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AspenCoin (St. Regis) Token

31 January 2023



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KEY RISK INDICATORS	YES/NO/NOT APPLICABLE	SCORE
Does the project have a well-defined use case or utility?	Yes	4/4
Are there any references to the company in business directories, commercial databases, official announcements or similar sources of business information for the relevant sector(s)?	Yes	5/5
Is the list of shareholders/investors publicly disclosed?	No	1/5
Is the corporate structure unorthodox or unduly complex?	No	4/6
Is there an offshore element in the corporate structure?	No	6/6
Are the company's financial returns available from online research?	Yes	6/7
Is the company making a loss?	No	6/7
Are the assets of the company publicly disclosed?	Yes	8/10
Have the company and its key individuals a proven track record of developing successful projects?	Yes	8/10
Have the company and its key individuals been mentioned in the media in connection with illegal business practices or in any negative or controversial context?	No	10/10
Are there any evidence that the company and its key individuals have been involved in litigation?	Yes	7/10
Are there any evidence that the company and its key individuals are listed on blacklists?	No	10/10
Are there any evidence that the company and its key individuals have been involved in credit or bankruptcy issues?	No	10/10
OVERALL RISK ASSESSMENT & TOTAL SCORE	LOW	85/100



EXECUTIVE SUMMARY

AspenCoin is the first example of a **tokenization of commercial real estate**. The AspenCoins currently in circulation represent a tokenization of 19% of the common stock of the Aspen St. Regis Resort in Aspen, Colorado. The token is currently on the Tezos blockchain and **gives holders an ownership interest in the Aspen St. Regis resort, along with other perks**. The token is regulated by US law and was **issued pursuant to a Regulation D offering**. AspenCoin was launched on and made its first sale on 10 October 2018, and sold 18,000,000 shares to 1,000 holders for USD 1 per share for a total raise of USD 18,000,000. Today, AspenCoin is trading at USD 1.80 per share and has a market capitalization of USD 32,400,000.

The project is backed by **Aspen Digital Inc** which was solely created for the public issuance of the Aspen St. Regis Resort. However, what is now Aspen Digital started out as a project aiming to list shares of the Aspen St. Regis on a public exchange in the US before it evolved to a token offering of the same shares.

The team behind AspenCoin and Aspen Digital include **Stephane de Baets** (CEO/President), **Alex Ho** (Controller/Secretary) and **Joel Hocknell** (Director of Development). They are hospitality industry veterans and Mr. de Baets (through various corporate structures) has owned and managed the Aspen St. Regis since 2010. However, it is worth noting that while the team has extensive experience in the hospitality and asset management industries, we were unable to identify any experience related to the operation and management of crypto projects.

AspenCoin, Aspen Digital and Stephane de Baets have an **overall positive reputation**. Mr. de Baets is well known in the hospitality and asset management industries and there are numerous media articles praising his work in the field. Similarly, various media outlets have written positive articles about the AspenCoin offering, noting that the offering was on the cutting edge for being one of the first offerings of its kind as a tokenization of commercial real estate.

We have identified one civil litigation that may have effect Aspen Digital and Stephane de Baets. The lawsuit was filed by a former business partner of Mr. de Baets, Jason Kirschebaum, who claimed he has an interest in Aspen Digital and the AspenCoin project. While at this stage the litigation has been mostly decided in Aspen Digital and Stephane de Baets favor, there is one outstanding issue for the court to



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decide which may result in a monetary judgment against Mr. de Baets and Aspen Digital along with other defendants.

Aspen Digital, its related companies and its team members do not feature on any international sanctions or watchlists.

Based on the above elements, Athena Intelligence has assessed AspenCoin as an **overall low risk**.



