

Identifying Some of Celsius Network's Biggest Unsecured Creditors

Over \$600 million is owed to the fifty largest unsecured creditors. The biggest one is also the biggest mystery...



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So, the inevitable has finally happened. Celsius Network filed for Chapter 11 bankruptcy in the Southern District of New York today. Within the initial filing is a list of the fifty largest unsecured creditors to Celsius. Identifying information is provided for several of these creditors. Digging into the background of these companies yielded some interesting findings:

- The largest creditor, a Cayman Islands-registered fund, is tied to an odd crypto

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millions on the collapse of the Terra Ponzi scam.

- Two other major creditors appear to be registered to residential properties in the United States
- Well-known crypto trading firms Alameda Research and B2C2 were making unsecured loans to Celsius Network
- Celsius Network owes \$7.6 million to “South Africa’s Largest Crypto Exchange”

Pharos USD Fund SP/ Pharos Fund SP: \$81 million

The largest named creditor, the “Pharos” Funds are registered in the Cayman Islands at: “Landmark Square, 1st Floor. 64 Earth Close PO Box 715 Grand Cayman KY-1107 Cayman Islands.” It’s interesting to note that when you search this address, the first hit is a link to the Paradise Papers, the massive expose of tax havens used by the ultrawealthy. Pharos is listed as a “loan party,” suggesting they had made unsecured loans to Celsius Network or its subsidiaries.

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The contact info for Pharos is an email address registered to “lanternventures.com.” Lantern Ventures is a British cryptocurrency firm that describes itself on LinkedIn as:

...a London based proprietary trading firm specialising in cryptocurrencies. We use technologies developed in house to identify and execute on trading opportunities

arising in cryptocurrency markets worldwide.

Lantern's CEO, Tara Mac Auley, was previously the CEO of the Center for Effective Altruism. Lantern's LinkedIn states that "50% of founder profits" are donated to "highly effective" charities. Two other individuals are listed as officers in Lantern Ventures corporate filings: Naia Bouscal (listed on LinkedIn as CTO), and Dr. Rachel Cotton-Barrat.

There is limited information about who was backing Lantern Ventures. The only investor I could identify is an Estonian venture capital fund called metaplanet, which lists other crypto ventures like Filecoin, Protocol Labs, and Coinlist among its ventures. However, according to Bloomberg, Tara Mac Auley has previously claimed to have been a cofounder of none other than Alameda Research...

Bloomberg also noted another connection between Lantern, effective altruism, and Sam Bankman-Fried:

At least three other Lantern Ventures employees have worked for either the charity or its affiliate Giving What We Can, of which Bankman-Fried is listed as a member, according to the employees' biographies on LinkedIn.

Lantern's website, which consists of a single front page and a "We're Hiring" link, hardly suggests they are a major crypto trading entity:



Lantern Ventures is a technology company, developing systems to identify and execute on exceptional trading opportunities arising in global digital currency markets.

The company was founded on philanthropic principles and 50% of founder profits are donated to high-impact charitable causes.

[We're hiring!](#)

Similarly, Lantern's financial filings also did not give the impression that they would end up being owed some \$81 million by a bankrupt crypto bank. According to their 2020 financial statements, Lantern was in very poor financial condition with negative equity of £507,000. In 2021, they were worth a net £3.1 million:

<u>Balance Sheet</u>			
<u>31 May 2021</u>			
	Notes	31.5.21 £	31.5.20 £
Fixed assets			
Tangible assets	4	7,024	9,365
Investments	5	<u>483,195</u>	<u>-</u>
		<u>490,219</u>	<u>9,365</u>
Current assets			
Debtors	6	3,070,860	90,454
Cash at bank		<u>1,131,802</u>	<u>601,516</u>
		<u>4,202,662</u>	<u>691,970</u>
Creditors			
Amounts falling due within one year	7	<u>(1,572,972)</u>	<u>(1,209,268)</u>
Net current assets/(liabilities)		<u>2,629,690</u>	<u>(517,298)</u>
Total assets less current liabilities		<u>3,119,909</u>	<u>(507,933)</u>
Provisions for liabilities	8	<u>(16,101)</u>	<u>-</u>
Net assets/(liabilities)		<u>3,103,808</u>	<u>(507,933)</u>
Capital and reserves			
Called up share capital	9	30,618	30,000
Share premium		249,382	-
Fair value reserve	10	68,639	-
Retained earnings		<u>2,755,169</u>	<u>(537,933)</u>
Shareholders' funds		<u>3,103,808</u>	<u>(507,933)</u>

According to Bloomberg, SEC filings indicated Lantern was managing a total of around \$400 million in April of 2022. The question remains: Whose money were they “managing?”

