

**RESPONDENT**  
**AMERICAN CRYPTOFEED DAO LLC**

**EXHIBIT A**

December 1, 2022

Day 1 – Material Errors in Transcript.

PAGE 12, LINES 19-25

Material error in the transcript: a misattribution of the Specific 8(b) instead of the general 8(d) or (e).

19 MR. MOELLER: Yes, I can speak to  
20 that a bit.  
21 What we'd like to do is -- is really  
22 get a sense of-- of who approved the -- the action  
23 to go forward, the general 8(d),  
24 versus the specific 8 (b).  
25 JUDGE FOELAK: Okay. Okay.

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This specific error was discovered after the Division had submitted its April 18, 2023 reply. However, the error below still represents a material error in the transcript. Mr. Zhou is testifying to a lawful action which could have been taken by the Commission under Section 8B would be a Refusal order, not a “review” order.

13 BY MR. ZHOU:

14 Q What do you stop -- stop order given  
15 there are no effectiveness of the Form S-1? Like,  
16 the subject matter, it does not exist. You are in  
17 the reviewing process. So, you can issue a refusal  
18 order and, Mr. Dobbie, since this refusal order is  
19 under your charge why you, like, stop order? It's a  
20 very, very -- we don't know. So, personally you are  
21 the chief. So, we hope you can give us some answer  
22 about this.

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## Day 2 - Material Errors in Transcript.

Page 355, Lines 15-18

Similar to the material errors shown in Day 1, a material error related to a misquote of Section 8(b) is in the transcript, recorded as Mr. Moeller's response in the interrogatory by Mr. Bruckmann. The correct reference is to 8(b) not 8(e) or 8(d).

Interrogator = Mr. Bruckmann.

Mr. Moeller is the Witness.

9 Q Mr. Moeller, do you still not  
10 understand that one of the purposes of the 8(e)  
11 examination was for the staff to gather additional  
12 information such that we could make a final  
13 determination as to whether these were securities or  
14 not?

15 A I see the 8(e) as a stop action  
16 versus the 8(b) which is a refusal -- with the  
17 refusal action that tells you specifically what you  
18 need to do in order to correct and modify.

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## Day 3 -- Material Errors in the Transcript

page 560, line 10.

Mr. Moeller cites a quote by Mr. Milton Friedman, directly from the American CryptoFed Website, mirrored in the Rule 230 production. The transcript misses a critical word in the citation.

p. 560, lines 1-12 are shown for reference.

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 combine to render the economic system  
10 less efficient to introduce frictions in all markets  
11 and very likely to raise the recorded rate of  
12 unemployment.

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A similar material error is evident in the direct quote from the American CryptoFed website/rule 230 production of Mr. Ben Bernake, shown on page 561 lines 17-18 of the Day 3 transcript. Mr. Moeller is quoting Mr. Bernake's description of the **close correspondence** of monetary origin across space and time to transmit **contractionary** money shocks.

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 the close correspondence  
18 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 contractionary 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.

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p. 597, material error in lines 3-4. A material error is evident in the misattribution of Section 15.2 instead of 16.2 of the American CryptoFed Constitution (Division's Exhibit 1A). Section 16.2 states in part, *"All Locke and Ducat tokens will be burnt (destroyed) automatically whenever they circulate back to the group treasury, including but not limited to, the process of open market operations."*

Page 596, lines 24-25, and page 597, lines 1-25, and page 598 lines 1-3 of the Transcript are shown below for context.

p. 596, lines 24-25

24 MR. ZHOU: So, Scott, can you help me  
25 search one word.

p. 597, lines 1-25

1 MR. MOELLER: Sure.  
2 MR. ZHOU: Burnt.  
3 MR. MOELLER: Yep. That's a really  
4 key one. 16.2.  
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

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Page 598, lines 1-3

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.

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#### Day 4 Material Errors in the Hearing Transcript

A Material Error is evident on Page 619, lines 24-25. The context for this critical error on pages 619, line 16-25 and page 620, lines 1-14, emphasizes that Respondent will not raise money through the issuance of Locke or Ducat.

