

## Trustee Alleges Blockware Mining Partner Owes D'Souza Estate Nearly \$14M

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By Michael A. Mora

### What You Need to Know

- Mathew D'Souza's estate sued Blockware Mining.
- The estate alleged claims of breach of contract and conversion.
- The case is pending in a Chicago state court.

The trustee for the estate of cryptocurrency entrepreneur Mathew D'Souza sued Blockware Mining in Illinois state court over allegations that the Chicago-based Bitcoin infrastructure firm breached contractual obligations and stiffed the estate out of tens of millions of dollars.

And while D'Souza was certainly an early pioneer in the crypto hedge fund space, this isn't a cryptocurrency case, according to Ishmael Green, a digital asset attorney and partner at the international law firm of Diaz Reus, who is not involved in the matter.

“This is a textbook corporate governance dispute amongst entities that happen to be in the cryptocurrency business,” Green said. “If the allegations of the complaint are true, it looks like the estate of D’Souza has a very legitimate claim. Hopefully, the matter resolves itself favorably for all involved.”

Soon after graduating from the University of Illinois with a Bachelor of Science in accountancy, a doctor diagnosed D’Souza with an aggressive form of leukemia. Despite the medical hurdles, intense treatments and long recovery periods, D’Souza earned a Master's degree in accounting and his certified public accounting license.

While in recovery, a college roommate introduced D’Souza to cryptocurrency and he was immediately hooked. D’Souza channeled his passion for digital asset expertise into the founding of a cryptocurrency hedge fund and Blockware Solutions, which would become one of the largest distributors of mining rigs to the U.S. market.

D’Souza later formed and organized BWM Management into a limited liability company and split ownership with defendant Michael Stoltzner. BWM Management was formed to act as a manager of Blockware Mining, which later was converted to a Delaware corporation, Block Mining Inc., with the same co-ownership structure. However, on Aug. 21, 2020, D’Souza passed away from leukemia at age 29.

To continue operating the company after D’Souza’s death, the estate alleged that Stoltzner relied on his departed partner’s network. The estate claimed that an operating agreement imposed a strict 15-day limit to purchase D’Souza’s ownership interest and a 90-day window to close the deal, neither of which was abided by.

And last July, Block Mining merged with Riot Platforms, and Riot Platforms agreed to acquire all of the shares of Block Mining. The deal was later closed for \$93.5 million with the possibility of Block Mining shareholders receiving earn-out payments totaling as much as \$32.5 million based on certain milestones being satisfied in 2024 and 2025, according to the complaint.

However, as of Monday, the trustee for the probate estate said it had not yet received any portion of the \$2.775 million it owned in Block Mining, based on the various intricacies of ownership. In addition, the trustee pointed to another \$11.1 million in Riot Platforms common stock that the estate is entitled to, as well as the distribution of profits.

Now, the trustee has sued Blockware Mining and Stoltzner in the Circuit Court for Cook County, Illinois, for breach of contract.

In doing so, the estate asserted in the complaint that Stoltzner has his nearly \$14 million and D'Souza's nearly \$14 million share. As a result, the estate sued the defendants for conversion and unjust enrichment.

Joseph J. Jacobi, a partner at Hansen Reynolds in Chicago who represents the estate, declined to comment. The defendants did not respond to a request for comment.