

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. 3-21243
THE REGISTRATION STATEMENT OF)
AMERICAN CRYPTOFEED DAO, LLC)

ADMINISTRATIVE PROCEEDING - HEARING

PAGES: 1 through 248

PLACE: Securities and Exchange Commission
100 F Street NE
Washington, D.C.

DATE: Thursday, December 1, 2022

The above-entitled matter came on for hearing,
via WebEx, pursuant to notice, at 10:00 a.m. Eastern Time.

BEFORE:

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
(202)467-9200

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. 3-21243
THE REGISTRATION STATEMENT OF)
AMERICAN CRYPTOFEED DAO, LLC)

ADMINISTRATIVE PROCEEDING - HEARING

PAGES: 1 through 248

PLACE: Securities and Exchange Commission
100 F Street NE
Washington, D.C.

DATE: Thursday, December 1, 2022

The above-entitled matter came on for hearing,
via WebEx, pursuant to notice, at 10:00 a.m. Eastern Time.

BEFORE:

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
(202)467-9200

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. 3-21243
THE REGISTRATION STATEMENT OF)
AMERICAN CRYPTOFEED DAO, LLC)

ADMINISTRATIVE PROCEEDING - HEARING

PAGES: 1 through 248

PLACE: Securities and Exchange Commission
100 F Street NE
Washington, D.C.

DATE: Thursday, December 1, 2022

The above-entitled matter came on for hearing,
via WebEx, pursuant to notice, at 10:00 a.m. Eastern Time.

BEFORE:

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
(202)467-9200

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. 3-21243
THE REGISTRATION STATEMENT OF)
AMERICAN CRYPTOFEED DAO, LLC)

ADMINISTRATIVE PROCEEDING - HEARING

PAGES: 1 through 248

PLACE: Securities and Exchange Commission
100 F Street NE
Washington, D.C.

DATE: Thursday, December 1, 2022

The above-entitled matter came on for hearing,
via WebEx, pursuant to notice, at 10:00 a.m. Eastern Time.

BEFORE:

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
(202)467-9200

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. 3-21243
THE REGISTRATION STATEMENT OF)
AMERICAN CRYPTOFEED DAO, LLC)

ADMINISTRATIVE PROCEEDING - HEARING

PAGES: 1 through 248

PLACE: Securities and Exchange Commission
100 F Street NE
Washington, D.C.

DATE: Thursday, December 1, 2022

The above-entitled matter came on for hearing,
via WebEx, pursuant to notice, at 10:00 a.m. Eastern Time.

BEFORE:

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
(202)467-9200

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. 3-21243
THE REGISTRATION STATEMENT OF)
AMERICAN CRYPTOFEED DAO, LLC)

ADMINISTRATIVE PROCEEDING - HEARING

PAGES: 1 through 248

PLACE: Securities and Exchange Commission
100 F Street NE
Washington, D.C.

DATE: Thursday, December 1, 2022

The above-entitled matter came on for hearing,
via WebEx, pursuant to notice, at 10:00 a.m. Eastern Time.

BEFORE:

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
(202)467-9200

Page 1

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. 3-21243
THE REGISTRATION STATEMENT OF)
AMERICAN CRYPTOFEED DAO, LLC)

ADMINISTRATIVE PROCEEDING - HEARING

PAGES: 1 through 248

PLACE: Securities and Exchange Commission
100 F Street NE
Washington, D.C.

DATE: Thursday, December 1, 2022

The above-entitled matter came on for hearing,
via WebEx, pursuant to notice, at 10:00 a.m. Eastern Time.

BEFORE:

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
(202)467-9200

1 APPEARANCES:

2

3 On behalf of the Securities and Exchange Commission:

4 CHRISTOPHER BRUCKMANN, ESQ.

5 CHRISTOPHER CARNEY, ESQ.

6 MARTIN ZERWITZ, ESQ.

7 MICHAEL BAKER, ESQ.

8 Division of Enforcement

9 United States Securities and Exchange Commission

10 100 F Street, N.E.

11 Washington, D.C. 20549-5949

12 (202) 551-8617

13 bereloviche@sec.gov

14

15

16 On behalf of the Respondent:

17 XIAOMENG ZHOU

18 SCOTT MOELLER

19

20

21

22

23

24

25

C O N T E N T S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

WITNESSES:

Justin Dobbie

BY: Mr. Zerwitz

27

159

BY: Mr. Zhou

81/131

141/163

BY: Mr. Moeller

123/145

165

Scott Moeller

BY: Mr. Bruckmann

170

| | | | | |
|----|-------------------------|-----------------------------------------|--------|----------|
| 1 | C O N T E N T S (CONT.) | | | |
| 2 | EXHIBITS: | | MARKED | RECEIVED |
| 3 | Commission Exhibits: | | | |
| 4 | 1 | American CryptoFed Form S-1 | 17 | 17 |
| 5 | 1A | Unidentified document | 17 | 17 |
| 6 | 1B | Unidentified document | 17 | 17 |
| 7 | 1C | Unidentified document | 17 | 17 |
| 8 | 2 | American CryptoFed Form 10 | 17 | 17 |
| 9 | | registration statement | | |
| 10 | 3 | June 15, 2022 subpoena for documents | 20 | 20 |
| 11 | 4 | June 21, 2022 subpoena response | 20 | 20 |
| 12 | 5 | June 28, 2022 subpoena to Mr. | 20 | 20 |
| 13 | | Moeller for testimony | | |
| 14 | 8 | July 5, 2022 Form RW | 20 | 20 |
| 15 | 12 | Form S-1 Filing Instruction | 21 | 21 |
| 16 | 13 | May 30, 2022 letter | 21 | 21 |
| 17 | 14 | Declaration of Justin Dobbie | 25 | 25 |
| 18 | 15 | October 27, 2022 letter | 21 | 21 |
| 19 | 16 | November 1, 2022 letter | 21 | 21 |
| 20 | 17 | October 8, 2021 correspondence Form 10 | 22 | 22 |
| 21 | 18 | October 8, 2021 correspondence Form S-1 | 22 | 22 |
| 22 | 19 | October 12, 2021 letter | 22 | 22 |
| 23 | | | | |
| 24 | Respondent Exhibits: | | MARKED | RECEIVED |
| 25 | 1-50 | | 78 | 78 |

1 P R O C E E D I N G S

2 JUDGE FOELAK: This is a hearing In
3 The Matter of the Registration Statement of American
4 CryptoFed, Administrative Proceeding 3-21243. And
5 this hearing is being held on December 1st, 2022.
6 And I am Judge Foelak.

7 And, can I have your appearances for
8 the record, please.

9 MR. BRUCKMANN: Yes, Your Honor.

10 On behalf of the Division of
11 Enforcement, this is Christopher Bruckmann. Also
12 with me as counsel for the Division today are
13 Christopher Carney, Martin Zerwitz and Michael
14 Baker.

15 JUDGE FOELAK: Mr. Moeller?

16 Mr. Moeller, we can't hear you.
17 You're muted.

18 MR. MOELLER: Oh, my apologies. My
19 apologies, Your Honor.

20 My name is Scott Moeller. I'm one of
21 the organizers of the American CryptoFed DAO. And
22 I'm here with Xiaomeng Zhou who is also another one
23 of the organizers of the DAO.

24 JUDGE FOELAK: Okay, very good.

25 Before we start the actual hearing,

1 there is a few procedural portions to address.
2 Firstly, I'd like to congratulate the parties on
3 your excellent joint report where they laid out --
4 they -- they got together and cooperated and laid
5 out their -- each one's proposal.

6 Okay, next. There's a pending motion
7 for ruling on the pleadings by Mr. Moeller. That is
8 denied. The Commission actually had addressed that
9 exact issue in the case of Red Bank Oil Company,
10 which was on October 11th, 1945, saying that -- that
11 there would be repugnant to the concept behind
12 section eight in the Securities Act. So -- anyway.
13 So, we will go forward.

14 Okay. I don't think -- Mr. Moeller
15 made a couple of other motions prehearing which I
16 think are, you know, pretty much mute now.

17 Okay. So, let me get to the joint
18 report. You know, I looked at the -- your witness
19 list and so on and so forth. Okay. Here's a few
20 comments: It appears that the Division does not
21 appear to -- plan to call Mr. Zhou in his -- in its
22 direct case, but perhaps in cross-examination or
23 rebuttal Mr. Zhou will be testifying. And -- and
24 Mr. Moeller plans to call him anyway, but anyway,
25 Mr. Moeller or Mr. Zhou should testify separately.

1 If one doesn't --

2 MR. BRUCKMANN: Apologies, Your
3 Honor. There was a cell phone that wasn't turned --
4 turned to silent. We've fixed it now.

5 JUDGE FOELAK: Okay, good.

6 The other one can answer the question
7 when he is examined.

8 Also, Mr. Moeller cannot be an
9 interpreter for Mr. Zhou. By the way, an
10 interpreter knows the language of the witness and
11 also English and is put under oath swearing to the
12 accuracy of their interpreting. Anyway, if Mr. Zhou
13 does not understand a question, he should say so.
14 And Mr. Moeller and the Division can ask it in
15 another way.

16 Okay. Next thing is, Mr. Moeller
17 expects to testify in his direct case. And instead
18 of going through a contrived question-and-answer
19 format, you know, where he asks himself, What is
20 your name, something like that, Mr. Moeller can just
21 give his evidence in a narrative way, okay.

22 Okay. Then -- okay. Both
23 Mr. Moeller and the Division have Justin Dobbie as
24 witnesses. And so, Mr. Moeller's direct examination
25 can take place immediately following the -- the

1 cross-examination and may add -- and, therefore,
2 that means you can ask him questions that the
3 Division didn't ask. Usually with cross-examination
4 you stick to whatever it is the witness had said in
5 their previous testimony, but you can ask him
6 whatever you want.

7 Okay. It does appear that some of
8 the -- Mr. Moeller's witnesses or the areas of
9 examination are more appropriate for a legal
10 argument such as that the SEC was not authorized to
11 conduct the examination or bring charges or -- or
12 didn't do it right. And, therefore, before you
13 question Mr. Dobbie, you should clarify --
14 Mr. Moeller, you should clarify, you know, the
15 topics that you intend to answer.

16 Now, all of your arguments, there --
17 there seems to be a theme in your various filings
18 along the lines of, not only was the Commission
19 unjustified in conducting its examination or
20 bringing these charges, but also that a lot of the
21 stuff asked for in the Form S-1 is totally
22 inapplicable to an outfit like yours, which you say
23 doesn't -- didn't have an audited balance --
24 financial statements when you don't have finances,
25 that kind of thing. So, that's all a legal argument

1 that you can make in your post-hearing brief. So,
2 it will be -- and certainly you've made these arguments
3 so many times they're really preserved for appeal or
4 anything -- anything else.

5 Anyway, you can make these arguments.
6 You don't ask -- testimony is for eliciting facts
7 like: Did you get my phone call on November 22nd or
8 something? But, anyway, you make legal arguments in
9 your post-hearing brief.

10 And also, not that it's
11 objectionable, but I notice on your exhibit list you
12 had several court opinions. And you can cite any
13 court opinion you want, you know, by citing to
14 the -- to the court opinion. It doesn't have to be
15 an exhibit. Although, it's certainly
16 unobjectionable to enter those as exhibits.

17 Okay. The Division -- one of the
18 Division's exhibits is the around 201-page
19 investigative testimony of Mr. Moeller. Now, in the
20 Del Mar Financial Services case of 2003, the
21 Commission said that if you're going to enter
22 investigative testimony you should designate the
23 portions that are really relevant. Perhaps in this
24 case the whole thing is because there's a
25 constant -- there is sort of a constant theme of --

1 but who knows. Mr. Moeller shouldn't have to -- and
2 I shouldn't have to focus on every one of the 201
3 pages if it's unnecessary.

4 Okay. As a matter of logistics,
5 after the hearing, both parties should confer with
6 Kathy Shields, who you've both been in contact with,
7 and jointly compile an exhibit list which will be a
8 list of exhibits that were offered and admitted or
9 offered and excluded. And then, she will tell you
10 how to go from there and how to actually file the
11 exhibits in fact.

12 Okay. Does anyone else have any
13 procedural questions before we start the actual
14 hearing?

15 MR. BRUCKMANN: Yes, Your Honor.

16 MR. ZHOU: Yes, Your Honor.

17 Oh, go ahead.

18 MR. BRUCKMANN: A few -- a few brief
19 procedural points from the Division.

20 First, the Division wants the hearing
21 to commence today and understands Your Honor's prior
22 rulings on that point. We do feel, however, that
23 the record would be more complete, given the broad
24 branch of authority in Rules 111 and 161, if Your
25 Honor also made a finding regarding whether

1 American CryptoFed has shown sufficient prejudice to
2 warrant a delay or continuance in the hearing, if
3 Your Honor did have the authority to grant that.

4 JUDGE FOELAK: I'm sorry, I -- I
5 didn't catch your first sentence. What is it that
6 you wanted to do?

7 MR. BRUCKMANN: Your Honor, we're
8 asking that the -- that you make a ruling on whether
9 American CryptoFed has shown prejudice such that
10 they -- a continuance would be warranted if Your
11 Honor has the power to grant one.

12 JUDGE FOELAK: Well, I just don't
13 have the power to grant one. So, I think we'll stop
14 there.

15 MR. BRUCKMANN: Understood.

16 On the issue of an interpreter for
17 Mr. Zhou, we understood in our conversation with
18 him on Tuesday evening that his final decision was
19 that he did not want a court certified interpreter
20 and preferred to proceed with people speaking in
21 English, attempting to speak slowly and clearly so
22 he could understand. But if at any point he feels he
23 needs an interpreter, we feel the obligation is on
24 him to say so, such that arrangements can be made if
25 necessary.

1 JUDGE FOELAK: Okay, thank you.

2 MR. BRUCKMANN: And then,
3 Mr. Moeller's witness list included several SEC
4 attorneys, Division of Enforcement Division
5 attorneys, as proposed witnesses. We indicated to
6 him that we objected to that. I don't know if we
7 need to address that now or if Your Honor wants to
8 wait until Mr. Moeller's case-in-chief to address
9 that.

10 JUDGE FOELAK: Well, I did want him
11 to digest the idea that it might be that whatever it
12 was he was planning to ask them is unnecessary to
13 his case because he can just say that, you know, the
14 examination was illegal. You know, he could just
15 make the legal argument. I'm not exactly sure
16 what -- what he -- what he really intends to ask.

17 Could you speak to that a little bit,
18 Mr. Moeller, or -- or are you still thinking?

19 MR. MOELLER: Yes, I can speak to
20 that a bit.

21 What we'd like to do is -- is really
22 get a sense of -- of who approved the -- the action
23 to go forward, the general 8(d), 8(e) versus the
24 specific 8(e).

25 JUDGE FOELAK: Okay. Okay.

1 MR. MOELLER: There's a -- I'm sorry.
2 So, that there's an actual path that -- that is
3 needed to -- to be taken of the specific taking more
4 power over the general.

5 JUDGE FOELAK: Okay. That is kind of
6 getting into pre-decisional recommendations and it's
7 kind of like off limits. I mean, whoever -- if
8 something was done wrong whoever -- whoever did
9 wrong, namely, the Commission actually, is who you
10 criticize.

11 So, the mere fact that they
12 recommended one thing or another or passed one piece
13 of paper to another with notes scrawled on it is not
14 really going to be in evidence. Okay. So, you may
15 want to rethink whether you -- you know, calling any
16 of these people.

17 MR. MOELLER: Your Honor, can I let
18 Mr. Zhou speak -- speak to this?

19 JUDGE FOELAK: Of course.

20 MR. MOELLER: Thank you.

21 JUDGE FOELAK: Please, Mr. Zhou.

22 MR. ZHOU: Yeah. Thank you.

23 I'm Xiaomeng Zhou, one of the
24 organizers of American CryptoFed. I have a
25 question. Can I cross-exam the -- the witness

1 provided by the Division, such as Mr. Dobbie?

2 JUDGE FOELAK: Could you repeat that
3 again, why -- why -- you want to ask -- okay.

4 MR. MOELLER: Your Honor, I can
5 probably help on that. Mr. Zhou would like to be
6 able to cross-examine Mr. Dobbie. Rather than --
7 than the questions solely coming from me, I think
8 he'd like to have an opportunity to express it.

9 JUDGE FOELAK: Is Mr. Zhou an
10 officer -- go ahead.

11 MR. BRUCKMANN: The Division -- Mr.
12 Zhou is an officer of American CryptoFed, Your
13 Honor. They filed a notice of pure interest in both
14 of them. The Division does not have any action to
15 either Mr. Moeller or Mr. Zhou cross-examining Mr.
16 Dobbie, but the rule is that one person is
17 responsible for the cross-examination should apply.

18 JUDGE FOELAK: Okay. Well, that's
19 very good. Apparently, Mr. Zhou is one that really
20 knows the issues here. So, he can be the one to
21 cross-examine.

22 MR. ZHOU: Another question.

23 JUDGE FOELAK: See.

24 MR. ZHOU: So, when -- like, the
25 motion, like, we -- we try to file yesterday and

1 finally got through today, filed the motion for a
2 ruling, pleadings, a lot of that content we can
3 still use. We want to use that to proceed our
4 argument. Is that permissible? Is that possible?

5 JUDGE FOELAK: Well, you can repeat
6 that argument in your paper that you file after the
7 hearing saying how I should come out and, you know,
8 how the Commission should come out. Do you
9 understand what I mean? You can repeat the argument
10 in -- in papers after the hearing.

11 MR. ZHOU: Okay. Okay.

12 JUDGE FOELAK: Good. Does anyone
13 have any --

14 MR. BRUCKMANN: Just one -- yes, Your
15 Honor, just a minor logistical point.

16 The Division's plan is to only have
17 the person who is actively addressing the
18 court or asking questions of the witness on video
19 and to turn off our other videos to allow The Court
20 and Mr. Moeller and Mr. Zhou to easily focus on who
21 is actively speaking. I assume no one has any
22 objections to that logistical approach.

23 JUDGE FOELAK: In other words, what
24 you're saying is you want that person's picture to
25 be on the screen and not crowded out?

1 MR. BRUCKMANN: We're going to
2 attempt to do that, yes, Your Honor.

3 MR. ZHOU: So, how can we know who
4 are on the screen -- on this call to listen?

5 JUDGE FOELAK: Oh, because it will be
6 showing -- it will be showing on your screen.

7 MR. ZHOU: So, all those attorneys,
8 if I want confirm whether they are still there, we
9 can have a methodology to confirm?

10 JUDGE FOELAK: Oh. Oh. Oh. I think
11 there's probably a button on the side of your screen
12 where you can show all participants.

13 MR. ZHOU: Okay.

14 MR. BRUCKMANN: And, Your Honor, it's
15 even easier than that, the four Division of
16 Enforcement attorneys are sitting in a conference
17 room. We're all here participating together. We're
18 just using individual laptops to make it a little
19 easier to see our faces on the screen.

20 MR. ZHOU: Okay.

21 JUDGE FOELAK: Okay. Does anyone
22 have anything else?

23 MR. MOELLER: No.

24 JUDGE FOELAK: Okay.

25 Mr. Bruckmann, you can proceed.

1 MR. BRUCKMANN: Thank you, Your
2 Honor.

3 We wanted to begin by moving in a few
4 exhibits that I don't believe the Respondent is
5 going to object to. Starting with Exhibits 1, 1A,
6 1B, 1C and 2.

7 JUDGE FOELAK: Okay. Division
8 Exhibits 1, 1A, 1B, 1C and 2 are admitted.

9 (Whereupon, Exhibits 1, 1A, 1B, 1C and 2 are
10 admitted into Evidence.)

11 MR. BRUCKMANN: We're also going to
12 be moving in at this time Exhibits 3 through 5.

13 JUDGE FOELAK: Hearing no objections,
14 Exhibits 3 through 5 are admitted.

15 MR. BRUCKMANN: Exhibit --

16 MR. MOELLER: Question -- question --
17 objection on that -- objection on the legality of
18 the -- of the proceeding. I'm -- and I'm sorry, Your
19 Honor, I am not an attorney on this, but it leads to
20 kind of the crux of -- of whether the -- the 8(e)
21 8(d) is legal or not, as well as the subpoena and
22 everything associated with it.

23 JUDGE FOELAK: Okay. Well, what I
24 tried to explain to you, you make this argument
25 afterwards.

1 MR. MOELLER: Okay.

2 JUDGE FOELAK: I mean, if -- if his
3 exhibits are real -- I mean, if he made up a fake
4 subpoena and you claimed you didn't answer it, that
5 would be certainly grounds for objection, but in
6 your papers you've talked about the subpoena. So, I
7 guess it exists. And that's -- that's the reason
8 for having it as an exhibit, so that we can see what
9 it is.

10 MR. MOELLER: Okay. Understood, Your
11 Honor.

12 JUDGE FOELAK: Okay. So --

13 MR. ZHOU: Your Honor, I have one
14 question.

15 JUDGE FOELAK: Yes.

16 MR. ZHOU: So, when the Division's
17 saying the evidence exhibit, in addition to 1, 1A,
18 can the Division add the entire document name so
19 that we do not need to go back to the list of the
20 contents of tables to see, What does this document
21 refer to? We cannot remember what A is, what B is,
22 but if the Division says the full name of the
23 document it will be easy for us to know what the
24 Division is talking about.

25 JUDGE FOELAK: Okay. No, very good.

1 I'm sure it's easy enough to say Form S-1 or
2 something like that. Of course, they're only -- you
3 have already seen their list. And, therefore, if
4 you have specific objections, you already know
5 about them. It's not like they're pulling these
6 numbers -- you know, that they're new. And probably
7 they're just going to -- well, I mean -- I mean, I
8 see what you mean. Like, maybe they decide they
9 don't want number 17 and they go right to 18 and --
10 but still, you've got the list right there.

11 MR. BRUCKMANN: Your Honor, I'm happy
12 to proceed with naming the exhibits.

13 JUDGE FOELAK: Okay. Okay. He will
14 name -- he will name the topics or the
15 subjects of the exhibits.

16 Okay, very good.

17 Does anyone have anything else?

18 MR. BRUCKMANN: I have additional
19 exhibits, Your Honor, if that's all right.

20 JUDGE FOELAK: Oh, yes.

21 MR. BRUCKMANN: And I don't believe,
22 Your Honor, ruled on Exhibits 3, 4 and 5. And for
23 the clarity of the record, Exhibit 3 is the
24 June 15th, 2022 subpoena to American CryptoFed for
25 documents, Exhibit 4 is the June 21st, 2022 subpoena

1 response from American CryptoFed, and Exhibit 5 is
2 the June 28th, 2022 subpoena to Mr. Moeller for
3 testimony.

4 JUDGE FOELAK: Okay. Thank you.
5 Exhibits -- Division Exhibits 3, 4 and 5 are
6 admitted.

7 (Whereupon, Exhibits 3, 4 and 5 are admitted into
8 Evidence.)

9 MR. BRUCKMANN: The Division also
10 moves in Exhibit 8 which is a Form RW filed by
11 American CryptoFed on July 5th, 2022.

12 JUDGE FOELAK: Okay. Exhibit 8 is
13 admitted.

14 (Whereupon, Exhibit 8 is admitted into Evidence.)

15 MR. ZHOU: Can you slow down a little
16 bit?

17 MR. BRUCKMANN: Yes.

18 The Division also moves in Exhibit 9
19 which is an August 4th, 2022 SEC correspondence
20 regarding the June 21st, 2022 subpoena response.

21 JUDGE FOELAK: Exhibit 9 is admitted.

22 (Whereupon, Exhibit 9 is admitted into Evidence.)

23 MR. BRUCKMANN: The Division moves in
24 Exhibit 12, which is a Form S-1 filing instruction.

25 JUDGE FOELAK: Exhibit 12 is

1 admitted.

2 (Whereupon, Exhibit 12 is admitted into Evidence.)

3 MR. MOELLER: Hold on. One second.

4 MR. BRUCKMANN: Division moves in
5 Exhibit 13, which is a May 30th, 2022 letter
6 regarding American CryptoFed's request for cease and
7 desist.

8 JUDGE FOELAK: Exhibit 13 is
9 admitted.

10 (Whereupon, Exhibit 13 is admitted into Evidence.)

11 MR. BRUCKMANN: The Division moves in
12 Exhibit 15 which is an October 27th, 2022 letter
13 regarding American CryptoFed's fair notice defense.

14 JUDGE FOELAK: Exhibit 15 is
15 admitted.

16 (Whereupon, Exhibit 15 is admitted into Evidence.)

17 MR. BRUCKMANN: The Division moves in
18 Exhibit 16 which is a November 1st, 2022 letter
19 regarding American CryptoFed's fair notice defense.

20 JUDGE FOELAK: Exhibit 16 is
21 admitted.

22 (Whereupon, Exhibit 16 is admitted into Evidence.)

23 MR. BRUCKMANN: The Division moves in
24 Exhibits 17 and 18 which are October 8th, 2021
25 correspondence regarding the Form 10 and the Form

1 S-1.

2 JUDGE FOELAK: Exhibits 17 and 18 are
3 admitted.

4 (Whereupon, Exhibits 17 and 18 are admitted into
5 Evidence.)

6 MR. BRUCKMANN: And the Division
7 moves in Exhibit 19 which is an October 12th, 2021
8 American CryptoFed letter to the Commission.

9 JUDGE FOELAK: Exhibit 19 is
10 admitted.

11 (Whereupon, Exhibit 19 is admitted into Evidence.)

12 MR. MOELLER: Sorry, Your Honor --
13 oh, sorry, I didn't mean to interrupt you.

14 JUDGE FOELAK: Yes, sir.

15 MR. MOELLER: Just a question. The
16 Division didn't move to Exhibit 14 which is the
17 declaration of Mr. Dobbie. Now, is that because it
18 was duplicated in -- in ours?

19 MR. BRUCKMANN: We are not moving
20 that declaration in at this time, Your Honor. We
21 intend to call Mr. Dobbie to give testimony.

22 JUDGE FOELAK: Okay. They're not
23 moving it. So, you can't have any objection to
24 that.

25 MR. MOELLER: Okay.

1 MR. BRUCKMANN: If Mr. Moeller wants
2 to put the declaration in during his case, I don't
3 think we would object, but we're proceeding by live
4 testimony today.

5 JUDGE FOELAK: Right. That's the
6 idea. They don't need the declaration because he's
7 going to testify in person.

8 Okay, Mr. Zhou.

9 MR. ZHOU: So, we still can point out
10 what he said on the declaration?

11 JUDGE FOELAK: That's right. For
12 example, if he says something today that is exactly
13 the opposite of what he said in the declaration,
14 that is -- that is -- you would maybe want to point
15 that out.

16 Yes, sir.

17 MR. ZHOU: And how long can we get
18 the transcript of every day's discussion, like,
19 proceeding like today so that we really try to make
20 sure what he said -- Mr. Dobbie said on the
21 declaration which may not contradict with what he
22 said in a live testimony.

23 JUDGE FOELAK: I don't quite
24 understand. When he testifies you'll hear him and
25 you've got the declaration, so.

1 MR. ZHOU: Your Honor, sometimes I
2 hear it, but after that I may forget. I'm a human being,
3 we are close to these things. So, we need to make sure we do
4 not cite the wrong thing.

5 JUDGE FOELAK: Okay. Well, you can
6 always ask the court reporter to repeat the -- what
7 was said because she is taking it down in such a
8 manner that she can read it back or after --
9 afterwards you can look at the transcript.

10 MR. BRUCKMANN: Your Honor, I can
11 maybe make this just procedurally easier. I'll move
12 in Mr. Dobbie's declaration as Exhibit 14 at this
13 time as long as that doesn't preclude the Division
14 from offering in-person testimony.

15 JUDGE FOELAK: Okay. That -- that
16 should -- go ahead.

17 MR. ZHOU: Objection. We want that
18 declaration in there because it's already in there.

19 JUDGE FOELAK: Yes. Right. Right.
20 He's -- he's asking that it be accepted into
21 evidence.

22 MR. ZHOU: Okay.

23 JUDGE FOELAK: It's what you want -- okay.
24 So, Exhibit 14 is admitted.

25 (Whereupon, Exhibit 14 is admitted into Evidence.)

1 MR. BRUCKMANN: And to the extent
2 that Mr. Dobbie says something today that Mr. Zhou
3 or Mr. Moeller believe contradicts the declaration,
4 they'll have the transcript during the post-briefing
5 process if they order one from the court reporter
6 and can compare those two things in the record and
7 make any arguments that they see fit.

8 JUDGE FOELAK: Do you understand
9 that, Mr. Zhou? You'll have a written transcript of
10 what was said today and you'll have the written
11 declaration at the same -- at the same time.

12 Yes, sir?

13 MR. ZHOU: Thank you.

14 The problem is how fast we can get
15 the transcript.

16 JUDGE FOELAK: Well, you don't have
17 to -- when you make your -- when you point out the
18 contradiction you're going to point that out
19 afterwards and say that that shows he didn't know
20 what he was talking about or something.

21 MR. BRUCKMANN: Your Honor, the
22 Division understands --

23 JUDGE FOELAK: If you don't
24 understand -- if you don't understand something he
25 just said today you can ask the court reporter to

1 read it back.

2 MR. BRUCKMANN: Your Honor, the
3 Division understands from arranging for the court
4 reporter that the transcript is likely to be
5 available for purchase in two to three business
6 days. So, certainly it will be available in plenty
7 of time to be used during any reasonable
8 post-hearing briefing schedule.

9 JUDGE FOELAK: Okay, very good.

10 MR. ZHOU: Thank you.

11 JUDGE FOELAK: Okay. Does anyone
12 have anything more?

13 MR. MOELLER: And, I'm sorry, the --
14 the -- yeah. No.

15 MR. BRUCKMANN: Your Honor, with
16 that, I'd like to turn it over to Mr. Zerwitz who is
17 going to examine Mr. Dobbie who is will be our first
18 witness.

19 MR. ZERWITZ: May I begin, Your
20 Honor?

21 JUDGE FOELAK: Mr. Dobbie is muted.
22 Okay.

23 MR. ZERWITZ: Your Honor --

24 JUDGE FOELAK: First call him and
25 then I'll swear him in under oath.

1 MR. ZERWITZ: All right. The -- the
2 Division of Enforcement would like to call Justin
3 Dobbie to the stand.

4 JUDGE FOELAK: Okay. Mr. Dobbie,
5 please raise your right hand.

6 Do you solemnly swear that the
7 testimony you are about to give at this hearing
8 shall be the truth, the whole truth and nothing but
9 the truth?

10 THE WITNESS: I do.

11 JUDGE FOELAK: Okay. Thank you.

12 Please proceed.

13 Whereupon,

14 JUSTIN DOBBIE,
15 was called as a witness and, having first been duly sworn,
16 was examined and testified as follows:

17 EXAMINATION

18 BY MR. ZERWITZ:

19 **Q Mr. Dobbie, can you please state your**
20 **full name for the record?**

21 A Justin Thomas Dobbie.

22 **Q And where do you work, Mr. Dobbie?**

23 A I work at the United States
24 Securities and Exchange Commission.

25 **Q And how long have you worked at the**

1 **Commission?**

2 A I have worked at the Commission since
3 2008.

4 **Q What is your current position?**

5 A My current position is Acting Office
6 Chief in the Office of Finance in the Division of
7 Corporation Finance at the SEC.

