

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

In re:	§	Chapter 11
	§	
RHODIUM ENCORE LLC, <i>et al.</i> , ¹	§	Case No. 24-90448(ARP)
	§	
Debtors.	§	
	§	(Joint Administration Pending)
	§	

**EMERGENCY MOTION OF DEBTORS FOR ENTRY OF INTERIM AND
FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE THEIR
EXISTING CASH MANAGEMENT SYSTEM, (B) HONOR CERTAIN PRE-PETITION
OBLIGATIONS RELATED THERETO, AND (C) CONTINUE TO PERFORM
INTERCOMPANY TRANSACTIONS, (II) GRANTING SUPERPRIORITY
ADMINISTRATIVE EXPENSE STATUS TO POST-PETITION INTERCOMPANY
BALANCES, AND (III) GRANTING RELATED RELIEF**

Emergency relief has been requested. Relief is requested not later than 10:00 a.m. (Central Prevailing Time) on August 30, 2024.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on Friday, August 30, 2024, at 10:00 a.m. (Central Prevailing Time) in Courtroom 400, 4th Floor, 515 Rusk Avenue, Houston, Texas 77002.

Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at 832-917-1510. Once connected, you will be asked to enter the conference room number. Judge Perez's conference code number is 282694. Video

¹ The Debtors in these chapter 11 cases and the last four digits of their corporate identification numbers are as follows: Rhodium Encore LLC (3974), Jordan HPC LLC (3683), Rhodium JV LLC (5323), Rhodium 2.0 LLC (1013), Rhodium 10MW LLC (4142), Rhodium 30MW LLC (0263), Rhodium Enterprises, Inc. (6290), Rhodium Technologies LLC (3973), Rhodium Renewables LLC (0748), Air HPC LLC (0387), Rhodium Shared Services LLC (5868), Rhodium Ready Ventures LLC (8618), Rhodium Industries LLC (4771), Rhodium Encore Sub LLC (1064), Jordan HPC Sub LLC (0463), Rhodium 2.0 Sub LLC (5319), Rhodium 10MW Sub LLC (3827), Rhodium 30MW Sub LLC (4386), and Rhodium Renewables Sub LLC (9511). The mailing and service address of the Debtors in these chapter 11 cases is 2617 Bissonnet Street, Suite 234, Houston, TX 77005.



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communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge's home page. The meeting code is "JudgePerez." Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance" link on Judge Perez's home page. Select the case name, complete the required fields and click "Submit" to complete your appearance. Participation at the hearing will only be permitted by an audio and video connection.

Rhodium Encore LLC ("Rhodium") and its debtor affiliates, as debtors and debtors-in-possession in the above-captioned chapter 11 cases (collectively, the "Debtors") respectfully represent as follows in support of this motion (the "Motion"):

RELIEF REQUESTED

1. The Debtors seek entry of interim and final orders (respectively, the "Interim Order" and "Final Order"): (a) authorizing, but not directing, the Debtors to (i) continue to operate their Cash Management System (as defined below), including implementing changes to the Cash Management System in the ordinary course of business; (ii) honor certain pre-petition obligations related thereto; (iii) pay any pre-petition or post-petition amounts outstanding on account of the Bank Fees (as defined below); and (iv) continue to perform Intercompany Transactions (as defined below); (b) granting superpriority administrative expense status to post-petition intercompany balances; and (c) granting related relief.

2. In addition, the Debtors request that the Court schedule a final hearing 21 days after the commencement of these chapter 11 cases, or as soon thereafter as is convenient for the Court, to consider approval of this Motion on a final basis.

JURISDICTION AND VENUE

3. The United States Bankruptcy Court for the Southern District of Texas (the “Court”) has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), to the entry of a final order by the Court.

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

5. The bases for the relief requested herein are sections 105, 345, 363, 364, and 503 of title 11 of the United States Code (the “Bankruptcy Code”), and rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

BACKGROUND

6. The Debtors and their affiliates (collectively, the “Group”) are a technology company. The Group’s main activity involves utilizing proprietary technology to self-mine Bitcoin, with the goal of increasing sustainability and cost-efficiency.

7. On August 24, 2024 and August 29, 2024 (the “Petition Dates”), the Debtors each commenced with this Court a voluntary case under chapter 11 of title 11 of the Bankruptcy Code. The Debtors continue to operate their business and manage their property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

8. Information regarding the Debtors’ business and capital structure and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of David M. Dunn in Support of Chapter 11 Petitions and First Day Relief* (the “First Day Declaration”), and the *Declaration of Michael Robinson in Support of Debtor-in-Possession*

Financing (the “DIP Declaration”), which have been filed contemporaneously with this Motion and incorporated by reference herein.²

THE CASH MANAGEMENT SYSTEM

I. Overview.

9. To facilitate the efficient operation of their business, the Debtors utilize the Cash Management System, an integrated, centralized cash management system (as described in this section, the “Cash Management System”). The Cash Management System facilitates cash monitoring, forecasting, and reporting and enables the Debtors to maintain control over the administration of approximately 29 bank accounts (together with any other bank accounts the Debtors may open in the ordinary course of their business, the “Bank Accounts”) owned by the Debtors and maintained with multiple banks (each a “Bank” and collectively, the “Banks”), including those set forth on **Exhibit A** attached hereto. The Debtors Cash Management System is reflected in the diagram attached hereto as **Exhibit B**. The Debtors’ treasury department maintains daily oversight of the Cash Management System and implements cash management controls for entering, processing, and releasing funds, which funds include both cash and cryptocurrencies.

10. As it relates to the Bank Accounts, the Cash Management System is similar to those commonly employed by businesses in comparable size and scale to the Debtors. Businesses such as the Debtors use integrated systems to help control funds, ensure cash availability for each entity, and reduce administrative expenses by facilitating the movement of funds among multiple entities. Any disruption of the Cash Management System would be detrimental to the Debtors’ operations, as their business requires prompt and reliable access to cash and accurate cash tracking.

² Capitalized terms not defined herein shall have the meanings ascribed to such terms in the First Day Declaration.

11. As part of the Debtors' Cash Management System, the Debtors maintain a Bitcoin Management System (defined below) that allows the Debtors to facilitate the management and storage of Bitcoin.

12. The Cash Management System is tailored to meet the Debtors' operating needs—enabling the Debtors to control and monitor corporate funds, ensure cash availability and liquidity, comply with the requirements of their financing agreements, and reduce administrative expenses by facilitating the movement of funds and the development of accurate account balances.

II. Bank Accounts

13. The Cash Management System consists of 29 bank accounts, maintained by the following banks: JP Morgan Chase, Western Alliance Bank, and Vantage Bank.

14. The Debtors' bank accounts generally have the functions set out in the chart below:

Entity	Bank	Account Number	Balance as of Petition Date	Account Description
Jordan HPC, LLC	Chase Bank	3683	\$0.00	Backup Operating and Depository Account. The account receives deposits from liquidations, then transfers money to Rhodium Shared Services, LLC for its allocated expenses.
Jordan HPC, LLC	Vantage Bank	7491	\$5,985.00	Backup Operating and Depository Account. This account has a minimal balance and exists to ensure a smooth banking transition in the event the primary account is discontinued.
Jordan HPC, LLC	Western Alliance	9386	\$90,666.85	Operating and Depository Account. The account receives deposits from liquidations, then transfers money to Rhodium Shared Services, LLC for its allocated expenses.

Rhodium 10MW LLC	Chase Bank	4142	\$48,251.11	Operating and Depository Account. The account receives deposits from liquidations, then transfers money to Rhodium Shared Services, LLC for its allocated expenses.
Rhodium 10MW LLC	Vantage Bank	7662	\$5,985.00	Backup Operating and Depository Account. This account has a minimal balance and exists to ensure a smooth banking transition in the event the primary account is discontinued.
Rhodium 2.0 LLC	Chase Bank	1013	\$0.00	Backup Operating and Depository Account. This account has a zero balance and exists to ensure a smooth banking transition into Western Alliance.
Rhodium 2.0 LLC	Vantage Bank	7545	\$5,985.00	Backup Operating and Depository Account. This account has a minimal balance and exists to ensure a smooth banking transition in the event the primary account is discontinued.
Rhodium 2.0 LLC	Western Alliance	0353	(\$65.00)	Operating and Depository Account. The account receives deposits from liquidations, then transfers money to Rhodium Shared Services, LLC for its allocated expenses.
Rhodium 30MW LLC	Chase Bank	0263	\$111,204.51	Operating and Depository Account. The account receives deposits from liquidations, then transfers money to Rhodium Shared Services, LLC for its allocated expenses.
Rhodium 30MW LLC	Vantage Bank	7572	\$5,985.00	Backup Operating and Depository Account. This account has a minimal balance and exists to ensure a smooth banking transition in the event the primary account is discontinued.

