

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

**NOTICE OF PRESENTATION TO THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS**

**PLEASE TAKE NOTICE** that, on November 11, 2022 and November 14, 2022, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”).

**PLEASE TAKE FURTHER NOTICE** that, on December 15, 2022, the Office of the United States Trustee (the “U.S. Trustee”) filed the *Notice of Appointment of Committee of Unsecured Creditors* [D.I. 231], and on December 20, 2022, the U.S. Trustee filed the *Amended Notice of Appointment of Committee of Unsecured Creditors* [D.I. 261], forming the Official Committee of Unsecured Creditors (the “Committee”).

**PLEASE TAKE FURTHER NOTICE** that, on January 17, 2022, the Debtors provided a presentation (the “Presentation”) to the Committee, a copy of which is attached hereto as **Exhibit A**.

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<sup>1</sup> The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063 respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>.

**PLEASE TAKE FURTHER NOTICE** that copies of the Presentation and other pleadings filed in the above-captioned Chapter 11 Cases may be obtained free of charge from the website maintained by the Debtors' noticing and claims agent at <https://cases.ra.kroll.com/FTX>. You may also obtain copies from the Court's website at [www.deb.uscourts.gov](http://www.deb.uscourts.gov) for a fee.

Dated: January 17, 2023  
Wilmington, Delaware

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**EXHIBIT A**

# Maximizing FTX Recoveries

January 17, 2023

Preliminary / Subject to Material Change

## Management & Committee Meeting

ALVAREZ & MARSAL | SULLIVAN & CROMWELL LLP |

**P / W / P**  
/ PERELLA WEINBERG  
PARTNERS

# Disclaimer

## Limitations of Report

This report and the information contained herein (the “Report”) has been prepared solely for use by FTX Trading Ltd. (d.b.a. FTX.com), and approximately 101 additional affiliated companies (together, the “Company”) based on instructions given by the Company to Sullivan & Cromwell (“S&C”), Alvarez & Marsal North America, LLC (“A&M”) and Perella Weinberg Partners (“PWP” and together with S&C and A&M, the “Debtors’ Advisors”).

The limiting conditions, assumptions and disclaimers set forth herein are an integral part of this Report, must be reviewed in conjunction herewith, and may not be modified or distributed separately.

The preliminary Information included herein reflects and/or is based upon financial and other information provided to the Debtors’ Advisors by the Company, including management, staff, contract staff and other advisors of the Company, as well as other sources. The Debtors’ Advisors have relied upon, and assumed, without independent verification, the accuracy and completeness of such information, and make no representation or warranty as to the accuracy or completeness of, and otherwise assumes no liability with respect to, the Report or upon which the Report is based. The Debtors’ Advisors are not responsible to any party, in any way, for any analysis contained in this Report or for the future financial or operational performance of any recipient or any affiliated company.

In the event this Report contains or involves prospective financial or forward-looking information, this information was prepared by the Company’s management and our work did not constitute an examination, compilation or agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants, and the Debtors’ Advisors express no assurance of any kind on such information. Further, the work involved did not include a detailed review of any transactions, and cannot be expected to identify errors, irregularities or illegal acts, including fraud or defalcations that may exist. Accordingly, the Debtors’ Advisors cannot and do not express an opinion or any other form of assurance on, and assumed no responsibility for, the accuracy or correctness of the historical information or the completeness and achievability of the projected financial data, information and assessments upon which the Report is presented.

Further, any references to estimated ranges of collateral values or cash flow recoveries included in this Report are preliminary in nature, subject to material change and not valuations of any kind. Rather, estimates have been necessary to include herein, and are based upon the limited financial information as provided or made available by the Company, available market information and various assumptions and are provided for informational purposes only. References to values of any cryptocurrencies or other digital assets are approximate and subject to material change. It is expected that there will be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Accordingly, no representation or warranty is made as to, and the Debtors’ Advisors take no responsibility for, the achievability of any estimated recovery results described in this Report. Accordingly, the Debtors’ Advisors are not responsible to any party, in any way, for the future financial or operational performance of any recipient of the Report or any affiliated company.

Further, this Report will be subject to further work, revisions and other factors which means that this version may be substantially different from any final report or advice issued.

The Report does not constitute a recommendation as to what action, if any, any person should take with respect to any claims and/or securities, nor does the Report constitute a recommendation regarding the accounting, tax, financial, legal or regulatory aspects of any proposed or possible outcome of the Company’s restructuring.

## Disclaimer (cont'd)

### No Third Party Reliance

This preliminary Report and any related informational updates are provided only in connection with the purpose of a public case update in respect of which the services are being provided. In no event, regardless of whether consent has been provided, shall the Debtors' Advisors assume any responsibility, liability or duty of care to any claimholder, person or entity other than the Company ("Third Party") to which any this preliminary information is disclosed or otherwise made available. This Report does not necessarily take account of those matters or issues which might be of relevance to any Third Parties and any Third Party is responsible for conducting its own investigation with respect to the Report and any related transactions or activities. The Debtors' Advisors make no representations or warranties, express or implied, to any Third Party on which any such party may rely with respect to the Information, including without limitation, as to accuracy or completeness, the inclusion or omission of any facts or information, or as to its suitability, sufficiency or appropriateness for the purposes of any such party.

