AMERICAN BANKRUPTCY INSTITUTE

2025 International European Insolvency Symposium

Digital Assets in Bankruptcy: Tracing, Valuation, Recovery and the Role of AI

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Special International Section

Is This the Real Life? Is This Just Fantasy?[1]

Obstacles to the Use of Digital Assets as Collateral for Cross-Border Transactions

By Olivia J. Scott

The use of digital assets, such as cryptocurrency and stablecoins,[2] is rapidly increasing in the U.S., and institutional lenders are recognizing the urgent need for regulatory clarity.[3] The first quarter of 2025 has, for the U.S., been punctuated by a series of proposed legislation,[4] a presidential executive order,[5] and even an extravagant party[6] geared toward encouraging the use of digital assets in both domestic and cross-border transactions.

In June 2025, JPMorgan Chase announced its plans to allow clients to use certain cryptocurrency-linked assets as collateral for loans.[7] Coinbase, an online platform for buying, selling, transferring and storing cryptocurrency, is advertising opportunities to borrow against cryptocurrency like Bitcoin to receive near instantaneous loans in USDC, a form of stablecoin.[8] These initiatives come after the global market value of crypto-assets climbed to approximately $2.35 trillion in December 2024[9] and only evidences the U.S.'s priority to become a digital banking capital. While the U.S. is making clear its investment in digital assets, there remains a lack of global cohesion with respect to how to regulate digital assets, particularly where such assets may be used as collateral in cross-border, secured transactions.

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Taking Security Interests in Digital Assets Is Inconsistent and Unpredictable Across Jurisdictions

Because they are borderless, the use of digital assets as collateral presents several benefits for borrowers, opening the door for increased global financing options, particularly where tangible assets and/or commodities might be scarce for use as collateral. In an ideal world, the existence of a borderless digital asset as collateral results in new and creative opportunities for inclusive, accessible and near-instantaneous lending arrangements. However, in reality, and absent a globally agreed-upon regulatory scheme, the use of digital assets as collateral could mean, among other things, inconsistent and unpredictable rulings, difficulty tracing any security interest or the loss of an asset altogether.

A significant hurdle remains that nations, including some of those with the largest economies, operate under substantively different laws and regulations with respect to: (1) whether digital assets constitute "property" for purposes of use as collateral in secured transactions; and (2) the methodology (if any) for perfecting a security interest in a digital asset. These inconsistent laws and regulatory schemes — or lack thereof — make the acceptance of digital assets as collateral a risky business for lenders.

The designation as property is necessary for the digital asset to serve as collateral for a traditional secured transaction. As is clear from the exhibit, many nations have not defined "digital assets" as property. Agreement as to whether digital assets constitute property is only the first step in the analysis. For borrowers and lenders to begin meaningfully engaging in cross-border secured transactions involving digital assets, there must be a global meeting of the minds with respect to not only the characterization of digital assets as property, *but also* as to the method for perfecting a security interest in such property.

A Uniform Framework Is Needed

The United Nations Commission on International Trade Law (UNCITRAL) Model Law on Secured Transactions,[10]

1   Queen, "Bohemian Rhapsody," *A Night at the Opera* (1975).

2   A stablecoin is a type of cryptocurrency, the value of which is tied to another currency, commodity or financial instrument to minimize value volatility.

3   In a study conducted by EY-Parthenon and Coinbase, which surveyed chief operating officers, chief executive officers and heads of transformation at 352 institutional investors, 83 percent of participants indicated their intent to increase digital asset allocations in 2025. *See* Prashant Kher & Scott Mickey, "Growing Enthusiasm Propels Digital Assets into the Mainstream," EY-Parthenon (March 18, 2025), ey.com/en_us/insights/financial-services/growing-enthusiasm-and-adoption-of-digital-assets (unless otherwise specified, all links in this article were last visited on June 24, 2025). Moreover, 49 percent of those surveyed indicated that treatment of digital assets as a commodity (*i.e.*, personal property) vs. a security is the most important area requiring regulatory clarity in the digital finance market. *Id.* at 12.

4   In March 2025, the Stablecoin Transparency and Accountability for a Better Ledger Economy (STABLE) Act of 2025 was introduced to the House of Representatives by Artificial Intelligence Subcommittee Chairman Bryan Steil and House Financial Services Committee Chairman French Hill. The STABLE Act is aimed at establishing a framework for the issuance and operation of dollar-denominated stablecoins in the U.S. *See* H.R. 2392, 119th Cong. (2025). However, on June 17, 2025, the U.S. Senate passed a different piece of legislation, dubbed the GENIUS Act, which received bipartisan support, to create a regulatory framework for stablecoins that would require stablecoins to be backed by liquid assets (like the U.S. dollar) and monthly public disclosures by issuers of the stablecoins. *See* GENIUS Act of 2025, S. 394, 119th Cong. (2025), congress.gov/bill/119th-congress/senate-bill/394/text.

5   "Strengthening American Leadership in Digital Financial Technology," Exec. Order. No. 14178, __ CFR ___ (2025), whitehouse.gov/presidential-actions/2025/01/strengthening-american-leadership-in-digital-financial-technology. In summary, it establishes a working group with respect to developing policy regarding the regulation of digital asset markets.

6   Following President Trump's inauguration in January 2025, BTC Inc., a company focused on promoting the adoption of Bitcoin as a default value system (in collaboration with Stand with Crypto), hosted the first-ever "Crypto Ball," which was attended by executives from companies like Cyrpto.com and Kraken.

7   *See* Emily Nicolle & Hannah Levitt, "JPMorgan Plans to Offer Clients Financing Against Crypto ETFs," Bloomberg (June 4, 2025), bloomberg.com/news/articles/2025-06-04/jpmorgan-plans-to-offer-clients-financing-against-crypto-etfs (subscription required to view article).

8   Coinbase advertises on its website that one can "[b]orrow against your bitcoin without selling it," coinbase.com/loans.

9   *See* Financial Stability Oversight Council, 2024 Annual Report § 3.1.5, home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf.

10   Legislation based on or influenced by the UNCITRAL Model Law on Secured Transactions has been adopted in nine countries: Australia, Colombia, Fiji, Kenya, New Zealand, Nigeria, Papua New Guinea, Phillippines and Zimbabwe. *See* UNCITRAL Model Law on Secured Transactions, uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-08779_e_ebook.pdf.

the International Institute for the Unification of Private Law (UNIDROIT) Principles on Digital Assets and Private Law,[11] and Article 12 of the Uniform Commercial Code (UCC) provide helpful scaffolding for informing any regulatory scheme on governance of digital assets as collateral in secured transactions, yet even these frameworks are not always consistent in their methodologies.

