 and the signed but unsworn First Affidavit of Kyle Livingstone Davies and exhibit KLD1.

The grounds upon which the order is sought may be summarised as follows:

1. The Company incorporated on 3 May 2012 and exists under the laws of the BVI, company number 1710531, with registered office and address for service at c/o ABM Corporate Services Ltd 1st Floor, Columbus Centre, PO BOX 2283 Road Town, Tortola, VG1110. British Virgin Islands.
2. The Company is a Professional Fund within the definition of the Securities and Investment Business Act 2010. The Company is in the business of investments and short-

term opportunities trading The Company invested heavily in cryptocurrency funded by borrowings.


3. The recent fluctuations in the value of cryptocurrency have resulted in the company being in default of its loan obligations and the Company has been served with notices of default from a number of its lenders. On 22 June 2022 the Company was served with a statutory demand Bitget Singapore Pte Ltd for approximately \$10 million. The Company is unable to comply with that statutory demand.
4. The shareholders and Directors, some of whom are also creditors of the Company were made aware that creditors were seeking to preserve their own positions perhaps to the detriment of other creditors. The managers of sub-funds have erroneously been using the assets of the fund as if they were the assets of the sub-funds and not the funds to the causing the Company financial damage.
5. The Directors and Shareholders of the Company therefore wish to act without delay to preserve the assets of the Company.
6. In light of the above and the matters more fully set out in evidence in support of this Application, the Company is insolvent within the meaning of the relevant provisions of the Act and hereby applies for the appointment of the Proposed Joint Liquidators pursuant to sections 159(1)(a) and 162(1)(a) of the Act. In the alternative, the Company considers that it is just and equitable the Company be wound up and Proposed Liquidators appointed pursuant to Sections 159(1)(a) and 162(1)(b) of the Act.
7. To the best of the Company's knowledge and belief, the Proposed Joint Liquidators are eligible to act as insolvency practitioners in relation to the Company and have consented to do so.

The names and addresses of the persons on whom it is intended to service the application are as follows:

It is not intended to serve the application on any person.

The names and address of any persons required to be given notice of this application pursuant to the Act and the Rules (if any) are as follows:-

NONE



Lisa Walmisley

Legal Practitioners of the Applicant

Dated: 27/6/2022

The Court Office is located in the Registry of the High Court, 2nd Floor of the SAKAL Building, Wickam's Cay, PO Box 418, Road Town, Tortola, British Virgin Islands, Telephone Number: +284 468-5001 or +294 468 4909. Email: supremecourt@gov.vg or commercialdivision@gov.vg. The Court Office is open between 9.00am and 3.00pm Monday to Friday except public holidays.

Exhibit 6



CLAIM NO. BVIHC (COM) 2022/0119

IN THE MATTER OF THREE ARROWS CAPITAL LTD

Submitted Date:29/06/2022 14:33

AND IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) AND (b) OF THE INSOLVENCY ACT 2003

Filed Date:29/06/2022 14:34

BETWEEN:

Fees Paid:72.59

THREE ARROWS CAPITAL LTD

APPLICANT

CLAIM NO. BVIHC (COM) 2022/0117

IN THE MATTER OF THREE ARROWS CAPITAL LTD

AND IN THE MATTER OF SECTIONS 159(1) AND 162(1)(a) INSOLVENCY ACT 2003

BETWEEN:

DRB PANAMA INC.

