

# Union Block LLC - Orderly Wind-Down Narrative

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## Context

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This document provides a concise business explanation for Union Block LLC's orderly wind-down and distinguishes the decision from any compliance, customer-loss, or enforcement issue.

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## Headline

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Union Block LLC closed new-customer onboarding in mid-2025 and moved into **orderly wind-down through 2026**, reduced to legacy client servicing. The wind-down was driven by **structural banking de-risking and the US regulatory environment for stablecoin OTC payments**, not by any operational failure, compliance event, or financial loss.

**No clients lost funds. No regulatory action. No criminal exposure.** The decision was business judgment in response to changing market and regulatory conditions.

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## What happened - chronological

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### 2017-2020: Founding years

- Stefano begins in crypto in 2017, including a Coinbase account
- Incorporates **Dige Zingg LLC** (2017) and invests in early-stage token offerings (SAFTs and ICOs)
- Pivots from token investing to over-the-counter (OTC) trading, establishing an initial client base
- The OTC business is later restructured as Union Block LLC - a non-custodial, principal OTC desk (spot only)

### 2020 (January): Delaware LLC formation

- **Union Block LLC** formally incorporated in Delaware, S-corp election filed
- Florida operational address

### 2020-2022: Scale-up

- Coinbase Prime institutional account onboarded
- Banking relationships with multiple U.S. regional banks established
- First major institutional liquidity and settlement integrations established

### 2021: Banking de-risking begins

- **May 21, 2021:** A primary regional bank de-markets Union Block's account ("de-risking" - common across crypto OTC industry as banks pull back from sector-wide risk)
- **August 2, 2021:** A second regional bank closes Union Block's account
- A remaining regional banking relationship continues as the primary account
- Operations continue uninterrupted; Stefano coordinates banking migration

### 2022: FinCEN registration as institutional positioning

- **November 2022:** FinCEN MSB principal-operator registration filed and approved
- Designated CCO and Compliance Analyst hired
- Banking relationships diversified through additional bank and FBO arrangements

### 2023: Peak operational year

- **959 transactions / \$112.3M volume / 175 clients**
- Operating coverage expands across sales, treasury, settlement, and compliance workflows

- Liquidity and settlement relationships expand across institutional and decentralized channels

## **2024: Continued scale + Perkins Coie engagement**

- **975 transactions / \$92.2M volume**
- Engages Perkins Coie LLP (September 2023, work continuing) for regulatory assessment in Delaware/Wyoming/Florida
- Engages Nelson Mullins for additional BSA opinions
- Operating playbooks and internal controls mature

## **2025: Market shift and strategic decision**

- Industry-wide banking pressure on crypto OTC continues; smaller banks de-risking even faster than major banks
- Industry margin compression (institutional stablecoin OTC spreads compressing from 30-50 bps to 10-25 bps)
- Stefano makes principal-level decision: orderly wind-down rather than restructure

## **2025 Q2-Q4: Active wind-down**

- Stop accepting new customers
- Continue servicing legacy customers
- Settle outstanding counterparty positions
- Reduce active operating footprint

## **2026 Q1: Tail operations**

- 65 transactions / \$6.3M (Jan-Mar 2026)
- Final wind-down activities
- Stefano transitions toward institutional roles where the same client coverage, settlement, and compliance experience can operate inside a larger platform.

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## **Wind-down rationale**

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### **1. Banking de-risking made institutional operation increasingly costly**

US banks have been progressively pulling back from servicing crypto OTC desks since 2020 (Operation Choke Point 2.0, Signature/Silvergate failures, post-FTX regulatory pressure). For a small business operating at sub-1% margins, each bank closure represents weeks of operational disruption and increasing reliance on more expensive alternative rails.

### **2. Margin compression at scale**

Institutional stablecoin OTC margins compressed from 30-50 bps (2021-2022) to 10-25 bps (2024-2025) as direct stablecoin, payment, and exchange infrastructure became more accessible. At 0.20% net margin, \$300M of volume produces \$600K of net profit before operating costs - manageable for a focused desk but not a venture-scale opportunity.

### **3. Career capital - institutional career path was the better trade**

Stefano's actual skill - building institutional client relationships, navigating compliance, and integrating liquidity and settlement counterparties - is far more valuable at scale inside an institution than running a sub-1% OTC desk. The 9 years of independent operations now serve as the credibility foundation for an institutional career.

### **4. Genuine market evolution**

The opportunity that drove Union Block (USDT-USD liquidity for LATAM corridors and underbanked institutional flow) is increasingly served by larger, regulated infrastructure providers. Wind-down was the right call for the moment, not capitulation.

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## **Clarifying exclusions**

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For the avoidance of doubt, the wind-down was **not** caused by:

- Regulatory enforcement action
- Settlement/reconciliation support retained for diligence review
- Criminal investigation
- AML compliance failure
- Reputational damage to Stefano personally

Union Block exits in good standing.

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## What Stefano takes forward

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From 9 years operating Union Block, Stefano developed:

- **Institutional network:** 292 customer IDs, institutional liquidity relationships, and banking relationships
- **Compliance fluency:** Stood up and operated an MSB program - hired a designated CCO, engaged external counsel (Nelson Mullins, Perkins Coie), registered in good standing with no enforcement actions
- **OTC operational craft:** Pricing, settlement, treasury management, multi-protocol on-chain operations
- **Cross-border corridor expertise:** US <-> LATAM (especially Venezuela, Colombia, Panama) - uniquely valuable for firms expanding into emerging markets
- **Operational resilience:** Multiple banking transitions, regulatory shifts, partnership evolution - Stefano has navigated all of them

The wind-down is the responsible end of a real business, not the failure of an idea. Stefano is now focused on contributing those nine years of operating experience to a regulated institutional firm.

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## Interview summary

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If asked in an interview: "**Why is Union Block winding down?**"

*"Banking de-risking and margin compression made running a sub-1% institutional OTC desk increasingly difficult. I closed customer onboarding mid-2025 and have been winding down operations through Q1 2026 and kept the wind-down documentation-focused. The nine years of operating experience is what I'm bringing forward to a larger, well-capitalized institution."*

That's the honest answer. Stefano can elaborate on any specific aspect with full transparency under NDA.