BLOCKCHAIN CAPITAL, LLC

CCP II, LP

OCTOBER 2015

BLOCKCHAIN CAPITAL

ONE FERRY BUILDING, SUITE 255 SAN FRANCISCO, CA 94111 investor@blockchain.capital

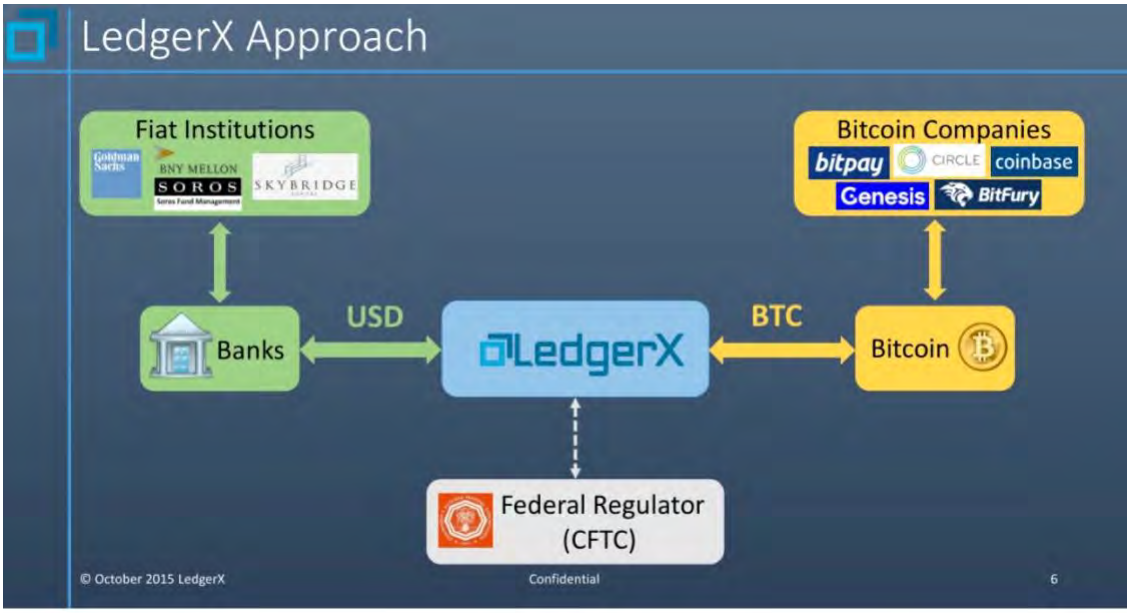
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CRYPTO CURRENCY PARTNERS I, LP

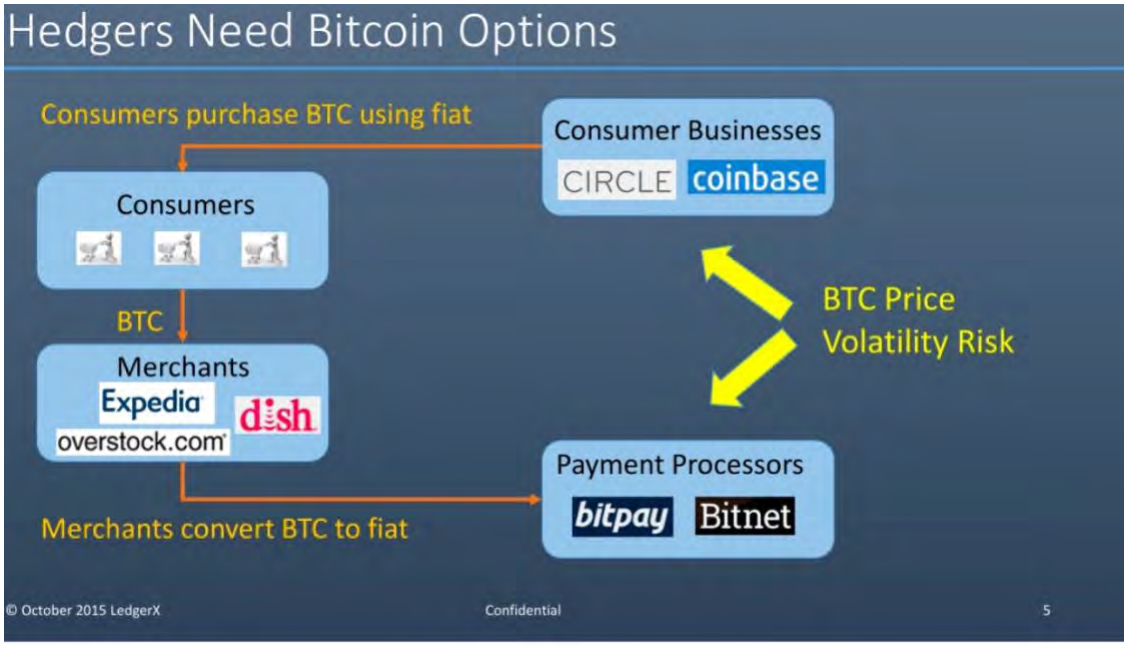
AUTHY · AlphaPoint · bex.io · BitFury · BitGo · BitPesa · BITACCESS · BLADE · BLOCKCYPHER · Blockstream · BTCC · chain · ChangeTip · CIRCLE · coinbase · coinsetter · expresscoin · freshpay · Gem · GOCOIN · Koinify · kraken · LedgerX · NOBLE MARKETS · PEERNOVA · SFOX · snapCard · xapo · zenBOX · zipzap

The First Dedicated Bitcoin Venture Fund - 30 Investments, Fully Deployed

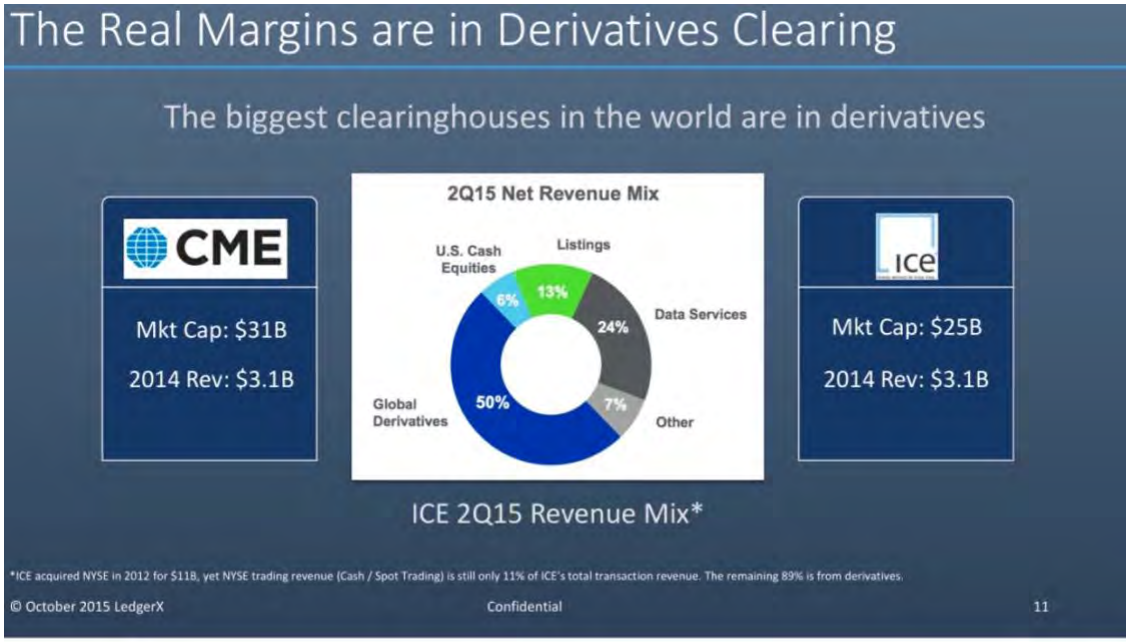
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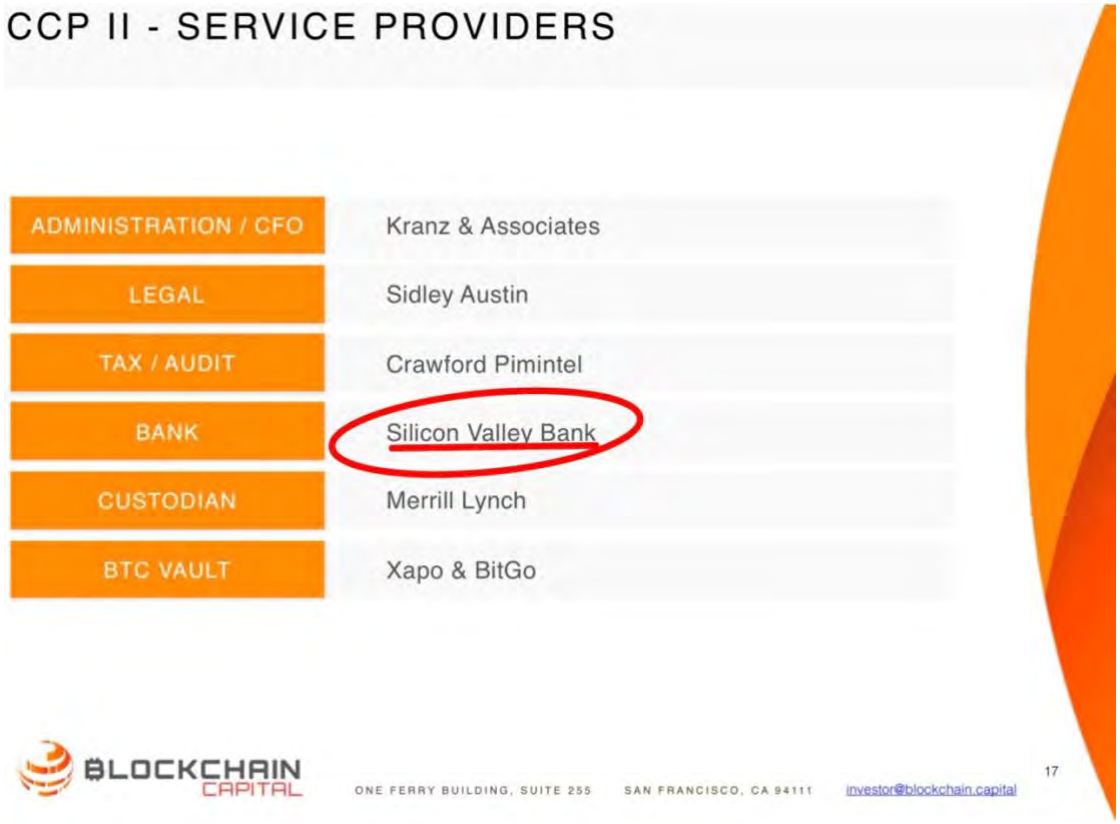
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- *Source:* [Department of Justice Southern Trust Company LLC, Case No. ST-2020-CV-00003, Financial Wire Transfer Schedules [Public Records].]
-

- **March 23 & 26, 2016:** Crypto developer Jeremy Rubin introduces Epstein to Zach Dexter at LedgerX. Epstein interrogates the structural viability of the pitch deck, demanding precise regulatory timelines and monetization paths.

From: Jeremy Rubin <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Re: [Potential Investment] Fwd: LedgerX deck
Date: Wed, 23 Mar 2016 22:43:42 +0000

I'm getting the term sheet, will fwd when I get it.

Re: the above, I'm indifferent, biased to having it in your name as it seems odd for me to come across that money -- unless we were to form some fund that I'm running that you invested in for example which seems more plausible. I guess I would be moreso at their preference, but I think they would be worried about the same issue I raised, so in either case it would be good to talk to them once I get a term sheet.

Best,

Jeremy

From: "jeffrey E." <jeevacation@gmail.com>
To: Jeremy Rubin <[redacted]>
Subject: Re: Intro: Jeremy <> Zach at LedgerX
Date: Sat, 26 Mar 2016 16:25:02 +0000

---

a " bit " , where is the version on how they make money and when , and how much time or cost it takes to get there.

On Sat, Mar 26, 2016 at 11:32 AM, Jeremy Rubin <[redacted]> wrote:
> Yeah you're right. Sorry, I did minimal review of the document this morning, this is a bit fluffy.
>
> I'll ask them for real details.
>
> On Saturday, March 26, 2016, jeffrey E. <jeevacation@gmail.com> wrote:
> > i would like to see numbers, biz plan, this is a deck for the newspapers
> >
> > On Sat, Mar 26, 2016 at 8:34 AM, Jeremy Rubin <[redacted]> wrote:
> > > Lmk what you think.

EFTA00830809

- **Late 2017 – Early 2018:** Microsoft co-founder Bill Gates opens a massive short position against Tesla (TSLA) targeting roughly 1% of Tesla's outstanding shares (an initial bet of $500 million).
    - *Source:* CNBC Elon Musk Confronts Bill Gates About Shorting Tesla

- **January 29, 2018:** Darren K. Indyke communicates an OTC offer to sell 50% of Epstein's private Coinbase position for $11 million, noting that the fiat gateway's overall ecosystem valuation has already scaled past $3 billion.



