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00:00:12,240 --> 00:00:26,760

Good evening. My name is David Castleman, and I am the Court-appointed Receiver for EminiFX.

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00:00:27,720 --> 00:00:33,960

Welcome to the first Receivership Town Hall, which we are live streaming on our new YouTube channel.

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00:00:35,340 --> 00:00:41,400

I'm going to spend most of this Town Hall addressing the EminiFX users directly. I

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00:00:41,400 --> 00:00:46,080

understand this has been an extraordinarily difficult situation for many users.

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00:00:46,800 --> 00:00:52,620

And so, during the next hour, I'm going to discuss what I, along with my team of

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00:00:52,620 --> 00:00:58,140

dedicated professionals, have been doing on behalf of all users and other constituents.

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00:01:00,000 --> 00:01:02,340

Let me give some brief background on my appointment.

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00:01:03,180 --> 00:01:09,300

On May 11, 2022, Judge Valerie Caproni, of the Southern District of New York,

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00:01:10,020 --> 00:01:15,420

that's the federal court in Manhattan, appointed me as receiver on an emergency

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00:01:15,420 --> 00:01:23,400

basis in a civil enforcement action brought by the Commodity Futures Trading Commission, the CFTC,

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00:01:24,120 --> 00:01:31,740

against EminiFX and Eddy Alexandre. That appointment was made permanent on June 15,

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00:01:31,740 --> 00:01:38,640

2022, in the consent order submitted jointly by Eddy Alexandre and the CFTC.

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00:01:39,960 --> 00:01:43,680

As an independent fiduciary, I report to the court.

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00:01:44,220 --> 00:01:51,480

Not to the parties. My job is to preserve and administer the assets of EminiFX.

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00:01:53,280 --> 00:01:58,800

I am appointed in the Civil Enforcement Case. That is a separate case than the

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00:01:58,800 --> 00:02:04,620

criminal case that was against Eddy Alexandre individually, and was before a different judge.

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00:02:05,700 --> 00:02:12,780

In February of this year, Mr. Alexandre pled guilty to one count of commodities fraud in

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00:02:12,780 --> 00:02:19,440

connection with the operation of EminiFX. Many of you are aware that, in that matter,

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00:02:19,440 --> 00:02:25,140

Mr. Alexandre was sentenced to nine years in federal prison and ordered to pay restitution.

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00:02:26,040 --> 00:02:31,620

And my office is coordinating with the Department of Justice on restitution issues.

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00:02:33,180 --> 00:02:39,360

When I took over as Receiver, I heard from many of you who are listening in today.

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00:02:40,380 --> 00:02:44,280

Many of you who put your money into EminiFX did so

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00:02:45,000 --> 00:02:50,400

in the hope of achieving financial freedom, as hundreds of you have told me.

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00:02:51,240 --> 00:02:58,320

Many users signed a petition at the beginning of this case explaining how they thought they were

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00:02:58,320 --> 00:03:03,840

able to access their funds, including the investment returns, at any time.

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00:03:04,800 --> 00:03:07,320

Unfortunately, as I will explain,

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00:03:07,320 --> 00:03:14,760

the investment returns that appeared in your EminiFX dashboard were not real.

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00:03:15,600 --> 00:03:23,940

The balance displayed on the dashboard was not actually reflected in assets that were in EminiFX.

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00:03:24,960 --> 00:03:30,720

What was remaining when I was appointed was only a third of the dashboard balances.

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00:03:31,560 --> 00:03:38,280

So, all that was left was some, but not all, of the millions of dollars that were contributed

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00:03:38,280 --> 00:03:46,200

by the users, by the members. There were no profits. No positive returns on investments.

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00:03:47,820 --> 00:03:54,480

My initial goal was to preserve the value of EminiFX by getting all the assets and the money

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00:03:54,480 --> 00:04:02,280

under our control, and into safe interest-bearing accounts. That process is largely complete,

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00:04:02,280 --> 00:04:11,160

and we now have over 153 million dollars in insured bank accounts earning over 3% interest.

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00:04:12,840 --> 00:04:20,520

Now, my primary goal is to get what money we can back to EminiFX users and other people impacted

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00:04:20,520 --> 00:04:29,520

by the EminiFX scheme. I do not I do expect to be able to return a significant amount of funds that

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00:04:29,520 --> 00:04:36,000

users contributed to EminiFX. So, although I do expect to return a significant amount,

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00:04:36,000 --> 00:04:43,260

at this stage, however I cannot promise anyone exactly how much they will get.

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00:04:44,100 --> 00:04:49,500

The timing of future distributions is also uncertain at this time.

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00:04:50,760 --> 00:04:58,440

All of these distribution issues will be the subject of a future motion to the Court. What

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00:04:58,440 --> 00:05:06,840

I can say now is that a distribution to EminiFX users and other claimants is my top priority.

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00:05:09,360 --> 00:05:14,280

A little later in this Town Hall, I'm going to touch on the court-approved

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00:05:14,280 --> 00:05:20,040

transaction verification process, as we are bringing the EminiFX User Portal

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00:05:20,040 --> 00:05:26,940

online next week. I'll also answer some questions from the from EminiFX users.

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00:05:28,500 --> 00:05:34,980

If you have any questions during the presentation, you can email EminiFx@Stretto.com.

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00:05:43,260 --> 00:05:50,160

Before we get into the substance, I want to quickly explain the roles of my professionals.

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00:05:50,820 --> 00:05:56,280

Assisting me are Otterbourg for legal, JS held for financial investigation,

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00:05:56,280 --> 00:06:01,980

Deloitte and Crowe for taxes, and Stretto for claims administration.

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00:06:03,360 --> 00:06:08,160

Stretto is very important, because they will serve as your primary point of contact

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00:06:08,160 --> 00:06:14,100

when interacting with the Receivership. They are going to be the ones to help me

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00:06:14,100 --> 00:06:21,600

work with you to verify what you put in to EminiFX, and what you got out of EminiFX.

