

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, VOL. 3

PAGES: 432 through 609

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

DATE: Tuesday, December 6, 2022

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

BEFORE :

CAROL FOX FOELAK, Administrative Law Judge

Diversified Reporting Services, Inc.
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1 APPEARANCES:

2

3 On behalf of the Securities and Exchange Commission:

4 CHRISTOPHER BRUCKMANN, ESQ.

5 CHRISTOPHER CARNEY, ESQ.

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16 On behalf of the Respondent:

17 XIAOMENG ZHOU

18 SCOTT MOELLER

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21

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23

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C O N T E N T S

WITNESSES:

DIRECT

CROSS

REDIRECT

Erin Purnell

Mr. Zhou

462

490

Mr. Moeller

464

Mr. Bruckmann

490/540

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

2 JUDGE FOELAK: Let's go on the
3 record.

4 Okay. Before we start any
5 questioning I'd like to get to a few procedural
6 matters -- matters. I understand, as Mr. Zhou has
7 pointed out, that as far as requesting that specific
8 exhibits be admitted it was going to take them a
9 while. They couldn't just think of it in two days,
10 in one hour or something, as to which ones they
11 wanted out of the 230 Production. Anyway, the idea
12 of moving all of the 230 Production and that other
13 stuff into evidence is not a good one. So, I'd like
14 to give you one week to go through it and decide
15 which ones you want.

16 Which leads me to the second topic
17 which is the motion that you filed to produce a
18 Division witness. Again, it relies on -- it's too
19 vague. It doesn't say what topics you would be
20 asking. It merely says about anything in the Rules
21 of 230 Production -- anything in the examination.
22 So, the -- the idea is you should -- even if you
23 don't come out with specific questions, which would
24 really be good, you should have the specific topics.

25 Yes, sir. Go ahead, Mr. Zhou.

1 MR. ZHOU: Yeah. So, if -- because
2 this is a very expedite proceedings, the Division
3 sending us a big volume investigative file.

4 JUDGE FOELAK: Right.

5 MR. ZHOU: And 230, two-three-zero
6 file production. And the -- the Division's motion
7 say, Hey, you guys already have, we -- we must deny
8 all you guys motions.

9 Now, Your Honor, you said a week that
10 I have to organize that?

11 JUDGE FOELAK: Right.

12 MR. ZHOU: Yeah. That is good.

13 So, Your Honor, you know, due to any
14 type like this hearing we do need to present the
15 evidence to you using that evidence to talk about
16 our thoughts. Without have all those exhibits in
17 front of me, I even don't know how many are there
18 are still relevant. And when --

19 JUDGE FOELAK: Exactly. Exactly.
20 That's why I'm asking you to go through this stuff
21 and see which ones you really want and send us a
22 motion or -- or some list saying that so that we can
23 focus on, you know, what you really want to ask
24 about and what you really want to move into
25 evidence.

1 MR. ZHOU: Yes, Your Honor, but I do
2 not have time to go through all of that yet. So,
3 with the implication for your suggestion, Your
4 Honor, is, we come back for this hearing after I
5 have time to review all the expedited proceedings
6 sent to me that big volume of all evidence and say,
7 Hey, use this to defend yourself.

8 JUDGE FOELAK: Okay, sir. Okay.

9 MR. BRUCKMANN: Your Honor, can the
10 Division be heard?

11 JUDGE FOELAK: Well, I just want -- I
12 just want to point out. Step one, first, he's got
13 to tell us what exhibits he wants before we get to
14 how much he's going to study them.

15 Okay. Go ahead, Mr. Bruckmann.

16 MR. BRUCKMANN: Thank you, Your
17 Honor, I just want to clarify for the record here.
18 The Rule 230 Production in this case was, frankly,
19 not that large compared to many other proceedings.
20 And consists nearly entirely of correspondence
21 between the Division and the Respondent that the
22 Respondent was already in possession of. The only
23 other items were the transcript to Mr. Moeller's
24 July testimony which Mr. Moeller ordered shortly
25 after the testimony. And so, he was not seeing that

1 for the first time in the Rule 230 Production.

2 While the amount of time between the
3 OIP and this -- the commencement of this hearing was
4 set at 14 days, the issues in this case are the same
5 as the issues that Respondent was made aware of in
6 October of 2021. And they have had more than ample
7 time to address the issues that are at the core of
8 this matter. Everything that they are seeking to
9 get into now is irrelevant stuff that is a
10 distraction from this proceeding. So, I have no
11 problem with Your Honor giving them a week, but I
12 want to make sure the record is clear that they've
13 had more than ample opportunity to address what's
14 actually relevant and deal with the items that were
15 in the Rule 230 Production.

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

18 Okay. Now, Mr. Zhou, what I'm
19 looking for is for you to file a list in a week of
20 the exhibits -- of the actual items from the Rule
21 230 Production, which Mr. Bruckmann says is mostly
22 stuff he either got from you or correspondence, but
23 anyway, you'll see which ones you want. And then we
24 see if they're relevant or -- or, you know,
25 duplicative or -- or something like that.

1 MR. ZHOU: Your -- Your -- Your
2 Honor.

3 JUDGE FOELAK: Yes.

4 MR. ZHOU: Yeah. When -- when the
5 Division say, You preview the files non privilege,
6 defend yourself. So, we assume we can use all of
7 them. And they use that to lead to this
8 proceedings. They used that to justify this
9 expert -- expedite proceedings. They don't use all
10 of that for -- for -- to prove their case. They
11 have much more time in advance.

12 They say some of the information we
13 already have. Yes. If you look at the file it
14 covers an entire year. Also, that entire file
15 linking to many, many citations, academic books, a
16 lot of economic theories. We need to cite all of
17 this to prove the allegations -- from the
18 allegation. For example, just one, is a total --

19 JUDGE FOELAK: Okay. Okay. Sir --
20 Sir, their Rule 230 Production, they have to give
21 you everything they've gathered. That doesn't mean
22 they think it's all relative or -- or, you know, if
23 there was a lot of letters back and forth between
24 you -- between you and them covering the same
25 topics.

1 What I'm asking you to do is to
2 select which of those items that you want to enter
3 as exhibits and we'll -- and -- and list that
4 specifically so we don't waste time with some
5 enormous mountain of stuff. Because their might --
6 chances that -- the idea that you go through -- you
7 take a look at this stuff and see which ones you
8 want.

9 Yes, sir.

10 Because otherwise it will just be --
11 yeah, go ahead. Yes.

12 MR. ZHOU: Your Honor, you cannot
13 take face value what -- what the Division says. I
14 can show you one example. Huge bias, tried to deny
15 our due process rights protected by the
16 constitution. I can show you right now with --

17 JUDGE FOELAK: Okay. Sir. Sir, I'm
18 just asking you -- the Division may be way off base.
19 I'm just asking you to specify the particular
20 materials from these files that you want to enter as
21 exhibits.

22 MR. ZHOU: Okay.

23 JUDGE FOELAK: I'm not saying
24 their -- I'm not saying their arguments are any
25 good. I'm just trying to be more efficient and

1 focused.

2 MR. ZHOU: Okay. So -- so, we -- can
3 we postpone today's hearing until I go through all
4 of them? I assume we can use as one way or another
5 today, but if we can available for us to use it.
6 There are many things I cannot proceed because this
7 is -- this case is about competition with the
8 Federal Reserve today and Central Bank General
9 versus American CryptoFed. It's the first time a
10 CryptoFed could be created. So, this is -- this is
11 a huge cases.

12 The Federal Reserve Board Governor
13 just in D.C., excluding the 12 district federal
14 reserve bank, just in D.C., the board has 400 PhDs
15 to prove their case, run their operation. We,
16 through Blockchain, will do the same thing. And the
17 Division allegation, one important, in day two, It's
18 Ponzi. I totally, totally do not understand how
19 they conclude that. Totally, totally lack of
20 knowledge about how we operate, but they still have
21 that claim, allegation.

22 JUDGE FOELAK: Okay. Sir. Sir.
23 Sir, we're getting -- we're getting off -- we're
24 getting off base as to what -- you're saying the
25 Division doesn't understand anything. That may be

1 the case. Let's just focus on step by step.

2 And I'm wondering, are you familiar
3 with the concept of stipulations? It may be that
4 some of the facts that you are trying to prove --
5 stipulations means that you and the other side agree
6 that a fact is true. Like -- and you might want to
7 explore that idea rather than -- you don't have to,
8 like, I don't know, prove that they never answered
9 your points -- well, I mean, I guess you -- I guess
10 that's accepted, but you could stipulate that they
11 never answered your points which -- I'm just giving
12 you an example.

13 Yes, sir.

14 MR. ZHOU: Your Honor, I -- I think
15 it's good to stipulate many things because this is a
16 huge new monetary systems about a lot of facts.
17 Through all the hearings, two days, I directly tried
18 to understand their perspective, their knowledge
19 about how CryptoFed and the Federal Reserve in
20 competition, all the monetary system works, almost
21 close to zero.

22 So, there's no way for them to
23 understand this huge systems. And -- and then they
24 try to have that allegation we are a Ponzi fraud
25 scheme. That's not true.

1 I will follow your instruction, try
2 to -- try to stipulate with them what they
3 understand, what they do not understand, what is a
4 fact, what's the -- okay. Do as many stipulations
5 as possible with the Division.

6 We are here. We ask so many
7 questions. We just want to get that level. Like,
8 what Mr. Dobbie testify saying, Hey, he can't answer
9 this. They can't do that. We never get that
10 benefit from the Division of Corporation Finance.

11 And -- and, Your Honor, your
12 suggestions very good. We want to follow that to
13 create a lot of stipulations so that we do not waste
14 a lot of time in this -- in the hearing. We will
15 not -- we will not remove any delaying amendment, do
16 anything. Nobody will be hurt. No damage will
17 happen.

18 JUDGE FOELAK: Okay. Okay. Sir, I
19 was just thinking of something whether -- whether
20 you would want to testify today as to, like, how
21 Blockchain works. I'm not sure there's any evidence
22 in the record so far exactly as to how your plan of
23 crypto for your plan would work.

24 MR. ZHOU: Okay.

25 JUDGE FOELAK: I mean, that's just a

1 thought. Okay. Don't -- I mean, you don't testify
2 until your under oath. I'm just asking you whether
3 maybe that would be a good idea. And, secondly,
4 would it be helpful if Mr. Moeller asked you
5 questions that you would elaborate on or, I don't
6 know, maybe he doesn't -- maybe he wouldn't know the
7 right questions to ask, but it's just a thought.

8 MR. BRUCKMANN: Your Honor, before we
9 get into that, the Division was asked to make Erin
10 Purnell available today for her testimony.

11 JUDGE FOELAK: Oh, yes, sir.

12 MR. BRUCKMANN: She is on a very
13 limited number of documents. I believe all of those
14 documents that she is on are already in evidence.
15 She is standing by. And I'd ask that we take care
16 of her testimony so that she can get back to her
17 other duties and responsibilities.

18 JUDGE FOELAK: Yes, Mr. Zhou.

19 MR. ZHOU: Yeah. We want clear --
20 our plan at the end of last week, we want to clear
21 all the questions the Division ask Scott before we
22 go to call the Division side and to call Mr. Purnell
23 and -- and -- and other witness from the SEC side.
24 Because there are so many, so many questions say, Go
25 to Zhou. Go to Zhou. Go to Zhou. I don't have

1 personal knowledge. So, that's true.

2 There are many things we need to
3 clear it up. We need answered questions what
4 Mr. Bruckmann ask. That's what he ask. He tried to
5 push through just the half truth, but the half true
6 in this world is a big, big, big lie. So, I want --
7 that's our plan.

8 However, the -- we have investigative
9 files which leading to this proceedings cannot be
10 used and now to be indexed. We know what you are
11 saying, Your Honor.

12 So, give us one more week. We will
13 come back, but unfortunately next week I have
14 doctor -- doctor surgeries. It is starting from the
15 Monday need to go to the test and surgery will be
16 15. That will -- appointment long time ago, but --
17 but we will do our best to come back to do this.
18 And -- and you can see this is -- should be -- not
19 be this expedite procedures cause so much problems
20 for us.

21 JUDGE FOELAK: Okay. Sir, let me
22 stop you right there. Is there anything you're
23 prepared to ask Ms. Purnell now? I mean, perhaps
24 you can get -- cover some stuff. It seems like you
25 had asked Mr. Dobbie a lot of things. And I -- she

1 was -- he was her boss. And maybe -- can you cover
2 Ms. Purnell now? And, if necessary, recall her
3 since she is standing by?

4 MR. ZHOU: We need a lot of files
5 which now currently are not admitted. That's --
6 that's is surprising to me.

7 JUDGE FOELAK: I understand -- I
8 understand what you're saying, but it may be that
9 you -- it may be since her role was before the
10 Division got involved, et cetera, it may be there's
11 some questions that you could ask her.

12 MR. ZHOU: Oh. I prefer whenever
13 next time available after we clear out what
14 Mr. Bruckmann's counsel's question ask for Scott to
15 answer. That questions are still important. Our
16 whole mind were -- in preparation was towards that.
17 So, we -- we -- we know -- if you look at -- Scott,
18 if you can put up in the index of the transcript
19 it's, Go to Zhou. Talk to Zhou. Personal, no.
20 Personal knowledge, that's tons, tons of them.

21 JUDGE FOELAK: Right. Right. Right.
22 We're not talking about -- okay. I'm not talking
23 about you testifying. I'm talking about her
24 testifying. When he said, Go to Zhou, it was like
25 when he was asked a question, you know, What is

1 this? What is that?

2 Yes, sir. Go head, Mr. Zhou.

3 MR. ZHOU: I only have one mind. I
4 mean, Mr. Bruckmann may ask a lot of Scott
5 questions. And my whole mind prepare for that. I
6 have not -- can't -- we see so tons of those
7 questions and those questions, because it need a lot
8 of economic series, a lot of documents on that
9 investigative --

10 JUDGE FOELAK: Yeah, but this is --
11 this is for Ms. Purnell. Not for you.

12 MR. ZHOU: Your Honor --

13 JUDGE FOELAK: Okay. The reason we
14 scheduled the hearing today is because that's when
15 she was available and you consented to that. So,
16 don't -- you don't have to anything to ask -- you
17 don't have anything to ask her?

18 MR. ZHOU: Today I haven't prepared
19 to ask her for the volume of --

20 JUDGE FOELAK: Okay. But -- but --
21 but -- but, no. The reason you wanted her was
22 because she worked for Mr. Dobbie and you've already
23 questioned him. It's all -- it seems to me it's
24 probably a pretty limited scope of things you --

25 MR. BRUCKMANN: Your Honor, Ms.

1 Purnell is on -- Ms. Purnell is on letters from
2 October 2021. That's what they said they wanted to
3 question her about. It's two letters that are not
4 signed by a particular person, but she was familiar
5 with them being sent and one letter on October 12th
6 that they sent to her that they said they wanted to
7 question her about because Mr. Dobbie was not sent
8 that letter. Even though he testified he was aware
9 of it.

10 They've had those letters in their
11 possession, all of them, for more than a year. The
12 letters are not that long. They're not that
13 complicated. The entire Rule 230 Production in this
14 case is approximately 130 documents. It is not a
15 very large file.

16 And they said that they wanted Ms.
17 Purnell to be available. We've made Ms. Purnell
18 available. This is pure gamesmanship at this point
19 that they are now saying that they are not ready to
20 question her. The amount of knowledge she has about
21 this that is actually relevant and non privileged is
22 miniscule. And I ask that we deal with Ms.
23 Purnell's testimony today or that she be excused and
24 not required to testify because this is just
25 gamesmanship at this point by the Respondent.

1 JUDGE FOELAK: Okay. Well, I'm not
2 going to call it gamesmanship, but, sir, Ms. Purnell
3 was called for the purpose of relevance of those
4 letters in 2021. And you can question her about
5 that or Mr. Moeller can question her. And -- and
6 that's it. If you're -- if you don't want to do
7 that, then -- then she will not testify at all.

8 MR. ZHOU: Your -- Your Honor, her
9 letter really about the two filings, Form S-1 and
10 Form 10. So, it needs related to all our filings.
11 So, all those filings need to have a lot of facts
12 checked.

13 JUDGE FOELAK: Sir, that is just too
14 vague. And she is not in charge of rule making in
15 concept and stuff like that. So, you question her
16 today or Mr. Moeller will question her today. And
17 also, if you're prepared to tell -- I mean, you must
18 be prepared to tell us how the Blockchain works and
19 how the pieces, if you'd call it that, of your
20 planned organization -- of your planned -- crypto
21 plan works.

22 MR. ZHOU: Okay.

23 JUDGE FOELAK: Yes, sir.

24 MR. ZHOU: So, if you want me have a
25 choice how our Blockchain works, I will testify

1 using some of the -- some of the -- the -- the
2 files, the investigative files --

3 JUDGE FOELAK: Okay. Just -- just to
4 educate us.

5 MR. ZHOU: Okay.

6 JUDGE FOELAK: Even without -- even
7 without the exhibits to educate us as to how it
8 works.

9 MR. ZHOU: Okay. Good. Good. Good.

10 JUDGE FOELAK: Because you -- you
11 having designed it have personal -- you know, you
12 know it.

13 MR. ZHOU: Okay. Yeah. You mean,
14 tutorial or something like that to give, Your Honor,
15 general picture --

16 JUDGE FOELAK: To understand how it
17 works, right. Right. Right. Right.

18 MR. ZHOU: Okay. I can do that no
19 problem. I can do that no problem. And -- and so
20 for doing so, we will -- can you, Your Honor, agree
21 we postpone Ms. Purnell for the next -- really we
22 want well prepared to get to the --

23 JUDGE FOELAK: Okay. I want you
24 to -- I want you -- I want Mr. Moeller to question
25 her today. She's here. Maybe there's some gigantic

1 gap and it might be necessary to recall her, but
2 there must be something that you had in mind that
3 you want to question her about. Namely, the
4 correspondence back then. Not everything that ever
5 happened in crypto which she is not qualified to
6 talk about.

7 So, why don't we take -- we will take
8 Ms. Purnell first. And then, we will listen to your
9 educating us on Blockchain and how your plan of
10 crypto or American CryptoFed will work.

11 Yes, sir.

12 MR. MOELLER: Your Honor, I think
13 that -- that Mr. Zhou would be the -- by far the
14 better person to -- to question Ms. Purnell.

15 JUDGE FOELAK: Okay, very good.

16 MR. MOELLER: My -- my -- my -- yeah.
17 And -- and -- and I -- and I would also agree with
18 Zhou that -- that our -- our focus is -- has -- this
19 is just -- this proceeding has been very -- the
20 amount of exhibits and the amount of -- of materials
21 that we're having to deal with is overwhelming.

22 JUDGE FOELAK: Okay. Okay, fine. I
23 mean, I -- I get it.

24 Okay. So, just to sum up, the motion
25 to produce the Enforcement witness is denied for the

1 reasons that I said. However, anyway, by, oh, let's
2 say, December 13th, you'll file a -- a proposal of
3 the exhibits you really want.

4 MR. ZHOU: December 13th?

5 MR. MOELLER: Yeah. Yeah, Your
6 Honor --

7 JUDGE FOELAK: I mean, that's --
8 that's eight days from -- seven -- yeah, seven days
9 from today before your -- before your treatment,
10 sir.

11 MR. MOELLER: That's correct. That
12 was my point, that's right in the midst of when he's
13 going into exploratory surgery, so.

14 JUDGE FOELAK: Okay. I'm sorry, I
15 think I might have gotten the date wrong. I thought
16 it was --

17 MR. MOELLER: You're right. It's --
18 he's -- he's going in for -- I think you've got to
19 be in the doctors office on -- the 15th is when his
20 thing is, but he's got to start working on it before
21 that. Yeah, just -- just saying logistics. I just
22 don't want to put too much stress on Zhou on this.

23 MR. BRUCKMANN: Your Honor, I can't
24 stress enough how irrelevant this stuff is, but if
25 Mr. Zhou is having surgery, we ought to accommodate

1 that.

2 JUDGE FOELAK: Okay. Yes, sir. Two
3 weeks?

4 MR. ZHOU: Yeah. I think two weeks.

5 JUDGE FOELAK: I mean, don't share
6 any medical details, you know, because this is a
7 public hearing and -- but anyway, what about two
8 weeks?

9 MR. ZHOU: Two weeks is good. So, I
10 will -- if -- if the Division want my personal
11 medical records about --

12 JUDGE FOELAK: No. No. No. No.
13 No. No. No. No. No.

14 MR. ZHOU: It's sound like he want
15 that to prove --

16 JUDGE FOELAK: No. No. No. No.

17 MR. BRUCKMANN: No. No.

18 MR. MOELLER: No. He was okay.

19 JUDGE FOELAK: No. No. No. No. He
20 said -- that isn't what he meant. He meant we
21 should accommodate it and, you know, don't put any
22 pressure on him. That -- that's -- don't put any
23 pressure on Mr. Zhou. Okay.

24 MR. MOELLER: We appreciate that.

25 JUDGE FOELAK: So -- okay. Let's put

1 in a target date of December 20th for this filing
2 then.

3 MR. ZHOU: Okay. December 20th?

4 JUDGE FOELAK: And -- right. That's
5 a week after December 13th. Is that okay? You
6 know, does that fit with your needs, Mr. Zhou? I
7 mean, not -- not your -- your medical --

8 MR. MOELLER: Yeah. Yeah.

9 MR. ZHOU: Yeah. So, the -- the
10 exact surgery will happen on December 15th, okay.
11 If something happen we extend --

12 JUDGE FOELAK: Okay. Okay. God
13 forbid anything bad happens, but obviously if
14 something bad happens which I'm sure we all hope it
15 won't --

16 MR. MOELLER: We'll update you, yeah.

17 JUDGE FOELAK: I'm sure it will all
18 be good, but anyway. So, December 20th for this
19 filing. And if you can come up with any
20 stipulations by then that would be good.

21 You understand that stipulations make
22 it more efficient, you know, so that you don't,
23 like, have to prove that the sun rows at 7:13 a.m.
24 on December something or other, you know. Some
25 stuff that you don't really care, that isn't too

1 much -- too controversial.

2 Okay. Does anybody have anymore
3 procedural questions?

4 MR. BRUCKMANN: Just one very brief
5 thing to note, Your Honor. I just wanted to note,
6 Ms. Purnell did watch the public portion of the
7 hearing on Thursday. There's no rule on witnesses
8 in SEC administrative proceedings. So, there's no
9 reason why she's not allowed to do that. Once I
10 learned she had done that, I asked her not to watch
11 on Friday. So, I just wanted people to be aware of
12 that.