From: Richard Kahn <[redacted]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Coinbase
Date: Tue, 30 Jan 2018 23:07:53 +0000
Inline-Images: image001.png

---

please advise
thank you

Richard Kahn
HBRK Associates Inc.

Good morning, Brad.

We recognize that the company's value is greater than $3 Billion already. So, we think a fair offer is $11 Million for 50% of our Coinbase position.

Best,

DARREN K. INDYKE
DARREN K. INDYKE, PLLC EFTA00901774

  - *Source:* Department of Justice Estate of Jeffrey Epstein, Inventory Asset List [Public Ledger Filings].

Phase 3: Riskless Principal Abuses, Synthetic Equities, and Short Backlash (2018–2022)

- **July 24, 2018:** BlockFi Lending LLC issues a corporate follow-up to California regulators claiming that restrictions preventing finance lenders from holding customer collateral cause "substantial harm" relative to unregulated offshore competitors.

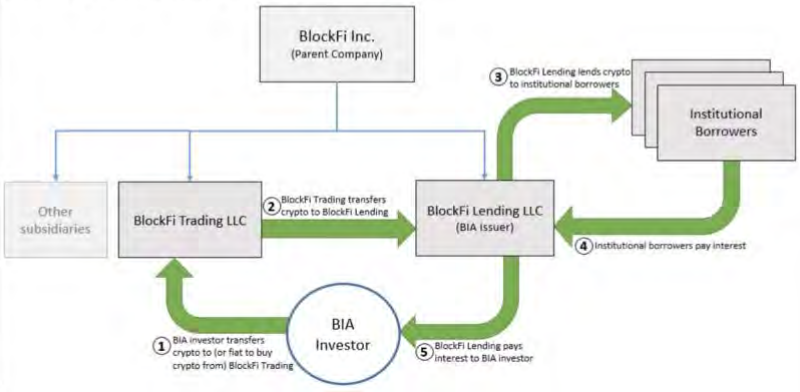
16. BlockFi represented it generated the interest it paid BIA investors by deploying investors' digital assets in various ways, including loans made to institutional investors, lending U.S. dollars to retail investors, and investing in digital assets, equities, and futures.

17. Under BlockFi's terms for the BIA, investors:

> grant BlockFi the right, without further notice to [the investor], to hold the cryptocurrency held in [the] account in BlockFi's name or in another name, and to pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, invest or use any amount of such cryptocurrency, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining in BlockFi's possession and/or control a like amount of cryptocurrency, and to use or invest such cryptocurrency at its own risk.

18. BlockFi offered and sold BIAs to obtain digital assets for the general use of its business, namely to use the assets in its lending and investment activities, which generated income both for BlockFi and to pay interest to BIA investors. BlockFi pooled the loaned assets, and exercised full discretion over how much to hold, lend, and invest. BlockFi had complete legal ownership and control over the digital assets loaned to it by BIA investors and advertised that it managed the risks involved.

19. To begin investing in a BIA, an investor could transfer digital assets to the digital wallet address assigned by BlockFi to the investor or purchase digital assets with fiat currency from BlockFi Trading LLC for the purpose of investing in a BIA. BlockFi Trading LLC accepted the digital asset or fiat from the investor, and then transferred the asset to BlockFi. BlockFi did not hold private keys for the investors' wallet addresses; rather, investors' digital assets were sent to BlockFi's wallet addresses at third-party custodians.



- *Source:* [California Department of Financial Protection and Innovation (DFPI) Archive, BlockFi Interpretive Opinion Request Logs].

- **September 28, 2018:** The SEC issues a major cease-and-desist order against Credit Suisse (USA) LLC for widespread abuse of the "Riskless Principal" transaction classification to execute-match transactions internally across proprietary books, altering standard stock pricing feeds and actively concealing institutional selling programs.
    - *Source:* In the Matter of Credit Suisse Securities (USA) LLC, SEC Investment Advisers Act Release No. IA-5051 / Administrative Proceeding File No. 3-18848.
- **October 4, 2018 (4:16 PM):** Tesla CEO Elon Musk publishes a highly public social media post on X targeting regulatory oversight. He sarcastically remarks, *"Just want to that the Shortseller Enrichment Commission is doing incredible work. And the name change is so on point!"* Shkreli later notes that this is a prime example of the extreme regulatory and operational friction generated when short sellers build concentrated positions against a mega-cap tech executive.
    - *Source:* Elon Musk Official X Account Post [@elonmusk / Status Link: x.com/elonmusk/status/1047943670350020608].
- **March 28, 2019:** General corporate billing records begin tracking extensive legal and structuring work handled by attorneys Daniel Friedberg and Chad Richman specifically for Alameda Research LLC, establishing the operational framework for Sam Bankman-Fried's crypto-equity empire

Alameda Research LLC
Client Number: 34394

Invoice Date: April 30, 2019
Invoice Number: 750861
Billing Attorney: Daniel Friedberg

Page 7

General Corporate
Matter number 34394-00600

Date	Timekeeper	Description	Hours	Amount
03/28/19	Igor Voloshin	Analyze Singapore futures exchange operations presence with visiting Singaporean attorney.	0.5	247.50
03/29/19	Daniel Friedberg	Attention to formation matters; draft documents.	2.0	1,430.00
03/29/19	Chad Richman	Review FTX deck, discuss FTX process with D.Friedberg.	0.8	396.00
		Total Hours and Fees	73.4	$ 44,050.00

Timekeeper Summary

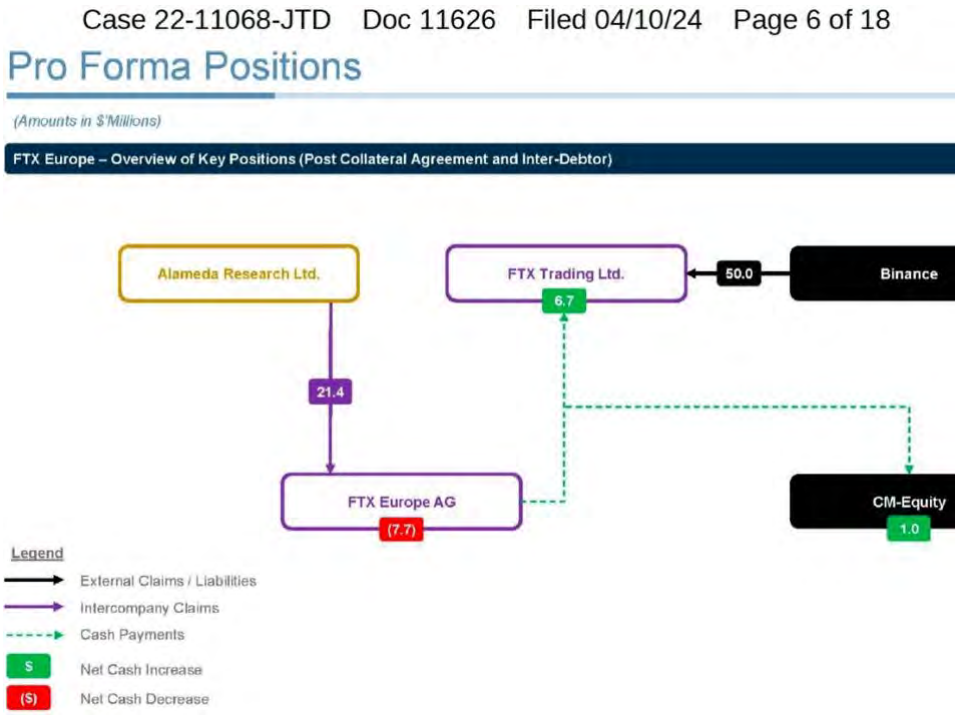
Name	Title	Hours	Rate	Amount
Andrew Albertson	Partner	3.8	775.00	2,945.00
David L. Forst	Partner	1.7	1325.00	2,252.50
Mona Clee	Of Counsel	1.7	715.00	1,215.50
Daniel Friedberg	Of Counsel	24.5	715.00	17,517.50
Chad Richman	Associate	30.7	495.00	15,196.50
Vincent Sheu	Associate	4.0	400.00	1,600.00
Igor Voloshin	Associate	6.5	495.00	3,217.50
Melanie McLain	Paralegal	0.2	310.00	62.00
Kathleen Murray	Paralegal	0.3	145.00	43.50
Total		73.4		$ 44,050.00

Disbursement Summary

Date	Description	Total
03/07/19	Incorporation of International Business Corporation. - VENDOR: Corporate & Trust Services (Caribbean)	3,802.00
03/31/19	Voice & Data Communications	1,321.50
	Total Disbursements	$ 5,123.50

- *Source:* In re FTX Trading Ltd., et al., Case No. 22-11068 (Bankr. D. Del.), Fee Application Exhibits.

- **December 20, 2019:** Binance announces a major strategic investment in FTX. This equity partnership leverages the native FTX Token (FTT) and initiates the multi-asset architectural development needed to anchor a global tokenized stock infrastructure using a unified, multi-asset crypto/fiat collateral wallet.
  - *Source:* Binance Corporate Press Registry / Strategic Investment Log.
- **June 22, 2020:** Internal Bloomberg chat leaks capture market trading desks actively coordinating the hardcoding and deletion of specific stock ticker symbols from short/long risk sections to artificially manipulate short books overnight and dodge compliance alarms.
  - *Source:* Bloomberg DOJ Probe Looks at Almost 30 Short-Selling Firms.
- **July 2, 2020:** Elon Musk continues his public criticism of short positions via X.
  - At 2:50 PM, he posts a follow-up stating: *"Will send some to the Shortseller Enrichment Commission to comfort them through these difficult times"*.
  - At 4:00 PM, he posts: *"Tesla will make fabulous short shorts in radiant red satin with gold trim"*, aiming directly at institutional actors holding short positions against Tesla.
  - *Source:* Elon Musk Official X Account Posts [@elonmusk / Status Links: x.com/elonmusk/status/1278762916326649863].
- **October 2020:** FTX officially partners with German licensed broker-dealer and custodian CM-Equity to pioneer synthetic tokenized U.S. stocks. This relies on a digital optimization of the Riskless Principal framework: the exchange takes stablecoins or crypto from users, matches the order offshore via CM-Equity, and issues fractionally backed tokens tracking real-time spot prices of U.S. equities 24/7.



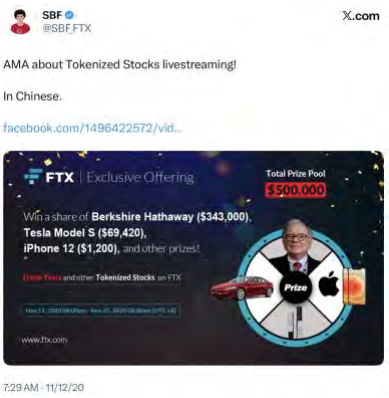
Case 22-11068-JTD Doc 11626-6 Filed 04/10/24 Page 5 of 7

Collateral Transactions with CM-Equity

8. I understand that, on October 27, 2020, CM-Equity and FTX Europe (formerly known as Digital Assets DA AG) entered into that certain Framework Purchase Agreement Regarding Collateral Contracts (the "Collateral Agreement") pursuant to which CM-Equity made certain payments to FTX Europe from time to time to collateralize tokenized stock trading of CM-Equity's customers (the "Collateral Payments").

9. I understand that, on April 1, 2021, Binance and CM-Equity entered into that certain Agreement on the Purchase and Sale of Tokenized Stocks (the "Tokenized Stocks Agreement" and together with the Collateral Agreement, the "Tokenized Stock and Collateral Agreements"), pursuant to which Binance purchased certain tokenized stocks from CM-Equity. The Debtors are not party to the Tokenized Stocks Agreement. I further understand that Binance has initiated arbitration in Germany for the return of $65 million against CM-Equity in respect of collateral transferred by Binance to CM-Equity pursuant to the Tokenized Stocks Agreement.

  - *Source:* BaFin (Federal Financial Supervisory Authority) Corporate Registry, CM-Equity AG Permitted Product Offerings.
- **November 2, 2020:** Sam Bankman-Fried publicly tweets: *"Tokenized Stocks are now on FTX!"*, officially launching synthetic digital trackers of major U.S. corporate equities. The initial suite of FTX tokenized stock products officially rolled out to market protocols includes:
  - Tesla (TSLA)
  - Apple (AAPL)
  - Amazon (AMZN)
  - Netflix (NFLX)
  - Alphabet / Google (GOOGL)
  - *Source:* Sam Bankman-Fried Official X Account Archive [@SBF_FTX / Public Announcement Record].
- **November 12, 2020:** Sam Bankman-Fried hosts an Ask-Me-Anything livestream actively promoting FTX tokenized stocks, asserting that the tokens are completely safe because they can be "physically redeemed" for real shares through European custodian CM-Equity.



