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**FOR INFORMATIONAL PURPOSES ONLY. NO
RELIEF IS BEING REQUESTED FROM THE COURT
AND NO ACTION IS REQUIRED.**

*Counsel to Paul R. Hage, in his capacity
as Plan Administrator for the Wind-Down
Debtor*

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

)	
In re:)	Chapter 11
)	
VOYAGER DIGITAL HOLDINGS, INC., <i>et al.</i> ,)	Case No. 22-10943 (MEW)
)	
Debtors. ¹)	(Jointly Administered)
)	

PLAN ADMINISTRATOR’S SIXTH STATUS REPORT TO CREDITORS

I, Paul R. Hage, in my capacity as the Plan Administrator (the “Plan Administrator”) of Voyager Digital Holdings, Inc., *et al.* (collectively, the “Wind-Down Debtor” or “Voyager”) under

¹ The Wind-Down Debtor in these chapter 11 cases consists of Voyager Digital Holdings, Inc. (7687), Voyager Digital, Ltd. (7224), and Voyager Digital, LLC (8013). The Wind-Down Debtor’s service address and principal place of business is 27777 Franklin, Suite 2500, Southfield, MI 48034.

the *Third Amended Joint Plan of Voyager Digital Holdings, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Doc. No. 1166-1] (the “Plan”) hereby submit this *Plan Administrator’s Sixth Status Report to Creditors*.

FTX/ALAMEDA SETTLEMENT

1. I am happy to report that, after eight months of briefing, mediation, and negotiations, we have reached an agreement with Alameda Research, Ltd., and its affiliates (collectively, the “FTX Debtors”) to resolve all disputes between the parties. Earlier today, the FTX Debtors filed the *Debtors’ Motion for Entry of an Order (A) Authorizing the Debtors to Etern Into the Global Settlement Agreement with Voyager, (B) Approving the Global Settlement Agreement, and (C) Granting Related Relief* (the “FTX Settlement Motion”) seeking approval of a *Global Settlement Agreement* (the “FTX Settlement Agreement”) that we entered into with the FTX Debtors, a copy of which is attached to the FTX Settlement Motion as Exhibit 1.² The pertinent terms of the FTX Settlement Agreement are as follows:

- a. **Release of the Entirety of the \$445 Million Reserved Amount to the Wind-Down Debtor:** The \$445 million that is currently being held in reserve pending the resolution of the litigation between the FTX Debtors and the Wind-Down Debtor shall be fully and finally released to the Wind-Down Debtor, and the FTX Parties shall relinquish any and all claims and rights thereto. Furthermore, Voyager is entitled to retain the interest earned on the \$445 million.
- b. **Release of the \$5 Million Deposit to the Wind-Down Debtor:** The FTX Debtors shall relinquish any and all rights to the \$5 million deposit paid by the FTX Debtors during Voyager’s bankruptcy sale process that is currently being held in escrow. Such amounts shall be released to the Wind-Down Debtor’s estate.
- c. **Waiver and Release of Claims:** The FTX Debtors and the Wind-Down Debtor shall waive and release all claims against each other, including any previously filed proofs of claim. This waiver and release includes dismissal of the pending FTX

² The FTX Settlement Motion can be viewed on the Key Documents page at the Wind-Down Debtor’s website: <https://www.investvoyager.com>.

Adversary Proceeding with prejudice and an agreement to not participate in each other's respective chapter 11 bankruptcy proceedings going forward.

2. As discussed in the *Plan Administrator's First Status Report to Creditors* [Doc. No. 1459], the FTX Debtors filed a complaint against Voyager on January 30, 2023 seeking, among other things, to avoid and recover approximately \$445 million in alleged preferential transfers made to Voyager, plus interest. The adversary proceeding was captioned *Alameda Research Ltd., et al., v. Voyager Digital, LLC et. al.*, FTX Adv. Proc. No. 23-50084-JTD (Bankr. D. Del. Jan. 30, 2023) (the "FTX Adversary Proceeding").