APPLICANT

-v-

THREE ARROWS CAPITAL LTD

RESPONDENT

ORDER

BEFORE The Honourable Mr Justice Jack

DATED 27 June 2022

ENTERED 29 June 2022

UPON the Application of **Three Arrows Capital Ltd** (the "**119 Applicant**", the "**Company**"), a company, for the appointment of Joint Liquidators dated 27 June 2022 coming on for hearing in BVIHC(COM)2022/0119 (the "**TAC Application**")

AND UPON the Court noting that an application filed by a creditor of the Company, DRB Panama Inc ("**DRB**"), to appoint Joint Provisional Liquidators and thereafter Liquidators had been filed on 24 June 2022 in Claim BVIHC(COM)2022/0117, supported by the First Affidavit of Jos van Griensven sworn on 24 June 2022 and the exhibit "JVG-1" thereto (the "**DRB Application**")

AND UPON READING the First Affidavit of Robert Gardner sworn on 27 June 2022 and the First Unsworn Affidavit of Kyle Livingston Davies and Exhibit "KD-1" and the First Affidavit of Edmond Fung sworn on 27 June 2022 and the exhibit thereto, in support of the TAC Application.

AND UPON the Court being satisfied that there is no party on whom the Company is required to serve the TAC Application and therefore the TAC Application should be heard urgently *ex parte* pursuant to Insolvency Rule 21

AND UPON NOTING the written Resolution of the shareholders of the Company to the making of this Application and the written resolution of the Company dated 26 June 2022

AND UPON READING the affidavits of Nima H Mohebbi and Charles McGarraugh, filed in support of the DRB Application.

AND UPON NOTING the two creditors of the Company, Chen Kaili Kelly and Zhu Su and the evidence in respect of debts owed to each of them

AND UPON NOTING the supporting creditors in the DRB Application

AND UPON NOTING that neither the Company nor DRB opposed the appointment of Joint Liquidators in principle and that the only matter to be determined at the hearing is the identity of the joint liquidators

AND UPON NOTING that the Court had power under CPR 26.1(2)(b) and/or its inherent jurisdiction to consolidate BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117

AND UPON hearing Lisa Walmisley for the Company, Grant Carroll, Counsel for the applicant in the DRB Application and Callum McNeil, for a supporting creditor in the DRB Application.

IT IS ORDERED that:

1. Claims BVIHC(COM)2022/0119 and BVIHC(COM)2022/0117 shall be consolidated under Claim No: BVIHC(COM)2022/0119.
2. Russell Crumpler and Christopher Farmer of Teneo (BVI) Limited, 3rd Floor, Banco Popular Building, Road Town, Tortola, VG-1110, British Virgin Islands be appointed as joint liquidators of the Company as at 15.10 (together, the "**Liquidators**" or "**Joint Liquidators**") with the power to act jointly or severally.

3. The DRB Applicant shall file a pro-forma application in BVIHC(COM)2022/0119 for the appointment of the Liquidators as joint liquidators of the Company.
4. The Liquidators may exercise all those powers set out in section 186 and Schedule 2 of the Insolvency Act 2003 and as set out in the annex to this Order.
5. The Joint Liquidators shall, at the date of this Order have sanction to:
 - (a) commence, continue, discontinue or defend any claim, action or legal proceeding in the United States of America ("**US**") as they see fit;
 - (b) commence proceedings pursuant to Chapter 15 of US Bankruptcy Code as they deem appropriate; and
 - (c) seek recognition of this order in any jurisdiction as the Joint Liquidators may deem appropriate.
6. Pursuant to section 165 of the Insolvency Act 2003, advertisement of the TAC Application is dispensed with;
7. The Liquidators shall advertise notice of their appointment in the BVI Gazette;
8. In order to safeguard the value of the Company's assets from market volatility, the Joint Liquidators shall be entitled to convert any cryptocurrencies into US dollars or into USD coin (USDC) or Tether (USDT), being cryptocurrencies pegged to the US dollar, as they see fit.
9. The costs of the liquidation, including the proper fees and disbursements of the Liquidators, be paid out of the assets of the Company in priority to all other claims.
10. The Liquidators may draw down payments on account of their remuneration, expenses and disbursements from time to time at a rate of 80% of their time costs and 100% of their expenses and disbursements, subject to these being subsequently approved by the Court, and in the event that such sums are not approved, the unapproved sums be prepaid to the estate within 7 days

11. The costs of the TAC Application and the DRB Application (including those of supporting creditors) shall be paid as an expense in the liquidation.

