



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
STATION PLACE  
100 F STREET, NE  
WASHINGTON, DC 20549-2465

Office of FOIA Services

March 13, 2025

Ms. Eva Laverty-Wilson  
History Associates Incorporated (HAI)  
300 North Stonestreet Avenue  
Rockville, MD 20850-1655

Re: Freedom of Information Act (FOIA), 5 U.S.C. § 552  
Request No. **23-03117-FOIA**

Dear Ms. Laverty-Wilson:

This letter is our final response to your request, dated and received in this office on August 8, 2023. Each subject in your request was assigned a separate FOIA tracking number as noted below:

REQUEST NUMBER	SUBJECT
23-03115-FOIA	Beaxy Digital, Ltd.
23-03116-FOIA	Binance, US
<b>23-03117-FOIA</b>	<b>Bittrex, Inc., and Bittrex Global GmbH</b>
23-03118-FOIA	Block.one
23-03119-FOIA	Coinbase Global, Inc. and Coinbase, Inc.
23-03120-FOIA	Enigma MPC
23-03121-FOIA	FTX Trading Ltd, Alameda Research LLC, Samuel Bankman-Fried, Nishad Singh, Caroline Ellison, and Zixiao "Gary" Wang
23-03122-FOIA	Genesis Global Capital, LLC and Gemini Trust Company, LLC
23-03123-FOIA	Ishan Wahi
23-03124-FOIA	LBRY, Inc.
23-03125-FOIA	Payward Ventures, Inc. (D/B/A Kraken)
23-03126-FOIA	Ripple Labs, Inc.
23-03127-FOIA	Voyager Digital Holdings, Inc.
23-03128-FOIA	Zachary Coburn

This letter only responds to FOIA Request Number **23-03117-FOIA**.

By letter dated November 8, 2023, we informed you that we identified approximately 64.9 gigabytes of electronically maintained records (equivalent to approximately 519 boxes of records or 1,298,000 pages of records) that may be responsive to your request. Since the records were voluminous, we informed you that your request qualified for placement in our Complex



track for processing at a later date. We also offered you the opportunity to narrow the scope of your request to possibly avoid placement in our Complex track.

Following several email exchanges with this office from December 2023 thru April 2024, regarding ways in which the scope of your request could be narrowed, you ultimately agreed to exclude exhibits where the company submitted a request for confidential treatment and limit the scope of your request to transcripts using the search term "committee".

We have completed our review of the records and our consultations with the confidential treatment submitters. The enclosed 1,486 pages of records are being released to you with the exception of third-party and staff names, job titles, telephone numbers, confidential commercial or financial information, and other personal information. This information is being withheld under 5 U.S.C. § 552(b)(4), (6) and (7)(C), for the following reasons.

Under Exemption 4 certain information is being withheld since it constitutes confidential commercial or financial information.

Under Exemption 6, the release of certain information would constitute a clearly unwarranted invasion of personal privacy. Under Exemption 7(C), the release of certain information could reasonably be expected to constitute an unwarranted invasion of personal privacy. Further, public identification of Commission staff could conceivably subject them to harassment in the conduct of their official duties and in their private lives.

Please be advised that we have considered the foreseeable harm standard in preparing this response.

I am the deciding official with regard to this adverse determination. You have the right to appeal my decision to the SEC's General Counsel under 5 U.S.C. § 552(a)(6), 17 CFR § 200.80(f)(1). The appeal must be received within ninety (90) calendar days of the date of this adverse decision. Your appeal must be in writing, clearly marked "Freedom of Information Act Appeal," and should identify the requested records. The appeal may include facts and authorities you consider appropriate.

Ms. Eva Laverty-Wilson  
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23-03117-FOIA

You may file your appeal by completing the online Appeal form located at [https://www.sec.gov/forms/request\\_appeal](https://www.sec.gov/forms/request_appeal), or mail your appeal to the Office of FOIA Services of the Securities and Exchange Commission located at Station Place, 100 F Street NE, Mail Stop 2465, Washington, D.C. 20549, or deliver it to Room 1120 at that address.

If you have any questions, please contact Ronnye L. Hall of my staff at [hallr@sec.gov](mailto:hallr@sec.gov) or (202) 551-8353. You may also contact me at [foiapa@sec.gov](mailto:foiapa@sec.gov) or (202) 551-7900. You may also contact the SEC's FOIA Public Service Center at [foiapa@sec.gov](mailto:foiapa@sec.gov) or (202) 551-7900. For more information about the FOIA Public Service Center and other options available to you please see the attached addendum.

Sincerely,

A handwritten signature in cursive script that reads "Carrie Hyde-Michaels".

Carrie Hyde-Michaels  
FOIA Branch Chief

Enclosures

## ADDENDUM

For further assistance you can contact a SEC FOIA Public Liaison by calling (202) 551-7900 or visiting <https://www.sec.gov/oso/help/foia-contact.html>.

SEC FOIA Public Liaisons are supervisory staff within the Office of FOIA Services. They can assist FOIA requesters with general questions or concerns about the SEC's FOIA process or about the processing of their specific request.

In addition, you may also contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA dispute resolution services it offers. OGIS can be reached at 1-877-684-6448 or via e-mail at [ogis@nara.gov](mailto:ogis@nara.gov). Information concerning services offered by OGIS can be found at their website at [Archives.gov](https://www.archives.gov). Note that contacting the FOIA Public Liaison or OGIS does not stop the 90-day appeal clock and is not a substitute for filing an administrative appeal.

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )

4 ) File No. NY-09624-A

5 INITIAL COIN OFFERINGS )

6  
7 WITNESS: (b)(6); (b)(7)(C)

8 PAGES: 1 through 214

9 PLACE: Securities and Exchange Commission

10 200 Vesey Street

11 Brookfield Place, Suite 400

12 New York, New York 10281

13 DATE: Wednesday, October 30, 2019

14  
15 The above entitled matter came on for hearing,  
16 pursuant to notice, at 10:22 a.m.

17  
18  
19  
20  
21  
22  
23  
24 Diversified Reporting Services, Inc.

25 (202) 467-9200

## 1 APPEARANCES:

2  
3 On behalf of the Securities and Exchange Commission:4 (b)(6); (b)(7)(C)  
5  
6  
7  
8

9 Securities and Exchange Commission

10 200 Vesey Street, Suite 400

11 New York, New York 10281

12 (b)(6); (b)(7)(C)

13 (b)(6);  
(b)(7)(C) @sec.gov  
14

15 On behalf of the Witness:

16 WILLIAM J. MARTIN, ESQ.

17 ANDREW J. GEIST, ESQ.

18 DAVID Z. COHEN, ESQ.

19 LAUREL RIMON, ESQ.

20 O'Melveny &amp; Myers LLP

21 Times Square Tower

22 7 Times Square

23 New York, New York 10036

24 (212) 728-5942

25 wmartin@omm.com

## C O N T E N T S

## WITNESS:

## EXAMINATION

(b)(6); (b)(7)(C)

13

## EXHIBITS:

## DESCRIPTION

## IDENTIFIED

1

Form 1662

7

2

Subpoena

9

3

BRESI001662

84

4

Email chain concerning V

chain legal review

112

5

Email chain between

(b)(6); (b)(7)(C)

Bill Shihara

and (b)(6); (b)(7)(C)

120

6

Listing application

filled out by

decentraland

147

7

Email chain between

(b)(6);  
(b)(7)(C)

@megafundaco.com,

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

@vchain.com

161

## C O N T E N T S (CONT.)

EXHIBITS:	DESCRIPTION	IDENTIFIED
8	Email chain between (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) copying other people	165
9	Check list for potential listing of a coin	170
10	New client listing check list similar to Exhibit 9	176
11	Discussion	179
12	Email chain between (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) copying others	194
13	Email chain between (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) Bill Shihara and (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) subject Line Pantera coin investments	200

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

(b)(6); (b)(7)(C) We are on the  
record at 10:22 a.m. on Wednesday,  
October 30th.

(b)(6); (b)(7)(C) do you consist to  
being placed under oath?

(b)(6); (b)(7)(C) Yes.

(b)(6); (b)(7)(C) Please raise  
your right hand. Do you swear and  
affirm that the testify you're about to  
give will be the truth, the whole truth  
and nothing but the truth?

(b)(6); (b)(7)(C) Yes.

Whereupon,

(b)(6); (b)(7)(C)  
was called as a witness and, having been  
first duly sworn, was examined and  
testified as follows:

(b)(6); (b)(7)(C) Can you please  
state and spell your full name for the  
record?

THE WITNESS: First name,

(b)(6); (b)(7)(C) last name, (b)(6);  
(b)(7)(C)

(b)(6);

(b)(6); (b)(7)(C) Are you known by



1 any other names?

2 THE WITNESS: No.

3 (b)(6); (b)(7)(C) My name is

4 (b)(6); (b)(7)(C) I'm an attorney with

5 the Division of Enforcement of the  
6 United States Securities and Exchange  
7 Commission.

8 I'm an officer of commission  
9 for purposes of this proceeding. With  
10 me are my colleagues, (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) and by video teleconference,

12 (b)(6); (b)(7)(C) and joining us shortly will

13 be (b)(6); (b)(7)(C) All of whom are also  
14 officers of the commission for purposes  
15 of this proceeding.

16 This is an investigation by  
17 the U.S. Securities Commission in the  
18 matter of Initial Coin Offerings NY-9624  
19 to determine whether there have been  
20 violations of the federal securities  
21 laws. However, the facts developed in  
22 this investigation may constitute  
23 violations of other federal, state,  
24 civil or criminal laws.

25 Prior to opening the record I

1 provide you with a copy of the formal  
2 order of investigation. It will be  
3 available for your examination during  
4 the course of the proceeding. Have you  
5 had an opportunity to review the formal  
6 order?

7 THE WITNESS: Is that this one  
8 (indicating)?

9 (b)(6); (b)(7)(C) Yes.

10 THE WITNESS: Yes.

11 (b)(6); (b)(7)(C) Prior to opening  
12 of the record I provided you with a copy  
13 of form 1662, which is the Commission's  
14 supplemental information form. A copy  
15 of that form has been marked as Exhibit  
16 1. Have you had an opportunity to  
17 review Exhibit Number 1?

18 THE WITNESS: That's this one  
19 (indicating)?

20 (b)(6); (b)(7)(C) Yes.

21 (SEC Exhibit No. 1  
22 was marked for  
23 identification.)

24 (b)(6); (b)(7)(C) Now, a copy has  
25 been marked as Exhibit 1. Do you have a

1 questions about Exhibit 1.

2 THE WITNESS: No.

3 (b)(6); (b)(7)(C) Are you  
4 represented by counsel today?

5 THE WITNESS: Yes.

6 (b)(6); (b)(7)(C) Counsel, could  
7 you please identify yourself for the  
8 record and for what law firm you work?

9 MR. MARTIN: William Martin  
10 from O'Melveny & Myers LLP.

11 MR. GEIST: Andrew Geist from  
12 O'Melveny & Myers.

13 MR. COHEN: David Cohen,  
14 O'Melveny & Myers.

15 MS. RIMON: Laurel Rimon from  
16 O'Melveny & Myers.

17 (b)(6); (b)(7)(C) Counsel, do you  
18 represent any other entity or individual  
19 in connection with this investigation?

20 MR. MARTIN: Yes. We  
21 represent BITTREX and we also represent

22 (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C) as you  
24 may be aware, multiple representation of  
25 witnesses by counsel presents a

1 potential conflict of interest and the  
2 form 1662 states that the commission  
3 will assume that the witness and counsel  
4 have discussed and resolved all issues  
5 concerning possible conflicts of  
6 interest.

7 MR. MARTIN: Yes.

8 (SEC Exhibit No. 2

9 was marked for

10 identification.)

11 (b)(6); (b)(7)(C)

So we're marking

12 a copy of a subpoena to you dated August  
13 9, 2019 as Exhibit 2. This copy of the  
14 subpoena has been marked as Exhibit  
15 Number 2. Is this a copy of the  
16 subpoena pursuant to which you are  
17 appearing here today?

18 THE WITNESS: Yes.

19 (b)(6); (b)(7)(C)

Before we get

20 started I just want to go over a few  
21 ground rules about how this testimony  
22 should proceed. The court reporter  
23 takes down everything we say, but she  
24 can't -- he can't record gestures such  
25 as nodding your head. So please make

1 your responses verbally in a clear voice  
2 loud enough to be heard. Again, the  
3 court reporter will be taking down  
4 everything we say. So please understand  
5 that any conversations of substance  
6 about this investigation that we may  
7 have off the record will be summarized  
8 for the reporter once we're back on the  
9 record.

10 The Commission controls the  
11 record. Therefore, if you need to take  
12 break please ask me. The court reporter  
13 will only go over the record at my  
14 question. Our usual policy is to wait  
15 until after any pending questions are  
16 answered as well as any follow-up  
17 questions. That being said, if you have  
18 any concerns relating to privilege  
19 please let me know that and you can  
20 consult with your counsel immediately on  
21 those sort of issues. Okay?

22 THE WITNESS: M-hmm.

23 (b)(6); (b)(7)(C) If you don't  
24 understand a question please let me  
25 know. I will be able to clarify or

1 rephrase it for you. Other wise it will  
2 be assumed that you fully understood the  
3 question as posed to you. Do you  
4 understand that?

5 THE WITNESS: Yes.

6 (b)(6); (b)(7)(C) Also, if you  
7 remember something that you should have  
8 said earlier please let me know so that  
9 you can clarify or add to your previous  
10 answer.

11 Do you understand that you are  
12 under oath and that it is a federal  
13 crime to lie during the course of the  
14 proceeding?

15 THE WITNESS: Yes.

16 (b)(6); (b)(7)(C) That is a  
17 question that we ask everyone that we  
18 speak with: Is there anything that  
19 would present you from answering  
20 accurately and truthfully today?

21 THE WITNESS: No.

22 (b)(6); (b)(7)(C) Do you have any  
23 medical or mental condition that would  
24 impair your ability to answer accurately  
25 and truthfully today?



1 THE WITNESS: No.

2 (b)(6); (b)(7)(C) Are you on any  
3 medications or did you take any  
4 medications this morning that might  
5 impair your ability to answer questions  
6 accurately and truthfully today?

7 THE WITNESS: No.

8 (b)(6); (b)(7)(C) Have you spoken  
9 with anyone other than your counsel  
10 regarding this investigation?

11 THE WITNESS: No.

12 (b)(6); (b)(7)(C) Have you spoken  
13 with anyone other than your counsel  
14 regarding your testimony today?

15 THE WITNESS: No.

16 (b)(6); (b)(7)(C) Do you know  
17 anyone else who has been interviewed or  
18 will give testimony in this  
19 investigation?

20 THE WITNESS: Yes.

21 (b)(6); (b)(7)(C) How did you  
22 learn this?

23 THE WITNESS: Just through I  
24 guess, word of mouth.

25 MR. GEIST: Because there's

1 multiple representations we had to

2 discuss with him the fact that (b)(6);

3 (b)(6); (b)(7)(C) has been asked to testify.

4 (b)(6); (b)(7)(C) So you learned  
5 through discussions with your counsel?

6 THE WITNESS: Yes.

7 (b)(6); (b)(7)(C) So now we're  
8 just -- I want to go through a little  
9 bit of your background.

10 EXAMINATION

11 BY (b)(6); (b)(7)(C)

12 Q Could you tell us your  
13 education starting with college and any  
14 degrees received?

15 (b)(6); (b)(7)(C)  
16  
17

18 Q When did you graduate?

19 A In (b)(6);  
(b)(7)(C)

20 Q Any other education?

21 A Sorry. Yeah. That's correct.

22 No.

23 Q Can you tell us your  
24 professional history after college  
25 leading up to the present?



1           A     My first job out of the  
2 college was working at a place called

3 (b)(6); (b)(7)(C)

4           Q     Where was that?

5           A     That was in (b)(6); (b)(7)(C) as well.

6           Q     What was your job there?

7           A     Would be (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C)

9           Q     Okay.

10          A     And my job after that was

11 (b)(6); (b)(7)(C) as

12 well and also as a (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C) My next job was

14 (b)(6); (b)(7)(C) at a company called

15 (b)(6); (b)(7)(C) also as a (b)(6); (b)(7)(C)

16 My next job after that was at -- sorry,

17 (b)(6); (b)(7)(C) all one word. That was

18 also in (b)(6); (b)(7)(C) Role there

19 was a (b)(6); (b)(7)(C) My next job

20 was also in (b)(6); (b)(7)(C) The

21 company was called (b)(6); (b)(7)(C) as a

22 (b)(6); (b)(7)(C). My next job after

23 that was at (b)(6); (b)(7)(C)

24 (b)(6); (b)(7)(C) as a (b)(6); (b)(7)(C)

25 My next job after that was at (b)(6); (b)(7)(C)

1 (b)(6); (b)(7)(C) as a (b)(6); (b)(7)(C)

2 (b)(6); (b)(7)(C) My current job is at BITTREX  
3 in (b)(6); (b)(7)(C). My title there  
4 is (b)(6); (b)(7)(C)

5 Q Do you hold any securities  
6 licenses?

7 A (b)(6); (b)(7)(C)

8 Q Any other professional  
9 licenses?

10 A (b)(6);  
(b)(7)(C)

11 Q Prior to joining BITTREX did  
12 you have any prior experience with  
13 digital assets or blockchain?

14 A Prior to joining BITTREX full  
15 time I had worked with BITTREX part  
16 time.

17 Q I want to get into that too,  
18 but before we get into that, so prior to  
19 joining BITTREX either full time or part  
20 time had you had any prior experience  
21 with digital assets or blockchain?

22 A Not professional.

23 Q So personally you were  
24 interested in it?

25 A Yes. I had done some

1 consulting work not associated with  
2 BITTREX, but that's about it.

3 Q Is the consulting work --  
4 that's -- was that for any of the  
5 companies that you described to you us  
6 before or is this something separate?

7 A Something separate.

8 Q So who did you consult for?

9 A (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C)

11 Q What kind of company was

12 (b)(6); (b)(7)(C)

13 A (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C)

15 Q What work did you do for them?

16 (b)(6); (b)(7)(C)

17  
18 Q When was this that you worked  
19 for them?

20 A This would have been in (b)(6);  
(b)(7)(C)

21 Q For approximately how long?

22 A (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C) Hi, this is

24 (b)(6); (b)(7)(C) If you hadn't worked in

25 blockchain technology prior to this how

1 were you able to be a consultant in  
2 blockchain technology?

3 THE WITNESS: I had  
4 self-learned basically.

5 (b)(6); (b)(7)(C) Can you explain  
6 further?

7 THE WITNESS: I was interested  
8 in blockchain through personal interests  
9 and had looked at resources and source  
10 code online to develop my knowledge.

11 (b)(6); (b)(7)(C) Did you --

12 (b)(6); (b)(7)(C) How was (b)(6); (b)(7)(C)  
13 aware of you as a potential consultant?

14 THE WITNESS: I believe  
15 through just general conversations  
16 online in chat groups and online forums.

17 Q So did you market yourself as  
18 someone with knowledge about blockchain?

19 A I didn't -- I wouldn't say I  
20 marketed myself. I was just a -- I  
21 guess my knowledge was apparent through  
22 my conversations online.

23 Q Aside from (b)(6); (b)(7)(C) did you  
24 consult for any other entities or  
25 individuals related to blockchain or

1 digital assets?

2 A I did some individuals of some  
3 tokens.

4 Q Can you tell us what those  
5 were?

6 A One was called (b)(6); (b)(7)(C)

7 (b)(6); (b)(7)(C)

8  
9 Q When you say (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C)

11 are you referring to -- I guess, is this  
12 more on the technical side or --

13 A Yes, more on the technical  
14 side.

15 Q So could you give me an  
16 example of something you advised them on  
17 on the technical side?

18 (b)(6); (b)(7)(C)

19

20

21

22 Q So (b)(6); (b)(7)(C) and around when  
23 was this engagement?

24 A (b)(6); (b)(7)(C)

25 Q Any others?

1 A Another one was (b)(6); (b)(7)(C)

2 (b)(6); (b)(7)(C)

3

4

5

6 (b)(6); (b)(7)(C) When you say

7 (b)(6); (b)(7)(C) can you tell me more what

8 you mean? Was (b)(4); (b)(6); (b)(7)(C)

9 (b)(4); (b)(6); (b)(7)(C)

10

11

12 THE WITNESS: (b)(4); (b)(6); (b)(7)(C)

13 (b)(4); (b)(6); (b)(7)(C)

14

15

16

17

18

19 Q Can you spell that?

20 A (b)(6); (b)(7)(C)

21 (b)(6);  
(b)(7)(C)

22 Q Was this also in (b)(6);  
(b)(7)(C)

23 A Yes. That's all I can think

24 of.

25 Q So for each of these tokens

1 that you consulted on, is it sort of  
2 similar to (b)(6); (b)(7)(C) in that they found  
3 you through online forums or other  
4 places where you were discussing these  
5 topics?

6 A Correct.

7 Q Did you ever reach out to any  
8 of these companies seeking to consult?

9 A No.

10 Q Did any of these -- did any of  
11 these consulting engagements last beyond

12 (b)(6);  
(b)(7)(C)

13 A Not that I recall, no.

14 Q When you were doing these  
15 consulting engagements where were you --  
16 were you separately employed elsewhere?

17 A Yes, I was -- I had a  
18 full-time position elsewhere.

19 Q I know you went through your  
20 experience, but can you just remind us  
21 where you were working at that time?

22 (b)(6); (b)(7)(C)

23  
24 Q When did you -- when did you  
25 leave that company?



1           A     I -- I think I left (b)(6); (b)(7)(C)  
2           (b)(6); (b)(7)(C) at some  
3           time. No no. Yes, (b)(6); (b)(7)(C)  
4           (b)(6); (b)(7)(C) as I recall.

5           Q     Do you own any digital assets?

6           A     Yes.

7           Q     Which ones?

8           (b)(6); (b)(7)(C)  
9  
10  
11  
12

13          That's all I could think of at this  
14          stage.

15          (b)(6); (b)(7)(C) Do you think you  
16          own more or how many digital assets do  
17          you currently own?

18          THE WITNESS: I may own more,  
19          but not that I can think of.

20          (b)(6); (b)(7)(C) When did you  
21          first acquire the (b)(6); (b)(7)(C)

22          THE WITNESS: I first acquired  
23          (b)(6); (b)(7)(C)

24          (b)(6); (b)(7)(C) How did you  
25          acquire it? Did you mine it or did you



1 purchase it?

2 THE WITNESS: (b)(6); (b)(7)(C)

3 (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C) Do you still have

5 an account on (b)(6); (b)(7)(C)

6 THE WITNESS: Yes.

7 (b)(6); (b)(7)(C) Where is the

8 (b)(6); (b)(7)(C) currently held?

9 THE WITNESS: (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) On your computer?

12 THE WITNESS: (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C)

14  
15 (b)(6); (b)(7)(C) Have you ever

16 mined Bitcoin?

17 THE WITNESS: No, I haven't.

18 (b)(6); (b)(7)(C) You hesitated

19 there.

20 THE WITNESS: I have mined  
21 other currencies, which at times have  
22 paid out in Bitcoin.

23 (b)(6); (b)(7)(C) Can you just  
24 explain to us on the record how you came  
25 to mine those other currencies and

1 what's involved in that process?

2 THE WITNESS: Some currencies  
3 you can mine through computer software.  
4 This is through what is known as mining  
5 pools, which then some of these mining  
6 pools convert that digital asset to  
7 Bitcoin and you then receive Bitcoin.

8 (b)(6); (b)(7)(C) So did you  
9 participate in a mining pool or did you  
10 mine using your own equipment or both?

11 THE WITNESS: I have  
12 participated in mine pools. I have also  
13 used personal equipment to mine.

14 (b)(6); (b)(7)(C) Ethan --

15 A -- digital currencies.

16 (b)(6); (b)(7)(C) And have you  
17 used -- which digital currencies have  
18 you personally mined using your own  
19 equipment?

20 THE WITNESS: I mined various  
21 digital currencies since 2014.

22 (b)(6); (b)(7)(C) So as early as  
23 2014 and do you think that takes some  
24 sort of technical knowledge in order to  
25 do that?

1 THE WITNESS: Yes, I would say  
2 so. Some amount of technical knowledge.

3 (b)(6); (b)(7)(C) What technical  
4 knowledge does it take to do that?

5 THE WITNESS: You would need  
6 to know how to run mining software. You  
7 would need to understand blockchain. You  
8 would need to understand how to send  
9 digital currencies, yeah.

10 (b)(6); (b)(7)(C) Any other  
11 technical knowledge required to mine?

12 THE WITNESS: You may need to  
13 know how to compile software.

14 (b)(6); (b)(7)(C) So is it fair to  
15 say as of 2014 or -- 2014 you said you  
16 began mining -- you had all of this  
17 technical knowledge?

18 THE WITNESS: In 2014, yes, I  
19 had that technical knowledge.

20 (b)(6); (b)(7)(C) How did you gain  
21 that technical knowledge? Was that  
22 through any -- your past experience or  
23 was it -- you know, personal interest?

24 THE WITNESS: It was through  
25 personal interest and personal research.

1 (b)(6); (b)(7)(C) Did you do any of  
2 that in any of your prior employment?

3 THE WITNESS: No.

4 (b)(6); (b)(7)(C) Just to  
5 follow-up, what is required to send a  
6 digital currency?

7 THE WITNESS: So send a  
8 digital currency you would need a  
9 wallet, software to hold the digital  
10 currency and the wallet would need to  
11 have the capabilities of transferring  
12 the digital currency.

13 (b)(6); (b)(7)(C) Okay. And just  
14 for the record, what is a blockchain.

15 THE WITNESS: A blockchain is  
16 a distributed ledger that over time  
17 increases blocks through a peer-to-peer  
18 consensus mechanism.

19 (b)(6); (b)(7)(C) Do you code?

20 THE WITNESS: Yes.

21 (b)(6); (b)(7)(C) What coding  
22 experience do you have?

23 THE WITNESS: I have coding  
24 experience in a few languages.

25 (b)(6); (b)(7)(C) Which ones?

1 THE WITNESS: (b)(6); (b)(7)(C)

2 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

6 THE WITNESS: I have some

7 experience in (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C)

Where did you get  
all of this coding experience?

10 THE WITNESS: I had some

11 classes in high school, I had some

12 classes in university, I am also --

13 through personal learning online.

14 (b)(6); (b)(7)(C)

Then just going  
back to your digital assets, are you an  
active trader?

17 THE WITNESS: No.

18 (b)(6); (b)(7)(C)

So approximately  
19 how much in USD do you own in digital  
20 assets?

21 THE WITNESS: (b)(6); (b)(7)(C)

22 (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

24 THE WITNESS: Correct.

25 (b)(6); (b)(7)(C)

Are they hold at

1 any other exchanges or do you hold --

2 generally, where are you funds held?

3 THE WITNESS: (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C)

7 THE WITNESS: Correct.

8 (b)(6); (b)(7)(C) I think I asked

9 this previously: Do you actively trade

10 any of these?

11 THE WITNESS: No, I don't

12 actively trade.

13 Q Did you ever purchase tokens

14 in an Initial Coin Offering or ICO?

15 A Yes, I have purchased currency

16 in ICO.

17 Q In which ones?

18 (b)(6); (b)(7)(C)

19

20

21 (b)(6); (b)(7)(C)

That's all I can

22 think of at this stage.

23 Q Did you make any of these

24 purchases when you were employed either

25 part time or full time at BITTREX?



1 A I think so, yes.

2 Q Which ones?

3 A I believe (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C)

5 Q How much -- and if you don't  
6 recall, approximately of each did you  
7 purchase?

8 A (b)(6); (b)(7)(C)

9 (b)(6); (b)(7)(C)

10 For the others I don't recall. Are you  
11 talking about the ones which I purchased  
12 while I was at BITTREX?

13 Q Right. I think you said (b)(6);  
(b)(7)(C)

14 (b)(6); (b)(7)(C) What are the other  
15 two?

16 A (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C)

18 Q Approximation?

19 A (b)(6); (b)(7)(C)

20 (b)(6); (b)(7)(C)

21 Q Total?

22 A (b)(6); (b)(7)(C)

23 Q (b)(6);  
(b)(7)(C) Okay. Prior to

24 purchasing these did you have to check  
25 with anyone at BITTREX or go through any

1 kind of procedure?

2 A No.

3 Q Do you still hold these  
4 tokens?

5 A I still hold (b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C) -- sorry. I need to  
7 clarify. I didn't remember these ones at  
8 the time. That's it.

9 Q Were you ever given or air  
10 dropped any tokens?

11 A What do you mean by given  
12 tokens?

13 Q Did anyone ever send you any  
14 tokens?

15 MR. GEIST: As opposed to  
16 purchased?

17 (b)(6); (b)(7)(C) Right.

18 A I mean people have sent me  
19 tokens. I wouldn't say they gave them  
20 to me.

21 Q In what context did they send  
22 you tokens?

23 A Through general transfers,  
24 nothing beyond -- just through general  
25 transferring of funds.



1 Q Why did they send -- I  
2 guess -- let's take a step back. Who  
3 are you referring to? Who sent you?

4 A Just friends through sometimes  
5 through testing of funds.

6 Q What would be the reason why  
7 they would be sending you tokens?

8 A Just through general  
9 transfers. Nothing specific like --  
10 nothing specific I'd say.

11 Q So if --

12 (b)(6); (b)(7)(C) Is this as  
13 compensation or as a trade for some  
14 thing?

15 THE WITNESS: Sometimes  
16 through -- I would say through  
17 compensation of work through prior  
18 mentioned consulting work. Sometimes  
19 these were paid as usually Bitcoin.

20 Q Just circling back to that I  
21 think one thing we didn't ask is how you  
22 were compensated for your consulting  
23 work that you described?

24 A (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

Q Did you negotiate the compensation before you did the work?

A Yes.

(b)(6); (b)(7)(C)

So I just want to go back to your digital assets holdings that you told us about. Other than the ones that you received in connection with consulting work how did it happen that you purchased these tokens and why did you purchase them?

A I purchased them through exchanges for personal interest and investment reasons.

(b)(6); (b)(7)(C)

Can you elaborate a little more?

THE WITNESS: Through for investment reasons you may purchase a digital asset in the hope that it would be worth more or in the future or I may have a personal interest in a particular blockchain technology and purchased a token to explore it further.

(b)(6); (b)(7)(C)

Which assets did you purchase for investment?

1 THE WITNESS: I purchased  
2 (b)(6); (b)(7)(C) for investment, I purchased some  
3 (b)(6); (b)(7)(C) for I guess personal interest. I  
4 don't think that I would say I purchased  
5 others for long-term investment.

6 (b)(6); (b)(7)(C) Did you purchase  
7 any for sort-term investment?

8 THE WITNESS: Generally most  
9 of them would be kind of considered to  
10 have some value. So I would have  
11 purchased them for some investment  
12 purpose that they would have value in.

13 (b)(6); (b)(7)(C) Since 2013 have  
14 you profited off your purchases of  
15 digital assets?

16 THE WITNESS: Yes.  
17 (b)(6); (b)(7)(C) Could you  
18 approximate those profits in USD.

19 THE WITNESS: (b)(6); (b)(7)(C)  
20 (b)(6); (b)(7)(C)  
21 (b)(6); (b)(7)(C) So you've made  
22 approximately (b)(6); (b)(7)(C) in profits  
23 through the purchase of digital assets  
24 since 2013?

25 THE WITNESS: Yes, based on my

1 previously stated figure of owning

2 (b)(6); (b)(7)(C)

3 (b)(6); (b)(7)(C)

Well, that I

4 thought you said the current value of

5 your digital assets is (b)(6); (b)(7)(C) ?

6 THE WITNESS: Correct.

7 (b)(6); (b)(7)(C)

And so that's

8 different from the profits that you've

9 received over time from -- you know,

10 purchases and sales. Is that net, net

11 profits?

12 THE WITNESS: No, I would say

13 my total ownership is approximately (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C)

17 Q So you invested approximately

18 (b)(6); (b)(7)(C)

of your own money?

19 A

(b)(6); (b)(7)(C)

20 (b)(6); (b)(7)(C)

I wouldn't be able to

21 get an exact figure.

22 MR. MARTIN: Are you asking

23 how much he has sold and realized that

24 gains?

25 (b)(6); (b)(7)(C)

That's was my

1 next question.

2 MR. MARTIN: (b)(6); (b)(7)(C) do you  
3 know what realized gains are?

4 THE WITNESS: Not exactly.

5 (b)(6); (b)(7)(C) Can you ballpark  
6 it or how -- where would you go to look  
7 to find that information?

8 THE WITNESS: What do you mean  
9 by realized gains?

10 (b)(6); (b)(7)(C) Have you sold the  
11 coins for a higher price and received  
12 profits on any exchange, have you sold  
13 them for other virtual currencies or  
14 have you sold them for FIAT?

15 THE WITNESS: (b)(6); (b)(7)(C)

16 (b)(6); (b)(7)(C)

17  
18  
19 (b)(6); (b)(7)(C) So most of the  
20 appreciation that you've received is

21 (b)(6); (b)(7)(C)

22  
23 THE WITNESS: Yes, that's  
24 correct.

25 (b)(6); (b)(7)(C) So what

1 percentage of your portfolio consists of

2 (b)(6); (b)(7)(C) just approximately?

3 THE WITNESS: (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C) Okay.

6 (b)(6); (b)(7)(C) What is (b)(6); (b)(7)(C)

7 THE WITNESS: (b)(6); (b)(7)(C) is an

8 Ethereum token, which the primary

9 purpose is a token for prediction

10 markets.

11 (b)(6); (b)(7)(C) Do you recall when

12 you purchased (b)(6); (b)(7)(C)

13 THE WITNESS: I believe from

14 my recollection it was approximately

15 (b)(6); (b)(7)(C)

16 (b)(6); (b)(7)(C) Have you ever used

17 the (b)(6); (b)(7)(C) token on the native platform.

18 THE WITNESS: I used the token

19 to claim governments rights.

20 (b)(6); (b)(7)(C) What do you mean

21 by that?

22 THE WITNESS: It allows --

23 well, by showing your -- well, by doing

24 the process of using a smart contract to

25 show your holdings you are able to in



1 future vote on the direction of the  
2 token.

3 (b)(6); (b)(7)(C) Have you used the  
4 (b)(6); (b)(7)(C) token for any other purpose?

5 THE WITNESS: Not that I can  
6 recall.

7 (b)(6); (b)(7)(C) Were you involved  
8 in the decision to list the (b)(6); (b)(7)(C) token  
9 on BITTREX.

10 THE WITNESS: Yes, I was.

11 (b)(6); (b)(7)(C) Have you sold any  
12 (b)(6); (b)(7)(C) tokens on BITTREX?

13 THE WITNESS: Not that I  
14 recall.

15 (b)(6); (b)(7)(C) What is (b)(6); (b)(7)(C)

16 (b)(6); (b)(7)(C)

17 THE WITNESS: (b)(6); (b)(7)(C)

18 (b)(6); (b)(7)(C)

19 (b)(6); (b)(7)(C) Do you recall when  
20 you first purchased (b)(6); (b)(7)(C) tokens?

21 THE WITNESS: I don't exactly  
22 recall, no.

23 (b)(6); (b)(7)(C) Was it during the  
24 (b)(6); (b)(7)(C) ICO?

25 THE WITNESS: Yes.

1 (b)(6); (b)(7)(C) Have you ever used  
2 the (b)(6); (b)(7)(C)  
3 platform?

4 THE WITNESS: Not to my -- no,  
5 I don't believe so.

6 (b)(6); (b)(7)(C) Were you involved  
7 in the decision to list (b)(6); (b)(7)(C) on  
8 BITTREX?

9 THE WITNESS: Yes, I was.

10 (b)(6); (b)(7)(C) Have you told any  
11 (b)(6); (b)(7)(C) tokens on BITTREX?

12 THE WITNESS: Yes, I believe I  
13 have.

14 (b)(6); (b)(7)(C) Do you recall how  
15 much?

16 THE WITNESS: No, I don't  
17 recall how much.

18 (b)(6); (b)(7)(C) What is (b)(6);  
(b)(7)(C)

19 THE WITNESS: (b)(6);  
(b)(7)(C) is a  
20 blockchain specializing in internet of  
21 things application.

22 (b)(6); (b)(7)(C) Do you recall when  
23 you purchased (b)(6);  
(b)(7)(C)

24 A I believe I purchased (b)(6);  
(b)(7)(C)  
25 at -- in late 2015 during the ICO.



1 (b)(6); (b)(7)(C) Have you ever used

2 (b)(6);  
(b)(7)(C)

3 THE WITNESS: I have

4 transferred (b)(6);  
(b)(7)(C)

5 (b)(6); (b)(7)(C) What do you mean  
6 by that?

7 THE WITNESS: I have sent and

8 received (b)(6);  
(b)(7)(C)

9 (b)(6); (b)(7)(C) Has (b)(6);  
(b)(7)(C) developed  
10 a blockchain of things?

11 THE WITNESS: (b)(6);  
(b)(7)(C) has

12 developed a blockchain. I'm not sure

13 what you mean by "of things."

14 (b)(6); (b)(7)(C) Were you involved  
15 in the decision to list (b)(6);  
(b)(7)(C) on BITTREX?

16 THE WITNESS: (b)(6);  
(b)(7)(C) has not yet  
17 been listed an BITTREX.

18 (b)(6); (b)(7)(C) When you say "not  
19 yet" what do you mean by that?

20 THE WITNESS: (b)(6);  
(b)(7)(C) is not

21 currently available for exchange on

22 BITTREX.

23 (b)(6); (b)(7)(C) What is the (b)(6);  
(b)(7)(C)  
24 token?

25 THE WITNESS: I don't fully

1 recall what the use for (b)(6);  
(b)(7)(C) is.

2 (b)(6); (b)(7)(C) You purchased

3 (b)(6);  
(b)(7)(C) during the ICO; is that correct?

4 THE WITNESS: That is correct.

5 (b)(6); (b)(7)(C) Do you recall when  
6 that was?

7 THE WITNESS: It was sometime  
8 in 2017.

9 (b)(6); (b)(7)(C) Have you ever used  
10 the (b)(6);  
(b)(7)(C) token?

11 THE WITNESS: No.

12 (b)(6); (b)(7)(C) Were you involved  
13 in the decision to list (b)(6);  
(b)(7)(C) token on  
14 BITTREX?

15 THE WITNESS: Yes.

16 (b)(6); (b)(7)(C) Have you ever sold  
17 any (b)(6);  
(b)(7)(C) tokens on BITTREX?

18 THE WITNESS: No.

19 (b)(6); (b)(7)(C) Do you still have  
20 your (b)(6);  
(b)(7)(C) tokens?

21 THE WITNESS: No, I do not.

22 (b)(6); (b)(7)(C) Where are they?

23 THE WITNESS: I've sold my

24 (b)(6);  
(b)(7)(C) tokens on another exchange.

25 (b)(6); (b)(7)(C) Do you recall

1     which exchange?

2             THE WITNESS: (b)(6); (b)(7)(C)

3     (b)(6); (b)(7)(C)

4             (b)(6); (b)(7)(C)     for  
5     those tokens that you purchased for  
6     investment what information did you rely  
7     on that informed your investment  
8     decision?

9             THE WITNESS: I purchased -- I  
10    used the price at the time of purchase.  
11    I used the knowledge of the development  
12    community.

13            (b)(6); (b)(7)(C)     How did you  
14    assess the knowledge of the development  
15    community?

16            THE WITNESS: I looked at the  
17    open source development activity.

18            (b)(6); (b)(7)(C)     Did you look at  
19    GITHUB for a particular blockchain?

20            THE WITNESS: Yes.

21            (b)(6); (b)(7)(C)     What else did you  
22    look at?

23            THE WITNESS: I looked at  
24    online forms, I looked at online  
25    community interest, I looked at

1 developer presentations.

2 (b)(6); (b)(7)(C) You mean the  
3 token developer's preparation or a  
4 third-party developer's.

5 THE WITNESS: Usually the  
6 token develop presentations.

7 (b)(6); (b)(7)(C) Did you review  
8 Hawaii papers for certain tokens?

9 THE WITNESS: Yes.

10 (b)(6); (b)(7)(C) Any other  
11 information that you relied on when you  
12 made your decision to invest on certain  
13 tokens?

14 THE WITNESS: Not that I can  
15 think of.

16 (b)(6); (b)(7)(C) When you say you  
17 looked at the price was there a specific  
18 dollar threshold or something? What do  
19 you mean by when you looked at the  
20 price?

21 THE WITNESS: When I looked at  
22 the price I looked at the price at the  
23 time. It may be the price of the token  
24 offering in the case of an ICO. It may  
25 be with the example for (b)(6); (b)(7)(C) the

1 historical price that it had been  
2 trading at.

3 (b)(6); (b)(7)(C) Did you also  
4 consider the number of tokens available?

5 THE WITNESS: Yes. I  
6 considered the, for example, with  
7 (b)(6); (b)(7)(C) the total supply that was  
8 possibly admissible and the current  
9 supply that was currently available.

10 Q Where do you hold your crypto  
11 accounts?

12 A What do you mean by crypto  
13 accounts?

14 Q Any accounts, for example, on  
15 any platform?

16 A (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C)

18

19

20

21

22

23

24 Q Any accounts?

25 A I have accounts on other

1 exchanges, yes.

2 Q Which ones?

3 A (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C)

5

6

7

8

9

10 Q Which are those?

11 A (b)(6); (b)(7)(C)

12 (b)(6); (b)(7)(C)

13

14

15

16

17

18

19

20

21

22 (b)(6); (b)(7)(C) That's all I can think of off  
23 the top of my head.

24 (b)(6); (b)(7)(C) And why did you

25 open all of those accounts?

1 THE WITNESS: I opened them  
2 for reasons of personal interest or  
3 trading.

4 (b)(6); (b)(7)(C) When you say  
5 "personal interest" can you just explain  
6 what that means?

7 THE WITNESS: Sometimes I  
8 would open an account to explore an  
9 exchange to see if they were worth  
10 using.

11 (b)(6); (b)(7)(C) And did you do  
12 that while you were working at BITTREX.

13 THE WITNESS: I had opened  
14 some accounts while working at BITTREX,  
15 yes.

16 (b)(6); (b)(7)(C) Was the purpose  
17 to just see how the exchange worked  
18 and --

19 THE WITNESS: It was either to  
20 see how they worked or to trade.

21 (b)(6); (b)(7)(C) We're off the  
22 record at 11:26 a.m.

23 (A brief recess was taken.)

24 (b)(6); (b)(7)(C) We are on the  
25 record at 11:43 a.m.



1 (b)(6); (b)(7)(C) during the break did  
2 you have any substantive conversations  
3 with the Commission staff about this  
4 investigation?

5 THE WITNESS: No.

6 Q When did you first become  
7 employed by BITTREX?

8 A I first had some consulting  
9 engagements with BITTREX in 2014.

10 Q Can you tell us what those  
11 consulting arrangements were?

12 A I was checking for security  
13 issues with tokens that they were  
14 considering listing.

15 Q What do you mean by "security  
16 issues?"

17 A I would check the code to see  
18 if there were any potential security  
19 issues such as hidden amounts of coins,  
20 back doors in the code, which may allow  
21 something like remote access. That's  
22 mostly it for security issues, yeah.

23 Q How did you get to become a  
24 consulting for BITTREX?

25 A BITTREX approached me to ask



1 if I could perform this task.

2 Q Who at BITTREX approached you?

3 A I believe it was Bill.

4 Q Had you met Bill -- sorry,  
5 when you say Bill who are you referring  
6 to?

7 A Bill Shihara.

8 Q Who's Bill Shihara?

9 A He's one of the founders of  
10 BITTREX.

11 Q Had you met Bill prior to this  
12 time?

13 A I had not met him, no.

14 Q Had you spoken to him?

15 A I had spoken to him online.

16 Q Where online?

17 A Through IRC channels.

18 Q Through what? I'm sorry.

19 A Internet Relay Chat, I-R-C.

20 Q What did you discuss with them  
21 on these channels?

22 A These were channels, which  
23 crypto people would meet and discuss  
24 general crypto currencies stuff.

25 Q Then when Mr. Shihara

1 approached you about consulting for  
2 BITTREX did he do so through one of  
3 these channels as well?

4 A Yes.

5 Q Did you discuss compensation  
6 for the consulting?

7 A Yes.

8 Q What was that?

9 A BITTREX paid me or a  
10 per-review process.

11 Q When you say "per review" what  
12 does that mean?

13 A They paid me for each token  
14 review.

15 Q How much did they pay you?

16 A (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C) I can't remember the exact  
18 figure.

19 Q How long were you in a  
20 consulting role for BITTREX?

21 A From some point in 2014 until  
22 some point in 2016.

23 Q Do you recall the names of any  
24 tokens that you consulted about?

25 A Yes, I did at least over 50 of

1     them.  So yeah, it would take a while to  
2     list them now.

3           Q     Got it.  Okay.  And then when  
4     were you -- when did you move from a  
5     consulting role to an employee at  
6     BITTREX?

7           A     I had a part-time role in  
8     October 2016.

9           Q     What was that role?

10          A     That role was -- not sure if  
11     it had an official title, but it was  
12     assisting in reviewing token  
13     applications and some other work such as  
14     reviewing what could be candidates for  
15     delisting.

16          Q     Was it Bill that asked you to  
17     come on as an employee?

18          A     Yes.

19          Q     When you say reviewing token  
20     applications what did that review  
21     consist of at that time?

22          A     At that time tokens would  
23     apply for potential listing on BITTREX  
24     through the support system.  I would  
25     then review the application, which would

1 be checking the code, the technical  
2 merits of the coin or token, doing a  
3 check on the developers of the coin,  
4 yeah.

5 Q Was anyone else at the company  
6 at that time also doing those job duties  
7 or was it just you?

8 A Bill was also doing some of  
9 those duties as well.

10 Q Anyone else at that time?

11 A Not that I know of, no.

12 Q Who did you report to?

13 A At that time I reported to  
14 Bill.

15 Q How big was BITTREX at the  
16 time that you joined as an employee?

17 A At the time I joined October  
18 2016 it was the three founders and  
19 myself and another person helping in  
20 support, (b)(6); I'm not sure what I  
21 think he was in a part-time capacity as  
22 well.

23 Q What's (b)(6); last name?  
(b)(7)(C)

24 A (b)(6); (b)(7)(C)

25 Q Who are the three founders

1 that you are referring to?

2 A Bill Shihara, (b)(6); (b)(7)(C)

3 That (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C)

5 Q How were you compensated  
6 around the time that you were hired?

7 A (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C)

9 Q That was your salary?

10 A Correct.

11 Q Was there any other component  
12 to your compensation at that time?

13 A No.

14 Q Did your compensation change  
15 over time?

16 A It changed when I became a  
17 full-time employee.

18 Q When was that?

19 A July 2017.

20 Q How did that come about, the  
21 switch from part time to full time?

22 A BITTREX was becoming -- well,  
23 the crypto interest -- well, they  
24 decided to -- BITTREX decided to have a  
25 more focus as a company. So the first

1 full-time employees were hired in 2017.

2 Q Got it. The first full-time  
3 employees aside from the three founders?

4 A Correct.

5 Q Did (b)(6); (b)(7)(C) I believe you  
6 said, did he also become full time?

7 A Yes.

8 Q Was anyone else hired around  
9 the time that you became full time?

10 A Yes.

11 Q Who was that?

12 A (b)(6); (b)(7)(C) -- I'm  
13 not sure what his last name, something  
14 like (b)(6); (b)(7)(C) I'm not sure how to  
15 spell that. The first name is spelled

16 (b)(6); (b)(7)(C)

17 This was around July as well, 2017;

18 (b)(6); (b)(7)(C) I can't recall his last name.

19 That's all I can think of at this stage.

20 Q Do you know what role (b)(6); (b)(7)(C)

21 (b)(6); (b)(7)(C) was hired for?

22 A I don't know what her initial  
23 role was.

24 Q Do you know what she came  
25 on -- what type of work she came on and

1 did for BITTREX?

2 A At some point she became the  
3 director of digital assets, but I don't  
4 know what her initial role was if any.

5 Q What about (b)(6); (b)(7)(C) maybe

6 (b)(6); (b)(7)(C)

7 A I'm not sure what he came on  
8 as initially, but he eventually became  
9 the director of IT.

10 Q What about (b)(6); (b)(7)(C)

11 A He worked in security. I'm  
12 not sure what his title was.

13 Q And (b)(6); (b)(7)(C)

14 A He came on as a developer.

15 Q And (b)(6); last name unknown?

16 A He came on as a developer as  
17 well.

18 Q When you became a full-time  
19 employee did your role at the company  
20 change at all in terms of your job  
21 responsibilities?

22 A No.

23 Q So you continued with token  
24 review and potential -- for listing and  
25 delisting I think is what you said?



1 A Yes.

2 Q Did you have an employment  
3 agreement with the company?

4 A (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6  
7 Q When you became -- when you  
8 became a full-time employee how were you  
9 compensated?

10 A I was compensated with yearly  
11 salary.

12 Q What was that?

13 A (b)(6); (b)(7)(C)

14 (b)(6);  
(b)(7)(C)

15 Q Were there any other  
16 components to your compensation, a bonus  
17 or any other type --

18 A (b)(6); (b)(7)(C)

19 (b)(6); (b)(7)(C)

20 Q Can you describe the terms of  
21 that profit sharing?

22 A (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C)

24  
25 Q So you were entitled to (b)(6);  
(b)(7)(C)



(b)(6); (b)(7)(C)

1

2 A Yes, at that time.

3 Q Was that yearly, monthly? How  
4 frequently were you paid out?

5 A (b)(6); (b)(7)(C)

6 Q Did your salary change over  
7 time?

8 A Yes.

9 Q Can you describe for us how it  
10 changed?

11 A At some point I had a salary  
12 increase. At some point they switched  
13 from that percentage scheme to a points  
14 based scheme.

15 Q What do you mean by "points  
16 based scheme?"

17 A They allocated -- they had a  
18 pool of points for the company as a  
19 whole and allocated some points to that  
20 from that pool to individual employees  
21 and the leadership team determined each  
22 quarter how much each point was worth  
23 for the bonus.

24 Q Do you know -- do you know  
25 what the allocation of points was based

1 on to each individual?

2 A Yes.

3 Q What was that?

4 A I only know my points. I  
5 don't know anyone else's points.

6 Q Do you know how they made the  
7 decision as to what amount of points to  
8 allocate to you?

9 A I wasn't involved in the  
10 decision making, no.

11 Q Do you know if it was based on  
12 performance, was it based on company  
13 profits, was it based on something else?

14 A I don't know the exacts of how  
15 they decided on who they -- how many  
16 points they allocated towards people.

17 Q Were you happy with the amount  
18 of points that you were getting?

19 A I wouldn't say I was happy. I  
20 would say that I was allocated points,  
21 yeah.

22 Q When you say you wouldn't say  
23 you were happy --

24 A I wouldn't say I was happy or  
25 displeased.

1 Q You were neutral about --

2 A Yes.

3 Q You said that your salary  
4 increased. What did it increase to?

5 A (b)(6); (b)(7)(C)

6 Q When was that?

7 A That was around August of  
8 2018 -- actually, July of 2018, July or  
9 August.

10 Q Do you know around when the  
11 point system came into play to replace  
12 the percentage system?

13 A From my recollection it was  
14 early 2018.

15 Q Then after July of 2018 when  
16 your salary increased to (b)(6);  
(b)(7)(C) per  
17 year did it increase again after that?

18 A (b)(6); (b)(7)(C)

19 Q  
20 The remainder of the compensation that  
21 you received if BITTREX is through the  
22 point system?

23 A Correct.

24 Q Can you give me an  
25 approximation of what your total

1 compensation was at BITTREX in 2018?

2 A It would have been my base  
3 salary plus whatever was from the  
4 points. (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6  
7  
8 (b)(6); (b)(7)(C) How did that  
9 compare with the compensation under the  
10 percentage system?

11 THE WITNESS: You mean the  
12 points compared to the percentage  
13 system?

14 (b)(6); (b)(7)(C) Yes.

15 THE WITNESS: It's difficult  
16 to say because the number of employees  
17 grew in 2019. In 2017 there was less  
18 employees over all.

19 (b)(6); (b)(7)(C) But what about your  
20 personal compensation, was it higher in  
21 2018 from 2017 like on a quarterly basis  
22 when you were full time?

23 (b)(6); (b)(7)(C)

1 (b)(6); (b)(7)(C) Do you recall how  
2 much the quarterly payments were  
3 approximately under the percentage  
4 profit sharing system?

5 THE WITNESS: I don't know how  
6 much percentage of people got.

7 (b)(6); (b)(7)(C) I'm just asking  
8 about your compensation.

9 THE WITNESS: (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C)

11  
12  
13 (b)(6); (b)(7)(C) How was it paid?

14 THE WITNESS: It was paid  
15 through cash through normal salary  
16 system payment.

17 (b)(6); (b)(7)(C) It was paid in  
18 FIAT not crypto?

19 THE WITNESS: Correct.

20 (b)(6); (b)(7)(C) So you recall at  
21 least one payment under the percentage  
22 system that was approximately (b)(6); (b)(7)(C)  
23 do I have that correct?

24 THE WITNESS: Correct.

25 (b)(6); (b)(7)(C) Do you recall any

1 quarterly payments under the point  
2 system?

3 THE WITNESS: Yes.

4 (b)(6); (b)(7)(C) How much were in  
5 either of those that you recall.

6 THE WITNESS: I don't recall  
7 exact figures, but it varied over time  
8 based on company profits.

9 (b)(6); (b)(7)(C) Were they more

10 (b)(6); (b)(7)(C)

11 THE WITNESS: I can't recall  
12 off the top of my head. (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C) There were others, but I don't  
15 recall off the top of my head.

16 (b)(6); (b)(7)(C) How were those  
17 payments made to you?

18 THE WITNESS: Those were  
19 through the payroll system.

20 (b)(6); (b)(7)(C) So those were also  
21 paid in FIAT?

22 THE WITNESS: Correct.

23 (b)(6); (b)(7)(C) Do you know how  
24 the company's profits were calculated?

25 THE WITNESS: I'm not

1 completely aware of how their profits  
2 are calculated, but there was a  
3 component for these trading fees.

4 (b)(6); (b)(7)(C) When you say  
5 trading fees are a component what do you  
6 mean by that?

7 THE WITNESS: One of the ways  
8 that BITTREX and money as a business is  
9 through trading fees.

10 (b)(6); (b)(7)(C) In terms of the  
11 profit calculation, for the profit  
12 sharing component of your salary do you  
13 have a sense of how much of that is  
14 based on trading fees?

15 THE WITNESS: I don't have a  
16 sense of that. There are other costs  
17 involved with BITTREX such as employee  
18 expenses that I'm not aware of.

19 (b)(6); (b)(7)(C) Are there any  
20 other sources of revenue other than  
21 trading fees?

22 THE WITNESS: There are some  
23 other sources of revenue.

24 (b)(6); (b)(7)(C) What are they?

25 THE WITNESS: One I know of is



1 technical integration fees for block  
2 chains. There may be others that I  
3 don't know about.

4 (b)(6); (b)(7)(C) Do you have a  
5 sense of what percentage of the profit  
6 calculation is based on trading fees?

7 A I don't have a sense of that  
8 largely because of expenses and so  
9 forth. I don't have -- I'm not part of  
10 this management or leadership, which  
11 would have those figures.

12 (b)(6); (b)(7)(C) I'm not asking you  
13 about the expenses that the company has.  
14 I'm asking you for your personal  
15 compensation as part of this profit  
16 sharing plan, do you have a sense of how  
17 much of that profit was based on trading  
18 fees?

19 MR. GEIST: So that you're  
20 asking profit necessarily involves  
21 expenses and he's told you he doesn't  
22 know what the expenses are. So if you  
23 want to ask him about revenues that's  
24 fine, but he can't give you the expenses  
25 just as part of the profit.



1 (b)(6); (b)(7)(C) And I appreciate  
2 that. Just to your knowledge, we're  
3 talking about your personal compensation  
4 from BITTREX?

5 MR. GEIST: I'm sorry. What's  
6 the question?

7 THE WITNESS: So is the  
8 question the profits that the company  
9 makes?

10 (b)(6); (b)(7)(C) For the  
11 calculation of your -- the profit  
12 sharing scheme I think that's how you  
13 referred to it --

14 THE WITNESS: Yes.

15 (b)(6); (b)(7)(C) -- how does the  
16 company make profit?

17 THE WITNESS: A large  
18 component of that would be through  
19 trading fees.

20 (b)(6); (b)(7)(C) Okay.

21 (b)(6); (b)(7)(C) In 2017 how much  
22 did the company earn in trading fees  
23 approximately; if you know?

24 THE WITNESS: In 2017, I don't  
25 know the exact figure, but -- yeah, I

1 don't know the exact figure.

2 (b)(6); (b)(7)(C) Can you ballpark  
3 it?

4 THE WITNESS: Over \$100  
5 million.

6 (b)(6); (b)(7)(C) What about in  
7 2018?

8 THE WITNESS: Only ballparking  
9 a figure, approximately over \$50  
10 million.

11 (b)(6); (b)(7)(C) So it decreased  
12 in 2018?

13 THE WITNESS: I don't have the  
14 exact figures, but I -- I don't have the  
15 exact figures.

16 (b)(6); (b)(7)(C) Well, just based  
17 on what you said. You said in 2017 over  
18 a 100 million and in 2018 over a 50  
19 million.

20 THE WITNESS: My understanding  
21 is that it decreased in 2019.

22 (b)(6); (b)(7)(C) Do you have any  
23 understanding as to why it may have  
24 decreased?

25 THE WITNESS: My understanding

1 is that over all trading fees decreased  
2 in 2019.

3 (b)(6); (b)(7)(C)

Any reason why?

4 THE WITNESS: Overall crypto  
5 community trading activity declined and  
6 perhaps increased competition on other  
7 exchanges.

8 (b)(6); (b)(7)(C)

Did the number of  
9 assets that were traded on the platform  
10 grow or decline from 2017 to 2018?

11 THE WITNESS: I don't know if  
12 the total number increased or declined  
13 off the top of my head.

14 (b)(6); (b)(7)(C)

Okay.

15 (b)(6); (b)(7)(C)

What do you mean  
16 by increased competition from other  
17 exchanges?

18 THE WITNESS: New or other  
19 exchanges in 2018 may have increased or  
20 increased their market share of trading  
21 volumes and overall traders, which may  
22 have impacted our trading on our  
23 exchange.

24 (b)(6); (b)(7)(C)

Do you recall  
25 which exchanges?

1 THE WITNESS: Off the top of  
2 my head, one of them is Binance exchange  
3 although that started in 2017, but my  
4 understanding is that they increased  
5 trading activity.

6 (b)(6); (b)(7)(C) Any others?

7 THE WITNESS: Newer changes or  
8 ones that --

9 (b)(6); (b)(7)(C) Ones that factored  
10 into the increased competition.

11 THE WITNESS: Off the top of  
12 my head, I don't know the -- well, they  
13 may or may not have factored into it,  
14 but it was other exchanges basically  
15 that may not have been that prominent,  
16 but, yeah, increased competition  
17 basically.

18 (b)(6); (b)(7)(C) Do you recall the  
19 names of any of those exchanges?

20 THE WITNESS: One is KUCOIN,  
21 K-U-C-O-I-N, one is OKEX and some of  
22 them may be preexisting as well. One of  
23 them is HUOBI, H-U-O-B-I. That's all I  
24 can think of at this stage.

25 (b)(6); (b)(7)(C) Okay.

1 (b)(6); (b)(7)(C) I just want to  
2 move quickly back to the point systems.  
3 You said there was a pool of points.  
4 What was the total number of points in  
5 the pool.

6 THE WITNESS: I don't have  
7 information on that.

8 (b)(6); (b)(7)(C) I'm sorry if this  
9 was asked already, on a quarterly basis  
10 how many points did you get? What's the  
11 lowest and the highest number of points  
12 that you got if you recall?

13 THE WITNESS: (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C) What's the lowest  
16 that you've received?

17 THE WITNESS: The lowest I've  
18 received in a quarterly bonus in a point  
19 scheme? (b)(6); (b)(7)(C)

20 (b)(6); (b)(7)(C) And the highest?

21 THE WITNESS: Off the top of  
22 my head, (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C)

24 Q I just wanted to clarify. You  
25 said you had (b)(6); (b)(7)(C) fixed every

1 quarter?

2 A Yes, my points allocated  
3 hasn't changed over time.

4 Q So sorry. So each quarter you  
5 get (b)(6); (b)(7)(C) at a minimum?

6 A I'm allocated (b)(6); (b)(7)(C) out of  
7 the pool and each quarter the, I  
8 believe, leadership team decides how  
9 much profit minus certain other things  
10 such as expenses, they decide to  
11 allocate per point.

12 Q I see.

13 A It may be zero.

14 Q I see.

15 (b)(6); (b)(7)(C) Okay.

16 Q Were you given performance  
17 reviews?

18 A I haven't had a performance  
19 review.

20 Q Any other, I guess, formalized  
21 feedback on your job performance while  
22 at BITTREX?

23 A I've had one-on-one  
24 discussions with my manager, but there's  
25 no formalized performance review.

1 Q When you say your manager are  
2 you referring to Bill Shihara?

3 A I don't recall having a  
4 formalized one on one with Bill. At  
5 some point my manager was (b)(6); (b)(7)(C) I've  
6 had a one-on-one discussion with her.

7 Q Can you tell us what was  
8 discussed in that one on one?

9 A It was mostly just  
10 work-related items such as tasks to  
11 perform, just work tasks to perform.

12 Q Did you get a sense through  
13 this conversation with (b)(6); (b)(7)(C) on the  
14 types of things you were being evaluated  
15 for?

16 A I wouldn't say that I had a  
17 sense that I had any performance  
18 evaluation. I would say I had a sense  
19 of performance -- evaluation of work  
20 required to be done.

21 Q Such as?

22 A Such as general work, planning  
23 items.

24 Q Could you give me an example?

25 A An example would be like how



1 things are going in terms of workload if  
2 there was too much or too little work,  
3 yeah, and I guess prioritization of  
4 work.

5 Q Throughout the time that  
6 you've been an employee at BITTREX -- I  
7 guess a full-time employee at BITTREX  
8 where were you physically located?

9 A I initially was physically  
10 located in (b)(6); (b)(7)(C) When I started full  
11 time in around July of 2017 until August  
12 of 2018. In August of 2018 I moved to

13 (b)(6); (b)(7)(C)  
14

15 Q So when were you working part  
16 time you worked remotely from (b)(6); (b)(7)(C)

17 A Yes, as my part time, yes.

18 Q Then when you became a  
19 full-time employee you moved to

20 (b)(6); (b)(7)(C) Did you --

21 A No. I was full time from --  
22 from when I was in full time July 2017  
23 to August 2018 I was still in (b)(6); (b)(7)(C)

24 Q You were still in (b)(6); (b)(7)(C) --

25 A Yeah.

1 Q -- working remotely? And then  
2 when you moved to (b)(6), (b)(7)(C)  
3 in August of 2018 did you still work  
4 remotely or did you go into Bittrex's  
5 headquarters?

6 A I was in BITTREX headquarters.

7 Q When you joined BITTREX what  
8 time of business was it?

9 A When I joined as a consultant  
10 in 2014?

11 Q Sure.

12 A It was an exchange business.

13 Q When you say "exchange" what  
14 do you mean?

15 A It was a crypto currency  
16 exchange.

17 Q Just for the record, can you  
18 explain what a crypto currency exchange  
19 in your understanding does?

20 A My understanding is that it  
21 has certain digital assets available on  
22 the platform for trading against other  
23 base assets such as Bitcoin.

24 Q So it's a platform that allows  
25 digital assets to trade?

1 A Yes.

2 Q And it brings together buyers  
3 and sellers of digital assets?

4 A Yes.

5 Q So I think you said that at  
6 the time that you first started at  
7 BITTREX -- I believe you said at the  
8 time you started as a part-time employee  
9 there were I believe five employees  
10 including yourself; is that correct?

11 A Yes, there were three  
12 co-founders, myself and (b)(6);  
(b)(7)(C)

13 Q To your knowledge, how big is  
14 the company now?

15 A To my knowledge, it's over 100  
16 full-time employees.

17 Q That's a large jump. What do  
18 you think caused that growth?

19 A One factor would be I guess  
20 the founders deciding to have more focus  
21 on the exchange business, yeah.

22 Q What do you mean by that?  
23 What do you mean by more focus on the  
24 exchange business?

25 A Well, they previously were --

1 had separate -- well, they may have had  
2 separate jobs -- full-time jobs  
3 elsewhere and then decided to focus on  
4 just being an exchange and potentially a  
5 successful company.

6 Q Do you recall even  
7 approximately about how many tokens were  
8 trading on the BITTREX platform when you  
9 joined as an employee -- as a part-time  
10 employee?

11 A I don't know the exact  
12 figures, but I would estimate over 100.

13 Q To your knowledge, did that  
14 change over time?

15 A To my knowledge, that number  
16 has gone up and down as we list and  
17 delist tokens.

18 Q So I just want to talk a bit  
19 about how the trading actually worked  
20 from the standpoint of the account  
21 holder. So who could open an account on  
22 BITTREX?

23 A Currently or is there --

24 Q Let's start with, at the time?  
25 Sorry, when you joined BITTREX as a

1 part-time employee?

2 A As a when I joined -- in  
3 October 2016 my understanding is that --  
4 well, most people who join. I am not  
5 entirely sure of the restrictions at the  
6 time.

7 Q How is an account created?

8 A An individual account is  
9 created by signing up online.  
10 Currently, yeah, it requires some  
11 details, yeah.

12 Q So let's first talk about  
13 around the time that you joined. So  
14 October 2016 and then we'll talk about  
15 how it changed. So around the time that  
16 you joined if you wanted to create an  
17 account on BITTREX you would sign up  
18 online. Were you required to provide  
19 any documentation?

20 A At October 2016 I don't recall  
21 if you were required any documentation.

22 Q What about any required  
23 information? Do you recall what the  
24 online application or online signing up  
25 process required?

1           A     At some point you required KYC  
2 information. I don't know -- I don't  
3 recall exactly when that was required.

4           Q     Do you recall whether it was  
5 required in October of 2016?

6           A     I don't recall. It may or may  
7 not have been at that point.

8           Q     Did anyone at BITTREX review  
9 account openings or applications or do  
10 any sort of vetting of those  
11 applications and when I say applications  
12 I mean people applying to open up  
13 accounts?

14          A     In --

15          Q     2016, yep.

16          A     They may or may not have. I  
17 wasn't involved in that side of things.

18          Q     Were any account openings ever  
19 rejected by BITTREX?

20          A     At that time I -- I'm not  
21 aware. Largely, I did not have any  
22 account access. They may have blocked  
23 some accounts or disabled some accounts.  
24 I'm not totally aware of that.

25          Q     If they did do that do you

1 know why that would be?

2 A It may -- well, I don't  
3 totally have information on that at the  
4 time.

5 Q Were there any fees required  
6 to open an account?

7 A No, not to my knowledge.

8 Q Again, speaking of that time  
9 frame, were there any geographical  
10 limitations on who could open an  
11 account?

12 A At that time I'm not sure.

13 Q You said that when we talked  
14 about documentation required to open an  
15 account you said that changed over time.  
16 Can you describe for me how that changed  
17 and when?

18 A I don't know when it changed,  
19 but BITTREX does require KYC information  
20 such as passport information, your full  
21 name, country of residence, address  
22 information. There may be other stuff  
23 I'm not sure of.

24 Q Do you recall approximately  
25 when this requirement was implemented?



1           A     I -- not sure. I don't have a  
2 grasp on that.

3           Q     And I understand correctly  
4 that you do recall that it was not in  
5 place when you started in October 2016?

6           A     I didn't state that. I'm not  
7 sure if --

8           Q     You're not sure if it existed  
9 then?

10          A     Yeah, not sure if it existed  
11 then.

12          Q     Did BITTREX have inhouse  
13 counsel when you joined in October of  
14 2016?

15          A     They may have. I'm not sure.  
16 I've -- yeah, if they had what was known  
17 as inhouse counsel.

18          Q     Going back to an account  
19 holder. So once someone had an account  
20 how did they execute a trade?

21          A     Typically, to execute a trade  
22 you would need to deposit a digital  
23 asset, for example, Bitcoin. Once it is  
24 successfully deposited into your account  
25 you can -- there's typically a buy side

1 and a sell side of an order book. You  
2 would then select the pair of currencies  
3 that supported your digital assets such  
4 as a Bitcoin/Litecoin market. In that  
5 case you could use your Bitcoin to buy  
6 Litecoin or use Litecoin to sell to  
7 Bitcoin. You can either -- well, yeah,  
8 place an order on the buy side or  
9 directly purchase something that is on  
10 the sell side of the order book.

11 Q I believe we discussed these  
12 already, but just to circle back, were  
13 there trading fees associated with a  
14 transaction on BITTREX?

15 A Yes.

16 Q When you joined around the  
17 time of October 2016 what were those  
18 fees?

19 A I believe the figure is 0.25  
20 percent per executed trade.

21 Q Did that number or that  
22 percentage change over time?

23 A I believe that figure has  
24 changed over time based on trading  
25 volume, individual trading volume.

1           Q     Can you explain what you mean  
2 by that?

3           A     At some point in time a fee  
4 table was established such that if you  
5 had traded a certain amount in I believe  
6 a 30-day period you then received a  
7 discount -- discounted fee. There would  
8 three based on that.

9           Q     So essentially if you were  
10 trading more volume and it reached a  
11 certain threshold there were structures  
12 put in place whereby you would get a  
13 discounted transaction fee?

14          A     Correct.

15          Q     Did you -- roughly when was  
16 that put into place?

17          A     I don't know the exact date.  
18 It would be after I joined. First  
19 approximate would possibly be some point  
20 in 2018 or 2019.

21          Q     Were there any other fees  
22 charged by BITTREX to an account holder?

23          A     Not that I can think of.

24          Q     What type of payment --

25               (b)(6); (b)(7)(C) Did BITTREX take

1 any proprietary positions or principal  
2 positions?

3 THE WITNESS: Do you mean, did  
4 BITTREX trade any positions or --

5 (b)(6); (b)(7)(C) Yes.

6 THE WITNESS: Not that I know  
7 of.

8 Q What type of payment did  
9 BITTREX accept for these fees?

10 A BITTREX would receive the base  
11 currency as fees. So if you were  
12 trading say a Bitcoin/Litecoin market  
13 the base pair would usually be a  
14 Bitcoin. So BITTREX would receive  
15 Bitcoin as the fees.

16 Q Just if you could explain in a  
17 Bitcoin/Litecoin pair how did you  
18 determine, which was the base currency?

19 A There's only a few base pairs  
20 of BITTREX. So Bitcoin being one of  
21 them, Litecoin isn't one of the base  
22 pairs.

23 Q So payment would have to be in  
24 one of the base currencies?

25 A Correct.

1 Q How did BITTREX communicate  
2 with account holders?

3 A Can you be --

4 Q Sure. So let's say I  
5 opened -- I signed up online and I  
6 opened an account at BITTREX, how would  
7 BITTREX communicate with me after that?

8 A In that case, you would  
9 receive an automated email that you had  
10 created an account.

11 Q So through email. Any other  
12 channels?

13 A We had a social media Twitter  
14 account, we have a blog, we have online  
15 support articles.

16 Q Any other channels used to  
17 communicate with account holders?

18 A At some point we had a slack  
19 channel, but -- well, that's was closed  
20 at some point.

21 Q Do you know when it was  
22 closed?

23 A I believe it was closed in  
24 some time in 2017. The main reason  
25 being that it had exceeded the growth of

1 slack. I think it was around 16,000.

2 Q Then did BITTREX ever open  
3 another slack channel or --

4 A No. Not for public purposes.  
5 Only for company purposes.

6 Q I see. Can you explain the  
7 distinction?

8 A We have an internal company  
9 slack for just BITTREX employees. We  
10 have a public slack, yeah.

11 Q Then did you say for  
12 individual companies?

13 A Individuals could join up  
14 until a point, yeah.

15 Q Could join BITTREX'S private  
16 slack?

17 A Public slack.

18 Q Public slack?

19 A Correct.

20 Q But that closed in 2017 you  
21 said?

22 A It was closed to new  
23 registration to the general public. We  
24 use that however for correspondence with  
25 some token teams, which are token --

1 people who are behind -- well,  
2 associated with tokens and coin teams.

3 Q I see. So the account  
4 remained in existence, it just no longer  
5 open to new registrants?

6 A To the general public.

7 Q To the general public.

8 A We could still individually  
9 invite people.

10 Q I see. And that's still open  
11 today?

12 A Correct.

13 Q So staying with the early  
14 period, around the time that you have  
15 started at BITTREX and sort of in the  
16 proceeding months, who was involved in  
17 the decision as to whether to list a  
18 particular token on the platform?

19 A You mean when I started part  
20 time?

21 Q Yes.

22 A Myself and Bill Shihara, yeah,  
23 in the next few month or so, yeah.

24 Q What did -- actually -- strike  
25 that.



1           At some later point were other  
2 people involved in the decision?

3           A     Yes, at some late point.

4           Q     Who was the next person that  
5 became involved in the token review  
6 decision?

7           A     I believe (b)(6); (b)(7)(C) became part of  
8 the team at some point, yeah.

9           Q     I'll come back to that. So  
10 going back to around the time when it  
11 was you and Bill reviewing the tokens  
12 for potential listing on BITTREX, how  
13 did a particular token come to the  
14 attention of BITTREX?

15          A     Normally it was through the  
16 online application form on our website.

17          Q     So people would apply to have  
18 their token listed?

19          A     Correct.

20          Q     Were there any other means  
21 that you would learn about tokens for  
22 potential listing?

23          A     We may have learned about them  
24 through just general online crypto  
25 forms.

1           Q     Did you or anyone else at  
2     BITTREX ever reach out to particular  
3     team behind -- a team behind any  
4     particular token see if they would be  
5     interested in being listed on BITTREX?

6           A     Yes.

7           Q     Do you recall sort of when  
8     that would happen, sort of what would be  
9     the circumstances?

10          A     Let's see.

11          (b)(6); (b)(7)(C) I'll show you a  
12     document that might help.

13                 THE WITNESS: Okay.

14                         (SEC Exhibit No. 3  
15                         was marked for  
16                         identification.)

17          (b)(6); (b)(7)(C) I'm showing you  
18     what's been marked as Exhibit 3,  
19     BR\_ESI\_001662.

20          Q     Do you recall if this was an  
21     instance where BITTREX reached out  
22     initially to a coin team to see if they  
23     were interested in listing?

24          A     Yes, this looks like I reached  
25     out to this team for possible listing

1 consideration.

2 Q Do you remember sort of how  
3 this coin came to your attention?

4 A Not exactly, no.

5 Q Do you remember why it was  
6 appealing for BITTREX?

7 A I don't recall what -- why I  
8 reached out to them.

9 Q But from your recollection  
10 this was the first time that you had --  
11 that BITTREX had interaction with this  
12 token team?

13 A Yes.

14 (b)(6); (b)(7)(C) Did you make --  
15 did you personally make suggestions on  
16 which assets to reach out or did others  
17 as well?

18 THE WITNESS: At this time,  
19 May, 2017, it was still only the three  
20 founders and myself and (b)(6);  
(b)(7)(C) yeah. So I  
21 don't recall others besides Bill making  
22 suggestions.

23 (b)(6); (b)(7)(C) Okay. So only  
24 Bill made suggestions regarding  
25 potential assets to list on the

1 platform?

2 THE WITNESS: As I can recall,  
3 yes.

4 (b)(6); (b)(7)(C) Did you ever  
5 personal recommend a token?

6 THE WITNESS: I may have since  
7 that was one of my, I guess, duties at  
8 the time.

9 (b)(6); (b)(7)(C) Okay. So it was  
10 your responsibility to do due diligence  
11 on potential tokens for listing on the  
12 platform?

13 THE WITNESS: Yes, at the  
14 time, yes.

15 (b)(6); (b)(7)(C) Do you recall any  
16 tokens you recommended to be listed on  
17 the platform?

18 THE WITNESS: I guess at the  
19 time according to this email I  
20 recommended -- well, I wanted to  
21 consider Argon.

22 (b)(6); (b)(7)(C) That was at your  
23 suggestion?

24 THE WITNESS: I believe so,  
25 yes.

1 (b)(6); (b)(7)(C) Okay.

2 THE WITNESS: It may not have  
3 been. It may have been Bill.

4 (b)(6); (b)(7)(C) So either you or  
5 Bill?

6 THE WITNESS: Correct.

7 (b)(6); (b)(7)(C) Prior to reaching  
8 out to the team did you do any due  
9 diligence on Argon?

10 THE WITNESS: I may have to  
11 find out what the token was about, who  
12 the relevant team members were.

13 (b)(6); (b)(7)(C) As a matter of  
14 practice, did you do any independent due  
15 diligence before you reached out to a  
16 token team?

17 THE WITNESS: Independent as  
18 part of the company, usually, yes.

19 (b)(6); (b)(7)(C) What did you do  
20 before you reached out?

21 THE WITNESS: Usually did some  
22 research on the token, the technical  
23 aspects of it, the -- what it was  
24 intended -- the intended utility of it,  
25 the team members, whether or not it was

1 traded anywhere else.

2 (b)(6); (b)(7)(C) If it was traded  
3 on another platform how would that  
4 effect your decision whether or not to  
5 reach out?

6 THE WITNESS: I'm not sure if  
7 it effected it. It -- yeah, I'm not  
8 sure if it had any real impact or --

9 (b)(6); (b)(7)(C) I'm just trying  
10 to get a better sense of why you reached  
11 out to certain tokens as opposed to  
12 others as an initial steppingstone. You  
13 know, there's a vast number of tokens  
14 out there. How did you take the first  
15 step to identify potential tokens for  
16 listings? What information about the  
17 token was important to BITTREX at the  
18 time?

19 THE WITNESS: At the time,  
20 the -- if the token wasn't listed on  
21 another exchange then we could be the  
22 first to list the token.

23 (b)(6); (b)(7)(C) Was that  
24 attractive, something that was  
25 attractive to BITTREX, being the first

1 to list the token?

2 THE WITNESS: It has some  
3 potential attractive features such as --  
4 you know, being the first to trade to  
5 market that people have tokens with.

6 (b)(6); (b)(7)(C) Okay. Anything  
7 else about a token that would make it  
8 more attractive for listing?

9 THE WITNESS: One which had a  
10 competent team technical wise, one which  
11 showed online developments, one which  
12 had plans for future developments  
13 outlined, one which was decentralized.

