

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF CHIPPEWA

LAKE SUPERIOR ACADEMY,
A Domestic Nonprofit Corporation,

Plaintiff,

v

ODESSA PARTNERS, LLC,
A Foreign For-Profit Corporation,

and

ALPHA WATT, LLC,
A Foreign For-Profit Corporation,

Defendants.

Case No. 25-18269-CZ

Hon. James P. Lambros

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DEFENDANT ALPHA WATT, LLC'S
ANSWER AND AFFIRMATIVE DEFENSES TO
PLAINTIFF LAKE SUPERIOR ACADEMY'S FIRST AMENDED COMPLAINT

Defendant Alpha Watt, LLC ("Alpha Watt"), by and through its attorneys, Clark Hill PLC, and for its Answer and Affirmative Defenses to Plaintiff Lake Superior Academy's ("Lake Superior" or "Plaintiff") First Amended Complaint, states as follows:

PARTIES, JURISDICTION AND VENUE

1. Plaintiff is a registered Michigan nonprofit organization located at 8936 S. Mackinac Trail, Dafer Township, Chippewa County, Michigan.

ANSWER: Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

2. Defendant Odessa Partners, LLC, is a foreign limited liability company purportedly located in Boca Raton, Florida.

ANSWER: Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

3. Defendant Alpha Watt, LLC, is a foreign limited liability company purportedly incorporated in the State of Delaware, but registered in Michigan for the first time on July 9, 2025.

ANSWER: Alpha Watt admits only that it is a foreign limited liability company that was organized in the State of Delaware and has its principal place of business in the State of Florida.

4. Based on information and belief, Defendant owns property in Chippewa County, to wit, 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan, Parcel ID# 004-114-007-50.

ANSWER: Alpha Watt admits only that Odessa owns the property commonly known as 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan and that Alpha Watt leases that property from Odessa. To the extent that this paragraph asserts any other allegations against Odessa, Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the matter asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

5. Based on information and belief, Defendant and AW jointly or in concert within one another, and possibly others, operate a cryptocurrency mining operation located at 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan, Parcel ID# 004-114-007-50.

ANSWER: Alpha Watt admits only that it leases the property commonly known as 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan from Odessa, and that Alpha Watt operates the six containerized data centers located on that property. As to the remaining allegations, Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

6. Defendants do continuous and systematic business in Chippewa County, Michigan, to wit, own and/or operate a cryptocurrency mining farm operation located at 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan, Parcel ID# 004-114-007-50.

ANSWER: Alpha Watt admits only that it leases the property commonly known as 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan from Odessa, and that Alpha Watt operates the six containerized data centers located on that property. As to the remaining allegations, Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

7. The aforementioned real property and its use giving rise to this Complaint is located in Chippewa County, Michigan.

ANSWER: Alpha Watt admits that the property commonly known as 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan is located in Chippewa County, Michigan.

8. Plaintiff seeks relief in an amount greater than \$25,000.00, exclusive of costs and reasonable attorney fees.

ANSWER: Alpha Watt admits only that it does not contest the jurisdiction of this Court.

9. Plaintiff seeks equitable relief, invoking this Court's equitable jurisdiction pursuant to MCL 600.605 and common law.

ANSWER: Alpha Watt admits only that it does not contest the jurisdiction of this Court.

10. Jurisdiction is also proper pursuant to MCL 600.2940, and venue is otherwise proper.

ANSWER: Alpha Watt admits only that it does not contest the jurisdiction of this Court.

11. Pursuant to MCR 2.605(D), Plaintiff requests a speedy hearing for adjudication of this matter.

ANSWER: Alpha Watt denies that Plaintiff is entitled to a speedy hearing. Instead, Alpha Watt requests that the Court allow consideration of the merits of this action to proceed in the normal course.

COUNT I: NUISANCE

12. Plaintiff incorporates Paragraphs 1-11 as if fully stated herein.

ANSWER: Alpha Watt restates and incorporates by reference all prior responses as if fully set forth herein.

13. Since 2016, Plaintiff has owned and operated a tuition-free, public charter elementary school located at 8936 S. Mackinac Trail, Sault Ste Marie, Michigan.

ANSWER: Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

14. Plaintiff's educational model incorporates Montessori education methods, and outdoor classrooms are an integral part of the educational experience.

ANSWER: Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

15. Plaintiff provides education services year-round, including summer courses, and utilizes outdoor classrooms year-round.

ANSWER: Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

16. Plaintiff is a certified Green School through the Michigan Department of Environmental, Great Lakes, and Energy (EGLE), as established by Michigan's Public Act 146 of 2006, and amended by Public Act 301 of 2010.