# Executive Summary

**FTX Debtors have made important progress in efforts to maximize recoveries for customers and other stakeholders**

## **FTX Debtors have identified approximately \$5.5 billion of liquid assets to date comprising:**

- \$1.7 billion of cash
- \$3.5 billion of liquid cryptocurrency and FTT tokens
- \$0.3 billion of liquid securities

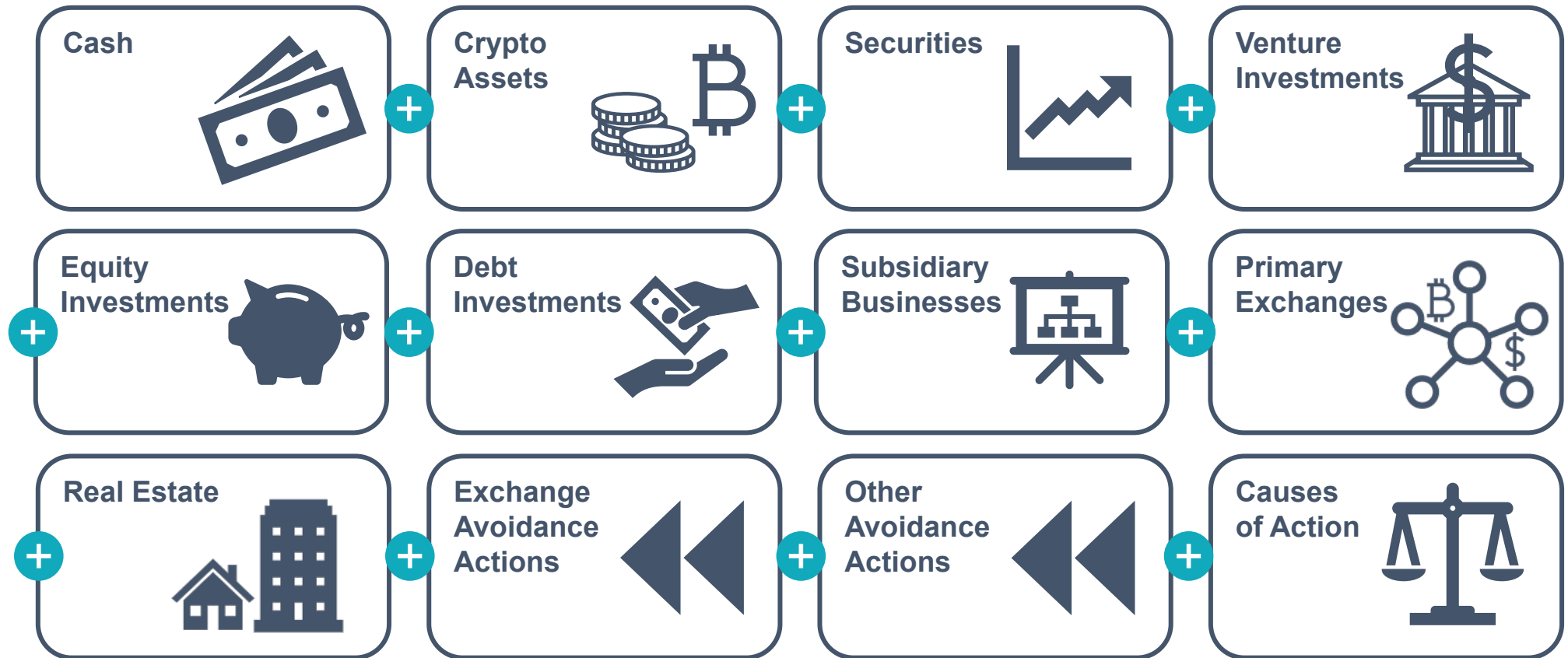
## **Investigation has confirmed shortfalls at both International and U.S. Exchanges**

- FTX Debtors have identified only \$1.6 billion of digital assets associated with FTX.com as of the Petition Time
- FTX Debtors have identified only \$181 million of digital assets associated with FTX US as of the Petition Time
- FTX Debtors have uncovered the mechanics behind how Alameda Research had the ability to borrow without collateral effectively unlimited amounts from customers and how a small group of individuals had the ability remove digital assets from the exchange without being recorded on the exchange ledger

## **FTX Debtors are continuing the effort to maximize recovery through:**

- Exploring potential sale of four regulated or licensed subsidiaries
- Exploring potential monetization of over 300 prepetition investments with book value of approximately \$4.6 billion
- Exploring potential reorganization opportunities for FTX exchanges
- Marketing real estate in the Bahamas in a joint process with the Joint Provisional Liquidators
- Investigating all historical transactions conducted by prepetition management