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Page 619, lines 16-25:

16 JUDGE FOELAK: Okay. Sir, let me ask you a more less  
17 involved question.  
18 Is my understanding correct that American CryptoFed's  
19 proposed business is something like this: Rather than,  
20 e.g., raising money to buy the Denver Broncos, you're  
21 going to raise money to create this alternative currency  
22 called the Ducat;  
23 is that correct?  
24 MR.ZHOU: We do not—we do not  
25 raise any money. I will prove to you through this

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Page 620, lines 1-14:

1 hearing, there is no money to be raised. No  
2 fundraising.  
3 MR. BRUCKMANN: That's -- that's  
4 obviously a point of contention between the Division  
5 and Respondents, Your Honor. We believe that their  
6 business model does include raising money. They --  
7 they deny it, but then they say that they're going  
8 to be issuing Ducat in exchange for U.S.  
9 dollar-pegged Stablecoins and to the Division that  
10 is very much raising money. Their interpretation of  
11 facts and law is often something the Division  
12 disagrees with which is why we find ourselves at  
13 this hearing.  
14 JUDGE FOELAK: Okay, very good.

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Page 637, lines 5-9. Material error occurs by the misattribution of an exhibit. The correct exhibit, Respondent's Exhibit 272, page 2 is the October 11, 1945 SEC Decision, "In the Matter of RED BANK OIL COMPANY", also cited by Judge Foleak during day 1 of the proceedings.

5 Scott, can you help me read the next?  
6 MR. MOELLER: Yes.  
7 MR. ZHOU: Exhibit 272.  
8 MR. MOELLER: Yes.

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9 MR. ZHOU: Page two.

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This material error shown above is further compounded on Page 639, with multiple errors evident in the transcription. Mr. Moeller first reads the excerpt from Exhibit 272, page 2 into the official record, which has errors in the transcription, then an additional material error arises in the misstating of Mr. Zhou's testimony of the significance of the Red Bank Oil Company action to this case. Lines 5-23 are shown for context.

5 MR. ZHOU: Yes.

6 Scott Moeller on behalf of me help me  
7 read this because it's more pronounced correctly.

8 MR. MOELLER: It is clear from the  
9 Act that the procedure of Section 8(b), as in boy,  
10 to determine whether to issue an order refusing  
11 effectiveness to a statement was intended to be used  
12 only when the inadequacy or incompleteness is  
13 plain, on the face of the statement.

14 MR. ZHOU: Okay, good. Thank you.

15 So, here it's important, it's plain,  
16 and on its face. So, can you go to the - the  
17 script.

18 MR. MOELLER: Yep. Okay.

19 MR. ZHOU: Okay. Exhibit 272 has  
20 told us the Commission's opinion emphasize two  
21 points only, plain and on the face of the  
statement to  
22 confirm whether section 8(b) should be applied or  
23 not.

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Here is the specific citation which Mr. Moeller quotes from the Red Bank Oil decision, page 2 of Respondent's Exhibit 272.

"It is clear from the Act that the procedure of Section 8 (b), to determine whether to issue an order refusing effectiveness to a statement, was intended to be used only when the inadequacy or incompleteness is plain on the "face" of the statement. 2"

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This significance of the criteria required which would initiate an 8(b) refusal action is further emphasized by Mr. Zhou in his Testimony shown on Page 641, lines 6-11. However, Mr. Zhou's testimony has a similar 8(b) / (e) misattribution error in the transcript record.

6 So, let me explain on October 4th.  
7 On October 4th the Division of Corporate -  
8 Corporation Finance already know there are  
9 deficiencies -- material deficiencies on the  
10 face. And in section B -- Section B -- B - B  
11 should apply at this moment. This is a fact.

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The importance for correction of these material errors is further supported by Mr. Zhou's testimony and interaction with Judge Foleak on pages 642 lines 22-25 and page 643; that at the point of time of the October 4, 2021 WebEx meeting between the Division of Corporation Finance and the Respondent, that the specific provisions of Section 8(b), "plain and on the face of the statement" apply.

Page 642

22 courtroom. However, this fact is important because  
23 as early as October 4th, 2021, the Corporate --  
24 Division of Corporation Finance already conclude  
25 there were serious material deficiencies not meet

Page 643

1 the requirement for the filing. At that point -- at  
2 that point it should be Section 8(b) order or  
3 continue engage with American CryptoFed to solve the  
4 problem. There are no reason starting non public,  
5 secret, law enforcement investigation. That's  
6 completely change the whole process.

7 JUDGE FOELAK: Okay. Sir, I -- I  
8 see, you know, that -- the facts as you allege  
9 are -- are indeed clear, that they were -- that what  
10 happened on October 4th is inconsistent with the  
11 procedural argument -- what you argue is the proper  
12 procedure. So, you can move on.

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Page 652, lines 19-21, another material error in the Transcript, as Respondent directly cites from Exhibit 272, the Red Bank Oil decision, now citing page 3 of the SEC's decision. This is the same citation which Judge Foelak referenced on Day 1 of the hearing, (p. 6, lines 6-13) to justify the denial of Respondent's motion for ruling on the pleadings.