For example, the UNIDROIT Principles on Digital Assets and Private Law provide a waterfall solution to conflict-of-law issues. They propose that the choice of law specified in the digital asset itself, or alternatively the governing law elected by the platform on which the asset is recorded, should govern the dispute. In assets without a choice of law, the UNIDROIT Principles on Digital Assets and Private Law encourage that the law of the jurisdiction in which the digital asset was issued should govern. Finally, if no other option is appropriate, the UNIDROIT Principles on Digital Assets and Private Law suggest that the law of the forum in which the dispute is being heard controls.[12]

Conversely, the UNCITRAL Model Law on Secured Transactions suggests generally that the law applicable to any dispute regarding a security right in an intangible asset, including a digital asset, is that of the place of residence of the *grantor* of the security.[13] Despite differences on choice-of-law analysis, each framework encourages some form of control over the digital asset to take a security interest.

All of the foregoing frameworks encourage some form of control over the digital asset to take a security inter-

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11 The UNIDROIT Principles on Digital Assets and Private Law were adopted by the UNIDROIT Governing Council in May 2023, and published in October 2023, unidroit.org/wp-content/uploads/2024/01/Principles-on-Digital-Assets-and-Private-Law-linked-1.pdf. Countries such as England and Wales have begun to discuss legislative reform informed by these principles.

12 *See* UNIDROIT Principles on Digital Assets and Private Law, Principle 5(1)(a)-(d).
13 *See* UNCITRAL Model Law on Secured Transactions, Article 86.

Exhibit	
Nation	**Definition(s) of "Digital Asset"**
U.S.	Under the U.S. Civil Code, property is categorized as either "real" or "personal." Case law has attributed "personal" property attributes (and thus protections) to digital assets, even recognizing digital assets as "property of the estate" pursuant to Bankruptcy Code § 541. *See generally In re Celsius Network LLC*, 647 B.R. 631 (2023) (recognizing that issue of ownership of digital assets is contract law issue, and in this case, digital assets belonged to debtor based on express language of its terms of use, which indicated that debtor owned digital assets upon transfer into earn accounts, and thus, digital assets constituted property of bankruptcy estate). The UCC, as amended in 2022 (while the UCC 2022 amendments have been enacted by 30 states, including California and Florida, it has yet to be enacted (though is introduced) in states like Texas and New York) to include Article 12 and amend Article 9, does not define "digital assets" but defines a "controllable electronic record," defined as a "record stored in an electronic medium that can be subjected to control," thereby excepting from application digital assets not subject to "control." *See* U.C.C. § 12-102(a)(1). UCC Article 12 also sets out the process by which a security interest in a controllable electronic record may be perfected, for instance by filing a UCC-1 financing statement and/or by exerting control over the asset. (These amendments do not address regulatory issues outside of the UCC's scope.) Notably, a lender that perfects by control takes priority over a lender perfecting by the filing of a UCC-1 financing statement, but absent control. *See* U.C.C. § 12-105(a).
U.K.	Civil law categorizes personal property into two categories: (1) things in possession; and (2) things in action. However, courts have generally found that digital assets (*e.g.*, cryptocurrency) do not fit comfortably into either of the foregoing categories. Accordingly, the Law Commission has proposed the Property (Digital Assets etc) Bill [HL]: HL Bill 31 of 2024-25 (bills.parliament.uk/publications/56207/documents/5086), which proposes that digital assets like cryptotokens, cryptocurrency and nonfungible tokens are capable of attracting property rights outside the traditional categories for personal property. The bill has not been enacted, but evidences the U.K.'s shift toward identifying digital assets as property, which might be used as collateral in secured transactions.
China	Civil law recognizes digital assets as having "property attributes," but limits ownership to individuals, and prohibits use of such digital assets as legal tender or investment tools. Chinese businesses and investors are outright prohibited from participating in "virtual currency investment transactions" or issuing tokens at will. On Nov. 18, 2024, Judge Sun Jie of the Shanghai Songjian District People's Court published a ruling indicating that "[a]lthough it is not illegal for an individual to simply hold virtual currency, commercial entities cannot participate in virtual currency investment transactions or even issue tokens on their own at will." *See* Judge Sun Jie & Ma Yuyun, "What Is the End of the Issuance of Virtual Currency for High Financing?," Shanghai High Court (Nov. 18, 2024), mp.weixin.qq.com/s?__biz=MzA3MjcxNDM5OQ==&mid=2650784656&idx=1&sn=12cb5b68872ef0e5a8135b9709b5c356&scene=21&poc_token=HA9RLmijhFaOTr28H6-leb-ZNPamFjUdRPloQeHe (in Chinese).
Japan	Case law indicates that digital assets are not a corporeal or tangible "thing," and thus cannot constitute "property" under the Japanese Civil Code. *See* Japanese Civil Code, Article 85; *see also* Aug. 5, 2015, Judgment of Civil Division 28 with respect to bankrupt entity Mt. Gox Co. Ltd. (finding that Bitcoins cannot be the object of ownership because they are not a corporeal or tangible "thing," and as such, denying creditor's claim in the bankruptcy of Mt. Gox Co. Ltd.). Translated and annotated order, law.ox.ac.uk/sites/default/files/migrated/mtgox_judgment_final.pdf.
South Korea	To date, "digital assets" are not defined as "property." However, on June 10, 2025, the General Act on Digital Assets was introduced to the National Assembly, and it seeks to establish a comprehensive legislative framework governing and defining digital assets and their characterizations. *See* Hyun-il Hwang, Ryonho Kang, Jaecheong Oh, Mooni Kim, Daniel Woojin Chang & Sanghyun Park, "General Act on Digital Assets" Introduced to the National Assembly — Paving the Way for Full-Scale Institutionalization," Shin & Kim (June 12, 2025), shinkim.com/eng/media/newsletter/2866.