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00:06:23,580 --> 00:06:31,440

Stretto also hosts our website at www.eminifxreceivership.com.

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00:06:32,700 --> 00:06:37,380

That website is available in Haitian Creole and French as well as English.

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00:06:38,100 --> 00:06:44,820

That website also has all the Court filings and the status reports that

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00:06:44,820 --> 00:06:50,460

go into more detail on some of the topics that I will discuss in this Town Hall.

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00:06:52,020 --> 00:06:57,060

Stretto may also send you emails from time to time. You have probably seen some already.

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00:06:57,840 --> 00:07:04,800

When you get one, I'd ask you to open it, read it, and follow any instructions in that email.

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00:07:05,820 --> 00:07:11,220

We will also periodically use e-mails to remind you of upcoming deadlines.

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00:07:14,100 --> 00:07:20,100

Now, let's get into the substance. I'm going to start with how EminiFX worked.

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00:07:20,880 --> 00:07:27,420

My team and I have looked at the internal company system, as well as the bank, brokerage

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00:07:27,420 --> 00:07:34,200
and cryptocurrency records that we were able to
obtain directly from those financial institutions.

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00:07:35,400 --> 00:07:41,220
We have used that data to analyze
and understand how EminiFX worked.

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00:07:42,000 --> 00:07:47,520
We looked at the balances that users saw in
their accounts usually, in the dashboard.

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00:07:48,480 --> 00:07:54,300
We also looked at the assets and money
that actually existed. Unfortunately,

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00:07:54,300 --> 00:08:00,960
there was no connection between the balances on
the dashboard and the actual underlying assets.

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00:08:02,160 --> 00:08:06,600
So, let's start with what
I mean by an EminiFX user.

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00:08:07,320 --> 00:08:12,900
I mean someone who created a username
or an account on the EminiFX system.

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00:08:13,740 --> 00:08:21,540
And who deposited money or cryptocurrency, such as
Bitcoin. Or who withdrew money or cryptocurrency.

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00:08:22,980 --> 00:08:30,660
A lot of users have referred to themselves in
communications with me as "members." Given the

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00:08:30,660 --> 00:08:37,440
way this system worked, I prefer to use the term
"EminiFX Users," as some of you may have seen on

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00:08:37,440 --> 00:08:43,860

our website. But from your perspective, "member" and "user" will generally mean the same thing.

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00:08:46,260 --> 00:08:52,620

Thousands of users deposited money into EminiFX. Often, this was in the form of

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00:08:52,620 --> 00:08:58,800

U.S. dollar cash deposits into the company accounts at TD Bank or Bank of America.

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00:08:59,580 --> 00:09:06,540

Or via wire transfer into those accounts. In addition, the most common way to make a deposit

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00:09:06,540 --> 00:09:14,400

was to use Bitcoin via the CoinPayments system. So I've used the word "deposit." But, given the

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00:09:14,400 --> 00:09:22,080

way the system worked, going forward I'm going to use the term "contribution," instead. That said,

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00:09:22,080 --> 00:09:29,160

for users from your perspective "deposit" and "contribution" will generally mean the same thing.

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00:09:31,860 --> 00:09:34,980

When users contributed dollars or Bitcoin,

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00:09:34,980 --> 00:09:41,640

they could then log onto their account and see that money in their EminiFX dashboard.

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00:09:41,640 --> 00:09:48,060

Usually in their e-wallet. Most users would then put funds into their trading wallet,

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00:09:48,060 --> 00:09:57,000

as that is what was used for the weekly Return on Investment, or ROI, increases every Friday.

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00:09:58,200 --> 00:10:04,500

Specifically, every Friday morning. The dashboard would show a payout of ROI.

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00:10:05,220 --> 00:10:15,420

That would be between 5.00 and 9.99 percent, across the board. On March 11, 2022, it was 9.99%.

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00:10:16,740 --> 00:10:26,160

On April 1, it was 9.91%. On April 22, it was 5.05%. And so on and so on.

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00:10:28,080 --> 00:10:33,060

One EminiFX user wrote me that every Friday was like Christmas morning.

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00:10:34,140 --> 00:10:41,100

And I understand why one might think that. The dashboard always showed an increase.

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00:10:42,540 --> 00:10:49,680

It's not surprising that some users have said they thought they could become millionaires in a year.

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00:10:50,760 --> 00:10:55,920

The problem is that none of those increases were real.

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00:11:02,640 --> 00:11:10,140

I know this can be hard to hear. It is important that I emphasize this point, though.

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00:11:10,860 --> 00:11:17,100

Because many EminiFX users have said in online petitions, in letters to me,

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00:11:17,100 --> 00:11:22,860

in letters to the Court, and in other places,
that they believed the profits were real.

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00:11:23,820 --> 00:11:28,920

But they were not. The ROI
numbers were fiction. Every week.

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00:11:30,300 --> 00:11:35,160

So, how do we know that the
ROI numbers were fiction?

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00:11:36,060 --> 00:11:44,100

Well, we know that because we looked through
everything EminiF EminiFX invested in.

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00:11:44,100 --> 00:11:51,120

And we looked in detail. I've gone through this
in some of my public reports filed with the court,

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00:11:51,780 --> 00:11:56,400

most notably the Financial
Condition Report filed in May 2023.

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00:11:57,420 --> 00:12:03,360

Annex A to that report, available on our
website, contains the weekly performance reports.

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00:12:04,440 --> 00:12:09,780

Here, at this Town Hall, I'm going to
provide an overview of what we found.

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00:12:11,280 --> 00:12:14,280

There were three basic categories of investment.

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00:12:15,120 --> 00:12:20,040

One, Securities and derivatives
via an online brokerage account.

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00:12:20,880 --> 00:12:28,200

Two, real estate Investments. And three

cryptocurrency holdings. Let's go through each.