14 Q When you say "decentralized"  
15 what do you mean?

16 A One which allowed open  
17 participation from participants around  
18 the world.

19 (b)(6); (b)(7)(C) I'm just having a  
20 hard time understanding or getting a  
21 sense of, there's an entire universe of  
22 tokens. How does BITTREX decide what  
23 tokens they're going to -- you know,  
24 evaluate for listings? I understand  
25 people are making suggestions on slack



1 or putting applications in, but  
2 internally what criteria was really  
3 important for them when they -- you  
4 know, their initial cut of whether or  
5 not to list the token? Was it the fact  
6 that nobody else traded it or was it  
7 that -- I don't know. I don't want to  
8 put words in your mouth, so --

9 THE WITNESS: That nobody else  
10 traded it was one factor. There was  
11 many. There is a few. There's  
12 contributing factors that kind of made  
13 up the whole decision process.

14 Q Why don't you tell us around  
15 this time -- you know, tell us all the  
16 criteria you can remember that you and  
17 Bill would look at in determining  
18 whether or not to list a token?

19 A I guess we would evaluate the  
20 technical merits, the online community  
21 around the token, whether or not it was  
22 considered a security.

23 Q When you say whether or not it  
24 was considered a security, by whom?

25 A By -- I guess by definition by

1 what is a security.

2 Q So again, I just want to be  
3 clear we're talking about the time  
4 period when you first started, when it  
5 was you and Bill looking at a token.

6 A Yeah.

7 Q So were you and/or Bill doing  
8 an analysis under the securities laws?

9 A There was the intention of not  
10 listing securities. That particular  
11 criteria changed over time or --so at  
12 this particular time the intention was  
13 not to list securities, which at this  
14 time my personal knowledge was things  
15 which were like stocks or shares, things  
16 which paid out dividends, things that  
17 were tied to revenue of a -- yeah.

18 Q What steps did you or Bill or  
19 anyone at BITTREX take to ensure that  
20 you weren't listed securities?

21 MR. MARTIN: You're saying at  
22 this time?

23 (b)(6); (b)(7)(C) At this time,  
24 yeah.

25 A At this time we would take a

1 look at the token and see that it didn't  
2 have any of the aspects that I  
3 mentioned. At this time any that were  
4 potential -- that had potential issues  
5 or were questionable that we wanted to  
6 list were then also had a review with  
7 outside legal counsel.

8 Q That was a review to determine  
9 whether the token could be deemed a  
10 security under the U.S. securities laws?

11 A I believe so.

12 Q Was that the purpose of  
13 reaching out to outside counsel?

14 A Yes, I believe so.

15 Q Okay. Did -- any other steps?

16 MR. GEIST: Just so I'm clear  
17 on the question, so any other steps they  
18 took in deciding whether there was  
19 something they were interested in  
20 exploring listing or any other because  
21 I'm not sure he finished his answer? I  
22 don't know one way or the other. We  
23 started going down securities. Or other  
24 any other steps on evaluating October  
25 2016 whether these were securities or --

1           Q     Yeah, so to clarify, you had  
2     said that there was an intention at the  
3     company to not list securities --

4           A     Yes.

5           Q     -- and so I'm asking, which  
6     you started to answer, what are the  
7     steps that BITTREX took to not have  
8     securities be listed on the platform?  
9     And you said -- and I'm just  
10    paraphrasing obviously -- you know,  
11    you -- if a token had certain -- you  
12    know, additions such as dividends or  
13    shared revenues those would be some  
14    things you consider and if there were  
15    tokens you wanted to list that were  
16    questionable you discussed with outside  
17    counsel. Did BITTREX take any other  
18    steps to try to ensure that securities  
19    weren't listed on the platform?

20          A     I believe it was outlined in  
21    the application that we didn't list  
22    securities.

23          Q     Okay.

24          A     Or -- yeah, that was the  
25    common understanding to applicants

1 through the online form.

2 Q Anything else you can think  
3 of?

4 A Nothing off the top of my head  
5 at this time, yeah.

6 (b)(6); (b)(7)(C) I just had a  
7 couple of questions on Exhibit 3, which  
8 is in front of you. Have you ever owned  
9 or controlled any Argon or ANT tokens?

10 THE WITNESS: (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C)

12 (b)(6); (b)(7)(C) Do you know if  
13 Bill Shihara ever owned or controlled  
14 any Argon or ANT tokens?

15 THE WITNESS: I don't know of  
16 his personal holdings, but I don't  
17 believe so.

18 (b)(6); (b)(7)(C) Do you know if  
19 Shihara was involved or an adviser to  
20 Argon or ANT at any time?

21 THE WITNESS: I don't believe  
22 so.

23 (b)(6); (b)(7)(C) Have you ever had  
24 a position in any token at the time you  
25 reached out to them concerning being

1 listed on BITTREX?

2 THE WITNESS: I may have.

3 (b)(6); (b)(7)(C) Can you give us  
4 any examples?

5 THE WITNESS: One example is  
6 (b)(6); (b)(7)(C) I believe I bought the ICO and  
7 may have reached out to them.

8 (b)(6); (b)(7)(C) Any others?

9 THE WITNESS: (b)(6); (b)(7)(C) I  
10 believe I bought the ICO and I may have  
11 reached out to them.

12 (b)(6); (b)(7)(C) Any others?

13 THE WITNESS: Not that I can  
14 recall, no.

15 (b)(6); (b)(7)(C) Do you know if  
16 Shihara ever had a position in any token  
17 and then asked you to reach out to that  
18 token concerning becoming listed on  
19 BITTREX?

20 THE WITNESS: Not that I know  
21 of. I don't know of his -- not that I  
22 know of.

23 (b)(6); (b)(7)(C) Did anyone at  
24 BITTREX ever tell you they had a  
25 position in a particular token and then



1 asked you to reach out to that token  
2 concerning getting listed on BITTREX?

3 THE WITNESS: No, not that I  
4 recall.

5 (b)(6); (b)(7)(C) I think now  
6 might be a good time to break for lunch.  
7 We're off the record at 1:08 p.m.

8 (Whereupon, at 1:08 p.m., a  
9 luncheon recess was taken.)

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

11 (b)(6); (b)(7)(C) We are back on  
12 the record at 2:01 p.m.

13 (b)(6); (b)(7)(C) while we  
14 were off the record did you have any  
15 substantive discussions with any member  
16 of the staff?

17 THE WITNESS: No.

18 (b)(6); (b)(7)(C) Counsel, can you  
19 confirm?

20 MR. MARTIN: Yes.

21 (b)(6); (b)(7)(C) I just wanted to  
22 quickly touch upon something that we  
23 spoke about in the morning, come back to  
24 them. Where does BITTREX hold its  
25 customer funds? Does it hold it in a



1 hot or cold wallet, offline, online?

2 THE WITNESS: My understanding  
3 is there are hot wallets and cold  
4 wallets and FIAT funds as well.

5 (b)(6); (b)(7)(C) Are customer  
6 funds commingled in one or more wallets?

7 THE WITNESS: Customer funds  
8 are deposited to the exchange and held  
9 in either cold wallets or hot wallets.

10 (b)(6); (b)(7)(C) Is it one wallet  
11 for the exchange? I'm trying to better  
12 understand. Are all the funds that are  
13 deposited on behalf of customers are  
14 they commingled?

15 THE WITNESS: Well, commingled  
16 as in different customers share the same  
17 wallets?

18 (b)(6); (b)(7)(C) Correct. So are  
19 funds from various customers commingled  
20 in one or more account?

21 THE WITNESS: Usually that is  
22 the case, yes.

23 (b)(6); (b)(7)(C) Have there been  
24 an instances where the BITTREX exchange  
25 where the website has been compromised?

1 THE WITNESS: Do you mean loss  
2 of funds?

3 (b)(6); (b)(7)(C) That's an --  
4 that's a question I have, but I'm just  
5 talking about the website itself, if  
6 anyone has ever hacked into the website?

7 THE WITNESS: Not that I know  
8 of.

9 (b)(6); (b)(7)(C) Have there been  
10 any instances where a BITTREX wallet has  
11 been compromised?

12 THE WITNESS: As in lost funds  
13 or was stolen from?

14 (b)(6); (b)(7)(C) What I mean is,  
15 if anyone -- yes, exactly. Has anyone  
16 hacked into a BITTREX wallet and  
17 successfully withdrawn funds that they  
18 weren't authorized to access?

19 THE WITNESS: Not that I know  
20 of, no.

21 (b)(6); (b)(7)(C) Do you know of  
22 any instances where customer accounts  
23 have been compromised?

24 THE WITNESS: There have been  
25 instances where individual accounts have

1     been compromised because of their own  
2     personal security issues that I have  
3     heard of, but I don't personally know  
4     of.

5     (b)(6); (b)(7)(C) Can you just tell  
6     me what you mean that they've been  
7     compromised because of personal security  
8     reasons?

9             THE WITNESS: From my  
10    understanding, they use -- the user has,  
11    for example, given their credentials to  
12    an third party and had their funds taken  
13    from their account.

14    (b)(6); (b)(7)(C) Are there any  
15    instances where a customer account has  
16    been compromised where the customer  
17    didn't give away their personal key,  
18    their private key or something like  
19    that?

20            THE WITNESS: Not that I know  
21    of.

22    (b)(6); (b)(7)(C) Are you involved  
23    in any of the back office trading  
24    mechanics?

25            THE WITNESS: No.

1 (b)(6); (b)(7)(C) Who -- earlier  
2 today you named several people that  
3 worked at BITTREX during 2017/2018. Are  
4 any of the people that you named  
5 involved in back office functions?

6 THE WITNESS: What do you mean  
7 by "back office functions?"

8 (b)(6); (b)(7)(C) Persons who are  
9 involved in the execution of trades on  
10 the platform.

11 THE WITNESS: I don't know of  
12 any trading that BITTREX itself does.  
13 There are engineers involved with the  
14 mechanics of the trading, what they call  
15 engine that users use.

16 (b)(6); (b)(7)(C) I want to  
17 clarify. I'm talking about customer  
18 trading. You know, user -- customers of  
19 BITTREX, users of the platform.

20 THE WITNESS: The engine?

21 (b)(6); (b)(7)(C) Yes.

22 THE WITNESS: From the people  
23 that -- from the founders I understand  
24 that (b)(6); (b)(7)(C) has done code in relation to  
25 the trading engine, Bill has done code

1 in regards to the user interface trading  
2 engine that users interact with on the  
3 web.

4 (b)(6); (b)(7)(C) Anyone else  
5 involved in that process?

6 THE WITNESS: There are lots  
7 of -- well, various engineers involved  
8 currently since we're company of -- you  
9 know, over 100 full-time employees.  
10 Some are software engineers with that  
11 purpose of working with the trading  
12 engine.

13 (b)(6); (b)(7)(C) Do you have any  
14 involvement with the software engineers  
15 or with the trading engine or the user  
16 interface?

17 THE WITNESS: No, I do not.

18 (b)(6); (b)(7)(C) Do you have any  
19 familiarity with how the trading engine  
20 works in relation to how trades are sent  
21 to the blockchain?

22 THE WITNESS: Trades aren't  
23 sent to the blockchain. They are  
24 executed on the exchange in a database.  
25 So the blockchain is only involved when

1 it comes to withdrawing and depositing  
2 of funds.

3 (b)(6); (b)(7)(C) So all the  
4 trading occurs through the internal  
5 trading engine?

6 THE WITNESS: Correct.

7 (b)(6); (b)(7)(C) If the user wants  
8 to deposit funds on the platform they'd  
9 have to send a transaction to make a  
10 deposit and that would be a blockchain  
11 transaction, correct?

12 THE WITNESS: Yes.

13 (b)(6); (b)(7)(C) And a withdrawal  
14 would be also in a blockchain  
15 transaction?

16 THE WITNESS: Yes.

17 (b)(6); (b)(7)(C) Who are the  
18 people at BITTREX who are involved in  
19 trade monitoring?

20 THE WITNESS: We have a  
21 dedicated compliance department. The  
22 head of that department is (b)(6); (b)(7)(C) I  
23 don't know the exact details of how they  
24 perform their duties.

25 (b)(6); (b)(7)(C) Were you involved



1 in any aspect of compliance?

2 THE WITNESS: No.

3 (b)(6); (b)(7)(C) Does BITTREX have  
4 an OTC desk or does it conduct any  
5 off-exchange transactions for users?

6 THE WITNESS: I believe we  
7 have an OTC desk. I'm not aware of how  
8 it functions.

9 (b)(6); (b)(7)(C) When did the OTC  
10 desk come into existence?

11 THE WITNESS: My understanding  
12 is it most likely be in 2019.

13 (b)(6); (b)(7)(C) Do you know  
14 what -- how it came into existence?

15 THE WITNESS: I don't have the  
16 details of that.

17 (b)(6); (b)(7)(C) How did you learn  
18 about it?

19 THE WITNESS: I know that one  
20 individual is involved with the OTC  
21 desk.

22 (b)(6); (b)(7)(C) Who is that  
23 person?

24 THE WITNESS: (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C) (sic), I think.



1 (b)(6); (b)(7)(C) What is his role?

2 THE WITNESS: I'm not sure of  
3 his exact title, but I believe he's  
4 involved with the OTC desk.

5 (b)(6); (b)(7)(C) Do you know if  
6 there's a certain requirement for  
7 trading through that desk?

8 THE WITNESS: I'm not sure of  
9 the requirements of using that.

10 (b)(6); (b)(7)(C) Is it open to  
11 retail customers?

12 THE WITNESS: It may or may  
13 not be. I'm not entirely sure.

14 (b)(6); (b)(7)(C) Earlier, we were  
15 talking about digital assets that you  
16 personally held and you said that you  
17 purchased some of these assets for  
18 investment, correct?

19 THE WITNESS: Yes.

20 (b)(6); (b)(7)(C) We talked about  
21 some of the information that you  
22 reviewed in connection with the  
23 purchases of those assets. Did you  
24 believe that those assets would -- you  
25 also testified that those -- you

1 would -- you thought you would profit  
2 from those assets, correct?

3 THE WITNESS: I believe there  
4 may have been the potential to gain or  
5 lose money in regards to the purchase.

6 (b)(6); (b)(7)(C) With respect to  
7 the potential for gain, why do you think  
8 those assets have the potential to gain  
9 in value?

10 THE WITNESS: My view is that  
11 potentially they may be widely utilized,  
12 which may increase the band, which may  
13 impact the price.

14 (b)(6); (b)(7)(C) So wide utilized.  
15 Anything else that would -- that led you  
16 to believe that those assets would  
17 increase in value?

18 THE WITNESS: No, that's about  
19 it.

20 (b)(6); (b)(7)(C) How would certain  
21 assets become widely utilized?

22 THE WITNESS: They may become  
23 widely utilized if blockchain technology  
24 gained wider acceptance and more people  
25 utilized blockchain and utilized a token

1 for its intended purpose.

2 (b)(6); (b)(7)(C) What about all  
3 the tokens that you mentioned, did all  
4 of those have an intended purpose?  
5 Could they be used at the time or can  
6 they be used now?

7 THE WITNESS: That we listed  
8 or --

9 (b)(6); (b)(7)(C) I'm talking about  
10 your personal investments.

11 THE WITNESS: They may or may  
12 not have at the time.

13 (b)(6); (b)(7)(C) So if a token  
14 didn't have utility at the time, are  
15 there other ways that -- other reasons  
16 why you thought it would go up in value?

17 THE WITNESS: Overall, just  
18 based on the supply and demand of the  
19 token, it may go up or go down in value.

20 (b)(6); (b)(7)(C) Would the efforts  
21 of the issuers or a third party or  
22 promoter for the token have any effect  
23 on whether or not the token increased in  
24 value?

25 THE WITNESS: It could be seen

1 that decentralized development may give  
2 the view to people in the general public  
3 that a token has well development behind  
4 it and may or may not reflect -- be  
5 reflected in the price.

6 Q When you talked about -- I  
7 think initially you said you thought  
8 that one of the reasons why a coin could  
9 go up in value would be mass  
10 utilization, but that -- loss of  
11 utilization, but that -- you know, at  
12 the time that you purchased at least  
13 some of the tokens that you purchased  
14 they were not the platform or a system  
15 was not developed. So is it the case  
16 that it would have to be developed  
17 before it would be the widespreaded  
18 option of utilization of that token?  
19 Was that a necessary step?

20 A It may be a necessary step.  
21 Depending on the token it may be one  
22 that is store value blockchain such as  
23 Bitcoin.

24 Q So going back to before we  
25 took the lunch break we were talking

1 about some of the criteria that you and  
2 Bill around the time of fall 2016 when  
3 you joined part time, some of the  
4 criteria that you would look at in  
5 determining whether to list a token  
6 and --

7 A Sorry, fall?

8 Q Sorry. October 2016 when you  
9 joined.

10 A Yeah.

11 Q So around that time. So we  
12 talked about some of the criteria that  
13 you looked at. Can you tell us whether  
14 there were any requirements, any sort of  
15 necessary criteria that a token had to  
16 have at that time to be listed on  
17 BITTREX?

18 A There were -- well, one  
19 requirement is that it wasn't deemed a  
20 security. I wouldn't say it would be  
21 requirements, but they were factors such  
22 as technical innovation, developments,  
23 open developments, a community, yeah. I  
24 mean those were some of the factors.

25 Q Just going back, I know we

1 discussed this before, but when you say  
2 that it wasn't going to be deemed a  
3 security. Sort of a side from the  
4 internal checks that you did to see  
5 whether there were dividends or profit  
6 sharing and then some cases where you  
7 sent it to outside counsel, was there  
8 any other way that you determine whether  
9 or not something would be deemed a  
10 security?

11 A At that time I can think of  
12 anything further.

13 Q What about -- so let's take  
14 the example of an Initial Coin Offering,  
15 a token that we've offered in the  
16 Initial Coin Offering. Were there any  
17 requirements with respect to whether or  
18 not the platform or I guess the utility  
19 of the token had to be in existence  
20 either at the time of the ICO or prior  
21 to listing on BITTREX? Again, we're  
22 talking about this earlier period.

23 A At that time prior to the DOW  
24 report it was -- I would say -- well, it  
25 may or may not have been a



1 consideration.

2 Q What does that mean, "it may  
3 or may not have been a consideration?"

4 A It wasn't a I would say firm  
5 requirement.

6 Q Is it something that do you  
7 remember looking at that, do you  
8 remember reviewing that at that time?

9 A We're talking about utility at  
10 the time?

11 Q Yeah, or the development of  
12 the platform.

13 A The development was  
14 considered. The actual utility at the  
15 time was not a firm consideration.

16 Q Again, back to this speaking  
17 of this earlier period, in terms of the  
18 actual applications were there any  
19 documents that were required to be  
20 submitted for listing applications? We  
21 talked about the account applications.  
22 Now, we're talking about the listing  
23 applications.

24 A As in filling out the form?

25 Q Yeah, so if I wanted my token



1 to be listed on BITTREX did I have to  
2 submit any documentation to BITTREX at  
3 this late 2016, early 2017?

4 A My understanding if you use  
5 the support system there were some  
6 questions and some information required.

7 Q Any documents as far as you  
8 recall?

9 A What do you mean by documents?

10 Q Just did you require that  
11 applicants submit any type of documents  
12 about their tokens?

13 A There were just form  
14 questions --

15 Q Okay. So they had to fill out  
16 an application --

17 A That may or may not be  
18 considered documents.

19 Q So they had to fill out an  
20 application that had questions?

21 A Yes.

22 Q And you don't know whether  
23 they had to additionally submit any  
24 documentation aside from that  
25 application?

1           A     There may or may not have been  
2 documentation provided.

3           Q     So you don't know? So I just  
4 want to be sure when you say there may  
5 or may not have been I want to  
6 understand what that means. Does that  
7 mean you don't know?

8           A     People may have submitted  
9 documentation.

10          Q     Was it a requirement that  
11 there be?

12          A     At that time there may or may  
13 not have been a requirement --

14          Q     So you don't know?

15          A     -- I'm not entirely sure.

16                 MR. GEIST: Can I ask, let the  
17 witness finish his answer and you let  
18 the questioner finish her question?

19                 THE WITNESS: Sure.

20                         (SEC Exhibit No. 4  
21 was marked for  
22 identification.)

23                 (b)(6); (b)(7)(C) I'm showing you  
24 what's been marked as Exhibit 4.

25                 THE WITNESS: Yes.

1 (b)(6); (b)(7)(C) Have you had a  
2 chance to review it? Okay. Great.

3 So it looks like this is an  
4 email chain between you, someone named  
5 (b)(6); (b)(7)(C) copying (b)(6); (b)(7)(C) about V chain  
6 legal review and it looks like at the  
7 bottom of the chain (b)(6); (b)(7)(C) is asking  
8 about his project that he's considering  
9 being listed on BITTREX and email  
10 above -- directly above that at 1:10  
11 p.m. on November 22, 2017 you say, hi

12 (b)(6); Can you give me some email  
13 addresses to invite to slack to discuss  
14 this further. He provides the email  
15 addresses and at the very top email on  
16 11/23/2017 you say, (b)(6); (b)(7)(C) invites have  
17 been sent. When you sign up to slack  
18 please use generic names which do not  
19 mention the project name. DM me and I  
20 will set up a private channel.

21 Q Do you recall this  
22 conversation?

23 A Now, that I read this email it  
24 sounds familiar.

25 Q So I guess just as an initial

1 matter, why were you directing -- why  
2 were you directing him to switch to  
3 slack from email?

4 A Usually, in this case we have  
5 dedicated channels for token teams such  
6 as V chain that we can discuss a  
7 project.

8 Q When you say dedicated channel  
9 does that mean you set up like a  
10 specific channel just for a particular  
11 token team?

12 A Yes.

13 Q Why was that? Why not just  
14 use email?

15 A Slack provides realtime chat  
16 communications and it's just a method  
17 that we used.

18 Q Why was it preferable?

19 A Well, one preference for slack  
20 versus emails is that slack you can have  
21 an immediate back and forth discussion  
22 whereas email you can send an email and  
23 not hear back -- you know, the day  
24 later --

25 Q So when you say immediate are

1     you referring to it being sort of a  
2     message services as opposed to an email?

3             A     Yes, a realtime chat system.

4             Q     Then why did you ask him to  
5     use a generic name that didn't mention  
6     his project name?

7             A     This particular slack is known  
8     as a public slack. So sometimes  
9     people -- well, we don't want people to  
10    have sign up with let's say (b)(6); (b)(7)(C) V  
11    chain or something like that to indicate  
12    that we are discussing things with a  
13    particular project.

14            Q     So it's just to keep it  
15    confidential?

16            A     Yes.

17            Q     Going back to the applications  
18    for tokens to be listed again in this  
19    earlier period late 2016, early 2017,  
20    who made the ultimate decision as to  
21    whether a token would be listed?

22            A     I'm not sure if it can be  
23    considered an ultimate decision that  
24    was, but there were -- it was mostly  
25    myself and Bill.

1           Q     So you would discuss it with  
2     Bill and make a determination amongst  
3     the two of you as to whether a token  
4     would be listed?

5           A     Yes.

6           Q     Was anybody else involved in  
7     the decision at that time?

8           A     I don't think so.

9           Q     You had mentioned that at some  
10    point (b)(6); (b)(7)(C) joined BITTREX and  
11    was part of the token review process.  
12    Do you recall around when she joined  
13    BITTREX?

14          A     She joined around July 2017  
15    full time.

16          Q     Got it. Okay. And so between  
17    October 2016 and July 2017 was it you  
18    and Bill that were primarily reviewing  
19    the tokens -- the token applications?

20          A     Yes.

21          (b)(6); (b)(7)(C) Directing your  
22    attention to Exhibit 4, and specifically  
23    the top email in the chain. You write,  
24    quote, DM me, open paren, BITTREX, dash,  
25    (b)(6); (b)(7)(C) close paren, and I will set up a

1 private channel, period, close quote.

2 Is BITTREX, dash, (b)(6); (b)(7)(C) your  
3 slack handle?

4 THE WITNESS: In the public  
5 BITTREX site, yes, it is.

6 (b)(6); (b)(7)(C) What does setting  
7 up a private channel entail?

8 THE WITNESS: It involves  
9 creating a channel that is private named  
10 after the token or indicating that it's  
11 for that particular token and then  
12 inviting the members of that token team  
13 as well as some BITTREX staff members to  
14 that channel.

15 (b)(6); (b)(7)(C) So when  
16 communicating with the applicants you  
17 typically would initially DM and then  
18 invite them to a private channel; is  
19 that correct?

20 THE WITNESS: Yes, I would  
21 have them DM me to alert me that they  
22 had signed up to slack.

23 (b)(6); (b)(7)(C) How were those  
24 private channels maintained?

25 THE WITNESS: What do you mean



1 by "maintained?"

2 (b)(6); (b)(7)(C) Can you go back  
3 and access a private channel between --  
4 included yourself and members of a token  
5 team that was applying for a listing on  
6 BITTREX?

7 THE WITNESS: Those channels  
8 are -- usually remain open unless we  
9 close them for any particular reason.

10 (b)(6); (b)(7)(C) Do you save or  
11 archive those channels?

12 THE WITNESS: You're talking  
13 about the contents or --

14 (b)(6); (b)(7)(C) I'm talking about  
15 the messages within the private channel.

16 THE WITNESS: Not typically,  
17 no.

18 (b)(6); (b)(7)(C) What does closing  
19 a private channel do?

20 THE WITNESS: Usually we close  
21 a channel if we aren't discussing a  
22 token with -- any further.

23 (b)(6); (b)(7)(C) Are the messages  
24 within a private channel with one of  
25 these token teams saved in a manner

1 where you can go back after the fact and  
2 take a look at the messages?

3 THE WITNESS: It's on the  
4 slack public instance. So there's  
5 message limits, history limits. So we  
6 don't typically -- well, we don't, yeah,  
7 save the history of them.

8 (b)(6); (b)(7)(C) Why not?

9 THE WITNESS: I don't know why  
10 we don't. We don't require the  
11 information.

12 Q So again, in this early period  
13 prior to -- when it was just you and  
14 Bill prior to July 2017, did you and  
15 Bill memorialize this token review in  
16 any way? Did you have notes or a form or  
17 anything that you used when making these  
18 decisions on various tokens?

19 A We may have notes in the  
20 tickets, internal notes. I don't  
21 believe there was a documented process  
22 at that particular time.

23 Q How did you let -- how did you  
24 or Bill let a particular applicant know  
25 whether or not their token was going to

1 be listed?

2 A We didn't inform them that it  
3 was going to be listed or not. We just  
4 listed them.

5 Q What about applicants that you  
6 were rejecting?

7 A Typically, we would send a  
8 generic response in the ticket system  
9 that they were rejected.

10 (SEC Exhibit No. 5  
11 was marked for  
12 identification.)

13 (b)(6); (b)(7)(C) I'm showing you  
14 a document that has been marked as  
15 Exhibit 5.

16 THE WITNESS: Okay.

17 (b)(6); (b)(7)(C) So this document  
18 is -- bears the Bates Number

19 BR\_ESI\_0001989 and it's an email chain  
20 between you, Bill Shihara and (b)(6);  
(b)(7)(C)

21 (b)(6); (b)(7)(C) It looks like the chain  
22 starts on October 9, 2017, and goes  
23 through November 1, 2017, and it's  
24 titled, my token priority list.

25 Looking at Bill's first email

1 in the chain -- earliest email in the  
2 chain he lists a number of tokens and  
3 says, what else are we looking at. I'd  
4 like to see a list of things that are  
5 being considered and rejected. And then  
6 you respond to that email with a list  
7 titled, (b)(6); (b)(7)(C) priority list with  
8 comments and then you list a number of  
9 tokens with comments. Another list  
10 titled, (b)(6); (b)(7)(C) not overly exciting,  
11 but we can look to pursue add them list  
12 and then it lists a number of tokens and  
13 then (b)(6); (b)(7)(C) waste of time list and it  
14 lists a number of tokens.

15 Q What is this list?

16 A The list from what I worked?

17 Q Yes.

18 A I believe it's a categorized  
19 list of potential tokens that we may  
20 want to pursue listing.

21 Q Were all of these tokens on  
22 these various lists that you wrote here,  
23 were they all tokens who -- pending  
24 applications to BITTREX?

25 A There may or may not have

1     been. I'm looking at the list that --

2     yeah, it may or may not have been.

3           Q     So were some of them tokens  
4     that you sort of yourself thought should  
5     be listed?

6           A     From the list it looks like  
7     some which I thought looked interesting,  
8     worth pursuing.

9           Q     What made them interesting or  
10    worth pursuing?

11          A     It's case by case, but some of  
12    them may have strong developments, some  
13    may have technical innovation.

14          Q     It looks like for a couple of  
15    them you mentioned volume. What did you  
16    mean by volume?

17          A     Can you give an example?

18          Q     Sure. The one at the top of  
19    your priority list, Iota --

20                 MR. GEIST: Sorry. Csn I ask  
21    you which page? The words priority list  
22    appear on more than?

23                 (b)(6); (b)(7)(C) Sure. It's  
24    BR\_ESI\_001990. That's the email I'm  
25    talking about right now.

1 MR. GEIST: Thank you.

2 A From reading this, I believe  
3 it was listed -- it was at the time top  
4 ten coin on Coin Market Care. It may or  
5 may not have relatively high volume at  
6 the time and it sounds like it was  
7 listed on at the time Bitfinex.

8 Q What does high volume mean?

9 A It usually means relatively  
10 high trading volume.

11 Q Why was that a positive thing?

12 A It's usually a positive thing  
13 as it usually relates to trading fees.

14 Q Just to make sure I  
15 understand, higher volume would mean  
16 higher fees or more fees being collected  
17 for a particular token?

18 A Yes.

19 Q This is October 2017 when this  
20 conversation starts, at this time was it  
21 you, (b)(6); (b)(7)(C) and Bill Shihara  
22 that were looking at token applications  
23 and on making the decision whether to  
24 list tokens on BITTREX?

25 A I believe we were three



1 involved with that evaluating tokens.

2 Q Was there anybody else  
3 involved in that at this time?

4 A There may or may not have  
5 been, but I don't exactly recall.

6 Q If you look at that same email  
7 that we were discussing, at the bottom  
8 the very last token mentioned on the  
9 page ending in 1990, TNT Tieron it's a  
10 professional offering with good  
11 investors. Unfortunately, the dev (b)(6);  
(b)(7)(C)  
12 is reluctant to work with us with  
13 advisement from (b)(6); (b)(7)(C)

14 Do you recall what you were  
15 referring to there?

16 A Which particular part?

17 Q The part where you say,  
18 unfortunately, the dev (b)(6);  
(b)(7)(C) is  
19 reluctant to work with us advisement  
20 from (b)(6);  
(b)(7)(C)

21 A My understanding is that at  
22 this particular point -- well, at this  
23 state we had some newer processes, which  
24 involved an application and maybe at this  
25 point also a legal memo -- U.S. legal



1 memo from the applicant and it sounds  
2 like from the sentence that the  
3 developer (b)(6); (b)(7)(C) perhaps did not want to  
4 apply for -- yeah.

5 Q So on that point, you said  
6 that the processes had changed. When  
7 did the processes change?

8 A From my recollection, the  
9 processes changed after the DOW report  
10 came out.

11 Q In what way did they change?

12 A We established a more  
13 formalized process. One aspect is  
14 requiring a U.S. legal memo mentioning  
15 that the token wasn't a security, the --  
16 another way is that the token applicants  
17 had to file an NDA, another aspect is  
18 that they -- token teams had to put in a  
19 listing application.

20 Q Anything else you recall?

21 A We also formed a coin  
22 committee, we also had outside legal  
23 counsel review the token offering for  
24 U.S. listings. That's all I can think  
25 of at the moment.

1           Q     So I just want to go through a  
2     couple of them and get a little bit more  
3     information. When you say require a  
4     U.S. legal memo mentioning the token  
5     wasn't a security, do you recall roughly  
6     when? I know you said after the DOW  
7     report, but do you recall roughly when  
8     that became a requirement?

9           A     From some point after the DOW  
10    report to the end of 2017.

11          Q     Was it required that it be a  
12    memo from an attorney or --

13          A     Yes, a U.S. based legal  
14    counsel.

15          Q     What about the NDA, the  
16    nondisclosure agreement, when was that  
17    requirement put into place?

18          A     My understanding is the  
19    requirement was around the same time.

20          Q     When was the coin committee  
21    formed?

22          A     My understanding was it was  
23    around the same time.

24          Q     What about having outside  
25    legal counsel review U.S. listings, when

1 was that put into place?

2 A My understanding is, it was  
3 around the same time.

4 Q Was that for all U.S.  
5 listings?

6 A Yes, to my understanding.

7 (b)(6); (b)(7)(C) What do you mean  
8 by U.S. listings?

9 THE WITNESS: Later on we  
10 established an international platform  
11 around November 2018. So to distinguish  
12 things that were listed on our U.S.  
13 platform available to U.S. people.

14 (b)(6); (b)(7)(C) Okay. So that  
15 would be after 2018?

16 THE WITNESS: After 2018 there  
17 was, yeah, either international listing  
18 or U.S. listing.

19 Q So then from 2017 -- so  
20 basically prior to there being an  
21 international platform was outside U.S.  
22 legal counsel reviewing all token  
23 offerings on BITTREX? Is at that your  
24 testimony?

25 A From the DOW report until

1 currently also U.S. listings, yes,  
2 outside legal counsel reviews them.

3 Q And outside legal counsel has  
4 to approve of a listing before its  
5 listed?

6 A I wouldn't say they have to  
7 approve. They have to provide the  
8 analysis. So I guess approve on their  
9 stage, yes.

10 (b)(6); (b)(7)(C) Was this required  
11 just for new listings or were all  
12 existing listings reviewed?

13 THE WITNESS: We had a process  
14 of post DOW report reviewing existing  
15 listings that involved outside legal  
16 counsel as well.

17 (b)(6); (b)(7)(C) What was that  
18 process?

19 THE WITNESS: They would --  
20 well, one aspect is that they would --

21 MR. GEIST: Just remember not  
22 to provide any privileged information.  
23 If you can answer go ahead without  
24 revealing any --

25 A Provide --

1 (b)(6); (b)(7)(C) Thank you, counsel.

2 A -- their review of the tokens  
3 individually.

4 (b)(6); (b)(7)(C) At the bottom of  
5 the exhibit the page marked 1990, under  
6 TNT you write -- you talk about the  
7 token and in the middle of the sentence  
8 you say, trading 50 percent under ICO  
9 price. Why was that attractive to  
10 BITTREX?

11 THE WITNESS: I wouldn't say  
12 it was attractive. I would say it's a  
13 data point.

14 (b)(6); (b)(7)(C) How does that  
15 data point fit into your rational for  
16 prioritizing these tokens?

17 A In this case it was a data  
18 point that stated that people who bought  
19 at the ICO price were not likely to  
20 maybe sell at a loss since they were  
21 already under 50 percent of the price  
22 that they had purchased. So that was  
23 just a factor.

24 (b)(6); (b)(7)(C) So was that good  
25 for BITTREX listing or --

1 THE WITNESS: I wouldn't say  
2 it's good or bad. It's just a data  
3 point to consider, which is the  
4 established -- well, the current price  
5 versus the price that a number of people  
6 had bought at, which is the ICO price.

7 (b)(6); (b)(7)(C) So in this  
8 instance you didn't envision a massive  
9 dump?

10 THE WITNESS: In this instance  
11 it is -- it may be less likely that ICO  
12 purchases would sell at a loss, but  
13 depending on -- you know, market  
14 conditions and their personal  
15 preference.

16 (b)(6); (b)(7)(C) Then under (MANA)  
17 you also cement on the price of the  
18 token at the time as compared to the ICO  
19 price.

20 THE WITNESS: Okay.

21 (b)(6); (b)(7)(C) And you write,  
22 trading 50 percent under ICO price so it  
23 should rise.

24 How did that factor into your  
25 analysis to prioritize the (MANA) token?



1 THE WITNESS: I wouldn't say  
2 it factored into the prioritization. It  
3 was just an additional data point.

4 (b)(6); (b)(7)(C) Yeah, but is that  
5 information relevant? What is it  
6 indicative of?

7 THE WITNESS: It could be  
8 indicative of potential trade interest  
9 of users.

10 (b)(6); (b)(7)(C) Why is it  
11 indicative of potential trade interests  
12 by users?

13 THE WITNESS: Trade users may  
14 also see that data point and maybe  
15 consider that they're buying a discount.

16 (b)(6); (b)(7)(C) And that they  
17 would profit with the rise in price?

18 THE WITNESS: They may have  
19 the impression that they could profit if  
20 it did rise.

21 (b)(6); (b)(7)(C) Also, under DNT  
22 you also talk about price and you say,  
23 it is retracted from its peak of \$0.24  
24 to around ICO price of .04 --

25 MR. MARTIN: Which --



1 (b)(6); (b)(7)(C) We're on the  
2 next page ending in 1991.

3 THE WITNESS: Okay.

4 (b)(6); (b)(7)(C) So that data  
5 point --

6 (b)(6); (b)(7)(C) I think you're  
7 on the wrong page.

8 THE WITNESS: Oh, sorry. Yes.

9 (b)(6); (b)(7)(C) No problem.

10 THE WITNESS: Okay.

11 (b)(6); (b)(7)(C) That data point  
12 about price, what does that tell you  
13 about potential market interest in DNT?

14 MR. GEIST: Just making sure  
15 he's in the right spot. So DNT  
16 composite page.

17 THE WITNESS: Sorry. What was  
18 the question again?

19 (b)(6); (b)(7)(C) The data point  
20 about price, what does that tell you  
21 about potential market interest in DNT?

22 THE WITNESS: This data point  
23 looks like, yeah, it had been at a peak  
24 of -- well, it had gone up in price to  
25 \$0.24 and was currently traded at \$0.04.

1 So there was a historical change in  
2 price. So those were the metrics at the  
3 time.

4 (b)(6); (b)(7)(C) But, why was that  
5 information relevant?

6 THE WITNESS: It was relevant  
7 in potentially looking at trader  
8 interest.

9 (b)(6); (b)(7)(C) Okay. What about  
10 the information of the primary market  
11 being LIQUII? How is that information  
12 relevant?

13 THE WITNESS: That just  
14 indicates where it's mostly traded at.  
15 There's nothing further, yeah, to gather  
16 from that.

17 (b)(6); (b)(7)(C) Is there -- if it  
18 was traded on LIQUII were there any  
19 assumptions to be made about trading on  
20 BITTREX?

21 THE WITNESS: Not that I can  
22 think of.

23 Q Turning back to the page  
24 ending in 1990.

25 A Yep.

1 Q In your email you talk about  
2 (MANA), dash, decentraland?

3 A Yes.

4 Q Do you recall that token?

5 A I have a recollection of  
6 decentraland, yes.

7 Q You listed it here as one of  
8 the priority -- one of the tokens on  
9 your priority list, correct?

10 A Yes, it sounds like that  
11 category.

12 Q Just to clarify for the  
13 record, this list which says, (b)(6); (b)(7)(C)  
14 priority list with comments, these are  
15 tokens that you're recommending to your  
16 team that they be listed; is that  
17 correct?

18 A It's a list that -- of tokens  
19 that they look interesting to me, yes.

20 Q For a potential listing on  
21 BITTREX?

22 A I believe so.

23 Q For the ones on your priority  
24 list that the token teams had submitted  
25 applications for, had you reviewed all

1 of those applications prior to making a  
2 recommendation?

3 A I think that some had -- well,  
4 looking at this list and the comments it  
5 looks like some had applied, some hadn't  
6 applied.

7 Q Had you reviewed those  
8 applications?

9 A I may have at this point done  
10 some review.

11 Q Was that part of your job?

12 A Part of my job is to -- at  
13 this time was to review applications.

14 Q Just to step back on that  
15 point and make sure I understand. So at  
16 this time was it you and (b)(6); (b)(7)(C) and Bill  
17 who were reviewing applications?

18 A That may be -- not exactly  
19 sure what (b)(6); (b)(7)(C) role was at the time  
20 or when she transitioned to be a part of  
21 the digital assets team. I'm not sure  
22 she -- like what capacity she reviewed  
23 tokens.

24 Q So did -- I guess I want to  
25 understand sort of logistically who --

1     you know, when an application first came  
2     in whose desk did it go to, who reviewed  
3     it. Was it all you as far as you know?

4           A     At this time I looked at most  
5     of the incoming listing requests,  
6     applications.

7           Q     These would come into your --  
8     largely through your ticket system?

9           A     Yes.

10          Q     That's from the BITTREX  
11     website?

12          A     Yes.

13               (b)(6); (b)(7)(C)     So directing your  
14     attention to this email we've been  
15     discussing that spans 1990 through 1991.  
16     It's an email from you to Bill Shihara  
17     and (b)(6); (b)(7)(C)     on October 11, 2017  
18     sent at 2:27 a.m. Of the tokens listed  
19     under, quote, (b)(6); (b)(7)(C)     priority list  
20     with comments, close quote, did you have  
21     a position in any of these tokens at the  
22     time that you sent this email?

23               THE WITNESS: The only token I  
24     can recall having at this time would be  
25     Iota.

1 (b)(6); (b)(7)(C) Is there anything  
2 that would refresh your recollection as  
3 to your positions in particular tokens  
4 in or around October of 2017?

5 THE WITNESS: What do you mean  
6 by that or what do you mean anything --  
7 not sure what you mean by that question.

8 (b)(6); (b)(7)(C) Are there any  
9 documents that you have or have access  
10 to that could help you determine what  
11 your positions were in various digital  
12 assets in October of 2017?

13 THE WITNESS: There may be  
14 exchange history, but I'm relatively  
15 certain that -- well, yeah. Yeah, there  
16 may be exchange history that may  
17 indicate that I had a particular token  
18 or blockchain history that may indicate  
19 that I had a particular token.

20 (b)(6); (b)(7)(C) When you purchased  
21 ERC 20 tokens in an ICO do you have a  
22 particular wallet that you use to  
23 receive those tokens?

24 A I usually -- well, there's not  
25 one particular wallet that I use to



1 purchase a token at the time of the  
2 purchasing the ICOs.

3 Q Do you recall any of the  
4 wallets that you used around this time?

5 A No, I don't recall.

6 Q Did you tell Bill and (b)(6);  
(b)(7)(C)  
7 that you had a position in (b)(6);  
(b)(7)(C) token at  
8 this time?

9 THE WITNESS: I don't recall  
10 mentioning that, no?

11 (b)(6); (b)(7)(C) Why not.

12 MR. GEIST: Sorry. Why does  
13 he not recall the answer?

14 (b)(6); (b)(7)(C) Sorry. Do you not  
15 recall whether you mentioned it to Bill  
16 and (b)(6); (b)(7)(C)

17 THE WITNESS: Correct. I  
18 don't recall.

19 (b)(6); (b)(7)(C) I have another  
20 question about this document. So  
21 looking back at the list that (b)(6);  
(b)(7)(C) was  
22 just talking about, it looks like the --  
23 you chose these tokens based on the  
24 potential to increase trading volume on  
25 the platform and the potential for the



1 token price to rise; is that correct?

2 THE WITNESS: I would say that  
3 there are various aspects outlined case  
4 by case.

5 (b)(6); (b)(7)(C) Okay. Do they  
6 include the potential to rise in price  
7 on -- once the token is traded on the  
8 platform?

9 THE WITNESS: In one instance  
10 it could be stated that, for example,  
11 (MANA) .

12 (b)(6); (b)(7)(C) What about TNT,  
13 did that have a potential to rise in  
14 price following the listing on BITTREX?

15 MR. GEIST: Are you asking him  
16 whether it did as an objective fact or  
17 you're asking him whether the document  
18 says that?

19 (b)(6); (b)(7)(C) I'm talking about  
20 what his belief was at the time that he  
21 wrote the document.

22 THE WITNESS: At this time it  
23 may or may not have had the potential to  
24 rise or lose value -- sorry. Rise or  
25 lower in price.

(b)(6); (b)(7)(C)

1 (0)(0), (0)(1), (1)(0) What about DNT,

2 that have a potential to rise in price?

3 Was that your understanding at the time?

4 THE WITNESS: I see I  
5 mentioned will probably double in price  
6 on BITTREX. So to me that indicates it  
7 may have the potential to rise in price  
8 although it may also not do what I  
9 stated.

10 Q Are these your words, will

11 probably double in price on BITTREX add?

12           A     I believe that's my stated  
13     words, but I may or may not have meant  
14     that at that time or my prediction may  
15     or may not be relevant.

16 Q Well, I understand that your  
17 prediction may or may not have been  
18 relevant or have come true, but is there  
19 any reason to believe that you would  
20 have written something here that you  
21 didn't believe?

22 A Yes, because I mean, I'm not  
23 a -- I can't predict the future.

24 Q That's not what I'm asking.

25 I'm asking if these are your words is

1     there any reason to believe that you  
2     didn't mean this when you said it?  
3     That's all I'm asking. I'm not asking  
4     whether it turned out to be true.

5           A     I don't think there's any  
6     reason to believe it -- that that was  
7     what I thought at the time from that  
8     statement.

9           Q     Sorry. Could you say that  
10    again?

11          A     I don't believe that at the  
12    time that my statement was incorrect to  
13    what I thought.

14          Q     So there's no reason to --  
15    sorry. I think -- I just want to be  
16    clear. As far as you know you meant  
17    this statement when you said it?

18          A     Yes.

19                (b)(6); (b)(7)(C)   How did you  
20    generate this list of tokens?

21                THE WITNESS: As in -- what do  
22    you mean by generate?

23                (b)(6); (b)(7)(C)   How did you come  
24    up with these lists, these particular  
25    tokens to add to the list as priority

1 tokens.

2 THE WITNESS: They may or may  
3 not have applied. They may have been  
4 tokens that I had found interesting  
5 technically, innovative, perhaps tokens  
6 which were high in market cap that we  
7 didn't have listed.

8 (b)(6); (b)(7)(C) Any other -- and  
9 were they also tokens that had the  
10 potential to rise in price and the  
11 potential to have a large volume on  
12 BITTREX?

13 THE WITNESS: They may or may  
14 not have had the potential for price  
15 appreciation or volume.

16 (b)(6); (b)(7)(C) But we just said  
17 that some of the tokens you did identify  
18 as having a potential to rise in value  
19 in price.

20 MR. GEIST: I believe your  
21 question was characterizing all of them.

22 THE WITNESS: On a  
23 case-by-case basis some I may have  
24 stated to have the potential to rise in  
25 price.

1 (b)(6); (b)(7)(C) Was that a --  
2 something that was important when you  
3 prioritized tokens or something that was  
4 important to BITTREX when considering  
5 whether to list a token?

6 A I wouldn't say it was  
7 important. I would say it was a  
8 consideration.

9 (b)(6); (b)(7)(C) Okay. How did it  
10 factor in compared to other  
11 considerations?

12 THE WITNESS: It was one of  
13 the factors --

14 (b)(6); (b)(7)(C) Were all the  
15 factors treated equally?

16 MR. MARTIN: Sorry. I think  
17 the witness wasn't done speaking.

18 THE WITNESS: I wouldn't  
19 place -- I wouldn't have a priority on  
20 that factor.

21 (b)(6); (b)(7)(C) Okay. And what  
22 about the volume, did you place any  
23 priority on that factor?

24 THE WITNESS: It was a factor.  
25 I would say there was some priority or

1 as it related to interest -- public  
2 interest and potentially trading fees.

3 (b)(6); (b)(7)(C) And I -- sorry if  
4 we've spoken about this again and the  
5 potential to rise in price how did it  
6 that factor in?

7 MR. GEIST: How many times are  
8 you going to ask him the question?

9 (b)(6); (b)(7)(C) Until he answers  
10 it.

11 MR. GEIST: He has answered it  
12 multiple times. Go ahead. You can  
13 answer it again.

14 THE WITNESS: It was a factor.  
15 I wouldn't place a priority on it. I  
16 like volume, which was more directly  
17 correlated to company profits.

18 (b)(6); (b)(7)(C) Okay.

19 (b)(6); (b)(7)(C) At this time in  
20 October of 2017 did BITTREX have any  
21 policies concerning the disclosure of  
22 any positions that you or other members  
23 of the token team had in particular  
24 digital assets that were under review?

25 THE WITNESS: I don't believe



1 so. I believe that we had a policy once  
2 (b)(6); (b)(7)(C) who was the head of the  
3 compliance department joined. I'm not  
4 sure when policy exactly was put in  
5 place.

6 (b)(6); (b)(7)(C) What's that  
7 policy?

8 THE WITNESS: We have a  
9 disclosure and trading policy. So we  
10 need to disclosure what assets we have  
11 to (b)(6); (b)(7)(C) We have designated --  
12 once a quarter we must designate if we  
13 intend to trade a particular token and  
14 we -- and what our intended trade is and  
15 we can only trade on two particular days  
16 in a quarter.

17 (b)(6); (b)(7)(C) Do you recall when  
18 those policies and procedures went into  
19 effect?

20 THE WITNESS: I don't recall.

21 (b)(6); (b)(7)(C) Was it in 2019?

22 THE WITNESS: It may or may  
23 not have been. I'm not entirely sure.  
24 It may be before that.

25 (b)(6); (b)(7)(C) Do you recall



1 whether you had to sign any  
2 certifications related to these  
3 policies?

4 THE WITNESS: I don't think it  
5 was -- I wouldn't call it  
6 certifications. We may or may not have  
7 to sign something.

8 (b)(6); (b)(7)(C) Have you had any  
9 trainings on these policies and  
10 procedures?

11 A We may or may not have had  
12 discussions led by (b)(6); (b)(7)(C) in or about  
13 these policies.

14 (b)(6); (b)(7)(C) When you say "may  
15 or may not have" what do you mean by  
16 that?

17 THE WITNESS: I don't recall  
18 exactly recall if we had discussions,  
19 but yeah.

20 (b)(6); (b)(7)(C) So you don't  
21 recall any formal training concerning  
22 these policies and procedures?

23 THE WITNESS: I don't recall  
24 formal training.

25 (b)(6); (b)(7)(C) Do you recall any

1 training concerning these policies and  
2 procedures?

3 THE WITNESS: I don't recall  
4 training.

5 (SEC Exhibit No. 6  
6 was marked for  
7 identification.)

8 (b)(6); (b)(7)(C) I'm showing you  
9 what I had marked as Exhibit 6. You  
10 should take a moment and review the  
11 document.

12 THE WITNESS: Okay.

13 Q So just for context, what is  
14 this document?

15 A It looks like it is a listing  
16 application filled out by a token team,  
17 in this case, decentraland.

18 Q As far as you know, is this  
19 decentraland the same token team that  
20 was on your priority list in Exhibit 5?  
21 If you want to refer back to it that's  
22 fine.

23 A I believe they refer to the  
24 same token.

25 Q Do you recall reviewing this

1 application around the time that it was  
2 submitted?

3 A I vaguely recall reviewing the  
4 application.

5 Q I want to turn your attention  
6 to part two summary of token and terms  
7 of sale. This is on the page bearing  
8 the Bates Numbers BR\_ESI\_0008082 and if  
9 you go down, one of the rows says, on  
10 the date of our token sale the platform  
11 was in development and underneath it  
12 says, currently the platform is  
13 partially completed.

14 Was the fact that the token --  
15 was the fact that the platform was in  
16 development at the time of the token  
17 sale, was that a concern for you or  
18 anyone on the token team?

19 A That may have been a factor of  
20 consideration.

21 Q Was it a concern for you or  
22 anyone on the token team?

23 A I'm not sure if it was a  
24 concern at the time. It may have been a  
25 factor of consideration.

1 Q When you say it may have been  
2 a factor of consideration what does that  
3 mean?

4 A We looked at overall  
5 developments of a token.

6 Q Why was that?

7 A We wanted to see that -- you  
8 know, a token had technical innovation,  
9 had a team or people working on a token,  
10 that there were public developments of a  
11 token.

12 Q So was there -- was it the  
13 case that -- actually -- strike that.

14 Did the status of development  
15 of the platform at the time of the token  
16 sale, did that come into play in your  
17 analysis of whether the token was a  
18 security under the U.S. securities laws?

19 A I recall at some point the  
20 status may have been -- well, I'm not  
21 sure if at this time what factor it  
22 played in regards to the potential  
23 listing of token.

24 Q So at this time you weren't  
25 considering that?

1           A     I wouldn't say I wasn't -- we  
2 weren't considering it because it's a  
3 question on the application form. I'm  
4 not sure what extent it played in our  
5 analysis at the time.

6           Q     I want to turn your attention  
7 to two pages further along in the  
8 document ending in 8084. If you go down  
9 there's a column that says, we limited  
10 token sales to.

11          A     Okay.

12          Q     It says, we prohibited persons  
13 from the United States, Cayman and  
14 countries listed on the OFAX sanctioned  
15 list. If you go further down it says,  
16 at the time of our ICO we had not yet  
17 made a final determination as to the  
18 status of (MANA) tokens under the U.S.  
19 federal security laws and therefore out  
20 of an abundance of caution and to avoid  
21 delaying the initial sale we excluded  
22 U.S. buyers.

23                     Why was this relevant to  
24 BITTREX?

25           MR. GEIST: There may be

1 additional text that you might want to  
2 ream to him that goes to the same point.

3 (b)(6); (b)(7)(C) Which text are  
4 you referring to?

5 MR. GEIST: The last sentence  
6 in the section.

7 Q Subsequent to the token sale  
8 we completed our legal analysis  
9 regarding the treatment of (MANA) tokens  
10 under U.S. federal securities laws which  
11 we will provide to you.

12 Why was this relevant to the  
13 BITTREX listing decision?

14 A Which particular part?

15 Q The exclusion of U.S. persons  
16 because of potential implication of the  
17 U.S. securities laws.

18 A I'm not sure if that was or  
19 was not a consideration.

20 Q If a token application  
21 excluded U.S. persons, how did that  
22 weigh in favor or against listing on  
23 BITTREX?

24 A I don't know if that  
25 particular data point had any weighting

1 for or against.

2 Q Was there -- if as here were  
3 decentraland (MANA) tokens were  
4 excluding U.S. persons from their sale  
5 because they were unsure as to whether  
6 or not it would be considered a security  
7 under U.S. law, did BITTREX have any  
8 concern with listing that for secondary  
9 trading on a U.S. platform? Was that a  
10 consideration?

11 A If they sold to U.S. people in  
12 the ICO?

13 Q If they did not?

14 A I'm not sure if that would be  
15 weighed into it.

16 Q Let me --

17 MR. GEIST: Sorry. I think he  
18 was not finished with his point.

19 (b)(6); (b)(7)(C) I just felt that  
20 he didn't understand. So I was going to  
21 try to clarify my question.

22 A Yeah, I'm not sure if that  
23 weighed into the decision process. As  
24 opposed to having a U.S. legal memo,  
25 which did weigh into it.



1 Q Okay. So if a token sale  
2 excluded U.S. persons because of  
3 uncertainty regarding the application of  
4 the U.S. securities laws, if that were  
5 the case --

6 MR. GEIST: Let her finish the  
7 question.

8 THE WITNESS: Okay.

9 (b)(6); (b)(7)(C) I just want to  
10 make sure you're following.

11 Q So if as in here the token  
12 sale excluded U.S. persons because of  
13 the uncertainty about the allocation of  
14 the U.S. security laws did BITTREX take  
15 that into account in any way?

16 A That may or may not have been  
17 a consideration. I'm not entirely sure  
18 if it was.

19 (b)(6); (b)(7)(C) You were on the  
20 token review committee at this time when  
21 the decentraland application came in; is  
22 that right?

23 THE WITNESS: Yes.

24 (b)(6); (b)(7)(C) In your analysis  
25 of the (MANA) token was the fact that

1 they excluded U.S. investors something  
2 you considered?

3 THE WITNESS: I'm not sure if  
4 this was a consideration that weighed  
5 for or against the token.

6 Q So you don't recall  
7 considering it?

8 A I may have considered it as a  
9 factor. I'm not sure if it was a  
10 relevant factor. It may have been, it  
11 may not have been.

12 (b)(6); (b)(7)(C) Do you think it's  
13 a relevant factor?

14 THE WITNESS: Today you mean?

15 (b)(6); (b)(7)(C) Yeah, sitting here  
16 today.

17 THE WITNESS: I think that it  
18 could be considered a factor excluding  
19 U.S. people, but in the relation that it  
20 may relate to I guess having ties to  
21 U.S. people.

22 (b)(6); (b)(7)(C) The fact that an  
23 issuer excluded U.S. investors in an  
24 Initial Coin Offering in terms of  
25 subsequently list -- in Facebook an

1 application to list that token on  
2 BITTREX, which way that does that factor  
3 a cut for you, in favor or against  
4 listing it on BITTREX?

5 THE WITNESS: For that  
6 particular factor I don't have an  
7 opinion. I don't have an opinion on  
8 whether it is better or worse to list on  
9 U.S. platform.

10 (b)(6); (b)(7)(C) Did you ever hear  
11 from U.S. investors that they were  
12 unable to participate in a particular  
13 ICO that they hoped to purchase tokens  
14 that were restricted to them in the ICO  
15 through BITTREX?

16 THE WITNESS: Not that I  
17 recall.

18 Q Just to clarify, you testified  
19 earlier that it was part of your job  
20 responsibility to review the token  
21 listing applications that came in?

22 A Yes, that was one of my roles.

23 Q In addition to reviewing was  
24 part of your job responsibilities to  
25 make recommendations as to whether or

1 not tokens should be listed on BITTREX?

2 A Yes, I would say there was  
3 recommendations. They may have or may  
4 not have, but there was a process  
5 overall.

6 MR. MARTIN: Is it possible  
7 for us to take a break, please?

8 (b)(6); (b)(7)(C) Sure. How long  
9 would you like?

10 MR. MARTIN: Five/ten minutes.

11 (b)(6); (b)(7)(C) Sure. We're off  
12 the record at 3:28.

13 (A brief recess was taken.)

14 (b)(6); (b)(7)(C) We are back on  
15 the record at 3:45 p.m.

16 (b)(6); (b)(7)(C) during the break did  
17 you have any substantive conversations  
18 with the staff about this investigation?

19 THE WITNESS: No.

20 Q I want to circle back. I know  
21 that you've mentioned the DOW report.  
22 Have you read the DOW report?

23 A Yes.

24 Q Did you -- what did you  
25 understand the DOW report to be?

1           A     I understand it was a report  
2     made by the SEC in regards to a token  
3     DOW mentioning the Howie test and how  
4     the DOW could be considered a security.

5           Q     Did you discuss the DOW report  
6     with anybody at BITTREX?

7           A     Not that I recall.

8           Q     You had mentioned earlier that  
9     after the DOW report some changes were  
10    made to the policies and procedures that  
11    BITTREX followed in terms of listing  
12    documents in terms you mentioned  
13    requiring a legal memo and a couple of  
14    other things, requiring the listing  
15    application, requiring an NDA. Were  
16    there any other steps that you can  
17    remember that BITTREX started to  
18    implement after the DOW report?

19          A     Not that hasn't been stated  
20    previously.

21          Q     Was there any look back at  
22    tokens that were already listed on  
23    BITTREX to see whether anything should  
24    be done based on the DOW report?

25          A     We did an evaluation on the

1 currently listed tokens, to see if they  
2 had aspects which may potentially be  
3 factor to be considered securities.

4 Q Who was involved in that?

5 A That I recall, Bill, (b)(6); (b)(7)(C)  
6 outside legal counsel.

7 Q What did that review consist  
8 of, your -- obviously excluding work  
9 product by your legal counsel?

10 A Involved looking at the  
11 currently listed tokens and potentially  
12 delisting some tokens.

13 Q Did you in fact delist any  
14 tokens based on that review?

15 A Yes.

16 Q Do you recall roughly how  
17 many?

18 A That I can remember, three of  
19 them.

20 Q Do you remember what they  
21 were?

22 A One was bit shares.

23 Q Bit shares?

24 A Yes. Another one was APEX,  
25 another one was DARCRUS.

1 Q D-A-R-C-U-S?

2 A D-A-R-C-R-U-S.

3 Q D-A-R-C-R-U-S. And why were  
4 these delisted?

5 A In the case of DARCRUS and  
6 APEX they had aspects which involved  
7 burning of tokens for bit shares. I  
8 don't exactly recall.

9 Q Why was burning of tokens  
10 problematic?

11 A I wouldn't say it was  
12 problematic. It was possibly a factor  
13 that may contribute to it being  
14 considered a security. It had the --  
15 well, burning of tokens had the effect  
16 of reducing the overall token supply.

17 Q If it reduced the overall  
18 token supply what would be the results  
19 of that?

20 A Reducing the overall token  
21 supply may have the potential perception  
22 that it may increase the value of a  
23 token rightly or wrongly, yeah.

24 Q You said that you can't recall  
25 why bit shares was delisted?



1 A Correct, I can't recall.

2 Q But it was delisted in this  
3 review that was done after the DOW  
4 report to determine whether the U.S.  
5 securities laws could potentially be  
6 implicated by these token listings; is  
7 that correct?

8 A It was done with our rereview  
9 process of -- yeah.

10 Q Any other tokens you recall  
11 being delisted as a part of this  
12 process?

13 A No.

14 Q Did the rereview look at all  
15 tokens that were currently listed on  
16 BITTREX?

17 A I believe so, yes.

18 (b)(6); (b)(7)(C) How did the  
19 rereview process work?

20 THE WITNESS: Well, my --  
21 well, I don't exactly recall how it  
22 exactly worked. I recall a spread sheet  
23 of all the tokens, maybe -- well, I  
24 recall, yeah, columns on the spread  
25 sheet. I don't recall the exact nature

1 of what was in each column. We work  
2 with outside legal counsel on it. That's  
3 all I can remember of it.

4 (SEC Exhibit No. 7  
5 was marked for  
6 identification.)

7 (b)(6); (b)(7)(C) I'm handing you  
8 what's been marked as Exhibit 7.

9 THE WITNESS: Okay.

10 (b)(6); (b)(7)(C) If you want to  
11 take a moment and review the document.

12 THE WITNESS: Okay.

13 Q Do you recall -- so apologies.

14 (b)(6); (b)(7)(C) This is a  
15 document bearing the Bates stamp BTRX,  
16 underscore, SEC, dash, 008404. It's an  
17 email chain between (b)(4)

18 and (b)(4); (b)(6); (b)(7)(C)

19 (b)(4); (b)(6); (b)(7)(C) and

20 (b)(4); (b)(6); (b)(7)(C)

21 Q In the bottom looks like it  
22 was a Skype meeting invitation --

23 A Yes.

24 Q -- and the top meeting --  
25 sorry -- the email looks like this

1 followed that Skype meeting and it's  
2 discussing that call. Do you recall  
3 this Skype meeting?

4 A I vaguely recall this Skype  
5 meeting.

6 Q If you look at the email on  
7 top from (b)(6),  
(b)(7)(C) megafundaco.com, he says,  
8 after discussion with (b)(6); last evening  
9 we were able to find some use cases that  
10 may be relevant to your question about  
11 the tokens utility. And then further  
12 down he says, for example, there are  
13 some B2B transactions that have been  
14 done using the Vend token. I'm not  
15 entirely sure if that is the utility you  
16 guys were asking about, but if not it  
17 would be helpful for us to understand  
18 One, the definition of utility and then  
19 it goes on.

20 Do you recall what he's  
21 referring to here when he says, "the  
22 utility that you guys were asking  
23 about?"

24 A My understanding is that the  
25 utility was referring to being able to

1     utilize the token for its stated  
2     intended purpose.

3           Q     Was this something that you  
4     were requiring of token applicants at  
5     this time?

6           A     Yes, I believe so.

7           Q     What did you understand  
8     utility to mean?

9           A     My understanding was that if  
10    you had the token in your possession  
11    that you could utilize it for its  
12    intended purpose.

13          Q     So you recall that at this  
14    time you were -- you -- strike that.

15                Is it your testimony that you  
16    recall at this time you were requiring  
17    that a token had utility for it to be  
18    listed on BITTREX?

19               MR. GEIST: Sorry. Does time  
20    refer to his recollection or the time of  
21    the email?

22               (b)(6); (b)(7)(C)     The time of the  
23    email.

24               MR. GEIST: Thank you.

25           A     Yes.

1           Q     Were there any parameters  
2     around that requirement or was any  
3     stated utility sufficient?

4           A     I believe it was the utility  
5     that was originally stated for the  
6     token's purpose of existing.

7           Q     Did you or anyone else at  
8     BITTREX as far as you know do any  
9     independent verification of a token  
10    stated utility?

11          A     I believe we did. One form  
12    would be in the form of --

13          Q     In the form of?

14          A     In the form of these demos,  
15    demonstrations.

16          Q     What are you referring to when  
17    you say demonstrations?

18          A     These Skype calls would  
19    typically involve token teams  
20    demonstrating to us stated utility of  
21    their token.

22          Q     Got it. And to your  
23    understanding why was utility important?

24          A     My understanding is that the  
25    SEC put out the Munchee statement, which

1 further clarified the utility of a  
2 token. So utility of token was as  
3 important as it can be a factor in  
4 making something such as a token less  
5 likely to be considered a security.

6 (SEC Exhibit No. 8  
7 was marked for  
8 identification.)

9 (b)(6); (b)(7)(C) I'm showing you  
10 what's been marked as Exhibit 8. Do you  
11 want to take a moment and review the  
12 document?

13 THE WITNESS: Okay.

14 (b)(6); (b)(7)(C) So this a  
15 document bearing the Bates stamp BTRX,  
16 underscore, SEC0009693 through 9702.  
17 Looks to be an email chain between you,  
18 (b)(6); (b)(7)(C) copying a  
19 number of other people on the email  
20 chain.

21 Q On the page -- on the second  
22 page ending in 9694 in an email from  
23 (b)(6); (b)(7)(C) on Wednesday, July 18,  
24 2018, he states, we saw that you've  
25 listed a number of projects and then he

1 lists the projects, most of which are in  
2 development mode and end users can't use  
3 their tokens with full functionality as  
4 with white paper and then he asks about  
5 the INS project, which is that the  
6 project that he was inquiring about?

7 A Yes, I believe so.

8 (b)(6); (b)(7)(C) So then he asks  
9 about his project and he's talking about  
10 it looks to be the development of that  
11 platform.

12 On the following page ending  
13 in 9693, at the top there's an email  
14 from you referring to that comment --

15 THE WITNESS: Yes.

16 (b)(6); (b)(7)(C) -- and you  
17 responded second paragraph, all projects  
18 mentioned have gone through the review  
19 process and have established utility,  
20 established utility meaning you can buy  
21 the token and use for intended purpose.  
22 It is expected that projects have  
23 continued development. So perhaps that  
24 is the confusing there in development  
25 mode.



1           Q     Can you tell us sort of what's  
2     the distinction here between a project  
3     that has utility and one that's still  
4     developing its utility?

5           A     I think I'm just -- in this  
6     email I'm just clarifying what he states  
7     as development mode that -- you know, we  
8     expect projects to have continued  
9     development and which may or may not be  
10    related to the utility in this case, but  
11    we also expect -- well, require that  
12    tokens have established utility.

13          Q     So are you saying that at the  
14    time that a token was purchased, the  
15    utility had to be established at that  
16    time?

17          A     Correct.

18          Q     That was irrespective of  
19    whether there were further developments  
20    to the platform?

21          A     Yeah, the developers may or  
22    may not be further -- you know, yeah.  
23    Yes, basically what you said.

24          Q     So I guess -- so is it correct  
25    that your clarifying for him that the

1 platform didn't need to be fully  
2 developed at the time of the token sale  
3 so long as the coin purchase could be  
4 used for its stated purpose?

5 A Yes.

6 (b)(6); (b)(7)(C) directing  
7 your attention to the page Bates number  
8 9695. At the bottom of that page on  
9 February 22, 2018, at 11:56 a.m. you  
10 appear to reply to an email from (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) In part you write, please use  
12 the channel in slack for correspondence.  
13 What did you mean by that?

14 THE WITNESS: In this case, we  
15 had established a private slack channel.  
16 So he was CCing a lot of people.

17 (b)(6); (b)(7)(C) This is like one  
18 of the private slack channels you were  
19 talking about earlier today?

20 THE WITNESS: Yes. And my  
21 view that he would have had faster reply  
22 or a more realtime correspondence if he  
23 used the slack channel.

24 (b)(6); (b)(7)(C) Today, in October  
25 of 2019 is it possible to go back and

1 see communications within that private  
2 slack channel?

3 THE WITNESS: I don't believe  
4 so because slack, the very instance has  
5 a limitation of the number of messages  
6 it can hold.

7 (b)(6); (b)(7)(C) So can you see the  
8 messages up to that limitation or can  
9 you just not see any messages on those  
10 slack channels?

11 THE WITNESS: You can see the  
12 messages up to that limitation.

13 (b)(6); (b)(7)(C) So today in  
14 October 2019 can you go back and see the  
15 messages in the INS private slack  
16 channel?

17 THE WITNESS: I believe it  
18 would have been cleared out from this  
19 particular date based on the number of  
20 messages we -- you know, have on that  
21 public slack channel.

22 (b)(6); (b)(7)(C) So this would be a  
23 private slack channel, right, for  
24 communicating with a particular issuer?

25 THE WITNESS: Yes, but it --

1     you know, the total messages for that  
2     overall slack instance is all kind of  
3     summed together.

4           Q     So shifting gears a little  
5     bit, going back to reviewing token  
6     applications, as part of that process  
7     did you review token issuer's social  
8     media?

9           A     That was something that we  
10    looked at.

11          Q     What were you looking for in  
12    that review?

13          A     We were looking for how teams  
14    would generally conduct themselves to  
15    the public, the developments that they  
16    had posted, whether the relative size of  
17    their community based on followers,  
18    yeah, the contents of their updates.

19          Q     Anything else?

20          A     That's mostly it.

21                         (SEC Exhibit No. 9  
22                         was marked for  
23                         identification.)

24           (b)(6); (b)(7)(C)     I'm showing you  
25    what's been marked as Exhibit 9.  If you

1 want to take a moment and review the  
2 document.

3 THE WITNESS: Okay.

4 Q What is this document?

5 A I believe it is a check list  
6 for potential listing of a coin to see  
7 that certain stages and -- have been  
8 checked.

9 Q Do you recall when BITTREX  
10 started using this check list?

11 A I don't exactly recall when.  
12 I feel like it was sometime after the  
13 DOW report. It -- yeah.

14 Q It says at the top that the  
15 reviewer is (b)(6); (b)(7)(C) Who is (b)(6); (b)(7)(C)

16 (b)(6); (b)(7)(C)

17 A He's a member of the coin  
18 team.

19 Q A member of the coin team?  
20 Let's just step back for a second since  
21 you mentioned that. At what point did  
22 the coin team expand beyond you, (b)(6); (b)(7)(C)  
23 and Bill?

24 A Over time we had new  
25 employees. I -- (b)(6); (b)(7)(C) being one of

1     them. I don't know exactly when he  
2     became a member of the coin team. He  
3     was previously working in support.  
4     Another person, (b)(6), also at some point  
5     became a member of the coin team.

6           Q     Do you recall generally when,  
7     what year?

8           A     Generally late 2017, early  
9     2018 -- most likely early 2018.

10          Q     Was the person -- was someone  
11     on the coin team assigned to each token  
12     application?

13          A     As in being a reviewer?

14          Q     Right.

15          A     I believe one person was  
16     designated -- well, yeah, as the  
17     reviewer of the token in this capacity.

18           (b)(6); (b)(7)(C)     Turning your  
19     attention to -- on the first page -- oh,  
20     apologies. The Bates Number is  
21     BR\_ESI\_0012527 through 28. So on the  
22     first page ending in 2527 under  
23     community, Number 1, it says social  
24     media sweep. It's check marked ES and  
25     then under comments it says, problematic



1 reTweets liked and Tweets removed.

2 Q Do you know what that's  
3 referring to?

4 A In this case, it likely means  
5 statements, which are speculative on  
6 price. I'm not entirely sure in this  
7 instance.

8 Q Why would those be considered  
9 problematic?

10 A Generally -- well, we want to  
11 avoid token teams speculating on price.  
12 That was something I believe mentioned  
13 in the Munchee report.

14 Q So did someone on the coin  
15 team go back and instruct the token  
16 issuer to remove those statements?

17 A That may have been the case.

18 Q Do you recall whether it was  
19 the case?

20 A I don't recall in this  
21 instance.

22 Q Do you -- did you ever tell a  
23 coin team that they should remove  
24 problematic statements or statements  
25 that were speculative on price?



1           A     I may have. I can't think of  
2     an exact example.

3           (b)(6); (b)(7)(C)     Just turning to  
4     the second page here ending in 2528.

5     The last heading says coin committee  
6     listing approval vote and it lists Bill  
7     Shihara, (b)(6); (b)(7)(C)  
8     and (b)(6); (b)(7)(C) and it's checked marked,  
9     yes, next to all four names.

10          Q     Does this signify that you  
11     voted yes for this token to be listed?

12          A     It signifies that we approved  
13     for it to be potentially listed. It may  
14     or may not have been listed.

15          Q     What would have been the step  
16     after this approval?

17          A     It would likely be that it  
18     would be listed if it was technically  
19     feasible that it could be listed.

20          (b)(6); (b)(7)(C)     Do you recall ever  
21     reaching out to any digital assets team  
22     and asking them to remove problematic  
23     statements?

24                 THE WITNESS: I may have. I  
25     don't recall any examples.

1 (b)(6); (b)(7)(C) When you say you  
2 may have, do you have a general  
3 recollection of doing so?

4 THE WITNESS: I have a general  
5 recollection I may have pointed out  
6 certain problematic social media  
7 statements for removal.

8 (b)(6); (b)(7)(C) Do you recall how  
9 you communicated that?

10 THE WITNESS: I may have  
11 mentioned it to them in the slack  
12 channel that this is -- this statement  
13 speculates a price.

14 (b)(6); (b)(7)(C) Any other means or  
15 methods of communication?

16 THE WITNESS: Not that I  
17 recall.

18 (b)(6); (b)(7)(C) Did you discuss  
19 with Bill this practice of alerting  
20 token teams to statements that speculate  
21 on price?

22 THE WITNESS: I believe he's  
23 aware of it since we had discussions  
24 about it.

25 (b)(6); (b)(7)(C) What did you

1 discuss about it?

2 THE WITNESS: That this was an  
3 item that should be looked at, which is  
4 why it's on our check list.

5 (b)(6); (b)(7)(C) Right, but did  
6 you discuss with Bill that you would  
7 identify statements to token teams and  
8 tell them to remove problematic  
9 statements?

10 THE WITNESS: I don't totally  
11 recall, but I believe so.

12 (b)(6); (b)(7)(C) So he knew of the  
13 practice?

14 THE WITNESS: I believe he was  
15 aware of the practice since it was on  
16 our check list and --

17 Q Did the four people listed on  
18 the coin team on the bottom of the check  
19 list, did each of you review this check  
20 list before voting?

21 A Yes, that was part of the coin  
22 team listing approval process.

23 (SEC Exhibit No. 10  
24 was marked for  
25 identification.)

1 (b)(6); (b)(7)(C) I'm showing you  
2 what's been marked as Exhibit 10.

3 THE WITNESS: Okay.

4 Q Is this another new client  
5 listing check list similar to the one we  
6 looked at previously in Exhibit 9?

7 A Yes, I believe so, looks  
8 similar.

9 (b)(6); (b)(7)(C) I want to turn  
10 your attention to the subheading on the  
11 first page bearing Bates stamp  
12 BR\_ESI\_0012232 under Number 5 market  
13 analysis. It says, majority volume on  
14 KUCOIN possibly fake volume as buy  
15 support is to be to see.

16 Q Do you know what's meant here  
17 as fake volume?

18 A In this case and also based on  
19 the 300K daily volume statement, it's  
20 considered volume, which is most likely  
21 not legitimate trade volume.

22 Q What do you mean by not  
23 legitimate?

24 A As in based on the buy support  
25 figure of two bit coins it is -- it

1 seems highly likely that it's the -- the  
2 number is inflated. The volume number  
3 is inflated.

4 Q How would it become inflated?  
5 What would cause it to become inflated?

6 A One particular method could be  
7 wash trading, which could be maybe the  
8 exchange of buying and selling the token  
9 themselves to inflate the figure of  
10 volume.

11 Q Was this a concern for you?

12 A It is a factor to consider.

13 Q What do you think about it?

14 A It's a factor to consider in  
15 that that trade volume may not be very  
16 high on BITTREX just because it looks  
17 like it's high on another exchange.

18 (b)(6); (b)(7)(C) Then turning  
19 your attention a little bit further down  
20 what we were looking at in a prior  
21 exhibit where it says compliance Number  
22 2, problematic statements and then it  
23 says previous problematic Tweets  
24 removed.

25 Q Is this another example

1 referring to statements relating to  
2 speculation on price that was removed at  
3 the request of someone at BITTREX?

4 A I believe it most likely would  
5 relate to that.

6 (b)(6); (b)(7)(C) While we're still  
7 on Exhibit 10, direct your attention to  
8 the third number under compliance. It's  
9 reputable legal counsel. Do you know  
10 how that was determined?

11 THE WITNESS: I believe it  
12 refers to U.S. legal counsel. I'm not  
13 exactly sure on what the criteria for  
14 reputable means.

15 (b)(6); (b)(7)(C) Do you know who  
16 determined that?

17 THE WITNESS: I'm not exactly  
18 sure. It may be the reviewer.

19 (SEC Exhibit No. 11  
20 was marked for  
21 identification.)

22 (b)(6); (b)(7)(C) I'm showing you  
23 what's been marked as Exhibit 11.

24 THE WITNESS: Okay.

25 Q All right. So can you tell



1 looking at this document what type of  
2 platform this discussion is on?

3 A Based on the context of on the  
4 second page where it has BITTREX (b)(6);  
(b)(7)(C)  
5 I believe it could be our slack, the  
6 channel that we have for this team.

7 Q Who is (b)(6); (b)(7)(C)

8 A I'm not exactly sure, but  
9 based on this context of this I believe  
10 he has some involvement with this token  
11 NAGA, N-A-G-A.

12 (b)(6); (b)(7)(C) So turning your  
13 attention to the first page bearing the  
14 Bates Number BR\_ESI\_0013485. It looks  
15 like on Monday, April 9th (b)(6); (b)(7)(C)

16 (b)(6); (b)(7)(C) says, yes, we did everything and  
17 shared it already to our contact,

18 (b)(6); (b)(7)(C) who is in touch with you too.

19 This is what I wrote on the 4th of  
20 April: Please let BITTREX know we have  
21 removed everything related to growth  
22 indication as investment, coin price or  
23 any posts in relation to projections,  
24 growth or forecasts -- apologies --  
25 growths or forecasts.



1 Q Do you know what he was  
2 referring to here?

3 A I'm not entirely sure, but  
4 based on the context I believe it sounds  
5 like they removed some social media  
6 statements.

7 Q Do you know if you or anyone  
8 else at BITTREX instructed them to do  
9 this?

10 A I don't recall. It's likely.

11 Q Just time as in to what we  
12 were discussing earlier with the check  
13 list and the problematic statements  
14 being removed. With statements like  
15 these, those related to growth,  
16 indication as investment, coin price or  
17 in relation to projections, growths or  
18 forecasts, would those fall into that  
19 category of statements about speculation  
20 and prices that were considered  
21 problematic?

22 A Yes, they would be -- these  
23 particular items would fall into that  
24 category of potentially problematic.

25 Q Do you recall if anybody told

1     you or told the coin team that social  
2     media should be on -- looked at for  
3     these particular statements?

