



THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD \_\_\_\_\_ OF 2023 ( \_\_\_\_\_ )

**BETWEEN:**

**FOLKVANG LTD**

**Plaintiff**

**AND:**

**VALORTE CAPITAL**

**Defendant**

**WRIT OF SUMMONS**

**TO:**

Valorte Capital, Hermes Corporate Services Ltd, 5th Floor, Zephyr House, 122 Mary Street, George Town, PO Box 31493, Grand Cayman KY1-1206, Cayman Islands.

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the next page.

Within 14 days after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Court Office, P.O. Box 495G, George Town, Grand Cayman, the accompanying Acknowledgement of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgement within the time stated, or if you return the Acknowledgement without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this 14 day of July 2023.

This Writ of Summons and Statement of Claim was issued by Carey Olsen, Attorneys for the Plaintiff, whose address for service is Level 1, Willow House, Cricket Square, Grand Cayman, Cayman Islands, KY1-1001 (Ref: DO/KM/1081765.0002).

NOTE - This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue unless renewed by order of the Court.

**IMPORTANT**

Directions for Acknowledgment of Service are given with the accompanying form.

This Writ of Summons and Statement of Claim was issued by Carey Olsen, Attorneys for the Plaintiff, whose address for service is Level 1, Willow House, Cricket Square, Grand Cayman, Cayman Islands, KY1-1001 (Ref: DO/KM/1081765.0002).

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## STATEMENT OF CLAIM

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### The Parties

1. The Plaintiff, Folkvang Ltd ("**Folkvang**"), is a Cayman Islands exempted company whose registered office is at Hermes Corporate Services Ltd., PO Box 31493, 5th Floor, Zephyr House, 122 Mary Street, George Town, Grand Cayman, KY1-1206, Cayman Islands. Before it was redomiciled to the Cayman Islands, the Plaintiff was incorporated under the laws of Panama and was formerly known as Folkvang.
2. The Defendant, Valorte Capital ("**Valorte**"), is an exempted company incorporated under the laws of the Cayman Islands, whose registered office is at Hermes Corporate Services Ltd., 5th Floor, Zephyr House, 122 Mary Street, George Town, PO BOX 31493, Grand Cayman KY1-1206, Cayman Islands.

### The Loan Agreement

3. On 22 October 2021, Folkvang (as lender) and Valorte (as borrower) entered into a loan agreement (the "**Loan Agreement**"). Unless stated otherwise, references to clauses are to clauses of the Loan Agreement.
4. Under the terms of the Loan Agreement, it was agreed, amongst other things, as follows:
  - (a) Pursuant to clause 2.1, Folkvang would make available to Valorte an unsecured loan facility, subject to the terms and conditions of the Loan Agreement (the "**Loan**").
  - (b) Pursuant to clause 2.2, Valorte would use the Loan for working capital purposes.
  - (c) Pursuant to clause 6, Valorte would pay interest on the loan ("**Interest**"), with such Interest to be calculated on the basis of the net profits and losses

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made by Valorte from its trading activity using the Loan. Valorte would be entitled to retain 35% of the net profits and losses, and the remaining 65% would then be credited as Interest to Folkvang.

- (d) Pursuant to clause 9.1, upon the occurrence of an event listed in the clause (the "**Event of Default**"), Folkvang would, at its sole discretion, be entitled to demand immediate repayment of the Loan, together with Interest, fees and commissions (if any), and thereupon Valorte would be required to forthwith pay the same and the loan facility would terminate.

#### **Valorte's failure to make full repayment of the Loan**

- 5. On or about 11 November 2022:
  - (a) Folkvang formed the reasonable opinion that an event occurred or a circumstance arose which:
    - (i) constituted a material adverse change in the financial condition of Valorte; and
    - (ii) could adversely affect the ability of Valorte to perform its obligations under the Loan;
  - (b) as a result, an Event of Default occurred under clause 9.1(f) of the Loan Agreement; and
  - (c) pursuant to clause 9.1 of the Loan Agreement:
    - (i) Folkvang became entitled, at its sole discretion, to demand immediate repayment of the Loan together with Interest by notice in writing ("**Repayment Notice**"); and
    - (ii) upon receipt of such Repayment Notice, Valorte became obligated to repay the same forthwith.
- 6. As of 13 November 2022, the amount outstanding pursuant to the Loan was 1,511,787 in cryptocurrency tokens known as USD Coin ("**USDC**") and 46.615776

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in cryptocurrency tokens known as Bitcoin ("**BTC**") (the "**Total Loan Amount**"), and Interest continued to accrue on the same.

