



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO: FSD                      OF 2025 (       )

IN THE MATTER OF THE COMPANIES ACT (2023 REVISION)

AND IN THE MATTER OF ZERO EDGE CORP. (IN VOLUNTARY LIQUIDATION)

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PETITION

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The humble petition of Michael Lam and Daniel McGrath, of Arkus Advisory LLC, Grand Pavilion Commercial Centre, Suite 23, Hibiscus Way, 802 West Bay Road, Grand Cayman, Cayman Islands (the "**Petitioners**"), as Joint Voluntary Liquidators of Zero Edge Corp. (In Voluntary Liquidation) (the "**Company**"), shows that:

**Particulars of Incorporation**

1. The Company is an exempted company incorporated in the Cayman Islands on 11 April 2024 and organised pursuant to the Companies Act (2023 Revision) (the "**Companies Act**"). The registration number of the Company issued by the Registrar of Companies (the "**ROC**") is 408899. The registered office of the Company is Bridgestream Limited, 3rd Floor, One Nexus Way, Grand Cayman, KY1-1205, Cayman Islands.
2. The most recent version of the Memorandum and Articles of Association of the Company (the "**Articles**") was adopted by the Company on 20 June 2024. The Company's objects are unrestricted. As provided by section 7(4) of the Companies Act, the Company has full power and authority to carry out any object not prohibited by any law of the Cayman Islands.

This **PETITION** was issued by Travers Thorp Alberga, Attorneys for the Petitioners, whose address for service is 2<sup>nd</sup> Floor, Harbour Place, 103 South Church St, PO Box 472, George Town, Cayman Islands KY1-1104 Re: T0859-001

**The Business of the Company**

3. The Company was in the early-stage development of an online cryptocurrency casino. The Company's mission was to build a gaming platform giving all participants the same odds of winning. Hence the name "Zero Edge", which derives from the Company's unique selling point that no participant, including the casino itself, should have an advantage in any game in the casino.
4. The Company raised financing from investors to develop its online cryptocurrency casino and gaming platform primarily by issuing preferred shares and convertible notes (which were automatically converted to series seed-2 preferred shares following the closure of the June 2024 financing round). Financing rounds for angel preferred investors and series seed preferred investors closed in April 2024 and June 2024 respectively for the issuance of preferred shares and the planned issue of tokens that could be utilized on the gaming platform. Approximately \$7.5 million was raised from the two financing rounds. The Company also raised financing of at least \$875,000 from the planned issue of tokens to token only holders (i.e. non-shareholder token holders), but entered voluntary liquidation before the token generation event and before any tokens were issued to shareholders and token only holders.
5. In late June 2024, it was discovered that one of the Company's founders and former directors, Mr. Richard Kim, had allegedly misappropriated the majority of the Company's funds and assets. Upon learning of these serious allegations, the Company and certain of its investors referred the matter to the US Securities Exchange Commission ("SEC"). An investigation was commenced by the SEC which remains ongoing. Following the resignation of Mr. Kim as a director of the Company on 2 July 2024, the development of the online cryptocurrency casino and gaming platform stalled, and the Company proceeded to terminate all employees and contractors. The Petitioners have been unable to contact Mr. Kim to date.

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**Commencement of the Voluntary Liquidation of the Company**

6. After a period of internal investigation and consideration, the Company's sole remaining director, Mr. Paris Anatolitis, took the view that it was appropriate for the Company to enter voluntary liquidation. He called an extraordinary general meeting of the Company ("EGM") to allow the shareholders to consider the matter and vote on a resolution to put the Company into voluntary liquidation.
7. The Companies Act provides as follows:

***Section 90 (Alternative modes of winding up)***

*A company may be wound up*

*(a) Voluntarily –*

*(i) by virtue of a special resolution*

***Section 116 (Circumstances in which a company may be wound up voluntarily)***

*A company incorporated and registered under this Act or an existing company may be wound up voluntarily –*

*(c) if the company resolves by special resolution that it be wound up voluntarily*

8. The authorised share capital of the Company is comprised of 3,670,792 shares, of which 2,400,000 are designated as Class A ordinary shares, 170,000 are designated as Class B ordinary shares and 1,090,792 are designated as preferred shares (153,800 angel preferred shares, 521,608 series seed-1 preferred shares and 415,384 series seed-2 preferred shares).
9. At the EGM held on 19 December 2024, the Company received completed proxies from shareholders amounting to 66.24% of all issued voting shares (excluding non-voting angel

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preferred shares) being in aggregate 1,184,883 shares, comprising 500,000 Class A ordinary shares and 684,883 series seed preferred shares, thus constituting a quorum. All proxies received by the Company either voted in favour of placing the Company into voluntary liquidation or no vote was cast. In addition, the Company received the affirmative vote of the Requisite Holders (as defined and pursuant to article 7.3(iii) of the Articles) to liquidate and voluntary wind-up the Company. Pursuant to section 116(c) of the Companies Act, the shareholders resolved by special resolution that the Company be placed into voluntary liquidation at the EGM.