  - *Source:* FTX Official AMA Broadcast Archive, Crypto-Equity Settlement Protocols.

- **December 2020:** Genesis (a Digital Currency Group subsidiary) enters into a formal institutional agreement with Gemini to launch the "Gemini Earn" interest-bearing crypto loan program, bypassing traditional banking protections to funnel retail assets into high-yield, unsecured institutional lending.
    - *Source:* SEC v. Gemini Trust Company, LLC & Genesis Global Capital, LLC, Case No. 1:23-cv-00287 (S.D.N.Y.), Formal Complaint Filing.
- **2021:** Venture entity "2021-015 Investments LLC" (associated with email endpoints investments@rivendelltrust.com and jmichels@thielcapital.com) secures a private equity placement under Class A Common (CA) stock, tracking an allocation block of 45,784; 11,446; 245,000 shares within the FTX master corporate registers.

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 17 of 65

EXHIBIT B

FTX Trading Equity Holders List

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Holder	Security Class	Share Type	Number of Securities
2021-015 Investments LLC investments@rivendelltrust.com, jmichels@thielcapital.com	Common	Common (CS)	45,784
2021-015 Investments LLC investments@rivendelltrust.com, jmichels@thielcapital.com	Preferred	Series B-1 Preferred (PB1)	11,446

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 1 of 65

EXHIBIT A

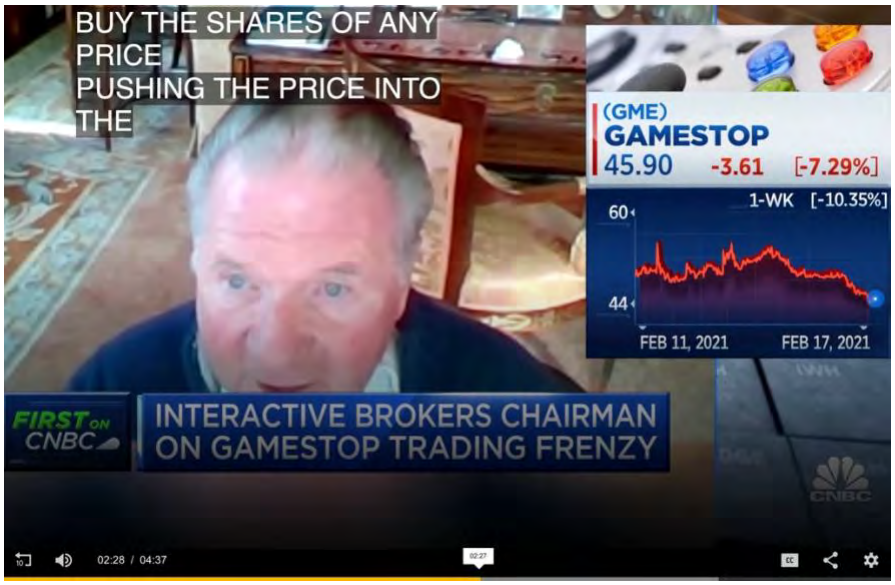
WRS Equity Holders List

Case 22-11068-JTD Doc 450-1 Filed 01/09/23 Page 2 of 65

Holder	Security Class	Share Type	Number of Securities
Name on File Address on File	Common	Class A Common (CA)	85,000
1885 Private Opportunities Fund, L.P. (2021 Series) 1 University Square Drive 5th Floor Princeton, NJ 08540 samir.menon@blackrock.com	Preferred	Series A Preferred (PA)	59,557
2021-015 Investments LLC investments@rivendelltrust.com; jmichels@thielcapital.com	Common	Class A Common (CA)	245,000

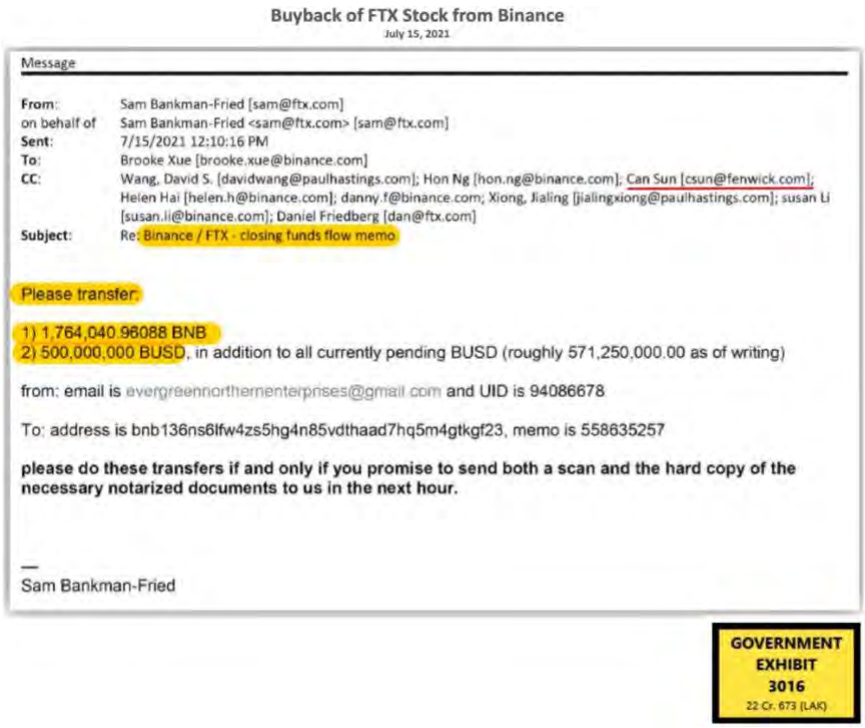
    - *Source:* In re FTX Trading Ltd., Case No. 22-11068-JTD, Exhibit A WRS Equity Holders List & Exhibit B FTX Trading Equity Holders List.
- **February 24, 2021:** Bill Gates evades direct confirmation of his short position on Bloomberg TV, stating, *"I wish I'd owned or been more on the long side... I don't talk about my investments."*
    - *Source:* Bloomberg Technology Broadcast, Live Interview with Bill Gates.
- **February 2021:** The Gemini Earn program officially opens to retail users. Internal data reveals that Gemini structures the system to pocket massive undisclosed banking agent fees, taking cut-outs as high as 4.29% before passing residual yield to users.
    - *Source:* New York State Department of Financial Services (NYDFS) Enforcement Action, In re Gemini Trust Company.

- **April 2021:** Following FTX's multi-asset infrastructure expansion, Binance launches its alternative "Stock Tokens" program, using zero-commission stablecoin pairs (USDT/BUSD) routed through compliance coverage from CM-Equity. The specific asset list tracking this secondary deployment includes:
    - Tesla (TSLA)
    - Apple (AAPL)
    - Microsoft (MSFT)
    - Coinbase (COIN)
    - GameStop (GME) *(Whose broader equity trading freeze at Interactive Brokers under CEO Thomas Peterffy is logged as capping price momentum from running into thousands of dollars per share).*



    - *Source:* Binance Exchange Product Guide / Automated Share Token Terms, Supported Instruments Registry.
- **July 16, 2021:** Binance abruptly terminates its tokenized stock trading service after facing intense regulatory warnings from European and Asian banking watchdogs (including Germany and Hong Kong). While CM-Equity elects to cease compliance coverage for Binance, FTX and Bittrex Global keep their tokenized equity structures running actively.
    - *Source:* CNBC Crypto Exchange Binance Stops Selling Digital Versions Of Stocks Like Tesla And Apple As Regulators Circle.

- **Late 2021:** FTX buys back Binance's early equity stake in the company for $2.1 billion paid out in a mix of corporate stablecoins (BUSD) and FTX native utility tokens (FTT), leaving Binance holding a massive treasury block of FTT.



Buyback of FTX Stock from Binance
July 15, 2021

Message

From: Sam Bankman-Fried [sam@ftx.com]
on behalf of Sam Bankman-Fried <sam@ftx.com> [sam@ftx.com]
Sent: 7/15/2021 12:10:16 PM
To: Brooke Xue [brooke.xue@binance.com]
CC: Wang, David S. [davidwang@paulhastings.com]; Hon Ng [hon.ng@binance.com]; Can Sun [csun@fenwick.com]; Helen Hai [helen.h@binance.com]; danny.f@binance.com; Xiong, Jialing [jialingxiong@paulhastings.com]; susan Li [susan.li@binance.com]; Daniel Friedberg [dan@ftx.com]
Subject: Re: Binance / FTX - closing funds flow memo

Please transfer:

1) 1,764,040.96088 BNB
2) 500,000,000 BUSD, in addition to all currently pending BUSD (roughly 571,250,000.00 as of writing)

from: email is evergreennorthernenterprises@gmail.com and UID is 94086678

To: address is bnb136ns6lfw4zs5hg4n85vdthaad7hq5m4gtkgf23, memo is 558635257

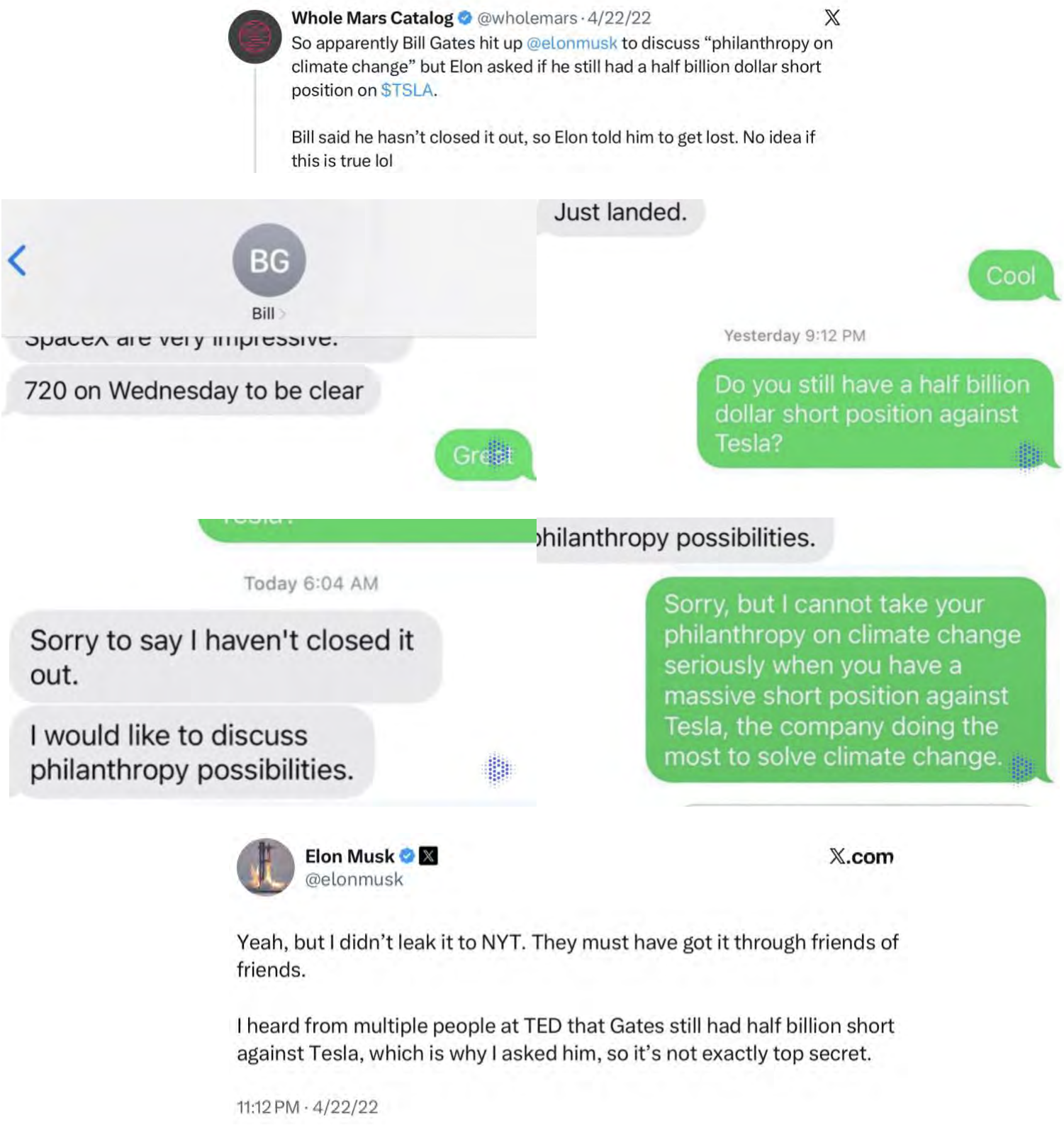
please do these transfers if and only if you promise to send both a scan and the hard copy of the necessary notarized documents to us in the next hour.