4           A     I don't recall if we exactly.  
5     It may -- well, I believe it may have  
6     been tied to the Munchee report, it may  
7     have been external legal counsel or  
8     discussions with external legal counsel.

9           MR. GEIST:   You're not  
10    supposed to speak about conversations  
11    with counsel.

12           THE WITNESS:   Okay.

13           Q     So in addition to telling a  
14    coin issuer to remove some of these  
15    speculative statements, did you or  
16    anyone at BITTREX sort of independently  
17    evaluate the token for speculative  
18    affects of the token offering?

19           A     What do you mean by  
20    speculative --

21           Q     I guess in a situation where  
22    you or someone at BITTREX looked at  
23    social media and a token was being  
24    marketed as going to increase in price  
25    by this much and this platform is going

1 to be developed and the price is going  
2 to increase by this much. This is a  
3 great investment. Sort of aside from  
4 removing those statements did anybody at  
5 BITTREX evaluate whether those  
6 statements were true nonetheless, that  
7 this platform was still in development  
8 and the idea was that it would rise in  
9 value?

10 A We looked at if they made  
11 those statements. I don't think we  
12 looked at if they were considered true  
13 or not.

14 (b)(6); (b)(7)(C) I know we've been  
15 discussing changes to some of these  
16 token teams social media, but looking at  
17 the lists in Exhibit 13 they reference  
18 the NAGA coin website, the one and three  
19 pager, also the FAQ, do you see that?

20 THE WITNESS: Yes, I see that  
21 they put that in their list.

22 (b)(6); (b)(7)(C) Do you recall ever  
23 asking any token teams to make changes  
24 to any other documents other than the  
25 social media?

1 THE WITNESS: We may have --  
2 well, I don't know exactly recall in  
3 this instance they -- it vaguely sounds  
4 familiar that they may have had  
5 something on their website, which we  
6 asked them to amend or -- but I don't  
7 exactly recall.

8 (b)(6); (b)(7)(C) Do you ever recall  
9 discussing the need to make changes to  
10 white paper?

11 THE WITNESS: I don't exactly  
12 recall that, no.

13 (b)(6); (b)(7)(C) Direct your  
14 attention to the second page of the  
15 Exhibit 13 about two thirds of the way  
16 down the page. It reads, quote, also we  
17 updated the road map and white paper,  
18 period. We removed all old links that  
19 were posted in threads over the last  
20 four months, period. Everything is  
21 deployed to production. Our entire team  
22 feels that everything is removed related  
23 to the raised concerns, period, close  
24 quote.

25 THE WITNESS: Okay.

1 (b)(6); (b)(7)(C) Do you have an  
2 understanding of what he means by that?

3 THE WITNESS: My understanding  
4 is that they did a very thorough check  
5 of everything that they had publically  
6 published. I'm not exactly sure on the  
7 details.

8 (b)(6); (b)(7)(C) What is a road  
9 map?

10 THE WITNESS: A road map is  
11 typically, the development or some  
12 development stages that a token team  
13 outlines that they intend to develop  
14 over time.

15 (b)(6); (b)(7)(C) What is a white  
16 paper?

17 THE WITNESS: A white paper is  
18 typically something a token team  
19 publishes that describes the token, the  
20 utility, perhaps the utility of token,  
21 may or so describe aspects of the road  
22 map of the token.

23 (b)(6); (b)(7)(C) Do you have any  
24 concerns that (b)(6); (b)(7)(C)  
25 referring to making changes to the road

1 map and the white paper?

2 THE WITNESS: What do you mean  
3 by concerns? That --

4 MR. GEIST: Well, he's  
5 indicating he doesn't understand your  
6 question. So putting your hands out  
7 doesn't help.

8 (b)(6); (b)(7)(C) Well, I thought he  
9 was continuing to speak. I think you  
10 interrupted him as he was continuing to  
11 answer the question. Do you understand  
12 what a concern is?

13 THE WITNESS: Not in this  
14 context.

15 (b)(6); (b)(7)(C) Do you know if the  
16 NAGA token was listed on BITTREX?

17 THE WITNESS: I believe it was  
18 listed on BITTREX. Not exactly sure it  
19 was on a U.S. platform or international  
20 platform.

21 Q When was the international  
22 platform established?

23 A Around November 2018.

24 (b)(6); (b)(7)(C) writes,  
25 quote, our entire team feels that



1 everything is removed related to the  
2 raised concerns, period, close quote.  
3 Do you have a recollection of anyone  
4 raising concerns with the NAGA team  
5 concerning anything related to the NAGA  
6 token?

7 THE WITNESS: I have a vague  
8 recollection also based on the context  
9 of this email -- this what I believe to  
10 be a checked transcript.

11 (b)(6); (b)(7)(C) What is that  
12 recollection?

13 THE WITNESS: Oh, that vague  
14 recollection that we outlined maybe some  
15 speculative statements that needed to  
16 be -- that should be removed.

17 Q So you mentioned that at some  
18 point the platform or at some point  
19 BITTREX added an international platform,  
20 correct?

21 A Yes.

22 Q You think that was around, did  
23 you say September 2018?

24 A No, around November 2018.

25 Q November 2018. Do you know



1 why the platform was created?

2 A My understanding is that we  
3 created an international platform, which  
4 was based in Malta because Malta had put  
5 out a what they call a VFA act, which,  
6 which outlined regulations that they  
7 considered tokens not to be securities.

8 Q Who was involved in the  
9 decision to create the international  
10 platform?

11 A I'm not sure who -- I don't  
12 know who was involved with that.

13 Q Were you involved with that  
14 decision?

15 A No.

16 Q After the creation of the  
17 international platform were digital  
18 assets that were listed on BITTREX prior  
19 to that moved over to the international  
20 platform?

21 A At some point assets were  
22 moved over. Some assets were moved over  
23 to the international platform, yes.

24 Q Which assets were moved over?

25 A I don't know off the top of my

1 head, but it would be more than 20.

2 Q What would be the reasoning  
3 for moving these assets over?

4 A I don't recall the exact  
5 reasoning. I believe it was earlier  
6 this year. It may have been related to  
7 another SEC guidance put out. I don't  
8 exactly remember the contents of that  
9 statement.

10 Q But you testified earlier, I  
11 believe that the international platform  
12 was created because of the ruling in  
13 Malta that tokens were not securities;  
14 is that correct?

15 A Under their VFA act  
16 definition, yes.

17 Q What's the name of the  
18 international platform?

19 A At that time it was known as  
20 BITTREX International.

21 Q Did the name change?

22 A Recently we have created an  
23 international platform called BITTREX  
24 Global and stopped or shut down the  
25 platform known as BITTREX International.

1 Q Why was that?

2 A BITTREX Global is set up under  
3 Lichtenstein in that country.

4 Q Okay.

5 A I don't know the exact reasons  
6 why we set up that and shut down Malta.

7 Q Do you have any idea why?

8 A I was not involved in the  
9 decision making process, yeah. I don't  
10 know -- I can't think of an exact --

11 Q But do you have any idea why  
12 even if you weren't involved in the  
13 decisions making process?

14 A Not exactly, no. I don't -- I  
15 could only speculate. I wasn't involved  
16 in the decisions making process.

17 Q So the current name of the  
18 international platform is BITTREX  
19 Global. Do you know how many employees  
20 it has?

21 A I can think of two employees  
22 that I know of.

23 Q Do you know where they're  
24 located?

25 A I believe they reside in

1 Lichtenstein.

2 Q Are there officers and  
3 directors or senior people at BITTREX  
4 Global separate and apart from those at  
5 BITTREX U.S.?

6 A Yes, I believe it's set up as  
7 a totally separate company.

8 Q Do you know who those people  
9 are?

10 A I know of (b)(6); (b)(7)(C)  
11 (b)(6); (b)(7)(C) I'm not sure of his  
12 last name.

13 Q So both of these people work  
14 for BITTREX International?

15 A They work for BITTREX Global.

16 Q Sorry, BITTREX Global. Where  
17 do they live?

18 A I believe they reside and live  
19 in (b)(6); (b)(7)(C) currently.

20 Q Do they currently play any  
21 role for the BITTREX U.S. platform?

22 A I don't believe they have any  
23 involvement in BITTREX U.S.

24 Q When was BITTREX Global  
25 established?

1           A     I'm not sure when it was  
2     established, but I believe it went live  
3     this week.

4           Q     Hot off the press. Do you  
5     know when (b)(6); (b)(7)(C), last name  
6     unknown, moved to (b)(6); (b)(7)(C) to work  
7     for BITTREX Global?

8           A     I don't know.

9           Q     Were both of these individuals  
10    previously employed at BITTREX?

11          A     They previously had been  
12    employed with BITTREX U.S., correct.

13          Q     When you said two employees  
14    earlier were you referring to these two  
15    individuals or these two individuals and  
16    then there's two additional employees?

17          A     I believe there's additional  
18    employees that I don't know of that --  
19    yes, I was referring to those two  
20    employees.

21          Q     I -- recognizing that it's a  
22    very new company, do you know what -- do  
23    you know who reviews applications to be  
24    listed on the international platform,  
25    BITTREX Global?

1           A     I don't know, but I think --  
2     well, I don't know, but I think it is  
3     someone at BITTREX Global.

4           Q     Prior to the establishment at  
5     BITTREX Global when the international  
6     program with BITTREX International who  
7     reviewed applications for listing on  
8     BITTREX International?

9           A     That would be members of the  
10    coin team.

11          Q     That's you, (b)(6); (b)(7)(C) Bill?

12          A     There were other members that  
13    have joined the coin team.

14          Q     In addition to you, (b)(6); (b)(7)(C) and  
15    Bill --

16          A     Correct.

17          Q     -- and (b)(6); (b)(7)(C)

18          A     Yes.

19                MR. GEIST: Take a short  
20    break? Five minutes?

21                (b)(6); (b)(7)(C) Yeah. Actually.  
22    We're off the record at 4:47 p.m.

23                (A brief recess was taken.)

24                (b)(6); (b)(7)(C) We're back on  
25    the record at 4:57 p.m.

1 (b)(6); (b)(7)(C) during the break did  
2 you have any substantive conversations  
3 about this investigation with commission  
4 staff?

5 THE WITNESS: No.

6 (SEC Exhibit No. 12  
7 was marked for  
8 identification.)

9 (b)(6); (b)(7)(C) Showing you  
10 what's been marked as Exhibit 12. If  
11 you want to take a moment and review the  
12 document.

13 THE WITNESS: Okay.

14 (b)(6); (b)(7)(C) So this is a  
15 document bearing the Bates stamp BTRX,  
16 underscore, SEC, dash, 009201 through  
17 9206. Looks to be an email chain  
18 between (b)(6); (b)(7)(C) and  
19 yourself copying a few other  
20 individuals.

21 The email chain starts --  
22 looks to start in early 2018 and it goes  
23 through November 2018 and it appears to  
24 be an inquiry from (b)(6); (b)(7)(C) about the  
25 listing of AELF token, A-E-L-F. On the



1 page ending in 9202, the second page of  
2 the document, at the top there's an  
3 email from (b)(6); (b)(7)(C) and  
4 others at BITTREX asking about A-E-L-F  
5 token and the third paragraph he says, I  
6 would like to check one thing as I  
7 noticed IOFT, which is another public  
8 blockchain that has been listed on  
9 BITTREX. My understanding is that their  
10 main net is not ready yet and similar  
11 situation like AELF. Therefore I would  
12 like to seek your guidance on what is  
13 the angle for them to be list and  
14 acquire legal opinion.

15 You respond -- on the first  
16 page ending in 9201 you respond, hi (b)(6); (b)(7)(C)  
17 (b)(6); Please -- (b)(6); (b)(7)(C) follow-up with you  
18 on our BITTREX International platform.  
19 That is a more streamlined and faster  
20 process.

21 Q Why did you direct him to the  
22 international platform if he originally  
23 had be applying on the U.S. platform?

24 A In this case, it looks like  
25 there were delays in his U.S. legal

1 memo. They hadn't produced one. So one  
2 suggestion was to apply to our BITTREX  
3 International platform. I believe that  
4 IOST was on our BITTREX International  
5 platform.

6 Q So was the rationale for  
7 directing him to the international  
8 platform that he hadn't been able to  
9 produce a document under U.S. law that  
10 securities laws wouldn't be implicated?

11 A I'm not sure about the second  
12 statement that you made about the --

13 Q Well, I guess what's the legal  
14 memo supposed to be?

15 A Yes, the U.S. legal memo is  
16 something that is required to be listed  
17 under U.S.

18 Q And that's what you said he  
19 hadn't produced yet?

20 A Yes, from what it looks like  
21 in this email and history, the dates and  
22 my knowledge of (b)(6); (b)(7)(C) being a  
23 U.S. legal firm and the follow on dates  
24 of the email that he wrote on November  
25 22nd referring to IOST.

1               Sorry, what was the --

2               Q     Yeah. Sure. I guess I'm just  
3     trying to understand. So he says here,  
4     he compares -- I don't know how to say  
5     it. I'm going to say AELF. He compares  
6     AELF, which I believe is the token that  
7     he's inquiring about to IOST, which he  
8     said the main net is not ready yet, but  
9     they've been listed.

10              And then you in response to  
11     that say, please follow-up on our  
12     BITTREX International platform. I'm  
13     just trying to understand why you were  
14     sending him to an international  
15     platform?

16              MR. GEIST: That's not exactly  
17     what he said in response.

18              (b)(6); (b)(7)(C) All right.

19              Q     Well, why did you say, (b)(6);  
20     will follow-up with you on our BITTREX  
21     International platform. That is a more  
22     streamlined and faster process?

23              A     From the context of this, I  
24     believe that they had not produced the  
25     U.S. legal memo.

1           So since we had just launched  
2     at around this time BITTREX  
3     International and he was referring to  
4     IOST, I referred him to (b)(6); (b)(7)(C) to  
5     follow-up with him on our BITTREX  
6     International platform.

7           Q     I guess what's -- I'm not  
8     following the connection. Why would he  
9     be -- why would you suggest that he talk  
10    to (b)(6); (b)(7)(C) about the international platform  
11    because he hadn't published a U.S. legal  
12    memo?

13          A     Because having a U.S. legal  
14    memo is a requirement to be listed on  
15    the U.S., yeah.

16          Q     So here where he's asking the  
17    question of my understanding is that  
18    their main net is not ready yet and  
19    similar situation like AELF. So it  
20    seems to be that he's saying that their  
21    product is under development still.

22                 Is it your understanding that  
23    that's why they weren't -- is it your  
24    understanding that that's why they  
25    weren't -- they hadn't been able to

1 produce a U.S. legal memo as required by  
2 BITTREX?

3 A I'm not sure that was the  
4 reason that they hadn't, but it may be a  
5 contributing factor.

6 Q Why was BITTREX International  
7 a more streamlined and faster process?

8 A My understanding is that  
9 getting a Malta VFA was -- well,  
10 streamline process than getting a U.S.  
11 legal memo.

12 Q Is that because why?

13 A My understanding is that the  
14 Malta VFA had more -- well, official  
15 guidelines that defined what was a VFA.  
16 That's about it.

17 Q Were there other instances  
18 where you suggested that token issuers  
19 look into BITTREX International platform  
20 where they couldn't produce a legal memo  
21 for the U.S. platform?

22 A There may have been at this  
23 time. I can't think of any off the top  
24 of my head. Most likely in similar  
25 circumstances where they had not

1 produced a U.S. legal memo.

2 (SEC Exhibit No. 13

3 was marked for

4 identification.)

5 (b)(6); (b)(7)(C) Showing you  
6 what's been marked as Exhibit 13.

7 THE WITNESS: Okay.

8 (b)(6); (b)(7)(C) So this document  
9 bears the Bates stamp BR\_ESI\_008 --  
10 0008783 through 8786. It's an email  
11 chain between you, (b)(6); (b)(7)(C) Bill  
12 Shihara and (b)(6); (b)(7)(C) subject line  
13 Pantera coin investments.

14 If you look at the second page  
15 of the document ending in 8784, at the  
16 bottom there's an email from (b)(6);  
17 (b)(6); (b)(7)(C) from Pantera. Hey, team. I  
18 wanted to give you guys an update on  
19 coins that Pantera has invested and that  
20 would love to be considered for BITTREX  
21 listing.

22 Can make intros if needed and  
23 then he lists a number of coins on the  
24 following pages to which you respond,

25 (b)(6); (b)(7)(C) can you -- hi (b)(6); (b)(7)(C) Can you put us



1 in contact with doc.ai and Livepier.

2 Q Do you recall this exchange?

3 A I vaguely recall this.

4 Q What was the relationship that  
5 BITTREX had with Pantera?

6 A Pantera is an I guess you  
7 would call them an investment firm. In  
8 this context they would let us know of  
9 tokens that they had invested in.  
10 Therefore had context with the teams  
11 that they could provide introductions to  
12 the teams for potential listing.

13 Q Did you or anyone else at  
14 BITTREX have an independent relationship  
15 with Pantera? Did you invest in -- did  
16 you invest through them or work with  
17 them independently at BITTREX?

18 A As in not as you described  
19 personally or and not that I know of.

20 Q Was this a common occurrence  
21 for Pantera to email you with potential  
22 coins to be listed?

23 A I'm not sure what you mean by  
24 common.

25 Q I guess did it happen more



1 than once?

2 A It may have -- well, I  
3 estimate that it may have happened less  
4 than ten times. So I wouldn't say it  
5 was common.

6 (b)(6); (b)(7)(C) Turning your  
7 attention to the first page, second  
8 email down from (b)(6); to you, Bill and  
9 (b)(6); in response to your question below  
10 if he had any favorites for any  
11 particular reason or if there were any  
12 additional comments for any of them.

13 He responds, they are all very  
14 good with exceptional teams. I guess  
15 WAX stands out as having an existing  
16 product, but other than that top notch.

17 Q Do you know what he meant by,  
18 I guess WAX stands out as having an  
19 existing product?

20 A I don't know what he means by  
21 that. I think it's a general comment  
22 based on the list that he provided.

23 Q Do you remember if BITTREX  
24 listed any of these?

25 A I know that we listed WAX,

1 Livepier -- I'm sorry. Not Livepier,  
2 DeMarket and some of these may be on our  
3 international platform, Enigma and  
4 Maecenas, which is M-A-E-C-E-N-A-S.

5 (b)(6); (b)(7)(C) Do you recall any  
6 other investment firms besides Pantera  
7 that approached you regarding listing  
8 certain digital assets?

9 THE WITNESS: Not off the top  
10 of my head.

11 (b)(6); (b)(7)(C) Beyond making  
12 introductions and bringing these to your  
13 attention, do you recall whether (b)(6); or  
14 anyone else at Pantera took any other  
15 steps in connection with getting any of  
16 these tokens listed on BITTREX?

17 THE WITNESS: What do you mean  
18 by other steps?

19 (b)(6); (b)(7)(C) If they took any  
20 other actions?

21 THE WITNESS: They introduced  
22 this to the teams sometimes by sending  
23 an email. They may have asked the teams  
24 to put in a new coins submission as I  
25 mentioned or suggested. I'm not sure if

1 they did anything further.

2 (b)(6); (b)(7)(C) Do you recall  
3 whether they sent you any other  
4 documents or communications concerning  
5 the potential listings?

6 THE WITNESS: I don't believe  
7 so. Not that I can recall.

8 Q Just a couple of questions on  
9 delisting tokens. Was there an instance  
10 recently in this year where a certain  
11 number of tokens were delisted from  
12 BITTREX U.S. platform?

13 A Yes, there was an instance  
14 sometime this year that I recall where  
15 there was a jurisdiction changed to some  
16 amount of tokens that were on U.S. and  
17 then moved to our international  
18 platform.

19 Q What were the circumstances  
20 surrounding that delisting process?

21 A I don't exactly recall.

22 Q Were you a part of the  
23 process?

24 A I was a part of the process.

25 Q Were you given any information

1 as to why it was happening?

2 A I vaguely recall it may have  
3 been in tied to further guidance by the  
4 SEC, but I don't exactly recall what the  
5 guidance was.

6 Q Was there a view that the  
7 securities you delisted were securities  
8 under U.S. law?

9 MR. GEIST: I'm sorry. You  
10 said securities or securities.

11 (b)(6); (b)(7)(C) Apologies.

12 Q Was there a view that the  
13 tokens that were delisted were  
14 securities under U.S. law?

15 A I'm not exactly sure on the  
16 circumstances of why we made those  
17 jurisdiction changes. There may have  
18 been I guess further clarification or  
19 that -- I'm not exactly sure.

20 Q But you were involved in the  
21 process?

22 A I was involved in the process,  
23 yes.

24 Q What was your involvement?

25 A I recall looking at what we

1 had listed on the U.S. platform. I  
2 recall commenting on which ones had done  
3 ICOs. I don't recall anything further  
4 on the exact reasons or circumstances --

5 Q What were you looking for  
6 though? What were you reviewing them  
7 for? How are you making your  
8 determination?

9 A I was just looking  
10 historically at each token if they had  
11 performed an ICO. I'm not sure --  
12 yeah --

13 Q So that's the only -- is that  
14 the only thing you remember looking for  
15 in that review?

16 A Yes, off the top of my head.

17 Q Do you recall if there were  
18 other criteria that you were looking for  
19 that you're not able to recall right now  
20 or was it just are you solely looking to  
21 see whether the token was part of an  
22 ICO?

23 A I don't recall if there was  
24 any extra criteria.

25 Q If the token had been -- had

1 conducted an ICO did you recommend or  
2 suggest that it be delisted?

3 A I don't recall if that was --  
4 I think that was a factor --

5 Q How long was this?

6 A Sometime earlier this year.

7 Q Okay.

8 A I don't recall if it was a  
9 factor.

10 Q You don't recall if what was a  
11 factor?

12 A Whether or not they had an ICO  
13 or what was the relevant weight of if  
14 they had performed an ICO or not.

15 Q So did you not make any  
16 recommendations about or suggestions as  
17 to what should be delisted of after your  
18 review?

19 A I believe there was  
20 recommendations. I don't recall the  
21 exact reasoning.

22 Q Do you recall any reasoning?

23 A No, I don't recall.

24 Q So you recall that you  
25 reviewed tokens to see whether they

1 should be delisted?

2 A Not delisted. I would say  
3 jurisdiction changes.

4 Q But they were delisted from  
5 the U.S. platform, correct?

6 A From the U.S. platform, yes,  
7 correct.

8 Q So you recall that you  
9 reviewed tokens to see whether they  
10 should be delisted from the U.S.  
11 platform and potentially moved over to  
12 the international platform and that  
13 happened earlier this year?

14 A Yes.

15 Q Do you remember the month?

16 A No.

17 Q But you don't recall any  
18 criteria that you looked for in that  
19 review?

20 A Apart from whether or not they  
21 held an ICO I don't recall.

22 Q You don't recall whether --  
23 you said you recalled that that was a  
24 factor that you looked at, but you don't  
25 recall whether that had any weight in



1 your recommendation as to whether a  
2 token should be delisted?

3 A Correct.

4 Q So you don't -- right now you  
5 don't recall any criteria that you  
6 looked at in making the assessment as to  
7 whether to suggest that a token be  
8 delisted on the U.S. platform?

9 A Correct.

10 (b)(6); (b)(7)(C) Okay. Maybe we  
11 can -- maybe with through your counsel  
12 we can find documents that can help you  
13 refresh your recollection since it was  
14 so recently.

15 MR. GEIST: I'm sorry.  
16 Perhaps it might be helpful to ask  
17 him -- because you asked him if he was  
18 involved you might want to ask if there  
19 were others involved --

20 Q Were there others involved in  
21 that delisting process -- delisting  
22 review process as well?

23 A That I can recall, yes.

24 Q Who were those people?

25 A I can recall (b)(6); (b)(7)(C)

1 (b)(6);  
(b)(7)(C) and outside legal counsel.

2 Q Did that review -- was that a  
3 review of all the tokens that were  
4 currently listed on BITTREX'S U.S.  
5 platform?

6 A I believe all tokens on the  
7 U.S. platform were considered.

8 Q So was -- were different  
9 members -- were different members of the  
10 coin team responsible for looking at  
11 different tokens?

12 A I'm not sure if we divided it  
13 up in that manner.

14 Q Did you memorialize your  
15 review or findings in any way?

16 A We may have had a working  
17 spread sheet. That's all I can recall.

18 Q That -- and the spread  
19 sheet -- did you each contribute to the  
20 spread sheet based on your review of the  
21 particular token?

22 A I'm not sure if each of us  
23 contributed, but there was contributions  
24 from various people.

25 (b)(6); (b)(7)(C) All right.

1 We're -- I think we're about done, but  
2 we'll just take a couple of minutes.

3 MR. GEIST: Okay.

4 (b)(6); (b)(7)(C) Off the record  
5 at 5:23.

6 (A brief recess was taken.)

7 (b)(6); (b)(7)(C) We on the record  
8 at 5:29 p.m.

9 (b)(6); (b)(7)(C) during the break did  
10 you have any substantive conversations  
11 with commission staff regarding this  
12 investigation?

13 THE WITNESS: No.

14 (b)(6); (b)(7)(C) We have no  
15 further questions at this time. We may  
16 however call you again to testify in  
17 this investigation. Should this be  
18 necessary we will contact your counsel.

19 (b)(6); (b)(7)(C) do you wish to  
20 clarify anything or add anything to the  
21 statements you have made today?

22 THE WITNESS: No.

23 (b)(6); (b)(7)(C) Counsel, do you  
24 wish to ask any clarify questions?

25 MR. MARTIN: No, thank you.

(b)(6); (b)(7)(C)

We are off the  
record at 5:29 p.m.

(Whereupon, at 5:29 p.m., the  
examination was concluded.)

\* \* \* \* \*

## PROOFREADER'S CERTIFICATE

In The Matter of: INITIAL COIN OFFERINGS

Witness: (b)(6); (b)(7)(C)

File Number: NY-09624-A

Date: Wednesday, October 30, 2019

Location: New York, NY

This is to certify that I, (b)(6); (b)(7)(C)  
(the undersigned), do hereby certify that the  
foregoing transcript is a complete, true and accurate  
transcription of all matters contained on the recorded  
proceedings of the investigative testimony.

\_\_\_\_\_  
(Proofreader's Name) (Date)

## CERTIFICATION

I, (b)(6); (b)(7)(C) a Notary Public for and within the State of New York, do hereby certify:  
That, (b)(6); (b)(7)(C) the witness whose testimony as herein set forth, was duly sworn by me; and that the within transcript is a true record of the testimony given by said witness. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 30th day of October, 2019.

<%14994,Signature%>

(b)(6); (b)(7)(C)

\* \* \*

1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )

4 ) File No. NY-09624-A

5 INITIAL COIN OFFERINGS )

6  
7 WITNESS: (b)(6), (b)(7)(C)

8 PAGES: 1 through 258

9 PLACE: Securities and Exchange Commission

10 200 Vesey Street

11 New York, New York 10281

12 DATE: Friday, November 8, 2019

13  
14 The above entitled matter came on for hearing,  
15 pursuant to notice, at 10:09 a.m.

16  
17  
18  
19  
20  
21  
22  
23  
24 Diversified Reporting Services, Inc.

25 (202) 467-9200



## 1 APPEARANCES:

2  
3 On behalf of the Securities and Exchange Commission:

4 (b)(6), (b)(7)(C)

5 (b)(6), (b)(7)(C)

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7 (b)(6), (b)(7)(C)

8 Division of Enforcement

9 Securities and Exchange Commission

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12 (b)(6), (b)(7)(C)

13 (b)(6);  
(b)(7)(C) @sec.gov14  
15 On behalf of the Witness:

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1 APPEARANCES (CONT.):

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3 Also Present:

4 (b)(6), (b)(7)(C)

## C O N T E N T S

## WITNESS:

## EXAMINATION

(b)(6); (b)(7)(C)

6

## EXHIBITS:

## DESCRIPTION

## IDENTIFIED

14	Subpoena	10
15	Background questionnaire	15
16	August 11, 2017 e-mail chain, Bates BR_ESI 2946 - 2947	44
17	February 23, 2018 e-mail chain, Bates BR_ESI 0014356 - 358	63
18	October 8, 2018 e-mail chain, Bates BTRX_SEC-0008050 - 55	72
19	November 13, 2017 e-mail chain, Bates BR_ESI 0009275 - 77	83
20	January 8, 2018 e-mail chain, Bates ETRX_SEC-0004140 - 4141	94
21	Bittrex Token Listing Policy, Bates BR_ESI 0009600 - 9610	104
22	November 7, 2018 Bittrex, Inc. Token Review Policy and Process , Bates BR_ESI 0009502 - 9547	127

## C O N T E N T S (CONT.)

EXHIBITS:	DESCRIPTION	IDENTIFIED
23	Thumb drive of YouTube video: Supporting Innovation on the Blockchain - (b)(6); (b)(7)(C) Bittrex	152
24	February 2, 2018 e-mail chain, Bates BTRX_SEC-0003762	175
25	February 14, 2018 e-mail chain, BTRX_SEC-0003760 - 61	180
26	March 22, 2018 e-mail chain, Bates BTRX_SEC-0001262 - 1269	197
27	May 10, 2018 e-mail chain, Bates BTRX_SEC-0001256 - 1257	208
28	IHT listing application, Bates BR_ESI_0012788 - 12794	212
29	New Client listing checklist, Bates PTRX_SEC-0014090 - 14091	220
30	July 13, 2018 e-mail chain, Bates BTRX_SEC-0000469 - 475	228
31	New Coin listing checklist, Bates BR_ESI_0011817 - 11818	231
32	E-mail, Bates BTRX_SEC-0007562	237
33	June 15, 2018 e-mail, Bates BTRX_SEC-0005429	245

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

(b)(6); (b)(7)(C) Okay. We're on the record  
at 10:09 a.m. on November 8th, 2019.

Please raise your right hand.

Do you swear to tell the truth, the  
whole truth and nothing but the truth.

(b)(6); (b)(7)(C) I do.

Whereupon,

(b)(6); (b)(7)(C)  
was called as a witness and, having been first  
duly sworn, was examined and testified as  
follows:

## EXAMINATION

BY (b)(6); (b)(7)(C)

Q Okay. Please state your full name and  
spell your name for the record.

A

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

Q Good morning, (b)(6); (b)(7)(C)

A Good morning.

Q My name is (b)(6); (b)(7)(C)

(Brief pause taken.)

Q So, (b)(6); (b)(7)(C) my name is (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

With me are my colleagues (b)(6); (b)(7)(C)

1 and (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) our  
2 supervisor, may be joining us later. And by  
3 video conference is (b)(6); (b)(7)(C)

4 All of us are Officers of the  
5 Commission for the purposes of this proceeding.

6 Also present is one of our (b)(6); (b)(7)(C)

7 (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C)

9 with us at the SEC and observing testimony is a  
10 great educational experience for her.

11 Do you consent to her observing  
12 testimony today?

13 A Yes.

14 Q This is an investigation by the United  
15 States Securities and Exchange Commission In The  
16 Matter of Initial Coin Offerings, NY-9624, to  
17 determine whether there have been violations of  
18 the Federal Securities Laws. However, the facts  
19 developed in this investigation may constitute  
20 violations of other federal or state, civil or  
21 criminal laws.

22 Prior to the opening of the record you  
23 were provided with a copy of the Formal Order of  
24 Investigation in this matter as supplemented and  
25 it will be available for your examination during

1 the course of this proceeding.

2 (b)(6); (b)(7)(C) have you had an  
3 opportunity to review the Formal Order?

4 A Yes.

5 Q Prior to the opening of the record you  
6 were also provided with a copy of the  
7 Commission's Supplemental Information Form 1662.  
8 A copy of that notice has been marked as Exhibit  
9 1.

10 (b)(6); (b)(7)(C) have you had the  
11 opportunity to read Exhibit 1?

12 A Not read it, but I've looked at it.

13 Q Okay. Would you like to take a break  
14 to review the Form 1662?

15 MR. MARTIN: It's up to you.

16 A I'm fine. Thank you.

17 Q Okay. I believe a copy of the Form  
18 1662 was included with your subpoena.

19 We're still having some technical  
20 issues with the VTC. So, let's go off the record  
21 at 10:12 a.m.

22 (A brief recess was taken.)

23 (b)(6); (b)(7)(C) All right. We're back on  
24 the record at 10:12 a.m. Hopefully we'll resolve  
25 these technical difficulties. Apologies.



1 BY (b)(6); (b)(7)(C)

2 Q During the break were you able to take  
3 a look at the Form 1662.

4 A Yes.

5 Q Thank you.

6 (b)(6); (b)(7)(C), are you represented by  
7 counsel here today?

8 A Yes.

9 (b)(6); (b)(7)(C) Let's go off the record at  
10 10:13 a.m.

11 (A brief recess was taken.)

12 (b)(6); (b)(7)(C) We are back on the record  
13 at 10:15 a.m.

14 BY (b)(6); (b)(7)(C)

15 Q Hopefully, our technical issues have  
16 been resolved. I think as I mentioned before  
17 (b)(6); (b)(7)(C) just joined us by video  
18 teleconference from San Francisco.

19 Before the break, (b)(6); (b)(7)(C), I asked  
20 are you represented by counsel?

21 A Yes.

22 (b)(6); (b)(7)(C) Would counsel please state  
23 for the record your name and your law firm's  
24 name.

25 MR. MARTIN: Sure. William Martin,

1 O'Melveny & Myers.

2 MR. GEIST: Andrew Geist, O'Melveny &  
3 Myers.

4 MR. COHEN: David Cohen, O'Melveny &  
5 Myers.

6 (b)(6); (b)(7)(C) Counsel, are you  
7 representing any other people or entities in  
8 connection this matter?

9 MR. MARTIN: Yes. We also represent  
10 Bittrex and (b)(6); (b)(7)(C)

11 Q (b)(6); (b)(7)(C), as you may be aware,  
12 multiple representations of witness by counsel  
13 presents a potential conflict of interest. The  
14 Form 1662 states that the Commission will assume  
15 that the witness and counsel have discussed and  
16 resolved all issues concerning possible conflicts  
17 of interest. Do you understand?

18 A Yes.

19 (SEC Exhibit No. 14 was  
20 marked for identification.)

21 Q (b)(6); (b)(7)(C) this copy of a subpoena  
22 has been marked as Exhibit No. 14. Do you  
23 recognize that document?

24 A Yes.

25 MR. MARTIN: You could take it.

1 A Yep.

2 Q Are you appearing here today pursuant  
3 to this subpoena?

4 A Yes.

5 Q While the subpoena calls for testimony  
6 on September 25th, 2019, you consented moving the  
7 date of your appearance to today; is that  
8 correct?

9 A Yes. Correct.

10 Q Okay. We're all done with that.

11 A Okay.

12 Q (b)(6); (b)(7)(C) have you provided  
13 testimony before either before a government  
14 agency or in a deposition?

15 A No.

16 Q The court reporter is here recording  
17 every word that anyone says to be transcribed  
18 later. So, it's important that we don't speak  
19 over one another or interrupt one another. You  
20 may know what I'm asking before I finish my  
21 question, but it's important to wait for me to  
22 finish so the transcript reflects the full  
23 question and answer. It's also important that  
24 you only give verbal answers not shrugs or nods,  
25 okay?

1 A Yes.

2 Q If you don't understand a question will  
3 you let me know?

4 A Yes.

5 Q And we're happy to take any breaks.  
6 Just let us know when you need a break. We may  
7 finish a line of questioning, but after that,  
8 we'll certainly take one and we'll also break for  
9 lunch today.

10 Did you understand the oath you took  
11 today?

12 A Yes.

13 Q Is there anything preventing you from  
14 giving full, complete and truthful answers to my  
15 questions?

16 A No.

17 Q Are you taking any medications or  
18 suffering from any illness that would impact your  
19 ability to testify truthfully and accurately  
20 today?

21 A No.

22 Q Have you ever testified in any  
23 investigation by the SEC or its staff, any other  
24 federal agency, any state agency, any stock  
25 exchange or before FINRA?

1 A No.

2 Q Have you ever been named as a defendant  
3 or respondent in any action brought by the SEC,  
4 any other federal agency, any state securities  
5 agency or any stock exchange or FINRA?

6 A No.

7 Q Have you ever been a defendant or a  
8 witness in any civil litigation related to the  
9 securities laws?

10 A No.

11 Q Have you ever been indicted or  
12 convicted in any criminal action or pleaded  
13 guilty to any criminal charges brought against  
14 you?

15 A No.

16 Q What did you do to prepare for your  
17 testimony today?

18 A I had several prep sessions with my  
19 lawyers.

20 Q Okay. And without revealing the  
21 substance of your conversations with counsel, did  
22 you review any particular documents to prepare  
23 for testimony today?

24 A Yes.

25 Q Did any of the documents you reviewed

1 help you remember anything better or more clearly  
2 than before you reviewed those documents?

3 A Yes.

4 Q Which ones?

5 A There were a lot of documents I guess.  
6 There was e-mails.

7 MR. GEIST: We can represent that the  
8 documents that we used to prepare her are  
9 documents that we understand were produced to the  
10 staff.

11 (b)(6); (b)(7)(C) Thank you, Counsel.

12 MR. GEIST: And exclusively those  
13 documents.

14 MR. MARTIN: Yeah.

15 (b)(6); (b)(7)(C) Okay, thanks.

16 Q Does anyone else know that you're here  
17 testifying today?

18 A (b)(6); (b)(7)(C)

19 Q Did you discuss with anyone other than  
20 counsel and (b)(6); (b)(7)(C) what you thought you'd  
21 be asked about today?

22 A No.

23 Q Has anyone suggested to you what your  
24 testimony should be today?

25 A No.



1 Q Has anyone suggested to you what you  
2 should or should not tell the SEC as part of this  
3 examination?

4 A No.

5 Q Have you ever been known by any other  
6 name other than the one you stated and spelled at  
7 the outside of testimony today?

8 A (b)(6); (b)(7)(C)

9 Q Where do you currently reside?

10 A (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C)

12 Q How long have you been at that address?

13 A (b)(6); (b)(7)(C)

14 (SEC Exhibit No. 15 was  
15 marked for identification.)

16 Q I'm showing you what's been marked as  
17 Exhibit 15. This is a document titled background  
18 questionnaire NY 9624.

19 Do you recognize this document?

20 A Yes.

21 Q And what is this?

22 A This is the background questionnaire  
23 you provided for me to fill out before today.

24 Q And did you prepare the substance of  
25 this document?



1 A I did, yes.

2 Q Is everything in this document true and  
3 accurate to the best of your knowledge?

4 A Yes.

5 Q Is there anything you'd like to add or  
6 correct today?

7 A I don't believe so.

8 Q Directing your attention to question  
9 ten which asks for user names or handles for  
10 instant messaging --

11 A Uh-huh.

12 Q -- and similar electronic communication  
13 services. You included a phone number for  
14 Telegram and WhatsApp.

15 A Uh-huh.

16 Q Did you have a user name or handle for  
17 Slack?

18 A For Slack? Oh, yeah. I guess it would  
19 be (b)(6); (b)(7)(C) for when I worked at Bittrex?

20 Q Yes.

21 A It would be -- oh, I think it was  
22 Bittrex underscore (b)(6);  
(b)(7)(C) at --

23 Q Okay. Did you have a particular  
24 Bittrex associated user name for Telegram?

25 A No. I just used the phone number.

1 Q Okay.

2 A And I --

3 Q Did you ever communicate on Telegram in  
4 connection with your work at Bittrex?

5 A No. Only to coordinate for events, but  
6 it wasn't work or token related.

7 Q Okay.

8 A There was some research that was done  
9 during diligence process that -- for reading, but  
10 not interacting.

11 Q When you use Slack I think you  
12 testified you had a Bittrex underscore (b)(6);  
(b)(7)(C) account or (b)(6);  
(b)(7)(C) underscore Bittrex.

14 A Yes.

15 Q Did you have any other Slack handles  
16 that you used?

17 A There was a private Slack for internal  
18 communication at Bittrex and that I think was  
19 just (b)(6);  
(b)(7)(C) at Bittrex.

20 Q Was there, like, a general Slack user  
21 name that you had access to or control over  
22 associated with your work at Bittrex?

23 A No.

24 Q Directing your attention to question 16  
25 concerning digital asset exchange accounts.

1 A Uh-huh.

2 Q You write, "None besides work testing  
3 accounts." What does that mean?

4 A So, I had accounts on -- two accounts  
5 on Bittrex and both were used for testing.

6 (b)(6); (b)(7)(C) that was also used for the admin side of  
7 work that was done.

8 Q And what do you mean by testing?

9 A Like testing features or when we made,  
10 like, updates to the website we would go in and  
11 test using those accounts.

12 Q Did you conduct any trading through  
13 those accounts?

14 A No.

15 Q And so, you didn't have any accounts at  
16 other digital asset exchanges?

17 A No.

18 Q Directing your attention to question 18  
19 which asks for accounts at any digital asset  
20 wallet service and you write, "Trust Wallet."

21 A Yes.

22 Q What's that?

23 A It's a local mobile app wallet I used  
24 for an Ethereum transaction that I had, one time  
25 event.

1 Q So, that trust wallet was used for just  
2 a single transaction?

3 A Basically.

4 Q So, do you have any Bitcoin holdings?

5 A I don't actually.

6 Q And no Ethereum holdings?

7 A No.

8 BY (b)(6); (b)(7)(C)

9 Q Have you ever held --

10 A No. Only for testing purposes. If  
11 they required, like, testing on the platform, but  
12 I never had any personally. And only the  
13 Ethereum for that one purchase transaction.

14 Q Okay.

15 BY (b)(6); (b)(7)(C)

16 Q Here, so I can take that back. I think  
17 it will make sense to keep all the marked  
18 exhibits together.

19 A Okay.

20 Q Okay. So, can you walk us through your  
21 educational history after high school.

22 (b)(6); (b)(7)(C)  
23  
24  
25

1 Q Before we get into the work history, do  
2 you have any professional licenses?

3 (b)(6); (b)(7)(C)  
4  
5

6 Q Have you taken any ongoing computer  
7 science educational courses?

8 A I have taken forensic -- computer  
9 forensic courses that were just part-time for  
10 education purposes.

11 Q Who offered those courses?

12 A (b)(6); (b)(7)(C)  
13

14 Q And did you obtain any degree or  
15 certification through those courses?

16 A (b)(6); (b)(7)(C)  
17

18 Q Anything else?

19 A I think that's it.

20 Q Okay. And could you walk us through  
21 your work history as well.  
22  
23  
24  
25

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

1

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9

Bittrex and was their (b)(6); (b)(7)(C)

10

(b)(6); (b)(7)(C)

11

12

Q Okay. So, before you joined (b)(6); (b)(7)(C) you

13

worked in consulting; is that correct?

14

A Well, no. The -- the first job was

15

consulting.

16

Q Okay.

17

A After that it was more internal IT

18

audit for companies or information security work.

19

Q Okay. And what does information

20

security work entail?

21

A So, it -- it depends on the job, but I

22

was performing security assessments of, like,

23

health care applications (b)(6); (b)(7)(C) . At

24

(b)(6); (b)(7)(C)

25

(b)(6); (b)(7)(C)

all of the web pages to HTTPS. So, fully secured browsing experience.

Q What did moving all of the web pages to HTTPS entail?

A I don't know if we have enough time to get to all of that. It was a very large project and it covered over 13 global websites and it included all images and product pages and campaigns and marketing.

Q Okay. And who's your current employer?

A (b)(6); (b)(7)(C)

Q And what's your current title?

A (b)(6); (b)(7)(C) of

(b)(6); (b)(7)(C)

Q And what does that job entail?

A (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

Q Other than working at Bittrex, did any of these jobs concern digital assets or cryptocurrency in any way?



1           A     No.

2                     MR. GEIST: Just make sure you wait for  
3 him to finish the question before you answer the  
4 question.

5                     THE WITNESS: Okay.

6           Q     Okay. And have you ever bought or sold  
7 any cryptocurrency or digital assets?

8           A     Only the Ethereum that I used to  
9 purchase product at a crypto event.

10          Q     How did you acquire that Ethereum? Was  
11 it through the Trust Wallet?

12          A     Yes. Someone sent it to me and then I  
13 used that to purchase the good.

14          Q     Understood. Do you have an  
15 understanding of what an ICO is?

16          A     Yes.

17          Q     What is your understanding?

18          A     That it's the first sale of a  
19 cryptocurrency. It's an initial coin offering.

20          Q     Okay. And have you ever participated  
21 in an initial coin offering or an ICO?

22          A     No.

23                     MR. GEIST: When you say -- just so  
24 we're all clear, when you say participated, could  
25 you be a little bit more specific?

1 Q Do you understand what I mean by asking  
2 if you participated in an ICO?

3 A I never purchased an ICO, no.

4 Q Have you ever been air dropped tokens  
5 in an ICO?

6 A No.

7 Q Have you ever acquired tokens in an ICO  
8 through another means?

9 A No.

10 Q Okay. Do you know what an ERC20 token  
11 is?

12 A Uh-huh.

13 Q What is that?

14 A It's an Ethereum classic token built  
15 off the Ethereum chain that functions as its own  
16 asset.

17 Q Have you ever received any ERC20 tokens  
18 in any capacity?

19 A No.

20 Q Have you ever bought or sold tokens on  
21 a decentralized digital asset exchange?

22 A No.

23 Q Do you know what a decentralized  
24 digital asset exchange is?

25 A Yes.

1 Q What is that?

2 A It's a way to exchange cryptocurrencies  
3 in a decentralized manner from peer to peer.

4 Q How is that different from Bittrex?

5 A Well, Bittrex is a centralized managed  
6 exchange that provides a trading engine. A  
7 decentralized exchange just offers a platform for  
8 people to individually offer things for sale and  
9 does not -- well, I guess -- there is matching  
10 technology there as well, but there's no central  
11 party controlling custody of funds.

12 Q Have you ever invested in any private  
13 funds that in turn were invested in the digital  
14 asset space?

15 A (b)(6); (b)(7)(C)

16 Q Do you have any investments in any  
17 private funds?

18 A (b)(6); (b)(7)(C)

19 (b)(6);  
(b)(7)(C)

20 Q So, what is Bittrex?

21 A It's a centralized cryptocurrency  
22 exchange.

23 Q When did you first join Bittrex?

24 A (b)(6); (b)(7)(C)

25 Q How were you hired there?

(b)(6); (b)(7)(C)

Q Who are the (b)(6); (b)(7)(C)

A (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

Q In what capacity did you work with them

(b)(6); (b)(7)(C)

A They all three worked (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

So, I worked for -- I didn't really work with or directly for any of them, but worked with several of them on projects I was working on.

Q What sort of projects?

A Well, (b)(6); (b)(7)(C) was a (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) So, we worked on the HTTPS project --

(Reporter asks for clarification.)

A I'm sorry, HTTPS and several other end point protection security projects.

Q When you joined Bittrex what was your title?

A I believe it was (b)(6); (b)(7)(C)

management when I joined.

1 Q And what did that job entail?

2 A I was doing a number of things from  
3 customer support to corporate on-boarding in the  
4 beginning. And then I transitioned to having the  
5 corporate on-boarding team and also on the coin  
6 team that did coin listings, delistings,  
7 compliance reviews.

8 Q I'm sorry, I didn't hear the name of  
9 the second team.

10 A Oh, coin team.

11 Q The coin team, understood.  
12 What did corporate on-boarding entail?

13 A That was on-boarding our corporate  
14 clients. So, they went through a separate  
15 diligence process after they on-boarded their  
16 account like a normal customer on the exchange.  
17 So, they had to supply additional documentation,  
18 excuse me, to show their corporate entity and  
19 for -- and their, like, tax documentation to  
20 prove that they were actually a corporate  
21 account. And then they would have a corporate  
22 account designation.

23 Q What was the difference between a  
24 corporate account and a standard account?

25 A A corporate account had a higher limit.

1 It also had fast deposits. So, the number of  
2 confirmations required for a deposit was cut in  
3 half. And I believe that was it.

4 Q How many corporate accounts were there?

5 A I do not know.

6 Q Can you describe the corporate account  
7 due diligence process?

8 A Yeah. So, we -- we, basically,  
9 requested additional documentation such as like a  
10 company charter, tax documentation and we asked  
11 for a written and signed letter for the -- who  
12 had access and was authorized to use the -- the  
13 account. And we requested the beneficial owners  
14 of the company. And those were also reviewed  
15 through the verification system that we used.

16 Q What was the verification system?

17 A It's Thomas Reuters now. It was  
18 Jumio -- the automated system was through Jumio.  
19 And we also had access to Thomas Reuters for  
20 manual review.

21 Q Who made the determination of whether  
22 to approve a corporate account?

23 A The people doing the on-boarding, such  
24 as myself to begin with, but then we had a team  
25 of other people doing it eventually.



1 Q And how long did you work on corporate  
2 account on-boarding?

3 A (b)(6); (b)(7)(C) before handing it  
4 off to someone else.

5 Q Who did you hand it off to?

6 A (b)(6); (b)(7)(C)

7 Q Could you spell that name?

8 A (b)(6); (b)(7)(C)

9 Q Did you have any other involvement with  
10 corporate accounts other than on-boarding?

11 A No.

12 Q Do you have any understanding of  
13 whether corporate accounts were monitored on an  
14 ongoing basis?

15 A I don't know. That would be the job of  
16 the compliance team.

17 Q Who was on the compliance team?

18 A I don't know. I mean, our (b)(6); (b)(7)(C)  
19 (b)(6); (b)(7)(C) is (b)(6); (b)(7)(C) and there was a  
20 number of people. I don't know who was all on  
21 that team.

22 Q Was (b)(6); (b)(7)(C) a Bittrex employee at the  
23 time you joined?

24 A No. He joined later.

25 Q Do you know who was in charge of



1 compliance before (b)(6); (b)(7)(C) joined?

2 A I do not know. One of the founders I  
3 believe.

4 Q When you first joined Bittrex who did  
5 you report to?

6 A At first I reported to Bill Shihara.

7 Q And I believe you testified your duties  
8 and responsibilities changed after three months;  
9 is that correct?

10 A About that I think.

11 Q So, approximately when was that?

12 A It might have been just a month later,  
13 but I was still doing the other duties that I  
14 started taking on responsibilities for the coin  
15 team from Bill.

16 Q And -- and when was that?

17 A Probably in August I would say of 2017,  
18 sorry.

19 Q Once you took on the responsibilities  
20 for the coin team who did you report to?

21 A Still Bill Shihara.

22 Q Did anyone report to you?

23 A At that time (b)(6); (b)(7)(C) who was  
24 running corporate on-boarding was reporting to me  
25 and eventually (b)(6); (b)(7)(C) also reported to me.

1 Q What were your day-to-day duties and  
2 responsibilities in that role?

3 A So, we managed the listing queue. So,  
4 on our Zendesk support site there was a request  
5 for a listing on Bittrex. That would go into a  
6 queue. We would review that queue, perform due  
7 diligence on the token projects that we went  
8 through that process with. There's an initial  
9 screening and then if they passed initial  
10 screening we would go on to sort of a deeper  
11 diligence process which included talking to the  
12 coins and -- and reviewing public documentation  
13 and following our coin listing process. It also  
14 included a delisting process where we reviewed  
15 the coins on the exchange for delisting purposes.  
16 And then, we also did a compliance review  
17 process.

18 Q During this time period, so summer of  
19 2017, did you have an employment agreement with  
20 Bittrex?

21 A Yes.

22 Q Did you come to have multiple  
23 employment agreements with Bittrex?

24 A Yes.

25 Q Do you know how many?

1 A (b)(6); (b)(7)(C)

2 Q How were you compensated under your  
3 first employment agreement?

4 A (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 Q How did the profit sharing work?

7 A (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C)

9

10

11 Q Do you know how total profits were  
12 determined for the purposes of your profit  
13 sharing agreement?

14 A I don't, no.

15 Q In your second employment agreement how  
16 were you compensated?

17 A (b)(6); (b)(7)(C)

18 (b)(6); (b)(7)(C)

19

20

21

22

23

24

25

(b)(6); (b)(7)(C)

1

2

3

4

5

6

Q Which resulted in higher compensation for you, the percentage arrangement or the points arrangement?

7

A

(b)(6); (b)(7)(C)

8

9

Q Do you know why they changed from the percentage to the points arrangement?

10

A I don't know exactly why. I believe

11

they had to go to a model that would scale with the business.

12

13

Q Did Bittrex host any ICOs in 2017, to

14

your knowledge?

15

A I don't know.

16

Q Were you involved with direct listing

17

or Bittrex hosting ICOs?

18

A I was not, no.

19

Q How does the trading work on Bittrex?

20

A Like, how does the trading engine work?

21

Q Yeah.

22

A I don't know exactly. There's

23

technology that matches trades for buys and

24

sells. I don't know how technically it works.

25

Q How does the account creation process

1 work at Bittrex?

2 A So, it works by first entering your  
3 basic information like your name, address, phone  
4 number and then proceeding through verification  
5 steps, such as, you know, providing a picture of  
6 your ID and a photo of yourself. And that goes  
7 to an automated process that looks at the ID for  
8 any fraudulent markings or whatnot to see if it's  
9 a legitimate ID and -- and checks if the address  
10 is -- legitimate address and checks the name  
11 against sanctions lists. And gives back a result  
12 for that person. And then, depending the result,  
13 either if it all is clear then it grants you a  
14 verified account and, if not, then you -- your  
15 account is created, but is not able to be used.

16 Q Did you have any involvement in the  
17 on-boarding of individual user accounts?

18 A No. When I first started I did support  
19 for verification issues, but was not involved in  
20 the actual on-boarding process.

21 Q What does support for verification  
22 issues entail?

23 A If someone was, like, stuck in a  
24 certain phase of the verification process and  
25 didn't know why, we would help them. You know,

1 if they -- their image was unclear or something  
2 to that effect, help them get on-boarded.

3 Q Were you ever involved with tracking  
4 the trading on Bittrex in any accounts?

5 A No.

6 Q Okay.

7 BY (b)(6); (b)(7)(C)

8 Q The -- you talked about the automated  
9 process for verification.

10 A Yeah.

11 Q Was the process automated during the  
12 entire time period that you worked with Bittrex?

13 A It was, yes.

14 BY (b)(6); (b)(7)(C)

15 Q How did Bittrex make money?

16 A Trading fees on both sides of a buy and  
17 sell trade.

18 Q How did that work?

19 A So, it was point 25 percent of each  
20 trade that was made was paid to Bittrex as the  
21 service fee for that activity.

22 Q Do you know how those payments were  
23 denominated?

24 A What do you mean?

25 Q Were the payments in crypto or Fiat or



1 something else?

2 A The payments were taken in the base  
3 currency of the trade that was in the markets.  
4 So, whether that was Bitcoin, Ethereum or, you  
5 know, U.S. dollar once U.S. dollars or UST.

6 Q Were you ever paid in crypto?

7 A No.

8 Q Do you know how Bittrex converted its  
9 crypto to Fiat currency?

10 A I don't know, no?

11 BY (b)(6); (b)(7)(C)

12 Q I have a question. Did you have an  
13 option of being paid in crypto and chose not to?

14 A No, I. Didn't have the option when I  
15 was hired.

16 BY (b)(6); (b)(7)(C)

17 Q Did other employees have the option of  
18 being paid in crypto?

19 A I -- not at the time that -- like, from  
20 when I started on, no. I don't know about before  
21 that.

22 BY (b)(6); (b)(7)(C)

23 Q Do you have an understanding of what  
24 the token listing process was at the time you  
25 joined Bittrex?



1           A     I believe they were in the process of  
2 formalizing the listing process. When I joined  
3 there was already work on forming the policy  
4 and -- and that, but I believe the process was  
5 similar to that, just less formal. So, there was  
6 a request process and a review -- a diligence  
7 process. And then it would, you know, be listed.  
8 There -- there was more formality that was  
9 presented when I joined.

10          Q     And what do you mean by that?

11          A     So, we had -- eventually had a legal  
12 contract, a listing agreement, a listing  
13 application, we required a legal memo and  
14 corporate documentation. And so, that was added  
15 when I joined.

16          Q     Okay. How did potential tokens come to  
17 the attention of Bittrex?

18          A     So, we did have a request form on our  
19 support site, but there's also just direct e-mail  
20 requests that came in. (b)(6); (b)(7)(C) often received  
21 requests through LinkedIn and -- so, there's a  
22 variety of conferences and things like that.

23          Q     What do you mean by conferences?

24          A     So, there are crypto conferences and we  
25 would go meet with projects there and listen to,

1     like, pitch -- token pitches and things and --  
2     and meet teams that way.

3           Q     Do you know if anyone at Bittrex  
4     reviewed social media requests?

5           A     So, when we had a social media person,  
6     yes. That person would, basically, collect all  
7     the -- well, catalog the various requests that  
8     were being made, including listing of coins, and  
9     would provide them to the coin team occasionally,  
10    yeah.

11          Q     So, you joined in July of 2017 --

12          A     Yes.

13          Q     -- correct? And you joined the coin  
14    team in which month in 2017?

15          A     I think it was in August. So, just a  
16    month later I believe. So, yes.

17          Q     So, in August of 2017, what were the  
18    criteria that factored into your determination of  
19    whether or not to list a coin on Bittrex?

20          A     At that time I believe we were in  
21    transition to a more formal process that we were  
22    trying to put in place, but the key requirements  
23    that we were looking at are like innovation. So,  
24    something that hadn't been done before or not in  
25    the same way. The good team, good development

1 team, that they had actual code written and that  
2 they had an active project. We looked for  
3 community engagements and demand. We looked at  
4 if they had markets in other exchanges what those  
5 markets looked like and if they were healthy.  
6 And -- and then, eventually put into place more  
7 heavier requirements around the compliance side  
8 including the legal -- external counsel legal  
9 review of their legal memo which is a security  
10 analysis.

11 Q At this time in August of 2017 was  
12 there a written application that folks had to  
13 fill out?

14 A There was the on line request form that  
15 included a request for information there. And  
16 then, we would go back and forth. I'm -- we did  
17 have a listing application. I don't know exactly  
18 when we initiated that. I don't believe it was  
19 right away in August, but it was some time  
20 around -- in 2017 I believe.

21 Q And the on line request form, is that  
22 the Zendesk process?

23 A Yes. Yes.

24 Q I think you mentioned you would look to  
25 see whether there was an active project.

1 A Uh-huh.

2 Q What did you mean by that?

3 A So, whether there were actually people  
4 contributing code to the code of depositories and  
5 whether their -- you know, they were hitting  
6 milestones that they had documented for  
7 themselves.

8 Q Was there a focus on whether the token  
9 itself had utility?

10 A Yes, there was. Yeah. So, they had to  
11 have at least one main function that was  
12 documented in their white paper to consult to  
13 utility.

14 Q And this was back in August of 2017?

15 A The definition was refined over time. I  
16 can't remember exactly in 2017 or August of 2017  
17 what the requirement was.

18 Q Okay.

19 A We relied on legal counsel to help us  
20 set and define that definition and then we  
21 evolved it over time.

22 Q You also mentioned you would look to  
23 see whether there were healthy markets. What do  
24 you mean by that?

25 A Uh-huh. Mainly we were looking for

1     like pump-and-dump activities. So, whether there  
2     were factors weighing against the token that we  
3     did not want on our exchange. So -- or, you  
4     know, a lot of fake volume, things that we could  
5     not attribute to a well-running project.

6             (Reporter asks for clarification.)

7             A     Well-running project.

8             Q     Why would you look for those sorts of  
9     things?

10            A     Because we wanted active, healthy  
11     markets on Bittrex and we did not want to  
12     encourage pump-and-dump activity.

13            Q     So, if you saw pump-and-dump activity  
14     on another exchange for a token, how would that  
15     factor into your determination of whether or not  
16     to list that token on Bittrex?

17            A     We would talk to the project to see if  
18     they had any idea of what that activity was.  
19     Likely we would wait to see if it, you know, kept  
20     happening. And there were many other factors  
21     that attributed to whether a token would be  
22     listed, but that was just one of them. So, if  
23     there were other factors that we thought, you  
24     know, this was not -- as a result of the token  
25     team then there were other positive factors we



1 would wait for a time and then reevaluate.

2 Q How were you able to identify  
3 manipulative trading on other exchanges?

4 A Well, I would rely on -- on Julian Yap  
5 for that and his expertise in that area. But, I  
6 mean, if you see spikes in the market graphs and  
7 large dumps. Also, on social media there are  
8 pump-and-dump groups that are organized on social  
9 media you can identify.

10 Q Do you know if any pump-and-dump groups  
11 organized on social media concerning trading on  
12 Bittrex?

13 A I don't believe so mainly because of  
14 the fee structure we had and our -- we didn't  
15 allow multiple accounts for a single person. So,  
16 we had some controls around that. I don't recall  
17 any happening when I was there.

18 Q How was the fee structure a control?

19 A Meaning that there was no discounts or  
20 no fee free accounts that would allow two  
21 accounts to trade against each other. Thus,  
22 pumping up the price.

23 Q I think you mentioned a second  
24 limitation to manipulative activity at Bittrex.

25 A Oh, not allowing multiple accounts for

1 a single point ID.

2 Q And how does that prevent manipulative  
3 trading?

4 A Well, it makes it more difficult for a  
5 single person to open multiple accounts in order  
6 to trade against each other by themselves.

7 Q Are you familiar with the DAO report?

8 A Yes.

9 Q What is that?

10 A I should say, I was familiar with it  
11 when I worked there. I have since don't have  
12 that -- that great recollection of it, but it was  
13 a -- an SEC report on the DAO cryptocurrency and  
14 why attributes of that token and its sale were  
15 determined to be securities instead of a utility.

16 Q Do you know if the token listing  
17 process changed at Bittrex following the issuance  
18 of the DAO report?

19 A Yes, I believe it did. I believe that  
20 added the requirement of having a legal memo that  
21 addressed the DAO report, as well as the, How We  
22 Test. And as subsequent reports came out we  
23 included a response -- requiring a response for  
24 those as well.

25

BY

(b)(6), (b)(7)(C)



1 Q Subsequent reports from the  
2 commission --

3 A Yes.

4 Q -- and the SEC.

5 A Yes.

6 BY (b)(6); (b)(7)(C)

7 Q Do you recall helping Bill Shihara  
8 prepare for a meeting with the SEC in August of  
9 2017?

10 A No.

11 Q Do you know if Mr. Shihara met with the  
12 SEC in August of 2017?

13 A I don't know.

14 Q Did you attend a meeting with the SEC  
15 in August of 2017?

16 A No.

17 (SEC Exhibit No. 16 was  
18 marked for identification.)

19 Q I'm showing you what's been marked as  
20 Exhibit 16.

21 A Uh-huh.

22 MR. MARTIN: Can I see a copy?

23 (b)(6); (b)(7)(C) Sure.

24 MR. MARTIN: Thank you.

25 Q This is an e-mail chain with

1 attachment. The e-mail is Bates number BR\_ESI  
2 2946 through 2947. The e-mail is from (b)(6);  
(b)(7)(C)  
3 (b)(6); (b)(7)(C) to Bill Shihara and (b)(6); (b)(7)(C) sent on  
4 August 11, 2017. The subject is, Coin Compliance.  
5 The attachment is, Coin Compliance Review.XLXS.  
6 The attachment was produced in native and does  
7 not have a Bates number.

8 (b)(6); (b)(7)(C) do you recognize this  
9 e-mail with attachment?

10 A I do remember a compliance review  
11 process. I don't remember this e-mail exactly,  
12 but --

13 Q Okay. Directing your attention to the  
14 bottom of the first page. This appears to be a  
15 calendar invite sent from you to Bill Shihara and

16 (b)(6); (b)(7)(C) with the subject, Coin Compliance.

17 It's an on line meeting. And the text reads,  
18 quote, Prep work needed for Bill's SEC MTG on  
19 8/22, closed quote. What does that mean?

20 A I guess it means that we were meeting  
21 to prep Bill for a meeting on 8/22.

22 Q Do you recall why you were prepping  
23 Bill for a meeting?

24 A I -- to be honest, I don't remember  
25 this, but I do remember the entire compliance

1 review process.

2 Q What do you remember about the  
3 compliance review process?

4 A That we were to review the entire list  
5 of cryptocurrency on the exchange, went through a  
6 number of different factors, prioritized and  
7 divided up so that they could be reviewed by  
8 legal counsel.

9 Q And we don't want to get into the  
10 substance of your conversations with counsel.

11 A Sure.

12 Q Why were these coins being reviewed?

13 A Because SEC guidance had come out and  
14 we were reviewing them to make sure they still  
15 were in compliance or they were in compliance  
16 with the guidance coming out.

17 Q Directing your attention to Mr.  
18 Shihara's response to the appointment.

19 A Uh-huh.

20 Q He indicates he can't make the meeting,  
21 but he writes, quote, Here are some things for  
22 the checklist, closed quote. And then there are  
23 four items listed. Do you see those?

24 A Yes.

25 Q The first item is, Was this an ICO? Why

1 did it matter if something was an ICO?

2 A Because that made it more of a priority  
3 to review because it had gone through a token  
4 sale. That was one of the indicators listed in  
5 the -- the guidance.

6 Q The second question is, Did Bittrex  
7 host the ICO? Why was that important?

8 A That made it a higher risk to -- that  
9 Bittrex hosted an ICO because it was one of the  
10 indicators.

11 MR. GEIST: Just so we're clear, she's  
12 not the author of this e-mail. You're asking her  
13 what's her understanding of why this was -- may  
14 have been important at the time?

15 (b)(6); (b)(7)(C) That's correct.

16 MR. GEIST: Okay.

17 BY (b)(6); (b)(7)(C)

18 Q When you say a higher risk, higher risk  
19 of what?

20 A So, higher priority for us to review  
21 that's what I meant. So, they -- this determined  
22 sort of what tokens we were going to review first  
23 because there are so many of them. So, we put  
24 the ICOs. And then, if Bittrex hosted them, at a  
25 higher priority for review.

1 BY (b)(6); (b)(7)(C)

2 Q And why was whether Bittrex hosted the  
3 ICO something that would make it a higher  
4 priority?

5 A Because ICOs were a -- were called out  
6 as a contributing factor in -- I believe in the  
7 DAO report. And so, the fact that we hosted one  
8 we also wanted to do -- make sure that those were  
9 covered first to see if there was any issue  
10 there.

11 BY (b)(6); (b)(7)(C)

12 Q And when you say contributing factor,  
13 contributing factor to what?

14 A Oh. Well, that there had been a token  
15 sale was one of the factors that was called out  
16 in the DAO report.

17 Q It was a contributing factor as to  
18 whether the token would be deemed a security?

19 A I don't know about that exactly, but  
20 they were just -- because we had sold the token  
21 instead of just listing the token it was one of  
22 the factors that we wanted to review.

23 BY (b)(6); (b)(7)(C)

24 Q The third item reads, Would a regulator  
25 skim this and want to investigate, question mark.

1 Do you have an understanding of what that means?

2 A So, I believe this was like factors  
3 publicly known about the token and whether they  
4 had some features that might make it problematic,  
5 we ended up calling it, that made it look more  
6 like a security.

7 Q Why did it matter if a regulator would  
8 skim the token and want to investigate?

9 A These were factors that would help us  
10 prioritize the review of the token. And so, we  
11 would mark them so that we could prioritize them  
12 for the review. If there were tokens that didn't  
13 hit any of these factors they would be a lower  
14 priority in our review process.

15 Q And number three has a sub bullet A  
16 which reads, Does it say DAO shareholder shares,  
17 profit, dividends, question mark. Do you have an  
18 understanding of what that means?

19 A I guess these are just features that if  
20 a token had these features would make it a higher  
21 priority for review.

22 Q And do you know why these features  
23 would make it a higher priority for review?

24 A I -- I don't know why Bill picked these  
25 exactly, but they do have aspects of, you know,



1 around profit and return similar to a investment,  
2 I guess, security.

3 Q Number four reads, quote, Did this go  
4 through a compliance review, question mark. Do  
5 you know what that means?

6 A Yeah. We did a compliance review for  
7 projects that -- for legal and regulatory  
8 compliance and -- however, that process changed  
9 over time. So, there may be older ones that did  
10 not receive compliance review.

11 Q And the sub bullet for number four  
12 reads, quote, Do we have a regulatory memo from  
13 the team, question mark. Do you have an  
14 understanding of what means?

15 A Yeah. So, we requested a legal memo  
16 from token teams on their analysis on whether  
17 their token -- like, how it related to securities  
18 regulations.

19 Q At this time did all tokens listed on  
20 Bittrex have a regulatory memo?

21 A No.

22 Q Do you have an understanding of what a  
23 compliance review entailed at this time?

24 A You mean like at the time for new coins  
25 or for existing coins?



1           Q     For coins that were already listed on  
2 Bittrex.

3           A     Already listed. We -- there would be a  
4 compliance process for new coins. We did a full  
5 compliance review of all coins at this time, but  
6 there was not an ongoing compliance review  
7 process at the time.

8           Q     Okay. At this time in August of 2017  
9 were there some tokens listed on Bittrex that  
10 hadn't gone through a compliance review when they  
11 were first listed?

12          A     I don't know.

13          Q     Fair. Directing your attention to the  
14 next e-mail in the chain. You write, quote, I  
15 set up a coin tracking list and made a view for  
16 compliance reviews, closed quote. And then  
17 there's a link.

18          A     Uh-huh.

19          Q     What does that mean?

20          A     In order to track the completion of  
21 compliance reviews we put it in a spreadsheet.

22          Q     So, what does "making a view for  
23 compliance reviews" mean?

24          A     So, a way to filter on whether  
25 something had had a compliance review or had --

1 was going through the compliance review process.

2 Q Do you know what this link is to?

3 A Yeah. It's for the track -- for the  
4 tracking of the compliance reviews for all the  
5 coins on the exchange.

6 Q It appears to be a Bittrex SharePoint  
7 link.

8 A Correct.

9 Q How did the Bittrex SharePoint site  
10 work?

11 A There was a SharePoint site for all of  
12 Bittrex and the -- we set up folders to manage  
13 work including the coin compliance process.

14 Q You then write, quote, The data won't  
15 be right and I haven't entered all the coins yet.  
16 Let's cut it off there.

17 What do you -- do you recall what you  
18 meant by, The data wouldn't be right?

19 A I don't recall.

20 Q Directing your attention to the top  
21 message in the chain. You write, To (b)(6); (b)(7)(C) So,  
22 who -- who is (b)(6); (b)(7)(C)

23 A (b)(6); (b)(7)(C) is on the coin team. He's a  
24 analyst.

25 Q You write to (b)(6); (b)(7)(C) quote, Attached is

1 a spreadsheet of all coins since 7/11 with  
2 columns for the questions Bill outlined below.  
3 You can fill this out and I'll populate the SP  
4 list later, period, closed quote. What is the SP  
5 list?

6 A Oh, okay. So, the SP list is a  
7 SharePoint list which is different than a  
8 spreadsheet. So, it -- I had started tracking  
9 coins in the SharePoint list where you could  
10 create different views and do different things  
11 than you could in a spreadsheet, but I created a  
12 spreadsheet for easy population of that data.

13 Q Can you describe how you were tracking  
14 coins in the SharePoint list?

15 A It was just -- similar to a table, but  
16 in a SharePoint list form. So, you could go --  
17 you would enter just the token or coin  
18 information in a form and then it would populate  
19 the list. You could sort the, list things like  
20 that. We didn't end up using it for very long,  
21 just spreadsheets.

22 Q Do you know why you didn't end up using  
23 it for very long?

24 A It was just too cumbersome.

25 Q Okay. You write to Bill, quote, We'll

1 need you to fill out the answers for number four  
2 on whether they have had a compliance review  
3 before (b)(6); (b)(7)(C) came on board, period, closed  
4 quote. What -- what did you mean by that?

5 A Bill was running the token listing  
6 process before (b)(6); (b)(7)(C) and I got there. So, he  
7 would have the information for him before.

8 Q Was there any other way for (b)(6); (b)(7)(C) or  
9 you to access that information at this time?

10 A No.

11 Q Directing your attention to the  
12 attachment which has been printed in native. Do  
13 you recognize this spreadsheet?

14 A Yes. It looks like the tracking  
15 spreadsheet I opened.

16 Q Was this ever completed?

17 A The compliance review process or the  
18 spreadsheet?

19 Q The spreadsheet.

20 A I don't know if this particular  
21 spreadsheet was completed, but we did have a  
22 completed spreadsheet of all of the tokens, plus  
23 these -- some of this data and other spreadsheets  
24 for the compliance review process.

25 Q When you say, some of this data, are

1 you referring to the columns?

2 A Yes.

3 Q It appears there are columns for ICO,  
4 ICO on Bittrex, regulator keyword hit and CR  
5 done.

6 A Uh-huh.

7 Q Did you create those columns?

8 A Yeah, I believe so.

9 Q And those are based on Bill's e-mail,  
10 correct?

11 A Correct. Yeah.

12 Q Did you ever do anymore work on this  
13 spreadsheet?

14 A I know that we had a lot of  
15 spreadsheets tracking this. I don't know about  
16 this particular one, but we likely did, yes.

17 Q Okay.

18 BY (b)(6); (b)(7)(C)

19 Q I just -- I'm sorry, I just didn't  
20 understand your answer earlier.

21 When you were talking about that -- you  
22 said about a coin tracking list and made a view  
23 for compliance reviews, this is the second e-mail  
24 from the top, were you talking about compliance  
25 reviews for old coins and new coins or just new

1 coins?

2 A This would be existing coins because it  
3 was the compliance review. So, this was the --  
4 the link there is the SharePoint list, not a  
5 spreadsheet. And then it was intended to be a  
6 list of all coins. However, we stopped using it  
7 because it was challenging. And then, the  
8 compliance review was for existing coins to view  
9 that we would then have eventually the data in.  
10 Although, like I said, we stopped using it and  
11 put it in tables or spreadsheets.

12 Q Okay. So, this was an effort to --  
13 kind of a look back?

14 A Yes.

15 Q Following the SEC's DAO report?

16 A Yes.

17 Q Okay. And what -- what came -- did  
18 anything come about as a result of the look back?

19 A Yes. We went through a whole  
20 process -- compliance review process which  
21 included reaching out to all of the teams,  
22 requesting documentation if we didn't have it,  
23 requesting a legal analysis if we didn't have it  
24 and even before that we just looked through the  
25 public information of the coins. And if there



1 were any that had any attributes that were  
2 suggested in the DAO report they were delisted.

3 Q Okay. So, it was a -- I'm sure David  
4 will talk more about that later.

5 (b)(6); (b)(7)(C) Yeah. We're off the record  
6 at 11:16 a.m.

7 (A brief recess was taken.)

8 (b)(6); (b)(7)(C) We're back on the record at  
9 11:27 a.m.

10 BY (b)(6); (b)(7)(C)

11 Q (b)(6); (b)(7)(C) during the break there  
12 were no substantive conversations between  
13 yourself and the staff of the SEC; is that  
14 correct?

15 A Correct.

16 Q Before the break we were talking about  
17 the rereview of tokens that had been listed on  
18 Bittrex after the DAO report came out.

19 MR. GEIST: Rereview after previously?

20 Q Right. Do you understand what I was  
21 saying?

22 A Yes.

23 Q Okay. We were discussing the review of  
24 tokens. So, did a rereview of tokens occur after  
25 the DAO report was issued?



1 A Yes.

2 Q And that's what the spreadsheet we were  
3 looking at in Exhibit 16 related to; is that  
4 correct?

5 A Yes. Yes.

6 BY (b)(6); (b)(7)(C)

7 Q And those were tokens that were  
8 listed -- currently listed on the platform?

9 A Currently listed on the platform, yes.

10 BY (b)(6); (b)(7)(C)

11 Q Okay. How did that review work?

12 A So, we pulled a list of everything that  
13 was listed on our platform at the time and I was  
14 not familiar with both -- or most of them. So,  
15 Bill and (b)(6); (b)(7)(C) contributed to answering the  
16 questions that we had laid out in order to help  
17 us prioritize them for like a deeper dive review.  
18 And -- so, we had that data collected.

19 And then, I believe the highest  
20 priority set were sent to an external law firm  
21 for their review. And then we proceeded with a  
22 process for the entirety getting contact  
23 information from the tokens teams, reaching out  
24 to the token teams to request certain  
25 documentation and then supplying that

1 documentation to the law firms doing the review.

2 Q How long did this process take?

3 A The review of all of the tokens took,  
4 oh, I believe, 18 months for all of them in  
5 total. They were sort of lumped into groups. So,  
6 obviously some finished much earlier than that.

7 Q Do you recall when the first tokens  
8 were delisted as a result of this process?

9 A I don't remember that date, no.

10 Q Was it in 2017?

11 A I do not recall.

12 Q That's fine. What was your involvement  
13 in this process?

14 A I was coordinating the process,  
15 collecting the data, coordinating with the law  
16 firms who were doing the -- the legal analysis,  
17 working with all the token teams to -- to get the  
18 documentation. We did hire someone in that time  
19 to help manage that process as well. And -- so,  
20 she was eventually then doing the tracking of  
21 that and communication with the token teams. And  
22 we also had regular meetings with our -- the  
23 external counsel doing the reviews to discuss  
24 them.

25 Q Who was hired?

1 A (b)(6); (b)(7)(C)

2 Q And what was her role?

3 A She was a (b)(6); (b)(7)(C). So, she  
4 managed the compliance review process that we  
5 were going through.

6 Q How was the compliance review process  
7 memorialized?

8 A There were a number of spreadsheets of  
9 our own tracking information on the status and  
10 information collected. And then, each law firm  
11 also had their own tracking spreadsheets for  
12 that. There were also legal evaluation forms  
13 from the law firms that were produced that had  
14 their analysis in there.

15 Q Okay.

16 BY (b)(6); (b)(7)(C)

17 Q You said that the review process where  
18 the tokens were lumped into groups, what groups  
19 were they lumped into?

20 A There was like a priority zero, one,  
21 two, three. And those were related to those  
22 questions that were pointed out there in order to  
23 group them into priority classes.

24 Q And the highest priority had what  
25 number?

1 A Oh, the number of tokens in it?

2 Q No. You said priority group zero, one,  
3 two, three.

4 MR. GEIST: So, zero highest priority  
5 or is three the highest priority?

6 A Oh, sorry. Zero is the highest  
7 priority.

8 Q And which law firms did Bittrex hire to  
9 assist them in this process?

10 A Perkins and O'Melveny.

11 (Reporter asks for clarification.)

12 A Sorry, Perkins and O'Melveny.

13 BY (b)(6); (b)(7)(C)

14 Q You said you would reach out to the  
15 token teams. What do you mean by that?

16 A So, a lot of them we had in our public  
17 Slack channels already because we communicate  
18 about, you know, any issues that come up in those  
19 channels. The ones that we did not have in that  
20 we just searched their web presence and social  
21 media for context and got the best contacts for  
22 them. And then sent out e-mails that, basically,  
23 introduced the process, what we were doing, the  
24 documentation we were requesting and asked them  
25 to provide it by, you know, certain dates. And

1       so, those were sent out in chunks based on their  
2       priority.