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00:12:30,000 --> 00:12:35,040

But first, the brokerage account. That was an account in Eddy Alexandre's name,

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00:12:35,040 --> 00:12:40,320

but it was funded with nine million dollars of money from the corporate bank accounts.

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00:12:41,100 --> 00:12:45,180

So it was ultimately funded with the contributions of the users.

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00:12:46,740 --> 00:12:54,000

I looked at all the trading records, including the daily balances. In just over four months

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00:12:54,000 --> 00:13:00,720

of trading, over seven million dollars was lost, a decline of approximately 80%.

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00:13:02,100 --> 00:13:07,500

The losses continued to mount in most weeks, and the account never turned a profit.

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00:13:08,460 --> 00:13:11,940

So there was no ROI from the brokerage trading.

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00:13:13,140 --> 00:13:20,700

Second, there were also real estate investment. When I was appointed EminiFX was in contract to

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00:13:20,700 --> 00:13:26,880

purchase 46 different foreclosure properties in Long Island, that's Nassau and Suffolk County.

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00:13:27,960 --> 00:13:31,980

There were contracts for three other properties as well in the same counties.

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00:13:32,820 --> 00:13:36,960

Most of the contracts were signed in the few weeks before I was appointed,

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00:13:36,960 --> 00:13:40,980

but none of those properties had actually been purchased.

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00:13:42,360 --> 00:13:46,980

We obtained professional valuations on all 46 foreclosure properties,

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00:13:47,700 --> 00:13:52,620

and we tested the market for the properties that had the most potential upside.

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00:13:53,280 --> 00:13:59,160

There were no takers. No buyers. So we did not go through with any of the purchases.

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00:14:01,140 --> 00:14:07,620

Based on our analysis, EminiFX was likely looking at losses of several million dollars if these

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00:14:07,620 --> 00:14:13,920

properties had all been purchased. Based on public sale records, one property alone would have had

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00:14:13,920 --> 00:14:23,340

would have lost 850 thousand dollars if that deal had closed. Given the timing of the contracts,

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00:14:23,340 --> 00:14:30,000

and the valuation of the properties, there was clearly no ROI from the real estate investments.

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00:14:31,440 --> 00:14:34,980

Finally the third category was cryptocurrency.

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00:14:35,880 --> 00:14:41,640

I say this even though I did not find a lot of active investment in cryptocurrencies.

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00:14:42,420 --> 00:14:49,260

However, most of the funds that were contributed by users came in via the CoinPayment system,

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00:14:49,920 --> 00:14:58,260

and were held there in that account as Bitcoin. So it was more, and more, and more Bitcoin kept

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00:14:58,260 --> 00:15:05,340

coming into the CoinPayments account, a lot of EminiFX's money was being held as Bitcoin.

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00:15:07,080 --> 00:15:12,900

That means that EminiFX was at least passively investing in Bitcoin.

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00:15:12,900 --> 00:15:18,000

If Bitcoin went up, or down, the value of EminiFX went up,

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00:15:18,000 --> 00:15:25,560

or down. Now whether that exposure to the price of Bitcoin was intended, I cannot say.

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00:15:26,940 --> 00:15:33,540

What we do know is that in 2022, the price of Bitcoin was on a downward trajectory,

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00:15:33,540 --> 00:15:41,820

with a big crash in early May. That meant that EminiFX kept losing millions of dollars as the

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00:15:41,820 --> 00:15:47,940

price of Bitcoin continued to fall. By the time I was appointed, there were over 40

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00:15:47,940 --> 00:15:54,060

million dollars in losses in the Bitcoin that was held in the CoinPayments account.

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00:15:55,020 --> 00:16:03,900

So there was no ROI, no positive ROI from the EminiFX exposure to the price of Bitcoin.

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00:16:05,280 --> 00:16:10,620

On top of all that, the company spent about six million dollars in operating costs,

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00:16:10,620 --> 00:16:18,120

in just a few months. Most of that was spent on salaries, rent, office equipment, and vehicles.

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00:16:19,800 --> 00:16:26,580

So let's add it all up. We have millions of dollars in losses in the brokerage account.

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00:16:27,180 --> 00:16:29,700

We have no real gains in real estate.

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00:16:30,840 --> 00:16:37,680

We have tens of millions of dollars of losses in Bitcoin. And we have millions of dollars in costs.

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00:16:38,280 --> 00:16:44,880

We have no gains anywhere. And that's how we know that the ROI was fiction.

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00:16:46,020 --> 00:16:50,580

Because even though there were only actual losses and costs. the dashboard

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00:16:50,580 --> 00:16:56,880

kept showing gains week after week after week. And that creates a weekly shortfall,

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00:16:56,880 --> 00:17:01,020
meaning that there was a difference
between the total value that users

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00:17:01,020 --> 00:17:07,440
could see in their accounts, and the
assets that EminiFX actually had.

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00:17:08,880 --> 00:17:16,980
Moreover, we can measure that shortfall. By the
time I was appointed in May 2022, it was immense.

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00:17:18,240 --> 00:17:23,460
At that time, the total difference
between what the EminiFX dashboard

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00:17:23,460 --> 00:17:30,420
said all of your accounts were worth, and
the money that EminiFX actually had in its

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00:17:30,420 --> 00:17:37,800
various accounts and other assets, that
shortfall was over 300 million dollars.

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00:17:39,480 --> 00:17:44,640
Given the losses in the trading, and
looking at the price of the Bitcoin since,

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00:17:45,420 --> 00:17:51,060
there was no reasonable path to ever
make up that shortfall. In fact,

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00:17:51,060 --> 00:17:56,520
it was just getting worse when I was
appointed, week after week after week

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00:18:02,160 --> 00:18:08,040
So let's talk about withdrawals. Some
of you might be asking how there could

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00:18:08,040 --> 00:18:15,660
be no ROI when it showed up on the dashboard every Friday morning. And you might ask how

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00:18:15,660 --> 00:18:20,820
the dashboard could be fiction if you could withdraw it the money that was displayed.