8 **Q And how long have you been the acting**
9 **chief of that office?**

10 A I've been the acting office chief for
11 approximately 14 months.

12 **Q Mr. Dobbie, what is the Office of**
13 **Finance?**

14 A The Office of Finance is one of eight
15 offices that we have in our disclosure review
16 program in the Division of Corporation Finance. Our
17 disclosure review program, we review filings made by
18 existing reporting public companies, as well as
19 companies looking to enter into the public reporting
20 regime either through an offering or a registration
21 of a class of securities. And our office in
22 particular reviews filings made by companies that
23 fall under what we call the -- the finance industry
24 designation.

25 **Q And, Mr. Dobbie, do -- generally do**

1 **companies in the crypto space fall under your**
2 **purview?**

3 A Yes, they do.

4 Q **Could you describe the -- the make up**
5 **of the Office of Finance, how -- how it's arranged?**

6 A Sure. So, the office is comprised
7 of -- of teams of attorneys and accountants. We
8 divide them into what we call branches. So, the
9 office currently has two legal branches. Each of
10 those branches would have approximately five to
11 seven attorneys that would be supervised by a legal
12 manager. And then, we have three accounting
13 branches that would be supervised by an accounting
14 manager. Again, approximately five to seven
15 accountants in each branch. And those are -- are
16 the members of the team that conduct the filing
17 reviews in the office.

18 Q **And all those people you just**
19 **described report either directly or indirectly up to**
20 **you?**

21 A That is correct.

22 Q **What are your duties as the acting**
23 **chief of the Office of Finance?**

24 A As the acting office chief I am
25 ultimately responsible for the entirety of the

1 disclosure review program conducted by our office
2 with respect to the finance industry companies. As
3 part of that, again, I supervise that team of -- of
4 five managers who ultimately supervise the teams
5 of -- of attorneys and accountants that are
6 conducting the filing reviews. And as -- as part of
7 my day-to-day duties, I also participate in certain
8 of the filing reviews. Particularly with respect to
9 certain, you know, complex, novel or -- or high
10 profile filings that we work on.

11 **Q Now, you mentioned that you started**
12 **at the Commission back in 2008. Could you briefly**
13 **describe the various positions that you've held**
14 **since you started at the Commission?**

15 **A Sure.**

16 So, when I joined in 2008, I joined
17 the Office of -- of Finance. I was a -- a staff
18 attorney at the time. And our filing reviews are
19 typically staffed by two attorneys and -- and two
20 accountants, one that we call an exam level attorney
21 and then there's sort of a second-level attorney
22 that reviews their work. And then, the same happens
23 on the accounting side.

24 From 2008 until about 2010 I was an
25 exam level attorney in the Office of Finance

1 reviewing filings. 2010 I was promoted to the
2 position of special counsel in the Office of
3 Transportation and Leisure. Again, similarly
4 structured office, but in that case the companies
5 that we reviewed were in the transportation and
6 leisure industries.

7 As a special counsel, I became a
8 second reviewer. So, I was reviewing the work of
9 exam level attorneys. I also had additional
10 responsibilities related to managing our
11 confidential treatment request program.

12 Then, in 2011 I was promoted to the
13 legal branch chief in the Office of Transportation
14 and Leisure. So, at that time I became responsible
15 for the direct management of the teams of attorneys
16 doing the filing reviews. I also continued to
17 participate in the filing reviews myself.

18 In 2019, my team was moved from the
19 Office of Transportation and Leisure to the Office
20 of Finance as part of an internal reorganization.
21 And so, from 2019 until 2021 I was the legal branch
22 chief in the Office of Finance. Again, supervising
23 a team of attorneys and participating in filing
24 reviews.

25 And then, as I mentioned earlier,

1 about 14 months ago I was asked to serve as the
2 acting office chief in the Office of Finance.

3 **Q Okay. Thank you, Mr. Dobbie.**

4 **Is it fair to say that for the past**
5 **14 years since you began with the Commission that**
6 **you've either directly reviewed or supervised**
7 **attorneys who have reviewed securities filings made**
8 **by issuers with the Commission?**

9 A Yes, it is.

10 **Q Okay. Did you have occasion to**
11 **supervise the review of any filings made by the**
12 **respondent American CryptoFed?**

13 A Yes, I did.

14 **Q What filings by American CryptoFed**
15 **did -- did you and your team review?**

16 A We reviewed two filings made by
17 American CryptoFed: A registration statement on Form
18 10 for the registration of two classes of securities
19 under the Exchange Act of 1934, and then a
20 subsequently filed registration statement on Form
21 S-1 for the registration of the offer and sale of
22 securities. In that case, two securities, under the
23 Securities Act of 1933.

24 **Q Okay. Mr. Dobbie, did you personally**
25 **participate in the review of those registration**

1 **statements?**

2 A Yes, I did.

3 MR. ZERWITZ: And, Your Honor, just
4 for the record, we've already moved into evidence
5 Exhibit 1, which is American CryptoFed's Form S-1,
6 and Exhibit 2, which is American CryptoFed's Form 10,
7 the registration statement.

8 **Q Mr. Dobbie, what is a Form S-1?**

9 A A Form S-1 is the general form of
10 registration for the public offer and sale of
11 securities under the Federal Securities Laws. And
12 what the form does, for any registrant interested in
13 making such a public offer and sale of securities is
14 provides the disclosure requirements in order to
15 conduct such an offer and sale.

16 **Q Now, I would like to show you what**
17 **has been moved into evidence as Exhibit 12.**

18 MR. ZERWITZ: If we could post
19 Exhibit 12 on the screen, please?

20 **Q And -- and, Mr. Dobbie, do you have a**
21 **hard copy of Exhibit 12 with you?**

22 A Yes, I do.

23 **Q Okay. Thank you.**

24 **Mr. Dobbie, do you recognize this**
25 **document?**

1 A Yes. This is a -- a -- a blank Form
2 S-1.

3 Q And does this -- does Exhibit 12,
4 this blank Form S-1, contain instructions as to how
5 a Form S-1 is to be completed?

6 A Yes, it does.

7 Q Are these instructions available to
8 the general public?

9 A Yes, they are.

10 Q All right. I'd like to direct your
11 attention to the fourth page of Exhibit 12.

12 MR. ZERWITZ: If we could turn to the
13 fourth page.

14 Q There's a section starting at the
15 top, Part One: Information Required in Prospectus.
16 What purpose does this section serve?

17 A So -- so, this section, which is a
18 list of items on pages -- four and then the pages that
19 follow -- this points the registrant to the particular
20 registrations that they need to look to in order to
21 provide the disclosure that meets the requirements
22 of the form. And -- and so, it goes sort of topic
23 by topic pointing the issuer in many cases to
24 particular items in Regulation S-K with respect to
25 things like business, plan of distribution and other

1 disclosures related to the offering. And also points
2 the registrant to Regulation S-X for the
3 requirements related to financial statements that
4 are required to be included in the prospectus that
5 is used, that is delivered to investors for purposes
6 of the offer and sale of securities.

7 Q And just so that the record is -- is
8 clear, you referred to Regulation S as in Sam, K as
9 in -- K as in -- what's a good word? Kitchen. And
10 Regulation S-X. So, S again as in Sam, X as in
11 X-ray; is that right?

12 A That's correct. Yes, sir.

13 Q Now, specifically, what are
14 Regulations S-K and S-X?

15 A Regulations S-K and S-X, as -- as you
16 can see in the form, are -- are particular items
17 that -- that, again, go through the particular
18 disclosure requirements for each of the subsections
19 in the form. So, it points the registrant for each
20 of the subtopics to the particular information that
21 is required to be included in various disclosure
22 documents under the Federal Securities Laws. And
23 in -- in this case, those that are applicable to a
24 registration statement on Form S-1.

25 Q And are the provisions within

1 **Regulation S-K and Regulation S-X available to the**
2 **public?**

3 A Yes, they are.

4 Q Now, Mr. Dobbie, when your team
5 **reviews an initial registration statement filing by a**
6 **new issuer, what does that review entail?**

7 A Well, when a -- when a new filing
8 comes in and gets routed to our office, we start the
9 process by conducting what we call a screening of
10 the filing. And the -- the screening stage, at that
11 stage it serves sort of two primary purposes. The
12 first is to make sure that the filing has been
13 routed to the correct industry office that -- that
14 belongs to our particular office as opposed to
15 another industry office. And then, the second is to
16 determine the level of review that we are going to
17 conduct on the filing.

18 In our filing review program we have
19 what's called a selective review program where
20 different filings get different levels of review.
21 Some filings get what we call a full review in which
22 case we would assign a team of two attorneys and two
23 accountants to perform a cover to cover review and
24 typically send a comment letter to the issuer within
25 approximately 30 days of filing.

1 In other instances, we perform what
2 we call a targeted review, where the screening team
3 will identify either one or a discrete set of issues
4 for a team to review and comment on. And then, a
5 third type of review is called a "no review" where the
6 screening team determines that we are not going to
7 perform a substantive review and not going to issue
8 comments on the filing. And the team would then
9 send a letter to the issuer to that effect.

10 **Q And what type of review did American**
11 **CryptoFed's Form S-1 receive?**

12 A Well, you know, as -- as an initial
13 filer, initial filers typically get what we call a
14 full review. They would have gotten a full review
15 where we would have assigned a team of two attorneys
16 and two accountants. However, during the screening
17 stage we identified certain very significant
18 deficiencies in the filing such that we did not
19 conduct a full review of the filing, and send what we
20 would think of as a fulsome set of comments on all
21 of the issues identified. But rather, we identified
22 certain critical material deficiencies and
23 communicated those -- the deficiencies to American
24 CryptoFed.

25 **Q Okay. Now, Mr. Dobbie, I'd like to**

1 go over some of the areas in which you found that
2 American CryptoFed's Form S-1 is deficient.

3 MR. ZERWITZ: If we could turn to the
4 next page of Exhibit 12. Right at the top of page
5 five there's a provision 11E.

6 Q So, directing your attention to item
7 11E, what information is required to be included in
8 a Form S-1 based on the provisions of this section?

9 A So, item 11E requires the registrant
10 to provide financial statements that meet the
11 requirements of Regulation S-X. And -- and so, in
12 Regulation S-X, the registrant will see that they
13 will be required to provide audited annual financial
14 statements, as well as unaudited interim financial
15 statements.

16 Q Now, why are financial statements
17 required to be included in a Form S-1?

18 A You know, the financial statements
19 are obviously at the core of the disclosure regime.
20 They provide investors with an understanding of both
21 the financial condition of the issuer of the
22 securities, as well as, the results of the issuer to
23 date. And, in addition, they're required to be
24 audited such that investors can understand that an
25 expert in accounting has gone and performed audit

1 procedures and signed an audit opinion as to the
2 fact that the -- the financial statements have --
3 fairly and accurately present the financial
4 condition and result in operations of the issuer of
5 the securities.

6 Q Mr. Dobbie, did American CryptoFed
7 provide the information required in item 11E of Form
8 S-1?

9 A No, they did not.

10 Q Did American CryptoFed provide
11 financial statements, either audited or unaudited,
12 in their Form S-1?

13 A No. The Form S-1 does not contain
14 financial statements, audited or unaudited, of any
15 kind.

16 Q Thank you.

17 I'd now like to direct your attention
18 to a couple of paragraphs further down item 11H.
19 So, directing your attention to that -- that
20 provision of -- item 11H, what information is
21 required to be included in a Form S-1 under this
22 section?

23 A So, item 11H requires the registrant
24 to provide information that's required by item 303
25 of Regulation S-K. And what item 303 requires is a

1 section that's called Management's Discussion and
2 Analysis of Financial Condition and Results of
3 Operations or MD&A for short.

4 And what this section does is provide
5 narrative disclosure through the eyes of management
6 analyzing the financial condition and results of
7 operations of the issuer as presented in the
8 required financial statements. So, it's narrative
9 disclosure that accompanies the financial statement
10 and provides management -- management's views of the
11 condition of the issuer.

12 Q Did American CryptoFed's Form S-1
13 contain the information required in item 11H of Form
14 S-1?

15 A No, it did not.

16 Q All right.

17 MR. ZERWITZ: If we could go to
18 Exhibit 1 which is American CryptoFed's Form S-1.

19 Q I want to direct your attention to
20 page 29 of that exhibit.

21 Can you see the exhibit on the
22 screen, Mr. Dobbie?

23 A Yes, I can.

24 Q Okay. Specifically directing you --
25 MR. ZERWITZ: If you could scroll

1 down to the bottom of that page, please.

2 Q There's a discussion at paragraph ten
3 that's actually titled, Management's Discussion and
4 Analysis of Financial Condition and Results of
5 Operation. Why doesn't the information contained in
6 this section comply with the requirements of item
7 11H?

8 A Well, as you can see here, the
9 only -- the only disclosure provided in response to
10 this item is that no accounting or audit is needed
11 because CryptoFed does not have any revenue or
12 costs, but the statement that the issuer does not
13 have any revenue or costs does not obviate the need
14 for the issuer to provide financial statements
15 reflecting whatever revenues that they may or may
16 not have or whatever costs they may or may not have.

17 And -- and so, to start out with,
18 this section is, again, intended to provide
19 narrative disclosure accompanying the financial
20 statements. And it would not be uncommon for an
21 early or development issuer to have no or nominal
22 revenues or no or nominal costs, but the mere fact
23 that they don't have any revenues or the revenues
24 are nominal or they don't have any costs or the
25 revenues are -- or they don't have any costs does

1 not mean that they're not required to -- to: One,
2 provide the audited and unaudited financial
3 statements reflecting their financial conditions and
4 results; and then, secondarily, providing the item
5 303 disclosure in which again they analyze the
6 financial condition as well as the results of
7 operations to provide a reader with an understanding
8 of how it is that the registrant has performed to
9 date and how it is that the registrant expects to
10 execute its business plan.

11 **Q Well, how can American CryptoFed**
12 **provide financial statements or discussion of its**
13 **financial condition if it doesn't have any revenues**
14 **or costs?**

15 **A** It is -- it's certainly not uncommon
16 in my experience to see a development stage issuer
17 prepare financial statements of that entity and have
18 those financial statements audited and provide those
19 financial statements and a registration statement in
20 Form S-1.

21 So, they would merely need to prepare
22 the financial statements of the issuer, in this case
23 American CryptoFed DAO, LLC, have those financial
24 statements audited regardless of whether they
25 reflect significant revenues or no revenues,

1 significant costs or no costs. And then, present
2 those in -- in the filing as required by the form.

3 Q Thank you.

4 MR. ZERWITZ: Now, if we could go
5 back to Exhibit 12 which is the -- the blank Form
6 S-1 and the instructions for Form S-1.

7 Q And I'd like to direct your attention
8 a little further down that page, please, to -- to
9 item 11M.

10 What information is required to be
11 included in a Form S-1 pursuant to item 11M?

12 A So, item 11M requires the registrant
13 to provide information that is required by item 403
14 of Regulation S-K. And what item 403 requires is
15 disclosure related to a security ownership of
16 certain beneficial owners and management of the
17 issuer.

18 So, in particular, it requires
19 tabular disclosure of the ownership interest and the
20 voting securities of the issuer of certain members
21 of management as well as others who beneficially own
22 five percent or more of the voting securities of the
23 issuer.

24 Q Did American CryptoFed provide the
25 information required in item 11M of Form S-1?

1 A No. They did not provide all of the
2 required information. Nor did they provide it in
3 the form in which it's required.

4 Q Okay.

5 MR. ZERWITZ: I'd like to go back to
6 Exhibit 1, please. Specifically page 32. And if we
7 can scroll down to paragraph 17, please.

8 Q And -- and before I direct your
9 attention to 17. Is -- is Exhibit 1, which is --
10 has been moved into evidence as American CryptoFed's
11 Form S-1. I just want to confirm that that is the
12 form -- the registration statement of American
13 CryptoFed that -- that you reviewed; is that
14 correct?

15 A I did. Yes, it is. That is correct.

16 Q All right. Thank you.

17 So, in paragraph 17 on page three --
18 I'm sorry, we're on page 32. There's a section
19 that's titled, Principal and Selling Stockholders
20 Security Ownership of Beneficial Owners and
21 Management Shares Eligible for Future Sale. Why is
22 the information in this section not sufficient to
23 comply with the requirements of item 11M?

24 A Well, again, what item 11M requires
25 is -- is tabular disclosure like a table that

1 provides the reader with an understanding of who at
2 the management of the issuer, as well as certain
3 five percent or larger holders, own or could acquire
4 in the next 60 days voting securities of the issuer.

5 What this section does is make
6 reference to certain Locke tokens that have been
7 promised to the chief executive officer of American
8 CryptoFed, but it doesn't -- it does not provide any
9 disclosure about which -- which of the classes of
10 securities of American CryptoFed are voting
11 securities and who holds those securities.

12 So, for example, there are references
13 elsewhere in the document to a company called mShift
14 as sole member of the limited liability company.
15 So, to the extent that mShift is an owner of voting
16 securities of the limited liability company, they
17 would be required to include a table identifying
18 mShift as the owner of whatever percentage of those
19 voting securities they held. And, as a legal
20 entity, they would also be required to include
21 disclosure identifying the natural persons at mShift
22 who exercised voting control over those securities.
23 Again, so a reader can understand who is it that can
24 make the voting decisions that -- that influence or
25 impact the management of the company.

1 In addition, as I mentioned, there
2 are -- there is a reference here to two billion
3 Locke tokens to be promised to the CEO. To the
4 extent that is a class of voting securities, that's
5 required to be disclosed here as well. There are
6 also other references throughout the document to
7 other Locke tokens promised to either other
8 organizers of American CryptoFed, as well as, up to
9 15 other unidentified people or entities that have
10 been promised Locke tokens. Again, without any
11 tabular disclosure quantifying anyone who owns five
12 percent or more of a voting class of securities,
13 whether it be Locke tokens or limited liability
14 company interests in American CryptoFed.

15 **Q Thank you.**

16 **Now, on the -- the last sentence**
17 **of -- of that section 17 there's a sentence that**
18 **says: CryptoFed will file two-Form 8-K to provide**
19 **update November 15, 2021 and December 31, 2021**
20 **respectively. Do you see that?**

21 **A Yes, I do.**

22 **Q Did American CryptoFed file any Form**
23 **8-Ks?**

24 **A No, they did not.**

25 **Q Now, I'd like to direct your**

1 attention to the next paragraph which is in section
2 18. So, a little lower on that page. I'm sorry,
3 actually, it goes onto the next page. And there is
4 a line starting on the -- the second line of that
5 paragraph where it says: As of September 14th,
6 2021, out of a maximum authorized finite number of
7 ten trillion Locke tokens, less than point two
8 percent has been granted or promised to less than 15
9 people as service providers free of charge.

10 Do you see where I just read?

11 A Yes, I do.

12 Q And did I read that accurately?

13 A Yes, you did.

14 Q Now, point two percent of ten
15 trillion tokens is 20 billion. What did the Form
16 S-1 disclose about the up to 15 people to whom up to
17 20 billion Locke tokens had been granted or
18 promised?

19 A Other than the reference on the
20 previous page to the tokens promised to the CEO, as
21 well as, references to tokens that would be
22 allocated to the two other organizers of American
23 CryptoFed, it does not provide any specific
24 disclosure about how many or -- or who those other
25 tokens were granted to.

1 MR. ZERWITZ: Now, if we could go
2 back to Exhibit 12, please.

3 **Q Directing your attention to item 11L**
4 **which is -- is about two thirds down the information**
5 **shown on the screen. What information is required**
6 **to be disclosed in a Form S-1 pursuant to item 11L?**

7 A So, item 11L requires a registrant to
8 provide information that's required by item 402 of
9 Regulation S-K. Now, what item 402 requires is
10 certain disclosure regarding executive compensation.

11 In particular, it requires the
12 registrant to provide, in a table, what -- what is
13 called a summary compensation table in which the
14 compensation paid to its named executive officers is
15 quantified for the most recently completed fiscal
16 year. And the table -- the -- the instructions in
17 item 402 direct the issuer to quantify by category,
18 for example, salary, other perks, stock options, any
19 other grants. And then, at the end of the
20 quantification, to provide a total compensation
21 number. So, an investor can understand what the
22 compensation that was paid to the named executive
23 officers was for the most recently completed fiscal
24 year.

25 **Q Does American CryptoFed's Form S-1**

1 **contain adequate information about compensation to**
2 **be paid to its executive officers?**

3 A No. It does not provide
4 information -- adequate information in the form
5 required with the contents required to meet the
6 requirements of item 402.

7 Q **All right.**

8 MR. ZERWITZ: If we could go back to
9 Exhibit 1 which is American CryptoFed's Form S-1.

10 Q **Directing you now to page 31 of**
11 **Exhibit 1, Section 14 which is titled, Executive**
12 **Compensation.**

13 **Is the information that is reflected**
14 **in -- in paragraph 14 adequate to comply with the**
15 **requirements of item 11L?**

16 A No, it is not. As you can see, first
17 off, there's no table here that -- that quantifies
18 each category of compensation that was paid to the
19 named executive officers of the issuer. And in
20 addition, it is unclear which parts of the
21 information that are provided here are responsive to
22 what item 402 requires.

23 You'll see that there is a reference
24 to an annual salary of \$150,000.00 to be paid to the
25 chief executive officer, but the reference states

1 that the chief executive officer is on mShift's
2 payroll. So, the disclosure is unclear as to
3 whether that compensation was paid for the chief
4 executive officer's services to mShift or whether it
5 was paid for -- for services to American CryptoFed.

6 In addition, there's also here a
7 reference to two billion Locke tokens promised to
8 the chief executive officer. To the extent that
9 constitutes compensation required to be disclosed in
10 the table, they would be required to quantify the
11 grant date fair value of those tokens granted and
12 then add that to any other compensation paid to the
13 chief executive officer. Again, so a reader can
14 understand the total compensation quantified that
15 had been paid to the named executive officers of
16 American CryptoFed.

17 I would also note that there is
18 disclosure elsewhere in the S-1 that refers to other
19 tokens that were either promised or granted to other
20 organizers of American CryptoFed. To the extent
21 those other organizers are -- meet the definition of
22 a named executive officer of American CryptoFed,
23 they would similarly be required to be included into
24 the table and the grant date fair value of those
25 tokens would be required to be disclosed so a reader

1 could understand what compensation was being paid to
2 those named executive officers in the most recently
3 completed fiscal year.

4 **Q Thank you.**

5 MR. ZERWITZ: Now, if we could go
6 back to Exhibit 12, please. And if we could scroll
7 up to the preceding page.

8 **Q Item 11A, what information is**
9 **required to be enclosed -- included in a Form S-1**
10 **pursuant to item 11A?**

11 A So, item 11A requires the registrant
12 to provide information that is required by item 101
13 of Regulation S-K. And item 101 is called, The
14 Description of Business. And what that requires is
15 the registrant to describe the historical
16 development of their business to date. And also,
17 provide a discussion of the intended business to be
18 conducted. Among other things.

19 **Q And so, under this section you said**
20 **the historical as well as the impending. So, the**
21 **disclosure needs to be on the historical basis --**
22 **the historical situation of the business, the**
23 **current situation of the business and then,**
24 **presumably, the -- the future expectations of the**
25 **business; is that correct?**

1 A Yeah, that is -- that is correct.
2 The idea is to provide the reader with an
3 understanding of how the business has been developed
4 to date. Including, existing products or services.
5 To the extent that the issuer is a development stage
6 issuer and its products or services or its business
7 is -- is still in development and forward-looking in
8 nature, then the registrant would -- would, again,
9 need to provide a balanced discussion explaining to
10 a reader what they have done to date, what the
11 current state of their operations are. And then,
12 with respect to any intended products or services or
13 business that they're going to conduct provide a
14 reader with an understanding of what -- what it is
15 that they intend to do or what the timeline would be
16 for that, what the costs associated with developing
17 the business would be so a reader can understand the
18 prospects of the business meeting the intended
19 purpose.

20 **Q Does American CryptoFed's Form S-1**
21 **contain a description of the general development of**
22 **the -- of the business that complies with the**
23 **requirements of item 11A?**

24 A No, it does not.

25 **Q All right.**

1 MR. ZERWITZ: If we could go, again,
2 back to Exhibit 1 which is American CryptoFed's Form
3 S-1.

4 **Q And directing your attention to page**
5 **31, paragraph 12.**

6 **In the Form S-1 there's a discussion**
7 **that's titled, Business. Why does this paragraph**
8 **fail to conform with the requirements of item 11A?**

9 A Well, as you can see here, it -- it
10 contains a very brief business section. And what it
11 appears that they're intending do with this business
12 section is to refer the reader to disclosure that is
13 contained in another document that they filed with
14 the Commission. Namely, the registration statement
15 on Form 10 that was filed the day before the S-1.

16 So, it appears that what they are
17 trying to do is incorporate the disclosure from
18 another document by reference into this document,
19 but American CryptoFed at the time of filing this
20 S-1 was not eligible to incorporate that disclosure
21 by reference. And so, the reference here does not
22 meet the requirements of the form.

23 **Q Mr. Dobbie, even if it -- if American**
24 **CryptoFed were eligible to do that, is the**
25 **information --**

1 MR. ZERWITZ: I'm sorry, Your Honor,
2 were you trying -- I wasn't sure if you were trying
3 to say something. Okay, my apologies.

4 **Q Mr. Dobbie, even if it was -- if**
5 **American CryptoFed was permitted to incorporate the**
6 **information from -- from the other registration**
7 **statement into this one, was the information that**
8 **was reflected in -- in the other registration**
9 **statement adequate to comply with the requirements**
10 **of item 101 of Regulation S-K?**

11 A No, it was not.

12 **Q Why not?**

13 A So, the -- the disclosure under
14 the -- the business section in the Form 10, while it
15 does contain some of the disclosure that is required
16 by item 101, overall it does not meet the
17 requirements of -- of item 101 and, therefore, the
18 form.

19 Much of the disclosure in the Form 10
20 related to the business is aspirational and -- and
21 focuses on -- on a future state regarding -- so,
22 distribution and operation of the tokens that has
23 not yet taken place, but the disclosure is not
24 balanced by a discussion of: One, a focus on what
25 the development of the business has been to date,

1 nor, does it provide a reader with a reasonable
2 understanding of what the current state of affairs
3 are at the issuer, as well as, what the timeline
4 would be and what the costs would be in order to
5 develop the business in -- in the manner in which
6 the registrant intends.

7 In addition, there are large sections
8 in the business disclosure that are not responsive
9 to item 101 of Regulation S-K whatsoever. Large
10 portions of the document are quotes and excerpts
11 from -- from others and are not disclosure presented
12 by the issuer. And in a large part, there are
13 sections that read more like an academic paper
14 rather than disclosure that's intended to provide a
15 reader with an understanding of what the current and
16 intended business of American CryptoFed.

17 **Q Thank you.**

18 MR. ZERWITZ: Now, if we could go
19 back to Exhibit 12, please. If we could scroll down
20 to the next page. I'm sorry, it might be page --
21 right at the bottom there.

22 **Q My next question is about item 16.**
23 **What information is required to be included pursuant**
24 **to item 16A?**

25 A So, item 16A of Form S-1 requires the

1 registrant to furnish certain exhibits that are
2 required by item 601 of Regulation S-K. And what
3 item 601 of Regulation S-K requires is, there's a
4 table identifying certain documents related to the
5 registrant that the registrant has to file and
6 attach as exhibits to its registration statements.

7 Examples of -- of types of documents
8 that are required to be filed as exhibits would
9 include material contracts of the issuer. So, for
10 example, that would include management agreements,
11 employment agreements, any related party agreements
12 between, for example, American CryptoFed and mShift.
13 In addition to material contracts, item 601 of
14 Regulation S-K also requires the issuer to file an
15 opinion of counsel as to the legality of the
16 securities being registered on the form.

17 **Q Did American CryptoFed's Form S-1**
18 **contain as exhibits any other required material**
19 **contracts?**

20 A It did not include any material
21 contracts as exhibits to the Form S-1.

22 **Q And did the Form S-1 contain as an**
23 **exhibit any legal opinions?**

24 A No. It did not contain the required
25 legality opinion.

1 Q Now, Mr. Dobbie, as -- as part of
2 your review of American CryptoFed's Form S-1, did
3 you determine whether the Form S-1 contains any
4 misleading statements?

5 A Yes, I did.

6 Q What did you find misleading in
7 American CryptoFed's Form S-1?

8 A Well, at the -- at the outset of the
9 document in -- in the -- what's called the fee table
10 that -- that appears on the first page or two of the
11 document, the registrant identifies the two tokens,
12 the Locke token and the Ducat token, as the two
13 classes of securities that are being -- that the
14 offer and sale of which are being registered on the
15 Form S-1. And, again, the registration statement on
16 the Form S-1, the purpose of filing such a
17 registration statement is to register the offer and
18 sale of securities. And -- and that's what's
19 identified in the fee table.

20 However, on the page that -- that
21 follows the -- the cover page of the prospectus,
22 American CryptoFed discloses that they are
23 registering the Locke and Ducat tokens as what they
24 call utility tokens, but then they go on to say that
25 they are not registering them as securities. So, we

1 identified that as -- as an obvious contradiction.
2 And with respect to a reasonable leader of the
3 registration statement, something that would not
4 only be confusing, but misleading.

5 **Q All right.**

6 MR. ZERWITZ: Well, let's -- if we
7 can pull back up Exhibit 1. And if we can turn to
8 the third page of Exhibit 1. If we go to the top of
9 page three.

10 **Q You mentioned a disclosure in the fee**
11 **table. Is this the disclosure on page three of**
12 **Exhibit 1 that -- to which you were referring?**

13 A Yes, that is correct. You can see
14 the title is, Calculation of Registration Fee. And
15 then, the first column of the table says, Title of
16 Each Class of Securities to be Registered. And then
17 below that it identifies Ducat as one of the classes
18 of securities and then Locke as the other class of
19 security being registered.

20 **Q All right.**

21 MR. ZERWITZ: And now, if we can go
22 to the next page, page four of Exhibit 1. And if we
23 could scroll down to the paragraph after the --

24 **Q Is -- is -- is this paragraph where**
25 **you described that American CryptoFed subsequently**

1 **disavows that the -- the Locke and Ducat tokens**
2 **are -- as securities?**

3 A That's correct. I think it's the --
4 the third sentence here: CryptoFed is registering
5 both Locke and Ducat tokens with the SEC as utility
6 tokens not as securities.

7 Q Now, Mr. Dobbie, did your office ever
8 **inform American CryptoFed of the deficiencies and**
9 **misrepresentations that you've just described?**

10 A Yes, we did.

11 Q And how did you do that?

12 A Well, as I mentioned before, we --
13 you know, we started by conducting a screening. And
14 then, after we completed our screening and
15 identified these deficiencies, members of my team
16 reached out to American CryptoFed and ultimately
17 were able to set up a phone call with American
18 Crypto -- principals of American CryptoFed in which
19 they identified these particular deficiencies over
20 the phone and -- and explained that there would be a
21 need to file a substantive amendment to correct the
22 deficiencies.

23 Q Following that phone -- phone
24 **conversation did your office follow-up with any**
25 **correspondence to American CryptoFed?**

1 A Yes, we did. A couple of days after
2 we made the phone call we then sent them a letter in
3 which we stated that our preliminary review of the
4 filing indicated that we had concluded that it was
5 seriously deficient. And that we were going to
6 defer further review and not issue further comments
7 until the substantive deficiencies that were
8 identified were addressed in a substantive amendment
9 to the registration statement on Form S-1.

10 Q Now, Mr. Dobbie, earlier you -- you
11 mentioned that American CryptoFed in fact had filed
12 two registration statements, a Form S-1 and a Form
13 10. Was the review process for those two
14 registration statements performed independently
15 or -- or were they collective?

16 A So, the review process for the Form
17 10 and the Form S-1 was conducted by the same team.
18 They were -- as I mentioned earlier, they were filed
19 within a day of each other. And so, the -- the team
20 that was looking at the Form S-1 was the same team
21 that was looking at the Form 10.