—
Sam Bankman-Fried

GOVERNMENT EXHIBIT 3016
22 Cr. 673 (LAK)

  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.), Schedules of Assets and Liabilities.

- **April 2022:** Leaked text messages confirm Elon Musk confronting Bill Gates over his ongoing $500 million short position against Tesla, which has swollen to over $1.5 billion in unrealized losses due to Tesla's market surge.



- **March 31, 2022:** A documented multi-quintillion dollar valuation benchmark is established under the "Caroline 3/31/2022" tokenized stock loan structures, utilized by FTX/Alameda to loop real equity value through offshore margin accounting cracks.



I would like to talk about claims. If our asset recovery effort is on the verge of being a qualified success the next equally immense challenge is claim management. When I asked Mr. Coverick of A&M this morning to remind me the amount of claims filed by our bar dates he told me it was $23.6 quintillion. I had to ask him how many zeros in quintillion and the answer is 18. I then asked him to run recoveries if we allowed all of those claims and everyone would get a millionth of a percent. So, we have a job to do.

A I'm sure I could -- I'm sure I have that in files somewhere, but I do not have it committed to memory. As I said, there's two million claims, 87,000 filed claims, I don't have them committed to memory. I'm sorry.

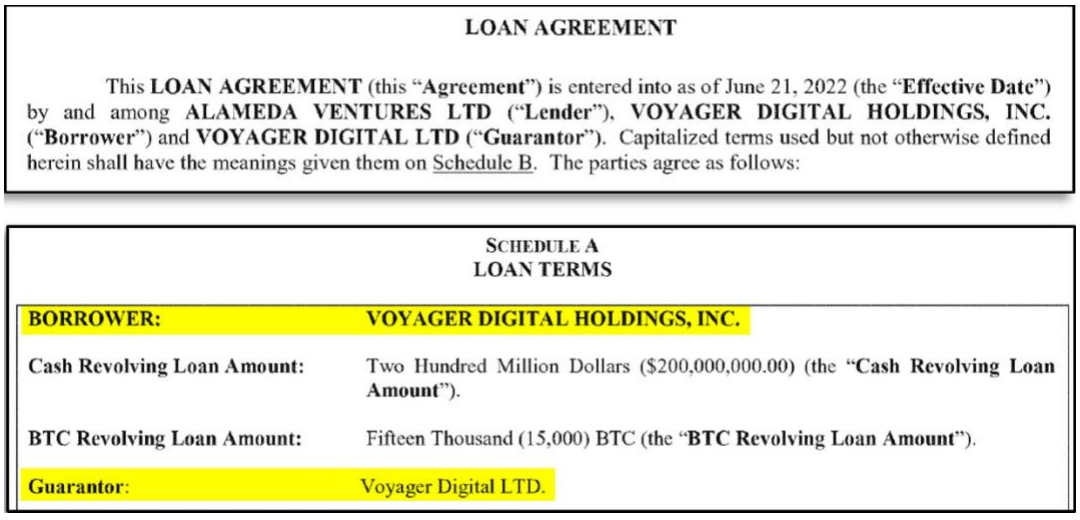
Q Did you hear debtors' counsel tell the Court that the debtors have $26 quintillion in claims filed against them?

A I think that number is a little off, but 20 -- over 20 quintillion, yes.

Q And is it fair to say that the claims of creditors that hold OXY and MAPS tokens are a very small portion of that 20-plus quintillion dollars in claims?

A Tell me what your threshold for small is. I mean, it's very objective what you're asking and I've told you a couple times that I don't remember. I didn't commit them to memory, I don't know what the -- to do that math, I'd have to know what their amount is and divide it by 20 quintillion, which is a big number.

  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.).
- **June 21, 2022:** Alameda Ventures Ltd. enters into a major revolving cash and Bitcoin Master Loan Agreement facility to artificially prop up Voyager Digital Holdings following systemic liquidity failures.



LOAN AGREEMENT

This **LOAN AGREEMENT** (this "**Agreement**") is entered into as of June 21, 2022 (the "**Effective Date**") by and among **ALAMEDA VENTURES LTD** ("**Lender**"), **VOYAGER DIGITAL HOLDINGS, INC.** ("**Borrower**") and **VOYAGER DIGITAL LTD** ("**Guarantor**"). Capitalized terms used but not otherwise defined herein shall have the meanings given them on Schedule B. The parties agree as follows:

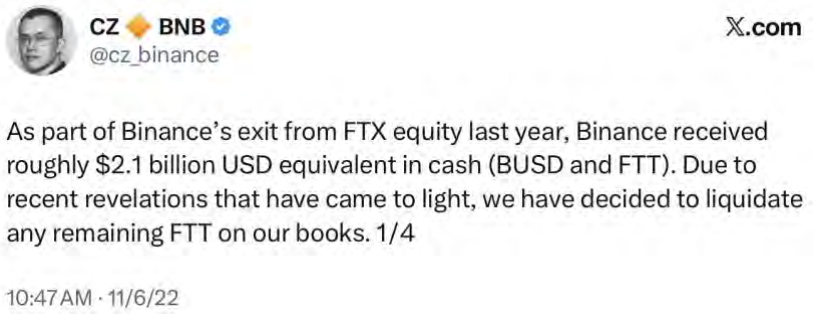
SCHEDULE A
LOAN TERMS

BORROWER:	**VOYAGER DIGITAL HOLDINGS, INC.**
Cash Revolving Loan Amount:	Two Hundred Million Dollars ($200,000,000.00) (the "**Cash Revolving Loan Amount**").
BTC Revolving Loan Amount:	Fifteen Thousand (15,000) BTC (the "**BTC Revolving Loan Amount**").
Guarantor:	Voyager Digital LTD.

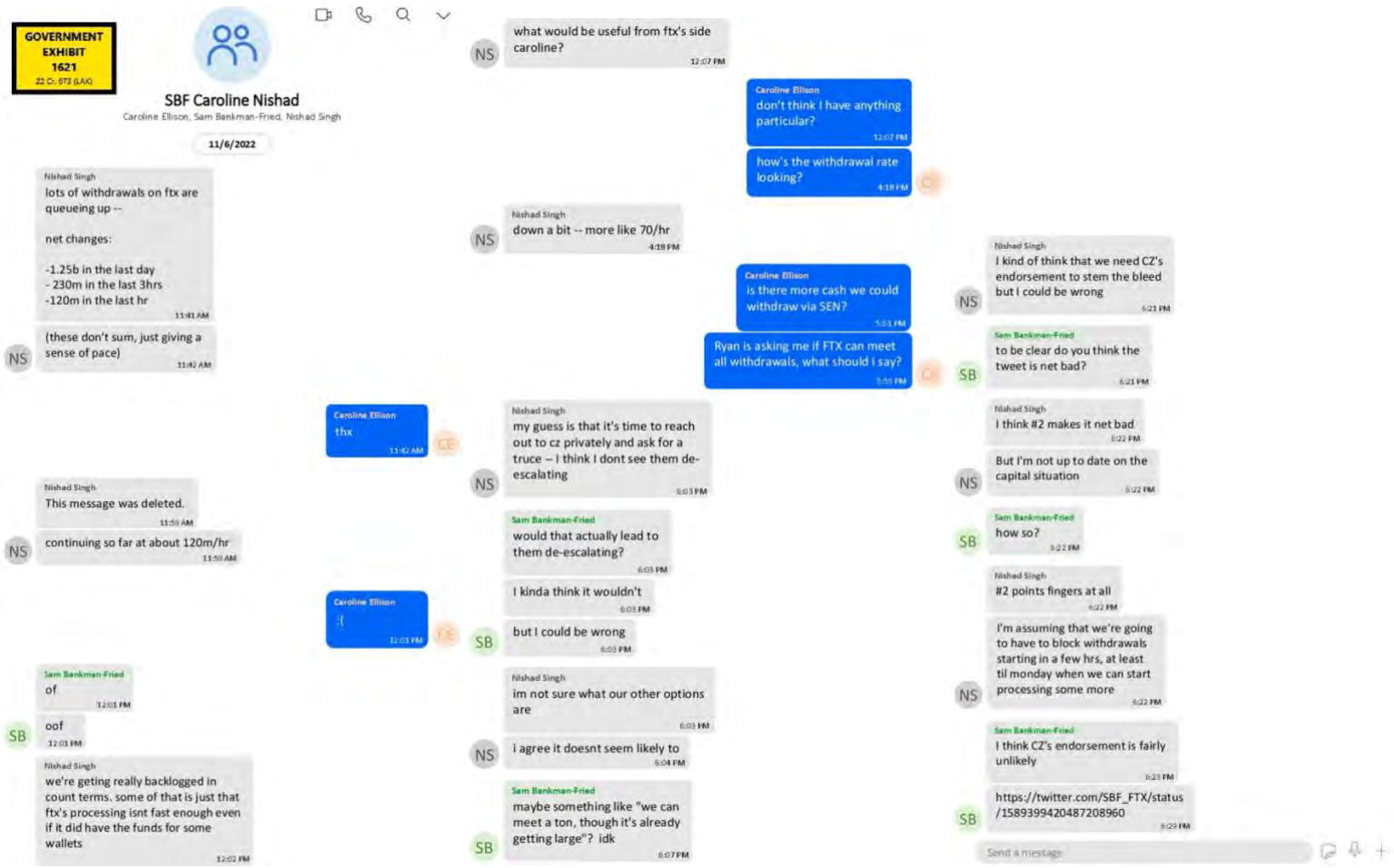
  - *Source:* In re Voyager Digital Holdings, Inc., Case No. 22-10943 (Bankr. S.D.N.Y.), Debt-in-Possession Loan Exhibits.

Phase 4: Insolvency, De-Pegs, and the Crypto-Banking Collapse (Late 2022–2024)

- **May 2022:** The TerraLuna ecosystem completely collapses as its algorithmic UST token completely de-pegs from the U.S. dollar, wiping out $40 billion in market value overnight and triggering a systemic margin call across the crypto lending sector.
    - *Source:* SEC v. Terraform Labs Pte Ltd and Do He Hyeong Kwon, Case No. 1:23-cv-01346 (S.D.N.Y.), Litigation Release.
- **November 6, 2022:** Binance CEO Changpeng Zhao (CZ) announces that due to "recent revelations that came to light," Binance is liquidating its entire remaining $530 million holding of FTT tokens received from the 2021 equity buyback. The announcement sparks a severe confidence crisis and a massive run on FTX's ledger.



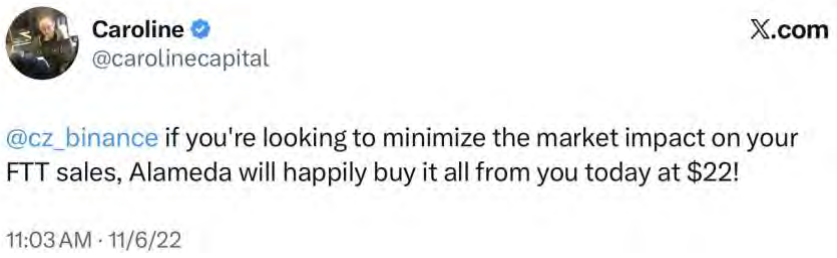
    - *Source:* Changpeng Zhao Official X Account Post [@cz_binance].
- **November 6, 2022 (Internal Platform Small Group Chat Logs):** Internal platform records preserve a high-level message exchange between Nishad Singh, Sam Bankman-Fried, and Caroline Ellison outlining real-time platform degradation. Singh flags an aggressive backlog, stating, "lots of withdrawals on ftx are queueing up -- net changes: -1.25b in the last day, -230m in the last 3hrs, -120m in the last hr... continuing so far at about 120m/hr". SBF laments the diagnostic with an "oof". Singh details that "FTX's processing isn't fast enough even if it did have the funds for some wallets" and prompts Ellison for useful steps, to which she queries, "is there more cash we could withdraw via SEN?"
    - *Escalation and Strategic Truce Proposals:* Later that evening, as processing drops to roughly 70 million/hour, Singh proposes a tactical de-escalation: "my guess is that it's time to reach out to cz privately and ask for a truce I think I dont see them de-escalating". SBF expresses doubt, noting, "would that actually lead to them de-escalating? I kinda think it wouldn't". Singh counters, "im not sure what our other options are... I kind of think that we need CZ's endorsement to stem the bleed". SBF directly queries if Singh believes an unreleased public draft tweet is net bad; Singh objects to a specific clause, stating, "#2 points fingers at all... I'm assuming that we're going to have to block withdrawals starting in a few hrs, at least til monday when we can start processing some more," while SBF concludes that an endorsement from CZ remains "fairly unlikely".