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00:18:21,600 --> 00:18:28,620
And the answer is simple. When you withdrew from EminiFX, you were not being paid with

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00:18:28,620 --> 00:18:36,000
profits. Because no profits existed as we just explained. Rather you were being paid with the

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00:18:36,000 --> 00:18:42,180
contributions of other users. In other words the contributions of other members of the community.

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00:18:43,680 --> 00:18:46,620
And that's how Ponzi scheme generally works.

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00:18:47,340 --> 00:18:53,940
So in in the classic Ponzi scheme, people put money into the scheme with the promise

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00:18:53,940 --> 00:19:00,720
of very high returns. Those returns are not real, but people think they are.

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00:19:01,380 --> 00:19:08,760
So when a user or contributor to the Ponzi scheme withdraws their money, then the promoter of that

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00:19:08,760 --> 00:19:16,740
scheme uses the money that other users invested in order to make the payment to the withdrawing user.

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00:19:18,420 --> 00:19:21,840

And that's what happened here.
In fact, the judge overseeing

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00:19:21,840 --> 00:19:28,200
the criminal case characterized EminiFX a
Ponzi scheme during the sentencing hearing.

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00:19:29,640 --> 00:19:35,520
I'm going to explain how we know that withdrawals
were funded with other people's money.

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00:19:36,720 --> 00:19:43,020
First, we know that withdrawals were made
from the EminiFX CoinPayments account.

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00:19:43,920 --> 00:19:50,580
Even though users withdrew in dollars, almost
all withdrawals were paid in Bitcoin via

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00:19:50,580 --> 00:19:56,820
CoinPayments. We also know that the CoinPayments
account was funded with user contributions.

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00:19:58,620 --> 00:20:03,660
The way CoinPayments worked, all the
Bitcoin was commingled, was mixed together.

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00:20:04,440 --> 00:20:08,460
I've explained this in prior filings and
I don't want to get too technical here.

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00:20:09,480 --> 00:20:17,940
In brief, once Bitcoin hit the CoinPayments system
it became one part of one large EminiFX account,

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00:20:17,940 --> 00:20:22,860
like pouring a glass of water into a big lake.

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00:20:23,820 --> 00:20:30,000
So when a user withdrew, it was like taking

a small little glass of water from that very

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00:20:30,000 --> 00:20:37,380

big lake. However, the lake in this analogy was made up of contributions only. So there

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00:20:37,380 --> 00:20:43,380

were no profits in the lake in no profits in the CoinPayments account to be more precise.

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00:20:44,520 --> 00:20:51,060

So when users withdrew over 33 million dollars as they did, that 33 million

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00:20:51,060 --> 00:20:56,640

dollars came from the CoinPayments account, and it came not from any trading profits,

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00:20:56,640 --> 00:21:03,840

but from the 182 million dollars that other users had contributed via CoinPayments.

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00:21:03,840 --> 00:21:10,740

And we can see this very clearly in the CoinPayments records we've obtained. And so that's

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00:21:10,740 --> 00:21:18,540

why I say that when someone withdrew profits from EminiFX, what they received was other people's

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00:21:18,540 --> 00:21:26,220

money. Because at no point did withdrawals include any actual trading or investment profits.

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00:21:31,680 --> 00:21:38,220

You know I've spent a lot of time talking about how EminiFX worked before I was appointed.

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00:21:39,060 --> 00:21:46,800

I want to now turn to the current financial status

of the Receivership. The funds I am holding,

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00:21:46,800 --> 00:21:53,700

by and large, come from the contributions of users, so I think it's important that we that I

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00:21:53,700 --> 00:22:01,500

explain what funds I have, where they came from and how my team and I are managing those funds.

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00:22:02,520 --> 00:22:10,560

First bank accounts. At the beginning of the Receivership, the CFTC and I froze a number of

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00:22:10,560 --> 00:22:16,980

company and Alexandre bank accounts, including the ones at TD Bank and Bank of America, which many

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00:22:16,980 --> 00:22:23,580

of you use to contribute funds. Those funds were turned over to the Receivership bank accounts in

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00:22:23,580 --> 00:22:29,820

the first few weeks of the Receivership. That works out to about 60 plus million dollars.

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00:22:30,900 --> 00:22:38,400

Second, cryptocurrency. Most of the cryptocurrency that EminiFX had was in the CoinPayments account

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00:22:38,400 --> 00:22:45,060

that we discussed earlier. So CoinPayments is an offshore company located in Estonia and

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00:22:45,060 --> 00:22:51,600

then Lithuania, which is in the Baltic region of Europe. So I hired the Baltic Law Firm Sorainen

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00:22:51,600 --> 00:22:57,600

to assist us, and we were able to recover

all the cryptocurrency held in that account,

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00:22:57,600 --> 00:23:05,220

over 36 hundred Bitcoin. We also recovered some cryptocurrency in other accounts.

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00:23:06,420 --> 00:23:13,620

When we started selling the Bitcoin in January 2023, the price was under 17

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00:23:13,620 --> 00:23:20,580

thousand dollars. That equated to a value of around 62 million dollars for the entire position.

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00:23:21,960 --> 00:23:27,900

I decided to sell slowly, over the course of four months, to reduce the volatility.

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00:23:28,800 --> 00:23:34,380

By the time we finished selling, the price of Bitcoin was over 30 thousand dollars.

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00:23:35,220 --> 00:23:42,960

The average price over those four months for the whole position was a bit more than 24 thousand

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00:23:42,960 --> 00:23:50,100

dollars, and that means that the cash proceeds from the sale of that cryptocurrency was just over

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00:23:50,100 --> 00:23:56,520

90 million dollars. And that's a substantial increase from when we first started selling

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00:23:58,800 --> 00:24:05,700

Third, the brokerage account. I also mentioned that 9 million dollars of EminiFX corporate

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00:24:05,700 --> 00:24:11,520

money was put into the brokerage account, and

then uh and over seven million dollars was lost

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00:24:11,520 --> 00:24:18,000

in trading. That works out to about 1.7 million dollars left in the account. When I was appointed,

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00:24:18,780 --> 00:24:22,560

I liquidated the remaining positions before they could lose more money,

205

00:24:22,560 --> 00:24:28,080

and we recovered that as cash as well fairly early on in the receivership.