PROFILE

AspenCoin is a single asset security token which grants holders an ownership interest in the St. Regis Aspen resort, along with other perks. AspenCoin was originally issued on the Ethereum blockchain on 10 October 2018 and listed on tZero, however, the token later moved from Ethereum to the Tezos blockchain.¹ In addition to offering holders and ownership interest in the Aspen St. Regis Resort, holders receive additional perks, including enrollment in the Aspen Digital Owner Benefit Program. The program offers holders of a minimum of 10,000 Aspen Digital Token cash back on stays at the Aspen St. Regis ranging from 20%-50% of the end of stay bill, depending on the number of tokens held. It also gives holders access to exclusive events on the property. AspenCoin claims to be the first digital offering of its kind, namely a tokenization of commercial real estate.² Aspen Digital's Token offering was made in accordance with Regulation D under US securities laws.³ Notably, securities issued pursuant to Regulation D are restricted securities, meaning that they are subject to certain transfer restrictions.

What is now AspenCoin stemmed from Stephane de Baets' interest in creating a Real Estate Investment Trust (REIT) in order to allow individuals to hold an ownership interest in commercial real estate such as a resort. Mr. de Baetz initially attempted to create a REIT to list shares of a Los Angeles Resort, Sunset Tower, on the NASDAQ stock exchange.⁴ This venture failed and he moved on to create a same vehicle to list 49% of the Aspen St. Regis with an initial public offering on the New York Stock Exchange. The IPO was abandoned when costs turned out to be more than double of what they had been estimated.⁵ At some point, this venture was also withdrawn and Stephane de Baets decided to use blockchain to sell a portion of the resort, resulting in AspenCoin.

The Aspen St. Regis Resort is a high end, luxurious, resort in Aspen, Colorado, with 179 rooms. It has been in operation since 1992. The resort is centrally located, two blocks from the base of Aspen Mountain.

¹ www.worth.com/stephane-de-baets-commercial-real-estate-tokenization-aspencoin

² Ibid

³ Note that Regulation D imposes restrictions on securities, including transfer restrictions unless certain conditions are met.

⁴ https://iapps.courts.state.ny.us/fbem/DocumentDisplayServlet?documentId=5Z7k_PLUS_uPbF0913q03XtcKmw==&system=prod

⁵ www.aspentimes.com/news/legal-fallout-over-st-regis-aspen-sell-off



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Aspen is a popular vacation destination for luxury travel in both winter and summer seasons. The resort provides guests with easy access to skiing and other local amenities in Aspen. On site, the resort offers upscale dining, a spa, a heated outdoor pool, meeting and event spaces, retail shopping, a fitness center, and views of the mountains. One of the resorts dining options is the Chef's Club Aspen, a restaurant and bar partially owned and managed by Mr. de Baets.

Aspen Digital and the Aspen St. Regis are owned and managed by experienced and successful players in the hospitality industry. Stephane de Baets, Aspen Digital's sole Director and President, indirectly purchased the Aspen St. Regis in 2010 through 315 East Dean Associates Inc. (USA), which he is an indirect owner and the President of. He reports extensive experience in the hospitality industry and has reportedly managed a variety of restaurants and one other hotel. Along with his wife, Mr. de Baets recently purchased a historic castle in Colorado, which they plan to convert to a "five-star spa and wellness oasis."

After the sale to 315 East Dean Associates, the resort was operated by Sheraton Operating Corporation (USA), pursuant to a resort management agreement between Starwood (USA) and 315 East Dean Associates. However, in 2016, when Marriot (USA) acquired Starwood, Sheraton Operating Corporation's owner, the Aspen St. Regis came under Marriot management. The Aspen St. Regis has remained a Marriot property since then. Marriot is the largest hotel chain in the world and has extensive experience managing luxury resorts under the St. Regis brand.⁶

While the Aspen St. Regis is currently a popular destination for luxury travelers, it is worth noting that that AspenCoin is a single asset security token. As a result, the value of AspenCoin relies entirely on the value of the Aspen St. Regis. Thus, any significant risk to the operations of the resort could have a significant adverse impact on the value of AspenCoin. Notable risks in the hospitality industry in general include weather patterns affecting tourism in the area, pandemic risk, competition, financial conditions affecting tourism generally, and cost of regulatory compliance. Other risks for the Aspen St. Regis specifically includes popularity of the brand name and lack of control over the perception of other St. Regis brand resorts.