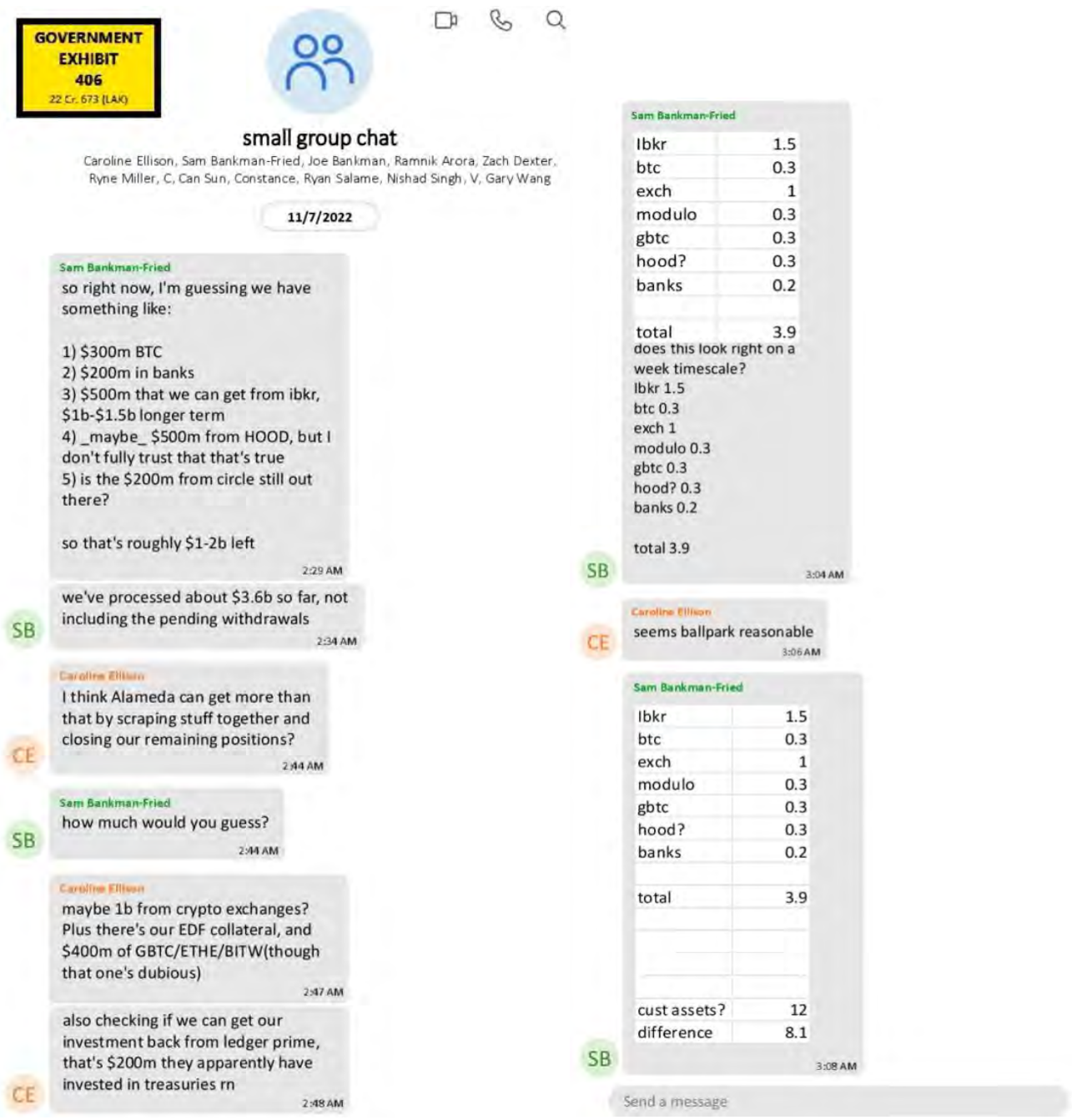


- Source: [NYT United States v. Samuel Bankman-Fried, Case No. 1:22-cr-00673 (S.D.N.Y.), Government Exhibit 1621.]

- **November 7, 2022:** Alameda's Caroline Ellison offers to buy Binance's FTT block at a fixed rate of $22 to protect a critical loan liquidation threshold. FTT breaks support, plunging drastically below $15.



  - *Source:* Caroline Ellison Official X Account Post [@carolinecapital].
- **November 7, 2022 (Internal Platform Small Group Chat Logs):** Internal platform records preserve a small group chat involving core leadership figures, including Caroline Ellison, Sam Bankman-Fried, Joe Bankman, Ramnik Arora, Zach Dexter, Ryne Miller, Can Sun, Ryan Salame, Nishad Singh, and Gary Wang. In this discussion, SBF frames a localized diagnostic of remaining platform liquid reserves, stating, "so right now, I'm guessing we have something like: 1) $300m BTC 2) $200m in banks 3) $500m that we can get from ibkr, $1b-$1.5b longer term 4) *maybe* $500m from HOOD, but I don't fully trust that that's true 5) is the $200m from circle still out there? so that's roughly $1-2b left". SBF indicates that the team has "processed about $3.6b so far, not including the pending withdrawals".
  - *Platform Reserves Realignment Analysis:* Caroline Ellison responds to SBF's estimates, stating, "I think Alameda can get more than that by scraping stuff together and closing our remaining positions? ... maybe 1b from crypto exchanges? Plus there's our EDF collateral, and $400m of GBTC/ETHE/BITW (though that one's dubious)". Ellison notes that they are "also checking if we can get our investment back from ledger prime, that's $200m they apparently have invested in treasuries rn". SBF compiles a final weekly database structure tracking standard valuation buckets: Interactive Brokers (IBKR) at $1.5 billion, BTC at $0.3 billion, Exchanges at $1.0 billion, Modulo at $0.3 billion, GBTC at $0.3 billion, Robinhood (HOOD) conditionally at $0.3 billion, and traditional banks at $0.2 billion, for an aggregate of $3.9 billion. SBF contrasts this against customer asset liabilities recorded at $12 billion, defining a core platform deficit gap of $8.1 billion, to which Ellison replies that the calculated framework "seems ballpark reasonable".



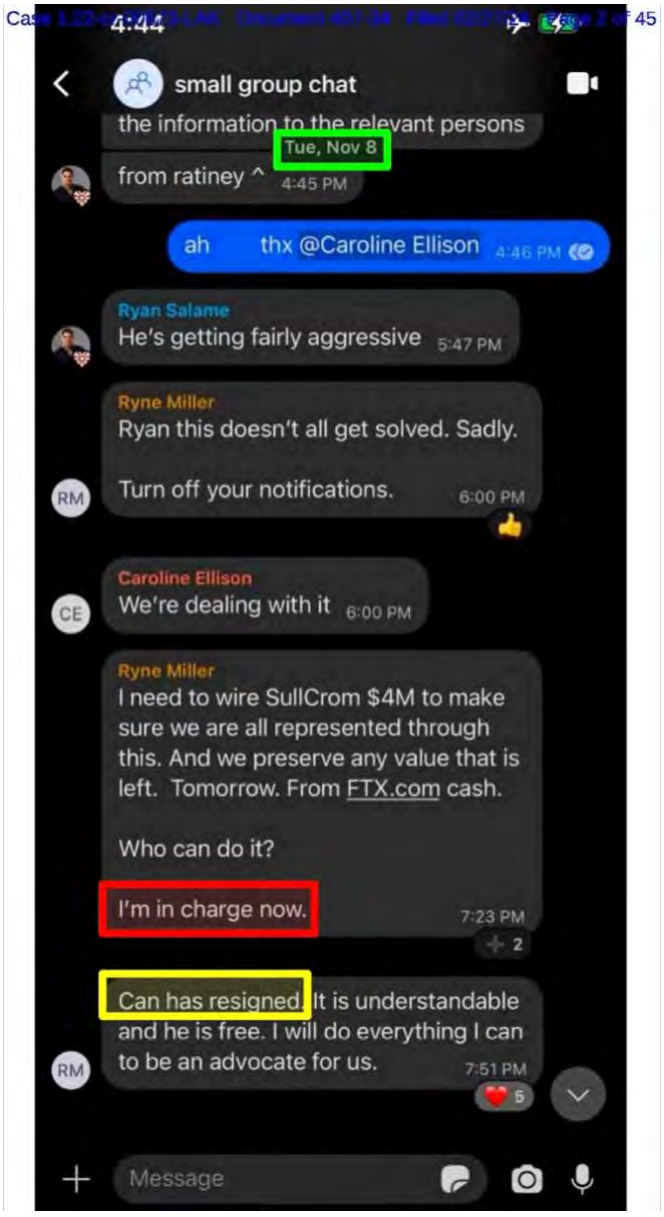
- Source: [NYT United States v. Samuel Bankman-Fried, Case No. 22-Cr-673 (LAK), Government Exhibit 406.]

- **November 8, 2022:** FTX experiences a crushing $6 billion liquidity crunch and halts withdrawals. Binance enters into a non-binding Letter of Intent (LOI) to fully acquire FTX to stabilize the market. Simultaneously, CZ publicly issues a warning to the banking and crypto industries that crypto exchanges should never use their on native tokens as collateral.



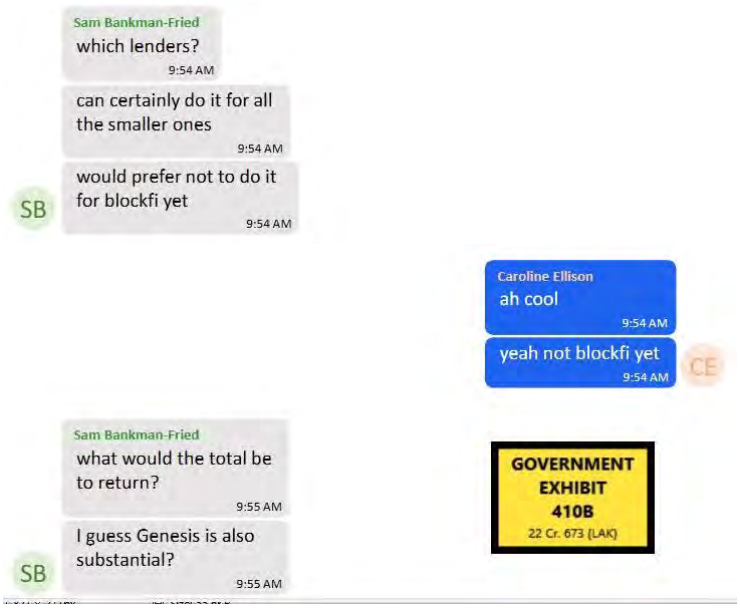
  - *Source:* CNBC Binance Offers To Buy FTX's Non-U.S. Operations To Fix 'Liquidity Crunch'.

- **November 8, 2022 (10:23 PM):** As FTX implodes behind closed doors, Ryne Miller (Sullivan & Cromwell Partner and FTX US Counsel) sends an urgent message to leadership stating: *"I need to wire SullCrom $4M to make sure we are all represented through this... Tomorrow. From FTX.com cash. Who can do it? I'm in charge now."*



  - *Source:* Financial Times 'Sam? Are You There?!' The Bizarre And Brutal Final Hours Of FTX.

- **November 8, 2022 (Internal Ledger Communications):** Internal platform chats capture an executive-level exchange between Sam Bankman-Fried and Caroline Ellison regarding immediate institutional exposure paths. SBF queries "which lenders?" can absorb targeted asset adjustments, stating he "can certainly do it for all the smaller ones" but "would prefer not to do it for blockfi yet". SBF then inquires "what would the total be to return?" and adds "I guess Genesis is also substantial?" to which Ellison confirms "yeah not blockfi yet".



  - *Source: United States v. Samuel Bankman-Fried, Case No. 22-Cr-673 (LAK), Government Exhibit 410B.*
- **November 8, 2022 (Venture Book Realignment & Banking Risk Exposures):** Accompanying text logs highlight deep macroscopic ties tracing how major Venture Capital and related firms systematically reloaned, repledged, rehypothecated, and commingled primary assets across overlapping networks. Context logs track that BlockFi's single largest institutional creditor is Ankura Trust (representing creditors in stressed situations) holding an outstanding debt of $729 million. Peter Thiel-linked fund Valar Ventures holds a 19% equity position within BlockFi shares, concurrently maintaining an FTX Equity Stake prior to systemic asset book avoidance ("Venture Book Avoidance") executed ahead of the cascading banking failures of Silicon Valley Bank and other California banking institutions after obtaining strategic Venture Loans.