206

00:24:30,360 --> 00:24:36,660

Fourth, litigation recoveries. I mentioned earlier the 46 foreclosure properties and the three other

207

00:24:36,660 --> 00:24:43,980

properties for which EminiFX or Affiliates were in contract, but had not yet been purchased.

208

00:24:44,880 --> 00:24:51,060

That meant that we were involved in 46 separate state court cases in Nassau and Suffolk counties.

209

00:24:51,900 --> 00:24:59,100

So I hired the Nassau County firm Forchelli Deegan Terrana, and we were able to achieve 2.5 million

210

00:24:59,100 --> 00:25:03,600

dollars in settlements without having to purchase a single property and with a waiver of claims.

211

00:25:04,560 --> 00:25:09,720

We also recovered and sold a number of vehicles, as well as some office equipment,

212

00:25:09,720 --> 00:25:16,200

although most of that has very little resale

value. At the end of the last fiscal quarter,

213

00:25:16,200 --> 00:25:24,960

on June 30th 2023. the receivership had a total of 153.7 million dollars under its control,

214

00:25:24,960 --> 00:25:33,260

all in interest bearing accounts. Right now that interest is about 400 thousand dollars each month.

215

00:25:33,260 --> 00:25:40,200

We have had costs as well. At the beginning of the Receivership, we paid the final salaries of the

216

00:25:40,200 --> 00:25:46,680

employees, except for Mr. and Mrs. Alexandre, as well as one month of additional rent.

217

00:25:47,640 --> 00:25:52,920

I explained a lot of those reasons in detail in my June 1 preliminary status report. Also

218

00:25:52,920 --> 00:25:58,440

available on the website, that was about 200 thousand dollars. Most of the other

219

00:25:58,440 --> 00:26:04,500

receivership costs are for the professional fees and expenses. And those are all approved first

220

00:26:04,500 --> 00:26:11,040

by the CFTC and then by the Court, with detailed time records, before I pay them.

221

00:26:12,180 --> 00:26:16,920

Through June 30, the total income from the Receivership activities was around

222

00:26:16,920 --> 00:26:21,540

5.6 million dollars, with the total

cost around 3.9 million dollars.

223

00:26:22,380 --> 00:26:29,520

That means I have not yet had to use the recovered assets to cover the cost of the receivership.

224

00:26:30,180 --> 00:26:36,240

And, we have a cushion of over a million and a half dollars before I would have to do so.

225

00:26:37,140 --> 00:26:42,360

That cushion, plus the interest we are earning on the cash, will help

226

00:26:42,360 --> 00:26:47,460

as we begin the complex transaction verification and claims process.

227

00:26:49,140 --> 00:26:53,880

I am pleased with the financial performance of the Receivership to date.

228

00:26:54,540 --> 00:26:58,860

I cannot guarantee any future result, I will however continue

229

00:26:58,860 --> 00:27:05,040

to manage the receiverships finances in a careful and conservative manner.

230

00:27:10,860 --> 00:27:17,640

Let's now turn to the Portal. As some of you may have seen on August 29th,

231

00:27:17,640 --> 00:27:22,500

the Court approved our motion to begin the transaction verification and claims process.

232

00:27:23,280 --> 00:27:29,460

We are expecting to launch our EminiFX

user portal on or about September 12.

233

00:27:30,780 --> 00:27:36,540

We have a lot of information on what users contributed, and what users withdrew.

234

00:27:36,540 --> 00:27:43,320

We've looked at bank records, cryptocurrency exchange records, and EminiFX internal data to

235

00:27:43,320 --> 00:27:49,080

come up with a preliminary transaction list for around 100,000 transactions.

236

00:27:50,400 --> 00:27:54,660

The user portal is going to allow users to confirm

237

00:27:55,260 --> 00:28:00,180

the transactions we have attributed to them based on the data that we have.

238

00:28:00,720 --> 00:28:06,420

It is also going to allow users to add transactions correct transaction details,

239

00:28:06,420 --> 00:28:13,560

and to let us know if any of their transactions also included funds for other EminiFX users.

240

00:28:14,760 --> 00:28:22,560

Our next Town Hall will focus on that User Portal. For now, I'd ask that all users make

241

00:28:22,560 --> 00:28:28,620

sure to review the email from Stretto about the portal, which users should receive around the

242

00:28:28,620 --> 00:28:35,340

middle of next week. So they don't have it yet. It should come next week. That email will also have

243

00:28:35,340 --> 00:28:41,880

instructions for how to log on to the portal and we'll post a link to the portal on the website.

244

00:28:47,160 --> 00:28:51,660

I'd like to close before questions with one final topic.

245

00:28:52,320 --> 00:28:57,600

I have looked at all the letters I received in response to the digital sale protocol.

246

00:28:58,620 --> 00:29:04,260

I have read many of the letters submitted to the criminal judge in advance of the sentencing.

247

00:29:05,520 --> 00:29:09,720

I have listened to each user who spoke at the sentencing hearing,

248

00:29:09,720 --> 00:29:16,740

no matter what side they were on. And one thing I was struck by is how hundreds of users have

249

00:29:16,740 --> 00:29:23,400

told me and the Court about the importance of the Thursday EminiFX investing classes.

250

00:29:24,180 --> 00:29:30,660

So as the administrator of EminiFX, I'd like to take a few minutes and

251

00:29:30,660 --> 00:29:36,300

discuss a helpful investor education resource that is free to the public.