3           Q       Was this a form e-mail?

4           A       It was like, yeah, a template e-mail  
5       that was sent out to each one.

6           Q       Okay. Who did you reach out to for  
7       Ethereum?

8           A       There were certain ones that there was  
9       no centralized contact for or ones that we could  
10      not find contacts for, including Bitcoin and  
11      Ethereum. And those were, you know, reviewed by  
12      the legal counsel without having any contact from  
13      the team.

14          Q       Were there any others who you weren't  
15      able to reach out to?

16          A       I believe there were. I don't remember  
17      which ones, but they were put in a certain class  
18      where we couldn't reach them and were -- they  
19      still went through that whole analysis with legal  
20      counsel.

21          Q       For the other tokens where you could  
22      identify a contact, you sent them a form e-mail  
23      requesting documents; is that correct?

24          A       Uh-huh. Yes.

25          Q       And that began a review process?

1 A Correct.

2 Q Do you recall a token called  
3 FirstBlood?

4 A Yes.

5 Q Was that one of the tokens that went  
6 through this review process?

7 A Yes.

8 Q What do you recall about FirstBlood?

9 A I don't recall much. It's one of the  
10 older coins on the platform. Other than that,  
11 I -- that's all I remember.

12 (SEC Exhibit No. 17 was  
13 marked for identification.)

14 Q I'm showing you what's been marked as  
15 Exhibit 17. This is an e-mail chain, Bates range  
16 is BR\_ESI 0014356 through 358. The top e-mail on  
17 the chain is from (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C)  
18 (b)(6); (b)(7)(C), Bill  
19 Shihara, (b)(6); (b)(7)(C) and sent on  
20 February 23rd, 2018.

21 (b)(6); (b)(7)(C) Just to clarify, when you  
22 say the top e-mail you mean the -- the most  
23 recent e-mail?

24 (b)(6); (b)(7)(C) That's correct.

25 MR. MARTIN: Okay.



1 Q The subject is, Re: Bittrex Review of  
2 First. And in parentheses is FirstBlood.

3 A Uh-huh.

4 Q (b)(6); (b)(7)(C) do you recognize this  
5 document?

6 A Yes, I do.

7 Q What is this?

8 A This is the -- the first e-mail in the  
9 thread. (Interruption occurs.)

10 (b)(6); (b)(7)(C) For the record, we've had a  
11 knock at the door. We can keep going.

12 Q What do you recognize these e-mails to  
13 be?

14 A So, this is sort of the compliance  
15 review process where we were requesting  
16 information from the token team.

17 Q Okay.

18 A And then we included the Perkins lawyer  
19 who was doing the analysis, the law firm dolling  
20 the analysis, and we keep asking -- not receiving  
21 any response and we keep asking for responses.  
22 And since we didn't hear back, we made the  
23 decision to delist at that time.

24 Q Were you involved in the decision to  
25 list FirstBlood in the first instance?



1 A No.

2 Q Did you ever own any FirstBlood tokens?

3 A No.

4 Q Do you know if anyone else at Bittrex  
5 owned any FirstBlood tokens?

6 A I don't know.

7 Q Directing your attention to the first  
8 e-mail in the chain which appears on 14357. It  
9 was sent from you to (b)(6); (b)(7)(C) on January 13,  
10 2018.

11 A Uh-huh.

12 Q What is this e-mail?

13 A This is our first e-mail to the token  
14 team to request their cooperation and information  
15 with the review.

16 Q Is this an example of that form e-mail  
17 we were discussing?

18 A Yes.

19 Q The spreadsheet we were talking about  
20 was dated August of 2017 and this is being sent  
21 in January of 2018.

22 A Uh-huh.

23 Q Do you know why the time delay before  
24 reaching out?

25 A Yeah. There were likely other tokens

1 that were in review at the time prior to this  
2 one.

3 Q Directing your attention to the second  
4 full paragraph.

5 A Uh-huh.

6 MR. GEIST: Sorry, which page are you  
7 on?

8 (b)(6); (b)(7)(C) We're on 14357.

9 MR. GEIST: Thank you.

10 Q And this is the first e-mail in the  
11 chain. Directing your attention to the second  
12 full paragraph.

13 A Uh-huh.

14 Q The first sentence reads, quote,  
15 Attached is our listing application that we need  
16 you to complete, period, closed quote. What does  
17 that refer to?

18 A The listing application was a -- like a  
19 word or a PDF form that was attached to the  
20 listing agreements, but also had its own separate  
21 document that requested specific information  
22 about the token team, company and the token  
23 itself.

24 Q And was that sent to all of the tokens  
25 that were identified or at least where a point of

1 contact was identified?

2 A Yes. Where we could identify a point  
3 of contact this request was sent.

4 Q You then write that there's a document  
5 request list which includes, quote, A memo  
6 documenting your analysis on how the token is not  
7 a security using the How We Test and relevance to  
8 recent SEC rulings and statements, including  
9 Munchee, period, closed quote. What did you mean  
10 by that?

11 A So, they were to provide their own  
12 analysis to us using the -- their own legal  
13 counsel to provide us with their analysis on  
14 their own project as it relates to the SEC  
15 guidance which would then be reviewed by our law  
16 firms and their analysis.

17 Q Uh-huh. It appears that (b)(6); (b)(7)(C)  
18 didn't respond. And then, (b)(6); (b)(7)(C) replied on  
19 January 25th, 2018 in the next e-mail. Do you  
20 see that?

21 A That's correct.

22 Q And what was (b)(6); (b)(7)(C) role?

23 A He was lead from Perkins on the reviews  
24 for tokens. So, we included him directly on  
25 these e-mails so he could follow-up. So, it was

1 before we had someone managing the review  
2 process.

3 Q In the second full paragraph of his  
4 e-mail he writes, quote, Is there any way short  
5 of signing up that we could verify the token's  
6 current utility based on public information,  
7 period, closed quote. Do you have an  
8 understanding of what he means by that?

9 A Yes. They were trying to get evidence  
10 of the token's utility, but I guess he didn't  
11 want to sign up on the site to do that.

12 Q When you were reviewing tokens for  
13 whether they had utility did you ever sign up on  
14 their site?

15 A We usually had the token teams provide  
16 a demonstration followed by checking on the  
17 blockchain whether those transactions actually  
18 occurred. And that's how we tested for utility.

19 Q Do you recall ever signing up onto one  
20 of the token's platforms to test the token?

21 A No. I didn't personally.

22 Q Okay. It appears (b)(6); (b)(7)(C) responded  
23 that same day on January 22nd acknowledging the  
24 request for information saying that they needed  
25 additional time. And then you reply on February

1 2nd, 2018. Do you see that?

2 A Uh-huh. Yes.

3 Q And then there are two more replies  
4 from you in this chain.

5 A Uh-huh.

6 Q Directing your attention to the top  
7 e-mail in the chain sent on February 23rd, 2018.

8 Is this a standard response that you sent to (b)(6);  
(b)(7)(C)

9 (b)(6);  
(b)(7)(C) for not replying?

10 A Yes.

11 Q And this informed (b)(6), (b)(7)(C) that you had  
12 decided to delist the FirstBlood token?

13 A Yes.

14 Q Were there any tokens that did not  
15 provide a new application or a legal memorandum,  
16 but were nevertheless not delisted?

17 A Yes.

18 Q How did that happen?

19 A That was likely because legal counsel  
20 provided an evaluation that it was not at risk of  
21 being a security. So, those were left on the  
22 exchange, but they were put in sort of a separate  
23 category from other ones that had completed and  
24 complied with the process.

25 Q What do you mean by put in a separate

1 category?

2 A Meaning they were -- they were -- could  
3 not get additional markets. They could not  
4 get -- you know, any time they reached out to us  
5 we would require them to provide us this  
6 information before any action was taken.

7 Q What does get additional markets mean?

8 A So, they may have only a BTC market.  
9 So, before we add an Ethereum market or a USDT  
10 market they would have to provide us with all  
11 this information.

12 Q So, that's for trades between the token  
13 itself and other digital assets on the platform?

14 A Of the base currencies, yes.

15 Q Okay, understood. Do you recall any  
16 tokens telling you they wouldn't provide a legal  
17 memorandum in connection with this process?

18 A I believe there were tokens that did  
19 not want to sign the listing agreement or provide  
20 a legal memo because they claimed  
21 decentralization, but they didn't have a central  
22 entity, didn't have a law firm working for them,  
23 yes.

24 Q Any others?

25 A Not that I recall specifically.



1 BY (b)(6); (b)(7)(C)

2 Q Do you recall the names of those  
3 tokens?

4 A I don't, no.

5 Q Was there any list kept that identified  
6 the tokens that were delisted and the dates they  
7 were delisted?

8 A Yeah. There was a spreadsheet that had  
9 whether they were delisted or not. It should  
10 also have the date. There's support articles  
11 that had all the delistings, but it would not  
12 mention specifically for compliance on there, but  
13 the spreadsheet would have that information.

14 Q The spreadsheet, is that something that  
15 you compiled or --

16 A Myself and (b)(6); (b)(7)(C) kept.

17 Q And the support articles, are you  
18 talking about articles posted to Bittrex's  
19 website?

20 A Yes. The Bittrex index would post --  
21 each time we delisted any currencies they would  
22 be posted there.

23 Q And then, when did you start that  
24 delisting spreadsheet?

25 A Well, the delisting spreadsheet was,



1 basically, the compliance review tracking  
2 spreadsheet and it would list any actions that  
3 were taken there.

4 Q Thanks.

5 (SEC Exhibit No. 18 was  
6 marked for identification.)

7 BY (b)(6); (b)(7)(C)

8 Q I'm showing you what's been marked as  
9 Exhibit 18. This is an e-mail chain, portions of  
10 which have been redacted. The Bates range is  
11 BTRX\_SEC-0008050 through 55. The top e-mail in  
12 the chain, which is redacted, is sent from (b)(6);  
(b)(7)(C)  
13 (b)(6); (b)(7)(C) on October 8, 2018.

14 The subject is, Bittrex Review of XLM.

15 Do you recognize these e-mails?

16 A Not specifically.

17 Q Do you recall the review of XLM?

18 A Not in detail, no. I remember --  
19 recall that we did review it, but --

20 Q What is XLM?

21 A XLM is a cryptocurrency called Stellar.  
22 It had its own network and assets.

23 Q Was it a popular cryptocurrency?

24 A Yes.

25 Q In what sense was it popular?

1           A     It was listed in many exchanges. It  
2     had -- it was often in the list of top  
3     cryptocurrencies.

4           Q     When you say, The list of top  
5     cryptocurrencies, is that on Coin Market Cap?

6           A     Yes, on Coin Market Cap.

7           Q     And that's a list of the volume of a  
8     particular cryptocurrency?

9           A     Volume, price, yeah. A number of  
10    different categories.

11          Q     And portions of this e-mail chain are  
12    redacted for attorney-client privilege. We're  
13    not asking about any substantive communications  
14    between yourself and counsel.

15          A     Uh-huh.

16          Q     We'd just like to talk about the  
17    communications between individuals at Bittrex and  
18    people at Stellar.

19          A     Okay.

20          Q     So, directing your attention to the  
21    first e-mail in the chain which is on 8054. It  
22    was sent on March 17, 2018 from (b)(6); (b)(7)(C) to  
23    (b)(6); (b)(7)(C) with a number of people  
24    CC'ed. And it looks like (b)(6); (b)(7)(C) was also included  
25    on that e-mail. Do you see that?

1 A Yes.

2 Q (b)(6); (b)(7)(C) writes, quote, At this time we  
3 will not be able to send an analysis of these  
4 securities and commodities characteristics of  
5 XLM, period, closed quote.

6 Do you recall that Stellar resisted  
7 sending a legal memo to Bittrex?

8 A I don't recall that specifically, no.

9 Q Okay. And you're not on this e-mail?

10 A Yeah.

11 Q All right. It appears there's some  
12 back and forth between (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C) but she replies on Monday, March 19th. On  
14 8053 she writes, quote, Given the diversity of  
15 legal perspectives in this space and evolving  
16 regulatory treatment we believe it's best from a  
17 liability standpoint to refrain from offering  
18 such a memo for you to rely upon, period, closed  
19 quote.

20 Do you know if XLM or Stellar ever  
21 provided the legal memo?

22 A I don't know. I can't recall.

23 Q That e-mail was sent in March of 2018.  
24 It appears you are added to the chain in April of  
25 2018 at the bottom of 8052. Your e-mail address

1 appears in response to (b)(6); (b)(7)(C) or in (b)(6); (b)(7)(C)  
2 response it appears to (b)(6); (b)(7)(C) Do you  
3 see that?

4 A I do.

5 Q Do you recall receiving this e-mail?

6 A I don't.

7 Q Did you ever speak to (b)(6); (b)(7)(C)

8 A I don't remember. We talked to a lot  
9 of token teams.

10 Q Do you know why you were added to this  
11 chain?

12 A It was likely an escalation from (b)(6); (b)(7)(C)  
13 because she wasn't able to get the information.

14 Q Were you (b)(6); (b)(7)(C) supervisor at this  
15 time?

16 A Yes.

17 Q It appears that (b)(6); (b)(7)(C) and (b)(6);  
18 (b)(7)(C) set up a call in April of 2018. And

19 then the next e-mail we have though is sent by

20 (b)(6);  
(b)(7)(C) in October of 2018. She writes, quote, We  
21 really appreciate the work you've done for our  
22 compliance process, but we still need a legal  
23 memorandum and signed DocuSign forms, open  
24 parens, MNDA and listing agreement, close parens,  
25 period, closed quote.

1 Do you have an understanding of what  
2 she means by that?

3 A Yes. These were the requirements that  
4 we were requesting from all tokens listed on the  
5 platform. If they did not provide them that  
6 doesn't mean that they were automatically  
7 delisted, but they, like I said before, would not  
8 receive any new -- anything new from us until  
9 they supplied that documentation.

10 Q Why weren't they automatically  
11 delisted?

12 A Because they had a legal analysis from  
13 our lawyers that --

14 MR. GEIST: Careful.

15 A Never mind.

16 Q Okay. And (b)(6); (b)(7)(C) then writes, quote, We  
17 want to add new markets for XLM, but we can't do  
18 that until we get these last pieces of the  
19 process, period, closed quote. Do you know what  
20 she means by that?

21 A Yeah. That was to encourage them to  
22 provide us the documentation.

23 Q Did you instruct her to send this  
24 e-mail?

25 A I don't recall.

1 Q Do you know if new markets were added  
2 for XLM after October of 2018?

3 A I don't recall.

4 Q Would it surprise you if new markets  
5 were added for XLM?

6 A No.

7 Q Why not?

8 A Because it was a popular currency and  
9 adding new markets would help our customers. I  
10 do believe we did require that documentation  
11 though. I don't know if it was provided.

12 Q When you say new markets would help  
13 your customers, what do you mean by that?

14 A Offering more opportunities for them to  
15 trade using different currencies.

16 Q Would it also mean more revenues for  
17 Bittrex?

18 A Sure, if they started trading more.

19 Q Okay. Let's turn back to the token  
20 listing process for new applicants around this  
21 time. What was your involvement with that in late  
22 2017?

23 A Well, I basically ran the team that was  
24 performing the listing evaluation process, and  
25 delisting, and -- and helping with that process



1 as well.

2 Q Who else was involved?

3 A So, (b)(6); (b)(7)(C) was doing  
4 the compliance process at the time. So, she was  
5 not involved in listings.

6 Q What was (b)(6); (b)(7)(C) role?

7 A He was performing due diligence on  
8 token listings.

9 Q Who had decision rights for whether a  
10 particular token was listed or not?

11 A So, there was a coin committee that  
12 included myself, (b)(6); (b)(7)(C) Bill and (b)(6); (b)(7)(C)  
13 who was our legal counsel, and it required a  
14 unanimous vote from all four people to list a  
15 token.

16 Q Was (b)(6); (b)(7)(C) involved?

17 A He was the wallet person. So, he  
18 would -- he wasn't involved with approving our  
19 diligence and listing process. He would just --  
20 once everything was approved he would implement  
21 the wallet technology.

22 Q What about (b)(6); (b)(7)(C)

23 A He wasn't involved at all.

24 Q What was his role at Bittrex?

25 A At that time he was running the back



1 end trading engine platform.

2 Q Understood. How did you communicate  
3 with applicants?

4 A So, the initial process was through  
5 Zendesk where they would fill out the initial  
6 form. It would be on that Zendesk platform, but  
7 also through e-mail basically. And we would ask  
8 them sets of questions in that process. Once  
9 they were sort of through the -- that initial  
10 screening process we would move them to our  
11 public Slack channel where we could have more  
12 realtime interaction with them there.

13 And so, that would include like, you  
14 know, getting the documentation from them. So,  
15 the listing application, the listing agreements,  
16 NDA signed, those signatures with the DocuSign.  
17 And then, there was the legal memo piece as well  
18 which was either through e-mail. Sometimes we  
19 received it through Slack.

20 Once we had all the documentation then  
21 it was, you know, more of our analysis in getting  
22 the approval process completed, the checklists  
23 that we filled out. And then once it was  
24 approved it was slated for listing. And then  
25 that Slack channel would turn into like a

1 developer Slack channel for any technical issues  
2 that would come up.

3 Q Okay. You referenced a public Slack  
4 channel. Were communications with coin  
5 developers via a public select channel or were  
6 those done via private Slack channels?

7 A Yeah. So, I say public Slack which  
8 meant like the entire Slack workplace was public.  
9 At one point it was -- anybody could sign up for  
10 it. It was locked down when there got to be too  
11 many people and there was an invite process at  
12 later points. That public -- it just meant like  
13 it was a free unpaid Slack instance. And there  
14 was private channels within there for each coin  
15 team. So, the communication line with the coin  
16 teams was private, but there was, like, a general  
17 section that was public.

18 Q While you were working at Bittrex were  
19 these Slack communications with token applicants  
20 preserved?

21 A They couldn't be in the free unpaid  
22 subscription. So, basically, once the size of  
23 the content in the Slack work space hit its limit  
24 then it -- you know, history would be erased.

25 Q Did you ever copy and paste

1 communications from a Slack channel into a Word  
2 document?

3 A Only if we were keeping it for, like,  
4 an investigation or something like that, but  
5 rarely did we do that.

6 Q Do you recall ever doing that?

7 A I do recall doing it for one instance  
8 when working with Bitcoin Gold because of  
9 their -- what happened with their chain and we  
10 were trying to work with them to refund  
11 customers. So, we saved communications from  
12 that. That was the only one I remember.

13 Q And when you saved those communications  
14 how did you do that?

15 A You would just have to literally screen  
16 capture, copy and paste.

17 Q Uh-huh.

18 A Copy and paste would only give you the  
19 text. Sometimes date and time stamps, but --

20 Q Do you recall when Bittrex started  
21 requiring a legal memo in connection with the  
22 token application?

23 A I don't remember the exact date, but it  
24 was prior to us starting that full compliance  
25 process because we asked for it then.

1 Q But it was some time after you started?

2 A Yes. Actually, I don't know what they  
3 were requiring before I was there.

4 Q Okay. What is your understanding of  
5 what constitutes a security?

6 MR. GEIST: Recognizing it's a legal  
7 question and she's not a lawyer, but go ahead and  
8 answer.

9 A Yes, I'm not a lawyer. And I used to  
10 this better than I do now.

11 So, there were a couple tests -- well,  
12 the Howard test is the main test where you're  
13 investing in a asset where you are not doing the  
14 work yourself, you're relying on common  
15 enterprise when you have no expectation of  
16 profits from someone else doing the work. I used  
17 to know this, like, previously, but now that's  
18 all I can remember.

19 BY (b)(6); (b)(7)(C)

20 Q You said you used to know this. When  
21 did you know this?

22 A During the compliance review process I  
23 was learning as we were talking to our legal  
24 counsel. And so, we were discussing, you know --

25 BY (b)(6); (b)(7)(C)

1 Q We don't need to -- we don't want to  
2 get into your conversations with counsel.

3 A Yes. Okay.

4 Q But did you ever receive any formal or  
5 informal training concerning what was or was not  
6 a security?

7 A No. Besides the reading of, you know,  
8 the Howard test itself and the SEC guidance.

9 (SEC Exhibit No. 19 was  
10 marked for identification.)

11 Q Okay. I'm showing you what's been  
12 marked as Exhibit 19. This is an e-mail chain  
13 the Bates range is BR\_ESI 0009275 through 77.

14 A Yes.

15 Q The top e-mail is sent from (b)(6);  
16 (b)(6); (b)(7)(C) with a CC  
17 to (b)(6); (b)(7)(C) The subject is, Meet (b)(6); (b)(7)(C)  
18 This was sent on November 13th, 2017.

19 (b)(6); (b)(7)(C) do you recognize this  
20 e-mail chain?

21 A No, not particularly.

22 (The witness examined the document.)

23 Q Directing your attention to the first  
24 e-mail in the chain that appears on the bottom of  
25 page 9276. It appears to be an e-mail from (b)(6); (b)(7)(C)

1 (b)(6); (b)(7)(C) . Do you see that?

2 A Sorry. Yes.

3 Q Who is (b)(6); (b)(7)(C)

4 A A person from New Alchemy.

5 Q What is New Alchemy?

6 A It's a consulting firm in the  
7 blockchain space. (Reporter asks for  
8 clarification.)

9 A I'm sorry, consulting firm in the  
10 blockchain space.

11 Q Have you ever communicated with people  
12 from New Alchemy, to your knowledge?

13 A Not to my knowledge or regular  
14 communication. Possibly through, like, events or  
15 referrals.

16 Q Do you know why he's reaching out to  
17 (b)(6); (b)(7)(C)

18 A I don't know, but often we got  
19 referrals -- received referrals for token  
20 projects from people.

21 Q It appears the next e-mail in the chain  
22 is from (b)(6); (b)(7)(C) Have  
23 you ever met (b)(6); (b)(7)(C)

24 A I don't believe so.

25 Q (b)(6); (b)(7)(C) references the blockchain



1 economic forum at NYC. Did you attend that?

2 A I did not.

3 Q In the e-mail sent on November 11, 2017

4 by (b)(6); (b)(7)(C) he writes to (b)(6); (b)(7)(C) and asks, quote,

5 Could you fill out the new coin submission form,

6 question mark. That's how we track submissions,

7 period, closed quote. And then he has a link to

8 a Support.Bittrex.com website. Do you know what

9 that is?

10 A Yeah, that's our new listing request

11 form.

12 Q And how did that work?

13 A It asked some basic questions about the

14 project, contact information for the people and

15 would get us started on our initial diligence

16 process for the project.

17 Q Okay. So, that wasn't the listing

18 application?

19 A Correct.

20 Q The listing application was something

21 different?

22 A Yeah. It was later. So, we would do

23 sort of an initial screening process before

24 sending the listing application. And then, a lot

25 of the listing requests were rejected before that



1 time.

2 Q Why would something be rejected during  
3 that first pass?

4 A That it didn't meet one of our -- some  
5 of our basic criteria for innovation or utility  
6 or progress of the project. It could have been  
7 too early. Or if it appeared at first glance to  
8 just not be something we were interested in we  
9 would reject it.

10 Q Directing your attention to the top  
11 e-mail in the chain. It appears on 9275.

12 A Uh-huh.

13 Q It appears you sent this to (b)(6); (b)(7)(C)  
14 To and (b)(6); (b)(7)(C) Does this describe the  
15 listing process at the time?

16 A Yes.

17 Q And it appears there are attachments to  
18 this e-mail, a Bittrex listing agreement and  
19 exhibit B listing application. Do you know what  
20 those are?

21 A Yeah. So, that's the more formal  
22 request for information that we use for new  
23 listings. So, listing agreements would be some  
24 DocuSign signed listing application, goes into  
25 more detail for information requests.

1 Q In the first paragraph of your e-mail  
2 to (b)(6); (b)(7)(C) you write, quote, The coin  
3 submission form asks for one enhanced verified  
4 account that belongs to a major shareholder or  
5 core developer, period, closed quote. What did  
6 you mean by that?

7 A So, that's our first verification step  
8 for the -- you know, for one person belonging to  
9 that account making the request. So that it gets  
10 checked through the sanctions process and through  
11 the account verification process.

12 Q What does a major shareholder mean?

13 A Meaning for the company that they have  
14 control or -- over the company.

15 Q Would a large investor qualify?

16 A No.

17 Q Do you recall any interactions with  
18 large or institutional investors concerning  
19 attempts to get tokens listed on Bittrex?

20 A We may -- we receive, like, referrals  
21 and communications sometimes from investors or  
22 advisors, but we would always require someone  
23 from -- directly from the company to apply and  
24 fill out the documentation and agreements.

25 Q How often did you receive referrals

1 from investors or advisors?

2 A I can't really say. We received a lot  
3 of referrals from many different people. I mean,  
4 fairly regularly, but --

5 Q Did any particular investor receive  
6 special treatment?

7 A No.

8 Q Do you know if anyone at Bittrex had  
9 any financial relationship with any of these  
10 investors who were referring tokens?

11 A Not that I know of. Bill was an  
12 adviser sometimes in projects. He would tell us  
13 that at the time.

14 Q What do you mean by that?

15 A Meaning he would tell us that he was an  
16 adviser and we would disclaim that on anything on  
17 the site.

18 Q How would you disclaim that?

19 A I think legal drafted some language  
20 that was used commonly for that.

21 Q The listing application has a list of  
22 required documents, correct?

23 A Uh-huh.

24 Q One of them is the legal memo I think  
25 we've been talking about.

1 A Yes.

2 Q Were adviser agreements required  
3 documents to be submitted with the listing  
4 application?

5 A No, they were not. We might have  
6 requested them, but they weren't -- it wasn't  
7 something that we required.

8 Q Okay. Do you recall ever reviewing any  
9 of Mr. Shihara's advisory agreements?

10 A No.

11 Q How would you become aware that Mr.  
12 Shihara was advising one of the tokens that had  
13 applied to be listed on Bittrex?

14 A He would tell us.

15 Q Do you recall how he would tell you?

16 A He would tell us through e-mail or  
17 Slack sometimes. Through the request process  
18 they may put it on -- like in a field on the  
19 request process that he was an adviser.  
20 Although, many projects referenced Bill all the  
21 time just to try and get ahead in the process.

22 Q Did he still vote on whether to list a  
23 particular token if he was an adviser to that  
24 token?

25 A I believe he would abstain if he was an

1     adviser.

2                   BY (b)(6); (b)(7)(C)

3             Q     Do you know what he was advising them  
4     on specifically?

5             A     I don't. Usually, I mean, it was like  
6     technology, but I was never involved in those  
7     conversations. So, I don't know.

8             Q     Did all of the companies he advised  
9     have similar businesses?

10            A     No, I don't believe so. I think they  
11     were a range of different projects.

12                   BY (b)(6); (b)(7)(C)

13            Q     When an investor reached out to you  
14     regarding a particular token project did you ever  
15     ascertain their ownership stake in that project?

16            A     Like -- what do you mean by that?

17            Q     How many tokens they owned?

18            A     Oh, no, I didn't.

19            Q     Why not?

20            A     It wasn't part of our process.

21            Q     If one of these large investors had a  
22     large number of tokens how would that factor into  
23     the utility analysis?

24            A     It didn't. As far as I know utility  
25     factor was based on how the token was used.

1 Q Are you familiar with a company called  
2 Pantera?

3 A Uh-huh.

4 Q What is Pantera?

5 A I believe they invest and advise in  
6 crypto and non crypto investments.

7 Q If Pantera told you they were invested  
8 in a particular project would that factor into  
9 the utility analysis of that token?

10 A Not the utility analysis, no. It would  
11 be a factor in the legitimacy of the project.

12 Q How would that factor into the  
13 legitimacy of the project?

14 A It was just that they had done -- we  
15 knew that another company had done due diligence  
16 on that project and could provide us information.  
17 It was not a factor in the utility.

18 Q Did they share due diligence  
19 information?

20 A They wouldn't share their actual due  
21 diligence information, no. We always did our  
22 own.

23 Q Did you ever receive any instruction  
24 that you should prioritize tokens that were  
25 suggested by Pantera or any other large investor?



1           A     There were -- so, we always had too  
2 many tokens to review than we could process. So,  
3 there was prioritization methods, yes, that  
4 included, you know. If there were well known and  
5 well respected people that had done -- that had  
6 invested or advised that company then those would  
7 get a higher priority in our review process, but  
8 it wasn't a factor in the actual listing or not.

9           Q     How did ascribing a higher priority to  
10 a particular token happen?

11          A     It wasn't in really any formal way. It  
12 was just we had limited resources to review the  
13 queue. And so, we would use a number of factors  
14 to determine who got, you know, reviewed first  
15 and who went on to -- to do, like, the -- the  
16 full diligence review.

17          Q     Was this memorialized in any way?

18          A     To what degree I guess?

19          Q     I think you testified some tokens may  
20 be prioritized. If you became aware that certain  
21 large investors had invested in them -- is that  
22 correct?

23          A     Yeah. I mean, if we received  
24 recommendations from certain investors -- we  
25 would know who was invested, not necessarily all



1 of the time, at the initial review stage, but if  
2 we -- if there was someone that was respected in  
3 the industry referring those projects then they  
4 would get a higher priority in their review.

5 Q My question is, how was that higher  
6 priority reflected in any way?

7 A There was no -- I mean, it was just  
8 that those projects would get reviewed before  
9 other projects in the queue.

10 Q So, was there a tracking spreadsheet of  
11 projects in the queue to be reviewed with a  
12 priority score associated with them?

13 A Not always. The -- there was like a  
14 Zendesk queue of submissions.

15 Q Uh-huh.

16 A And those could be sorted by any number  
17 of ways. Although, there wasn't -- it was mostly  
18 by dates I guess. We didn't keep a running,  
19 like, list of all the listing requests because  
20 there were so many.

21 Q Have you ever heard of Delta Strategy  
22 Group?

23 A Yes.

24 Q What are they?

25 A Excuse me. They are a strategy group

1 that advises token projects and on a number of  
2 different things we would get referrals from them  
3 of projects.

4 Q Did you prioritize referrals from Delta  
5 Strategy Group?

6 A Sometimes.

7 Q Why?

8 A They would help those teams provide the  
9 documentation. A lot of times they were working  
10 with non English native speakers. So, they would  
11 help with documentation. So, they would provide,  
12 like, a packet -- our listing requirements packet  
13 from them to help them, but they would still go  
14 in the queue. And depending on the project and  
15 the attributes of the project they may or may not  
16 get prioritized.

17 Q Did you ever receive anything of value  
18 from Delta Strategy Group?

19 A No.

20 Q Do you know if anyone at Bittrex ever  
21 received anything of value from someone there?

22 A Not that I know of.

23 (SEC Exhibit No. 20 was  
24 marked for identification.)

25 Q I'm showing you what's been marked as

1 Exhibit 20. This is an e-mail chain Bates range  
2 ETRX\_SEC-0004140 through 4141. The top e-mail in  
3 the chain is from (b)(6); (b)(7)(C)  
4 The subject is, Quick Second to Chat. This was  
5 sent on January 8, 2018.

6 Do you recognize this document?

7 A Yes.

8 Q What is this?

9 A It's a conversation between (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C) and I on projects he was interested in  
11 that were going through the listing process.

12 Q Who is (b)(6); (b)(7)(C)

13 A He works for Delta Strategy.

14 Q Why is he contacting you?

15 A He was the one that would regularly  
16 contact us and sent us project referrals.

17 BY (b)(6); (b)(7)(C)

18 Q Was he a lawyer?

19 A I don't know.

20 BY (b)(6); (b)(7)(C)

21 Q Directing your attention to the first  
22 e-mail in the chain which appears on 4141.

23 A Uh-huh.

24 Q (b)(6); (b)(7)(C) e-mails and says, quote, I  
25 just wanted to check in on Loopring and Tron,

1 period, closed quote. Do you recognize those two  
2 tokens?

3 A I do.

4 Q What is Loopring?

5 A I don't remember exactly what Loopring  
6 is. I do remember it going through the diligence  
7 process.

8 Q And what is Tron?

9 A Tron is a pretty well known project.  
10 I'm blanking on -- on what it does exactly,  
11 but --

12 Q It's okay. (b)(6); (b)(7)(C) writes, quote, I  
13 saw a Tron select channel is now open. So that's  
14 a great sign, period, closed quote. Do you  
15 understand what he means by that?

16 A Yes. So, there was a Slack channel  
17 open for each new coin listing as they went  
18 through the process to communicate with them. If  
19 (b)(6); (b)(7)(C) was helping them then he was out of that  
20 channel so he could help get them to go through  
21 the process.

22 Q You reply back to --

23 BY (b)(6); (b)(7)(C)

24 Q Sorry, I missed -- I missed what Tron  
25 was. What did the business do.

1 A Oh, I can't remember.

2 BY (b)(6); (b)(7)(C)

3 Q You reply to (b)(6); (b)(7)(C) You write  
4 that, quote, Loopring is ready just in holding,  
5 period, closed quote. What do you mean by that?

6 A Meaning that all the documentation was  
7 completed and we didn't need anything more from  
8 them.

9 Q So, they were going to be listed?

10 A We never told them if they were going  
11 to be listed or not. Just that all of the -- all  
12 of the stuff that we needed for them was  
13 completed.

14 Q You write, quote, Tron is going through  
15 legal, but I did want to check on the docs that  
16 were sent, period. You sent some earlier, but  
17 (b)(6); (b)(7)(C) sent some on Sunday, period. Do you know  
18 if any of them have changed since you sent them,  
19 question mark, closed quote. What did you mean  
20 by that?

21 A So, (b)(6); (b)(7)(C) would send us -- whenever he  
22 was referring a project would send us a set of  
23 documentation. That documentation was always  
24 sent to the law firms for their analysis. So, we  
25 received documentation from (b)(6); (b)(7)(C) and we didn't

1 know if we needed to -- that had new information  
2 or not. So, if it needed to be sent to the  
3 lawyers.

4 Q Who is (b)(6); (b)(7)(C)

5 A (b)(6); (b)(7)(C) of Tron.

6 Q All right. (b)(6); (b)(7)(C) replies to you. In  
7 the middle of his response -- so, this is the  
8 third line down, he writes, quote, The only other  
9 bit I would say is that after the initial  
10 submission I sent more information about current  
11 utility that wasn't included in the initial  
12 application, period, closed quote.

13 What do you understand that to mean?

14 A That there was additional utility  
15 factors that weren't included on the previous or  
16 first listing application.

17 Q What do you mean by utility factors?

18 A So, we asked about -- we would ask in  
19 that listing application about the token's  
20 current utility.

21 Q These listing applications are they a  
22 submission to Bittrex that Bittrex reviews and  
23 does due diligence on and then let's the  
24 applicant know or is it more of a back and forth  
25 between Bittrex and the application?



1 MR. GEIST: Are you asking listing  
2 applications generally or these being Loopring  
3 and Tron?

4 (b)(6); (b)(7)(C) I'm saying generally.

5 MR. GEIST: Fine. Just wanted to make  
6 sure we're all on the same page.

7 A So, listing application was sort of a  
8 point in time request for information. And we  
9 would take that information and then we would  
10 usually have questions back and forth outside of  
11 that. We would also have calls and video  
12 conferences with that team as well. It was just  
13 sort of the first step in the -- in the deeper  
14 diligence process.

15 Q Directing your attention to your  
16 response on January 8th, 2018 at 7:11 p.m. You  
17 write, quote, For Tron I still have some  
18 questions on utility based on our current bar  
19 that was revised with the December rulings,  
20 forward slash, statements from the SEC, period,  
21 closed quote. What did you mean by that?

22 A So, we had a definition of utility that  
23 was set and then revised based on new information  
24 that comes out from the SEC.

25 Q Do you recall what your questions on



1 Tron's utility were?

2 A I don't recall, no.

3 Q When you say current bar what do you  
4 mean by that?

5 A Meaning that we had a level at which we  
6 determined utility and that could change based on  
7 output and guidance from the SEC.

8 (Reporter asks for clarification.)

9 A Based on output and guidance from the  
10 SEC.

11 Q What was the bar for utility at this  
12 time?

13 A I do not remember.

14 Q Okay. Were you the one reviewing the  
15 tokens for utility?

16 A The lawyers were.

17 Q In your e-mail to (b)(6); (b)(7)(C) you write that  
18 you still have some questions, right?

19 A Uh-huh.

20 Q I'm just trying to understand what you  
21 meant by that.

22 A We were just gathering the information  
23 so that we could give that information to the  
24 lawyers so the lawyers were not in the Slack  
25 channels.

1 Q Why not?

2 A I don't know. They just weren't.

3 Q You then write, quote, I'll ask them in  
4 Slack so that we can discuss there, period,  
5 closed quote. What did you mean by that?

6 A It's just through an easier  
7 communication path than e-mail. So, you can go  
8 get faster reactions and have more of a realtime  
9 conversation in Slack.

10 Q Is through Slack how you generally  
11 communicated with token applicants?

12 A For the most part, yes. Once they were  
13 going down the -- the listing path.

14 Q Okay.

15 BY (b)(6); (b)(7)(C)

16 Q Do you recall any new guidance being  
17 issued by the SEC in or around January 2018?

18 A I don't remember what it would be  
19 specifically, no.

20 Q Are you familiar with the Munchee case?

21 A Yes. I recall the name. I don't  
22 remember exactly what the substance was.

23 Q Uh-huh. And did the guidance in  
24 Munchee have any affect on Bittrex's review of  
25 tokens at the time that it came out?

1           A     Yes. Every time a ruling -- and I  
2     remember specifically from Munchee, we updated  
3     our request for a legal memo to include an  
4     analysis of that as it relates to each token  
5     project. And then, it -- it may have advised our  
6     utility about it as well.

7           (b)(6); (b)(7)(C)     Let's go off the record at  
8     12:29 p.m.

9                     (Whereupon, at 12:29 p.m., a luncheon  
10    recess was taken.)

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

12           (b)(6); (b)(7)(C)     Okay. We're back on the  
13    record at 1:22 p.m.

14           BY     (b)(6); (b)(7)(C)

15           Q     (b)(6); (b)(7)(C)     during the break there  
16    were no substantive conversations between  
17    yourself and the staff of the SEC; is that  
18    correct?

19           A     Yes.

20           Q     Okay. So, before the break we were  
21    talking about the token listing process or coins  
22    on Bittrex. Were there any official written  
23    policies and procedures concerning the token  
24    listing process on Bittrex?

25           A     Yes.

1 Q Do you recall when those first were put  
2 in place?

3 A Those were being put into place about  
4 the time I started. There were draft versions  
5 going around.

6 Q Do you recall when the first final  
7 version came into place?

8 A I don't recall when that was.

9 Q How were they memorialized?

10 A There was, like, an official document  
11 that was versioned that was for, like, internal  
12 use. And then, there were some, like, public  
13 documents on the Zendesk side that sort of  
14 explained the process in general.

15 Q Okay. Did you receive any training on  
16 these policies and procedures?

17 A They were discussed with the -- the  
18 lawyers, yes.

19 Q Outside of discussions with lawyers,  
20 any other training concerning the policies and  
21 procedures?

22 A Training? They were just reviewed and  
23 discussed with the team I guess. I don't know  
24 official, like, training, per se.

25 Q And in 2018 who was on the team?

1           A       So, (b)(6); (b)(7)(C) was on the team from the  
2       beginning. (b)(6); (b)(7)(C) joined in (b)(6); (b)(7)(C). And  
3       then, (b)(6); (b)(7)(C) who was working (b)(6); (b)(7)(C)  
4       (b)(6); (b)(7)(C) he joined at some point. I don't  
5       remember when exactly, but it would be in (b)(6); (b)(7)(C)

6 Q Did you receive a physical copy of the  
7 policies and procedures or were they only  
8 electronic?

9 A I believe electronic only.

10 Q Did you follow those policies and  
11 procedures?

12	A	Yes.
----	---	------

13 (SEC Exhibit No. 21 was  
14 marked for identification.)

15 Q I'm showing you what's been marked as  
16 Exhibit 21. The Bates range for this document is  
17 BR\_ESI 0009600 through 9610. The title of this  
18 document is, Bittrex Token Listing Policy. The  
19 version is 2.1. The date of version is May 29,  
20 2018.

21 (b)(6); (b)(7)(C) do you recognize this

22 document?

23           A     I recognize the -- the content below,  
24     but this table up top I do not recognize.

25 Q You're referring to the table listing

1 the version, the date of the version?

2 A Correct.

3 Q Created by, approved, document owner?

4 A Yes.

5 Q But the substance of the document, you  
6 do recognize it?

7 A Yes, I do.

8 Q Was this the Bittrex token listing  
9 policy in place as of May of 2018?

10 A Yes, I believe so.

11 Q Directing your attention to the  
12 overview section that appears on the first page.  
13 The last sentence of that paragraph states that,  
14 quote, All new digital token that are listed on  
15 the Bittrex trading platform, which is a defined  
16 term, the platform, must complete a rigorous  
17 process that includes a review for new and  
18 innovative features as well as compliance with  
19 the evolving regulatory standards in the United  
20 States. Is that an accurate statement?

21 A Yes.

22 Q This document then lists three main  
23 stages of the review process. The first stage is  
24 preliminary review, the second is full listing  
25 process and the third is delisting process. What



1 is the preliminary review?

2 A So, the preliminary review happens once  
3 a listing request is submitted through the  
4 Zendesk forum. So, it provides like the basic  
5 information. That's like the preliminary review  
6 in that queue. And if we think it -- it passes  
7 sort of like a sniff test then we'll proceed to  
8 the full listing process which includes the  
9 listing application portion.

10 Q What was your involvement with the  
11 preliminary review?

12 A Occasionally I would review tokens, but  
13 mostly that was my team doing that preliminary  
14 review.

15 Q Who was on your team?

16 A (b)(6); (b)(7)(C) There were  
17 two other people at a later time.

18 Q Who were those people?

19 A (b)(6); (b)(7)(C)

20 Q You mentioned a sniff test. What did  
21 you mean by that?

22 A So, we would take a look at the  
23 information they provided and we would see if it  
24 sort of met our basic requirements, like,  
25 innovation and whether the project was at a

1 development state at which we could review it.  
2 And we looked at sort of the team and did a  
3 cursory review to see if we were interested with  
4 the project and move forward with the full  
5 review.

6 Q Were the results of the preliminary  
7 review memorialized in any way?

8 A Sometimes. Most of the time there  
9 should be like a private internal note on the  
10 Zendesk tickets by the reviewer that states some  
11 information. Sometimes it was just additional  
12 questions asked or a listing application sent.

13 Q Uh-huh. What was the full listing  
14 process?

15 A The full listing process was basically  
16 sending the listing application, listing  
17 agreement, mutual nondisclosure agreement. And  
18 then, going through the checklist of steps to  
19 perform the diligence review on the project.

20 Q What was the checklist of steps?

21 A Well, there may not be steps, per se,  
22 but they were topics that needed to be covered  
23 during the diligence process. So, they included  
24 like a review of the team, a review of the code,  
25 review of the utility and social media, other

1 markets if they had on other exchanges. A number  
2 of different factors that were --

3 Q How were those factors memorialized?

4 A There was a document checklist that was  
5 documented by the assessor. And then, that was  
6 saved in the file folder for the token.

7 Q So, directing your attention to the  
8 committee structure at the bottom of the second  
9 page of this document. It states that Bill  
10 Shihara was the chair. You are listed as the  
11 vice chair. What did you have to do as the vice  
12 chair?

13 A That was basically to insure that the  
14 process was followed, that the documentation was  
15 present and the review was completed and the  
16 approvals were obtained for listing.

17 Q You've talked about a review a few  
18 times. Did you ever instruct applicants to make  
19 changes to any of their materials in connection  
20 with their application to be listed on Bittrex?

21 A To what types of deals?

22 Q I think you mentioned you would review  
23 their social media, correct?

24 A Uh-huh.

25 Q Did you ever ask applicants to make

1 changes to their social media?

2 A We would review social media for what  
3 we termed, like, problematic statements. And we  
4 would inform the teams of these statements and  
5 they were told that they could not proceed in the  
6 listing process until they had addressed them.

7 Q What do you mean by address them?

8 A Remove them most times, make changes to  
9 their policies and procedures about writing those  
10 kinds of statements and/or there could be  
11 re-tweeting or, you know, addressing those  
12 statements. So, we discussed that with them  
13 during that process.

14 Q How did you discuss that with them?

15 A It was usually over a phone call or  
16 Slack during our review process where we were  
17 engaging with them throughout this process.

18 Q Why did you do that?

19 A Well, many of the teams were not U.S.  
20 based teams and they were not familiar with  
21 the -- why those statements were problematic.  
22 So, we would tell them why they were problematic  
23 and to, you know, speak to their lawyers about  
24 this and decide what to do, but told them that,  
25 you know, we couldn't proceed with the listing

1 until those have been removed.

2 Q Did Bittrex have a policy concerning  
3 correcting problematic statements?

4 A I wouldn't say it was a policy  
5 necessarily. It was just one factor in our  
6 review.

7 BY (b)(6); (b)(7)(C)

8 Q What constituted a problematic  
9 statement?

10 A Something like referring to, like,  
11 profits or price increase or market movement,  
12 something like that.

13 Q And why were those problematic?

14 A We were informed by legal counsel about  
15 those problematic statements. And so, we learned  
16 to identify them and then tell teams about them  
17 when we saw them.

18 BY (b)(6); (b)(7)(C)

19 Q Was that more likely to indicate that  
20 the token could be viewed as a security?

21 A It was a factor in that analysis. It  
22 wouldn't directly mean that it was a security,  
23 but those statements were seen as problematic to  
24 legal counsel and so we were informing teams to  
25 remove them.



1 (Reporter asks for clarification.)

2 A To remove them.

3 BY (b)(6); (b)(7)(C)

4 Q And, (b)(6); (b)(7)(C) I'd just ask you to  
5 please project so the court reporter can capture  
6 everything.

7 A Sorry, yes.

8 BY (b)(6); (b)(7)(C)

9 Q When -- when you or your teams would  
10 ask the token teams to remove those statements,  
11 did you do any sort of independent verification  
12 as to whether those statements were still true  
13 about the token or coin?

14 A Still true?

15 Q Meaning, if -- if a -- for example, if  
16 marketing materials or white paper said something  
17 about profits --

18 A Uh-huh.

19 Q -- and you directed them to remove  
20 those problematic statements about profits,  
21 did -- did you or your team do any verification  
22 as to whether profits were actually a part of  
23 the -- the token issuance?

24 A So, if it was a problematic feature  
25 that would be handled similarly, but differently.



1 And so, if it was actual feature of the token  
2 that was problematic we would not move forward  
3 unless that feature was removed and disclaimers  
4 were made about those.

5 For statements in a white paper, if  
6 they were -- if it was not a feature, but it's  
7 just something they said that was problematic,  
8 they would need to remove it and potentially add  
9 a disclaimer against any of those statements that  
10 they had previously made that was given by their  
11 legal counsel.

12 BY (b)(6); (b)(7)(C)

13 Q I don't understand the distinction  
14 between a problematic statement and a problematic  
15 feature.

16 A Sure. So, problematic statement might  
17 be, you know, Buy this token the price will go  
18 up, versus a problematic feature would be  
19 something that's coded into the token or the  
20 platform that potentially is -- has a degree to  
21 which it would become a security at some point  
22 such as a dividend or a reward system or a buy  
23 back and burn. That kind of feature was included  
24 versus a statement that was made.

25 Q Why is a problematic statement less

1     problematic than a problematic feature?

2           A     Oh, I wouldn't say it's less  
3     problematic. They're just two different types of  
4     problematic somethings that needed to be removed.

5           Q     Well, you just said -- tell me if I'm  
6     wrong, but did you treat the problematic  
7     statements differently than the problematic  
8     features?

9           A     Well, they weren't really handled  
10    differently. They were -- like, problematic  
11    features were often just much more difficult to  
12    and longer to address. The statements could be  
13    just removed and potentially applied new  
14    statements disclaiming previous problematic  
15    statements, but a feature usually involves code  
16    and development and something that they had  
17    already, like, discussed with their community and  
18    things like that. And so, those were often  
19    longer term things, but they were both considered  
20    negative factors in that token review.

21          Q     But problematic statement -- in your  
22    opinion were problematic statements easier to  
23    rectify --

24          A     Yes.

25          Q     -- than problematic features?

1           A     I mean, if -- if the ramification was  
2     they would just remove them then, yes, it was  
3     usually easier than -- than addressing a feature  
4     problem that would require coding and more  
5     outreach and things like that.

6           Q     And was that the only thing they needed  
7     to do to rectify the issue, just remove the  
8     statement, or did they have to take any other  
9     steps?

10          A     It depends. We would rely on legal --  
11     legal advice on what we needed to do depending on  
12     statement. And that was included in our review  
13     process, but sometimes we required them to also  
14     have, like, statements in policies with their  
15     employees about what they can or cannot say or  
16     should or should not say about their products.  
17     If it was something inherent in the project then  
18     it wouldn't move forward in the listing project.

19          Q     And in what instances did you go a step  
20     beyond just removing a statement and require them  
21     to have policies and procedures in place with  
22     employees?

23          A     There was one case in particular, and I  
24     can't remember which token it was, but they had,  
25     you know, several statements about market

1 performance or price movements. And so, we had  
2 them -- they didn't know what the problem was.  
3 So, their legal counsel has discussed it and they  
4 came back to us with what they had done to  
5 address those issues and that they had put a  
6 policy in place because they had, you know, the  
7 different community members running some of their  
8 social media versus, like, the company running  
9 social media. So, they had to put a policy in  
10 place for those people to also follow this, you  
11 know, what they should or should not say  
12 regarding the token.

13 BY (b)(6); (b)(7)(C)

14 Q Was the request to remove problematic  
15 statements part of the full listing process?

16 A Yes.

17 Q Was that memorialized in any Bittrex  
18 policy or procedure?

19 A It was in the checklist. Other than  
20 that, I don't know if it was included. It was,  
21 basically, in the compliance review process.

22 Q Okay. So, I think you're pointing to  
23 the bottom of page 9602 under the section,  
24 Listing Review Criteria. Criteria number four is  
25 Compliance Review. Is that what you're referring

1 to?

2 A Correct.

3 Q So, subpart A is, Legal Review Provided  
4 by Bittrex's Outside and In-House Counsel. Was  
5 the request to remove problematic statements part  
6 of that?

7 A Yes.

8 Q How so?

9 A Meaning they were flagged by legal  
10 counsel during their review. It could have been  
11 done by them or by us, but in that process that  
12 was reported to the token teams.

13 Q Legal counsel reviewed token teams  
14 social media?

15 A Uh-huh.

16 Q How were requests to remove problematic  
17 statements conveyed to the token teams.

18 A Either through telephone conversations  
19 or through Slack.

20 Q Were those memorialized in any way?

21 A They were often on the checklist  
22 because there was a checklist line for social  
23 media sweep I believe. And they would note  
24 whether they had problematic statements and  
25 whether they were addressed there.



1 Q There's no checklist attached to the  
2 Bittrex token listing policy we're looking at in  
3 Exhibit 21, correct?

4 A Yeah. I mean, I don't know if it's  
5 attached, but -- or referenced.

6 Q Do you recall when the checklist  
7 started being used?

8 A I don't recall, no.

9 Q Did every coin that was listed on  
10 Bittrex have a checklist filled out?

11 A I don't think every coin would have  
12 one. We did start using it at some point after I  
13 started. And so, it would be used after that  
14 point.

15 Q Do you know how the attorneys reviewed  
16 problematic statements on social media?

17 MR. GEIST: Well, if you know from  
18 anything other than a conversation with the  
19 attorneys. So, you can say yes or no whether you  
20 know.

21 A I mean, I don't. They would tell us if  
22 they found them.

23 Q What are the names of any attorneys who  
24 reviewed problematic social media statements?

25 A All of the lawyers that were doing the



1 compliance reviews, as well as the new token  
2 listings. So, that would be (b)(6); (b)(7)(C)

3 (b)(6); (b)(7)(C) -- I can't think of his name  
4 from O'Melveny.

5 MR. GEIST: (b)(6); (b)(7)(C)

6 A (b)(6); (b)(7)(C) yeah. They had a whole bunch  
7 of lawyers working there.

8 Q Just so I understand, your testimony is  
9 that as part of the compliance review attorneys  
10 would go and seek out social media posts by the  
11 token applicants?

12 A Uh-huh.

13 Q Okay.

14 A Yes.

15 Q Okay. Directing your attention to the  
16 top of page 9602. The second full paragraph  
17 reads, quote, A record of the committee's  
18 approval of any new tokens for listing on the  
19 platform, including any legal analysis from  
20 Bittrex's legal counsel that was part of the  
21 committee's decision making, shall be maintained  
22 by the vice chair, period, closed quote.

23 You're the vice chair, correct?

24 A Correct.

25 Q Did you maintain those records?

1           A     Yes.  Myself and my team did.  We made  
2     sure that each one was completed  
3     documentation-wise through the listing process.

4           Q     What do you mean by that?

5           A     Meaning files that were obtained from  
6     token teams or from the legal analysis were all  
7     put into folders in a SharePoint site for each  
8     token.

9           Q     What about communications from Bittrex  
10    to the token teams to remove problematic  
11    statements, were those maintained?

12          A     No, those were not maintained.

13          Q     Why not?

14          A     It wasn't our procedure to do that.

15          Q     Do you know why?

16          A     No.  We just kept the listing  
17    application, NDA, listing agreement, the  
18    checklist which should indicate statements, but  
19    wouldn't say what they were, and the legal memo  
20    and the legal evaluation.

21          Q     We've been talking about these  
22    problematic statements.  Do you have any concern  
23    that investors in an ICO may have purchased the  
24    token in reliance on those problematic  
25    statements?

1           A     We were not doing ICOs at the time. So,  
2     that was not our --

3           Q     You weren't listing coins that had been  
4     offered in an ICO?

5           A     Oh, we might have been listing coins  
6     that were offered. We weren't listing them for  
7     ICO at the time I would say.

8           Q     So, I'm asking about -- what about  
9     investors in an ICO who may have purchased those  
10    tokens in reliance on these problematic  
11    statements. Were there any concerns about that?

12           MR. GEIST: Sorry. Have we established  
13    that there was in fact a problematic statement  
14    that existed at the time that the ICO was  
15    mentioned or the ICO happened and that's what  
16    she's talking about?

17           (b)(6); (b)(7)(C)     Why don't we go back.

18           BY    (b)(6); (b)(7)(C)

19           Q     These problematic statements, how far  
20    did you go back to look for these problematic  
21    statements?

22           A     We didn't have, like, a set time frame.  
23    We just -- the analysts would go back, or the  
24    lawyer for that matter, through, you know, what  
25    was available at the time on their main social

1 media outlets. There was no set time period.

2 Q Did you look at the white paper --

3 A Yes.

4 Q -- for problematic statements?

5 A Yes.

6 Q Okay. And was the white paper  
7 something that was generally distributed at the  
8 time of the ICO?

9 A I don't know. We were just reviewing  
10 it at the time that our review was taking place.  
11 A lot of times they had updated white papers due  
12 because the project changed or they just updated  
13 it. Often times it was well after the ICO. We  
14 did not look at the timeline.

15 Q Okay. And where else did you look  
16 for -- I know earlier you said you looked at  
17 social media for problematic statements. You  
18 said you looked at white paper for problematic  
19 statements. Where other sources did you look?

20 A Their website.

21 Q Anywhere else?

22 A Whatever is publicly available  
23 represented by the token team itself was included  
24 in that review.

25 Q Did you review Twitter?

1 A Yes, Twitter.

2 Q Reddit?

3 A Yes. As long as it was from the team  
4 itself. If it was a statement by someone else  
5 not associated -- not directly related to the  
6 team it was not included in that.

7 Q And can you tell me how thorough the  
8 review was for these -- for these statements.  
9 Like, how many -- how long would you spend  
10 looking for these statements or -- and who -- how  
11 many people on your team would be responsible for  
12 identifying potential problematic statements?

13 A So, there -- the analysts performing  
14 the due diligence would be responsible for that  
15 process. And it was to include everything that  
16 was publicly available and owned or stated by the  
17 team itself. And it should include, you know,  
18 Reddit, Twitter, Telegram, whatever they  
19 reference on their website as official channels  
20 we would include.

21 Q And should include all information  
22 dating back to the original issuance of the  
23 token?

24 A It should.

25 Q Okay.

1 BY (b)(6); (b)(7)(C)

2 Q Who were the analysts who conducted  
3 this review?

4 A So, it was (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 Q Did you conduct this review?

7 A Possibly at the beginning, but at the  
8 time we had the team and it was them performing  
9 the analysis and I wasn't doing that part.

10 Q When an analyst encountered a  
11 problematic statement what were they supposed to  
12 do with it?

13 A They were supposed to notify legal  
14 counsel of that and also the team to let them  
15 know that that was preventing us from moving  
16 forward with the listing process.

17 Q How was this instruction memorialized?

18 A It wasn't, per se, memorialized except  
19 through the checklist.

20 Q How did an analyst know to contact  
21 counsel and also contact the team?

22 A It was just part of the process that we  
23 followed and going through the checklist.

24 Q Did you tell people to do that?

25 A Yes, as part of the team instruction.



1 Q Do you know if Mr. Shihara told people  
2 to do that?

3 A Not that I recall.

4 Q Was it your idea to alert the applicant  
5 teams about problematic statements?

6 A I think it sort of progressed from  
7 our -- building our process, working with the  
8 lawyers and us identifying after they had done a  
9 review those typical statements. And so, we  
10 learned to identify them and then build that sort  
11 of indoor process to identify them.

12 Q Okay.

13 BY (b)(6); (b)(7)(C)

14 Q I think (b)(6); (b)(7)(C) asked earlier, you  
15 identified some problematic statements as  
16 statements referring to profits or price  
17 increases. Were there any other categories and  
18 problematic statements besides that?

19 A I believe we had like an example of  
20 what to look for in the checklist at the bottom.  
21 I can't remember exactly what that covers, but  
22 that was mainly the topics that were covered.

23 BY (b)(6); (b)(7)(C)

24 Q Directing your attention to the listing  
25 review criteria section as a whole.

1 A Uh-huh.

2 Q Four factors are listed. The  
3 innovative slash new blockchain is number one.  
4 What does that mean?

5 A That just means that the idea is new or  
6 interesting, that they either have like  
7 interesting features or in some way are different  
8 than other technologies out there.

9 Q How did that factor into the  
10 determination of whether to list or not to list a  
11 token?

12 A It was just one factor. It usually was  
13 one of like the -- in the preliminary listing  
14 process would cause something to be disregarded  
15 if it -- if it didn't look innovative or  
16 interesting to us at the time.

17 Q What about factor number two,  
18 innovative use cases, what -- what does that  
19 mean?

20 A I mean, it's similar to the one above,  
21 but it's talking about if it's sort of an  
22 existing technology whether they're addressing,  
23 you know, unique use cases or doing something  
24 interesting with existing technology.

25 Q Number three is, Business rational for

1 listing/delisting. What does that mean?

2 A That means that there are other factors  
3 outside of the technology or innovation that we  
4 look at when listing to determine if there will  
5 be -- you know, if customers will want this token  
6 or would be interested in the project and whether  
7 the token will be around for, you know,  
8 significant time.

9 Q Was the volume of trading in a  
10 particular token part of that analysis?

11 A It was part of it if it had other  
12 markets elsewhere and maybe there were  
13 particularly low volume there that would indicate  
14 that there was low demand and that our customers  
15 might not be interested in it as well.

16 Q And the last section is the compliance  
17 review.

18 A Correct.

19 Q And your testimony is that the  
20 compliance review included a back and forth  
21 between the token applicants and the Bittrex  
22 team?

23 A Correct.

24 Q And that's where the problematic  
25 statements were addressed?

1 A Correct.

2 Q Do you recall any other written  
3 policies and procedures concerning the clean up  
4 of problematic statements?

5 A I don't think so.

6 (SEC Exhibit No. 22 was  
7 marked for identification.)

8 Q Showing the witness what's been marked  
9 as Exhibit 22. The Bates range for this document  
10 BR\_ESI 0009502 through 9547. The title of this  
11 document is, Bittrex, Inc. Token Review Policy  
12 and Process. The last updated date is November  
13 7, 2018.

14 Do you recognize this document?

15 MR. GEIST: Sorry, can we just have a  
16 copy of the document?

17 (b)(6); (b)(7)(C) Was it this one?

18 MR. MARTIN: 9502.

19 (b)(6); (b)(7)(C) Yeah.

20 MR. GEIST: Thank you. Okay.

21 Q Do you recognize this document?

22 A Yes, I do.

23 Q And what is this?

24 A It's sort of the same thing there just  
25 this is one more I can remember myself that I

1 reviewed. This is same thing that's there. Sort  
2 of the listing process. This includes attachment  
3 for listing agreement and NDA.

4 Q So, this also had three main stages of  
5 the token review process.

6 A Uh-huh.

7 Q That's the preliminary review --

8 A Uh-huh.

9 Q -- for new token listing request. Is  
10 that the same as the preliminary review we  
11 discussed previously?

12 A Yep. This is the same process.

13 Q The next step is the full evaluation  
14 process for new token listing requests.

15 A Uh-huh.

16 Q Is that the same process we previously  
17 discussed?

18 A Yep.

19 Q And the periodic review process for  
20 listed tokens --

21 A Uh-huh.

22 Q -- is that the delisting process we  
23 previously discussed?

24 A Yes. Delisting or compliance review,  
25 yeah.

1           Q     These processes speak of review and  
2     evaluation. I've looked through this and I  
3     didn't see anything about a back and forth with  
4     the applicants. Sitting here today do you recall  
5     any instruction to engage in such a back and  
6     forth with a token applicant?

7           A     Instruction from who?

8           Q     From anyone at Bittrex?

9           A     I mean, I controlled the process. And  
10    so, when working with the lawyers we decided on a  
11    back and forth process and that's how it went.

12          Q     Did you ever discuss adding information  
13    about a back and forth process to the policies  
14    and procedures?

15          A     No. I haven't discussed it.

16          Q     Directing your attention to page number  
17    9544 which is also appendix F. Do you recognize  
18    this document?

19          A     Yeah. That's the checklist I was  
20    referring to earlier.

21          Q     So, what is this?

22          A     It's just a checklist for each assessor  
23    to complete so that they can check that they've  
24    addressed each one of these areas.

25          Q     To check whether they've reviewed or



1 addressed each one of the area?

2 A Make sure they have reviewed and/or  
3 addressed each of these areas.

4 Q So, directing your attention to the  
5 compliance section.

6 A Uh-huh.

7 Q Number one is problematic features.

8 A Uh-huh.

9 Q One of the reviewers on your team  
10 wasn't just supposed to review whether there were  
11 problematic features, they were also supposed to  
12 correct any problematic features; is that  
13 correct?

14 A Not necessarily. If something had --  
15 if a token had problematic features that were not  
16 fixed it just wasn't submitted for listing  
17 approval.

18 Q If they were fixed would it be  
19 submitted for listing approval?

20 A Yeah. It would be checked that there  
21 were problematic features that were addressed.

22 Q Were there any records of what  
23 problematic features had been addressed?

24 A It depends on what the assessor put in  
25 there, but usually -- usually not. It would be

1 in the legal analysis that the lawyers provided.

2 Q Just talking about the assessors.

3 Outside of the comments column, was there any  
4 other place for them to memorialize the  
5 problematic features they encountered with a  
6 particular token?

7 A They may have put it in the Zendesk  
8 article potentially during their preliminary  
9 review. That was an internal only note. Other  
10 than that, there was not.

11 Q Number two is problematic statements.  
12 So, one of your reviewers who's analyzing the  
13 token and encounters a problematic statement what  
14 would they do next?

15 A So, they would work with the token team  
16 and the lawyers to determine, you know, if we  
17 were going to communicate to them or not. And if  
18 we were, we would have the lawyers join us in  
19 that call and tell them that they would need to  
20 be addressed or they could not be listed. If it  
21 didn't move forward then a checklist really  
22 wouldn't be done because it's really done at the  
23 end. And so, if they did we're able to address  
24 them to the lawyers opinion. Then it was marked  
25 and it was put in the comments.

1 Q And so, is that what you instructed  
2 your team members to do?

3 A Yes.

4 Q So, the yes column for something like  
5 problematic features or problematic statements,  
6 is that yes that problematic features or  
7 problematic statements were ever encountered or  
8 just that existed at the time they were filling  
9 out the new coin listing checklist?

10 A They would put yes and they were  
11 addressed in the notes, but if there was a yes  
12 for problematic features it probably wouldn't  
13 even get to this point unless it was a no.

14 Q So, how about the yes and no columns  
15 for problematic statements, is that capturing  
16 whether problematic statements were posted at the  
17 time they were filling it out or at any time that  
18 they were identified in the course of the review?

19 A It would be at any time.

20 Q So, one of your reviewers if they  
21 encountered a problematic statement and were able  
22 to remediate it, how would that be reflected on  
23 the new coin listing checklist?

24 A Well, I mean, they could say yes and  
25 then have notes that they were addressed or they

1 could say no and still have a comment that they  
2 were addressed because it would be a no at the  
3 time they were filling this out, but either way,  
4 it should be noted that there were statements --  
5 problematic statements at one point.

6 Q If problematic statements were  
7 identified and subsequently removed, should that  
8 have been reflected in this new coin listing  
9 checklist?

10 A Yes.

11 Q Why is that?

12 A Because it was part of the process.

13 Q Was this checklist used for the votes  
14 to approve coins as well?

15 A Yes.

16 Q Is that the last section on page 9545?

17 A Yes. Although votes were taken via  
18 e-mail.

19 Q And so, circling back to a question I  
20 asked earlier. Do you have any concern that  
21 investors who purchased a token in an ICO  
22 possibly in reliance on one of these problematic  
23 statements made on social media or in a white  
24 paper that these statements were now being  
25 removed at Bittrex's direction?

1           A     We relied on our lawyers to advise us  
2     on that aspect and they often had teams add  
3     disclaimer statements because of that, but we  
4     relied on their expertise in that area.

5           Q     Which lawyers did you consult regarding  
6     the removal of problematic statements?

7           A     Whichever law firm was reviewing the  
8     token. They were split between Perkins and  
9     O'Melveny.

10          Q     Do you recall if you ever submitted a  
11     token application to counsel, but withheld  
12     information about the removal of problematic  
13     statements?

14          A     No.

15          Q     Do you know if anyone on your team  
16     submitted an application to counsel, but withheld  
17     information about the removal of problematic  
18     statements?

19          A     No.

20          Q     Do you believe that the removal of  
21     problematic statements -- withdraw that question.

22                 MR. GEIST: Drew, would this be a good  
23     time for a break?

24                 (b)(6); (b)(7)(C) Five more minutes.

25                 MR. GEIST: Sure.



1 BY (b)(6); (b)(7)(C)

2 Q Apologies if you've already answered  
3 this question, but what was the process for  
4 identifying problematic features?

5 A That was review of the white paper. And  
6 then, in the demonstration too of token utility  
7 we might call something out there as well.

8 Q And what -- can you tell me again what  
9 were some of the problematic features?

10 A Yeah. Something that had like interest  
11 bearing feature or a reward for no action taken  
12 or buy back and burn. There were a few that, you  
13 know, the lawyers pointed out to us were  
14 problematic and so we would review for those.

15 Q And once you identified them, what  
16 would you do next?

17 A It depends on if, you know, it was  
18 during the, like, the phone call we were having  
19 with them or the demonstration where they would  
20 show it to us, we would tell them that that looks  
21 problematic and to talk to your lawyers about  
22 that. Our lawyers might point it out in their  
23 review of the application or public information  
24 or the white paper. And then, they would discuss  
25 it with the token team about it.



1 Q And why were those features  
2 problematic?

3 A I guess it depends on the feature, but  
4 like a buy back and burn would reduce supply  
5 artificially altering the price. Interest  
6 bearing then had aspects of investment contracts.  
7 And like anything that just was around the price  
8 manipulation or anything like that. They would  
9 also look at gambling, other legal things that  
10 might be problematic.

11 Q And did Bittrex instruct the token  
12 teams to take any action with respect to any of  
13 these problematic features?

14 A We would just say that we couldn't list  
15 them with those features.

16 Q If they corrected or removed those  
17 features would you subsequently list the token?

18 A We would rereview it if they had  
19 removed those features.

20 Q And how would you have confirmed that  
21 the features were removed?

22 A We would ask for another demonstration  
23 or we would have them show us where they had  
24 altered the white paper or the website or  
25 something to that effect.

1 Q Did you -- do you know if they notified  
2 token holders of the change in the features?

3 A I don't know. That was up to them.  
4 Often they would tell us that they had done that.  
5 It wasn't a requirement.

6 Q Okay.

7 BY (b)(6); (b)(7)(C)

8 Q What instruction did you give to the  
9 reviewers on the coin team concerning the  
10 determination of whether a token has utility?

11 A So, our utility bar was that the token  
12 had to be used for a primary function that was  
13 listed in the white paper or the website and it  
14 had to be on Mainnet or Open Beta. So, someone  
15 who had the token should be able to use the token  
16 for primary function on the network.

17 Q How did the reviewer make that  
18 determination?

19 A We would have the token team show us  
20 the function and keep the transaction IDs and we  
21 would look through the transaction IDs on the  
22 network.

23 Q Regarding the token metrics, what's the  
24 import of 90 days post ICO?

25 A That was just a requirement from our

1 lawyers that the token had to be -- follow that  
2 requirement.

3 Q What does reasonable supply mean?

4 A That was addressing whether actually it  
5 was below like a 10 billion token supply for  
6 technology reasons, but also, if there was -- you  
7 know, it related to the project feasibility as  
8 well.

9 Q How was fair token distribution  
10 analyzed?

11 A Whether there -- like, what -- if there  
12 were a large number of token holders or if there  
13 were just a few token holders that had a lot of  
14 tokens and whether we could see that or not, how  
15 the tokens were distributed and, you know.

16 Q How did the reviewer make that  
17 determination?

18 A By looking at the blockchain.

19 Q What does steady trade volume mean?

20 A So, if there were other markets already  
21 listed for that token we would look at their  
22 trading activity to see if they there were  
23 wild -- wild movements or if it was, you know,  
24 being steadily traded showing demand for that  
25 token.

1 Q Who did that?

2 A The analysts reviewing it did.

3 Q And what is market analysis?

4 A That's, like, the -- looking at their,  
5 like, social -- whether -- like, if they're  
6 traded on a number of different exchanges and if  
7 those exchanges are reputable or not. If it  
8 looks like there's fake volume or pump-and-dumps  
9 potentially or something like that.

10 BY (b)(6); (b)(7)(C)

11 Q Did Bittrex want to be the only  
12 exchange trading a particular token?

13 A Not necessarily. There are advantages  
14 to having -- to be the first one to launch to  
15 market, but we were often not the first.

16 BY (b)(6); (b)(7)(C)

17 Q What were those advantages?

18 MR. GEIST: Could you let her finish  
19 her answer, please.

20 (b)(6); (b)(7)(C) I thought that she was  
21 done.

22 MR. GEIST: She was still speaking.

23 A Sorry, what was the question?

24 Q What were those advantages?

25 A That you would capture a market share,

1 you know, your customers -- you would gain  
2 customers that were interested in that project.  
3 And you -- sometimes, you know, people were  
4 reluctant to trade off to other exchanges once  
5 they were on an exchange. So, it helped for  
6 customer stickiness.

7 BY (b)(6); (b)(7)(C)

8 Q If someone on the team identified a  
9 pump-and-dump in a token that was applying to be  
10 listed on Bittrex, how would that factor into  
11 your determination of whether to list it or not?

12 A We may decide to not list it at all. We  
13 may decide to wait at least two weeks to see if  
14 it happened again. We would talk to the token  
15 team to see if they had any feedback on why they  
16 thought that happened. We would not list if we  
17 saw one of those right away during our review  
18 process.

19 Q What does social media and web sweep  
20 mean?

21 A That's the review process we talked  
22 about before where we look at all of their social  
23 media accounts to see how they're talking about  
24 their projects. You know, if we wanted to see  
25 how much they talked about the project and they

1 were focused on the right things, like,  
2 development and community support and whether or  
3 not there was bot activity, that kind of thing.

4 Q So, under community, social media and  
5 web sweep reflects whether that sweep was carried  
6 out by the reviewer?

7 A Yes.

8 Q And then what we were discussing under  
9 compliance was whether statements -- problematic  
10 statements were addressed?

11 A Or found.

12 Q Or found, okay. What does dev steam  
13 and Slack channel mean?

14 A That just means that they added the dev  
15 team to our Slack channel.

16 Q The dev team is the team behind the  
17 token that's applying --

18 A Token dev team, yes.

19 Q What does active community members  
20 mean?

21 A That means that's looking at their  
22 community engagement across their social media  
23 channels. So, whether they have a large  
24 community, a small one, whether it looks like  
25 there's a high level of bot activity or not, that



1 kind offer thing.

2 Q What's the import of that?

3 A That is analogous to demand for the  
4 project once it's listed.

5 Q Why does demand matter?

6 A Because we want projects where  
7 customers are interested in those projects. And  
8 so, if they show a high active community it means  
9 they're engaged with the project and it has the  
10 higher chance of lasting -- you know, being  
11 successful and lasting a longer time period which  
12 means customers would be more engaged.

13 BY (b)(6); (b)(7)(C) :

14 Q What's the relevance of bot activity?

15 A That could either mean that they're  
16 trying to inflate their numbers potentially of  
17 community engagement or it might, you know, show  
18 potential for pump-and-dump activity if we think  
19 maybe there's a third party out there that's  
20 trying to increase like the appearance of an  
21 active community through that. So, those things  
22 are just things we look at maybe red -- yellow  
23 flags for our review process.

24 Q So, you're trading about a trading bot?

25 A Oh, not a trading bot. Like a social

1 media bot.

2 BY (b)(6); (b)(7)(C)

3 Q What does overall positive sentiment  
4 mean?

5 A So, that's for the quality whether it's  
6 positive or negative on social media. So, they  
7 may have a lot of community engagement, but it's  
8 negative and that will be reflected in -- in  
9 this. So, they look for overall positive  
10 sentiment in relation to -- to the projects.

11 Q So, we've discussed the compliance  
12 section.

13 A Uh-huh.

14 Q Who filled out the compliance section?

15 A The assessor.

16 Q What does reputable legal counsel mean?

17 A That means that the token project  
18 was -- that it had produced the legal memo. The  
19 legal memo was prepared by someone that was  
20 reputable. We would get that input from our  
21 external legal counsel.

22 Q Are you aware of whether Bittrex listed  
23 any tokens where the legal memo was drafted by  
24 someone who was suspended from the bar at that  
25 time?

1 A That I do not know.

2 Q What is documentation?

3 A That's the documentation that we were  
4 required before listing. So, each one of those  
5 things needs to be collected before we list the  
6 token.

7 Q Okay. And, sorry, before I moved on  
8 from that last question. Would you have voted to  
9 approve to list a token if you found out that the  
10 person who drafted the legal memorandum had been  
11 suspended from the state bar that they were  
12 admitted to at the time?

13 A We would have required a new counsel  
14 produce a new memo before moving forward.

15 Q Okay. The next section is legal  
16 review. What is that?

17 A That's just making sure that all the  
18 documentation has been provided to legal and that  
19 we've received the final token review form from  
20 them and that we've voted on it.

21 Q So, were the legal folks involved in  
22 the compliance review as well?

23 A Yes.

24 Q But there's no check box for that in  
25 this checklist, correct?

1 A What do you mean?

2 Q Under the compliance section there's no  
3 reference to involving legal, correct?

4 A Well, that's what the legal review part  
5 is for.

6 Q What does, Sent to legal for review  
7 mean?

8 A It means that all the documentation we  
9 received was provided to legal counsel for their  
10 evaluation and we required a final evaluation  
11 form from them before moving forward.

12 Q And by documentation that's the  
13 documents listed one to eight in the section  
14 above?

15 A Correct.

16 Q What does final token review received  
17 mean? And I'm not asking for privileged  
18 communications.

19 A That just means we've received the  
20 evaluation from outside legal counsel.

21 Q What does listing vote from coin  
22 committee completed mean?

23 A Meaning that the vote was sent out from  
24 the committee and received responses back.

25 Q Did anyone else vote on whether to

1 approve a token other than the four people listed  
2 here?

3 A No. There was a back up for Bill in  
4 case he had to be -- what do you call it?

5 MR. MARTIN: Recused.

6 A Recused, yes.

7 Q Who was that?

8 A (b)(6); (b)(7)(C)

9 BY (b)(6); (b)(7)(C) :

10 Q How did the voting actually take place?

11 A We sent Outlook e-mails. There was a  
12 voting option you can add to them. However, most  
13 people just replied back "approved," but  
14 sometimes the voting buttons were used.

15 Q So, it was done through e-mail?

16 A Through e-mail.

17 Q Did you ever meet to -- to do the  
18 voting in person?

19 A We did not meet to do it in person  
20 unless there were large blocks that we needed to  
21 make decisions on.

22 (b)(6); (b)(7)(C) Let's go off the record at  
23 2:18 p.m.

24 (A brief recess was taken.)

25 (b)(6); (b)(7)(C) Okay. We're back on the

1 record at 2:36 p.m.

2 BY (b)(6); (b)(7)(C)

3 Q (b)(6); (b)(7)(C) during the break there  
4 were no substantive conversations between  
5 yourself and the staff of the SEC; is that  
6 correct?

7 A Correct.

8 Q Okay. This token listing process that  
9 we've been discussing today, was it essentially  
10 the same until you left Bittrex?

11 A I believe so, yes.

12 Q Were there any other big changes to it?

13 A Oh. Well, there was the Bittrex  
14 International which did change the process for  
15 tokens listed on the Bittrex International  
16 platform.

17 Q When did Bittrex International come  
18 into affect?

19 A I believe it was November of 2018 I  
20 think.

21 Q How was the token listing process on  
22 Bittrex International different?

23 A It followed -- it required a legal memo  
24 from a legal entity in Malta and followed EU  
25 regulations not U.S. regulations. And so, the



1 process there, it was the same due diligence  
2 process, the memo had to come from a Maltese VFA.  
3 And then, we did not have U.S. legal counsel  
4 review it. It was just the Maltese legal memo  
5 created and then it went through approval by the  
6 committee as well.

7 Q Did you ever consult with applicants  
8 about which process would be better for them?

9 A We did discuss both processes and --  
10 but we decided where the tokens went to which  
11 platform.

12 Q So, it was Bittrex who made the  
13 decision as opposed to the applicant?

14 A Yes.

15 Q Okay. When you left Bittrex who  
16 assumed your role?

17 A (b)(6); (b)(7)(C)

18 Q How do you spell his last name?

19 A (b)(6); (b)(7)(C)

20 Q Who were Bittrex's competitors at the  
21 time you were there?

22 A Like Binance, Bitfinex, even Coinbase,  
23 Gemini, Kraken, Poloniex.

24 Q When we were discussing the token  
25 listing process earlier one of the things you

1 mentioned looking at was the team.

2 A Uh-huh.

3 Q Why would you look at the team?

4 A We looked at the team in relation to  
5 what experience they had in the industry that  
6 they were in and whether they had backgrounds,  
7 you know, in that industry. If they had  
8 technology experience, you know, sort of what  
9 their background was like, education experience,  
10 that kind of thing.