Rhodium Encore LLC	Chase Bank	3974	\$115,255.51	Operating and Depository Account. The account receives deposits from liquidations, then transfers money to Rhodium Shared Services, LLC for its allocated expenses.
Rhodium Encore LLC	Vantage Bank	7590	\$5,985.00	Backup Operating and Depository Account. This account has a minimal balance and exists to ensure a smooth banking transition in the event the primary account is discontinued.
Rhodium JV LLC	Chase Bank	5323	\$0.00	Operating and Depository Account. The account receives amounts from Debtors Rhodium Encore LLC, Rhodium 2.0 LLC, Rhodium 30MW LLC, and Rhodium 10MW LLC, and then transfers payments to Whinstone.
Rhodium Enterprises Inc.	Western Alliance	8156	\$133,600.00	Operating Account. This account receives distributions from Rhodium Technologies LLC and distributes to investors.
Rhodium Enterprises Inc.	Vantage Bank	1011	\$33,857.20	Backup Operating Account.
Air HPC LLC	Chase Bank	0675	\$0.00	Backup Operating Account.
Air HPC LLC	Western Alliance	8053	\$5,000.00	Operating Account. This account receives amounts from Jordan HPC, LLC based on its portion of the Whinstone profit share, then transfers payments to Whinstone.
Rhodium Renewables LLC	Chase Bank	7879	\$1,847.93	Backup Operating and Depository Account.
Rhodium Renewables LLC	Western Alliance	5377	\$835,961.83	Operating and Depository Account. Receives deposits from liquidations, NYDIG hosting, and energy sales, pays lease, water, and energy, and then transfers money to Rhodium Shared Services LLC for its allocated expenses.

Rhodium Renewables LLC	Vantage Bank	7527	\$5,985.00	Backup Operating and Depository Account.
Rhodium Renewables Sub LLC	Chase Bank	9685	\$0.00	Operating Account. Not currently in use.
Rhodium Renewables Sub LLC	Vantage Bank	7338	\$5,985.00	Backup Operating Account. Not currently in use.
Rhodium Shared Services LLC	Chase Bank	3993	(\$.07)	Backup Operating Account.
Rhodium Shared Services LLC	Western Alliance	4806	\$1,030,338.33	Backup Operating Account. Operating Account. Receives allocated funding from Jordan HPC, LLC, Rhodium 30MW LLC, Rhodium 10MW LLC, Rhodium 2.0 LLC, Rhodium Encore, LLC, and Rhodium Renewables LLC to pay invoices, costs, payroll, and benefits.
Rhodium Shared Services LLC	Vantage Bank	7482	\$6,000.00	Backup Operating Account.
Rhodium Technologies LLC	Chase Bank	0304	\$0.00	Operating Account. Receives distributions from Rhodium entities and distributes funds to REI and Imperium.
Rhodium Technologies LLC	Vantage Bank	7455	\$20,245.63	Backup Operating Account.
Rhodium Technologies LLC	TD Bank	1130	\$20,108.65	Backup Operating Account.
Rhodium Technologies LLC	Chse Brokerage	1731	\$536.31	Brokerage account for previous purchasing of T bills.

15. The Debtors incur periodic service charges and other fees, charges, costs, and expenses in connection with the maintenance of the Cash Management System (the “Bank Fees”),

which are approximately \$170 per month. The Bank Fees are paid monthly and are automatically deducted from the Debtors' Bank Accounts as they are assessed by each respective Bank.

16. 18 of the Debtors' 29 Bank Accounts are maintained at an authorized depository under the Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees (the "UST Operating Guidelines") published by the Office of the United States Trustee for Region 7 (the "U.S. Trustee") – Chase Bank and Western Alliance. The total aggregate balance of the Debtors' Bank Accounts held at an authorized depository is approximately \$2,372,597.31. The total aggregate balance of the Debtors' Bank Accounts held at a non-authorized depository is \$122,106.48.

III. Bitcoin Management System

17. An element of the Cash Management System is the Debtors' Bitcoin mining and sales operations (collectively, the "Bitcoin Management System"). In the ordinary course of business, the Debtors earn a significant percentage of their revenue from their Bitcoin mining operations. The Bitcoin Management System facilitates the monitoring, forecasting, and reporting of the Debtors' liquidity in the form of Bitcoin and generates liquidity for the Debtors in the form of Bitcoin sales. As described below in more detail, the Bitcoin Management System entails two Bitcoin Mining Pools (as defined below) and a Bitcoin Wallet (as defined below) for each entity, including those set forth on **Exhibit A**. The diagram of the Cash Management System attached hereto as **Exhibit B** demonstrates the interaction between the Bitcoin Management System and the rest of the Debtors' Cash Management System.

18. Similar to other large Bitcoin miners, the Debtors contribute or "pool" their resources through a Bitcoin mining pool provided by third-party pooling platforms (the "Bitcoin Mining Pools"). A Bitcoin Mining Pool uses the combined computing power of all of its members' computers (also called "rigs" or "miners") to solve the algorithmic problems required to mine

Bitcoin and compensates miners for their pro rata share of Bitcoin assets mined by the collective efforts of the pool. Pooling provides the Debtors and other miners greater predictability and consistency from their mining operations and reduces risks of unpredictable mining results arising from individual mining efforts.

19. The Debtors' Bitcoin Mining Pools are registered in the name of Rhodium Industries LLC and are hosted by the following entities: (i) Foundry USA ("Foundry"); and (ii) Luxor Technology ("Luxor"). Foundry is the Debtors' primary Bitcoin Mining Pool. The Bitcoin Mining Pools automatically deduct their fees from the mined Bitcoin before sending the Bitcoin to the Bitcoin Wallets (defined below). Bitcoin Mining Pool Fees are customary in the industry, but Rhodium pays favorable (i.e., below-market) fees due to the volume mined.

20. The Bitcoin Mining Pool deposits the Debtors' newly mined Bitcoin into one of the Debtors' Bitcoin wallets (the "Bitcoin Wallets"). A Bitcoin Wallet is an interface that stores Bitcoin and allows parties to access their Bitcoin. Bitcoin deposited into a Bitcoin Wallet can be transferred between Bitcoin Wallets or sold for cash.

21. The Debtors' Bitcoin Wallets are self-custody wallets, meaning that they are entirely controlled by the Debtors. The Bitcoin Wallets are Trezer hardware wallets but the Debtors utilize open-source software to ensure that malicious code is not pushed through an update. The Debtors also maintain robust safety protocols, including the use of Faraday cages, safes, and by sharding private keys, with each shard stored in a separate location.

22. The Bitcoin from the Bitcoin Mining Pools is allocated to the Debtors based on a formula derived from hash rates. The Bitcoin Mining Pool then deposits the Bitcoin into the Debtors' Bitcoin Wallets every 24 hours. The Debtors utilize Secure Digital Markets as a broker ("Broker"), which liquidates the Bitcoin and sends back cash to the Debtors. The Broker generally

locks in a spot price as soon the Bitcoin is sent from the Bitcoin Mining Pool to the Bitcoin Wallets (i.e., daily). Twice a week or more frequently, the Debtors send the Bitcoin to the Broker, who then sends cash to the Debtors. Because the Broker fixes prices daily, but only receives Bitcoin at least twice a week, as security, the Broker holds approximately 7.47 of the Debtors' Bitcoin. This system ensures that the Debtors do not carry risk of Bitcoin price fluctuations aside from the relatively small amount of Bitcoin held by the Broker.

23. Finally, from time-to-time the Debtors evaluate their Bitcoin Wallets. Based on the needs of the business and the state of the Bitcoin Wallet industry, the Debtors may decide at some point during the pendency of these chapter 11 cases to open new Bitcoin Wallets at different institutions to mitigate risks and to minimize fees.

24. As part of the Bitcoin Management System, the Debtors incur monthly transaction fees in connection with using the Bitcoin Wallets (the "Bitcoin Wallet Fees"). The Bitcoin Wallet Fees are paid in "satoshis" and calculated based on a variety of factors including a fee rate (based on current network conditions) and transaction size. The Bitcoin Wallet Fees are submitted to the Bitcoin network and collected by the miners.