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est therein. While discrepancies may exist as to how to define "control" particularly given the intangible nature of digital assets, the UNCITRAL and UNIDROIT frameworks encourage legislators to consider such factors as (1) possession (*i.e.*, in a digital wallet); and/or (2) the language of and preferences stated in the parties' written security agreement. Section 12-105(a) of the UCC[14] has specific rules for defining "control," acknowledging that control occurs where the party taking the security interest has (1) the power to enjoy substantially all of the benefits of the "controllable electronic record" (CER) (*i.e.*, digital asset); (2) exclusive power to prevent others from enjoying substantially all of the benefits of the CER; and (3) the exclusive power to *transfer* control of the CER.[15] The emphasis on control — and further, the UCC's recognition that a secured party having control over the digital asset takes priority over a party that has recorded a UCC-1 financing statement with respect to the asset, but does not control the asset — suggests that any lender considering taking a security interest in a digital asset should require that the borrower transfer the asset to the lender's secure digital wallet as a condition of closing any secured financing arrangement.

Control might also be traced, and thus a security interest perfected, following some means of publication or registration of the digital asset (*i.e.*, via a universal, asset-specific registry or ledger). Asset-specific registries, such as those used for the registration of motor vehicles, permit security rights to be expressly recorded in those registries, thereby publishing a record of control over and ownership in the particular asset. It follows that a similarly styled registry might be effective for tracing security and ownership interests in digital assets.

Distributed ledger technology (or blockchain) was designed, at least in part, to create an immutable record of transactions. Issues might still persist with respect to jurisdictions' differing laws on such matters as the timing of registration and priority.[16] Nonetheless, absent complimentary and cohesive regulations (1) defining digital assets as property in which a lender may take a security interest; (2) requiring some level of control over the digital asset to take a security interest in such asset (*i.e.*, possession in a lender's digital wallet); and (3) requiring some means to perfect the security interest through publication, the use of digital assets as collateral in cross-border secured transactions remains not just risky, but untenable.

Absent a Uniform Regulatory Scheme, Lenders Struggle to Enforce Security Interests in International Insolvencies

The risks associated with taking a security interest in digital assets (*i.e.*, a lack of enforcement rights, tracing issues, etc.) are only further highlighted where the borrower granting the digital assets as collateral later becomes insolvent and/or initiates an insolvency proceeding in a jurisdiction outside of the U.S. Where international insolvencies come into play, so do myriad procedural and regulatory questions:
- Who owns the digital asset, and is it property of the estate?
- What jurisdiction's law will govern the creation of the security right in the digital asset?
- What jurisdiction's law will govern the effectiveness and/or perfection of the security right?
- What jurisdiction's law will govern the enforcement of the security right?

While the UNIDROIT Principles on Digital Assets and Private Law alone have sought to resolve some of the issues, these questions will remain outstanding as long as jurisdictions do not adopt a uniform regulatory scheme with respect to the use of digital assets in secured transactions.[17] Until that time, parties considering taking a security interest in digital assets should be wary of the uncertainties that may arise following any insolvency action by borrowers outside of the U.S.

The theme is clear: Until jurisdictions not only unanimously characterize digital assets as property in which a security interest may be taken, but also adopt legislation modeled after the foregoing principles, thus paving a clear path for taking, perfecting and enforcing security interests in digital assets, these cross-border transactions will (and likely should) remain just fantasy. **abi**

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14 The UCC 2022 Amendments, which include Article 12, have been enacted by 30 states, including California and Florida. However, they have yet to be enacted (but have been introduced) in states like Texas and New York.
15 *See* U.C.C. § 12-105(a).

16 *See, e.g.*, U.C.C. §§ 12-105(a), 9-326A.
17 The UNIDROIT Principles on Digital Assets and Private Law have proposed that the proprietary rights of holders of digital assets (*i.e.*, those having control over the asset) be deemed effective as against third parties (such as borrowers) and their insolvency representatives.

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AI: The New Leverage for Forensic Accountants in Bankruptcy Proceedings

The financial analysis required in bankruptcy proceedings has always been time-consuming and demanding.[1] Over a decade ago, I led the forensic investigation of a complex Ponzi scheme bankruptcy. Audits had failed, and the books were thoroughly cooked. My team spent years manually reconstructing financial records, while the DOJ and FBI ran parallel investigations under looming statute of limitations deadlines.

This laborious effort served multiple critical purposes: claims verification, identification of undisclosed accounts, tracing fraudulent transfers, locating hidden assets, and building evidence for litigation against banks and auditors. Any missed transaction could have impacted creditor recovery. Today, artificial intelligence (AI) is transforming how bankruptcy professionals approach financial analysis — not by replacing expert judgment, but by dramatically enhancing what's possible within practical time and budget constraints.

The High-Stakes Reality of Bankruptcy Financial Analysis

When a company files for bankruptcy, investigators face mountains of data: years of transactions from multiple accounts, credit cards, loans and more. Key evidence — whether for routine matters like claims verification or complex fraud investigations — is typically buried in thousands of financial records and tangled account relationships.

Traditionally, forensic teams spent most of their time on tedious data-gathering — copying figures from PDFs into spreadsheets, sorting documents, reconciling balances — before actual analysis could begin. In fact, studies indicate that investigators may spend up to 90% of investigation time just on data prep, leaving minimal time for substantive analysis.

The stakes couldn't be higher. Overlooking undisclosed accounts could mean that substantial funds are never recovered for the estate. In cases where records were deliberately falsified, reconstructing the actual financial reality becomes critical. The resulting financial analysis serves as the foundation for multiple legal proceedings, from claims objections to fraudulent transfer litigation to professional liability

suits against auditors. Until recently, months of manual labor was simply the cost of certainty in complex cases.

AI Tools Boosting Investigative Speed and Quality

Modern AI is changing this equation, materially improving both the speed and quality of bankruptcy financial analyses. Key capabilities already making a difference include:

- *Document Classification and OCR*: AI can rapidly classify and organize documents by type, automatically identifying bank statements, canceled checks, wire confirmations and more. In cases where accounting records have been falsified, this allows forensic teams to bypass potentially fraudulent books and build financial reconstructions directly from primary banking records.
- *Statement Parsing and Data Extraction*: Machine-learning models can extract transactions from virtually any financial statement without requiring custom templates. AI concurrently verifies data quality, flagging missing pages, potential duplicates or balance inconsistencies. What previously took weeks of manual entry can now be done in hours, on larger datasets, with fewer errors.
- *Transaction Matching and Fund-Tracing*: AI significantly accelerates fund flow analysis, performing automated transfer matching across entire account networks. This builds a comprehensive map of fund flow through various accounts and entities, quickly surfacing patterns like offshore transfers or fundings to previously unknown entities that a manual review might miss.
- *Anomaly Detection and Pattern Recognition*: AI algorithms can analyze the full ledger to flag anomalies warranting closer scrutiny, such as unusual payment patterns, round-dollar transfers to unknown entities, or unexpected recipient relationships. This gives investigators a powerful tool for identifying undisclosed accounts, hidden assets or signs of when insolvency truly began.

