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LIQUIDBITS CORP.
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9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA
11 SAN FRANCISCO DIVISION

12 In re:
13 HASHFAST TECHNOLOGIES, LLC,
14 Debtor.
15

Case No. 14-30725 DM
Chapter 7

16
17 ***EX PARTE MOTION TO SHORTEN TIME FOR HEARING ON EMERGENCY***
18 ***MOTION OF LIQUIDBITS CORP. FOR ENTRY OF AN ORDER APPOINTING A***
19 ***CHAPTER 7 TRUSTEE PURSUANT TO SECTION 303(G) OF THE BANKRUPTCY***
CODE, OR FOR ALTERNATIVE RELIEF

20
21 Creditor Liquidbits Corp. ("Liquidbits"), through its undersigned attorneys, hereby
22 moves, pursuant to Fed. R. Bankr. P. 9006 and Bankruptcy Local Rule 90061-1, for an order (1)
23 shortening the time for notice on the hearing on the *Emergency Motion of Liquidbits Corp. for*
24 *Entry of an Order Appointing a Chapter 7 Trustee Pursuant to Section 303(g) of the Bankruptcy*
25 *Code, or for Alternative Relief* (the "Emergency Motion"), filed concurrently herewith, (2)
26 setting the Emergency Motion for hearing on May 23, 2014, at 11:00 a.m., or as soon thereafter
27 as possible, and (3) directing that any opposition or response to the Emergency Motion be filed
28 and served on or before 5:00 p.m. on May 22, 2014. In support of this Motion to Shorten Time,

1 Liquidbits submits the accompanying *Declaration of Kristen A. Palumbo in Support of the*
2 *Motion to Shorten Time for Hearing on Emergency Motion of Liquidbits Corp. for Entry of an*
3 *Order Appointing a Chapter 7 Trustee Pursuant to Section 303(g) of the Bankruptcy Code, or for*
4 *Alternative Relief* (the “Palumbo Declaration”), and respectfully states as follows:

5 **BACKGROUND**

6 1. On April 14, 2014, Liquidbits initiated an arbitration against alleged debtor
7 Hashfast Technologies LLC (“Hashfast”) by filing a Demand for Arbitration with the American
8 Arbitration Association (“AAA”) (the “Arbitration”). Palumbo Decl., ¶ 3. In the Arbitration,
9 Liquidbits sought emergency injunctive relief to prevent Hashfast’s sale, transfer or delivery of
10 the Golden Nonce Chips (the “Chips”) and wafers (from which the Chips are cut) in Hashfast’s
11 inventory to any third party. *Id.*

12 2. On May 9, 2014, an emergency arbitrator issued *Emergency Interim Order No. 1*
13 (the “Emergency Order”). Palumbo Decl., ¶ 5 & Ex. A. The Emergency Order unequivocally
14 restrains and enjoins Hashfast “from (i) selling or otherwise transferring ownership of, (ii) giving
15 possession, custody or control of, and/or (iii) granting any security interest in, all or any portion
16 of Hashfast’s current inventory of Golden Nonce Chips (and wafers from which the Chips are
17 cut) up to and including the sum of 28,000 Golden Nonce Chips ... until further Order of the
18 Emergency Arbitrator or the Arbitration Panel after same is convened and approved.” Palumbo
19 Decl., Ex. A at 9.

20 3. On May 9, 2014 (the “Petition Date”), an involuntary petition seeking relief under
21 Chapter 7 of the Bankruptcy Code was filed against Hashfast by certain of its other creditors.

22 4. On May 12, 2014, Hashfast filed Hashfast Technology LLC’s Notice and
23 Suggestion of Bankruptcy in the Arbitration, notifying the AAA that the Arbitration was
24 automatically stayed pending further order of this Bankruptcy Court pursuant to section 362 of
25 the Bankruptcy Code. Palumbo Decl., ¶ 6 & Ex. B.

26 5. As set forth in more detail in the Emergency Motion and Memorandum of Points
27 and Authorities in Support of the Emergency Motion, despite the clear language of the
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1 Emergency Order, since the Petition Date, Hashfast is currently seeking to transfer all or
2 substantially all of its assets, including the Chips, out of the reach of its creditors, for little or no
3 value.

4 **BASIS FOR RELIEF**

5 6. Pursuant to Fed. R. Bankr. P. 9006(c), the Court may, for cause, shorten the time
6 for notice of a hearing. Liquidbits's request to shorten time is also proper under Bankruptcy
7 Local Rule 9006-1 ("Local Rule 9006-1").