Invictus Capital Financial Technologies: \$17.7 million

Invictus Capital Financial Technologies, based in the Cayman Islands, has had a rough

few months. Invictus offered a variety of “regulated” funds that offered “diversified” exposure to crypto markets, claiming to have over \$135 million AUM at one point. Unfortunately, two of their funds had significant exposure to the collapse of the Terra Ponzi scam, and in late May Invictus began preventing customers from withdrawing from those funds. After Celsius “paused” withdrawals, Invictus was put into an impossible position and followed suit by freezing customer assets on June 22, 2022.

Invictus itself is apparently owed over \$9.8 million by Celsius, while its “hedged” Crypto10 fund is owed an additional \$7.8 million. Their Crypto10 fund, amusingly, held some 78% of its total assets in US dollars, which were lent out as “margin loans.” If their quarterly statement for 3/31/22 is accurate, this suggests that Invictus had lent over 40% of the assets in this fund to Celsius Network:

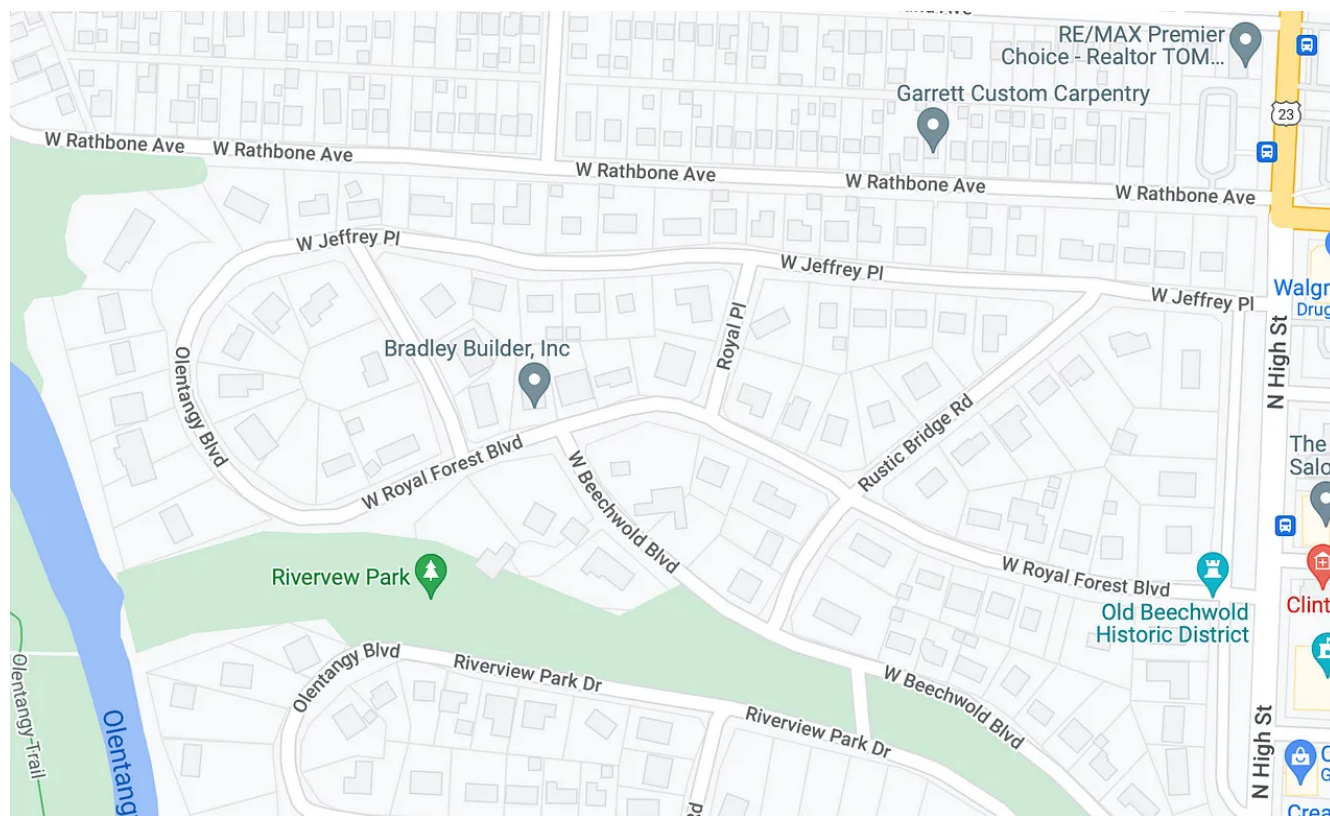
Asset	Rank (Q1 Movement)	Amount	\$ Equivalent as at 31/03/2022	%
USD		14,130.87	\$14,131	0.08
BTC	1 (-)	58.64	\$2,685,329	14.61
ETH	2 (-)	816.28	\$2,712,899	14.76
BNB	3 (-)	6,273.28	\$2,709,223	14.74
SOL	4 (-)	17,360.76	\$2,163,335	11.77
ADA	5 (-)	1,745,111.00	\$2,007,104	10.92
LUNA	6 (-)	19,013.93	\$1,985,048	10.80
AVAX	7 (-)	14,279.21	\$1,376,668	7.49
DOGE	8 (▲1)	7,089,119.67	\$979,658	5.33
DOT	9 (▼1)	51,092.20	\$1,095,453	5.96
MATIC	10 (-)	298,808.00	\$652,493	3.55
TOTAL			\$18,380,077	100