AI is compressing weeks of forensic work into hours while improving analysis thoroughness. Investigators can now feasibly examine 100% of the financial data in a case rather than a sampling. When faced with cooked books or failed audits, AI can help identify all previously undisclosed accounts, detect assets hidden through entity structures, and uncover the true flow of funds that accounting records might have deliberately obscured.

Maintaining Evidentiary Integrity

While speed and automation are game-changers, evidentiary integrity remains paramount. The best AI tools preserve a source-linked trail for every data point, allowing investigators to confidently defend their work in court. If an attorney or judge questions a specific transaction in an AI-generated report, they can immediately see the actual source document from which that data was derived.

This capability delivers Verified Financial Intelligence — a fully traceable dataset where nothing is taken on faith. The technology establishes a clear chain of custody for all information, resulting in auditable, courtroom-ready evidence. Many platforms generate courtroom exhibits directly from the verified dataset, simplifying complex information into digestible visuals for judges and creditors' committees.

Emerging Frontiers

What we're seeing today is likely just the beginning. Future systems will learn what hidden asset patterns typically look like across hundreds of past cases, then instantly flag similar patterns in new matters. Large Language Models will digest unstructured data — such as emails, memos and legal filings — extracting relevant insights that would take humans days to find.

More futuristic but rapidly developing are AI "agents": autonomous assistants that can perform multi-step investigative tasks. Imagine instructing an AI agent to "trace all funds from the CFO's discretionary account through any shell companies and identify where they ultimately landed overseas." The AI agent would autonomously discover related entities through public records, map intricate transaction networks, identify suspicious timing patterns, and even correlate fund movements with the CFO's travel schedule — all while you focus on strategy.

Better Outcomes for All Stakeholders

The benefits of adopting AI in bankruptcy proceedings extend to all stakeholders:

- *Accelerated Case Resolution*: By vastly accelerating financial analysis, AI helps shorten overall case timelines. What required a six-month investigation might be completed in six weeks. Creditors receive distributions more quickly, and courts operate more efficiently.
- *Greater Recoveries*: Case studies demonstrate impressive results: In one case, AI-driven analysis identified $8.5 million in previously undisclosed assets held through nominee entities that conventional methods had missed. In another case, AI tools revealed a network of offshore accounts containing over $12 million — nearly 30% of the total estate value. These discoveries represent funds that would likely have remained hidden without AI-enhanced investigation techniques.
- *Lower Administrative Costs*: Studies of AI implementation show time savings of 60-80% for data extraction and initial analysis tasks. A mid-sized bankruptcy that would have incurred $500,000 in forensic accounting fees might now require only $200,000 — a $300,000 direct benefit to the estate.
- *Improved System Integrity*: When investigators have tools to unravel even convoluted financial schemes, it raises stakes for would-be bad actors while giving honest parties confidence that the process yields fair outcomes.

Practical Adoption

For bankruptcy professionals, here are practical steps toward adoption:

- *Start with specific-use cases*: Identify high-impact areas like asset-tracing, undisclosed account identification and reconstructing incomplete records.
- *Evaluate AI platforms with bankruptcy expertise*: Look for solutions developed specifically for financial investigation and bankruptcy work that understand preference periods, claim hierarchies and evidentiary requirements.
- *Consider a pilot project*: Select an upcoming case of moderate complexity for a controlled trial, measuring time saved and additional insights generated.
- *Invest in training*: The learning curve for bankruptcy-focused AI tools is typically modest, with most professionals becoming proficient within days.
- *Start building your digital financial library*: Begin digitizing and organizing financial records systematically to create the foundation for future AI analysis.

The transition need not be abrupt. Most firms find that gradual implementation, starting with areas of highest return, creates a sustainable path to adoption.

Empowering Professionals, Not Replacing Them

AI isn't replacing bankruptcy professionals; it's empowering them. Despite AI's strengths in data processing, it "cannot — and should not — draw conclusions" independently. Context is key, and humans excel at context. With routine tasks automated, bankruptcy attorneys and forensic accountants can devote their expertise to developing case strategies, interpreting patterns, and making nuanced judgment calls that no algorithm can replicate.

The complexity and volume of financial data in modern cases are growing exponentially. The average corporate bankruptcy now involves four to five times more transaction data than it did just a decade ago. By leveraging AI, practitioners can take on more complex matters without adding staff, or handle mega-cases that would otherwise strain resources.

From my perspective as a veteran of forensic accounting, this shift feels like a long-awaited breakthrough. We're still the builders — we design the investigation, interpret the financial events and ensure our conclusions are legally sound — but now we have machines to handle the heavy lifting. The result is not fewer bankruptcy professionals; it's better-equipped professionals.

As financial oversight becomes more sophisticated thanks to AI, the demand for sharp legal and forensic minds will only increase. By embracing these innovations, we can ensure that bankruptcy professionals

remain one step ahead of complexity, delivering better outcomes for all stakeholders. The question is no longer whether AI will transform bankruptcy financial analysis, but rather who will lead this transformation — and who will be left behind.

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[1] Tod McDonald, CPA, CIRA is the founder of Valid8 Financial and a recognized thought leader in AI-enhanced forensic accounting. Drawing from his extensive experience investigating complex financial fraud and bankruptcy cases — including multi-year reconstructions of sophisticated Ponzi schemes — he led his team to develop Valid8's proprietary Verified Financial Intelligence platform to address the industry's most pressing challenges. His work bridges the gap between traditional forensic expertise and modern AI capabilities, enabling professionals to conduct more thorough investigations in a fraction of the time. His insights on the intersection of technology and financial investigation have been featured in leading industry publications, and his platform has become the go-to solution for forensic professionals seeking to maximize recovery while maintaining the highest evidentiary standards.

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Valu-AI-tion and Restructur-AI-ng: Navigating the Future with Artificial Intelligence

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2024

Valu-*AI*-tion and Restructur-*AI*-ng: Navigating the Future with Artificial Intelligence

March 19, 2024 | 11:30 AM – 12:30 PM CT

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Meet the Panel

Kizzy Jarashow
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Kizzy Jarashow is a partner in Goodwin's Financial Restructuring practice. Kizzy represents debtors, creditors, equity holders, sponsors, special situations investors and other stakeholders in all aspects of complex corporate restructurings, including Chapter 11 cases, out-of-court restructurings, work-outs, and distressed debt investments and acquisitions. Kizzy has represented clients in a variety of industries, including energy, retail, technology, manufacturing, health care, automotive, media, hospitality and gaming, education, financial services and real estate.