25. The Debtors' Bitcoin operations are ordinary course operations – mining and selling Bitcoin are the Debtors' primary business. Nevertheless, out of an abundance of caution, to avoid significant disruptions to their business cash management operations that would result from a disruption in Bitcoin mining and sales, by this Motion the Debtors request to continue these Bitcoin transactions in the ordinary course, which include mining using the Bitcoin Mining Pools, selling Bitcoin for U.S. Dollars, and paying all fees and expenses related thereto. Finally, the Debtors seek approval to open new Bitcoin Wallets in the ordinary course of business.

IV. Description of Funds Processing

26. A diagram of the Cash Management System, including the Bitcoin Management System, setting forth the flow of funds is attached hereto as **Exhibit B**. The following list describes the manner in which cash generally moves through the Cash Management System and Bitcoin Management System.

a. **Receipts:** The Debtors' cash receipts enter the Cash Management System via check, wire transfer, or ACH transfer. The Debtors' primary source of revenue is the sale of mined Bitcoin. As described above, cash revenue from Bitcoin sales are deposited via wire transfer into that Debtors' accounts at Chase Bank or Western Alliance Bank.

b. **Disbursements:** The Debtors' third-party disbursements are made primarily through the bank accounts to Rhodium Shared Services, which provides shared services to each of the Debtors, as described below.

V. Debtors' Existing Business Forms And Records

27. In the ordinary course of their business, the Debtors use a variety of preprinted business forms, including letterhead, correspondence forms, invoices, purchase orders, and other business forms in the ordinary course of business (collectively, and as they may be modified from time to time, the "Business Forms"). The Debtors also maintain books and records to document their financial results and a wide array of necessary operating information (collectively, the "Books and Records"). To avoid a significant disruption to their business operations that would result from a disruption of the Cash Management System and to avoid unnecessary expense, the Debtors request authorization to continue using all of the Business Forms and Books and Records in use immediately before the Petition Date (and as may be amended or modified in the ordinary course from time to time), including with respect to the Debtors' ability to update authorized signatories and services, as needed—without reference to the Debtors' status as chapter 11 debtors in

possession—rather than requiring the Debtors to incur the expense and delay of ordering new Business Forms and creating new Books and Records.

VI. Intercompany Transactions.

28. The Debtors are party to a shared services agreement (“SSA”) with Rhodium Shared Services (“Rhodium Shared Services”). The shared services generally include: (i) electricity expense for running the Debtors’ mining and hosting business; (ii) insurance expenses; (iii) various third-party vendor, contractor, and construction related costs; (iv) taxes; (v) corporate overhead expenses; (vi) payment on account of funding indebtedness; (viii) rent; and (ix) expenses and payroll. Pursuant to the SSA, each of the Debtors and Rhodium Shared Services maintain relationships with each other (the “Intercompany Transactions”) resulting in intercompany receivables and payables in the ordinary course of business (the “Intercompany Balances”).

29. In connection with the daily operation of the Cash Management System, as funds are swept and disbursed throughout the Cash Management System and as business is transacted between the Debtors, at any given time there may be Intercompany Balances owing. Certain Intercompany Balances are settled in cash while others are reflected as journal entry receivables and payables, as applicable. The Debtors track all fund transfers through their accounting system and can ascertain, trace, and account for all Intercompany Transactions. If the Intercompany Transactions were to be discontinued, the Cash Management System and the Debtors’ operations would be disrupted unnecessarily to the detriment of the Debtors, their creditors, and other stakeholders.³

³ This Motion provides an overview of the Debtors’ typical Intercompany Transactions. The relief requested herein is applicable with respect to all Intercompany Transactions and is not limited to those Intercompany Transactions described in this Motion. To the extent that there are any outstanding pre-petition obligations related to Intercompany Transactions not described herein, the Debtors, out of an abundance of caution, seek authority to honor such obligations.

30. To avoid significant disruptions to the Cash Management System that would result from a disruption in Intercompany Transactions, by this Motion the Debtors request to continue to conduct Intercompany Transactions and process Intercompany Claims in the ordinary course, and any related thereto.

BASIS FOR RELIEF

I. Continuation of Cash Management System Is in the Best Interests of Debtors and All Other Parties in Interest.

31. The efficient and economical operation of the Debtors' business requires that the Cash Management System continue during the pendency of these chapter 11 cases. As a practical matter, it would be difficult and expensive to establish and maintain a separate cash management system for each Debtor. Further, requiring the Debtors to adopt new, segmented cash management systems at this early and critical stage of these chapter 11 cases would be expensive, create unnecessary administrative burdens, and be extraordinarily disruptive to their business operations. Any such disruption would have a severe and adverse impact upon the success of these chapter 11 cases. Accordingly, the Debtors seek authority to continue using the Cash Management System in the same manner as the Cash Management System was utilized prior to the Petition Dates, and to implement ordinary course changes to it consistent with past practices. The Bankruptcy Code provides for such relief.

32. Section 363(c)(1) of the Bankruptcy Code authorizes the debtor in possession to "enter into transactions, including the sale or lease of property of the estate, in the ordinary course of business . . . and may use property of the estate in the ordinary course of business without notice or a hearing." The purpose of section 363(c)(1) is to provide a debtor in possession with the flexibility to engage in the ordinary transactions required to operate its business without unneeded oversight by its creditors or the court. *In re HLC Props., Inc.*, 55 B.R. 685, 686 (Bankr. N.D. Tex.

1985) (finding “no need to further burden the docket or the staff of the Court with a superfluous order” when a transaction is in the ordinary course of business); *Med. Malpractice Ins. Ass’n v. Hirsch (In re Lavigne)*, 114 F.3d 379, 384 (2d Cir. 1997); *Chaney v. Official Comm. of Unsecured Creditors of Crystal Apparel, Inc. (In re Crystal Apparel, Inc.)*, 207 B.R. 406, 409 (S.D.N.Y. 1997). Included within the purview of section 363(c) is a debtor’s ability to continue the “routine transactions” necessitated by a debtor’s cash management system. *Amdura Nat’l Distrib. Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447, 1453 (10th Cir. 1996). A cash management system allows a debtor “to administer more efficiently and effectively its financial operations and assets.” *Southmark Corp. v. Grosz (In re Southmark Corp.)*, 49 F.3d 1111, 1114 (5th Cir. 1995). Accordingly, section 363(c)(1) authorizes the continuation of the Cash Management System as it operated prepetition without the Court’s approval.

33. To the extent the relief requested herein is found to fall outside of the Debtors’ ordinary course of business, the Court may grant such relief pursuant to section 363(b) of the Bankruptcy Code, which provides, in relevant part, that “[t]he [debtor], after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Courts in the Fifth Circuit have granted a debtor’s request to use property of the estate outside of the ordinary course of business pursuant to section 363(b) of the Bankruptcy Code upon a finding that such use is supported by sound business reasons. *See, e.g., In re BNP Petroleum Corp.*, 642 F. App’x 429, 435 (5th Cir. 2016); *In re Cont’l Air Lines*, 780 F.2d 1223, 1226 (5th Cir. 1986) (“[F]or a debtor-in-possession or trustee to satisfy its fiduciary duty to the debtor, creditors and equity holders, there must be some articulated business justification for using, selling, or leasing the property outside the ordinary course of business.”); *see also In re Crutcher Res. Corp.*, 72 B.R. 628, 631 (Bankr. N.D. Tex. 1987) (“A Bankruptcy Judge has considerable

discretion in approving a § 363(b) sale of property of the estate other than in the ordinary course of business, but the movant must articulate some business justification for the sale.”); *In re Terrace Gardens Park P’ship*, 96 B.R. 707, 714 (Bankr. W.D. Tex. 1989).

34. Maintaining the existing Cash Management System is in the best interests of the Debtors’ estates and all parties in interest and, therefore, should be approved. If the Debtors are required to alter the way in which they collect and disburse cash throughout the Cash Management System, their operations will experience severe disruptions, which ultimately would frustrate the Debtors’ ability to effectuate their restructuring strategy and maximize the value of their estates. Further, the Cash Management System provides significant benefits to the Debtors, including the ability to (i) control corporate funds, (ii) ensure the maximum availability of funds when and where necessary, including distributing funds to the Debtors with immediate liquidity needs, and (iii) reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account information. Accordingly, the Debtors request that they be permitted to maintain and continue to use their existing Cash Management System and Bank Accounts to the extent set forth herein.