22 Q And so, the -- the phone conversation
23 that you described between your team and American
24 CryptoFed, was that a discussion that concerned both
25 registration statements or just the Form S-1?

1 A No. That -- that conversation
2 addressed both registration statements. Both the
3 Form 10 as well as the S-1.

4 Q Did the deficiencies and
5 misrepresentations that you've described in your
6 testimony here today, were those with respect to --
7 to the S-1 and the Form 10 or were those just unique
8 to the S-1?

9 A So, much of the disclosure that's
10 required in a registration statement on Form 10 is
11 similar to the disclosure that's required in a
12 registration statement on Form S-1. The one key
13 distinction between the two registration statements
14 is -- is one is just merely registering a class and
15 entering into the -- the 1934 Act reporting regime.
16 Whereas, the other relates to the offer and sale of
17 securities, but most of the disclosure in the two
18 forms that is required is the same.

19 And so, the information that was
20 communicated by my team and that I have discussed
21 today largely overlaps both forms. And so, the
22 communication about the deficiencies in most cases
23 did apply to both the registration statement on Form
24 10, as well as, the registration statement on Form
25 S-1.

1 Q Okay. So, I'd like to show you
2 what's been moved into evidence as Exhibit 17.

3 Do you have a hard copy of Exhibit 17
4 with you?

5 A Yes, I do.

6 Q Okay. Do you recognize this
7 document?

8 A Yes, I do.

9 Q And what is this document?

10 A This document is the letter that we
11 sent to American CryptoFed on October 8th, 2021
12 related to the deficiencies identified in the
13 registration statement on Form 10.

14 Q Okay.

15 MR. ZERWITZ: And if we could pull up
16 Exhibit 18, please.

17 Q Do you recognize what's been moved
18 into evidence as Exhibit 18?

19 A Yes, I do.

20 Q And what is this document?

21 A This is a letter that was sent to
22 American CryptoFed on October 8th related to the
23 registration statement on Form S-1.

24 Q Now, Mr. Dobbie, did you review these
25 letters before they were sent to American CryptoFed?

1 A Yes, I did.

2 Q And they appear to be the true and
3 accurate copies of the actual letters that were sent
4 on October 8th, 2021?

5 A Yes, they do.

6 Q Now, you mentioned that these letters
7 were sent following a phone conversation between
8 your team and American CryptoFed. What was the
9 purpose of sending these two letters?

10 A Well, again, you know, consistent
11 with our typical process, when we see a filing that
12 contains such significant deficiencies as we did in
13 American CryptoFed, we typically pick up the phone
14 to discuss the filing with the issuer, identify
15 those deficiencies. And then, what we do is
16 ultimately we send a letter to them in which we are
17 effectively memorializing that conversation. And
18 letting the issuer know what it needs to do to
19 proceed with the filing -- a continued filing review
20 of the registration statement.

21 And in the case of the registration
22 statement on Form S-1, you know, those deficiencies
23 were so serious that we sent them this letter which
24 we call a serious deficiencies letter in which we
25 informed them that they should not assume that

1 they're filing can be relied -- relied upon for the
2 purposes of section 5C of the Securities Act,
3 meaning, the ability to make offers and sales. And
4 then we post the letter on our website so any
5 investor who -- potential investor who might go onto
6 the SEC.gov website and find the registration
7 statement on Form S-1 filed by American CryptoFed
8 would also see the letter that was sent by us
9 identifying the fact that our preliminary review of
10 the filing found that it failed to comply with the
11 requirements of the '33 Act as well as the rules and
12 regulations thereunder.

13 **Q Did American CryptoFed respond to**
14 **your office's October 8th, 2021 letters?**

15 A American CryptoFed did send in
16 correspondence a number of days later in which they
17 appeared to attempt to respond to certain of the --
18 the deficiencies that we identified.

19 **Q All right. I'd like to show you**
20 **what's been moved into evidence as Exhibit 19.**

21 MR. ZERWITZ: I don't know if we can
22 zoom in a little bit. Yeah. Thank you.

23 **Q And can you see Exhibit 19 on the**
24 **screen?**

25 A Yes, I can.

1 Q All right. I don't know if you have
2 a hard copy of Exhibit 19 in front of you.

3 A Yes, I do.

4 Q But do you recognize --

5 A Yes.

6 Q Do you recognize this exhibit?

7 A Yes, I recognize it.

8 Q And -- and what is it?

9 A So, this is the correspondence that
10 was filed by American CryptoFed a number of days
11 after receiving our comment letter.

12 Q And it appears that the letter was
13 addressed to what was then the five commissioners of
14 the Securities and Exchange Commission and Erin
15 Purnell. Who is Ms. Purnell?

16 A Ms. Purnell was the acting legal
17 branch chief in the Office of Finance at the time.
18 She is the one who -- one of the members of the team
19 who worked on the -- both the screening and
20 participated in the conversation with American
21 CryptoFed about the deficiencies in the two filings.

22 Q And Ms. Purnell reported directly to
23 you?

24 A Yes, she did.

25 Q Did you see this letter approximately

1 when it was received by Ms. Purnell on or about
2 October 12th, 2021?

3 A Yes, I did.

4 Q And if -- if we can do it on the
5 screen or you can look at your hard copy, does this
6 letter appear to be a true and accurate copy of the
7 letter that American CryptoFed sent?

8 A Yes, it does.

9 Q And just referring to the RE line of
10 the letter. Is this a response to both the -- both
11 of the -- the October 8th letters that your office
12 sent regarding both the Form 10 and the Form S-1?

13 A Yes, it appears to be an attempt to
14 respond to -- to both the Form S -- S-1 as well as
15 the Form 10 comments.

16 Q Did American CryptoFed's letter
17 address the deficiencies in its registration
18 statements?

19 A No, it did not.

20 Q And I'd like to direct your attention
21 to page three of the letter.

22 MR. ZERWITZ: If we could scroll down
23 a little bit. There's a -- there's a Roman -- yeah,
24 there it is. The number one, if we could put that
25 on the screen, please.

1 Q So, in the middle of page three there
2 is a number one that appears to quote language from
3 the -- one of the October 8th, 2021 letters and then
4 a response. Was American CryptoFed's response to
5 the deficiencies that you noted about not having any
6 financial information or audited financial
7 statements, was their response to that deficiency
8 sufficient?

9 A No, it was not. As you can see here
10 in the -- in the first sentence of this response,
11 they -- they merely repeat what is stated in -- in
12 both the Form 10, as well as, the S-1 that American
13 CryptoFed does not have and will never have any
14 revenues or costs. But as we explained to them
15 when -- when we discussed the deficiencies with
16 them, and as -- as you can see from the requirements
17 of Regulation S -- S-X, the mere fact that an issuer
18 doesn't have revenues or doesn't have costs, does
19 not mean that the revenues -- that the issuer is not
20 required to prepare the financial statements meeting
21 the requirements of Regulation S-X, as well as, have
22 those financial statements audited by an independent
23 accounting firm.

24 So they, did provide a response, but
25 they did not provide anything that actually

1 responded to the comment or -- or was persuasive
2 that they had met the requirements of the form.

3 **Q Mr. Dobbie, is one of the reasons for**
4 **requiring audited financial statements to verify an**
5 **issuer's claim as to the -- the revenue and costs**
6 **that they -- they report or the lack of revenue or**
7 **costs?**

8 A That is correct. That is one of the
9 functions that an independent accounting firm
10 performs. They will perform audit procedures and
11 ultimately provide an opinion. And they will take
12 liability as an expert in accounting with respect to
13 that particular registration statement. Again,
14 providing the -- the potential investor with a level
15 of comfort that an independent auditor has evaluated
16 the financial statements prepared by the issuer and
17 is willing to issue an opinion that the financial
18 statements fairly and accurately present the
19 financial condition of that issuer.

20 **Q Now, Mr. Dobbie, after American**
21 **CryptoFed sent the letter to the Commissioners, did**
22 **you or your office engage any further with them?**

23 A Yes, we did. I tried on a number of
24 occasions to call American CryptoFed. I left a
25 number of -- of voice mails, again, to attempt to

1 discuss both of the registration statements and the
2 deficiencies that we identified. However, after
3 leaving a number of voice mails I received an e-mail
4 from one of the principals of American CryptoFed
5 indicated -- indicating that they were not going to
6 return my phone call and -- and were not going to
7 engage in any further conversations with the staff
8 and indicated that they would only correspond with
9 the staff in writing.

10 Q Okay. To your knowledge, has
11 American CryptoFed filed an amended Form S-1 to
12 include any of the material information that has
13 been omitted from their initial Form S-1 filing?

14 A No. American CryptoFed has not filed
15 an amended Form S-1.

16 Q And so, Exhibit 1, the Form S-1 that
17 we've been looking at, is still the most recent Form
18 S-1 filing that American CryptoFed has -- has filed
19 with the Commission?

20 A That is correct.

21 MR. ZERWITZ: Thank you, Your Honor.
22 At this point we have no further questions for Mr.
23 Dobbie.

24 JUDGE FOELAK: Mr. Moeller, do you
25 want to start your cross-examination now or would

1 you like a short break?

2 MR. MOELLER: I'd -- I'd prefer if we
3 could have a short break and then we could start the
4 examination. And I -- I think that Mr. Zhou -- Zhou
5 would be better to do it than I.

6 JUDGE FOELAK: Okay. How about 15
7 minutes?

8 MR. MOELLER: Great.

9 MR. BRUCKMANN: That's fine with us,
10 Your Honor.

11 JUDGE FOELAK: Okay. Sounds good.
12 So, quarter to 12 here anyway.

13 MR. MOELLER: And, I'm sorry, Your
14 Honor, I think Zhou has a question.

15 MR. ZHOU: Yeah. At the beginning
16 when we come back, can we move into our exhibit list
17 so that we can have document to do the
18 cross-examination?

19 JUDGE FOELAK: Of course. Of course.
20 What you're saying is you want to use certain of
21 your exhibits to question him about in your
22 questioning?

23 MR. ZHOU: Yes, because we have close
24 to 50 exhibits that we delivered yesterday. And in
25 joint filings we also have the list. So, we want to

1 go through that one by one first before we can do
2 the cross-examination.

3 JUDGE FOELAK: Well, wait a minute.
4 Well -- okay. 50 sounds like a lot. Are you going
5 to use all 50 with Mr. Dobbie?

6 MR. ZHOU: Yes. We need most of them
7 or at least there are a few we need because without
8 that --

9 JUDGE FOELAK: Okay. Okay. I
10 understand. Theoretically, will the Commission have
11 any objection to him moving all 50 exhibits in, sort
12 of, summarily?

13 MR. BRUCKMANN: So, Your Honor, we do
14 have objections to approximately a half dozen of the
15 exhibits. Normally, it would not be proper for an
16 respondent to wholesale move their exhibits in
17 during the Division's case. Understanding that Mr.
18 Zhou and Mr. Moeller are not attorneys, we are
19 willing to accommodate that procedural deviation and
20 address the exhibits before they begin
21 cross-examining Mr. Dobbie if that makes it easier
22 for them.

23 Our only request would be that I
24 would be the one responding to their efforts to move
25 the exhibits in rather than Mr. Zerwitz. Mr.

1 Zerwitz will then continue to be the point person on
2 the cross-examination for any objections we have
3 during that, but if we're going to wholesale go
4 through the list, I would like to be the one
5 addressing that.

6 JUDGE FOELAK: Oh, okay.

7 Two points, due to the peculiar
8 posture of this case, they can proceed as if on
9 direct. So, would it be a good idea if you got
10 together with them before this and said, you know,
11 I -- we -- these are the ones we object to. Can you
12 just move all the rest of them? If -- you know,
13 maybe that would be convenient. It seems like there
14 was a whole lot -- they had a whole lot of exhibits
15 and you -- you would only object to a few of them.

16 MR. BRUCKMANN: Yeah. I mean, we
17 could -- we could e-mail them now so they can look
18 at that on the break. It's more than a handful
19 looking at it here, Your Honor.

20 And the argument for nearly all of
21 the ones that we object to is that they are letters
22 that American CryptoFed has sent to the Division
23 making legal arguments. And those legal arguments
24 are just simply not proper exhibits. So, I don't
25 think we're going to need to argue exhibit by

1 exhibit. It really is a -- a single argument that
2 exhibits -- letters that make certain legal
3 arguments are not proper evidence in a hearing.

4 JUDGE FOELAK: Well, of course,
5 examining any of the witnesses on the law is not on
6 the table as I've tried to explain. How about if
7 you e-mail them a list of all the ones you think you
8 don't object to and maybe that will speed things up.

9 MR. BRUCKMANN: What I can do, Your
10 Honor --

11 JUDGE FOELAK: Or your object to
12 list. Whatever.

13 MR. BRUCKMANN: Your Honor, I can
14 e-mail them. And if you want, I can CC your
15 chambers a -- a table that lists every single one of
16 their exhibits and whether we have an objection to
17 it.

18 JUDGE FOELAK: Okay.

19 MR. BRUCKMANN: All right. I will --
20 I will do that as soon as we go on break.

21 MR. ZERWITZ: Your Honor.

22 JUDGE FOELAK: Go ahead.

23 MR. ZERWITZ: I'm sorry. This is Mr.
24 Zerwitz. I was going to point out that of course we
25 reserve our -- our right to -- to object to their

1 use of -- of -- even if we agree to the admission of
2 the exhibit, it's used with Mr. Dobbie, we reserve
3 any right to object to its use with Mr. Dobbie.

4 JUDGE FOELAK: Theoretically, yes.

5 MR. ZHOU: Your Honor, can I say
6 something?

7 JUDGE FOELAK: Yes, sir.

8 MR. ZHOU: We have more than one year
9 communications with the Division, both Enforcement
10 and -- and Corporation Finance. All those
11 documentations show our effort how to comply with
12 the existing law. And those documentations we would
13 represent a comprehensive case so that we can
14 understand the argument of both sides. Because of
15 the shorter time, only ten days, which including two
16 weekend and one federal holidays, we only have five
17 business days.

18 So, when we exchange all of those
19 lists based on complying your order so we exchange
20 all those lists, but the total pages of our
21 exhibits -- exhibit can -- can exceed more than 500
22 pages. I already index all of them. We already
23 send to your chamber and the Division. We don't
24 think they have the right to object our
25 communication to them and their communication to us.

1 Given the people they want to produce
2 for witness, we -- we can be flexible. We cannot
3 argue with them with very short period of time say,
4 we agree with them or we not agree with them. We
5 need a prehearing conference under your watch to go
6 through this exhibit one by one so that there will
7 be no bias without judicial judge like you to look
8 at all those documents whether should be admitted or
9 not. Otherwise, we will be seriously prejudiced,
10 biased under.

11 Scott, can you follow-up?

12 JUDGE FOELAK: Okay. So, you --
13 okay. So, A, in order to speed things up, I -- I
14 don't think that Mr. Bruckmann is saying these
15 things are -- didn't happen. That the letters
16 weren't sent or something. He's just saying they're
17 not relevant to examining Mr. Dobbie.

18 I mean, he's not saying -- he's not
19 saying that you made them up, you know, today and
20 never sent them. He's saying because there's -- I
21 mean, I guess your -- your thought is, well this,
22 shows we were trying to do the right thing.

23 MR. BRUCKMANN: Your Honor, I think I
24 have a suggested solution. The Division would agree
25 to let the -- let all of the exhibits come into the

1 record for the purposes of this proceeding as long
2 as the Division is allowed to argue in its
3 post-hearing briefing that certain exhibits are
4 irrelevant to any of the issues in this proceeding.
5 As long as the Division retains its right, as Mr.
6 Zerwitz said, to object to certain lines of
7 questioning regarding the exhibits with Mr. Dobbie.
8 In particular, if they attempt to question Mr.
9 Dobbie regarding either internal deliberations or
10 legal issues. And that way it's in the record for
11 the purposes of the record, but the Division is not
12 prejudiced by agreeing that these things are
13 relevant to the issues before, Your Honor.

14 JUDGE FOELAK: Okay. Mr. Zhou, did
15 you -- did you hear that? You could put them in and
16 they may argue later on that they don't show
17 anything.

18 MR. ZHOU: Here is the thing, Your
19 Honor, our -- our application Form S-1 has not been
20 effective yet.

21 JUDGE FOELAK: Okay. Sir, you're
22 going into a legal argument that you make after the
23 hearing.

24 MR. ZHOU: No. Okay. We -- we need
25 Mr. Dobbie as a corporation finance to be

1 responsible for all those cases those documents
2 which --

3 JUDGE FOELAK: You can make that
4 argument after -- you can make that argument in your
5 legal papers. All he's saying is he won't object to
6 your 50 exhibits coming in to move it along. Later,
7 in response to your legal papers, he will -- he will
8 say that they're irrelevant or don't matter or
9 something like that.

10 MR. ZHOU: Okay. So, I said --

11 JUDGE FOELAK: He's come up with a
12 very efficient solution.

13 MR. ZHOU: Okay.

14 JUDGE FOELAK: So we're not wasting
15 time.

16 MR. ZHOU: Good. So, we can cross
17 Mr. Dobbie using our all our exhibits?

18 JUDGE FOELAK: Well, you've got --
19 the exhibits are in evidence. Whether or not you
20 can ask him about a -- you know, some legal theory
21 or something like that, that is certainly open to
22 objection. And, in fact, you cannot ask him about
23 legal theories. Those -- legal theories are for you
24 to put in legal papers after the hearing.

25 MR. ZHOU: Okay. Okay. Thank you.

1 JUDGE FOELAK: Everybody happy?

2 MR. BRUCKMANN: Yes.

3 JUDGE FOELAK: Okay. Yes, sir.

4 Mr. Moeller?

5 MR. MOELLER: Oh, no, I'm fine. I'm
6 happy.

7 JUDGE FOELAK: Oh, okay. Good.

8 Okay, in 15 minutes then.

9 MR. BRUCKMANN: All right. Thank
10 you, Your Honor.

11 JUDGE FOELAK: Shall I admit -- okay,
12 I'll exhibit respondent exhibits 1 to 50 or --

13 MR. MOELLER: 50 yeah.

14 JUDGE FOELAK: Okay. Respondent
15 exhibits 1 through 50 are admitted.

16 (Whereupon, Respondent Exhibits 1 through 50
17 admitted into Evidence.)

18 MR. BRUCKMANN: Your Honor, I'll note
19 for the record, there are a couple of missing
20 exhibit numbers on that list and we're happy to work
21 with Ms. Shields to identify a proper list with all
22 of the exhibits that Respondent identified and
23 produced we -- are coming in, but just to be clear,
24 there are a couple of missing numbers.

25 JUDGE FOELAK: Okay. Thank you.

1 (Brief recess taken at 11:43 a.m. Eastern Time.)

2 JUDGE FOELAK: Mr. Zhou, you can
3 proceed with your cross-examination.

4 MR. ZHOU: Okay. Thank you.

5 So, let me start with correcting -- I
6 want to correct one error of the Division's Exhibit
7 19 on the list. The date on the list of the joint
8 filing is still 10/10/21.

9 Scott, can you make sure?

10 MR. MOELLER: Yeah. On my last
11 version that I have, the hard copy, it says 10/10
12 and I believe that should be 10/12. And we had a
13 discussion with the Division on it and they agreed
14 it was, I believe, an inadvertent error. So, it's
15 still there. So, I just want to make sure on the
16 record that it is October 12th, 2021 letter.

17 MR. ZERWITZ: Yes. Exhibit 19, the
18 date of the letter that's Exhibit 19 is
19 October 12th, 2021.

20 JUDGE FOELAK: Okay. Right. So,
21 what he's saying is, he's not saying the exhibit is
22 wrong. He's just saying the title on the -- just a
23 plain list?

24 MR. MOELLER: Yes.

25 JUDGE FOELAK: Okay. Fine. Fine.

1 Okay. Okay. No -- no problem. That is not really
2 in evidence. So, you don't -- I mean, you want to
3 get it right with Ms. Shields, you know, when you
4 finalize everything, but -- okay. You may go ahead,
5 Mr. Zhou.

6 MR. ZHOU: Okay. Can I ask the
7 Division to show up their -- Division's Exhibit No.
8 1, American CryptoFed Form S-1 Registration
9 Statement, page three.

10 MR. ZERWITZ: I'm sorry. So, you'd
11 like us to share that exhibit. Is that what you're
12 asking?

13 MR. ZHOU: Yes. You put it up
14 before.

15 MR. ZERWITZ: Okay.

16 JUDGE FOELAK: Page three, right.

17 MR. ZERWITZ: Okay. Is that what you
18 wanted, Mr. Zhou?

19 MR. ZHOU: Can you scroll down a
20 little bit to showing the delaying amendment.

21 JUDGE FOELAK: Okay. Sir, the
22 exhibit is in evidence and it is also a matter of
23 official record. Do you know -- I mean, we know
24 there's a delaying amendment.

25 MR. ZHOU: Anybody dispute about the

1 delaying amendment in Form S-1?

2 JUDGE FOELAK: The form is what it
3 is. It's an official record of the Commission. You
4 don't have to ask anybody whether they dispute it or
5 whether it's really there or -- or whatever.
6 There's no doubt there's a delaying amendment.

7 MR. ZHOU: Thank you, Your Honor.

8 BY MR. ZHOU:

9 **Q Mr. Dobbie, in the OIP page one there**
10 **is a statement from the Division state that the Form**
11 **S-1 is not yet effective; is that correct?**

12 JUDGE FOELAK: Sir, once again, that
13 is a matter of public record and it's really not
14 appropriate to ask Mr. Dobbie. It's unnecessary.
15 It just wastes time.

16 MR. ZHOU: Okay. Thank you, Your
17 Honor.

18 **Q I want to go to our record of -- let**
19 **me see -- show the number to you. Number 13,**
20 **October 29, 2021st, the letter from American**
21 **CryptoFed.**

22 JUDGE FOELAK: Okay. We see that.

23 **Q Yeah. In this letter, if you scroll**
24 **down a little bit, we ask -- we ask Ms. Tarasevich**
25 **to respond to our October 12, 21st letter. You can**

1 scroll down a little bit to find that.

2 So, you can see the second paragraph
3 of this page, Mr. Dobbie, do you -- did you know
4 anyone respond to this request?

5 MR. ZERWITZ: Objection.

6 JUDGE FOELAK: Yes, sir.

7 Once again, I think you're trying to
8 pursue a legal theory that -- that -- that the staff
9 had a requirement to answer you questions, but
10 whatever. So, the objection is sustained.

11 MR. ZHOU: Your Honor, I just want
12 confirm the fact there are two copy and
13 communication we did with the Division and the
14 Corporate Finance.

15 JUDGE FOELAK: Okay. You asked them
16 both the same thing and were not satisfied with
17 their non response? Something like that.

18 MR. ZHOU: I just want -- yeah. I
19 just want confirm, ask him whether he know this
20 request and whether they responded.

21 MR. ZERWITZ: And, Your Honor, I
22 would just point out, all these letters have now
23 been moved into evidence, you know. So, they're all
24 part of the record already. There's been no
25 foundation laid whatsoever that Mr. Dobbie has seen

1 this letter. This letter appears to concern the
2 Form 10 filing. And so, we're going to renew our
3 objection for just -- just lack of foundation.

4 JUDGE FOELAK: Well, I'll overrule
5 the objection for the purpose -- you can answer
6 whether you knew about the -- whether you knew if
7 there was any response, Mr. Dobbie, which -- which
8 doesn't prove anything one way or the other.

9 A I'm sorry, could you -- could you
10 repeat the question you would like me to answer?

11 JUDGE FOELAK: Okay. He's asking
12 do -- do you know whether anybody ever responded to
13 these questions they were asking.

14 MR. DOBBIE: Right.

15 JUDGE FOELAK: To your knowledge.

16 A I can't -- I can't speak to whether
17 or not this -- I don't her name.

18 JUDGE FOELAK: Okay. Very good.

19 Please move on, Mr. Zhou.

20 Go ahead, sir.

21 MR. ZHOU: My turn?

22 JUDGE FOELAK: Yes. Yes.

23 MR. ZHOU: Let's go to evidence 14,
24 October 30, 2021 letter.

25 JUDGE FOELAK: Okay. We're looking

1 at that now.

2 MR. ZHOU: So, you can see all the
3 names including Ms. Erin Purnell.

4 Can you scroll down -- scroll down a
5 little bit. All the attorneys are here. You can
6 see the names. We -- first paragraph we are asking
7 for Division to schedule time.

8 JUDGE FOELAK: Yes.

9 MR. ZHOU: And you can see the second
10 paragraph still we requested answer to our letter
11 point to point responding --

12 JUDGE FOELAK: Yes. Yes. We can see
13 that.

14 MR. ZHOU: -- from corporate finances?

15 JUDGE FOELAK: Yeah we see that.

16 **Q Mr. Dobbie, are you have personal --**
17 **do you have any personal knowledge about this**
18 **letter? Do you know anybody respond to this?**

19 A I -- I can't speak to whether or not
20 Ms. Tarasevich responded to this letter or not.

21 JUDGE FOELAK: Okay. Sir, he has no
22 personal knowledge. Mr. Zhou, go ahead.

23 **Q Number 15, November 3rd, same similar**
24 **letter.**

25 MR. ZHOU: If you scroll down a

1 little bit. Stop, please.

2 **Q This is the follow-up on October 30**
3 **still request for the response from either**
4 **Corporation Finance Division or the Enforcement**
5 **Division.**

6 **Mr. Dobbie, do you have personal**
7 **knowledge about this letter and do you have any**
8 **personal knowledge knowing someone already respond**
9 **to this?**

10 MR. ZERWITZ: Your Honor, I'll renew
11 the objection as to lack of foundation.

12 JUDGE FOELAK: Okay. Mr. Zhou --
13 okay.

14 Mr. Zhou, move on from here. It's
15 perfectly clear from the records there's been no
16 response to your -- the interrogation of your 12
17 point -- your point by point -- not 12 points. Your
18 12 -- your point by point interrogation of several
19 questions which all -- which all are of a legal
20 nature. So, move on to another topic.

21 MR. ZHOU: Thank you, Your Honor.

22 Can we move to Exhibit 19, November
23 6th, '22nd.

24 **Q So, do you recognize this letter, Mr.**
25 **Dobbie? You are -- you were copied.**

1 A I haven't had a chance to review this
2 letter.

3 Q **Okay.**

4 MR. ZERWITZ: So, Mr. --

5 MR. ZHOU: Go ahead.

6 MR. ZERWITZ: I was just going to --
7 you know, given you produced all of your exhibits
8 kind of late last night, you know, Mr. Dobbie has
9 not had an opportunity to -- he doesn't have a hard
10 copies of these, hasn't had an opportunity to
11 review. So, if you'd like him to kind of -- we can
12 slowly scroll through all 20 pages, you know, for
13 him to determine whether he recalls -- recalls the
14 letter, but this is one of those exhibits I think we
15 would object, Your Honor. This is entirely legal
16 argument and totally inappropriate for use in --
17 in -- in connection with questioning Mr. Dobbie.

18 JUDGE FOELAK: Okay. Sir, Mr. Zhou,
19 I tried to explain earlier that I understand
20 respondent has a certain legal argument including
21 that the whole idea of the examination and the OIP
22 are not justified in the Securities Act. And also,
23 that some of these things asked for in the Form S-1
24 are totally unapplicable to a business like yours.
25 So you shouldn't have to answer those, but any of

1 these legal points, you can make them in your legal
2 papers after the hearing. It -- it doesn't prove or
3 disprove anything whether or not Mr. Dobbie agrees
4 with them.

5 MR. ZHOU: Your Honor?

6 JUDGE FOELAK: Yes.

7 MR. ZHOU: We are -- we are afraid of
8 our evidence would be rejected and dismissed if we
9 do not have opportunity to show here so that, Your
10 Honor, you can see we do try to comply with the
11 entire process, tried to communicate with Mr. Dobbie
12 as the chief office -- officer.

13 JUDGE FOELAK: Right. I understand
14 you had conversations and exchange of letters with
15 him. And I -- and I -- and I understand that you
16 don't really think these things are securities, but
17 you're registering them anyway because you don't
18 want the government to come after you.

19 MR. ZHOU: We have two option
20 presented to the corporation finance. If you go to
21 Exhibit 1 of the Division's exhibits, page seven,
22 which will inform the corporation division -- let's
23 go to page seven.

24 Okay. You can see starting from
25 second paragraph, if we do not have a form really

1 found good faith so we use this form, we could be
2 claim we are not a security.

3 JUDGE FOELAK: Correct. I understand
4 that, yes.

5 MR. ZHOU: Yeah. We are ready to
6 accept the SEC, the corporate finance provision, to
7 classify our tokens as a security. We do not object
8 that. So, we want this to be aware.

9 BY MR. ZHOU:

10 Q So, Mr. Dobbie, in the previous
11 testimony you said you review this. Did you see
12 this paragraph?

13 A Yes, I did.

14 Q So, you fully understand we are
15 willing to accept our Locke and Ducat as a security?

16 MR. ZERWITZ: I'm going to object.
17 The question calls for speculation. I believe
18 the -- the document says what it says.

19 MR. ZHOU: So, can I proceed?

20 JUDGE FOELAK: Yes, sir.

21 MR. ZHOU: Okay.

22 JUDGE FOELAK: So, I mean, I
23 understand that's what you were trying to say and
24 that's what this document says.

25 MR. ZHOU: Okay.

1 JUDGE FOELAK: Which is in evidence.

2 MR. ZHOU: Yes.

3 Q Okay. Can I ask, Mr. Dobbie, do you
4 have knowledge when there was an OIP issued against
5 our Form 10?

6 JUDGE FOELAK: He's asking about the
7 administrative proceeding in reference to the form
8 filed in the -- under the Exchange Act 12J.

9 MR. DOBBIE: Yeah. I'm just not sure
10 I understand whether he's asking am I aware of the
11 OIP or I think he said am I aware of when the OIP
12 was issued. I just want to make sure I'm -- I'm
13 answering the question.

14 Q Yes. The timing, the date.

15 JUDGE FOELAK: Oh. The timing.

16 A I don't recall the date.

17 JUDGE FOELAK: That's a matter of
18 public record though.

19 Q So, about the Exhibit No. 2 the
20 Division present, Form 10, you do know there was an
21 OIP issued against it. It was issued around
22 November 10, 2021.

23 MR. ZHOU: Anybody object that date?
24 It's public record.

25 MR. ZERWITZ: We don't object. I

1 don't recall the exact date, but certainly, if
2 you're saying in or around -- on or around that
3 date, sure. And you're right, it is a public
4 record. So, whatever the date is we -- we agree.

5 MR. ZHOU: So -- thank you.

6 JUDGE FOELAK: Actually,
7 November 10th is what it says in the OIP for this
8 hearing. November 10th is the date when the other
9 OIP was issued, but it's just a matter of record.

10 MR. ZERWITZ: Then we will stipulate
11 to that date of course.

12 MR. ZHOU: Okay.

13 BY MR. ZHOU:

14 Q So, in your -- Mr. Dobbie, in your
15 previous testimony you said we did not file
16 additional, what we said, in Form 10 and Form S-1.
17 However --

18 MR. ZHOU: Go ahead.

19 MR. ZERWITZ: I wasn't -- I didn't
20 know if you were done with your question or not. I
21 am -- I was going to object vague because I didn't
22 understand what the question was, but maybe I
23 interrupted you midstream.