Richelle Kalnit
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Richelle Kalnit is a senior vice president with Hilco Streambank. She manages intellectual property advisory engagements for companies, lenders and stakeholders. Richelle has experience in the sale of intangible assets in bankruptcy, Article 9 foreclosure transactions, out-of-court sale processes, receiverships and assignments for the benefit of creditors. Having managed sale processes for assets including brands, software, patent portfolios, digital assets and marketplace accounts, she is well-versed in structuring sale processes and bringing those processes to value maximizing conclusions, whether through creative auction techniques or private transactions.
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Larry Kanter
B. Riley Advisory Services

Larry Kanter is a forensic accounting professional with more than 30 years of combined Big 4 and international consulting firm experience. He is currently a Senior Managing Director at B. Riley Advisory. He was previously a Partner at PwC, EY and was a Managing Director at Alvarez and Marsal. At each of those firms he was on the cutting edge of applying technology tools to some of the most challenging forensic investigations undertaken, including an investigation involving locating funds held by Swiss banks belonging to the victims of Nazi persecution.

Kathleen Lauster
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Kathleen Lauster, CFA, is a Senior Managing Director at Ankura Capital Advisors LLC, based in New York. Kathleen guides clients capital raising, M&A strategy, and financial restructuring. Her focus is on sectors such as Industrials, Business Services, Consumer Products, Secondary Sales, Real Estate, and other hard assets, along with restructuring and special situations. She leverages her deep financial background and extensive industry relationships to create accelerated access to investment capital and perform value-added capital advisory.

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Agenda

- Level Set: What is AI and Machine Learning?
- How are we Beginning to See Ai Implemented in Corporate Restructuring and Valuation?
- What are Current the Pitfalls and Risks?
- The Future of AI – Where Do We See it Going?

What is Artificial Intelligence and Machine Learning?

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According to ChatGPT 3.5

Artificial intelligence (AI) refers to the simulation of human intelligence processes by machines, especially computer systems. These processes include learning (the acquisition of information and rules for using the information), reasoning (using rules to reach approximate or definite conclusions), and self-correction. AI encompasses a wide range of techniques, including machine learning (wherein algorithms are trained on data to improve performance on a task), natural language processing (enabling computers to understand and generate human language), computer vision (enabling computers to interpret and understand visual information), robotics, expert systems, and more.

AI systems can perform tasks that typically require human intelligence, such as visual perception, speech recognition, decision-making, and language translation. AI has applications in various fields, including healthcare, finance, transportation, entertainment, customer service, and many others. It continues to evolve rapidly, with ongoing research and development aimed at creating more capable, adaptable, and autonomous AI systems.

According to Copilot

Artificial Intelligence:
- Definition: AI refers to the use of technologies to build machines and computers that can mimic cognitive functions associated with human intelligence. These functions include abilities like seeing, understanding spoken or written language, analyzing data, making recommendations, and more.
- Key Points:
  - AI is not a single system but rather a set of technologies implemented in a system to enable it to reason, learn, and act to solve complex problems.
  - It encompasses a broad field of applications, from natural language processing to computer vision and robotics.
  - AI systems aim to emulate human-like intelligence and adaptability.

Machine Learning (ML):
- Definition: ML is a subset of AI that focuses on enabling machines or systems to learn and improve from experience. Instead of explicit programming, ML uses algorithms to analyze large amounts of data, learn from insights, and make informed decisions.
- Key Points:
  - ML models automatically learn patterns from data and improve their performance over time.
  - Training data is crucial for ML; the more data used, the better the model becomes.
  - ML is not about mimicking human intelligence directly; it's about teaching machines how to perform specific tasks accurately.

According to Stability.Ai:

Traditional "Predictive" AI

Predictive AI refers to the use of artificial intelligence techniques to make predictions about future events or outcomes based on historical data. This branch of AI relies heavily on machine learning algorithms, particularly supervised learning methods, to analyze patterns and relationships within data and generate predictions.

How It Works:

- **Big Data**:
  - Predictive AI thrives on vast quantities of data—often referred to as "big data."
  - The more data available, the better the predictions.
  - Imagine thousands or millions of opinion polls analyzed to predict public opinion or upcoming elections.
- **Machine Learning**:
  - Predictive AI leverages machine learning (a subset of AI).
  - Machine learning trains models to identify data patterns without human intervention.
  - For instance, it can learn to differentiate automated bot traffic from human traffic on a website.
- **Identifying Patterns**:
  - Just like Joey the fisherman noticed the pattern of red skies signaling an impending storm, predictive AI:
    - Examines hundreds or thousands of factors.
    - Learns to associate certain data occurrences with future events.
  - It's like Joey's weather intuition, but on a much grander scale.

Generative AI

Generative AI refers to a subset of artificial intelligence focused on creating new content, such as images, text, audio, or even video, that is original and not directly copied from existing examples. Unlike traditional AI systems that are primarily focused on making predictions or classifications based on input data, generative AI aims to generate new data that is plausible or indistinguishable from human-created content.

How It Works:

- **Deep Learning:**
  - Generative AI models use a sophisticated computing process called deep learning.
  - They analyze common patterns and structures in large datasets.
  - These models incorporate neural networks, inspired by how our brains process information and learn over time.
- **Learning from Data:**
  - Imagine feeding a generative AI model vast amounts of fiction writing.
  - Over time, the model learns to identify and reproduce elements of a story, such as plot structure, characters, themes, and narrative devices.
  - The more data the model receives and generates, the more convincing and human-like its outputs become.
- **Examples:**
  - ChatGPT and DALL-E by OpenAI are popular generative AI programs.
  - Advances in natural language processing have made generative AI accessible to consumers and content creators.
  - Big tech companies like Google, Microsoft, Amazon, and Meta are also exploring generative AI tools.

How are we Beginning to See AI Implemented in Corporate Restructuring and Valuation?

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The Role of AI in the Restructuring Legal Practice

- **Automating Document Review**: AI can help automate this process by identifying key passages, summarizing information, and flagging documents that require human review.