11 Q Why was that important?

12 A We saw that as being a factor in the  
13 success of a project and whether it would be  
14 around for a longer period of time or whether  
15 their project would develop milestones.

16 Q Generally, did you feel a pressure to  
17 approve tokens to be listed at Bittrex?

18 A No. There was no pressure. We tried  
19 to set goals for ourselves around listing, but  
20 there was no pressure, per se.

21 Q What sort of goals?

22 A So, we would set goals around listing  
23 per month like -- like, two to four listings per  
24 month, something like that.

25 Q Who set those goals?

1           A     They were set by myself, sometimes by  
2 Bill.

3           Q     Why set a goal of listing a particular  
4 number of tokens per month?

5           A     It kept user interest up and kept --  
6 was just one of the goals to keep going through  
7 our queue and insuring that we were being  
8 efficient in our review process. And we had an  
9 enormous amount of listing requests. And so, we  
10 needed to set some goals around the team for  
11 their effectiveness.

12          Q     Okay. Did you give any public speeches  
13 concerning the coin listing application process  
14 while you worked at Bittrex?

15          A     I did.

16          Q     What speeches?

17          A     I think there's one at the Token Forum  
18 in Seattle. There's another one at -- at  
19 Blockchain Seattle. They're all named the same  
20 thing. So, there's like a women's token forum in  
21 New York actually. And so, I was just describing  
22 our listing process there.

23          Q     Did you create a PowerPoint deck?

24          A     I did.

25          Q     Was it the same deck used for all of

1 these speeches?

2 A Yes.

3 Q The speech that was in New York,  
4 what -- what speech was that?

5 A It was a Women in Blockchain  
6 conference.

7 Q Where was that conference?

8 A NYU.

9 Q Was it held in one of the NYU  
10 buildings?

11 A It was, yeah.

12 Q So, it's in Manhattan?

13 A Yes. Yeah.

14 Q Did you meet with any developers at  
15 that conference?

16 A I didn't, no. It was actually really  
17 small.

18 Q What is Blockchain Seattle?

19 A Blockchain Seattle is just a local  
20 Seattle conference similar to all other crypto  
21 events.

22 Q And did you speak at Blockchain Seattle  
23 2018?

24 A I believe so.

25 Q Who was the audience for Blockchain

1 Seattle in 2018?

2 A I don't know exactly. There was just  
3 people from the blockchain and crypto industry  
4 from Seattle and probably elsewhere.

5 Q How did you come to speak there?

6 A It -- our -- my -- our head of PR at  
7 the time was seeking out speaking engagements for  
8 me and found that one I guess.

9 Q And did you prepare remarks for that?

10 A I did the same presentation at all of  
11 these, basically.

12 Q Did you prepare the presentation  
13 yourself?

14 A I did.

15 (SEC Exhibit No. 23 was  
16 marked for identification.)

17 Q I'm marking a thumb drive as Exhibit  
18 23. Plugging this into a laptop. The file on  
19 the thumb drive is titled, Supporting Innovation  
20 on the Blockchain dash (b)(6); (b)(7)(C) Bittrex.

21 Was that the name of your speech?

22 A Yes.

23 Q And do you know if that speech was  
24 video recorded?

25 A I know the first one was not, but I

1 don't know about the others.

2 Q Okay.

3 MR. GEIST: Before you start playing,  
4 are you expecting the court reporter to  
5 transcribe the audio?

6 (b)(6); (b)(7)(C) No. So, I anticipate that  
7 we'll have a designation that a video was  
8 playing, but then we'll discuss.

9 MR. GEIST: Note my objection to that,  
10 but go ahead.

11 (b)(6); (b)(7)(C) Okay. I'm playing the  
12 video. (Exhibit 23 was played.)

13 (b)(6); (b)(7)(C) I stopped at video at 50  
14 seconds. And, for the record, this video was  
15 captured from YouTube.

16 BY (b)(6); (b)(7)(C)

17 Q Do you recognize this video?

18 A Uh-huh.

19 Q What is this?

20 A That's my talk at Blockchain Seattle.

21 Q And did you prepare these slides?

22 A I did.

23 Q At this time were you the director of  
24 digital assets at Bittrex?

25 A Yes.



1 Q Were you responsible for the token  
2 listings that were on the platform at Bittrex at  
3 this time?

4 A Yes.

5 Q Who else was on the team?

6 A (b)(6); (b)(7)(C)

7 (b)(6); (b)(7)(C)

8 Q Did this talk concern how tokens were  
9 listed at Bittrex?

10 A Yeah. It was our process -- our  
11 listing process.

12 Q Were the statements you made during  
13 this talk accurate?

14 A I would have to hear it all. They  
15 should be, yes.

16 Q Is there any reason to think that  
17 statements you made in a talk at Blockchain  
18 Seattle wouldn't be accurate?

19 A I wasn't scripted. I wasn't written  
20 off a written statement that I could guarantee  
21 everything was accurate.

22 Q So, you prepared the PowerPoint deck,  
23 but you didn't have a written speech; is that  
24 correct?

25 A Correct.

1 Q Okay. This is a 20-minute video. We're  
2 just going to show you a couple of excerpts.

3 MR. GEIST: Are you going to represent  
4 for the witness and the record that what you're  
5 skipping is irrelevant to the matters you're  
6 going to ask her about?

7 (b)(6); (b)(7)(C) I'm just going to ask about  
8 a speech that the witness gave.

9 MR. GEIST: Correct. Which, how long  
10 ago was it?

11 (b)(6); (b)(7)(C) Last year. Less than a  
12 year ago.

13 MR. GEIST: Okay. And -- and if you're  
14 going to ask her about parts of it without giving  
15 her the opportunity to hear other relevant parts  
16 to the things that you're going to ask about, I  
17 think that's unfair. And I'm asking you whether  
18 you can represent that what you're skipping is  
19 not relevant to what you're going to ask her  
20 about.

21 Q (b)(6); (b)(7)(C) how many times did you  
22 give this speech?

23 A Three maybe.

24 Q And, generally, what did the speech  
25 concern?

1 A A listing process.

2 Q Okay. I'll represent that I'm just  
3 going to ask questions about particular slides  
4 and particular statements associated with those  
5 slides during the speech. If you'd like to see  
6 more of the speech, we can certainly play it,  
7 okay.

8 A Okay.

9 (b)(6); (b)(7)(C) Okay. I'm starting to play  
10 the video from the 11:36 mark.

11 (Exhibit 23 is played.)

12 (b)(6); (b)(7)(C) I've stopped the video at  
13 12:17.

14 Q There's a picture of a slide on the  
15 screen. It appears to be a tweet from  
16 Crypto.Cipher from 3:17 a.m. on May 9th, 2018.  
17 The text of the tweet states, The typical,  
18 hashtag, ICO evolution, with a colon. Then the  
19 hashtag, cryptocurrency. And then there is an  
20 image.

21 Do you recognize this slide?

22 A Uh-huh. Yes.

23 Q What is this?

24 A It's a slide that I used to illustrate  
25 a point in the speech.

1 Q What point was that?

2 A That sometimes projects don't come out  
3 looking like their white papers.

4 Q How does this image convey that point?

5 A Because the drawing is very detailed in  
6 the white paper and it gets progressively less  
7 detailed as time goes on.

8 Q Is it your experience in working with  
9 ICOs that projects are very detailed in the white  
10 paper phase?

11 A I haven't worked on ICO projects.

12 Q You're talking about the typical ICO  
13 process, correct?

14 A I'm not talking about an ICO process,  
15 no.

16 Q Okay. Has Bittrex listed any ICOs that  
17 fit this description?

18 A I don't know.

19 Q You're the vice chair of the token  
20 review committee, correct?

21 A I was.

22 Q You were. At this time you were?

23 A Uh-huh.

24 Q Has Bittrex ever listed any projects  
25 that fit this rubric?

1           A     Bittrex had hundreds of tokens listed  
2 already before I got there.

3           Q     Why are you showing this image to the  
4 crowd at Washington, Seattle?

5           A     It gets big laughs. That's really  
6 mainly why.

7           Q     You stated in the video that you  
8 encourage teams in connection with their white  
9 papers to concentrate on core features and  
10 produce those features.

11          A     Uh-huh.

12          Q     Do you recall saying that?

13          A     Yes.

14          Q     What did you mean by that?

15          A     Meaning that what's in the white paper  
16 should be what's produced by the team. Some  
17 teams try and put too much in their white paper  
18 and come out with something that doesn't  
19 represent it at all. It's better to stick  
20 with -- to formulate a good white paper with your  
21 critical features and develop those features.

22          Q     How does that relate to the token  
23 listing process on Bittrex?

24          A     It relates because if we see a white  
25 paper that has all these grandiose ideas and then

1 they produce something that doesn't have any of  
2 those features in it then it doesn't look like  
3 that project will be successful and will likely  
4 not get listed.

5 BY (b)(6); (b)(7)(C)

6 Q Are you referring to features of the  
7 token or the business that you can use the token  
8 for?

9 A Well, it would be for the token, the  
10 token ecosystem and the platform of the token.  
11 It's used on all of it together.

12 BY (b)(6); (b)(7)(C)

13 Q The image from your slide deck that  
14 appears on the screen has three periods on it,  
15 white paper, production and actual product  
16 release. Do you see that?

17 A Yes.

18 Q Okay. Are those generally three phases  
19 in the evolution of an ICO project?

20 A I don't know. That's what that person  
21 decided to draw. I wouldn't characterize that at  
22 all.

23 Q But you included it in your PowerPoint  
24 deck, right?

25 A I did.



1 MR. GEIST: She told you why.

2 Q Does Bittrex ever list coins where the  
3 platform is still in production?

4 A Yes. It requires -- Bittrex requires  
5 utility of the token with the main feature of the  
6 platform, but the platform can still be adding  
7 features as it lives.

8 BY (b)(6); (b)(7)(C)

9 Q And who would be responsible for adding  
10 those features?

11 A Relating to the platform?

12 Q Yeah.

13 A The development team.

14 (b)(6); (b)(7)(C) I'm pressing play on the  
15 video. It's still stopped at 12:17.

16 (Exhibit 23 is played.)

17 BY (b)(6); (b)(7)(C)

18 Q In the talk you referenced a primary  
19 feature, which I believe you've referenced  
20 throughout the day during the testimony.

21 A Correct.

22 Q What do you mean by that?

23 A So, it has to be a feature that is a  
24 main function of the platform not like a maybe  
25 side feature that -- to meet utility. So, it has

1 to have been one of the primary -- sort of the  
2 main functions of the platform.

3 BY (b)(6); (b)(7)(C)

4 Q Can you give us a specific example of a  
5 token with a primary feature, primary utility?

6 A Well, no. Well, I mean, it depends  
7 on -- on the token, but let's say it was supposed  
8 to be a token used to buy pretzels or something  
9 and --

10 Q No, but is there an example -- sorry to  
11 interrupt you, but is there an example that you  
12 can point to of a token that was actually listed  
13 or was listed on Bittrex's platform?

14 A About a particular feature that they  
15 had?

16 Q Or a particular token that had a  
17 particular feature that allowed it to have  
18 utility.

19 A I mean, if I had the token project  
20 documentation in front of me I could tell you  
21 that, but not off the top of my head.

22 Q Okay.

23 BY (b)(6); (b)(7)(C)

24 Q How did your team make that  
25 determination?

1           A     We would look at the white paper, read  
2     the website, have the team do a demonstration of  
3     the token with the feature that was listed on the  
4     website and the white paper. And then, make sure  
5     those transactions were happening on the  
6     blockchain.

7           Q     Would anyone on your team actually sign  
8     up for the platform itself and use the token?

9           A     We would always get a test token. We  
10    wouldn't always require a log in. Occasionally  
11    they would ask for that if they didn't think the  
12    demonstration was enough.

13          Q     Do you know if the team's use of the  
14    platform was memorialized in any way?

15          A     Sometimes video was taken, but not all  
16    the times.

17          Q     How about the demos, how did those  
18    work?

19          A     An analyst would talk to the team. They  
20    would start describing sort of the team and their  
21    background and then go into the project,  
22    demonstrate the project, the utility and we would  
23    discuss that during the call.

24          Q     Okay.

25                (b)(6); (b)(7)(C) I'm going to advance the

1 video to 13:22 and press play.

2 (Exhibit 23 is played.)

3 (b)(6); (b)(7)(C) I stopped the video at  
4 14:06.

5 Q Do you recognize this slide? The title  
6 of the slide is, Community. The text reads,  
7 Strong community and active user base. User and  
8 developer engagement. Are people using the token  
9 on the platform, question mark, marketing and  
10 promotion.

11 A Yes.

12 Q Did you create this slide?

13 A Yes.

14 Q During the talk you mentioned  
15 speculative users. Do you recall saying that?

16 A I don't recall saying that.

17 Q Do you know what a speculative user is?

18 A Not really. I mean --

19 Q If there's not an active user base how  
20 does that factor into your decision of whether to  
21 list a token or not?

22 A It depends on the status of the  
23 project. If they're just starting out it may be  
24 that they haven't been able to distribute their  
25 tokens yet. And so, they haven't gotten to

1 distribution, meaning, there can't be active use  
2 of the platform yet. There's a number of  
3 different factors that play into that.

4 Q What is user and developer engagement?

5 A So, user would be a user of the token  
6 of the platform and developer would be a  
7 developer on the token or platform. So, we look  
8 at both aspects of engagement then.

9 Q Why do you look at developer  
10 engagement?

11 A To see if there's active development on  
12 the project.

13 Q How does that factor into the analysis?

14 A That shows us that there is active  
15 development on the code base that they're working  
16 on. If we don't see that then we question them  
17 as to why there is no active development. It may  
18 be that their code is closed source and we  
19 require open source code. And if it's like an  
20 older project, if there's no active development  
21 that could signal that the project is -- has  
22 been -- could possibly be abandoned or it's just  
23 not actively being developed on.

24 (b)(6); (b)(7)(C) The video is stopped at  
25 14:06. I'm pressing play.

(Exhibit 23 is played)

(b)(6); (b)(7)(C) I've stopped the video at  
14:32.

BY (b)(6); (b)(7)(C)

Q You said during the speech that  
marketing and promotion is a sticky point --

A Uh-huh.

Q -- in the U.S. Do you recall saying  
that?

A I mean, I heard it, yeah.

Q What did you mean by that?

A That goes to the problematic statements  
we were talking about earlier. So, how you  
market the token could have implications in a  
review -- compliance review process.

BY (b)(6); (b)(7)(C)

Q Could they have implications on whether  
or not the person bought the token as speculation  
as opposed to buying the token to use it?

A I couldn't make that determination  
based on -- you'd have to talk to every user, but  
we would rely on the legal analysis to tell us.

Q But -- but just based on your  
statements in the paragraph -- on the video, you  
reference speculation. That some users may have



1 purchased the tokens for speculation.

2 A Uh-huh. Well, meaning that they're  
3 more interested in the token aspect than they are  
4 about the platform.

5 Q What do you mean, The token aspect?

6 A Meaning just having the token for the  
7 token itself not to use on the platform.

8 Q Are you talking about purchasing for  
9 investment and -- with the hopes that they would  
10 get a profit if they were to sell the token on  
11 Bittrex's platform?

12 A I can't make that designation. This is  
13 to talk about whether people were engaging about  
14 the platform and the development of the platform  
15 and the use of the token on the platform or not,  
16 for some other reason.

17 (b)(6); (b)(7)(C) The video is stopped at  
18 14:32. I'm pressing play.

19 (Exhibit 23 is played.)

20 (b)(6); (b)(7)(C) I've stopped the video at  
21 15:07.

22 BY (b)(6); (b)(7)(C)

23 Q At 15:07 do you recognize the slide  
24 that appears on the screen?

25 A I do.

1 Q What is this?

2 A It's a tweet from someone that  
3 discusses problematic statements that I wanted to  
4 show an example of. The image is actually not  
5 related to that tweet. Sorry, the image to the  
6 right.

7 Q Well, number four on the tweet is, When  
8 Moon, question mark.

9 A Uh-huh.

10 Q What does that mean?

11 A Moon means like when is it going to,  
12 you know, peak in price or raise in price.

13 Q And you were referring to an image of a  
14 spaceship that appears on the screen?

15 A Yes.

16 Q So, you're not concerned about the  
17 image of the spaceship?

18 A Oh, no, we are. I'm just saying that  
19 was added separately from that tweet, but yes,  
20 that was to depict other emojis that we look for  
21 when we do social media sweeps.

22 Q To your knowledge, has the Bittrex  
23 Twitter account ever included imaginary of a  
24 spaceship in connection with a tweet about the  
25 listing of a new market?

1 A I don't know.

2 Q Would that cause you concern if you saw  
3 that?

4 A I don't control our social media  
5 accounts, but that was something that we looked  
6 for during our token listing process.

7 Q Okay. So, what is this tweet an  
8 example of?

9 A It was just an example of what not to  
10 tweet.

11 Q If you or someone on your team  
12 encountered a tweet like this what would they do?

13 A At what point?

14 Q Apologies. That wasn't a good  
15 question.

16 If you or someone on your coin team  
17 encountered a tweet discussing price going  
18 through the moon during the social media sweep  
19 that we were discussing earlier in connection  
20 with the token listing application what would you  
21 do?

22 A So, we would note that and discuss with  
23 legal counsel and with the team, the token team.

24 Q Did you ever tell the team to remove  
25 social media posts without going to legal

1 counsel?

2 A I don't know. Usually legal was  
3 included in our calls with the token teams.  
4 Unless they chose not to be there, but that's  
5 when we would discuss those things.

6 (b)(6); (b)(7)(C) Okay. The video was at  
7 15:07. I'm pressing play.

8 (Exhibit 23 is played.)

9 (b)(6); (b)(7)(C) In the -- the video is  
10 stopped at 15:38.

11 BY (b)(6); (b)(7)(C)

12 Q In the clip we just watched you said,  
13 We will work with token teams. Do you recall  
14 saying that?

15 A Yes.

16 Q What did you mean by that?

17 A Meaning that during our diligence  
18 process we will bring up things that our lawyers  
19 or we have found to be problematic and let them  
20 know about them.

21 Q Was there a difference in the incidents  
22 of these problematic posts between U.S. projects  
23 and non U.S. projects?

24 A Yes. I mean, in general, there was a  
25 higher potential for that -- those kinds of

1 things to happen for projects that were outside  
2 the U.S.

3 Q Other than removing the problematic  
4 statements, was there anything else you required  
5 from the token teams?

6 A What do you mean?

7 Q During the clip we just saw you discuss  
8 working with the token teams in connection with  
9 problematic statements, correct?

10 A Yes. Sure.

11 Q I'm just trying to understand what  
12 working with the token teams entails?

13 A Well, part of our charter at Bittrex  
14 was to help improve and foster, you know,  
15 companies to be successful. So, just because  
16 they didn't know they were doing something wrong  
17 doesn't mean that they would not get listed. We  
18 would work with their lawyers, our lawyers and,  
19 you know, help them improve. And if they  
20 couldn't or didn't want to then they did not  
21 proceed through the process.

22 BY (b)(6); (b)(7)(C)

23 Q You say, Help them improve. Weren't  
24 what you were doing was helping them avoid  
25 classification as a security?

1 A That's not how we saw it.

2 Q How did you guys see it?

3 A Because I didn't know what they were  
4 doing and there are factors that -- actual  
5 factors about their token and the project did not  
6 lead us to conclude or had us conclude it was not  
7 low risk or whatever the legal evaluation said  
8 from the lawyers, that it was just mistakes that  
9 they were making, not intending to be a security.

10 Q The statements were mistakes?

11 A Yes. Or they weren't a factor in them  
12 being a security. They were just problematic  
13 statements that they were making because they  
14 didn't know any better.

15 Q Were they problematic because they were  
16 not -- were the statements that the issuers were  
17 making false?

18 A I don't -- we didn't determine if they  
19 were true or false.

20 Q So, they were just merely problematic  
21 because they were more indicative of the  
22 likelihood that the token would be more likely  
23 classified as a security?

24 A Or promoted as such.

25 Q So, the statements could have been



1 true?

2 A Well, if they were saying the price was  
3 going up and it was going up.

4 Q Well, what if the statement was, We're  
5 going to engage in these efforts that we hope  
6 will increase and lead to an increase in value of  
7 the token, would that be a problematic statement?

8 A If it talked about increasing the value  
9 of the token, yes.

10 Q But that could be an accurate statement  
11 by the token issuer, that they planned to engage  
12 in efforts that would lead to an increase in  
13 value?

14 A But that doesn't necessarily make it a  
15 security. It would have to be -- there's a  
16 number of different factors that would lead into  
17 that which we relied on the lawyers to tell us.  
18 If that one statement by itself lead it to be a  
19 security then they would tell us so and then we  
20 would not proceed. But if that was not the case  
21 or they didn't tell us that that was the case,  
22 then we would recommend removing it if we were  
23 able to move forward.

24 BY (b)(6); (b)(7)(C)

25 Q Was it sufficient for the applicant to

1 just remove the problematic statement in order to  
2 move forward?

3 A Not always. Sometimes legal counsel  
4 would advise putting a disclaimer, excuse me, on  
5 their public website or the white paper, social  
6 media, disclaiming -- you know, a legal  
7 disclaimer for those statements, something to  
8 that effect.

9 Q Do you know if any such disclaimers  
10 were posted on the Bittrex website?

11 A No. They wouldn't be posted on  
12 Bittrex's website.

13 Q Why not?

14 A Because they were related to the token  
15 project. That was their responsibility.

16 Q How about in connection with the  
17 announcement that the token would be trading on  
18 Bittrex?

19 MR. GEIST: Sorry, I don't understand  
20 the question.

21 Q Do you understand the question?

22 A Well, there was no disclaimers from  
23 Bittrex about a token. The token had their own  
24 disclaimers.

25 Q Did Bittrex make announcements that a

1 particular token would be trading on the  
2 platform?

3 A We made listing announcements, yes.

4 Q Do you recall if any disclaimers were  
5 included in such listing announcements?

6 A They were not included in such listing  
7 announcements, no.

8 BY MS. WAXMAN:

9 Q How did tokens seem to respond to your  
10 suggestion or instruction to remove what you call  
11 problematic statements?

12 A Most were willing and able to do so.

13 Q And why do you think they took those  
14 steps?

15 A Because they didn't realize that they  
16 shouldn't make those statements and they wanted  
17 to get listed.

18 Q And absent them removing those  
19 statements they would not have been listed?

20 A Correct.

21 BY (b)(6); (b)(7)(C)

22 Q Once a token was listed on Bittrex was  
23 there any process in place to insure that such  
24 problematic statements weren't made in the  
25 future?

1           A     Occasionally we would do social media  
2     sweeps -- during, like, the compliance review  
3     process we did it for everyone and then  
4     occasionally we would do them again for certain  
5     projects and people would try and keep up-to-date  
6     with certain projects or social media sweeps.

7           Q     Who did those sweeps?

8           A     (b)(6); (b)(7)(C)

9           Q     Anyone else?

10          A     Any analyst that was doing or had a  
11     compliance review would do those. The lawyers  
12     would also do them.

13          Q     What was (b)(6); (b)(7)(C) involvement in  
14     token listing decisions?

15          A     He didn't have any role in token  
16     listing decisions. He was my boss after some  
17     time.

18                         (SEC Exhibit No. 24 was  
19                         marked for identification.)

20          Q     I'm showing you what's been marked as  
21     Exhibit 24. This is an e-mail chain --

22          A     Uh-huh.

23          Q     -- Bates number BTRX\_SEC-0003762.

24          A     Uh-huh.

25          Q     The top e-mail in the chain is from

1 (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) with

2 Bill Shihara CC'ed. The subject is, Re: Token  
3 Listing. This was sent on February 2nd, 2018.

4 Do you recognize these e-mails?

5 A Yes.

6 Q What are these?

7 A It was just (b)(6); (b)(7)(C) asking for an update  
8 on Ethereum listings because we have paused them  
9 to update the system to be able to handle all  
10 ethe tokens in one address.

11 Q (b)(6); (b)(7)(C) references, quote, Single ethe  
12 address update to the system, period, closed  
13 quote. What is that?

14 A That means instead of having a  
15 different address for every Ethereum token, you  
16 would use the same address for each Ethereum  
17 token. Thus, the platform would not have to  
18 generate as many Ethereum addresses.

19 BY (b)(6); (b)(7)(C)

20 Q Do you mean deposit address?

21 A Deposit address, correct.

22 BY (b)(6); (b)(7)(C)

23 Q Did this update entail a pause in the  
24 listing of new Ethereum tokens?

25 A I believe it did because there was

1 network congestion or something happening at that  
2 time that was causing delays and creating deposit  
3 addresses. And so, while they were working on  
4 this I believe we had to delay. I can't be sure  
5 though actually.

6 Q Okay. Directing your attention to your  
7 response to (b)(6);  
(b)(7)(C)

8 A Uh-huh.

9 Q You write that, Three tokens are ready,  
10 ZRX, LRC and BCPT.

11 A Uh-huh.

12 Q What did you mean by that?

13 A They -- they were ready for listing.

14 Q Okay. You then write, quote, (b)(4);  
(b)(6);  
(b)(7)(C) is  
15 ready, but requires a disclosure and movement of  
16 investment, closed quote.

17 A Uh-huh.

18 Q What does that mean?

19 A It required a disclosure of Bill's  
20 involvement in the project. I don't recall what  
21 movement of investment means.

22 Q What was Bill's involvement with (b)(4); (b)(6);  
(b)(7)(C)

23 A (b)(6); (b)(7)(C)

24 (b)(6); (b)(7)(C)

25 Q What form did that disclosure take?



1           A     It was posted on the support site where  
2 we announced listings.

3           Q     You don't recall what movement of  
4 investment means?

5           A     I don't recall, no.

6           Q     Okay. You then write, quote, There are  
7 others that have passed compliance and are  
8 waiting on utility. And then a colon and you  
9 list three tokens. What does that sentence mean?

10          A     That means that they have passed the  
11 compliance review for all factors except the  
12 utility piece. And then, once they have utility  
13 they will be able to be approved for listing.

14          Q     What does passing compliance mean?

15          A     Meaning that it had gotten an eval or  
16 that legal had said --

17               MR. GEIST: Careful on the legal.

18          Q     Yes.

19          A     Okay. Legal had given something, but  
20 we didn't have their final evaluation because  
21 they were waiting on utility.

22          Q     The first token you list is OST --

23          A     Uh-huh.

24          Q     -- simple token and then a dash and  
25 Feb. What does that reflect?

1           A     That was an estimation on the timeline  
2     for utility.

3           Q     We're not asking for your conversations  
4     with counsel, but do you recall how you came to  
5     have an understanding of when the OST token would  
6     have utility?

7           A     I believe that's from talking to the  
8     token team on when they stated they would have  
9     utility.

10          Q     Do you recall what utility for the OST  
11     token was?

12          A     I don't recall, no.

13          Q     Next to FYN, Fund Yourself Now, there's  
14     a dash and then Mar, does that mean the  
15     estimation was that FYN would have utility in  
16     March?

17          A     Correct.

18          Q     Do you recall what the FYN token was?

19          A     I don't.

20          Q     The last token is DLT Agrello,  
21     indicates you pinged them for an update.

22          A     Yeah.

23          Q     Would that be through Slack?

24          A     Likely through Slack, yes.

25          Q     Do you recall what DLT Agrello was?

1 A I don't.

2 Q Do you know if these tokens were listed  
3 on Bittrex?

4 A I believe they were, yes.

5 BY (b)(6); (b)(7)(C)

6 Q If a token had utility would that  
7 automatically mean it would not be characterized  
8 as a security?

9 A No.

10 Q Why not?

11 A Utility is just one factor.

12 Q So, if there was utility there -- that  
13 wasn't the only factor that you would look to?

14 A Correct.

15 (SEC Exhibit No. 25 was  
16 marked for identification.)

17 Q So, if users were purchasing a token  
18 for investment, but the token still had a  
19 utility, would that be more or less likely that  
20 the token was a security?

21 A I can't comment. I don't --

22 Q Okay.

23 A -- talk to users about their purposes.  
24 It was based on the facts and circumstances of  
25 the token project and public information

1 available to us.

2 Q Okay.

3 BY (b)(6); (b)(7)(C)

4 Q In your role on the token committee,  
5 did you have to make your own determination of  
6 whether or not these tokens that Bittrex was  
7 listing were securities or not?

8 A No. We relied on legal counsel for  
9 that.

10 Q Okay. I'm showing you what's been  
11 marked as Exhibit 25. This is an e-mail chain.  
12 Bates range is BTRX\_SEC-0003760 through 61. The  
13 top e-mail in the chain is from (b)(6); (b)(7)(C) to  
14 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) Bill Shihara is  
15 CC'ed. The subject is, Re: Token Launching.  
16 This was sent on February 14, 2018.

17 Do you recognize these e-mails?

18 A Yeah. Yes.

19 Q To orient ourselves in time, Exhibit  
20 24, the top e-mail was sent on February 2nd.

21 A Uh-huh.

22 Q This conversation began on February  
23 10th.

24 MR. GEIST: Sorry, February 2nd is the  
25 top e-mail.

1 (b)(6); (b)(7)(C) For Exhibit 24.

2 MR. GEIST: Oh, for Exhibit 24, okay.  
3 Got you.

4 Q Directing your attention to the first  
5 e-mail in the chain which appears at the bottom  
6 of 3761. (b)(6); (b)(7)(C) references a Thursday call.  
7 Did you regularly speak to (b)(6);  
(b)(7)(C) about token  
8 launches?

9 A He was my boss. So, we regularly had  
10 conversations about tokens and the listing  
11 process.

12 Q What was his involvement in the token  
13 listing process?

14 A Other than being my boss, he wasn't on  
15 the coin committee, but you know, he managed our  
16 team performance and things like that.

17 Q Was (b)(6);  
(b)(7)(C) aware of the problematic  
18 statement removal practice?

19 A I don't know.

20 Q Do you recall discussing it with (b)(6);  
(b)(7)(C)  
21 (b)(6);  
(b)(7)(C)

22 A I don't recall that specifically, no.

23 Q Okay. You reply to (b)(6);  
(b)(7)(C) quote,  
24 (b)(6);  
(b)(7)(C) and I just discussed it and came up with  
25 this order. And you list five tokens, SRN first,

1 Wax second, ZRX third, BCPT fourth and LRC fifth.

2 Do you recall that conversation with (b)(6); (b)(7)(C)?

3 A I don't recall a conversation, no.

4 Q You write, quote, The top two aren't on  
5 other big exchanges, period, closed quote. What  
6 did you mean by that?

7 A That means that we had -- that those  
8 had a higher chance of success on our platform  
9 because they didn't have a customer base on other  
10 big exchanges.

11 Q So, why would they have a higher chance  
12 of success on your platform if they weren't on  
13 other big exchanges?

14 A Because users were usually on multiple  
15 exchanges. And so, if they already held the  
16 token and traded it on another exchange, they  
17 were unlikely to move it to another one. I guess  
18 unless there was motivating factors. So, if they  
19 weren't on other big exchanges there was a higher  
20 opportunity for our customer base to trade it on  
21 our platform versus another one.

22 Q Were most users on multiple exchanges?

23 A We believe so, but there's no data we  
24 can pull on that.

25 Q So, would it give Bittrex an advantage



1 to list a token that wasn't listed on other large  
2 exchanges?

3 A I don't know about an advantage, but it  
4 was a factor in how we -- when we decided to  
5 launch a coin. If we had a set of them we would  
6 launch the ones that are -- weren't on big  
7 exchanges first and then the others later just  
8 for priority.

9 Q You then write, quote, Then we book end  
10 a not so great coin with two good ones, period,  
11 closed quote. What did you mean by that?

12 A Not so great could have meant multiple  
13 things. It could have been like a lower  
14 community involvement or something that was on a  
15 bunch of large exchanges, but didn't have high  
16 volume there or something to that effect.

17 Q Do you know which of these coins was  
18 the not so great coin you were referring to?

19 A I believe it was BCPT.

20 Q Do you recall why BCPT was a not so  
21 great coin?

22 A Because it's a knock off of Bitcoin.

23 Q What do you mean by that?

24 A Meaning that it was a derivation of the  
25 Bitcoin network doing its own thing, but it

1     wasn't a like -- you know, it didn't have maybe  
2     the community or interest around interesting  
3     project or something like that.

4           Q     Why was Bittrex listing a not so great  
5     coin?

6           A     To give our customers options.

7           Q     It appears (b)(6); (b)(7)(C) replies to you also  
8     on February 11th. And then you reply to him also  
9     on February 11th. And you write, quote, It's  
10    done now and the comms are being reviewed and  
11    finalized. What does that mean?

12          A     That means for the ethe single address  
13    change. So, the technology change was done. PR  
14    was working on the comms to send out to social  
15    media and website.

16          Q     So, these were communications from  
17    Bittrex concerning the update?

18          A     Correct.

19          Q     Okay.

20          BY     (b)(6); (b)(7)(C)

21          Q     Were you involved in any discussions on  
22    how to increase Bittrex user base?

23          A     We discussed, like, metrics and data on  
24    users at weekly metrics meeting. So, we would  
25    look at a number of, like, factors that we could

1 try to relate to data. And we would discuss how  
2 to increase user engagement and new users in  
3 those meetings.

4 Q And how did you -- what -- what ways  
5 could you increase users on the platform?

6 A So, listing new coins would increase  
7 users and it would increase their activity. We  
8 would -- you know, later on they were looking at  
9 some, like, discounts -- fee discount programs to  
10 see how those changed user behavior.

11 There wasn't much we did on the U.S.  
12 side. On the international side there were more  
13 opportunities and we were looking at things like  
14 providing airdrops and -- and other promotions  
15 there. Although, we didn't do those before I  
16 left.

17 Q And, generally, can you tell me about  
18 Bittrex user base. Like, you said you -- you  
19 analyzed metrics and data.

20 A I mean, I couldn't really provide any  
21 recollection of the demographics. We did have,  
22 you know, data split by country I would say, but  
23 we didn't really have any other demographic data  
24 like age or anything like that. So, we mainly  
25 looked at countries and then customers

1 participating in markets, aggregate numbers.

2 Q Did you have a sense of whether users  
3 were mostly buying these tokens for speculation  
4 as opposed to use?

5 A I -- I have no idea.

6 BY (b)(6); (b)(7)(C)

7 Q What is NAGA coin?

8 A I mean, I know of NAGA coin. I don't  
9 know exactly what it does.

10 Q What do you know of NAGA coin? Is it a  
11 token that was listed on Bittrex?

12 A I believe so.

13 Q Were you involved in the listing  
14 process for NAGA?

15 A I would have been on the approval  
16 committee for that probably.

17 Q Do you recall working on the listing  
18 process for NAGA?

19 A I worked on a lot of listing processes.  
20 I don't remember them all.

21 Q Do you recall whether you were on the  
22 NAGA Slack?

23 A I was on every Slack.

24 Q Do you know who else worked on the NAGA  
25 application?

1 A I do not.

2 Q Do you recall any concerns about the  
3 NAGA application?

4 A I don't.

5 Q Do you know if they were listed on  
6 Bittrex?

7 A I don't know.

8 Q Do you recall any of the NAGA team  
9 members?

10 A Not off the top of my head, no.

11 Q I'm showing you what's been marked  
12 previously marked as Exhibit 11. The Bates range  
13 for this document is BR\_ESI 0013485 through 87.  
14 This was produced to us in dot DOCX form. The  
15 title that appears on the document is, Discussion  
16 with NAGA on Slack Regarding Problematic  
17 Statement Cleanup and Prevention. The native  
18 title of the document as produced to us is,

19 (b)(6); (b)(7)(C) Convo on Compliance with  
20 Problematic Statements, dot DOCX, closed quote.

21 Do you recognize Exhibit 11?

22 A No.

23 Q According to the meta data associated  
24 with this document, the custodian is (b)(6); (b)(7)(C)

25 What was her role?

1           A     She was running the compliance review  
2 process.

3           Q     Do you know what meta data is?

4           A     Do I know, like, in general, what meta  
5 data is, yes.

6           Q     What is it?

7           A     It's dated associated with a file  
8 that's not actual content in the file that  
9 describes numerous aspects of the file.

10          Q     Okay. I'll represent to you that  
11 according to the meta data of this document you  
12 are the author.

13          A     Okay.

14          Q     Do you recall creating this document?

15          A     No.

16          Q     Do you recognize it?

17          A     I don't.

18          Q     Did other people have access to your  
19 Microsoft Word in 2018?

20          A     To my Microsoft Word? Everything that  
21 was on our files was on share drives. So, yeah,  
22 but not to my personal laptop.

23          Q     Do you know who (b)(6); (b)(7)(C) is?

24          A     I don't, no.

25          Q     As part of the coin listing application



1 would Bittrex have looked into his background if  
2 he was part of the team?

3 MR. MARTIN: If she doesn't know who  
4 (b)(6); (b)(7)(C) is how could she answer that?

5 Q I'm asking in your capacity as the vice  
6 chair of the coin committee, if he was part of  
7 the team, would the standard Bittrex process be  
8 to look into his background?

9 A If he submitted the request and was the  
10 person that gave us the verified accounts, he  
11 would be run through that verification process.  
12 We would have just records of the company  
13 documentation potentially depending on when --  
14 what time this was, but we may or may not have  
15 his verification information.

16 Q Okay. Was there anyone at Bittrex  
17 named (b)(6); (b)(7)(C)

18 A No.

19 Q Do you know who he's referring to named  
20 (b)(6); (b)(7)(C)

21 A I believe (b)(6); (b)(7)(C) was a lawyer.

22 Q Do you know what firm (b)(6); (b)(7)(C) worked  
23 for?

24 A I don't recall which firm he worked  
25 with, but we did receive or he did work with

1 numerous token companies. I don't remember which  
2 firm.

3 Q He writes, quote, We have removed  
4 everything related to growth, indication as  
5 investment, coin price or any posts in relation  
6 to projections, growths or forecasts, period,  
7 closed quote.

8 Is that typical of the problematic  
9 statement cleanup we've been discussing today?

10 A Uh-huh. Yes.

11 Q He then writes, The following was  
12 checked and amended accordingly and updated. Do  
13 you see that?

14 A Yes.

15 Q Did you or your team ask applicants to  
16 amend Twitter posts?

17 A We likely only discussed that they had  
18 problematic statements and they were to do their  
19 own review of all of their public statements.

20 Q Okay. Directing your attention to the  
21 next page. The Bates number's 13486. He writes,  
22 quote, Also, we updated the roadmap and white  
23 paper, period, closed quote. Do you know what  
24 that means?

25 A All I know is what he wrote.

1           Q     Does it concern you at all that an  
2     applicant was changing their roadmap and white  
3     paper in connection with their application to  
4     Bittrex?

5           A     I mean, I would expect the teams need  
6     to update their white paper and roadmap to be  
7     accurate at the time that they supply them. If  
8     they're inaccurate they should update them.

9           Q     If there are inaccuracies in their  
10    white paper at the time they submit them to  
11    Bittrex they could still be listed on Bittrex if  
12    they correct those inaccuracies; is that correct?

13          A     I mean, yes, I guess so. We want their  
14    documentation to be accurate to the project and  
15    not be inaccurate.

16          Q     Because as we were discussing earlier,  
17    sometimes the white papers make lots of claims  
18    and the actual follow through doesn't always  
19    match; is that fair to say?

20          A     It's not necessarily that it has to  
21    match exactly. They may still be developing  
22    parts of it, but if say there was something in  
23    there that was not accurate that they were no  
24    longer planning on doing then they should remove  
25    it.

1 BY (b)(6); (b)(7)(C)

2 Q In your opinion, how selective was  
3 Bittrex when it approved tokens for listing and  
4 trading on their platform?

5 A Sorry, what do you mean?

6 Q Well, if you look at some of your  
7 competitors there's a very small book of tokens.  
8 And so, you'd say they're really selective. For  
9 whatever reason, they only choose to offer ten  
10 tokens. So, my question is, in your opinion, how  
11 selective was Bittrex?

12 A Well, we ran the numbers for a  
13 six-month period and we only approved one percent  
14 of all requests in that six-month period. So, we  
15 may have been listing more tokens, but that  
16 doesn't mean we were less selective. It was just  
17 we chose to list more tokens.

18 Q And during what period of time?

19 A Like a six-month period of time we ran  
20 the numbers. There was, like, 2,000 some  
21 requests and only 20 got listed.

22 Q I'm sorry, I didn't hear you.

23 A There was like 2,000 some requests that  
24 came in during that time period and 20 were  
25 listed.

1 Q And you're saying that was one  
2 percent -- around one percent?

3 A Uh-huh.

4 Q So, did they on average list one  
5 percent of the applications that they got or did  
6 that change over time?

7 A That was just one instance where we ran  
8 the numbers. We didn't do it for the entirety of  
9 the process.

10 Q Uh-huh. If you had to -- were there  
11 certain factors that -- what was the most  
12 important thing that -- to Bittrex when they were  
13 considering to list a token?

14 A I wouldn't say that there was really  
15 one important thing. I mean, it had to clear  
16 legal and compliance in order to do anything.  
17 So, that would, even if we liked the project,  
18 would end it. But if it passed legal and  
19 compliance then there was just a whole lot of  
20 factors in play.

21 Q Was there any -- a couple of factors  
22 that kind of were at the top of the list?

23 A If a token was in demand. So, if it  
24 was, you know, in the top 10 or top 25 we all  
25 wanted to offer that to our customers for their

1 selection. Otherwise, it was just kind of on the  
2 merits of the project.

3 Q Okay.

4 BY (b)(6); (b)(7)(C)

5 Q Do you recall asking any applicants to  
6 make changes to their roadmap?

7 A No, not specifically.

8 Q Do you have a general recollection of  
9 asking applicants to make changes to their  
10 roadmap?

11 A Only if we saw -- if we were discussing  
12 that -- like, okay, in your roadmap you say  
13 you've done this, have you done it, that kind of  
14 thing. And if it was not accurate, we'd say, you  
15 should update your roadmap on what you have or  
16 will do, but it was never a prescriptive.

17 Q Do you recall conversations to that  
18 effect?

19 A Not specifically, no.

20 Q Do you recall asking any applicants to  
21 make changes to their white papers?

22 A No, not specifically.

23 Q Do you generally recall conversations  
24 like that occurring?

25 A It didn't happen very often. If



1 anything, it was just making sure it was  
2 available to the public and updated with the  
3 correct information.

4 Q Do you recall discussing changes to  
5 applicants roadmaps and white papers with anyone  
6 on your team?

7 A No.

8 Q Did you ever discuss applicants making  
9 changes to their roadmaps and white papers with  
10 Bill Shihara?

11 A No.

12 Q Would he be surprised, to your  
13 knowledge, if applicants were asked to make  
14 changes to their roadmaps on white papers?

15 A I don't know.

16 Q Okay.

17 MR. GEIST: Would this be a good time  
18 for a break?

19 (b)(6); (b)(7)(C) Well, it's almost four  
20 o'clock. Do you think we can just power through  
21 it?

22 MR. GEIST: How much longer?

23 (b)(6); (b)(7)(C) Probably an hour-and-a-half  
24 hopefully.

25 MR. GEIST: A break would be nice.

1 THE WITNESS: I could use the restroom  
2 actually.

3 (b)(6); (b)(7)(C) We're off the record at  
4 3:47 p.m.

5 (A brief recess was taken.)

6 (b)(6); (b)(7)(C) We're back on the record at  
7 3:59 p.m.

8 BY (b)(6); (b)(7)(C)

9 Q (b)(6); (b)(7)(C) during the break there  
10 were no substantive conversations between  
11 yourself and the staff of the Commission; is that  
12 correct?

13 A Correct.

14 Q Do you recall an IHT token?

15 A I recall the name.

16 Q Do you recall working on the token  
17 listing application for IHT?

18 A I don't.

19 Q Do you recall any concerns about IHT?

20 A I don't think so.

21 (SEC Exhibit No. 26 was

22 marked for identification.)

23 Q I'm showing you what's been marked as  
24 Exhibit 26. This is an e-mail chain, Bates range  
25 is BTRX\_SEC-0001262 through 1269.

1 Do you recognize these messages?

2 A No.

3 Q And I'll represent the top e-mail in  
4 the chain is from (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C) but  
5 your name appears in the third e-mail down from  
6 (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C) You are one of the  
7 individuals CC'ed in that March 22nd, 2018  
8 communication at 7:55 p.m.

9 Directing your attention to the page  
10 number 1267 through 1269. This actually appears  
11 to be a fake communication impersonating Bittrex;  
12 is that right?

13 A It looks like it, yeah, the original.

14 Q Was that an issue that you guys  
15 encountered at Bittrex?

16 A Yes.

17 Q People would pose as Bittrex and ask  
18 for crypto in exchange for listings?

19 A Yes.

20 Q It appears in the first e-mail in the  
21 chain (b)(6); (b)(7)(C) writes to Bill Shihara asking  
22 if it's a scam.

23 A Uh-huh.

24 Q And then in the second e-mail on page  
25 1266 Mr. Shihara confirms that.

1 A Uh-huh.

2 Q He writes, quote, We don't charge for  
3 token listing, period, closed quote. Is that  
4 accurate?

5 A Yes.

6 Q Did Bittrex ever charge for token  
7 listing?

8 A No.

9 Q (b)(6); (b)(7)(C) replies apparently in response  
10 to Mr. Shihara's question about utility in Japan,  
11 quote, We now have over 10 property broker  
12 companies already accepted to use Bitcoin slash  
13 IHT to invest in Japan property, period, closed  
14 quote.

15 A Uh-huh.

16 Q Do you recall doing any due diligence  
17 on IHT?

18 A Not me personally, no.

19 Q Do you know who did?

20 A I don't know.

21 Q In the e-mail above also on page 1266  
22 (b)(6); (b)(7)(C) references, quote, Also, IHT has plans  
23 to launch its first ETO asset tokenized offering  
24 project at the end of the month, closed quote.  
25 Do you know what that is?

1 A I don't.

2 Q Have you ever heard of an asset  
3 tokenized offering?

4 A I may have, but I'm not familiar with  
5 them.

6 Q Directing your attention to the next  
7 e-mail in the chain which starts on 1263 from  
8 (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C) and others, including you,  
9 on March 21st, 2018. Do you see that?

10 A Uh-huh. I do.

11 Q (b)(6);  
(b)(7)(C) writes, quote, Please have your  
12 team submit another listing request, period,  
13 closed quote. Is that the Zendesk submission  
14 form we've been talking about today?

15 A Yes.

16 Q (b)(6);  
(b)(7)(C) then writes, quote, Please also  
17 go through and clean up the problematic  
18 statements regarding price in your Twitter  
19 account and social media, period, closed quote.  
20 Do you see that?

21 A Yes.

22 Q What do you understand that to mean?

23 A Just what he said there.

24 Q This is a request to clean up the  
25 problematic statements?

1 A Yes.

2 Q There's no counsel on this e-mail,  
3 correct?

4 A No.

5 Q (b)(6); (b)(7)(C) then gives three examples of  
6 problematic statements. Do you see that?

7 A Yep.

8 Q Directing your attention to the first  
9 example. Do you know why that's problematic?

10 A Because it talks about price growth.

11 Q Why is that problematic?

12 A Because they're talking about price and  
13 not about their project.

14 Q Directing your attention to the second  
15 example. It appears the image didn't make it  
16 through in this communication, but the text of  
17 what looks like a tweet did. Do you see that?

18 A Yes.

19 Q Do you know why that is problematic?

20 A Again, because they're talking about  
21 their volume or price ranking on Coin Market Cap  
22 instead of, you know, on their project  
23 development.

24 Q What is Coin Market Cap?

25 A It's a data aggregation site on



1 cryptocurrencies prices and volume.

2 Q Directing your attention to the next  
3 example which appears at the top of page 1265.

4 Do you see that?

5 A Yes.

6 Q Why is this example problematic?

7 A (b)(6); (b)(7)(C) thought it was fake, but it  
8 actually wasn't fake.

9 Q How do you know that?

10 A Well, they said it wasn't fake and they  
11 had photos of it. Oh, wait.

12 Oh, yeah. So, they provided us with  
13 the PR statement and the location of the  
14 billboard and more data on that.

15 Q IHT actually did purchase a billboard  
16 in Times Square concerning their token; is that  
17 correct?

18 A Yes.

19 Q Does that raise any concerns with you  
20 regarding the project?

21 A Not just that they bought a billboard,  
22 no.

23 Q (b)(6); (b)(7)(C) writes, quote, This looks fake,  
24 period. Please don't make any fake and  
25 misleading tweets, period, closed quote.

1 Did you instruct (b)(6); (b)(7)(C) to send that  
2 to IHT?

3 A No.

4 Q Do you recall any other instances of  
5 asking applicants not to make fake and misleading  
6 social media posts?

7 A I don't recall, no.

8 Q Does it surprise you to see him writing  
9 that to IHT?

10 A Not necessarily.

11 Q It appears that (b)(6); (b)(7)(C) thought that  
12 IHT may have been making fake and misleading  
13 tweets.

14 A Uh-huh.

15 Q But, nevertheless, he's asking them to  
16 submit another listing request. Why is that?

17 A Because --

18 MR. GEIST: You're asking her why  
19 somebody else did something?

20 Q Were you (b)(6); (b)(7)(C) supervisor at this  
21 time?

22 A Yes, but I don't control his every  
23 move, but we reassess projects all the time.

24 Q Do you recall receiving this  
25 communication?

1 A I don't.

2 Q Did you regularly check your e-mail at  
3 Bittrex?

4 A I did and received lots of e-mails. So,  
5 unless there was some action from me needed it  
6 might not have been top priority.

7 Q Do you folder e-mails once you receive  
8 them?

9 A I have some automated rules, but other  
10 than that, no.

11 Q (b)(6); (b)(7)(C) replies to (b)(6);  
(b)(7)(C) noting that  
12 they submitted the new listing request. And she  
13 appears to include a link to the  
14 Support.Bittrex.com website. Is that the Zendesk  
15 request we've been discussing?

16 A It looks like it.

17 Q (b)(6); (b)(7)(C) writes, quote, We have cleaned  
18 up our social pages content as you mentioned,  
19 period, closed quote. Do you know if this was  
20 memorialized in any way?

21 A I don't know.

22 Q As part of Bittrex's token review  
23 process, other than this e-mail, was there any  
24 notation that there had been a request from  
25 someone at Bittrex to clean up problematic

1 statements and that the cleanup had in fact  
2 occurred?

3 A I don't know if we had the checklist at  
4 this time or not. It may or may not have been in  
5 there.

6 Q Would you have expected this to be  
7 reflected in the checklist?

8 A Yes.

9 Q Why?

10 A Because it's listed in the checklist.

11 Q Okay. (b)(6); (b)(7)(C) writes in her bullet  
12 four, quote, Do you mind we have marketing  
13 campaign to promote if we list it on Bittrex,  
14 question mark, closed quote. Do you know what  
15 the response was to that question?

16 A It doesn't look like there was a  
17 response.

18 Q Generally, were you okay with tokens  
19 conducting marketing campaigns to promote the  
20 fact that they were listed on Bittrex?

21 A Bittrex did not promote on our U.S.  
22 platform and we only had notifications of  
23 listings.

24 Q Did you have any concerns if one of the  
25 applicants that Bittrex listed started promoting

1 the fact that they had indeed been listed on  
2 Bittrex?

3 A They can re-tweet our tweets, but we  
4 did not encourage promotion of the listing  
5 outside of that.

6 Q Do you know if IHT bought a Times  
7 Square billboard in connection with their listing  
8 on Bittrex?

9 A I don't know.

10 Q And it appears that the conversation  
11 then moved to the Slack channel. Is that fair to  
12 say?

13 A Looks like it.

14 Q Do you know why the conversation moved  
15 to Slack as opposed to continuing in e-mail?

16 A Because it's easier on Slack to have  
17 that conversation back and forth. That was our  
18 process.

19 Q Did you ever meet with anyone from IHT?

20 A I don't recall. I may have been on,  
21 like, a phone call for the demo or something, but  
22 I don't remember.

23 Q Did you attend Consensus 2018 in New  
24 York?

25 A Yes.

1 Q What is Consensus 2018?

2 A It's a cryptocurrency conference.

3 Q What did you do at Consensus 2018?

4 A Attended the conference and met with  
5 token teams.

6 Q Did you speak on any panels?

7 A No.

8 Q How many token teams did you meet with?

9 A I don't know. A lot.

10 Q Why were you meeting with token teams?

11 A Because everybody was in attendance  
12 there. So, it was a time to meet the teams, hear  
13 about their projects and updates.

14 Q So, these meetings were in connection  
15 with listings on Bittrex?

16 A They were usually introductions for  
17 projects. And then we would tell them about our  
18 listing process and what's entailed and tell them  
19 to go follow the process.

20 Q Where did these meetings occur at  
21 Consensus 2018?

22 A In the public areas in and around the  
23 conference. We didn't have a specific area.

24 Q Was the conference held in Midtown?

25 A Yes.



1 Q And that's in Manhattan?

2 A Yes.

3 (SEC Exhibit No. 27 was  
4 marked for identification.)

5 Q I'm showing you what's been marked as  
6 Exhibit 27. This is an e-mail chain. The Bates  
7 range is BTRX\_SEC-0001256 through 1257. The top  
8 e-mail in the chain is from (b)(6); (b)(7)(C) to (b)(6);  
(b)(7)(C)  
9 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) sent on May 10, 2018.

10 Do you recognize this e-mail?

11 A I don't. We often got e-mails about  
12 consensus before it happened.

13 Q Do you recall whether you met with (b)(6);  
(b)(7)(C)  
14 (b)(6); (b)(7)(C) during Consensus 2018?

15 A I don't recall. I may have.

16 Q Do you know whether IHT had a pending  
17 application at this time?

18 A They may have relating to that e-mail  
19 chain.

20 Q You're referring to Exhibit 26. The  
21 top e-mail in the chain is dated March 23, 2018.

22 A Correct.

23 Q (b)(6); (b)(7)(C) sending you IHT information  
24 in this e-mail. Is this something that was added  
25 to the IHT file?

1           A     Probably not. Unless myself or whoever  
2     was -- if I sent it to the assessor, but they  
3     likely did not get included in that file.

4           Q     Why not?

5           A     Because it was out of band from the  
6     process.

7           Q     What does that mean?

8           A     Meaning it wasn't included in the  
9     listing application or in the ticket process for  
10    the listing review.

11          Q     Do you recall whether you reviewed the  
12    e-mail in Exhibit 27?

13          A     I doubt it that I reviewed the  
14    information located here.

15          Q     Why do you doubt it?

16          A     Because if I wasn't doing the review I  
17    wouldn't have looked at this information.

18          Q     Even if IHT had a pending application  
19    at this time?

20          A     Yeah. I might have reached out to see  
21    if there was an active ticket. And if we had  
22    already rejected it I may not have done anything  
23    with it.

24          Q     She writes, quote, Just checked with  
25    Bill, comma, he wouldn't be there and he referred

1 you to me, period, closed quote.

2 Do you have any understanding of what  
3 that means?

4 A Yes. Many people wrote to Bill and  
5 Bill would refer them to me.

6 Q Did you engage with people once Bill  
7 referred them to you?

8 A Yes.

9 Q And what was (b)(6); (b)(7)(C) role at this  
10 time?

11 A He was my boss at the time. He was  
12 also chief strategy officer. He was attending  
13 Consensus as well.

14 Q Do you recall discussing IHT with (b)(6);  
15 (b)(7)(C)

16 A I don't believe so.

17 Q Directing your attention to near the  
18 bottom of page 1256. There's a section for IHT  
19 In The News. The first article there appears to  
20 be, House.com and McAfee Coin Launch Presale of  
21 IHT Token for Real Estate Smart Contract  
22 Development. Do you know what that refers to?

23 A No.

24 Q Do you know who (b)(6); (b)(7)(C) is?

25 A I do.

1 Q Who is (b)(6); (b)(7)(C)

2 A He is a (b)(6); (b)(7)(C)

3 expert I guess you can call it who is --

4 eventually got into crypto.

5 Q Do you know if (b)(6); (b)(7)(C) was part of  
6 the IHT team?

7 A I don't know.

8 Q Directing your attention to the next  
9 page. The third bullet down reads, quote, McAfee  
10 enters into strategic cooperation with iHouse.com  
11 to integrate the global real estate market  
12 through blockchain technology. And there's a  
13 link. Do you recall ever learning that (b)(6);  
(b)(7)(C)  
14 (b)(6);  
(b)(7)(C) was involved with IHT?

15 A I don't recall that, no.

16 Q Is McAfee's involvement a red flag in  
17 any way?

18 A I mean, it depends to the degree that  
19 he was involved, but McAfee himself is a red  
20 flag, if anything, so.

21 Q Why is that?

22 A He's just a character and he has some  
23 legal issues from prior issues, personal issues.

24 Q Are you aware that at this time Mr.  
25 McAfee had announced that he was being

1 compensated by token issuers in connection for  
2 their -- for his promotion of their ICOs?

3 A I don't know.

4 Q Do you know if you received any  
5 advisory agreement between IHT and (b)(6); (b)(7)(C) ?

6 A I don't know if we did.

7 Q Have you ever had any communications  
8 with (b)(6); (b)(7)(C) ?

9 A I have not.

10 (SEC Exhibit No. 28 was  
11 marked for identification.)

12 Q I'm showing you what's been marked as  
13 Exhibit 28. The Bates range for this document is  
14 BR\_ESI\_0012788 through 12794. Do you recognize  
15 this document?

16 A It looks like a listing application.

17 Q Is this the listing application for the  
18 IHT token?

19 A Yes, it appears to be.

20 Q Did you review this application?

21 A I would if it was sent to the coin  
22 committee for listing approval.

23 Q Is this an example of the standard  
24 listing application we've been discussing today?

25 A Yes.

1           Q     Directing your attention to the last  
2     page 12794. At the top of that page it reads,  
3     Part Three, Additional Documentation. It then  
4     reads, quote, Please attach to this application  
5     the following, and then there's a colon. Were  
6     all of these documents regularly attached to  
7     applications for listing?

8           A     Yes.

9           Q     They're not attached to this document  
10    though, correct?

11          A     Well, there were -- this is -- they're  
12    usually attached in the ticket or an e-mail  
13    common threads or through Slack separately, not  
14    together.

15          Q     The fourth bullet point down reads,  
16    quote, Agreements with advisors or consultants,  
17    closed quote.

18          A     Uh-huh.

19          Q     Do you know if IHT provided any  
20    agreements with advisors or consultants?

21          A     I don't know.

22          Q     How would that be tracked?

23          A     Documentation that we received from  
24    token teams would be in a folder related to the  
25    token that should include all the documentation



1 received.

2 Q Where does that folder live for lack of  
3 a better word?

4 A In a SharePoint site.

5 Q And would those advisory or consultant  
6 agreements be saved in that folder?

7 A They should be. Everything that was  
8 sent to us from the token team should be saved.

9 Q Directing your attention to page 12789.  
10 There's an entry for, quote, Our expectations  
11 regarding development of a trading market,  
12 period, closed quote. And it appears IHT has  
13 filled out, quote, IHT has been listed on KuCoin,  
14 Gate.io, OAX, Coin To Coin, Hit BTC, dYdX and  
15 LBank, period. We will continue to apply for  
16 more exchange worldwide to increase liquidity,  
17 closed quote.

18 Do you have an understanding of what  
19 that means?

20 A It's beyond that they wanted to list  
21 their token on many exchanges.

22 Q Does their statement that they want to,  
23 quote, increase liquidity, close quote, raise any  
24 concerns?

25 A Not necessarily.

1 Q What do you mean by that?

2 A That having illiquid market is not a  
3 negative thing.

4 BY (b)(6); (b)(7)(C)

5 Q Does it indicate that the token issuer  
6 is going to engage in certain efforts to -- that  
7 would allow people to receive a return on  
8 investment?

9 A That's not what it says to me, no.

10 BY (b)(6); (b)(7)(C)

11 Q Directing your attention to the next  
12 entry also on 12789. There are check boxes for,  
13 quote, On the date of our token sale the platform  
14 was, colon, close quote. And then, The options  
15 are completed, partly completed and in  
16 development. And the in development box is  
17 checked. What does that mean?

18 A I mean, just what it says there. On  
19 the date the token sale the platform was in  
20 development.

21 Q How does that factor into the decision  
22 of whether or not to list a token?

23 A These are part of the legal analysis  
24 that happens. I can't explain exactly what --  
25 how it is used or not used.

1 Q You ultimately vote on whether or not  
2 to list a token, correct?

3 A After we receive a legal sign off on  
4 its compliance from outside counsel.

5 Q Understood. I'm just trying to  
6 understand your decision process for voting yes  
7 or no for a particular token.

8 A Uh-huh.

9 Q Does the status of the platform factor  
10 into that for you?

11 A Well, it has to have utility and it has  
12 to have passed compliance and legal review. So,  
13 if all of those are met then it can be listed.

14 BY (b)(6); (b)(7)(C)

15 Q Was there any other criteria for  
16 listing?

17 A There was a lot of criteria for  
18 listing.

19 Q But it just sounds like if it passed  
20 compliance you guys would list it. That's what  
21 it sounds like to me. I want to make sure I  
22 understand.

23 MR. GEIST: I don't think that's her  
24 testimony.

25 A That's not at all what I said. Most

1 are turned down in the very beginning. Like I  
2 said before, we only accept one percent of the  
3 requests that we get. There's many levels to the  
4 analysis. And once we get passed our acceptance  
5 of, okay, we think this project -- we want to  
6 list this project, it has to pass compliance and  
7 legal and have utility in order to be listed.

8 Q Okay.

9 BY (b)(6); (b)(7)(C)

10 Q The next section in this application  
11 states, quote, Currently the platform is, colon,  
12 closed quote. And then there are the same three  
13 options, completed, partially completed and in  
14 development. In here, partially completed is  
15 selected. How did that factor into your  
16 analysis?

17 A So, if it was not fully completed, it  
18 didn't have utility, it wouldn't be listed.

19 Q They selected partially completed.

20 A Uh-huh.

21 Q Do you know if IHT was listed?

22 A I believe it was listed at some point,  
23 but at which point between this listing  
24 application that was listed there is often long  
25 periods of time in between.

1           Q     So, if a token is partially completed  
2     it shouldn't be listed?

3           A     It depends on the state of utility and  
4     sign off from legal counsel. Platforms aren't  
5     always just completed and then end development.  
6     So, they may be completed where there was one --  
7     there was a -- a utility bar where it was  
8     functioning token on the platform, but the other  
9     features were still in development.

10          Q     What's the difference between a  
11     platform being completed and a platform being  
12     partially completed?

13          A     It may be that there is three features  
14     of the platform and only one is developed, but  
15     the -- the platform is in use because of that one  
16     feature, but there's still features to be  
17     developed in the platform.

18          Q     Do you know why the application asks  
19     for the status of the platform at the time of  
20     this token sale and also the status of the  
21     platform currently?

22          A     It was to gain a legal analysis. This  
23     application was created by legal counsel.

24          Q     Directing your attention to page 12791.  
25     This is the part B How Tokens Are Earned and

1 Acquired. There are a number of questions about  
2 the token sale itself.

3 Do you recognize these questions?

4 A Yes.

5 Q Did you review listing applications  
6 before voting?

7 A Yes.

8 Q Directing your attention to the  
9 question, We limited token sales to, colon. IHT  
10 writes, quote, We are not accepting users who  
11 hold passports of China and the United States to  
12 participate in token sale, period. For public  
13 presale we only accept registered white list  
14 investors, period, closed quote. Do you have an  
15 understanding of what that means?

16 A Just how they decided to limit their  
17 token sale.

18 Q Is that a red flag to you in any way  
19 that in the token sale itself they didn't sell to  
20 U.S. investors?

21 A Not necessarily. Many projects did the  
22 same.

23 Q When you say, Many projects did the  
24 same, do you have a sense of what percentage of  
25 tokens listed on Bittrex didn't sell to U.S.



1 investors in the initial offering?

2 A I have no idea.

3 (SEC Exhibit No. 29 was  
4 marked for identification.)

5 Q Showing you what's been marked as  
6 Exhibit 29. Bates range for this document is  
7 PTRX\_SEC-0014090 through 14091.

8 Do you recognize this document?

9 A It looks like our new client listing  
10 checklist.

11 Q Okay. And this is the new coin listing  
12 checklist for the IHT coin we've been talking  
13 about?

14 A Yes, it appears so.

15 Q The reviewer is listed as (b)(6); (b)(7)(C)

16 Who is (b)(6); (b)(7)(C)?

17 A (b)(6); (b)(7)(C) is a person on my team, on  
18 the coin team.

19 Q What was his role at this time?

20 A He was part of the listing diligence  
21 and delisting team.

22 Q Did he fill out this checklist?

23 A It looks like it.

24 Q Did you have any input into the filling  
25 out of this checklist?

1 A Nope.

2 Q Directing your attention to the token  
3 metrics. Number four is, quote, Steady trade  
4 volume, closed quote.

5 A Uh-huh.

6 Q (b)(6); (b)(7)(C) has marked no. And in the  
7 comments he writes, quote, Low volume, period.  
8 650K on OEX. Likely fake, period, closed quote.

9 A Uh-huh.

10 Q Do you know what that means?

11 A Just that OEX was not known for their  
12 or it did not have a reputation of having  
13 completely true volume. And so, a lot of times  
14 their volume would be considered fake. There's  
15 no way to prove or disprove that and they were  
16 just noting that on the checklist.

17 Q So, this indicates that the volume for  
18 the IHT token on OEX was likely being  
19 manipulated?

20 A I don't know about being manipulated.  
21 There's -- but, yeah, it was -- it was based on  
22 the reputation of the exchange not necessarily  
23 the token itself.

24 Q Do you recall discussing this with (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C)

1 A I do not recall.

2 Q Do you know if anymore information of  
3 this comment is memorialized in any documents  
4 created in connection with the token listing  
5 approval process for IHT?

6 A Sorry, say that again. What do you  
7 mean?

8 Q We see this comment from (b)(6); (b)(7)(C)  
9 that 650K in OEX is likely fake. Was this ever  
10 flushed out anywhere in any way other than in  
11 this comment?

12 A No, not that I know of.

13 Q Once IHT is listed on Bittrex does IHT,  
14 the token applicant itself, have a corporate  
15 account?

16 A If they apply for a corporate account  
17 they would have one.

18 Q Was that a requirement for applicants  
19 to apply for a corporate account?

20 A It was not a requirement. They had to  
21 have a verified account. It didn't necessarily  
22 need to be a corporate account.

23 Q Did Bittrex, to your knowledge, have  
24 any restrictions on the trading of an applicant  
25 in its own token once it was listed?

1 A Not that I know of.

2 Q Do you know if Bittrex monitored the  
3 trading of an applicant once the token was  
4 listed?

5 A Not that I know of, but that would have  
6 been the compliance team.

7 Q Do you know of -- if whether (b)(6);  
(b)(7)(C) determination that there was likely fake  
8 (b)(6); (b)(7)(C) trading in this token on OEX was ever conveyed to  
9 the compliance team?  
10

11 A I don't believe so.

12 Q Why not?

13 A They don't have jurisdiction over other  
14 exchanges.

15 Q But (b)(6); (b)(7)(C) had apparently  
16 determined that there was fake trading in this  
17 token, correct?

18 A He didn't determine that. He just said  
19 it was likely because of the reputation of the  
20 exchange.

21 Q And you were his supervisor at this  
22 time, right?

23 A Uh-huh.

24 Q Did you ever convey this to anyone in  
25 compliance?

1 A No.

2 Q Why not?

3 A Because we didn't have a process like  
4 that.

5 MR. GEIST: Do you have an  
6 understanding of what is meant in this document  
7 by fake volume?

8 THE WITNESS: No. Just what it says  
9 there.

10 MR. GEIST: Okay.

11 Q Directing your attention to the  
12 compliance section. Under, Problematic  
13 Statements it's marked as no and there are no  
14 comments. Why is that?

15 A It's likely that because (b)(6); (b)(7)(C)  
16 was doing this review in September and the  
17 statements from (b)(6); (b)(7)(C) in March earlier that year  
18 there was multiple new applications and he wasn't  
19 aware of the former.

20 Q So, the fact that the problematic  
21 statements were removed was not memorialized in  
22 this new coin listing checklist?

23 A Correct.

24 Q Do you know if there was any follow-up  
25 concerning the trading in IHT after it was

1 listed?

2 A What do you mean, trading on Bittrex?

3 Q Yeah.

4 A I mean, our markets are monitored. We  
5 have, you know, certain attributes that make it  
6 less likely for people to have fake volume on our  
7 exchange versus others. And our compliance team  
8 and our data team are analyzing our markets. The  
9 token team doesn't do that.

10 Q Directing your attention to the coin  
11 committee listing approval vote.

12 A Uh-huh.

13 Q Your name is the third name listed and  
14 it appears you voted yes, correct?

15 A Uh-huh.

16 Q Do you recall voting for IHT?

17 A Not particularly, no.

18 Q How was your vote for IHT communicated  
19 to (b)(6); (b)(7)(C)

20 A It would have been an e-mail.

21 Q So, was (b)(6); (b)(7)(C) filling out this  
22 checklist after the vote has already occurred?

23 A He would fill it out before and after.  
24 He's marking the vote.

25 Q Which fields get filled out before the



1 vote and which fields get fill out after the  
2 vote?

3 A All of the ones completed before the  
4 vote get filled out and the vote does not.

5 Q The date on this checklist, is that the  
6 date of the vote?

7 A I don't know what that date is.

8 Q Do you know how (b)(6); (b)(7)(C) maintains  
9 copies of these checklists that he's working on?

10 A They should be maintained in the shared  
11 folder on the SharePoint drive. He may maintain  
12 them in his personal drive until some point.

13 Q Okay.

14 MR. GEIST: Before you move to the next  
15 document, could we go off the record so I can  
16 make a comment to you with the witness not in the  
17 room?

18 (b)(6); (b)(7)(C) Let's go off the record at  
19 4:41 p.m.

20 (A brief recess was taken.)

21 (b)(6); (b)(7)(C) We're back on the record at  
22 4:43 p.m.

23 BY (b)(6); (b)(7)(C)

24 Q (b)(6); (b)(7)(C) during the break there  
25 were no substantive conversations between

1     yourself and the staff of the Commission; is that  
2     correct?

3           A     Correct.

4           Q     Do you recall DATA Token?

5           A     D-A-T-A?

6           Q     A data coin that I believe is listed  
7     both as DTA and DATA?

8           A     No, those are two different coins.

9           Q     They're two different coins?

10          A     Yeah.

11          Q     Okay. Do you recall the coin -- the  
12     data coin with the ticker DTA?

13          A     They all run together, but I can try to  
14     remember.

15          Q     Do you recall what it was for?

16          A     I know one of them was about, like, ad  
17     data I believe and the other one wasn't, but  
18     that's --

19          Q     That's the DTA versus the DATA?

20          A     I believe DTA is something about  
21     advertising and mobile engagement with  
22     advertising I think. I can't remember what DATA  
23     is.

24          Q     That's fine. Did you work on the DTA  
25     application process?

1           A     I don't know if I worked on the  
2 application process, but I do remember talking to  
3 that team.

4           Q     Who did you talk to on that team?

5           A     I want to say (b)(6); (b)(7)(C) but that's probably  
6 wrong.

7           Q     Who is (b)(6); (b)(7)(C)

8           A     I don't recall. I don't think that's  
9 right.

10          Q     Okay.

11          A     I don't remember.

12                         (SEC Exhibit No. 30 was  
13                         marked for identification.)

14          Q     I'm showing you what's been marked as  
15 Exhibit 30. This is a chain of communications  
16 with the Bates range is BTRX\_SEC-0000469 through  
17 475. The top communication appears to be an  
18 e-mail from Bittrex support with a CC to (b)(6); (b)(7)(C)  
19 (b)(6); (b)(7)(C) with the subject, Data Coin. And then  
20 in parentheses, DTA, listing request from (b)(6); (b)(7)(C)  
21 from UpBit and the date is July 13, 2018.

22          A     Okay.

23          Q     Do you recognize these communications?

24          A     Not particularly, but it looks like a  
25 Zendesk e-mail thread.

1 Q So, these communications were within  
2 Zendesk and then after the fact were e-mailed to  
3 you?

4 A No. So, Zendesk also -- also had an  
5 e-mail component to it. So, it would be both in  
6 Zendesk and it would e-mail participants as well.

7 Q Understood. The subject of this  
8 communication chain is, Data Coin DTA Listing  
9 Request Referred by (b)(6); (b)(7)(C) from UpBit. Do you  
10 know what, Referred by (b)(6); (b)(7)(C) from UpBit means?

11 A Uh-huh. UpBit was a partner exchange  
12 for us and (b)(6); (b)(7)(C) was part of their coin team.

13 Q What's UpBit's relation to Bittrex?

14 A They use the Bittrex platform for their  
15 trading engine for crypto-to-crypto markets.

16 Q Where is UpBit located?

17 A In Korea.

18 Q Who is (b)(6); (b)(7)(C)

19 A (b)(6); (b)(7)(C) was part of their coin team. So,  
20 like, a -- same team as us, but for UpBit.

21 Q These communications appear to be  
22 between someone named (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C)

23 A Uh-huh.

24 Q Do you know why you were receiving  
25 them?

1           A     Likely because in the set up of the  
2     request form I was automatically included as CC  
3     or somebody added me as a CC.

4           Q     Directing your attention to page 471.  
5     It appears that there's a private note from

6     (b)(6); (b)(7)(C)     What is that?

7           A     That's the way to put comments in a  
8     Zendesk ticket so that the requester doesn't see  
9     it, but internal people can see it.

10          Q     So, private notes are visible to the  
11     Bittrex team?

12          A     Correct.

13          Q     They're not visible to the applicant?

14          A     Correct.

15          Q     (b)(6); (b)(7)(C) writes, quote, Requested by  
16     UpBit and Pantera, period, closed quote.

17          A     Uh-huh.

18          Q     Do you know what that means?

19          A     That those projects were referred to us  
20     by both UpBit and Pantera -- or they were  
21     interested in those projects -- interested in  
22     seeing them listed.

23          Q     Directing your attention to the prior  
24     page. (b)(6); (b)(7)(C) appears to be replying to some of  
25     (b)(6); (b)(7)(C) questions. And he writes, quote, We

1     only have done institution only private sale,  
2     period, closed quote. Do you know what that  
3     means?

4           A     That they had a private sale that  
5     included institutions.

6           Q     How typical was a institutional only  
7     private sale for token applicants to Bittrex?

8           A     Private sales weren't that rare, but I  
9     don't know about institution only.

10          Q     Were institution only private sales of  
11     tokens prohibited from being listed on Bittrex?

12          A     No.

13          Q     Okay. Do you recall or do you know  
14     whether (b)(6); (b)(7)(C) responses were included as  
15     part of the application file that was reviewed by  
16     the token committee?

17          A     I don't believe so. The tickets were  
18     not included in that packet.

19          Q     Why not?

20          A     It just wasn't part of the process. We  
21     only included the listing application and the  
22     legal evaluation checklist.

23                         (SEC Exhibit No. 31 was  
24                         marked for identification.)

25          Q     Showing you what's been marked as



1 Exhibit 31. The Bates range for this document is  
2 BR\_ESI\_0011817 through 11818. The title of this  
3 document is, New Coin Listing Checklist. The  
4 coin is DATA, in parentheses DTA. Do you  
5 recognize this document?

6 A It says it looks like a listing  
7 checklist for DTA.

8 Q Directing your attention to the token  
9 metrics heading. Number four under, Steady Trade  
10 Volume, no is selected. How did yes or no in  
11 terms of steady trade volume factor into the  
12 decision of whether or not to list a token on  
13 Bittrex?

14 A It was one factor that was considered  
15 amongst the others. It wasn't an end all/be all.

16 Q And it appears here that (b)(6); (b)(7)(C)  
17 again is the reviewer?

18 A Yes.

19 Q In the comments for steady trade volume  
20 (b)(6); (b)(7)(C) writes, quote, Volume dropped sharply  
21 in June after six months of steady volume,  
22 period, 24-hour vol is currently 700K, closed  
23 quote. Do you know what that means?

24 A Just what it says here.

25 Q What does, Volume dropped sharply in

1 June after six months of steady volume mean?

2 A What do you mean, what does it mean?

3 Q When (b)(6); (b)(7)(C) is referring to volume,  
4 do you know what he's talking about?

5 A Yeah, the trading volume on the  
6 exchange it's listed on.

7 Q So, this isn't the volume on Bittrex,  
8 right?

9 A Right.

10 Q This is on other exchanges?

11 A Correct.

12 Q (b)(6); (b)(7)(C) wouldn't be adding to the  
13 checklist after it was listed on Bittrex; is that  
14 correct.

15 A Yes.

16 Q Okay. Do you know how (b)(6); (b)(7)(C) could  
17 determine what the 24-hour volume is?

18 A Likely from Coin Market Cap.

19 Q Directing your attention to the social  
20 media sweep. The yes is marked. And then, in  
21 the comments (b)(6); (b)(7)(C) writes, quote,  
22 Problematic statements removed, period, closed  
23 quote. Do you have an understanding of what that  
24 means?

25 A Just like before that the problematic

1 statements were found and removed.

2 Q This comment is part of the social  
3 media sweep. Not part of the compliance review  
4 we've been talking about.

5 A Yeah.

6 Q Do you know why?

7 A No. 'Cause he chose to put it there  
8 versus problematic statements 'cause he found  
9 them on social media.

10 Q Does this indicate to you that the  
11 problematic statements were removed as part of  
12 the social media sweep?

13 A That's what it indicates to me.

14 Q And under compliance number two,  
15 problematic statements no is checked. That's  
16 because they were removed?

17 A Potentially, yeah, that's the  
18 interpretation.

19 Q When you made the determination of  
20 whether or not to vote for this listing --

21 A Uh-huh.

22 Q -- did you have this coin listing  
23 checklist in Exhibit 31?

24 A I should have. It should have been  
25 what was sent in the e-mail.

1 Q But the vote itself was conducted by  
2 e-mail; is that right?

3 A By e-mail.

4 Q And would that have been attached to  
5 that e-mail?

6 A Yes.

7 Q So, when it came time to vote on a coin  
8 all the documents for your consideration were  
9 attached to one e-mail asking for the vote?

10 A Yes.

11 Q Who sent that e-mail?

12 A (b)(6); (b)(7)(C) would have sent it since he  
13 was doing the analysis.

14 Q And are those voting e-mails saved to  
15 your knowledge?

16 A I don't know if they saved them or if  
17 they just mark it on the checklist, but the  
18 e-mails aren't deleted, per se. They're  
19 persisted in an e-mail.

20 Q Following a vote to list a coin do you  
21 recall anyone expressing concerns about the  
22 listing they'd just voted on?

23 A So, in the e-mails sometimes questions  
24 will be asked or people will make comments and  
25 there will be some back and forth on that. And

1 that happens periodically.