⁶ <https://hospitalityinsights.ehl.edu/biggest-hotel-chains>



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Another risk to AspenCoin is that Aspen Digital and its related companies are highly reliant on Stephane de Baets. He has significant control, both through ownership, directorship and executive positions in the various companies related to Aspen Digital and the Aspen St. Regis. This makes continued operations highly unpredictable in the event that Mr. de Baets is no longer able to manage the project. Aspen Digital states that it has insurance to account for this key person risk.

These risks also pair with risks typical for cryptocurrencies, including, volatility and regulatory risk for US based crypto projects. For example, AspenCoin was issued pursuant to a registration exemption under US securities laws. If for some reason AspenCoin no longer qualified for the exemption, this could affect the cost of operating the coin and even AspenCoin's ability to operate. Another crypto related risk to Aspen Digital is the fact that we have been unable to locate a member of its executive or management team with any significant experience within the cryptocurrency industry.

Aspen Digital's charter allows it to issue up to 450,000,000,000 shares of common stock and 50,000,000,000 shares of preferred stock. In October 2018, in a private offering, it issued and deposited 18,000,000 shares of common stock with its depository for the issuance of Aspen Digital Tokens which were sold to 1,000 holders for USD 1 per token for a total raise of USD 18,000,000. Each Aspen Digital Token represents one share of Aspen Digital Common Stock. As of December 2020, Aspen Digital had 18,000,000 shares of common stock and 125 shares of preferred stock issued and outstanding. In 2021, Aspen Digital reported that its management team and their affiliates owned more than 50% of the outstanding Aspen Digital Tokens. Today, AspenCoin is trading at US USD 1.80 per share and has a market capitalization of USD 32,400,000.

