1 2 3 4 5 6	BINGHAM McCUTCHEN LLP DAVID M. BALABANIAN (SBN 37368) david.balabanian@bingham.com KRISTEN A. PALUMBO (SBN 215857) kristen.palumbo@bingham.com Three Embarcadero Center San Francisco, CA 94111-4067 Telephone: (415) 393-2000 Facsimile: (415) 393-2286  Attorneys for Creditor	
7 8	LIQUIDBITS CORP.	
9	UNITED STATES BANKRUPTCY COURT	
10	NORTHERN DISTRICT OF CALIFORNIA	
11	SAN FRANCISCO DIVISION	
12	In re:	Case No. 14-30725 DM
13	HASHFAST TECHNOLOGIES, LLC,	Chapter 7
14	Debtor.	Chapter 7
15	2 3 3 3 2 3	
16		
17	DECLARATION OF KRISTEN A. PALUMBO IN SUPPORT OF EMERGENCY MOTION OF LIQUIDBITS CORP. FOR ENTRY OF AN ORDER APPOINTING A CHAPTER 7 TRUSTEE PURSUANT TO SECTION 303(G) OF THE BANKRUPTCY CODE, OR FOR ALTERNATIVE RELIEF	
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19	I Wrigton A Dalumbo doglara	
20	<ol> <li>I, Kristen A. Palumbo, declare:</li> <li>I am an attorney licensed to practice law in the state of California. I am a partner</li> </ol>	
21	in the law firm of Bingham McCutchen LLP, counsel for creditor Liquidbits Corp.	
22	(" <u>Liquidbits</u> "). I have personal knowledge of the matters set forth in this declaration and if	
23	called as a witness I could and would testify competently to them.	
24	2. On April 14, 2014, Liquidbits initiated an arbitration against Hashfast	
25	Technologies LLC (" <u>Hashfast</u> ") (the " <u>Arbitration</u> ") by filing a Demand for Arbitration with the	
26	American Arbitration Association (" <u>AAA</u> "). In its demand, Liquidbits sought emergency	
27	injunctive relief under Rule R-38 of the AAA's Commercial Arbitration Rules to prevent	
28	30	r

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Hashfast from breaching a written agreement between the parties and otherwise taking action that would disable Hashfast from ever performing under the parties' written agreement.

Liquidbits specifically sought, among other things, to prevent Hashfast from delivering, selling or otherwise transferring ownership of the Golden Nonce Chips ("Chips") and wafers (from which the Chips are cut) in Hashfast's inventory to any third party.

3. Pursuant R-38 of the AAA's Commercial Arbitration Rules, on April 17, 2014,

- 3. Pursuant R-38 of the AAA's Commercial Arbitration Rules, on April 17, 2014, the AAA appointed Paul E. Burns, Esq. as an emergency arbitrator to address Liquidbits' request for emergency relief.
- 4. Pursuant to an order of the emergency arbitrator, the parties filed briefs, and the emergency arbitrator held a telephonic emergency hearing, regarding Liquidbits' request for emergency relief.
- 5. On May 9, 2014, I received from the AAA case manager, Serena Lee, Emergency Interim Order No. 1, dated May 8, 2014, issued by the emergency arbitrator in the Arbitration. A true and correct copy of that Emergency Interim Order No. 1 is attached hereto as **Exhibit A**.
- 6. On May 12, 2014, Hashfast's counsel in the Arbitration submitted to the AAA case manager via e-email a document titled Hashfast Technology LLC's Notice and Suggestion of Bankruptcy (the "Notice"). I was copied on Hashfast's counsel's email to the AAA case manager attaching a copy of the Notice. A true and correct copy of the Notice is attached as **Exhibit B**.
- 7. Attached as **Exhibit C** is a true and correct copy of an article available online, titled *Meet Hashfast, another Bitcoin miner manufacturer accused of fraud,* dated May 6, 2014, which I accessed on May 16, 2014 at <a href="http://arstechnica.com/tech-policy/2014/05/meet-hashfast-another-bitcoin-miner-manufacturer-accused-of-fraud/">http://arstechnica.com/tech-policy/2014/05/meet-hashfast-another-bitcoin-miner-manufacturer-accused-of-fraud/</a>.
- 8. Attached as **Exhibit D** is a true and correct copy of an article available online, titled *Bitcoin mining startup fires half its staff, declares "we're not scammers,"* dated May 8, 2014, which I accessed on May 16, 2014 at <a href="http://arstechnica.com/business/2014/05/bitcoin-miner-maker-fires-half-its-staff-declares-were-not-scammers/">http://arstechnica.com/business/2014/05/bitcoin-miner-maker-fires-half-its-staff-declares-were-not-scammers/</a>.

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1	9. Attached as <b>Exhibit E</b> is a true and correct copy of an article available online,		
2	titled Embattled CEO of Bitcoin miner firm: "We are as poor as church mice," dated May 11,		
3	2014, which I accessed on May 16, 2014 <a href="http://arstechnica.com/tech-policy/2014/05/embattled-">http://arstechnica.com/tech-policy/2014/05/embattled-</a>		
4	ceo-of-bitcoin-miner-firm-we-are-as-poor-as-church-mice/.		
5	10. Attached as <b>Exhibit F</b> is a true and correct copy of a document, title Demand for		
6	Arbitration, with attachments, available online, which I accessed on May 16, 2014 at		
7	http://www.scribd.com/doc/222200586/140204-JAMS-HF-Mass-Arb-Demand-1.		
8	11. Attached as <b>Exhibit G</b> is a true and correct copy of Plaintiff's Original		
9	Complaint, filed on April 25, 2014 in the United States District Court for the Northern District of		
10	Texas, Fort Worth Division, in the case captioned Cypher Enterprises LLC v. Hashfast		
11	Technologies, LLC, et al., Civil Action No. 4:14-CV-00243-A. I obtained a copy of this		
12	document on May 16, 2014 via the Northern District of Texas's CM/ECF system.		
13	12. Attached as <b>Exhibit H</b> is a true and correct copy of a Complaint for Damages,		
14	Restitution and Injunctive Relief, filed on January 7, 2014 in the United States District Court for		
15	the Northern District of California, San Jose Division, in the case captioned <i>Peter Morici v</i> .		
16	Hashfast Technologies LLC, et al., Case No. 5:14-cv-00087-EJD. I obtained a copy of this		
17	document on May 16, 2014 via the Northern District of California CM/ECF system.		
18	I declare under penalty of perjury under the laws of the United States of America that the		
19	foregoing is true and correct and that this Declaration was executed in San Francisco, California		
20	on May 21, 2014.		
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23	By: /s/ Kristen A. Palumbo Kristen A. Palumbo		
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