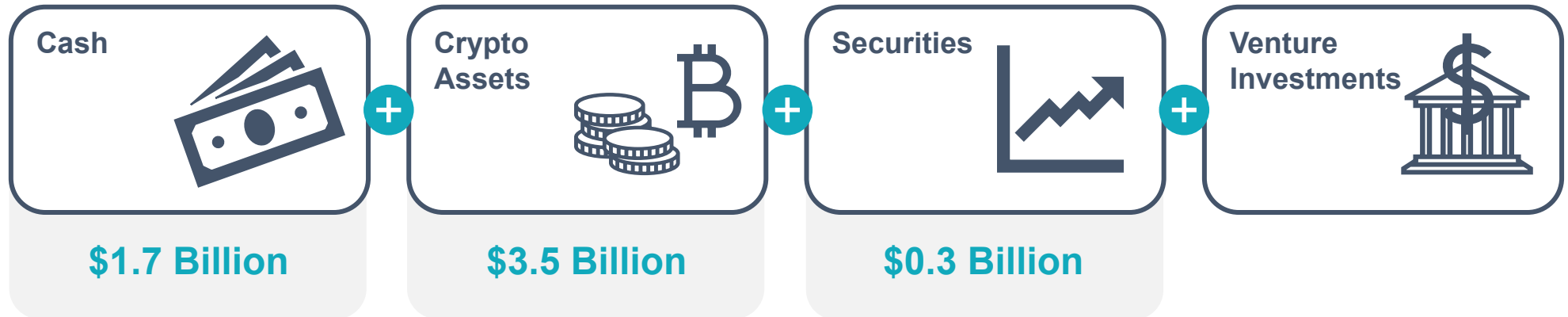
# Potential Sources of Recovery



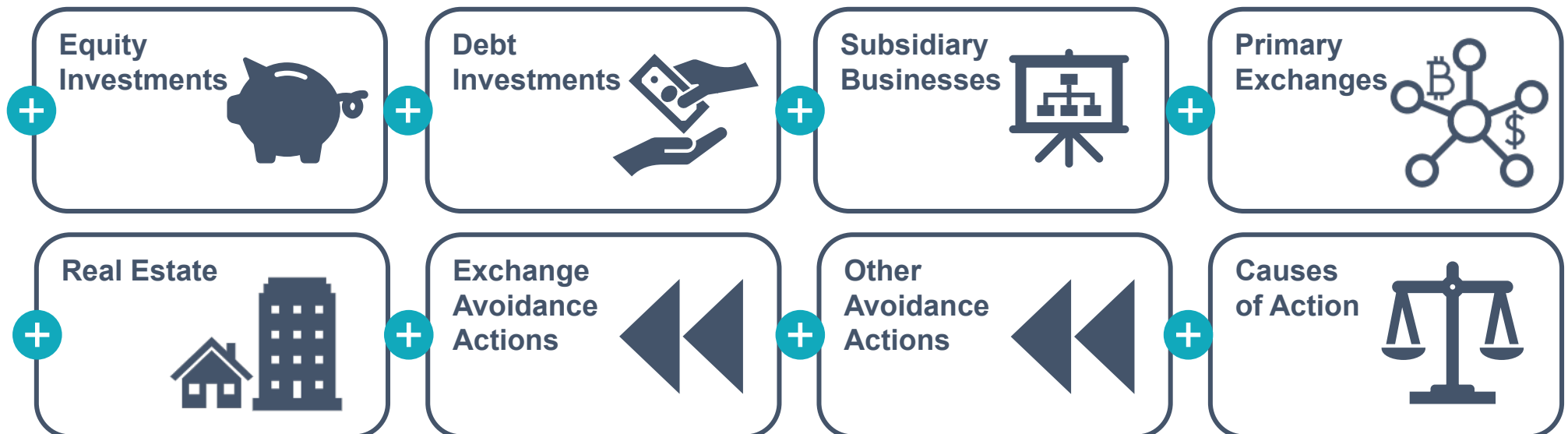
**RECOVERY TO CREDITORS**



# Liquid Assets



**Approximately \$5.5 billion of liquid assets identified to date**



# Confirmed Cash



**\$1.7 billion of Debtor & non-Debtor cash confirmed to date**

USD in Millions	WRS Silo	Alameda Silo	Ventures Silo	Dotcom Silo	Total
Unrestricted Cash	\$234.6	\$825.2	\$8.8	\$138.0	\$1,206.6
Custodial Cash	29.4	28.7	-	131.3	189.4
Other Restricted Cash	1.3	1.2	-	4.0	6.4
<b>Total Debtor Cash</b>	<b>265.3</b>	<b>855.1</b>	<b>8.8</b>	<b>273.2</b>	<b>1,402.4</b>
Non-Debtor Cash	162.8	-	-	164.1	326.8
<b>Total Cash</b>	<b>\$428.1</b>	<b>\$855.1</b>	<b>\$8.8</b>	<b>\$437.3</b>	<b>\$1,729.2</b>



Includes \$128.4 million of primarily restricted cash at LedgerX



Includes \$153.2 million of primarily custodial or other restricted cash at FTX Digital Markets

# Located Crypto Assets



**\$3.5 billion<sup>1</sup> of Debtor cryptocurrency assets located at Petition Date pricing<sup>2</sup>**

USD in Millions



**Notes:**

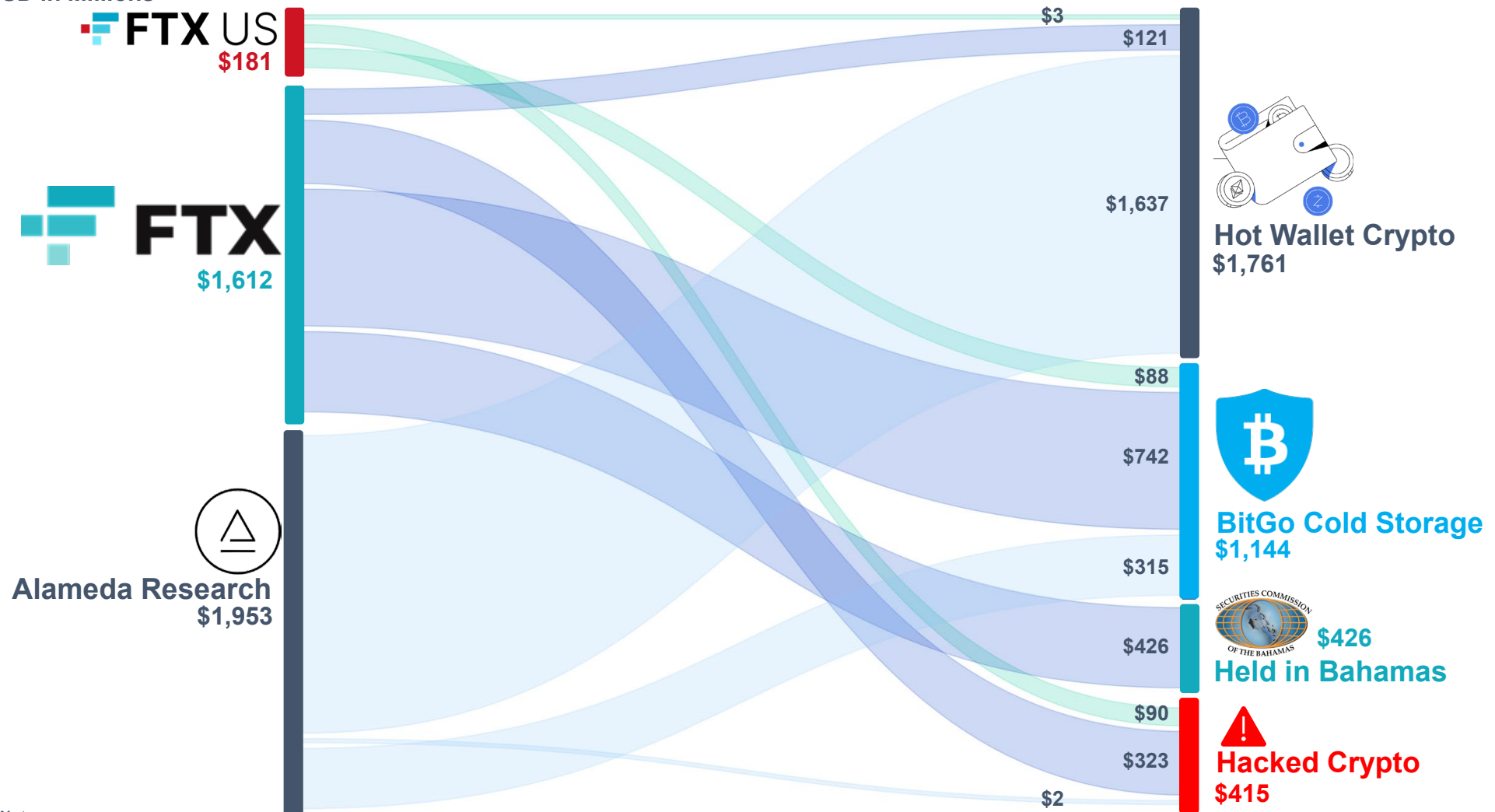
1. \$3.5 billion of identified crypto assets excludes \$415mm of hacked crypto.
2. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book at that time.
3. ~\$140mm of crypto held at FTX Japan is segregated in cold wallets 1:1 for Japan customers, some of which may be available to the Debtors.