10. Accordingly, the Company formally entered voluntary liquidation on 19 December 2024 and the Petitioners were appointed as Joint Voluntary Liquidators of the Company for the purposes of winding-up the affairs of the Company.
11. The Petitioners have filed the Notice of Voluntary Winding Up, and their respective Consents to Act as Joint Voluntary Liquidators of the Company, with the Registrar of Companies ("**ROC**") in accordance with sections 123(1)(a) and 123(1)(b) of the Companies Act and Order 13, rules 2(a) and 2(b) of the Companies Winding Up Rules (as amended) (the "**CWR**"). Accordingly, the Petitioners' appointment took effect on 19 December 2024 pursuant to section 119(3) of the Companies Act and Order 13, rule 3(2) of the CWR.

#### **Interaction with Stakeholders**

12. The Petitioners have, since their appointment as Joint Voluntary Liquidators, engaged with the Company's known and potential creditors and contributories by sending two letters, each dated 1 January 2025, informing such stakeholders of the following:
  - a. That the Company was placed into voluntary liquidation on 19 December 2024 by a special resolution passed by the Company's shareholders at an EGM held on 19 December 2024 with the Petitioners appointed.

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- b. The powers previously vested in the Director of the Company had ceased and were now vested in the Petitioners.
- c. The Petitioners role as Joint Voluntary Liquidators of the Company is to realise the assets of the Company, distribute them to the Company's creditors, and to distribute any remaining assets to the Company's shareholders.
- d. The Petitioners notified stakeholders that the Company's liquidation would be advertised in the Cayman Islands Gazette on 6 January 2025 in accordance with section 123(1)(e) of the Companies Act.
- e. The Petitioners invited all potential creditors to submit any claims which they sought to assert against the Company by way of a proof of debt or claim to be filed within 21 days of the publication of the advertisement in the Gazette. As at the date of this affidavit, the Joint Voluntary Liquidators have received three proofs of debt from token only holders totalling \$550,000 which are likely to constitute to constitute creditor claims of the Company, a proof of debt from Bedell Cristin for \$12,907 and two proofs of debt from angel preferred shareholders for \$115,000.

### The Company's Financial Position

2. Based on the Petitioner's initial investigations and review of records of the Company that have been obtained, the Petitioners have determined that the debts and liabilities of the Company (subject to formal adjudication) as at 23 January 2025 are as follows:

Description of Liabilities	Estimate Value (US\$)
Token Only Holder Claims – Proofs of Debt received	\$550,000
Token Only Holder Claims – Estimated	\$225,000
Bedell Cristin Partnership – Legal Fees	\$12,907
Inceptiv Law – Legal Fees	\$36,684

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<b>Total Estimated Liabilities</b>	<b>\$824,591</b>
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3. The Petitioners have received preliminary advice (privilege in respect of which is not waived) from their Cayman Islands legal counsel, Travers Thorp Alberga, that token only holder claims are likely to constitute creditor claims of the Company based on the relevant token letter agreement, and claims by ordinary, angel preferred, and series seed shareholders do not constitute creditor claims based on the relevant token letter agreement.
4. Based on the available information and records, the Petitioners have determined the Company's assets are as follows:

<b>Description of Assets</b>	<b>Estimated Value (US\$)</b>
Cash at Bank / Stable Coin	\$58,639
Intangible Assets - Code, Intellectual Property & Design Elements for the Online Cryptocurrency Casino	To be determined
Refund from Outsourced Payroll Provider	\$46,315
Refund of Legal Retainer	\$2,000
<b>Total Estimated Assets</b>	<b>\$106,954</b>

5. As shown above, the Company's assets are insufficient to meet its liabilities. The Petitioners' conclusion is therefore that the Company is insolvent on both a cash flow and balance sheet basis.

#### **Declaration of Solvency**

6. The Company's sole Director, Mr Anatolitis (the "**Director**") has not made or delivered any declaration of solvency pursuant to section 124(2) of the Companies Act and/or Order 14, rule 1 of the CWR ("**Declaration of Solvency**"); nor, to the best of the knowledge of the Petitioners, has the

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Director filed an executed Declaration of Solvency with the ROC in accordance with section 123(1)(c) of the Companies Act and/or Order 13, rule 2(2) of the CWR.