252

00:29:38,460 --> 00:29:45,180

The Securities and Exchange Commission, which like the CFTC is a U.S government agency whose mission

253

00:29:45,180 --> 00:29:52,200

is to protect investors and market integrity, has a website to help investors make sound investment

254

00:29:52,200 --> 00:30:01,020

decisions and avoid fraud. That website is called investor.gov, and it has a page on Ponzi schemes.

255

00:30:01,620 --> 00:30:04,740

We'll put a link to this page in the notes for this video.

256

00:30:05,820 --> 00:30:12,180

Here are some of the red flags that the SEC on that page has

257

00:30:12,180 --> 00:30:15,540

identified as warning signs for Ponzi Schemes.

258

00:30:16,380 --> 00:30:23,700

First, High returns with little or no risk. The SEC notes that "Every investment carries

259

00:30:23,700 --> 00:30:29,160

some degree of risk, and investments yielding higher returns typically involve more risk."

260

00:30:30,060 --> 00:30:36,300

The SEC warns, "Be highly suspicious of any 'guaranteed' investment opportunity."

261

00:30:38,220 --> 00:30:45,360

Second, overly consistent returns. As the SEC notes, "Investments tend to go

262

00:30:45,360 --> 00:30:51,900

up and down over time." So the SEC also warns, "Be skeptical about an investment

263

00:30:51,900 --> 00:30:57,060

that regularly generates positive returns regardless of overall market conditions."

264

00:31:00,540 --> 00:31:07,860

Third, secretive, complex strategies. The SEC cautions investors to "Avoid

265

00:31:07,860 --> 00:31:13,740

investments if you don't understand them or can't get complete information about them."

266

00:31:15,240 --> 00:31:22,380

Fourth, difficulty receiving payments. The SEC warns investors to "Be suspicious

267

00:31:22,380 --> 00:31:26,100

if you don't receive a payment or have difficulty cashing out."

268

00:31:27,060 --> 00:31:32,700

As the SEC notes, "Ponzi scheme promoters sometimes try to prevent participants

269

00:31:32,700 --> 00:31:37,380

from cashing out by offering even higher returns for staying put."

270

00:31:39,000 --> 00:31:44,760

The SEC also identifies unregistered investments, unlicensed sellers. and issues with paperwork

271

00:31:44,760 --> 00:31:53,040

as additional red flags for Ponzi Schemes. Again we'll put a link to the investor.gov webpage that

272

00:31:53,040 --> 00:32:01,200

has all this information in the notes to this video. So that concludes my prepared remarks.

273

00:32:01,200 --> 00:32:08,820

We're going to open it up to Q&A. We'll start with the common questions that people have sent us.

274

00:32:14,220 --> 00:32:21,960

So one is what will the estimated recovery be for EminiFX users?

275

00:32:24,420 --> 00:32:32,880

I don't have an estimation to give you at this time. There are tax considerations that we have to

276

00:32:32,880 --> 00:32:40,200

deal with plus we have to finalize the transaction verification process so we know exactly what

277

00:32:40,200 --> 00:32:45,120

people put in and what they got out and that will very much affect the percentage that people get.

278

00:32:46,620 --> 00:32:52,260

Based on preliminary analysis, I believe we will be able to provide a meaningful recovery,

279

00:32:52,260 --> 00:32:56,580

but we won't know exactly how much that will be for some time.

280

00:33:02,340 --> 00:33:08,760

Two what does the timeline for the rest of the case look like?

281

00:33:10,980 --> 00:33:19,740

So for the rest of 2023 and honestly into early 2024, we will be, my team and I, will be working

282

00:33:19,740 --> 00:33:28,440

hard on the transaction reconciliation and the claims process. That may take longer depending

283

00:33:28,440 --> 00:33:35,220

on the responses. There's a substantial amount of uncertainty as to the timing of that process,

284

00:33:35,220 --> 00:33:41,100

but we're going to work very hard to complete it as quickly as we can.

285

00:33:41,100 --> 00:33:48,180

But again, that will depend very much on the level and amount of responses that we get. After that,

286

00:33:48,180 --> 00:33:53,520

we will begin formulating a distribution plan, but that will also be the subject of a separate

287

00:33:53,520 --> 00:33:59,040

motion before the court. Again as I mentioned at the beginning, I report to the court, which means

288

00:33:59,040 --> 00:34:07,380

that when I do substantive things like suggested distribution plan. I don't just announce it I ask

289

00:34:07,380 --> 00:34:12,360

the court for permission I explain why we're doing what we're doing, and we submit it to the court

290

00:34:12,360 --> 00:34:19,140

for approval. We're also going to have to deal with tax issues and evaluate potential litigation,

291

00:34:19,980 --> 00:34:23,820

as I'm sure many of you know the timing of dealing with the

292

00:34:23,820 --> 00:34:28,020

Internal Revenue Service is uncertain and often outside of the taxpayers control.

293

00:34:32,940 --> 00:34:35,700

When should users expect a distribution.

294

00:34:36,780 --> 00:34:42,180

So again, I don't have an answer for exactly when the distribution will come. As I've said in prior

295

00:34:42,180 --> 00:34:50,400

reports, it's my hope to do at least an initial distribution as soon as I can, it is likely,

296

00:34:50,400 --> 00:34:56,340

although not certain, that distributions will come in stages, which means that the first distribution

297

00:34:56,340 --> 00:35:03,360

may not be everything that I'll be returning back, but what I can do at that time. Again we

298

00:35:03,360 --> 00:35:08,880

don't have exact timing on that, but I do want to at least tell users that the first distribution

299

00:35:08,880 --> 00:35:16,680

probably won't be the only one that will do. And when we do the distributions, we'll be sure to

300

00:35:16,680 --> 00:35:21,960

explain that to the Court because again we will get Court approval before doing a distribution

301

00:35:28,380 --> 00:35:35,640

What fee will there be to submit transactions on the user portal? No, there is no fee. And I

302

00:35:35,640 --> 00:35:40,740

want to emphasize this we are not charging anyone to participate in this process.