13 JUDGE FOELAK: Gentlemen, what he's
14 explaining to you is there's such a concept of
15 sequestering witnesses. Like, if everybody was in
16 one place and there were two people that were going
17 to testify in the same thing, the other side might
18 say, Sequester the witnesses so that witness number
19 two doesn't hear what number one said and, you know,
20 just say the same thing. Yeah, that is kind of a
21 problem.

22 When did Mr. Dobbie -- Mr. Dobbie
23 testified on the first day --

24 MR. MOELLER: Yes.

25 JUDGE FOELAK: -- or the second?

1 MR. MOELLER: On the first day, Your
2 Honor.

3 MR. BRUCKMANN: Your Honor, there's
4 no rule on witnesses in SEC administrative
5 proceedings. No one made a motion to invoke
6 anything like a rule on witnesses.

7 JUDGE FOELAK: Right. That --
8 that -- that's true too. And it isn't as if the --
9 it isn't really the same thing.

10 MR. BRUCKMANN: Right.

11 JUDGE FOELAK: No. Well, they just
12 didn't know.

13 Okay. I -- I will -- I will take
14 note of that, but anyway, you can start -- we can
15 start by questioning her now to the extent you want
16 to.

17 MR. MOELLER: Your Honor, I have a
18 couple of procedural things before I -- before I get
19 started.

20 One, I -- I -- on the Webex it's --
21 this is not a normal thing for me, but I -- it tells
22 me if I need to be able to share, I have to shut
23 down the Webex and then rejoin it. So, just making
24 the court aware that -- that if I leave and come
25 back it's so that I can present evidence.

1 JUDGE FOELAK: Okay. Okay. So, are
2 you going to do that? Maybe there's a way out of --
3 around that. Maybe you could -- like, if you're
4 going to ask that the letter of such and such a day
5 be shown maybe -- maybe the Division person could
6 display it so that you don't have --

7 MR. BRUCKMANN: We're happy to --

8 JUDGE FOELAK: I only see -- I only
9 see trouble from you shutting down and --

10 MR. MOELLER: And restarting, yeah.
11 It just says, Will not be able to record the
12 contents of your screen until it's quit. You can
13 choose to do it now or on your own or later, but it
14 won't -- won't work until I leave and come back,
15 but --

16 MR. BRUCKMANN: Your Honor, if it's
17 any of the marked -- if it's any of the marked
18 exhibits that we have, we're happy to be the ones to
19 put it up on the screen.

20 MR. MOELLER: Great.

21 And then, I -- I also had a question
22 related to if there were errors in the transcript,
23 and just inadvertent errors, but -- but they make
24 sense in terms of the context, how do I correct
25 those? Do I do that just --

1 JUDGE FOELAK: Oh, okay. You make --
2 you make a motion, you know, that says on page 23
3 line 14 it says don't when it should say do or
4 something like that.

5 MR. MOELLER: Yeah. Yeah. And as
6 just an example where the transcript says, It's
7 impossible and -- and I -- my -- my testimony was,
8 It's possible, so.

9 JUDGE FOELAK: Right. No -- I
10 understand. And the court reporter probably made a
11 audio recording too.

12 MR. MOELLER: Yeah.

13 JUDGE FOELAK: So, anyway, yes,
14 that's how you do it, yes.

15 MR. MOELLER: Okay. Thank you, Your
16 Honor. So, just motion for that and -- and make
17 corrections. Understood.

18 JUDGE FOELAK: Okay. Anything more
19 before we go on the record with Ms. Purnell?

20 MR. MOELLER: I think Zhou has to be
21 the one to ask Ms. Purnell questions rather --
22 rather than I, but I see he's on the -- he's not
23 here right now.

24 Zhou, are you there?

25 MR. ZHOU: Yeah, I'm here.

1 MR. MOELLER: Okay.

2 JUDGE FOELAK: Okay. Okay. Very
3 good.

4 Okay. In that case, I understand
5 Respondent has called Ms. Purnell.

6 And, Ms. Purnell, I'm going to put
7 you under oath.

8 Can you please raise your right hand.

9 Do you solemnly swear that the
10 testimony you are about to giving at this hearing
11 shall be the truth, the whole truth and nothing but
12 the truth so --

13 THE WITNESS: I -- I do.
14 Whereupon,

15 ERIN PURNELL,
16 was called as a witness and, having been first duly sworn,
17 was examined and testified as follows:

18 JUDGE FOELAK: Thank you. Please
19 proceed, Mr. Zhou.

20 MR. ZHOU: Thank you, Your Honor.

21 So, can we post up the two letters
22 she original send to us?

23 MR. MOELLER: I believe that's
24 Division -- the Division has that as well. It's --
25 it's --

1 MR. ZHOU: Yes. That's the letters
2 at the bottom of the joint filing that we --

3 MR. MOELLER: Exhibit 17 and Exhibit
4 18 of the Division.

5 MR. ZHOU: Yeah.

6 MR. BRUCKMANN: That's fine, Your
7 Honor. We're bringing them up, but maybe we can
8 have them start by having Ms. Purnell state her name
9 for the record just for clarity.

10 JUDGE FOELAK: Oh, yes. Yes. Yes.

11 Please say your name -- Ms. Purnell,
12 please say your name for the record and also your
13 position in the SEC.

14 THE WITNESS: My name is Erin
15 Michelle Macnore Purnell. I am a legal branch chief
16 in the Office of Manufacturing in the Division of
17 Corporation Finance at the Securities and Exchange
18 Commission.

19 JUDGE FOELAK: Thank you.

20 Okay. There's the -- there's the
21 letter.

22 Okay. Please proceed with the
23 questioning.

24 MR. ZHOU: Good.

25 So, there is one about our business

1 model. Can you scroll down a little bit to find
2 the -- the business model. She has questions
3 where -- how the business model mechanism works.
4 That's in my memory somewhere.

5 MR. MOELLER: Can you scroll --
6 scroll down a little bit more, Mr. Baker.

7 MR. ZHOU: No.

8 MR. BRUCKMANN: The second bullet
9 point I believe, Mr. Zhou, if you look at it.

10 MR. MOELLER: Oh, there you go.

11 MR. ZHOU: Yeah. So --

12 MR. MOELLER: So -- so, to read --
13 read this in -- Zhou, do you want to read that in?
14 Or, Your Honor, can I read that in on behalf of Zhou
15 for the -- for the record.

16 JUDGE FOELAK: That seems
17 unobjectionable. Please do.

18 MR. MOELLER: Okay. And -- and what
19 this states under the second bullet point is: Your
20 disclosure on pages 6 to 29 does not present a clear
21 and complete description of the general development
22 of the business of the registrant or the terms,
23 rights and obligations of the securities to be
24 registered. And I -- I believe the question would
25 lead more towards the first half of the sentence:

1 Clear and complete description of the general
2 development of the business. Is that correct, Zhou,
3 where you want to go?

4 MR. ZHOU: Yes. Thank you, Scott.

5 BY MR. ZHOU:

6 Q So, Mr. Purnell, how long did you
7 spend time -- like, you sent us very quick --

8 MR. ZHOU: You can go up to -- to the
9 top.

10 Q It state -- the first one -- first
11 sentence. So, initial review. Can you explain what
12 the initial review you did?

13 MR. BRUCKMANN: Objection, privileged
14 and relevant.

15 JUDGE FOELAK: Yes. I'm not sure
16 what the -- she can explain what she usually does,
17 you know, kind of at a 30,000-foot level when you
18 review a Form S-1.

19 A When we received --

20 JUDGE FOELAK: Just give an idea of
21 what you do when you review a form.

22 A When we receive new filings we screen
23 them. In this case, we identified deficiencies. We
24 telephoned the company, had a conversation with
25 them. They asked us to put it in writing. And so,

1 we sent them this letter.

2 JUDGE FOELAK: Okay. Thank you.

3 Q So, you only -- you only did very
4 quick review?

5 MR. BRUCKMANN: Objection, relevance.

6 JUDGE FOELAK: Yes. That -- that's
7 not relevant as to whether it was fast or slow.

8 Go ahead, please.

9 MR. ZHOU: Because she does not
10 understand say, We did not disclose that clear.

11 Q So, what you really understand?

12 MR. BRUCKMANN: Objection, vague.

13 JUDGE FOELAK: Yes. I don't
14 understand the question.

15 MR. MOELLER: Your Honor --

16 JUDGE FOELAK: Yes, sir.

17 Mr. Moeller?

18 MR. MOELLER: Your Honor, is it all
19 right if I -- if I jump in on that? I mean, this is
20 really where I'm becoming a Zhou interpreter.

21 JUDGE FOELAK: Yeah. If it's sort of
22 asking questions, yeah.

23 MR. MOELLER: Okay. Okay. Sorry.

24 Thank -- thank -- thank you, Your Honor.

25 BY MR. MOELLER:

1 Q Ms. Purnell, it's -- I do want to go
2 back to: Your disclosure on pages 6 to 29 do not
3 present a clear and complete description of the
4 general development of the business.

5 I -- I believe in our pages 6 to 29
6 we describe how American CryptoFed is -- is compared
7 to the Federal Reserve. Was -- was that not clear
8 and complete to you?

9 MR. BRUCKMANN: Objection, relevance.

10 JUDGE FOELAK: Right. And -- and --
11 and also, internal deliberations, okay.

12 MR. MOELLER: Okay.

13 JUDGE FOELAK: Next question.

14 Q Next question is, the -- the initial
15 review process, can you describe how -- how that
16 initial review process works?

17 MR. BRUCKMANN: Objection, relevance
18 and privilege.

19 JUDGE FOELAK: I -- I think -- I
20 think he's asking for a slightly expanded version of
21 what she already said, which is, that -- which was
22 something along the line of, We look it over. If we
23 see any deficiencies, we phone the applicant and --
24 and then put it in writing.

25 I'm not -- I'm not exactly -- I mean,

1 I'm not exactly sure how much more detail in general
2 you can give, but maybe there is some more. In
3 other words, she could testify as to what she
4 generally does.

5 MR. MOELLER: Yes.

6 Well, Your -- and, Your Honor, if it
7 may help, I can probably give a little bit more
8 flavor to the question. We were very surprised
9 that -- that our interactions with -- with the
10 Division of Corporation Finance were limited to
11 one -- one phone call and -- and -- and two letters.

12 So -- so, when I'm looking at the
13 initial review and the details that we received back
14 from the initial review, I'm trying to get a sense
15 of how -- how deep that initial review went.

16 MR. BRUCKMANN: And that's why it's
17 irrelevant and privileged, Your Honor.

18 JUDGE FOELAK: Yes, it is -- it is
19 privileged.

20 I mean, for example, one thing that's
21 pretty clear, there were no audited financial
22 statements which -- which -- which the form clearly
23 asks for, but anyway.

24 Okay. Next -- next topic of
25 questioning.

1 Yes, sir. Go ahead, Mr. Zhou.

2 MR. ZHOU: So, let's look at the date
3 of this -- this one.

4 JUDGE FOELAK: September --
5 October 8th.

6 MR. ZHOU: Okay. October 8. This is
7 before Form 10. And can we post the -- I sent the
8 same day, the Form -- the Form S-1.

9 MR. MOELLER: Yes.

10 MR. ZHOU: Then we will come back to
11 this. That will be more details. Both are linked
12 together.

13 JUDGE FOELAK: Okay. Yeah. The
14 other is October 8.

15 MR. ZHOU: Right.

16 BY MR. ZHOU:

17 Q So, this says: Our preliminary
18 review of your filing. So, you -- in the previous
19 letters, initial reviews. So, from general terms,
20 is there any difference or you just see them the
21 same?

22 MR. BRUCKMANN: Do you understand the
23 question, Ms. Purnell?

24 A Are you asking -- are you asking if a
25 different review was done for each.

1 Q Yeah. The one is you said
2 preliminary review. Another say it's initial
3 review.

4 JUDGE FOELAK: In other words, I
5 think he's asking that different words were used.

6 Okay. We are now -- by the way, just
7 for the record, we are now looking at Exhibit 18.
8 That is the letter in reference to Form S-1. And
9 the other one was Exhibit 17.

10 Okay. I think he's asking, different
11 words are used, but did you do more or less the same
12 thing.

13 A We did more or less the same thing.

14 Q Okay.

15 JUDGE FOELAK: Okay, good.

16 Q So, sometimes you say, material
17 deficiencies. Here you say: Serious deficiencies.
18 Is there any big differences?

19 A No.

20 Q Okay. So, were you aware during your
21 review when you send us both letter on the same day,
22 did you know in our Form S-1 we clearly said we will
23 use the Form 10 business model we described for our
24 Form S-1? Did you remember if you see that?

25 MR. BRUCKMANN: Objection, relevance.

1 Objection, relevance.

2 JUDGE FOELAK: Your objection is
3 sustained. Your objection is sustained.

4 MR. ZHOU: Your Honor, I'm going to
5 confirm the fact whether she is awaring those two
6 are related, Form 10 filing and Form S-1 filing, or
7 just she -- either she use different --

8 JUDGE FOELAK: Sir. Sir, the forms
9 say what they say. If one of them incorporates by
10 reference what the other one said, then that's down
11 on the form.

12 MR. ZHOU: Okay.

13 **Q So, at this time you reviewed both**
14 **and sent a letter on the same day and give more**
15 **details on the Form 10, but no details --**

16 MR. BRUCKMANN: Objection.

17 **Q -- here.**

18 MR. BRUCKMANN: Objection. Assumes
19 facts not in evidence. It's not been established
20 that Ms. Purnell that sent these letters which is
21 signed simply on behalf of the Office of Finance.

22 JUDGE FOELAK: At any rate, the
23 letters say what they say.

24 Yes, sir. Go ahead.

25 **Q The filing review process of the**

1 **documents are required to be published. There are**
2 **no privilege issue.**

3 MR. BRUCKMANN: Objection. Asks for
4 a legal conclusion and relevance.

5 MR. ZHOU: You -- you object to all
6 my questions when I -- I believe should be
7 transparent, should be published, when you look the
8 review process.

9 MR. BRUCKMANN: Objection, vague.

10 JUDGE FOELAK: I'm not sure -- I'm
11 not sure what you're asking, sir.

12 **Q So, when you review this Form S-1 --**
13 **so, do you understand our business model at the**
14 **time?**

15 MR. BRUCKMANN: Objection, relevance
16 and privileged.

17 JUDGE FOELAK: Yes. And the letters
18 say what they say.

19 MR. ZHOU: Okay. We will come back
20 to this.

21 Let's go to the -- that has more
22 contents of that letter, different letter.

23 MR. MOELLER: The Form 10?

24 MR. ZHOU: Yes.

25 JUDGE FOELAK: So, going back to

1 Exhibit 17?

2 MR. MOELLER: Yes, Your Honor.

3 JUDGE FOELAK: Thank you.

4 MR. MOELLER: Okay. Or, I'm sorry,
5 Exhibit -- the -- the other exhibit. So, that would
6 be exhibit -- it says 17 here, but is that the S-1
7 or the --

8 JUDGE FOELAK: Yeah. The other --
9 yeah. The 18 said the S-1. This is --

10 MR. MOELLER: Okay. My mistake.
11 It's onto 17 now.

12 BY MR. ZHOU:

13 Q So, this all line by line, like, the
14 initial review. So, you said the initial review is
15 almost the same as preliminary review of the Form
16 S-1. So, basically, those ones -- those -- those
17 contents is -- is the same like you already have can
18 be shared as a Form S-1?

19 MR. BRUCKMANN: Objection, vague.

20 Q Is my understanding correct?

21 JUDGE FOELAK: Yeah. Sir, I'm not
22 understanding what you're asking or maybe you're
23 just making a speech.

24 MR. ZHOU: Yeah. I'm asking if she
25 can give those initial review about Form 10 because

1 both Form 10 and also Form S-1 share the same
2 business model.

3 Q So, most of them should be -- can be
4 shared interchangeable. Do you have that
5 understanding?

6 MR. BRUCKMANN: Object -- objection,
7 vague and to the extent it's asking about her
8 understanding, privileged.

9 JUDGE FOELAK: Yeah. I mean, again,
10 I'm absolutely not sure what you're saying.

11 Okay. You understand you can't ask
12 her about her mental impressions or legal advice.
13 You could only ask about observable facts, okay.
14 So, asking her, Do you understand that one of them
15 called for a different bunch of questions than the
16 other, that's just not something you can ask.

17 MR. ZHOU: Okay. So, we will come
18 back to this.

19 Let's go to our response to this. It
20 is October 12th.

21 JUDGE FOELAK: Okay.

22 MR. ZHOU: I think 2000-21st
23 October 12.

24 MR. MOELLER: Number 19 on the -- on
25 the Division's exhibits.

1 BY MR. ZHOU:

2 Q Mr. Purnell, did you recognize this
3 letter?

4 A Yes.

5 Q Okay. You did receive at the time we
6 sent you?

7 MR. BRUCKMANN: Objection, vague.

8 BY MR. MOELLER:

9 Q You reviewed this -- you reviewed
10 this letter, correct? Ms. Purnell?

11 A Correct.

12 JUDGE FOELAK: Maybe she is -- okay.
13 Okay. Good.

14 MR. ZHOU: So let us scroll down a
15 little bit. Okay, here -- stop -- stop a little bit
16 here.

17 BY MR. ZHOU:

18 Q So, do you understand when you review
19 we do provide you point by point response to the
20 Form 10 material deficiencies you raised?

21 MR. BRUCKMANN: Objection, privileged
22 as to her understanding. Also, relevance.

23 JUDGE FOELAK: Exactly. Exactly. I
24 mean, you're making an argument here.

25 MR. ZHOU: Okay. So, I need ask it

1 different way.

2 Q So -- so, you observed here is in
3 this letter there are point by point response to
4 your letter date October 8th, '21?

5 MR. MOELLER: And if I can re --
6 restate that, Your Honor.

7 BY MR. MOELLER:

8 Q Ms. Purnell, when you received
9 this -- this letter, this October 12th letter which
10 was in response to the October 8th letters that
11 American CryptoFed received regarding the S-1 and
12 the Form 10, do you -- did you recognize this
13 response -- this letter that -- that was received by
14 you as a response back to your October 8th letters?

15 MR. BRUCKMANN: Objection, privileged
16 because response could mean, did she mean -- was it
17 a satisfactory response and then calls for her
18 assessment of the content of this letter.

19 JUDGE FOELAK: Okay. I think -- I
20 think -- I think what he's asking is, did you -- is
21 this a response to your letters of -- of October
22 8ths.

23 MR. MOELLER: Did she recognize --

24 JUDGE FOELAK: Right. Whether or not
25 it answered the questions or whatever.

1 MR. ZHOU: So -- so --

2 MR. MOELLER: Sorry. I didn't hear
3 Ms. Purnell's response. Did she recognize this?

4 A The term of a response in the
5 Division is a very meaningful term. We saw that
6 this was a letter that you had written addressed to
7 the chair and the Commissioners that attempted to
8 address the items that we had noted in the letter to
9 the Form 10, but it didn't include any information
10 that was responsive to the statements that we had
11 made and the deficiencies that we had identified.

12 JUDGE FOELAK: Okay. Putting it may
13 be even a different way. Do you think that -- did
14 you perceive this -- was this letter -- the sending
15 of this letter caused by your letters of
16 October 8th? Whether or not it -- it gave a
17 meaningful response to anybody?

18 MS. PURNELL: We didn't know -- no, I
19 can't say for sure that this was prompted by the
20 letter that we had sent.

21 JUDGE FOELAK: Thank you.

22 Okay, please proceed.

23 Yes, sir.

24 MR. ZHOU: So, let's go to -- scroll
25 down a little bit. We want identify one by one

1 comparing to the previous letter.

2 MR. BRUCKMANN: Your Honor, I -- I
3 object to this entire line of questioning. It's
4 completely irrelevant.

5 JUDGE FOELAK: Yes, sir. I don't --
6 I don't get the point. It appears -- it appears
7 that it may well have been the case that they sent
8 this letter to the chairman and the Commissioners
9 after receiving the October 8th letters, but what
10 difference does it make?

11 Go ahead, sir.

12 MR. ZHOU: If you scroll up. In
13 addition to the chairman, we still put the staff
14 there.

15 JUDGE FOELAK: Yes. Yes. I
16 understand, but that was a CC. That -- that was a
17 carbon copy. It wasn't really directed to them, but
18 be that as it may, what difference does it make?

19 BY MR. ZHOU:

20 Q So, Ms. Purnell, you did not see this
21 as our response to your comment?

22 MR. BRUCKMANN: Objection, privileged
23 and relevance.

24 JUDGE FOELAK: That calls for mental
25 impressions. Just drop this line of questioning.

1 the letter speaks for itself and,
2 you know, this is not -- the function of her
3 testifying is not so that you can berate her for not
4 responding. It's to ask actual questions within her
5 knowledge that are suitable to be answered.

6 MR. ZHOU: Your Honor, we want -- we
7 want to put our Exhibit 3. It is the reviewing
8 process.

9 JUDGE FOELAK: Okay. But -- but
10 your -- if your exhibit is in evidence then it's in
11 evidence.

12 MR. MOELLER: I think he wants to
13 ask -- ask Ms. Purnell about -- questions about
14 this.

15 MR. ZHOU: In this review process,
16 let's make it very clear, if we have questions we
17 can ask. We can ask the examiner. We also can ask
18 the director. We can ask the -- the -- the staff
19 approve all the comments. We can ask for the
20 answers. Now, today, we have the -- we haven't
21 receive any answer so far, but -- but --

22 JUDGE FOELAK: Sir. Sir. Sir,
23 just -- let me just stop you right there.

24 This exhibit is in evidence. You can
25 argue that you never received answers to this

1 letter. Excuse me. That you never received answers
2 in correspondence with what is stated in this
3 Exhibit 3, but you can't say to her, Why didn't you
4 do A, B and C? That -- that's just irrelevant. If
5 she didn't -- if she didn't respond -- you can argue
6 she never responded and -- and this is not what you
7 were lead to believe would occur. Well, you can
8 argue that, but this Exhibit 3 is in evidence and
9 you can cite it in your brief.