24 MR. ZHOU: Okay. So, let me make it
25 more -- more clear. Let's go to the Exhibit 1,

1 Division's Exhibit 1.

2 MR. ZERWITZ: Okay.

3 MR. ZHOU: There is -- I forgot which
4 page. Let's scroll down a little bit to item one.
5 Item one.

6 So, we said in that item one the Form
7 S-1 depend on the business model -- share the
8 business model with Form 10.

9 MR. ZERWITZ: I'm sorry, I'm just
10 going to object. It's not clear where you're
11 referring to. And again --

12 MR. ZHOU: Let's go to page four.

13 MR. ZERWITZ: Page four? Okay.

14 MR. ZHOU: Item one, Business.

15 MR. ZERWITZ: Item one of Business,
16 okay.

17 BY MR. ZHOU:

18 **Q We shared both Form 10 and Form S-1**
19 **together because we file it almost the same time.**
20 **Form 10 on September 16. Form S-1 filed on the next**
21 **day. Mr. Dobbie, do you object to that or do you**
22 **aware of that?**

23 **A** I don't recall the specific dates on
24 which the two filings were made, but that sounds
25 approximately correct. And I certainly recall that

1 one was filed a day after the other.

2 JUDGE FOELAK: Mr. Zhou, you are
3 aware that in the Commission's official record that
4 it shows the date of these forms when they were
5 filed.

6 MR. ZHOU: Yes, Your Honor. I want
7 to use this to cross-exam Mr. Dobbie. He testified
8 previously, said we did not follow all those Form
9 S-1 to add more information we promised to add to.
10 However, it was because we received OIP against our
11 Form 10. And our Form S-1 has delay amendment. So,
12 that's the reason we cannot add -- we could not add
13 additional information due to a litigation already
14 started.

15 MR. ZERWITZ: Your Honor, I'm going
16 to object.

17 JUDGE FOELAK: Once again, that's --
18 once again, that's a legal argument. It's something
19 you make in your papers. It has nothing to do with
20 whether Mr. Dobbie knew about this.

21 MR. ZHOU: So -- yeah.

22 Okay. Mr. Dobbie said we did not
23 file additional papers promised in Form S-1
24 previously. So, we need to confirm with Mr. Dobbie
25 whether Mr. Dobbie knew already had OIP against our

1 Form 10 which linked to Form S-1 so that we could
2 not do more even we wish to.

3 BY MR. ZHOU:

4 Q So, Mr. Dobbie, do you know those
5 links between those two forms?

6 MR. ZERWITZ: Again, Your Honor, I'm
7 going to object. I mean, I think the question is
8 vague and confusing, but it also asks for, it sounds
9 like, a legal conclusion. And Mr. Zhou is just
10 making legal arguments.

11 JUDGE FOELAK: Exactly. That's what
12 I tried to explain earlier that you can make the
13 legal arguments. And what Mr. Dobbie's opinion or
14 knowledge concerning this is sort of irrelevant.

15 MR. ZHOU: Okay. So, can we move
16 to -- thank you, Your Honor.

17 Can we move to Exhibit 19 of the
18 Division's exhibit. Page seven. Scroll down a
19 little bit. Scroll down a little bit.

20 Q Given our response to Ms. Purnell,
21 that's the paragraph, we claim there are no one
22 single item, information, we did not provide when --
23 when -- do you know that's a fact?

24 MR. ZERWITZ: Objection, Your Honor.

25 JUDGE FOELAK: Sir, once again, your

1 questioning is consistent with your legal theory
2 which is the theory that is obvious which is that
3 you filed this protect yourself against the
4 government, but you really are -- but it's really
5 inapplicable. And, therefore, you don't have the
6 information. For example, no finances. So, no
7 financial statements.

8 So I, once again, reiterate, you can
9 make these legal arguments in your post-hearing
10 brief, but asking Mr. Dobbie whether he agrees with
11 them is -- doesn't really add anything. And it's
12 not appropriate.

13 MR. ZHOU: Okay, Your Honor.

14 So, because we are under Mr. Dobbie's
15 office review we do want to know the response
16 whether he did really know that response to us or
17 not. That fact, so far, we do not receive it.

18 JUDGE FOELAK: Well, right. It's --
19 it's totally clear on the record that they never
20 responded to your questions.

21 MR. ZHOU: Okay.

22 JUDGE FOELAK: They haven't tried to
23 challenge that.

24 MR. ZHOU: Okay. Thank you, Your
25 Honor.

1 BY MR. ZHOU:

2 Q Mr. Dobbie, do you believe you have
3 obligation to -- as a reviewing officer to respond
4 to a citizen like us when we request again and
5 again?

6 JUDGE FOELAK: Go ahead and answer,
7 Mr. Dobbie.

8 A Sure. I'm wondering if -- I mean,
9 are you -- are you -- are you referring to a
10 particular type of response? As I stated before, we
11 responded to the filings, made phone calls, we sent
12 letters, we made subsequent phone calls as -- as we
13 do in the ordinary course in our filing review
14 program.

15 Q Does this letter October 12th, 2021
16 belongs to ordinary processing review of filing?

17 A Does this letter -- certainly, I'm
18 trying to answer the question.

19 This letter was -- was filed, to the
20 best of my understanding, as correspondence to the
21 SEC. Just looking at the top of the letter, it's
22 primarily addressed to the Commission. Although, it
23 does conclude a reference at the bottom to Erin
24 Purnell who communicated with American CryptoFed.

25 So, yes, we did see this letter. We

1 received it. And we did -- we did review it.

2 Q Did this letter say: Dear SEC
3 Commissioners and Staff? You know you are staff?

4 A Yes. I'm on the staff of the
5 Securities and Exchange Commission.

6 Q As you previous -- previously
7 testified, Ms. Erin Purnell was responsible for you?

8 A I previously testified that Ms.
9 Purnell reported to me.

10 Q So, you are responsible -- you did at
11 that time, even until today, you are responsible to
12 respond to this letter?

13 MR. ZERWITZ: I'm -- I'm just going
14 to object to the -- the way in which Mr. Zhou
15 phrased it I think it calls for like a legal
16 conclusion. If he wants to ask Mr. Dobbie what the
17 response was, you know, I think that -- that's fine,
18 but --

19 JUDGE FOELAK: Well, sir, are you
20 asking -- are you -- are you asking him is Mr.
21 Dobbie her boss? Yes?

22 MR. ZHOU: Previously Mr. Dobbie
23 testified he's responsible for this process review.

24 JUDGE FOELAK: Right. That he's her
25 supervisor, right. Go ahead.

1 Q So -- so, when the letter was not
2 responded, how did you handle a situation like what
3 we have, we are keeping asking for response from
4 your division?

5 A As I previously -- previously
6 testified, we did attempt on a number of occasions
7 to -- to discuss the letter, as well as, this
8 response with the principals of American CryptoFed,
9 but we were told that they -- they -- that -- that
10 you were not interested in -- in having any phone
11 calls with us any further. And -- and that you
12 would not return any of our voice mails.

13 Q When we ask in writing again and
14 again and also the October 29th, '21st letter,
15 October 30, '21st letter, November 3rd, '21 letter,
16 which is our -- which is our evidence 13, 14, 15,
17 all are address ask you for questions. And at the
18 beginning we had a Webex video conversation and Ms.
19 Tarasevich? I forgot her name, how to pronounce it.

20 Scott, can you help me to pronounce
21 her name?

22 JUDGE FOELAK: We know who you're
23 speaking of.

24 MR. ZHOU: Okay, thank you.

25 She promised that respond us in

1 writing because we want clarity. We want a record
2 so that we can review. And I'm not native English
3 speaker. So, we do prefer response in writing.

4 There are no -- there are no
5 reasons -- substantial reasons the Division of
6 Corporate Finance cannot respond to us in writing.

7 MR. ZERWITZ: All right. I'm going
8 to object to that question, but -- okay. First, I
9 wanted to -- Justin went off screen for --

10 JUDGE FOELAK: He's back.

11 MR. ZERWITZ: Mr. Dobbie -- Mr.
12 Dobbie, did you hear that full -- full question
13 or -- or did you lose connection.

14 MR. DOBBIE: Yeah, I did lose
15 connection. Can -- can you hear me now?

16 MR. ZERWITZ: Yeah. We can hear you
17 and see you. At least I can.

18 MR. DOBBIE: Okay. It's just -- I --
19 I did lose my connection, but I am back on. So,
20 if -- if there's a question for me to answer, if it
21 could be restated, that would be helpful for me.

22 JUDGE FOELAK: Ms. Court Reporter,
23 can you read his question back to him.

24 (Requested portion read back by the Reporter.)

25 MR. ZERWITZ: Your Honor, I'm going

1 to object to the question. I mean, there's a lack
2 of foundation, relevance.

3 JUDGE FOELAK: Well, he did -- he
4 did -- he did testify -- Mr. Dobbie did testify --
5 oh, there we go again. That they left various voice
6 mails and wouldn't get any replies. And, you know,
7 finally they got a -- a reply saying, We only want
8 to correspond with you in writing. And I think the
9 point of the question was to clarify that, that
10 there was a reason.

11 MR. ZERWITZ: Okay. Your Honor, that
12 is -- I would object. I think to the extent the
13 question assumes that the -- the Division --
14 either -- you know, that there was no written
15 response to any of these letters, I think that
16 assumes facts not in evidence. In fact, I think the
17 evidence suggests the exact contrary, that there
18 were responses to many, if not most, of the letters
19 submitted by American CryptoFed.

20 JUDGE FOELAK: Well, anyway, the
21 record it is what it is. If there were responses,
22 they're there. And if there weren't, they're not.
23 So, you can move on.

24 Go ahead, sir.

25 BY MR. ZHOU:

1 Q Okay. So, Mr. Dobbie, given that our
2 Form 1 -- Form S-1 have delay amendment, given there
3 are no dispute about any effectiveness of our Form
4 S-1, are you aware of any possible investors
5 could --

6 MR. ZERWITZ: I'm going to object to
7 that. I mean, I think the question is -- lacks
8 relevance and calls for a legal opinion.

9 JUDGE FOELAK: Yeah. Are --

10 MR. ZERWITZ: As well as speculation.

11 JUDGE FOELAK: You can make these
12 legal arguments in your papers, but asking him his
13 opinion on this is -- is irrelevant and just wastes
14 time.

15 MR. ZHOU: I apologize, Your Honor.

16 Let's move -- let's move to another
17 exhibit of American CryptoFed, number 19,
18 November 6, '22nd, page nine.

19 MR. ZERWITZ: Your Honor, I mean,
20 before Mr. Zhou asks a question, I think we're going
21 to object to the use of this exhibit with Mr.
22 Dobbie. I mean, there's a lack of foundation. It
23 contains -- entirely addresses legal arguments that
24 are completely inappropriate to ask Mr. Dobbie
25 about.

1 JUDGE FOELAK: Right. I agree with
2 Mr. Zerwitz.

3 As I tried to explain, you can make
4 legal arguments in your papers after the hearing,
5 but asking him his opinion is irrelevant and that's
6 why you shouldn't be doing it. It's just wasting
7 time.

8 Yes, sir.

9 MR. ZHOU: Okay. We do --

10 JUDGE FOELAK: Yes, sir.

11 MR. ZHOU: Yeah. We do believe Mr.
12 Dobbie should know the process and the responsible
13 to us. Let's go to page eleven.

14 BY MR. ZHOU:

15 Q So, on top of this is -- we copied
16 from the website for your Division. Do you
17 recognize this?

18 A Which part are you referring to
19 specifically?

20 Q The first paragraph, If a company
21 does not understand.

22 A Yes. I do recognize that -- that
23 first paragraph.

24 Q Okay. So, we can keep asking
25 questions for your response; is that correct?

1 MR. ZERWITZ: Your Honor, objection.

2 I think that calls again for a legal opinion. It's
3 unclear from the -- the little excerpt of -- of this
4 exhibit whether Mr. Dobbie is familiar with -- with
5 this document at all. If -- I mean, if Mr. Zhou
6 wants to lay a foundation for asking these, but
7 pulling a -- a paragraph out of context in a
8 document that he hasn't, you know, seen or reviewed
9 in connection with his testimony right now is
10 inappropriate and we would object to it.

11 JUDGE FOELAK: Well, I think he's
12 asking can they just keep asking questions.

13 MR. ZERWITZ: Okay.

14 JUDGE FOELAK: Which obviously they
15 can. It's a free country.

16 Go ahead, sir.

17 Okay, go ahead, Mr. Zhou.

18 MR. ZHOU: Okay. Page one of this
19 document on top, what is the date? November 6. Mr.
20 Dobbie was copied.

21 Q Mr. Dobbie, this document should not
22 be new to you. So, why do you say you are not
23 familiar with this document?

24 MR. ZERWITZ: Is there a question
25 pending?

1 MR. MOELLER: I believe Zhou asked
2 Mr. Dobbie why he was not familiar with this
3 document when it was received by him November 6,
4 2022.

5 MR. ZHOU: Correct. Thank you,
6 Scott.

7 MR. MOELLER: Apologies, Your Honor.
8 Just doing a little bit of interpretation.

9 A What I -- what I -- sorry, let me
10 just fix my audio.

11 JUDGE FOELAK: Mr. Dobbie, is muted
12 now.

13 MR. DOBBIE: Let me -- can you hear
14 me now?

15 MR. ZERWITZ: Yeah, we can hear you.

16 JUDGE FOELAK: Oh, okay. Sorry.

17 A Okay. To respond to the question,
18 all I was saying was, I -- I can see what appears to
19 be a small portion of what looks to be a longer
20 e-mail. I can certainly see my name on it. I can
21 certainly see the date of November 6, 2022. And I'm
22 certainly aware that American CryptoFed had sent a
23 number of electronic communications by e-mail, but
24 without seeing the rest of this one, I can't -- I
25 can't really say anything specific about this one in

1 particular.

2 JUDGE FOELAK: Go ahead, sir.

3 Q Mr. Dobbie, do you need more time so
4 that we can come back to ask these questions so that
5 you can be a master of the communication? Because
6 you are the -- you are responsible for filing review
7 process for a Form S-1 which has a staying delay
8 amendment.

9 JUDGE FOELAK: Sir, it doesn't really
10 matter whether he's aware of it or not. It's clear
11 on the record they didn't answer your various
12 questions. And they're not claiming they did. Then
13 you can certainly make the legal argument that with
14 the delaying amendment this should never have
15 happened, but please move on.

16 MR. ZHOU: Thank you, Your Honor.

17 JUDGE FOELAK: Go ahead.

18 MR. ZHOU: Let's go back to page
19 number 11.

20 Q So, can you look at the second
21 paragraph starting from: A company generally
22 responds to each comment in a letter of the staff
23 and, if appropriate, amends its filing. A company's
24 explanation or analysis of an issue will often
25 resolve a comment.

1 Mr. Dobbie, we respond all of this
2 with a letter on October 12th, 2021. We request for
3 additional comment in writing multiple times. Even
4 including in this November 6th, 2022 letter we still
5 request for your response. If in the case you do
6 not have response over one year usually what do you
7 do?

8 JUDGE FOELAK: Sir, once again, I
9 don't think I'm getting through to you. You're
10 making a legal argument on something -- there is no
11 doubt they didn't respond to your list of questions.
12 They're not claiming they did. Mr. Dobbie, so far,
13 has not -- they're not claiming they did. So, you
14 know just drop this line of questioning. It's a
15 legal argument. It isn't something related to
16 the -- his own personal performance of his duties.

17 MR. ZHOU: Okay. Thank you, Your
18 Honor.

19 In this letter we do ask for the
20 higher officer about reviewing about the finance and
21 Mr. Dobbie does not respond. We don't know --

22 JUDGE FOELAK: Sir, that's clear on
23 the record. I think you should drop -- forget about
24 this issue. There's no doubt he didn't respond
25 or -- and no one responded. And you can base your

1 legal arguments on that.

2 MR. ZHOU: Okay. Thank you.

3 Let's go to American CryptoFed's
4 Exhibit No. 3, the SEC Filing Review Process. Can
5 we go to the bottom, the last sentence.

6 BY MR. ZHOU:

7 Q Mr. Dobbie, do you recognize this
8 last sentence?

9 A Are you referring to the sentence
10 that starts with: To increase the transparency of
11 the review process?

12 Q Correct.

13 A Yes. I am -- I am familiar with both
14 that sentence as well as our filing review process.

15 Q Thank you.

16 Are you aware there is a non public
17 folder based on section E issued on November 9th,
18 '21st?

19 A I'm sorry, could you repeat that?
20 Did -- are you asking if I'm aware of a non public
21 order under section E? I'm not sure I understand
22 what you're referring to.

23 JUDGE FOELAK: Are you referring to
24 the non public order announcing the section E in the
25 examination?

1 MR. ZHOU: Your Honor, before --
2 okay. I'm sorry, apologize. Let's go to Exhibit 5.

3 Q Are you aware this non public order?

4 A Yes.

5 Q Thank you.

6 MR. ZHOU: Can you scroll down. Go
7 down a little bit more to show all the design
8 officers.

9 Q You can see there are a few design
10 officers are here.

11 JUDGE FOELAK: Dually noted.

12 MR. ZHOU: Yeah.

13 Q Are there anyone belongs to your
14 office, report to you?

15 A No one in that paragraph reports to
16 me.

17 Q Okay. Let's go back to section -- to
18 Exhibit 3, the SEC Filing Review Process,
19 November 28, '22nd.

20 At the bottom. Everything needed
21 transparent you already agreed with saying you know
22 that paragraph. Have you ever know of a case where
23 you investigated by a non public order during this
24 requirement of transparency?

25 MR. ZERWITZ: Objection, Your Honor.

1 JUDGE FOELAK: Yes, sir. If it's non
2 public and it's not something undertaken by the
3 Division of Corporation Finance, it's sort of -- I
4 don't really understand why you're asking him this
5 question.

6 Yes, sir.

7 MR. ZHOU: Your Honor?

8 JUDGE FOELAK: Yes.

9 MR. ZHOU: When we do a filing as a
10 citizen to a disclosure agency with delaying
11 amendment, nothing effective. And under this
12 paragraph at the bottom our filings somehow moving
13 from Corporation Finance under Mr. Dobbie's watch to
14 the Division of Enforcement which we did not know
15 until 108 days later, June 3rd this year.

16 Obviously, Mr. Dobbie recognized that
17 non public order under his watch. He just
18 testified.

19 Q So, my question is, do you have any
20 knowledge -- personal knowledge how a filing review
21 process by American CryptoFed when delaying
22 amendment is in effective, the document -- all this
23 process shift from your division to Division of
24 Enforcement? What is your personal knowledge about
25 this change?

1 MR. ZERWITZ: Your Honor, I'm going
2 to object to that question. I believe it's -- it's
3 privileged and calls for the -- information that's
4 covered by the deliberative process privilege. I
5 believe he's just been asking about the internal
6 deliberations of the various divisions of the -- of
7 the Commission.

8 JUDGE FOELAK: He may be asking when
9 was the date that it moved.

10 Go ahead, Mr. Zhou.

11 MR. ZHOU: We were -- we are told --
12 we were told, still today, this Corporation Finance
13 website at the bottom, everything need to be
14 transparent.

15 JUDGE FOELAK: Okay. Sir, are you
16 saying that his comment -- Corp Fin's comment and
17 your responses were not on the website?

18 MR. ZHOU: No.

19 JUDGE FOELAK: I mean --

20 MR. ZHOU: The -- we -- unknowingly
21 we were not told on November 9th there was a non
22 public order.

23 JUDGE FOELAK: Okay. I -- I
24 understand that, sir, that you're not -- I
25 understand that you're saying that or pointing that

1 out. You can testify you weren't told or
2 Mr. Moeller can testify you weren't told, but it
3 really is irrelevant to Mr. Dobbie.

4 And you certainly can make the legal
5 argument that -- that referring it to the Division
6 of Enforcement was inconsistent with this paragraph
7 since this is something that in it -- this -- your
8 exhibit is something which came off an SEC website
9 and it is in evidence. So, please move on.

10 MR. ZHOU: Thank you, Your Honor.

11 Let's look at Exhibit 8, November 19,
12 '22nd.

13 BY MR. ZHOU:

14 Q Mr. Dobbie, do you know this
15 testimony?

16 MR. ZERWITZ: I'm going to object to
17 relevance.

18 JUDGE FOELAK: Yes, sir. Can you
19 explain what the relevance is of this? I mean, we
20 all know in the news that Mr. Gensler has taken
21 an -- a posture that the SEC should regulate crypto,
22 but does it really matter what -- how is it relevant
23 what Mr. Dobbie thinks of it?

24 MR. ZHOU: In this testimony -- the
25 testimony, Chair Gensler said he has asked the staff

1 to talk with entrepreneurs to get their application
2 registered even with flexibility. And -- and he did
3 that. I've tried to ask him to what extent Mr.
4 Dobbie has made effort to talk to CryptoFed --
5 American CryptoFed to resolve all of the issues
6 during the filing process or instruction of the
7 Chairman Gensler.

8 A I'm sorry, was there a question that
9 you would like me to answer?

10 JUDGE FOELAK: I think he's asking
11 you what efforts did you make in carrying out the
12 thoughts that the Chairman has expressed where he
13 said: I asked the staff to encourage the filing of
14 registration statements by crypto companies --
15 crypto interests.

16 MR. ZHOU: Thank you, Your Honor.

17 A Well, I mean, I can't speak to this
18 specific testimony which I obviously haven't read
19 today, but -- but can certainly say that what we --
20 what we did in engaging with American CryptoFed was
21 consistent with our filing review process. We did
22 seek to engage. We called American CryptoFed a
23 number of times and -- and they indicated -- and --
24 and their website clearly states, to the extent they
25 don't understand a comment, we are always available

1 to speak with them. And, yet, when we left voice
2 mails they were unreturned. And we were told that
3 they didn't want to speak with us.

4 JUDGE FOELAK: Yes, sir. Go ahead,
5 Mr. Zhou.

6 Q Mr. Dobbie, are you denying the
7 written letters we sent to your division, October --
8 October 29, '21st Exhibit 13; October 20, '21st;
9 November 3rd, '21st. All of those letters were and
10 are still requesting for your response. Are you
11 denying that?

12 A I don't have all of those letters in
13 front of me. I guess I'll point out that at least
14 the one that's up on the screen, that one is
15 directed to the Division of Enforcement.

16 MR. ZHOU: Can you scroll down a
17 little bit.

18 Q Okay. You are not -- are you aware
19 our case were switched over somehow from reviewing
20 process move to Enforcement and now you are saying
21 you are not responsible for all those answers now?

22 MR. ZERWITZ: Objection, Your Honor.
23 I believe that calls for -- for privileged
24 information.

25 JUDGE FOELAK: All right. You can

1 go -- I'll overrule the objection. You can go ahead
2 and answer, but then you can move on.

3 A I guess I'll point out, again, not
4 having the entirety of these -- these letters open
5 in front of me, you know, the context in which these
6 letters were sent and -- and the subject matter of
7 these letters, there obviously was another
8 registration statement on Form 10. And you will see
9 much of the back and forth in these letters is
10 related to the effectiveness of that Form 10.

11 Q So, isn't the Form 10 also under your
12 watch?

13 A The Form 10 was filed and screened by
14 our group, yes, that is correct, but you asked that
15 question in the present tense. The Form -- the Form
16 10 has subsequently been withdrawn by American
17 CryptoFed. It's no longer a pending registration
18 statement.

19 JUDGE FOELAK: Go ahead, sir.

20 MR. ZHOU: Can you scroll up a little
21 bit, look the date of this letter.

22 Q During this time it was not
23 withdrawn.

24 A Correct.

25 Q Do you -- did you still have

1 **jurisdiction over the Form 10 at this time?**

2 JUDGE FOELAK: Sir, Mr. Dobbie,
3 without getting into internal deliberations, you can
4 tell him whether -- if you are, in general, aware of
5 what date it shifted over to Enforcement, if that's
6 what he's asking.

7 A I -- I can't recall with specificity
8 the date at which Enforcement was involved, but what
9 I -- what I certainly can recall is that we had a
10 communication -- initial communication with American
11 CryptoFed about the deficiencies. We subsequently
12 sent a letter. In response they -- they filed
13 something which we deemed to be not responsive on a
14 substantive basis to any of the deficiencies that
15 we'd identified. We attempted to communicate with
16 them multiple times and were -- were unable to make
17 contact with them via phone.

18 JUDGE FOELAK: Thank you.

19 Okay, please move on, Mr. Zhou.

20 **Q Mr. Dobbie, your division, Ms.**

21 **Purnell --**

22 MR. ZHOU: Can you scroll down a
23 little bit.

24 **Q -- did receive this communication.**

25 A I can certainly see that Ms.

1 Purnell's e-mail address is listed in the letter,
2 but I certainly couldn't testify as to whether she
3 received the e-mail or not based on my recollection.

4 Q Okay.

5 MR. ZHOU: So, let's go to Exhibit
6 19, November 6, '22nd.

7 Q Given that you are denying the
8 fact --

9 MR. ZHOU: Now, I know the charge,
10 Your Honor, always say this could be a legal theory,
11 but I want to confirm the fact. Mr. Dobbie is
12 denying the fact. So, let's move slowly to page
13 nine. Slowly go through this fact from page nine to
14 page 18. Slowly go through this.

15 MR. ZERWITZ: Your Honor, we -- we
16 previously objected to the use of this exhibit
17 with -- with Mr. Dobbie. It's irrelevant. Reading
18 this -- the contents of a submission that's already
19 been moved into evidence, there's no foundation and
20 it's just not relevant to Mr. Dobbie's testimony.

21 JUDGE FOELAK: What you are going to
22 ask him, Mr. Zhou?

23 MR. ZHOU: Mr. Dobbie said he was
24 unaware of the letter we sent.

25 JUDGE FOELAK: Okay, but it doesn't

1 make any difference. The letter is in evidence
2 whether Mr. Dobbie read it or not.

3 MR. ZHOU: So, on November 6th this
4 letter notify Mr. Dobbie again there are those
5 letters in place for our review.

6 JUDGE FOELAK: Sir, I keep -- I keep
7 telling you, the letters are in evidence. It's
8 clear that the -- that no part of the SEC ever
9 responded to -- to the particular questions that you
10 asked. So -- go ahead.

11 MR. ZHOU: Mr. Dobbie kept saying
12 they reach out to us through phone calls. And --

13 JUDGE FOELAK: Right. Right. He
14 said that. And you explained the basis why you
15 wanted to engage in written communications, correct.

16 MR. ZHOU: Yeah. He blamed us, we
17 did not respond to him.

18 JUDGE FOELAK: Okay. It's clear on
19 the record they never responded in writing to your
20 questions. So, it doesn't really matter whether Mr.
21 Dobbie or anybody else did or didn't. So, move on.

22 MR. ZHOU: Thank you, Your Honor.

23 So, let me go back to Exhibit No. 3,
24 the SEC Filing Review Process.

25 JUDGE FOELAK: And I'd point out that

1 that's in evidence too with the -- what happened is
2 not consistent with that. You can -- you can
3 already point that out. It doesn't really matter
4 whether Mr. Dobbie agrees with it or not.

5 MR. ZHOU: Yeah. Let's move to --
6 not the bottom one. Okay, let's look at company
7 response to comments.

8 MR. ZERWITZ: What page, Mr. Zhou?

9 MR. ZHOU: Yeah. Let me -- let me --

10 JUDGE FOELAK: Oh, there it is.

11 MR. ZHOU: Okay.

12 JUDGE FOELAK: Page two.

13 MR. ZHOU: Okay. Page two, the
14 second paragraph of this. I'm reading it: A
15 company generally respond to each comment in a
16 letter to the staff and, if appropriate, it amends
17 its filings. A company's explanation or analysis of
18 an issue with often -- will often resolve a comment.

19 **Q I want to ask, Mr. Dobbie, when our**
20 **written request repeatedly ask you to respond to us,**
21 **if you do not respond we believe we satisfy this**
22 **paragraph. We clear all the questions.**

23 **Do you have a personal knowledge why**
24 **we do not clear your -- your personal questions**
25 **based on this paragraph?**

1 A I reviewed the response submitted on
2 October 12th which appeared primarily to be directed
3 to -- to members of the Commission who were not
4 participating in the filing review, but also copied
5 the staff. None of the responses that were provided
6 resulted in any of the comments that we had issued.

7 We subsequently reached out a number
8 of times to communicate that and were -- were
9 told -- and, again, this is consistent with the
10 filing review process that you've put up on the
11 screen that we're always willing to speak if there's
12 a request for clarification of our comments. And we
13 were told that you didn't want to engage with us
14 over the phone. So, you had all of our written
15 comments and none of them were resolved.

16 **Q You are saying written request issued**
17 **to Commissioner and the Staff does not belong to**
18 **your responsibility to review even it included**
19 **staff?**

20 A If you're referring --

21 MR. ZERWITZ: I'm going to object.
22 I'm going to object. I think it's argumentative. I
23 think it's asked and answered.

24 JUDGE FOELAK: Well, the objection is
25 the sustained.

1 Please move on, Mr. Zhou.

2 MR. ZHOU: Okay.

3 Q So, on page three, the paragraph --
4 the top paragraph, the last sentence saying: The
5 company or its representatives to feel free to
6 involve Disclosure Program Director, the Division's
7 Deputy Director or Director at any stage in the
8 filing review process.

9 We send the request in November 6,
10 '22nd which is our Exhibit 19 letter. We don't need
11 to show that at this moment. Mr. Dobbie said he did
12 not have time to review.

13 So, do you know this is your personal
14 responsibility to respond to our request for meeting
15 those director to resolve any issues?

16 MR. ZERWITZ: Your Honor, I'm going
17 to renew my objection. I think the question, A, is
18 vague, but it's also argumentative, asked and
19 answered.

20 JUDGE FOELAK: Sir, the issue before
21 us is not whether Mr. Dobbie fulfilled his duties or
22 the duties of his office. The issue before us is on
23 the record. It's obvious they didn't answer your
24 questions. It doesn't matter if they should have,
25 but they didn't. Well, I mean, it does matter

1 legally, but go ahead.

2 Q So, the paragraph right above,
3 Closing a Filing Review, it also told us we could --
4 we can involve the Commission's Office of Chief
5 Accountant. We did the same request in the letter
6 date November 6th, '22nd. Can you admit you did not
7 respond to us?

8 JUDGE FOELAK: Sir, the non response
9 is on the record. It doesn't matter whether he
10 recognizes it or not. You can make the legal
11 argument that they never responded to your
12 questions.

13 MR. ZHOU: Thank you, Your Honor.

14 JUDGE FOELAK: Go ahead.

15 MR. ZHOU: Yeah. Some things
16 already -- always come to my mind because Mr. Dobbie
17 always said that he reached out with phone calls,
18 all those. We -- we don't believe his argument
19 is -- is -- has any merit. So, that's why --

20 JUDGE FOELAK: Which you will argue
21 in your papers.

22 MR. ZHOU: Yes. Thank you.

23 So, Your Honor, can we take a break?

24 JUDGE FOELAK: Okay. How long would
25 you like?

1 MR. ZHOU: As previously, 15 minutes.
2 I hope I can go to bathroom and drink a little bit
3 of water.

4 JUDGE FOELAK: Oh. Oh. Okay. Okay.
5 Okay. Right. Right. So, did somebody else want to
6 say something?

7 MR. BRUCKMANN: Your Honor, the
8 Division would request a half hour. It's lunchtime
9 here on the east coast. We're -- I don't think we
10 need a lot of time to eat, but we would like an
11 opportunity for a 30-minute break to eat. And we'd
12 ask that when we come back that Mr. Zhou actually
13 start asking relevant and admissible evidence
14 questions. This has been going on for some time now
15 with the same impermissible questions and it's
16 really become quite an inefficient use of time.