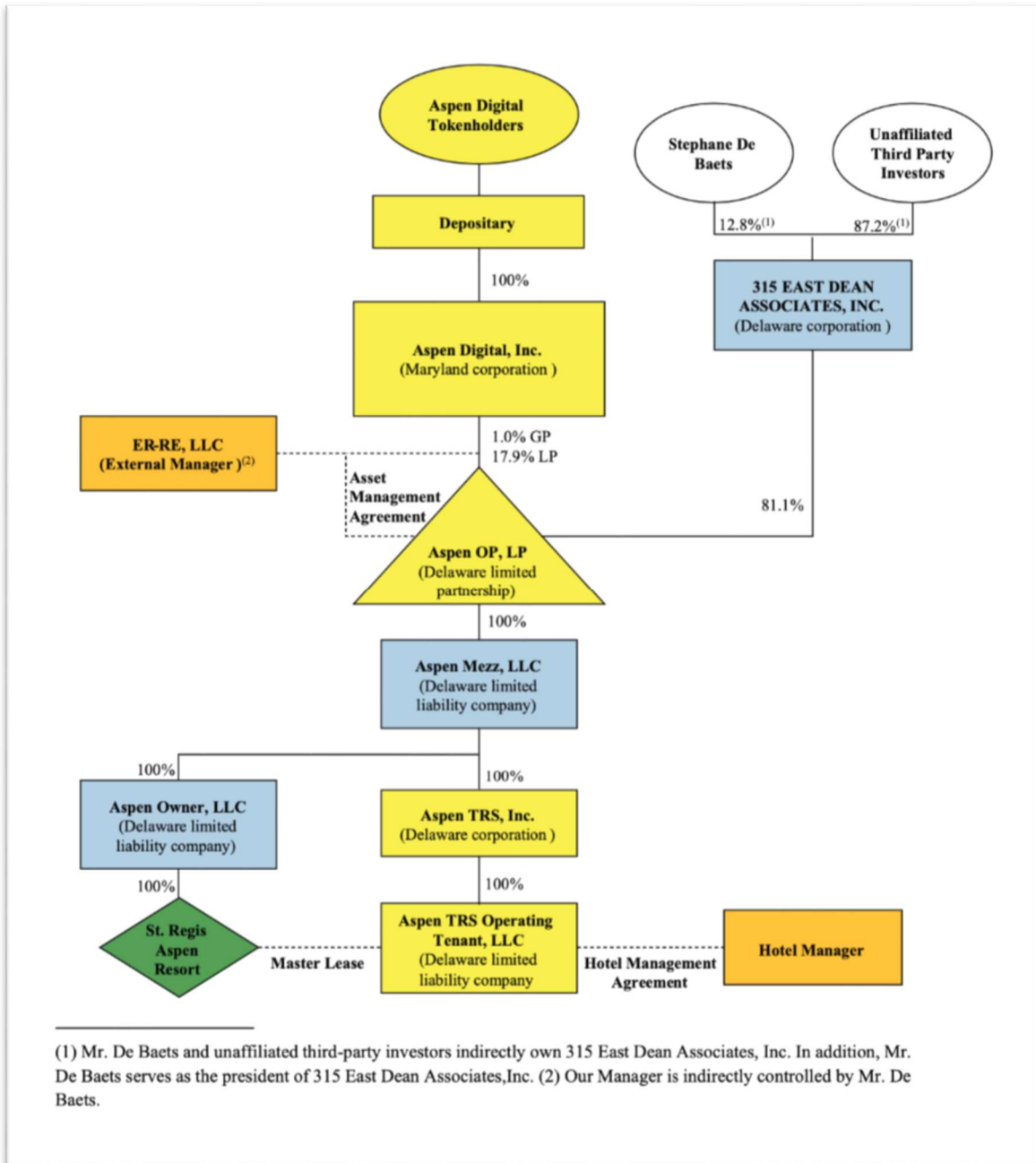
CORPORATE STRUCTURE

AspenCoin is operated by Aspen Digital Inc, a company incorporated under the laws of the State of Maryland (USA) on 23 December 2016. In addition, we have identified various corporate structures



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affiliated with Aspen Digital Inc. in the United States. The table below illustrates Aspen Digital’s Corporate Structure as per its 2021 Token Disclosure Statement.⁷



⁷ Aspen Digital Token Disclosure Statement, page 7.



Aspen Digital Inc. – Maryland, USA

NAME	Aspen Digital Inc. (D17684077)
DATE OF INCORPORATION	23.12.2016 – Active
ADDRESS	Suite 820, St. Paul Street, Baltimore, MD 21202, USA
MANAGEMENT	Stephane De Baets – Director ER-RE LLC (USA) – Manager
SHAREHOLDERS	N/A
MAIN ACTIVITIES	To engage in business as a real estate investment trust or to in any other lawful act or activity

Aspen Digital Inc. was founded on 3 December 2016, as Sunset Tower REIT Inc. Its name was later changed to Aspen REIT, before it ultimately changed its name to Aspen Digital Inc. This was initially formed to create a REIT in order to publicly list shares in Sunset Tower. The company then changed its name in order to pivot and list Aspen St. Regis Resort for public sale using the same REIT vehicle. Ultimately, the company settled on tokenizing the interests in the Aspen St. Regis Resort and finally settled on the name Aspen Digital Inc.

Aspen Digital's sole purpose is to own the Aspen St. Regis Resort. Though Aspen Digital has one Director, Stephane de Baets, the names of its shareholders are not disclosed. It is managed by ER-RE LLC, a subsidiary of Elevated Returns – see below.

Elevated Returns LLC – Delaware USA

NAME	Elevated Returns, LLC (5512057)
DATE OF INCORPORATION	07.04.2014 – Active
ADDRESS	<u>DE Registered Agent:</u> Corporation Trust Center 1209 Orange Street, Wilmington, DE 19801, USA



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MANAGEMENT	<u>CO Branch:</u> 570 Johnson Drive, Aspen, CO 81611, USA
	<u>NY Branch:</u> 150 East 58th Street, 22 nd Floor, New York, NY 10155, USA
SHAREHOLDERS	Stephane de Baets – President
	Tanguy De Volder – Vice-President
	Pinpraaj Chakkaphak – Thailand Representative
	Alex Ho – Controller
MAIN ACTIVITIES	Asset Management

Elevated Returns is Stephane de Baets’ real estate asset management and advisory firm focusing on acquiring hospitality related assets in the US and Asia. Inclusive of the Aspen St Regis Resort, Elevated Returns has over USD 350 million in assets under management as of July 2021 and is actively involved in the day-to-day management of its investments.