35. Courts in this district and others have approved postpetition continuation of a debtor’s prepetition cash management system as a routine matter in similar cases. *See, e.g., In re Talen Energy Supply, LLC*, No. 22-90054 (MI) (Bankr. S.D. Tex. Sept. 26, 2022) (Docket No. 1271); *In re Basic Energy Serv., Inc.*, No. 21-90002 (DRJ) (Bankr. S.D. Tex. Sept. 13, 2021) (Docket No. 339); *In re CBL & Assoc. Prop., Inc.*, No. 20-35226 (DRJ) (Bankr. S.D. Tex. Nov. 23, 2020) (Docket No. 263); *In re Fieldwood Energy LLC*, Case No. 20-33948 (MI) (Bankr. S.D. Tex. Sept. 14, 2020) (Docket No. 341); *In re CEC Ent., Inc.*, No. 20-33163 (MI) (Bankr. S.D. Tex. July 23, 2020) (Docket No. 410); *In re Gavilan Res., LLC*, No. 20-32656 (DRJ) (Bankr. S.D. Tex.

June 9, 2020) (Docket No. 111); *In re Speedcast Int'l Ltd.*, No. 20-32243 (MI) (Bankr. S.D. Tex. May 20, 2020) (Docket No. 235). Similar relief is also appropriate here.

II. Continued Performance of Intercompany Transactions Is Warranted and Intercompany Claims Should Be Granted Administrative Expense Priority

36. As stated above, under section 363(c)(1) of the Bankruptcy Code, a debtor in possession “may use property of the estate in the ordinary course of business without notice or a hearing.” The Debtors believe that they do not require the Court’s approval to continue entering into and performing under their Intercompany Transactions. The Debtors enter into and perform under Intercompany Transactions “in the ordinary course of business” within the meaning of section 363(c)(1) of the Bankruptcy Code. Intercompany Transactions are not just a matter of routine in the Debtors’ business, they are the sort of transactions that are common among many business enterprises that operate through multiple affiliates. It is precisely because of their routine nature that the Intercompany Transactions are integral to the Debtors’ ability to operate their business and successfully emerge from these chapter 11 cases. Accordingly, out of an abundance of caution, the Debtors request express authority to engage in such transactions postpetition.

37. The Debtors also request that the Court grant administrative expense status to all Intercompany Claims arising postpetition as a result of any Intercompany Transaction. Section 503(b)(1)(A) of the Bankruptcy Code provides, “[a]fter notice and a hearing, there shall be allowed administrative expenses . . . including . . . the actual, necessary costs and expenses of preserving the estate” If the Intercompany Claims are accorded administrative expense status, each entity that utilizes the Cash Management System and provides benefit to the Debtors’ estate will be assured that it will be compensated for its efforts. Courts in this district and in other districts have granted administrative expense status to postpetition Intercompany Claims in similar cases. *See, e.g., In re Talen Energy Supply, LLC*, No. 22-90054 (MI) (Bankr. S.D. Tex. Sept. 26, 2022)

(Docket No. 1271); *In re Basic Energy Serv., Inc.*, No. 21-90002 (DRJ) (Bankr. S.D. Tex. Sept. 13, 2021) (Docket No. 339); *In re CBL & Assoc. Prop., Inc.*, No. 20-35226 (DRJ) (Bankr. S.D. Tex. Nov. 23, 2020) (Docket No. 263); *In re Fieldwood Energy LLC*, Case No. 20-33948 (MI) (Bankr. S.D. Tex. Sept. 14, 2020) (Docket No. 341); *In re CEC Ent., Inc.*, No. 20-33163 (MI) (Bankr. S.D. Tex. July 23, 2020) (Docket No. 410); *In re Gavilan Res., LLC*, No. 20-32656 (DRJ) (Bankr. S.D. Tex. June 9, 2020) (Docket No. 111); *In re Speedcast Int'l Ltd.*, No. 20-32243 (MI) (Bankr. S.D. Tex. May 20, 2020) (Docket No. 235). Similar relief is also appropriate here.

III. The Court Should Authorize Debtors to Pay Prepetition Bank Fees and Bitcoin Wallet Fees.

38. The Court should authorize the Debtors to pay Bank Fees and Bitcoin Wallet Fees and similar service charges, if any, incurred prior to the commencement of these chapter 11 cases. The Debtors estimate that any prepetition Bank Fees on average total \$170 per month and Bitcoin Wallet Fees on average per transaction are approximately .000115504 BTC. As the *CoServ* court stated, “it is only logical that the bankruptcy court be able to use section 105(a) of the Code to authorize satisfaction of the prepetition claim in aid of preservation or enhancement of the estate.” *In re CoServ, L.L.C.*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002).

39. Under section 1107(a) of the Bankruptcy Code, a debtor has, among other things, the “implied duty of the debtor-in-possession to ‘protect and preserve the estate, including an operating business’ going-concern value.” *In re CEI Roofing, Inc.*, 315 B.R. 50, 59 (Bankr. N.D. Tex. 2004) (quoting *CoServ*, 273 B.R. at 497). Under section 105(a) of the Bankruptcy Code, “[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.” *See CoServ*, 273 B.R. at 497 (holding that sections 105 and 1107 of the Bankruptcy Code provide authority for a debtor-in-possession to pay prepetition claims); *see also In re Tusa-Expo Holdings, Inc.*, Case No. 08-45057-DML-11, 2008 WL 4857954, at *1

(Bankr. N.D. Tex. Nov. 7, 2008); *CEI Roofing*, 315 B.R. at 56; *In re Mirant Corp.*, 296 B.R. 427 (Bankr. N.D. Tex. 2003). Moreover, Bankruptcy Rule 6003 itself implies that the payment of prepetition obligations may be permissible within the first 21 days of a case where doing so is “necessary to avoid immediate and irreparable harm.” Accordingly, the Bankruptcy Code authorizes the postpetition payment of prepetition claims where, as here, such payments are critical to preserving the going-concern value of a debtor’s estate.

40. Here, payment of any prepetition Bank Fees and Bitcoin Wallet Fees is in the best interests of the Debtors and all parties-in-interest in these cases because it will prevent any disruption to the Cash Management System and ensure that the Debtors’ receipt of and access to funds is not delayed. Further, because the Bank may have setoff rights for the Bank Fees, payment of prepetition Bank Fees should not alter the rights of unsecured creditors in these chapter 11 cases. Accordingly, the Court should authorize the Debtors to pay any outstanding prepetition Bank Fees and Bitcoin Wallet fees and similar service charges to maintain the Cash Management System. Courts in this district and in other districts have granted debtors similar relief in other complex chapter 11 cases. *See, e.g., In re Talen Energy Supply, LLC*, No. 22- 90054 (MI) (Bankr. S.D. Tex. Sept. 26, 2022) (Docket No. 1271); *In re Basic Energy Serv., Inc.*, No. 21-90002 (DRJ) (Bankr. S.D. Tex. Sept. 13, 2021) (Docket No. 339); *In re CBL & Assoc. Prop., Inc.*, No. 20-35226 (DRJ) (Bankr. S.D. Tex. Nov. 23, 2020) (Docket No. 263); *In re Fieldwood Energy LLC*, Case No. 20-33948 (MI) (Bankr. S.D. Tex. Sept. 14, 2020) (Docket No. 341); *In re CEC Ent., Inc.*, No. 20-33163 (MI) (Bankr. S.D. Tex. July 23, 2020) (Docket No. 410); *In re Gavilan Res., LLC*, No. 20-32656 (DRJ) (Bankr. S.D. Tex. June 9, 2020) (Docket No. 111); *In re Speedcast Int’l Ltd.*, No. 20-32243 (MI) (Bankr. S.D. Tex. May 20, 2020) (Docket No. 235). Similar relief is also appropriate here.

IV. Maintenance of Debtors' Existing Bank Accounts and Business Forms is Warranted.

41. The UST Operating Guidelines generally require that a chapter 11 debtor, among other things: (i) open new bank accounts at a depository approved by the U.S. Trustee; (ii) establish one debtor in possession account for all estate monies required for the payment of taxes (including payroll taxes); (iii) close all existing Bank Accounts and open new debtor in possession accounts; (iv) maintain a separate debtor in possession account for cash collateral; (v) obtain checks that bear the designation "Debtor in Possession"; and (vi) reference the debtor's bankruptcy case number and type of account on each such check. *See* U.S. Dep't of Justice, Region 7 Guidelines for Debtors-in-Possession § IV (2020).

