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20 HashFast Technologies LLC and HashFast LLC

21 **UNITED STATES BANKRUPTCY COURT**  
22 **NORTHERN DISTRICT OF CALIFORNIA**  
23 **SAN FRANCISCO DIVISION**

<p>24 In re:</p> <p>25 HASHFAST TECHNOLOGIES LLC, a California limited liability company,</p> <p>26 Debtor and Debtor-In-Possession</p> <hr/> <p>27 <input type="checkbox"/> Affects HASHFAST LLC, a Delaware limited liability company,</p> <p>28 Debtor and Debtor-In-Possession</p>	<p>) Lead Case No. 14-30725</p> <p>) Jointly Administered and Substantively Consolidated with:</p> <p>) Case No. 14-30866</p> <p>) Chapter 11</p> <p>) <b>JOINT STATUS CONFERENCE</b> <b>STATEMENT BY DEBTORS AND</b> <b>OFFICIAL COMMITTEE OF</b> <b>UNSECURED CREDITORS</b></p> <p>) <u>Status Hearing</u> Date: October 24, 2014 Time: 11:00 a.m. Place: 235 Pine St., 19<sup>th</sup> Floor San Francisco, CA 94104 Judge: Honorable Dennis Montali.</p>
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The above-captioned debtors and debtors-in-possession (the “Debtors”), together with the

1 Official Committee of Unsecured Creditors (the “Committee”), jointly submit this this status  
2 conference statement (the “Statement”) on the status of the Debtors’ substantively consolidated  
3 bankruptcy cases.

4 1. Since the hearing on September 10, 2014, on the United States Trustee’s motion to  
5 appoint a chapter 11 trustee or to convert and the Committee’s substantive consolidation motion,  
6 the Debtors and the Committee have worked diligently and collaboratively on bringing about a  
7 consensual resolution to this case.

8 2. That resolution likely will take two forms, both of which will be pursued  
9 imminently, if not, in part, prior to the October 24, 2014 status hearing.

10 3. First, the Debtors and the Committee will seek this Court’s approval to conduct an  
11 auction of substantially all of the Debtors’ assets. The Debtors and the Committee have agreed  
12 that the best way to maximize the value of the Debtors’ assets, including their inventory and  
13 intellectual property, is to invite any interest bidder to submit a bid on any or all of the Debtors’  
14 assets. After receipt of bids that comply with certain bidding procedures this Court approves, all  
15 bidders will attend an auction presided over jointly by the Debtors and the Committee. The  
16 Debtors and the Committee will ask the Court then to confirm the results of the auction and  
17 authorize and approve the sales to of the Debtors’ assets free and clear of specific liens, claims,  
18 and encumbrances.

19 4. Second, the Debtors and the Committee will file imminently a joint plan and  
20 supporting disclosure statement. The Debtors and the Committee are completing the negotiation  
21 of a plan term sheet that lays out the contents of their joint plan. In broad strokes, the plan, if  
22 confirmed, will vest all of the assets of the Debtors, or proceedings of their assets, with a post-  
23 confirmation trust. The post-confirmation trust will be empowered to liquidate any remaining  
24 assets, bring any necessary litigation claims, and reconcile the claims and administrative expenses  
25 filed and asserted against the Debtors. Ultimately, the Debtors and the Committee anticipate that  
26 the plan will receive the support of the Debtors’ creditor body and will yield the highest possible  
27 return to creditors at this point.

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1           5.       The Debtors and Creditors anticipate filing their auction and sale motion prior to  
2 the October 24 hearing and to seek expedited consideration so the auction and sale can proceed  
3 promptly thereafter

4           6.       The Debtors and the Committee anticipate filing their joint plan and supporting  
5 disclosure statement by October 31, and they are diligently working to accomplish that goal.

6           7.       In the meanwhile, the Debtors and the Committee continue their efforts to enhance  
7 the value of the estate. The Debtors have been entertaining proposals to sell certain discrete assets  
8 to parties expressing interest and, when permissible under this Court's prior orders and with the  
9 Committee's consent, closing such sales. The Committee has diligently been investigating  
10 potential litigation assets of the Debtors that could result in recoveries for the estate, as well as  
11 liaising with the creditor body generally to ensure the creditor constituencies' concerns are heard  
12 and addressed.

13 Dated: October 17, 2014

KATTEN MUCHIN ROSENMAN LLP  
Peter A. Siddiqui  
Jessica M. Mickelsen

14 By: /s/ Jessica M. Mickelsen  
15 Counsel for Debtor and Debtor-In-Possession  
16 HashFast Technologies LLC and HashFast LLC

17 Dated: October 17, 2014

18 BAKER HOSTETLER LLP  
19 Elizabeth Green

20 By: /s/ Elizabeth Green - signed by  
21 Counsel for the Committee *Jessica Mickelsen*  
22 *with the authorization*  
23 *of Elizabeth Green*