17 JUDGE FOELAK: Okay. Thank you,
18 Mr. Bruckmann.

19 So, let's go for half an hour, but
20 Mr. -- Mr. Zhou, I'm trying to get through to you.
21 You're making legal arguments and getting Mr. Dobbie
22 or any other witness to agree with them is
23 irrelevant in the hearing. You can make the legal
24 arguments in your papers. So, try and keep that in
25 mind, okay.

1 So, we'll come back at like quarter
2 passed. That would be quarter passed one here.
3 Quarter passed two, I guess. Okay.

4 MR. ZERWITZ: Thank you, Your Honor.
5 Thank you.

6 JUDGE FOELAK: Okay.

7 MR. ZHOU: Thank you.

8 (Lunch recess taken at 1:37 p.m. Eastern Time.)

9 A F T E R N O O N S E S S I O N

10 JUDGE FOELAK: Okay. Back on the
11 record.

12 Okay. Go ahead, Mr. Zhou.

13 MR. ZHOU: Your Honor, Scott Moeller
14 has some questions he personal know. So, I would
15 like him to take a few minutes to ask some questions
16 and then back to me. I want to get your approval.

17 JUDGE FOELAK: Okay. Mr. Moeller is
18 going to take over the cross-examination?

19 MR. MOELLER: Just to -- sorry, Your
20 Honor. Just a question or two, that's all I've got.

21 JUDGE FOELAK: Go ahead.

22 MR. MOELLER: Okay. Thank -- thank
23 you, Your Honor.

24 BY MR. MOELLER:

25 Q Hello, Mr. Dobbie. I -- I just had

1 a -- a couple of brief questions for you. One --
2 one was -- and it's just been tickling on the back
3 of my mind, because you mentioned a few times that
4 the Division had made multiple outbound calls to
5 American CryptoFed and -- and left multiple voice
6 mails. Do you have a record of that? Because I
7 don't remember multiple. I remember a couple, but I
8 don't remember many, many times where -- where the
9 Division of Corporation Finance had reached out.
10 So, do you have a record of that?

11 A I don't have a record of it in front
12 of me, but it sounds like my recollection is
13 consistent with yours. If I used the word "multiple"
14 I think all I meant to convey was more than one.

15 Q Okay. Okay. Yeah. Because I
16 remember one, maybe two, voice mails. And -- and
17 our reaction and response was, Hey, we really need
18 to have this in writing.

19 MR. MOELLER: I -- I'd like to bring
20 the attention to, if -- if -- if -- Mr. Baker, if
21 you could show Exhibit -- American CryptoFed's
22 Exhibit 14? And, if not, I probably can, but I am
23 not familiar with Webex.

24 MR. BAKER: I can. Just give me one
25 second.

1 BY MR. MOELLER: Okay. Sure.

2 Q Okay. And to preface this, I think
3 this has -- this has been shown before, but this is
4 a --

5 Yeah, if you can scroll up.

6 But this is the October 30th, so
7 pre-Halloween letter to -- to -- responding to Ms.
8 Tarasevich of the cyber unit and then CC'ed to the
9 Commissioners. And if you scroll down, it also goes
10 to Erin Purnell who was our contact at that time
11 with -- with the Department of Corporation Finance.

12 This is -- and also just to preface
13 in the time frame, this was, I think, two weeks or
14 ten days before our Form 10 was stayed, okay. And
15 so, this is responding to the Department of -- of --
16 Division of -- of Enforcement.

17 MR. MOELLER: If you can scroll down
18 a little bit more, I'd like to share this with Mr.
19 Dobbie.

20 Q And I'll just -- I'll just read this,
21 okay: Dear Ms. Tarasevich. Thank you for your
22 offer sent in your secure e-mail below stating, If
23 you would like, we can schedule a call with you and
24 your counsel should you retain counsel, and staff in
25 the Division of Corporation Finance to further

1 discuss the deficiencies previously cited to you.
2 We accept your offer of the SEC Staff's time in the
3 Division of Corporation Finance and reserve their
4 time. However, instead of a call, we request that
5 they use the reserved time to respond in writing
6 point by point directly to our October 12 point by
7 point reply in Ms. Erin Purnell's --

8 MR. MOELLER: Yeah, next one.

9 Q -- October 8th letter so that we are
10 able to clearly assess whether we have any material
11 and substantial gaps which need to be closed by us.
12 We have asked multiple times, but both you and Ms.
13 Erin Purnell are unable to provide any responses in
14 writing yet. The unwillingness of both you and Ms.
15 Purnell to provide a written response further
16 demonstrates that our October 12th reply provided
17 sufficient evidence and reasoning to prove that our
18 Form 10 filing has zero deficiencies. Therefore, we
19 do need your response to seriously consider your
20 request for withdrawing our Form 10 filing. And to
21 avoid any misunderstandings to transparently comply
22 with the spirit of the disclosure of the SEC
23 securities laws and regulations, I have copied your
24 secure e-mail under the signature. So, we want to
25 do transparency in disclosure.

1 Mr. Dobbie, were you aware that --
2 of -- of any actions taken by Division of
3 Corporation Finance, whether by Ms. Purnell or by
4 yourself, in response to -- to these requests?

5 A My understanding of this -- this
6 letter correctly, this was a response to the
7 Division of Enforcement.

8 Q CC'ed to the Division of Corporation
9 Finance, yes.

10 A Okay. So, I -- I can't speak to how
11 the Division of Enforcement responded to this
12 request to them.

13 Q They responded by doing a stay on our
14 Form 10 which -- and -- and I have a follow-up
15 question on that because I -- to my knowledge and
16 recollection, I have never send a stay on -- on the
17 automatic registration of a Form 10.

18 MR. ZERWITZ: I'm just going to a
19 object. Mr. Moeller is testifying, which he'll
20 certainly have the opportunity to do, but in the
21 context of a question to Mr. Dobbie, seems
22 inappropriate.

23 JUDGE FOELAK: Right. Right. As far
24 as you never seeing this, a stay on a Form 10, that
25 is more like testimony than asking questions, so.

1 MR. MOELLER: Well, I guess, has he
2 seen one? But I don't need to go there. I withdraw
3 that.

4 Q But the -- the question here is, what
5 action was taken by the Division of Corporation
6 Finance in response to this and other letters?

7 A I can -- I can -- I'm not sure what
8 you're referring to when you say other letters
9 because there were a lot of letters that you sent.

10 Q There were a lot of other letters, I
11 agree with you. There was a lot of outreach from
12 American CryptoFed to the Department of Corporation
13 Finance and to the Department -- Division of
14 Enforcement seeking clarity. And this is an example
15 of one of those letters seeking clarity. If -- if
16 there were any material misstatements or -- or
17 missing information we responded back in our
18 October 12th letter and we are consistently asking
19 for a response.

20 A I can say in -- in response to your
21 communication with the Division of Enforcement
22 regarding their inquiry into your Form 10, I'm not
23 aware of -- of any conversations that we had or any
24 particular writings that we made to you in response
25 to your letter to the Division of Enforcement.

1 Q Okay. 'Cause -- 'cause the -- the --
2 the result was that this -- this -- we had no reply
3 from the Division of Corporation Finance. We had
4 this -- this -- a -- this --

5 MR. ZERWITZ: Your Honor, I'm going
6 to object. Mr. Moeller is testifying.

7 JUDGE FOELAK: Once again, okay, he
8 gets the message.

9 MR. MOELLER: Fair enough. And, Your
10 Honor, this is brand new to me. I've never had this
11 experience before. So, yeah, my apologies.

12 Q So -- so, the answer I receive from
13 you Mr. Dobbie is -- is what reaction to the
14 multiple letters that we -- that the Division of
15 Corporation Finance received? Was there any action
16 taken to respond to the October 12th answer to Ms.
17 Purnell's allegations of October 8th?

18 A I believe I've answered that
19 question. I'm happy to answer it again if you would
20 like -- if you would like me to. You know, at the
21 time that the letter was sent, as we just discussed
22 at the beginning, we reached out multiple times by
23 phone.

24 Q Okay. Objection. Okay. You and I
25 are both in agreement. It was not multiple times.

1 **It was a couple of times maybe.**

2 MR. ZERWITZ: I believe those words
3 are synonyms.

4 MR. MOELLER: Multiple to me means --
5 yeah. One is -- is once. A couple is two. A few
6 is probably three and multiple is a lot more than
7 that.

8 Q **So -- so, I -- so, the -- the -- the**
9 **answer that I have from the -- as Acting Office**
10 **Chief of the Division of Corporation Finance, which**
11 **in -- in terms of the timing I think you came on**
12 **right before we filed, right? 'Cause we -- we filed**
13 **in September 2021.**

14 A That's correct.

15 Q **Okay. So, this was on your plate**
16 **and --**

17 A That's correct.

18 Q **-- and we had a couple of voice mails**
19 **when we consistently are asking for responses in**
20 **writing and how we can fix this; is that correct?**

21 A Yeah, that is correct. We sent you
22 letters identifying deficiencies. We made -- we
23 made phone calls identifying deficiencies and we
24 subsequently followed up with voice mails.

25 Q **And -- and we responded in writing**

1 and requested a -- a response back in writing with
2 specific instructions of what we can do in order so
3 that we are -- in order that we can -- our
4 registration can be valid. And there was no -- no
5 written response back and it went to Enforcement; is
6 that correct?

7 A I can't speak to any deliberative
8 process, but -- but I can certainly say that there
9 was, around the time of October 12th, if that's the
10 letter you are referring to.

11 Q Yes.

12 A I don't recall any written response
13 at that time.

14 Q Yeah. There was no written response
15 whether it was October 12th or October 30th or
16 November. It just went to Enforcement. So,
17 that's -- that's the only -- only question I had for
18 now, okay. So, thank you, Mr. Dobbie.

19 JUDGE FOELAK: Thank you,
20 Mr. Moeller.

21 Okay, Mr. Zhou, go ahead.

22 MR. ZHOU: Let me use the same
23 exhibit. If you can scroll up a little bit.

24 BY MR. ZHOU:

25 Q This offer, the first paragraph

1 coming from Division of Enforcement, offered the
2 staff in the Division of Corporate Finance very
3 clearly. Do we recall her the witness or you answer
4 the question? You said --

5 MR. ZERWITZ: What was the question?

6 Q What action you -- will you receive
7 in the Corporation Finance? You don't respond to.

8 JUDGE FOELAK: I think he's asking
9 you, Mr. Dobbie, that you did not respond to this
10 letter directed to Ms. Tarasevich.

11 A I did not respond in writing to this
12 letter directed to Ms. Tarasevich.

13 Q So, this is -- includes the Division
14 of Corporation Finance by the Division of
15 Enforcement. Include all the communication. Are
16 you not aware of this because of this says, Action
17 of the Division of Enforcement? That's your
18 testimony?

19 A No, I am not.

20 Q So, you do know this communication
21 and have responsible as a chief? Because we are
22 still in filing review process, we haven't issued
23 any tokens. Do you have responsible to respond to
24 this letter in writing given we express our will
25 without any doubt asking for written? And do you

1 **have to use a phone call to avoid record on our**
2 **side?**

3 MR. ZERWITZ: Objection. I think
4 these questions were -- were -- have been asked and
5 answered several times now.

6 JUDGE FOELAK: That's true, Mr. Zhou.
7 It's clear -- it doesn't matter whether Mr. Dobbie
8 fell short of his duties or not. It's clear that
9 there was never any answers to your questions that
10 were made in these letters. And you can argue that
11 in legal papers after the hearing, you know, saying
12 they should have answered or whatever. Go ahead.

13 MR. ZHOU: Thank you, Your Honor.

14 So, can I get your approval now, all
15 the exhibits we send in could be cited by us to
16 argue our case because --

17 JUDGE FOELAK: Of course. That's the
18 point of the exhibits. That's why they're received
19 into evidence. They're evidence. There may be
20 contrary evidence, but they're evidence. I'm not
21 saying there's contrary evidence to this, but any
22 exhibit could have another exhibit or testimony that
23 was contrary, but you can -- if the exhibits are in
24 evidence you can base your arguments on the
25 exhibits. Including -- but legal arguments you can

1 base on law.

2 MR. ZHOU: Your Honor -- Your Honor,
3 I have worry because the Division keeps saying they
4 still have right to object to our exhibits.

5 JUDGE FOELAK: Oh, I see what you
6 mean.

7 MR. ZERWITZ: Your Honor, we -- we
8 agree -- we allowed to -- to move all of their
9 exhibits into the evidence. So, they're part of the
10 record. What we reserved was our right to object to
11 use some of these exhibits with respect to the --
12 the question of Mr. Dobbie, but they would still
13 need to lay a foundation.

14 JUDGE FOELAK: Exactly. He's not
15 objecting to them being in the record. He's
16 objecting to asking Mr. Dobbie for his
17 responsibility for them which is irrelevant.

18 So, the exhibit is in the record.
19 They're not going to object -- they -- they didn't
20 object that it came into the record. Okay, very
21 good.

22 Go ahead, sir.

23 MR. ZHOU: Thank you, Your Honor.

24 Can we ask the Division of the
25 Corporation of Finance to produce other witness if

1 some exhibits showing, okay, the Division object
2 saying it is not relevant to Mr. Dobbie?

3 JUDGE FOELAK: They're not going to
4 object -- what they're -- what they objected to was,
5 like, asking Mr. Dobbie whether he knew about it.
6 They weren't objecting to the fact that this letter
7 took -- that this letter happened. So, the letter
8 is in evidence.

9 MR. ZHOU: Okay. Thank you, Your
10 Honor.

11 And -- and we do have request to
12 produce witness from the non public order list.
13 There are a few officers or other we want ask
14 questions. We want just only one. Because you can
15 see this letter is to the Division of Enforcement.
16 They do not produce anyone here for us to ask a
17 question -- ask a question.

18 JUDGE FOELAK: Sir -- sir, I told
19 you, it doesn't matter whether any member of the
20 staff that you ask knew about the letter. The
21 letter is real, it's in evidence and it says what it
22 says.

23 MR. ZHOU: Okay. Thank you, Your
24 Honor.

25 And let's move to the Exhibit 31st --

1 31, August 17, '22nd.

2 BY MR. ZHOU:

3 Q Mr. Dobbie, do you recognize this
4 letter?

5 MR. ZERWITZ: Mr. Dobbie, if you need
6 us to scroll through the letter to -- to make that
7 determination we're happy to do so.

8 MR. DOBBIE: Yeah, sure. That would
9 likely be helpful?

10 A I can certainly say by looking at the
11 top it appears to be one of the many letters that
12 you sent by -- by e-mail.

13 (Whereupon, witness reviews Exhibit.)

14 A Okay.

15 MR. ZERWITZ: Would you like to see
16 more or -- or -- or -- or is this sufficient?

17 MR. DOBBIE: No. This is -- this is
18 sufficient. Obviously, I don't -- I don't recall
19 the entire contents of this particular letter,
20 but -- but I certainly recall that this letter looks
21 a lot like many of the letters that -- that were
22 sent.

23 Q So -- so, this letter is relevant to
24 you, addressed directly to you, do you agree?

25 JUDGE FOELAK: The term relevant is a

1 legal term meaning that it tends to prove or
2 disprove some fact that is relevant to the -- I
3 mean, the letter is -- nobody denies that the letter
4 is not real. It came -- it's in evidence. It
5 really doesn't matter whether Mr. Dobbie remembers
6 it or ever saw it or not. You can cite it in your
7 post-hearing brief.

8 MR. ZHOU: Thank you, Your Honor.

9 Q And the company respond to the
10 comments. Based on the website we -- it's Exhibit
11 3, we don't need to show you here. I think
12 everybody agree, we show you multiple times. It's
13 Exhibit 3. And says: If a company does not
14 understand a comment of the Staff's purpose in
15 issuing it, they should issue clarification from the
16 examiner before it respond. The company does not
17 understand the comment after discussing it with the
18 examiner then we wish speak with the staff member
19 who approve the comment.

20 We follow exactly the instructions.
21 Does anyway prevent you from response to this
22 letter?

23 MR. ZERWITZ: I'm going to object to
24 the vagueness. I'm not quite sure I understand the
25 question. Maybe you can rephrase it.

1 JUDGE FOELAK: Right. Right. Right.

2 I'm not sure I do either.

3 Go ahead, sir.

4 MR. ZHOU: Okay.

5 Q Are there any reasons you do not
6 respond to the questions which list on the first --
7 first sentence it's already fifth request.

8 MR. ZERWITZ: I'm just going to
9 object to the extent that the question assumes facts
10 not in evidence that there was not a response
11 sent -- sent -- sent to the letter.

12 JUDGE FOELAK: Well, I think it's
13 pretty clear from the record that they asked certain
14 questions that were never answered. And whether
15 they were never answered some other things is
16 different.

17 Q So, Mr. Dobbie, before you answer my
18 questions or others questions, do you know how this
19 process you deliver that to the Division of
20 Enforcement?

21 MR. ZERWITZ: I'm going to object to
22 vagueness again. I don't understand the question.
23 So, I don't know if Mr. Dobbie to.

24 JUDGE FOELAK: I'm not sure I do
25 either. Are you asking him -- okay. Are you asking

1 him, do you know what the process is for referring a
2 matter to the Division of Enforcement? Is that what
3 you're asking, Mr. Zhou?

4 MR. ZHOU: I defer -- I defer this to
5 Mr. Moeller, Scott Moeller, he understand what I'm
6 saying.

7 MR. MOELLER: Yeah. Here's my
8 opportunity to be a Zhou interpreter.

9 I -- I believe the question is -- is
10 directed to Mr. Dobbie because this form, while --
11 while it was -- the letter was addressed to Ms.
12 Tarasevich of the cyber unit, her response said that
13 she'd be more than happy to bring the Division of
14 Corporation Finance in. So -- so, it demonstrates
15 that there is -- there is connection between the
16 two, correct?

17 MR. ZERWITZ: I object because I
18 think we've moved on to a totally different exhibit
19 and this exhibit that's on the screen now has -- was
20 not addressed to Ms. Tarasevich and doesn't speak at
21 all to the point you just made, Mr. Moeller.

22 MR. ZHOU: Your Honor, can I speak?

23 JUDGE FOELAK: Sure.

24 MR. ZHOU: When Mr. --

25 JUDGE FOELAK: Go ahead.

1 BY MR. ZHOU:

2 Q Yeah. When Mr. Dobbie didn't answer
3 our questions and all of a sudden there is -- law
4 enforcement appear, OIP, to try to do something
5 against us and remove us from this filing review
6 process, Mr. Dobbie, personally do you have what
7 knowledge about how this transition happened given
8 that you do not answer our questions?

9 MR. ZERWITZ: I'm going to object to
10 the extent that questions calls for -- for
11 information that's privileged by the deliberative
12 process privilege.

13 JUDGE FOELAK: Your objection is
14 sustained.

15 We know it was transferred. It
16 doesn't really matter when or who said what to whom.

17 MR. ZHOU: Can I go to Exhibit 3?

18 JUDGE FOELAK: Okay.

19 MR. ZHOU: SEC review process.

20 Q At the bottom --

21 JUDGE FOELAK: Okay. Let me remind
22 you, this exhibit is in evidence and you can argue
23 that it wasn't followed in your post-hearing briefs.
24 You don't have to get Mr. Dobbie to admit or to
25 explain how it got from here to there. Go ahead.

1 Go ahead, sir.

2 MR. ZHOU: Does the objection -- when
3 they say have any legal or -- or privilege or
4 anything, as you can see, as a citizen we follow the
5 process and ask the questions.

6 JUDGE FOELAK: Yes. That's what
7 I'm -- that's right. That's what I'm saying. You
8 can argue and point to this and show how you
9 followed the process and say that you didn't receive
10 right treatment. You don't need to get Mr. Dobbie
11 to admit to anything or to testify to anything.

12 Go ahead.

13 MR. ZHOU: So, can we resubmit our
14 motion for ruling on pleadings again?

15 JUDGE FOELAK: No. No. The
16 pleadings -- this is evidence in the hearing. It's
17 not a motion on the pleadings. And the motion on
18 the pleadings is based on the theory that the
19 Commission has rejected. The Commission has ruled
20 against exactly what you're arguing.

21 Okay. Next question.

22 MR. ZHOU: So, we can use our legal
23 theory still in --

24 JUDGE FOELAK: You can use the legal
25 theory. Maybe the Commission will change its mind.

1 Maybe the Supreme Court. Maybe it will appeal all
2 the way to the Supreme Court if things don't go your
3 way farther down and they'll rule your way.

4 MR. ZHOU: Okay. Thank you, Your
5 Honor.

6 JUDGE FOELAK: You can argue whatever
7 you want. It doesn't -- that doesn't guarantee it's
8 going to work, but you can certainly argue it.

9 MR. ZHOU: Thank you, Your Honor. I
10 thought -- so, the Commission can override even --

11 JUDGE FOELAK: It already did before.

12 MR. ZHOU: Okay, thank you.

13 So, let's go to Exhibit 25.

14 BY MR. ZHOU:

15 Q So, Mr. Dobbie, do you recognize this
16 e-mail?

17 A Yes.

18 Q So, you said at the second paragraph
19 you do not agree with us. Do you have any special
20 reason you do not agree with us?

21 MR. ZERWITZ: Objection, Your Honor,
22 objection to relevance as to this -- this e-mail
23 concerns a withdrawal of the registration statement
24 on Form 10. It also -- it also -- I'm sorry.

25 JUDGE FOELAK: Sustained.

1 MR. ZHOU: Okay. So, I cannot ask
2 this question?

3 JUDGE FOELAK: That's right, that's
4 what that means.

5 MR. ZHOU: Okay. So, let's -- okay.

6 So, I think I may -- I may think
7 about a little bit of whether I have questions
8 later. I will allow --

9 Scott, do you have more questions?

10 MR. MOELLER: Yeah. This -- this is
11 kind of a critical one. And -- and I'm sorry
12 that -- can -- can I request from the court
13 reporter, what was the original question that --
14 that Mr. Zhou asked him before the objection was
15 overruled? I want to make sure I don't ask the same
16 question.

17 (Requested portion read back by the Reporter.)

18 MR. MOELLER: Great. Okay. So --
19 right. So, that -- that's the objection. So -- so,
20 what we have now, just -- just so I can sum up in my
21 mind, we -- we filed the Form 10, filed the S-1 --
22 someone has a -- something in the microwave too
23 long.

24 JUDGE FOELAK: It's not you. Is it
25 this thing?

1 (Whereupon, interruption occurs.)

2 JUDGE FOELAK: Hopefully they can
3 still hear us.

4 Can you still hear us?

5 MR. MOELLER: Yes, we can.

6 JUDGE FOELAK: Okay, good. And we
7 can hear you. Okay.

8 A warning on some piece of equipment
9 that doesn't appear to be involved in our Webex
10 meeting.

11 Okay. Please proceed. I hope this
12 didn't throw you off the track too much.

13 MR. MOELLER: No, it's -- thank you,
14 Your Honor.

15 Yeah, I -- I'm kind of thrown through
16 a loop that we can't ask questions on this because
17 to me it's -- it's pretty difficult when we -- when
18 we withdrew we withdrew because we said that they
19 were not securities. And then the answer back was,
20 Okay, well, I withdraw, but we're not agreeing that
21 they're not securities. And we would not have
22 withdrawn, so. And I -- and I do understand
23 that's -- that's not a legal theory. It's --
24 it's -- yeah. So -- so, it's difficult to not be
25 able to ask questions on this on the why.

1 JUDGE FOELAK: Well, I understand
2 that you filed these forms to register because you
3 wanted to make sure the government wouldn't go after
4 you even though you didn't believe they were
5 securities, so. But I also understand that the
6 staff probably thinks everything is a security, so.

7 MR. MOELLER: Well, we also asked
8 them to explain to us why they are securities and
9 they refused because apparently that's a legal
10 theory.

11 JUDGE FOELAK: True.

12 MR. MOELLER: Right. Even though you
13 have the, How we test and it would be great to see
14 how you test, but yeah. So, yeah.

15 So, the situation that we were in
16 is -- what this reflects was withdrawal of the
17 registration statement that -- that we said that we
18 we'll withdraw it only if -- because they're not
19 securities being able to withdraw, but says, Yeah,
20 we don't agree with you that they're not securities,
21 but it still leaves -- all we're --

22 MR. ZERWITZ: Your Honor -- Your
23 Honor, Mr. Moeller, is going to have ample
24 opportunity to testify. Is -- is there a
25 question -- I mean, is there a question for Mr.

1 Dobbie? Because he's going to have plenty of time
2 to -- to -- to give speeches.

3 JUDGE FOELAK: True. True. True.

4 MR. MOELLER: Okay. Yeah.

5 JUDGE FOELAK: We're in questioning
6 mode.

7 MR. MOELLER: Yeah.

8 BY MR. MOELLER:

9 Q Mr. Dobbie, how -- how -- and, I'm
10 sorry, is it Dobbie or Dobbie? It's Dobbie,
11 correct.

12 A It's Dobbie.

13 Q Okay. My -- my apologies for miss --
14 misstating it.

15 If -- if -- if the Division was --
16 was agreeable with the withdrawal of the Form 10,
17 why is there a block on the withdrawal of the Form
18 S-1?

19 MR. ZERWITZ: Objection, Your Honor,
20 that calls for privileged information. It's a legal
21 theme, it's a legal process.

22 JUDGE FOELAK: It was the Commission
23 that -- not the -- Corp Fin not the Division of
24 Corporate Finance that ruled on the denial of the
25 withdrawal of the -- of one and not the other. And

1 we can't really go behind their deliberations.

2 MR. MOELLER: Yeah. It's just --
3 it's just -- I -- I'm just trying to make sense of
4 it.

5 JUDGE FOELAK: Yes.

6 MR. MOELLER: Yeah, because when the
7 Form 10 had -- had automatic registration that was
8 stayed. And first time I've ever seen anything
9 stayed with a Form 10. We withdrew it. And then,
10 the -- the S-1, which has the delaying amendment in
11 place, is not allowed to be withdrawn. And now
12 we're in a stop order proceeding for something that
13 has never been created.

14 MR. ZERWITZ: Your Honor, again, I'm
15 going to object. I mean, Mr. Moeller is just giving
16 speeches. Is there a question for Mr. Dobbie?

17 JUDGE FOELAK: Yes. Yes. Go ahead.
18 Is there a question for Mr. Dobbie?

19 MR. MOELLER: I -- nothing that would
20 be other than his opinion right now 'cause --

21 JUDGE FOELAK: Okay, very good.

22 MR. MOELLER: Wait. I believe Zhou's
23 got one.

24 JUDGE FOELAK: Okay, Mr. Zhou?
25 Mr. Zhou, you're muted.

1 MR. ZHOU: Apologies.

2 Exhibit 27, September 22nd.

3 JUDGE FOELAK: July 22nd?

4 MR. ZHOU: Yeah, July 22nd. Can you
5 scroll down. Can you scroll down.

6 BY MR. ZHOU:

7 Q Okay. So, Mr. Dobbie, you do
8 recognize this, right?

9 A Yes.

10 Q Okay. So, clearly, you have -- you
11 treat two withdraw differently. Do you have any
12 reasons?

13 MR. ZERWITZ: Objection, Your Honor.

14 JUDGE FOELAK: Objection sustained.

15 Moved on to something else.

16 MR. ZHOU: Okay.

17 So, there is May 30 -- May 30 -- I
18 think it should be in Exhibit 17.

19 So, when we wrote this letter to ask
20 whether the Division of Enforcement had any reason
21 to oppose our issuing of tokens, if they do, they
22 should send cease and desist letter or something let
23 us know and give us the reasons. I want to ask some
24 witness like Mr. Bruckmann.

25 Can we call Mr. Bruckmann as a

1 witness? We want to go through all those questions.
2 We have a lot of communications with the Division of
3 Enforcement. We need another day to organize all
4 those evidence, questions, because there is a
5 process. In the reviewing -- filing reviewing
6 process all of a sudden, without answer from
7 Corporation Finance, and switch to Enforcement. And
8 we have Enforcement peoples are all communicate to
9 us, but not really ask Dobbie -- Mr. Dobbie
10 questions and this --

11 JUDGE FOELAK: Sir -- sir, let me
12 just shortcut this. If you -- if you present
13 Mr. Bruckmann as a witness what fact would you be
14 trying to prove? Remember reasoning from evidence
15 that's in the record is actual evidence, you can
16 make arguments about.

17 Certainly he cannot -- certainly
18 Mr. Bruckmann cannot testify as to internal
19 deliberations. And, what fact would you be asking
20 him to -- about? And what -- what fact would you be
21 trying to provide through him?

22 MR. ZHOU: We try to understand how a
23 filing reviewing process become a law enforcement
24 process even before our tokens are -- have been
25 issued and the chairman call us always to register.

1 MR. BRUCKMANN: Your Honor, this is
2 the cross-examination or supposed to be the
3 cross-examination of Mr. Dobbie. If Mr. Zhou has no
4 more questions for Mr. Dobbie, we should be allowed
5 to do a brief redirect examination. When we
6 eventually get to American CryptoFed's case, they
7 can make their motion to call their witnesses at
8 that time.

9 JUDGE FOELAK: Okay, that's a good
10 point.

11 Sir, focus on Mr. Dobbie. And that
12 way the Division can finish up with him and think
13 about what I've said.

14 Okay. Do you have anything more to
15 ask Mr. Dobbie?

16 MR. ZHOU: Okay. Because I have -- a
17 lot of questions just I don't know what is object
18 legal theories that you cannot ask. So, that stop
19 my questions.

20 JUDGE FOELAK: You can't ask him:
21 Why did you do this? You can ask him -- I mean,
22 you've already -- you don't need to ask him whether
23 these -- whether these letters are real because
24 they're in evidence.

25 MR. ZHOU: Okay.

1 JUDGE FOELAK: You can already -- you
2 can already argue that they never replied to your
3 questions.

4 MR. ZHOU: Okay. So, let's look at
5 January 3rd, Exhibit 16.

6 MR. BAKER: Did you say Exhibit 16?

7 MR. ZHOU: Yes.

8 JUDGE FOELAK: That's June 3rd,
9 right?

10 MR. ZHOU: Yeah. Yeah, June 3rd.
11 Exhibit 16.

12 So, can you scroll down to title,
13 like, cease and desist letter. Sub title.

14 MR. ZERWITZ: Sorry, you want us to
15 keep going lower? Okay.

16 MR. ZHOU: Yeah.

17 JUDGE FOELAK: Cease and desist.
18 There you go.

19 MR. ZHOU: Yeah.

20 So, it's in here we are asking, If
21 you have anything, let us know, give us clear, but
22 the -- the Division of Enforcement tell us because
23 we are filing a Form 10 as a title of our
24 securities. So then, we ask Mr. Dobbie, Okay, why
25 just -- only a title and we got denied and withdraw

1 like Form 10 and as one. We just get a lot of
2 confusion.

3 MR. ZERWITZ: Your Honor, I'm sorry,
4 I just -- again, Mr. -- Mr. Zhou is now testifying,
5 has not posed any questions to Mr. Dobbie. There's
6 no foundation laid at all for -- for asking Mr.
7 Dobbie about this exhibit. Both Mr. Moeller and Mr.
8 Zhou have -- have time to testify themselves. If
9 they have any questions for Mr. Dobbie then they
10 should ask. If not, Mr. Dobbie should be excused.

11 JUDGE FOELAK: Exactly. This is --
12 your objection is sustained.

13 Do you have any questions for Mr.
14 Dobbie?

15 MR. ZHOU: Okay, that's fine. Let --
16 it may be over. I do not have more questions today.
17 If I have, I probably can have next --

18 JUDGE FOELAK: Okay, very good.

19 MR. ZERWITZ: Your Honor -- Your
20 Honor, we would certainly object -- I think we would
21 certainly object if -- if they seek to recall Mr.
22 Dobbie at some future time. I mean, now is the
23 opportunity for them to -- to pose questions.