ER-RE LLC – Delaware, USA

NAME	ER-RE LLC (6199661)
DATE OF INCORPORATION	01.11.2016 – Active
ADDRESS	<u>Registered Agent:</u> United Corporate Services, Inc., 874 Walker Road Suite C, Dover, DE 19904, USA
MANAGEMENT	N/A
SHAREHOLDERS	N/A
MAIN ACTIVITIES	N/A



ER-RE LLC is a subsidiary of Elevated Returns and is the manager of Aspen Digital Inc.

Aspen OP LP – Delaware, USA

NAME	ER-RE LLC (6711636)
DATE OF INCORPORATION	16.01.2018 – Active
ADDRESS	<u>Registered Agent:</u> Corporation Services Company, 251 Little Falls Drive, Wilmington, New Castle, DE, 19808
MANAGEMENT	N/A
SHAREHOLDERS	N/A
MAIN ACTIVITIES	N/A

Aspen OP LP is the sole indirect owner of the whole Aspen St. Regis Resort.

MANAGEMENT PROFILES

AspenCoin and Aspen Digital are led by Stephane de Baets (President), who has an extensive public profile. Other team members include Alex Ho (Controller/Secretary) and Joel Hocknell (Director of Development).⁸ Some sources also list Jason Kirschenbaum as AspenCoin’s Managing Director. However, this information is likely inaccurate and outdated as Mr. de Baets and Mr. Kirschenbaum have been embroiled in a legal dispute since 2019 related to the extent of Kirschenbaum’s involvement with Aspen Digital, AspenCoin, and other related ventures (further detailed in the litigation section below).

⁸ <https://stomarket.com/sto/aspencoin-st-regis-aspd#team>
<https://stowise.com/sto/aspens-digital-security-token>
www.sec.gov/Archives/edgar/data/1694997/000169499718000003/xslFormDX01/primary_doc.xml



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Stephane De Baets (Chief Executive Officer, President and Director)

Stephane de Baets is President/CEO of Aspen Digital and Elevated Returns. While his experience in the crypto industry seems to be limited, with the AspenCoin being his first crypto project, he has extensive experience in the hospitality, asset management, financial structuring and mergers and acquisitions industries.⁹ His experience in the hospitality industry includes the founding of two locations of Chef's Club, a restaurant concept in New York. While these restaurants have reported success, they ultimately shut down due to COVID restrictions. Mr. de Baets has also been involved with the Aspen St. Regis Resort for a long time, since 315 East Dean purchased the resort in 2010.¹⁰

Alex Ho (Controller, Secretary and Treasurer)

Alex Ho is listed as Aspen Digital's Controller and is also sometimes listed as its Secretary in public filings. He has worked with Stephane de Baets for over 20 years and has over 15 years of experience in the hospitality and travel management industry.¹¹ His experience includes a position as the Chief Executive Officer of Pacific Assets Public Company Limited.

Joel Hocknell (Director of Development)

Joel Hocknell is Director of Development at Aspen Digital¹². He is also Director of Development at Cyr+Co, which advertises itself as one of Aspen's premiere residential and commercial custom builders. Mr. Hocknell has managed and overseen the following construction projects, the majority of which are related to Stephane de Baets business ventures: St. Regis Aspen, 56 Leonard in New York City, the Chef's Club in two New York City locations, and the Sunset Tower in West Hollywood, CA.

REPUTATION

Based on our review, AspenCoin, Aspen Digital and Stephane de Baets have an overall positive reputation. While the remaining team members, Alex Ho and Joe Hockell, are rarely mentioned in public forums, the

⁹ Aspen Digital Token Disclosure Statement (2021)

¹⁰ Id.

¹¹ www.sec.gov/Archives/edgar/data/1694997/000110465918003656/a17-17001_5253g1.htm

¹² <https://stomarket.com/sto/aspencoin-st-regis-aspd#team>



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media has written extensively about Mr. de Baets, his ventures and the tokenized offering of the Aspen St. Regis Resort.¹³ The media has called Stephane de Baets a synonym to Aspen luxury and, together with his wife, a “certified hospitality power couple”.¹⁴ The announcement of the tokenization of shares of the Aspen St. Regis and the issuance of the Aspen Coin was met with positive feedback articles.