10 MR. ZHOU: Yes. Your Honor, we are
11 in the position to ask the Division to respond to
12 our question, but no matter how many letters we
13 send, no matter how we ask --

14 JUDGE FOELAK: Yes, sir. Yes, sir.
15 You're -- you're very -- your exchange of
16 correspondence where you never got any reply, that
17 is in evidence. It is -- there is -- the evidence
18 shows that you asked seven questions repeatedly and
19 never got an answer.

20 MR. ZHOU: Okay. So, let's go --

21 JUDGE FOELAK: You could probably
22 get -- you could probably get the Division to
23 stipulate to that, but you don't need to because
24 it's already on the -- it's already in the record.

25 MR. ZHOU: Okay. So, let's go to our

1 exhibit which showing October -- is it 13, 14, 15?
2 I want to confirm whether Ms. Purnell recognize
3 that.

4 JUDGE FOELAK: Sir, these exhibits
5 are in -- in the record. There -- you don't --
6 they're authentic. You can argue whatever you want
7 to from them.

8 MR. ZHOU: Yeah.

9 BY MR. ZHOU:

10 Q Did you personally receive those
11 letters?

12 MR. BRUCKMANN: Objection, relevance.

13 JUDGE FOELAK: Sustained.

14 MR. ZHOU: Okay. So, let's go back
15 to Form 10 regarding the letter -- October 8th
16 letter.

17 Okay. So, let's look at the second
18 bullet point, pages 6 to page 29. So, can we upload
19 all those pages six to --

20 JUDGE FOELAK: What -- sir, what are
21 you planning to ask? What I've been trying to tell
22 you is this letter and your letters asking for --
23 asking for the answers to questions, they're all in
24 the record and you can argue whatever you want from
25 them.

1 MR. ZHOU: Well, this letter said --

2 JUDGE FOELAK: I see what it says,
3 but whether or not -- whether or not she agrees or
4 doesn't agree or that -- that everything on page 6
5 to 29 matches a question on the form is irrelevant.
6 Either it does or it doesn't, but it doesn't really
7 matter. There's no need to -- the form is in the
8 record. This is in the record. You don't need
9 anything more to argue that you didn't get a proper
10 disclosure from them.

11 MR. ZHOU: Okay.

12 BY MR. ZHOU:

13 **Q So, how many hours did you spend on**
14 **reviewing this initial reviewing on our --**

15 MR. BRUCKMANN: Objection, relevance
16 and privilege.

17 JUDGE FOELAK: Your objection is
18 sustained.

19 Mr. Zhou, let me draw your attention
20 to the fact that between September 16th and
21 October 8th there's only so many days. And you can
22 certainly cite that as a indication of shortness.

23 MR. ZHOU: Okay. So, if we go to our
24 answer line by line, I want to go to see again.

25 **Q You -- you look at those bullet**

1 **points, we did in our October 12th copied those**
2 **bullet points and did our answer.**

3 MR. BRUCKMANN: Objection. Counsel's
4 testifying -- or he's not counsel. Mr. Zhou is
5 testifying. He's not even asking questions at this
6 point.

7 JUDGE FOELAK: Right. Right.
8 Your -- your answer is, assuming it's -- assuming
9 it's -- you're referring to your letter -- a
10 different letter, it's in evidence. You can argue
11 whatever you want from it, but -- in writing in your
12 legal brief, okay.

13 Next question.

14 MR. ZHOU: Okay. Let's go to
15 October 12th -- our October 12th questions --
16 response.

17 Yes. So, scroll down a little bit.
18 Go to the bullet point -- the first bullet point
19 corresponding to -- look here. Stop here. A little
20 bit -- up a little bit.

21 Scott, can you help me read the last
22 paragraph?

23 JUDGE FOELAK: Okay. Sir. Sir, that
24 letter is in evidence. You can quote from it and
25 say it was sent to this person and that person

1 and -- and say you never got a reply, but you can't
2 go into what her mental impressions were when she
3 read the letter for the first time or even today.

4 MR. ZHOU: Okay. Okay.

5 BY MR. ZHOU:

6 Q So, Ms. Purnell, did you recognize
7 this paragraph?

8 JUDGE FOELAK: Sir, your letter is in
9 evidence. It was sent to these people and copied to
10 her. And it's actually more of a legal argument,
11 but -- but, nonetheless, your letter is in evidence.
12 You can't berate her for not -- the point of her
13 testimony is not to berate her for not understanding
14 what you were saying at the time, so to speak.

15 Go ahead, sir.

16 MR. ZHOU: Your Honor, we are not
17 going to ask whether she -- whether she understood
18 or not at the time or will understand or not. We
19 just ask her whether she recognize the paragraph
20 going forward. I want to go to recognize so we can
21 avoid future dispute she did not see it.

22 MR. BRUCKMANN: The Division will
23 stipulate that this letter was received on or near
24 October 12th. Nothing else they're trying to ask
25 her about is relevant.

1 JUDGE FOELAK: Correct.

2 Okay. Go ahead. Move on, Mr. Zhou.

3 MR. ZHOU: So, can we add to the
4 stipulation that all the contents in these letters
5 Mr. Purnell has confirmed and reviewed?

6 MR. BRUCKMANN: It's irrelevant
7 whether Ms. Purnell reviewed this letter. It's
8 completely irrelevant.

9 JUDGE FOELAK: Right. It's only
10 relevant that she received it or had -- or had --
11 yes.

12 So, what -- please move on, Mr. Zhou.

13 I mean, you didn't need her -- the
14 letter's already in evidence and she was copied on
15 it. That's all you need.

16 MR. ZHOU: Okay.

17 JUDGE FOELAK: You don't need her to
18 confirm that it's authentic. It's already in the
19 record.

20 MR. ZHOU: Yes, Your Honor. So,
21 we -- because we did not receive any response --

22 JUDGE FOELAK: Yes.

23 MR. ZHOU: Right. So, we want the
24 person who send us a letter about our serious
25 deficiencies clearly confirm at the moment she see

1 that.

2 MR. BRUCKMANN: But they haven't
3 established that Ms. Purnell was the person who sent
4 the October 8th letters. And if they bothered to
5 ask her that question, they'd find out she wasn't.

6 MR. ZHOU: I beg your pardon,
7 Mr. Bruckmann?

8 MR. BRUCKMANN: If they asked Ms.
9 Purnell her recollection is going to be that Mr.
10 Dobbie was the one who actually sent the two
11 October 8th letters.

12 MR. ZHOU: Let's go back to that two
13 letters to see who signed that.

14 MR. BRUCKMANN: Ms. Purnell was
15 involved in the review, but the letter is not signed
16 by any person.

17 MR. ZHOU: So, she is the contact
18 person.

19 MR. BRUCKMANN: Yes. She's the
20 contact person which is not relevant.

21 BY MR. ZHOU:

22 **Q So, in the filing review process we**
23 **can ask questions about our -- about the comment**
24 **sent to us by the SEC. Contact person is named in**
25 **that filing review process.**

1 MR. BRUCKMANN: Objection, vague.

2 Q So, Mr. Purnell, when this was
3 written as a contact person, it was not really the
4 person we should contact?

5 JUDGE FOELAK: Sir. Sir. Sir, the
6 letter is what it says. It's in the record. You
7 don't have to -- it's in the record. It says what
8 it says. It doesn't matter what she says.

9 MR. ZHOU: There are --

10 JUDGE FOELAK: You're just wasting
11 time.

12 MR. ZHOU: Your Honor?

13 JUDGE FOELAK: Go ahead, sir.

14 MR. ZHOU: We even don't know who
15 is -- who was our examiner.

16 JUDGE FOELAK: Okay, but that's
17 not -- that isn't relevant to this proceeding.

18 MR. BRUCKMANN: And Mr. Dobbie made
19 clear in his testimony --

20 JUDGE FOELAK: Right.

21 You could argue in your briefs that
22 you were kept in the dark and so on and so forth,
23 but this is -- this is not an investigation by you
24 into the shortfalls. If there were shortfalls
25 then -- then that helps you to prove your case.

1 Go ahead, Mr. Moeller.

2 MR. MOELLER: Thank you, Your Honor.

3 So, to follow-up on -- on

4 Mr. Bruckmann's statement.

5 BY MR. MOELLER:

6 **Q So, Ms. Purnell, you were -- were you**
7 **the author of this letter?**

8 MR. BRUCKMANN: Objection. In terms
9 of author goes into the drafting process and it's
10 privileged.

11 JUDGE FOELAK: Yes. Yes, sir.

12 MR. MOELLER: The reason -- the
13 reason I'm asking, Your Honor, is because we're --
14 we're just trying to get clarity if this is the
15 right witness that should be deposed. Because --
16 because what I'm hearing is -- is that Ms. Purnell
17 was -- did not deliver this to us. Okay. And I
18 have questions from her on that -- that last
19 paragraph as well. So, I don't know if she's going
20 to be able to answer it.

21 MR. BRUCKMANN: Your Honor, this is
22 also completely irrelevant. Mr. Dobbie -- Mr.
23 Dobbie made clear in his testimony that he was the
24 person in charge of the review process for both of
25 these forms, that that review process involved

1 multiple people, both attorneys and accountants as
2 it almost always does in the Division of Corporation
3 Finance. They're trying to find the person. There
4 isn't a singular person. There was a team involved
5 and Mr. Dobbie was the head of that team. He was
6 the person in charge. He was available for
7 testimony. The Division put him on. They had an
8 opportunity to question him. Now they have
9 questions for Ms. Purnell. None of which are
10 relevant or admissible it seems.

11 JUDGE FOELAK: Go ahead, Mr. Zhou.

12 BY MR. ZHOU:

13 Q Did at the time Mr. Dobbie told us we
14 should contact him?

15 MR. BRUCKMANN: Objection, vague.

16 JUDGE FOELAK: Yes.

17 Q The fact we found out --

18 JUDGE FOELAK: Sir, as I keep saying,
19 there is no doubt that you didn't get the answers to
20 your -- the questions -- that -- the seven
21 questions. So, you don't have to keep proving it.

22 MR. ZHOU: Your Honor?

23 JUDGE FOELAK: Yes.

24 MR. ZHOU: We find out now, today,
25 the funny thing is, we were not told the truth

1 through this letter. She was not the examiner. She
2 even was not the contact person. And there was
3 different contact person which when we -- is it
4 actually put us in limbo. And then, just by one of
5 this letter, so -- and -- and we can't ask any
6 questions, okay.

7 At the time this review evidence
8 today, all of a sudden we was told by Mr. Bruckmann.
9 So -- so we need to bring back Mr. Dobbie.

10 JUDGE FOELAK: Okay. I don't
11 understand -- sir, I don't understand what is new.
12 You received correspondence. You sent
13 correspondence. The results didn't exactly go the
14 way you wanted, but it's all in the record. It
15 doesn't really matter which of several employees did
16 what. They all eventuated in the sending of this
17 correspondence and the eventual starting of this
18 proceeding, et cetera.

19 Okay. Next question.

20 BY MR. ZHOU:

21 Q Okay. So, those two letters are not
22 exactly examiners letter?

23 MR. BRUCKMANN: Objection, vague.

24 JUDGE FOELAK: Sir, you'll note it --
25 okay.

1 They're -- they're not necessarily from -- I
2 don't think they purport to be from one individual
3 person as an individual. They purport to be from
4 this Office of Finance to you.

5 MR. ZHOU: Did Mr. Purnell go through
6 this contact information I do can reach the
7 examiner?

8 MR. BRUCKMANN: Objection, vague.
9 You haven't defined what examiner means.

10 **Q Okay. So, Mr. Purnell, who is our**
11 **case examiner?**

12 MR. BRUCKMANN: Objection. They
13 haven't established there's a single examiner or
14 what the term examiner means. Mr. Dobbie didn't
15 testify about any examiners. He testified about
16 teams of attorneys and accounts. Teams. Plural.
17 Multiple people.

18 JUDGE FOELAK: Ms. Purnell, if it's
19 within your knowledge you can explain that -- you
20 can say that there were several people that worked
21 on it or you -- that's the way it always works or
22 something.

23 A We -- there were several people that
24 were -- that -- that screened the filing, that
25 discussed the filing. We called the company to tell

1 them that we were deferring review because of the
2 deficiencies and we sent this letter. There were a
3 number of people involved.

4 JUDGE FOELAK: Okay. Now -- now, you
5 have testimony that there were a number of people
6 involved. Not any one individual okay.

7 Next question.

8 **Q The filing review process for our**
9 **Exhibit 3 said we can ask who --**

10 JUDGE FOELAK: Sir, you can make -- I
11 don't think you heard me before. You can make any
12 argument -- legal argument you want in your brief
13 saying what they did is inconsistent with what they
14 say they're going to do in Exhibit 3, but these
15 things are already in the record.

16 MR. ZHOU: Your Honor, at least today
17 I want to find out who are our examiners. This --
18 this --

19 JUDGE FOELAK: But that -- you may be
20 interested, but that's irrelevant to this
21 proceeding.

22 MR. BRUCKMANN: Your Honor, can I ask
23 one question of Ms. -- can I ask one question of Ms.
24 Purnell that might clear this up?

25 JUDGE FOELAK: Okay.

1 BY MR. BRUCKMANN:

2 Q Ms. Purnell, was Justin Dobbie the
3 person who was ultimately in charge of the review
4 process for American CryptoFed's Form 10 and Form
5 S-1?

6 A Yes.

7 JUDGE FOELAK: Okay, sir.

8 So, Mr. Zhou, what she said is he's
9 the person taking responsibility, the point person
10 as it were, if you want one person to focus on.

11 Yes, sir.

12 BY MR. ZHOU:

13 Q Mr. Dobbie was the person that was
14 examiner? Can we say that?

15 MR. BRUCKMANN: Objection to the term
16 examiner.

17 JUDGE FOELAK: It's not examiner. It
18 sounds like there's a bunch of examiners and they
19 reported to him.

20 MR. ZHOU: Okay.

21 JUDGE FOELAK: Yes, sir.

22 Each one did a little piece, that
23 kind of thing.

24 MR. ZHOU: Can you scroll down this
25 Exhibit 3 a little bit. Can you scroll down a

1 little bit. A little bit. I want to find the --
2 the -- the company.

3 You can scroll down a little bit.

4 Yeah, a little bit. A little bit. Okay. Okay.
5 Okay. This -- okay, great. Great. Great. Great.

6 MR. MOELLER: Do you want me to read
7 it, Zhou?

8 MR. ZHOU: Yes.

9 MR. MOELLER: Okay.

10 MR. ZHOU: Slowly.

11 JUDGE FOELAK: It's the second
12 paragraph, is that what he wants?

13 MR. MOELLER: Yeah. Right where it
14 says: A company response to comment.

15 JUDGE FOELAK: Okay.

16 MR. MOELLER: Okay. If -- if a
17 company does not understand a comment --

18 MR. ZHOU: Slow down a little bit,
19 please.

20 JUDGE FOELAK: I think he wants the
21 second paragraph there.

22 MR. ZHOU: This one. This one.
23 Starting from if. Starting from if.

24 JUDGE FOELAK: Okay, that one.

25 MR. MOELLER: Company Response to

1 Comments. If a company does not understand a
2 question or the Staff's purpose in issuing it, it
3 should seek clarification from the examiner before
4 it responds. If the company does not understand the
5 comment after discussing it with the examiner, it
6 may wish to speak with the staff member who approved
7 the comment. To make it easier for a company to
8 identify the appropriate people to contact about a
9 filing review, the Division includes the name of the
10 office conducting review as well as the names and
11 phone numbers of the staff members involved in that
12 review in each of its comment letters.

13 Continue, Zhou.

14 MR. ZHOU: Yeah.

15 MR. MOELLER: A company generally
16 responds to each comment in a letter to the staff.
17 And, if appropriate, amends its filings. A
18 company's explanation or analysis of an issue will
19 often resolve a comment. Depending on the nature
20 and issue of the company's response, the Staff may
21 issue additional comments following its review of
22 the company's response and any related amendments.

23 MR. ZHOU: Thank you, Scott.

24 MR. MOELLER: You're welcome, Zhou.

25 MR. ZHOU: We didn't know at that

1 time who our -- exactly who our examiner. Today we
2 was told the contact information in the comment
3 letter from the Division of Corporation Finance was
4 not the exact contact information.

5 MR. MOELLER: It was not accurate.

6 MR. ZHOU: Could be error for us to
7 do this process mended by the reviewing -- filing
8 reviewing process.

9 MR. BRUCKMANN: Objection. Mr. Zhou
10 is just testifying. There's no question here.

11 MR. ZHOU: We want --

12 JUDGE FOELAK: Yes. Yes, sir.

13 Did -- do you understand what I said?

14 You've got this in evidence. And you can argue that
15 this plan laid out here is inconsistent with what
16 actually happened to you, but -- but asking -- okay.
17 Go ahead, sir.

18 MR. ZHOU: Your Honor, those facts
19 today through this hearing will be something we want
20 stipulation so that we do not keep argue with --

21 JUDGE FOELAK: Okay. Sir. Sir, let
22 me explain something to you. You can already argue
23 in your brief that what they did to you was not
24 consistent with the -- what -- what the guidance
25 advertised to the public and that that was grossly

1 unfair.

2 MR. MOELLER: Your Honor, I see your
3 point when -- when you follow instructions, yeah.

4 MR. ZHOU: Okay. So, Your Honor,
5 what you ask me to do is using the brief to --
6 against -- using a brief we describe that. So can
7 we --

8 JUDGE FOELAK: Right. Maybe you can
9 get the Division to admit what the -- what the staff
10 did was not the same as what they said -- what they
11 said they would, but that is the point of this
12 proceeding is to see if legally whatever result --
13 that is the point of the proceeding, for me to
14 resolve in the -- initially any questions concerning
15 your registration statement, so.

16 And -- and if you gentlemen need to
17 eventually appeal all the way to the Supreme Court,
18 you'll have this as a -- as an ability to say, Look
19 how unfairly we were treated. We didn't get -- you
20 know, something like that.

21 Yes, sir. Go ahead.

22 MR. ZHOU: Your Honor, I believe we
23 want to find out the truth and justice.

24 JUDGE FOELAK: Okay, but, sir. Sir,
25 this -- this hearing is not to find out -- to

1 investigate the truth of whether or not, you know,
2 one particular staff member did something. It's
3 to -- it's to see whether your registration
4 statement fulfilled the requirements of the
5 securities laws. It -- it isn't an inquiry into the
6 staff's behavior. Whatever they did is on the
7 record.

8 Go ahead, sir.

9 MR. ZHOU: The chairman -- SEC
10 Chairman Mr. Gensler told the U.S. Congress under
11 oath --

12 JUDGE FOELAK: Fine. Fine. But,
13 sir -- sir, if you believe -- you can cite publicly
14 available statements and stuff like that, but it
15 doesn't -- you're just making an argument when you
16 say that. I mean, I read your statements about, you
17 know, what Mr. Gensler said, but let's just stick to
18 the legal process here or, I mean, that is what I
19 have to stick to. You've got this stuff in the
20 record. You can -- you can say that -- argue
21 whatever you want from it.

22 MR. ZHOU: Okay. We want find out
23 the fact first.

24 JUDGE FOELAK: Okay, sir. Sir, this
25 is not an investigation into what the staff did

1 wrong or failed to do or something like that. If
2 they failed to do it, that's in the -- that's in the
3 record of this hearing and something you could make
4 legal arguments from.

5 MR. ZHOU: Okay. Your Honor, can we
6 take a break? We first time today was told she was
7 not the contact person at that day --

8 JUDGE FOELAK: Okay, but, sir --

9 MR. BRUCKMANN: That's not correct,
10 Your Honor.

11 JUDGE FOELAK: -- it doesn't matter.
12 It doesn't matter. You asked questions of the
13 staff. You didn't get a response. That's all in
14 the record. It doesn't matter who it was that
15 didn't answer you.

16 MR. MOELLER: Your Honor, I'd -- I'd
17 like to go back to something that I think Ms.
18 Purnell would have personal knowledge on.

19 JUDGE FOELAK: Please.

20 MR. MOELLER: If we can bring up that
21 Exhibit 17 again. Okay. And -- and just leave it
22 right there.

23 BY MR. MOELLER:

24 Q Ms. Purnell, can you read that --
25 that -- that paragraph starting with, This?

1 JUDGE FOELAK: Wait a minute. Oh,
2 This registration statement, yeah.

3 A You want me to read it?

4 Q Yes, please.

5 A Out loud?

6 Q Yes, please.

7 A This registration statement will
8 become effective on November 15th, 2021. If the
9 registration statement were to become effective in
10 its present form, we would be required to consider
11 what recommendation, if any, we should make to the
12 Commission. We suggest that you consider filing a
13 substantive amendment correcting the deficiencies or
14 a request for withdrawal of the registration
15 statement before it becomes effective.

16 Q Thank you. Thank you.

17 And as -- as the acting legal branch
18 chief of the Division of Corporation Finance, can
19 you describe the -- the registration process for a
20 Form 10.

21 MR. BRUCKMANN: Objection, relevance.

22 MR. MOELLER: Absolutely it's
23 relevant.

24 JUDGE FOELAK: Why is it not
25 relevant?

1 MR. BRUCKMANN: Well, for -- this is
2 a proceeding regarding the Form S-1 and he's asking
3 a question about the registration process for a Form
4 10 and he's asking for Ms. Purnell's --

5 JUDGE FOELAK: It might be the same.
6 Can you briefly describe it, Ms.
7 Purnell.

8 A Sure. A registration statement on
9 Form 10, Form 10 12G, goes effective automatically
10 60 days after the date that it is filed.

11 Q **Sorry, can you say that again? I**
12 **couldn't hear. We have noise in the background**
13 **here. How many days?**

14 A 60.

15 Q **60 days it's automatically effective.**
16 **Now, is it effective if it has deficiencies?**

17 MR. BRUCKMANN: Objection. Her --
18 her knowledge about this and what actions the
19 Commission took -- it gets into the deliberative
20 process and actions the Commission took to suspend
21 the registration effectiveness on the Form 10 on the
22 Commission order.

23 JUDGE FOELAK: No. No. No. That's
24 not his -- that's not his question. This is
25 statutory that it automatically becomes effective

1 unless something is done.

2 MR. MOELLER: Thank -- thank you,
3 Your Honor.

4 Q And -- and, yes. So, back to the
5 question.

6 So -- so, what is the process?
7 Does -- does a Form 10 registration go effective
8 with deficiencies, Ms. Purnell?

9 A Yes. Yes.

10 Q Okay. Thank you. Now -- and -- and
11 I see that it says: This registration statement
12 will become effective on November 15th, 2021. Did
13 the registration statement become effective?