42. The Debtors request that the Court waive the requirements of the UST Operating Guidelines, which would require, among other things, the closure of the Bank Accounts and the opening of new deposit accounts. Strict enforcement of the UST Operating Guidelines with respect to the Cash Management System will severely disrupt the Debtors' ordinary financial operations by reducing efficiencies, increasing administrative burdens, and creating unnecessary expenses. These chapter 11 cases will be more orderly if the Debtors are permitted to maintain all Bank Accounts with the same account numbers during these cases. By preserving business continuity and avoiding the disruption and delay to the Debtors' disbursement obligations, all parties-in-interest, including employees, vendors, and customers, will be best served by the relief requested herein. Furthermore, the Debtors' continued use of their existing Business Forms will not prejudice parties in interest because parties doing business with the Debtors will know of the Debtors' status as debtors in possession. In addition, to the extent necessary, the Debtors request authority to make ordinary course changes to the Cash Management System, such as opening or closing their accounts in accordance with the Debtors' prepetition practices. Courts in this district and in other districts have granted debtors similar relief in other complex chapter 11 cases. *See*,

e.g., In re Talen Energy Supply, LLC, No. 22- 90054 (MI) (Bankr. S.D. Tex. September 26, 2022) (Docket No. 1271); *In re Basic Energy Serv., Inc.*, No. 21-90002 (DRJ) (Bankr. S.D. Tex. Sept. 13, 2021) (Docket No. 339); *In re CBL & Assoc. Prop., Inc.*, No. 20-35226 (DRJ) (Bankr. S.D. Tex. Nov. 23, 2020) (Docket No. 263); *In re Fieldwood Energy LLC*, Case No. 20-33948 (MI) (Bankr. S.D. Tex. Sept. 14, 2020) (Docket No. 341); *In re CEC Ent., Inc.*, No. 20-33163 (MI) (Bankr. S.D. Tex. July 23, 2020) (Docket No. 410); *In re Gavilan Res., LLC*, No. 20-32656 (DRJ) (Bankr. S.D. Tex. June 9, 2020) (Docket No. 111); *In re Speedcast Int'l Ltd.*, No. 20-32243 (MI) (Bankr. S.D. Tex. May 20, 2020) (Docket No. 235). Similar relief is also appropriate here.

V. Extension of Time to Comply with Section 345(b) of the Bankruptcy Code Is Warranted.

43. Section 345 of the Bankruptcy Code governs a debtor's deposit and investment of cash during a chapter 11 case and authorizes deposits or investments of money as "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). Funds deposited into Bank Accounts at Chase Bank and Western Alliance comply with section 345(a) of the Bankruptcy Code. Vantage Bank is not an Authorized Depository; however, the Debtors believe that it meets the standards of section 345(a) because Vantage Bank is a highly rated and federally chartered bank subject to supervision by federal banking regulators. Additionally, Vantage Bank is subject to federal banking regulations and the de minimis deposited funds are covered by the Federal Deposit Insurance Corporation up to the maximum amount allowed, which insurance is greater than the amounts in those accounts. Accordingly, funds deposited into the Bank Account at Vantage Bank should be deemed to comply with section 345(a) of the Bankruptcy Code.

44. For deposits or investments that are not "insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and

credit of the United States,” section 345(b) requires the estate to obtain, from the entity with which money is deposited or invested, a bond in favor of the United States and secured by the undertaking of an adequate corporate surety, unless the Court, for cause, orders otherwise. *Id.* § 345(b). In the alternative, the estate may require the entity to deposit governmental securities pursuant to 31 U.S.C. § 9303, which provides that when a person is required by law to give a surety bond, that person, in lieu of a surety bond, may instead provide an eligible obligation, designated by the Secretary of the Treasury as an acceptable substitute for a surety bond. *See* 31 U.S.C. §§ 9301, 9303.

45. Investment of cash in strict compliance with the requirements of section 345(b) would, in large chapter 11 cases such as these, be inconsistent with section 345(a), which permits a debtor in possession to make such investments of money of the estate “as will yield the maximum reasonable net return on such money.” Thus, in 1994, to avoid “needlessly handcuff[ing] larger, more sophisticated debtors,” Congress amended section 345(b) to provide that its strict investment requirements may be waived or modified if the Court so orders “for cause.” 140 Cong. Rec. H10,752-01, H10,768 (Oct. 4, 1994), 1994 WL 545773.

46. Additionally, the UST Operating Guidelines generally require chapter 11 debtors to, among other things, deposit all estate funds into an account with an authorized depository that agrees to comply with the requirements of the Office of the U.S. Trustee.

47. As stated above, 18 of the Debtors’ 29 Bank Accounts are maintained with Chase Bank or Western Alliance Bank, authorized depositories under the UST Operating Guidelines that are insured by the Federal Deposit Insurance Corporation. Accordingly, the Debtors respectfully submit that funds deposited into such Bank Accounts comply with section 345 of the Bankruptcy Code.

48. However, for the 11 Bank Accounts at Vantage Bank, to the extent the Court does not grant relief, the Debtors request a 60-day extension of the deadline to come into compliance with section 345(b) of the Bankruptcy Code and any of the U.S. Trustee's requirements or guidelines, which deadline may be further extended by written stipulation between the Debtors and the U.S. Trustee without further order of the Court.

THE REQUIREMENTS OF BANKRUPTCY RULE 6003(B) ARE SATISFIED

49. Pursuant to Bankruptcy Local Rule 9013-1, the Debtors respectfully request emergency consideration of this Motion under Bankruptcy Rule 6003, which provides that the Court may grant relief within the first 21 days after the Petition Date to the extent such relief is necessary to avoid immediate and irreparable harm. As described herein and in the First Day Declaration, the relief requested is essential to avoid the immediate and irreparable harm that would be caused by the Debtors' inability to transition smoothly into chapter 11. Accordingly, the Debtors submit that the requirements of Bankruptcy Rule 6003 are satisfied.

WAIVER OF BANKRUPTCY RULE 6004(A) AND 6004(H)

50. To implement the foregoing successfully, the Debtors request that the Court enter an order providing that notice of the relief requested herein satisfies Bankruptcy Rule 6004(a) and that the Debtors have established cause to exclude such relief from the 14-day stay period under Bankruptcy Rule 6004(h).

RESERVATION OF RIGHTS

51. Except as expressly set forth herein, nothing contained herein is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver or limitation of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' or any party in interest's rights under the

Bankruptcy Code or any other applicable nonbankruptcy law, (iv) an agreement or obligation to pay any claims, (v) a waiver of any claims or causes of action which may exist against any creditor or interest holder, or (vi) an admission by the Debtors that any instruments constitute an executory contract. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

NOTICE

52. Notice of this Motion will be served on any party entitled to notice pursuant to Bankruptcy Rule 2002 and any other party entitled to notice pursuant to local rule 9013-1(d).

NO PRIOR REQUEST

53. No prior request for the relief sought in this Motion has been made to this or any other court.

WHEREFORE the Debtors respectfully request entry of the Proposed Interim Order and Proposed Final Order granting the relief requested herein and such other and further relief as the Court may deem just and appropriate.

Respectfully submitted this 29th day of August, 2024.

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

/s/ Patricia B. Tomasco

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Joanna D. Caytas (SBN 24127230)

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- and -

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Razmig Izakelian (*pro hac vice*)

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*Proposed Counsel to the Debtors and
Debtors-In-Possession*

Certificate of Accuracy

I certify that the foregoing statements are true and accurate to the best of my knowledge.
This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Patricia B. Tomasco

Patricia B. Tomasco

Certificate of Service

I, Patricia B. Tomasco, hereby certify that on the 29th day of August, 2024, a copy of the foregoing Motion was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Patricia B. Tomasco