2 Q Is that back and forth before the vote  
3 or after the vote?

4 A Well, it depends on -- someone might  
5 vote and then a question comes in, vice versa.

6 Q Are those communications saved?

7 A They are saved in e-mail. They're not,  
8 like, saved and attached in a folder or --

9 Q They're not added to part of the  
10 application file --

11 A No.

12 Q -- folders that we've been talking  
13 about?

14 A No.

15 Q What is OCN?

16 A I believe it's Ocean protocol. Maybe  
17 not. Ocean is ocean OCN.

18 Q Do you recall working on the token  
19 listing application for OCN?

20 A Do you have a project name?

21 Q Odyssey?

22 A Oh, Odyssey. I don't particularly  
23 remember that one, no.

24 Q Did you abstain from voting on any  
25 projects?

1 A I did not, no.

2 Q Do you recall any concerns about the  
3 OCN project?

4 A Not right now I don't.

5 (SEC Exhibit No. 32 was  
6 marked for identification.)

7 Q I'm showing you what's been marked as  
8 Exhibit 32. This is an e-mail chain. The Bates  
9 number is BTRX\_SEC-0007562. There are no  
10 attachments to this e-mail chain.

11 Do you recognize this?

12 A Yeah. It looks like a typical listing  
13 approval e-mail.

14 Q Is Exhibit 32 an example of one of  
15 these votes we've been talking about?

16 A Yes, it is.

17 Q (b)(6); (b)(7)(C) appears to be asking you,  
18 (b)(6); (b)(7)(C) and Mr. Shihara to vote. How  
19 did that vote work?

20 A As I said before, sometimes there were  
21 voting buttons where you would click a button  
22 then it would register a approve or reject. I  
23 can't remember the wording. Most of the time  
24 people just replied to e-mail and said approved  
25 or reject.



1 Q Did you use Outlook?

2 A Yes.

3 Q (b)(6); (b)(7)(C) writes that he has approved the  
4 project. That includes some additional notes. He  
5 writes, quote, OCN looks to be snubbed by  
6 Binance. Perhaps they haven't paid for a listing  
7 or because they are a Chinese team, closed quote.  
8 Do you know what that means?

9 A Just what it says, Binance requires  
10 token names to pay for their listings.

11 Q So, if a token is listed on Binance  
12 does that mean someone's paid for it to be listed  
13 there?

14 A Usually. It might not mean every time.

15 BY (b)(6); (b)(7)(C)

16 Q How do you know that?

17 A Just from information we received from  
18 token teams about their process of going through  
19 the Binance listing process.

20 BY (b)(6); (b)(7)(C)

21 Q What was (b)(6); (b)(7)(C) role at this time?

22 A Sorry, say that again.

23 Q What was (b)(6); (b)(7)(C) role at this time?

24 A Same role he had before. I mean, he  
25 was part of the listing review team. He was also

1 on the coin committee. So, he would review and  
2 approve each project for listing.

3 Q Who was his supervisor?

4 A I was.

5 Q (b)(6); (b)(7)(C) writes, quote, We have asked  
6 the team to expedite cleaning up of problematic  
7 social media statements, period, closed quote.  
8 Is that indicative of the problematic statement  
9 cleanup we've been talking about?

10 A I believe so.

11 Q Do you know how (b)(6); (b)(7)(C) communicated  
12 this to the team?

13 A He probably communicated through the  
14 Zendesk ticket potentially or Slack and this  
15 e-mail.

16 Q Do you know why he's expressing this as  
17 an additional note after the vote?

18 A Because (b)(6); (b)(7)(C) excuse me, reviewed it  
19 and he wasn't the head reviewer on that. So, he  
20 was deciding to make comments here.

21 Q Was Binance one of Bittrex's  
22 competitors?

23 A Yeah. Yes.

24 Q Do you recall the Loom Network?

25 A Yeah, I remember the name.

1 Q What is Loom?

2 A I don't remember exactly what Loom was.

3 Q Do you ever recall hearing concerns  
4 about market manipulation on Bittrex?

5 A No.

6 Q Do you ever recall hearing about tokens  
7 that had applied to be listed on Bittrex, but  
8 that were having their price manipulated on  
9 another platform?

10 A Potentially, but I don't remember any  
11 specifics.

12 Q When you say potentially, what do you  
13 mean?

14 A I mean, there was discussions of  
15 potential fake volume and other such things all  
16 across the industry all the time.

17 Q Have you ever heard of any token  
18 issuers who applied to be listed on Bittrex  
19 subsequently be accused of dumping their tokens  
20 on Bittrex?

21 A I don't recall, no.

22 Q Was that a concern in the industry at  
23 the time that an ICO issuer would conduct an ICO,  
24 but then take its tokens and dump them on a  
25 digital asset exchange?

1           A     I mean, there was always concerns about  
2     dumping any token even if it was an issuer or  
3     not.

4           Q     What do you mean by that?

5           A     Meaning that there may be other people  
6     holding that tokens that just want to sell them  
7     right away.

8           Q     Were there any safeguards in place in  
9     the token application process to make sure that  
10    the applicant, once the token is listed on  
11    Bittrex, couldn't just dump their tokens on the  
12    market?

13          A     If they had a verified account they  
14    could buy and sell just like anyone else.

15          Q     Were there any limits on how many  
16    tokens someone could sell?

17          A     It depended on their verification  
18    dates. Although, I don't know exactly what the  
19    limits were and they changed over time, but we  
20    didn't give out any fee free accounts. So, there  
21    was always a fee on them. They couldn't -- you  
22    know, they weren't given any benefits in that  
23    area.

24          Q     And you didn't work in the trading  
25    compliance department?

1 A Right.

2 Q Do you know if the trading compliance  
3 department was informed of the tokens that were  
4 being listed on Bittrex?

5 A They, no, not particularly were not  
6 included on, like, pre-notification, but they  
7 knew just like everyone else when a new token was  
8 being listed.

9 Q So, was there any process to flag for  
10 them that a particular token is being listed and  
11 an applicant also has a trading account on  
12 Bittrex?

13 A There was not that process from our  
14 side that I was aware of.

15 Q And how about for large investors?

16 A Meaning what.

17 Q We've seen some examples where there  
18 have been communications with investors about  
19 particular projects that they had invested in,  
20 right? Is that right?

21 A I don't know if they were investors or  
22 not. We got referrals from projects from people.

23 Q Understood. You just have to  
24 articulate the response.

25 A Okay.

1 Q That's all.

2 A Well, I don't know if they were  
3 investors. We had referrals from people --

4 Q Got it.

5 A -- that may or may not have accounts.

6 Q Was there any process in place when  
7 someone is referring a token to someone on the  
8 coin committee to be listed on Bittrex to let  
9 compliance know that there's been such a  
10 referral?

11 A No, there was no process.

12 Q Did you ever hear any concerns that  
13 these large institutional whale investors might  
14 be trying to get tokens listed on Bittrex in  
15 order to dump their tokens?

16 A I don't remember that specific  
17 complaint coming up or that being brought to our  
18 attention that that was an issue on our exchange.

19 Q More generally, do you discuss -- do  
20 you recall that issue being discussed?

21 A Like, in general, there were -- it was  
22 talked about, yeah, people wanting to just get  
23 listed so that they could offload tokens. We  
24 tried to prevent those projects and those that we  
25 knew outright were doing that which is part of



1 our diligence process.

2 Q How did you try to prevent those from  
3 happening?

4 A Just by no listing them.

5 Q How would the fact that they wanted to  
6 get listed to dump the tokens come up in the due  
7 diligence process?

8 A So, they could be very, very insistent  
9 on getting listed all the time and have very  
10 little on the product side and very little  
11 discussion of that, very little community and  
12 just by talking to them you could gauge their, you  
13 know -- and our, like, ongoing communications  
14 with them. So, the more and more you question  
15 about listing the less likely you were to get  
16 listed.

17 Q Do you know whether the fact that the  
18 tokens were sold in a private sale in the initial  
19 offering was conveyed to the compliance team at  
20 the time the token was listed on Bittrex?

21 A No.

22 Q Do you know if it was conveyed at all  
23 to the compliance team?

24 A I don't believe it was.

25 Q Did you convey any information to the

1 compliance team in connection with token  
2 applications being approved?

3 A There was no regular process of that  
4 our communication with our compliance team.

5 Q Did you ever do ad hoc communications  
6 with the compliance team?

7 A Not that I recall.

8 Q How did you communicate with the  
9 compliance team?

10 A I mean, through e-mail or Slack.

11 Q Did Bittrex have an internal Slack for  
12 company communications?

13 A Yes.

14 Q Do you know if those messages are  
15 preserved?

16 A I believe there's a retention period on  
17 those.

18 Q Who was on the compliance team while  
19 you worked at Bittrex?

20 A I don't know. I think they had a big  
21 team at the end. I only know of, like, (b)(6); (b)(7)(C)

22 who was the (b)(6); (b)(7)(C) of the compliance team and

23 (b)(6); (b)(7)(C) who was the (b)(6); (b)(7)(C) under him.

24 (SEC Exhibit No. 33 was  
25 marked for identification.)

1 Q I'm showing you what's been marked as  
2 Exhibit 33. This is an e-mail. The Bates number  
3 is BTRX\_SEC-0005429.

4 A Uh-huh.

5 Q The e-mail is from (b)(6); (b)(7)(C) to (b)(6);  
6 (b)(7)(C) and to you --

7 A Uh-huh.

8 Q -- sent on June 15, 2018.

9 A Uh-huh.

10 Q The subject is, Listing approval on  
11 Loom Network.

12 A Uh-huh.

13 Q Do you recognize this?

14 A I mean, not in particular, but it looks  
15 like a response to a listing approval e-mail.

16 Q Do you recall working on the Loom token  
17 listing application?

18 A I remember the name I guess. I don't  
19 remember details.

20 Q Do you know why (b)(6); (b)(7)(C) is sending this to  
21 you and (b)(6); (b)(7)(C) ?

22 A I don't know why there aren't other  
23 people on that. Might just be a -- I don't know.  
24 I don't know why.

25 Q Were there any approval votes where

1 only you and (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) voted for  
2 a token to be listed?

3 A No. All approvals were sent to the  
4 entire committee. This is a response to that.  
5 You can adjust the people on the e-mail.

6 Q Do you know why (b)(6); (b)(7)(C) is not  
7 including Mr. Shihara for example?

8 A I don't know.

9 Q (b)(6); (b)(7)(C) writes under further comments,  
10 quote, This had a private sale of around 25 mil,  
11 period, closed quote. What do you understand  
12 that to mean?

13 A That they sold tokens at the volume of  
14 25 million in a private sale.

15 Q So, private sale, not an ICO, right?

16 A Correct. Not available for public,  
17 yes.

18 Q Who was able to purchase tokens in a  
19 private sale?

20 A Anybody that the company wants to sell  
21 them to.

22 Q Do you know if this private sale was  
23 limited to institutional investors or accredited  
24 investors?

25 A I have no idea.

1 Q (b)(6); (b)(7)(C) then writes, quote, Listed on  
2 Binance with a very high market cap of 409  
3 million, period, closed quote. What does that  
4 mean?

5 A It means that a market cap of 409  
6 million seems very high.

7 Q How i the market cap for a token  
8 determined?

9 A The number of total supplies times the  
10 price.

11 Q Is that just on Binance or is that  
12 across all exchanges?

13 A Well, the market cap should be of all  
14 supply. And then, you know, whatever price you  
15 want to pick. If you're picking one exchange or  
16 if it's only listed on one exchange it would only  
17 apply the price from that exchange.

18 Q Market cap is usually pulled from Coin  
19 Market Cap. Is that fair to say?

20 A Yes.

21 Q (b)(6); (b)(7)(C) then writes, quote, Not totally  
22 happy with them going the typical. Then there's  
23 an internal quotations. Quote, Private sale and  
24 then pay for listing on Binance on high market  
25 cap to dump, closed quote. And then ending the

1 quotation as well. What do you understand that  
2 to mean?

3 A Just what it says.

4 Q Is there a typical private sale and  
5 then pay for a listing on Binance at a high  
6 market cap route to dump?

7 A I wouldn't characterize it like that,  
8 but you know.

9 Q Did you discuss this with (b)(6); (b)(7)(C) after  
10 he sent this to you?

11 A I don't recall.

12 Q Do you know if Loom was listed on  
13 Bittrex?

14 A I believe it was.

15 Q Do you know if the sentiment was  
16 conveyed to anyone outside of you, (b)(6); (b)(7)(C) and  
17 (b)(6); (b)(7)(C)?

18 A I don't know. It should have been, but  
19 I don't know if it was.

20 Q Why should it have been?

21 A Because usually it was just reply all  
22 to the listing approval e-mail thread.

23 Q Is it a concern to you that (b)(6); (b)(7)(C)  
24 apparently thinks that Loom conducted a private  
25 sale, paid for a listing on Binance and then --



1 in order to dump the tokens?

2 A Well, he doesn't know they dumped the  
3 tokens. And this holding in queue to launch  
4 doesn't mean that it's a bad project or that  
5 they're doing anything wrong. It's just that you  
6 want to wait and see how that market acts. And  
7 if there is anything of concern there as we watch  
8 them you don't have to list it, but we'll keep it  
9 in the queue.

10 Q Do you recall whether this caused you  
11 concern at the time?

12 A I likely did advise on waiting on  
13 listing so you can see what the market does.

14 Q How did you do that?

15 A We set the schedule for listings every  
16 week and there was usually a queue of listings  
17 and we would discuss them week after week.

18 Q Do you recall any further conversations  
19 with (b)(6); (b)(7)(C) about this sentiment that he  
20 expressed?

21 A I don't recall.

22 Q Do you recall whether you discussed it  
23 with (b)(6); (b)(7)(C)?

24 A I don't recall.

25 Q Do you know whether there was any

1 further tracking of Loom to determine if there  
2 was any manipulative trading on Bittrex?

3 A As any market monitoring was done by  
4 the compliance team and our teams, when we look  
5 for new listings we would look for that, sure.

6 Q Anything in particular to Loom?

7 A Oh, not that I recall.

8 Q Did you forward this to the compliance  
9 team?

10 A No.

11 Q Did you tell (b)(6); (b)(7)(C) to send this to  
12 the compliance team?

13 A No.

14 Q Did you tell (b)(6); (b)(7)(C) to send this to  
15 the compliance team?

16 A No.

17 Q Why not?

18 A We had no such policies or procedures  
19 to send anything to the compliance team.

20 Q But there was nothing stopping you from  
21 sending it to the compliance team, right?

22 A There was no reason to send it to the  
23 compliance team. It hadn't even been listed yet.

24 Q You don't think the compliance team  
25 would want to be made aware of this sentiment by

(b)(6); (b)(7)(C)

A They never asked to be made aware of this.

Q What do you mean by that?

A We never discussed including the compliance team on any of the listing approvals or analysis or anything.

Q When you say we never discussed including the compliance team, who are you referring to?

A The coin team, the coin committee, my boss, everyone.

Q Did it just never come up or was there a discussion and a decision not to share things?

A No. It just never came up.

Q Did you discuss this sentiment with Mr. Shihara?

A Not that I remember.

Q Did you ever discuss a concern with Mr. Shihara that Bittrex may be assisting an issuer in carrying out manipulative trading?

A No. We didn't believe that.

Q Did you ever have a concern that Bittrex may be assisting issuers in carrying out manipulative trading?

1 A No. If we did we would not list them.

2 (b)(6); (b)(7)(C) Let's go off the record at  
3 5:20 p.m.

4 (A brief recess was taken.)

5 (b)(6); (b)(7)(C) Okay. We're back on the  
6 record at 5:28 p.m.

7 BY (b)(6); (b)(7)(C)

8 Q (b)(6); (b)(7)(C) during the break there  
9 were no substantive conversations between  
10 yourself and the staff of the SEC; is that  
11 correct?

12 A Correct.

13 Q When's the last time you spoke to  
14 (b)(6); (b)(7)(C)

15 A Probably the day I left -- last day I  
16 saw him before I left.

17 Q Why did you leave Bittrex?

18 A I had a job opportunity at (b)(6);  
19 (b)(7)(C) that I  
wanted to take.

20 Q Had you applied for that job?

21 A I know the VP there and had been  
22 discussing working for him again.

23 Q When's the --

24 BY (b)(6); (b)(7)(C)

25 Q Were you dissatisfied with the job at

1 Bittrex?

2 A I wasn't like feeling challenged  
3 anymore. Sort of a personal preference and  
4 wanted to get back into information security.

5 Q Any other reasons?

6 A No.

7 BY (b)(6); (b)(7)(C)

8 Q Did you work on any information  
9 security issues while you were at Bittrex?

10 A No. We had other people working on  
11 that.

12 Q Do you know if the Bittrex website was  
13 ever comprised?

14 A I don't think it was, no.

15 Q Do you know if the Bittrex wallets were  
16 ever comprised?

17 A No.

18 Q Do you know if Bittrex accounts were  
19 ever comprised?

20 A There were, like, account takeovers  
21 where they would steal, like, their -- fish for  
22 their passwords or get into their e-mail, that  
23 kind of thing.

24 Q Understood, okay.

25 Have you discussed this investigation

1 by the SEC with anyone other than your attorney?

2 A No.

3 Q Have you told anyone other than your  
4 attorney that you received a subpoena from the  
5 SEC?

6 A No.

7 Q Did anyone --

8 MR. GEIST: I'm sorry, how about --  
9 does your current employer know that you're here?

10 THE WITNESS: Yes. Sorry. I had to  
11 tell my boss so I could get the time off.

12 MR. GEIST: And (b)(6); (b)(7)(C)

13 THE WITNESS: And (b)(6); (b)(7)(C) knows I'm  
14 here.

15 (b)(6); (b)(7)(C) Thank you, Counsel.

16 MR. GEIST: Uh-huh.

17 Q Did anyone else tell you that they  
18 received a subpoena or a phone call from the SEC?

19 A No.

20 Q Do you know anyone else who has spoken  
21 with us?

22 A I believe (b)(6); (b)(7)(C) has spoken.

23 Q What's the basis for that?

24 A I was informed.

25 MR. GEIST: It has to deal with the



1 conflict and conversation without waiving  
2 privilege.

3 Q Understood. Understood. Did you have  
4 any conversations, directly or indirectly, with  
5 (b)(6); (b)(7)(C) concerning what testimony either you or  
6 he would provide to the SEC?

7 A No.

8 Q Before we end today do you wish to  
9 clarify any of the statements you have made or  
10 add anything to the testimony you have given  
11 today?

12 A I don't believe so.

13 (b)(6); (b)(7)(C) Does Counsel wish to ask  
14 any clarifying questions?

15 MR. MARTIN: No.

16 (b)(6); (b)(7)(C) We have no further  
17 questions at this time. We may, however, call  
18 you again to testify in this investigation.  
19 Should this be necessary, we will contact your  
20 counsel.

21 We are off the record at 5:31 p.m.

22 (Whereupon, at 5:31 p.m., the  
23 examination was concluded.)

24 \* \* \* \* \*

## PROOFREADER'S CERTIFICATE

In The Matter of: INITIAL COIN OFFERINGS

Witness:

(b)(6); (b)(7)(C)

File Number: NY-09624-A

Date: Friday, November 8, 2019

Location: New York, NY

This is to certify that I, (b)(6); (b)(7)(C)  
(the undersigned), do hereby certify that the  
foregoing transcript is a complete, true and accurate  
transcription of all matters contained on the recorded  
proceedings of the investigative testimony.

\_\_\_\_\_  
(Proofreader's Name) (Date)

## C E R T I F I C A T E

I, (b)(6); (b)(7)(C) 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.

---

(b)(6); (b)(7)(C) CSR, RPR  
Shorthand Reporter

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )  
4 ) File No. NY-09624-A  
5 INITIAL COIN OFFERINGS )

6  
7 WITNESS: (b)(6); (b)(7)(C)

8 PAGES: 1 through 214

9 PLACE: Securities and Exchange Commission  
10 New York Regional Office  
11 200 Vesey Street, 4th Floor  
12 New York, New York 10281

13 DATE: Thursday, January 31, 2020  
14

15 The above-entitled matter came on for a hearing,  
16 pursuant to notice, at 10:20 a.m.  
17  
18  
19  
20  
21  
22  
23

24 Diversified Reporting Services, Inc.

25 (202) 467-9200

## 1 APPEARANCES:

2  
3 On Behalf of the Securities and Exchange Commission:

4 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C)

(via videoconference)

7 New York Regional Office

8 Division of Enforcement

9 200 Vesey Street, 4th Floor

10 New York, New York 10281

11  
12 (b)(6); (b)(7)(C)

(via videoconference)

13 San Francisco Regional Office

14 Division of Enforcement

15 44 Montgomery Street, Suite 2800

16 San Francisco, California 94104

17  
18 On Behalf of the Witness:

19 ANDREW GEIST, ESQ.

20 WILLIAM MARTIN, ESQ.

21 DAVID COHEN, ESQ.

22 O'Melveny &amp; Myers, LLP

23 Times Square Tower

24 7 Times Square

25 New York, New York 10036

## C O N T E N T S

## WITNESS:

## EXAMINATION

(b)(6); (b)(7)(C)

4

## EXHIBITS:

## DESCRIPTION

## IDENTIFIED

34

Subpoena for (b)(6); (b)(7)(C)

7

35

E-mail from (b)(6); (b)(7)(C) to

(b)(6); (b)(7)(C)

"Coin Listing/Delisting

Compliance-Trading Video Recording"

Bates Number BR\_ESI\_0001461

89

36

Screenshot of Portion of Top Page of

Spreadsheet, Which is the

Attachment to Exhibit 16

169



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

(b)(6); (b)(7)(C) We are on the record  
on Friday, January 31st, at 10:20 a.m.

(b)(6); (b)(7)(C) do you consent to being  
placed under oath?

(b)(6); (b)(7)(C) I do.

(b)(6); (b)(7)(C) Please raise your  
right hand.

Do you swear and affirm that the  
testimony you're about to give will be the  
truth, the whole truth and nothing but the  
truth?

(b)(6); (b)(7)(C) Yes.

Whereupon,

(b)(6); (b)(7)(C)  
was called as a witness and, having been  
first duly sworn, was examined and testified  
as follows:

## EXAMINATION

BY (b)(6); (b)(7)(C)

Q My name is (b)(6); (b)(7)(C) I'm an  
attorney in the Enforcement Division at the  
U.S. Securities and Exchange Commission, and  
I'm an officer of the Commission for purposes  
of this proceeding. With me here is my

1 colleague, (b)(6); (b)(7)(C) she is also an  
2 officer of the Commission for purposes of  
3 this proceeding, and an enforcement attorney.

4 On VTC is (b)(6); (b)(7)(C) she's in our San  
5 Francisco office, also an officer of the  
6 Commission for purposes of this proceeding.

7 And in our D.C. office -- joining us from our  
8 D.C. office is (b)(6); (b)(7)(C) as well, also an  
9 officer of the Commission. Joining us a

10 little later will be our supervisor, (b)(6);

11 (b)(6);

12 This is an investigation by the  
13 United States Securities and Exchange  
14 Commission, in the matter of Initial Coin  
15 Offerings, NY-09624, to determine whether  
16 there have been violations of the Federal  
17 Securities laws. However, the facts  
18 developed in this investigation may  
19 constitute violations of other federal or  
20 state, civil or criminal laws.

21 Prior to the opening of the record,  
22 I provided you with a copy of the formal  
23 order of investigation. It will be available  
24 for your examination during the course of  
25 this proceeding.

1 Have you had an opportunity to  
2 review the formal order?

3 A Yes.

4 Q Prior to the opening of the record,  
5 I provided you with a copy of Form 1662,  
6 which is the Commission's Supplemental  
7 Information form. A copy of that form has  
8 been pre-marked as Exhibit 1.

9 Have you had an opportunity to  
10 review Exhibit Number 1?

11 A Yes.

12 Q Do you have any questions about  
13 Exhibit Number 1?

14 A No.

15 Q Are you represented by counsel  
16 today?

17 A Yes.

18 (b)(6); (b)(7)(C) Counsel, could you  
19 please identify yourself for the record and  
20 for which law firm you work.

21 MR. MARTIN: Sure. William Martin  
22 from O'Melveny & Meyers, and joined by Andrew  
23 Geist and David Cohen.

24 (b)(6); (b)(7)(C) Counsel, do you  
25 represent any other entity or individual in

1 connection with this investigation?

2 MR. MARTIN: Yes, we do.

3 (b)(6); (b)(7)(C) And who are those  
4 individuals?

5 MR. MARTIN: Well, we represent  
6 Bittrex, as well as several other  
7 individuals.

8 BY (b)(6); (b)(7)(C)

9 Q (b)(6); (b)(7)(C) as you may be aware,  
10 multiple representations of witnesses by  
11 counsel present a potential conflict of  
12 interest. And the Form 1662 states that the  
13 Commission will assume that the witness and  
14 counsel have discussed and resolved all  
15 issues concerning possible conflicts of  
16 interest.

17 Do you understand?

18 A Yes.

19 (SEC Exhibit No. 34 was  
20 marked for  
21 identification.)

22 BY (b)(6); (b)(7)(C)

23 Q A copy of the subpoena has been  
24 marked as Exhibit Number 34. Is this a copy  
25 of the subpoena that you are appearing

1 pursuant to today?

2 A Yes.

3 Q So before we get started, I just  
4 wanted to go over a few ground rules on how  
5 the testimony should proceed. So the court  
6 reporter is seated to my right, she takes  
7 down everything that we say; but she can't  
8 record gestures, such as nodding your head.  
9 So please make your responses verbally, in a  
10 clear voice, loud enough to be heard.

11 Again, the court reporter will be  
12 taking down everything we say. So please  
13 understand that any conversations of  
14 substance about this investigation that we  
15 have off the record will be summarized for  
16 the reporter once we're back on the record.

17 The Commission controls the record,  
18 therefore, if you need a break, please just  
19 ask me. The court reporter will only go off  
20 the record at my request. Our usual policy  
21 is to wait until after any pending questions  
22 are answered, as well as any followup  
23 questions. That being said, if you have any  
24 concerns relating to a privilege, please let  
25 me know, and you can consult with your

1 counsel immediately on those sorts of issues.

2 A Okay.

3 Q If you don't understand a question,  
4 please let me know, I will be happy to  
5 clarify or rephrase it for you, otherwise, it  
6 will be assumed that you fully understood the  
7 question as posed to you. Do you understand  
8 that?

9 A Yes.

10 Q Also, if you remember something  
11 that you should have said earlier, please let  
12 me know so that you can clarify or add to  
13 your previous answer.

14 A Okay.

15 Q Do you understand that you are  
16 under oath, and that it is a federal crime to  
17 lie during the course of this proceeding?

18 A Yes.

19 Q Is there anything that would  
20 prevent you from answering accurately and  
21 truthfully today?

22 A No.

23 Q And this is a question that we ask  
24 everyone that we speak to: Do you have any  
25 medical or mental condition that would impair



1 your ability to answer accurately and  
2 truthfully today?

3 A No.

4 Q Are you on any medications or did  
5 you take any medications this morning that  
6 might impair your ability to answer questions  
7 accurately and truthfully today?

8 A No.

9 Q Have you ever testified in any  
10 investigation by the SEC or its staff, any  
11 other federal agency, any state agency, any  
12 stock exchange or before FINRA?

13 A No.

14 Q Have you ever been named as a  
15 defendant or respondent in any action brought  
16 by the SEC, any other federal agency, any  
17 state securities agency, any stock exchange  
18 or FINRA?

19 A No.

20 Q Have you ever been a defendant or a  
21 witness in any civil litigation related to  
22 the Securities laws?

23 A No.

24 Q Have you ever been indicted or  
25 convicted of any criminal action, or pleaded

1 guilty to any criminal charges brought  
2 against you?

3 A No.

4 Q Have you spoken with anyone other  
5 than your counsel regarding this  
6 investigation?

7 A Just my manager, and (b)(6); (b)(7)(C)  
8 knows that I'm here.

9 Q And who's your manager?

10 A (b)(6); (b)(7)(C) and I was notified of  
11 the subpoena by (b)(6); (b)(7)(C)

12 Q Who is (b)(6); (b)(7)(C)

13 A He's (b)(6); (b)(7)(C) at  
14 Bittrex.

15 Q And what did you discuss with (b)(6);  
16 (b)(6); about this investigation?

17 A That I would be attending testimony  
18 here today.

19 Q And what did you discuss with --  
20 (b)(6); (b)(7)(C) was it?

21 A Yeah, he -- he just informed me of  
22 the subpoena. That was the only discussion.

23 Q Have you spoken with anyone else  
24 other than your counsel regarding your  
25 testimony today?

1 A No.

2 Q Do you know anyone else who has  
3 been interviewed or given testimony or will  
4 give testimony in this investigation?

5 A Yes.

6 Q Who?

7 A (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C) and Bill Shihara.

9 Q And how did you learn about this?

10 A From counsel.

11 Q Have you discussed with anyone else  
12 what that person's answers were, or might be  
13 in testimony?

14 A No.

15 MR. GEIST: Before you move onto  
16 the next section, can we just go off the  
17 record for a second.

18 (b)(6); (b)(7)(C) We're off the record  
19 at 10:27 a.m.

20 (A brief recess was taken.)

21 (b)(6); (b)(7)(C) We're back on the  
22 record at 10:28 a.m.

23 BY (b)(6); (b)(7)(C)

24 Q (b)(6); (b)(7)(C) did you want to clarify  
25 a -- any of your previous answers?

(b)(6); (b)(7)(C)

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Q Thank you. And aside from the topic you just described, did you have -- during the break, did you have any other conversations of substance with staff about this investigation?

MR. GEIST: While we were just off the record, did you talk about -- did you talk with the SEC lawyers about anything other than the IRS situation while we were off the record?

THE WITNESS: Oh. No, I did not.

BY (b)(6); (b)(7)(C)

Q And I will be asking you that every time we take a break, just so you are aware.

A Okay.

Q So I just wanted to talk a bit about your background. Can you describe your education for me, starting with college.

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(b)(6); (b)(7)(C)

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(b)(6); (b)(7)(C)

A I do not.

Q You mentioned that you started  
part-time at Bittrex in 2017?

A Correct.

Q Are you still with Bittrex today?

A I am.

Q Did it -- at some point, did you  
become full-time?

A I started full-time on September  
11, 2017.

Q And when did you start part-time?

A I believe May 2017.

Q Other than working at Bittrex, did  
any of your prior employment involve digital  
assets or cryptocurrency in any way?

A No.

Q Have you ever bought or sold --

(b)(6); (b)(7)(C) How --

(b)(6); (b)(7)(C) Go ahead, (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) How did you get your

1 position at Bittrex initially?

2 THE WITNESS: They -- I responded  
3 to a blog post, I believe, that was  
4 requesting help with customer support, and I  
5 submitted a ticket through their ticketing  
6 system with my -- my resume and had followup  
7 calls.

8 (b)(6); (b)(7)(C) Did you have any  
9 experience with digital assets, either  
10 professionally or personally?

11 THE WITNESS: Personally I did.

12 BY (b)(6); (b)(7)(C)

13 Q Have you ever bought or sold any  
14 cryptocurrency or digital assets?

15 A Yes.

16 Q Can you tell us what those were and  
17 when?

18 A It's hard for me to recall all of  
19 them. I -- I -- I'd bought Bitcoin first in  
20 probably May 2013, and probably began  
21 actively trading different digital currencies  
22 end of 2013 through, you know, 2000 --  
23 probably through 2017. Do you -- do you -- I  
24 have several different cryptocurrencies.

25 Q Sure. We would like to know which

1 ones, to the best that you can recall.

2 A The best that I can recall. I  
3 guess -- today, I primarily hold Bitcoin,  
4 Decred, IOTA.

5 Q I'm sorry, could you repeat the  
6 second one that you said.

7 A Decred, D-e-c-r-e-d.

8 Q Okay.

9 A Iota -- I-O-T-A -- sorry, I-O-T-A.  
10 Cosmos (ATOM) -- A-T-O-M -- Ethereum. There  
11 were several coins, I can't recall all of  
12 them, but I don't think they -- they no  
13 longer exist. One that comes to mind would  
14 be NautilusCoin.

15 Q Nautilus?

16 A Yeah, N-A-U-T.

17 (b)(6); (b)(7)(C) When did you purchase  
18 your first digital asset?

19 THE WITNESS: May -- I believe May  
20 2013.

21 (b)(6); (b)(7)(C) And what was it?

22 THE WITNESS: Bitcoin.

23 (b)(6); (b)(7)(C) And that was the first  
24 time. Did you have an account on a platform,  
25 or how did you purchase it?

1 THE WITNESS: (b)(6); (b)(7)(C)

2 (b)(6); (b)(7)(C)

3 (b)(6); (b)(7)(C) Was that the first  
4 digital asset account you --

5 THE WITNESS: Yes.

6 (b)(6); (b)(7)(C) -- had?

7 THE WITNESS: Yes.

8 (b)(6); (b)(7)(C) Do you have an account  
9 anywhere else?

10 (b)(6); (b)(7)(C)

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(b)(6); (b)(7)(C)

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(b)(6); (b)(7)(C) Yes, you did.

Do you have an account at Bittrex?

THE WITNESS: And Bittrex, sorry,  
yeah.

(b)(6); (b)(7)(C) And do you trade any  
digital assets over-the-counter?

THE WITNESS: Yes, Cumberland.

(b)(6); (b)(7)(C) Do you have an account  
with Cumberland?

THE WITNESS: I do.

(b)(6); (b)(7)(C) And have you used any  
other decentralized platform or exchange to



1 trade digital assets?

2 THE WITNESS: I probably placed a  
3 small trade on -- I'm sorry, I'm trying to  
4 call recall the name. It doesn't exist  
5 anymore. It's a decentralized exchange. It's  
6 Ethereum-based, I can't -- I can't recall the  
7 name of it. I probably placed one trade.

8 (b)(6); (b)(7)(C) Going back to  
9 (b)(6); (b)(7)(C) What assets did you trade  
10 over-the-counter with (b)(6); (b)(7)(C)

11 THE WITNESS: IOTA and Cosmos  
12 (ATOM) .

13 BY (b)(6); (b)(7)(C)

14 Q Can you tell us generally when you  
15 opened these various accounts. We can go  
16 one-by-one one, starting with (b)(6); (b)(7)(C)

17 A I -- 2013, or 2014. I can't recall  
18 exactly.

19 Q Okay. And (b)(6); (b)(7)(C)

20 A Probably 2014.

21 Q (b)(6); (b)(7)(C)

22 A 2014.

23 Q (b)(6); (b)(7)(C)

24 A 2014.

25 Q (b)(6); (b)(7)(C)

1 A 2017.

2 Q (b)(6); (b)(7)(C)

3 A 2014.

4 Q (b)(6); (b)(7)(C)

5 A 2018.

6 Q And (b)(6); (b)(7)(C)

7 A 2014.

8 Q And you said that today, you only  
9 hold Bitcoin; is that your testimony?

10 A Today, I primarily hold -- I still  
11 have Bitcoin primarily, and then I hold  
12 amounts of Decred, IOTA, Cosmos (ATOM),  
13 Ethereum; Civic, CVC -- sorry, I omitted that  
14 earlier -- and FirstBlood, the ticker is 1ST.  
15 That's -- that's my primary holdings that I  
16 can recall, yeah.

17 Q And where do you hold these?

18 A Oh, Ubiq, also, UBC -- or sorry,  
19 UBQ is the ticker. Ubiq is the name.

20 Q And where do you hold these assets?

21 A So primarily, in a hardware wallet,  
22 and I have balances on (b)(6); (b)(7)(C)

23 Q Do you have any balances at  
24 Bittrex?

25 A Not at this time, no.

1 Q Did you ever?

2 A Yes.

3 Q And can -- when was that?

4 A I -- I withdrew the balances that I  
5 had there -- the remaining balances I had  
6 there just recently, in the beginning of  
7 January.

8 Q And why was that?

9 A Just wanted to move -- I was  
10 consolidating my holdings to cold storage.

11 (b)(6); (b)(7)(C) Going back to the  
12 digital asset accounts that you held. What  
13 e-mail address did you use for the accounts?

14 THE WITNESS: They were all tied to  
15 my primary e-mail address, which is

16 (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C) Did you ever use any  
18 other e-mail?

19 THE WITNESS: I don't believe so.

20 MR. GEIST: For -- for the digital  
21 entity -- crypto accounts, as opposed to any  
22 other usage?

23 (b)(6); (b)(7)(C) Yeah, for --

24 THE WITNESS: I -- yeah.

25 (b)(6); (b)(7)(C) Yeah, the question was

1 in relation to the digital asset accounts  
2 that you previously discussed.

3 THE WITNESS: Yeah, I don't recall  
4 using other e-mail addresses.

5 (b)(6); (b)(7)(C) And just generally,  
6 what due diligence, if any, did you do before  
7 you invested in any of these digital assets?

8 THE WITNESS: Read as much as I  
9 could find online about each asset, listened  
10 to podcasts, interviews with developers,  
11 forum posts, social media posts, medium --  
12 you know, blog posts; that sort of thing.

13 (b)(6); (b)(7)(C) Are these -- were  
14 these -- any of these purchases, purchases in  
15 IPO's or were they secondary-market  
16 purchases?

17 THE WITNESS: So I purchased IOTA  
18 during the initial offering. Cosmos (ATOM),  
19 I purchased during its initial offering; and  
20 Civic, I purchased during its initial  
21 offering.

22 (b)(6); (b)(7)(C) And about how much  
23 money did you initially invest in digital  
24 assets?

25 THE WITNESS: Probably around

1 \$10,000.

2 (b)(6); (b)(7)(C) And have you profited  
3 from any of these transactions?

4 THE WITNESS: Yes.

5 (b)(6); (b)(7)(C) How much have you  
6 earned in profits, approximately?

7 THE WITNESS: Are you asking how  
8 much do I hold today, or how much --

9 (b)(6); (b)(7)(C) No. So if -- have  
10 you -- if you have sold. I'm talking about  
11 liquid -- you know, real profit.

12 THE WITNESS: Maybe about (b)(6);  
(b)(7)(C)

13 (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C) And the -- the initial  
15 investments IOTA, Cosmos and Civic, how much  
16 did you invest in those?

17 THE WITNESS: So Civic at the time  
18 may be roughly (b)(6); (b)(7)(C)

19 (b)(6); (b)(7)(C)

20 (b)(6); (b)(7)(C) I don't  
21 recall the price of Bitcoin at that time.

22 Maybe 5,000.

23 (b)(6); (b)(7)(C) Did any of the tokens  
24 that you purchased -- did you sell any of  
25 them on Bittrex?

1 THE WITNESS: Yes.

2 (b)(6); (b)(7)(C) You don't have to tell  
3 us now. We can get your records. I think  
4 that probably makes sense -- trading records,  
5 but if you -- what -- what do you recall? Do  
6 you recall any that come to mind?

7 THE WITNESS: It is more trading  
8 when -- when I used Bittrex, you know, they  
9 didn't have USD markets, so it -- maybe it  
10 was trading currencies into Bitcoin or  
11 Ethereum -- yeah, if you want to obtain the  
12 trade history, that's probably the most  
13 accurate.

14 (b)(6); (b)(7)(C) Do you recall which  
15 tokens you sold on the platform? Were most  
16 of the tokens sold on the platform?

17 THE WITNESS: No. Yeah, I can't --  
18 I know I sold some Ubiq on Bittrex, I  
19 probably traded some Ethereum on Bittrex, and  
20 probably like -- like I say, there's other  
21 tokens that I -- I can't recall, that I don't  
22 know they exist anymore; but most of my trade  
23 activity is several years back, so I can't --  
24 I can't recall off the top of my head.

25 BY (b)(6); (b)(7)(C)



1 Q And were you employed at Bittrex at  
2 the time that you were trading on Bittrex?

3 A I've placed trades since working at  
4 Bittrex. The bulk of my trading activity  
5 occurred before I was employed at Bittrex.

6 Q Were there any policies or  
7 restrictions around your trading of your  
8 digital assets on Bittrex while working at  
9 Bittrex?

10 A Yeah, there is a policy in place  
11 today.

12 Q And what type of policy?

13 A There's a trade policy, it was put  
14 in place by our (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C)

16 Q And when was that put into place?

17 A I think I became aware of it in  
18 spring 2018, and I think there's a policy  
19 that I signed in maybe September of 2018.

20 Q Do you recall -- and again, we'll  
21 confirm when we get your records; but do you  
22 recall whether any of your trades on Bittrex  
23 pre-dated, I guess, the spring of 2018 during  
24 your employment at Bittrex?

25 A Oh. I don't recall, yeah.

1 Q Okay. Do you have an understanding  
2 of what an ICO or an initial coin offering  
3 is?

4 A Yes.

5 Q And what's your understanding?

6 A My understanding is a -- a token  
7 team or group of individuals that develop the  
8 use case for a digital asset may advertise  
9 the release of that token and give people the  
10 opportunity to purchase the tokens in advance  
11 of them being transferable or released.

12 Q What's your -- you said "use case".  
13 What's your understanding of -- of use --  
14 what "use case" means?

15 A The utility of the token, the  
16 intended use of the token to be used for a  
17 good or service.

18 (b)(6); (b)(7)(C) Sorry, I didn't ask  
19 this earlier. All the tokens that you  
20 purchased in your personal capacity, were  
21 those for investment?

22 MR. GEIST: What do you mean by  
23 "investment"?

24 THE WITNESS: Yeah, can you clarify  
25 that.

1 (b)(6); (b)(7)(C) Did you purchase them  
2 to make money?

3 THE WITNESS: I -- I purchased them  
4 to either try the -- the use of -- for to --  
5 to store value -- store my -- store money.  
6 So, like, Bitcoin, it's a -- it's a way for  
7 me to take Fiat currency, U.S. dollars and  
8 hold it in a digital form.

9 (b)(6); (b)(7)(C) Did you think the  
10 price of any of these assets was going to  
11 increase? If you sold them, you would make a  
12 profit?

13 THE WITNESS: It's -- I felt that  
14 for some of these assets, the value -- the  
15 value of my U.S. dollars would be preserved.

16 (b)(6); (b)(7)(C) Did you sell some of  
17 these tokens for a profit?

18 THE WITNESS: I did.

19 (b)(6); (b)(7)(C) And when you say you  
20 felt your value would be preserved, does that  
21 mean you were -- thought it was a wise  
22 investment to put your U.S. dollars in  
23 tokens?

24 THE WITNESS: I felt the -- it was  
25 a way to diversify my -- it was just a --

1 oh -- oh, I saw it more of a way to diversify  
2 my holdings.

3 (b)(6); (b)(7)(C) Your investment  
4 holdings, your portfolio?

5 THE WITNESS: Just my assets. You  
6 know, I have real estate, I have, you know, a  
7 retirement fund. I have liquid, you know,  
8 cash. It was just another way to diversify  
9 my assets.

10 BY (b)(6); (b)(7)(C)

11 Q What initially interested --  
12 interested you in digital assets and  
13 cryptocurrency?

14 A I thought it was just a really neat  
15 and interesting and practical way to transfer  
16 value on -- on the internet, you know, to  
17 any -- anyone in the world. I worked a lot  
18 with (b)(6); (b)(7)(C) and using  
19 encrypted e-mail. And to me, it just seems  
20 to be a natural fit to apply to something  
21 with, you know, monetary value, yeah.

22 Q And you said that you were  
23 interested in the use case for some of the  
24 tokens that you purchased. Do you recall  
25 what any of those were?

1           A     You know, so Civic, for instance, I  
2     thought it was a neat way to be able to  
3     confirm identity.  Ethereum has a lot of neat  
4     use cases for different applications that can  
5     exist on top Ethereum with tokens like Civic.  
6     And some of them have, you know, as a  
7     transfer -- a means of transferring value,  
8     such as Decred.  Similar in that regard to  
9     Bitcoin, but with just other approaches to  
10    some of the technical consensus rules and  
11    security.

12          Q     Did you ever use Civic --

13          A     It was --

14          Q     -- as you described?

15          A     It was actually used -- it was --  
16    for a short period of time, it was used, I  
17    believe, to -- yeah, to verify identity  
18    for -- sorry, I can't recall the use case,  
19    but it -- it was used during their initial  
20    offering, but it was also used for a short  
21    period of time, I believe, to verify identity  
22    around credit checks.  It was a way to, you  
23    know -- if your account showed up as being  
24    inquired through a credit reporting agency,  
25    it would alert you to that fact.  So it was

1 sort of a way to help protect your credit  
2 rating.

3 Q Did you ever get any alerts?

4 A I did.

5 Q From Civic?

6 A Yes. And then, that -- I believe  
7 that service has since been discontinued, and  
8 they've done other use cases with the then --  
9 that I haven't -- I haven't used, but, you  
10 know, I've witnessed the use of them.

11 (b)(6); (b)(7)(C) Do you have any  
12 engineering background?

13 THE WITNESS: Yeah. Hydrology,  
14 civil engineering. And I guess through the  
15 course of my work and studies, you know,  
16 post-university, there's elements of, you  
17 know, IT systems engineering.

18 (b)(6); (b)(7)(C) Do you read -- can you  
19 write code?

20 THE WITNESS: No, I -- I would not  
21 say I'm a developer.

22 (b)(6); (b)(7)(C) Can you interpret  
23 code? Can you read code?

24 THE WITNESS: Elements of -- of  
25 code, I can't read that.



1 (b)(6); (b)(7)(C) So if you wanted to  
2 use any of these tokens, would there need to  
3 be like a user interface or something like  
4 that?

5 THE WITNESS: Yeah, there's a  
6 graphical user interface for most of these,  
7 along with a command-line interface.

8 (b)(6); (b)(7)(C) So could you do the  
9 command-line interface?

10 THE WITNESS: Yeah.

11 (b)(6); (b)(7)(C) That, you could do?

12 THE WITNESS: Yeah.

13 (b)(6); (b)(7)(C) And what got you to --  
14 I don't think I -- we asked what was your  
15 initial -- why did you initially invest in  
16 digital assets? Was it -- why did you  
17 initially invest in digital assets to begin  
18 with?

19 THE WITNESS: I didn't say that I  
20 invested. I just -- I purchased Bitcoin just  
21 as a store value, and, I guess, basically  
22 to -- to play with it, to try a lot of the  
23 new tools and applications that were being  
24 developed that could be used with the -- with  
25 the digital currency.

1 BY (b)(6); (b)(7)(C)

2 Q I know you mentioned that some of  
3 the assets -- digital assets you purchased,  
4 you purchased in the initial offering. Can  
5 you tell us what ICO's you participated in?

6 A I believe I said that, didn't I?

7 Q Was it just those two?

8 A There were probably more that I  
9 can't recall. There were a lot of initial  
10 offerings that happened in, you know, 2014 --  
11 oh, Mastercoin, which later became Omni, was  
12 probably sort of the first ever initial  
13 offering. That was in, maybe, 2014.

14 Q Do you remember how much you  
15 purchased of Omni tokens?

16 A I probably sent about five Bitcoin  
17 at that time, which -- I mean, it was maybe  
18 roughly \$1,000, maybe -- maybe five --  
19 between 500 and \$1,000, yeah.

20 Q Any others that you recall?

21 A FirstBlood was an initial offering.  
22 I probably invested, maybe, again, \$5,000 at  
23 one time. That's all I can recall --

24 Q That's all you can recall?

25 A Right now, yeah.

1 Q Okay. Were any of the digital  
2 assets that you have ever held listed by  
3 Bittrex?

4 A Yeah. Bitcoin, Ethereum, Decred.  
5 I think FirstBlood, Civic, yeah.

6 Q Any others that you recall?

7 A I can't recall. The ones I told  
8 you earlier, but I don't recall any -- any  
9 others.

10 Q And we'll get into your role at  
11 Bittrex --

12 A Sure.

13 Q -- in a little bit; but, generally  
14 speaking, were you involved in the listing  
15 decision or the listing process for any of  
16 these tokens that you mentioned, or any other  
17 tokens that you've held?

18 A Probably involved with Cosmos. And  
19 IOTA, which was just recently listed on  
20 Bittrex Global and I think -- I think most  
21 dealers I've mentioned were listed prior to  
22 my involvement with the listing team, yeah.

23 Q And I know you mentioned that in  
24 spring of 2018, there was a policy put in  
25 place regarding Bittrex employee trading of

1 cryptoassets; is that correct?

2 A I don't know when -- I actually  
3 don't know when that policy was put into  
4 place. That's when I became aware of it.

5 Q That's when you became aware of it?

6 A Yeah.

7 Q So, I guess, I want to -- I want to  
8 ask a question with two time periods in mind.

9 A Okay.

10 Q Prior to you becoming aware of that  
11 policy, you know, what steps, if any, did you  
12 take prior to trading any cryptocurrency with  
13 respect to informing your employer?

14 MR. GEIST: So are you talking  
15 about during the time he's at Bittrex?

16 (b)(6); (b)(7)(C) Yeah. Let me  
17 rephrase actually.

18 MR. GEIST: Okay.

19 BY (b)(6); (b)(7)(C)

20 Q Basically, what I want to know is:  
21 Since you started Bittrex -- let's talk about  
22 this first time period before you became  
23 aware of the policy. With respect to your  
24 digital asset holdings, if you wanted to do  
25 anything with them -- if you wanted to hold

1     them, if you wanted to trade them -- did you  
2     have to let your employer know?

3           A     Did I -- when you say did I have  
4     to, did --

5           Q     Or, I guess, did you?

6           A     I -- I -- I don't believe so. I  
7     don't know -- I don't know that I traded any  
8     assets on the platform from the time that I  
9     started. I think I asked the question when I  
10    began work on the Coin Team in the spring of  
11    2018, and -- and at that time, I don't think  
12    I did any trades until after I, you know,  
13    signed the agreement in September.

14          Q     And still speaking about this  
15    earlier period before you signed the  
16    agreement. When you joined Bittrex or, you  
17    know, any coin after that during this earlier  
18    period, did you have to report your digital  
19    asset holdings to anyone at Bittrex? And  
20    when I say "have to", I mean was there a  
21    requirement.

22          A     I think -- I believe that might  
23    have been part of the policy. So at the same  
24    time that I signed the agreement, I believe I  
25    reported what all my holdings were.

1 Q Right, but I'm talking about --  
2 what about before you signed the agreement?

3 A I -- I don't think. I don't  
4 recall. I don't think so, no.

5 Q And after you became aware of the  
6 policy in spring of 2018 and signed the  
7 policy in September of 2018 -- after that  
8 point -- did you report your holdings to  
9 Bittrex?

10 A Yeah.

11 Q And how frequently did you have to  
12 do that?

13 A I reported them, I believe, when --  
14 when I signed the policy, and then I would  
15 need to notify (b)(6); (b)(7)(C) during the -- you  
16 know, a week -- up to a week prior to the  
17 trade window of what assets I intended to  
18 trade. So I would make notification at that  
19 time.

20 (Telephone interruption.)

21 BY (b)(6); (b)(7)(C)

22 Q And who is (b)(6); (b)(7)(C)

23 A (b)(6); (b)(7)(C) is the (b)(6); (b)(7)(C)

24 officer at Bittrex.

25 Q And did he have to approve of any



1 trade that you wanted to execute?

2 A I don't know that he approved them.  
3 It was just made known to notify him in  
4 advance, and also make claim that we didn't  
5 have any material information upon the assets  
6 that we were --

7 (Telephone interruption.)

8 (b)(6); (b)(7)(C) We're off the record  
9 at 11:11.

10 (A brief recess was taken.)

11 (b)(6); (b)(7)(C) We are back on the  
12 record at 11:32 a.m.

13 BY (b)(6); (b)(7)(C)

14 Q (b)(6); (b)(7)(C) did you want to clarify  
15 any of your previous answers?

16 A I did. Earlier, we were discussing  
17 my involvement with listing assets for tokens  
18 that I hold and we discussed IOTA, and I just  
19 wanted to clarify. I was involved with the  
20 review of that asset prior to the creation of  
21 Bittrex Global, which operates out of  
22 Liechtenstein. I am not involved with any of  
23 the listing decisions with Bittrex Global.  
24 So my involvement with reviewing that asset  
25 for listing ended with the creation of

1 Bittrex Global, who made that decision  
2 independently of U.S. based staff.

3 Q Okay. And aside -- thank you for  
4 that.

5 And aside from discussing that  
6 topic, did you have any other conversations  
7 with Commission staff during the break about  
8 the substance of this investigation?

9 A No.

10 (b)(6); (b)(7)(C) Before we took the  
11 break, I believe we were in the middle of an  
12 answer when we had some technical difficulty.

13 I'll ask the court reporter would  
14 you mind please reading back the question and  
15 his partial answer.

16 (The reporter complies with the  
17 request.)

18 BY (b)(6); (b)(7)(C)

19 Q Do you want to finish that answer  
20 or clarify it in any way?

21 A Yeah, I'd like to just clarify it.  
22 He -- we -- it was made known to us that we  
23 could only execute trades, where we didn't  
24 have any material information of the asset  
25 that would affect the price of the asset

1 negatively or positively.

2 Q Did (b)(6); (b)(7)(C) ever tell you not to  
3 make a specific trade?

4 A No.

5 Q Did he ever specifically approve,  
6 or endorse of you making a specific trade?

7 A I -- I don't know. I believe he  
8 confirmed receipt of my trade notification.

9 Q Okay.

10 (b)(6); (b)(7)(C) Was the reporting  
11 process automated or manual?

12 THE WITNESS: It was manual, via  
13 e-mail.

14 BY (b)(6); (b)(7)(C)

15 Q Is that the same process that's in  
16 place today?

17 A Yes.

18 (b)(6); (b)(7)(C) And just going back to  
19 your digital asset holdings. What's the  
20 current value of them?

21 THE WITNESS: (b)(6); (b)(7)(C)

22 (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C) And what's that in  
24 relation to your larger portfolio? How does  
25 that relate to your larger portfolio of

1 holdings?

2 MR. GEIST: Assets?

3 THE WITNESS: When you say "larger  
4 portfolio", are you talking about digital  
5 currencies, or --

6 (b)(6); (b)(7)(C) No. Earlier, you said  
7 you purchased to diversify your assets.

8 What -- how does that number, (b)(6); (b)(7)(C)

9 (b)(6); (b)(7)(C) compare to other assets that you  
10 hold?

11 THE WITNESS: Are you asking for,  
12 like, a percentage or --

13 (b)(6); (b)(7)(C) Yeah, sure.

14 THE WITNESS: (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C)

16 (b)(6);  
(b)(7)(C) I don't know a breakdown.

17 (b)(6); (b)(7)(C) Do you own a home, or  
18 other real estate?

19 THE WITNESS: Yes, we own real  
20 estate.

21 (b)(6); (b)(7)(C) What's the value of the  
22 real estate?

23 THE WITNESS: The market value or  
24 equity?

25 (b)(6); (b)(7)(C) Both.

1 THE WITNESS: Probably market value  
2 is roughly -- (b)(6); (b)(7)(C)  
3 Equity is probably -- sorry, I'm trying to do  
4 the math in my head -- (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C) And do you hold equity  
7 in brokerage accounts or anything like that?

8 THE WITNESS: I have retirement  
9 accounts, IRA accounts. I don't hold any  
10 individual equities. Meaning, that I may --  
11 I may indirectly hold funds in blended  
12 accounts.

13 (b)(6); (b)(7)(C) In the retirement and  
14 IRA account?

15 THE WITNESS: Yeah. Yes.  
16 (b)(6); (b)(7)(C) And how much do you  
17 hold in those accounts approximately?

18 THE WITNESS: I -- do you -- well,  
19 are you -- are we including joint accounts  
20 with my wife or --

21 (b)(6); (b)(7)(C) Sure.

22 THE WITNESS: Maybe -- I don't  
23 know. Between -- between (b)(6); (b)(7)(C)

24 (b)(6); (b)(7)(C)

25 BY (b)(6); (b)(7)(C)

1 Q So I want to shift over to your  
2 employment with Bittrex.

3 A Okay.

4 Q What is Bittrex?

5 A Bittrex is a platform for trading  
6 digital currencies and tokens, a  
7 digital-asset trading platform.

8 Q And I know you told us before, but  
9 I just wanted to make sure we understand.

10 When did you first become employed  
11 with Bittrex?

12 A I began working on a part-time  
13 basis, I believe, sometime in May 2018.

14 MR. GEIST: '17?

15 THE WITNESS: Sorry, 2017.

16 BY (b)(6); (b)(7)(C)

17 Q And you became aware of a role at  
18 Bittrex, you said, through a blog post?

19 A Yes, I believe the -- the person in  
20 charge of customer support, I believe, posted  
21 a blog post at that time. Advertising, they  
22 were looking to recruit people to assist with  
23 customer support.

24 Q And do you remember what blog it  
25 was?



1           A     I think it was off of their -- off  
2 of their website. It may have been done  
3 through the Zendesk platform.

4           Q     And did you already have an account  
5 at Bittrex?

6           A     I did.

7           Q     Is that why you were looking at the  
8 website?

9           A     Yeah, I believe so.

10          Q     And were you employed at the time  
11 anywhere else?

12          A     Yes.

13          Q     Where were you employed?

14          A     I was -- at that time, I was  
15 still -- I think I was -- it was kind of just  
16 as I left work for (b)(6); (b)(7)(C)

17 I was actually employed by a -- a small  
18 business called (b)(6); (b)(7)(C)

19 and I left that company and worked for

20 (b)(6); (b)(7)(C)

21 (b)(6); (b)(7)(C) I'm sorry, I can't recall the  
22 name of the company. It's based out of New  
23 Mexico, but I was still residing in Hawaii.  
24 And again, I was working onsite for -- at an  
25 Army installation, working there full-time

1 during the day.

2 Q And so did you -- you were working  
3 full-time for this other employment. Did you  
4 have the time to take on a new role?

5 A It was -- yeah, I was working eight  
6 hours a day full-time, and this new position  
7 at Bittrex was consuming most of my time  
8 outside of that.

9 Q So you heard about the job on a  
10 blog post. What happened next?

11 A I believe I opened a support ticket  
12 with them, and submitted my -- my resume and  
13 expressed interest in -- in helping out.

14 Q And then what happened?

15 A I was contacted by (b)(6); (b)(7)(C)

16 Q Who is (b)(6); (b)(7)(C)

17 A He's a Bittrex employee. He's the  
18 first Bittrex employee that was head of  
19 customer support.

20 Q And what did he say?

21 A He interviewed me over the phone,  
22 and asked about my -- my background and my  
23 familiarity with the platform. And I  
24 started, you know, soon after that.

25 Q What was the role that you were

1 interviewing for?

2 A I think it was just customer  
3 support.

4 Q And did you need to have any  
5 particular skills or experience for that  
6 role?

7 A I think they were looking for  
8 people who were both familiar with the  
9 trading platform, but also familiar with  
10 digital currencies.

11 Q What was the -- what was your title  
12 when you first started at Bittrex?

13 A I don't recall exactly. I think  
14 maybe it was customer support analyst.

15 Q And who were you reporting to?

16 A At that time, it was my  
17 understanding I was reporting to Ryan Hence.

18 Q Were you working remotely?

19 A Yes.

20 Q And where were you residing?

21 A I was -- I was still in Hawaii.

22 Q How many hours a week were you  
23 working for Bittrex in this part-time phase  
24 of your employment there?

25 A I didn't have a set requirement, so

1 it was -- I was working as much as I could.

2 I was probably working 30 to 40 hours a week.

3 Q And this was on top of the 40 hours  
4 you were working with your other --

5 MR. MARTIN: You have to --

6 THE WITNESS: Oh, yes. Yes, it  
7 was.

8 BY (b)(6); (b)(7)(C)

9 Q Thank you. What were your job  
10 responsibilities at Bittrex during this time?

11 A I was responding to support tickets  
12 created by Bittrex customers to address  
13 issues or questions they had.

14 (b)(6); (b)(7)(C) And just in general,  
15 can you tell us who are the customers that  
16 you're responding to?

17 THE WITNESS: These were people  
18 from all over the world. So there were U.S.  
19 customers and a large amount of international  
20 customers. These were people that created  
21 accounts on the platform and wished to trade  
22 digital assets.

23 (b)(6); (b)(7)(C) Would people who had  
24 institutional accounts go through the  
25 customer support desk, as well?

1 THE WITNESS: I don't recall how  
2 many institutional accounts there were at  
3 that time, but, yes, that's my understanding.

4 (b)(6); (b)(7)(C) So any account holder  
5 would -- could send a request to customer  
6 support?

7 THE WITNESS: Yes.

8 (b)(6); (b)(7)(C) But in your capacity,  
9 did you field questions regarding  
10 institutional accounts?

11 THE WITNESS: Not that I recall,  
12 no.

13 (b)(6); (b)(7)(C) Did they go through  
14 some other avenue?

15 THE WITNESS: I -- there may have  
16 been support tickets opened by people  
17 representing a -- you know, an entity. I was  
18 not addressing those tickets. They -- I -- I  
19 think that those were handled by (b)(6); (b)(7)(C)

20 (b)(6); (b)(7)(C) Would you route them  
21 somewhere else if they came across your --  
22 your desk?

23 THE WITNESS: I don't recall seeing  
24 any, no.

25 (b)(6); (b)(7)(C) Did they go directly

1 to Ryan?

2 THE WITNESS: If -- no, if -- if --  
3 I was answering a wide array of support  
4 tickets. If there was something that I was  
5 not able to address, then I would route it to  
6 Ryan, or just -- or get his input on the --  
7 on the request.

8 (b)(6); (b)(7)(C) Would you routinely  
9 route to (b)(6); (b)(7)(C) a request from an  
10 institutional --

11 THE WITNESS: No.  
12 (b)(6); (b)(7)(C) -- account?

13 THE WITNESS: No, I don't recall  
14 seeing those types of requests at that time.

15 (b)(6); (b)(7)(C) Are there categories  
16 of accounts that you would routinely route to  
17 (b)(6); (b)(7)(C)

18 THE WITNESS: I don't remember, no.

19 BY (b)(6); (b)(7)(C)

20 Q What types of issues were people --  
21 were customers submitting support requests  
22 for?

23 A Well, there -- there was a wide  
24 array, but some of the common ones would be:  
25 People would need to have their two-factor



1 authentication reset to allow access. There  
2 would be people that would have questions  
3 about how to use the platform, or how to  
4 conduct a specific action on the platform.  
5 There would be people who would want to  
6 change the e-mail account associated with  
7 their platform -- or with their account. And  
8 I dealt with quite a few accounts that had  
9 been compromised through phishing attacks,  
10 and then there were people that would want to  
11 dispute the -- the -- the balance on their  
12 account, and the fees charged on the trades.  
13 So they were essentially asking to have their  
14 account audited for the trade to have --  
15 history because they felt it should be  
16 different than what was -- the information  
17 being reported to them.

18 Q And prior to starting this role at  
19 Bittrex, did you get any training on how to  
20 respond to these inquiries?

21 A Most of the training and direction  
22 came from (b)(6); (b)(7)(C)

23 Q And do you remember if there was  
24 any specific training relating to how to  
25 respond to these requests?

1           A     Not specific training. For a lot  
2 of common requests, there were macros that  
3 were created.

4           Q     What's that?

5           A     So a macro would be sort of a -- an  
6 automated response that we could select from  
7 a list of items to efficiently address a  
8 customer question. So, for example, if  
9 somebody would like to change their e-mail  
10 account associated with their account, we  
11 would use a macro that would initiate a  
12 procedure that they would need to follow.

13          Q     So it was like a template response  
14 that you would --

15          A     Yeah.

16          Q     Okay.

17          A     Yes.

18          Q     And what medium were these  
19 conversations happening? Was it over e-mail?

20          A     It was through Zendesk.

21          Q     And what's Zendesk?

22          A     So Zendesk is a customer-support  
23 ticketing platform, third-party software that  
24 Bittrex utilized to handle customer-support  
25 requests.

1 (b)(6); (b)(7)(C) Would you handle  
2 requests regarding account-opening issues,  
3 like, KYC, you know --

4 THE WITNESS: Yes.

5 (b)(6); (b)(7)(C) -- whether or not  
6 someone provides sufficient documentation?

7 THE WITNESS: Sorry, yes. We had  
8 a -- a third-party vendor, Jumio, that did  
9 the actual verification of ID and documents,  
10 but I would answer customer questions if they  
11 experienced difficulty or issues submitting  
12 those documents to be reviewed by Jumio.

13 (b)(6); (b)(7)(C) We are off the record  
14 at 11:51 a.m.

15 (A brief recess was taken.)

16 (b)(6); (b)(7)(C) We are back on the  
17 record at 11:55 a.m.

18 (b)(6); (b)(7)(C) during the break, did  
19 you have any conversations of substance with  
20 Commission staff about this investigation?

21 THE WITNESS: No, I did not.

22 BY (b)(6); (b)(7)(C)

23 Q So aside from the job  
24 responsibilities you've described so far in  
25 your initial role at Bittrex and customer

1 support, did you have any other  
2 responsibilities?

3 A No, that -- that was -- those were  
4 my primary responsibilities.

5 Q Did you have an employment  
6 agreement with Bittrex at this time?

7 A I don't recall an agreement --  
8 which time period are we talking about?

9 Q This initial period, when you  
10 worked part-time working in the --

11 A When I was part-time, yeah -- no, I  
12 don't recall anything working part-time.

13 Q How were you compensated?

14 A Again, this same time period?

15 Q Yes.

16 A I was just paid hourly.

17 Q What was your hourly rate?

18 A Oh, I don't recall exactly. Maybe

19 (b)(6); (b)(7)(C)

20 Q And were you paid in U.S. dollars?

21 A Yes.

22 Q Did you receive, or were you  
23 entitled to any bonus?

24 A No.

25 Q Any -- did you receive any other

1 type of compensation based on your  
2 performance during this time?

3 A No.

4 Q And during this period of part-time  
5 work in customer support, were you working  
6 remotely the whole time?

7 A Yes.

8 Q When did you shift to working  
9 full-time for Bittrex?

10 A September 11, 2017.

11 Q And how did that come about?

12 A Through a discussion with (b)(6); (b)(7)(C) I  
13 think they wanted me to be able to work  
14 full-time, and they offered me a position and  
15 I accepted.

16 Q What was the position that they  
17 offered?

18 A I was continuing to work customer  
19 support at that time.

20 Q And were you continuing to work  
21 remotely?

22 A Yes.

23 Q Were they offering you a new title?

24 A I don't recall.

25 Q Did they offer you an increase in

1 compensation?

2 A Yes.

3 Q And what was that?

4 A So I was paid a salary of (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 Q In U.S. dollars?

7 A In U.S. dollars.

8 Q Any -- were you entitled to any  
9 bonus?

10 A No.

11 Q Were you entitled to any other type  
12 of compensation based on your performance?

13 A I don't -- I don't think so, no.

14 Q In your new role -- your full-time  
15 role, who did you report to?

16 A I was still reporting to (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C)

18 Q Anyone else?

19 A No, just -- just (b)(6); (b)(7)(C)

20 Q Did your job responsibilities  
21 change at all?

22 A I don't recall them changing. I  
23 was maybe a little bit more involved with  
24 helping to train new customer-support staff  
25 that was also brought on board to teach them



1     how to handle different types of  
2     customer-support tickets.

3           Q     At any point, did your role at  
4     Bittrex change from customer support to  
5     anything else?

6           A     Yes.

7           Q     When was that?

8           A     Some time in February 2018, I was  
9     asked and accepted to join -- I was asked by  
10    (b)(6); (b)(7)(C) to join the -- what was called  
11    the Coin Team.

12          Q     Who is (b)(6); (b)(7)(C)

13          A     (b)(6); (b)(7)(C) is a former Bittrex  
14    employee. She -- her role was -- I don't --  
15    I don't recall her official title. She was  
16    a -- I guess, a program manager.

17               (b)(6); (b)(7)(C) Before you were asked  
18    by (b)(6); (b)(7)(C) to join the Coin Team in your  
19    initial role, did you receive support tickets  
20    that were requesting that Bittrex list  
21    certain tokens?

22               THE WITNESS: We didn't see the --  
23    we didn't see any of those tickets. If --  
24    I -- I believe if we had somebody asking  
25    how -- you know, if we could list a token or

1 a customer or somebody associated with the  
2 project, I believe we had a macro response --  
3 template response that provided them  
4 directions on how to initiate that; but  
5 that's all I would be aware of, yeah.

6 BY (b)(6); (b)(7)(C)

7 Q How did someone create an account  
8 on Bittrex?

9 A Through their website.

10 Q And how did that work?

11 A They click on a create-account link  
12 and, you know, follow the prompts to provide  
13 the requested information.

14 Q And what was the -- what was the  
15 required information?

16 MR. GEIST: What point in time?  
17 Because I think he said he had a -- that  
18 any -- that account earlier than the time  
19 period we're talking about, so I just want to  
20 make sure the record is clear.

21 (b)(6); (b)(7)(C) Sure.

22 BY (b)(6); (b)(7)(C)

23 Q I guess, I'm talking about the time  
24 period when you were working at Bittrex.

25 A Yeah. From what I remember, you

1 needed to provide your name, your e-mail  
2 address, your physical mailing address. And  
3 there were different levels -- different -- I  
4 believe there were different types of  
5 accounts that you could create that would  
6 afford you greater utility on the platform  
7 that could be achieved by providing  
8 additional documentation, so your, like,  
9 driver's license or passport. That's --  
10 that's primarily what I recall is: You --  
11 you needed to provide approved identification  
12 that could be read and verified by our -- our  
13 KYC vendor.

14 Q And was that required to open an  
15 account?

16 A I don't think it was required to  
17 open an account at that time. It may have  
18 been required to execute trades, however.

19 Q Do you know for sure?

20 A I don't know for sure, no.

21 Q Was there anything else that you  
22 can remember that was required when opening  
23 an account?

24 A Yeah -- no, not -- not when opening  
25 an account.

1 Q And you said that the verification  
2 of the identification documents -- the KYC or  
3 the new customer -- was outsourced to a third  
4 party?

5 A That's correct. It was -- there  
6 was a software application that those  
7 documents were routed through and verified  
8 by -- called Jumio, and it -- there was -- I  
9 recall the term "Netverify",  
10 N-e-t-h-e-v-e-a-r-e-I-f-y. I can't recall if  
11 that was a mechanism within Jumio's platform  
12 or not, but --

13 Q And do you remember when Bittrex  
14 started using these third-party platforms or  
15 software?

16 A I -- it was in place when I started  
17 employment.

18 (b)(6); (b)(7)(C) What involvement did  
19 you have with account openings?

20 THE WITNESS: Again, it was mostly  
21 through customer support. If somebody was  
22 having difficulty opening an account, I would  
23 respond to -- to try to assist whatever, you  
24 know, problem that they were having.

25 (b)(6); (b)(7)(C) Would you provide

1 additional documentation to Jumio?

2 THE WITNESS: I would direct the  
3 customer to provide additional documentation.  
4 So, perhaps, if a customer was using a form  
5 of I'd that's not accepted by the platform,  
6 then I would need to direct the customer, You  
7 need to use a passport or other accepted form  
8 of I'd for whatever country they were a  
9 resident of.

10 (b)(6); (b)(7)(C) Were you involved in  
11 making the decision that a customer was  
12 verified or not prior to them opening an  
13 account?

14 MR. GEIST: The decision to verify,  
15 or confirming that somebody else had verified  
16 it?

17 (b)(6); (b)(7)(C) Did you have any  
18 decision-making authority with respect to  
19 account opening?

20 THE WITNESS: No.

21 (b)(6); (b)(7)(C) So you were just kind  
22 of the middle person relaying information?

23 THE WITNESS: Final verification  
24 happened independently, not -- or in -- by  
25 the -- by the software application in Jumio.

1 (b)(6); (b)(7)(C) Did you sign-off on  
2 anything related to account openings?

3 THE WITNESS: I don't -- I don't --  
4 I don't recall doing anything like that, no.

5 BY (b)(6); (b)(7)(C)

6 Q When someone tried to open an  
7 account, where did that application go?

8 A I believe the information was all  
9 pulled into the Zendesk platform, and the I'd  
10 documents were managed by Jumio.

11 Q So that was all an automated  
12 process?

13 A Yeah, I believe so.

14 Q Or did someone at Bittrex have to  
15 send the identification documents to Jumio?

16 A Yeah -- no, it was -- it was all  
17 automated when -- when the -- it was  
18 automated for the customer when they were  
19 creating the account. It only became manual  
20 if they encountered an issue. We would  
21 assist them, but, again, they would -- the  
22 actual verification was automated, so we  
23 would direct them to take the steps to use  
24 the automated system.

25 Q And then after Jumio verified,



1 let's say, a particular account, how did they  
2 inform Bittrex?

3 A I'm not -- I don't know. You know,  
4 it's automated software.

5 Q You said earlier, I believe, that  
6 if documentation provided by an applicant was  
7 not sufficient for Jumio, you would go in and  
8 request. How would you -- how would you know  
9 to do that? How did -- how did you learn  
10 that a document -- particular document wasn't  
11 sufficient?

12 A We had access to customer-account  
13 information on the platform. So we would  
14 know if a customer opened a support ticket  
15 with us, saying they couldn't get their  
16 account verified; so we could go look at  
17 their account. And there was raw data that  
18 was fed to Jumio, and we could -- we could  
19 see based on the information sent back  
20 automatically from Jumio where the issue was  
21 at. And we could go in and look at what  
22 document they provided, so -- in a lot of  
23 cases, maybe the document was a valid  
24 document, but was damaged and couldn't be  
25 read by the automated software.

1 Q I see. So a user would put in  
2 their application to open an account with --  
3 you know, upload their identification  
4 documents. It was sent to Jumio  
5 automatically. And if Jumio rejected any  
6 portion of the application, the customer  
7 would get a notification?

8 A I believe so. I think the customer  
9 would get a notification at that time if they  
10 were trying to submit their document.

11 Q And then, they would open a support  
12 ticket?

13 A Correct.

14 Q And that's how you would learn  
15 about the issue?

16 A Correct.

17 MR. GEIST: They could open a  
18 support ticket.

19 THE WITNESS: They -- right.

20 BY (b)(6); (b)(7)(C)

21 Q Well, if you learned about the  
22 issue --

23 A That's how I would learn about the  
24 issue.

25 Q -- that's how you would have

1 learned about the issue?

2 A Yeah. Yeah.

3 Q Okay. And then, what would you do  
4 in a situation like that? What would be your  
5 next step?

6 A I would respond to the customer  
7 with the next steps to correct the issue,  
8 what -- whatever that issue may be. Use --  
9 you use approved documentation, obtain a  
10 new -- you know, if your -- if your I'd is  
11 damaged, obtain a new I'd, and use that  
12 identification.

13 Q And then -- let's use that example.  
14 Let's say that they had a damaged I'd and  
15 they obtained a new I'd, would they send that  
16 copy over to you, or would they use an  
17 automated process to get it back to Jumio?  
18 How did that work?

19 A It would reinitiate the same  
20 automated process with Jumio, yeah.

21 (b)(6); (b)(7)(C) Going back to your  
22 compensation. Do you have any equity in  
23 Bittrex?

24 THE WITNESS: I do not.

25 (b)(6); (b)(7)(C) And when you went from

1 working part-time to full-time, did your  
2 hours increase?

3 THE WITNESS: I was a salaried  
4 employee, so we didn't have set hour  
5 requirements.

6 (b)(6); (b)(7)(C) Okay. And while  
7 you're working --

8 THE WITNESS: Sorry, I -- let me  
9 restate that. I believe that the agreement  
10 that I signed, you know, was asking for  
11 employees to work a minimum of 30 hours a  
12 week.

13 BY (b)(6); (b)(7)(C)

14 Q And when did you sign that  
15 agreement?

16 A That was probably September 11,  
17 2017.

18 (b)(6); (b)(7)(C) And while you were  
19 working remotely, where were -- were was  
20 Bittrex headquartered?

21 THE WITNESS: In -- in Bellevue,  
22 Washington.

23 (b)(6); (b)(7)(C) Did it have any other  
24 offices?

25 THE WITNESS: No -- well, sorry,

1 they have -- so there's an office in  
2 Washington, D.C. I don't really know when  
3 that office opened.

4 (b)(6); (b)(7)(C) And does it have any  
5 other offices now?

6 THE WITNESS: Bittrex, Inc., has  
7 offices in Bellevue and Washington, D.C.  
8 There's a Bittrex Global office in  
9 Liechtenstein.

10 (b)(6); (b)(7)(C) When was that opened?

11 THE WITNESS: October 31st or  
12 November 1st, I think, is the official  
13 opening date of 2000 -- November 1, 2019.

14 (b)(6); (b)(7)(C) And are you  
15 involved --

16 (b)(6); (b)(7)(C) And around the time --  
17 around the time that you began full-time work  
18 at Bittrex, did you leave your prior  
19 employment?

20 THE WITNESS: Yes, I did.

21 (b)(6); (b)(7)(C) What had been your  
22 compensation there?

23 THE WITNESS: I don't recall  
24 exactly. I think it was about maybe (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C)

1 (b)(6); (b)(7)(C) Thank you.

2 (b)(6); (b)(7)(C) Do you have  
3 involvement with the global operations?

4 THE WITNESS: When the -- I  
5 facilitate communication between the Token  
6 Team that Bittrex Global has decided they  
7 want to list an asset for, and connect them  
8 with our wallet engineers to get the  
9 requisite technical information to support  
10 the listing.

11 (b)(6); (b)(7)(C) I'm sorry, I didn't  
12 follow. Who did you connect with?

13 THE WITNESS: Bittrex Global will  
14 direct representatives from the token that  
15 they want to list to communicate with me, and  
16 pass along technical information required by  
17 our wallet engineers.

18 (b)(6); (b)(7)(C) So you will interact  
19 with issuers on Bittrex Global and send --  
20 and send information from them to  
21 engineering?

22 THE WITNESS: I -- I think that's  
23 correct. So we provide Bittrex technical  
24 services to the assets listed on Bittrex  
25 Global, and so our -- our engineers need to



1 speak with their developers to address issues  
2 to be able to support the asset for trading  
3 on our platform.

4 (b)(6); (b)(7)(C) When you say  
5 "technical services", can you be more  
6 specific?

7 THE WITNESS: So we provide the  
8 wallet infrastructure that holds the digital  
9 assets, and provide the technical  
10 infrastructure that hosts the market for that  
11 asset to trade.

12 (b)(6); (b)(7)(C) When you say the  
13 technical structure that hosts the asset,  
14 what do you mean?

15 THE WITNESS: Server, hardware, you  
16 know, and some software, the matching-trade  
17 engine.

18 (b)(6); (b)(7)(C) The matching-trade  
19 engine, is that in the U.S.?

20 THE WITNESS: That's all -- all the  
21 wallet infrastructure and -- and trade-engine  
22 software is hosted on servers in the EU.

23 (b)(6); (b)(7)(C) So the server is in  
24 the EU?

25 THE WITNESS: That's correct.

1 (b)(6); (b)(7)(C) And the hardware --  
2 where is the hardware?

3 THE WITNESS: All in the EU.

4 (b)(6); (b)(7)(C) The matching engine,  
5 as well.