24 JUDGE FOELAK: True. And I tried to
25 make this clear earlier that you if you wanted his

1 testimony in your direct case you should ask him the
2 questions now. And so, you -- which is the reason
3 you don't have to stick to asking him about stuff
4 that the -- that the Division asked him on their
5 direct case.

6 Do you have anymore questions of any
7 type for, Mr. Dobbie?

8 MR. ZHOU: Okay. Thank you, Your
9 Honor. I do not have more today. Even --

10 JUDGE FOELAK: No. No. No. Now is
11 your chance to ask them.

12 MR. ZHOU: Okay.

13 JUDGE FOELAK: I explained to you
14 that you ask him everything that you're going to ask
15 him today.

16 MR. MOELLER: Your Honor, I think
17 part of the issue is the expedited nature of these
18 proceedings which we've also petitioned against. We
19 have not had sufficient time in order to prepare to
20 ask -- ask the questions. And I do understand that
21 your -- your insistence on the legal -- legal
22 theory. This is very difficult. I would expect
23 that -- that upon -- when we do have a break or --
24 or a recess we may have additional questions that --
25 that -- that arise.

1 And we are also trying -- I -- I am
2 trying in particular to -- to say, Okay, let's --
3 how do we focus these questions so that we make sure
4 that they -- they are clear. What we have with Mr.
5 Dobbie right now is the only individual from
6 Corporation Finance, okay.

7 We have asked for -- for those --
8 those individuals who are -- who are actively
9 involved in the case to -- to be able to present and
10 to get their testimony. And we also understand that
11 the Division of Enforcement is against that, but
12 what we have here is -- is we -- we don't have
13 clarity on the process of -- of the filing review
14 process. We have no clarity on -- on why we went
15 from Division of Corporation Finance over to the
16 Division of Enforcement solely because we asked them
17 to answer us in writing instead of having a voice
18 mail.

19 Okay. And -- and they -- this -- the
20 entire purpose of -- and again -- okay. My -- my
21 apologies if I'm going off on a rant here, but --
22 but we're supposed to be for transparency and
23 disclosure.

24 JUDGE FOELAK: Okay. Sir, remember
25 it's clear on the record that they never answered

1 your questions. It doesn't really matter why,
2 whether it was intentional or dropping the ball
3 or --

4 MR. MOELLER: Right, but then -- then
5 we're moving forward towards a stop order proceeding
6 on -- on something that we've -- we've made clear
7 that -- that we're not going to launch without
8 clearing the hurdles with the SEC.

9 MR. BRUCKMANN: Your Honor, the issue
10 right now is whether Mr. Dobbie's cross-examination
11 is done or his direct examination by the Respondent
12 is done.

13 Despite the expedited nature of this
14 proceeding, the Respondent has had more than ample
15 time to prepare for the issues here. As their own
16 exhibits they've been showing over the past several
17 hours made clear, the issues in this proceedings
18 have been well known to them since the fall of last
19 year.

20 If they have more questions for Mr.
21 Dobbie they should ask them now. If not, we'll have
22 a brief redirect and then we can move on to the next
23 witness.

24 JUDGE FOELAK: Okay. How about this,
25 we'll have a redirect. Then we'll take a short

1 break and Mr. Moeller and Mr. Zhou can confer on
2 whether there's anymore questions. And then we'll
3 be finished with Mr. Dobbie.

4 MR. BRUCKMANN: That's fine.

5 MR. MOELLER: Okay.

6 JUDGE FOELAK: Go ahead.

7 MR. ZHOU: So -- so, Exhibit 18,
8 June 13.

9 MR. ZERWITZ: Your Honor, I thought
10 we were moving to redirect.

11 JUDGE FOELAK: Apparently he thought
12 of his more questions now.

13 MR. BRUCKMANN: Okay.

14 JUDGE FOELAK: Okay. What is your --
15 what is your -- what is your question, Mr. Zhou?

16 MR. ZHOU: I tried to find one
17 sentence. Can you show me now? Probably in
18 somewhere --

19 JUDGE FOELAK: Oh.

20 MR. ZERWITZ: Exhibit 18 you said?

21 MR. ZHOU: Yeah. This is to Mr.
22 Dobbie withdraw on our Form S-1.

23 MR. ZERWITZ: Where in this document
24 would you like us to go to?

25 MR. ZHOU: Yeah. Can you go scroll

1 down a bit which Mr. Bruckmann said. I want to cite
2 that. And this is a sentence at the bottom. Can
3 you see that? Is just because of we are finally
4 become security?

5 MR. ZERWITZ: I'm sorry, where --
6 where are you directing Mr. Dobbie to?

7 JUDGE FOELAK: The sentence that
8 says: We also remind you you choose to register
9 these tokens as securities by filing with the
10 Commission a Form 10. Is that what you're referring
11 to?

12 MR. ZHOU: That's correct, Your
13 Honor. That's what I try to find at the previous
14 letter, but that -- it's Mr. Bruckmann said.

15 Okay. That's the reason we withdraw
16 because the Division of Enforcement told us it's
17 just because of our filing, listen to the Chairman
18 Gensler, the filing and we become securities. The
19 implication is when we withdraw, we are not
20 securities. So, that's why we start withdrawals and
21 then we got into this process.

22 BY MR. ZHOU:

23 Q So, Mr. Dobbie, when we sent you this
24 letter -- we sent you this letters we clear say, The
25 Division of Enforcement has no substantial material

1 reason to say we are securities and you disagree.
2 Will you allow us to withdraw and at the same time
3 you deny our Form S-1.

4 So, we put here a lot of
5 contradiction from you. That's why we keep asking
6 you question and you do not answer. Even we ask --
7 there is exhibit showing these questions.

8 So, can you give some general --
9 general explanation what really happened from your
10 personal knowledge before we really ending this?

11 MR. ZERWITZ: Objection, Your Honor.

12 JUDGE FOELAK: Sustained. Once
13 again, A, it doesn't matter; and, B, you're asking
14 him for internal deliberations.

15 It doesn't matter because you can
16 argue the point you're making which is that you
17 tried to do everything right, but you didn't want to
18 lie about what your -- what you believed your tokens
19 were.

20 MR. MOELLER: Thank you for
21 recognizing that, Your Honor.

22 JUDGE FOELAK: Go ahead, Mr. Zhou.

23 BY MR. ZHOU:

24 Q So, Mr. Dobbie, as citizen -- you are
25 chief officer for filing review process. How you

1 can respond to us usually to let us follow Chairman
2 Gensler's go to do registrations, from your personal
3 knowledge, what's the pathway for you to give us
4 guidance?

5 MR. ZERWITZ: Objection.

6 JUDGE FOELAK: Sustained.

7 Okay. Do you have anything more, Mr.
8 Zhou? Any questions?

9 MR. ZHOU: We don't know what to do,
10 Judge -- Your Honor.

11 JUDGE FOELAK: Well, like I say,
12 there is plenty of evidence in the record that you
13 asked them for answers to your questions. You
14 didn't get them. And also -- but there was sort of
15 a contradiction between registering them and keeping
16 out of trouble and -- and -- even though you didn't
17 really think they were securities.

18 Okay. Do you have anymore questions
19 now? We're going to take a short break after
20 Mr. Zerwitz's redirect so that you and Mr. Moeller
21 can confer and see if there's anything more.

22 MR. ZHOU: Thank you, Your Honor.

23 JUDGE FOELAK: Okay, Mr. Zerwitz.

24 BY MR. ZERWITZ:

25 Q Mr. Dobbie, was your office's review

1 **of American CryptoFed's registration statement**
2 **consistent with the filing review process?**

3 A Yes, it was.

4 Q **And can you explain how it was?**

5 A Well, as I mentioned before, the
6 filing came in, we screened the filing. We shared
7 our comments with the issuer. We offered to engage
8 with the issuer and the issuer -- and -- and we
9 asked that the issuer file a substantive response,
10 amend their filing to correct the deficiencies.

11 The issuer never filed a -- a
12 substantive response to -- to correct the identified
13 deficiencies. We tried to reach out and communicate
14 with them by phone. And then, subsequently, you
15 know -- you know, did -- did confirm with them by
16 e-mail in the summer of 2022 in writing that --
17 reminding them of the comments that we had issued to
18 them in writing and the fact that they had provided
19 a substantive amendment to respond to any of those
20 comments.

21 And to the extent that they needed
22 any guidance or help understanding the disclosure
23 requirements in Regulation S-X or Regulation S-X,
24 that our staff could not provide legal counsel, but
25 they were certainly entitled to go seek legal or

1 accounting help to the extent that they needed to to
2 understand the disclosure requirements in the form
3 and the applicable regulations.

4 MR. ZERWITZ: Your Honor, I think
5 that's all the redirect that we have.

6 JUDGE FOELAK: Okay. We will take a
7 15-minute break.

8 Mr. Zhou, were you about to say
9 something?

10 And you and Mr. Moeller can confer
11 and see if you have any -- to see about further
12 questions that you might want to ask.

13 MR. ZERWITZ: You're on mute.

14 JUDGE FOELAK: Mr. Dobbie? Excuse
15 me, Mr. Zhou.

16 MR. ZHOU: Yeah. I'm sorry, I do
17 have a question directed to Mr. Dobbie. He said --
18 he said something to us we do not respond to all of
19 this. That is not true. We will demonstrate with a
20 few exhibits after the break or you want -- there --
21 there are many exhibits say we keep asking questions
22 he doesn't respond to us. Now he said he has some
23 things we do not respond to him. So -- so, we
24 already showing the fifth times, November 6th,
25 the -- the exhibit here, like, 19, okay. So, we --

1 JUDGE FOELAK: Okay. Sir, it's --
2 it's clear on the record you asked a number of
3 questions that they never responded to. It's also
4 clear on the record that they said you've got to put
5 in audited financial statements and you said that is
6 inapplicable. I mean, both of those things are
7 clear and -- and I don't think anybody denies them.
8 There's plenty of evidence for both things.

9 MR. ZHOU: And -- and --

10 MR. BRUCKMANN: Your Honor, I think
11 Mr. Dobbie's point was the Division of Corporation
12 Finance did not use the October 12th letter as
13 providing a substantive response. It was received.
14 Mr. Dobbie's opinion -- or the Division of
15 Corporation Finance conclusion was that it was not a
16 substantive response.

17 Mr. Zhou and Mr. Moeller are welcome
18 to rebut that in their post-hearing brief, but we
19 don't need to argue in testimony as to whether the
20 October 12th letter was or was not appropriate
21 substantive responses and did or did not solve the
22 legal issues in this case.

23 JUDGE FOELAK: Okay. Well, as I
24 said, it's clear on the record no audited financial
25 statements. And it's also clear on the record that

1 they kept asking him a certain number of -- of
2 questions which is kind of, like, what's your
3 justification for doing this or that that were not
4 directly responded to. So, they can argue -- both
5 sides can argue from that.

6 Okay. Yes, Mr. Zhou?

7 MR. ZHOU: So, Mr. Bruckmann said Mr.
8 Dobbie didn't -- was not in the position to receive
9 the October 12, '21st --

10 JUDGE FOELAK: Sir, it doesn't
11 matter. It's in the record. It doesn't matter what
12 Mr. Dobbie -- Dobbie did or didn't do. The
13 Commission never answered your questions. You never
14 supplied audited financial statements and various
15 other things that are the subject of all these
16 exhibits.

17 We don't need to pin blame on any
18 particular person, but -- anyway.

19 Okay. Let's take a 15-minute break
20 until 20 minutes to 3. And Mr. Zhou and Mr. Moeller
21 can confer and see if they have anymore fact
22 questions for Mr. Dobbie.

23 MR. ZHOU: Okay, thank you.

24 (Brief recess taken at 3:22 p.m. Eastern Time.)

25 JUDGE FOELAK: Okay. Back on the

1 record.

2 MR. MOELLER: We're all set, Your
3 Honor.

4 JUDGE FOELAK: Okay. Okay. And, Mr.
5 Zhou, or, Mr. Moeller, do you have anymore questions
6 for Mr. Dobbie?

7 Yes. Okay, go ahead, Mr. Zhou.

8 MR. ZHOU: Yes. Thank you, Your
9 honor. Basically, we -- we thanks for Mr. Dobbie
10 for so long time and then for discussion, but we
11 do -- would do have curious, if you can answer, if
12 you cannot, it's fine.

13 BY MR. ZHOU:

14 Q What do you stop -- stop order given
15 there are no effectiveness of the Form S-1? Like,
16 the subject matter, it does not exist. You are in
17 the reviewing process. So, you can issue a review
18 order and, Mr. Dobbie, since this review order is
19 under your charge why you, like, stop order? It's a
20 very, very -- we don't know. So, personally you are
21 the chief. So, we hope you can give us some answer
22 about this.

23 MR. ZERWITZ: Objection, Your Honor.
24 I think that question calls for -- for a legal
25 conclusion as well as probably some privileged

1 information.

2 JUDGE FOELAK: Your objection is
3 sustained.

4 MR. MOELLER: Your Honor, if I can
5 follow-up on that and I understand if it's sustained
6 again, but it's just incomprehensible to me why --
7 why we are in a stop order proceeding when there is
8 a delay amendment in effect and there's multiple
9 things throughout the echelon saying that there's no
10 action to be taken until we clear with the SEC.

11 So -- and -- and that -- and where I
12 think Zhou's question is leading is, we don't have
13 anyone from the Division of Enforcement that is
14 going to be on the witness list. So, our -- the
15 only person that we -- we can direct that to is to
16 the Acting Office Chief of the Division of
17 Corporation Finance.

18 JUDGE FOELAK: I understand. I
19 understand what you're saying.

20 MR. MOELLER: So, is it possible --

21 JUDGE FOELAK: It doesn't really
22 matter -- it doesn't really -- I mean, for the
23 purposes of this proceeding, it doesn't really
24 matter why. It happened and you can argue all the
25 way up to the Supreme Court that it was unfit --

1 that it was unfair. And maybe at some level you'll
2 get through. I'm not saying you're not getting
3 through now, but -- all I'm saying is, you can
4 certainly argue that -- that -- basically, that
5 you're in a Catch 22 situation or whatever.

6 MR. MOELLER: Well, it's -- it's
7 just, it's a stop order proceeding when there's
8 nothing to stop. And -- and if -- if it's a refusal
9 order, then you got to give me direction on how I
10 can cure.

11 So -- so, that -- that direction
12 again goes to the Division of Corporation Finance?

13 BY MR. MOELLER:

14 Q Mr. Dobbie, how do I cure this?

15 MR. ZERWITZ: Objection, Your Honor.

16 Q -- with no liabilities? Okay. And
17 if it's --

18 JUDGE FOELAK: Okay. Okay. I
19 understand your question. It really does call for
20 internal -- well, at any rate, you can argue -- both
21 sides can argue based on what's in the record. They
22 asked you for -- for example, for audited financial
23 statements. You said that is unreal when it's for
24 our type of organization.

25 MR. MOELLER: It's like asking the

1 audited financials --

2 JUDGE FOELAK: That's sort of a legal
3 problem. There's -- there's no doubt -- I mean, it
4 can't be cured unless you hire a CPA who will, you
5 know, provide an audited financial statement
6 stating -- you know, apparently stating zero, zero,
7 zero on everything. I mean, you could cure it by --
8 by -- you think these things that you have explained
9 why these things are meaningless, but you could
10 provide them anyway I guess.

11 MR. MOELLER: Your Honor, we are only
12 looking for a path to cure, okay. That's -- we want
13 to be able to -- to come out -- and -- and if this
14 is a new class of securities, it's a new class of
15 securities, but you have to give a path.

16 MR. BRUCKMANN: Your Honor, can Mr.
17 Dobbie be excused at this point? It doesn't sound
18 like there are anymore questions for him.

19 JUDGE FOELAK: Okay. Mr. Moeller,
20 are there anymore actual questions?

21 MR. MOELLER: Just that -- that one
22 that I had on -- on what is being stopped if -- if
23 there is --

24 JUDGE FOELAK: Okay. That is -- that
25 is more of a similar following up on your motion --

1 motion for judgment on the pleading.

2 MR. MOELLER: Yes.

3 JUDGE FOELAK: Okay. You can renew
4 that argument.

5 MR. MOELLER: And -- and -- and,
6 sorry, Your Honor, but -- but on that motion for the
7 movement on the pleadings, is that something that
8 we're going to receive a formal denial from --
9 from --

10 JUDGE FOELAK: I denied it on the
11 record.

12 MR. MOELLER: Okay.

13 JUDGE FOELAK: Today I denied it on
14 the record. So, that is formal. And as I pointed
15 out, in raising the exact same issue that the
16 Commission ruled on in the Red Bank Oil Company --
17 Red Bank Oil Company opinion of October 11th, 1945.

18 So, you can ask them to take another
19 look. Well, anyway.

20 Okay. Do you have anymore questions
21 for Mr. Dobbie?

22 MR. MOELLER: Your Honor, I do not.
23 Zhou?

24 JUDGE FOELAK: Yes, sir, Mr. Zhou?

25 MR. ZHOU: Thank you, everyone.

1 Your Honor, I hope we can have a
2 formal order from hearing officers on denial of --

3 JUDGE FOELAK: I gave -- okay. I
4 gave -- I gave you an order. It's on the record.
5 It's formal. Do you understand?

6 And I cited to a previous
7 Commission's opinion that you can look up, Red Bank
8 Oil Company, Citation 20 SEC 863, October 11th,
9 1945. So, you can look that up, but it's right on
10 point.

11 Okay. You have your -- it's formal
12 if I've ruled on the record. I just didn't say
13 something in some phone call or something. Okay.

14 MR. MOELLER: That's a very good
15 point, Your Honor. That's why we don't want to have
16 things in phone calls.

17 JUDGE FOELAK: Well, I meant some
18 phone call that was not on the record, okay.

19 MR. MOELLER: We agree.

20 JUDGE FOELAK: Right. Here we have a
21 court reporter taking everything down.

22 Okay. So, you have no more questions
23 for Mr. Dobbie?

24 MR. MOELLER: Yeah.

25 MR. ZHOU: All right. Thank you.

1 JUDGE FOELAK: And the Division has
2 no more questions?

3 MR. ZERWITZ: We do not, Your Honor.

4 JUDGE FOELAK: Okay. Thank you, Mr.
5 Dobbie, for your testimony. And you may be excused.
6 And, thank you again.

7 MR. DOBBIE: Thank you.

8 MR. MOELLER: Sorry, I was going to
9 say thank you to him before he left.

10 But, Your Honor, there's just one
11 comment. There is -- I -- I didn't want to make it
12 in my questions to Mr. Dobbie to demean him or -- or
13 say that he's not doing his job. It's -- the
14 concern is the entire process. Especially when
15 he -- he said, Yes, we follow the -- the process of
16 how -- you know, that we keep bringing it up: Did
17 you follow the process? Well, this is why no tokens
18 are getting through then.

19 JUDGE FOELAK: Thank you.

20 MR. BRUCKMANN: The Division calls
21 Scott Moeller.

22 JUDGE FOELAK: Okay, sir.

23 MR. MOELLER: Yes.

24 JUDGE FOELAK: Okay. I'm going to
25 put you under oath. Will you raise your right hand.

1 Do you solemnly swear that the
2 testimony you are about give us here shall be the
3 truth, the whole truth and nothing but the truth?

4 MR. MOELLER: Yes, I do.

5 JUDGE FOELAK: Thank you.

6 Okay, please continue.

7 MR. MOELLER: As far as I know, yeah.

8 Okay.

9 Whereupon,

10 SCOTT R. MOELLER,
11 was called as a witness and, having first been duly sworn,
12 was examined and testified as follows:

13 EXAMINATION

14 BY MR. BRUCKMANN:

15 **Q Can You please state your full name**
16 **for the record.**

17 A My name is Scott Russel Moeller.

18 **Q Mr. Moeller, do you have any**
19 **documents in front of you or on the screen that**
20 **you're looking at?**

21 A I have the documents which you shared
22 with us, your exhibits.

23 **Q I would -- I would just ask that you**
24 **not look at the documents unless they are showing on**
25 **the screen so that everyone is looking at the same**

1 **thing and understands if you're referring to a**
2 **document or not when giving your answer. Do you**
3 **understand that?**

4 A Yes.

5 Q **What city and state do you reside in?**

6 A Del Mar, California.

7 Q **And where are you physically located**
8 **right now?**

9 A Right now I'm in Del Mar.

10 Q **And you are the president of American**
11 **CryptoFed?**

12 A I would say I'm the -- one of the
13 organizers of American CryptoFed. The -- I -- I
14 have a -- a title and -- as to communicate with
15 regulators and other agencies, but my role really is
16 not in a traditional sense of -- of president or CEO
17 because there's no hierarchy.

18 Q **True or false, you are the president**
19 **of American CryptoFed?**

20 A As of the -- what date was it when we
21 had to have a board meeting and -- and assign?
22 Yeah. So, yes.

23 Q **You are also the chief -- you are**
24 **also the chief executive officer of American**
25 **CryptoFed?**

1 A Again, my -- my -- my true role is as
2 organizer. President and CEO is -- is purely is
3 ceremonial.

4 Q Well, if we can go to Exhibit 7,
5 please.

6 A Okay. You guys are sharing it,
7 right?

8 Q Yes.

9 A Yep, there you go.

10 Q Mr. Moeller, you recognize this
11 document?

12 A Yes.

13 Q And these are minutes of a special
14 meeting of the board of directors of mShift that
15 took place on January 8th, 2022, right?

16 A Correct.

17 MR. BRUCKMANN: And if you can scroll
18 down.

19 Q Mr. Moeller, this is a fair and
20 accurate copy of that document, right?

21 A It is. This document came about
22 because of communications --

23 Q Mr. Moeller, all I asked -- all I
24 asked is, is it a fair and accurate copy of the
25 document?

1 A You don't want the background?

2 **Q All I asked is if it is a fair and**
3 **accurate copy of the document?**

4 A Okay. Yes, it is.

5 MR. BRUCKMANN: Your Honor, we move
6 Exhibit 7 into evidence at this time?

7 A I'm sorry, was there a question?

8 JUDGE FOELAK: Oh. Oh. Oh. I'm
9 sorry. I'm sorry. You're moving Exhibit 7? Okay.

10 MR. BRUCKMANN: Yes, Your Honor.

11 JUDGE FOELAK: Okay. Exhibit 7 is
12 admitted.

13 **Q Mr. Moeller, looking at the paragraph**
14 **beginning, Resolved. That paragraph and this**
15 **document appoint you as president of American**
16 **CryptoFed, correct?**

17 A Let me -- let me read it.
18 Resolved -- yeah. This is -- this is when you said
19 that there -- that we would, basically, have the
20 full liability, but we wouldn't be able to present
21 ourselves unless we were officers of the DAO. Which
22 a DAO doesn't have officers, but sure, okay, in
23 order to, basically, not -- not have my voice --

24 **Q Mr. Moeller. Mr. Moeller, the only**
25 **question was, this appoints you as president of**

1 **American CryptoFed, right?**

2 A In response to your actions, correct.

3 Q **Does it say is ceremonial anywhere in**
4 **this document?**

5 A No.

6 Q **And at the end of the paragraph**
7 **beginning Resolved it empowers you to sign all**
8 **documents and represent American CryptoFed in**
9 **Securities and Exchange Commission proceedings,**
10 **right?**

11 A Yes, that was the purpose of this
12 document.

13 Q **So, you have actual powers as the**
14 **president of American CryptoFed. Not merely a is**
15 **ceremonial role, right?**

16 A I have the ability to represent
17 American CryptoFed, sign documents, including the
18 Securities and Exchange Commission proceedings.

19 Q **And, in fact, you have signed some of**
20 **American CryptoFed's filings with the SEC, right?**

21 A Yes.

22 Q **Okay. And that includes American**
23 **CryptoFed's most recent filing a Form RW that was**
24 **filed on July 5th, 2022?**

25 A Do you -- can you show that to me?

1 **Q Sure.**

2 MR. BRUCKMANN: Can we bring Exhibit
3 8 up. It's already in evidence I believe.

4 JUDGE FOELAK: Yes.

5 **Q Do you recognize this document,**
6 **Mr. Moeller?**

7 A Can we go through it?

8 Mr. Dobbie, we filed a registration
9 statement. Can you slow down a little bit, please.
10 Thanks.

11 Yeah, the withdrawal of our Form 10
12 registration because the -- the Enforcement Division
13 had told us that the only reason that we were --

14 **Q Mr. Moeller. Mr. Moeller.**
15 **Mr. Moeller. Mr. Moeller, the only question was**
16 **whether you recognize the document.**

17 A Yes. I -- I remember this document,
18 yes.

19 JUDGE FOELAK: Well, Mr. Moeller, by
20 way of, he is -- he is asking you questions that
21 call for a yes or no answer. He may ask you
22 follow-up questions like how it came to be or you
23 may choose when you testify in your own case to
24 explain the follow-up, but that is why he keeps
25 saying: I'm just asking you for yes or no. It's

1 not that he doesn't believe you. It's that he's --

2 MR. MOELLER: Oh, no. Sorry, Your
3 Honor. Sorry, Your Honor. And -- and --

4 MR. BRUCKMANN: Go to the top of the
5 document.

6 Q And this was filed with the SEC --
7 Mr. Moeller, this was filed with the SEC via the
8 Edgar filing system, correct?

9 A It was, yeah, but I didn't -- most --
10 most of the -- the details are -- are done in
11 concert with Zhou. So, I -- I don't know if I -- I
12 didn't file the Edgar. I think Zhou did.

13 Q Were you aware that it was filed by
14 Edgar?

15 A Yeah. And, sorry, I see Zhou with
16 his hand up.

17 Q That's nice. You are testifying
18 right now, Mr. Moeller.

19 Were you aware that you filed --

20 JUDGE FOELAK: Mr. Moeller is
21 testifying. Not Mr. Zhou.

22 MR. MOELLER: Oh, okay.

23 Q Were you aware that this was filed
24 with the SEC's Edgar system?

25 A July 5th, yeah.

1 MR. BRUCKMANN: If you can scroll
2 down to the bottom, please.

3 Q And this document was signed by you,
4 correct?

5 A DocuSigned by me, yes.

6 MR. BRUCKMANN: If you can scroll
7 down a little bit further.

8 Q And underneath your signature it
9 lists your title as, President of American CryptoFed
10 DAO, right?

11 A Yes.

12 Q Okay. American CryptoFed's Chief
13 Operating Officer is Mr. Zhou, right?

14 A Yes.

15 Q He's also an officer of American
16 CryptoFed -- and Mr. Zhou is also -- Mr. Zhou is
17 also an officer of American CryptoFed, right?

18 A He is an organizer of the American
19 CryptoFed who took an officer title as well, yes.

20 Q And you and Mr. Zhou are American
21 CryptoFed's only two officers at present, right?

22 A Yes.

23 Q Previously Marian Orr was American
24 CryptoFed's chief executive officer, right?

25 A Yes, which is specified as a is

1 ceremonial titled.

2 Q She resigned in January of 2022,
3 right?

4 A Correct.

5 Q What is a Decentralized Autonomous
6 Organization?

7 A A Decentralized Autonomous
8 Organization is a new organizational structure which
9 was recognized as a legal entity within the -- the
10 State of Wyoming.

11 Q And how does a -- well, first, a
12 Decentralized Autonomous Organization is often
13 referred to by the three letters D-A-O and
14 pronounced DAO, correct?

15 A Yes.

16 Q How does a DAO operate?

17 A Different than a hierarchal
18 organization. People join for their -- their own
19 benefit.

20 Q How many members does American
21 CryptoFed have today?

22 A One, mShift.

23 Q And that -- and no other person other
24 than you and Mr. Zhou has any say today in how
25 American CryptoFed operates, right?

1 A You're -- you're talking about an
2 entity that is still in its formation stages and has
3 not issued any tokens. It is more of an idea
4 than -- than an actuality now.

5 **Q So, right now, today, is American**
6 **CryptoFed operating as a Decentralized Autonomous**
7 **Organization?**

8 A I think probably the best way to look
9 at that would be if you looked at Commissioner
10 Hester Peirce's Safe Harbor, which has not passed,
11 but she talked about how difficult it is for a DAO
12 to generate. You'd have to have a start-up period
13 where the intent is to disseminate. And that is
14 listed in our -- our Form 10 and -- and our
15 constitution.

16 **Q So, American CryptoFed is not yet**
17 **operating as a Decentralized Autonomous Organization**
18 **today, right?**

19 A I don't quite know how to answer that
20 in the sense of nothing's been issued yet. It is --
21 it's -- it's -- it has its constitution. It has
22 the -- the structure, but nothing's been issued.

23 **Q And because nothing's been issued and**
24 **there are no Locke governance tokens issued and**
25 **there are no members of American CryptoFed besides**

1 **mShift, it is not yet a Decentralized Autonomous**
2 **Organization, right?**

3 A You're -- you're looking at the
4 initial development phase.

5 Q **You hope to become a Decentralized**
6 **Autonomous Organization, but you're not yet there?**

7 A You have -- mShift is the single
8 member manager of the DAO and -- and -- and my
9 apologies, if Zhou has -- knows all of the details
10 on this. Zhou's really the architect, okay. And he
11 can answer in better detail than I can.

12 Q **To your understanding, right now**
13 **today, is American CryptoFed operating as a**
14 **Decentralized Autonomous Organization at present?**

15 A It's not really operating at all,
16 okay. So, there's -- there's no operation.

17 Q **I'll move on.**

18 MR. BRUCKMANN: If we could bring up
19 Exhibit 1, please. And if we could go to the last
20 page of Exhibit 1 which is the -- the Form S-1. And
21 scroll up a little bit, please, to the top of the
22 page.

23 Q **Okay. So, this is the Form S-1.**
24 **You -- you recognize that, right, Mr. Moeller?**

25 A Sorry, I -- I was looking on the

1 side. So, I can't see. I see, Registration ACF
2 PDF, yeah.

3 Q And Marian Orr signed the Form S-1 as
4 the CEO of American CryptoFed, right?

5 A Yes.

6 Q And if we scroll down, you signed as
7 CEO of mShift, correct?

8 A As the sole member of mShift, yeah.

9 Q And Mr. Zhou signed and he signed as
10 the chief operating officer of mShift, right?

11 A Yes. And sole member of American
12 CryptoFed DAO, yeah.

13 Q You -- are you also the sole owner of
14 mShift?

15 A No.

16 Q Do you have any ownership stake in
17 mShift?

18 A Yes.

19 Q What percentage of mShift do you own?

20 A I -- I don't know the exact amount.
21 I'd have to -- but I believe it's a little north of
22 ten percent, but it could be a little south of it.
23 It could be like nine -- nine percent.

24 Q Somewhere between eight and
25 twelve percent?

1 A Yes. They --

2 Q **Is it fair to say --**

3 A Honestly, Mr. Bruckmann, that's a
4 guesstimate, okay. You know, don't -- don't hold me
5 to that.

6 Q **Understood.**

7 **Is it fair to say mShift is very**
8 **important to American CryptoFed?**

9 A I think it was important, but -- but
10 it's -- it's -- it's key in that it's the -- the
11 initial entity, yeah.

12 Q **mShift created American CryptoFed?**

13 A I -- I think individuals created --
14 yeah. Yeah. Can -- can I bring Zhou into this?
15 Because he's going to be able to articulate better
16 than I can.