Patricia B. Tomasco

EXHIBIT A

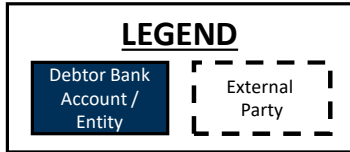
Bank Accounts

Entity	Bank	Account Number	Account Description
Jordan HPC, LLC	Chase Bank	3683	Backup Operating and Depository Account.
Jordan HPC, LLC	Vantage Bank	7491	Backup Operating and Depository Account.
Jordan HPC, LLC	Western Alliance	9386	Operating and Depository Account.
Rhodium 10MW LLC	Chase Bank	4142	Operating and Depository Account.
Rhodium 10MW LLC	Vantage Bank	7662	Backup Operating and Depository Account.
Rhodium 2.0 LLC	Chase Bank	1013	Backup Operating and Depository Account.
Rhodium 2.0 LLC	Vantage Bank	7545	Backup Operating and Depository Account.
Rhodium 2.0 LLC	Western Alliance	0353	Operating and Depository Account.
Rhodium 30MW LLC	Chase Bank	0263	Operating and Depository Account.
Rhodium 30MW LLC	Vantage Bank	7572	Backup Operating and Depository Account.
Rhodium Encore LLC	Chase Bank	3974	Operating and Depository Account.
Rhodium Encore LLC	Vantage Bank	7590	Backup Operating and Depository Account.
Rhodium JV LLC	Chase Bank	5323	Operating and Depository Account.
Rhodium Enterprises Inc.	Western Alliance	8156	Operating Account.
Rhodium Enterprises Inc.	Vantage Bank	1011	Backup Operating Account.
Air HPC LLC	Chase Bank	0675	Backup Operating Account.
Air HPC LLC	Western Alliance	8053	Operating Account.
Rhodium Renewables LLC	Chase Bank	7879	Backup Operating and Depository Account..
Rhodium Renewables LLC	Western Alliance	5377	Operating and Depository Account
Rhodium Renewables LLC	Vantage Bank	7527	Backup Operating and Depository Account.
Rhodium Renewables Sub LLC	Chase Bank	9685	Operating Account.
Rhodium Renewables Sub LLC	Vantage Bank	7338	Backup Operating Account.
Rhodium Shared Services LLC	Chase Bank	3993	Backup Operating Account.
Rhodium Shared Services LLC	Western Alliance	4806	Operating Account.
Rhodium Shared Services LLC	Vantage Bank	7482	Backup Operating Account.
Rhodium Technologies LLC	Chase Bank	0304	Operating Account.

Rhodium Technologies LLC	Vantage Bank	7455	Backup Operating Account.
Rhodium Technologies LLC	TD Bank	1130	Backup Operating Account.
Rhodium Technologies LLC	Chse Brokerage	1731	Brokerage Account.

EXHIBIT B

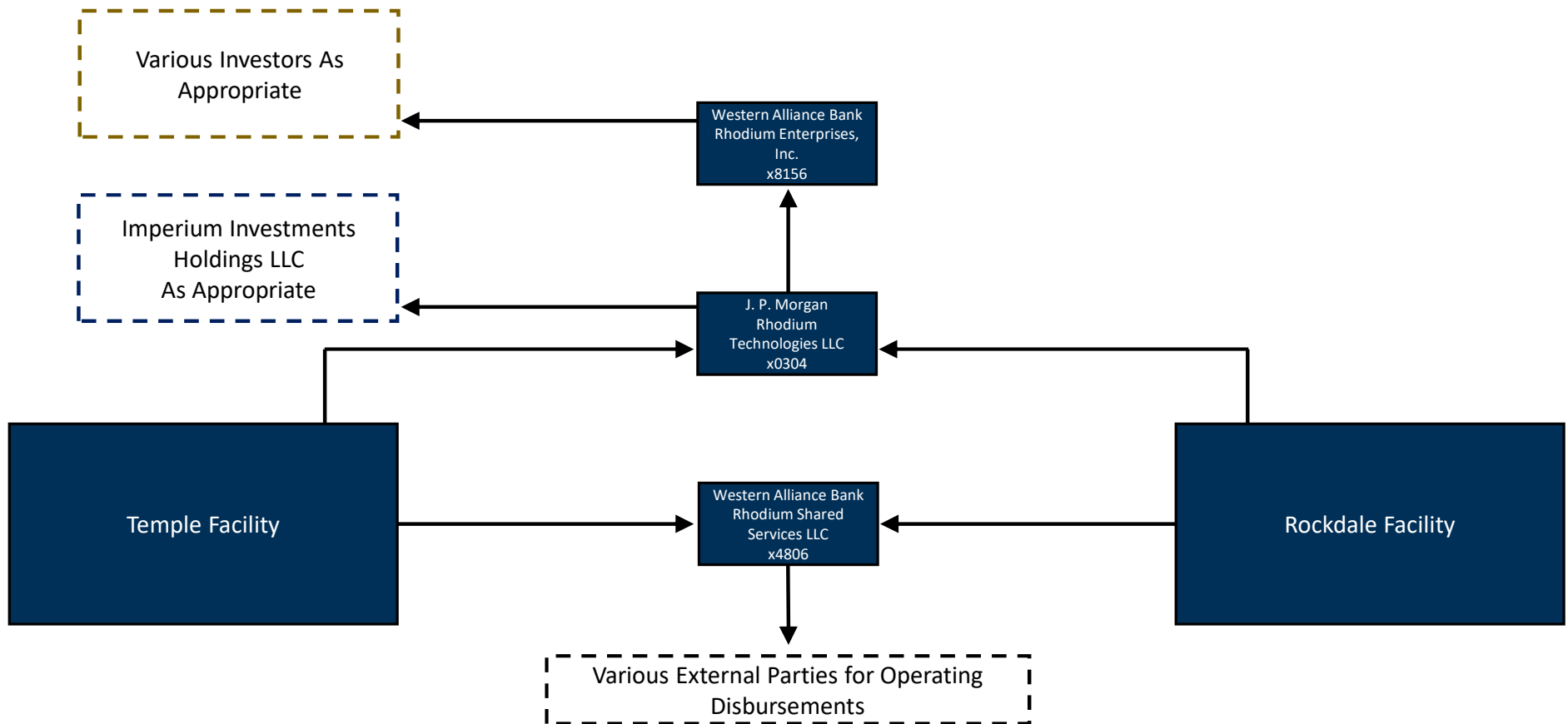
Cash Management System Schematic



Account Schematic Overview Entire Company

Other Accounts Not Currently Materially Used

Vantage Bank Rhodium Shared Services LLC x7482	Vantage Bank Rhodium Enterprises, Inc. x1011	Vantage Bank Rhodium Technologies LLC x7455
J. P. Morgan Rhodium Shared Services LLC x3993	TD Bank Rhodium Technologies LLC x1190	J. P. Morgan Rhodium Technologies LLC x1731



LEGENDDebtor
Bitcoin
WalletDebtor Bank
AccountExternal
Party**Detailed Account Schematic
Rockdale Facility****Other Accounts Not Currently Materially Used**Vantage Bank
Rhodium 30 MW LLC
x7572Vantage Bank
Jordan HPC LLC
x7491Vantage Bank
Rhodium 10 MW LLC
x7662J. P. Morgan
Rhodium 2.0 LLC
x1013Vantage Bank
Rhodium 2.0 LLC
x7545Vantage Bank
Rhodium Encore LLC
x7590J. P. Morgan
Jordan HPC LLC
x3683J. P. Morgan
Air HPC LLC
x8053**1****Bitcoin Mining Pool**Bitcoin
Wallet at
Rhodium
10MW LLCBitcoin
Wallet at
Rhodium
30MW LLCBitcoin
Wallet at
Rhodium
Encore LLCBitcoin
Wallet at
Rhodium 2.0
LLCBitcoin
Wallet at
Jordan HPC
LLC**2****Bitcoin Broker**J. P. Morgan
Rhodium 10MW LLC
x4142J. P. Morgan
Rhodium 30MW LLC
x0263J. P. Morgan
Rhodium Encore LLC
x3974Western Alliance Bank
Rhodium 2.0 LLC
x0353Western Alliance Bank
Jordan HPC LLC
x9386**3**Western Alliance Bank
Rhodium Shared
Services LLC
x4806**4**Respective Noteholders at
Rhodium Encore LLC and
Rhodium 2.0 LLC**1**

Every 24 hours, the bitcoin mining pools send bitcoin to the respective entity wallets.

2

The Company sends bitcoin to the bitcoin broker who then sends cash to each respective mining entity.

3

Generally, once per week or as needed, the Company sends funds from each mining entity to Rhodium Shared Services LLC to pay for all operating costs.

5**Whinstone Profit Sharing****4**

Rhodium Encore LLC and Rhodium 2.0 LLC disburse interest payments to the respective noteholders at each entity as appropriate.

5

As needed, the Company sends funds to Rhodium JV LLC and Air HPC LLC as depicted to perform under the Whinstone profit sharing construct and send distributions to Rhodium Technologies as appropriate.