6 THE WITNESS: Correct.

7 (b)(6); (b)(7)(C) Is there a copy in the  
8 United States?

9 THE WITNESS: I don't know.

10 (b)(6); (b)(7)(C) Does Bittrex have an  
11 office in EU?

12 THE WITNESS: The only office that  
13 Bittrex has would be the Bittrex Global  
14 office in Liechtenstein.

15 (b)(6); (b)(7)(C) Okay.

16 THE WITNESS: The -- I can clarify  
17 that the infrastructure is on a -- is on a --  
18 in a (b)(4)

19 (b)(4)

20 (b)(6); (b)(7)(C) Where is the data  
21 center located?

22 THE WITNESS: I don't know. I just  
23 know it's in -- it's an EU instance.

24 (b)(6); (b)(7)(C) Does the Liechtenstein  
25 office have a team of engineers?

1 THE WITNESS: I don't believe so.

2 (b)(6); (b)(7)(C) Who -- how many people  
3 are in Liechtenstein office?

4 THE WITNESS: I know of two  
5 employees, and I believe they use -- they may  
6 have some contractors who work with them.

7 (b)(6); (b)(7)(C) Who are the employees?

8 THE WITNESS: I -- I don't know  
9 their names.

10 (b)(6); (b)(7)(C) What role do they  
11 serve?

12 THE WITNESS: I think they help  
13 with customer engagement, social media, and  
14 some limited customer support.

15 (b)(6); (b)(7)(C) And the --

16 MR. GEIST: Sorry. Are you talking  
17 about the employees or the contract people?

18 THE WITNESS: Sorry. Yeah, can  
19 you -- were you asking me -- were you asking  
20 me about the contractors or the employees?

21 (b)(6); (b)(7)(C) I was asking you about  
22 the two employees.

23 THE WITNESS: I'm sorry. So the  
24 two employees are -- there's a CEO and, I  
25 guess, the CSO, chief strategy officer. And

1 they make decisions about -- about the  
2 business, and what products and assets they  
3 would like to list.

4 (b)(6); (b)(7)(C) Is there a separate  
5 Token Team for Bittrex Global?

6 THE WITNESS: I don't know that  
7 they have a Token Team.

8 (b)(6); (b)(7)(C) Who reviews the token  
9 applications for the listings for Bittrex  
10 Global?

11 THE WITNESS: My understanding is  
12 Bittrex -- the Bittrex Global employees,  
13 along with outside counsel in Liechtenstein,  
14 as well as PricewaterhouseCoopers, I believe.

15 (b)(6); (b)(7)(C) And do you play any  
16 role in that?

17 THE WITNESS: I do not.

18 (b)(6); (b)(7)(C) Do any other employees  
19 on the U.S. Token Team play a role?

20 THE WITNESS: No.

21 (b)(6); (b)(7)(C) So the only two  
22 employees are -- would be the CEO and the  
23 CSO?

24 THE WITNESS: That's all I'm aware  
25 of right now.

1 (b)(6); (b)(7)(C) And who are they?

2 THE WITNESS: The (b)(6); (b)(7)(C)

3 (b)(6); (b)(7)(C) And the (b)(6); (b)(7)(C)

4 THE WITNESS: (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C) (b)(6); (b)(7)(C)

6 THE WITNESS: (b)(6); (b)(7)(C)

7 BY (b)(6); (b)(7)(C)

8 Q Do they live in Lichten --

9 Liechtenstein?

10 A They -- their office is in  
11 Liechtenstein. I don't know where they live.

12 Q You don't know where either of them  
13 live?

14 A I'm -- I'm under the impression

15 (b)(6); (b)(7)(C) I don't know

16 if (b)(6); (b)(7)(C) or

17 (b)(6); (b)(7)(C) but they both live in the (b)(6); (b)(7)(C)

18 (b)(6); (b)(7)(C) Does (b)(6); (b)(7)(C) have a role  
19 in the U.S. Bittrex operation?

20 THE WITNESS: No, he does not.

21 (b)(6); (b)(7)(C) Did he previously?

22 THE WITNESS: He did.

23 (b)(6); (b)(7)(C) And when did that  
24 cease?

25 THE WITNESS: I believe it ended

1 some time in the summer of 2019.

2 (b)(6); (b)(7)(C) And what was his  
3 previous role?

4 THE WITNESS: He was the (b)(6);  
5 (b)(6); (b)(7)(C) at Bittrex.

6 (b)(6); (b)(7)(C) Are you involved in  
7 any of the back-office functions for Bittrex?

8 MR. GEIST: You need to clarify.

9 THE WITNESS: Yeah, can you clarify  
10 back office.

11 (b)(6); (b)(7)(C) When I talk about back  
12 office, I'm talking about trade execution,  
13 things of that nature.

14 THE WITNESS: No.

15 BY (b)(6); (b)(7)(C)

16 Q A quick followup on Bittrex  
17 International. When (b)(6); (b)(7)(C) was  
18 working for the U.S. Bittrex entity, did he  
19 live in the U.S.?

20 A Yes.

21 Q And --

22 A Can I back you up?

23 Q Sure.

24 A You said Bittrex International.

25 Q Uh-huh.



1 A Did you mean Bittrex Global?

2 Q Sorry, Bittrex Global.

3 A Okay.

4 Q Was it ever called Bittrex  
5 International?

6 A There was a Bittrex International  
7 entity that was associated and licensed out  
8 of Malta.

9 Q Okay. Does that still exist?

10 A I don't believe so. I think that  
11 ended -- I don't know. I don't know, no.

12 Q And when did -- and I apologize if  
13 you've already answered this question, but  
14 when did Bittrex Global come into existence?

15 A It was either October 31st or  
16 November 1, 2019?

17 Q 2019, okay. And you don't know  
18 whether Bittrex International still exists?

19 A Yeah, I'm not -- I don't know the  
20 current status of that entity.

21 Q Do you know if there's any  
22 activity --

23 A I don't know.

24 Q -- at Bittrex International?

25 A Yeah, I don't know.

1 Q Do you know if it has any  
2 employees?

3 A I -- I don't believe so.

4 Q Do you know if it ever did?

5 A Employees of Bittrex were -- were  
6 managing Bittrex International previously,  
7 yeah.

8 (b)(6); (b)(7)(C) Does Bittrex Global  
9 have a website?

10 THE WITNESS: It does.

11 (b)(6); (b)(7)(C) Is it the same website  
12 used by the U.S. platform?

13 THE WITNESS: No.

14 (b)(6); (b)(7)(C) What's the website for  
15 Bittrex Global?

16 THE WITNESS: I think it's  
17 Global.Bittrex.com.

18 (b)(6); (b)(7)(C) And when was that  
19 launched?

20 THE WITNESS: Fall of 2019.

21 (b)(6); (b)(7)(C) Can it be accessed by  
22 anyone within the U.S.?

23 THE WITNESS: Can you define  
24 "access"? Sorry.

25 (b)(6); (b)(7)(C) Can I just pull up the

1 web page?

2 THE WITNESS: Not -- not if you're  
3 in the U.S. If you're outside the U.S., you  
4 could view the website, but you would not be  
5 able to -- you would not be able to log-in to  
6 the website as a U.S. citizen.

7 (b)(6); (b)(7)(C) But I could view it?

8 THE WITNESS: You could view it,  
9 yeah.

10 (b)(6); (b)(7)(C) And that's based --  
11 based on IP identification?

12 THE WITNESS: It's -- to just view  
13 it is based on IP, or is -- would be based on  
14 IP, but to access it would also be based on  
15 identity.

16 (b)(6); (b)(7)(C) And does Bittrex have  
17 a service that they use to identify IP  
18 addresses for people trying to access the  
19 website -- just for viewing?

20 THE WITNESS: There's controls in  
21 place. I don't know if they're using a  
22 service or -- I don't know the mechanics  
23 behind that.

24 BY (b)(6); (b)(7)(C)

25 Q Just going back to Bittrex U.S., we

1 were talking about account creation and your  
2 role in that. Were any fees assessed for  
3 creating an account at Bittrex?

4 A No.

5 Q Were there ever?

6 A No, not that I'm aware of.

7 Q Were there any geographical  
8 limitations on who could create an account?

9 A Yes. So there were OFAC  
10 exclusions.

11 Q And what does that mean?

12 A So there's a State Department list  
13 of countries, office -- I don't recall the  
14 acronym for OFAC.

15 Q Okay.

16 A But my understanding is it includes  
17 citizens of countries where the United States  
18 has sanctions or other trade restrictions  
19 imposed against them.

20 Q Okay. And how do those exclusions  
21 work at Bittrex?

22 A So if a customer from one of those  
23 countries attempted to -- attempted to create  
24 an account using an I'd from one of those  
25 countries, they were denied that.

1 Q And was that an automatic process?

2 A Yeah, I believe so.

3 Q Was that in place at the time that  
4 you started at Bittrex?

5 A I don't -- I don't think so. I  
6 think, maybe, it was put in place in the fall  
7 of 2017.

8 Q Any other geographical limitations  
9 on who could create an account?

10 A I -- I don't know. There's -- it  
11 was just residents of a list of countries  
12 identified in our term of service, and I  
13 don't know if that was just OFAC, or if it  
14 included other categories and --

15 Q I see.

16 A -- categories, yeah.

17 Q When someone had an account, how  
18 did they execute a trade?

19 A So to clarify, I think they needed  
20 to have a verified account.

21 Q Okay. And when you say "verified  
22 account", does that mean that it went through  
23 the KYC process you described earlier?

24 A Yeah.

25 Q Okay.

1 A Yeah.

2 Q So in order to execute a trade on  
3 Bittrex, you had to go through the KYC?

4 A Yes.

5 Q And this was in place when you  
6 started at Bittrex?

7 A I think so, yeah.

8 Q So when someone had a verified  
9 account, how did they execute the trade?

10 A They would need to deposit funds to  
11 the account. So they -- they would send a --  
12 any of the digital assets we support on the  
13 platform at that time to an address  
14 associated with their account, and then they  
15 could, then, go to select a corresponding  
16 market and set a -- a sell order or a buy  
17 order.

18 Q How did Bittrex make money?

19 A Trading fees. So every trade  
20 that's executed has a fee associated with it,  
21 and that's the revenue the business receives.

22 Q And what were those fees?

23 A So at that time -- specific  
24 timeframe or --

25 Q Sure. Why don't you start with



1 when you started through the present, if you  
2 know.

3 A So for a very long time, I think it  
4 was 25 basis points, so 0.25 percent of a  
5 trade and that was maker and taker side.  
6 And, I believe, more recently, the fee  
7 structure has been adjusted, and I don't -- I  
8 don't recall the specifics off the top of my  
9 head, but it would be based on trade volume.  
10 So certain -- certain higher trade volumes  
11 may be granted a lower trade fee.

12 Q Do you know when that change took  
13 place?

14 A I don't know exactly when it took  
15 place. I think I became aware of it some  
16 time in maybe 2019, yeah.

17 (b)(6); (b)(7)(C) Do they still charge  
18 maker-entry taker fees?

19 THE WITNESS: I mean --

20 (b)(6); (b)(7)(C) Does the -- do the  
21 maker and takers --

22 THE WITNESS: They still --

23 (b)(6); (b)(7)(C) -- both charge per  
24 trade.

25 THE WITNESS: Yes, I believe so.

1 For a general customer account, yeah, there's  
2 maker and taker fees. I don't know -- I  
3 don't know if there's instances where  
4 there's, you know, maybe zero percent maker  
5 or taker at certain trade volumes, but I know  
6 that they are still charging both of those  
7 fees.

8 (b)(6); (b)(7)(C) Per transaction?

9 THE WITNESS: Per transaction for  
10 the majority of trade activity.

11 BY (b)(6); (b)(7)(C)

12 Q So is it the case today that that  
13 25 basis points might be lower, if the trade  
14 volume is higher? Is that --

15 A For an individual account, yeah.

16 Q For an individual account, got it.

17 And you're not -- you don't -- do  
18 you know any specifics on how that's  
19 calculated?

20 A The trade volume is calculated?

21 Q Or sort of what the --

22 A What the threshold is?

23 Q Yes.

24 A I don't know. I believe it's  
25 published on the website today --

1 Q Okay.

2 A -- the new fee structure, yeah.

3 (b)(6); (b)(7)(C) Does Bittrex have an  
4 OTC desk?

5 THE WITNESS: They do.

6 (b)(6); (b)(7)(C) And who are the  
7 customers on the OTC desk?

8 THE WITNESS: I don't know.

9 (b)(6); (b)(7)(C) Are the fees the same?

10 THE WITNESS: I don't know.

11 (b)(6); (b)(7)(C) When did it establish  
12 the OTC desk?

13 THE WITNESS: It may have been late  
14 2018, early 2019, but I -- I don't know  
15 when -- I don't recall exactly when it  
16 started.

17 (b)(6); (b)(7)(C) Is it publically known  
18 that Bittrex has an OTC desk?

19 THE WITNESS: Yes.

20 (b)(6); (b)(7)(C) And does it advertise  
21 on its website the OTC option?

22 THE WITNESS: They have a blog  
23 post, and I believe they Tweeted about it on  
24 their -- on their public account.

25 (b)(6); (b)(7)(C) And do you know --

1 MR. MARTIN: I think we've been  
2 going for about an hour, but it's -- it's up  
3 to you, if you -- now's a good time to break  
4 for lunch, or --

5 (b)(6); (b)(7)(C) Did you want to  
6 finish your question?

7 (b)(6); (b)(7)(C) I'm done. Strike  
8 that, sorry.

9 (b)(6); (b)(7)(C) We're off the record  
10 at 12:32 p.m.

11 (A brief recess was taken.)

12 (b)(6); (b)(7)(C) We're back on the  
13 record at 12:33.

14 (b)(6); (b)(7)(C) during the break, did  
15 you have any substantive conversations with  
16 the staff regarding this investigation?

17 THE WITNESS: No.

18 BY (b)(6); (b)(7)(C)

19 Q And aside from the trading fees  
20 that we just talked about, did Bittrex charge  
21 any other transaction-based fees?

22 A No.

23 Q Did it make money in any other way?

24 A Not that I'm aware of, no.

25 Q Were you ever paid in digital

1 assets or cryptocurrency?

2 A No.

3 Q Did you have the option to be?

4 A No.

5 Q Were accounts ever suspended or  
6 removed?

7 A Sorry, can you clarify what --

8 Q Sure. The customer created an  
9 account.

10 A Right.

11 Q Was there ever an instance where an  
12 account would be suspended or removed?

13 A Yes.

14 Q And what would be those -- what  
15 would be the reason for that?

16 A I don't remember all the reasons.  
17 The main one I remember were all of the  
18 accounts, the -- called them OFAC accounts,  
19 any accounts I identified as OFAC-related  
20 were all frozen.

21 Q You said that when you were in --  
22 working customer support, and even in your  
23 full-time role, that you primarily  
24 communicated with customers through Zendesk?

25 A That's correct.

1 Q Did you ever communicate with them  
2 through any other channels?

3 A No.

4 Q Did you ever communicate with them  
5 through Slack?

6 A No.

7 Q E-mail?

8 A Maybe the -- the communication  
9 would have been to direct them back to  
10 Zendesk, or to their ticket, if they had one  
11 open.

12 (b)(6); (b)(7)(C) Now, we're off the  
13 record at 12:35.

14 (Whereupon, at 12:35 p.m., a  
15 luncheon recess was taken.)

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

17 (b)(6); (b)(7)(C) We are on the record  
18 at 1:30 p.m.

19 (b)(6); (b)(7)(C) during the break, did  
20 you have any conversation of substance with  
21 Commission staff regarding this  
22 investigation?

23 THE WITNESS: No, I did not.

24 BY (b)(6); (b)(7)(C)

25 Q I want to talk a little bit about



1 the token-listing process at Bittrex.

2 A Okay.

3 Q When you joined Bittrex  
4 initially -- so let's start with when you  
5 were working part-time -- what, if anything,  
6 was your involvement with the token-listing  
7 process?

8 A I didn't have any involvement.

9 Q And at what point did that change?

10 A I think it was February 2018.

11 Q And how did that come about?

12 A (b)(6); (b)(7)(C) reached out to me  
13 and indicated that she felt I was being  
14 under-utilized, and wanted to see if I would  
15 be interested in assisting them with their  
16 process.

17 Q And prior to that point, had you  
18 had any other interactions with (b)(6); (b)(7)(C)

19 (b)(6); (b)(7)(C)

20 A No, I think that was the first time  
21 I spoke to her.

22 Q Had you heard about the Coin Team  
23 before?

24 A Not really. I don't think I had  
25 heard it called the Coin Team until Katey

1 approached me, yeah.

2 Q Did you know prior to that point  
3 who was involved in the token-listing  
4 process?

5 A I had an idea, but I didn't know  
6 the extent.

7 Q Who did you --

8 A I thought it was (b)(6); (b)(7)(C)  
9 (b)(6); (b)(7)(C) and I assumed some or all of the  
10 founders of Bittrex.

11 (SEC Exhibit No. 35 was  
12 marked for  
13 identification.)

14 BY (b)(6); (b)(7)(C)

15 Q I'm showing you what has been  
16 marked as Exhibit 35. If you want to take a  
17 moment and review the document, and let me  
18 know when you're done. This document bears  
19 the Bates Number BR\_ESI\_0001461, and the top  
20 e-mail is an e-mail from you to (b)(6);  
(b)(7)(C)

21 (b)(6); (b)(7)(C) Subject line, "Coin  
22 Listing/Delisting Compliance-Trading Video  
23 Recording".

24 Do you recall this Compliance  
25 trading video?

1 A I do not.

2 Q Who's (b)(6); (b)(7)(C)

3 A He's a former employee of Bittrex,  
4 who also worked in support, and I believe  
5 joined Bittrex a short time after I did.

6 Q And in the top e-mail, you say,  
7 "Thanks -- THX -- for the recording guys --  
8 watch today."

9 Does that refer to you having seen  
10 the training videos linked in the e-mail  
11 below?

12 A I -- yeah, that -- I -- that's what  
13 I infer from this e-mail, yeah.

14 Q Do you know why you would be  
15 reviewing a coin listing, delisting  
16 Compliance-training video in October of 2017?

17 A I do not.

18 Q And it was your testimony that  
19 during this period, you did not have any  
20 involvement with the listing or delisting  
21 process at Bittrex?

22 A Yeah, I did not.

23 Q So sitting here today, you don't  
24 recall why you -- why you were asked to  
25 review this at this time?

1           A     No, I don't.

2           Q     Prior to joining the Coin Team in  
3     February of 2018, did you have to take any  
4     training or watch any videos for training  
5     purposes?

6           A     I don't recall.

7           Q     Do you recall whether you -- you --  
8     do you recall one way or another, or you  
9     don't recall taking any training?

10          A     I recall different types of  
11     training, but I don't recall specific videos.

12          Q     You don't recall any specific  
13     training, but do you recall whether you had  
14     training?

15          A     I can recall teleconferences or  
16     meetings where procedures were discussed on  
17     how to address different support tickets.

18          Q     So -- all right. Let's go back  
19     to -- maybe it'll be easier if we just talk  
20     about things chronologically. So you get  
21     this offer from (b)(6); (b)(7)(C) to join the  
22     Coin Team in February 2018. Did you accept  
23     that offer?

24          A     I did.

25          Q     Did your title change at that time?

1           A     It did. I -- I asked -- I believe  
2 I asked (b)(6); what my title was, and she  
3 indicated I can create my title myself. I  
4 think I -- I think I -- I can't recall  
5 what -- what title I used.

6           Q     Did you get any increased  
7 compensation for this new role on the Coin  
8 Team?

9           A     No, not at that point.

10          Q     Who did you report to in this new  
11 role?

12          A     (b)(6); (b)(7)(C)

13          Q     Anyone else?

14          A     No, just (b)(6);

15          Q     Did anyone report to you?

16          A     No.

17          Q     And when you joined the Coin Team  
18 in February of 2018, who else was on the Coin  
19 Team?

20          A     (b)(6); (b)(7)(C) I don't recall if  
21 Rahwa Berhe was a member of the Coin Team at  
22 that time. She may have been, but I don't  
23 think I was aware of her involvement until  
24 later -- later that year.

25          Q     And when you joined the Coin Team,

1 were you still working remotely from Hawaii?

2 A Yes.

3 Q So after you joined the Coin Team,  
4 is it your testimony that you don't recall  
5 any formal training related to that new  
6 position?

7 A That's correct, yeah.

8 Q How did you learn how to do your  
9 new role?

10 A I guess -- I guess I do recall

11 (b)(6);  
(b)(7)(C) providing me with an overview of their  
12 process.

13 Q Okay.

14 A So, I guess, I should say that I  
15 think -- I'm sure there certainly was some  
16 training for me on -- updating me on their --  
17 what their process was and where I could  
18 assist.

19 Q And this was a process for listing  
20 tokens?

21 A It was a process for reviewing  
22 tokens, and collecting information from Token  
23 Teams that could be reviewed and submitted to  
24 outside counsel for additional review.

25 Q And what did she say that the



1 process was?

2 A At that time, it was sort of  
3 keeping up with the intake of -- a Token Team  
4 that wanted to list on the platform would  
5 open up a support ticket that would go into a  
6 specific bucket that was only visible to the  
7 Coin Team.

8 Q Okay.

9 A And we would respond to those  
10 tickets -- I don't know -- with the next  
11 follow on steps, which, you know, would  
12 include requesting and receiving, you know,  
13 required information.

14 Q And what type of required  
15 information?

16 A The Token Team would fill out a web  
17 form with information about their token. And  
18 if we wanted to pursue review of that asset,  
19 we would ask them to provide -- we would  
20 provide them -- we would provide them with a  
21 more extensive document, which was an  
22 application for them to complete. We would  
23 ask them for the full name and e-mail address  
24 of somebody that could sign our mutual  
25 two-way NDA, along with our listing

1 agreement. And the application outlined  
2 additional documents that we would request  
3 that they provide, along with creating  
4 corporate accounts on the platform, which  
5 entailed additional AML, KYC documents.

6 So when I came on, there was a lot  
7 of management and tracking of the projects  
8 that were in the pipeline, and what documents  
9 were outstanding or received from those  
10 different entities.

11 Q And when you say "management and  
12 tracking", you -- that's what you were  
13 involved in?

14 A Correct.

15 Q You said that, you know, a Token  
16 Team would submit some type of form on -- was  
17 it on the website, or was it on Zendesk?

18 A There was a -- there's a specific  
19 link on -- through Zendesk.

20 Q And then, you said if Bittrex was  
21 interested or if the Coin Team was  
22 interested, they would reach out with the  
23 full application?

24 A Correct.

25 Q What would make Bittrex interested

1 in -- and what -- actually, was it the Coin  
2 Team that would review the initial form, and  
3 make the determination, as to whether to  
4 reach out with the application?

5 A Yeah.

6 Q So, you know, what would make a  
7 Coin Team -- what types of things make a Coin  
8 Team -- the Coin Team interested in pursuing  
9 further conversations with a particular token  
10 issuer?

11 A There were several factors that we  
12 would look at. Primarily, we would look  
13 at -- was the information that they provided  
14 us accurate, could we locate and verify the  
15 information online on their website? Did we  
16 know who these people were? You know, were  
17 they anonymous or known accounts. And we  
18 would also look at -- did the token that they  
19 were attempting to list have established  
20 utility, or would it have established utility  
21 at some point prior to us being able to list  
22 the token.

23 And we looked for, you know,  
24 innovative projects, new use cases for  
25 technology, different approaches; and again,

1 the identities of people involved with the  
2 token associated with the project.

3 Q Was trading volume a factor?

4 A It would be a consideration, but  
5 it -- it wasn't always a factor, particularly  
6 if the asset was not trading anywhere.

7 Q Right. If it was trading, how did  
8 trading volume factor into the analysis?

9 A It would -- it would be a factor to  
10 demonstrate some level of interest, but it  
11 was -- there were caveats to that depending  
12 on what platform the asset was trading on,  
13 and the -- you know, sort of the -- how  
14 genuine the volume is.

15 Q So I'm going to ask about the  
16 second piece, but the first piece: Why would  
17 the general interest in the token factor into  
18 the Coin Team's decision?

19 A Well, we serve as a platform to,  
20 you know, provide a place for people to trade  
21 an asset -- or these tokens. So the  
22 interest -- you know, if we know people are  
23 interested in the -- in the asset, that, you  
24 know, shows demand for the token that they're  
25 willing to trade. It's -- it's going to have

1 some level of appeal over, you know,  
2 something that, you know, people are not  
3 interested in trading. There's an expense to  
4 supporting these assets and, you know, we  
5 have to bear in mind, there's capital expense  
6 to recoup.

7 Q And you said part of analyzing  
8 volume was determining whether it was genuine  
9 or not. What do you mean by that?

10 A There were a lot of exchanges where  
11 we would witness what appeared to be wash  
12 trading, which doesn't accurately give us an  
13 indication on how organic the interest and  
14 volume is.

15 Q So if there was a -- if the client  
16 team suspected there was wash trading, that  
17 would indicate that the volume wasn't real  
18 volume, authentic volume?

19 A No, not necessarily. It would just  
20 be one factor. We might see an asset trade  
21 on -- on a platform with volume that looked  
22 to us to be genuine or realistic, while  
23 simultaneously trading on another exchange  
24 with questionable volume. It was just  
25 another factor to consider.

1           Q     What factors would make a coin not  
2 appealing for a listing on Bittrex?

3           A     Let's say if people involved with  
4 the project maybe have other -- well, if --  
5 if a project came to us and -- and it was  
6 made aware to us that there was some sort of  
7 enforcement action against them, or they  
8 weren't willing to -- you know, maybe, they  
9 were anonymous or, you know, entities  
10 involved with the project. You know, had the  
11 various -- like, negative press about their  
12 activities as the being illegal, or --  
13 otherwise, those -- those types of things  
14 would certainly play a factor.

15          Q     Why would it matter if they were  
16 anonymous?

17          A     We generally like to know the  
18 people behind a project, to know as much as  
19 possible who -- who we're dealing with, that  
20 they're not involved in any fraudulent or  
21 scam-type behavior.

22          Q     Did any -- you or anyone on the  
23 Coin Team ever reach out to a particular  
24 token issuer who hadn't submitted an  
25 application?



1           A     Yeah, we -- we -- we would  
2     encounter tokens maybe say at a conference or  
3     through other, you know, people reaching out  
4     through other means to -- that were referred  
5     to us, but we would direct all traffic  
6     through our -- our main point -- our main  
7     intake, which was the application process on  
8     Zendesk.

9           Q     And what would cause the Coin Team  
10    to reach out to a particular issuer who  
11    hadn't applied?

12          A     We might hear from our customers,  
13    like, a heavy demand for us to list an asset  
14    that we were -- or that they were interested  
15    in. We, ourselves, through just trade  
16    publications -- you know, podcasts and other  
17    publicly available information -- may learn  
18    of a project that we found particularly  
19    appealing or interesting, innovative and, you  
20    know, want to reach out to them and see if --  
21    you know, basically, initiate an evaluation  
22    process to see if it's something we could  
23    support.

24          Q     So after someone submitted an  
25    application or, I guess, a form --

1 pre-application, someone on the Coin Team  
2 would decide that this is something they  
3 wanted to pursue potentially, what would  
4 happen next?

5 A So we would follow up with --  
6 again, we had template-type macro responses  
7 to sort of go through this ordered workflow,  
8 to then -- yeah -- respond with an e-mail  
9 with a document attached saying, you know,  
10 here's an application, please fill this out,  
11 provide us a name, e-mail to -- you know,  
12 sign the NDA listing agreement.

13 And then, you know, when we got  
14 that, we would also request e-mail addresses  
15 of people associated with the project that we  
16 could invite into our Slack, to engage with  
17 them to start talking more efficiently and  
18 evaluating the technical aspects of the  
19 token.

20 Q And why did you move over from  
21 e-mail to Slack?

22 A It was just really more efficient  
23 to discuss and talk to Token Teams, but also  
24 for every asset that we list, we really want  
25 to have dedicated private channels set up

1     that correspond to every token, so that we  
2     can work with them on an ongoing basis to  
3     address any issues that may come up that  
4     affect sort of our -- our mutual user base.

5           Q     Were those Slack conversations  
6     preserved or saved anywhere?

7           A     I don't know.

8           Q     What would happen next after you --  
9     after they submitted an application, and you  
10    opened up a Slack channel?

11          A     So a lot of times, we might have  
12    the channel opened up before they give us all  
13    of the documents. So a lot of times,  
14    communication would continue on asking them  
15    to, you know, provide the other items  
16    requested in the application, such as a legal  
17    opinion. And just other technical elements,  
18    like, their token logo -- yeah, basically,  
19    continue to communicate with the team to work  
20    with them to get all of the requisite items,  
21    documentation.

22          Q     What was the legal documentation  
23    that you just mentioned? What was that?

24          A     So we would ask for them to prepare  
25    and provide us a legal opinion prepared by --

1 licensed at -- U.S. counsel that's familiar  
2 with SEC, you know, at -- the SEC laws or  
3 guidance and regulations, and to address  
4 specific case law. So we would ask them to  
5 address the Munchee, REITs, the DOW report,  
6 Howey tests -- provide that to us.

7 Q When did that become a requirement?

8 A That was a requirement when I --  
9 when I started. I don't know when that  
10 started.

11 Q When you started at the Coin Team?

12 A Sorry, when I started with the Coin  
13 Team, that was in place.

14 Q That was in place?

15 A Yeah.

16 Q You just listed a bunch of names --  
17 Munchee, REITs, the DOW -- what's your  
18 understanding of what these are?

19 A I understand them to be cases that  
20 occurred, that raised issues and discussion  
21 around elements to be considered when -- when  
22 considering an asset for a listing, or a  
23 trading on our platform.

24 Q And do you know sort of what the  
25 concerns were, or what the issues were?

1           A     Not at -- not at a -- like, in an  
2 expert level --

3           Q     Of course, the --

4           A     -- or more -- it's similar, yeah.

5           Q     I just wanted your layperson  
6 understanding of what -- what this legal memo  
7 was about.

8           A     I think, ultimately, it was sort of  
9 to address that the token being presented is  
10 not a security, and has utility behind it.

11          Q     Do you recall hearing about the DOW  
12 report --

13          A     Yes.

14          Q     -- when it came out?

15          A     Yes.

16          Q     What do you recall about that?

17          A     I believe that I just remember  
18 hearing about and reading a report that, I  
19 believe, the SEC produced with its findings  
20 around the release of the DOW token on the  
21 Ethereum network. And there were -- I don't  
22 recall any enforcement actions. I just  
23 remember it raised some concerns to be  
24 considered kind of going forward when  
25 evaluating tokens and as -- digital assets.

1           Q     Putting aside any conversations you  
2     had with, you know, any attorneys for Bittrex  
3     or for yourself, do you recall any  
4     conversations with anyone at Bittrex after  
5     the DOW report about policies and procedures  
6     that would have to change at Bittrex in  
7     response to the DOW report?

8           A     No. No.

9           Q     Do you recall if there was any  
10    discussion around, you know, increased  
11    scrutiny of the -- the tokens you were  
12    listing?

13           MR. GEIST: Again, excluding  
14    conversations with lawyers.

15           THE WITNESS: I believe the DOW  
16    report came out in -- correct me if I'm  
17    wrong, I think it came out in summer of 2017.  
18    And I wasn't involved with any discussion  
19    around asset listings or evaluations at that  
20    time. So when I -- when I got involved in  
21    the process, that was just sort of there and  
22    in place. So I don't recall having any -- I  
23    think the first time I ever discussed it  
24    would have been with internal and external  
25    counsel when I was working with the Coin



1 Team.

2 BY (b)(6); (b)(7)(C)

3 Q And the document that I showed you  
4 last, which I believe is Exhibit 35, I know  
5 you don't recall this particular training;  
6 but thinking back to how the DOW report came  
7 out in July of 2017, does it refresh your  
8 recollection that this training had something  
9 to do with the DOW report, or was in response  
10 to the DOW report?

11 A I don't -- I don't -- I don't  
12 recall. I don't -- I don't think so.

13 Q So what would happen next? After  
14 the required documentation was submitted,  
15 what would be your next step in the listing  
16 process?

17 A So we would take all of that  
18 documentation, and forward it to outside  
19 counsel for review.

20 Q All of the documentation or just  
21 the legal memo?

22 A Definitely wouldn't have been the  
23 legal memo. I think I -- I think I was  
24 forwarding -- I don't know that I would  
25 forward our NDA, but I would forward a

1 listing -- a signed listing, bringing in the  
2 legal opinion, application, articles of  
3 incorporation, white paper. Pretty much any  
4 and all documentation that we obtained from  
5 the Token Team, I would try to forward to  
6 outside counsel for review.

7 Q Did you ever have telephone  
8 conversations with any token issuers?

9 A Yes.

10 Q As part of this process?

11 A Yes.

12 Q And in what instances?

13 A A lot of times, we would have  
14 calls. Usually, maybe, like, a Skype call or  
15 a Zoom call to kind of reiterate what our  
16 process is, what items we would be looking  
17 for from them, and also to learn more about  
18 sort of their -- the current status of their  
19 project, and what their future plans and  
20 timelines were for their token. And also, to  
21 give them an opportunity to -- if we had  
22 questions -- you know, answer questions that  
23 we had about the project, and specifically  
24 how a token might be used as described.

25 Q Was that in most cases? Some of

1 the cases?

2 A It -- I would say it was -- it was  
3 generally done the majority of the time,  
4 yeah.

5 Q And who would be having these  
6 conversations with the token issuers?

7 A When it -- when I first -- I mean,  
8 the time period, right?

9 Q When you're on the Coin Team, yep.

10 A Yeah. So when I first started, a  
11 lot of times (b)(6); (b)(7)(C) would get those  
12 calls, and I would be on the call, along with  
13 (b)(6); (b)(7)(C) As things progressed, a lot of  
14 times, I was leading the call and  
15 sometimes -- you know, a lot of times, (b)(6); (b)(7)(C)  
16 may be on the call or others may join; but a  
17 lot of times, I would -- there were times  
18 where, maybe, I was on the call by myself,  
19 just myself.

20 (b)(6); (b)(7)(C) Would counsel  
21 participate in those calls?

22 THE WITNESS: Occasionally, we  
23 might have internal counsel. Occasionally,  
24 you know, after outside counsel got the  
25 documentation and were reviewing it, we might

1 have followup calls, where outside counsel  
2 would attend to ask specific questions, and,  
3 you know, witness what the team had to share.

4 (b)(6); (b)(7)(C) And during the period,  
5 who was outside counsel?

6 THE WITNESS: I'm sorry, I refer to  
7 them as Perkins, but it's Perkins Coie and  
8 O'Melveny & Meyers.

9 (b)(6); (b)(7)(C) They were both acting  
10 as outside counsel at the same time, or  
11 concurrently?

12 MR. GEIST: Isn't that the same?

13 (b)(6); (b)(7)(C) Yeah, sorry. Yeah --

14 (b)(6); (b)(7)(C) Or back to that?

15 (b)(6); (b)(7)(C) Yeah, sorry.

16 THE WITNESS: Both firms were  
17 concurrently serving as outside counsel, but  
18 we would refer Token Teams -- we would send  
19 the documents to one or the other firm  
20 depending on conflict of interest. In other  
21 words, if a Token Team was represented by  
22 Perkins, we would take that documentation and  
23 send it to OMM.

24 (b)(6); (b)(7)(C) And what if there was  
25 no conflict? How did you divert the

1 applications?

2 THE WITNESS: So this goes back to  
3 me kind of tracking the intake on what we  
4 had, and it was just based on workload. So if  
5 we knew that one firm had, you know, five  
6 projects that they were currently evaluating  
7 for us, and the other one had three, I'm  
8 going to send it to the one that's got less  
9 workload.

10 (b)(6); (b)(7)(C) Was there ever an  
11 instance where the firm reviewed the  
12 application, but -- and the firm had also  
13 acted as counsel for the issuer?

14 THE WITNESS: Not that I'm aware  
15 of.

16 BY (b)(6); (b)(7)(C)

17 Q Who all at Bittrex reviewed the  
18 applications that came in?

19 A Anybody on the Coin Team may have  
20 reviewed them at one point, and the internal  
21 counsel may have. And then, we also had a  
22 Coin Committee, and the individuals on that  
23 committee would have access to the  
24 application.

25 Q So the Coin Committee was separate

1 from the Coin Team?

2 A That's correct.

3 Q And what was the difference?

4 A The Coin Committee would get the --  
5 would make final decision to approve or  
6 reject an asset for listing.

7 Q And --

8 (b)(6); (b)(7)(C) Would --

9 (b)(6); (b)(7)(C) Go ahead (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C) Was there ever an  
11 occasion when more than one outside law firm  
12 reviewed the same application?

13 THE WITNESS: Not that I'm aware  
14 of.

15 (b)(6); (b)(7)(C) The calls that you  
16 mentioned, did you take notes during those  
17 calls?

18 THE WITNESS: It -- nothing --  
19 nothing formal. I may have been writing on a  
20 scratch pad. Some of the calls, we recorded,  
21 like, the -- you had the ability to record a  
22 Zoom web session. So in some instances, you  
23 know, we were recording those sessions, and  
24 would provide those recordings to outside  
25 counsel, along with the other documentation



1 to review.

2 (b)(6); (b)(7)(C) How did you determine  
3 whether to record a call or not?

4 THE WITNESS: When we -- if -- if  
5 we had -- well, it -- it started to just be a  
6 matter of process that we were doing that,  
7 but also, particularly, if we had a lot of  
8 questions around how to actually utilize the  
9 token with, maybe, an application that they  
10 were developing, we wanted to see -- we sort  
11 of wanted to see that in play, demonstrated  
12 for us.

13 (b)(6); (b)(7)(C) When you say being "a  
14 matter of process", do you mean there was a  
15 policy instituted at some point?

16 THE WITNESS: It wasn't a policy.  
17 It just became -- I think it was something  
18 that maybe I initiated myself. As I -- as I  
19 said, a lot of times, I was on these calls by  
20 myself. A lot of times, that may have just  
21 been scheduling conflicts because of  
22 time-zone differences. So I would want to  
23 record it so that I could share it with the  
24 rest of the Coin Team who might, you know,  
25 want to review it during normal work hours.

1 (b)(6); (b)(7)(C) So was it your

2 practice at some point in time to record  
3 every call with teams -- Token Teams?

4 THE WITNESS: Yeah, if we -- it  
5 wasn't -- I don't know that it was ever  
6 formally a decision that was made. It --  
7 like I say, it was just something that I just  
8 started doing routinely.

9 (b)(6); (b)(7)(C) No, I understand it  
10 wasn't something that the company told you to  
11 do, but was it your practice at some time to  
12 always do a recording?

13 THE WITNESS: I think it was a --  
14 yeah, I -- I don't know. At some point in  
15 time, I probably started doing it, like I  
16 say, routinely. If I was on the call by  
17 myself, or if the token use case was  
18 particularly complex, I would want to do that  
19 just as additional documentation to share  
20 with outside counsel, to get, you know, their  
21 input and thoughts -- thoughts on.

22 (b)(6); (b)(7)(C) Did you save the  
23 recording anywhere?

24 THE WITNESS: They may have been  
25 saved on our -- we had a SharePoint where

1 we're holding a lot of these documents, so  
2 those may have been saved there. I don't --  
3 I don't know -- and like I say, sometimes  
4 they we're -- if they were small enough, we  
5 would share them with outside counsel that  
6 time.

7 (b)(6); (b)(7)(C) Who would -- who would  
8 send the invitations for the calls?

9 THE WITNESS: Who would send the  
10 invitation? A lot of times, it was me.

11 (b)(6); (b)(7)(C) Did you, you know,  
12 send, like, a Webex invitation?

13 THE WITNESS: Oh, yeah, like, a  
14 Zoom invite; or like I say, we used -- early  
15 on in the process, when I was involved, we  
16 used Skype. And then at some point, we  
17 switched over to using Zoom.

18 (b)(6); (b)(7)(C) So there would be a  
19 record of these calls?

20 THE WITNESS: An e-mail, yeah,  
21 there should be. Sometimes invitations were  
22 sent via Slack, as well. We could send them  
23 in there.

24 (b)(6); (b)(7)(C) Generally, how -- at  
25 what point would outside counsel get involved

1 in these phone calls?

2 THE WITNESS: After they'd already  
3 done an initial sort of pass over or review  
4 of the documents I provided, they may have  
5 reached out to me.

6 MR. GEIST: Careful in revealing  
7 what counsel may have said to you.

8 (b)(6); (b)(7)(C) Yeah, I'm not seeking  
9 advice. I'm just asking: At what point, did  
10 you contact them?

11 MR. GEIST: I just want to make  
12 sure the witness understands the parameters.

13 (b)(6); (b)(7)(C) Okay.

14 THE WITNESS: At what point did I  
15 contact counsel?

16 (b)(6); (b)(7)(C) At what point did  
17 counsel get involved in these phone calls? It  
18 sounds like right after they received the  
19 package of information, they got involved;  
20 but tell me if that's not correct.

21 THE WITNESS: We had -- we had  
22 standing -- I think this is okay to share. We  
23 had standing-weekly calls with outside  
24 counsel to review everything that was sort of  
25 in queue with them, and current status and

1 discuss.

2 (b)(6); (b)(7)(C) I don't want you to  
3 tell me what you discussed with counsel. I'm  
4 just curious about these calls --

5 THE WITNESS: Right.

6 (b)(6); (b)(7)(C) -- that involved third  
7 parties.

8 THE WITNESS: Right.

9 (b)(6); (b)(7)(C) It should -- if you  
10 had Token Teams and things like that.

11 THE WITNESS: They -- they would  
12 reach out to me, maybe, through e-mail or on  
13 a phone call and indicate that they wished  
14 to --

15 MR. MARTIN: Who reached -- who  
16 reached out to you?

17 THE WITNESS: Outside counsel.

18 MR. MARTIN: Okay.

19 (b)(6); (b)(7)(C) So --

20 (b)(6); (b)(7)(C)

21 THE WITNESS: Yes.

22 (b)(6); (b)(7)(C) you  
23 mentioned taking some notes during these call  
24 with the issuers. What medium did you use to  
25 take those notes?

1 THE WITNESS: Just, like, scratch  
2 pad and pen.

3 (b)(6); (b)(7)(C) Do you still have that  
4 scratch pad?

5 THE WITNESS: No.

6 (b)(6); (b)(7)(C) What happened to it?

7 THE WITNESS: It ended up in, like,  
8 shredded documents.

9 (b)(6); (b)(7)(C) So do you have any  
10 notebooks or legal pads -- anything like  
11 that -- that would still have notes from  
12 these calls?

13 THE WITNESS: No, I do not.

14 (b)(6); (b)(7)(C) Thank you.

15 MR. GEIST: I just want to make  
16 sure that we all understand.

17 Approximately, what percentage of  
18 the calls that you had with Token Teams did  
19 outside counsel participate?

20 THE WITNESS: It was a small --  
21 small percent. You know, less than ten  
22 percent.

23 BY (b)(6); (b)(7)(C)

24 Q So we were discussing the Token  
25 Committee.



1 A Yes.

2 (b)(6); (b)(7)(C) I have a question.

3 So it was less than ten percent.

4 Why was that? Were certain applications  
5 escalated to outside counsel? What was the  
6 reason? Why was it such a small percentage?

7 THE WITNESS: More often than not,  
8 they -- they had enough information provided  
9 to them, or if -- if -- if they -- if they  
10 weren't involved in the call, but there were  
11 outstanding questions or concerns, I would  
12 take that information and discuss it directly  
13 with the Coin Team, ask for that additional  
14 information and pass it back to outside  
15 counsel.

16 (b)(6); (b)(7)(C) Okay. But in what  
17 instances would you have counsel participate  
18 in the call?

19 THE WITNESS: If they still had  
20 additional questions and requested to be  
21 included in the -- in the call.

22 (b)(6); (b)(7)(C) Any other reason  
23 outside counsel would be a participant?

24 THE WITNESS: No, not that I  
25 recall.

1 BY (b)(6); (b)(7)(C)

2 Q Who was on the Token Review  
3 Committee?

4 A So I was -- I'm going to assume  
5 you're talking about the coin -- what we  
6 called the Coin Committee?

7 Q Oh, you call it the Coin Committee?

8 A Yeah.

9 Q Okay.

10 A So that would be the (b)(6); (b)(7)(C)  
11 (b)(6); (b)(7)(C) and our  
12 inside counsel, (b)(6); (b)(7)(C)

13 Q And was there an overlap between  
14 who was on the Coin Committee, and who was on  
15 the Coin Team?

16 A That's correct.

17 Q And who were -- who were the  
18 overlaps?

19 A So (b)(6); (b)(7)(C) led the Coin  
20 Team, and (b)(6); (b)(7)(C) was also involved in the  
21 Coin Team.

22 Q And what was the purpose of the  
23 Coin Committee?

24 A So once outside counsel completed  
25 their final review, and we would -- I would

1 basically consolidate all information, and it  
2 would be put to the Coin Committee to approve  
3 or reject the token for listing on the  
4 platform. So it was an opportunity for them  
5 to, you know, approve or reject or, you know,  
6 have additional discussion.

7 Q And what material were they  
8 provided with in order to make that decision?

9 A There was a sort of a -- a review  
10 checklist to indicate the items that were  
11 collected from a Token Team, along with the  
12 application they completed, along with the  
13 final review form that was prepared and  
14 completed by outside counsel.

15 Q And what was the mechanism for this  
16 discussion? Was this done over e-mail? Was  
17 it done in a meeting?

18 A I would send it through e-mail, and  
19 I would typically set it up, such that the  
20 recipients could approve or reject, using  
21 voting buttons in Outlook; and then the  
22 responses, you know, would come back to me.  
23 I think Katey Harrison was included on that  
24 for some period of time; eventually, it was  
25 just coming back to me. And then, I would

1 typically go back and record the responses on  
2 the checklist.

3 Q And did it have to be unanimous, or  
4 did majority rule?

5 A I'm actually not sure. I will say  
6 we didn't list anything that didn't have  
7 unanimous approval.

8 (b)(6); (b)(7)(C) Going back to the  
9 calls with counsel. You said counsel would  
10 participate if sometimes asked to  
11 participate, correct?

12 THE WITNESS: That's correct.

13 (b)(6); (b)(7)(C) Why would they ask to  
14 participate?

15 MR. GEIST: Isn't that getting  
16 into, first of all, what other people thought  
17 and also what the attorney, clients would  
18 communicate with each other?

19 Why would outside counsel ask to  
20 participate, that's what you're asking him?

21 (b)(6); (b)(7)(C) I'm not asking for any  
22 legal advice that counsel provided to the  
23 client. I'm just asking the purpose of --  
24 for the request.

25 MR. GEIST: You're asking -- I

1 thought the question to him was: Why would  
2 outside counsel ask? And so that question is  
3 probably better -- that question is probably  
4 better directed to outside counsel. Why  
5 would somebody else do something? And his  
6 only basis for knowing that would be based on  
7 a conversation with counsel. If I -- it's  
8 like me asking (b)(6); (b)(7)(C) -

9 (b)(6); (b)(7)(C) I understand.

10 MR. GEIST: It's like me asking  
11 (b)(6); (b)(7)(C) Why did you ask that question?

12 BY (b)(6); (b)(7)(C)

13 Q Well, what's your understanding of  
14 when they would join the calls?

15 MR. MARTIN: To the extent you can  
16 answer that without revealing what counsel  
17 communicated to you.

18 THE WITNESS: They had additional  
19 questions for the Token Team that I could not  
20 answer for them.

21 BY (b)(6); (b)(7)(C)

22 Q And would these calls that you were  
23 having with token issuers, would they happen  
24 after you've already gotten the full package  
25 and submitted that to counsel?

1 A No, not necessarily.

2 Q So -- okay.

3 A Sorry, I may --

4 Q Yeah.

5 A Did I miss it? Did you say --

6 Q I think what -- no.

7 A -- the ones with counsel?

8 Q Yeah, I think what we're all trying

9 to figure out is if you sort of -- we

10 understand that you gave -- you know,

11 information would come in, the application

12 would come, and the documentation would come

13 in.

14 A Right.

15 Q At some point in the process, you

16 forward that to outside counsel?

17 A Correct.

18 Q At some point in the process,

19 you're having calls with token issuers; and

20 on some of those calls, counsel are on those

21 calls?

22 A Correct.

23 Q So I'm trying to understand, you

24 know, at what point in -- you know, when

25 counsel is on those calls, do they have the



1 application materials or do they not?

2 A They do.

3 Q They do?

4 A Yeah.

5 (b)(6); (b)(7)(C) Did outside counsel  
6 decide which calls to participate in, or did  
7 you decide that?

8 THE WITNESS: I don't recall. There  
9 could --

10 (b)(6); (b)(7)(C) Did you always send an  
11 invitation to outside counsel?

12 THE WITNESS: I did not.

13 (b)(6); (b)(7)(C) How did they know the  
14 calls were happening?

15 THE WITNESS: I don't know if I  
16 need -- can I answer this, or --

17 MR. MARTIN: Do you want to talk  
18 with us?

19 THE WITNESS: Can I -- yeah, can we  
20 break.

21 (b)(6); (b)(7)(C) We're off the record  
22 at 2:20 p.m.

23 (A brief recess was taken.)

24 (b)(6); (b)(7)(C) We're back on the  
25 record at 2:27 p.m.

1 (b)(6); (b)(7)(C) during the break, did  
2 you have any conversations with Commission  
3 staff on -- of substance about this  
4 investigation?

5 THE WITNESS: No.

6 BY (b)(6); (b)(7)(C)

7 Q Did you want to clarify any of your  
8 previous answers?

9 A Well, I'll restate what I said  
10 earlier, which is: There were times when  
11 outside counsel had additional questions for  
12 a Token Team, it was particularly complex  
13 that I could not answer myself. And out of  
14 the need for efficiency, I would schedule a  
15 call to include both outside counsel and a  
16 Token Team representative to discuss those  
17 items.

18 Q Do you know if there were ever  
19 instances where outside counsel would reach  
20 out -- have a conversation with a Token Team  
21 directly without anyone from Bittrex on the  
22 call?

23 A Yeah, I don't -- I don't know. I  
24 don't know.

25 Q So we were talking about the

1 token -- sorry, the Coin Committee. What  
2 was -- you said the process by which they  
3 would approve or disapprove of a token  
4 listing was through Outlook voting?

5 A Outlook voting, or manual responses  
6 to the e-mail.

7 Q Were token listings ever rejected?

8 MR. GEIST: By the committee, or by  
9 the team?

10 (b)(6); (b)(7)(C) By the committee,  
11 sorry.

12 THE WITNESS: By the committee, I  
13 don't -- I don't recall any, yeah.

14 BY (b)(6); (b)(7)(C)

15 Q Were the tokens that were being put  
16 forth to the committee for a vote, was it the  
17 case that those token had the -- strike that.

18 Was it the case that the Coin Team  
19 was recommending those tokens to be listed,  
20 or was it sort of a neutral submission?

21 A I would -- I would categorize it as  
22 neutral.

23 Q Was it the job of the Coin Team  
24 to -- that -- applications, and sort of  
25 select the ones that you wanted to present to

1 the committee?

2 A Sorry, can you say that again?

3 Q Sure. I guess, what I'm trying to  
4 find out is, you know, was it a funneling  
5 process, or did you take every single token  
6 that was under consideration and send it up  
7 to the committee?

8 A I -- I would say that given the  
9 process and all of the steps and review  
10 involved, that by the time a token got to the  
11 point where it could be sent to committee to  
12 review, we had a fairly-high degree of  
13 confidence that the Coin Committee would  
14 approve that token.

15 Q Got it. I am showing you a  
16 document that's been pre-marked as Exhibit 9,  
17 and it bears the Bates Number BR\_ESI\_0012527.  
18 And the document is titled, "New Coin Listing  
19 Checklist", and it's for the coin Hydrogen.  
20 It says the reviewer is (b)(6); (b)(7)(C) is that  
21 you?

22 A Yes.

23 Q Do you recall creating this  
24 document?

25 A Yes.

1 Q What is the New Coin Listing  
2 Checklist?

3 A This is the document that I would  
4 provide to the Coin Committee for final  
5 approval for listing a token.

6 Q Did you do this with -- did you  
7 create this document for every token that you  
8 presented to the Token Committee -- Coin  
9 Committee, apologies?

10 A Yes. Some version of this  
11 document, yes.

12 Q I just want to ask you about a  
13 couple of the -- a couple of the columns  
14 here -- or rows here, apologies. Number 1,  
15 it says, "Token has utility". What did that  
16 mean?

17 A I basically inferred that at the  
18 time of listing, the token could be utilized  
19 for a good or service.

20 Q And who made that determination?

21 A It was conferred to us by outside  
22 counsel.

23 Q Did the -- did the Coin Team make  
24 any independent evaluation of a particular  
25 token's utility?

1           A     I mean, we would -- we would  
2     evaluate it ourselves prior to submitting to  
3     outside counsel, but we never, like,  
4     unilaterally made that decision ourselves.

5           Q     So if this was checked -- it's  
6     checkmarked yes here, that's an indication  
7     that outside counsel has reviewed it and  
8     found there to be utility?

9           MR. MARTIN: Careful. You don't  
10    want to ask him what counsel told him, you  
11    know, in terms of determination.

12           (b)(6); (b)(7)(C)     Sure, but --

13           MR. MARTIN: The first part was  
14    fine, in terms of whether counsel had  
15    reviewed it.

16           THE WITNESS: Yeah.

17           MR. MARTIN: But it's the second  
18    part of your question that's the problem.

19           (b)(6); (b)(7)(C)     Yeah.

20           BY (b)(6); (b)(7)(C)

21           Q     Well, you -- you filled out this  
22    document, correct?

23           A     That's correct.

24           Q     And you -- so you checked yes on  
25    token has utility?



1 A Correct.

2 Q And you are testifying that you or  
3 anyone on the Coin Team did not make an  
4 independent evaluation of utility --

5 A That's correct.

6 Q -- is that correct?

7 So then, the only person that  
8 made -- or the only type of person that made  
9 an evaluation of a token's utility was  
10 outside counsel? I'm trying to understand --

11 A Yeah.

12 Q -- to understand what this  
13 reflects.

14 This document has a checkmark, you  
15 put it in there. What does it mean?

16 A I -- I would view it more as a  
17 combination of this, as one of the Coin Team  
18 and outside counsel, and it also -- it  
19 indicates to me that we have gotten a review  
20 form from outside counsel, which --

21 Q And was that something that was  
22 also submitted with -- with the checklist?

23 A Yes.

24 Q Turning your attention to the  
25 heading. "Community". And it says, "Social

1 media sweep".

2 What does that mean?

3 A We would do an assessment of all  
4 the social-media channels associated with the  
5 Token Team to include, but not limited to,  
6 you know, Twitter, their website, their white  
7 paper, any blog posts. Basically, anything  
8 that's sort of public facing, and look at  
9 what was conveyed or written about the  
10 project.

11 Q And it says here under "Comments",  
12 "Problematic re-Tweets, likes, and Tweets  
13 removed". What does that mean?

14 A Any time we saw, you know, postings  
15 or Tweets about forecasting, price  
16 performance, or market cap or even -- you  
17 know, maybe emojis that suggest price  
18 increases, we would have concerns about  
19 those, additional to -- so "likes" would be  
20 their social media account liking those types  
21 of Tweets. That's what that refers to.

22 Q And why were those problematic?

23 A We just -- again, I'm not a lawyer,  
24 but my understanding is, you know, anything  
25 that forecasts or -- we were concerned about

1 any price manipulation, or anything that  
2 could, you know, push the price in one  
3 direction or another based on what a -- you  
4 know, a team member was saying to -- to  
5 influence price. We wanted to keep the  
6 market as -- you know, as fair as possible.

7 Q Who conducted the social media  
8 sweep?

9 MR. MARTIN: Are you asking in this  
10 particular instance, or generally?

11 (b)(6); (b)(7)(C) Generally.

12 (b)(6); (b)(7)(C) Before then, you said  
13 you were concerned about the price  
14 manipulation based on statements by the Token  
15 Team. Any other concerns with those sort of  
16 statements?

17 THE WITNESS: I mean, just -- we  
18 didn't want any misrepresentation about the  
19 token, its use case, and the intent of the  
20 token.

21 (b)(6); (b)(7)(C) Anything else?

22 THE WITNESS: I mean, there's --

23 (b)(6); (b)(7)(C) Was there ever a  
24 concern that these statements were  
25 problematic under Howey, or a Securities laws

1 analysis?

2 THE WITNESS: Possibly. So if --  
3 like, for example, I'm not attaching this to  
4 this particular project, but if a project,  
5 you know, was promising a guaranteed percent  
6 return of some sort -- or dividend payment,  
7 that would be a concern that I would -- my  
8 understanding of securities is that would  
9 fall under something that acts more like a  
10 security.

11 (b)(6); (b)(7)(C) So sometimes, you  
12 would flag statements that were -- that  
13 concerned you, that they could be problematic  
14 under Howey?

15 THE WITNESS: I -- I -- again, I  
16 don't know the specific case law, but we  
17 would have concern if they were making  
18 statements that are more attributed to a  
19 security instrument, than a digital token.

20 (b)(6); (b)(7)(C) And when you say  
21 "removed", what do you mean by "removed"?

22 THE WITNESS: So, for instance, if  
23 it was a Tweet, they, you know, deleted that  
24 Tweet from their official account timeline,  
25 so it was no longer, like, visible or out

1 there in the public.

2 (b)(6); (b)(7)(C) What if the statement  
3 was somewhere else?

4 THE WITNESS: We would --

5 MR. GEIST: Can you give him  
6 something more specific, other than somewhere  
7 else.

8 (b)(6); (b)(7)(C) Well, where were the  
9 statements? Why don't you tell me that.

10 THE WITNESS: Anywhere we saw the  
11 statements were public, that concerned us, we  
12 would ask to have those addressed.

13 (b)(6); (b)(7)(C) Where --

14 (b)(6); (b)(7)(C) Who would -- I'm  
15 sorry, go ahead.

16 (b)(6); (b)(7)(C) Where would those  
17 statements be?

18 THE WITNESS: Again, any --  
19 anywhere that we could access publicly, or  
20 anywhere we were aware of it. So it could be  
21 website, white papers, blog posts. It could  
22 be in interviews, if they had, you know, with  
23 media.

24 (b)(6); (b)(7)(C) If the statement  
25 appeared in the white paper, how would they

1 remove that statement?

2 THE WITNESS: They would edit the  
3 white paper, or maybe clarify a statement in  
4 the white paper.

5 (b)(6); (b)(7)(C) How would they clarify  
6 a statement in a white paper that had been  
7 previously circulated.

8 THE WITNESS: Well, they would  
9 republish it. A lot of times, these white  
10 papers are available via link on their  
11 project website. So they would -- they would  
12 update both the paper with the new version.

13 (b)(6); (b)(7)(C) Would they notify --  
14 make a notification on the website that we  
15 have a new white paper, or would they just --

16 THE WITNESS: Usually we --  
17 (b)(6); (b)(7)(C) -- update with a new  
18 version?

19 THE WITNESS: I -- I don't know,  
20 but, generally, I would see there would be  
21 version numbering for the white papers.

22 (b)(6); (b)(7)(C) And aside from just  
23 removing the Tweet, would they do anything  
24 else?

25 THE WITNESS: It -- it varied. You



1 know, they may make a statement, as well,  
2 or -- again, to clarify something previously  
3 said in a blog post, but there was no --  
4 there was no common course of action that  
5 they would take.

6 BY (b)(6); (b)(7)(C)

7 Q To take the example that you gave  
8 us a couple of minutes ago, you said  
9 potentially a problematic statement vis a vis  
10 the Securities laws would be, if they were  
11 promising a guaranteed return. So in that  
12 instance, you or someone from the Coin Team  
13 would ask them to remove that statement from  
14 their --

15 A Correct. A lot of times, we would  
16 send them either links to or copy the exact  
17 text in a communication to them, and express  
18 that it was an issue we were concerned about  
19 that they should address.

20 Q And did you ask them to -- did you  
21 ask them specifically to remove the  
22 statement?

23 A No. I would ask them to review and  
24 modify, clarify or remove.

25 Q And in this particular example that

1 we're using, did you ever ask them to  
2 simultaneously modify their business model,  
3 so that they were no longer offering that  
4 guaranteed return?

5 MR. GEIST: Is that -- is this a  
6 real instance, or is this a hypothetical  
7 instance? Do you remember that?

8 THE WITNESS: I can remember -- and  
9 again, I don't remember which project or if  
10 it's a project we ever listed, but I can  
11 remember a discussion with the Token Team,  
12 and expressing to them that we cannot pursue  
13 further review of your project with this  
14 feature in place.

15 BY (b)(6); (b)(7)(C)

16 Q Was it the feature itself, or was  
17 it the statement?

18 A It may have been a feature of the  
19 token -- like, a key feature of their project  
20 that they were adamant about keeping in  
21 place.

22 (b)(6); (b)(7)(C) How did you convey  
23 that to the team?

24 THE WITNESS: E-mail or verbally.

25 (b)(6); (b)(7)(C) Did you ever document

1 that in writing?

2 THE WITNESS: If it was an e-mail.  
3 If it was a verbal call, I don't think I  
4 documented those -- well, it's possible,  
5 so -- so in Zendesk, again, we had an intake  
6 for applications coming in. If we rejected a  
7 coin from further review, we might put -- and  
8 we had the ability to put internal comments  
9 within the context of that workflow. So we  
10 might put commentary on that particular  
11 project, such that if the project returned  
12 later, you know, we could see sort of our  
13 history with that project, and it kind of be  
14 a point of review for us to go back and look  
15 at.

16 (b)(6); (b)(7)(C) You used the term  
17 "feature". Would potential price  
18 appreciation be considered a feature?

19 THE WITNESS: No, I'm talking about  
20 a -- I'm talking more about, like, a  
21 technical feature. I don't have an example  
22 off the top of my head, sorry.

23 (b)(6); (b)(7)(C) Could it include the  
24 payment of dividends?

25 THE WITNESS: Yeah, that might

1 be -- and classifying them as dividends, you  
2 know, that might be an example, yeah.

3 (b)(6); (b)(7)(C) Do you recall any  
4 instances where token paid dividends, and you  
5 identified it as a problematic feature?

6 THE WITNESS: I -- I believe so,  
7 but I can't -- like, when I -- I can't recall  
8 specific token or -- you know, I don't know  
9 that it's one we listed. I seem to recall  
10 seeing tokens that have applied for listing  
11 that may have had features like that.

12 (b)(6); (b)(7)(C) Did you ever -- did  
13 Bittrex ever list a token that had a  
14 dividend?

15 THE WITNESS: Not that I'm aware  
16 of.

17 (b)(6); (b)(7)(C) Did Bittrex ever list  
18 a token that originally had a dividend, but  
19 was removed before it was listed?

20 THE WITNESS: Oh, you mean removed  
21 from the process?

22 (b)(6); (b)(7)(C) No, removed the -- the  
23 dividend feature was removed.

24 THE WITNESS: Oh, I see what you're  
25 saying. I don't recall.

1 (b)(6); (b)(7)(C) And those  
2 communications that you had with issuers,  
3 telling them about these problematic  
4 statements, did those happen on Slack?

5 THE WITNESS: They would happen on  
6 Slack and e-mail.

7 BY (b)(6); (b)(7)(C)

8 Q Going back to the example we were  
9 talking about with the problematic statement  
10 of a guaranteed return. I believe -- I'll  
11 summarize and you tell me if I'm summarizing  
12 correctly. I believe you testified that you  
13 would go back to the issuer -- the token  
14 issuer and say, We find this to be  
15 problematic, like, review, modify, delete;  
16 that kind of thing. If they did that, was  
17 that sufficient?

18 A It was sufficient for just in that  
19 specific concern raised, but there may be --  
20 you know, it still would need to be reviewed  
21 as a whole.

22 (b)(6); (b)(7)(C) How did the removal  
23 satisfy or remove the concern under -- the  
24 possible Howey concern? How does the -- just  
25 removing a statement do away with the

1 concerns that Bittrex had?

2 THE WITNESS: Okay. You mentioned  
3 Howey. I don't know that it was necessarily  
4 a Howey concern in all of these cases?

5 (b)(6); (b)(7)(C) In the instance where  
6 there was a concern under Howey?

7 THE WITNESS: Again, it wasn't  
8 really my job to make that determination. It  
9 was more -- you know, we're -- we're  
10 addressing these items that we identified to  
11 the team. Once it didn't -- I guess what I  
12 mean to say is: We had hit the stopping  
13 block, these items need to be addressed  
14 before we can continue. Once we verified  
15 they were addressed, usually through removal,  
16 we would then circle back and continue on  
17 with the review and -- and work with outside  
18 counsel to see, you know, what -- what was  
19 feasible with our understanding of what we  
20 could support.

21 (b)(6); (b)(7)(C) Who determined to  
22 instruct Token Teams to remove statements?

23 MR. GEIST: That's not his  
24 testimony.

25 (b)(6); (b)(7)(C) I just -- I'm asking a



1 question. I'm just saying: Who made that  
2 determination that this is what we're going  
3 to do?

4 MR. GEIST: You mischaracterized  
5 his testimony in asking that question. He  
6 described for you -- and, in fact, you can  
7 have -- ask him again -- what the  
8 communication back to the Token Team was, so  
9 it's not as you described in your question.

10 (b)(6); (b)(7)(C) When did this practice  
11 begin at Bittrex? And I'm talking about the  
12 practice of telling Token Teams to remove  
13 problematic statements.

14 MR. GEIST: That's not -- that's  
15 the same issue.

16 (b)(6); (b)(7)(C) What's the issue?

17 MR. GEIST: His testimony is not  
18 that we instructed the Token Teams to remove  
19 problematic statements.

20 (b)(6); (b)(7)(C) I'm pretty sure  
21 that --

22 BY (b)(6); (b)(7)(C)

23 Q Well, did the coin -- anyone from  
24 the Coin Team ever tell the token issuer to  
25 remove or modify --

1 MR. GEIST: Well, they did. There's  
2 the difference.

3 (b)(6); (b)(7)(C) Well, remove is --  
4 was one of the options.

5 MR. GEIST: Correct, but the  
6 question asked was: Who made that decision  
7 that that's what we're going to do? And his  
8 testimony was review -- or remove, modify or  
9 edit.

10 (b)(6); (b)(7)(C) Okay.

11 MR. GEIST: So with that -- with  
12 that amendment, you're free to ask the  
13 question.

14 (b)(6); (b)(7)(C) Who directed you --  
15 who made the decision to -- and tell Token  
16 Teams to remove, modify or --

17 MR. MARTIN: Clarify.

18 (b)(6); (b)(7)(C) -- clarify or edit?

19 THE WITNESS: I think it was a  
20 general practice that I was aware of when I  
21 joined the Coin Team, that they were already  
22 watching out for. And I think over time  
23 through experience, I would recognize  
24 statements I knew to be something that a team  
25 might want to, like, reconsider or address in

1 some fashion. If -- if I had questions or,  
2 you know, other concerns, I would discuss  
3 with -- you know, I would raise the issue for  
4 additional discussion internally.

5 (b)(6); (b)(7)(C) So the practice you --  
6 your understanding was they were doing this  
7 before you started in this role?

8 THE WITNESS: Yes. When you say  
9 "they" --

10 (b)(6); (b)(7)(C) People in --

11 THE WITNESS: People involved in  
12 the process, yeah.

13 BY (b)(6); (b)(7)(C)

14 Q Who told you about doing --  
15 obviously, you started in this role, and you  
16 testified that you don't recall any formal  
17 training on this new role; but how did you  
18 come to know that this was part of something  
19 that you should be doing within this role?

20 A Yeah, let me -- let me clarify.  
21 Like, during this process, I'm realizing  
22 there was training. In my mind, I'm thinking  
23 formal training, as I've had in the past,  
24 where, you know, we set aside a day, and we  
25 have this formal -- like, there was training

1 through just in-person discussion, phone  
2 calls, meetings; that sort of a thing. So it  
3 was conveyed to me by discussion, you know,  
4 with -- with (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C)  
5 initially.

6 Q And so are (b)(6); (b)(7)(C) and  
7 (b)(6); (b)(7)(C) the ones that told you to do the  
8 social media sweep?

9 A Probably, yeah.

10 Q And are they the ones that told you  
11 to look for potentially-problematic  
12 statements?

13 A I think so.

14 Q Did they tell you, or describe for  
15 you what potentially-problematic statements  
16 would be?

17 A Yeah, I'm sure they gave examples  
18 or showed previous examples from other tokens  
19 that they had assessed, and talked about, you  
20 know, things that they had flagged in the  
21 past, you know, just as an example.

22 Q Other than conversations with (b)(6); (b)(7)(C)  
23 and (b)(6); (b)(7)(C) did you have any other basis for  
24 learning or determining what would be a  
25 problematic statement? Leaving aside any

1 privileged communications with counsel.

2 A Yeah, outside of privilege  
3 communication, I can't think of any directly,  
4 yeah.

5 Q Do you remember what the  
6 problematic re-Tweets, likes, and Tweets were  
7 in the case of Hydro?

8 A I cannot.

9 Q If your name was on the --  
10 actually, strike that.

11 Did anyone, other than you, prepare  
12 these checklists?

13 A I think these were prepared before  
14 I got involved --

15 Q Okay.

16 A -- with the project.

17 Q Before you got involved in the Coin  
18 Team?

19 A Sorry, before -- yeah, the Coin  
20 Team.

21 Q Okay.

22 A So, for instance, (b)(6); (b)(7)(C) may have  
23 prepared some of these prior to my  
24 involvement. Later, in early -- late or  
25 maybe, like, late first quarter of 2019,

1     there were additional Coin Team staff that  
2     may have been involved in producing some  
3     documents -- or producing -- filling these  
4     out.

5           Q     Do you still fill these out  
6     currently?

7           A     Yes. Yes, it's -- sorry, let me --  
8     let me -- let me think. They've been --  
9     they've been filled out, you know, certainly  
10    within -- you know, within the last -- within  
11    the last year, 2019. Formatting may have  
12    changed, so, like -- but, I mean, they're --  
13    but there's some sort of checklist that's  
14    done.

15          Q     Turning your attention to Number 3  
16    here, "Backdoor Code Review". The comment  
17    says, "(b)(6); (b)(7)(C) please review smart contract".

18                  What were you asking -- what was --  
19    was this part of the process, "(b)(6); (b)(7)(C)"  
20    reviewing the smart contract?

21          A     Yes, "(b)(6); (b)(7)(C)" has -- is pretty --  
22    you know, has a developer background and  
23    strong technical skills. So essentially,  
24    what I'm asking for him there to assess is to  
25    look at the smart contract code that this



1 project is utilizing to make sure that  
2 there's not an issue with it that could  
3 create a loss of funds, or other problems for  
4 the token.

5 Q It looks like here, he hadn't done  
6 it yet. So was it not something that had to  
7 be done -- was it not something that was  
8 routinely done prior to voting on the  
9 project?

10 A Not -- he -- he would typically --  
11 as I recall, he would typically look at that  
12 prior to his vote -- prior to voting on it.

13 Q If you go down to Compliance Number  
14 3, it's "Reputable legal counsel". It's  
15 checkmarked yes, and the comment says,  
16 "Initial memo drafts were lacking severely,  
17 but last revision addressed all items  
18 sufficiently".

19 Was that -- was that your -- your  
20 view or your observation here?

21 A That was my observation.

22 Q And how did you determine whether  
23 the memos were lacking severely?

24 A Generally, I could not, but I knew  
25 what elements a memo needed to contain based

1 on what we were putting in our application.  
2 So I could at least assess if a project was  
3 speaking on the different case law we  
4 requested. I couldn't make a claim as -- the  
5 assessment was valid, but when a team  
6 submitted a document without addressing any  
7 of the case law, I could recognize that. I  
8 think that was the case here.

9 Q And so if that happened, you --  
10 would you send it back to the Coin Team --  
11 sorry, to the Token Team?

12 A To the Token Team. Yeah, it's  
13 confusing. I would -- yeah, I would notify  
14 them that their legal opinion was not  
15 sufficient.

16 Q And this process, this was prior to  
17 you submitting all of the application  
18 materials to counsel?

19 A Correct.

20 Q What about the social media sweep  
21 and the problematic-statement conversations  
22 that you would have with the token issuers?  
23 Was that before or after the application  
24 package had been sent to counsel?

25 A Sometimes before and after. I

1 would notify them as soon as I became aware  
2 of them, whether that was -- whatever time  
3 that was in the process, yeah.

4 Q You would -- you would notify the  
5 token issuer --

6 A Correct.

7 Q -- whenever you said that?

8 A Right.

9 Q Okay. And would it sometimes be  
10 the case that those issues would be addressed  
11 prior to the documents being forwarded to  
12 counsel?

13 A Yes, the ones that -- that I was  
14 aware of at that time, I would try to get  
15 them addressed upfront.

16 MR. MARTIN: It's been like an hour  
17 and-a-half since we came back from lunch. I  
18 know we took a short break, but --

19 (b)(6); (b)(7)(C) You want a break?

20 Yeah. Why don't you give that back to me.

21 And we're off the record at 3:01.

22 (A brief recess was taken.)

23 (b)(6); (b)(7)(C) We are back on the  
24 record at 3:15 p.m.

25 (b)(6); (b)(7)(C) during the break, did

1 you have any conversations of substance with  
2 Commission staff about this investigation?

3 THE WITNESS: No.

4 BY (b)(6); (b)(7)(C)

5 Q Okay. Did you want to clarify  
6 anything in your previous answers?

7 A No.

8 Q Okay. I'm handing you what has  
9 been previously marked as Exhibit 10. This  
10 is a document with the Bates -- bearing the  
11 Bates Number BR\_ESI\_0012232. It appears to  
12 be another new coin listing checklist for  
13 GoChain, and it says reviewer, (b)(6); (b)(7)(C)  
14 Is that you?

15 A Yes.

16 Q Do you recall completing this  
17 document?

18 A Vaguely, yeah.

19 Q Just turning your attention down to  
20 "Compliance", where it says "Problematic  
21 Statements" and it says "Previous problematic  
22 Tweets removed".

23 Is this the same type of  
24 problematic statement we were discussing with  
25 respect to Hydro?

1 A That's correct.

2 Q Do you recall what the problematic  
3 statements were in -- with respect to  
4 GoChain?

5 A I don't recall.

6 Q Approximately, how often -- or  
7 approximately, how many times do you recall  
8 reaching out to a token-issuer team, and  
9 having them review or modify or clarify or  
10 remove the problematic statements?

11 A It's just an approximate, maybe  
12 it's -- it's somewhat of a guess. I guess  
13 maybe less than half. Maybe, like, 25  
14 percent of the time.

15 Q Do you recall whether (b)(6); (b)(7)(C)  
16 ever reached out to a token-issuer team and  
17 have them review, modify, clarify?

18 A Yeah, I think I recall him.

19 Q Do you have a sense of  
20 approximately how many times he did that?

21 A I would kind of include that with  
22 the 25 percent I mentioned, yeah.

23 Q And did anyone else other than the  
24 two of you reach out to Token Teams about  
25 potentially-problematic statements?

1           A     Maybe (b)(6); (b)(7)(C) but primarily  
2     myself and (b)(6); (b)(7)(C) yeah.

3           Q     And your 25 percent figure is your  
4     estimation of sort of overall out of the  
5     total token-issuer applicant population  
6     how -- or review -- the review process how  
7     many times you -- or what percentage of times  
8     you reached out?

9           A     Sorry, I guess, if I -- if I were  
10    to say, like, of our total intake and what we  
11    were looking at, it's probably a bit higher.  
12    I mean, there were projects that didn't make  
13    it to the additional steps in our process --

14          Q     Right.

15          A     -- that had these types of  
16    statements that we didn't pursue further.

17                So we didn't -- you know, we  
18    weren't going out and proactively suggesting  
19    they make modification; but for the projects  
20    that were sort of in our -- in our pipeline  
21    and going through the review process, yeah,  
22    it's about 25 percent.

23          Q     Okay.

24                (b)(6); (b)(7)(C) Are they 25 percent of  
25    the tokens that were ultimately listed?



1 THE WITNESS: I guess -- yeah,  
2 again, I don't -- I don't know exactly, but  
3 I -- I think it's definitely less than half.  
4 So I would say, you know, it's -- the  
5 majority did not. I would say it's maybe --  
6 like, I'd say 25 percent of what we listed  
7 may have had that type of statement.

8 BY (b)(6); (b)(7)(C)

9 Q Sorry, was it 25 percent or did --  
10 then you said it -- you think it was higher?

11 A I was saying if I was to consider  
12 everything that applied to Bittrex for  
13 listing, it would be higher.

14 Q I see. I see, and to -- okay.

15 A Right.

16 (b)(6); (b)(7)(C) But 25 percent of the  
17 tokens that were eventually listed?

18 THE WITNESS: Roughly, I guess.  
19 Yeah, it's my best guess.

20 BY (b)(6); (b)(7)(C)

21 Q Who else at Bittrex was aware that  
22 you and (b)(6); were partaking in this process  
23 of identifying problematic statements and  
24 reaching out to Token Teams about it?

25 A Just people -- outside of internal

1 and outside counsel, it would be just the  
2 Coin Team and Coin Committee members.

3 Q Did anything about this process  
4 raise any concerns for you?

5 A In what sense? Can you --

6 Q Sure.

7 A What kind of concerns?

8 Q Did you think it was appropriate?

9 A My concern was more -- my concern  
10 were more the statements, or of how the Token  
11 Teams were representing themselves, in  
12 contrast to what they were telling us  
13 directly. So that's where my concern was at.

14 Are you -- are you asking about --  
15 sorry, maybe I misunderstood. Are you asking  
16 about the concern of the statements, or the  
17 concern of having them removed?

18 Q Sure. I was asking about the  
19 concern about having them removed, about, you  
20 know, Bittrex identifying these statements,  
21 and them pointing them out to Token Teams and  
22 asking them to rectify that.

23 MR. MARTIN: To clarify, you said  
24 "the concern", but I -- I'm not sure that he  
25 testified that he had concern about the

1 removal of the statement.

2 (b)(6); (b)(7)(C) Right, but I'm asking  
3 if he had any concern.

4 MR. MARTIN: Okay.

5 THE WITNESS: No, I -- I wouldn't  
6 say I had concern. My understanding was that  
7 was a good process and procedure that I was  
8 under the impression we should be doing.

9 (b)(6); (b)(7)(C) And why did you think  
10 you would -- it was a good process that  
11 Bittrex should undertake?

12 THE WITNESS: I think we just -- it  
13 would reflect poorly on Bittrex, and this  
14 is -- my opinion was: It would reflect  
15 poorly on Bittrex if -- if we were listing  
16 tokens and assets, which were, you know,  
17 making false claims or guarantees that could  
18 not be met. It would be, you know, bad for  
19 the participants and the -- and the market,  
20 if not, our platform.

21 (b)(6); (b)(7)(C) How did you know they  
22 were false?

23 THE WITNESS: I didn't always know  
24 they were false, but I knew that the claims  
25 were -- were not ones that should be made as

1 a -- as a token, or as something that was  
2 presenting itself to not be a security.

