

Crypto exchange AAX's Cayman liquidators and Singaporean JM secure US recognition

*By Teodor Teofilov
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A cryptocurrency exchange's Cayman provisional liquidation and its Singaporean interim judicial management process have both been recognised as foreign main proceedings in a single decision in Florida.

On 29 June, **Judge Peter Russin** in the US Bankruptcy Court for the Southern District of Florida **recognised** Quantuma managing director **Angela Barkhouse** and director **Kim Leck** as the Cayman Islands joint provisional liquidators of crypto group Atom's top holding company.

At the same time, he also recognised managing director **Luke Furler** as the Singaporean interim judicial manager of two of Atom's subsidiaries. When the trio sought recognition on 2 June, they **alleged** that individuals operating and managing the Atom group had diverted and stolen funds belonging to it and its users.

They said they needed recognition in the US so they could obtain information from third parties identified locally who have knowledge of Atom's inner workings, to continue their investigations into the loss and misappropriation of the group's funds.

Judge Russin held that Barkhouse, Leck and Furler qualified as foreign representatives with respect to their respective proceedings and gave full force and effect to the Cayman liquidation and Singaporean judicial management process as foreign main proceedings, granting the trio authority to act independently and continue their investigations.

The judge also ordered five online service providers – among which are Amazon Web Services and Google – to turn over to the court-appointed officers, or provide access to and control of, any accounts in the name or for the benefit of the debtors.

Two days after granting recognition, Judge Russin also [jointly administered](#) their Chapter 15 cases, finding they were related and that joint administration would not give rise to conflicts of interest. The full recognition decision comes after the judge granted the Quantuma trio interim relief in similar terms to the recognition on 14 June.

Barkhouse, Leck and Furler had sought the interim relief through an expedited [motion](#) in which they argued there was a significant risk of irreparable damage to the debtors without it.

They told the court that the Atom group's former controllers could still be controlling the debtors' accounts through various service providers in the US, which were unwilling to turn over control of the group's property without a court order.

In his 14 June order, Judge Russin said the Quantuma trio had demonstrated there was a significant risk the Atom group's US assets would be dissipated, so he granted the interim relief to “preserve the status quo and protect the value”.

Collapse

The Atom Group is an international cryptocurrency business that offers saving, spot and futures trading through an exchange known as the Atom Asset Exchange (AAX).

As GRR previously [reported](#), the AAX platform closed abruptly and froze customer withdrawals in November, shortly after the now-infamous [collapse](#) of rival platform FTX.

However, AAX issued various statements saying it had no exposure to, and was unaffected by, FTX's demise and blamed system maintenance issues instead.

The crypto exchange told users that it would try to resume within seven to 10 days, but it still had not done so by mid-December, by which time AAX's website, mobile application and social media accounts had been deleted or had otherwise ceased operating.

On 3 March, Baker & Partners partner **Adam Crane** and senior associate **Nicosia Lawson** helped two individuals who were retail users and investors on the centralised cryptocurrency exchange bring winding up petitions in the Cayman Islands against Atom's top company, Atom Holdings.

Justice Ian Kawaley in the Grand Court of the Cayman Islands appointed Barkhouse and Leck as joint provisional liquidators on 9 March and delivered his [reasons](#) for doing so on 18 May.

Crane explained in a [memo](#) that Justice Kawaley's May decision considered a "narrow but important point" of law on whether the petitioners, as retail investors with modest means, should be required to provide a cross-undertaking in damages to the company and pay the costs of the provisional liquidators.

Justice Kawaley held that the court could dispense with the requirement in appropriate circumstances like in the Atom scenario, depending upon the facts of the case.

Crane noted in the memo that the Cayman judgment would be of interest to litigants, insolvency practitioners and attorneys alike, "given the limited local

case authority on the dispensation of the cross-undertaking in damages requirement in provisional liquidation applications”.

He also said it served as a reminder that the Cayman court could use its inherent discretion in a manner consistent with the “recognised public interest” in protecting the Cayman Islands’ reputation “as a well-regulated financial centre”, and to enable access to justice for retail creditors who may otherwise have no effective access to interim relief against corporate fraud and mismanagement.

After the winding up application in the Cayman Islands, the boards of Atom Holdings’ Singapore-incorporated subsidiaries, AAX Asia and AAX Singapore, also entered resolutions to appoint Furler as interim judicial manager under the 2018 Insolvency, Restructuring and Dissolution Act on 20 March.

In the US Bankruptcy Court for the Southern District of Florida

- **Judge Peter Russin**

Foreign representative to Atom Holdings

- Quantuma - Managing director **Angela Barkhouse** and director **Kim Leck** in the Cayman Islands

Foreign representative to AAX Asia and AAX Singapore

- Quantuma - Managing director **Luke Furler** in Singapore

Counsel to the foreign representatives

- Sequor Law - Shareholder **Gregory Grossman**, attorney **Juan Mendoza** and associate **Maria Gonzalez** in Miami

In the Cayman Islands

In the Grand Court of the Cayman Islands

- **Justice Ian Kawaley**

Joint provisional liquidators

- Quantuma - Managing director **Angela Barkhouse** and director **Kim Leck** in the Cayman Islands

Counsel to petitioning creditors

- Baker and Partners - Partner **Adam Crane** and senior associate **Nicosia Lawson** in the Cayman Islands

In Singapore

Interim judicial manager to AAX Asia and AAX Singapore

- Quantuma - Managing director **Luke Furler** in Singapore