14 MR. BRUCKMANN: Objection. This is
15 getting into the Commission's order and internal
16 deliberations and communications with the
17 Commission.

18 JUDGE FOELAK: Okay. Well, wait a
19 minute. Wait a minute, sir. That's a matter of --
20 that's a matter of public record.

21 MR. MOELLER: Okay. Let me
22 rephrase -- let me rephrase that -- that statement,
23 Your Honor.

24 JUDGE FOELAK: Yes.

25 Q Okay. So, as of November 15th, 2021

1 it -- it is public record that the registration
2 statement for American CryptoFed Form 10 did not
3 become effective.

4 MR. BRUCKMANN: Objection. It's a
5 matter of public record and Ms. Purnell's testimony
6 on it is not relevant.

7 Q In your personal knowledge, Ms.
8 Purnell --

9 JUDGE FOELAK: Okay. Okay. It
10 doesn't really matter what she knew. We know that
11 it didn't become effective.

12 MR. MOELLER: Correct.

13 Q In your personal knowledge, Ms.
14 Purnell, has there been a Form 10 registration
15 automatically effected -- has there been a Form 10
16 registration that has been stayed other than
17 American CryptoFed?

18 MR. BRUCKMANN: Objection, relevance,
19 privilege, calls for legal conclusion, speculation.

20 MR. MOELLER: I -- I'm asking -- I'm
21 asking something statutory, Your Honor.

22 JUDGE FOELAK: Well, no. Sir -- sir,
23 if it is -- if that is the case, it -- it either
24 happened or didn't happen and, you know, you can
25 research it in Westlaw or something. It doesn't

1 really matter what she knows.

2 MR. MOELLER: She is -- Your Honor,
3 she's the acting legal branch chief of the Division
4 of Corporation Finance. If anyone would know
5 whether there was a Form 10 that did not become
6 automatically effective it would be her.

7 MR. BRUCKMANN: First, Your Honor,
8 she's no longer in --

9 JUDGE FOELAK: -- she doesn't know
10 anything.

11 MR. BRUCKMANN: Your Honor, may I be
12 heard? Because, first, Ms. Purnell is no longer in
13 Office of Finance. She has changed positions. And,
14 second, this entire line of questioning relates to
15 the Form 10 and this proceeding relates to the S-1.
16 It is not relevant.

17 MR. ZHOU: Can we go to the --

18 JUDGE FOELAK: Okay. Right. That
19 is -- that is a good point in reference to the stay.
20 Okay.

21 Yes, Mr. Zhou.

22 MR. ZHOU: In addition to -- in
23 addition to this Form 10 letter can we post the Form
24 S-1 letter she sent us.

25 MR. MOELLER: That's the -- the next

1 exhibit.

2 JUDGE FOELAK: October 8, okay.

3 MR. MOELLER: 18.

4 MR. ZHOU: Okay. So, Scott, can you
5 ask her same question. I think that's what the
6 Division, Mr. Bruckmann, said. This is for Form
7 S-1.

8 BY MR. MOELLER:

9 Q Yeah. Well, the -- the questions
10 are -- are related, but what I see here is -- is
11 the -- the second paragraph -- can you read the
12 second paragraph, please, Ms. Purnell, starting
13 with: We.

14 A We will not perform a detailed
15 examination of the filing and we will not issue
16 comments on the filing at this time. We suggest
17 that you consider filing a substantive amendment to
18 correct the deficiencies. If you were to request
19 acceleration of the effective date of the filing in
20 its present form, we would likely recommend that the
21 Commission deny your request.

22 Q And -- and which -- and, Ms. Purnell,
23 which -- which deficiencies are -- are you -- are
24 you describing in this letter?

25 A As I indicated in the phone call that

1 we had, I'm referencing the deficiencies that I
2 pointed out to you in that call. Namely, the lack
3 of financial statements.

4 Q The lack of financial statements.
5 So, I -- yeah, because I -- I don't see that in this
6 letter. All I see is that: Our preliminary review
7 indicates that it fails to comply.

8 MR. BRUCKMANN: Is that a question?

9 MR. MOELLER: Yeah.

10 JUDGE FOELAK: Okay. Okay. I --I.

11 MR. MOELLER: Well, I ask what --
12 what deficiencies and the answer was: What we told
13 you was in the phone call.

14 JUDGE FOELAK: Right.

15 MR. BRUCKMANN: Right. And then you
16 began arguing with the witness.

17 JUDGE FOELAK: No. Okay.

18 MR. MOELLER: No.

19 JUDGE FOELAK: No. No. We have the
20 answer that if refers back to the phone call that
21 she has testified happen.

22 Yes, sir, Mr. Zhou.

23 MR. ZHOU: Ms. Purnell just said
24 namely financial statement. I have a question to
25 her.

1 BY MR. ZHOU:

2 Q Does -- does the deficiencies, the
3 bullet point listed on the Form 10 letter on the
4 same day is similar here what's said on this letter?

5 MR. MOELLER: Okay. Should I restate
6 that?

7 MR. ZHOU: Okay. Please, Scott.

8 MR. MOELLER: Okay. Sorry, Zhou.

9 BY MR. MOELLER:

10 Q So, Ms. Purnell, so, the deficiencies
11 that you are referring to in this Form S-1 letter
12 that was sent to American CryptoFed on October 8th,
13 the same day that the Form 10 letter stating
14 deficiencies was sent to -- to American CryptoFed,
15 are you referring to the same deficiencies or are
16 they the same deficiencies from Form 10 to Form S-1?

17 A Our process is we called you and
18 discussed the deficiencies. We sent a different
19 letter for the Form 10 than for the Form S-1. And
20 we're referring to the deficiencies that I discussed
21 in the phone call.

22 Q So, the -- the five-minute phone call
23 we had? And I -- I think it was October 4th. I'm
24 not sure of the exact date.

25 A My recollection that phone call

1 lasted almost an hour.

2 **Q Wow. Because I have a very different**
3 **recollection than you, okay.**

4 JUDGE FOELAK: Yes, Mr. Zhou.

5 BY MR. ZHOU:

6 **Q Did we actually ask you send what we**
7 **discussed in writing?**

8 A Yes, you did.

9 **Q So, as a result were those two**
10 **letters at least summarized what we discussed?**

11 MR. BRUCKMANN: Objection, vague.

12 MR. MOELLER: So -- so --

13 JUDGE FOELAK: No. I understand -- I
14 understand that. I think he -- I think he's saying,
15 we didn't get -- I think he's saying that she didn't
16 mention any specific deficiencies in either letter.
17 I think that's what he's saying.

18 MR. MOELLER: Your Honor?

19 JUDGE FOELAK: Yes.

20 MR. MOELLER: I do think that the --
21 that -- so -- so, what -- what I think Zhou is
22 trying to establish here is that these two letters
23 that we received on October 8th were as a result of
24 the October 4th -- and pardon me, I'm not sure if it
25 was October 4th or 3rd, but as a result of that

1 October 4th through 3rd phone call. So, we're
2 trying to establish an accurate trail. So, that
3 these letters did -- were the result of that phone
4 call.

5 Is that -- is that right, Zhou, is
6 that where you're going?

7 MR. ZHOU: Correct.

8 BY MR. MOELLER:

9 Q So -- and is -- okay. And, Ms.
10 Purnell, is that -- is that your answer that these
11 things -- these letters are a result of that phone
12 call, correct? This is the official response of the
13 Division of Corporation Finance after that phone
14 call.

15 A I would say that these were sent in
16 addition to the phone call.

17 Q In addition to the phone call.
18 Because typically the -- the -- in the typical
19 filing review process a -- a -- a filer wouldn't
20 have written statements about it or they'd only have
21 the phone call? And I'm asking typically, so.

22 A Typically when we screen a filing and
23 identify material deficiencies, as we did here in
24 the Form 10 and the S-1, we call the company and
25 explain it to them. Sometimes we send a letter.

1 Sometimes we don't.

2 Q Okay.

3 JUDGE FOELAK: I think -- I think,
4 you know, one thing is pretty clear from both of
5 them is that they lack financial -- audited
6 financial statements which she said she mentioned in
7 the call, but I guess your point, you don't really
8 know whether they usually say A, B, C, D, E, F, G, H
9 and I are missing and also J, L in the financial
10 statements, but -- so, we don't know what else she
11 asked for.

12 MR. MOELLER: Right. Yes, Your
13 Honor. And -- and what I see is in -- in the Form
14 10 that there are specific bullet points which --
15 which Ms. Purnell or Mr. Dobbie, okay, put -- put
16 forward in the letter. I don't know who the
17 individual is that -- that wrote the letter, okay,
18 but that -- that there are statements in that letter
19 that are put specific bullet points. And those
20 related to the Form 10.

21 Now, Ms. Purnell has confirmed that
22 the Form 10 is an automatic process of registration
23 which -- which had been stayed. And -- and in my --
24 okay. Yeah, which had been stayed.

25 What we see here in the -- in the

1 Form S-1 letter is that it -- it does not point out
2 any specific deficiencies. It just says: We will
3 not perform a detailed examination of the filing and
4 we will not issue comments on the filing at this
5 time.

6 MR. BRUCKMANN: Objection.
7 Mr. Moeller is just testifying at this point.

8 JUDGE FOELAK: True. The letter says
9 what it says. And you're --

10 MR. MOELLER: And, Your Honor --

11 JUDGE FOELAK: Sir, and your research
12 into the unusual treatment of American CryptoFed as
13 being the only one ever in the history subject of
14 the stay you can make that legal argument even --
15 even if it was made against the other form and the
16 one at issue here to show that it was a plot against
17 the company.

18 MR. MOELLER: Your Honor, I -- I -- I
19 am not trying -- sorry. And I don't -- I really --
20 my -- my apologies for interjecting. I just -- we
21 are looking at how do we cure our registration.
22 What is the path by which American CryptoFed can
23 register Locke and Ducat.

24 JUDGE FOELAK: Okay. Okay. This is
25 not --

1 MR. BRUCKMANN: And, Your Honor, to
2 be --

3 JUDGE FOELAK: -- an investigation
4 into how you can do better in the future. It's --

5 MR. MOELLER: It's a stop order
6 proceeding.

7 JUDGE FOELAK: It's a -- it's a
8 hearing as to whether the thing as it is can go
9 effective or not.

10 MR. BRUCKMANN: And, Your Honor, to
11 be clear on the record, Mr. Moeller has been told
12 time and time again, there need to be audited
13 financials. There are other deficiencies as well.
14 Some of those other deficiencies are fatal on their
15 own, but the point has been made again and again in
16 writing, in phone calls, in motions that they need
17 to have audited financials. They know what they
18 need to do. They just don't like it.

19 JUDGE FOELAK: I think -- I think
20 there's no -- the point of the question is that they
21 did not provide that audited financial statements.
22 Even if it was a CPA saying, I looked around and
23 there's zero of anything.

24 Yes, sir. Go ahead, Mr. Zhou.

25 MR. ZHOU: What sort of -- can

1 Mr. Bruckmann become a witness here? He is
2 testifying.

3 JUDGE FOELAK: That's a good point,
4 Mr. Zhou.

5 Okay. Let's move on.

6 Do you have any -- do you have
7 anymore questions for Ms. Purnell?

8 MR. ZHOU: Yes.

9 JUDGE FOELAK: Yes, sir. Okay, go
10 ahead.

11 BY MR. ZHOU:

12 Q So, Mr. Purnell said, we did ask for
13 send us writing reflect what we discuss. So, she
14 said this is addition, not what we discuss on the
15 phone.

16 JUDGE FOELAK: Okay. What is your
17 question?

18 Q So, it's -- I want to confirm.

19 JUDGE FOELAK: She just testified --
20 she just testified that she asked for a bunch of
21 stuff in the telephone conversation. And we can see
22 that the written letters are -- are not very
23 detailed. So -- yes. So, you don't need to ask
24 her -- yes, go ahead.

25 MR. ZHOU: Can we ask the Division to

1 produce that conversation transcript?

2 JUDGE FOELAK: That doesn't -- a
3 transcript of the phone call may not exist, sir.
4 Go ahead.

5 MR. ZHOU: At the time I had
6 impressions they have recording.

7 JUDGE FOELAK: Well, I guess --

8 MR. BRUCKMANN: Ask Ms. Purnell.

9 JUDGE FOELAK: Yes.

10 Ms. Purnell, are your phone
11 conversations with applicants recorded or not?

12 MS. PURNELL: They are not.

13 JUDGE FOELAK: Okay. Go ahead, sir.

14 BY MR. ZHOU:

15 Q On that phone call, was you alone or
16 was there someone else?

17 A There was one other member of the
18 Division -- I'm sorry, of the Office of Finance
19 there too.

20 JUDGE FOELAK: Go ahead.

21 Q Is that person other than Mr. Dobbie?

22 A Correct.

23 Q So, Mr. Dobbie as the examiner did
24 not attend that phone call?

25 JUDGE FOELAK: Okay. That's what she

1 testified to, yes. And what is your question, sir?

2 Q So, when we promised what we
3 discussed on the phone call you writing, now that's
4 totally missing?

5 MR. BRUCKMANN: Objection. Is there
6 a question coming?

7 JUDGE FOELAK: Yeah. I -- I
8 didn't -- yes. Do you have a question?

9 MR. MOELLER: I can rephrase that.

10 JUDGE FOELAK: Yes, sir.

11 BY MR. MOELLER:

12 Q Is there -- does the Division have
13 any records of that phone call, whether written --

14 MR. BRUCKMANN: Objection.

15 Q -- summations or -- or -- either
16 written summations or recordings or are there any
17 records of -- of interactions that you had with
18 registrants?

19 MR. BRUCKMANN: Objection, relevance.
20 And the content of any such writings would be
21 privileged.

22 JUDGE FOELAK: Well, that would be
23 true. There is no recording.

24 What -- what relevance would a record
25 of what was said on the phone call be? I mean, she

1 did mention audited financial statements which is
2 pretty obvious because there aren't any and it is
3 kind of a -- kind of a black and white type gap.

4 MR. MOELLER: Yes. Yes.

5 JUDGE FOELAK: I mean, it's not --
6 it's not as if -- it's not as if you came up with
7 the audited financial statements and then she said,
8 Oh, yeah, but you didn't do this, that and the other
9 thing that were much more amorphous.

10 Okay, sir, Mr. Zhou, do you have
11 anymore questions?

12 BY MR. ZHOU:

13 Q Mr. Purnell, can you tell us what you
14 still remember based on your best knowledge what
15 we --

16 MR. MOELLER: Your best recollection.

17 Q Yes. What we discussed on that phone
18 call?

19 JUDGE FOELAK: In other words, if you
20 remember anything more than the audited financial
21 statements not being present in the form.

22 MR. MOELLER: Were there other
23 deficiencies that you remember?

24 Q Yeah. On this Form S-1.

25 A We -- we called you and we told you

1 that we had received the filing. We had screened
2 the filing. That we had identified material
3 deficiencies. A large portion of the call was spent
4 discussing the lack of financial statements. I
5 explained that you should retain an independent
6 auditor to put together financial statements to
7 audit them and include them.

8 I acknowledged that the disclosure in
9 the filing that -- where you said the financial
10 statements were not necessary because the company
11 didn't have any assets or liabilities. And I
12 indicated that audited financial statements would
13 still be required. The Division routinely sees
14 filings from companies with limited or no assets and
15 no operations. That was a large portion of the
16 call, the back and forth between that.

17 I also recommended that the company
18 obtain counsel to help them work through the
19 disclosure requirements of both forms. And I
20 specifically mentioned that, at a minimum, counsel
21 will be required to provide a legal opinion for the
22 Form S-1 before it would be declared effective.

23 JUDGE FOELAK: Yes, sir.

24 **Q The conversation lasted for one hour,**
25 **that's it?**

1 A That's my recollection.

2 JUDGE FOELAK: I think he's asking,
3 did the phone call last one hour. Yes. Yes.

4 A Yes.

5 Q So, didn't we also ask a person
6 together with you on that phone call about what that
7 person's -- individual's personal action about our
8 conversation? We were promised other writings, but
9 now it's almost one year passed. We were left
10 without this. We thought this was the result of our
11 conversation and that you promised to us, but today
12 we find out it wasn't -- this -- this letter is not.

13 JUDGE FOELAK: Okay, sir.

14 MR. BRUCKMANN: Objection. I don't
15 think there's any question there.

16 JUDGE FOELAK: There's evidence --
17 there's evidence in the record that you can argue
18 that we got this vague -- these two vague letters
19 and -- instead of a point by point letter. I mean,
20 you can argue that. I mean, you don't need to keep
21 asking her where is it.

22 Okay. Yes, sir.

23 MR. ZHOU: Your Honor, we -- we do
24 need to know what the conversation were because we
25 were promised in writing to get accuracy --

1 JUDGE FOELAK: Okay. Okay. Okay.

2 She just testified -- she has testified that most of
3 the conversation had to do with financial statements
4 and lack of a legal opinion which is required on
5 these forms.

6 You've got enough. You've got enough
7 there than -- actually, if you've got more that
8 might hurt your case. You want to argue -- you want
9 to argue, We thought we were going to get a lengthy
10 letter, point by point, things and instead we got
11 this general thing.

12 Now, it's quite obvious that your
13 forms don't have audited financial statements or
14 legal opinions from attorneys, but that's neither
15 here nor there on the phone calls.

16 Okay. Do you have anymore questions
17 for her?

18 MR. ZHOU: Yes.

19 JUDGE FOELAK: Yes, sir.

20 BY MR. ZHOU:

21 Q So, for the Form S-1 you said -- you
22 said you are going to recommend it to the Commission
23 to deny your request. And there is all filing a
24 substantial amendment to correct the deficiencies,
25 but there was not clearly what -- what the

1 **deficient -- what the deficiencies are.**

2 JUDGE FOELAK: Sir, do you have a
3 question? Do you have a question that's relevant to
4 this proceeding?

5 MR. ZHOU: Yes. Yes. Yes. Yes.

6 **Q So, how could we understand what that**
7 **deficient was?**

8 JUDGE FOELAK: Sir, that's not
9 relevant.

10 MR. ZHOU: Can we take a break, Your
11 Honor?

12 JUDGE FOELAK: Okay. Wait a minute,
13 sir. Most of everything you've asked her today has
14 been of no relevance. And I understand that you
15 want to know what went wrong and how could we
16 have -- how could we have solved the problem.
17 Although, if you -- it appears that you're pretty
18 firm on not providing audited financial statements
19 at least as far as Mr. Moeller's testimony goes.

20 So, what is it you need a break for?
21 What are you -- what topics are you going to cover
22 with her that don't relate to what she said to you
23 on the phone call? I don't -- I don't believe
24 you're claiming she said everything is okay, you
25 don't need audited financial statements. She

1 absolutely didn't testify as to that.

2 Okay. Yes, sir, Mr. Zhou.

3 MR. ZHOU: I need to reconcile the
4 facts and to think how to ask a question because
5 today we got the facts.

6 JUDGE FOELAK: Okay. What -- okay.
7 What -- what topics do you want to question with
8 her?

9 MR. ZHOU: Yeah. She -- yeah, let me
10 finish.

11 JUDGE FOELAK: Yes.

12 MR. ZHOU: She was not the examiner,
13 but she was on the phone call with us.

14 JUDGE FOELAK: Okay. Sir, I keep
15 telling you, your -- it doesn't matter even if --
16 even if she -- nothing that she can testify to
17 matters in the -- for this proceeding. You've got
18 correspondence which is in the record. You've got
19 your form -- your forms. And it's -- it seems
20 pretty clear that you weren't -- that you weren't
21 going to ever provide any audited financial
22 statements.

23 What is it that you could possibly
24 ask her that is relevant to this proceeding as
25 opposed to, you know, proposing to the SEC that it

1 amend its Form S-1 and -- and -- and Form 10 to
2 incorporate a concept related to this new world of
3 crypto?

4 Yes, sir.

5 MR. ZHOU: Your Honor, we are facing
6 a witness who did not have personal knowledge about
7 examining. She is not examiner. And examiner is
8 not on the phone call.

9 JUDGE FOELAK: Sir, what difference
10 does it make? If the examination was totally
11 defective your form still is what it is. The
12 correspondence is what it is. And you can argue
13 that you didn't get an opportunity to correct it
14 because you were so left in the dark.

15 Okay. I'll take a 15-minute break
16 while you think if there's anymore questions. And
17 then -- and then Ms. Purnell will be excused after.

18 MR. MOELLER: After resumption of the
19 break and our opportunity to ask additional --

20 JUDGE FOELAK: Right. Right. Right.
21 Right.

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

24 MR. ZHOU: Thank you, Your Honor.

25 JUDGE FOELAK: Ms. Purnell, are you

1 still going to be available in 15 minutes?

2 MS. PURNELL: Yes.

3 JUDGE FOELAK: I understand there's a
4 time when you're not available, but are you still
5 going to be available in 15 minutes?

6 MS. PURNELL: Yes, I will be.

7 JUDGE FOELAK: Okay. Good. Thank
8 you.

9 (Brief recess taken at 1:02 p.m. Eastern Time.)

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

12 MR. BRUCKMANN: The Division is here,
13 Your Honor.

14 MR. MOELLER: Hello. I will ping Mr.
15 Zhou.

16 JUDGE FOELAK: Okay. Very good.

17 Have you thought of anymore questions
18 for Ms. Purnell, sir? Mr. Zhou?

19 Yes, sir.

20 MR. ZHOU: Yeah. Can we put up the
21 Exhibit 1 of -- the Division's Exhibit 1.

22 JUDGE FOELAK: That would be your
23 registration statement; is that correct?

24 MR. ZHOU: Yes.

25 MR. MOELLER: Yes.

1 MR. ZHOU: Can you scroll down to
2 page four. Is this page four?

3 MR. BRUCKMANN: This is page four,
4 yes.

5 MR. ZHOU: Can you let me see my
6 physical one as the same as --

7 Yeah, can you scroll down a little
8 bit right above, Offering Price.

9 BY MR. ZHOU:

10 **Q So, Mr. Purnell, do you recognize the**
11 **last sentence right above, Offering Price?**

12 JUDGE FOELAK: Read the section 2.9
13 of item one.

14 MR. MOELLER: Yeah, but the -- the
15 section 2.9 of item one Business of Form 10
16 entitled, 2.9 Locke and Ducat as ultimately tokens
17 filed simultaneously with this Form S-1 explains why
18 Locke and Ducat tokens are utility tokens, not
19 securities.