However, while the Aspen Digital Team has extensive experience and a positive reputation in the hospitality industry, it is worth noting that the named members of the team have minimal experience in the crypto industry and thus have not yet had the opportunity to establish a reputation, positive or negative, in that space aside from their connection with AspenCoin and Aspen Digital.

KEY RISK INDICATORS IDENTIFIED BY ATHENA INTELLIGENCE	YES/NO/NOT KNOWN
Does the individual and the key companies have any discernible media profile in the general or specialized press?	Yes
Has the individual been mentioned in the media in connection with, illegal business practices (money laundering, corruption, tax evasion, fraud, misappropriation of public property etc.) or in any negative or controversial context?	No

LITIGATION

Athena Intelligence has conducted litigation checks on Aspen Digital Inc., Stephane de Baets and Elevated Returns LLC to determine whether they have been involved in any civil or criminal lawsuits. We identified one litigation related to them where a former business partner alleged, among other claims, that Mr. de Baets refused to compensate him related to the Sunest Tower REIT and the subsequent Aspen REIT and

¹³ www.entrepreneur.com/listen/action-and-ambition/360279
www.worth.com/stephane-de-baets-commercial-real-estate-tokenization-aspencoin
<https://fashionweekdaily.com/the-aspen-hospitality-power-couple-betting-big-on-luxury-wellness-tourism>
<https://traveldreamsmagazine.com/stephane-and-sabrina-de-baets-announce-acquisition-of-historic-redstone-castle>

<https://guestofaguest.com/new-york/nyc-hotels/aspens-hospitality-power-couple-on-giving-new-life-to-the-historic-redstone-castle>

¹⁴ <https://guestofaguest.com/new-york/nyc-hotels/aspens-hospitality-power-couple-on-giving-new-life-to-the-historic-redstone-castle>



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Aspen Coin projects.¹⁵ The Court in the case found that no binding contract existed to support the majority of the plaintiff’s claims. However, while the majority of the claims were dismissed by the Court, the claim is ongoing with respect to a claim that Stephane de Baets and Elevated Returns were unjustly enriched.¹⁶ Additionally, there is a possibility that the plaintiff may appeal the Court’s final decision. As a result, there is some risk that the final outcome of this litigation may have an adverse economic effect on Aspen Digital, Mr. de Baets and Elevated Returns. However, Aspen Digital does not list this litigation as a risk in its token disclosure statement.

KEY RISK INDICATORS IDENTIFIED BY ATHENA INTELLIGENCE	YES/NO/NOT KNOWN
Have any of the key directors, principals or beneficial owners been involved in litigation, either as a claimant or plaintiff?	Yes

SANCTIONS & WATCH LISTS

Athena Intelligence carried out a review of approximately 700 global records comprising official anti-money laundering lists, international sanctions, debarment lists and prohibitive lists. Aspen Digital, Elevated Returns and their key individuals – namely Stephane de Baets, Alex Ho and Joel Hocknell and Ho – do not feature on these lists or sanctions.

The consulted lists include, amongst others, the Specially Designated Nationals and Blocked Persons list ("SDN List") and all other sanctions lists administered by OFAC, all US related issued sanctions, also at state level; all UN/WorldBank/IMF Watchlists and Sanctions, all EU, Sanctions, including national states financial ministry sanctions, all LATAM and Asian continent watch lists.

¹⁵ <https://iapps.courts.state.ny.us/webcivil/FCASCCaseInfo?parm=CaseInfo&index=0OR-duDUu23NmO%2Fp7T0KHrw%3D%3D&county=MUtFFFa36nqKJhNI4UIKsw%3D%3D&motion=M&docs=&adate=01/30/2023&civilCaseId=aTeUd6Y6HBc9UipW95sIkq%3D%3D>

¹⁶ www.aspentimes.com/news/legal-fallout-over-st-regis-aspen-sell-off



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KEY RISK INDICATORS IDENTIFIED BY ATHENA INTELLIGENCE	YES/NO/NOT KNOWN
Has the individual been listed in any international regulatory blacklists?	No
Have any of the key companies been listed on any international regulatory blacklists?	No