19 MR. MOELLER: And the -- the - the  
20 sentence is beginning here on page three: We think  
21 it is utterly repugnant to the objectives of the Act

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Page 657, lines 1-3, shows a material error in the transcript stated by Mr. Zhou, which was sought to be immediately corrected by Mr. Moeller in line 5, due to Mr. Zhou's pronunciation. The correct word is "consent", not "concept". Subsequently however, this same error, replacing "consent" with "concept" repeats later in the official record of the transcript (page 762, line 6 referenced below). Page 676, lines 24-25 and page 657, lines 1-8 are quoted for context.

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Page 656

24 This is the process, the procedure, we established  
25 the constitution at the beginning. The creation of

Page 657

1 a constitution, all those parties need to comply  
2 with. So, we are going to build a government by  
3 consent.

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4 So, now -

5 MR. MOELLER: Consent.

6 MR. ZHOU: -- we create constitution.

7 So, this constitution will bind all the parties  
8 who join this community.

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Page 666 Line 4. Material error. The error is shown with the context of lines 2-6. By the laws of the State of Wyoming, Respondent has the right to legally exist as an entity.

2 And when we ask, they tell me, who --  
3 we are security. They say, No. They don't approve.  
4 They don't allow you to be. They also do -- do not  
5 allow you to register, but they do still not prove  
6 that you are security or you are not security.

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### Day 5 Material Errors in the Transcript.

Material Errors on Page 736, in Testimony by Mr. Zhou, lines 13-15. Lines 12-19 are shown for context. Here, Mr. Zhou is directly citing Exhibit 269, under step 5, listed on the first page of the exhibit.

12           Okay, go to step five.  
13           So, the step five say: Recognize  
14 revenue when, (or as), the entity, satisfies a  
15 performance obligation. Okay, Your Honor, when  
16 you see all obligation have to be satisfied, but  
17 once that have been done, no value remain  
18 whatsoever after satisfy our performance  
19   obligation.

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Page 744, appears to be inadvertent transcription errors on lines 3-5, but completely contradicts the context and intent of Mr. Zhou's statement. Lines 3-11 are shown for context. These key words bring the testimony back in alignment with the original context as shown in the exhibit.

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3           For that purpose, we -- MShift receives,  
4 five percent allocation of Locke, okay.  
5 MShift will do that. However, now the IP cannot,  
6 create any revenue for American CryptoFed, like  
7 what I explained before -- because as I  
8 explained, American CryptoFed will never have any  
9 revenue from GAAP perspective. As such,  
10 according to FASB definition, this IP license are  
11 not asset.

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p. 753. Similar error in court reporter transcription. The transcription is missing two words. Lines 16-17, as edited should read, "you **do NOT** have liability." This is emphasized by Mr. Moeller's direct reading of Section 4.8 of the American CryptoFed Constitution (Division

Exhibit 1A), entitled "Waiver" (page 753, lines 21-25, all of page 754, p. 755, lines 1-14) at Mr. Zhou's request.

13 Scott, can you go to section 4.8 page  
14 four to five. I want -- I want everybody on the  
15 same page because this important. This is  
16 important question. In the future you do not,  
17 have liability.

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Page 764, Mr. Zhou testifies to the creation and use of money using the American CryptoFed blockchain, after quoting John Locke (Exhibit 264), about the creation and use of money by mutual consent, not mutual concept.

4 MR. ZHOU: Okay. Let me explain a  
5 little bit about this.  
6 Money by mutual consent, that's a  
7 Blockchain. We learn from John and the People, not by  
8 coercion, as centralized the federal reserve or  
9 any central bank or any nation, they take out the  
10 money. They believe have -- they believe benefit  
11 from them. So, we set up this -- what - this  
12 constitution for us and we make the clear, there  
13 are no inflation. That's the -- they say -- okay.  
14 That comes in use of the money, some lasting  
15 thing that man might keep without spoiling.  
16 That's zero inflation. No inflation.  
17 And the last one is, Would take in  
18 exchange for the truly usable, but perishable  
19 supports of life. That's to purchase goods and  
20 services. You must have merchant in the  
21 communities. You must have utility -- utility to  
22 do this. So, this is describess money. What -  
23 exactly what we have we design. And also, it  
24 also design how we govern that decentralized.

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page 782, lines 1-3, material error in the transcript shown in a direct citation of the American CryptoFed Constitution (Div Ex 1A, Section 13.1, entitled, Open Market Operations.