7. On the contrary, after being duly advised by the Petitioners of the Company's asset and liability positions (as set out above), and of the nature and effect of signing a Declaration of Solvency (i.e. that the Director believes that the Company will be able to pay its debts in full within a period of 12 months from the commencement of the winding up), the Director confirmed in writing on 16 January 2025 that he is not prepared to sign a Declaration of Solvency in respect of the Company.

#### **Requirement for Court supervision**

8. Under section 124(1) of the Companies Act, the Petitioner is required to present a petition seeking the winding up of the Company to continue under the supervision of the Court if a Declaration of Solvency is not executed and delivered by the Director within 28 days of the commencement of voluntary liquidation.
9. Accordingly, the Petitioners consider it appropriate to present this Petition seeking that the winding up of the Company continue under the supervision of this Honourable Court in light of the following:
  - a. The absence of a signed and delivered Declaration of Solvency from the Director.
  - b. The Petitioners' initial investigations which indicate that the Company is insolvent.
  - c. The Director's positive confirmation that he too considers it appropriate for the Company's liquidation to continue under the supervision of the Court.
  - d. The need for further investigations into the alleged misconduct of the Company's former director, Mr Kim, which will be greatly assisted by the additional statutory powers in the event an Official Liquidator is appointed.

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**Consent to Appointment as Official Liquidator**

10. Michael Lam of Arkus Advisory LLC, Grand Pavilion Commercial Centre, Suite 23, Hibiscus Way, 802 West Bay Road, Grand Cayman, Cayman Islands, is a qualified insolvency practitioner in the Cayman Islands and has signed a Consent to Act as Official Liquidator of the Company.

**YOUR PETITIONERS THEREFORE HUMBL Y PRAY THAT:**

1. The winding up of the Company be continued under the supervision of the Court pursuant to the provisions of the Companies Act.
2. Michael Lam of Arkus Advisory LLC, Grand Pavilion Commercial Centre, Suite 23, Hibiscus Way, 802 West Bay Road, Grand Cayman, Cayman Islands be appointed as Official Liquidator of the Company
3. The Official Liquidator shall not be required to give security for his appointment.
4. The Official Liquidator be authorised to open and operate bank accounts in the name of the Company in the Cayman Islands or elsewhere; and
5. The Official Liquidator be appointed with the powers granted to them under section 110 and Part II of the Third Schedule to the Companies Act, and in particular be authorised to do the following without further sanction of the Court:
  - a. The power to take possession of, collect and get in the property of the Company and for that purpose to take all such proceedings as they consider necessary.
  - b. The power to do all acts and execute, in the name and on behalf of the Company, all deeds, receipts and other documents and for that purpose to use, when necessary, the Company seal.
  - c. The power to convene meetings of creditors and contributories.

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- d. The power to do all other things incidental to the exercise of his powers.
6. The Official Liquidator be authorised without requiring further sanction of the Court, pursuant to Part I of the Third Schedule to the Companies Act, to take all such actions as may be necessary to:
- (a) to take any such action as may be necessary or desirable to obtain recognition of his appointment in the USA and any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose;
  - (b) engage staff (whether or not as employees of the Company) to assist the Official Liquidator in the performance of his functions; and
  - (c) engage attorneys and other professionally qualified persons to assist the Official Liquidator in the performance of his function on such terms as the Official Liquidator may think fit, and to remunerate them out of the assets of the Company as an expense of the official liquidation.
7. No disposition of the Company's property by or with the authority of the Official Liquidator in carrying out his duties and functions and exercise of their powers under this Order shall be voided by virtue of section 99 of the Companies Act.
8. Subject to section 109 of the Companies Act and the Insolvency Practitioners Regulations 2023, the Official Liquidator be authorised to render and pay invoices out of the assets of the Company for his own remuneration.
9. The Official Liquidator be at liberty to meet all disbursements reasonably incurred in connection with the performance of his duties and, for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Company as an expense of the liquidation.

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10. No suit, action or other proceeding shall be proceeded with or commenced against the Company except with the leave of the Court pursuant to section 97 of the Companies Act and subject to such terms as the Court may impose.
11. The Petitioners' costs of and occasioned by the Petition shall be paid from the assets of the Company, such costs to be taxed if not agreed with the Official Liquidator.
12. The Official Liquidator be at liberty to apply generally.

**DATED: 23 January 2025**



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**TRAVERS THORP ALBERGA**  
**Attorneys for the Petitioners**

NOTE: It is intended that this Petition be served on the Company

**NOTICE OF HEARING**

**TAKE NOTICE THAT** the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman on                      2025 at                      .

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, Cayman Islands (Telephone: +1 345 949 4296).

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