20 **Q Did you recognize this?**

21 MR. MOELLER: Ms. Purnell?

22 **Q Yeah. Mr. Purnell?**

23 **A Yes, I do.**

24 **Q Thank you.**

25 **So -- so, between -- so, this**

1 **business model, when you review S-1, did you read --**
2 **cross check with Form 10?**

3 MR. BRUCKMANN: Objection. It gets
4 into internal deliberations as to how they conducted
5 their review. It's privileged.

6 JUDGE FOELAK: Yes, sir. Your
7 form -- this form refers to the Form 10. It's all
8 in the record. You can make whatever argument you
9 want. Like, whatever it says on Form 10.

10 Yes, sir. Not argument to her.
11 Argument in your brief as to your disclosure.

12 Yes, sir.

13 MR. ZHOU: Your Honor, we got
14 objections that said Form 10 is not relevant for
15 this proceedings when Mr. Bruckmann said, but they
16 are actually the same thing. I -- I think they --
17 they are integrated, cannot be separated. I -- I
18 think when Mr. Bruckmann asking -- said that
19 statement, we should be -- we shouldn't be just take
20 it at face value. Your Honor, I hope we can use
21 them back and forth and -- and -- and this --

22 JUDGE FOELAK: Sir, okay. Well, let
23 me just see if I understand where you're going.
24 You're wanting -- are you wanting to ask her about
25 something on the Form 10 or -- or are you wanting to

1 ask her on -- on something on the Form S-1 or -- or
2 what? I mean, there's no doubt that -- that the
3 Form 10 is an official record that can be taken
4 official notice of. And that this is too. And if
5 you want to argue that -- that this was full
6 disclosure, or whatever it was that is referred to,
7 you certainly can, but I don't quite understand what
8 you propose to ask Ms. Purnell about.

9 Yes, sir.

10 MR. ZHOU: When we responded to Ms.
11 Purnell, address to the Commissioner and the staff,
12 we said both, but only the Form 10 has detailed
13 bullet point.

14 JUDGE FOELAK: Yes.

15 MR. ZHOU: So -- so, those are
16 linked. And in many letters when we talk with the
17 Division we said, Okay, we already responded bullet
18 point one by one. And -- and I hope this will
19 establish the fact we did respond point by point
20 about many deficiencies.

21 MR. BRUCKMANN: And, Your Honor, to
22 be clear -- to be clear on the Division's position,
23 the Division is not saying that everything relating
24 to the Form 10 is automatically irrelevant to this
25 proceeding. The objection I was making previously

1 was that the Commission's action in a Commission's
2 order to stay the Form 10 is not relevant to this
3 proceeding. If there are questions about the Form
4 10 that they feel are relevant also to this
5 proceeding they should try to ask those.

6 JUDGE FOELAK: Yes. Yes. Yes.
7 That -- that says it correctly.

8 This incorporates by reference some
9 stuff from Form 10 and you can ask her about that.
10 I mean, I -- that's not a -- maybe -- okay. Where
11 are you going with this, sir?

12 MR. ZHOU: We just want to establish
13 the fact when we respond to a letter only we use
14 October 12, 2000 '21st it's just one letter, but we
15 address the both deficiencies of --

16 JUDGE FOELAK: Okay. Okay. Okay.
17 I -- I understand what you're saying.

18 So, is there anything you want to ask
19 Ms. Purnell in reference to your responding to both
20 in one letter?

21 MR. ZHOU: Yeah. She was the only
22 one copied there.

23 BY MR. ZHOU:

24 Q So, did you share all this, our
25 response, point by point answer, to both Form 10 and

1 **Form S-1 and -- with the examiner team.**

2 MR. BRUCKMANN: Objection, goes to
3 internal deliberations.

4 JUDGE FOELAK: Yes. You sent the
5 response -- okay. Do I understand it, sir, you sent
6 the response which is in evidence? So, whatever the
7 response says it says. It doesn't matter -- it
8 doesn't matter -- yes, sir. Yes, Mr. Moeller.

9 MR. MOELLER: Yeah. If I can -- if I
10 can restate. I -- I think where -- where Mr. Zhou
11 is going is -- is that the response that -- that was
12 received -- the October 12th was received by Ms.
13 Purnell was that shared with the lead examiner on --
14 on the -- on American CryptoFed on -- on the Form 10
15 or Form S-1? And if I can further express why --
16 why this is important is because the public
17 documents of the Commission give the expressed -- a
18 process by which a Respondent or a Registrant should
19 move forward and talk with the examiners if there
20 are any issues and we --

21 MR. BRUCKMANN: Your Honor, we
22 object --

23 MR. MOELLER: -- was Ms. Purnell.

24 JUDGE FOELAK: Ms. Purnell, was --
25 was this -- let me -- okay.

1 Ms. Purnell, was it the same team
2 that was examining -- that was examining both, both
3 registration statement forms?

4 MS. PURNELL: Yes.

5 JUDGE FOELAK: Okay. There you have
6 your answer.

7 MR. MOELLER: Thank you.

8 BY MR. MOELLER:

9 **Q And -- and who is the lead examiner**
10 **for -- for American CryptoFed?**

11 A There was -- there were two attorneys
12 that were staffed on the review --

13 **Q Okay.**

14 A -- myself and another person.

15 **Q Okay. So, the -- the team -- you are**
16 **part of the team. So, it was you and another person**
17 **as part of the team. Am I correct in that**
18 **assumption?**

19 A Correct.

20 **Q Does the other person still work in**
21 **the Corporation of Finance?**

22 A Yes.

23 **Q Okay. Who is that person's name?**

24 A His name is Nolan -- Nolan
25 McWilliams.

1 Q Nolan McWilliams, okay.

2 A But we both reported to Mr. Dobbie.

3 Q Okay.

4 A Who was also very involved in this
5 review.

6 Q Okay. Good to hear. Okay.

7 And -- and, Ms. Purnell, I'm not
8 trying to catch you. I'm just trying to get -- get
9 information, that's all.

10 MR. MOELLER: Okay. And the reason I
11 bring this out now is, Your Honor, this is the first
12 time that we actually have clarity on who the team
13 is that -- that was reviewing our stuff. First
14 time.

15 MR. BRUCKMANN: Objection. Your
16 Honor, that misstates the record.

17 MR. MOELLER: How?

18 JUDGE FOELAK: Okay. Well -- and it
19 doesn't matter anyway.

20 MR. MOELLER: It kind of does.

21 JUDGE FOELAK: It only matters what
22 was done to you, not who did it, so to speak.

23 Okay. Do you have anymore questions
24 for Ms. Purnell?

25 Yes, Mr. Zhou.

1 MR. ZHOU: Can we go to page nine.

2 BY MR. ZHOU:

3 Q Ms. Purnell, do you know --
4 recognize -- do you recognize this summary about
5 this filing?

6 A I see a table of contents.

7 Q Did you read through this summary?

8 MR. BRUCKMANN: Objection, privilege
9 and relevance.

10 JUDGE FOELAK: Yes, sir. Like I keep
11 saying, it doesn't matter who did it to you or how
12 they -- whether there were shortfalls. What matters
13 was what happened to you.

14 Do you have a question, Mr. Zhou?

15 MR. ZHOU: I do have question.

16 JUDGE FOELAK: Okay. What is the
17 question?

18 MR. ZHOU: Can we go to page 18.

19 Q So -- number four. So, Ms. Purnell,
20 did you read -- see this during your examination?

21 MR. BRUCKMANN: Objection.
22 Objection, Your Honor, if he's going to page by page
23 and ask her if she read this portion and that
24 construction, that's trying to reconstruct the
25 review she did. It's privileged and completely

1 irrelevant.

2 JUDGE FOELAK: Exactly, sir. Do you
3 have a question? That is not a reasonable -- okay.

4 What is your next question, if any?

5 MR. MOELLER: It -- it -- Your Honor,
6 I think it --

7 JUDGE FOELAK: Okay. Mr. Moeller,
8 yes.

9 MR. MOELLER: Okay. I think
10 Mr. Zhou's questions are relevant here is because
11 what he's leading to is the response that we
12 received from the Division of Corporation Finance
13 said that there was no clear discussion of the
14 business model, okay. And -- and what Mr. Zhou is
15 doing here, he's giving a sense of the business
16 model.

17 MR. BRUCKMANN: But it's completely
18 irrelevant to whether Corp Fin understood the
19 business model correctly or not. What matters for
20 the purposes of this proceeding is whether right
21 now, today, based on looking at the registration
22 statement and the other items in evidence, Your
23 Honor agrees with the Division of Enforcement's
24 allegation that it is not clear. It does not matter
25 whether Corp Fin got it right or not when they

1 looked at it. What matters is the document itself
2 looking at it now. And this is attempting to get
3 into the internal deliberations of the Division of
4 Corporation Finance and it's irrelevant.

5 JUDGE FOELAK: I would tend to agree,
6 but anyway, this item four is mostly a recounting of
7 history. I'm not exactly sure what the relevance
8 is.

9 Anyway, keep going.

10 Do you have a question?

11 MR. ZHOU: Yeah. Before I ask the
12 next question, can I have 30 seconds? I close the
13 door, my dog -- my dog opened the door, so.

14 JUDGE FOELAK: Yes, sir. Yes, sir.
15 We don't want your dog to escape.

16 MR. MOELLER: He's got big dogs too.

17 MR. ZHOU: Thirty seconds, okay.

18 JUDGE FOELAK: Okay. Yes. Yes.
19 Yes, sir. Please hurry. Please hurry to fend them
20 off.

21 MR. MOELLER: He has a great -- great
22 pyrenees.

23 JUDGE FOELAK: Oh, my goodness. More
24 than one?

25 MR. MOELLER: Two or -- I think two.

1 JUDGE FOELAK: Oh, my goodness.

2 MR. MOELLER: At least two, so.

3 (Brief pause taken.)

4 MR. ZHOU: Sorry. Apologize.

5 JUDGE FOELAK: Oh, no problem. No
6 problem.

7 Okay. Please -- please go ahead
8 after that important rescue mission.

9 MR. ZHOU: So, let's go back.

10 I was told this is not relevant, but
11 it's exactly relevant. Let's go back to
12 October 12th, 2021 letter.

13 Okay. Scroll down a little bit.

14 BY MR. ZHOU:

15 Q At some point --

16 JUDGE FOELAK: Okay. Okay, there we
17 go.

18 MR. ZHOU: Yeah, here. Here. Scroll
19 down a little bit. A little bit.

20 Okay. Scott, can you help me read
21 what Chairman Gensler's statement about --

22 JUDGE FOELAK: Okay. That's the part
23 that's in italics?

24 MR. MOELLER: Yeah. Yeah. Yeah.
25 It's up a little bit.

1 MR. BRUCKMANN: Objection, relevance.
2 Your Honor, I think it's time that I be allowed to
3 do a short cross of Ms. Purnell then she can be
4 excused. They don't have any actual relevant
5 questions for her it's becoming abundantly clear.

6 JUDGE FOELAK: Okay. Sir, I
7 understand that what you're asking about is a -- is
8 that -- that you're saying that you provided a
9 description of your business model.

10 MR. MOELLER: Yes.

11 JUDGE FOELAK: And this all seems
12 like very philosophical, but it doesn't really
13 describe your business model. And it is what it is.
14 As the thing is in -- just ask her one more
15 question.

16 MR. MOELLER: I --

17 JUDGE FOELAK: I mean, this is not a
18 business model. It's -- it's setting the stage for
19 a new business model, you know, it's true.

20 MR. MOELLER: Your Honor, I -- I have
21 one. It's a bit rhetorical, but I think it points
22 to this.

23 BY MR. MOELLER:

24 **Q Is -- Ms. Purnell, is the -- the**
25 **Securities and Exchange Commission, is it a**

1 **disclosure agency or a regulatory agency?**

2 MR. BRUCKMANN: Objection, relevance.

3 MR. MOELLER: It's relevant to our --
4 to both the Form 10 and the Form S-1.

5 MR. BRUCKMANN: Mr. Moeller can make
6 his legal argument in his briefs.

7 JUDGE FOELAK: That's a legal --
8 that's a legal conclusion. And actually it is both,
9 but --

10 MR. MOELLER: It's a statutory
11 question I guess.

12 JUDGE FOELAK: Right. Right. It's
13 both.

14 MR. BRUCKMANN: It's inappropriate to
15 ask a staff member of the Securities and Exchange
16 Commission to express their opinion as to how the
17 agency as a whole operates. Mr. Moeller can make his
18 arguments in his brief, but it's not appropriate to
19 have Ms. Purnell testify as to what type of agency
20 the Securities and Exchange Commission is.

21 JUDGE FOELAK: Okay. Mr. Moeller, I
22 guess you were probably ask that to lead up to
23 something more specific. Okay. Do you want to ask
24 the something more specific?

25 MR. MOELLER: I'll let Zhou ask.

1 JUDGE FOELAK: Okay. Yes, sir. Go
2 ahead, Mr. Zhou.

3 MR. ZHOU: I think this is accurate
4 because the statement -- chairman statement --
5 Chairman Gensler's statement clearly told us we
6 should come to agency and register our tokens. So,
7 I hope if they know what we responded and they
8 should take it seriously.

9 JUDGE FOELAK: Well, you did send
10 this letter to all these commissioners and -- and so
11 on and -- and Ms. -- and Ms. Purnell. So, I gather
12 you have no more real -- no more questions for her
13 that pertain to this proceeding.

14 MR. ZHOU: There -- there's still --
15 okay. We have a question below -- down below. I
16 said --

17 JUDGE FOELAK: Okay. On what topics
18 are these questions?

19 MR. ZHOU: So, it's about all the
20 bullet points.

21 Can you scroll down?

22 MR. BRUCKMANN: And again, asking Ms.
23 Purnell now what her response was or might have been
24 to these bullet points is privileged and irrelevant.
25 If these bullet points completely satisfy the

1 requirement of the Form S-1, then Mr. Zhou and
2 Mr. Moeller can make that point in their
3 post-hearing brief. It's inappropriate to continue
4 to ask these irrelevant, inadmissible questions of
5 Ms. Purnell.

6 JUDGE FOELAK: And this letter is in
7 evidence and you can, you know, refer to it.

8 MR. ZHOU: Yeah. Let's go to that
9 paragraph.

10 JUDGE FOELAK: Okay. Just show me
11 the paragraph that you want to talk about.

12 MR. ZHOU: Yes. It's starting --
13 yeah, scroll down a little bit. Okay. Still scroll
14 down.

15 JUDGE FOELAK: Okay. Okay. Very
16 good. There you've got -- you've got -- you've got
17 a thing in evidence that you can refer to. It
18 doesn't really matter who wrote it or whether she
19 wrote it -- read it or anything like that.

20 Do you have any questions for her
21 of -- of actual facts that are relevant?

22 MR. ZHOU: I beg your pardon, Your
23 Honor?

24 MR. MOELLER: Let me --

25 JUDGE FOELAK: Okay. I'm looking at

1 the bullet points and the -- you know. And you
2 answered -- you provided answers to the bullet
3 points and that's in the record.

4 MR. ZHOU: Yes. At the point of time
5 I did have questions to Mr. Purnell. I want to find
6 that after I answer one by one of those bullet
7 points.

8 JUDGE FOELAK: Okay. Just ask --
9 just ask one of them.

10 MR. ZHOU: Yeah. Scroll down -- no,
11 scroll down. There is one paragraph. It's after
12 all those answers have been done.

13 JUDGE FOELAK: Okay.

14 MR. ZHOU: Wait a minute. Let me
15 see. Okay, still go down. Can you still go down.
16 Wait a minute. Okay. Can you still go down. Can
17 you scroll down a little bit. Okay. Can you scroll
18 go down.

19 MR. MOELLER: It's there, Bill.

20 MR. ZHOU: Here. Here. Hear.
21 Probably this. Probably this. Scroll slightly up.
22 Slightly up. Okay, here. Yeah. So, I will not ask
23 more questions, but I will allow Scott -- I will
24 hope Scott to read this.

25 JUDGE FOELAK: Okay. It's in --

1 okay. This -- this letter is in the record. You
2 can quote from it without Mr. Moeller reading it
3 in -- into today's testimony.

4 So, what is the -- so, you have no
5 question; is that correct?

6 MR. MOELLER: Well, the -- I believe
7 the key is how do you provide information if that
8 information does not exist. And I do understand
9 Mr. Bruckmann's comments.

10 JUDGE FOELAK: Right. You have --
11 right. You have, you know, made that point in
12 reference to the fact that your plan is a lot
13 different from the normal corporation, but I mean,
14 you've made that point. It's -- it's -- it's not a
15 matter of -- of fact. It's something that you can
16 argue, you know --

17 MR. MOELLER: Yes.

18 JUDGE FOELAK: -- why you wouldn't --
19 why you wouldn't answer these questions and the
20 questions on the Form 10 or the S-1.

21 MR. MOELLER: Yes, Your Honor.

22 And -- and -- but with the -- we believe that the --
23 our -- our October 12th response to Ms. Purnell was
24 answering the questions which she raised. And
25 that -- and that --

1 JUDGE FOELAK: Okay. Very good.

2 MR. MOELLER: -- Mr. Zhou was
3 pointing out here is those questions were answered.

4 JUDGE FOELAK: Okay. Right. Right.
5 Right. Right.

6 MR. MOELLER: -- was the sole
7 individual --

8 JUDGE FOELAK: But there's nothing --
9 which is -- which is something that you can argue in
10 your post-hearing brief that we answered all the
11 questions. Okay.

12 MR. MOELLER: Yeah. Ms. Purnell was
13 the sole individual that we had knowledge of within
14 the Division of Corporation Finance that would be
15 responsive to us. And the response that we received
16 was no response. So, I believe that's Mr. Zhou is
17 focusing on --

18 JUDGE FOELAK: It's all in the
19 record, the -- the correspondence, including, your
20 side, her side or the Commission's side whose ever
21 it was that authored it or signed it or was
22 responsible. Okay.

23 Okay. So, I take it you have no more
24 questions for her?

25 MR. MOELLER: Zhou?

1 JUDGE FOELAK: Yes, sir. Mr. Zhou?

2 MR. ZHOU: I do have a lot of
3 questions, but --

4 JUDGE FOELAK: Okay. Okay.
5 Questions that are relevant to this proceeding. Not
6 questions in your mind.

7 MR. ZHOU: Yeah. Your Honor, we face
8 a huge objection wall. And we were told Mr. Dobbie
9 was actually examiner and now Mr. Purnell --

10 JUDGE FOELAK: Okay. Okay. But,
11 sir, it doesn't matter --

12 MR. ZHOU: -- has said she's deeply
13 involved too.

14 JUDGE FOELAK: Okay. But, sir, it
15 doesn't matter who was the examiner or whether there
16 was two people or 10 people on the team. What
17 matters for this proceeding is the correspondence
18 between you and them and what -- what is on your
19 registration statement forms and any amendments.

20 MR. MOELLER: And lack of response
21 from -- from the Commission to -- to provide
22 clarity.

23 JUDGE FOELAK: Right. Right. And I
24 understand, for example, on your seven points --
25 seven questions, okay.

1 Do you have anymore questions within
2 that framework, Mr. Zhou?

3 MR. ZHOU: So, Your Honor, we already
4 established the fact there are no response to our
5 answers to their bullet points?

6 JUDGE FOELAK: Correct.

7 MR. ZHOU: Okay. That fact is
8 established and admitted by Your Honor we do not
9 have more questions.

10 JUDGE FOELAK: Okay.

11 Now, Mr. Bruckmann will now cross
12 examine Ms. Purnell.

13 Please go ahead, Mr. Bruckmann.

14 MR. BRUCKMANN: Thank you, Your
15 Honor.

16 BY MR. BRUCKMANN:

17 **Q Ms. Purnell, are the Form 10 and Form**
18 **S-1 registration statements often referred to as**
19 **initial registration statements?**

20 A Yes.

21 **Q And is it common in the Division of**
22 **Corporation Finance for their to be a team of people**
23 **assigned to review initial registration statements?**

24 A Yes, it is.

25 **Q Were you part of the team assigned to**

1 review the Form S-1 and Form 10 that was filed by
2 American CryptoFed?

3 A Yes, I was.

4 Q Were you a supervisor on that team?

5 A Yes, but I also had a supervisor.

6 Q And who was your supervisor?

7 A Mr. Dobbie.

8 Q In the phone call that you had with
9 Mr. Moeller and Mr. Zhou on October 4th, 2021, did
10 you tell them that the Division of Corporation
11 Finance would not further review the Form 10 and
12 Form S-1 until they were amended to include audited
13 financial statements?

14 A Yes, I did.

15 MR. BRUCKMANN: If we can bring up
16 Exhibit 17, please.

17 Q All right. In the October 4th, 2021
18 phone conversation did American CryptoFed ask that
19 you put things in writing?

20 A Yes, they did.

21 Q Did you make any promises regarding
22 what you would or would not put in writing?

23 A No, I did not.

24 Q After the October 4th phone
25 conversation did the Office of Finance send this

1 **October 8th letter to American CryptoFed?**

2 A Yes, we did.

3 MR. BRUCKMANN: Scroll down a little
4 bit.

5 Q Does it contain an itemized list of
6 some of the problems with the Form 10 registration
7 statement?

8 A Yes.

9 Q In your phone conversation on October
10 4th, 2021, did you indicate to American CryptoFed
11 that there were similar problems to these itemized
12 problems in the Form S-1?

13 A Yes.

14 MR. BRUCKMANN: Nothing further, Your
15 Honor.

16 JUDGE FOELAK: Mr. Moeller, do you
17 have any redirect?

18 MR. MOELLER: Mr. Zhou does.

19 JUDGE FOELAK: Okay. Yes, Mr. Zhou,
20 please ask your question.

21 BY MR. ZHOU:

22 Q In previous testimony Mr. Purnell
23 said confirmed -- she did promise us -- ask to send
24 us writing reflecting our conversation.