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Matter #: 11807-00001
Invoice Number: 101-0000149656

02/02/23	NH2	Review of engagement letters and populate the summary chart for purpose of Rule 2004 document request (4.8); call with S. Rand related to the review (0.5); call with A. Alden and S. Seneczko for avoidance action analysis (0.6).	5.90	5,336.55
02/02/23	OBY	Team call on issuing Rule 2004 requests (.5).	0.50	452.25
02/02/23	SS6	Research due diligence materials re potential avoidance actions, entities (3.7); draft analysis re same (2.4); correspond with A. Kutscher re same (.1); conference with A. Alden, N. Huh re avoidance action complaints, diligence analysis (.6); review, revise memorandum, materials re same (1.1).	7.90	7,785.45
02/02/23	APA	Review Token Purchase Agreement and memo regarding same (0.8); review memo regarding Venture investments (0.5); teleconference with N. Huh and S. Senezcko regarding tasks and research (0.6).	1.90	2,736.00
02/02/23	EK	Legal and factual research in support of avoidance actions (1.3); case management for avoidance actions (0.3).	1.60	1,994.40
02/02/23	AK2	Confer with J. Young re: venture book avoidance action targets (.2); conduct research and determine next steps re: same (3.7); confer with Alvarez and Marsal re: same (.1); confer with S. Seneczko re: same (.1).	4.10	4,981.50

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Matter #: 11807-00001
Invoice Number: 101-0000149656

		Alvarez and Marsal re: financial valuation of potential avoidance target and stock received from purchase, confer with I. Nesser re: same, and confer with Alvarez and Marsal and I. Nesser re: upcoming call re: same (.3); revise draft memorandum on avoidance action target, conduct research re: same, and confer with S. Rand, J. Shaffer, and I. Nesser re: same (.5); confer with A. Roytenberg re: avoidance action target and timing of memorandum re: same (.1); confer with I. Nesser re: memorandum on potential avoidance action, revise comments on same, confer with E. Winston re: same (.3); confer with M. Meadows re: avoidance action document review and documents to provide to investigations team (.1); confer with S. Rand, J. Shaffer, I. Nesser, E. Winston, E. Sutton, E. Kapur, and A. Alden re: upcoming call on status of avoidance action analysis and next steps re: same (.2); draft venture book avoidance analysis status document and confer with team re: same (.4); review and revise draft memorandum on potential avoidance action target, determine next steps re: same, confer with S. Turk and M. Smith re: same, and confer with I. Nesser re: same (.7); draft communication to Sullivan and Cromwell re: data source, confer with S. Rand re: same, and confer with E. Sutton re: same (.3).		
02/27/23	JR8	Prepare draft complaint (5.2), fact research re: same (1.2).	6.40	6,710.40
02/28/23	NH2	Drafted a memo for a target - draft fact sections and legal analysis (2.7), finalized a memo for another target and reviewed investigation result (1.5).	4.20	3,798.90

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Matter #: 11807-00001
Invoice Number: 101-0000149656

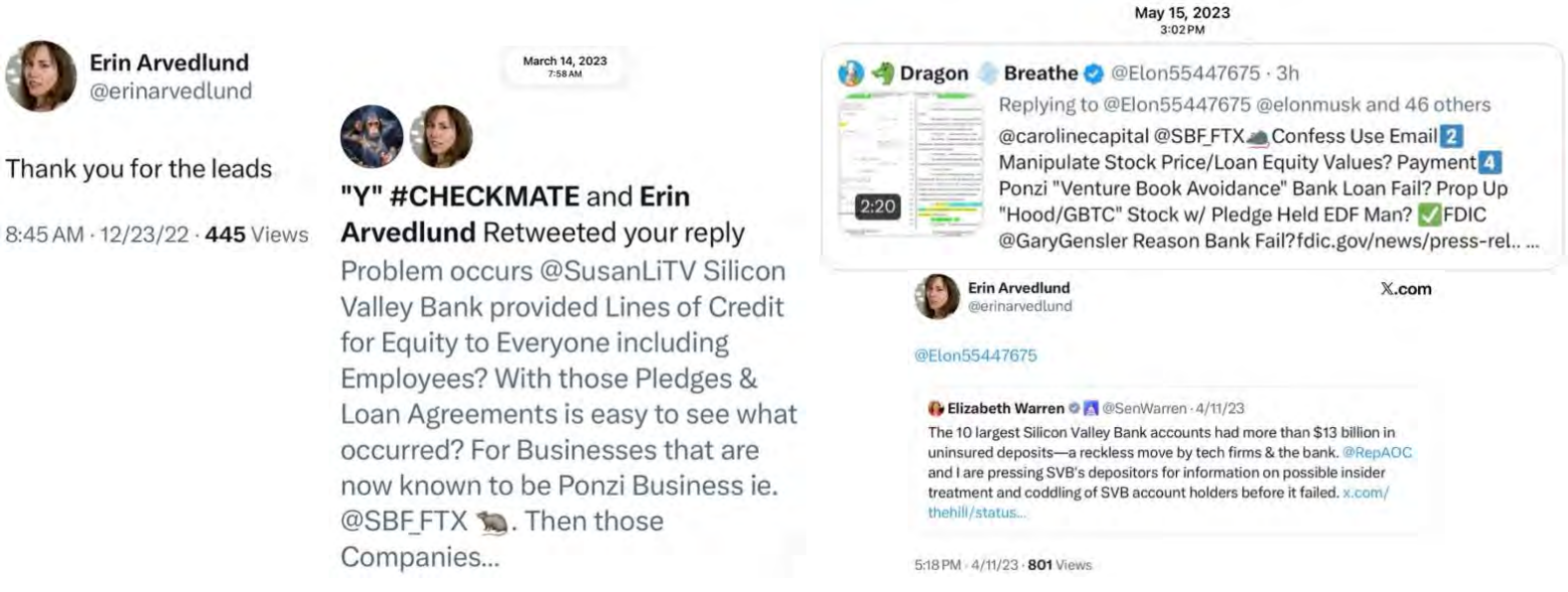
		regarding same (0.2); emails to and from A. Kutscher and S. Rand regarding same (0.3); review agreements with venture book target and emails regarding same (1.7); attention to emails from N. Huh and Alvarez and Marsal regarding venture book target (0.3).		
02/07/23	EK	Conference with A&M re avoidance action analysis (0.4); analyze data in connection with avoidance actions (0.5); correspond with team regarding avoidance action analysis (0.3).	1.20	1,495.80
02/07/23	AK2	Confer with S. Rand re: upcoming call with Alvarez and Marsal re: avoidance action targets in venture book (.1); confer with Alvarez and Marsal re: venture book targets for avoidance actions and next steps re same (.1); confer with E. Sutton and Alvarez and Marsal re: same (.1); confer with I. Nesser re: upcoming call re: same (.1); conduct research re: potential avoidance action targets between $10 million and $20 million and determine next steps re: same (2.3); confer with S. Rand and Alvarez and Marsal re: upcoming call re: avoidance action targets in venture book (.1); attend same (1.3); confer with team re: results of same (.1); analyze venture book and revisions to priority cases (2.8); confer with team re: results of same (.2); confer with Alvarez and Marsal re: same (.1); confer with S. Rand re: same (.2); confer with A. Alden re: same (.1); confer with Alvarez and Marsal re: upcoming call on avoidance targets and next steps re: same (.1); confer with I. Nesser re: potential avoidance action target and next steps for avoidance actions generally (.3); confer with M. Smith	8.70	10,570.50

  - *Source:* [In re FTX Trading Ltd., et al., Case No. 22-11068 (Bankr. D. Del.), Fee Application Exhibits.]
- **November 9, 2022:** Following a rapid review of internal books and corporate structures, Binance officially pulls out of the acquisition deal, citing FTX's severe mishandling of customer funds and pending regulatory and banking investigations.
  - *Source:* [Binance Global PR Wire / Regulatory Communications Division.]



- **November 11, 2022:** FTX files for Chapter 11 bankruptcy in Delaware after identifying an astronomical $8 billion customer deficit. Ryne Miller aggressively forces a U.S. bankruptcy filing for the solvent FTX.US entity over fierce internal executive objections, ensuring Sullivan & Cromwell (S&C) can secure massive multi-million dollar cash retainers.
    - *Source:* WSJ FTX Files for Bankruptcy, CEO Sam Bankman-Fried Resigns.
- **November 2022:** Genesis officially halts all retail user withdrawals from the Gemini Earn program due to an absolute lack of liquid assets on its balance sheet, locking up $900 million in customer funds belonging to 340,000 retail investors.
    - *Source:* In re Genesis Global Holdco, LLC, et al., Case No. 23-10063 (Bankr. S.D.N.Y.), Chapter 11 First Day Motions.
- **November 2022 – January 2023:** Silvergate Bank executives actively mislead the public, banking regulators, and investors regarding their automated compliance soundness, failing to log over $1 trillion in transactions or flag $9 billion in highly suspicious transfers moving seamlessly between FTX and Alameda accounts.
    - *Source:* SEC v. Silvergate Capital Corporation, Alan J. Lane, and John M. Bonino, Case No. 3:24-cv-01145 (S. Cal.), Litigation Release.
- **January 2023:** Silvergate Bank's stock craters entirely after it experiences a massive bank run, forcing it to dump assets at a steep loss to pay back an emergency $4.3 billion advance from the Federal Home Loan Bank of San Francisco.
    - *Source:* Federal Reserve Board & FDIC Joint Investigation Report into the Collapse of Silvergate Bank.
- **March 9, 2023:** Peter Thiel's Founders Fund actively advises its portfolio companies to immediately withdraw their capital from Silicon Valley Bank (SVB) following revelations of the bank's deep duration mismatches and realized bond portfolio losses. This directive triggers widespread institutional panic in the venture capital space, culminating in an unprecedented $42 billion digital bank run in a single day, effectively breaking SVB's remaining liquidity cushions.
    - *Source:* Bloomberg, Founders Fund Advises Companies to Withdraw Money From SVB.
- **March 10, 2023 (3:36 PM):** High-profile tech investor David Sacks takes to X to sound an emergency system alarm as SVB is officially seized by the California DFPI and placed under FDIC receivership. Sacks asserts that the federal government must step in immediately to safeguard all deposits, warning that without a complete backstop of uninsured startup payroll cash, a catastrophic chain reaction will sweep across the tech ecosystem: "Where is the Fed? Where is Yellen? They need to announce that all depositors will be safe... This is an administrative crisis." Sacks stresses that a failure to act will cause a widespread regional bank run across the entire mid-tier banking system on Monday morning.
    - *Source: David Sacks Official X Account Post [@DavidSacks].*
- **March 10, 2023 (8:09 PM):** Sacks releases a secondary public statement explicitly untangling the structural difference between a corporate bailout and a depositor backstop, noting that the bank's equity and bond holders should be wiped out entirely, while regular depositors who parked cash for operational

payroll must be insulated to stop systemic contagion from freezing the broader economy. Sacks warns that if depositors face a "haircut" on cash over the standard $250,000 FDIC limit, it will drive immediate capital concentration into the top four systemically important financial institutions (SIFIs), permanently starving regional economies of business credit.
    - *Source:* David Sacks Official X Account Post [@DavidSacks].
- **March 12, 2023 (8:30 AM):** Tech personality Jason Calacanis amplifies the market panic on X, publishing a highly volatile warning designed to force immediate regulatory intervention from the executive branch: "YOU SHOULD BE ABSOLUTELY TERRIFIED RIGHT NOW — THAT IS THE PROPER REACTION TO A BANK RUN & CONTAGION. @POTUS & @SecYellen MUST GET ON TV TOMORROW AND GUARANTEE ALL DEPOSITS UP TO $10M OR THIS WILL SPIRAL INTO CHAOS." Critics sharply target the commentary as the modern financial equivalent of shouting "fire" in a crowded theater, highlighting how localized venture capital panic can synthetically weaponize social media algorithms to accelerate macro-banking fragility. Later that evening, the Treasury, Federal Reserve, and FDIC jointly invoke a systemic risk exception to guarantee 100% of all SVB depositor balances.
    - *Source:* Jason Calacanis Official X Account Post [@Jason].
- **March 14, 2023 (7:58 AM):** An online retail community development surfaces on X under the tag "#CHECKMATE," wherein accounts "Y" and prominent financial journalist Erin Arvedlund interact with historical commentary directed at media endpoint @SusanLiTV, @SecYellen, @POTUS. The systemic narrative identifies that a core structural problem occurred where Silicon Valley Bank provided specialized "Lines of Credit for Equity" extending across institutional networks to encompass corporate personnel and employees. The public dialogue notes that with the leverage generated from these custom pledge structures and loan agreements, an operational loop emerges linking the bank's credit facilities directly to downstream entities now exposed as "Ponzi Businesses," explicitly citing Sam Bankman-Fried's collapsed crypto-equity setup (@SBF_FTX).
    - *Source:* X Platform Interaction Log Record, Dragon Breathe [@Elon55447675].



- **December 8–11, 2023:** Forensic accounting firm AlixPartners tracks complex blockchain data across the Solana network to reconstruct historical financial statements and explicitly pin down the manipulative internal pricing scripts of the Debtors' compromised liquidity pools.

A-1017

NARMBAN4 Bankman-Fried - Direct 2413

A. Understood.

MS. SASSOON: Objection. It is based on hearsay.

