

## Background

In 2021, MakerDAO allocated funds to a credit pool managed by Harbor Trade Credit (“HTC”). HTC utilized these and other funds to extend \$2.1 million in loans to a consumer electronics company named Snakebyte. As of writing, the \$2.1 million in loans to Snakebyte is the sole asset in the HTC pool, which serves as collateral for MakerDAO’s \$1.6 million senior position.

In April 2023, Snakebyte defaulted on its loan, prompting HTC to pursue legal action and successfully obtain a default judgment from the Superior Court of California - County of San Diego (the “Court”) against Snakebyte USA, Inc. This judgment empowered HTC to seize assets through a writ of attachment.

Efforts to locate Snakebyte’s assets within the United States have proven challenging. However, legal counsel has advised that Snakebyte holds material assets in Germany. Consequently, HTC now seeks to enforce the California judgment in Germany, and requests a financial contribution from the DAO to cover the associated legal costs.

The DAO Resolution below authorizes the allocation of \$194,000 from the Launch Budget towards the HTC-Snakebyte litigation.

### [DAO Resolution to Allocate Funds to HTC Legal Action Against Snakebyte](#)

## Key Figures

Description

Amount

Total borrowed by Snakebyte

\$2.1 million

Total owed to Maker

\$1.6 million

US legal costs estimate

\$73,000

German legal costs estimate

\$121,000

Total legal costs estimate

\$194,000

Note:

The estimated legal costs were arrived at by consulting with both California and German counsel. If the case is settled early or the process is completed much earlier than expected, ultimate legal costs may be lower. In such an event, any amounts set aside for the case would be returned to the DAO.

As part of this arrangement, Steakhouse will be responsible for: (i) monitoring the progress of the litigation; (ii) reporting to the DAO; (iii) overseeing the disbursement of funds to counsel; and (iv) monitoring the disbursement of any recovered assets to the DAO.

## Timeline of Events

Date

Event

2 Aug 2020

[HTC-DROP MIP6 Application: Harbor Trade Credit DROP: Short Term Trade Receivables.](#)

11 May 2021

[HTC-DROP Collateral Onboarding Risk Evaluation.](#)

4 Aug 2021

[Executive vote passes](#) to add HTC-DROP as a new RWA vault type (RWA004-A).

2 May 2023

Steakhouse publishes the [MakerDAO Real-World Asset Report - 2023-03](#) highlighting that as of April 2023, a consumer electronics company has defaulted on its loans and HTC is currently engaged in a work-out process to recover as much value as possible for the transaction.

23 May 2023

HTC files a [Complaint](#) before the Court against three Snakebyte entities (Snakebyte USA, Inc, Snakebyte Asia Limited & Snakebyte Distribution GmbH).

7 July 2023

The Court hears HTC's application seeking a number orders against Snakebyte and Snakebyte does not appear.

13 July 2023

[Request to Poll: Decrease Debt Ceiling for HTC-DROP to 0.](#)

29 Sept 2023

The Court issues a [Writ of Attachment](#) against Snakebyte USA Inc.