Ouchie, my hedge fund!

ICB Solutions: \$13.3 million

The next largest named creditor (#11 overall), ICB Solutions is a registered LLC located

in Grove City, OH. ICB Solutions is listed as a “customer” to Celsius Network. I could not identify a website for the firm. The address on Celsius’ bankruptcy filing does not match the address named in the company’s state corporate filings. The address provided in the bankruptcy filing, “W. Royal Forest Blvd, Columbus, OH,” appears to be a residential neighborhood:



The Caen Group LLC: \$13.1 Million

Like ICB Solutions, Caen Group, LLC is also listed as a customer of Celsius Network. It is registered to Chi W Yau, who listed himself as Managing Director of Caen from 2010 to 2011. He describes Caen as:



Managing Director

CAEN Group, LLC

Aug 2010 - Jun 2011 · 11 mos

Greater San Diego Area

Seeking out investment opportunities in embryonic ideas and early-stage startups with a focus in Sustainable Development, Eco-Friendly Products and Technologies, Renewable Energy and Resources, and CleanTech

Should have stuck with ESG...

Yau also lists himself as CEO and co-founder of Tricopian, Inc. Tricopian apparently manufactures a portable mobile device charger called the FuelRod. Caen Ventures, also like ICB Solutions, appears to be registered to a residential address.

Alameda Research: \$12.8 million

For the crypto-initiated, Alameda Research needs no introduction. Alameda is the trading/hedge fund counterpart to FTX and a key part of Sam Bankman-Fried's crypto empire. Mr. Bankman-Fried is well-known for his commitment to "effective altruism," having stated he plans to donate all of his wealth in his lifetime. It is an interesting coincidence that Celsius' largest creditor also happens to be a prominent devotee of the same faith as Mr. Bankman-Fried...

B2C2: \$11.8 million

B2C2 is a well-known crypto over-the-counter trading firm targeting institutional clients. Like Latern Ventures, B2C2 is a UK-based firm. Unlike Lantern, B2C2's financial statements show a company with tens of millions in net assets and revenue.

Strobilius, LLC: \$7.8 million

Listed as both loan party and customer to Celsius, Strobilius is another U.S. corporation with a very limited presence online. Beyond its registration paperwork with the New Hampshire Secretary of State, I couldn't find much about this company.

Altcointrader: \$7.6 million

Altcointrader, listed as a Celsius customer, bills itself as "South Africa's Largest Crypto Exchange." It is led by founder and CEO Richard de Souza. It appears Richard is the contact person for the Celsius bankruptcy proceedings. One has to wonder how much

damage this kind of loss might do to a small crypto exchange, and whose money they were depositing with Celsius...



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September 15, 2019 · 🌐

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