# Located Crypto Asset Tracing by Silo



**Crypto tracing achieved by analyzing database of 14mm addresses & 3<sup>rd</sup> party exchanges<sup>1,2,3</sup>**

USD in Millions



**Notes:**

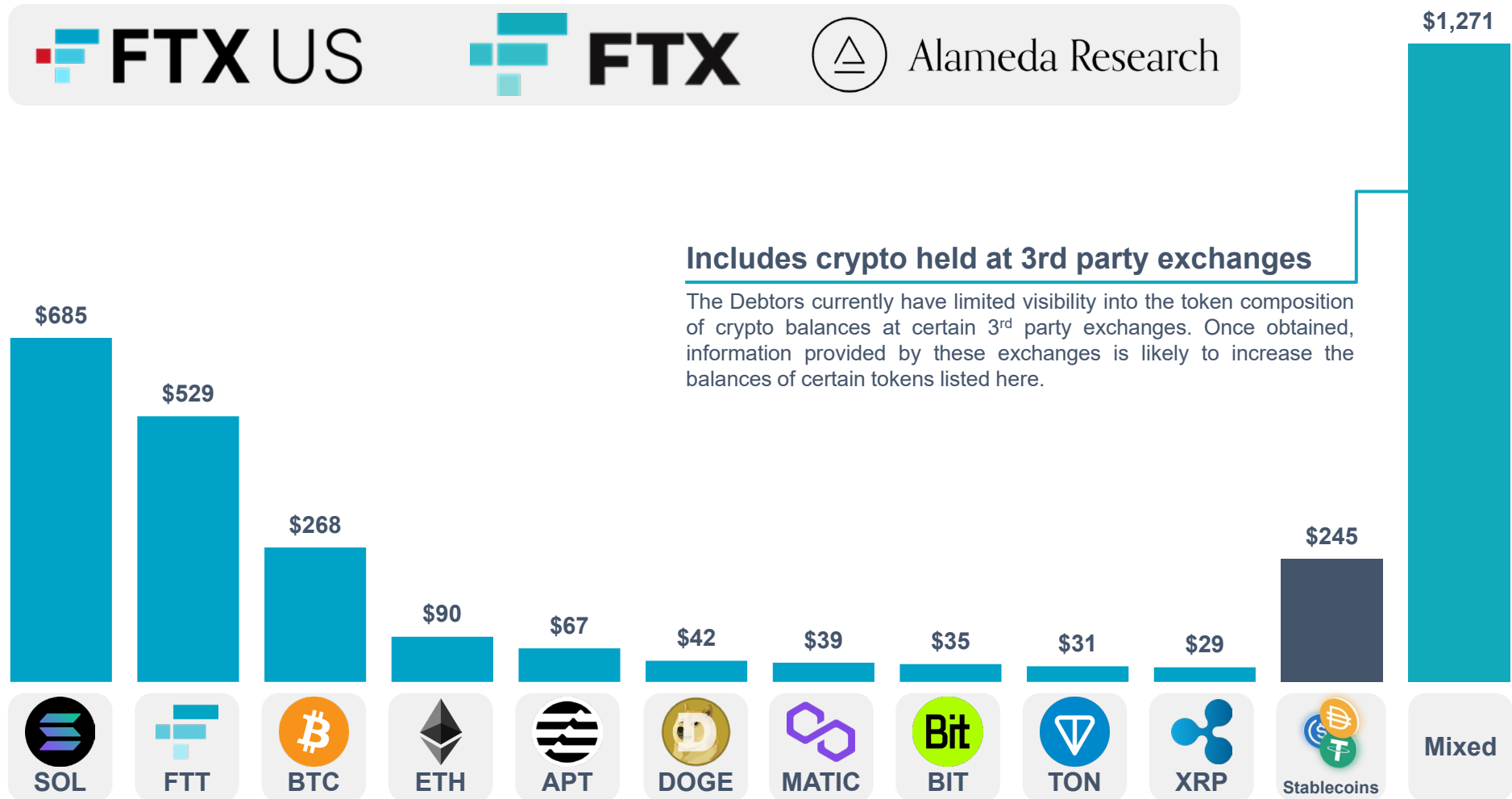
1. Crypto tracing by silo is based on preliminary on-chain tracing back to dedicated FTX.COM/US deposit and sweep addresses, and Alameda addresses. Crypto held on 3<sup>rd</sup> party exchanges, staked Solana, and other Alameda crypto are classified as Alameda. In instances where tracing has not been completed, a preliminary allocation was used. Furthermore, Chainalysis and TRM Labs are also involved in tracing exercises to assist with refining these amounts.
2. Excludes ~\$140mm of crypto held at FTX Japan is segregated in cold wallets 1:1 for Japan customers, some of which may be available to the Debtors.
3. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book at that time.