7. On 13 November 2022, Folkvang gave Valorte the Repayment Notice by way of an email from Folkvang's Jeff Anderson ("**Mr Anderson**"), to Valorte's Zhivko Lazarov ("**Mr Lazarov**").
8. In the premises, on 13 November 2022, pursuant to clause 9.1 of the Loan Agreement, Valorte became obligated to repay the Total Loan Amount forthwith.
9. Valorte did not dispute that an Event of Default had occurred.
10. Valorte did not dispute that the Total Loan Amount was outstanding as of 13 November 2022.
11. On 21 November 2022, Valorte transferred USDC 1,360,651.90 and BTC 41.9547984 of cryptocurrency tokens to Folkvang's cryptocurrency wallet (the "**21 November Payment**").
12. The 21 November Payment was less than the Total Loan Amount by USDC 151,135.10 and BTC 4.6609776 (the "**Balance**").
13. Valorte did not pay the Balance to Folkvang whether on 21 November 2022 or at all.
14. As at the date of this Statement of Claim, the Balance remains immediately due and payable by Valorte to Folkvang.
15. Valorte's failure to pay the Balance was a breach of its obligations under clause 9.1 of the Loan Agreement. By reason of said breach, Folkvang suffered loss.

#### **AND THE PLAINTIFF CLAIMS**

1. An Order that the Defendant do transfer the Balance to the Plaintiff, being cryptocurrency tokens known as USDC (in the amount of USDC 151,135.10) and BTC (in the amount of BTC 4.6609776).

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2. Further and/or in the alternative, damages in respect of the loss suffered by the Plaintiff, to be assessed.
3. Indemnity against losses, costs and expenses incurred as a consequence of the Event of Default pursuant to Clause 10 of the Loan Agreement.
4. Interest on the Balance from 21 November 2022 to the date of judgment pursuant to s. 34(1) of the Judicature Act (2021 Revision).
5. Post-judgment interest.
6. Costs, including such costs as Folkvang is entitled to pursuant to Clause 11 of the Loan Agreement.
7. Further and/or other relief.

Dated this 14 day of July 2023

A handwritten signature in black ink that reads "Carey Olsen". The signature is written in a cursive style and is positioned above a horizontal line.

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CAREY OLSEN  
Attorneys-at-Law for the Plaintiff

This Writ of Summons and Statement of Claim was issued by Carey Olsen, Attorneys for the Plaintiff, whose address for service is Level 1, Willow House, Cricket Square, Grand Cayman, Cayman Islands, KY1-1001 (Ref: DO/KM/1081765.0002).

**DIRECTIONS FOR ACKNOWLEDGMENT OF SERVICE  
OF WRIT OF SUMMONS**

1. The accompanying form of Acknowledgment of Service should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, PO Box 495G, George Town, Grand Cayman, KY1-1106, Cayman Islands.

2. A Defendant who states in his Acknowledgment of Service that he intends to contest the proceedings must also serve a Defence on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is indorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 3), the Defence must be served within 14 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not indorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his Defence within the appropriate time, the Plaintiffs may enter judgment against him without further notice.

3. A Stay of Execution against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgment of Service, that he intends to apply for a stay, execution will be stayed for 14 days after his Acknowledgment, but he must, within that time, issue a Summons for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by instalments or otherwise.

**See overleaf for Notes for Guidance**

**Notes for Guidance**

1. Each Defendant (if there are more than one) is required to complete an Acknowledgment of Service and return it to the Courts Office.
2. For the purpose of calculating the period of 28 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (the name stated on the Writ of Summons)".
4. Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorized to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian ad litem.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2023 ( )

BETWEEN:

FOLKVANG LTD

Plaintiff

AND:

VALORTE CAPITAL

Defendant

ACKNOWLEDGMENT OF SERVICE

OF WRIT OF SUMMONS

If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important. Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, THIS FORM MAY HAVE TO BE RETURNED.

Delay may result in judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged.

[●]

2. State whether the Defendant intends to contest the proceedings (tick appropriate box)

yes

no

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3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (tick box)

yes

no

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Service of the Writ is acknowledged accordingly

(Signed) \_\_\_\_\_

[            ]

Attorneys-at-Law for the Defendant

**Please complete overleaf**

**Notes on address for service**

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the Defendant is acting in person, he must give his post office box number and the physical address of his residence or, if he does not reside in the Cayman Islands, he must give an address in Grand Cayman where communications for him should be sent. In the case of a limited company, "residence" means its registered or principal office.

Indorsement by plaintiff's Attorney (or by plaintiff if suing in person) of his name, address and reference, if any, in the box below.

Carey Olsen  
Level 1, Willow House, Cricket  
Square, Grand Cayman, Cayman  
Islands, KY1-1001  
  
(DO/KM/1081765.0002)

Indorsement by defendant's Attorney (or by defendant if suing in person) of his name, address and reference, if any, in the box below.