THE COURT: Sustained. That's another way of doing it, but it's still hearsay.

Q. Following his Honor's ruling, say what you did.

A. I ended up believing --

MS. SASSOON: Objection.

Q. Just tell us --

MS. SASSOON: He can describe what he did, not what he believed based on his conversations.

Q. Tell us what you did in connection with the Solana investigation.

A. I ended up making a significant investment in the cryptocurrency Solana at prices starting, I think, around 20 cents per token.

Q. Where did you believe the funds for the venture investments came from?

A. I believe that they came from Alameda Research's operating profits and, in some cases, from the loans that it had from third-party borrow lending desks.

Q. What entities would make the investments?

A. It varied. Sometimes, especially for liquid -- for tokens that were already trading, it would be Alameda Research's core trading entities. For more early-stage projects, or things that were not in the cryptocurrency sector, it would generally

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(212) 805-0300

A-1016

NARMBAN4 Bankman-Fried - Direct 2412

A. Yes, that is correct.

Q. Who was Amy?

A. Amy was a former venture capitalist who we had hired to work on and help lead our investment team as well.

Q. I don't want to go through all the investments. I just want to talk about one.

Do you recall the investment in Solana?

A. Yes.

Q. Can you describe for the jury the due diligence, if any, that was performed.

A. Yes. Solana is a cryptocurrency. It's a token, like Bitcoin or Ethereum. In the spring of 2020, it was a new cryptocurrency, had just been launched. We were investigating various blockchains at the time to compare them and figure out the pros and cons. I and others had calls with the leadership of most of the major cryptocurrency teams in the space and asked them questions about their technology, about their future projections, how they were going to get there, what they were prioritizing, and came away with the impression from those calls that Solana was --

MS. SASSOON: Objection. Hearsay.

THE COURT: Yes.

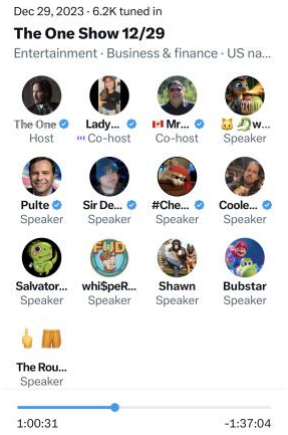
Don't tell us what anyone else said, Mr. Bankman-Fried.

Q. To his honor's point, just tell us what your takeaway is.

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- *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.).

- **December 29, 2023:** Bill Putle on The One Show on the subject of total return swaps & Tokenized Stock.

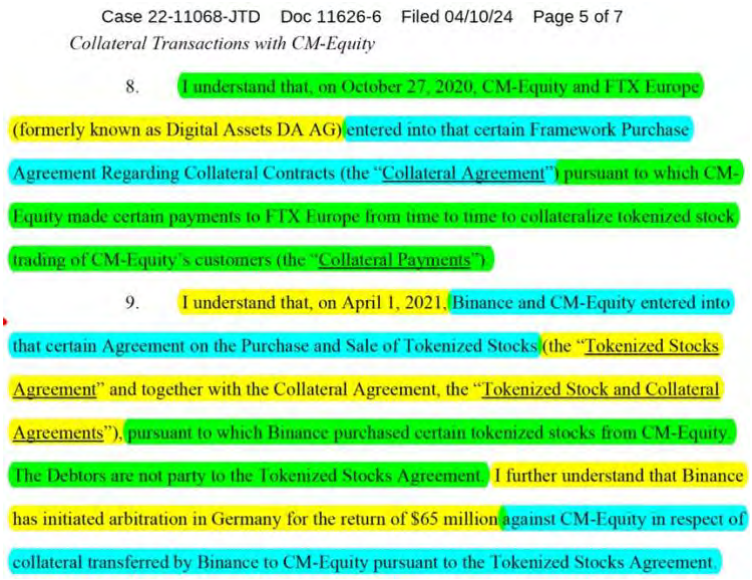


  - *Source:* The One Official X Account Post [TimeStamp -1:37:04] [@The1_RadioShow].
- **May 15, 2024:** Former FTX executive Daniel Friedberg files an Amended First Set of Requests for Production in Delaware Bankruptcy Court against the Chapter 11 debtors, demanding Documents sufficient to identify by name of stock, number of shares, the initial value of shares, and the date of purchase(s) and/or sale(s) of the stocks purchased by Binance in connection with the Tokenized Stock a Collateral Agreement. All Documents and Communications exchanged between you and any potential purchasers of FTX Europe, including, without limitation, Coinbase and Trek Labs. The Chapter 11 filing of FTX Europe indicates that Mr. John Ray III was its Chief Executive Officer at the time of the filing. Please produce all Documents and Communications showing Mr. Ray's asserted appointment to this position in accordance with applicable law, including all minutes of board meetings, names of board directors, and board consents. Provide the valuation report that was conducted by accounting firm BDO following FTX's acquisition of Digital Assets DA AG (DAAG).
  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.), Discovery Request Index.
- **December 10, 2024:** As Tesla stock surges past $400, Elon Musk issues a public warning targeting unhedged shorts, noting that the uncovered position could bankrupt actors like Bill Gates.
  - *Source:* Elon Musk Official X Account Post [@elonmusk].

Phase 5: The Post-Settlement Ledger & Systemic Liability Revisions (2025–2026)

- **March 5, 2025:** Regulatory estimates regarding the massive hidden liabilities created by tokenized stocks, asset rehypothecation, and venture capital loan agreements are officially revised upward by auditing bodies from a baseline of "$27.3 Quintillion" up to an unprecedented, systemic-risk level of "$1.187 Sextillion".
  - *Source:* Sullivan Cromwell & John Ray III, In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.).

- **May 2025:** Delaware Bankruptcy Court proceedings confirm that Binance is granted an allowed general unsecured claim against FTX Trading in the amount of $50,000,000 (The "Binance Allowed Claim") under the terms of the Collateral Claim Settlement Agreement. FTX Trading is further ordered to pay CM-Equity $1,000,000 in cash to settle outstanding tokenized stock infrastructure claims.



Case 22-11068-JTD Doc 11626-6 Filed 04/10/24 Page 5 of 7

Collateral Transactions with CM-Equity

8. I understand that, on October 27, 2020, CM-Equity and FTX Europe (formerly known as Digital Assets DA AG) entered into that certain Framework Purchase Agreement Regarding Collateral Contracts (the "Collateral Agreement") pursuant to which CM-Equity made certain payments to FTX Europe from time to time to collateralize tokenized stock trading of CM-Equity's customers (the "Collateral Payments").

9. I understand that, on April 1, 2021, Binance and CM-Equity entered into that certain Agreement on the Purchase and Sale of Tokenized Stocks (the "Tokenized Stocks Agreement" and together with the Collateral Agreement, the "Tokenized Stock and Collateral Agreements"), pursuant to which Binance purchased certain tokenized stocks from CM-Equity. The Debtors are not party to the Tokenized Stocks Agreement. I further understand that Binance has initiated arbitration in Germany for the return of $65 million against CM-Equity in respect of collateral transferred by Binance to CM-Equity pursuant to the Tokenized Stocks Agreement.

  - *Source:* In re FTX Trading Ltd., Case No. 22-11068 (Bankr. D. Del.), Order Granting Motion to Approve Settlement Agreement between Debtors, Binance, and CM-Equity.
- **December 17, 2025:** Following Tesla shares touching an all-time high of $495, Musk publicly notes that Bill Gates' unhedged short position has yielded cumulative losses exceeding $10 billion.
  - *Source:* Elon Musk Official X Account Post [@elonmusk].
- **March 27, 2026:** Retail advocacy group "APEs" submits an official electronic policy filing to SEC Secretary Vanessa A. Countryman. The letter challenges File Number S7-2024-05 regarding joint data standards under the Financial Data Transparency Act (FDTA).
  - **The Intertwined Macro Narrative:** The group demands an open-source, non-proprietary identification infrastructure to replace copyrighted CUSIP numbers. They explicitly cite how proprietary identifiers, "riskless principal" routing exemptions, broker-dealer reporting loopholes (as detailed by Shkreli's Renaissance observations), and unmapped tokenized stock collateral agreements have allowed institutional actors to establish a parallel, untraceable system of asset rehypothecation, hidden short interest accumulation, and artificial liquidity generation completely shielded from public oversight registries.
  - *Source:* SEC Rulemaking Comment Index, Letter from APEs Re: File Number S7-2024-05 (Financial Data Transparency Act Joint Data Standards).





CommissionerPeirce Sep 2, 2024
to me

Good afternoon,

Thank you for reaching out. All tips, complaints, or referrals can be submitted using our online form found here: https://www.sec.gov/tcr. If you are a whistleblower and would like to submit information to the Commission, you may do so here: https://www.sec.gov/whistleblower. If you have questions you'd like to discuss, you can contact the Office of Investor Education and Advocacy at 1-800-732-0330 or by email at help@sec.gov.

Office of Commissioner Hester M. Peirce

100 F Street, NE

Washington, DC 20549

From:
Sent: Friday, August 30, 2024 1:03 PM
To: Grewal, Gurbir <GrewalG@SEC.GOV>; Chair <chair@sec.gov>; CommissionerPeirce <CommissionerPeirce@SEC.GOV>; CommissionerCrenshaw <CommissionerCrenshaw@SEC.GOV>; CommissionerUyeda <CommissionerUyeda@SEC.GOV>; CommissionerLizarraga <CommissionerLizarraga@SEC.GOV>; Gensler, Gary <GenslerG@SEC.GOV>; Lisa.monaco@usdoj.gov; lisa.monaco@usdoj.sgov.gov
Subject: Re: FTX, Sullivan & Cromwell, Binance, USDC, TRON

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

To Whom Values Simple Math of Quintillions:

Majority @SBF_FTX Crimes Were Fake Venture Loans & Investment using Crypto like Tokenized Stocks for Collateral. Why are the Investigator & Criminals Same People As the Buyer & Seller of Crime Scene like Maclaurin also known as Alameda Ventures? Remember Quintillions in liabilities used as collateral can steal and collapse everything.

M me Oct 26, 2024
to grewalg, Chair, CommissionerPeirce, CommissionerCrenshaw, CommissionerUyeda ...

https://www.sec.gov/comments/s7-2024-05/s7202405-533076-1528863.pdf

PDF Financial Transparency.pdf

Remarks by SEC Chair Gensler at the Meeting of SEC Investor Advisory Committee

Posted by Gary Gensler, U.S. Securities and Exchange Commission, on Saturday, June 12, 2021

Comments Off Print E-Mail X Post

Tags: Broker-dealers, Information asymmetries, Insider trading, Investor protection, NBBO, Regulation NMS, Retail investors, Rule 10b-5-1, SEC, Securities regulation

More from: Gary Gensler, U.S. Securities and Exchange Commission

Editor's Note: Gary Gensler is Chair of the U.S. Securities and Exchange Commission. This post is based on his recent remarks at the Meeting of SEC Investor Advisory Committee. The views expressed in the post are those of Chair Gensler, and do not necessarily reflect those of the Securities and Exchange Commission or the Staff.

Good morning. Thank you Jennifer, Heidi, and all the committee members for having me. I enjoyed meeting with members of the Executive Committee yesterday and am thrilled to meet the whole committee for the first time. I'm grateful for the members' time and willingness to represent the interests of American investors.

I know this committee has weighed in on a variety of policies that are of great importance to the agency and to the investing public. Every day, I'm motivated by working families and how they're served by the agency's mission.

At the heart of our mission and our work protecting investors—from new investors exploring the stock market for the first time to retirees living off their pensions. I look forward to your recommendations on representing investors' interests in areas as diverse as climate risk disclosures and market structure.

On today's panels, I know you'll be discussing issues related to best execution and executive stock ownership. I look forward to seeing the readouts on these topics. In that regard, I wanted to share some thoughts about how I'm thinking through these matters.

First, let me turn to the requirements for best execution in the context of the National Best Bid and Offer (NBBO).

Broker-dealers are obligated to seek the best execution for their customers' orders—not just better execution. I've been thinking about these issues a lot in the wake of January's market events, which brought more attention to payment for order flow.

It's interesting to note that the United Kingdom, [1] Canada, [2] and Australia [3] don't allow broker-dealers to route retail orders to wholesalers in return for payments. The European Securities and Markets Authority has also raised concerns about these potential conflicts of interest in payment for order flow and best execution. [4]

Again, it's best execution—not just better execution. But it's best execution in comparison to what?

That brings me to the NBBO. In fulfilling the requirement of best execution, brokers must consider, among other factors, prices currently being quoted. The NBBO is designed to aggregate information across different exchanges. I believe there are signs, however, that the NBBO is not a complete enough representation of the market.

First, as evidenced in January, nearly half of the trading interest in the equity market either is in dark pools or is internalized by wholesalers. Dark pools and wholesalers are not reflected in the NBBO. Moreover, the NBBO is also only as good as the market itself. Thus, under the segmentation of the current market, nearly half of trading along with a significant portion of retail market orders happens away from the lit markets. I believe this may affect the width of the bid-ask spread.