# Top Located Tokens, incl. Alameda



**\$3.3 billion<sup>1</sup> located at FTX US, FTX.com, and Alameda Research<sup>2</sup>**

USD in Millions



**Notes:**

1. Excludes ~\$140mm of crypto held at FTX Japan is segregated in cold wallets 1:1 for Japan customers, some of which may be available to the Debtors.
2. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book at that time.

# Illiquid Crypto Assets



**Illiquid tokens<sup>1,2</sup> are not included in located crypto value estimates as of Petition Date**

USD in Millions

No.	Logo	Token	Quantity	Petition Date Spot Price	USD Equivalent at Spot Price	No.	Logo	Token	Quantity	Petition Date Spot Price	USD Equivalent at Spot Price
1		SRM	9,919,593,204	\$0.200	\$1,987	11		TRUMPLOSE	13,999,994	\$0.974	\$14
2		SOLETH	479,331	\$1,169.800	\$561	12		GT	3,165,320	\$3.734	\$12
3		MAPS	9,870,251,766	\$0.053	\$521	13		LUNA (Wormhole)	6,951,539	\$1.690	\$12
4		SOLBTC	14,077	\$16,857.672	\$237	14		LIKE	18,180,467	\$0.500	\$9
5		OXY	9,969,097,181	\$0.019	\$188	15		HXRO	104,378,582	\$0.082	\$9
6		MEDIA	8,354,518	\$6.000	\$50	16		MSOL	333,019	\$21.375	\$7
7		BEAR	190,134,415,155	\$0.000	\$46	17		JSOL	364,860	\$16.800	\$6
8		FIDA	277,871,751	\$0.111	\$31	18		XSUSHI	3,399,998	\$1.660	\$6
9		BRZ	138,942,485	\$0.171	\$24	19		ALEPH	57,657,313	\$0.092	\$5
10		ALM	2,433,093,847	\$0.006	\$15	20		JET	62,283,609	\$0.075	\$5

The **listed top 20 tokens compose 98%** of the illiquid value while the remaining ~200 tokens make up the rest

**Notes:**

1. Illiquid tokens reflect certain tokens whereby the market cap and volume is low, or where FTX holds a significant portion of the coins in circulation, whereby attempts to liquidate would significantly affect their market value.
2. Crypto assets are priced as of the Petition Date based on preliminary pricing information from the AWS environment, reflective of the FTX order book around that time.

# Brokerage Assets



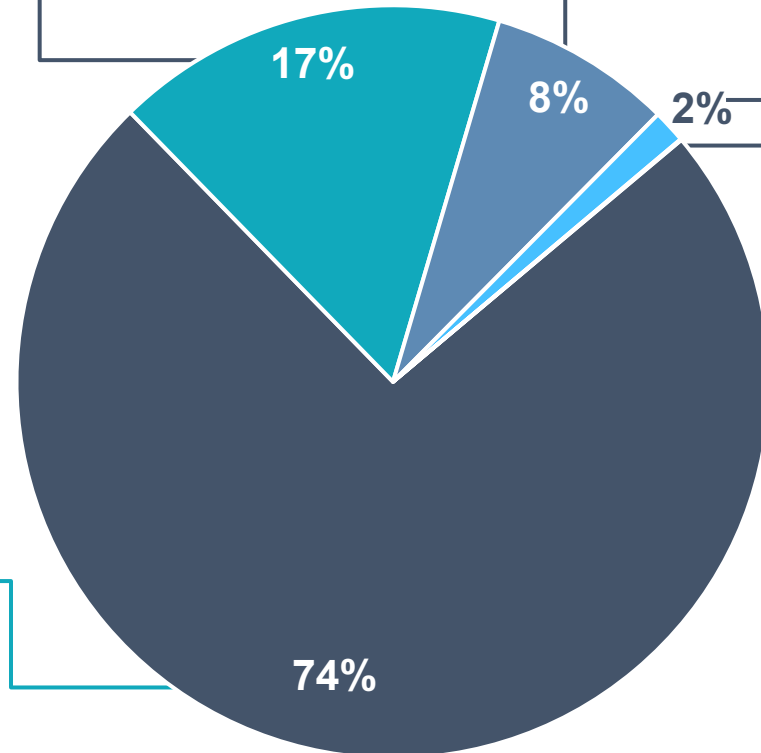
**\$268 million<sup>1</sup> in securities held in Alameda brokerage account**



**\$45 Million**  
 Grayscale Ethereum Trust ETF  
 2.0% of Total Shares



**\$197 Million**  
 Grayscale Bitcoin Trust ETF  
 3.2% of Total Shares



## Bitwise

**\$21 Million**  
 Bitwise 10 Crypto Index Fund  
 14.4% of Total Shares



**\$4 Million Across**  
 Ethereum Classic ETF  
 Litecoin Trust ETF  
 Digital Large Cap ETF

## BlackRock

**<\$0.1 Million**  
 BlackRock Equity

**All values as of the Petition Date**

Note:

1. Totals may not reconcile due to rounding.

# Venture Investments



~\$4.6 billion book value investments across 300+ prepetition transactions

## Select assets including:

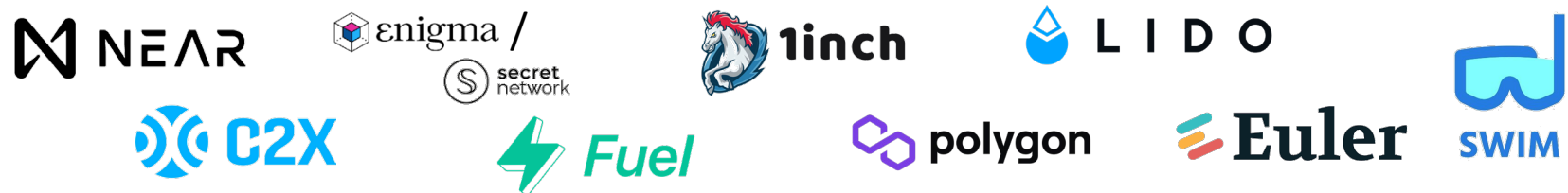
### Equity / Debt Investments



### Fund Investments



### Token



**Recoverable value likely to be materially lower than acquisition value**



# Exploring Potential Sale of Four Licensed Subsidiaries



**Four wholly owned subsidiaries covered by Bid Procedures Order entered January 12, 2023**

**LedgerX**

**Embed**

**FTX EU**

**FTX JP**

**Description**

**Operational US Crypto  
Derivatives Exchange**

**US-Based  
Clearing Broker**

**Diversified Derivatives  
& Crypto Operations**

**Japan & Singapore  
Exchange**

**Primary  
Licensing**

**CFTC Regulated**

**SEC registered  
Broker-Dealer &  
member of FINRA**

**Licensed in Cyprus  
(currently suspended)**

**Registered in Japan;  
operated under  
temporary exemption  
in Singapore  
(license pending)**

# Exploring Exchange Reorganization



Joint task force assessing reorganization opportunities for FTX exchanges



# Real Estate in The Bahamas with a Cost Basis of \$253M



**36 Bahamas properties to be marketed in a joint process with the JPLs**

**A****\$166.1 Million**

15 Properties



Orchid Penthouse &amp; Units



Honeycomb – Condo Units



Tetris – Condo Units



Charles – Condo Unit



Cube – Condo Unit



Gemini – Condo Unit



Coral – Condo Unit

**Albany Marina Residences****B****\$12.9 Million**

1 Property



The Conch Shack

**C****\$28.8 Million**

3 Properties



Veridian Corporate Centre

**D****\$5.9 Million**

5 properties



ONE Cable Beach

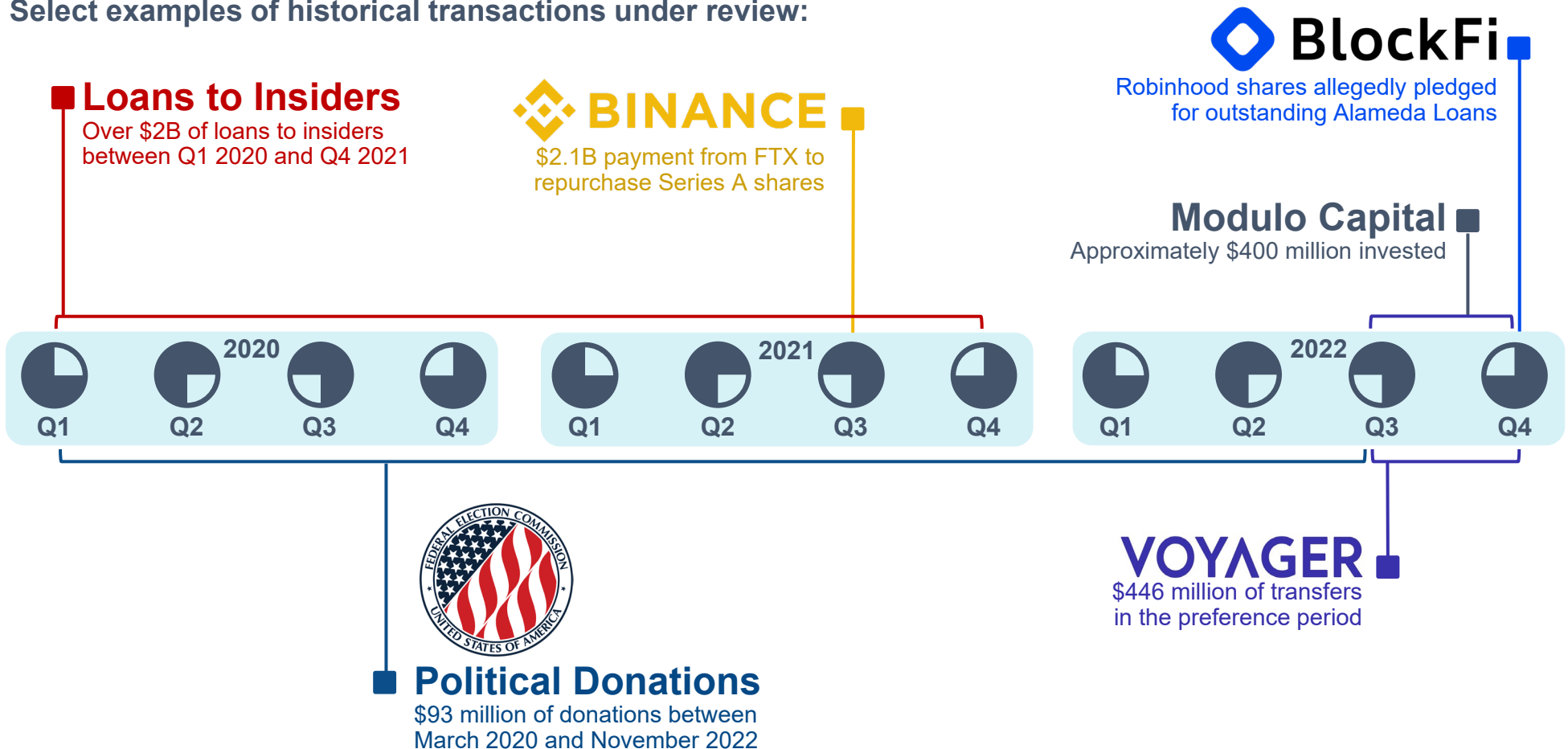
**+****\$39.4 million across 12 additional properties****Nassau****The Bahamas**