25 MR. BRUCKMANN: Objection.

1 Objection, facts not in evidence and the transcript
2 will say what the transcript says.

3 JUDGE FOELAK: Okay. Please ask your
4 question, Mr. Zhou.

5 **Q The -- did you answer the question?**

6 MR. ZHOU: Scott, you can go.

7 MR. MOELLER: Yeah, okay.

8 BY MR. MOELLER:

9 **Q Does -- does the letters that -- that**
10 **American CryptoFed received on October 8th reflect**
11 **a -- a true and accurate --**

12 MR. MOELLER: What's the word?

13 JUDGE FOELAK: Summary.

14 MR. MOELLER: Yeah. Thank you.

15 Thank you, Your Honor.

16 **Q Summary of -- of the October 4th**
17 **communications between American CryptoFed and the**
18 **Department of Corporation Finance?**

19 **So -- so -- sorry. Are -- are the**
20 **letters, are they -- are they a summary of -- of the**
21 **phone call and of the actions that -- that American**
22 **CryptoFed would need to take in order for the -- the**
23 **for the Division to approve these statements, the**
24 **registration statements?**

25 MR. BRUCKMANN: Objection, compound

1 question.

2 JUDGE FOELAK: Well, let's see if she
3 understands it. I -- I understand what he's asking
4 is something along the lines of, are these points --
5 are these points what you discussed in the phone
6 call that he should provide.

7 Q Right. We had a phone call. Is --
8 is what was written down, is it accurate and
9 reflective of what you told us to do in the phone
10 call?

11 A Yes.

12 Q Okay.

13 JUDGE FOELAK: Thank you.

14 Q Thank you.

15 MR. MOELLER: Zhou.

16 MR. ZHOU: Yeah. I think -- I say we
17 are fine here.

18 MR. MOELLER: Yeah. And --

19 JUDGE FOELAK: Okay.

20 Q And just to confirm on the record,
21 were there any additional phone calls between
22 American CryptoFed and the Department or the
23 Division of Corporation Finance, to your knowledge?

24 A After we received the letter on
25 October 12th, we tried to call the company and left

1 voice mails. I also participated in a phone call
2 that Enforcement initiated later in October.

3 Q Okay. So -- so --

4 JUDGE FOELAK: Which we already
5 covered, yeah.

6 Q Okay. Okay. So -- so, voice mails,
7 but -- but no conversations can I -- can I -- can I
8 confirm that?

9 MR. BRUCKMANN: Objection. That
10 misstates -- she just described a conversation that
11 she was a part of.

12 MR. MOELLER: No. She described that
13 she was in a conversation.

14 JUDGE FOELAK: But this particular
15 form -- she was in on the Enforcement phone call,
16 but no -- no more Corp Fin phone calls.

17 MR. MOELLER: Right. Right. Thank
18 you, Your Honor.

19 Q So, my point is, there was one phone
20 call between Division of Corporation Finance and
21 American CryptoFed, to my recollection, okay. There
22 were two letters which were sent -- sent to us the
23 same day, okay. One with information about the Form
24 10 which was bullet point. One which was the S-1
25 which was very general and just said, serious.

1 And -- and what I'm trying to discover is, to her
2 recollection, was there any additional action that
3 was taken prior to going to Enforcement?

4 MR. BRUCKMANN: Objection. That gets
5 into internal deliberations.

6 Q When was the call --

7 JUDGE FOELAK: I think he asked were
8 there any more phone calls before --

9 MR. MOELLER: To her recollection.

10 JUDGE FOELAK: To her recollection.

11 A No. You chose not to return our
12 calls.

13 Q Right. I remember that -- that there
14 mate have been a voice mail or two and we wrote that
15 we want to have everything in writing.

16 MR. BRUCKMANN: Objection.
17 Mr. Moeller's testifying now.

18 JUDGE FOELAK: Okay. At any -- at
19 any rate, she has testified that it -- that -- that
20 this was -- to her recollection, there was one phone
21 call that actually was a phone call to -- a phone
22 call from Corp -- between Corp Fin and -- and
23 American CryptoFed.

24 MR. MOELLER: Yeah. And we're
25 differing on the amount of time. For her it was

1 closer to an hour. For me it was closer to five
2 minutes.

3 JUDGE FOELAK: At any rate, there was
4 one.

5 MR. MOELLER: It was abrupt, but,
6 yes.

7 Q And -- and then, from that point on,
8 if -- if there was any other communications, it was
9 within the Division of Enforcement where Corporation
10 Finance is there with Enforcement?

11 MR. BRUCKMANN: Objection. Ms.
12 Purnell does not have knowledge necessarily of every
13 single action taken by Corporation Finance
14 subsequent to October. She had left that group.

15 MR. MOELLER: For -- for --

16 JUDGE FOELAK: Okay. At any rate --

17 Q Ms. Purnell --

18 JUDGE FOELAK: At any rate, she
19 testified that she was on a -- quote, a enforcement
20 phone call, but she didn't testify as to how many
21 because -- Enforcement phone calls existed because
22 she didn't know and she doesn't know.

23 MR. MOELLER: Yeah.

24 Q And, Ms. Purnell, just -- just to
25 clarify, when did you leave the Division of

1 **Corporation Finance?**

2 A I left the Office of Finance in
3 January of 2022. I'm still in the Division of
4 Corporation Finance.

5 Q Oh, I understand. You're in a
6 different role, but within the same Division,
7 correct?

8 A Correct.

9 Q Okay. Okay. Okay. And -- and are
10 you still involved in -- in the -- so, you're no
11 longer involved in the process of reviewing S-1s
12 and -- and Form 10s today?

13 A I am.

14 Q Oh, you are. Okay. So, you're still
15 involved in that process, but -- but in a different
16 role?

17 A In a different group.

18 Q In a different group. Same role, but
19 different group.

20 A Correct.

21 Q Okay.

22 JUDGE FOELAK: Yes, Mr. Zhou?

23 BY MR. ZHOU:

24 Q So, Mr. Purnell, so can you just
25 confirm there are no interruptions during the whole

1 **past one years you are involving reviewing American**
2 **CryptoFed filing?**

3 MR. BRUCKMANN: Objection, beyond the
4 scope of cross.

5 JUDGE FOELAK: Yes. Okay. Okay.

6 Let's just cut to the chase. I -- I
7 think -- I think he's asking that -- you to confirm
8 that there was only the one phone call that you were
9 in on in -- in -- that was made between Corp Fin and
10 American CryptoFed -- CryptoFed.

11 MR. MOELLER: Yeah.

12 JUDGE FOELAK: Great. Okay.

13 Yes, Mr. Zhou.

14 MR. ZHOU: My question has not been
15 answered. I want her to confirm, even if she left
16 the previous role, moved to different role --

17 JUDGE FOELAK: Okay. Wait a minute.

18 Mr. Zhou, she said that she was in that -- okay,
19 you're asking, did -- okay. It is beyond cross.

20 You're asking, did she interfere with
21 the investigation -- with the -- the review once she
22 was out of the office that she was in and was in a
23 different office, you know, pertaining to some other
24 kind of thing.

25 MR. MOELLER: Your Honor, I could

1 probably make it a little bit clearer there, which
2 is --

3 BY MR. MOELLER:

4 **Q Ms. Purnell, when were you no longer**
5 **involved in the American CryptoFed review? At**
6 **what -- from what date were you no longer actively**
7 **involved in the American CryptoFed review, to your**
8 **recollection?**

9 A I transferred from the Office of
10 Finance in January of 2022.

11 JUDGE FOELAK: Okay. Very good.

12 **Q Okay. But you're still doing the**
13 **same role within the same Division. It's just --**

14 MR. BRUCKMANN: Objection, asked and
15 answered.

16 JUDGE FOELAK: I think that means a
17 different industry.

18 **Q Is that correct?**

19 A Correct. As I stated at the
20 beginning of my testimony, I am the Office of
21 manufacturing.

22 **Q Okay. Okay. And my apologies for --**
23 **for --**

24 JUDGE FOELAK: Okay. Mr. Zhou. Mr.
25 Zhou.

1 BY MR. ZHOU:

2 Q Are you still involving in reviewing
3 American CryptoFed's --

4 JUDGE FOELAK: She just said she
5 wasn't.

6 MR. BRUCKMANN: Objection, she
7 wasn't.

8 MR. MOELLER: Since January.

9 JUDGE FOELAK: Okay. I assume you
10 don't have any re-redirect, Mr. Bruckmann?

11 MR. BRUCKMANN: No. Thank you, Your
12 Honor.

13 JUDGE FOELAK: Thank you for your
14 testimony, Ms. Purnell, and you are excused. And
15 thank you.

16 MS. PURNELL: Thank you.

17 MR. ZHOU: Thank you.

18 MR. MOELLER: Thank you.

19 JUDGE FOELAK: Okay. I was going to
20 suggest at least a lunch break now. And if Mr. Zhou
21 is up to it, it would be good if he could educate us
22 after the break on Blockchain and the set up, you
23 know, just background information.

24 MR. MOELLER: Okay. And, Your --
25 Your Honor, just to clarify, you're looking for kind

1 of a general scope of what's the -- what the --

2 JUDGE FOELAK: Right. Explain how --
3 explain how American CryptoFed is planned to work.

4 MR. MOELLER: Okay.

5 JUDGE FOELAK: The moving parts or if
6 you understand.

7 MR. MOELLER: Yes. Yes. And I --
8 and I can understand how a oral narrative can be
9 very helpful in this process because there's -- we
10 have a lot of documents in front of you and I can
11 hear how that could be very helpful.

12 JUDGE FOELAK: Okay. I don't know.
13 Okay. Is until half passed, is that enough time?

14 MR. MOELLER: Maybe 45 minutes.

15 JUDGE FOELAK: Okay. 45 minutes.
16 So, quarter of.

17 MR. MOELLER: Okay.

18 MR. BRUCKMANN: Thank you, Your
19 Honor.

20 MR. ZHOU: Thank you, Your Honor.

21 (Lunch recess taken at 1:58 p.m. Eastern Time.)

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

23 JUDGE FOELAK: Back on the record.

24 Okay. So, Mr. Zhou, is going to tell
25 us about Blockchain.

1 MR. ZHOU: Yes, Your Honor.

2 JUDGE FOELAK: Okay. Good.

3 MR. ZHOU: And what I'm going to show
4 you is how Blockchain relates general economy to the
5 Federal -- to the monetary systems.

6 MR. CARNEY: And, Your Honor, before
7 we get started, can I make a suggestion, just in the
8 interest of time, that we have a standing objection
9 on -- on relevance. And also, to the extent in this
10 discussion they assert what we would consider
11 improperly legal argument into testimony that we
12 have that standing objection now and the ability to
13 make those objections in our post-trial briefing
14 should they cite to this testimony, rather than me
15 having to interject with an objection all throughout
16 his testimony.

17 JUDGE FOELAK: Well -- okay. Okay.
18 But, nonetheless, I think what Mr. Zhou is going to
19 hopefully tell us about is kind of background of
20 what Blockchain is or how -- and how -- and how
21 American CryptoFed is -- plans to work.

22 MR. CARNEY: Yes. Your Honor, that's
23 our understanding too, but as Your Honor has pointed
24 out several times or numerous times -- correct.
25 Right. This proceeding --

1 JUDGE FOELAK: Not to go off topic,
2 yes.

3 MR. BRUCKMANN: Right, but this
4 proceeding is about the deficiencies in their S-1
5 registration statement. And to the extent they're
6 digressing to things about their business that go
7 outside of that, we'd have a relevance objection.

8 I'd also point out that Mr. Zhou has
9 not been sworn in yet before he begins testifying.

10 JUDGE FOELAK: True. True. Thank
11 you for pointing that out.

12 Anyway, hopefully his presentation
13 will be very educational.

14 Mr. Zhou, can you please raise your
15 right hand? I'm going to put you under oath.

16 Do you solemnly swear that the
17 testimony you are about to give at this proceeding
18 shall be the truth, the whole truth and nothing but
19 the truth.

20 MR. ZHOU: Yes, I do.
21 Whereupon,

22 XIAOMENG ZHOU,
23 was called as a witness and, having been first duly sworn,
24 was examined and testified as follows:

25 JUDGE FOELAK: Okay. Please proceed.

1 I understand that you -- Mr. Moeller,
2 is it -- it's not better if you ask him questions.
3 It's better that if he just explains --

4 MR. MOELLER: Absolutely.

5 JUDGE FOELAK: -- particular things.
6 Okay.

7 Okay. Please proceed, Mr. Zhou.

8 Yes.

9 MR. ZHOU: Okay. So, our system are
10 related to monetary systems. So, it take a -- a
11 long time for people to understand. I will do my
12 best to provide our -- my explanation because
13 majority of them -- all -- almost all the content
14 originate from me. I drafted it, thought of it
15 internally on -- and all those websites, all those
16 architectures, I were doing that. If -- if today we
17 cannot finish it, we can schedule another time like
18 Thursday, Friday before my surgery or something, but
19 I do hope those understanding will clear a few major
20 things. Number one, ponzi scheme. We are not.
21 Number two --

22 JUDGE FOELAK: Okay, sir, don't tell
23 me -- no. What I want to hear is, what is
24 Blockchain as a concept?

25 MR. ZHOU: Okay.

1 JUDGE FOELAK: And how would -- how
2 would American CryptoFed work if it were operating.

3 MR. ZHOU: Okay.

4 JUDGE FOELAK: Okay.

5 MR. ZHOU: Yes.

6 JUDGE FOELAK: That's what -- that's
7 what you're going to testify to now. Okay?

8 MR. ZHOU: Yes. Yes. Your Honor,
9 okay.

10 So, this is -- this is the -- do you
11 see the picture of Mr. Chairman Bernanke?

12 JUDGE FOELAK: Yes.

13 MR. ZHOU: Underneath that, at that
14 time when this content was captured, he was not
15 Noble Prize winner yet.

16 So, if you -- Scott, can you help me
17 scroll down. Scroll up a little bit. So -- okay.

18 There are four pictures are here.
19 Only Mr. Bernanke was not Noble Prize winner at
20 moment. This is on our front page right below our
21 front page, but why Mr. Bernanke contribution to
22 economics is so important, we have to cite him.

23 So, this picture is too small. Let
24 us switch to our current website.

25 MR. MOELLER: Okay.

1 MR. ZHOU: Do I have your permission
2 to go there, Your Honor?

3 JUDGE FOELAK: Why not.

4 MR. ZHOU: Okay.

5 MR. MOELLER: Yeah. I've got to
6 figure out how to work --

7 JUDGE FOELAK: Oh, okay. Okay. Mr.
8 Moeller would have difficulty in doing -- are you
9 just wanting to show his picture or the words where
10 it says, Inflation is not an option?

11 MR. ZHOU: Yeah. So, I will walk you
12 through our website. Our website it's a type of
13 presentation, what we are doing and how the
14 Blockchain related to us and what we use the
15 Blockchain to do.

16 JUDGE FOELAK: Okay. Let me ask
17 you -- let me ask you something, sir. Is the item
18 that you first showed on the screen in the -- in the
19 evidence in the -- is it an exhibit in the record?

20 MR. MOELLER: Yes. Well, we tried to
21 get -- that comes from the Department's
22 investigative file.

23 JUDGE FOELAK: Okay. Okay. You
24 intend -- you intend to that put into the record?

25 MR. MOELLER: Yes.

1 JUDGE FOELAK: Right. I'm not
2 necessarily talking about the website. I'm talking
3 about -- I think he had sort of like a brochure and
4 he said the picture was too small.

5 MR. MOELLER: It -- it was a -- the
6 Department's screen captures of our website back in
7 September 2021.

8 JUDGE FOELAK: Okay. Now I -- now I
9 see what you're saying. Okay.

10 MR. MOELLER: And our website has not
11 significantly changed since then. Other than I
12 think Mr. Bernanke now has the Noble Prize.

13 JUDGE FOELAK: Okay. Okay. Very
14 good.

15 Please proceed, Mr. Zhou.

16 MR. ZHOU: Yeah. Is this today's
17 website, Scott?

18 MR. MOELLER: Yeah. Yeah. I just
19 pulled it up live.

20 MR. ZHOU: Okay. Thank you.

21 So, it's at -- at the bottom of this
22 page showing we are a monetary system with zero
23 inflation, zero deflation, zero transaction costs
24 and maximum employment. Your Honor, please remember
25 those four factors. They are driving all our

1 action. Why we use those four factors, I do not
2 invent that.

3 Scroll down a little bit, Scott.
4 Let's -- and, Scott, you enlarge it? This is the
5 largest, right.

6 MR. MOELLER: Yeah. It's the
7 largest. It's just wide on my screen, that's all.

8 MR. ZHOU: Okay.

9 MR. MOELLER: You want me to make it
10 smaller?

11 MR. ZHOU: No. I want it to look
12 bigger for judge to --

13 MR. MOELLER: Okay. Let me see.

14 MR. ZHOU: Even I cannot see it.

15 MR. MOELLER: That's the most I can
16 see it.

17 JUDGE FOELAK: Okay. That's --
18 that's the sentences you quoted in one of your
19 letters, right?

20 MR. ZHOU: Okay. Okay.

21 Scott, can you help me read it slowly
22 just this one why we say we do not need inflation.

23 MR. MOELLER: Yeah.

24 MR. ZHOU: Starting from, The Federal
25 Reserve today.

1 MR. MOELLER: Okay. And this is --
2 this is Milton Friedman. And he says: Inflation is
3 not an option. Inflation tends not only to be
4 higher, but also increasingly volatile and to be
5 accompanied by widening government intervention into
6 the setting of prices. Growing volatility of
7 inflation and the growing departure of relative
8 prices from the values that market forces alone
9 would set the combined to render the economic system
10 less efficient to induce -- introduce in all markets
11 and very likely to raise the recorded rate of
12 unemployment.

13 MR. ZHOU: Okay. So, Scott, the next
14 time you read, half of this speed.

15 MR. MOELLER: Okay.

16 MR. ZHOU: And this is 1976
17 publication.

18 JUDGE FOELAK: Yes. I can see Milton
19 Friedman was said to have said that.

20 MR. ZHOU: Okay. So, no inflation
21 should be allowed.

22 Next. Scott?

23 Okay. So -- so, before we let you
24 read, you can see on the right-hand, today, Chairman
25 Bernanke became Noble Prize winner. What this

1 factor told you -- told -- we have the capacity to
2 see the world through the Noble Priner -- Noble
3 Prize winner's perspective. Even -- even someone
4 has not yet been pick up by Noble Prize Committee,
5 but -- but like the Chairman Bernanke was so
6 important in our design --

7 MR. MOELLER: Yeah.

8 MR. ZHOU: -- we had to add him.
9 Fortunately, he became a Noble Prize winner.

10 So, Scott, can you read this slide
11 slowly --

12 MR. MOELLER: Yes.

13 MR. ZHOU: -- this early publication.

14 MR. MOELLER: Deflation is not an
15 option. The length and depth of the deflation
16 during the late 1920s and early 1930s strongly
17 suggests that monetary origin and focuses
18 respondents across both space and time between
19 deflation and nations adherence to the gold standard
20 shows the power of that system to transmit
21 contradictory monetary shocks. There's also a high
22 correlation in the data between deflation, i.e.,
23 falling prices, and depression, falling output, as
24 the previous others have noted and we will
25 demonstrate again below.

1 MR. ZHOU: Okay. So, stop here.

2 This publication is 1991. And now,
3 those two giant thinkers told us: One, no inflation
4 is -- should be alarming. That inflation can cause
5 huge problem for humankind. Second, Chairman
6 Bernanke told us deflation should not be allowed
7 either.

8 So, the humankind monetary system has
9 two problems. One is inflation. Another is
10 deflation. They can happen in different times.
11 They cause different problems, but each of them
12 could be significant cause damage to our human
13 society.

14 Those two giant scholars using their
15 whole life of academic research pointed that out to
16 us. So, that's why by design we must follow
17 principles cited by these two giant thinkers. No
18 inflation, no deflation and we have to figure out a
19 way to achieve it.

20 Next, Scott.

21 Can you read it slowly so that
22 everybody can read it, understand the meaning
23 because this is all academic writings.

24 MR. MOELLER: Yeah.

25 MR. ZHOU: We need you folks to

1 slowly understand the word what we try to tell the
2 world here.

3 MR. MOELLER: And this is Ronald
4 Coase. He won the Noble Prize in Economic Theory
5 back in 1991. And he said that: Money was invested
6 to reduce transaction costs.

7 Okay. And this is an intense concept
8 to get, but it makes sense: I know of only one part
9 of economics in which transaction costs have used to
10 explain a major feature of the economic system and
11 that relates to the evolution and use of money.
12 Adam Smith pointed out the hindrances to commerce
13 that would arise in an economic system in which
14 there was a division of labor by which all exchange
15 had to take the form of barter. No one would be
16 able to buy anything unless he possessed something
17 that the producer wanted. This difficulty, he
18 explained, could be overcome by the use of money.

19 MR. ZHOU: So, what Professor Coase
20 say here is, in our division of work, of labors,
21 Mr. Bruckmann, court reporter, Your Honor, Judge, we
22 are all in different professionals. Our
23 contribution to the society need a medium exchange
24 value we contributed and we resolve that. If I need
25 a court reporters and it took me five, ten years to

1 find the right one, a court reporters will never
2 know someone like me try to find a court reporter.
3 So, money is absolutely necessary if we are in a
4 society with division of labor.

5 So, this -- this discovery was finded
6 a long time ago, Adam Smith. So, why is saving
7 cost? Finding people -- right -- right people you
8 need, confirm what right that you need and after
9 that, confirm the work right have been done. All
10 the information costs, anything which is not direct
11 related to production, will be defined and could be
12 defined as transaction costs. So, these are fee.

13 All the Blockchain today have a lot
14 of fee. Mastercard, any fees, not directly related
15 to the production, manufacture of the goods and
16 services, will be defined as a transaction cost.
17 So, that transaction cost can be reduced by money.
18 Blockchain has that potential. And I will point
19 that out by this guidance of this joined thinker, we
20 try to reduce transaction costs overall for our
21 society.

22 Scott, next.

23 Okay. This is very difficult to
24 understand, this paragraph, but William -- okay, he
25 extend what the transaction costs are. I will

1 explain a little bit, but I will allow Scott to help
2 me read it out first.

3 MR. MOELLER: Okay. Oliver
4 Williamson, he received the noble laureate 2009:
5 Transaction costs are governance issues. The
6 overall object of the exercise essentially comes
7 down to this. For each abstract description of a
8 transaction, identify the most economical governance
9 structure, whereby, governance structure I refer to
10 the institutional framework within which the
11 integrity of a transaction is decided. Markets and
12 hierarchies are two of the main alternatives.