303

00:35:41,580 --> 00:35:46,500
We're providing the portal. You should
be sent an email, you'll be able to log

304
00:35:46,500 --> 00:35:50,700
on. We'll have informational videos,
and we'll we'll do a second Town Hall.

305
00:35:50,700 --> 00:35:54,600
Once people have had a chance to log on,
and we get more questions to try to help

306
00:35:54,600 --> 00:35:59,160
you through this process. We are not charging
anyone a fee so if anyone says that we are,

307
00:35:59,160 --> 00:36:03,720
when it was collecting a fee I want you to
know that that has not been authorized by me.

308
00:36:09,540 --> 00:36:15,900
How will EminiFX users receive a distribution
via a check or a digital payment?

309
00:36:19,620 --> 00:36:24,480
Again, that's not set yet. We're a
little ways off from a distribution.

310
00:36:25,200 --> 00:36:35,760
We have the portal already, my hope is to continue
to use that for further issues, including with

311
00:36:35,760 --> 00:36:40,140
distributions. So you know when you have your
portal account, I want you to make sure to keep

312
00:36:40,140 --> 00:36:49,140
your login information secure but also known to
you. we'll explore multiple options depending

313

00:36:49,140 --> 00:36:56,100
on what we believe is prudent and secure at the
time. But we'll we'll look at everything and try

314
00:36:56,100 --> 00:37:01,680
to do what makes the most sense. Again trying to
balance security and convenience for for users.

315
00:37:09,000 --> 00:37:15,960
What kind of supporting documentation is
the receiver looking for users to provide

316
00:37:15,960 --> 00:37:20,820
to support their transactions if they
disagree with the receiver's records?

317
00:37:22,380 --> 00:37:25,620
This is going to be somewhat
situational it's going to depend on

318
00:37:26,160 --> 00:37:31,800
how the transaction was made and why there's
a disagreement. Things like bank statements,

319
00:37:31,800 --> 00:37:37,320
wire confirmations, but even emails, text messages
depending on the circumstances could be useful.

320
00:37:37,980 --> 00:37:45,360
So I encourage users to provide what information
they can given the circumstance that they have.

321
00:37:45,360 --> 00:37:50,760
Depending on where the disagreement is, we'll also
be able to reach out if we need more information,

322
00:37:50,760 --> 00:37:59,040
but again, I would say give us as much as
you can ideally in PDF format. When you

323

00:37:59,040 --> 00:38:02,940
dispute a transaction we'll do another
Town Hall on how to do this as well.

324
00:38:08,820 --> 00:38:14,520
Will EminiFX users receive interest on
their accounts since the receiver took over?

325
00:38:16,560 --> 00:38:21,960
So, we've gone over this a bit maybe
in some detail during the presentation.

326
00:38:23,100 --> 00:38:26,940
There was no ROI, so that was
never real to begin with, so

327
00:38:28,260 --> 00:38:37,080
there was no interest being earned before I took
over. And their the ROI the 5 to 9 percent was

328
00:38:37,080 --> 00:38:43,560
never real is not something that we will continue.
We would ever continue because again it's not

329
00:38:43,560 --> 00:38:51,120
based on reality. To give you maybe a different
way of explaining that, so the minimum ROI was 5%,

330
00:38:52,020 --> 00:38:58,380
so if we take that forward to now, the dashboard
balance the collective dashboard balance,

331
00:38:58,380 --> 00:39:04,500
and assuming no more withdrawals, no deposits, we
just took what was in EminiFX when I took over,

332
00:39:04,500 --> 00:39:12,240
and took 5% to now, the dashboard balance
would be around 14 billion dollars. To make

333

00:39:12,240 --> 00:39:20,640
that work Bitcoin would have to be between 3.5 and
4 million dollars per coin. Right now, it's around

334
00:39:21,660 --> 00:39:30,600
25,000. So there was just there's no ROI
continuing. We're not going to pay based on

335
00:39:30,600 --> 00:39:36,840
anything that's not real, and that just wasn't
real. Now there is interest, as I mentioned,

336
00:39:36,840 --> 00:39:42,420
on the Receivership accounts, so that interest
gets paid directly into the Receivership. The

337
00:39:42,420 --> 00:39:49,500
400 hundred thousand dollars a month that helps
to cover cost, but the excess continues in will

338
00:39:49,500 --> 00:39:54,540
remain in distribution in the receivership
accounts. And I expect any access will be part

339
00:39:54,540 --> 00:39:59,340
of the general distribution pool that will we'll
address when we get to that stage of the case.

340
00:40:02,520 --> 00:40:07,920
I found this a lot actually I've asked been
asked if I'm working with the office of the

341
00:40:07,920 --> 00:40:14,640
Haitian diaspora. They've put a link to
the EminiFX website on their web page,

342
00:40:14,640 --> 00:40:20,700
and the answer is I have spoken to the folks
there. We're independent of them. They have

343

00:40:20,700 --> 00:40:25,980
been helping us to try to get the word
out about the website. About the Town Hall

344
00:40:26,820 --> 00:40:32,160
and hopefully about the portal process as well.
So I appreciate the work they've been doing,

345
00:40:32,160 --> 00:40:36,120
but I do want to emphasize it I'm
completely independent of that office.

346
00:40:42,780 --> 00:40:46,740
Will participating in the Florida
Class Action affect my recovery?

347
00:40:50,640 --> 00:40:58,980
No, I want to emphasize we are completely
independent of the Florida class action.

348
00:40:59,760 --> 00:41:10,260
We don't need any EminiFX user to participate in
that to participate in the Receivership process.

349
00:41:11,280 --> 00:41:19,920
So we're running completely independent process,
and as I've emphasized before, there will be no

350
00:41:19,920 --> 00:41:24,660
fee to participate in the receivership process so
I encourage all immune effective users to do so.

351
00:41:29,400 --> 00:41:33,120
I'm kind of how to phrase this. So
we've received a number of questions,

352
00:41:34,380 --> 00:41:40,140
maybe comments, tips I would almost call
them from users over the past year or so,

353

00:41:41,460 --> 00:41:47,460
reporting to us on another scam that's
targeting the EminiFX user base.