# Sample Historical Transactions Under Review



**The Debtors are reviewing all historical transactions conducted by prepetition management**

Select examples of historical transactions under review:

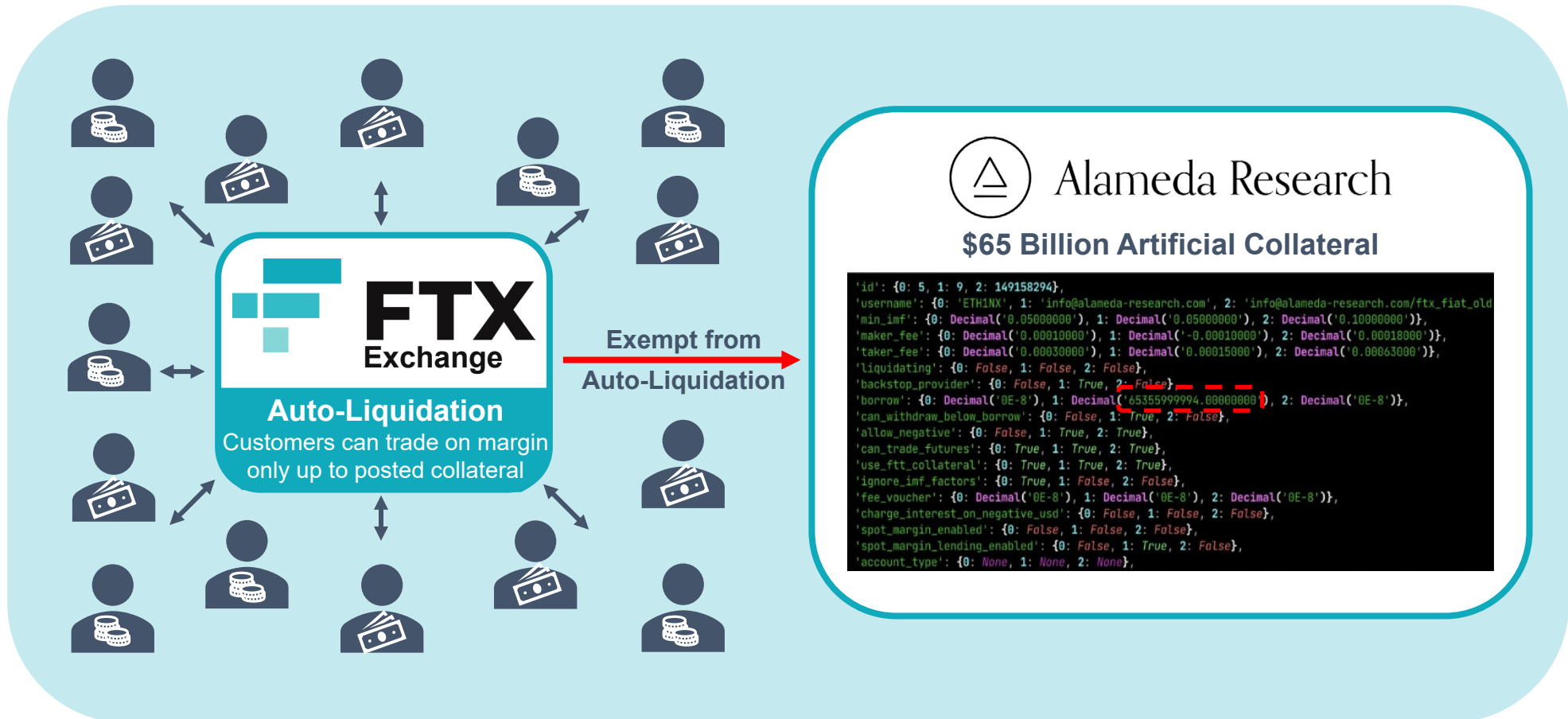


**Hundreds of M&A and other transactions under review**

# The \$65 Billion Backdoor



**Alameda Research had the ability to borrow without collateral up to \$65B from customers**







# Margin Requirements & Auto Liquidation<sup>1</sup> – FTX.com



## Alameda Research and small group of individuals had ability to remove assets from exchange

	Account Setting Code	Implications	Number of Accounts						
Customers	<code>'borrow' = 0</code>	User <u>cannot</u> have a negative balance on the exchange. Once an account balance is negative up to an amount equal to posted collateral, net of fees, all positions are auto-liquidated.	7 Million						
Market Makers	<code>'borrow' &gt; 0</code>	User <u>can</u> have a negative balance up to a specified credit limit. Primarily used for market makers to receive lending from FTX.	<div>Credit Limit</div> <table><tr><td>Greater than \$0</td><td>4,000</td></tr><tr><td>\$1 Million to \$150 Million</td><td>41</td></tr><tr><td>\$65 Billion</td><td>1</td></tr></table>	Greater than \$0	4,000	\$1 Million to \$150 Million	41	\$65 Billion	1
Greater than \$0	4,000								
\$1 Million to \$150 Million	41								
\$65 Billion	1								
God Mode	<p>“On Ledger” where entries are recorded in AWS</p> <code>'can_withdraw_below_borrow' = true</code>	User can <u>withdraw</u> assets (cash or crypto) from the exchange while having a net negative balance. <sup>2</sup>	<div> Alameda Research</div> <table><tr><td>\$65 Billion</td><td>1</td></tr></table>	\$65 Billion	1				