17 Q **No, Mr. Moeller. To the best of your**
18 **knowledge, did mShift --**

19 JUDGE FOELAK: No, you are
20 testifying.

21 A Yeah. M -- mShift had -- is -- is --
22 I -- I would consider as part of the initial
23 development team.

24 Q **Is it fair to say that M -- is it**
25 **fair to say that mShift created American CryptoFed?**

1 A You know, to my -- hold on a second.
2 To my -- to my own personal knowledge
3 on this, I -- I wouldn't say that mShift created it.
4 I -- I would say that individuals, Zhou and I
5 created this.

6 Q **American CryptoFed got its name from**
7 **mShift?**

8 A No. I think I was very proud when I
9 came up with the idea of CryptoFed.

10 Q **American CryptoFed got its**
11 **intellectual property from mShift?**

12 A Can you -- can you restate that?

13 Q **Did American CryptoFed get any**
14 **intellectual property from mShift?**

15 A I -- I believe that -- okay. And --
16 and I don't want to be inaccurate about this, okay.
17 I believe that is all described in our Form 10.

18 JUDGE FOELAK: Mr. Bruckmann, when
19 you use the term "intellectual property," are -- are
20 you referring to patents and trademarks?

21 MR. BRUCKMANN: No. Your Honor, I'm
22 going to go to one of the exhibits that I think will
23 help clarify this. So, one moment.

24 If we can go -- we are already in --
25 go to page 32 of Exhibit 1, please. Right there is

1 fine.

2 Q Under section 16 of the Form S-1, the
3 last sentence of the first paragraph it says: Out
4 of the total 25 percent allocated to mShift,
5 one-fifth of this allocation, five percent of the
6 total, will be used to maintain, defend and protect
7 the intellectual property which will be permanently,
8 exclusively and irreversibly licensed to CryptoFed
9 free of charge.

10 So, do you see that, Mr. Moeller?

11 A Yeah, I do see that.

12 Q Did American CryptoFed get
13 intellectual property from mShift?

14 A Yeah. You know, I -- I am not the
15 writer of this, okay. I reviewed it. I signed off
16 on it, but when you talk about who's the architect
17 about this, this is all -- this is Zhou. I can't
18 answer the details.

19 Q Well, you're CEO of mShift. To your
20 knowledge, has mShift licensed any intellectual
21 property to American CryptoFed?

22 A What it -- what it says here: Out of
23 the total 25 percent allocated to mShift, okay,
24 one-fifth of this allocation will be used to
25 maintain, defend and protect the intellectual

1 property which will be permanently, exclusively and
2 irreversibly licensed to CryptoFed free of charge.

3 So, what you're looking at is you're
4 looking at the construction of -- of -- of -- of the
5 DAO.

6 Q But as president of American
7 CryptoFed and Chief Executive Officer of mShift, do
8 you know if any intellectual property was actually
9 licensed from mShift to American CryptoFed?

10 A No, I don't know.

11 Q mShift paid American CryptoFed's
12 bills, right?

13 A The nominal bills that exist, yes.

14 Q And that included paying Marian Orr's
15 salary, right?

16 A I believe so. Zhou was responsible
17 for doing all the payroll stuff.

18 Q Now, Marian Orr's salary for serving
19 as CEO of American CryptoFed was \$150,000.00 a year,
20 right?

21 A Yes.

22 Q Is that nominal to you?

23 A No. No. Her salary was, you know,
24 for -- for the start-up as a symbolic representing
25 the DAO, but I --

1 Q 150 --

2 A Honestly, I don't have personal
3 knowledge on -- on that agreement.

4 Q The \$150,000.00 that Marian Orr was
5 paid for serving as CEO was paid by mShift, right?

6 A Yes. No more than 10K a month, yeah.

7 Q And mShift is responsible for paying
8 any filing fees that American CryptoFed has in the
9 future for filings with the SEC, right?

10 A Until the DAO stands -- stands up
11 as -- as -- as an entity and goes passed its initial
12 development phase.

13 Q So, yes, for the time being, right?

14 A Yeah. But, look, I -- honestly, I --
15 I don't have personal knowledge on -- on this, okay.
16 I don't focus my -- my attention on this. This is
17 all Zhou's stuff that you're asking about.

18 Q You don't have personal knowledge as
19 to whether the company where you're CEO is
20 responsible for paying another company's bills?

21 A I -- I am not the one that -- that --
22 that is in charge of the accounting, okay. I --
23 that is correct, I do not pay attention to the
24 accounting.

25 Q mShift can control who American

1 **CryptoFed's officers are, right?**

2 A Excuse me?

3 Q **mShift can control who American**
4 **CryptoFed's officers are, right?**

5 A No. I think -- I think the SEC
6 controls who the officers are. There would be no
7 officers other than through these proceedings, okay.
8 You're talking about a hierarchal structure when
9 there -- there shouldn't be any, right?

10 MR. BRUCKMANN: We can go back to
11 Exhibit 7, please. Go up to the top.

12 Q **And this is a meeting of the board of**
13 **directors of mShift, right?**

14 A Yes.

15 Q **And the only two people at this**
16 **meeting were yourself and Mr. Zhou, right?**

17 A Correct.

18 Q **And that's because you and Mr. Zhou**
19 **constitute the entirety of the board of directors of**
20 **mShift, right?**

21 A Correct.

22 Q **And in this meeting mShift determined**
23 **who the officers of American CryptoFed would be,**
24 **right?**

25 A This meeting was done under coercion

1 because I was told by you that I would not be able
2 to represent myself in this proceeding other than as
3 a liability. And if I wanted to represent the
4 company, I had to be an officer of the company,
5 which was a DAO, which was an LLC, which doesn't
6 have the structure, but in order to communicate with
7 the SEC I had to take this. I don't want to --
8 yeah. All right.

9 **Q By -- by this document mShift**
10 **appointed who the officers of American CryptoFed**
11 **would be, right?**

12 A Yes. It would appoint officers to
13 communicate with outside entities, yes.

14 **Q And mShift will get 25 percent of the**
15 **Locke tokens if they're eventually issued, right?**

16 A Yes.

17 **Q And as we saw before, mShift is**
18 **responsible for defending the intellectual property**
19 **of mShift that makes Ducat and Locke work, right?**

20 A Can you -- can you restate that?
21 mShift is responsible for?

22 **Q For defending the intellectual**
23 **property of American CryptoFed that makes the Ducat**
24 **and Locke tokens work, right?**

25 A I -- I -- I -- I don't know how it

1 all -- all structures out. I know that's listed in
2 the constitution, the American CryptoFed
3 constitution, how it works. Can -- can we pull that
4 up?

5 MR. BRUCKMANN: Well, why don't we go
6 to Exhibit 1, page 32, item 16.

7 Q This is the passage that we were
8 looking at previously. And again, under,
9 Related-Party Transactions, the second sentence
10 reads: Out of the total 25 percent allocated to
11 mShift, one-fifth of its allocation is, five percent
12 of the total, will be used to maintain, defend and
13 protect the intellectual property which will be
14 permanently, exclusively and irreversibly licensed
15 to CryptoFed free of charge, right?

16 A Yeah. You -- you said to me that you
17 don't want me to pull up documents other than those
18 on the screen. Can you please pull up the
19 constitution of the CryptoFed section 4.4.

20 Q Right now, Mr. Moeller, I'm asking
21 you if I correctly read the sentence that I was just
22 referring to.

23 Did I read that right?

24 A Read it again, please.

25 Q Out of the total 25 percent allocated

1 to mShift, one-fifth of its allocation, five percent
2 of the total, will be used to maintain, defend and
3 protect the intellectual properties which will be
4 permanently, exclusively and irreversibly licensed
5 to CryptoFed free of charge.

6 A Can you open up -- wait, where did it
7 go? You're not going to show it on the screen, then
8 my answer is going to have to come from the physical
9 document.

10 Q No.

11 MR. BRUCKMANN: Your Honor, I object
12 to Mr. Moeller referring to a document that's not
13 being shown to him at that time.

14 JUDGE FOELAK: Sir, he's just asking
15 you whether he read that sentence correctly.

16 A Yes, you -- you read --

17 JUDGE FOELAK: He's not asking you,
18 is it true -- is there truth behind it or -- okay?

19 MR. MOELLER: Yes.

20 Q And that is what mShift is
21 responsible for doing, mShift is responsible for
22 defending the intellectual property in perpetuity,
23 right?

24 A Where -- where you're seeing --
25 that's the purpose of the five percent of the total

1 allocation of the Locke tokens, yes.

2 Q All right. And --

3 A Can you scroll up? Can you scroll up
4 in the document. I think you guys just got to go to
5 page three.

6 MR. BRUCKMANN: Let's go to page
7 three.

8 A Well -- because you're asking a
9 question, but you're going to get a lot better
10 answer if you just scroll.

11 Q We're on page three. Where would you
12 like us to look?

13 What would you like to point out on
14 page three, Mr. Moeller?

15 A It was -- I was going to the
16 constitution -- okay, you want 1A.

17 Q I'm not going to the constitution at
18 this time. If you want to discuss the constitution
19 later during your testimony, you can.

20 A You'll get better clarity if you look
21 at the constitution, but it's all right.

22 Q And when you signed this Form S-1?

23 A I really -- okay, go ahead. Go
24 ahead.

25 Q And when you signed this Form S-1 as

1 CEO of mShift you were indicating that everything in
2 it was true and correct to the best of your
3 knowledge, right?

4 A To the best of my knowledge, yes.

5 Q To the best of your knowledge, is
6 everything in this document still, correct?

7 A Yeah. I believe -- I believe so. I
8 mean, there is -- there is something saying that --
9 that we talk about, you know, like, 8Qs that haven't
10 been filed, but that -- yeah, but I don't -- I don't
11 know that much on that. As far as I know, this is
12 correct.

13 Q Okay. Is Marian Orr still the CEO of
14 American CryptoFed?

15 A No.

16 Q She resigned in January of 2022,
17 correct?

18 A Correct.

19 Q Has American CryptoFed filed an
20 amendment with the SEC or any other document with
21 the SEC on Edgar to alert potential purchasers of
22 the Ducat and Locke tokens that its CEO has
23 resigned?

24 A I don't know.

25 Q Is the resignation of a chief

1 executive officer an event that a reasonable
2 investor would want to know about before deciding
3 whether to purchase tokens?

4 A I don't know.

5 Q You have no idea whether someone
6 would want to know whether the CEO of a company had
7 resigned before investing?

8 A In -- in the documents or in -- in
9 the -- this one it specifically states that her role
10 is ceremonial and that there shouldn't be any
11 future. I don't have personal knowledge about that.

12 Q Have you filed any documents with the
13 SEC to indicate that you and Mr. Zhou have been
14 appointed as officers of American CryptoFed?

15 A The one document that you keep
16 referring to, right?

17 Q Well, that's -- that document is a
18 document that you sent to us by e-mail. Have you
19 filed anything on Edgar to make it publicly known to
20 potential investors that you and Mr. Zhou are now
21 the president and chief operating officer of
22 American CryptoFed?

23 A I don't know.

24 Q Is mShift still operating?
25 Mr, Moeller?

1 A Yeah, mShift -- mShift still exists.

2 Q Does it still operate as a going
3 concern?

4 A Yes.

5 Q How many employees does mShift have
6 today?

7 A Zero.

8 Q Did mShift previously have more
9 employees?

10 A Yes.

11 Q Around the time that the Form S-1 was
12 filed in September of 2021, approximately, how many
13 employees did mShift have at that time?

14 A Oh, I don't know. I don't know.
15 You'd have to ask --

16 Q You were the CEO of mShift. You have
17 no idea how many people worked for the company where
18 you were CEO?

19 A Correct.

20 Q More or less than 100?

21 A Less than.

22 Q More or less than 50?

23 A Look, I -- we had -- I honestly don't
24 know the -- the specific number of employees that we
25 had at -- what -- what date was that? 2021?

1 Q September of 2021, to the best of
2 your ability, please estimate how many employees
3 mShift had at that time.

4 A I don't know. I really don't know.

5 Q Is it fair to say at least ten
6 employees?

7 A Don't know.

8 Q How do you not know if a company
9 where you were CEO had at least ten employees or
10 not?

11 A Because we had had employer
12 reductions. I don't know how many we had.

13 Q And at present mShift has zero
14 employees?

15 A Look, I -- I really -- you should
16 talk to Zhou on this because he's -- he's the guy in
17 charge of HR, all that stuff. He's managed the
18 payroll.

19 Q At present, to the best of your
20 knowledge, as you testified a few minutes ago,
21 mShift has zero employees, right?

22 A Today, yeah.

23 Q Is it fair to say that mShift has
24 faced financial difficulties in recent times?

25 A I -- I would say that mShift has

1 changed its business model, yeah.

2 Q And has any of that been disclosed to
3 the potential purchasers of Ducat and Locke in any
4 filings with the SEC?

5 A The -- we have not made any -- any
6 amendments to the S-1.

7 Q Does mShift have any assets today?

8 A Talk to Zhou. I don't know.

9 Q You don't know whether a company
10 where you are CEO has any assets or not?

11 A No.

12 Q Anywhere in the Form S-1 does it
13 disclose --

14 MR. BRUCKMANN: Sorry, we're getting
15 a bit of feedback in this room.

16 Q Anywhere in the Form S-1 --

17 A Sorry.

18 Q Anywhere in the Form S-1, does it
19 disclose that you are such a hands-off manager of
20 mShift that you don't know whether it has assets or
21 employees?

22 A How do I --

23 MR. MOELLER: Objection, that's --
24 that's argumentative. Can I do that myself?

25 JUDGE FOELAK: Certainly.

1 MR. MOELLER: Okay. Objection,
2 that's argumentative.

3 JUDGE FOELAK: Okay, it is
4 argumentative. Ask the question in another way.

5 Q **Does it disclose anywhere in the Form**
6 **S-1 that you don't know how many employees mShift**
7 **has or whether it has any assets?**

8 A I'd defer to Zhou on that one.

9 Q **You don't know whether the Form S-1**
10 **has that disclosure or not?**

11 A I don't believe that it does.

12 Q **Both the Ducat token and the Locke**
13 **tokens are crypto tokens that will be issued on the**
14 **blockchain, right?**

15 A As the intent and purpose, yes.

16 Q **And that blockchain is a blockchain**
17 **that you and Mr. Zhou plan to create yourself using**
18 **the EOS protocol, right?**

19 A Deferring to Zhou. I -- I -- it's
20 not something that -- that Zhou and I can create by
21 ourselves. You're -- you're -- now you're talking
22 about a DAO structure, right, where people join at
23 their own benefit and -- and start to create.

24 Q **So, you and Mr. Zhou are not capable**
25 **of creating that blockchain by yourself?**

1 A I defer to Zhou on that. Maybe he
2 can. I cannot. I can only speak for myself.

3 Q Do you know whether Mr. Zhou is
4 capable of creating that blockchain by himself or
5 not?

6 A You should ask him.

7 Q I'm asking whether you know if he's
8 capable of creating that blockchain or not?

9 A I don't have personal knowledge of
10 that.

11 Q Does the S-1 disclose anywhere that
12 American Crypto -- well, does the S-1 disclose
13 anywhere that you do not know how to write a
14 blockchain.

15 MR. MOELLER: That -- again,
16 objection, argumentative.

17 JUDGE FOELAK: Sustained.

18 Q Does -- does it disclose anywhere in
19 the S-1 how the blockchain will actually be written?

20 A I don't know. I think -- I think
21 what is disclosed is -- no. I -- I don't know.

22 Q Of the two tokens, the Locke token is
23 described as the governance token, right?

24 A Yes.

25 Q It will be issued first, right?

1 A By -- yeah. I'm not sure of the
2 specific that it says in the -- in the S-1, but yes.

3 Q You plan to issue the Locke token
4 before you issue the Ducat token, right?

5 A Yes.

6 Q And if and only if Locke's value
7 rises to ten cents per token Ducat would be issued,
8 right?

9 A Yes. And on all of that, I'd have to
10 defer to Zhou.

11 MR. MOELLER: Zhou, you have --

12 MR. BRUCKMANN: We would object to
13 Mr. Zhou answering any questions at this time, Your
14 Honor.

15 MR. MOELLER: No, but if -- if there
16 are objections raised, he can raise objections too,
17 correct?

18 JUDGE FOELAK: He can raise
19 objections, but not testify and give a lengthy
20 speech. In other words, no good.

21 Okay, please continue.

22 Q So, American CryptoFed needs Locke to
23 rise to ten cents per token for its plan to work,
24 right?

25 A I -- I have to defer to Zhou on that

1 because he -- he can run through the how.

2 MR. BRUCKMANN: If we can go to page
3 23 of the Form S-1.

4 A Right where you left it, and it was,
5 American CryptoFed's not selling any Locke or Ducat
6 in this.

7 Q Okay.

8 MR. BRUCKMANN: If we can go down to
9 the very bottom of page 23, please.

10 Q All right. The last sentence begins
11 on the next to last line, reads: No Ducat token can
12 be issued until the market price of Locke token
13 reaches ten cents per token daily for a --
14 continuing onto the next page -- consecutive
15 one-month period which then enables CryptoFed to
16 have sufficient Locke value to stabilize Ducat at
17 its target equilibrium -- equilibrium exchange rate.
18 Did I read that correctly?

19 A Yes.

20 Q So, would you agree that American
21 CryptoFed needs Locke to rise to ten cents per token
22 in order to be able to launch the Ducat tokens?

23 A I agree that -- that -- that that's
24 what's written there, but the process of how that
25 would occur, you got to talk to Zhou, okay. I am

1 not the guy to talk to on that.

2 Q Okay. And the point of American
3 CryptoFed is to eventually launch the Ducat tokens,
4 right?

5 A The point of American CryptoFed is to
6 offer a monetary system of voluntary consensus
7 where -- where people elect to be in the system,
8 okay. It's -- it's -- it's to create a prosperous
9 economy. I don't know how else to put it.

10 Q And none of that can happen in your
11 vision unless the Ducat token is issued, right?

12 A Well, the -- the Ducat token is -- is
13 for everyday transactions at -- you know, whether on
14 line or brick-and-mortar. So, with that you have
15 a -- a real system.

16 Q And in order to get there Locke needs
17 to get to ten cents?

18 A Talk to Zhou. Talk to Zhou.

19 Q The tokens will be issued by a
20 refundable auction, right?

21 A Yes.

22 Q Is it fair to say the refundable
23 auction is a central feature of American CryptoFed's
24 plan?

25 A I would say their refundable auctions

1 is an American CryptoFed innovation.

2 Q And why is the refundable auction
3 important to the American CryptoFed process?

4 A Please talk to Zhou on that because
5 he will be able to give -- he will be able to
6 communicate far better than I can.

7 Q Well, I'm asking you right now to
8 give your best understanding of why the refundable
9 auction is important to the American CryptoFed
10 process.

11 A I would prefer you talk to Zhou on
12 that.

13 Q I'm asking you.

14 A I know. And -- and my answer is,
15 talk to Zhou.

16 MR. BRUCKMANN: Your Honor, please
17 instruct the witness to answer the question.

18 JUDGE FOELAK: Just answer the
19 question if you know the answer. If you don't
20 know -- if you don't know say you don't know or say
21 yes or no.

22 MR. MOELLER: Okay, Your Honor.

23 A Can you -- can you ask the question
24 again?

25 Q Please explain why the refundable

1 **auction is an important feature of the American**
2 **CryptoFed plan.**

3 A Okay. I -- I -- I can give you my
4 perspective, but it's -- I -- I don't know that --
5 the mechanics of how it works. So, please talk to
6 Zhou on that. That -- that is my answer.

7 Q **What is your perspective, as best you**
8 **understand it?**

9 A That the refundable auction of the
10 American CryptoFed doesn't take the money. It
11 remains in the possession of the individual. The
12 smart contract for American CryptoFed has -- has
13 eyes on the funds that are there, but the individual
14 has full control. But -- but if you want details,
15 go talk to Zhou, okay. There's -- there's really no
16 purpose in -- in -- okay.

17 Q **Okay.**

18 MR. BRUCKMANN: I'm going to move to
19 a new line of questioning. For the convenience of
20 the court, I'm just going to note the next line of
21 questioning relates primarily to a paragraph 2(b)(5)
22 on page two of the OIP.

23 Q **Mr. Moeller --**

24 A And, I'm sorry, the -- which -- which
25 OIP? Which one, the first one or the second one?

1 Q The one for this proceeding that was
2 issued earlier this month.

3 A Okay.

4 Q Does the Form S-1 contain audited
5 financial statements?

6 A No, it does not.

7 Q Does it contain financial statements
8 of any kind?

9 A I believe it does. It -- it has --
10 it has a discussion of -- of -- yeah. It has
11 management discussion, but -- yeah. Yes.

12 MR. BRUCKMANN: If we can go to page
13 29 of the Form S-1, please. Scroll down to section
14 eight.

15 Q Were you referring to sections eight
16 and nine, to section ten or someplace else,
17 Mr. Moeller?

18 A I cannot go through this document
19 back and forth. So, talk to Zhou.

20 Q You can't point out where the
21 financial statements you think might be in the S-1
22 are?

23 A If I look at my papers that I have
24 by -- beside myself versus you controlling it on the
25 screen.

1 Q And what paper would you refer to? A
2 paper copy of this?

3 A Yeah. Yeah. Yeah. Yeah. I would
4 look at the S-1.

5 Q That's fine.

6 MR. BRUCKMANN: Your Honor, if we
7 want to take a short break and Mr. Moeller can
8 review the S-1 during the break and then when we
9 come back he can let us know where that is.

10 JUDGE FOELAK: Okay. How long do you
11 want?

12 MR. BRUCKMANN: I suppose that
13 depends how late tonight Your Honor intends to
14 proceed. We're happy to proceed until whenever.

15 JUDGE FOELAK: Six-ish, 6:30 or -- I
16 know your day ends at 5:30. Of course it's
17 difficult in California.

18 MR. BRUCKMANN: My -- my day hardly
19 ever ends at 5:30, Your Honor. We're happy to
20 proceed until 6 or 6:30. Ten minutes now would be
21 sufficient.

22 JUDGE FOELAK: Okay.

23 MR. MOELLER: Okay. So, we're on a
24 ten-minute break?

25 JUDGE FOELAK: A ten-minute break,

1 yeah.

2 MR. MOELLER: Okay, thank you, Your
3 Honor.

4 (Brief recess taken at 4:37 p.m. Eastern Time.)

5 JUDGE FOELAK: Okay. Back on the
6 record.

7 Mr. Bruckmann, is he there?

8 MR. BRUCKMANN: Yes, Your Honor,
9 before we resume the examination, I -- we just have
10 a logistical issue that we discussed among ourselves
11 during the break and that is, it doesn't look like
12 we're going to finish today even if we go 'til 6:30.

13 JUDGE FOELAK: Yes. Yes. I was
14 going to tell you that I intended to stop in one
15 hour because it doesn't look like we're going to
16 finish today.

17 MR. BRUCKMANN: We just -- we just
18 wanted to know if Your Honor is planning to resume
19 tomorrow so that we're sure that we can confirm the
20 court reporter's availability.

21 JUDGE FOELAK: Oh, okay. If
22 everybody else is ready to resume tomorrow, I would
23 say tomorrow at ten o'clock.

24 And FYI for the future, I have a
25 previous commitment for Monday that I don't know how

1 long it's going to last. So, we should maybe skip
2 Monday in case we go over tomorrow.

3 MR. BRUCKMANN: Okay. So, just for
4 logistical arrangements then, tomorrow and, if
5 necessary, Tuesday.

6 And I believe I saw the court
7 reporter nod that she was available just so we can
8 be certain about that.

9 (Whereupon, Reporter responds.)

10 JUDGE FOELAK: Thank you.

11 Okay. Please proceed.

12 BY MR. BRUCKMANN:

13 Q Mr. Moeller, during the break did you
14 have an opportunity to review your paper copy of the
15 Form S-1?

16 A I took a bathroom break actually.
17 So, I -- I -- I did not re-review the S-1 during the
18 break. I took a bathroom break.

19 Q Okay. Take a few minutes and look
20 through it now. And please let me know where you
21 think the financial statements are in that document.

22 A There's a couple of places. Number
23 21.

24 Q What -- is that on page 33?

25 A Yes.

1 **Q Okay.**

2 MR. BRUCKMANN: Can we go to page 33
3 of the document.

4 **Q Okay. And what financial statements**
5 **do you see in section 21 on page 33?**

6 A It explains our give-away business
7 model which does not have any revenue, costs or
8 corresponding financial information.

9 **Q And who determined that the business**
10 **model did not result in any revenue, costs or other**
11 **financial information?**

12 A Talk to Zhou.

13 **Q Does that mean Mr. Zhou is the one**
14 **that determined that the business model did not**
15 **result in revenue, costs or corresponding financial**
16 **information?**

17 A Zhou is the architect of the business
18 model, the architect of the American CryptoFed DAO.

19 **Q Okay.**

20 A And -- and if I can expand on that
21 for a second because, you know, before you were,
22 Hey, you're CEO. You don't know this information.
23 Zhou -- Zhou is the one that -- that -- I don't have
24 personal knowledge on. Zhou does.

25 **Q To your knowledge, what accounting**

1 **training does Mr. Zhou have?**

2 A Oh, I don't know.

3 Q **You don't know whether he has any**
4 **accounting training whatsoever?**

5 A I -- I don't have any personal
6 knowledge on his background of -- of accounting, no.

7 Q **How can you have any confidence that**
8 **he correctly determined that the business model did**
9 **not result in any revenue then?**

10 A I trust Zhou. I've known Zhou for a
11 long time, okay, and I trust him. I trust him
12 implicitly.

13 Q **Well, do you understand, Mr. Moeller,**
14 **the difference between trusting someone and trusting**
15 **someone's ability to do a specific task? For**
16 **example, you might trust someone, but they might not**
17 **be a very good basketball player and not be able to**
18 **play basketball well at all.**

19 **So, the issue here is, what is your**
20 **basis to believe that Mr. Zhou can correctly**
21 **determine that American CryptoFed's business model**
22 **does not result in any revenue?**

23 A I don't have personal knowledge.
24 You're going to have to ask Zhou.

25 MR. BRUCKMANN: If we can go to page

1 24 of the document.

2 Q There's a discussion of revenue at
3 the bottom of page 24 continuing onto page 25. And
4 do you see that section, Mr. Moeller?

5 A Does that go into the transcript?
6 Uhmm? Okay. Revenue? Yes.

7 Q Okay. And do you know if any PCAOB
8 registered accounting firm reviewed this discussion
9 of revenue?

10 A I -- I don't know. Talk to Zhou.

11 Q In the refundable auctions that
12 American CryptoFed envisioned purchasers would pay
13 American CryptoFed for Locke tokens using U.S.
14 dollar-pegged stablecoins, right?

15 A Yes. And that's -- yes.

16 Q And those purchasers would lose their
17 right to any refund if Locke's price surpassed five
18 times the original purchase price, right?

19 A I -- I see that -- yes, I see that
20 there. You want to talk to Zhou on -- on how
21 that -- that whole thing is structured.

22 Q Okay. And the original purchasers
23 would also lose their purchase rights if the Locke
24 tokens were sold, right?

25 A Can -- can you explain that? The

1 original purchasers reserves the rights --

2 Q The original purchasers would lose
3 their refund rights if the original Locke tokens
4 were sold? That's what it says after B right after
5 the section we're looking at, right?

6 A Yeah. So, if you sell your tokens to
7 someone else and -- and you sold them, and you
8 don't -- yeah, talk to Zhou to -- to talk about the
9 structure of it. He can explain it far better than
10 I can.

11 Q And the original purchasers also lose
12 their refund rights if three years passed from the
13 time of the original purchase, right?

14 A Talk to Zhou.

15 Q You don't know whether that's true or
16 not?

17 A I -- I don't know the details on
18 this, on how this -- this structure goes through.
19 You'd have to talk to Zhou and he will be able to
20 speak it clearer than I can.

21 MR. BRUCKMANN: If we can go to page
22 25.

23 Q And at the top of that -- it
24 continues on from page 24, but the last two
25 sentences says: No proceeds can be used for other

1 **purposes. As a result, CryptoFed cannot book any**
2 **proceeds from Locke auctions as revenue.**

3 **Do you see those two sentences,**
4 **Mr. Moeller?**

5 A Yes.

6 Q **Do you have any knowledge of what**
7 **accounting principle that's based on?**

8 A Talk to Zhou. I -- I am not the
9 accounting guy.

10 Q **Do you know if the proceeds will be**
11 **reported as income to the IRS?**

12 A Talk to him, he's got that.

13 Q **Did anyone from American CryptoFed**
14 **consult a tax attorney regarding whether it would**
15 **need to be reported to the IRS as income?**

16 A Not to my personal knowledge. Talk
17 to Zhou.

18 Q **Did anyone from CryptoFed have any**
19 **communications with the IRS regarding whether the**
20 **proceeds from the auction would need to be reported**
21 **as income?**

22 A Talk to Zhou. Not to my personal
23 knowledge. Okay. And -- yeah.

24 Q **If we look at the next section on**
25 **this page under heading two, Ducat Token Proceeds**

1 and U.S. Dollar-Pegged stablecoins. The first
2 sentence under that section says: Ducat sales and
3 distribution will not start until CryptoFed's Form
4 S-1 is declared effective by the SEC and Locke
5 reaches a market price of ten cents per token on
6 compliant crypto exchanges.

7 Do you see that sentence?

8 A Yes.

9 Q So, do you agree that American
10 CryptoFed's plan if the format fund becomes
11 effective is to start to sell and distribute Locke
12 tokens at some point, right?

13 A Once the Form S-1 is effective
14 then -- then the CryptoFed would be able to, yes.

15 Q The next sentence reads: Paid by
16 CryptoFed. People and entities can earn Ducat
17 interest, three percent to five percent, by holding
18 Ducat, earn Ducat rewards for purchase transactions,
19 5.5 percent to 12 percent, and merchants earn
20 transaction revenue, one percent to four percent,
21 for every consumer purchase.

22 Do you see that section?

23 A Yes.

24 Q So, people who hold Ducat tokens --
25 if this S-1 becomes effective and the plan goes into

1 **place, people who hold Ducat tokens can expect to**
2 **earn interest, right?**

3 A I don't have personal knowledge of
4 how that process would work. You should talk to
5 Zhou on it, but that's what the -- the S-1 states.

6 Q **I'm not asking for details of the**
7 **process, Mr. Moeller. I'm just asking for the basic**
8 **principle that Ducat holders can earn interest if**
9 **this all becomes effective and goes into place,**
10 **right?**

11 A There -- there is -- there is details
12 where it can -- I think Locke holders can vote on
13 the variables, but talk to -- talk to Zhou on that.
14 I really don't have personal knowledge of how, like,
15 it all works.

16 Q **To the best of your knowledge, will**
17 **Ducat token holders earn interest?**

18 A It's -- I think it's based on the --
19 the Locke holders set the variable, but, yeah, talk
20 to -- talk to Zhou.

21 Q **Do you know whether CryptoFed intends**
22 **that Ducat holders will earn interest?**

23 A I'm not sure interest is the -- the
24 right word. It's a give-away business model. They
25 earn by holding, but I -- I really don't have

1 personal knowledge on -- on the process.

2 MR. BRUCKMANN: Mr. Baker, if you can
3 highlight the first portion of the sentence that
4 says: Paid by CryptoFed, up to the first word on
5 the next line.

6 **Q The portion of Exhibit 1 that's**
7 **highlighted on the screen that reads: Paid by**
8 **CryptoFed. People and entities can earn Ducat**
9 **interest, three percent to five percent, by holding**
10 **Ducat. Is that a true statement, Mr. Moeller?**

11 A That should be.

12 **Q Is it?**

13 A The same way that like Bitcoin
14 pays -- pays a miner, right. So, what they're doing
15 is they're holding the Ducat and they're -- they're
16 earning a give-away reward for that. They earn --
17 they earn rewards for purchase transactions, right?
18 So -- so -- so, rewards for using the -- the token
19 and transactional activity or holding it.