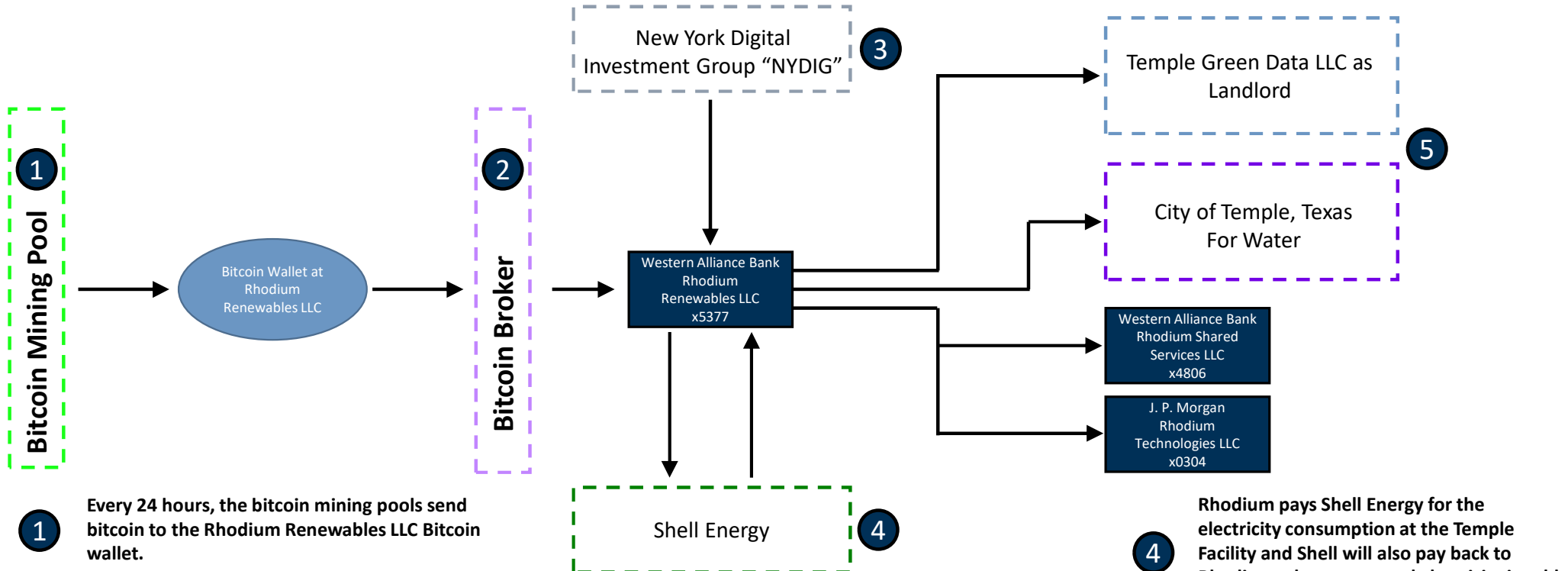
J. P. Morgan
Rhodium JV LLC
x5323Western Alliance Bank
AIR HPC LLC
x8053J. P. Morgan
Rhodium
Technologies LLC
x0304

LEGEND

Detailed Account Schematic Temple Facility

Other Accounts Not Currently Materially Used

Vantage Bank Rhodium Renewables LLC x7527	J. P. Morgan Rhodium Renewables LLC x7879	Vantage Bank Rhodium Renewables Sub LLC x7338	J. P. Morgan Rhodium Renewables Sub LLC x9685
--	--	--	--



- 1** Every 24 hours, the bitcoin mining pools send bitcoin to the Rhodium Renewables LLC Bitcoin wallet.
- 2** The Company sends bitcoin to the bitcoin broker who then sends cash to the Rhodium Renewables LLC bank account.
- 3** NYDIG pays Rhodium for hosting some of their miners at the Temple Facility.

- 4** Rhodium pays Shell Energy for the electricity consumption at the Temple Facility and Shell will also pay back to Rhodium when generated electricity is sold back to the grid.
- 5** Rhodium directly pays for the lease of the Temple Facility to its landlord and to the City of Temple, TX for utilities.

**IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	Chapter 11
	§	
RHODIUM ENCORE LLC, <i>et al.</i> , ¹	§	Case No. 24-90448 (ARP)
	§	
Debtors.	§	(Joint Administration Pending)
	§	
	§	

**INTERIM ORDER (I) AUTHORIZING THE DEBTORS TO (A) CONTINUE
THEIR EXISTING CASH MANAGEMENT SYSTEM, (B) HONOR CERTAIN PRE-
PETITION OBLIGATIONS RELATED THERETO, AND (C) CONTINUE TO
PERFORM INTERCOMPANY TRANSACTIONS, (II) GRANTING SUPERPRIORITY
ADMINISTRATIVE EXPENSE STATUS TO POST-PETITION INTERCOMPANY
BALANCES, AND (III) GRANTING RELATED RELIEF**

(Relates to ECF No. ____)

Upon the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an interim order (this “Interim Order”): (a) authorizing, but not directing, the Debtors to (i) continue to operate the Cash Management System; (ii) honor certain pre-petition obligations related thereto; and (iii) continue to perform Intercompany Transactions consistent with historical practice; (b) granting superpriority administrative expense status to post-petition intercompany balances; and (c) scheduling a final hearing to consider approval of the Motion on a final basis, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334;

¹ The Debtors in these chapter 11 cases and the last four digits of their corporate identification numbers are as follows: Rhodium Encore LLC (3974), Jordan HPC LLC (3683), Rhodium JV LLC (5323), Rhodium 2.0 LLC (1013), Rhodium 10MW LLC (4142), Rhodium 30MW LLC (0263), Rhodium Enterprises, Inc. (6290), Rhodium Technologies LLC (3973), Rhodium Renewables LLC (0748), Air HPC LLC (0387), Rhodium Shared Services LLC (5868), Rhodium Ready Ventures LLC (8618), Rhodium Industries LLC (4771), Rhodium Encore Sub LLC (1064), Jordan HPC Sub LLC (0463), Rhodium 2.0 Sub LLC (5319), Rhodium 10MW Sub LLC (3827), Rhodium 30MW Sub LLC (4386), and Rhodium Renewables Sub LLC (9511). The mailing and service address of the Debtors in these chapter 11 cases is 2617 Bissonnet Street, Suite 234, Houston, TX 77005.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Motion.

and that this Court having the power to enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this matter being a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having found that proper and adequate notice of the Motion and the relief requested therein has been provided in accordance with the Bankruptcy Rules and the Local Rules, and that, except as otherwise ordered herein, no other or further notice is necessary; and objections (if any) to the Motion having been withdrawn, resolved or overruled on the merits; and a hearing having been held to consider the relief requested in the Motion and upon the record of the hearing and all of the proceedings had before this Court; and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT

1. The Motion is granted on an interim basis as set forth herein.
2. The Debtors are authorized, but not directed, pursuant to sections 105(a), 345, 363(b)(1), 363(c)(1), and 364(a) of the Bankruptcy Code, to continue to maintain and manage their cash and bitcoin pursuant to the Cash Management System; to collect, concentrate, and disburse cash in accordance with the Cash Management System, including the Debtors' Intercompany Transactions; to make ordinary course changes to their Cash Management System without further order of the Court; and to transfer, hold, or sell Bitcoin in the ordinary course and to transfer proceeds related therefrom to the Debtors' Bank Accounts. Except as otherwise set forth herein, the Debtors and the Banks may, without further order of this Court, agree and implement changes to the Cash Management System and procedures in the ordinary course of business.

3. The Debtors are authorized to (i) designate, maintain, and continue to use any or all of their existing Banks, including those listed on Exhibit A to the Motion, in the names and with the account numbers existing immediately before the Petition Date, (ii) to the extent of available funds, deposit funds in, and withdraw funds from, such accounts by all usual means, including, without limitation, checks, wire transfers, ACH transfers, and other debits, (iii) pay any Bank Fees or other charges associated with the Bank Accounts, whether arising before or after the Petition Date, (iv) pay Bitcoin Mining Pool and Bitcoin Wallet Fees or other charges associated with the Bitcoin Management System; and (v) treat their prepetition Bank Accounts and Bitcoin Wallets for all purposes as debtor in possession accounts.

4. The Debtors are authorized to open new Bank Accounts and close any existing Bank Accounts in the ordinary course of business provided, that all accounts opened by any of the Debtors on or after the Petition Dates at any bank shall be at depositories that are (i) insured by the FDIC or the Federal Savings and Loan Insurance Corporation, (ii) designated as an authorized depository by the U.S. Trustee pursuant to the UST Operating Guidelines, and (iii) with a bank that agrees to be bound by the terms of this Order, provided further, for purposes of this Interim/Final Order, be deemed a Bank Account as if it had been listed on Exhibit A to the Motion. The opening or closing of any Bank Accounts shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be provided to the U.S. Trustee and any statutory committee.