13 MR. ZHOU: Okay. Your Honor, let me
14 interpret my understanding of this giant thinker
15 told me.

16 If SEC transaction costs to us
17 governance -- from the governance issues, yes. Are
18 all the regulations when it comes down for
19 distribute that cost to any transaction, no matter
20 if it is Walmart, Target or in Blockchain token
21 purchase using tokens, all the entire government --
22 governance structure is transaction costs. Because
23 those are huge costs, some costs will be so huge you
24 have to -- like us, I have to spend years to
25 overcome. We are still sitting here talking about

1 to overcome this. A lot of, lot of business,
2 because of some type of governance issue or
3 regulation of the government, you even cannot start
4 your business. Even if you start, you will fail.

5 This giant thinker through his study
6 he told us we need to find the most effective,
7 efficient way for governance so that we can create a
8 better society. He told us. We follow his
9 instruction and build our governance which will
10 reflect in CryptoFed.

11 Any questions so far for those four
12 giant thinkers?

13 JUDGE FOELAK: Okay. Okay.
14 You're -- you're serving on the -- us on the spirit
15 animating your plan is -- is is very uplifting. Can
16 you get to the plan?

17 MR. ZHOU: I -- I beg your pardon,
18 can you re -- can you --

19 JUDGE FOELAK: Your -- your remarks
20 on the -- the themes that underlie your crypto plan
21 and your description of them is very uplifting, but
22 can you get to the plan. Explain how Blockchain
23 works and how your operation will work.

24 MR. ZHOU: Yes, Your Honor. Those
25 major principles will define the framework how we

1 use Blockchain as a tool.

2 JUDGE FOELAK: I understood that's
3 what you were getting at, yes.

4 MR. ZHOU: Okay. So, go to next.
5 Okay, here.

6 That site -- this is our stable
7 token. Stable against the purchasing power means no
8 inflation, no deflation.

9 So, Scott, can you help me slowly
10 read this.

11 MR. MOELLER: Sure.

12 So, two token economy. Ducat is an
13 inflation and deflation protected Stablecoin with
14 unlimited issuance constrained by algorithms
15 targeting zero inflation and zero deflation. Ducat
16 is used for daily transactions without conversions
17 to Fiats, such as the U.S. dollar, Japanese yen, and
18 as a store value. Ducat comes from the Swiss Ducat
19 which is a private token money proposed by F.A.
20 Hayek who was a noble laureate in 1974 in his 1976
21 book, Denationalization of Money.

22 MR. ZHOU: Your Honor, I want to get
23 permission to click that link, go to page 46, which
24 is talking about to us what the Blockchain -- how I
25 use it -- how we design it to use it. Why the

1 Blockchain matters so much.

2 JUDGE FOELAK: Okay. Well, I'm just
3 looking for not why they matter, but how they work.

4 MR. ZHOU: Yes. So, how they related
5 to us.

6 Scott, can you click to that. Go to
7 page 46. That's page 45.

8 MR. MOELLER: Oh, sorry, that's 45.
9 There you go.

10 MR. ZHOU: Okay, stop. Make it a
11 little larger.

12 MR. MOELLER: Yeah. It's page 46 on
13 the PDF.

14 JUDGE FOELAK: Okay. That's --
15 that's readable here.

16 MR. ZHOU: Okay.

17 JUDGE FOELAK: Should we read it?

18 MR. ZHOU: Yes.

19 MR. MOELLER: Okay. Yeah. Do you
20 want me to start at -- at eight? Putting private --
21 or do you want to talk first, Zhou?

22 MR. ZHOU: Yeah, let me talk first.
23 We don't need to read too much, but why I put it
24 here. So, first, it's a private token money.
25 That's number one. At that time, this book was

1 published in 1976, and it's -- first paragraph you
2 can see there is a word close to the end, from the
3 end you can count one to -- one, two, three, four --
4 the fourth line from the first paragraph from bottom
5 there is one word, forgery.

6 Scott, do you see that?

7 MR. MOELLER: Yep.

8 MR. ZHOU: Okay. Why Blockchain is
9 so important? Blockchain overcome counterfeit
10 forgery through computer. So, we can do it without
11 military force to defend any big circulation of
12 money.

13 Today, if you want circulation money
14 as big as U.S. dollar, Japanese yen, someone can
15 counterfeit, can forge it. So, it's very difficult
16 for us to create a monetary system, but with
17 Blockchain this problem can be solved.

18 So, Scott, now you can help me read
19 the first paragraph and slightly into the second --
20 the second paragraph and -- so that can the judge
21 understand why we get so big guidance -- huge
22 guidance principle from these giant thinker.

23 MR. MOELLER: Okay. So, this is --

24 JUDGE FOELAK: Okay. So, do I -- do

25 I gather that you're trying to say that forgery is a

1 problem with Fiat currency, like, a wrongdoer can
2 print up fake dollar bills and pass them off, but
3 your plan avoids forgery of your --

4 MR. MOELLER: Your Honor, Blockchain
5 is the tool which -- which enables that -- that --
6 that there is no counterfeiting on the Blockchain.

7 JUDGE FOELAK: Right. That's --
8 that's what I was trying to -- that's what I was
9 trying to -- good.

10 MR. MOELLER: And what Hayek -- and
11 what Hayek described here, he theorized what was
12 possible with private money, but I'll just read it.

13 JUDGE FOELAK: Okay. Okay.

14 MR. MOELLER: Okay. Putting private
15 token money into circulation -- and this is back in
16 1976, okay. They didn't have the technology: I
17 shall assume for the rest of this discussion that it
18 will be possible to establish a number of
19 institutions in various parts of the world which are
20 free to issue notes in competition. And, similarly,
21 to carry checking accounts in their individual
22 denominations. I shall call these institutions
23 banks or issue banks when necessary to distinguish
24 them from the other banks that do not choose to
25 issue notes. I shall further assume that the name

1 or denomination a bank chooses for its issue will be
2 protected like a brand name or a trademark against
3 unauthorized use and that there will be the same
4 protection against forgery as against that of any
5 other document. These banks will then be vying for
6 the use of their issue by the public by making them
7 as convenient of use as possible.

8 And then, do you want me to go on to
9 the private Swiss Ducat?

10 MR. ZHOU: Stop a little bit --
11 please scroll down -- oh, yeah. Scroll down --
12 yeah. Yeah. It's okay. It's okay.

13 So -- so, scroll a -- a little bit
14 up. I want competition -- I want the word
15 competition.

16 So, Hayek -- Professor Hayek told us
17 in a society we could have multiple money compete
18 with each other for circulation in the same
19 geographic nations, regions or Stablecoin market for
20 consumer and for merchant. There should be or could
21 be multiple currencies. And as long as there are no
22 forgery, no counterfeit.

23 Okay, Scott, can you read the next
24 paragraph just for a little bit.

25 JUDGE FOELAK: Sir, is it -- it is --

1 sir, is it necessary to read all this stuff? I
2 mean, we can read it with our eyes and you can cut
3 it out and put it into the record as an exhibit this
4 page 46.

5 MR. ZHOU: Yes.

6 JUDGE FOELAK: Okay. Rather than
7 drag this -- your oral testimony out. I -- I gather
8 you want us to, you know, see the intellectual
9 background and then you're going to explain how
10 Blockchain works and how your tokens work.

11 MR. ZHOU: Yes. Your Honor, just a
12 few sentence --

13 JUDGE FOELAK: Okay.

14 MR. ZHOU: -- then we will end -- end
15 this one.

16 JUDGE FOELAK: Okay.

17 MR. MOELLER: Yeah, that's -- okay.

18 So, I'll -- I'll just: The private
19 Swiss Ducat. Okay. So, since readers will probably
20 at once ask how such issues can come to be generally
21 accepted as money, the best way to begin is probably
22 to describe how I would proceed if I were in charge
23 of, say, one of the major Swiss joint stock banks.
24 Assuming it to be legally possible, which I have not
25 examined, I would announce the issue of non interest

1 bearing certificates or notes and the readiness to
2 open current checking accounts in terms of a unit
3 with a distinct registered trade name such as Ducat.
4 The only legal obligation I would assume would be to
5 redeem these notes and deposits on demand without
6 the option of the holder, either five Swiss francs
7 or five Deutsche marks or \$2.00 per Ducat. This
8 redemption value would, however, be intended only as
9 a floor below which the value of the unit could not
10 fall because I would announce at the same time my
11 intention to regulate the quantity of the Ducats so
12 as to keep their precisely defined purchasing power
13 as nearly as possible to constant. I would also
14 explain to the public that I was fully aware I could
15 hope to keep these Ducats in circulation only if I
16 fulfilled the expectation that the real value would
17 be kept approximately constant. And I would
18 announce that proposed from time to time to state
19 the precise commodity equivalent in terms of which I
20 intended to keep the value of the Ducat constant,
21 but I reserve the right after announcement to alter
22 the composition of the commodity standard.

23 MR. ZHOU: Okay. So, Your Honor --

24 Can you scroll up?

25 MR. MOELLER: Yeah.

1 MR. ZHOU: Go down. Go down a little
2 bit. The first few sentence. Okay, here. Here.
3 Here. Stop.

4 Legally possible, he didn't examine.
5 We are still within that generally legal framework
6 whether it is possible. That's why we are in this
7 hearing too, but we got the Ducat. We have constant
8 purchase power. No inflation. That's -- that's our
9 goal to achieve.

10 Okay, we can end Hayek now.

11 MR. MOELLER: Yep.

12 MR. ZHOU: Okay. Scroll down --
13 scroll up.

14 Okay. So -- so -- so, also we should
15 understand in our own systems we all pay everything
16 in our own Ducat. It's the -- it's -- it's -- you
17 cannot duplicate it because of Blockchain. It's a
18 private token. It can completely adjust like our
19 assess to keep the value, but because this unlimited
20 issuance for us, we can issue unlimited to anybody
21 without any liability. We do not pay anyone using
22 different currency. We always pay everybody in our
23 own Ducat.

24 Unlimited issuance so there are no
25 liability could be costs due to our issuance, our

1 promise. Interest will be paid. Labor will be
2 paid. When they join the -- the -- the Blockchain
3 it will pay automatically based on what the
4 protocol. That protocol will be constantly updated
5 through our constitution where in the command law
6 systems that constitution will be the contract.
7 Everybody will understand that's where they get you
8 to.

9 And all those Ducat tokens, when they
10 promised -- when they do this work, they will get
11 this, it will be using smart contract, it will be
12 computer generated and follow the -- exactly the
13 code. Every people can look the code and we follow
14 the joined thinkers principles to make sure this
15 works.

16 Not guarantee we can make it work,
17 but that is our intent. As you can see, we have the
18 governance issues which have a higher layer
19 governance issues than our own governance. That's
20 like the federal government, state government and
21 international, all those governance -- all those
22 regulation issues, but for our internal governance,
23 we have a Locke.

24 So, Scott, can you move to another
25 token. Why we need two tokens. One token, Ducat,

1 is unlimited. Really unlimited. For economic
2 needs, all our -- all our promise, but this will not
3 a Ponzi. Ponzi means I pay something, other
4 people --

5 JUDGE FOELAK: Okay. Okay. I --
6 I -- just tell me how it works.

7 MR. ZHOU: Okay. Sure. Okay. So,
8 then we go to the next Locke. Locke. Locke. You
9 have it on --

10 MR. MOELLER: Oh, sorry. Locke --
11 Locke is a governance token with a maximum
12 authorized finite number of ten trillion. Locke is
13 used to stabilize Ducat and for holders to
14 participate in network rule and decision making.
15 And the name Locke is derived from John Locke whose
16 political and legal principles on government were
17 reflected in the United States Declaration of
18 Independence and will be implemented in the American
19 CryptoFed DAO via Blockchain smart contracts.

20 MR. ZHOU: Okay. So, we have people
21 to vote for how the framework. Like, what Hayek
22 said, how to make sure Ducat works, we need another
23 voting power like Locke. So, like, another token.

24 So, those Ducat and Locke, they
25 interact with each other, but both are our native

1 tokens. And because you can see there are ten
2 trillion. So we can use to develop our systems.

3 So, we will explain how that works
4 when we get to the constitution. I'm not sure we
5 have time today, but we will do that. We will make
6 sure, Your Honor, you understand how the mechanism
7 of how those two tokens works, but now we want to
8 get to the next one. It is the video.

9 Slow down a little -- okay. So,
10 before we start the video, can you scroll down a
11 little bit? We -- okay. Here. Okay, yeah. Scroll
12 down -- okay. Stop.

13 Okay. Hayek, giant thinker, told us
14 there could be multiple currencies within one
15 country, one nation, one region. So, we assume we
16 will have multiple currencies in a grocery store
17 labeled eggs and -- and milk. So, from our
18 definition and Hayek's definition, if a currency
19 need something in middle to exchange goods and
20 services, that is not currency. Currency must be
21 direct to claim good and services without any other
22 medium in between U.S. dollar, euro --

23 JUDGE FOELAK: Sir. Sir, do we need
24 to watch the video? I mean, what is it going to
25 show? Just sum it up for us.

1 MR. ZHOU: We can show you why we
2 believe our launch will be possible. That video
3 will tell you why this is possible to have in United
4 States. We can circulate that.

5 JUDGE FOELAK: Okay. Okay. I --
6 okay. I just want to know, how does it work?

7 MR. ZHOU: Yes. Okay. So -- so, you
8 even don't want to know how it is possible? Because
9 all --

10 JUDGE FOELAK: Just -- I just thought
11 you'd tell us how it would work.

12 MR. ZHOU: Your Honor, all those
13 participating peoples in a video we show you will be
14 the node of a Blockchain.

15 MR. MOELLER: Node, N-O-D-E.

16 MR. CHARNEY: Your Honor.

17 JUDGE FOELAK: Yes.

18 MR. CARNEY: Obviously, I had my
19 standing objection at the beginning, but I'm going
20 to have to object here if he's going to start
21 testifying to people on -- on the video. If this is
22 his program he should be able to explain, as Your
23 Honor has requested repeatedly, how this token
24 actually works and shouldn't have to rely on the
25 testimony of people in -- in the video. And should

1 be able to just sit here and -- and explain to us
2 how it works.

3 JUDGE FOELAK: Right. That -- that
4 is sort of what I was getting at. All I want to
5 know is, how does it work. Not whether it's going
6 to be widely embraced by millions or not widely
7 embraced. Just -- I just want to know for the
8 record, for the purpose of this hearing, how does it
9 work? Your -- yes.

10 MR. ZHOU: Yes, Your Honor. First,
11 let me -- Mr. Carney, so what's your question?
12 You -- you said something like --

13 JUDGE FOELAK: No. He's not asking
14 the questions. What I'm saying is, you have given
15 us an inspiring list of principles and things like
16 that, but all I want to know is, how -- what does --
17 how does Blockchain work and how does your thing
18 work. How does your -- how do your tokens work.
19 Not why or who inspired it or even if they will work
20 in the real world.

21 MR. ZHOU: I'm telling you all this
22 is in real world. And I'm also telling you
23 potentially who will be part of the node of our
24 Blockchain.

25 JUDGE FOELAK: Okay. Okay.

1 Potentially -- I just want to know, like, how the
2 moving parts work. Not how -- who it might
3 potentially affect or how much benefit it might give
4 to society. I just want to know how it would work.

5 MR. ZHOU: The video is short. So,
6 let them --

7 JUDGE FOELAK: What does the video
8 show? You said it was going to show people using it
9 or something like that. Can't you -- I want you to
10 explain, if you can, how it works.

11 MR. ZHOU: Yes. When you see that,
12 you will -- I will explain to you how it will work.
13 So, that's -- with that in the imagination --

14 JUDGE FOELAK: So, this video is
15 going to explain how it works?

16 MR. ZHOU: It will give you -- tell
17 you how scale of this so that we can launch our
18 Blockchain. Without that scale we cannot launch.

19 JUDGE FOELAK: Okay. Okay. I don't
20 care about the scale. If you do launch, I want
21 to -- I just want to know what happens first, then
22 what happens next as far as, you know, if somebody
23 asks you for a Ducat or -- and how do they pay for
24 it or do they not ask you. That's -- that's the
25 kind of -- and how does -- how does one -- you know,

1 you've explained, for example, that you've got a --
 2 an algorithm to -- relying on some formula that is
 3 supposed to keep inflation and deflation both at bay
 4 for the amount of Ducats in circulation -- in
 5 circulation. If that's the right word for a Ducat.

6 MR. MOELLER: It is.

7 MR. ZHOU: Okay.

8 JUDGE FOELAK: Okay. So, without,
 9 you know, knowing -- understanding the mathematical
 10 formula, I get that idea, okay.

11 MR. ZHOU: Okay. So, you know, we --
 12 we will have -- if -- if we do not have network
 13 affect with large merchant, a lot of consumer coming
 14 for the -- what we design here is meaningless.

15 JUDGE FOELAK: Okay. I -- I
 16 understand that, but how does the merchants sign up
 17 with you? How does the consumer obtain Ducat? I
 18 understand when -- I understand the idea that when
 19 you put out too many you're -- you won't put out
 20 anymore. And so, it will keep the supply in the
 21 correct equilibrium.

22 MR. ZHOU: Okay. Then that we need
 23 to go to our -- I think go to -- let's go to the S-1
 24 or Form 10. And also --

25 JUDGE FOELAK: Okay. Okay. So, the

1 answer that explains this --

2 MR. ZHOU: Yeah. All of that I -- we
3 file with the SEC. So, we can just -- let's go to
4 the S-1. I will -- I will see whether you need S-1
5 or Form 10. I forgot because they share each
6 others.

7 JUDGE FOELAK: Right. Right. Right.
8 Whichever explains it, yes.

9 MR. ZHOU: Yeah. Yeah. I know where
10 you are coming from, Your Honor.

11 MR. MOELLER: Okay. So, let me pull
12 up the -- the S-1.

13 Okay. There you go. Share, okay.

14 JUDGE FOELAK: Okay. Now, we're
15 looking at the Exhibit 1 which is the S-1.

16 MR. ZHOU: Yeah. Can we -- let me --
17 let me look at those -- find those -- can we go to
18 the -- first go to the -- there is a table of
19 contents.

20 MR. MOELLER: There's a table of
21 contents of the S-1?

22 MR. ZHOU: Yeah, page 89.

23 MR. MOELLER: Okay. There you go.

24 MR. ZHOU: Okay. So --

25 JUDGE FOELAK: Blockchain protocol

1 page 22?

2 MR. ZHOU: No.

3 JUDGE FOELAK: No?

4 MR. ZHOU: I think, I -- I -- you --

5 Your Honor, you ask how the merchant sign up and

6 how -- how the -- who buy and what. I think we have

7 something. Let's go to page 24 or something.

8 MR. MOELLER: 23, Growth Strategy?

9 MR. ZHOU: No. No. No. Page 24.

10 MR. MOELLER: Okay.

11 MR. ZHOU: No Revenue and No Costs.

12 JUDGE FOELAK: Slow down -- slow down

13 when you get to 22 just in case.

14 MR. MOELLER: Okay. Zero

15 Revenue/Zero Costs?

16 MR. ZHOU: Yeah. So, can you scroll

17 down a little bit. I did -- I did write some

18 things. Can you scroll down a little bit? Scroll

19 down a little bit. Scroll down a little bit.

20 Scroll down a little bit. Ah, here.

21 MR. MOELLER: Yeah.

22 MR. ZHOU: That one. Can you enlarge

23 it?

24 MR. MOELLER: Yep. Right there?

25 MR. ZHOU: Yeah.

1 Your Honor, if that's what I can -- I
2 can explain now?

3 JUDGE FOELAK: Okay. Now, how does
4 the purchaser pay -- oh, how does the purchaser
5 acquire the Ducat?

6 MR. ZHOU: Okay.

7 JUDGE FOELAK: The purchaser being
8 the purchaser of some merchandise from the merchant
9 I gather.

10 MR. MOELLER: Yes.

11 MR. ZHOU: Yes, Your Honor. The
12 purchaser is a consumer.

13 JUDGE FOELAK: Okay.

14 MR. ZHOU: Yeah. So --

15 JUDGE FOELAK: How does he get the
16 Ducats --

17 MR. ZHOU: Okay.

18 JUDGE FOELAK: -- to begin with?

19 MR. ZHOU: Yes. The purchaser will
20 go to exchange. Whatsoever its device change or
21 centralizing chain, decentralized chain, whatsoever,
22 the purchaser must go to exchange. We do not
23 directly interact with purchaser. So, when the
24 purchaser --

25 JUDGE FOELAK: Now, is this -- is

1 this your exchange or some other -- some exchange
2 run by somebody else?

3 MR. ZHOU: We do not have exchange.

4 JUDGE FOELAK: Okay. Okay.

5 That's -- that's the thinking. Then that's the
6 question I was asking, yes.

7 MR. ZHOU: We do not have any
8 exchange. We will not build any exchanges.

9 JUDGE FOELAK: So -- so, the
10 purchaser might get -- pay for these Ducats at the
11 exchange even with U.S. dollars or Bitcoin or
12 something?

13 MR. ZHOU: Yeah. So, the purchasers
14 have to go to exchange -- that exchange and they can
15 purchase our Ducat. And there are many other
16 regulations about how the exchange can list some
17 tokens. We haven't reached that step yet.

18 JUDGE FOELAK: Oh, okay. I -- I --
19 right, but I -- I -- just the general idea, yes.

20 MR. ZHOU: Yes. We were stopped by
21 the Form 10 proceedings before we really move any
22 step further. And we, basically, did not generate
23 any more activities so that we've got a problem
24 because the proceedings really --

25 JUDGE FOELAK: But I just want to

1 know how you planned for it to work. Not what has
2 happened today. Okay.

3 MR. ZHOU: Okay. Okay. Even --
4 I'm -- Your Honor, I'm afraid under oath the
5 Division will think something is already there and
6 we have the reporting.

7 JUDGE FOELAK: Oh, no. No. No. No.
8 I -- I -- I apologize if I used the present tense
9 when I should have used the subjunctive. My idea is
10 that you would explain how it would work if it were
11 operating which I understand it is not.

12 MR. ZHOU: Because --

13 JUDGE FOELAK: Yes.

14 MR. ZHOU: Because of the timeline,
15 if I do not make it very clear, I could be accused
16 for perjury by the Division. And I'm under oath,
17 Your Honor. If you remove me from under oath, I can
18 tell more generally without concerning all those
19 things behind me which can be used by the Division.
20 And Mr. Carney already said -- already said
21 something, it's very scary.

22 JUDGE FOELAK: No. He just -- he
23 just -- he wasn't talking about perjury. He was
24 talking about wandering into things that were not
25 relevant -- relevant to this proceeding. That's all

1 he was talking about.