ANSWER: Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

17. In 2025, Defendants began a data processing operation next door to the Plaintiffs school, on the property (8929 S. Mackinac Trail, Sault Ste. Marie, Michigan; Parcel ID# 004-114-007-50) immediately east of Plaintiff.

ANSWER: Alpha Watt admits only that it leases the property commonly known as 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan from Odessa, and that Alpha Watt has operated the six containerized data centers located on that property since in or around March of 2025. As to the remaining allegations, Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

18. Defendants' operation involves at least six (6) containerized data centers, hosting computers running programs.

ANSWER: Alpha Watt admits only that it leases the property commonly known as 8929 S. Mackinac Trail, Sault Ste. Marie, Michigan from Odessa, and that Alpha Watt has operated the six containerized data centers located on that property since in or around March of 2025. As to the remaining allegations, Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

19. Defendants' operation generates constant, excessive and jarring noise essentially twenty-four (24) hours a day, seven (7) days a week, including during Plaintiffs school day.

ANSWER: Alpha Watt admits only that the six containerized data centers generate noise during the hours of operation, which can include normal school hours but denies the remaining allegations in this paragraph as untrue.

20. From numerous locations on the Plaintiff's property, including classrooms, Plaintiff has routinely measured and recorded the noise generated by Defendant's [sic] operations, and the noise emitting from Defendant's [sic] property exceeds 50 decibels nearly the entire school day, and beyond, and has even exceeded 70 decibels.

ANSWER: Alpha Watt admits only that the six containerized data centers generate noise during the hours of operations, which can include normal school hours. Alpha Watt is without knowledge or information sufficient to form a belief as to the truth of the allegations asserted concerning noise measurements and recordings, and therefore neither admits nor denies but rather leaves Lake Superior to its proofs.

21. Defendants attempted to mitigate the sound after Plaintiff filed its Verified Complaint in this matter, including stacking rotting hay bales around their operations but failed to sufficiently mitigate the nuisance.

ANSWER: Alpha Watt admits only that it worked with Odessa to mitigate the sound by stacking hay bales on the Property but denies all remaining allegations as untrue. In further answer, upon information and belief, Lake Superior was advised of these mitigation efforts as the efforts were being planned and implemented before Lake Superior filed its Verified Complaint. Upon further information and belief, the hay bales successfully reduced the sound to below ambient levels.

22. Defendants' intentional, reckless, wrongful and negligent use of its property significantly obstructs Plaintiff's use and enjoyment of its own property, including, but not limited to, its use as an elementary school because the noise created obstructs the educational process, disrupts outdoor classrooms, and distracts, annoys and harasses students, educators, staff, and visitors.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

23. Defendants' wrongful use of its property also diminishes Plaintiff's property value.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

24. Defendants' wrongful use of its property in violation of a common law duty of care not to use their property in such a way as to injure another has directly and has proximately caused Plaintiff substantial damage, including impeding Plaintiff's ability to educate students, loss of enjoyment of Plaintiff's property, creating difficulty in carrying on normal activities, and resulting in parents questioning whether to continue to send their children to the school.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

WHEREFORE, Alpha Watt, LLC respectfully requests that this Court enter an order dismissing Lake Superior Academy's Verified Complaint with prejudice; deny any request for injunction relief, award Alpha Watt its costs and attorneys' fees so wrongfully sustained; and grant Alpha Watt any and all other such relief this Court deems just and appropriate.

COUNT II: INJUNCTIVE RELIEF

25. Plaintiff restates and incorporates Paragraphs 1-24 as if fully stated herein.

ANSWER: Alpha Watt restates and incorporates by reference all prior responses as if fully set forth herein.

26. Plaintiff has a likelihood of success on the merits of its nuisance claim because Defendants' unreasonable use of its property significantly and unlawfully infringes upon Plaintiff's use and enjoyment of its own property and, through no fault of its own, materially obstructs Plaintiff's school operations and the learning environment.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

27. Plaintiff will likely suffer irreparable harm and loss if Defendants are permitted to continue its operations and maintain the nuisance because it cannot successfully operate year-round elementary school instruction and utilize outdoor classrooms in the face of such constant and jarring noise and distraction.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

28. Plaintiff will likely suffer irreparable harm and loss if Defendants are permitted to continue its operations and maintain the nuisance because parents of students have considered alternative enrollment options and expressed deep concern for their children's well-being due to the defendant's location.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