3. Thereafter, the Wind-Down Debtor and the FTX Debtors entered into a *Joint Stipulation and Agreed Order Between the Debtors, the FTX Debtors, and Their Respective Official Committees of Unsecured Creditors* [Doc. No. 1106] (the "FTX Stipulation") that was approved by the Bankruptcy Court on April 6, 2023 [Doc. No. 1266]. Pursuant to the FTX Stipulation, the Wind-Down Debtor reserved and held \$445 million in cash pending final resolution of the FTX Adversary Proceeding. The FTX Stipulation also provided that the \$5 million deposit paid by the FTX Debtors as part of the Voyager bankruptcy sale process would remain held in escrow pending a determination from the Court regarding entitlement to such funds. Finally, the FTX Stipulation contemplated that the parties would participate in non-binding mediation with respect to all claims and disputes between them.

4. Beginning in late September 2023, the parties commenced that mediation with the Hon. Shelley C. Chapman (Ret.) serving as the mediator. The legal claims and defenses at issue between the parties were not only highly complex, but involved novel issues of law that had yet to be decided by bankruptcy courts. Both parties were represented by aggressive and experienced counsel.

5. Although earlier distribution to creditors is an important consideration, and I would have liked to have reached a resolution of the FTX Adversary Proceeding sooner, I believed that it was not in creditors' best interests to accept an unfavorable settlement in the interest of expediency. Accordingly, for the last eight months, we have continued to negotiate for what I thought would be the optimum possible recovery for creditors, taking all circumstances into account.

6. Although the Wind-Down Debtor is agreeing to walk away from certain claims that we have asserted against the FTX Debtors, I believe that the settlement achieved is a particularly favorable outcome for Voyager creditors given the risk, expense, delay and market uncertainty associated with continued litigation of the FTX Adversary Proceeding. The settlement will result in \$450 million, plus interest, being released to the Wind-Down Debtor in the near-term, which funds can be distributed to Voyager creditors in a second distribution in the coming months.

7. The FTX Settlement Agreement remains subject to approval by the United States Bankruptcy Court for the District of Delaware.

D&O INSURANCE SETTLEMENT

8. I am also pleased to report that we have reached a settlement in the D&O insurance mediation that will result in no less than \$14.35 million being paid to the Wind-Down Debtor for the benefit of Voyager creditors (the "D&O Insurance Settlement").

9. Creditors will recall that the Plan contained a settlement that released substantially all of the claims that the Wind-Down Debtor might otherwise pursue against Voyager's former insiders, including its former Chief Executive Officer Stephen Ehrlich. As part of that settlement, Mr. Ehrlich paid approximately \$1.9 million, less applicable taxes, to the bankruptcy estate.

10. One notable carve out from the release provided for under the Plan is the Wind-Down Debtor's ability to pursue claims against insurers related to certain insider actions and conduct detailed in the *Investigation Report of the Special Committee of the Board of Directors of Voyager Digital, LLC* [Doc. No. 1000] and the *Official Committee of Unsecured Creditors' Investigative Report Concerning Loans Made to Three Arrows Capital* [Doc. No. 1112]. The preserved claims included breach of fiduciary duty claims related to, among other things, the Three Arrows Capital loan transactions. The preserved claims also included fraudulent transfer claims related to the diversion, in the days before the commencement of these bankruptcy cases, of funds from the Voyager estate to an insurer to purchase additional directors and officer insurance to cover future defense costs of Voyager's directors and officers.

11. The Wind-Down Debtor prepared draft complaints for purposes of pursuing the above-referenced claims. In lieu of filing those complaints, we agreed to mediate the claims with: (i) the insurers, (ii) plaintiffs in a class action lawsuit against certain former employees of Voyager, styled *Roberts et. al., v. Ehrlich et. al.*, No. 22-09590 (S.D.N.Y. Nov. 9, 2022) (the "Roberts Action"), and (iii) certain former employees of Voyager, all of whom asserted an interest in the proceeds of the applicable insurance policies.

12. The parties selected David Murphy, a highly respected New York-based attorney and mediator, to serve as the mediator for this matter. The mediation started in late November 2023. After multiple months of challenging multi-party negotiations, a complex global settlement was achieved by all parties to the mediation that will result in not less than \$14.35 million being paid by the insurers to the Wind-Down Debtor, for distribution to creditors in a second distribution. Given the limited insurance proceeds available, and the expense associated with litigating the

parties' asserted claims, I believe the D&O Insurance Settlement is an excellent result for the Wind-Down Debtor and its creditors.