8 7. Cause exists in this case to shorten the time for notice of the hearing on the
9 Emergency Motion. Despite the clear, valid and binding terms of the Emergency Order, which
10 remains in force regardless of the filing of the involuntary petition, Hashfast is currently seeking
11 to transfer all or substantially all of its assets, including the Chips, out of the reach of its
12 creditors, for little or no value. *See* Declaration of Willem van Rooyen in Support of Emergency
13 Motion of Liquidbits Corp. for Entry of an Order Appointing a Chapter 7 Trustee Pursuant to
14 Section 303(g) of the Bankruptcy Code, or for Alternative Relief at ¶¶ 10-11; Declaration of
15 Gregory Bachrach in Support of Emergency Motion of Liquidbits Corp. for Entry of an Order
16 Appointing a Chapter 7 Trustee Pursuant to Section 303(g) of the Bankruptcy Code, or for
17 Alternative Relief at ¶¶ 14-15.

18 8. By its Emergency Motion, Liquidbits requests entry of an Order, pursuant to
19 section 303(g) of the Bankruptcy Code, directing the United States trustee to appoint an interim
20 Chapter 7 trustee to take all appropriate steps to realize the value of the Chips as expeditiously as
21 possible in order to maximize their value to the estate and Hashfast's creditors.

22 9. In the alternative, or until such time as an interim Chapter 7 trustee may be
23 appointed, Liquidbits requests in the Emergency Motion that the Court (i) confirm that the
24 Emergency Order is still binding on Hashfast, or (ii) issue a like order as permitted by section
25 303(f) of the Bankruptcy Code enjoining Hashfast from (x) selling or otherwise transferring
26 ownership of, (y) giving possession, custody or control of, and/or (z) granting any security
27 interest in, all or any portions of the Chips and wafers from which the Chips are cut, until further
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1 order of the Bankruptcy Court, and (iii) direct Hashfast to provide an accounting of all of its
2 receipts and disbursements since the Petition Date to determine whether all proceeds and other
3 assets have been used to support its business and were not diverted to third parties.

4 10. To prevent Hashfast's estate from suffering further harm, and to ensure that
5 creditors are not subjected to greater losses than necessary, it is crucial that this Court order the
6 appointment of a Chapter 7 trustee as expeditiously as possible. Absent the immediate
7 appointment of a trustee to realize the value of the Chips, there may be nothing left in the estate
8 to liquidate by the time an order for relief is entered.

9 11. As set forth in the Palumbo Declaration, the following is provided in compliance
10 with Local Rule 9006-1(c):

11 a. The reason for the requested shortened time: To prevent Hashfast's estate from
12 suffering further harm, and to ensure that creditors are not subjected to greater losses than
13 necessary, Liquidbits seeks entry of an order appointing a Chapter 7 trustee on an expedited
14 basis.

15 b. Previous time modifications relating to the subject matter of this request. There
16 have been no prior time modifications related to the Emergency Motion.

17 c. The effect of the request for shortened time. This time modification will have no
18 effect on the schedule for this case or proceeding. A status conference with regard to the
19 involuntary petition is scheduled for June 27, 2014 at 1:30p.m. (PST).

20 d. Efforts to speak with responding parties. Liquidbits has not contacted counsel to
21 Hashfast regarding the Motion to Shorten Time because Liquidbits believes that doing so would
22 further jeopardize the value of Hashfast's estate. In light of Hashfast's current activity --
23 attempting to dispose of its inventory for little or no consideration so that it is out of the reach of
24 creditors -- Liquidbits is concerned that any advance warning about the Emergency Motion will
25 cause Hashfast to redouble its efforts to dispose of its remaining inventory and/or transfer its
26 assets out of the United States, to the detriment of its creditors.

27 e. Proposed Schedule for Filing Opposition Papers. Liquidbits proposes that a
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1 hearing on the Emergency Motion be held on Friday, May 23, 2014 at 11:00 a.m. Liquidbits
2 further proposes that any opposition or response to the Emergency Motion be filed with the
3 Court and served in time to be received by undersigned counsel on Thursday, May 22, 2014 at
4 5:00 p.m.

5 f. Notice. To maximize the extent of notice, concurrent with the filing of the
6 Motion to Shorten Time, on May 21, 2014, Liquidbits will serve the Motion to Shorten Time and
7 its supporting papers, and the Emergency Motion and its supporting papers, by U.S. mail,
8 overnight delivery or by hand delivery upon the Debtor, each non-debtor party, and the United
9 States Trustee.

10 g. Promptly after the Court considers the Motion to Shorten Time, Liquidbits will
11 serve the same parties, by overnight delivery or by U.S. mail (for parties unable to accept
12 overnight delivery), with notice of the Court's decision.

13 **CONCLUSION**

14 For the foregoing reasons, Liquidbits respectfully requests that the Court enter an Order
15 (i) granting Liquidbits' Motion to Shorten Time, (ii) setting a hearing on the Emergency Motion
16 to be held on May 23, 2014 at 11:00 a.m., with any opposition or response to the Emergency
17 Motion due on May 22, 2014 at 5:00 p.m., and (iii) granting such other relief as the Court deems
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DATED: May 21, 2014

BINGHAM McCUTCHEN LLP

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