29. Plaintiff is uniquely susceptible to irreparable harm and loss if Defendants are permitted to continue its operations and maintain the nuisance because Plaintiffs unique school model and EGLE Green School accreditation.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

30. Plaintiff has no other adequate remedy at law, and time is of the essence.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

31. Plaintiff will suffer greater injury from the denial of preliminary injunctive relief than Defendants will suffer from the granting of such relief.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

32. The granting of this preliminary injunction will further the public interest, as the community is best served when users of their property do not use their property in such a way as to infringe on the peaceful use and enjoyment of neighboring properties.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

33. Granting the preliminary injunction would also further the public interest by allowing Plaintiff to continue its core mission of offering tuition-free, public, and year-round school to children of Chippewa County and the surrounding areas.

ANSWER: Alpha Watt denies the allegations in this paragraph as untrue.

WHEREFORE, Alpha Watt, LLC respectfully requests that this Court enter an order dismissing Lake Superior Academy's Verified Complaint with prejudice; deny any request for injunction relief, award Alpha Watt its costs and attorneys' fees so wrongfully sustained; and grant Alpha Watt any and all other such relief this Court deems just and appropriate.

Respectfully submitted,

/s/ Adam T. Schnatz

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Dated: October 13, 2025

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DEFENDANT ALPHA WATT LLC'S
AFFIRMATIVE DEFENSES TO
PLAINTIFF LAKE SUPERIOR ACADEMY'S FIRST AMENDED COMPLAINT

Defendant Alpha Watt, LLC ("Alpha Watt"), by and through its attorneys, Clark Hill PLC, hereby reserves and asserts the following affirmative and other defenses:

1. One or more of Lake Superior's claims fails to state a claim upon which relief can be granted against Alpha Watt.

2. Lake Superior has suffered no actual or actionable damages due to the alleged conduct of Alpha Watt.

3. Lake Superior's claims are barred, in whole or in part, by its failure to mitigate its damages, if any.

4. One or more of Lake Superior's claims against Alpha Watt are barred for want of causation.

5. Lake Superior's damages, if any, were caused by its own acts or omissions, or the acts or omissions of parties other than Alpha Watt.

6. The damages claimed by Lake Superior were not caused by any act or omission of Alpha Watt, but rather were caused by intervening and superseding events, which Alpha Watt could not have reasonably foreseen, controlled, or prevented; barring Lake Superior from any recovery against Alpha Watt.

7. Lake Superior's claims are barred, in whole or in part, under the equitable doctrine of unclean hands, estoppel, waiver and/or laches by reason of Lake Superior's own actions, conduct, misrepresentations and/or failures to act, of those of its agents, employees or those in privity.

8. Lake Superior's claims are barred, in whole or in part, under the doctrine of acquiescence.

9. Lake Superior's claims are or may be barred, in whole or in part, because, at all relevant times, Alpha Watt exercised due care with respect to its activities and took reasonable precautions against foreseeable acts or omissions of others.

10. Alpha Watt did not breach any duty in accordance with which it was obligated to act or refrain from acting.

11. Lake Superior is not likely to succeed on the merits in its nuisance claim, thereby precluding injunctive relief.

12. The relief requested by Lake Superior would cause greater harm to Alpha Watt and the public. The balance of equities weighs against injunctive relief.

13. Lake Superior has not demonstrated irreparable harm as required for injunctive relief. Any alleged harm is speculative and compensable, and thus not irreparable.

14. Lake Superior cannot recover against Alpha Watt for damages not yet incurred (speculative future damages).

15. Lake Superior's claims are barred, in whole or in part, because the process issued in this action upon Alpha Watt was insufficient.

16. Lake Superior's claims are barred, in whole or in part, because the service of process upon Alpha Watt was insufficient.

Alpha Watt reserves the right to supplement and/or amend these affirmative defenses.

Respectfully submitted,

/s/ Adam T. Schnatz

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Dated: October 13, 2025

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PROOF OF SERVICE

Lauren K. Degnan, being first duly sworn, deposes and says that on October 13, 2025, did cause to be served: ***Defendant Alpha Watt, LLC's Answer and Affirmative Defenses to Plaintiff Lake Superior Academy's First Amended Complaint*** and ***Proof of Service*** in the above docket, via USPS mail, and electronic mail, to the persons identified below:

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Lauren K.
Degnan

Digitally signed by: Lauren K. Degnan
DN: CN = Lauren K. Degnan email =
LDegnan@clarkhill.com C = US O = Clark
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Lauren K. Degnan