- **Drafting and Reviewing Legal Documents**: AI can help with drafting and reviewing legal documents, such as bankruptcy filings or restructuring plans. It can suggest language, check for errors, ensure compliance with applicable laws and regulations, and more. AI can assist in due diligence for corporate transactions by analyzing contracts and highlighting critical clauses.

- **Legal Research**: AI can help with legal research by quickly searching through large amounts of legal texts to find relevant case law, statutes, and other sources.

- **Client Communication**: AI can be used to create initial drafts of communication to clients, such as status updates, explanations of legal concepts, and summaries of recent developments.

- **Training and Education**: AI can be used to create interactive training materials and simulations to help train lawyers and other professionals in bankruptcy and restructuring law.

- **Case Management**: AI can help manage the various aspects of a case, from scheduling to task management, keeping track of deadlines, and more.

The Role of AI in Corporate Valuations

- **Advanced Data Analytics**: AI-powered data analytics processes vast amounts of structured and unstructured data at unprecedented speed. Valuation professionals can access and analyze extensive financial data, market trends, and industry benchmarks in real-time. This data-driven approach helps identify patterns, correlations, and hidden insights, leading to more comprehensive and precise valuation analyses.

- I**mproved Accuracy and Reduced Bias**: Human judgment in valuations can be influenced by cognitive biases and subjectivity. AI mitigates these challenges by using algorithms based on quantitative data and objective criteria. As a result, AI-driven valuations can be more accurate and unbiased, free from human emotions and cognitive limitations.

- **Enhanced Scenario Modeling**: AI enables professionals to create sophisticated scenario models by simulating various business situations and stress-testing key assumptions. This granularity helps stakeholders understand how specific drivers may impact a company's value under different circumstances.

- **Speed and Efficiency**: Traditional valuation methods can be time-consuming, but AI streamlines the process significantly. By automating data collection, analysis, and reporting, AI-driven valuations save valuable time for both professionals and clients.

The Role of AI in Restructuring and Legal Tools

- **Reorg Research** (CreditAi)
- **ION Analytics** (Megamarket, Debwire, Deallogic, Infralogic, Blackpeak, Backstop)
- **Westlaw Precision**
- **Lexis+ AI**
- **Bloomberg Law**

The Role of AI in Restructuring (According to Stability.Ai)

What are Current the Pitfalls and Risks?

Current Pitfalls and Risks

Using AI in practice also comes with its own set of risks and challenges.

- **Accuracy Risks**: AI models may produce inaccurate or misleading outputs. For users in the legal profession, considering the source of the AI training is very important; closed systems trained based on discrete, specialized data sets provide higher probability of accuracy and reliability.

- **Bias Risks**: AI can inherit biases present in training data, leading to unfair or discriminatory outcomes.

- **Data Privacy & Security Risks**: AI relies on large datasets, raising privacy concerns. Mishandling sensitive data can lead to breaches and legal repercussions.

- **Intellectual Property Risks**: AI might inadvertently generate content that infringes on copyrights or patents.

- **Overreliance Risk:** Relying too heavily on generative AI for business valuation without human oversight can be risky. While AI can enhance efficiency and productivity, it lacks the nuanced understanding and judgment capabilities of humans. Overreliance on AI-generated valuations may overlook contextual factors, qualitative insights, or emerging trends that could impact business value.

- **Maintenance Risk**: AI models require ongoing maintenance, updates, and monitoring to remain effective and relevant. Failure to keep AI systems up-to-date with the latest data, algorithms, or best practices could lead to degraded performance, diminishing the reliability and accuracy of outcomes over time.

- **Ethical Risks**: AI can create deepfakes, misinformation, or harmful content.

Current the Pitfalls and Risks (According to Stability.Ai)

The Future of AI – Where Do We See it Going?

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Where Do We See it Going (Or is it Already Here)?

As AI continues to advance, it is expected to play an even more prominent role in restructuring and valuations. Some potential developments include:

- **Real-time Valuation**s: With the integration of AI, real-time valuations could become a reality, providing businesses and investors with instant access to updated valuations.

- **Automated Reports**: AI could generate comprehensive valuation reports, combining data from various sources and presenting it in an easily digestible format for stakeholders.

- **Enhanced Due Diligence**: AI-powered tools could be employed to conduct in-depth due diligence on companies, revealing hidden risks and opportunities that might have gone unnoticed using traditional methods.

- **Enhanced Automated Processes**: Routine tasks involved in restructuring, such as due diligence, document review, and financial analysis, will be automated using AI technologies. This automation will save time and resources while reducing the risk of human error.

- **Predictive Analysis**: AI can analyze large datasets to identify trends and predict outcomes, which can be useful in bankruptcy cases. For example, it might be able to predict the likelihood of a successful restructuring based on the details of the company's financial situation and previous similar cases.

The Future of Ai in Restructuring and Valuation (According to Stability.Ai)

"Hashing" It Out: Avoiding a Prolonged Cross-Border Fight in *FTX*

BY CHRISTOPHER S. KOENIG AND GABRIELLE ABBE

O ne of the most complicated and contentious issues in cross-border bankruptcy cases is the location and ownership of a debtor's intangible assets. When insolvency proceedings are opened in different jurisdictions for debtors in the same corporate structure, the dispute can become more complicated due to the risk of conflicting decisions by the competing courts overseeing the proceedings. For example, the *Nortel* case involved years of litigation regarding the proper allocation of sale proceeds of the company's telecommunication intellectual property. This cross-border litigation (which culminated in a 2014 trial with the two courtrooms connected by video and parallel trial teams) was notoriously expensive, with some estimates of the legal costs approximating $1.9 billion.[1]

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The bankruptcy cases of FTX, one of the largest cryptocurrency exchanges in the world, initially threatened this type of contentious dispute over ownership of intangible property, with one corporate entity in liquidation in the Commonwealth of the Bahamas (where FTX's corporate headquarters were located), and the rest of the FTX corporate structure in chapter 11 in the District of Delaware. Ultimately, the chapter 11 debtors-in-possession and the Bahamian liquidators were able to agree on a process for liquidating FTX's assets and distributing proceeds to creditors such that all creditors, whether they asserted claims through a U.S. or Bahamian proceeding, received the same recovery. Reaching this resolution allowed the FTX debtors to successfully confirm their chapter 11 plan without the need for a prolonged, expensive cross-border dispute.