13. Because the D&O Insurance Settlement contemplates a settlement of the Roberts Action, it is necessarily subject to approval by the court in that proceeding. In furtherance of that goal, the plaintiffs in the Roberts Action filed an *Unopposed Motion for Preliminary Approval of Proposed Class Action Settlement* [Doc. No. 81] with the United States District Court for the Southern District of New York on April 4, 2024. Because of various notice and other requirements applicable to class action settlements, it is anticipated that approval of the D&O Insurance Settlement will take at least three months to obtain.

THREE ARROWS CAPITAL UPDATE

14. The Wind-Down Debtor is one of the largest creditors in the Three Arrows Capital, Ltd. ("Three Arrows Capital") insolvency proceeding that is currently pending before the Eastern Caribbean Supreme Court in the High Court of Justice in the British Virgin Islands (the "BVI Court"). That liquidation process is being led by the court-appointed Joint Liquidators of Three Arrows Capital, Russell Crumpler and Christopher Farmer (the "Joint Liquidators").³ The Wind-Down Debtor has an allowed claim in the Three Arrows Capital proceeding of approximately \$677.47 million.

15. Because of the size of the Wind-Down Debtor's claim, we are a member of the Three Arrows Capital creditors' committee. In that capacity, we have worked closely with the Joint Liquidators and other significant creditors to try to maximize the return to creditors in that proceeding.

³ Public information regarding the Three Arrows Capital insolvency proceeding can be found at the website maintained by the Joint Liquidators: <https://3acliquidation.com>.

16. As a member of that creditors' committee, we have access to privileged and confidential information about the liquidation process that we are not permitted to disclose. It has been publicly reported, however, that the Three Arrows Capital estate has several assets including, but not limited to, cash, tokens (both liquid and illiquid), investments and litigation claims against third parties including, notably, litigation claims against the founders of Three Arrows Capital, Kyle Davies and Su Zhu. Substantial work is being undertaken to liquidate those assets.

17. On February 12, 2024, the Joint Liquidators issued a public notice indicating that they intended to make an initial distribution to creditors of the Three Arrows Capital estate at the end of March 2024. On March 28, 2024, the Joint Liquidators received approval from the BVI Court to proceed with an interim distribution of \$100 million of that estate's assets.

18. The Wind-Down Debtor's pro rata share of the initial Three Arrows Capital distribution is \$20.43 million. I expect that such funds will be received from the Joint Liquidators in the coming days. Such funds will be included in a second distribution to Voyager creditors in the coming months.

19. It is too early to predict what the ultimate distribution to the Wind-Down Debtor will be in the Three Arrows Capital proceeding. We expect that significantly more will be paid out by the Joint Liquidators in periodic interim distributions over the course of the next couple years as assets are liquidated, tokens unlock, and litigation recoveries are achieved.

INITIAL DISTRIBUTION AND SUBSEQUENT DISTRIBUTION ELIGIBILITY

20. As described in prior status reports, between September 15, 2023 and October 31, 2023, the Wind-Down Debtor issued approximately 630,000 checks (worth approximately \$130 million) to creditors who did not fully participate in the in-kind initial distribution to creditors. To date, creditors have deposited approximately 360,000 checks with a value of approximately \$113

million. Despite significant outreach efforts by the Wind-Down Debtor, there are approximately 270,000 uncashed checks outstanding with a total remaining value of \$17 million. Of these outstanding checks, approximately 187,000 are for less than \$25.

21. On March 3, 2024, the Wind-Down Debtor filed the *Notice Regarding Procedures Related to Undeliverable or Unclaimed Distributions* [Doc. No. 1642] (the “Distribution Eligibility Notice”). The Distribution Eligibility Notice sets forth the governing procedures in the event a creditor fails to claim their initial distribution. Additionally, the Distribution Eligibility Notice provided detailed instructions for creditors to request a check reissuance in the event that they have not yet claimed their initial distribution. We’ve received a large number of inquiries from creditors seeking to ensure that they have taken the measures necessary to request a check reissuance. As a result, approximately 58,000 checks have been reissued since the filing of the Distribution Eligibility Notice.

