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SAMUEL HAIG

DEC 16, 2020

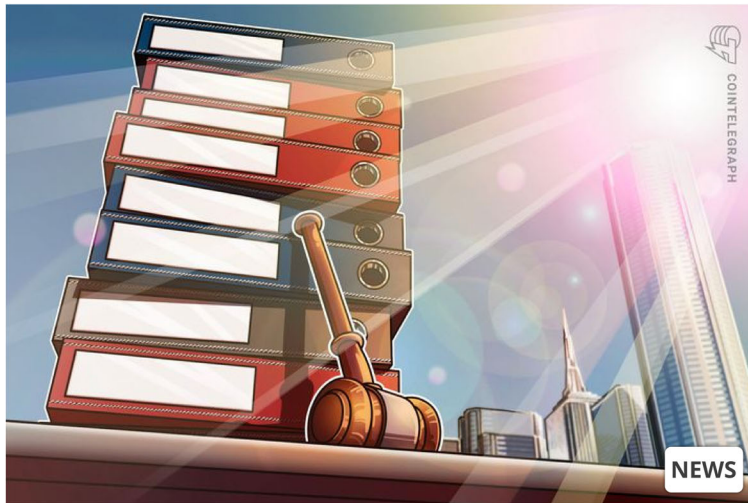
Why this Montana crypto miner refuses to pay a \$3.7M power bill

A Montana-based crypto miner has asked a court to dismiss a lawsuit over \$3.7 million in unpaid electricity bills on the basis that it sold its assets in 2018.

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Project Spokane, a Montana-based mining firm that has been sued by tribal-owned electricity company Energy Keepers Inc. for \$3.7 million in unpaid power bills, claims the debt is not its responsibility.

On Dec. 14, Project Spokane requested that a Montana federal judge nix the lawsuit, asserting that Hyperblock LLC — a company that purchased most of the mining firm's assets in 2018 — is liable for the debt.

However, Hyperblock declared bankruptcy in March following the onset of the COVID-19 pandemic. Project Spokane and Hyperblock share an owner.

The suit, which was filed by Energy Keepers, or EKI, in May, alleges that Project Spokane used its deal with Hyperblock LLC to conspire against paying the power provider for the electricity it consumed.

The complaint notes that Hyperblock purchased Project Spokane's assets for nearly \$66 million despite the firm holding just \$11 million in assets and \$6.6 million in liabilities, claiming that the sum paid was excessive given the state of the miner's books.

Project Spokane claimed that the terms of the deal with Hyperblock explicitly shifted responsibility for its energy bill to Hyperblock. The defendants noted that EKI returned a \$1 million deposit and issued a \$5 million unsecured credit limit to the firm, emphasizing that EKI had determined Hyperblock was legitimate after extensive interaction with, and research into, the firm:

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"EKI approved the assignment of the contracts with its eyes wide open. For EKI to now allege that defendants used Hyper LLC to abuse the corporate form and perpetrate a fraud is disingenuous and patently false given that EKI was well aware of these same facts," said the defendants

"Simply put, there is no evidence that either PS or Walsh used the corporate cloak of Hyper LLC to defeat public convenience, justify wrong, perpetrate fraud or defend crime."

The plummeting Bitcoin price amid the “Black Thursday” crash in March was cited as the reason for Hyperblock’s failure to continue paying its bills — prompting EKI to cease providing electricity to Hyperblock on May 14. Hyperblock filed for bankruptcy one day later.

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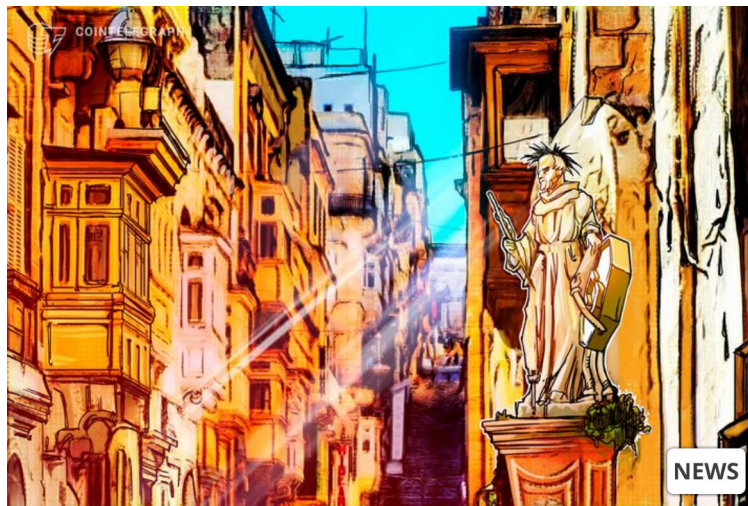
Malta’s ‘blockchain island’ strategy falters as banks refuse to play ball

Malta’s plan to become a “blockchain island” appears to have stalled, with few retail banks indicating a willingness to work with crypto firms.

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Malta's Finance and Employment Minister, Clyde Caruana, has revealed that the nation's plan to become a "blockchain island" is floundering due to the unwillingness of local banks to work with innovative firms.

Speaking to local media outlet [Lovin Malta](#), Caruana noted that few local businesses have been able to secure banking partners, asserting: "Traditional banks have written off blockchain at its early stages."

"The banks must be convinced that this is something that can really happen; unless banks are on board it will be very difficult."

Caruana emphasized the need to invest into building the skills needed locally to support a flourishing blockchain sector, arguing: "There's always the potential [to be a blockchain island] but if we want to make it happen, there must be more work."

What Caruana terms "retail banking skepticism" affects not only blockchain, but other emerging industries such as the island's plan to support medical cannabis. In addition to the

apparent banking disinterest, the minister emphasized that the lack of local skills was hindering the growth of new industries in Malta:

“It’s not just about whether the industries are new or old, but rather a question of skills. [If] investors don’t find what they require, they may think twice. If we want to keep on attracting investment to Malta, we must make sure we have what it takes in terms of skills.”

Malta’s parliament passed blockchain-friendly regulations in 2018 as part of its bid to emerge as a global hub for crypto and DLT, with the island quickly becoming home to offices of the world’s then-largest crypto exchanges by volume, Binance and OKEx.

However, the resignation of former Maltese Prime Minister Joseph Muscat in February 2020 precipitated revelations that the Malta Financial Services Authority had not issued a license to a single crypto firm.

While Malta’s new administration has publicly reaffirmed its commitment to establishing Malta as a global crypto hub, progress remains slow — although debit card provider and exchange platform Crypto.com became the first company to receive licensing from Malta’s local financial regulator on Nov. 24.

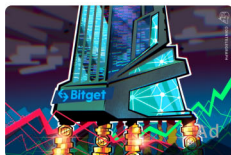
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