1 Target Equilibrium Exchange Rate between Ducat and  
2 U.S. dollar is maintained and only fluctuates  
3 within the two percent variation range.

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Page 794, Mr. Moeller reads into the transcript directly from Exhibit 280. Exhibit 280 is a publication by the GnosisDAO. Multiple errors are in this section of the transcript which have a material effect in the context. Respondent theorizes that these errors may potentially have occurred due to the Reporter's unfamiliarity with blockchain structures, purpose and vocabulary; however these errors below have materially changed the meaning in the record for Respondent's testimony on exhibit 280. Lines 1-25 of the transcript are shown for the context.

1 MR. MOELLER: Okay. Introducing  
2 SafeSnap: The first in a decentralized  
3 governance tool suite for the Gnosis Safe.  
4 Combining the Gnosis Safe with decentralized  
5 governance platform SnapShot, SafeSnap enables  
6 decentralized execution of crypto governance  
7 proposals through on-chain execution of off-chain  
8 votes.  
9 MR. ZHOU: Go to the next paragraph  
10 too.  
11 MR. MOELLER: While decentralized  
12 finance on Ethereum has occupied the forefront  
13 of conversations, its rise has also precipitated  
14 a tremendous increase in decentralized  
15 governance. Over the past year three strong  
16 trends in decentralized governance emerged in the  
17 Ethereum ecosystem.  
18 MR. ZHOU: Just read number one. That's  
19 good enough.  
20 MR. MOELLER: Number one, Progressive  
21 Decentralization. Centralized teams ceding  
22 control of their creations to their community  
23 user base / token holders.  
24 MR. ZHOU: Thank you, Scott. Hold on  
25 this.

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page 795, shows a material error in line 5. Lines 1-11 are shown for context.

1 Your Honor, we already discuss how we  
2 set the constitutions and how it start from  
3 MShift and how we are going to delegate and give  
4 all our powers, our right, to the token holders.  
5 And then, we need real processes easily controlled by  
6 the token holders. And -- so that we have a  
7 process to help the delivery of the newborn  
8 American CryptoFed in -- towards the  
9 decentralized way. So -- and -- and eventually  
10 we will completely remove MShift from any  
11 control.

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page 796, Mr. Zhou describes a flow chart in Respondent's Exhibit 280, citing the specific words of the exhibit. Lines 1-24 are shown for context.

(By Mr. Zhou)

4 You can see somewhere in the software  
5 called Reality.ETH -- dot ETH. This software is  
6 really used -- even used by Tokyo -- Tokyo --  
7 Tokyo Stock Exchange. I haven't fully explored  
8 how Tokyo Stock Exchange use it, but they -- they  
9 said they are using it, okay. That I'm still  
10 doing feasibility study.  
11 So, we have a DAO module and they say,  
12 Hey, it's -- this voting approved or not. And  
13 someone need to approve this, say yes or no.  
14 Like, the voters someone will say, Hey, it's vote  
15 yes. If someone challenge it, No. No. No, you  
16 are wrong, the voting haven't approved, you need  
17 to post double down. And another one saying,  
18 Hey, you said wrong, another people will put  
19 double bond -- double down to correct -- to  
20 correct the results. So, this is crowdsourced  
21 to confirm something is wrong or not using  
22 economic escalation game to make sure everything  
23 is correct. The voting is voting, but without  
24 centralized control.

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page 799, material error is evident while citing Respondent's Exhibit 263, which is the SEC's public facing [www.investor.gov](http://www.investor.gov) description of Ponzi schemes. The second bullet point for Ponzi scheme "red flags" is **Overly consistent returns**.

Page 799, lines 6-13 are cited for context:

6 So, Scott, can you scroll down a bit.  
7 Scroll down a bit to red flags all about this.  
8 Okay. And -- and we do have a risk.  
9 And we do not have overly consistent returns  
10 because, you know, with the floating exchange  
11 rate and the consumer, they all look at the  
12 floating exchange rate and we come to register  
13 it, okay.

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Page 806, material error in line 13, lines 11-14 are shown for context.

11 Like we describe in our Form S-1, Form 10, we  
12 will continue to file additional information  
13 gradually. We did that and the SEC stopped us.  
14 So, we'll continue to file to make it attractive.

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Page 849, line 6

Inadvertent, error in transcription, when Mr. Carney questions Mr. Zhou in reference to Locke (not Block). Lines 4-7 are shown for reference.

Question by Mr. Carney.

4 Q So, let me just just try and understand  
5 this. There will be a Stablecoin reserve that  
6 will be used to buy back Locke, right?  
7 A Correct. That's in constitution.

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