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

In re:)	Chapter 11
)	
CELSIUS NETWORK LLC, <i>et al.</i> , ¹)	Case No. 22-10964 (MG)
)	
Debtors.)	(Jointly Administered)

**LIMITED OBJECTION TO THE DEBTOR'S MOTION APPROVING BIDDING PROCEDURES
AND FOR RELATED RELIEF (D.R. 929)**

Now comes Immanuel Herrmann, *pro se Celsius creditor*, and submits the following limited objection and reservation of rights with respect the Debtors' Motion for an Order Approving Bid Procedures and for Related Relief, DE# 929 (the Motion). In support of this limited objection, I state as follows:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); and Celsius US Holding LLC (7956). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these chapter 11 cases is 121 River Street, PH05, Hoboken, New Jersey 07030.

INFORMATION FROM THE UNOFFICIAL “STEERING COMMITTEE”

I have been tasked by an unofficial “Steering Committee” of Earn, Loans, and CEL depositors to inform this court that we are all open to a sale as a path forward out of the bankruptcy.

And, in fact, through extensive discussions, the Steering Committee members have come to understand how and why such a sale may be the best path forward even for a community led plan.

The Steering Committee members are united in wanting a restructuring with a plan that includes an equity interest in a new company, and are united in opposing predatory bids that lock in a substantial haircut.

The Steering Committee members understand that a creative, community-led plan ultimately may be packaged inside of a sale for various legal and technical reasons. This makes those procedures absolutely crucial to the case and of interest to all groups of creditors.

That said, the Steering Committee Members believe that the current bidding procedures are not creative enough, and are too rushed, to be in the best interests of creditors.

Creditors want to make sure that the bidding procedures do not bias cash over equity in any way and allow for creative solutions. All parties, including the financial advisors on both sides, the UCC, Kirkland, the Special Committee on Restructuring, and Your Honor need to understand this. Extra cash from outside the estate is of course welcome and may be appropriate in bids, but it is not the end-all-be-all.

On behalf of retail customers who lead the Earn, Loans, CEL token holders, I have been tasked with communicating to this court the above information and stating clearly: the bidding procedures need to be changed, and delayed, for creditors in those major constituencies to accept them and accept any offer that emerges out of the process.

I OBJECT TO THE BIDDING PROCEDURES AS WRITTEN, AND OBJECT TO A RUSH

I have spoken with multiple potential bidders who informed me that they are scared to bid while issues of property of the estate is unknown, while creditor groups are fighting, with 40 or more state investigations, and while questions of how far back Celsius was insolvent and what that might mean for clawbacks hang over the case.

I believe that by coming together, creditors can aim to resolve some of these problems, without digging ourselves deeper into a hole where we will lose assets.

Most creditors believe that the current bidding timeline will invite “fire sale” offers because of lingering questions and that the bidding must be delayed.

**LEADERS OF CREDITOR CONSTITUENCIES ARE TALKING TO EACH OTHER
SERIOUSLY, FOR THE FIRST TIME IN THE CASE**

I am pleased to report that since the last hearing, there have been enormous breakthroughs with creditors talking to each other to resolve our differences and, I hope, put an end to settling our disputes primarily through litigation.

I am cautiously optimistic that upcoming conversations could lead to significant breakthroughs. In the past week or so:

- An informal “Steering Committee” that I mentioned above including representatives from Earn, Loans, CEL token, Custody and Withhold has formed. I do not know where this effort will go, but it is good that creditors are talking. These efforts were communicated to the UCC today in a very productive meeting.
- Tomorrow, representative leaders from Earn, Loans, Custody, and Withhold will be meeting and conferring for the first time in this case, and trying to find common ground.
- More productive meetings continue to be scheduled and take place every single day, including significant talks between Earn and Loans—the largest two creditor constituencies—about a path forward.

**I AGREE WITH VERMONT IN THIS RESPECT: THE RELIEF REQUESTED IS PREMATURE
AND THE MOTION RAISES ISSUES SIMILAR TO THOSE CREATED BY THE MOTION TO
SELL STABLECOINS AND MOTIONS RELATIVE TO CUSTODY AND WITHHOLD
ACCOUNTS**

I partly join in the response of Vermont. I agree with Vermont’s reasons why the motion is premature.

That said, I do believe creditor constituencies may be able to resolve these issues apart from litigation and the examination alone. Litigation and the examination needs to continue for now I suppose, in case we cannot, as the talks are only beginning and we are not there yet.

Negotiations are fragile, but productive, at this time. If the Debtor rushes through a bid that attempts to resolve these issues through an outside plan, I expect increased litigation including on behalf of Earn, borrowers with returned collateral with 541(d) claims like myself, liquidated loan holders who lost money during the pause, and others. It will create enormous division in

the creditor community, which is the opposite of what anybody wants, and it means a lower recovery for all.

LIMITED OBJECTION

The following language needs to be edited to clarify that creative, community-centered, crypto-friendly solutions can come forward and be “wrapped” in a 363 bid. I do not have the exact edits that need to be made, but this language needs to be changed and clarified:

"Each Bid must clearly state which assets the Potential Bidder seeks to acquire, including which liabilities and obligations the Potential Bidder agrees to assume. Each Bid must clearly set forth the purchase price to be paid, including cash and non-cash components, **which non-cash components shall be limited only to assumption of Debtors' liabilities (collectively, the “Purchase Price”). The Purchase Price should be a single value in U.S. Dollars for the value of the Assets the Potential Bidder seeks to acquire on a cash-free, debt-free basis.**"

The timeline of bidding should be pushed back and it should happen contemporaneously with mining, only after property of the estate issues can be resolved via negotiations if possible or litigation if not, and only after creditors, the UCC, and other interested parties can meet and confer interested parties including regulators to clarify what retail investors want out of this process, so that we are not “boxed in” to a tragic outcome.

Some of the members of my community have their life savings at risk. People like Rebecca Gallagher, who had stablecoins on the platform, and now may now have to start a job in retirement to support herself. Although we are now forced to take risk in this situation to retain the value of Celsius' assets at the bottom of a crypto bear market, members of my group are largely united that the assets of Celsius belong to us—the creditors. And, while we welcome

some outside dollars to assist us in our recovery, we are determined to keep as much of the value of Celsius assets as possible for ourselves. It is the least that can be done for us in this situation, and we will accept nothing less.

LIMITED OBJECTION, RESERVATION OF RIGHTS, AND REQUEST FOR PROCEDURAL RELIEF

For all these reasons, I respectfully ask that Your Honor direct the Debtors and the UCC to continue to meet and confer among themselves and with stakeholders to make material improvements to these bidding procedures, and that you delay the bidding deadline such that bidding takes place contemporaneously with the mining and no earlier. For avoidance of doubt, the deadline for mining should not be moved up. Fire sales are unacceptable.

I reserve the right to convert this into an outright objection to the bidding procedures if these matters are not satisfactorily resolved, and to submit supplemental materials and joinders, such as statements from the broader creditor community, and I ask for procedural relief to submit additional responses and filings as needed and appropriate on these and any revised bidding procedures.

Thank you, your honor.

Respectfully submitted,

Dated: October 13, 2022
Silver Spring, MD

s/ Immanuel Herrmann
Immanuel Herrmann
Celsius *pro se* creditor