20 **Q So, yes or no, is the highlighted**
21 **statement on the screen true?**

22 A By holding Ducat, but Ducat's not
23 been issued yet. So, I -- I don't have personal
24 knowledge of how it -- how it's going to play out,
25 but that's -- that's the intent.

1 Q The interest that Ducat holders would
2 earn, that would be something of value, right?

3 A They're earning -- they're earning
4 Ducat rewards.

5 Q And your idea, if CryptoFed is
6 successful, is that Ducat would have value?

7 A Hope so.

8 Q Is that obligation by American
9 CryptoFed to pay crypto -- to pay Ducat holders
10 interest a liability?

11 A I don't know that it -- I don't have
12 personal knowledge of that. You've got to talk to
13 Zhou.

14 Q Well, Mr. Moeller, repeatedly in
15 letters that you have sent to the SEC signed by you,
16 you have asserted that American CryptoFed doesn't
17 have assets or liabilities. How can you repeatedly
18 make that assertion to the staff of the Securities
19 and Exchange Commission if you don't know whether
20 the obligation to pay this interest constitutes a
21 liability or not?

22 A Please talk to Zhou. I trust Zhou,
23 okay. I'm going to go back onto the symbolic nature
24 of the CEO role, okay. And -- and Marian was the
25 symbolic CEO for the CryptoFed. I'm a symbolic CEO

1 for the CryptoFed for -- for purposes to interact.
2 Okay. It's -- and that's also -- and it is stated
3 in our constitution that the CEO role is -- is
4 intended to go away.

5 When I say, Talk to Zhou so much,
6 I've worked with Zhou for years, okay. And -- and
7 our -- at mShift, similar role, okay. It -- it's
8 he -- he's the architect.

9 **Q What's your role?**

10 A Well, I'm not doing it very well
11 here, but -- but to be able to communicate.

12 **Q How can you communicate if you don't**
13 **understand any of the details of how it works?**

14 A Now you're getting some of the
15 frustrations Zhou gets with me.

16 It's -- yeah. It's -- it's -- he
17 is -- is effectively the internal CEO of -- of
18 mShift. We are both contributors and organizers of
19 the CryptoFed, but he is the -- the chief operating
20 officer. So -- so, think of him as the internal
21 CEO, okay. He's -- he's the guy that pays attention
22 to all the accounting.

23 MR. BRUCKMANN: If we can go to page
24 26. And scroll down a little bit.

25 **Q Under the section, Cost, the third**

1 paragraph says: If the founding organization,
2 mShift, will cover CryptoFed operating costs until
3 December 31st, 2021. Do you see that?

4 A Yes.

5 Q Who is paying CryptoFed's operating
6 costs now?

7 A I believe mShift, but talk to Zhou.

8 Q You don't know?

9 A No. I -- I don't -- I'm not in
10 charge of the financials. So, talk to Zhou.

11 Q Do you have any explanation for why
12 the Form S-1 does not include audited financial
13 statements?

14 A We have no assets, no liabilities, no
15 shareholder equity. There is -- there is no
16 financial statement to create, you know what I mean?
17 You really got to talk to Zhou to get the details on
18 it.

19 You know, one frustration I had is
20 like on the executive compensation table that you
21 guys were talking about and -- and, yeah, we had the
22 table, it's just one row, one column, that was
23 Marian Orr.

24 Q Okay. Mr. Moeller, you just said
25 that American CryptoFed has no assets and no

1 liabilities when just minutes ago you said you
2 didn't know whether the obligation to pay interest
3 constituted a liability. Do you actually have
4 knowledge of whether American CryptoFed has assets
5 and liabilities or not?

6 A I don't believe it has any assets or
7 liabilities.

8 Q Is that based on anything other than
9 the word of Mr. Zhou?

10 A I -- yeah. I looked at Bitcoin too
11 and Bitcoin as a network has no assets, it has no
12 liabilities, okay. The miners do, okay. If -- if
13 you're mining Bitcoin you absolutely have assets,
14 you absolutely have liabilities. You've got to pay
15 for your computers, but Bitcoin as a network does
16 not. And when you look at the CryptoFed DAO the,
17 intent is for it to be a -- a -- a network.

18 Q Are you a certified public
19 accountant?

20 A No.

21 Q Do you have an accounting degree from
22 any college or university?

23 A No. A couple of accounting classes.

24 Q What accounting classes do you have?

25 A Management 1A.

1 Q Okay. When did you take Management
2 1A, what year?

3 A Oh, that's a while ago.

4 Q More than 20 years?

5 A Yes.

6 Q Have you taken any accounting classes
7 since then?

8 A No.

9 Q Are you familiar with U.S. Generally
10 Accepted Accounting Principles?

11 A I'm familiar with the term GAAP.

12 Q Have you ever heard of the Financial
13 accounting Standards Board?

14 A Through conversations with Zhou.

15 Q Do you have any idea what the
16 Financial accounting Standards Board, sometimes
17 called FASB, does?

18 A No. Not personal knowledge, no.

19 Q Have you ever heard of the accounting
20 Standards Certification?

21 A No.

22 Q Ever read any of them?

23 A Read any of what?

24 Q The accounting Standards
25 Certification sometimes referred to by the

1 **abbreviation ASC?**

2 A I haven't.

3 Q **So, that would mean you've never read**
4 **ASC 350 -- ASC 350 Intangibles, Goodwill and Other,**
5 **right?**

6 A Correct.

7 Q **Do financial statements filed with**
8 **the SEC have to comport with Generally Accepted**
9 **Accounting Principles?**

10 A I would believe so, but I don't have
11 personal knowledge on that.

12 MR. BRUCKMANN: Your Honor, at this
13 point, we would just ask for Judicial Notice of 17
14 CFR 210.4-01(a)(1). And we're happy to include that
15 in our post-hearing briefing rather than getting
16 into a legal argument at this point, but it's the
17 portion of the Commission's regulations stating that
18 financial statements filed with the Commission that
19 are not in accordance with Generally Accepted
20 accounting Principles would be presumed to be
21 misleading or inaccurate.

22 JUDGE FOELAK: Okay, thank you.

23 You don't actually have to -- it
24 isn't actually necessary to take official notice of
25 it because it is a Commission rule, but thank you.

1 **Q Mr. Moeller --**

2 MR. BRUCKMANN: Sorry, Your Honor,
3 the conference room phone is ringing. I have no
4 idea who would be calling us.

5 JUDGE FOELAK: Oh.

6 MR. BRUCKMANN: Ours, not yours, Your Honor.

7 JUDGE FOELAK: Oh.

8 MR. MOELLER: It's dinnertime.

9 JUDGE FOELAK: Thank you.

10 BY MR. BRUCKMANN:

11 **Q Okay. Mr. Moeller, does American**
12 **CryptoFed operate in accordance with Generally**
13 **Accepted Accounting Principles?**

14 A You got to talk to Zhou on that. I
15 mean, it's -- you have no -- no revenues, no
16 expenses. I -- I don't know how else it would be.

17 **Q Mr. Moeller, do you remember that you**
18 **gave --**

19 A Go ahead.

20 **Q You were saying something. I didn't**
21 **mean to cut you off.**

22 A No. No. No. No. I was going to
23 just -- look, do you mind if I just grab a water?
24 Okay? It's ten seconds.

25 **Q Fine by me.**

1 A Thanks.

2 (Brief pause taken.)

3 A All right. Sorry about that.

4 Q Not a problem.

5 Okay. Mr. Moeller, do you recall
6 that you gave sworn testimony during the Section
7 8(e) examination that was conducted by the Division
8 of Enforcement?

9 A Yeah, I remember that.

10 MR. BRUCKMANN: If we can bring up
11 Exhibit 6 and put up the first page on the screen?

12 BY MR. BRUCKMANN:

13 Q And, Mr. Moeller, Exhibit 6 is a
14 testimony of your -- a transcript of your testimony
15 during the examination; is that correct?

16 A Yes.

17 Q Okay. And you have a copy of your
18 testimony transcript that you ordered yourself,
19 right?

20 A Correct.

21 Q And you also have Exhibit 6 which was
22 provided to you by the Division of Enforcement,
23 right?

24 A Yes.

25 Q And that testimony took place on July

1 **7th, 2022, right?**

2 A Yep. First testimony I've ever
3 given.

4 Q And it was on a Webex session similar
5 to the Webex session that we're conducting here
6 today, right?

7 A Correct.

8 Q And you took an oath to tell the
9 truth, right?

10 A Yes.

11 Q Just like the oath you took here
12 today?

13 A Yes.

14 MR. BRUCKMANN: If we can go to
15 page -- if we can go to page 129 of the exhibit.

16 A And this is the -- the one -- and
17 just to clarify, this is the -- this testimony is
18 the one that we've specified was done under an
19 illegal action, correct?

20 Q Well, it's one that you've objected
21 to.

22 JUDGE FOELAK: Well, pursuant to the
23 examination that you are arguing was not authorized,
24 yes.

25 MR. MOELLER: Yeah. So, can I -- can

1 I -- can I object to this -- what do you call it,
2 this exhibit, because it was through a -- an
3 unlawful action?

4 JUDGE FOELAK: Well, you can argue --
5 as I've said before, you can argue that the action
6 was unauthorized, et cetera, et cetera.
7 Nonetheless, for the purpose of there being some
8 sort of conflict between what was said under oath
9 then and what you're saying under oath today, you
10 still said it, so.

11 MR. MOELLER: So I --

12 JUDGE FOELAK: Anyway.

13 MR. MOELLER: Well, you see what I'm
14 saying is -- is if this is an unlawful subpoena
15 and -- and done unlawfully, would -- would this
16 information be considered relevant?

17 JUDGE FOELAK: I understand what
18 you're saying, and it is a legal argument. If this
19 really never happened -- if this testimony really
20 never happened and this transcript is all lies -- I
21 mean, as far as it not happening, I don't mean that
22 it shouldn't have happened or should have happened.
23 I'm just saying, if it happened -- you can -- you could
24 argue that none of it should have happened, in your
25 post-hearing pleadings, none of it was authorized by

1 the Securities Act or the Exchange Act -- but you did
2 give the testimony; is that correct?

3 MR. MOELLER: I did.

4 JUDGE FOELAK: Even though -- okay.
5 Okay.

6 BY MR. BRUCKMANN:

7 Q All right. Starting on page 29, line
8 11, Mr. Moeller, you were asked -- one page 129 on
9 line 11, Mr. Moeller, you were asked the following
10 questions and gave the following answers:

11 "QUESTION: And there's no plan that
12 the Locke token ever will have any underlying asset,
13 right?

14 ANSWER: Can you define --"

15 Q It says here hat. I believe it was:

16 "What you mean by underlying asset?

17 Meaning, what?

18 QUESTION: Meaning asset as defined
19 by U.S. Generally Accepted Accounting Principles.

20 ANSWER: Without waiving my
21 objection, the DAO did not operate in accordance
22 with Generally Accepted Accounting Principles. It
23 is hard to put this in the box of revenues and
24 operating expenses when the -- when the DAO doesn't
25 have it."

1 Q Those -- that was the questions and
2 answers you gave during your testimony, right,
3 Mr. Moeller?

4 A Yeah.

5 MR. MOELLER: I think I'd have to put
6 in an objection to this too because it's -- and --
7 and -- and, Your Honor, okay, this is -- what --
8 what you have here is you have --

9 JUDGE FOELAK: Mr. Moeller, let me
10 ask you a question.

11 MR. MOELLER: Sure.

12 JUDGE FOELAK: Thank you.

13 Do you know that that is a "term of
14 art"?

15 MR. MOELLER: No. What do you mean
16 by "term of art"?

17 JUDGE FOELAK: What is your
18 understanding of what "Generally Accepted Accounting
19 Principles" is, what that refers to?

20 MR. MOELLER: I -- I've heard the
21 term, but I -- I don't know the -- the -- the def --
22 definition of that. I -- I really lean heavily on
23 Zhou when we start going into the accounting.

24 JUDGE FOELAK: Okay. Thank you.

25 Please continue, Mr. Bruckmann.

1 MR. BRUCKMANN: Your Honor, I
2 would --

3 JUDGE FOELAK: -- whether --
4 whether -- I know you were asking about all caps
5 G-A-A-P and he may not have understood that or
6 understood what that is.

7 MR. MOELLER: Especially when
8 version --

9 MR. BRUCKMANN: Your Honor, with
10 that, we move page 129 lines 11 through 21 of
11 Exhibit 6 into Evidence.

12 JUDGE FOELAK: Okay. Lines 11
13 through 21 on page 129 of Exhibit 6 are moved into
14 Evidence -- within Exhibit 6

15 BY MR. BRUCKMANN:

16 Q **Mr. Moeller --**

17 MR. BRUCKMANN: You can take that
18 down.

19 BY MR. BRUCKMANN:

20 Q **Mr. Moeller, does it disclose**
21 **anywhere in the Form S-1 that the DAO does not**
22 **operate in accordance with Generally Accepted**
23 **Accounting Principles?**

24 A I -- I don't know. I don't know. I
25 would -- I would talk to Zhou on that. I mean, we

1 make it clear that -- that -- that the DAO has no
2 assets, no liabilities, you know. And I -- I'd have
3 to go through the S-1 and -- and, you know, pick it
4 out, but -- but Zhou could probably answer it off
5 the top of his head.

6 Q What is an intangible asset?

7 A Talk to Zhou.

8 Q You don't know what an intangible
9 asset is?

10 A Something that's not tangible.

11 Q Can you think of any examples of what
12 constitutes an intangible asset?

13 A Talk to Zhou.

14 Q You don't know?

15 A No.

16 Q Can intellectual property constitute
17 an intangible asset?

18 A Possibly. I -- I don't know what an
19 intangible asset is. So, please talk to Zhou.

20 Q Can a permanent license, for free, of
21 an intellectual property, constitute an intangible
22 asset that has value?

23 A Say -- say that again.

24 Q Can the permanent, free license of
25 intellectual property constitute an intangible asset

1 **that has value?**

2 A I -- I think where you're leading to
3 is, does mShift gain an asset here. Is that your
4 question?

5 Q **It's actually the opposite. It's,**
6 **does American CryptoFed gain an asset from mShift by**
7 **the permanent license of intellectual property?**

8 A Oh, I don't even know. I really
9 don't even know, okay. I took the wrong direction
10 on your question. So, yeah, I don't know.

11 Q **American CryptoFed has the exclusive**
12 **ability to mint the Ducat and Locke tokens, right?**

13 A That's a good question. I -- I'm --
14 I don't know the answer if that is exclusive or not.
15 So -- so, talk -- talk to Zhou on that.

16 MR. BRUCKMANN: Okay. If we can go back to
17 Exhibit 6, on page 135. Move down to the bottom of the
18 page starting on line 19.

19 BY MR. BRUCKMANN:

20 Q **Mr. Moeller, again, on your**
21 **testimony -- transcript from your testimony during**
22 **the examination starting at line 19 at page 135 you**
23 **were asked the following questions and gave the**
24 **following answers:**

25 "QUESTION: American CryptoFed is the

1 **only entity that can mint Locke tokens. Am I**
2 **correct about that?**

3 ANSWER: Correct.

4 QUESTION: And American CryptoFed?

5 ANSWER: Well, it's because they
6 would all be on the American CryptoFed blockchain.
7 So, yeah, it's -- it's -- and it's transparent to
8 all on how many tokens -- it's a --"

9 **Q Continuing onto page 136:**
10 **"blockchain.**

11 QUESTION: And American CryptoFed is
12 also the only entity that can mint Ducat tokens; is
13 that correct?

14 ANSWER: Correct."

15 **Q That was the questions and answers**
16 **that you were asked and gave answers to during your**
17 **testimony, right?**

18 A If you go down a little bit farther
19 you're asking me the same questions on GAAP and you
20 also see me going: Let me think that on that. Say
21 that question again. Okay. And I -- I -- you know,
22 I -- I -- I did -- I think that it's -- I don't have
23 the -- the -- the knowledge on whether we're -- we
24 can solely mint it or not. I think you've got to
25 talk to Zhou on that. And I think --

1 **Q Mr. Moeller --**

2 A And this -- and this discussion we
3 had was maybe four, five hours into my testimony.

4 **Q Mr. Moeller, just answer the**
5 **question. The only question I asked was: Did I**
6 **read the question and answers from the transcript**
7 **correctly?**

8 A You read it. My qualifier is, I
9 probably answered incorrectly.

10 **Q That was your testimony under oath**
11 **though, right?**

12 A The first testimony I've ever given,
13 yeah.

14 MR. BRUCKMANN: Your Honor, with that
15 I want to move page 135 line 19 through page 136
16 line 4 of Exhibit 6 into Evidence.

17 A And does Bitcoin operate on GAAP?

18 JUDGE FOELAK: Okay. Page 135 line
19 19 through page 136 line what?

20 MR. BRUCKMANN: Line 4, Your Honor.

21 JUDGE FOELAK: Line 4 is admitted.

22 MR. MOELLER: Your Honor, can I
23 object to that for -- for all of the issues that I
24 brought up before, one that --

25 JUDGE FOELAK: Okay. Okay. You've

1 got a continuing, I would say, objection. And
2 you're going to make this argument in your
3 post-hearing briefing that the examination was
4 unauthorized and illegal and, you know, this -- this
5 administrative proceeding likewise.

6 MR. MOELLER: Yeah.

7 BY MR. BRUCKMANN:

8 Q Okay. Mr. Moeller, why isn't the
9 exclusive ability to mint Ducat and Locke tokens an
10 asset?

11 A I don't know, okay. I don't know the
12 answer to your question, okay. You'd need to bring
13 that back to Zhou.

14 Q Does the brand name American
15 CryptoFed have any value?

16 A Don't know. I think it's cool.

17 Q Is it trademarked?

18 A I don't know.

19 Q If someone else started using the
20 name American CryptoFed tomorrow, what would you do?

21 A Talk to Zhou on that. I -- I don't
22 know what I would do.

23 Q If someone else started selling
24 something called a Ducat token tomorrow, what would
25 you do?

1 A Be pretty sad, because we were stuck
2 in the arguments with the SEC for a year-and-a-half.

3 Q Would you take any actions to stop
4 them from doing it?

5 A Don't know.

6 Q Do you know if American CryptoFed has
7 gotten the opinion of any economist as to whether
8 the brand name "American CryptoFed" has any value or
9 not?

10 A An economist?

11 Q Yes.

12 A No. Talk -- no. I have no
13 knowledge.

14 Q You don't know whether or not -- just
15 so it's clear, does that mean it hasn't happened or
16 you don't know whether it's happened or not?

17 A I -- I don't know whether -- we
18 didn't -- I -- I have no knowledge if we asked an
19 economist if it had value.

20 I'm sorry, did I mishear your
21 question?

22 Q No.

23 A Okay. So, your question was: Did we
24 ask any economist if the name American CryptoFed had
25 value?

1 **Q Yes.**

2 **A You're asking if we talked to an**
3 **economist and if he liked the name American**
4 **CryptoFed and thought -- I -- I don't know.**

5 **Q Let me make the question broader.**

6 **Did American CryptoFed talk to any**
7 **economist, valuation expert, accountant or other**
8 **person with expertise in determining whether**
9 **something has value to determine whether the name**
10 **American CryptoFed had value or not?**

11 **A No. At least, not to my knowledge,**
12 **but -- but, yeah. No.**

13 **Q If Locke gets distributed and rises**
14 **in value to ten cents and Ducat goes live people**
15 **will be able to purchase Ducat from American**
16 **CryptoFed, right?**

17 **A I don't know if they're buying it**
18 **from American CryptoFed. Are you saying, are they**
19 **buying it directly or are they going through**
20 **exchanges or what -- what's your question? They**
21 **would be buying it --**

22 **Q Well, whether directly or indirectly**
23 **through an exchange, CryptoFed is the only entity**
24 **that's going to be minting the Ducat tokens that**
25 **people would buy, right?**

1 A I don't know if the American
2 CryptoFed would be the only entity that would be
3 able to mint -- mint the Ducat. I think you got to
4 talk to Zhou to get the details on that.

5 Q Well, regardless of whether CryptoFed
6 was the only entity that could mint the Ducat,
7 people would be able to eventually purchase Ducat
8 tokens from American CryptoFed, right?

9 A Yes, using regulated stablecoins.

10 Q And American CryptoFed would hold
11 those stablecoins in a reserve, right?

12 A No. No. No. No. No. It's -- I
13 can't describe it -- I can't describe it with
14 charity.

15 Zhou -- Zhou can. I cannot.

16 Q And which regulated stablecoins would
17 be eligible to be used to make these purchases?

18 A I think that we specify -- I don't
19 know if we specified USDC in there, but -- but that
20 was one that we'd been looking at.

21 Q Are there any others you'd been
22 looking at?

23 A Talk to Zhou. I mean, we -- you
24 can't use Tether. You can't -- you have to do
25 something that has -- that -- that has KYC, AML

1 in -- in place.

2 Q Why can't you use Tether?

3 A You don't know what the reserves are.

4 Q Who regulates USDC?

5 A I -- I don't know.

6 Q Why would USDC be the coin that
7 American CryptoFed would choose?

8 A No. I'm not saying it is. I'm
9 giving it as an example of -- of a coin that
10 actually has KYC AML in place and you can get a
11 sense of what their reserves are.

12 Q Okay.

13 And by KYC you mean Know Your
14 Customer regulation compliant, right?

15 A Yes.

16 Q And by AML you meant Anti-Money
17 Laundering compliant, right?

18 A Yes.

19 Q How do you know that USDC has in fact
20 complied with Know Your Customer and Anti-Money
21 Laundering regulations?

22 A Talk to Zhou on that.

23 Q You have no knowledge of that?

24 A I -- I've done -- I've looked at
25 their -- I -- I don't have personal knowledge on

1 that.

2 **Q What is a contingent liability?**

3 A Ask Zhou.

4 **Q You don't know what a contingent**
5 **liability is?**

6 A No.

7 **Q So, you couldn't know if American**
8 **CryptoFed has any contingent liabilities then?**

9 A Talk to Zhou.

10 **Q Does American CryptoFed have a**
11 **website?**

12 A Yes, it does.

13 **Q Are there any fees for that website?**

14 A I don't know. I don't know.

15 **Q Who owns the website, American**
16 **CryptoFed or mShift?**

17 A I believe mShift, but I don't have
18 personal knowledge.

19 **Q Is it documented anywhere whether**
20 **mShift or American CryptoFed owns the website?**

21 A I -- I don't have the documentation.
22 Please talk to Zhou. He's got that.

23 **Q So, there is documentation then?**

24 A Like I said, I don't know. Please
25 talk to Zhou. I don't have that information. I'm

1 not the guy that does the website.

2 MR. BRUCKMANN: All right. I'm going
3 to move to a new line of questioning. For the
4 convenience of the court, the next line of
5 questioning relates primarily to section 2(b)(6) on
6 page two of the OIP for this proceeding.

7 JUDGE FOELAK: Thank you.

8 MR. BRUCKMANN: If we can bring up
9 page 29 of the Form S-1, please. And scroll down to
10 section ten.

11 BY MR. BRUCKMANN:

12 Q Section ten on page 29 of the Form
13 S-1 is Management Discussion and Analysis of
14 Financial Condition and Results of Operation, MD&A,
15 Changes In and Disagreements with Auditors on
16 accounting and Financial Disclosure.

17 Do you see that section, Mr. Moeller?

18 A Yes.

19 Q That's the only management discussion
20 and analysis that was provided in the Form S-1,
21 right?

22 A I don't know for sure. I thought
23 that there was like some -- someplace else where --
24 where it was there.

25 Q Do you know where?

1 A I -- I don't know. I'd have to go --
2 go find it. And Zhou could probably tell you off
3 the top of his head.

4 Q Did any attorney review this section
5 before it was filed with the SEC?

6 A I don't know.

7 Q Did any attorney review any portion
8 of the Form S-1 before it was filed with the SEC?

9 A I don't have personal knowledge of
10 it, no.

11 MR. BRUCKMANN: I'm going to move to
12 a new line of questioning. And for the convenience
13 of the court, the next few questions relate
14 primarily to section 2(b)(7) on pages two to three
15 of the OIP.

16 BY MR. BRUCKMANN:

17 Q Mr. Moeller, does the Form S-1
18 contain a table listing the Ducat and Locke tokens
19 owned by officers, directors and persons who own
20 more than five percent?

21 A I believe -- well, I don't know if
22 it's a table, but there's only one person listed,
23 which is Marian Orr.

24 MR. BRUCKMANN: If we go to page 32
25 item 16.

1 Q Is this the portion that you were
2 referring to?

3 A No. There was one where -- it was,
4 sorry, Executive Compensation. So, my -- my
5 mistake. My mistake.

6 Q Okay. So, does section 16 contain a
7 table?

8 A No, that does not have a table.

9 Q And you and Mr. Zhou are now officers
10 of American CryptoFed, right?

11 A Like -- like I said before, yes.

12 Q And does section 16 disclose exactly
13 how much Ducat and Locke tokens you and Mr. Zhou
14 have?

15 A We have none.

16 Q Does it disclose how much you've been
17 promised?

18 A I haven't been promised any.

19 Q Well, let's read what it says right
20 here on the screen. Under section 16, the middle
21 paragraph: Scott Moeller, mShift CEO, and one of
22 the three organizers of the American CryptoFed DAO,
23 LLC works voluntarily without salary. His Locke
24 token grant from mShift's 25 percent initial
25 allocation outlined in the CryptoFed constitution

1 will be decided after CryptoFed's Form S-1 filing.

2 So, you're going to be granted some
3 percentage of what mShift gets, right?

4 A I hope so.

5 Q Has that been determined yet?

6 A No.

7 Q Why not?

8 A Zhou and I talked about it, but --
9 but we haven't said anything yet.

10 Q Who decides how much you're going to
11 get?

12 A I don't know. It -- it's -- it's
13 really a -- it's a judgment call that we haven't
14 made yet.

15 Q And by "we" you mean you and Mr.
16 Zhou, right?

17 A The -- the one-fifth of the
18 allocations be used to maintain, defend and protect
19 the intellectual property. So, now you've got
20 25 percent left.

21 And -- and I don't know -- I -- we
22 haven't decided.

23 Q And the "we" is you and Mr. Zhou,
24 right?

25 A Yes, well, as directors of mShift.

1 Q You're the only two people who will
2 decide how much each of you gets of that 20 percent
3 left from the mShift allocation, right?

4 A I -- I've work with Zhou for a long
5 time and I trust him implicitly. So, I -- I would
6 actually -- and I -- I would refer to Zhou on that.
7 I mean, honestly, I wouldn't argue with him on -- on
8 any of it, because he's fair.

9 Q All right.

10 MR. BRUCKMANN: And let's go to page
11 29, under the section, Dilution.

12 Q All right. Mr. Moeller, if you look
13 at this section under section seven, Dilution,
14 there's a subsection one, Locke Token. And it says:
15 As of September 1st, 2021, out of a maximum
16 authorized finite number of ten trillion Locke
17 tokens, less than point two percent has been granted
18 or promised to less than 15 people free of charge.
19 Do you see that?

20 A Yes.

21 Q Point two percent of ten trillion
22 would be 20 billion tokens, right?

23 A I'd have to run the decimals, but
24 I'll -- I'll take it that you did, yeah.

25 Q And if Locke goes to the ten cents

1 **per token that it needs to go to, that grant would**
2 **be worth \$2 billion, right?**

3 A Again, I'd have to do the decimals on
4 a calculator, but I'll -- I'll -- I'll accept
5 your -- your posit, yeah.

6 **Q Who are the 15 people?**

7 A I don't know the -- the names. I
8 think we had talked about that -- that was going to
9 be disclosed on like an 8-K or something, but -- and
10 then the Form 10 got stayed and stopped.

11 So, yeah, talk -- talk to Zhou. I
12 don't -- the only name I know on that was Marian
13 Orr.

14 JUDGE FOELAK: Mr. Bruckmann, it does
15 say less than 15 people. So, I guess that could go
16 all the way down to one.

17 **Q Were there people in addition -- were**
18 **there people in addition to Ms. Orr?**

19 A There -- there -- there was -- before
20 the -- the -- the Form 10 got stayed we -- we -- we
21 had -- we had a presentation, but -- but it --
22 nothing -- everything got stopped. So, you know,
23 talk to Zhou on -- on -- I don't have the list, you
24 know. I don't even know if there is a list now,
25 but --

1 **Q Was there ever a list?**

2 A Marian -- Zhou and I have -- have not
3 allocated tokens to ourselves. I -- I don't have
4 personal knowledge on it.

5 **Q Do you have personal knowledge of**
6 **Locke tokens being granted or promised to anyone**
7 **other than Marian Orr?**

8 A I -- I don't have personal knowledge
9 beyond her.

10 **Q What's the difference between tokens**
11 **being reserved and tokens being promised?**

12 A I don't know.

13 **Q Do you know why the Form S-1 uses**
14 **different terms in different sections?**

15 A I -- yeah. I think you're just
16 looking at editing. Talk -- talk to Zhou on that.
17 If there's more specific -- for me it would be
18 editing. You know, sometimes you use one word.
19 Sometimes you use a different word. But talk to Zhou
20 on the -- the specifics.

21 **Q Mr. Moeller, I want you to assume for**
22 **a moment that a token, not Ducat or Locke, some**
23 **other token is a security. Are you with me so far?**

24 A Well, yeah, you guys think every
25 token is a security. Fair enough.

1 Q If some hypothetical token is a
2 security, is an option to buy that token also a
3 security?

4 A If a token is a security, would an
5 option to buy that token -- I don't know.

6 Q Does anyone have any options to buy
7 Ducat or Locke tokens in the future?

8 A I really don't know.

9 MR. BRUCKMANN: Okay. I'm going to
10 move to a new line of questioning.

11 JUDGE FOELAK: Okay. Okay. Perhaps
12 since you're moving to a new line of questioning, we
13 should wrap up for the day.

14 MR. BRUCKMANN: Understood, Your
15 Honor.

16 JUDGE FOELAK: Okay. See you all
17 tomorrow at 10. And this session is now closed.

18 (Whereupon, at 5:41 p.m. Eastern Time,
19 the hearing was adjourned.)

20 * * * * *

21

22

23

24

25

PROOFREADER'S CERTIFICATE

In the Matter of: REGISTRATION STATEMENT OF
AMERICAN CRYPTO FED DAO, LLC

ADMINISTRATIVE PROCEEDING - HEARING

File No. 3-21243

Date: Thursday, December 1, 2022

Location: Washington, D.C.

This is to certify that I, Christine Boyce,
(the undersigned), do hereby certify that the
foregoing transcript is a complete, true and
accurate transcription of all matters contained
on the recorded proceedings of the investigative
testimony.

(Proofreader's Name)

12-2-2022

C E R T I F I C A T E

1
2
3 I, SHAUNNA H. MORAN, a Certified Shorthand
4 Reporter and Registered Professional Reporter in the
5 States of New Jersey, New York and The District of
6 Columbia, and Notary Public of the State of New
7 Jersey, do hereby certify that the foregoing is a
8 true and accurate transcript of the testimony as
9 taken stenographically by and before me at the time,
10 place and on the date hereinbefore set forth.

11 I DO FURTHER CERTIFY that I am neither a
12 relative nor employee nor attorney nor counsel of
13 any of the parties to this action, and that I am
14 neither a relative nor employee of such attorney or
15 counsel, and that I am not financially interested in
16 the action.

17
18
19 _____
20 SHAUNNA H. MORAN, CSR, RPR
21 Shorthand Reporter
22
23
24
25