	\$65 Billion	1							
<p>“Off AWS Ledger” by moving funds through a direct on-chain transaction</p> 	User can <u>move</u> assets (crypto) by accessing the private keys to initiate a direct on-chain transaction. <sup>3</sup>	<table><tr><td>Small group of individuals</td><td></td></tr><tr><td>All Crypto</td><td>1</td></tr></table>	Small group of individuals		All Crypto	1			
Small group of individuals									
All Crypto	1								

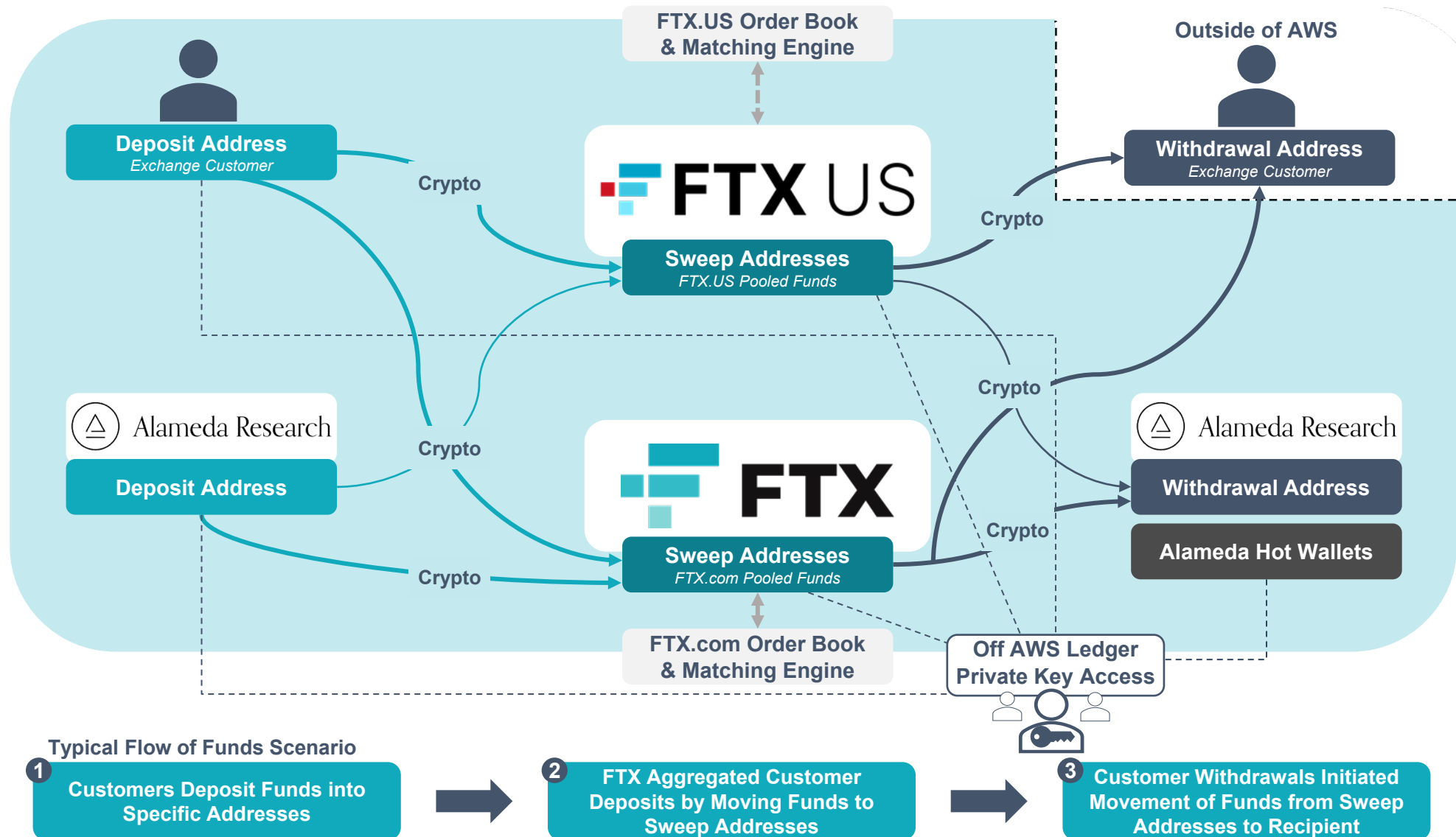
### Notes:

- The exchange code assessment above was based on a review of the FTX codebase and conversations with post-petition FTX employees. For the FTX US platform, preliminary analysis shows that 3 accounts had “borrow > zero”, notably Alameda for \$150mm. The FTX US platform had the same “off ledger” issue, and preliminary analysis shows that it had a similar “on ledger” issue that is under review.
- The FTX codebase reflects that an “allow\_negative” function may also enable this ability, however it only applies to 10 internal FTX/Alameda trading accounts.
- Certain users had permissions in the AWS environment to access private keys. Investigation is underway to determine whether any off-ledger misuse of such access occurred.

# AWS Environment



**Certain individuals could withdraw assets without record on the exchange ledger<sup>1</sup>**



**Note:**

1. Investigation is underway to determine whether any off-ledger misuse of this ability to withdraw assets occurred.