BY ORDER OF THE COURT



Dep. THE REGISTRAR

ANNEX 1

Schedule 2 of Insolvency Act 2003

POWERS OF LIQUIDATOR

(Section 186)

WITH SANCTION OF THE COURT

- 1 Power to pay any class of creditors in full.
- 2 Power to make a compromise or arrangement with creditors or persons claiming to be creditors, or having or alleging that they have any claim against the Company, whether present or future, certain or contingent, ascertained or not.
- 3 Power to compromise, on such terms as may be agreed
 - (a) calls and liabilities to calls, debts and liabilities capable of resulting in debts, and claims, whether present or future, certain or contingent, ascertained or not, subsisting or supposed to subsist between the Company and any person; and
 - (b) questions in any way relating to or affecting the assets or the liquidation of the Company;and take security for the discharge of any such call, debt, liability or claim and give a complete discharge in respect of it.
- 4 Power to commence, continue or defend any action or other legal proceedings in the name and on behalf of the Company.

WITHOUT SANCTION OF THE COURT

- 5 Power to carry on the business of the Company so far as may be necessary for its beneficial liquidation.
- 6 Power to sell or otherwise dispose of property of the Company.
- 7 Power to do all acts and execute, in the name and on behalf of the Company, any deeds, receipts or other document.
- 8 Power to use the Company's seal.
- 9 Power to prove, rank and claim in the bankruptcy, liquidation, insolvency or sequestration of any member or past member for any balance against his estate, and to receive dividends, in the bankruptcy, liquidation, insolvency, sequestration or in respect of that balance, as a separate debt due from the bankruptcy or insolvent, and rateably with the other separate creditors.

- 10 Power to draw, accept, make and endorse any bill of exchange or promissory note in the name and on behalf of the Company with the same effect with respect to the Company's liability as if the bill or note had been drawn, accepted, made or indorsed by or on behalf of the Company in the course of its business.
- 11 Power to borrow money, whether on the security of the assets of the Company or otherwise.
- 12 Power to take out in his official name letters of administration to any deceased member or past member or debtor, and to do any other act necessary for obtaining payment of any money due from a member or past member or debtor, or his estate, that cannot conveniently be done in the name of the Company.

For the purpose of enabling the liquidator to take out letters of administration or do any other act under this paragraph, to be due to the liquidator himself.

- 13 Power to call meetings of creditors or members for
 - (a) the purpose of informing creditors or members concerning the progress of or matters arising in the liquidation;
 - (b) the purpose of ascertaining the views of creditors or members on any matter arising in the liquidation; or
 - (c) such other purpose connected with the liquidation as the liquidator considers fit.
- 14 Power to appoint a solicitor, accountant or other professionally qualified person to assist him in the performance of his duties.
- 15 Power to appoint an agent to do any business that the liquidator is unable to do himself, or which can be more conveniently done by an agent.

CLAIM NO. BVIHC (COM) 2022/0119

IN THE MATTER OF THE
INSOLVENCY ACT 2003
IN THE MATTER OF THREE
ARROWS CAPITAL LTD

BETWEEN:

THREE ARROWS CAPITAL LTD

APPLICANT

CLAIM NO. BVIHC (COM) 2022/0117

IN THE MATTER OF THE
INSOLVENCY ACT 2003
IN THE MATTER OF THREE
ARROWS CAPITAL LTD

BETWEEN:

DRB PANAMA INC.

APPLICANT

-v-

THREE ARROWS CAPITAL LTD

RESPONDENT

ORDER

B E D E L L
C R I S T I N

Legal Practitioners for the Applicant

Mandar House, Johnson's Ghut,

PO Box 2283, Road Town,

Tortola, British Virgin Islands,

Tel: +1 284 495 5700

lisa.walmisley@bedellcristin.com

Ref: LW/139480.0001

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