Background

FTX was founded in 2019 by Sam Bankman-Fried and Gary Wang, and had affiliates incorporated throughout the world, including in the U.S., Bahamas, Japan, Australia, Canada, Switzerland and Singapore. One of its corporate entities, FTX Digital Markets Ltd., was incorporated in the Bahamas on July 22, 2021. FTX Digital was registered as a digital-asset business under the Bahamian Digital Assets and Registered Exchanges Act (2020),[2] and provided FTX's customers with certain services pursuant to FTX's terms of service.[3]

On Nov. 10, 2022, after it became clear that the FTX group faced a severe liquidity crisis, the Securities Commission of the Bahamas suspended FTX Digital's license to conduct business and filed a petition for provisional liquidation of FTX Digital and to appoint a provisional liquidator.[4] The same day, the Supreme Court, Commercial Division, of the Bahamas (the "Bahamian Court," and such proceeding, the "Bahamian proceeding") granted the petition and on Nov. 14, 2022, appointed two provisional liquidators.

While this foreign proceeding was pending, on Nov. 11, 2022, FTX Trading and 101 of its affiliates (collectively, the "FTX debtors") filed jointly administered chapter 11 cases in the U.S. Bankruptcy Court for the District of Delaware. FTX Digital was not among the FTX debtors because the petition for the Bahamian proceeding had been filed the day before.

FTX Digital Petition for Recognition of Foreign Proceeding Venue Dispute

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In order for the court orders in the Bahamian proceeding to be enforceable in the U.S., this foreign proceeding needed to be recognized pursuant to chapter 15 of the Bankruptcy Code. The first battlefield between the joint provisional liquidators and the FTX debtors was the proper venue for the chapter 15 petition. Particularly, on Nov. 15, 2022, the joint provisional liquidators filed a petition seeking recognition of the Bahamian proceeding under chapter 15 in the U.S. Bankruptcy Court for the Southern District of New York (SDNY).[5] The joint provisional liquidators presumably wanted to avoid filing the chapter 15 case in Delaware, where the chapter 11 proceedings were already pending.

The joint provisional liquidators argued that venue was proper in the SDNY because FTX Digital's principal asset (and indeed only asset in the U.S.), a $15,000 retainer, was held in New York. They also argued that New York was the *situs* of certain cryptocurrency assets.[6] This initial dispute raised a novel issue of narrowing down

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1   *See* Tom Hals, "Nortel Cleared to End Bankruptcy, Distribute $7 Billion to Creditors," Reuters (Jan. 24, 2017), reuters.com/article/business/nortel-cleared-to-end-bankruptcy-distribute-7-billion-to-creditors-idUSKBN1582TO (unless otherwise specified, all links in this article were last visited on May 21, 2025).

2   *See In re FTX Digital Markets Ltd., et al.*, No. 22-11516 (MEW), dkt. 1, ¶ 5 (Bankr. S.D.N.Y. Nov. 15, 2022) (the "SDNY Recognition Proceeding").

3   *In re FTX Trading Ltd.*, No. 22-11068 (JTD), dkt. 1411, Ex. H (Bankr. D. Del. Nov. 11, 2022) (the "Chapter 11 Proceedings").

4   *See* SDNY Recognition Proceeding, dkt. 1, ¶¶ 6-7.

5   *See generally id.*

6   *Id.* at ¶ 2, n.3 (citing *LCX AG v. John Doe Nos. 1-25*, Index No. 154644/2022 (N.Y. Sup. Ct. June 6, 2022)).

the actual location of intangible cryptocurrency assets for the purposes of determining venue. The joint provisional liquidators argued that the *situs* of digital assets was in New York when such assets were sent to New York-based financial institutions.[7]

However, the New York Supreme Court case they relied on did not address this issue except to reserve it for discussion in connection with a later-withdrawn motion to dismiss.[8] Ultimately, the novel issue of the cryptocurrency assets' location was not decided by the SDNY Bankruptcy Court either, due largely to the application of the Bankruptcy Rules. In the SDNY recognition proceeding, the FTX debtors filed a motion to transfer venue of the chapter 15 case to Delaware, arguing that the decision of which venue was proper must be determined by the Delaware Bankruptcy Court pursuant to Rule 1014(b) of the Federal Rules of Bankruptcy Procedure, which provides that for cases involving the same or related debtors, "the court in the district where the first petition is filed may determine the district or districts in which the cases [of affiliates] should proceed." Specifically, because the FTX debtors, affiliates of FTX Digital, filed the chapter 11 proceedings four days prior to the filing of the recognition of foreign proceeding petition, the determination of where FTX Digital's chapter 15 case would proceed was not properly before the SDNY Bankruptcy Court, and the Delaware Bankruptcy Court should decide the issue by operation of Rule 1014(b).

The joint provisional liquidators ultimately consented to the entry of an order transferring FTX Digital's chapter 15 case to the Delaware Bankruptcy Court,[9] and the order was entered on Nov. 22, 2022.[10] In the agreed order, the joint provisional liquidators reserved their rights as to other substantive matters relating to the chapter 15 case and the chapter 11 proceedings.

Toward Cooperation

From the inception, the FTX debtors and joint provisional liquidators disagreed on numerous points, including whether: (1) FTX Digital was the customer-facing entity for FTX's international platform; (2) the Bahamian proceeding was entitled to recognition under chapter 15 in light of alleged violations of the automatic stay; (3) FTX Digital owned or should be granted access to FTX's books and records; and (4) the chapter 11 case of *FTX Property Holdings Ltd.*, a Bahamian entity that owned real property assets in the Bahamas, should be dismissed.

On Jan. 25, 2023, after substantial negotiations and discussions, the FTX debtors and joint provisional liquidators filed a motion seeking approval of a cooperation agreement between the parties.[11] The agreement's goals were to allow the Bahamian and chapter 11 cases to proceed in parallel and provide a framework for the FTX debtors and joint provisional liquidators to cooperate and coordinate on efforts to maximize creditor recoveries, avoid redundancies and minimize overall expenses.[12]

> **The FTX debtors and joint provisional liquidators found a way to work in tandem to the benefit of their creditors and to avoid protracted and costly litigation on novel issues.**

However, the cooperation agreement did not lead to a full cessation of conflict and complete peace. On March 19, 2023, the debtors filed a complaint seeking a declaratory judgment that FTX Digital had no ownership interest in the FTX debtors' cryptocurrency, fiat currency, intellectual property or customer information.[13]