5. The Debtors are authorized to open new Bitcoin Wallets or join new Bitcoin Mining Pools and close any existing Bitcoin Wallets or leave any Bitcoin Mining Pools in the ordinary course of business, provided however, the opening or closing of any Bitcoin Wallets shall be timely indicated on the Debtors' monthly operating reports and notice of such opening or closing shall be

provided to the U.S. Trustee and any statutory committee. If the Debtors open a new Bitcoin Wallet or join a new Bitcoin Mining Pool, the Debtors may, in the ordinary course, transfer Bitcoin and cash assets between any new and existing Bitcoin Wallet, Bitcoin Mining Pool, or Bank Accounts.

6. The Banks are authorized to receive, process, honor, and pay any and all drafts, checks or other items issued, or to be issued, and wire transfers, ACH transfers, and electronic funds transfers requested, or to be requested, by the Debtors to the extent that sufficient funds are on deposit in available funds in the applicable Bank Accounts to cover such payments and otherwise in accordance with the applicable Cash Management System agreements. The Banks are authorized to accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires, electronic funds transfers, ACH transfers, or other items should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, transfers, or other items are dated prior to, on, or subsequent to the Petition Date, without any duty to inquire otherwise.

7. Any Bank with which the Debtors maintained Bank Accounts as of the Petition Date is authorized to debit the Debtors' accounts in the ordinary course of business without the need for further order of this Court for: (i) all drafts, checks, wire transfers, electronic funds transfers, ACH transfers, or other items drawn on the Debtors' accounts which are cashed or exchanged for cashier's checks by the payees thereof prior to the Petition Date; (ii) all checks or other items deposited in one of the Debtors' accounts with the Bank prior to the Petition Date which have been dishonored or returned unpaid for any reason, together with any fees and costs in connection therewith, to the same extent the Debtors were responsible for such items prior to the Petition Date; and (iii) all undisputed prepetition and postpetition amounts outstanding, if any,

owed to the Bank as Bank Fees for the maintenance of the Cash Management System and charge back returned items to the Bank Accounts in the ordinary course.

8. The Banks shall not be liable to any party on account of: (i) following the Debtors' representations, instructions, or presentations as to any order of the Court (without any duty of further inquiry); (ii) the honoring of any prepetition checks, drafts, wires, electronic funds transfers, ACH transfers, or other items in a good faith belief or upon a representation by the Debtors that the Court has authorized such prepetition check, draft, wire, transfers, or other item; or (iii) an innocent mistake made despite implementation of reasonable handling procedures.

9. Those certain existing agreements relating to any Bank Accounts, Bitcoin Wallets, Bitcoin Mining Pools, or other Cash Management System accounts between the Debtors, on the one hand, and the applicable Banks, Bitcoin Wallets, or Bitcoin Mining Pools on the other hand, shall continue to govern the postpetition cash management relationship between such parties, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, shall remain in full force and effect.

10. The Debtors are authorized pursuant to sections 363(c) and 364(a) of the Bankruptcy Code to continue to perform under and honor Intercompany Transactions in the ordinary course of business, so long as such Intercompany Transactions are materially consistent with the Debtors' operation of their business in the ordinary course during the prepetition period.

11. All Intercompany Claims against one Debtor by another Debtor or a Non-Debtor Affiliate arising after the Petition Date as a result of Intercompany Transactions shall be accorded administrative expense priority status in accordance with section 503(b) of the Bankruptcy Code. For the avoidance of doubt, the relief granted in this Interim Order with respect to the postpetition Intercompany Transactions and the Intercompany Claims resulting therefrom shall not constitute

a finding as to the validity, priority, or status or any prepetition Intercompany Claim or any Intercompany Transaction from which such Intercompany Claim may have arisen, and the Debtors expressly reserve any and all rights with regard to the validity, priority, or status of any prepetition Intercompany Claim or any Intercompany Transaction from which such Intercompany Claim may have arisen.

12. The Debtors shall maintain accurate records of all transfers within the Cash Management System so that all postpetition transfers and transactions shall be adequately and promptly documented in, and readily ascertainable from, their Books and Records, to the same extent maintained by the Debtors before the Petition Date. The Debtors shall make such records available upon reasonable request by the U.S. Trustee and any statutory committee appointed in these chapter 11 cases.

13. To the extent any of the Debtors' Bank Accounts are not in compliance with section 345(b) of the Bankruptcy Code, or any of the U.S. Trustee's requirements or guidelines, the Debtors shall have sixty (60) days, until September 27, 2024, without prejudice to seeking an additional extension, to come into compliance with section 345(b) of the Bankruptcy Code and any of the U.S. Trustee's requirements or guidelines or to make such other arrangements as agreed to by the U.S. Trustee; provided, that nothing herein shall prevent the Debtors or the U. S. Trustee from seeking further relief from the Court to the extent that an agreement cannot be reached. The Debtors may obtain a further extension of the 60-day period referenced above by entering into a written stipulation with the U.S. Trustee and filing such stipulation on the Court's docket without the need for further Court order.

14. The Debtors are authorized to use their existing Business Forms; provided, that once the Debtors' existing check stock has been exhausted, the Debtors shall include, or direct

others to include, the designation “Debtor-in-Possession” and the corresponding bankruptcy case number on all checks as soon as reasonably practicable to do so; and provided further, that with respect to any Business Forms that exist or are generated electronically, the Debtors shall use reasonable efforts to ensure that such electronic Business Forms are labeled “Debtor In Possession” as soon as reasonably practicable following entry of this Interim Order.

15. The Debtors are authorized to continue their Bitcoin mining and sales operations, which includes selling Bitcoin and moving trading revenues into the Debtors’ Bank Accounts, provided however, the Debtors shall maintain accurate and complete records of all transfers within the Bitcoin Management System so that all post-petition transfers and transactions shall be adequately and promptly documented in their books and records. The Debtors shall make such records available to the U.S. Trustee and any statutory committee upon request.

16. The Debtors shall maintain accurate and complete records of all transfers within the Cash Management System, including transfers between Debtors, so that all postpetition transfers and transactions shall be adequately and promptly documented in, and readily ascertainable from, their books and records, to the same extent maintained by the Debtors before the Petition Date. The Debtors shall (a) maintain records of all Intercompany Transactions, and (b) make such records available to the U.S. Trustee and any statutory committee upon request. To the extent that the transfers within the Cash Management system are disbursements, they will be noted and reflected on the monthly operating reports and post confirmation reports filed by Debtors.

17. Nothing in the Motion or this Interim Order shall be deemed to authorize the Debtors to accelerate any payments not otherwise due prior to the date of the hearing to consider entry of an order granting the relief requested in the Motion on a final basis.

18. Except as otherwise provided herein, nothing contained in the Motion or this Interim Order or any payment made pursuant to the authority granted by this Interim Order is intended to be or shall be deemed as (i) an admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any party in interest's rights to dispute the amount of, basis for, or validity of any claim, (iii) a waiver of the Debtors' or any party in interest's rights under the Bankruptcy Code or any other applicable nonbankruptcy law, (iv) an agreement or obligation to pay any claims, (v) a waiver of any claims or causes of action which may exist against any creditor or interest holder, (vi) an admission as to the validity of any liens satisfied pursuant to this Motion, or (vii) an approval, assumption, adoption, or rejection of any agreement, contract, lease, program, or policy under section 365 of the Bankruptcy Code.

19. Notwithstanding anything contained in the Motion or this Order, any payment to be made, and any relief or authorization granted herein, shall be subject to, and must be in compliance with, the terms and conditions in any interim or final order entered by the Court approving the Debtors' entry into any post-petition debtor in possession financing facility (each such order, a "DIP Order"), including any approved budget in connection therewith (as may be updated and approved from time to time in accordance with the terms of any such DIP Order). To the extent there is any inconsistency between the terms of a DIP Order (including any approved budget) and any approval or action taken or proposed to be taken hereunder, the terms of the DIP Order shall control.

20. The requirements of Bankruptcy Rule 6003(b) have been satisfied.

21. Notice of the Motion is adequate under Bankruptcy Rule 6004(a).

22. Notwithstanding the provisions of Bankruptcy Rule 6004(h), this Interim Order shall be immediately effective and enforceable upon its entry.

23. The Debtors are authorized to take all actions necessary or appropriate to carry out the relief granted in this Interim Order.

24. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

25. A final hearing to consider the relief requested in the Motion shall be held on ____, **2024 at ____ (Prevailing Central Time)** and any objections or responses to the Motion shall be filed on or prior to ____, **2024 at [●]:[●] a.m./p.m. (Prevailing Central Time).**

Dated: ____, 2024

ALFREDO R. PEREZ
UNITED STATES BANKRUPTCY JUDGE