Further, as it relates to the lit markets, while the definition of odd lots is planned to change under the SEC's 2020 Infrastructure rulemaking, the NBBO still doesn't include many of the exchange prices, such as odd lots and non-displayed orders. Additionally, by SEC rule, the NBBO must be priced in penny increments.

Wholesalers are able to transact at sub-penny increments. As a result, wholesalers may operate on an unequal playing field when competing for order flow.



indonesian_activist

redditor for 3 y • 110,501 karma
Active in r/pancakeswap, r/wallstreetbets, and r/indonesia

FEB 17

Hi, please post this video that was just on cnbc. I have a new wsb account but was on the amc, gamestop before everyone knew. This was an interview today. Its the same guy that was crying saying he wanted to protect us. Now he is being honest in interview. https://www.dropbox.com/s/p5v6vh1b5o19ayq/IMG_3524.MOV?dl=0

did u contact the mods ?

Don't know how never really posted. Y'all can pull the video interview interactive broker did. He was basically saying GME was valid play and really it's still it

ok, first is this real ? I was at work didn't catch cnbc

so he said without the trading restrictions it would have gone up to thousands posing systemic risk, what time was this interview ?

You can Google it. He just said it. And congress lady was on right after. Basically squeeze is still on and we would have collapsed the financial market if it went through

Closing bell today

On CNBC and Maxine waters was on after. She only gonna find out what happened with that trade. I've been working with Elon on doge and crypto too for Robinhood. She said she not asking about that

Google interactive broker interview

Ceo

CNBC

Here

https://www.cnbc.com/2021/02/17/interactive-brokers-chairman-thomas-peterffy-on-gamestop-frenzy.html

I messaged a few top contributors hope someone puts it up. So ppl will know it was a good play. And why they stopped it. Still can be.

thx brah, I'll try to post it if mods allow



9:06 PM Mon Nov 29 89%

indonesian_activist

Here

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No problem:) give apes hope

When you do post like of interview. DFV or someone needs to bring interactive broker admission to congress and ask Melvin and citadel it would be $1000 a share.

posted it

r/wallstreetbets
u/indonesian_activist • 285d • v.redd.it

892 Awards

Today, Interactive Brokers CEO admits that without the buying restrictions, $GME would have gone up in to the thousands



144k 7.9k Share Award

Thank you I getting congress to ask Robinhood and hedge

U writing to Maxine ?

Message GIF



r/Superstonk

Dark Pool Not Required, Market Markers can Control Pricing w/out Orders Reported, "Riskless" Princip...

2.7k upvotes • 166 comments

dlauer • 3y
- WRINKLE BRAIN

This description suggests that riskless principle is primarily used to avoid double-counting trades, it cannot be used to avoid reporting them. I asked a friend who knows more than I do about this and he said riskless principle hasn't been used for a decade.

Reply 163

UnderstandingNew7083 • 3y
Power to the Players

With great desperation comes great deceit. Hasn't been used and Can't be used are two different things. My question: is it possible?

60

boskle • 3y
ComputerShared

let's accept the fact that he might not know if it's possible

17

idLogger OP • 3y
Power to the Players

Laura Tuttle Senior Financial Economist at SEC did an study on "riskless" on exchange. https://www.sec.gov/files/marketstructure/research/otc_trading_march_2014.pdf

16

dlauer • 3y
- WRINKLE BRAIN

Right, so that paper confirms what I said in the first part, that riskless principle is used to avoid double-reporting trades, because they are trades executed at the same price, and I think there's a timing requirement too - it has to happen quickly, aka riskless. Looks like it's used more than my friend thinks though this data is 9 years old (2012 dataset).

32

idLogger OP • 3y
Power to the Players

The "riskless" principle classification was recently issued a cease and desist order by the SEC to Credit Suisse Sept 28, 2018. https://www.sec.gov/litigation/admin/2018/33-10565.pdf in the SEC filing explains what Credit Suisse was doing.

14

dlauer • 3y
- WRINKLE BRAIN

Yes, I remember this case well, it was a big deal at the time. But as I read this, RES was not abusing riskless principle trades, per se. It was using them to impact the stock price and then capture that impact on a principle basis. This is shady af, and deserved the enforcement. But I'm not sure how it bolsters what you're trying to show. Maybe I'm missing something here?

27

idLogger OP • 3y
Power to the Players

Aug. 21, 2018 SEC https://www.sec.gov/comments/265-30/26530-4268151-173129.pdf

We also are concerned that delayed dissemination of **block trade reports can mislead the market about supply and demand** conditions when dealers distribute the block in smaller trades whose reports are immediately disseminated. For example, if a dealer crosses $20 million in bonds from one seller to four buyers each buying $5 million on a **riskless-principal** basis, under the recommended proposal, **FINRA would delay dissemination of the $20 million dealer buy report** but would **immediately disseminate reports each of the $5M dealer sales.** The immediately disseminated reports would give the appearance of surplus buying demand and the possibility that one or more dealers have been left short facilitating this customer demand. The response to such **reports could artificially push the price of the bonds higher,** at least until FINRA disseminates the "$10MM+" dealer buy trade two days later.

12

dlauer • 3y
- WRINKLE BRAIN

This is a comment from the Fixed Income Advisory Committee pushing for faster block trade dissemination times in the fixed income market. It's an issue I'm very familiar with, but it has nothing to do with stocks/equities.

5

idLogger OP • 3y
Power to the Players

The "riskless" principle is not only still being used, but 14 days ago the SEC is selling the information including short volume data. https://www.sec.gov/rules/sro/cboebyx/2021/34-92149.pdf "The Exchange proposes to offer Short Sale Volume data on an end-of-day and intraday basis which will be available for purchase by Members and non-Members. Specifically, the Exchange proposes to offer an end-of-day short sale volume report that includes the date, session (i.e., Pre-Opening Session,4 Regular Trading Hours,5 or After Hours Trading Session6),7 symbol, trade count, buy and sell volume, type of sale (i.e., sell, sell short, or sell short exempt), capacity (i.e., principal, agent, or **riskless principal**), and retail order indicator. The end-of-day Short Sale Volume data would include same day corrections to short sale volume." Guess we can buy tax payer paid for information on methods of manipulation.

11

dlauer • 3y
- WRINKLE BRAIN

So this isn't the SEC selling data, it's CBOE BYX, which is a stock exchange. And they are a private, for-profit entity who sells data.

All this comment says to me is that someone is selling data reporting the amount of riskless principal trading. Again, I'm really not seeing how any of this bolsters the point you're trying to make. In fact, riskless principal trading is good to know about because it's generally inconsequential - it's not a real trade, it's simply a facilitation of a trade. It looks like a real trade, and so it needs to be flagged as a riskless facilitation transaction. But that doesn't eliminate the reporting of the ACTUAL real trade.

6

idLogger OP • 3y
Power to the Players

The examples were mainly from your comment regarding a friend with inside knowledge that "riskless" principles have not been used in a while. Mainly for the fact that CBOE BYX a private exchange 14 days ago petition SEC to gather short interest as well as "riskless" principal transactions for sale for profit only bolster the value of Short Interest Data in conjunction with "Riskless" Principal Data. Yes, I agree "riskless" principle is an ACTUAL trade. The trade in itself is not in question. The "10 second" reporting requirement when MM utilize "riskless" principal which can cause a non-tape reporting event. Or with the "riskless" principle can delay in reporting after-market hours at 6:30pm Eastern and not "10 second" after trade during market hours. This classification can facilitate supply and demand volume distortions as well as pricing issues.

In regards to the Fixed income Market example, be it stock/equity, bonds, or fixed income. The use of the "riskless" principal anything sold/brought classification can lead to a known "block trade reports can mislead the market about supply and demand" and "reports could artificially push the price" with SEC/FINRA knowledge.

4

dlauer • 3y
- WRINKLE BRAIN

Sorry I thought I was clear that I initially agreed with you that my friend was wrong about it not being used. But while I agree it's used, I don't see it being abused in the way you're describing. Even when it's used, the actual trade is still printed to the tape in real-time, it's only later that you find out that a certain portion of the day's trading might have been facilitated with riskless principal.

The Fixed Income example doesn't apply to equities because equity reporting requirements aren't the same. So I don't see the connection.

10



@TheRoaringKitty DFV Naked Short #NakedShort Short Ladder Attack Short Distort Synthetic Shares Using Mis-Marking Token Tokenized Stocks Tokenized Shares Convertible Bonds Similar BTIG Overstock @ryancohen Ryan Cohen @GameStop GameStop GME Adam Aron @CEOAdam AMC Theaters @AMCTheatres Keith Miller AB 525 @PeteG_5 @vladtenev Vlad Tenev Robinhood @elonmusk Elon Musk Tesla TSLA TSLAQ TelslaQ @SpaceX @jack Jack Dorsey Twitter TWTR @citsecurities Citadel Securities Ken Griffin Melvin Capital Gabe Plotkin Martin Shkreli Julian Robertson Tiger Cubs Virtu Doug Cifu Reddit WallStreetBets redchessqueen @redchessqueen99 SuperStonk Jim Cramer @jimcramer Charles Payne @cvpayne Gary Gensler @GaryGensler SEC.gov @SECGov Lisa Monaco @LisaMonaco APE @TheJusticeDept DOJ MOASS Squeeze APE Leverage Bill Gate Tiger Global Calipers Pensions @dianeg_ceo Bob Huth @Hycroft HYMC Apex Clearing Dave Black @RobinhoodApp Camp LeJuene @The_DTCC @CreditSuisse @FINRA Phantom Short Failure to Deliver (FTD) Bernie Madoff "Madoff Exemption" Bill Gate @BillGates BCG Boston Consulting Group Mark Cuban @mcuban Patrick Olds Mia Khalifa @miakhalifa @chamath @JaneDoeLMNOP Reverse Split swaps Wilson Mak @kevinolearytv David Portnoy @stoolpresidente Andreessen Horowitz a16 Clubhouse Cathie Wood @CathieDWood Securitization @x @robertherjavec Martin Shkreli @MartinShkreli @TheSharkDaymond Conversion Shawn Corey Carter @sc @aplusk Eddie Griffin @EddieGriffinCom Jon Stewart @jonstewart January 28 2021 Buy Button Milly Elvis @MillyELVIS @TilmanJFertitta Jay Clayton Pat Toomey Marcus Lemonis @marcuslemonis Donald Trump Jr. @DonaldJTrumpJr @LizClaman Helen Lee @peterelkind @eisingerj Janet Sparks @lizgarbus @JchristianWes @BetterMarkets @jbrutvan @cz_binance Dave Lauer @dlauer @SusanneTrimbath Dragonbreathe @DennisKelleher Travis Kelce @tkelce @LucyKomisar Aldwin Mak @andyleeck @LisaBraganca @GurbirGrewalNJ Maxine Waters @RepMaxineWaters Alexandria Ocasio-Cortez @AOC @RepAOC @PatrickMcHenry @RepBlaine @RepAlGreen @RepAdams @SenWarren @BradSherman @RoKhanna Ted Cruz @tedcruz @SenSherrodBrown Peter Thiel @RashidaTlaib @SenToomey @RepJuanVargas Conan Mak @RepPerlmutter @SecYellen @FSCdems @BankingGOP Jay-Z @SenateBanking @SenFinance @FinancialCmte @caroljsroth Dominos Pizza @timseymour @reddit idLogger @SEC_News @CNNBusiness @Foxbusiness @reuters @guardian @guardiannews @forbes @WSJ @YahooFinance @NYSE Lehmann Brothers Bear Stearns Corp @business Bill Pulte @Jefferies @andrewrsorkin @Nasdaq @Overstock @peterthiel @reuters @guardian @guardiannews @forbes @WSJ @SBF_FTX Beyonce @erinarvedlund Erin Arvedlund @MaxJReyes Max Reyes @0x_tracy Tracy Wang @SimonDixonTwitt @AlexDamsker ALEX DAMSKER @MarioNawfal Mario Nawfal @CelsiusNetwork Modulo Janet Sparks @SMTuffy Sean Tuffy SVB Silicon Valley Bank First Republic Bank FRM Signature Bank Silvergate @coinbase @brian_armstrong Brian Armstrong @yaffebellany David Yaffe-Bellany @leomschwartz Leo Schwartz @MattGoldstein26 Matthew Goldstein @giseleofficial Gisele Bündchen @SHAQ @StephenCurry30 Stephen Curry @TomBrady Tom Brady FDIC Apollo Sequoia LightSpeed Coinbase @innercitypress Ryan Salame @rsalame7926 Dumb Money Ben Mezrich Taylor Swift @taylorswift13 The Eras Tour AMC theatres Cameron Winklevoss Tyler Winklevoss @circle


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