In response, on March 29, 2023, the joint provisional liquidators filed a motion in the jointly administered chapter 11 case (the "automatic stay motion") seeking a determination that the automatic stay did not apply to the filing of an application before the Bahamian Court to resolve certain issues, including what assets belonged to FTX Digital.[14] The joint provisional liquidators argued that such an action before the Bahamian Court was neither an action against the FTX debtors nor an attempt to obtain possession of property of the estate and thus did not violate § 362(a)(1) and (3) of the Bankruptcy Code.[15]

The FTX debtors objected to the automatic stay motion, arguing that seeking such a determination from the Bahamian Court would violate § 362(a) of the Bankruptcy Code.[16] Specifically, the FTX debtors argued that the joint provisional liquidators sought a narrow and technical reading of § 362(a), and that § 362(a) must instead be broadly construed to restrict FTX Digital from seeking a determination as to its creditors and its assets.[17]

On July 20, 2023, following a hearing on the joint provisional liquidators' motion, the Delaware Bankruptcy Court denied the motion and ordered the parties to mediation.[18] Thereafter, the FTX debtors and joint provisional liquidators entered into, and the Delaware Bankruptcy Court approved, a global settlement, which served as the backbone for the FTX debtors' chapter 11 reorganization plan.[19] Pursuant to the global settlement, the FTX debtors

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7 *See LCX AG v. John Doe Nos. 1-25*, Index No. 154644/2022 (N.Y. Sup. Ct. June 6, 2022).
8 *See LCX AG v. John Doe Nos. 1-25*, Index No. 154644/2022, dkt. 112 at 1, n.1 (N.Y. Sup. Ct. Aug. 22, 2022) ("Since the issue here is service of process of the complaint, the court disregards the amended complaint, though it will become the operative complaint if the court finds it has jurisdiction over defendants [that] will be determined on the Doe Defendants' motion to dismiss (motion seq. no. 004)."); *LCX AG v. John Doe Nos. 1-25*, Index No. 154644/2022., docket no. 173 (N.Y. Sup. Ct. Nov. 30, 2022) (granting withdrawal of motion to dismiss "as per the parties' Stipulation of Discontinuance").
9 *See* Chapter 11 Proceedings, dkt. 85 (Bankr. D. Del. Nov. 21, 2022).
10 *See* Chapter 11 Proceedings, dkt. 131 (Bankr. D. Del. Nov. 22, 2022).

11 *See* Chapter 11 Proceedings, dkt. 578 (Bankr. D. Del. Jan. 25, 2023).
12 *Id.* at ¶ 10.
13 *Alameda Research LLC v. FTX Digital Markets Ltd.*, Adv. Pro. No. 23-50145 (JTD) (Bankr. D. Del. March 19, 2023).
14 *See* Chapter 11 Proceedings, dkt. 1192 (Bankr. D. Del. March 29, 2023).
15 *Id.* at ¶¶ 59-60.
16 *See* Chapter 11 Proceedings, dkt. 1409 (Bankr. D. Del. May 3, 2023).
17 *Id.* at ¶¶ 53-61.
18 *See* Chapter 11 Proceedings, dkt. 1883 (Bankr. D. Del. July 20, 2023).
19 *See* Chapter 11 Proceedings, dkt. 6365 (Bankr. D. Del. Jan. 24, 2024).

"Hashing" It Out: Avoiding a Prolonged Cross-Border Fight in FTX

agreed that FTX Digital would take the operational lead in maximizing the value of FTX's real estate and other assets in the Bahamas, as well as certain identified litigations.[20]

Further, the FTX debtors and FTX Digital agreed to pool their assets and coordinate the distributions to customers of FTX.com such that creditors would receive the same recovery whether they elected to pursue their claims through the Bahamian proceeding or the chapter 11 proceedings.[21] The FTX debtors also agreed to provide FTX Digital with financing to fund the administration of the Bahamian proceeding.[22]

Conclusion

The FTX debtors and joint provisional liquidators found a way to work in tandem for the benefit of their creditors and to avoid protracted and costly litigation on novel issues, including the ownership of digital assets held by the various entities, in one of the most expensive chapter 11 cases in U.S. history.[23] In part as a result of such cooperation, customers of FTX are expected to receive a full recovery, based on the cash value of their claims as of the petition date.[24] **abi**

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20 *Id.* at Ex. A, §§ 2.02(a), 2.04.
21 *Id.* at Ex. A, §§ 5.03(d), 5.07.
22 *Id.* at Ex. A, § 5.06.

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23 *See* Jonathan Randles, "FTX's $950 Million Bankruptcy Fees Among Costliest Since Lehman," Bloomberg (Feb. 26, 2025), bloomberg.com/news/articles/2025-02-26/ftx-s-950-million-bankruptcy-fees-among-costliest-since-lehman (subscription required to view article).
24 *See* Chapter 11 Proceedings, dkt. 14301, at 14-17 (Bankr. Del. May 7, 2024).

Faculty

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Paul Pretlove is a managing director in Interpath's Contentious Insolvency team in London, having spent 15 years offshore in the British Virgin Islands and the Cayman Islands. During his more than 25 years in the insolvency profession, he has overseen the tracing and recovery of assets from the U.K., U.S., Hong Kong, Russia and Switzerland. Mr. Pretlove's expertise includes cross-border asset-tracing and recovery, commercial and shareholder disputes, and contentious director and trustee assignments across some notable appointments and industry firsts, including the ongoing court-appointed receivership of the assets of a decentralised autonomous organisation (DAO), resulting in the first time that the U.S. Bankruptcy Court recognized a DAO as a debtor under chapter 15 of the U.S. Bankruptcy Code. He also served as the first "soft touch" provisional liquidator in the British Virgin Islands for 11 companies in support of a wider and successful cross-border restructuring of more than $600m in secured notes for one of the world's leading offshore and onshore oil and gas drilling businesses. Mr. Pretlove acts as joint liquidator of Madoff feeder funds, pursuing extensive and complex cross-border litigation on behalf of investors that suffered multibillion-dollar losses; he achieved settlement, recovering hundreds of millions of dollars for victims. He also acted as liquidator of a foreign currency trading company with its operations in the United Arab Emirates, which became embroiled in a multi-million-dollar fraud with thousands of victims. This appointment was the first time a British Virgin Islands court-appointed liquidator had been recognized in both the DIFC and Dubai courts. Mr. Pretlove is a Fellow of the Association of Chartered Certified Accountants, the Insolvency Practitioners Association and the Association of Business Recovery Professionals, and he is a licensed insolvency practitioner in the U.K.

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