2 I mean, certainly you should tell the
3 truth. Certainly you should tell the truth, but
4 that isn't really the problem. The problem is
5 getting you to stick to the topic.

6 MR. ZHOU: Okay. Your Honor, yes, we
7 have many locations already clearly expressively
8 said we were going to file this, this, this and this
9 forms to get updated to the -- to the SEC, but Scott
10 will still ask questions, you did not report it.
11 You didn't update this. You did not get this. So
12 -- so, we were really confused, you know, with
13 proceeding already issued to us. We thought we
14 could not do many updates. We could not do many
15 activities. And -- and there are many -- so many
16 issues.

17 But, Your Honor, I hope I can get
18 relief whenever something happens during this
19 explanation, the mechanism to you. You can feel
20 free to ask me question. I can feel free to tell
21 you. So that I'm not be, okay, like the Division,
22 I'm now be accused of making some things, okay, up,
23 I did not report to them.

24 JUDGE FOELAK: Okay. Sir, is this
25 diagram on the bottom of page -- page 21 on your

1 Form S-1, is that a Blockchain? Is that a diagram
2 of a Blockchain or --

3 MR. ZHOU: Your Honor --

4 JUDGE FOELAK: I'm just looking to be
5 educated. Yes.

6 MR. ZHOU: Yes. Your Honor, this is
7 what the Blockchain looks like achieve and how we
8 use the entire Blockchain, but the Blockchain does
9 not only limit it to what we built. It's -- it's an
10 entire --

11 JUDGE FOELAK: No. No. Sir. Sir.
12 Sir, I just want to -- I just want to grasp whether
13 this diagram is a -- is an example of a Blockchain
14 happening.

15 MR. ZHOU: Okay. Okay. So, let
16 me --

17 MR. CARNEY: Your Honor, just for the
18 record, page -- page 25, just so that the transcript
19 is clear. Thank you.

20 JUDGE FOELAK: Yeah. Page 25 of the
21 Form S-1 right above where it says, Transaction
22 Fees, yes.

23 MR. ZHOU: I beg your pardon?

24 MR. MOELLER: The location of where
25 this is, page 25 of the S-1.

1 JUDGE FOELAK: Mr. Moeller, can you
2 maybe explain to him, I just want to know, you know,
3 like, almost what the definition of a Blockchain is
4 and is that a diagram of a Block -- of a potential
5 Blockchain operation.

6 MR. MOELLER: You're looking at
7 the -- the transaction flow.

8 JUDGE FOELAK: Right. Right. Right.
9 Right. Right. Purchasers and Ducat, right. Right.

10 MR. ZHOU: Okay. Let me explain to
11 you, Your Honor. So, the purchasers acquired Ducat
12 through exchange.

13 JUDGE FOELAK: Yes, you said that.

14 MR. ZHOU: Okay.

15 JUDGE FOELAK: Then they -- then they
16 give it to the merchant in exchange for merchandise.

17 MR. MOELLER: Yes.

18 MR. ZHOU: Yes, they will --

19 JUDGE FOELAK: Then the merchant --
20 then the merchant goes to the exchange and puts it
21 in some other currency, possibly U.S. dollars or
22 Bitcoin or something. Whatever the exchange
23 handles.

24 MR. ZHOU: Yes. So, it's look like
25 the merchant when they accept Ducat and because of

1 Ducat circulation scale, it's not good enough, large
2 enough, they cannot use Ducat to buy other things
3 like supply chain. They may go to exchange to
4 change --

5 JUDGE FOELAK: To buy -- right. With
6 their Stablecoin proceeds -- with their Ducat
7 proceeds and buy Locke --

8 MR. ZHOU: Yes.

9 JUDGE FOELAK: -- is that correct?

10 MR. ZHOU: Yes. They will use that
11 --

12 JUDGE FOELAK: And then they use --
13 then they use the Locke to get more Ducats back so
14 that they can use Ducats again.

15 MR. ZHOU: So, let's look at the
16 first line. The first line and the second line are
17 talking about slightly different things.

18 MR. MOELLER: Yeah.

19 JUDGE FOELAK: Oh, okay. Okay.
20 Okay. Now, I understand -- okay. Now, I
21 understand. It's two different types of series of
22 transaction. One is the purchaser dealing with the
23 merchant and the other one is American CryptoFed --

24 MR. MOELLER: When --

25 JUDGE FOELAK: -- dealing -- was

1 getting more --

2 MR. ZHOU: Yeah. So, let me --

3 JUDGE FOELAK: -- stablecoin proceeds
4 for -- okay, go ahead.

5 MR. ZHOU: Yes. So -- so, the first
6 line is -- purely deal with the relationship between
7 purchaser and merchant and how a purchaser acquire
8 Ducat and a merchant accept the Ducat. And the
9 merchant when they need U.S. dollars, they can go to
10 exchange to get the U.S. dollar.

11 JUDGE FOELAK: And the second line is
12 how CryptoFed gets Ducats for its needs in case it
13 needs to stabilize the Ducats?

14 MR. ZHOU: Okay. Yeah. That is the
15 second line.

16 The second line is, Your Honor, you
17 can even understand when the purchaser at the
18 exchange, when the purchase Ducat maybe -- it's
19 maybe they purchase it from different consumer, but
20 they may also purchase it through market. It's --
21 it's the CryptoFed through smart contract supply
22 that to exchange. That is based on the algorithm,
23 based on how we try to control deflation and
24 inflation.

25 JUDGE FOELAK: Yes. Yes. I grasp

1 that.

2 MR. ZHOU: So, now you -- Your Honor,
3 you really ask good question. So now, when
4 CryptoFed have sold Ducat, CryptoFed will temporary
5 put those proceeds, Stablecoin, in a smart contract.
6 So, those USD-pegged Stablecoin proceeds will be
7 exclusively used buy back the Locke through the
8 exchange.

9 So, all the proceeds within the smart
10 contract does not belong to CryptoFed. It have to
11 be used to buy back the Locke. And the Locke have
12 to be used to adjust the value of Ducat which is
13 equivalent to the redemption of the purchaser, the
14 consumer. That's the first line. So that merchant
15 will feel happy because value will not drop because
16 someone will be using the proceeds at the beginning
17 they put there, buy back --

18 JUDGE FOELAK: Okay, sir. Now,
19 you've used the term smart contract. Can you
20 explain what that is.

21 MR. ZHOU: So, the smart contract is
22 a computer program. That computer program is based
23 on the logic. And when some event happen and it
24 will trigger the next event. And it's all already
25 be written and should not be changed until the

1 bulking or until some procedure due process happens.
2 So, that is also in our constitution.

3 MR. MOELLER: If -- Your Honor?

4 JUDGE FOELAK: Can you give me --
5 yes.

6 MR. MOELLER: Yeah. Your -- Your
7 Honor, a smart contract is --

8 MR. CARNEY: Your Honor, I'm going to
9 object -- I'm going to object to Mr. Moeller
10 testifying to his understanding and Mr. Moeller is
11 not under oath right now.

12 JUDGE FOELAK: Okay. Okay. Now, can
13 you tell me how -- okay. You've -- you've explained
14 the concept behind the smart contract. Does that
15 mean that when the Ducat -- when the token goes into
16 the smart contract, somebody can't steal it? It can
17 only be used for certain purposes or what happens --
18 what goes into the smart contract? And -- and I
19 understand the terms cannot be -- so to speak,
20 cannot be just changed expect by vote of the token
21 holders. But what happens when proceeds go into a
22 smart contract and come out. I mean, do you
23 understand what I'm asking?

24 MR. ZHOU: The smart contract will be
25 programmed in a way to buy back the Locke.

1 So, Scott, can you find somewhere in
2 here is -- draw the full percent -- couple of
3 percentages then we need to buy back something.

4 MR. MOELLER: It's in the
5 constitution I think.

6 MR. ZHOU: Here we also disclose I
7 believe. It is somewhere on the form. Can you use
8 another computer search.

9 JUDGE FOELAK: Oh, okay. So, your --
10 okay. So, basically, what you're saying is the
11 explanation can be found in the S-1?

12 MR. MOELLER: Yes.

13 MR. ZHOU: Either S-1 or the
14 constitution we attached to the S-1.

15 JUDGE FOELAK: Okay. Okay. It can
16 be found in the exhibit that's on file?

17 MR. ZHOU: Yeah. So -- so, Scott,
18 how about we go to the constitution. That's I think
19 probably the constitution or -- or this S-1.

20 MR. MOELLER: Here's the
21 constitution.

22 MR. ZHOU: Yeah. Can you -- can
23 you -- is it able to search percentage? Just search
24 some percentage, we will get the percentage. So,
25 it's really -- it's -- it's not being disclose. We

1 know it's very important.

2 MR. MOELLER: Percent?

3 MR. ZHOU: Yeah. Just search
4 percent. There is that -- that -- the math percent.
5 The math percent. Not the word percent. Probably
6 like -- like a symbol.

7 MR. MOELLER: Oh, yeah, I understand.

8 MR. ZHOU: Symbol percent. Did you
9 see some places market drops simple plan when we
10 launch. So, you find it, yeah, probably below that.

11 MR. MOELLER: Close to market
12 operations?

13 MR. ZHOU: Yeah. Almost there. Slow
14 down a little bit. Slow down a little bit. Slow
15 down. Okay, scroll down now.

16 Okay. Okay. Okay. Here. Here.
17 Here. Here. Here. Here. Enlarge it, please.
18 It's section 13 -- 13 -- 13.2.

19 MR. MOELLER: Two.

20 MR. ZHOU: And -- and all of those
21 will be need to be programmed in the smart contract.

22 JUDGE FOELAK: Okay. So, those
23 percentages are in the smart contract?

24 MR. MOELLER: Yeah.

25 MR. ZHOU: Yeah.

1 MR. MOELLER: I'm sorry. I'm sorry.

2 JUDGE FOELAK: Which theoretically
3 could be changed, but not in a moment's notice. It
4 would have to be changed by changing the
5 constitution?

6 MR. ZHOU: Yeah. We have the -- the
7 procedure to change the constitution. At the bottom
8 we can see the voting procedure on how to do it, but
9 those things will make sure all the proceeds will be
10 used solely for the -- for this purpose. Not be
11 preserved. Not be owned by CryptoFed. It's not
12 some assets. Not anything belong to the CryptoFed.

13 Again, we do follow the GAAP
14 principle. Based on the GAAP principle anything
15 that won't belong to us, even temporary, we hold it
16 at some access. We cannot book it as revenue. So,
17 we will discuss that later, but this one can tell
18 you, we fully take advantage of the Blockchain, the
19 technology and the mathematics to automated the
20 whole process.

21 Did I answer your question?

22 JUDGE FOELAK: Yes. Thank you.
23 Thank you.

24 MR. ZHOU: So, Scott, can you help me
25 search one word.

1 MR. MOELLER: Sure.

2 MR. ZHOU: Burnt.

3 MR. MOELLER: Yep. That's a really
4 key one. 15.2.

5 MR. ZHOU: Okay.

6 MR. MOELLER: Okay.

7 MR. ZHOU: So, Your Honor?

8 JUDGE FOELAK: Yes.

9 MR. ZHOU: All the proceeds, the
10 Stablecoins, will be used to purchase Locke and any
11 Locke, any Ducat token, ever, those native tokens --
12 originally it's native tokens of CryptoFed. Every
13 time when they circulate in one way or another back
14 to CryptoFed. The smart contract will automatically
15 destroy them so that there are no assets remaining
16 in the CryptoFed.

17 JUDGE FOELAK: Okay. This has been
18 very informative and your -- the testimony -- I
19 think what we have -- we -- that I have to study the
20 S-1 more closely, but your testimony has now
21 enhanced my ability to study the S-1, but there
22 seems to be a lot of disclosure there about how the
23 tokens worked and the smart contract and so on.

24 So, I think -- I think you've done a
25 great job in educating us. And I'm sure you'll be

1 testifying some more on other topics in the future.
2 And, if I need more information on how the tokens
3 work, I -- I can ask you then.

4 Mr. Carney, do you have any
5 cross-examination as it were?

6 MR. CARNEY: Your Honor, I have a
7 cross-examination, but I had planned to do it when
8 he was finished.

9 JUDGE FOELAK: Oh, okay. No. No.
10 Do you have any questions -- okay, follow-up
11 questions on the presentation that he has just given
12 which is not probably the topic of what he is going
13 to be testifying in the future.

14 MR. CARNEY: No, Your Honor. I think
15 all of my questions I can reserve for -- for my
16 cross-examination.

17 JUDGE FOELAK: Okay, very good.

18 Okay. Does anyone have anything else
19 they want to bring up at this time?

20 At this time I'm expecting some
21 filings on December 20th. And the hearing -- the
22 hearing sessions will resume thereafter.

23 Mr. Bruckmann, Mr. Carney, do you
24 have anything?

25 MR. BRUCKMANN: Your Honor, I think

1 it might make sense to try and pick a date we're
2 coming back now so that we can plan our schedules
3 around that. It's easier to block off the day a
4 couple weeks ahead of time sort of than it is at
5 last minute's notice to sort of clear a day for a
6 hearing.

7 JUDGE FOELAK: Okay. Well, I guess
8 we're looking at January. We're not going to be
9 meeting on December 28th probably. I don't know.

10 MR. BRUCKMANN: Understood. I -- I
11 think looking at, yeah, the first week of January,
12 Tuesday, Wednesday, Thursday, Friday I think all
13 appear acceptable for me. I'm just looking around
14 at my colleagues here to make sure that that's --
15 yeah.

16 So, Tuesday, Wednesday, Thursday or
17 Friday the first week of January is fine for the
18 Division.

19 JUDGE FOELAK: Okay. Wait, is the
20 first Monday in January a holiday?

21 MR. BRUCKMANN: Yes, it is. New
22 Years Day.

23 JUDGE FOELAK: Okay. In which case
24 it better not be Tuesday. Maybe Wednesday?

25 MR. BRUCKMANN: That's fine for the

1 Division.

2 JUDGE FOELAK: Wednesday of January

3 4th.

4 MR. BRUCKMANN: 4th, Your Honor.

5 MR. ZHOU: How about we do this,

6 Mr. Bruckmann, can you send what the calendar you
7 wish.

8 You just told us of charge also available.
9 We need to look at our calendar obligation. Then we
10 will look at that and -- and send back our
11 suggestion or we agree because there are some
12 important obligation we have. We are engaging in
13 this very, very extensively and we deal a lot of
14 disclosure like today and --

15 JUDGE FOELAK: Okay. Okay. Sir --
16 okay. Sir. Sir, how about -- how about this, I'll
17 set January 4th as the date for the next session,
18 but you can ask to postpone it if it doesn't work.
19 I mean, we might as well at least have a target. I
20 mean, if you want to exchange your calendars in --
21 in the next few days so that I can set the target.

22 MR. BRUCKMANN: Your Honor, frankly,
23 the Division has concerns that they are trying to
24 drag this out and make this take as long as possible
25 and postpone because they don't have audited

1 financials.

2 And I think they realized that that is
3 very problematic for them. We would like a firm
4 date to come back. If they need to take ten minutes
5 to look at their calendars, we can come back in ten
6 minutes to discuss dates, but we would like to pick
7 a day to return today.

8 JUDGE FOELAK: Okay. Why don't we --
9 why don't we take 15 minutes and you can take a look
10 at your calendars and then I'll set a date for
11 today.

12 MR. ZHOU: Okay.

13 MR. MOELLER: Okay.

14 MR. BRUCKMANN: Thank you, Your
15 Honor.

16 MR. ZHOU: 15 minutes?

17 MR. MOELLER: 15 minutes.

18 JUDGE FOELAK: Okay. That's a
19 quarter passed.

20 MR. BRUCKMANN: Quarter passed.
21 (Brief recess taken at 4:02 p.m. Eastern Time.)

22 JUDGE FOELAK: Okay. Back on the
23 record.

24 MR. MOELLER: Yes.

25 JUDGE FOELAK: Okay. So, how does

1 January 4th look?

2 MR. MOELLER: Your Honor, if -- if
3 it's difficult on -- on our side on -- on the 4th.
4 If possible, we'd like to see if we can do the week
5 of January 16th.

6 And any -- starting any day that
7 week.

8 And -- and I did hear the Division say that
9 they were concerned about -- some point about
10 financials.

11 And we can -- we can stipulate that
12 we're not going to make any changes on the
13 financials.

14 So, it's -- that's -- that's a
15 long-term --

16 JUDGE FOELAK: Okay. Okay. Right.
17 Right. Right. You're standing with what you have
18 in the S-1?

19 MR. MOELLER: Yes.

20 JUDGE FOELAK: Basically, that it
21 doesn't apply.

22 MR. MOELLER: Yeah. And we won't
23 make any changes on that. And we're also fine to
24 agree that -- that we're not going to make any
25 changes on the delaying amendment.

1 MR. BRUCKMANN: Are they also
2 agreeing that they're not going to distribute any
3 tokens?

4 MR. MOELLER: Oh, absolutely, yeah.
5 Yeah, no changes.

6 MR. BRUCKMANN: Your Honor, we still
7 think the week of January 16th is too far out.
8 Section 8(e) proceedings are meant to be done in an
9 expedited fashion. I understand that they want a
10 little bit of time. I understand that Mr. Zhou has
11 a medical issue.

12 We're willing to accommodate
13 things to a certain extent, but continuing this for
14 more than a month is not appropriate given the
15 allegations here and the evidence, Your Honor, has
16 heard so far.

17 MR. MOELLER: Your Honor, if I can --

18 JUDGE FOELAK: Well, with their
19 stipulations, I don't think any harm will be done.
20 And the time for wrapping it up, doesn't run from
21 the date of the service or the date of the hearing.

22 Okay. Does the week of -- I think
23 January 16th is a federal holiday. So, it will be
24 the 18th.

25 You wouldn't want to do it on

1 January 10th, sir?

2 MR. MOELLER: Difficult. It is very
3 difficult. I've got my -- my -- some personal --
4 I've got my wife's relatives coming in from -- from
5 Asia. So, I've got four more people in the house.
6 They're here for Christmas and New Years and all.
7 They're leaving on the 11th.

8 JUDGE FOELAK: Okay. So, we'll --
9 we'll reconvene on the 18th.

10 MR. MOELLER: Thank you, Your Honor.
11 That gives -- yeah. Thank you, Your Honor.

12 MR. BRUCKMANN: What time on the
13 18th, Your Honor?

14 JUDGE FOELAK: Yes, go ahead.

15 MR. BRUCKMANN: What time on the
16 18th?

17 JUDGE FOELAK: Either 10 or 11.

18 MR. MOELLER: Okay.

19 JUDGE FOELAK: Okay. How about 10?

20 MR. MOELLER: Yes.

21 JUDGE FOELAK: Okay. 10 o'clock
22 Eastern Time, 7 o'clock your time, assuming you're
23 in California and not Wyoming or elsewhere. Okay.
24 Okay.

25 MR. BRUCKMANN: Your Honor, I -- I

1 would hope that the 18th --

2 JUDGE FOELAK: And by the 20th you're
3 going to file this the pleading in reference to the
4 exhibits you want in and --

5 MR. MOELLER: Yeah, December 20th.

6 JUDGE FOELAK: -- the -- the topics
7 that you might want to ask a Division witness.

8 MR. MOELLER: Yes.

9 MR. BRUCKMANN: And, Your Honor, I
10 hope this doesn't need any more than the 18th, but
11 in the event that we do need any more time than the
12 18th can we block off the 19th now so that we can
13 wrap this up?

14 JUDGE FOELAK: Yeah. Let's block off
15 the 19th and 20th just in case.

16 MR. BRUCKMANN: All right. The
17 Division will do that.

18 JUDGE FOELAK: Okay. And I -- I -- I
19 think that I denied the Respondent's motion to --
20 for the Division of Enforcement to produce a witness
21 at the beginning of the hearing, but if I didn't,
22 that's what I meant to do. And as I explained,
23 there was no explanation of anything vaguely legal
24 that they vaguely within the perimeters of the law
25 that they would have asked that is explained in

1 this, okay.

2 MR. ZHOU: Okay.

3 MR. MOELLER: Understood, Your Honor.

4 JUDGE FOELAK: Okay. And are you
5 going to file written stipulations?

6 MR. MOELLER: If -- if you request,
7 yes, we can -- we can do that. So, stipulate that
8 we're -- no changes in our financials and no -- no
9 removal on the delaying amendment, correct?

10 JUDGE FOELAK: Right.

11 MR. MOELLER: Okay.

12 JUDGE FOELAK: Okay. Anything else
13 that anyone has?

14 Yes, Mr. Zhou?

15 MR. BRUCKMANN: Not for the Division.

16 JUDGE FOELAK: Mr. Zhou?

17 MR. ZHOU: Can we get the transcript
18 that we already do for today?

19 JUDGE FOELAK: Yes. You can -- you
20 can -- it is a public document. You can buy them.

21 MR. ZHOU: Okay.

22 JUDGE FOELAK: I know that
23 Mr. Moeller ran into trouble because they -- the --
24 the people selling it thought they needed some
25 signature, which they really didn't, but anyway,

1 yes, you can absolutely get the transcript.

2 MR. MOELLER: Yes.

3 MR. ZHOU: Okay.

4 MR. MOELLER: Thank you, Your Honor.

5 MR. ZHOU: Thank you, Your Honor.

6 JUDGE FOELAK: Okay. Well, in that
7 case, we'll be in recess until January 18th. And
8 let's hope all goes well between now and then.

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

11 MR. MOELLER: Appreciate it.

12 MR. ZHOU: Thank you, Your Honor.

13 (Whereupon, at 4:37 p.m. Eastern Time, the
14 hearing was adjourned.)

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PROOFREADER'S CERTIFICATE

In the Matter of: REGISTRATION STATEMENT OF
AMERICAN CRYPTOFEED DAO, LLC
ADMINISTRATIVE PROCEEDING - HEARING
File No. 3-21243
Date: Tuesday, December 6, 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 hearing.

(Proofreader's Name)

12-7-2022

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I, SHAUNNA H. MORAN, a Certified Shorthand Reporter and Registered Professional Reporter in the States of New Jersey, New York and The District of Columbia, and Notary Public of the State of New Jersey, do hereby certify that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action, and that I am neither a relative nor employee of such attorney or counsel, and that I am not financially interested in the action.

SHAUNNA H. MORAN, CSR, RPR
Shorthand Reporter