354
00:41:48,240 --> 00:41:55,380
I want to clarify that only EminiFX is part of
the receivership, so a lot of the other alleged

355
00:41:55,380 --> 00:42:03,540
scams that have been sent to us are not part of
that and that's not part of of my Court given

356
00:42:03,540 --> 00:42:10,020
responsibilities as the receiver. That said, there
are places you can go if you would like to report

357
00:42:10,020 --> 00:42:16,560
a potential of fraud or scam that you think exists
and is targeting the community. So one place to go

358
00:42:16,560 --> 00:42:27,060
is the CFTC, that cftc.gov/complaint.
Say it again cftc.gov/complaint.

359
00:42:28,320 --> 00:42:35,880
The SEC, the Securities Exchange Commission,
also has a tip line and it's the sec.gov/TCR.

360
00:42:41,280 --> 00:42:45,480
You can also report any potential crimes
of course to the FBI or to local police,

361
00:42:45,480 --> 00:42:55,080
as appropriate. But in general we are here just
to focus on the EminiFX case and to for me to

362
00:42:55,080 --> 00:43:01,680
administer the assets there and not other schemes.
I think we've received a couple more questions

363

00:43:01,680 --> 00:43:09,360
since we started, let me I'm just going to try to
take what I can we have a little bit more time.

364
00:43:11,880 --> 00:43:15,300
It's been a long one. I am sure
there are many members who have

365
00:43:15,300 --> 00:43:18,540
taken a great gain for being one
of the first members to invest,

366
00:43:19,380 --> 00:43:24,480
those who have taken a significant
gain will there be an encouraging email

367
00:43:25,620 --> 00:43:31,980
sent to those individuals to return the money, or
is the receivership just counting that as a loss?

368
00:43:35,460 --> 00:43:39,600
So, I want to make sure everyone's
clear when there's no gain.

369
00:43:39,600 --> 00:43:43,680
So any withdrawal as I mentioned
was with other people's money.

370
00:43:44,640 --> 00:43:50,340
We're still determining whether there are what
are commonly called net winners, which are those

371
00:43:50,340 --> 00:43:57,000
who did take out more than they put in. We will
assess how to handle those once we have a better

372
00:43:57,000 --> 00:44:02,700
sense for the universe ,which will depend also
on the transaction verification process that

373

00:44:02,700 --> 00:44:08,340
we're running. So I don't have an answer for how
we will deal with that, but that will likely,

374
00:44:10,260 --> 00:44:13,860
that will potentially be part of a
court of future motion before the

375
00:44:13,860 --> 00:44:18,780
court but there is no answer for how
we plan to handle those at this time.

376
00:44:24,000 --> 00:44:30,360
Prior to this prior to the receiver takeover with
this state but it's really receiver take over

377
00:44:30,360 --> 00:44:36,540
of EminiFX, I had two accounts, is the receiver
going to consider each account a separate entity?

378
00:44:37,980 --> 00:44:42,780
There will be an option in the portal if you had
two accounts to merge your account. Again we'll

379
00:44:42,780 --> 00:44:47,760
do a portal videos and the portal Town Hall
for how to do that. But yes if you do have

380
00:44:47,760 --> 00:44:52,920
few accounts there will be an option for how
to merge those accounts will help with that.

381
00:44:58,980 --> 00:45:03,120
Interesting okay, my wife and I made
an investment one or two days before

382
00:45:03,120 --> 00:45:07,680
Eddy Alexandre was arrested but the
money did not update in the system yet,

383

00:45:07,680 --> 00:45:11,700
who has that money? Will this be captured in the transaction portal?

384
00:45:12,600 --> 00:45:15,060
So if the money was made,

385
00:45:17,460 --> 00:45:25,560
the question, the Stretto Firm will be able to answer specific questions and when you the portal

386
00:45:25,560 --> 00:45:30,840
if there's a if there's a transaction that's not there when you log in this might be a reason but

387
00:45:30,840 --> 00:45:35,760
there might be other reasons. You'll have an opportunity to upload to to add a transaction

388
00:45:35,760 --> 00:45:42,660
and to upload the documentation. So if you made an investment a couple days before, it is possible

389
00:45:42,660 --> 00:45:51,240
that we will have it because we will have been able to uh attribute that investment based on

390
00:45:51,240 --> 00:45:57,480
the bank records to that specific user account. It's also possible we won't have those records.

391
00:45:57,480 --> 00:46:03,300
So either way either the portal will have it or you'll use the portal to add a transaction. But

392
00:46:03,300 --> 00:46:08,100
again anytime you're adding a transaction, as I mentioned before, it will be very helpful for you

393
00:46:08,100 --> 00:46:14,580

to include what information you can in PDF formats so that we can attempt to verify and look at the

394

00:46:14,580 --> 00:46:21,180

the records that we have on our end. But in general if it deposits of cash or cryptocurrency

395

00:46:21,180 --> 00:46:27,540

came into the system in the last couple days, we do generally have that those funds.

396

00:46:30,840 --> 00:46:37,140

That's all the time uh we have now for questions. So we'll keep a copy of this video on our YouTube

397

00:46:37,140 --> 00:46:42,960

channel, which you or others can access at any time. We'll use this channel for future Town

398

00:46:42,960 --> 00:46:50,100

Halls, and we'll also use this channel to post instructional videos and how EminiFX users can use

399

00:46:50,100 --> 00:46:59,220

the portal, which will be coming soon. If you have any questions please email EminiFX@Stretto.com.

400

00:46:59,940 --> 00:47:08,760

Please also check our website at www.eminifxreceivership.com for updates on

401

00:47:08,760 --> 00:47:14,220

the next Town Hall and how to access the user portal and for all receivership information.

402

00:47:15,900 --> 00:47:19,980

Thank you for taking the time to join us this evening have a good night.