22. The Wind-Down Debtor has developed a portal on its website, www.investvoyager.com (the “Creditor Portal”), that creditors can use to view relevant information related to their claim, their initial distribution and the chapter 11 cases generally. The Creditor Portal permits creditors to request a check reissuance in the event that they have not yet received, or have lost, their initial distribution check.⁴ To protect creditors from potentially fraudulent requests, the check reissuance request process requires creditors to input certain personally identifiable information to ensure the validity of such reissuance requests. Through the Creditor Portal, creditors may also update their mailing and e-mail addresses.

⁴ To the extent any creditor needs to request a check reissuance, please visit the Creditor Portal and sign-in using your Voyager login credentials. For detailed instructions on how to request a check reissuance, including how to locate the “Check Number” required for reissuance, please visit the following link: <https://support.investvoyager.com/hc/en-us/articles/19826729216155-How-do-I-request-a-check-reissue>.

23. I encourage all creditors to deposit any uncashed checks or request a check reissuance, if necessary, prior to April 20, 2024. Any initial distribution checks that remain outstanding on April 20, 2024 will be cancelled and deemed unclaimed. For the avoidance of doubt, if a creditor withdrew his or her initial distribution during the in-kind withdrawal window and/or cashed an initial distribution check mailed to them, such creditor does not need to take any further action and is eligible to participate in subsequent distributions from the Wind-Down Debtor estate.

DATA BREACH INVESTIGATION

24. In July 2023, the Wind-Down Debtor began receiving reports from creditors who had received communications from scammers purporting to be Voyager. These communications included information about the claimants that was sealed in these cases and not otherwise publicly available.⁵ Regrettably, data breaches and phishing schemes by fraudulent actors have been a consistent problem in many of the cryptocurrency bankruptcy proceedings filed over the past two years. Although I understand that the frequency of such schemes has decreased in recent months, we continue to receive reports of fraudulent activity targeted towards Voyager creditors.

25. The Wind-Down Debtor, with the assistance of specialized outside professionals, continues to investigate the potential source of these issues. While that investigation is ongoing, we have not yet determined how the perpetrators obtained creditor information. The Wind-Down Debtor remains committed to investigating this issue and will provide an update to creditors as more information becomes available.

⁵ We continue to report the information that we have learned about these incidents to the appropriate law enforcement authorities. Moreover, we have undertaken a number of actions to ensure the security of customer information held by the Wind-Down Debtor.

26. AS A REMINDER, ALL COMMUNICATIONS FROM THE WIND-DOWN DEBTOR WILL BE SENT BY E-MAIL FROM THE INVESTVOYAGER.COM DOMAIN ONLY. PLEASE BE DILIGENT REVIEWING VOYAGER-RELATED COMMUNICATIONS AND CONFIRM THAT THEY WERE SENT FROM @INVESTVOYAGER.COM ONLY.

27. IN NO CIRCUMSTANCE SHOULD ACCOUNT OR WALLET INFORMATION BE PROVIDED IN RESPONSE TO A VOYAGER-RELATED COMMUNICATION. AS NOTED IN PRIOR STATUS REPORTS, THE WIND-DOWN DEBTOR HAS LIQUIDATED AND CONVERTED TO CASH SUBSTANTIALLY ALL OF THE CRYPTOCURRENCY THAT IT PREVIOUSLY HELD. ALL FUTURE DISTRIBUTIONS TO CREDITORS WILL BE MADE BY CHECK IN U.S. DOLLARS ONLY AND ADVANCE NOTICE OF ANY SUCH DISTRIBUTIONS WILL BE PROVIDED IN A STATUS REPORT FILED WITH THE COURT. THE WIND-DOWN DEBTOR WILL NOT ASK CREDITORS FOR ACCOUNT OR WALLET INFORMATION AND CREDITORS SHOULD BE HIGHLY SUSPICIOUS OF ANY SUCH COMMUNICATIONS.

CONCLUSION

28. The purpose of this report is to provide a high-level update to creditors regarding the status of the liquidation of the Wind-Down Debtor consistent with the Plan. The foregoing is not intended to be a comprehensive update of all of the matters that the Wind-Down Debtor and its professionals have been working on. We will prepare and file additional status reports to creditors as and when more relevant information becomes available.

Respectfully submitted,

By: /s/ Paul R. Hage
Paul R. Hage, solely in my capacity as
the Plan Administrator for the Voyager
Wind-Down Debtor

Dated: April 9, 2024