



DIVISION OF
ENFORCEMENT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

November 29, 2021

BY EMAIL

Marian Orr
CEO, American CryptoFed DAO
1607 Capitol Ave, Ste 327
Cheyenne, WY 82001
Marian.Orr@americancryptofed.org

**Re: *In the Matter of American CryptoFed DAO LLC*
AP File No. 3-20650**

Dear Ms. Orr:

I write to respond to the issues raised in your recent emails regarding the above-captioned administrative proceeding instituted by the Securities and Exchange Commission ("Commission") against American CryptoFed DAO LLC ("American CryptoFed").

First, in your November 25, 2021 email, you asked for additional information regarding our position that we are not convinced that Mr. Moeller or Mr. Zhou can represent American CryptoFed in this proceeding. As we previously indicated, we are not seeking anything further with respect to this at this time, but we reserve the right to do so in the future. If we seek relief with respect to this in the future, we will explain our reasoning in more detail at that time.

Second, in your November 25, 2021 email you asked "can you let us know where in any of our disclosures to the Commission has American CryptoFed stated it will use Form S-8 'to distribute Locke tokens to more than 500 entities', which the OIP alleges in Paragraph 8." We believe you misunderstand the Order Instituting Proceedings ("OIP"). The relevant portion of paragraph 8 of the OIP states that

American CryptoFed asserted that upon effectiveness of the Form 10, it will use Form S-8 . . . to distribute Locke tokens to more

than 500 entities, such as municipalities, merchants, banks, and “crypto exchanges,” and non-employee individual contributors.

We believe this paragraph makes clear, as written, that the allegation is that American CryptoFed plans to use the Form S-8 to distribute Locke tokens to more than 500 entities **and** non-employee individual contributors. This point is made even more clear by the first sentence of paragraph 9 of the OIP, which begins with “[t]he individuals and entities to whom American CryptoFed planned to distribute Locke tokens are not employees of American CryptoFed, . . .” (emphasis added). The bases for these allegations include the statements in the Form 10 that

CryptoFed will grant restricted, untradeable and non-transferable Locke tokens to municipalities, merchants, banks, crypto exchanges and individual contributors to execute the Ducat Economic Zone plan attached as Exhibit 2. In anticipation of mass distribution which will quickly surpass the 500-person threshold under Exchange Act Section 12(g)3, CryptoFed elects to proactively file this Form 10 to subject itself to the periodic reporting requirements and then file Form S-8 upon the effectiveness of Form 10 in 60 days.

We contend that the preceding quote outlines a plan to engage in a mass distribution to both entities and individual contributors, and that the allegation in paragraph 8 of the OIP correctly alleges that American CryptoFed intends to use the Form S-8 to engage in that distribution.

Third, in your November 26, 2021 email, you laid out your position with respect to the Commission’s Order staying the effectiveness of American CryptoFed’s Form 10. We disagree with multiple aspects of your position, including that staying the effectiveness of a registration statement is the same as staying a court proceeding, and that any statements in our November 22, 2021 letter are false. Rather, we contend that there is a distinction between denying, suspending or revoking a registration statement, and staying the automatic effectiveness of a registration statement. The former are potential sanctions at the end of a proceeding, whereas the latter is a temporary measure during the proceeding. We also do not agree with your characterizations of the statements in our November 22, 2021 letter as “admissions” that there should not be a stay order. If you file a motion to lift the stay, we will likely oppose that motion for the reasons set forth in our November 22, 2021 letter.

Fourth, in your November 26, 2021 email you replied to our earlier inquiry about whether you were seeking to expedite these proceedings by

stating that “it would be inappropriate to ask ‘the Commission to take this matter under consideration on an expedited basis.’” We had extended the offer to expedite the proceedings because we believed it might have been something you wished to do. We appreciate your clarification that you do not wish to expedite these proceedings. We may nonetheless choose to seek an expedited resolution to this matter and can discuss that with you at the prehearing conference after you file your Answer to the Order Instituting Proceedings. By our calculations, your Answer is due on Monday, December 6, 2021. We ask that you confirm that you plan to file your Answer by that date.

Fifth, in your November 27, 2021 email, you stated your reasons why you believe a hearing “on the record” must be an oral hearing. While an oral hearing is sometimes appropriate, we disagree that every proceeding must include an oral hearing. For example, Commission Rule of Practice 250 provides for resolving some cases via a motion for summary disposition, a practice which has been upheld by the D.C. Circuit in *Kornman v. SEC*, 592 F.3d 173, 181 (D.C. Cir. 2010).

Sixth, in your November 28, 2021 email, you set forth “American CryptoFed’s methodology as to how we can collaboratively explore a settled resolution within the Commission’s existing regulatory structure to accommodate cryptocurrency innovations.” To the extent that this email proposes changes to existing Commission Rules and Regulations, I remind you that in this proceeding, I represent the Division of Enforcement, and not the Commission or the individuals Commissioners. If you have changes to Commission Rules or Regulations that you would like to propose, you are free to propose that the Commission enact new rules or regulations. To the extent you are proposing a path forward in this specific instance by requesting Commission authorization under Exchange Act Section 12(c) to accept alternative information in lieu of the requirements of Exchange Act Section 12(b), please provide a detailed explanation regarding what alternative information American CryptoFed would provide in response to each of the categories of missing information specified in the OIP and why that information is “of comparable character” to the required information. We do not believe that Section 12(c) “mandates” the acceptance of alternative information, but will evaluate any specific proposed alternative information in good faith and determine whether to oppose or concur with your request.

Please feel free to contact us to further discuss any of these issues.

Regards,

/s/ Christopher M. Bruckmann
Christopher M. Bruckmann