3 (b)(6); (b)(7)(C) And why should those  
4 claims not have been made?

5 THE WITNESS: It -- I mean, my --  
6 my opinion is it sets up unrealistic  
7 expectations to the users of the token and  
8 the trading platform.

9 (b)(6); (b)(7)(C) What specific  
10 unrealistic expectation?

11 THE WITNESS: That -- you know, an  
12 example might be that if a customer acquires  
13 this token, it's going to appreciate in  
14 value; to some extent, they can, then, sell  
15 the asset and realize profit.

16 (b)(6); (b)(7)(C) So you felt that the  
17 Token Team should not represent that there  
18 might be a profit associated with the --

19 THE WITNESS: Yeah, that's my view.

20 (b)(6); (b)(7)(C) -- token?

21 THE WITNESS: That's my opinion.

22 (b)(6); (b)(7)(C) And why is that your  
23 personal opinion?

24 THE WITNESS: Well, it was my  
25 understanding that we were listing tokens,

1 you know, for the purpose of utility. You  
2 know, they could be traded for other assets  
3 on the platform or intended use case, and not  
4 as, you know, a security instrument, which  
5 is, you know, what that might convey.

6 (b)(6); (b)(7)(C) Did you ever identify  
7 any false claims?

8 THE WITNESS: I may have identified  
9 claims that were -- would be difficult to  
10 verify. I -- I identified false claims on --  
11 I'm sure I identified false claims, or  
12 unrealistic claims on assets that we never  
13 listed.

14 (b)(6); (b)(7)(C) I'm just talking about  
15 the assets that were ultimately listed.

16 THE WITNESS: That were ultimately  
17 listed? I don't recall. If I identified  
18 anything that was questionable, you know,  
19 there would be -- there would be additional  
20 discussion in our review process on -- on  
21 those claims.

22 (b)(6); (b)(7)(C) Okay. But the  
23 question is: Did you personally identify any  
24 false claims?

25 THE WITNESS: I -- I don't recall.

1 (b)(6); (b)(7)(C) Was (b)(6); (b)(7)(C) doing  
2 the same thing that you were with respect to  
3 these statements?

4 THE WITNESS: No, I -- I don't  
5 think that she was.

6 (b)(6); (b)(7)(C) Was she on the Coin  
7 Committee?

8 THE WITNESS: No, she was not on --  
9 she was on the Coin Team, but not the Coin  
10 Committee.

11 (b)(6); (b)(7)(C) Did you ever discuss  
12 with (b)(6); (b)(7)(C) the removal, modification  
13 or clarification of statements -- problematic  
14 statements?

15 THE WITNESS: He saw the checklists  
16 that were submitted, and was also typically  
17 added to the Slack channels that were created  
18 for these Coin Teams. So I never discussed  
19 it directly with him, but he may have been  
20 witness to the discussions.

21 (b)(6); (b)(7)(C) Same question for (b)(6);  
22 (b)(6); (b)(7)(C)

23 THE WITNESS: I never discussed any  
24 of that with (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C) Was he on any of the



1 communications?

2 THE WITNESS: Not that I recall.

3 (b)(6); (b)(7)(C) Same question for

4 (b)(6); (b)(7)(C)

5 THE WITNESS: Yeah, (b)(6); (b)(7)(C) wasn't  
6 involved in any of this that I recall, no.

7 BY (b)(6); (b)(7)(C)

8 Q And how did you communicate the  
9 concerns about these problematic statements  
10 to the Token Teams? Like, what Medium?

11 A Slack e-mail and verbal  
12 conversation, primarily -- I mean, it --  
13 typically, once we have a team in Slack  
14 because of the ease of communication, I would  
15 reach out there first. If I didn't get a  
16 response or acknowledgment or there was no  
17 change, then, I would go to e-mail and  
18 include everybody associated with that  
19 project that I had a contact address for in  
20 that e-mail communication.

21 (b)(6); (b)(7)(C) What did you mean by  
22 claims that are "difficult to verify"?

23 THE WITNESS: Typically, things  
24 that forecast events in the future, any  
25 guarantees of future performance.

1 (b)(6); (b)(7)(C) Anything else?

2 THE WITNESS: I can't think of  
3 anything right now. It's a -- kind of a  
4 general statement.

5 (b)(6); (b)(7)(C) And again, why did you  
6 think these should not have been included?

7 THE WITNESS: We didn't want to  
8 have assets listed on the platform that  
9 misrepresented their intended use case to our  
10 customers.

11 (b)(6); (b)(7)(C) Well, why is that a  
12 misrepresentation of the use case?

13 THE WITNESS: Most of these  
14 projects have a specific use case identified  
15 in their white paper or website, but if  
16 they're bringing other elements into -- into  
17 the public view, the concern will be the  
18 public is seeing those items, versus the  
19 intended use case. And so it -- it might  
20 influence their -- again, just -- it may  
21 influence their decision-making process when  
22 deciding if they want to acquire the asset.

23 (b)(6); (b)(7)(C) Did you ever go back  
24 after a token was listed to see if there were  
25 additional statements, or statements about

1 forecasting or guarantees of profits?

2 THE WITNESS: Yes, we -- we kind of  
3 done that.

4 (b)(6); (b)(7)(C) Did you do it as a  
5 routine matter?

6 THE WITNESS: There was discussion  
7 about developing a process for that, but I  
8 don't know that a formal process was put into  
9 place.

10 (b)(6); (b)(7)(C) So in what instances  
11 did you do it?

12 THE WITNESS: If -- if we -- you  
13 know, if we encountered it through, you know,  
14 the same mediums, we would immediately, you  
15 know, bring it to the team's attention, and  
16 basically express that it was a concern that  
17 was not addressed. We would need to  
18 consider, you know, halting trading of the  
19 asset on the platform.

20 (b)(6); (b)(7)(C) So you wouldn't take  
21 immediate action. You would, again, tell  
22 them --

23 THE WITNESS: My reaction would  
24 be -- I'm sorry, go ahead.

25 (b)(6); (b)(7)(C) Sorry. No, go on.

1 What was your -- immediate reaction would be?

2 THE WITNESS: My immediate reaction  
3 would be to notify -- notify the team and,  
4 you know, their -- potential -- you know,  
5 potentially-additional Bittrex staff.

6 (b)(6); (b)(7)(C) Do you recall a  
7 specific instance that you did that, or for  
8 which token?

9 THE WITNESS: I -- I recall  
10 instances. I can't remember the tokens.

11 (b)(6); (b)(7)(C) Where after a listing  
12 you would continue to see what you thought  
13 were, you know, problematic statements?

14 THE WITNESS: I -- yeah, I can  
15 recall where maybe we saw, you know, a Tweet  
16 that was -- would prompt us to go back and  
17 discuss with the team to go back and review  
18 the listing agreement that they had signed  
19 with us that kind of goes into some of this  
20 information, and discuss, you know, what was  
21 not acceptable for us, given that we had the  
22 asset listed on our platform.

23 (b)(6); (b)(7)(C) Would these be tokens  
24 that you had in the listing process told them  
25 to remove, modify or clarify statements?

1 THE WITNESS: Not usually. It  
2 would -- typically, they might appear -- we  
3 would encounter something like that, the  
4 token gets listed, then, suddenly we see, you  
5 know, something like that appear, we go  
6 communicate with the team at that point and  
7 bring them up to speed.

8 (b)(6); (b)(7)(C) So you may have missed  
9 it during the first --

10 THE WITNESS: Not missed it. It's  
11 something that just didn't exist until after  
12 the token was listed.

13 (b)(6); (b)(7)(C) Got it.

14 THE WITNESS: Yeah.

15 (b)(6); (b)(7)(C) And how often did that  
16 happen?

17 THE WITNESS: Not very often.

18 (b)(6); (b)(7)(C) Do you recall --

19 THE WITNESS: Less than ten percent  
20 or less -- probably less than five percent --  
21 five to ten percent of the time.

22 (b)(6); (b)(7)(C) Do you recall any  
23 tokens where that happened?

24 THE WITNESS: I don't recall  
25 specific tokens. I'm inclined to say

1 typically Asian-based tokens that are -- that  
2 are less familiar with our requirements, than  
3 the requirements put on them by other  
4 non-U.S. based exchanges.

5 (b)(6); (b)(7)(C) But this was -- I'm  
6 talking about tokens, though, that had been  
7 already approved for listing on the platform.

8 THE WITNESS: Right.

9 (b)(6); (b)(7)(C) So they would have  
10 some familiarity with what the requirements  
11 are for the platform?

12 THE WITNESS: They have familiar --  
13 I mean, they have familiarity, in that they  
14 are presumed to have read all the  
15 documentation and agreements that we submit  
16 to them to sign; but did they comprehend, did  
17 they -- you know, I don't know. Typically,  
18 once -- once it was brought to their  
19 attention, they were understanding and would  
20 immediately take corrective action. And we  
21 wouldn't have, like, reoccurring incidents.

22 (b)(6); (b)(7)(C) And when you say  
23 "corrective action", what do you mean?

24 THE WITNESS: Again, modify or  
25 remove or correct.



(b)(6); (b)(7)(C)

Modify the statement?

THE WITNESS: Modify it or just entirely remove it, which is typically the course of action, rather than to try to -- that's what I witnessed from teams is they would just sort of remove it, as a simpler process for them, rather than try to, you know, present it in a different way, present the same information. A lot of times, it would be information that they shouldn't be presenting.

(b)(6); (b)(7)(C)

So when did you ask teams to clarify statements? What instances would they be clarifying?

THE WITNESS: I don't recall specific ones.

(b)(6); (b)(7)(C)

For the most part, do you recall removals?

THE WITNESS: Removals is usually the most frequent.

(b)(6); (b)(7)(C)

And what about -- what would you ask people to modify?

THE WITNESS: Again, I can't recall a specific example. I -- I can recall modifications made to white papers.

1 (b)(6); (b)(7)(C) And when you say  
2 "modifications", what is -- how does that --

3 THE WITNESS: Typically --

4 (b)(6); (b)(7)(C) Sorry. What does that  
5 mean?

6 THE WITNESS: Can you modify  
7 this -- these two sentences, or, you know,  
8 can you modify a portion of -- this portion  
9 of your white paper, the way it reads is an  
10 issue.

11 (b)(6); (b)(7)(C) Can you give a  
12 specific example?

13 THE WITNESS: I -- I can't. I'm  
14 sorry, I can't recall anything specific. I  
15 just recall discussion around the white paper  
16 text.

17 (b)(6); (b)(7)(C) Did --

18 MR. GEIST: Sorry. Even though you  
19 think you know the question, at least, for  
20 the court reporter's sake, please let her --  
21 wait --

22 THE WITNESS: Yeah, sorry.

23 (b)(6); (b)(7)(C) Did it become easier  
24 over time for you to identify these  
25 statements?

1 THE WITNESS: I would say so. Not  
2 all statements, but certain statements for  
3 claims, in particular, were immediate -- you  
4 know, immediately obvious when I would see  
5 them.

6 (b)(6); (b)(7)(C) What statements?

7 THE WITNESS: Usually on Twitter  
8 feeds, discussion around market cap and  
9 movement -- increased movement up in the  
10 overall ranking of an asset based on their  
11 market cap.

12 (b)(6); (b)(7)(C) And if you weren't  
13 sure whether or not the statement was  
14 problematic, what did you do?

15 THE WITNESS: Would have -- I would  
16 raise, you know, the -- the issue internally  
17 for additional discussion and review.

18 (b)(6); (b)(7)(C) With whom?

19 THE WITNESS: Well, outside of  
20 counsel, other Coin Team members -- it was  
21 all, you know, contained within the Coin Team  
22 or Coin Committee.

23 (b)(6); (b)(7)(C) Did you sometimes  
24 raise it with counsel, as well?

25 MR. GEIST: You have to say yes or

1 no.

2 THE WITNESS: Yes.

3 (SEC Exhibit No. 36 was  
4 marked for  
5 identification.)

6 BY (b)(6); (b)(7)(C)

7 Q I'm showing you what's been  
8 previously marked as Exhibit 16, and I'm also  
9 showing you what's been marked as Exhibit 36.

10 And I -- Exhibit 16 bears the Bates

11 BR\_ESI\_002946. It's an e-mail chain between

12 (b)(6); (b)(7)(C)

Bill Shihara and (b)(6); (b)(7)(C)

13 and attached to it is an Excel spreadsheet.

14 And I'm going to represent to you the

15 document I just marked as Exhibit 36 is a

16 screenshot of the -- a portion of the top

17 page of the spreadsheet. And I screenshot

18 it, so that I could capture a comment that

19 was embedded in one of the columns.

20 (b)(6); (b)(7)(C)

I realize -- sorry.

21 MR. GEIST: Sorry, is the yellow  
22 highlighting in the original?

23 (b)(6); (b)(7)(C)

Yes, it's just a pure  
24 screenshot of the comment in Excel. That's  
25 the way the comment looks, it's in yellow.

1 MR. GEIST: Thank you.

2 BY (b)(6); (b)(7)(C)

3 Q (b)(6); (b)(7)(C) I realize that you're  
4 not on this e-mail, and I realize that the  
5 timeframe predates your joining the Coin  
6 Team; but I was curious as to whether you've  
7 ever seen this spreadsheet before?

8 MR. GEIST: Sorry. Just in the  
9 interest of this, there's a document attached  
10 to Exhibit 16.

11 (b)(6); (b)(7)(C) Yes.

12 MR. GEIST: So you're asking about  
13 Exhibit 36?

14 (b)(6); (b)(7)(C) Yes. So when I'm  
15 referring to the spreadsheet, I'm referring  
16 to the spreadsheet that is attached to the  
17 document -- to the e-mail that is previously  
18 marked as Exhibit 16. And Exhibit 36 is just  
19 a screenshot -- a color screenshot of the top  
20 page of the spreadsheet.

21 THE WITNESS: Yeah, I've never seen  
22 this document before.

23 BY (b)(6); (b)(7)(C)

24 Q Okay. I want to turn your  
25 attention on Exhibit 36 to the comment that's

1 highlighted in yellow. Which says, "Would  
2 regulator investigate based on keywords, such  
3 as 'DOW', 'shareholder', 'shares' and  
4 'profit'?

5 Did you ever have any discussions  
6 with anyone at Bittrex about whether a  
7 regulator would investigate based on keywords  
8 like this?

9 A No, that's a -- no.

10 Q Would the question or the issue of  
11 whether or not a regulator might investigate  
12 based on certain terms, was that part of --  
13 was that part of what you looked for when you  
14 were identifying problematic statements?

15 A I wouldn't -- it was never conveyed  
16 to me as would a regulator investigate based  
17 on terms. I just knew through discussion  
18 over time that the use of certain terms were  
19 problematic. I didn't -- I guess I didn't  
20 realize, or know if it was in reference to a  
21 regulator investigation.

22 Q And were words -- the words listed  
23 here as examples -- such as DOW, shareholder,  
24 shares profit -- would those words that you  
25 would look for when you were trying to



1 identify potentially-problematic statements?

2 A I didn't have a set list of words.  
3 Profit -- profit, shareholder, I mean, all of  
4 those words would have -- would give  
5 additional consideration, but I was never  
6 told here's the list of words to look at and  
7 consider.

8 Q Aside from conversations with  
9 lawyers, did you ever discuss potential of --  
10 a regulator investigating tokens that were  
11 listed on Bittrex?

12 A No.

13 Q I'd like to actually turn back to  
14 Exhibit 10 briefly. Turning your attention  
15 to Number 5, Market Analysis. It says under  
16 "Comments", "Majority volume on Qubed --  
17 Qubecoin possibly stake volume, as buy  
18 support is only two BTC".

19 What does that mean?

20 A I think my statement is a little  
21 incomplete there, but --

22 Q Okay.

23 A Without the additional information,  
24 it's hard to know, but I think what I was  
25 witnessing was significant volume, much

1 higher than the amount of buy support on the  
2 buy side of the order book, which would lead  
3 me to question the volume of that particular  
4 market, that the volume was only two BTC, but  
5 their -- their volume was orders of magnitude  
6 higher. That would lead me to believe it's  
7 not genuine volume, or I would at least  
8 question it or make a note of it.

9 Q Is that what you meant by "stake  
10 volume"?

11 A I believe so, yeah.

12 Q So I note on the next page that the  
13 Coin Committee approved this token for  
14 listing, but I'm curious: Was there ever any  
15 concern about the existence of fake volume or  
16 volume that wasn't genuine?

17 A So there -- there is always concern  
18 about that and not having -- like, not having  
19 any fake volume on Bittrex. But if a token  
20 we were interested in listing had  
21 questionable volume on another platform, it  
22 didn't necessarily preclude us from listing  
23 it on our platform.

24 Q Was there ever any concern that the  
25 token price was being manipulated on other

1 markets, and that this could affect the price  
2 on Bittrex?

3 A That would be a concern.

4 Q Did you ever discuss that concern  
5 with anyone?

6 A We had discussions internally in --  
7 on the Coin Team about that type of behavior.

8 Q Did it ever factor into a decision,  
9 whether to list or not list a token?

10 A It did. It might cause us to delay  
11 a listing.

12 Q And what would -- what function  
13 would the delay serve?

14 A For us to allow additional time to  
15 pass and to observe -- continue to observe  
16 the market performance.

17 Q And what would you be looking for?

18 A You know, increases and decreases;  
19 like, rapid, large increases and decreases in  
20 price; volume that were not consistent, you  
21 know, that were more anomalies, versus, you  
22 know, sustained -- sustained volume.

23 Q After the decision was made to list  
24 the token -- meaning, after this vote  
25 occurred and it was a positive vote -- was it

1 listed right away?

2 A No, not every time.

3 Q In what instances would it be  
4 listed right away?

5 A A lot of these tokens or coins  
6 required integration. So we may have  
7 something approved to list, but some of the  
8 integrations to actually get them integrated  
9 into our platform can take several months, I  
10 mean -- or longer. Some tokens may be listed  
11 right away, such as ERC-20 Ethereum-based  
12 tokens, where we've already got the  
13 integration work complete. So to add an  
14 ERC-20 token to the platform is somewhat  
15 trivial and doesn't take a lot of time. And  
16 it may just come down to our pipeline and  
17 what we have available to list in  
18 determining, you know, order and date to  
19 schedule the listing.

20 Q Was there ever an instance, where  
21 the Token Committee would vote to list the  
22 token, but it wouldn't be listed right away  
23 because of concerns about problematic  
24 statements?

25 A I don't recall.

1 Q I'm showing you what's been  
2 previously marked as Exhibit 32. Why don't  
3 you take a moment and review that. So this  
4 is a document bearing the Bates Numbers  
5 BTRX\_SEC-007562. It's an e-mail chain  
6 between (b)(6); (b)(7)(C) Bill Shihara, yourself,

7 (b)(6); (b)(7)(C)

8 The bottom e-mail chain, do you  
9 recognize that or -- sorry, the bottom  
10 e-mail, do you recognize that?

11 A Yeah, it looks like an e-mail I  
12 would have sent for approving a listing.

13 Q Was this sort of the typical e-mail  
14 that we were discussing earlier that you  
15 would send to the Token Committee for  
16 approving a listing of a token?

17 A This is May 2018, so at -- at that  
18 time, I think so. I think that's fairly  
19 standard.

20 Q And you say, you know, "Please  
21 reject or approve listing Odyssey OCN using  
22 the voting buttons attached to the Compliance  
23 Review form for reference".

24 Is the Compliance Review form what  
25 you referred to earlier -- was the document

1 from counsel -- from outside counsel?

2 A That's correct.

3 Q Is there a reason why you didn't  
4 attach the checklist here?

5 A That's what I'm looking at now and  
6 wondering why that's not included. I -- I  
7 don't know why it's not.

8 Q But you typically would include the  
9 checklist and the Compliance Review form?

10 A Yeah, along with their application.  
11 I -- again, this is awhile back, so I can't  
12 recall if that was something I was doing  
13 every time, or as a normal process at that  
14 point or not. I'm not sure why it's not  
15 included.

16 Q Okay. Then, the next e-mail, it  
17 looks like an approval from (b)(6); (b)(7)(C) and  
18 then the top e-mail is an e-mail from (b)(6); (b)(7)(C)

19 (b)(6); (b)(7)(C) and he says, "Approved. Additional OCN  
20 looks to be snubbed by Binance. Perhaps,  
21 they haven't paid for a listing or because  
22 they are a Chinese team".

23 Do you know what he was talking  
24 about there?

25 A You're talking about what the --



1       yeah, that sentence there?

2               Q       Yeah.

3               A       At that point in time, I think we  
4       believed that Binance was charging teams  
5       large fees to list, but, also, they --  
6       through my discussions with (b)(6); (b)(7)(C) I recall  
7       him mentioning that he seemed to think that  
8       Binance was avoiding teams that -- that  
9       were -- that were -- Chinese-based teams were  
10      being avoided by Binance because of  
11      statements that they're government had put  
12      out at that time. I -- I don't recall the  
13      specifics.

14              Q       Was Binance a competitor of  
15      Bittrex?

16              A       Yeah.

17              Q       And then, his -- the last line in  
18      the e-mail says, "We asked the team to  
19      expedite cleaning up the problematic social  
20      media statements".

21                    Do you remember what he was  
22      referring to there?

23              A       I think they -- what I recall was  
24      that particular team -- I think their founder  
25      had some -- some Tweets that we had asked

1 that they remove.

2 Q And do you remember what those  
3 Tweets said?

4 A I don't -- I don't recall the  
5 specifics, no.

6 Q Do you remember generally what they  
7 were about?

8 A It may have been similar discussion  
9 or emojis, like, rocket emojis, moon emojis.

10 Q What do those emojis signify?

11 A Signifies, like, some appreciation  
12 in the value of the token or increased  
13 market-cap ranking on CoinMarketCap.com.

14 Q And it looks like -- at least in  
15 the instance of Odyssey token -- that it was  
16 approved despite there being problematic  
17 statements still in circulation; is that  
18 correct?

19 A Based on this timeline, it -- it  
20 appears that way. I don't think, like, we --  
21 as (b)(6); (b)(7)(C) noted here, like, we would never  
22 proceed with listing something until those  
23 statements were addressed.

24 (b)(6); (b)(7)(C) And why was it okay to  
25 move forward once the statements were

1 addressed?

2 THE WITNESS: I think -- I think it  
3 was a -- just a general understanding we had  
4 on our team, that we wanted all of those  
5 items addressed before listing.

6 (b)(6); (b)(7)(C) Right. But once they  
7 were addressed, why was it okay to move  
8 forward?

9 THE WITNESS: Well, we identified  
10 that as the last remaining item and had  
11 approval, otherwise. So it took care of the  
12 last -- the last item we identified and moved  
13 forward.

14 (b)(6); (b)(7)(C) Why did you think that  
15 just by removing the statement, that would  
16 solve any issues that you had with the  
17 original statement?

18 MR. MARTIN: That's not his  
19 testimony.

20 BY (b)(6); (b)(7)(C)

21 Q Did you think that?

22 A Can you restate the question?

23 (b)(6); (b)(7)(C) Why did you think --  
24 did you think removal of the statement would  
25 rectify, you know, any of the -- why you

1 thought it was problematic?

2 THE WITNESS: I guess, I was  
3 looking at it from the viewpoint of fitting  
4 into -- within our process, we had these  
5 requirements that needed to be addressed  
6 before we could proceed with the listing.

7 (b)(6); (b)(7)(C) So you were just  
8 following instructions?

9 THE WITNESS: Essentially. It -- I  
10 wasn't -- I wasn't necessarily incorporating  
11 my view or thoughts on the -- on that  
12 particular point.

13 (b)(6); (b)(7)(C) Did you have a view or  
14 thought on that point?

15 THE WITNESS: I don't recall.

16 (b)(6); (b)(7)(C) Did you ever think --  
17 did you ever personally think we probably  
18 shouldn't be listing this token on the  
19 platform?

20 THE WITNESS: No, I didn't. I  
21 wasn't willing to -- you know, the -- the  
22 overriding sort of philosophy that was sort  
23 of conveyed to us to by Bill and leadership  
24 was we want to be -- we want to be compliant,  
25 we want to be on the right side of

1 regulation, and we're making a best effort to  
2 do what we can to stay compliant with the  
3 applicable regulations.

4 So, I think, how -- however I may  
5 have felt about a coin was sort of overridden  
6 by, you know, just people qualified to make  
7 that -- that claim or decision.

8 (b)(6); (b)(7)(C) But I know you weren't  
9 the ultimate decision maker, and -- but did  
10 you ever feel that concerning the instances,  
11 that a coin should not have been listed on  
12 Bittrex?

13 THE WITNESS: Well, I felt that  
14 coins -- certain coins that had statements  
15 out there, like, we -- I felt like we  
16 shouldn't be listing tokens that are making  
17 these type of claims or making -- you know,  
18 have these types of statements out there. And  
19 I would have concerns if -- you know, if  
20 there was a token that continued to make  
21 claims -- you know, post listings, that would  
22 be a concern that I would bring to  
23 leadership.

24 (b)(6); (b)(7)(C) Did you do that?

25 THE WITNESS: I never felt

1 compelled to do that based on, you know, the  
2 instances that I experienced, where the teams  
3 were responsive and followed our -- you know,  
4 took appropriate action, you know, following  
5 our raising -- raising an issue. I never  
6 felt to pursue things further.

7 (b)(6); (b)(7)(C) Did you ever list a  
8 token where the team didn't take appropriate  
9 action?

10 THE WITNESS: No, not that I'm  
11 aware of.

12 (b)(6); (b)(7)(C) You said that you  
13 remediation best efforts to comply -- your  
14 words, "best efforts". What do you mean by  
15 "best effort"?

16 THE WITNESS: So when I joined the  
17 Coin Team, you know, there were discussions  
18 about we're not a licensed exchange, but  
19 the -- the -- the way the platform was being  
20 operated was -- was legal, that we -- you  
21 know, based on all the information available  
22 to us, that we were taking the -- the correct  
23 steps necessary to -- to remain compliant.

24 (b)(6); (b)(7)(C) And what steps were  
25 they -- were those?



1 THE WITNESS: Well, everything sort  
2 of outlined in your process and, you know,  
3 our overall review-process points and  
4 considerations while conducting an  
5 evaluation. That we were looking at the  
6 things that needed to be looked at to  
7 correctly assess suitability for listing.

8 (b)(6); (b)(7)(C) But did Bittrex ever  
9 use emojis in any of their blog posts?

10 THE WITNESS: I don't know.

11 (b)(6); (b)(7)(C) How about in any of  
12 the --

13 THE WITNESS: Sorry. You cut off.  
14 Could you repeat the question?

15 (b)(6); (b)(7)(C) How about --

16 (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) go ahead.

17 (b)(6); (b)(7)(C) Do you know if Bittrex  
18 used any rocket emojis in any of their  
19 Tweets?

20 THE WITNESS: I -- I don't know.  
21 I -- I don't manage and have never managed  
22 their -- any of their social media accounts.

23 (b)(6); (b)(7)(C) We're off the record  
24 at 4:03.

25 (A brief recess was taken.)

1 (b)(6); (b)(7)(C) Okay. We are back on  
2 the record at 4:14 p.m.

3 (b)(6); (b)(7)(C) during the break, did  
4 you have any conversation of substance with  
5 the Commission staff about this  
6 investigation?

7 THE WITNESS: No.

8 BY (b)(6); (b)(7)(C)

9 Q I'm showing you what's been  
10 previously marked as Exhibit 33. If you just  
11 want to take a moment and review it.

12 So Exhibit 33 bears the Bates  
13 Number BTRX\_SEC-0005429, and it's an e-mail  
14 from (b)(6); (b)(7)(C) to yourself and (b)(6); (b)(7)(C)  
15 (b)(6); (b)(7)(C) on Friday, June 15, 2018. Subject

16 line, "Approve Listing Approval, Loom  
17 Network". And it looks like Julian is  
18 approving a listing, the Loom token. And  
19 then he says, "Further comments, this had a  
20 private sale of around 25 mill, listed on  
21 Binance with a very high market cap of \$409  
22 million. Not totally happy with them going  
23 the typical -- quote -- 'private sale and  
24 then pay for a listing on Binance at a high  
25 market cap route to dump'".

1 I know we touched on this earlier,  
2 but do you ever recall hearing about concerns  
3 about market manipulation on Bittrex?

4 A I recall hearing about concerns in  
5 the -- there was something we wanted to avoid  
6 that we were trying to prevent from ever  
7 happening. I can't recall concerns about it  
8 specifically happening on Bittrex.

9 Q Do you recall who those  
10 conversations were with?

11 A Just the Coin Team in general. It  
12 was just sort of a -- I think we just sort of  
13 operated with that understanding, we were  
14 working to avoid those types of conditions on  
15 the platform.

16 Q Did you ever hear of any token  
17 issuers who applied to be listed on Bittrex,  
18 and then it appeared that they were dumping  
19 their tokens onto Bittrex?

20 A Yeah, I don't -- I don't recall any  
21 specific instance.

22 Q Do you recall whether that  
23 situation was generally a concern?

24 A It -- yeah, it would definitely be  
25 a concern if -- if it was evident to us

1 that's what was happening, for sure.

2 Q You don't recall ever questioning  
3 whether that was happening with respect to  
4 any particular token issuer?

5 A I don't recall.

6 Q Were there any safeguards in place  
7 at Bittrex to prevent that from happening?

8 A I don't know.

9 Q Was the Compliance Department of  
10 Bittrex -- strike that.

11 Who aside from (b)(6); (b)(7)(C) if  
12 anyone, worked in Compliance at Bittrex?

13 MR. GEIST: When?

14 BY (b)(6); (b)(7)(C)

15 Q During the time that you were on  
16 the Coin Team.

17 A Their -- the Compliance Department  
18 is comprised of several people now. I don't  
19 know all of their names off the top of my  
20 head. Probably the lead under (b)(6); (b)(7)(C) is

21 (b)(6); (b)(7)(C) and you I apologize. I can't  
22 remember her last name.

23 Q And around when did she join  
24 Bittrex?

25 A She may have joined in 2017, but

1 I'm pretty sure she was definitely there in  
2 2018.

3 Q Anyone else?

4 A There's (b)(6); (b)(7)(C) -- sorry, I don't  
5 recall the last name. I believe his last  
6 name starts with H, and I -- I don't really  
7 talk -- other than (b)(6); (b)(7)(C) I don't  
8 really interact with the Compliance Team very  
9 much, given they're in D.C.

10 Q Was the Compliance Team informed  
11 when a new token would be listed on Bittrex?

12 A In advance of the token being  
13 listed, I don't believe so.

14 Q What about after?

15 A They would -- well, they weren't  
16 notified directly, but they would conceivably  
17 learn with the rest of Bittrex employees when  
18 we listed something.

19 Q When you did list something, was  
20 there a notice that was sent around to all  
21 Bittrex employees?

22 A We under notify -- we would  
23 typically notify various support-staff  
24 channels when something was listed, so that  
25 they could be aware of, you know, any

1 potential new tickets that may be coming in  
2 regarding the new listing.

3 Q Would they have been made aware  
4 that that there was a token that had had a  
5 private sale that was then --

6 A The Compliance Team?

7 Q Yeah, the Compliance Team.

8 A I don't know that they would have,  
9 but, yeah, I -- I never had any interaction  
10 about -- I never talked to Compliance about  
11 listing or details around Token Teams with  
12 Compliance.

13 Q So you never had interactions with  
14 Compliance about token listing?

15 A Not that I recall.

16 Q Do you know if anyone else on the  
17 Coin Team did?

18 A I don't -- I don't know. Any  
19 discussion would have, I think, occurred with  
20 possibly (b)(6); (b)(7)(C) and maybe (b)(6);  
(b)(7)(C) but I --  
21 I can't recall any discussion that I had.

22 Q Have you been working remotely the  
23 entire time you've been at Bittrex?

24 A No, I -- I was asked to relocate to  
25 Seattle from Hawaii in -- I believe it was



1 around May 2018, and I moved to Bellevue in  
2 August -- August 15, 2018.

3 Q Who asked you to relocate?

4 A (b)(6); (b)(7)(C)

5 Q And did she say why?

6 A My understanding was that it was  
7 sort of twofold. One was they wanted to have  
8 everybody centralized into one location, and  
9 I was under the impression that their tax  
10 liability for the State of Hawaii was  
11 considerable, even though, you know, they  
12 didn't have a lot of employees there.

13 Q And is that where you currently  
14 work?

15 A I currently live and work in  
16 Bellevue.

17 Q Live and work, yeah. I just want  
18 to circle back to one question on the  
19 problematic statements.

20 I'm asking for an approximation.  
21 Approximately, how many times did you flag  
22 problematic statements in a token issuer's  
23 white paper?

24 A Oh, vary infrequently. A handful  
25 of times, maybe -- you know, definitely less

1 than ten, probably less than five.

2 Q And do you know if (b)(6); (b)(7)(C) ever  
3 flagged potentially-problematic statements in  
4 an issuer's white paper?

5 A I don't know.

6 Q Do you know if anyone else did?

7 A Outside of counsel, I can't recall  
8 anybody -- anyone else.

9 (b)(6); (b)(7)(C) Same question for  
10 statements somewhere else, other than a white  
11 paper, just to get an idea of how much of the  
12 time was white paper versus elsewhere?

13 THE WITNESS: Sorry, I don't know  
14 if I understand -- well, I kind of -- I think  
15 I understand your question, but let me just  
16 say most of the problematic statements that  
17 we witnessed were generally on social media,  
18 primarily Twitter. And occasionally -- I  
19 would say about equal amount times, the  
20 project website or associated blog posts,  
21 like, through third-party sites, like,  
22 medium.

23 BY (b)(6); (b)(7)(C)

24 Q Was there a list anywhere of the  
25 types of -- the places you were supposed to

1 look for problematic statements?

2 A No.

3 Q How did you know where to look?

4 A I guess, without having had a lot  
5 of discussion with the -- I just having been  
6 sort of involved in the space of doing my own  
7 review projects. Prior to being employed by  
8 Bittrex, I was sort of familiar where most  
9 projects kept most information or where it  
10 was readily available between forums ---  
11 Reddit, Twitter and the project website. I  
12 was -- those were the primary locations,  
13 yeah.

14 (b)(6); (b)(7)(C) Did this review occur  
15 before, during or after the project ICO?

16 THE WITNESS: Are you -- the ICO,  
17 or --

18 MR. GEIST: Yeah, that's the  
19 question.

20 (b)(6); (b)(7)(C) Yeah, the ICO.

21 THE WITNESS: Which ICO, or --

22 MR. GEIST: The project ICO.

23 THE WITNESS: It would -- well, it  
24 would occur -- it would occur at any time  
25 between when we received a listing

1 application, and when we listed the token.

2 (b)(6); (b)(7)(C) Did you review any  
3 listing applications for projects that were  
4 pre-ICO or during the ICO?

5 THE WITNESS: Possibly, we looked  
6 at applications that came in for projects  
7 that had intended to have an initial  
8 offering, and expressed to those projects we  
9 couldn't consider them for listing until  
10 after the ICO was complete and utility was  
11 achieved for their particular token. If that  
12 was, you know, something that was occurring  
13 at the time that they applied, we might start  
14 looking at it; but in general, we wouldn't --  
15 we wouldn't get too far into the process  
16 until sort of those initial conditions were  
17 met.

18 (b)(6); (b)(7)(C) What do you mean by  
19 utility achieved?

20 THE WITNESS: Well they're -- at  
21 that time -- let's say 2017, there were a lot  
22 of projects that laid claim for something  
23 they were setting out to do in their white  
24 paper. And for the time being, they were  
25 issuing a holding -- what we would kind of

1 call like a holding token -- let's say an  
2 ERC-20 token that resides on the Ethereum  
3 network. And at some point, they would  
4 launch their own main network, separate from  
5 Ethereum, and swap from their ERC-20 token to  
6 their own main net token. So we would be  
7 waiting until that -- if their Ethereum token  
8 went away and they had their own native main  
9 net. This is for an example, right, so -- or  
10 perhaps they're developing an app that can  
11 utilize the token that they minted. So we're  
12 kind of waiting for them to complete, you  
13 know, their development to a level where that  
14 token can then be utilized. So we're waiting  
15 for that utility achievement bar to be -- to  
16 be crossed.

17 BY (b)(6); (b)(7)(C)

18 Q I'm showing you what has been  
19 previously marked as Exhibit 28. Do you want  
20 to take a moment and review this?

21 Do you recognize this document?

22 A I do.

23 Q This -- Exhibit 28 bears the Bate  
24 number BR\_ESI\_0012788, and it's a listing  
25 application. What do you recognize -- what

1 is this document?

2 A So we had -- as I mentioned  
3 earlier, we had an application that we would  
4 give to teams to fill out with more  
5 information. That same application appeared  
6 as an attachment or, I guess, it's labeled as  
7 Exhibit B in our listing agreement. So it  
8 was almost like an attachment. So teams would  
9 fill out the application. Sometimes they  
10 would end up filling it out on both places.  
11 I don't know if this came from a listing  
12 agreement or if it was just the application,  
13 but in both cases, it's the same form.

14 Q Got it. Turning your attention to  
15 the second page in the document, ending in  
16 12789. I'm looking at Part 2, "Summary of  
17 Token and Terms of Sale". In the section,  
18 that says, "Our expectations regarding  
19 development of a trading market". And then,  
20 the token issuer whose name is IH -- or the  
21 token symbol IHT says, "IHT has been listed  
22 on Queecoin, Gate.io, OEX, Coin2Coin. HitBTC,  
23 BEDEX and LBank. We will continue to apply  
24 for more exchange worldwide to increase  
25 liquidity".



1           Do you have an understanding of  
2   what that last sentence means?

3           A     I interpret that as -- yeah, they  
4   want to -- they want to seek listing as IHT  
5   token on additional exchanges beyond Bittrex,  
6   and the ones previously listed.

7           Q     Do you know why they would be  
8   telling you that?

9           A     I guess, they feel -- I don't know.  
10   I'd be guessing.

11          Q     Did it raise any concerns for you?

12          A     I don't recall any concerns.

13          Q     Does it indicate to you that the  
14   token issuer is going to engage in activities  
15   to try and allow token purchasers to get a  
16   return on their investment?

17          A     I -- I don't -- can you state that  
18   question again?

19          Q     Sure. Does this -- does this  
20   sentence, where they say they're going to try  
21   to be on more exchanges to increase  
22   liquidity, does that indicate to you, or did  
23   that indicate to you when you -- when you  
24   first looked at this document that they're  
25   trying to -- they're trying -- they're trying

1 to engage in efforts to allow token  
2 purchasers to get a return on their  
3 investment?

4 MR. MARTIN: Do we know whether the  
5 witness has seen this document before?

6 (b)(6); (b)(7)(C) He said that he  
7 recognized it.

8 THE WITNESS: I recognize the form,  
9 this application. I recognize the token. I  
10 don't recall this sentence, but I'm looking  
11 at it now.

12 BY (b)(6); (b)(7)(C)

13 Q So you don't recall whether you saw  
14 this document?

15 A I -- I -- I believe I saw this  
16 document at some point -- at some point in  
17 time, yes.

18 Q Looking down at the next section,  
19 which says -- the form says, "On the date of  
20 our token sale, the platform was". And then,  
21 what's checked is, "In development".

22 Why was that a -- why was this a  
23 question on the application form? Why was it  
24 a factor?

25 A I -- I don't know. I didn't create

1 the form.

2 Q Did this have any meaning to you?

3 A It's information. I don't know --  
4 to be clear, the -- when they say date of  
5 their token sale, they mean independent of --  
6 that that's meant to mean independent of  
7 Bittrex. So we didn't host a sale for them.  
8 They had a sale, they're conveying to us  
9 we -- we had this token sale, our -- the  
10 application that we'd utilized was in  
11 development at the time. To me, it's just  
12 information to pass on for consideration.

13 Q So you don't know why it was  
14 relevant to the listing analysis, or if it  
15 was relevant to the listing analysis?

16 A I -- I don't. I'm more concerned  
17 about state of the token, when it's listed on  
18 Bittrex.

19 Q Why -- what does that -- how does  
20 that factor into it -- into the listing  
21 decision?

22 A Well, again, we wanted to be  
23 listing assets that had documented and  
24 achieved utility, that was something that we  
25 were made -- made aware of, you know, as

1 imperative for our platform.

2 (b)(6); (b)(7)(C) Again, who determined  
3 whether a token had utility?

4 THE WITNESS: We would -- we would  
5 evaluate it internally on the Coin Team, and  
6 have additional discussion with counsel.

7 (b)(6); (b)(7)(C) How did the Coin Team  
8 evaluate a token's utility?

9 THE WITNESS: We would look at the  
10 information available. In some cases, we  
11 would attempt to use the token, attempt to  
12 use the application, stand up notes, run --  
13 run the note on the network. Basically, do  
14 whatever we could do based on  
15 publically-available information and  
16 software, and try to utilize it.

17 BY (b)(6); (b)(7)(C)

18 Q Turning your attention to the next  
19 page, ending in 12790. The very top says --  
20 the form says, "Currently the platform is",  
21 and then what's selected here is "Partially  
22 completed".

23 Does the current status of the  
24 platform at the time the application is being  
25 reviewed factor into the listing analysis?

1           A     It -- it is a factor because if the  
2     utility is not there, it helps give this a  
3     guidance, you know, timeline-wise, and, you  
4     know, when we might expect to see that, is it  
5     something that's -- we anticipate is three  
6     months away, six months away; but we want to  
7     keep tracking that information -- you know,  
8     we want to keep tracking status.

9           Q     And why is utility important?

10          A     Again, it's my understanding that  
11     that is the requirement for the assets that  
12     we listed on our platform. We wouldn't be  
13     able to list the asset if it didn't have  
14     utility.

15          Q     And if it's an asset without  
16     utility, what does that mean to you?

17          A     It's just a -- I guess, a  
18     speculative trading instrument. It might  
19     be -- I don't know, but it's -- I'm just told  
20     that -- you know, my understanding is it's  
21     something that -- that should be avoided, and  
22     that we should not do on our platform.

23                (b)(6); (b)(7)(C)     Could an asset be --  
24     have utility, but also be speculative,  
25     something -- someone would speculate on?

1 THE WITNESS: What -- what is the  
2 question?

3 (b)(6); (b)(7)(C) Could you have a  
4 utility token that someone is trading for  
5 speculation; or a token that you think has  
6 utility --

7 THE WITNESS: Right.

8 (b)(6); (b)(7)(C) -- but also is someone  
9 who is buying and selling in the hopes of  
10 making profit?

11 THE WITNESS: Yeah, that's not my  
12 concern. That wasn't what my concern was.  
13 It was to do -- to have the net utility. If  
14 they're using it for speculative means, it's  
15 not -- it's not my -- it wasn't something I  
16 was concerned with.

17 BY (b)(6); (b)(7)(C)

18 Q So the only concern was that it had  
19 to have utility, whether or not it's  
20 separately was -- had a speculative component  
21 to it, that's not something that factored  
22 into your analysis when reviewing  
23 applications?

24 A Yeah, it wasn't -- it wasn't so --  
25 it wasn't -- yeah, it was not like a



1 bullet-point thing or checklist item, or  
2 requisite of any sort I was looking for when  
3 we were looking at tokens.

4 (b)(6), (b)(7)(C) When you were looking at  
5 digital assets for the utility, did you ever  
6 find any that did have current utility?

7 THE WITNESS: You mean at the time  
8 that they applied, or --

9 (b)(6), (b)(7)(C) Yes.

10 THE WITNESS: Yeah, we -- we would  
11 see that.

12 (b)(6), (b)(7)(C) Can you give an example?

13 THE WITNESS: I'm -- I'm sorry, I'm  
14 trying to think of the coins that I was  
15 involved with listing. In general, anything  
16 that had -- a lot of the tokens that had  
17 their own main net, and could be used as a  
18 medium of exchange could be qualified as  
19 having achieved utility. So you have a token  
20 that is validated on a blockchain, can be  
21 passed from one individual to another for  
22 payment or store value. You know, there's a  
23 lot of projects like that, that applied to us  
24 that we're developing additional use cases  
25 for their native token, but they already had

1 that main net achieve when they listed with  
2 us -- or when they first applied with us.  
3 That was not -- not unusual.

4 I think I was involved with listing  
5 Mainframe token, that's one -- the token is  
6 used for a secure messaging platform. I  
7 believe -- well, you said at the time that  
8 they applied for a listing. At the time they  
9 listed, they had that utility. I can't  
10 recall if that was in place when they  
11 applied. Sorry, it's hard for me to do it  
12 without, like, looking at a list of all the  
13 assets we have and kind of going through it,  
14 and then recalling the status of those tokens  
15 at the time they applied.

16 (b)(6); (b)(7)(C) For the Mainframe token  
17 that you're using that as -- as an example,  
18 can you explain to me in layman's terms what  
19 you could use it for? You said secure  
20 messaging platform, but why do you need the  
21 token to send the message?

22 THE WITNESS: It's sort of a way to  
23 validate and confirm the sender and recipient  
24 of a message. So you kind of think of it  
25 similar to -- similar to sending somebody an

1 encrypted message in e-mail, where you have  
2 each other's public -- you know, you have the  
3 public certificates, and you have your  
4 private key that you sign with. It's the  
5 same thing represented, but in token form,  
6 where you have your private key to be able to  
7 sign your messages. And anybody that's got  
8 your public key can -- can receive and  
9 validate that message. I don't know if  
10 that's layman terms, but, sorry, that's the  
11 best that I can do.

12 (b)(6); (b)(7)(C) So when you're sending  
13 the message, you're not spending your token.  
14 You keep your token, and you can use it an  
15 infinite number of times?

16 THE WITNESS: I can't recall the  
17 specifics. I think you may need to use the  
18 token and some amount of it to -- to send the  
19 message and receive it, if I recall. I may  
20 be getting it slightly wrong or  
21 misremembering, but I think the intent was to  
22 also sort of minimize spam because there's a  
23 cost associated with the message.

24 (b)(6); (b)(7)(C) Thanks.

25 BY (b)(6); (b)(7)(C)

1           Q     If -- if a token is partially  
2 completed when they're submitting the  
3 application, should it be listed on Bittrex?

4           A     If -- sorry, one more time?

5           Q     So -- sorry. We were looking at  
6 this particular document, where it says,  
7 "Currently the platform is partially  
8 completed".

9                     If the project is partially  
10 completed at the time they're applying,  
11 should it be listed on Bittrex?

12          A     I would say it could be -- it can  
13 be reviewed at that time and tracked, but,  
14 you know, we would look at things if --  
15 partially completed is a little bit  
16 ambiguous. If a project sets out to do, you  
17 know, three things and it does -- it  
18 achieves, you know, two of those and they're  
19 still working on the third, that's where we  
20 have some additional discussion over the  
21 level of utility achieved; but I don't  
22 think -- my opinion is it that if a project  
23 doesn't have utility at the time they apply,  
24 that doesn't prevent them from ever being  
25 listed on Bittrex, but they need to achieve a

1 certain level of utility before they can be  
2 listed, yeah.

3 Q All right. Turning your attention  
4 to the next page, ending in 12791. Towards  
5 the bottom of this chart, it says, "We limit  
6 token sales to". And then, the token issuer  
7 wrote, "We are not accepting users who hold  
8 passports of China, and the United States to  
9 participate in the token sale".

10 Do you know -- do you know why they  
11 would -- or strike that.

12 Would this raise a concern for you  
13 at all in reviewing this application?

14 A It was definitely notable and it's  
15 notable because, again, it would indicate to  
16 us that, you know, this is something that  
17 would need extra consideration prior to being  
18 eligible for a listing on our platform. So  
19 if the token was at the same state it was in  
20 when it was initially sold during this token  
21 sale, it would certainly preclude us from  
22 moving forward with a listing on Bittrex.

23 Q Is that because -- is that because  
24 if it was -- if it was restricted so that  
25 U.S. persons and Chinese persons couldn't



1 participate in the token sale, that's  
2 presumably because it would potentially run  
3 afoul of the laws in those countries?

4 A That's my -- my possible -- yeah,  
5 that's -- that's how I might interpret that.

6 Q Was there any additional due  
7 diligence that would be done, if this was the  
8 case?

9 MR. GEIST: What's the "this"?

10 THE WITNESS: Yeah. Sorry  
11 what's --

12 BY (b)(6); (b)(7)(C)

13 Q Sorry. If it was the case that  
14 during the token sale, persons from the U.S.  
15 and China couldn't participate?

16 A Sorry?

17 Q Sure. If you don't --

18 A Can you say it one more time?

19 Q Sure. You get -- let's -- if you  
20 were reviewing this application -- it came  
21 in, you were reviewing it in --

22 A Right.

23 Q -- in your role as a Coin Team  
24 member, and you saw that U.S. persons  
25 couldn't participate in the initial token



1 sale, would that cause you or anyone on the  
2 Coin Team to take any additional steps with  
3 respect to making a determination, as to  
4 whether to list a token?

5 A Yeah, it would -- I mean, it would  
6 prompt us to go in and look at the current  
7 state of the token, and the development of  
8 any associated platform or application to see  
9 what level of completion they're at.

10 Q To see if it was different --

11 A Correct.

12 Q -- or more advanced?

13 A Right.

14 Q More utility than the --

15 A Yeah. Like, we learned -- going to  
16 list -- what I called earlier -- like, the  
17 whole-thing token. Like, we've done an  
18 initial offering for those tokens that is in  
19 circulation while we go build this platform.  
20 We're going to wait until that platform is  
21 built, and the token can be used before we  
22 consider it for listing.

23 (b)(6); (b)(7)(C) We're off the record  
24 at 4:50 p.m.

25 (A brief recess was taken.)

1 (b)(6); (b)(7)(C) We are back on the  
2 record at 4:55 p.m.

3 (b)(6); (b)(7)(C) during the break, did  
4 you have any substantive conversations with  
5 the staff about this investigation?

6 THE WITNESS: No.

7 BY (b)(6); (b)(7)(C)

8 Q Just a couple of questions to close  
9 the loop on IHT. Do you know if IHT was  
10 listed on Bittrex?

11 A It was.

12 Q Do you recall roughly when?

13 A I would guess.

14 MR. MARTIN: Don't guess.

15 THE WITNESS: Sorry. Yeah, I think  
16 sometime in 2018.

17 BY (b)(6); (b)(7)(C)

18 Q Do you know if --

19 A I don't know the specifics, though.

20 Q Do you know if it's still listed on  
21 Bittrex?

22 A I believe it's listed on Bittrex  
23 Global.

24 Q Do you know why it is on Bittrex  
25 Global now?

1           A     There were a lot of assets that  
2     were moved to Bittrex Global maybe around  
3     April 2019, following the release of the SEC  
4     framework guidance concerning ICO's. So we  
5     wanted to go back and review a lot of our  
6     assets. And for assets that -- which we got  
7     to spend, you know, a considerable amount of  
8     fund -- you know, capital to do the  
9     additional review or -- so we wanted to move  
10    those assets to Bittrex International, where  
11    we had regulatory certainty, you know, while  
12    we, you know, focused our concentration on  
13    higher volume, larger assets on the platform  
14    to do additional review work on.

15          Q     Did you or anyone at the Bittrex  
16    make the determination that IHT was a  
17    security under that framework that was issued  
18    by the SEC?

19          A     No, I don't -- I don't think  
20    additional review has been done on IHT.

21          Q     What about any of the other tokens  
22    that were moved over to Bittrex International  
23    at that time?

24          A     Yeah, I'm not -- they -- they may  
25    have been evaluated -- like, if Bittrex

1 Global has those assets listed, they may have  
2 been evaluated under Liechtenstein's  
3 blockchain law, if Liechtenstein was looking  
4 at that. I'm not -- I'm not aware if they  
5 had --

6 Q And then were -- were assets that  
7 were then -- that were transferred over to  
8 Bittrex International, did they, again, get  
9 transferred over to Bittrex Global when  
10 Bittrex Global was formed?

11 A The majority of those did. I  
12 believe there's a handful of assets that are  
13 not -- are not -- do not have active markets  
14 on Bittrex Global, but the assets are  
15 still -- the wallets are still available for  
16 deposits and withdrawals. I don't know -- and  
17 I apologize, but I don't know if that's  
18 Bittrex Global, Bittrex International. I  
19 don't really know where that falls, but it's  
20 not on the Bittrex U.S. platform.

21 (b)(6); (b)(7)(C) Okay. (b)(6); (b)(7)(C) we  
22 have no further questions at this time. We  
23 may, however, call you again to testify in  
24 this investigation. Should this be  
25 necessary, we'll contact your counsel.

1 (b)(6); (b)(7)(C) do you wish to clarify  
2 anything, or add anything to the statements  
3 you have made today?

4 THE WITNESS: No.

5 (b)(6); (b)(7)(C) Counsel, do you wish  
6 to ask any clarifying questions?

7 MR. MARTIN: No.

8 (b)(6); (b)(7)(C) We're off the record  
9 at 4:59.

10 (Whereupon, at 4:59 p.m., the  
11 examination was concluded.)

12 \* \* \* \* \*

## PROOFREADER'S CERTIFICATE

In The Matter of: INITIAL COIN OFFERINGS

Witness:

(b)(6); (b)(7)(C)

File Number: NY-09624-A

Date: Friday, January 31, 2020

Location: New York, NY

This is to certify that I, (b)(6); (b)(7)(C)

(the undersigned), do hereby certify that the foregoing transcript is a complete, true and accurate transcription of all matters contained on the recorded proceedings of the investigative testimony.

\_\_\_\_\_

\_\_\_\_\_

(Proofreader's Name)

(Date)



## C E R T I F I C A T E

STATE OF NEW YORK )

:ss

COUNTY OF NEW YORK )

I, (b)(6); (b)(7)(C) a Notary Public within  
and for the State of New York, do hereby certify:

That the trial, which hereinbefore set forth was duly  
sworn and that such an is a true record of the  
testimony given.

I further certify that I am not related to  
any of these parties to this action by blood or  
marriage, and that I am not in any way interested in  
the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my  
hand this 31st day of January, 2020.

\_signature\_

1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )

4 ) File No. NY-09624-A

5 INITIAL COIN OFFERINGS )

6  
7 WITNESS: (b)(6); (b)(7)(C)

8 PAGES: 1 through 175

9 PLACE: Securities and Exchange Commission

10 200 Vesey Street

11 New York, New York

12 DATE: Thursday, February 13, 2020

13  
14 The above entitled matter came on for hearing,  
15 pursuant to notice, at 10:07 a.m.

16  
17  
18  
19  
20  
21  
22  
23  
24 Diversified Reporting Services, Inc.

25 (202) 467-9200

## 1 APPEARANCES:

2  
3 On behalf of the Securities and Exchange Commission:

4 (b)(6), (b)(7)(C)

5 (via videoconference)  
6

7 (b)(6), (b)(7)(C)

8 Securities and Exchange Commission

9 Division of Enforcement

10 200 Vesey Street

11 New York, New York  
12

13 On behalf of Witness:

14 WILLIAM J. MARTIN, ESQ.

15 ANDREW J. GEIST, ESQ.

16 DAVID Z. COHEN, ESQ.

17 O'Melveny &amp; Myers LLP

18 7 Times Square

19 New York, New York  
20  
21  
22  
23  
24  
25

C O N T E N T S

WITNESS:

EXAMINATION

(b)(6); (b)(7)(C)

4

EXHIBITS:

DESCRIPTION

IDENTIFIED

37

Token Review Policy and Process

134

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

(b)(6); (b)(7)(C) It is 10:07, and we  
are on the record.

(b)(6); (b)(7)(C) please raise your right  
hand.

(b)(6); (b)(7)(C) (Witness complies.)

(b)(6); (b)(7)(C) Do you swear or affirm  
to tell the truth, the whole truth and  
nothing but the truth?

(b)(6); (b)(7)(C) Yes.

Whereupon,

(b)(6); (b)(7)(C)  
was called as a witness and, having been  
first duly sworn, was examined and testified  
as follows:

## EXAMINATION

(b)(6); (b)(7)(C) Please state your full  
name and spell your name for the record.

THE WITNESS: (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) Do you have a middle  
name?

THE WITNESS: (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) Can you spell it for  
the record.

1 THE WITNESS: (b)(6); (b)(7)(C)

2 (b)(6); (b)(7)(C) Good morning. My name  
3 is (b)(6); (b)(7)(C) With me is (b)(6); (b)(7)(C).

4 Participating by VTC is (b)(6); (b)(7)(C) and

5 (b)(6); (b)(7)(C) We are officers of the

6 Commission for the purposes of this

7 proceeding.

8 This is an investigation by the  
9 United States Securities and Exchange  
10 Commission in the matter of Initial Coin  
11 Offerings. The investigation is to determine  
12 whether there have been violations of the  
13 Federal Securities laws. However, facts  
14 developed in this investigation may  
15 constitute violations of other federal or  
16 state, civil or criminal laws.

17 Prior to the opening of the record,  
18 you were provided with a copy of the formal  
19 order of investigation, which will remain  
20 available for you during the course of  
21 today's testimony.

22 Have you had an opportunity to  
23 review the formal order?

24 THE WITNESS: Yes.

25 (b)(6); (b)(7)(C) Do you have any



1 questions regarding the formal order?

2 THE WITNESS: No.

3 (b)(6); (b)(7)(C) Prior to the opening  
4 of the record, I've also provided you a copy  
5 of Form 1662, which has previously been  
6 marked as Exhibit 1.

7 Have you had an opportunity to read  
8 Exhibit 1?

9 THE WITNESS: Yes.

10 (b)(6); (b)(7)(C) Do you have any  
11 questions concerning Exhibit 1?

12 THE WITNESS: No.

13 (b)(6); (b)(7)(C) Are you represented by  
14 counsel here today?

15 THE WITNESS: Yes.

16 (b)(6); (b)(7)(C) Would counsel please  
17 state, for the record, your name and your  
18 firm's name.

19 MR. MARTIN: William Martin from  
20 O'Melveny & Myers. Joined by Andrew Geist  
21 and David Cohen.

22 (b)(6); (b)(7)(C) Are you representing  
23 any other entities or people in this matter?

24 MR. MARTIN: Yes. We also  
25 represent Bittrex, as well as several

1 individuals.

2 (b)(6); (b)(7)(C) How do you pronounce  
3 your last name again?

4 THE WITNESS: (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C) (b)(6);  
(b)(7)(C)

6 THE WITNESS: Close.

7 (b)(6); (b)(7)(C) I apologize if I get  
8 it wrong.

9 THE WITNESS: It's okay.

10 (b)(6); (b)(7)(C) I'll try my best.

11 (b)(6);  
(b)(7)(C) ?

12 THE WITNESS: (b)(6);  
(b)(7)(C) It's okay.

13 Don't worry.

14 (b)(6); (b)(7)(C) As you may be aware,  
15 multiple representation of witnesses by  
16 counsel presents a potential conflict of  
17 interest. And Form 1662 states that the  
18 Commission will assume that the witness and  
19 counsel have discussed and resolved all  
20 issues concerning possible conflicts of  
21 interest.

22 BY (b)(6); (b)(7)(C)

23 Q Are you appearing here today  
24 pursuant to a subpoena?

25 A Yes.

1 Q Have you ever been known by any  
2 other name?

3 A No.

4 Q Where and when were you born?

5 A (b)(6); (b)(7)(C)

6 Q What is your country of  
7 citizenship?

8 A (b)(6); (b)(7)(C)

9 Q Are you married or single?

10 A (b)(6); (b)(7)(C)

11 Q Where do you currently reside?

12 A (b)(6); (b)(7)(C)

13 Q At what address?

14 A (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C)

16 Q How long have you resided at that  
17 location?

18 A (b)(6); (b)(7)(C)

19 Q Where did you reside previously?

20 A (b)(6);  
(b)(7)(C) as well.

21 Q What is the address?

22 A (b)(6);  
(b)(7)(C) and I don't recall the rest.

23 Q How long did you reside at that  
24 location?

25 A (b)(6); (b)(7)(C)

1 Q Where did you reside before that?

2 A (b)(6); (b)(7)(C) as well.

3 Q At what address?

4 A I don't recall the address.

5 Q How long have you lived in (b)(6)?

6 A About -- excuse me. (b)(6); (b)(7)(C)

7 (b)(6); (b)(7)(C)

8 Q Where did you live before you lived  
9 in (b)(6); (b)(7)(C)

10 A (b)(6); (b)(7)(C)

11 Q How long did you live in (b)(6); (b)(7)(C)

12 A About a little (b)(6); (b)(7)(C)

13 Q Were you living -- while you were  
14 working at Bittrex, were you living in

15 (b)(6); (b)(7)(C)

16 A I was living in (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C)

18 Q Do you have a cell phone number?

19 A Yes.

20 Q What is your cell phone number?

21 A (b)(6); (b)(7)(C)

22 Q Who is your cell phone provider?

23 A (b)(6); (b)(7)(C)

24 Q How long have you had that number?

25 A About at (b)(6); (b)(7)(C)

1 Q Have you used any other numbers  
2 during the time that you worked at Bittrex?

3 A No.

4 MR. GEIST: Are you including  
5 office telephone numbers?

6 (b)(6); (b)(7)(C) No. Personal cell  
7 phone numbers.

8 THE WITNESS: No. That was the  
9 only one.

10 Q What is the location -- what was  
11 the location of your residence in (b)(6); (b)(7)(C)

12 A I don't recall that address.

13 Q Have you ever established any  
14 websites or blogs?

15 A Personal?

16 Q Yes.

17 A Yes.

18 Q What is the name of the website?

19 A (b)(6); (b)(7)(C)

20 Q When did you establish that?

21 A (b)(6); (b)(7)(C)

22 Q Does anyone other than you post to  
23 that website?

24 A No.

25 Q Why did you create that website?

1 A I like to write.

2 Q What do you write about that you  
3 post on the website?

4 A Poetry, personal essays, vignettes.

5 Q Have you ever posted anything about  
6 Bittrex on the website?

7 A No.

8 Q Do you have any other websites?

9 A No.

10 Q Did you register the domain with  
11 anybody?

12 A Yes.

13 Q Who is it registered with?

14 A WordPress.

15 Q Do you pay a fee?

16 A Yes.

17 Q What sort of package do you have  
18 with WordPress?

19 A I don't recall.

20 Q Did you set up the website  
21 yourself?

22 A I did, yes.

23 Q Do you have a background in HTML?

24 A Lightly. A little bit.

25 Q What was involved in setting up



1     that website?

2           A     Just using the templates that were  
3     already available. In making --

4           Q     Did you have to input code to make  
5     edits to the website?

6           A     Yes. But I -- for additional code,  
7     I hired somebody to make those.

8           Q     Are you able to -- are you familiar  
9     with basic coding language?

10          A     Very little, yes.

11          Q     Very little?

12          A     Mm-hmm.

13          Q     Who did you hire?

14          A     I don't recall the person's name.  
15     They came with the host as a recommendation.  
16     It was through Envato.

17          Q     I'm sorry?

18          A     It was through Envato.

19          Q     What was through Envato?

20          A     They have some relationship with  
21     WordPress where if there's a template you  
22     like and you want edits, then they find  
23     somebody to make those edits for you.

24          Q     Can you just spell that for the  
25     record.

1 A Yes. E-N-V-A-T-O.

2 Q Clearly, I've never created my own  
3 website. That is a good idea.

4 Can you tell me -- can you tell me  
5 all e-mail addresses that you've used during  
6 the last five years.

7 A Yes. (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C)

9 Q Do you use any other e-mail?

10 A Last five years, I've also used

11 (b)(6); (b)(7)(C)

12 Q What do you use the -- any other  
13 e-mail addresses?

14 A No.

15 Q What do you use the (b)(6); (b)(7)(C)  
16 for?

17 MR. GEIST: Personal or work or  
18 both?

19 (b)(6); (b)(7)(C) I'm going to ask her.  
20 I'll get there.

21 Q What do you use the (b)(6);  
22 (b)(7)(C) address  
for?

23 A Pretty much everything.

24 Q Do you use it for professional  
25 purposes?

1 A Personal.

2 Q Have you ever used it for any work  
3 related to Bittrex?

4 A No.

5 Q The (b)(6); (b)(7)(C) what do  
6 you use that for?

7 A That was used while I was at  
8 school.

9 Q Where -- so during what period of  
10 time?

11 A So towards the end of 2015 and  
12 then -- let's see -- between 2017 and 2018.

13 Q What e-mail did you use while you  
14 were at Bittrex?

15 A Excuse me -- (b)(6); (b)(7)(C)

16 (b)(6); (b)(7)(C)

17 Q Did you use any other e-mails?

18 A Ones tied to me? What did you mean  
19 by that?

20 Q Did you have access to any other  
21 e-mails at Bittrex? So sometimes you could  
22 be on an e-mail list or distribution list.  
23 For example, Bittrextokenteam.com -- I'm not  
24 saying that e-mail existed, but were there  
25 similar e-mail addresses that you had access

1 to?

2 A I was on distribution lists.

3 Q Which ones?

4 A Cointeam@Bittrex.com.

5 Q Who else was on that e-mail

6 distribution?

7 A During what period of time?

8 Q Well, when did that e-mail come

9 into existence?

10 A I'm not sure when it came into

11 existence.

12 Q Did it predate your employment with

13 Bittrex?

14 A Yes.

15 Q When you started at Bittrex, who

16 was on the distribution list?

17 A (b)(6); (b)(7)(C)

18 Q At any point, did any member -- was

19 any person added to that list or taken away?

20 A Yes.

21 Q Who and when?

22 A I can't give you dates for when.

23 But (b)(6); (b)(7)(C) was added, (b)(6); (b)(7)(C) was added.

24 Q Can you spell that?

25 A (b)(6); (b)(7)(C)

1 Q Do you know their last names?

2 A I do not recall.

3 Q Why were -- why were they added?

4 A They were hired on to the team.

5 Excuse me. They were hired on to the team.

6 Q When you say, "the team," the Coin  
7 Team or just hired at Bittrex?

8 A The Coin Teams.

9 Q Were they previously employed with  
10 Bittrex?

11 A (b)(6);  
(b)(7)(C) was.

12 Q What was his role prior to being  
13 added to the Coin Team?

14 A He was on the (b)(6); (b)(7)(C)

15 Q And (b)(6); (b)(7)(C) was a new hire?

16 A Correct.

17 Q Were you on any other distribution  
18 lists, e-mail lists?

19 A Not that I can recall.

20 Q Do you maintain any social  
21 networking accounts?

22 A Social media?

23 Q Facebook, LinkedIn, Twitter.

24 A Yes.

25 Q Reddit. Okay.

1           What is your Facebook user ID?

2           A   (b)(6); (b)(7)(C)

3   (b)(6); (b)(7)(C)

4           Q   Do you post anything related to  
5   work on Facebook?

6           A   No.

7           Q   Have you ever used Facebook for  
8   anything related to Bittrex?

9           A   No.

10          Q   Do you have a Twitter account?

11          A   I do.

12          Q   What is your Twitter handle?

13          A   (b)(6); (b)(7)(C)

14          Q   Have you ever used Twitter for  
15   anything related to Bittrex?

16          A   No.

17          Q   Do you have a LinkedIn account?

18          A   I do.

19          Q   When did you establish the LinkedIn  
20   account?

21          A   I can't recall the exact date.

22          Q   Do you have an ID associated with  
23   that account?

24          A   It should just be -- I'm not sure  
25   what the ID is. But you can search me by



1 searching my first and last name.

2 Q In connection with your employment  
3 with Bittrex, did anyone ever reach out to  
4 you through LinkedIn?

5 A Yes.

6 Q Who reached out to you?

7 A I don't recall who.

8 Q Were they people associated with  
9 different token projects?

10 A Yes.

11 Q What was your typical response when  
12 people would reach out to you over LinkedIn?

13 A There wasn't a typical response  
14 because it varied by nature, depending on  
15 their request. So I'm not sure how to answer  
16 that.

17 Q Did anyone at Bittrex provide you  
18 with instructions on how to respond to  
19 requests that you received on LinkedIn?

20 A I don't recall.

21 Q What sorts of inquiries would you  
22 get on LinkedIn?

23 A They ranged from token teams  
24 inquiring about the process to get listed.  
25 Token teams inquiring about whether a certain

1 Bittrex profile was legitimate or not. And  
2 different token teams or other players in the  
3 crypto industry looking to sell blockchain  
4 related products.

5 Q Did you ever get requests from  
6 financial institutions?

7 A Do you mind defining a little bit  
8 more what "financial institutions" means?

9 Q Funds, private equity shops, you  
10 know, managed and -- entities that manage  
11 pooled money.

12 A No.

13 Q So would you respond to all the  
14 inquiries or would you -- what would you do?

15 A No, I wouldn't respond to all of  
16 them.

17 Q Which ones did you respond to?

18 A The ones that were inquiring about  
19 our listing process. And the ones that were  
20 inquiring about the legitimacy of certain  
21 accounts as well.

22 Q For the ones that were inquiring  
23 about listing, what was your response?

24 A To reach out to us via the Coin  
25 Team e-mail address.

1           Q     And the other inquiries how did you  
2     respond?

3           A     Just confirming whether it was a  
4     Bittrex account or not.

5           Q     What account would people be asking  
6     about?

7           A     It would two different kinds. So  
8     one of them would be like someone with --  
9     some entity or individual, I'm not sure,  
10    would be trying to impersonate Bittrex and  
11    might have reached out to the token team  
12    asking for fees in exchange for listings. So  
13    they were confirming whether what they were  
14    asking about was legitimate. Which I would  
15    confirm it was not, we do not charge for  
16    listing.

17                In addition, if there was someone  
18    on LinkedIn impersonating a Bittrex employee,  
19    I might have reached out to them, they would  
20    ask if that profile was indeed tied back to  
21    Bittrex. And I would confirm whether it was  
22    or not.

23           Q     Aside from e-mail at Bittrex, did  
24    you use any type of instant messaging  
25    services?

1 A Yes.

2 Q E-mail is not instant messaging,  
3 but -- so what did you use?

4 A Personal or professional?

5 Q Professional first.

6 A Telegram.

7 Q What was your user handle?

8 A (b)(6); (b)(7)(C)

9 Q When did you start to use Telegram  
10 for -- at work?

11 A Right around when I started.

12 Q When did you start?

13 A (b)(6); (b)(7)(C)

14 Q Do you know what month?

15 A (b)(6); (b)(7)(C)

16 Q (b)(6); (b)(7)(C)

17 A Correct.

18 Q How did it happen that you started  
19 to use Telegram?

20 A During my time at Bittrex?

21 Q Yes. This is -- do you have a  
22 separate Telegram account for personal use?

23 A No. I was -- no, I do not.

24 Q Did you have a Telegram account  
25 before you opened one -- before you started

1 at Bittrex?

2 A Yes.

3 Q So were you using the same account?

4 A Correct.

5 Q So going back to my first question,

6 how did it happen that you started to use

7 your Telegram account for work? Your

8 personal account for work at Bittrex?

9 A Okay. Thank you. When I was  
10 conducting -- assisting with conducting the  
11 compliance review for existing tokens, and if  
12 a team was unresponsive, I would go onto  
13 different forums to try to get in contact  
14 with someone.

15 Q Did anyone tell you to go on  
16 Telegram?

17 A Not -- I wouldn't say tell, no.

18 Q How did it -- were other people at  
19 Bittrex using Telegram for work purposes?

20 A I'm not sure -- when I first  
21 started, I'm not sure.

22 Q At some point, did you learn that  
23 other people were using Telegram for work?

24 A Yes.

25 Q At Bittrex?

1 And when did you learn that?

2 A I'm not sure the time frame of when  
3 I first learned that.

4 Q Well, who did you learn was using  
5 Telegram for work?

6 A (b)(6); (b)(7)(C)

7 Q Who is (b)(6); (b)(7)(C)

8 A (b)(6); (b)(7)(C)

9 on the Coin Team.

10 Q When did he start at Bittrex?

11 A (b)(6); (b)(7)(C)

12 Q Who is (b)(6); (b)(7)(C)

13 A (b)(6); (b)(7)(C) was a (b)(6); (b)(7)(C) on the Coin

14 (b)(6); (b)(7)(C) as well. (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C)

16 Q Is she still with Bittrex?

17 A She is.

18 Q When did she start?

19 A (b)(6); (b)(7)(C)

20 Q How long -- when did she -- how  
21 long was she on the Coin Team?

22 A (b)(6); (b)(7)(C)

23 Q What part of Bittrex does she work  
24 now?

25 A (b)(6); (b)(7)(C)



1 Q So the initial question was, who  
2 did you learn had been using Bittrex --  
3 Telegram and when did you learn that (b)(6); (b)(7)(C)  
4 was using Telegram?

5 A I can't recall the first instance  
6 of when I learned.

7 Q When did you learn that (b)(6);  
(b)(7)(C) was  
8 using Telegram?

9 A I can't recall the first instance.

10 Q Why were they using Telegram?

11 A I can't speak as to why they were  
12 using it. I couldn't speak --

13 Q Did they use it in the same manner  
14 that you did, to reach out to token teams?

15 A That's my understanding, yes.

16 Q Did anyone else at Bittrex use  
17 Telegram at work?

18 A Perhaps. I can't confirm.

19 Q Did you ever communicate with  
20 Bittrex employees on Telegram?

21 A Yes.

22 Q For -- did -- are those  
23 communications work-related?

24 A Yes.

25 Q Who -- did you communicate with

1 (b)(6);  
(b)(7)(C) on Telegram?

2 A Yes.

3 Q (b)(6); (b)(7)(C)

4 A Yes.

5 Q (b)(6); (b)(7)(C)

6 A I don't recall.

7 Q (b)(6); (b)(7)(C)

8 A I don't recall.

9 Q Did (b)(6);  
(b)(7)(C) use Telegram at work?

10 A I don't recall.

11 Q Did you ever communicate with (b)(6); (b)(7)(C)

12 via Telegram?

13 A No.

14 Q Did you ever communicate with any  
15 of the founders of Bittrex on Telegram?

16 A No.

17 Q Do you know if they used Telegram  
18 at work?

19 A I'm not sure.

20 Q Did you ever communicate with any  
21 of Bittrex's outside counsel using Telegram?

22 A No.

23 MR. GEIST: You can say yes or no.

24 But not the communications.

25 Q When you communicated with -- you

1 used Telegram to reach out to token teams who  
2 were unresponsive, that's your testimony,  
3 correct?

4 A Correct.

5 Q If they eventually responded, did  
6 you continue the conversation on Telegram or  
7 did the conversation move elsewhere?

8 A The conversation would move towards  
9 Slack.

10 Q How did that come about?

11 A Can you expand on what you mean by  
12 that?

13 Q Did you ask the token teams to  
14 respond to you on Slack or -- I mean, how  
15 long -- what would you -- beyond just trying  
16 to contact token issuers on Telegram, what  
17 communications would you have with token  
18 issuers on Telegram?

19 A From -- so my best recollection is  
20 that I would inform them, once I'm able to  
21 locate who the most senior person on the team  
22 is in that Telegram chat, that we had been  
23 trying to get in contact with them. But we  
24 have been unsuccessful either via the e-mail  
25 we currently had on file for them, or the

1 user name that we have in Slack. So I asked  
2 them to provide me updated e-mail so that I  
3 can send them the Slack invitation. Because  
4 Slack is our preferred method of  
5 communication with token teams. So then we  
6 would make that transition over.

7 Q So the token teams that you were  
8 reaching out to that you were unable to  
9 contact, we those teams for tokens that were  
10 listed on Bittrex?

11 A The ones that -- during -- sorry.  
12 During what time frame?

13 Q During the entire time frame that  
14 you were at Telegram -- using Telegram.

15 A So there was two different types --  
16 times that we would reach -- that we would  
17 reach out to or I would do it myself, that I  
18 would reach out to token teams. In the  
19 instances where they were unresponsive, a few  
20 were currently listed on the exchange. And  
21 then for ones that we might be interested in  
22 considering for listing, if they might not  
23 have a responsive, you know, publicly facing  
24 e-mail or we want to work directly with the  
25 lead dev, we might search for them and engage

1 with them on Telegram as well.

2 Q So some of the token teams already  
3 had tokens listed on the platform?

4 A Correct.

5 Q For the tokens that weren't listed,  
6 have they submitted a listing application or  
7 started that process?

8 A Well, so the ones that I had  
9 engaged with that weren't listed, those would  
10 be -- those were being considered for Bittrex  
11 Global. So I'm not sure, during that time,  
12 where they were in the listing application  
13 process.

14 Q So let's start, for the tokens that  
15 were already listed, did anyone -- what was  
16 the purpose of reaching out to those teams?

17 A There were a few objectives when we  
18 were attempting to reach out. One of them  
19 would be just internal housekeeping, wanting  
20 to make sure we have the most updated contact  
21 information. The second reason would be  
22 specifically to the compliance review. We  
23 wanted to know who to engage with to begin  
24 that review process.

25 Q Any other reason?

1 A Not that I can recall.

2 Q During what time period were you  
3 reaching out? During what time period was  
4 this compliance review starting?

5 A I'm not sure when it started. It  
6 was before I was hired.

7 Q So you reached out to existing  
8 token teams in connection with a compliance  
9 review that Bittrex was doing; is that  
10 correct?

11 A Correct.

12 Q And the compliance review had  
13 already started?

14 A Correct.

15 Q About how many token teams would  
16 you reach out to in connection with a  
17 compliance review?

18 MR. GEIST: On Telegram or e-mail  
19 or both?

20 Q On Telegram.

21 A I can't recall.

22 Q For the token teams that you  
23 reached out to on Telegram that were not  
24 listed, you said that those communications  
25 were in connection with a possible listing on



1 Bittrex Global?

2 A Correct.

3 Q What was the purpose of -- did  
4 anyone direct you to reach out to those  
5 teams?

6 A So -- okay. I want to clarify that  
7 a little bit.

8 So in the one instance that I can  
9 recall, we were engaging with a team that was  
10 not listed on Bittrex. It was being  
11 considered for Bittrex Global and Bittrex  
12 Global had -- they had submitted a ticket and  
13 so we were informed of the person we should  
14 be working with. But their preferred method  
15 of communication was on Telegram and not  
16 Slack. So that's why we went to Telegram.

17 Q What was the name of the token?

18 A Telegram.

19 Q The -- are you talking about the  
20 gram token?

21 A Yes.

22 Q Who had told you that the preferred  
23 communication method was Telegram?

24 A I don't recall his name. It was  
25 the person we were engaging with on Zendesk.

1 Q When did those communications  
2 occur?

3 A I don't recall the date.

4 Q Did you communicate with anyone  
5 involved -- regarding the gram -- anyone from  
6 the Telegram team on Slack?

7 A No.

8 Q Only Telegram?

9 A Correct.

10 Q What were the names of the people  
11 that you spoke with?

12 A I don't recall.

13 Q What was the -- did they apply to  
14 be listed on Bittrex's platform?

15 A For Bittrex Global, yes.

16 Q Other than Telegram, you said  
17 you -- the preferred method of communication  
18 at Bittrex was Slack?

19 A Correct.

20 Q And did you have a user handle or  
21 anything on Slack?

22 A Yes.

23 Q What was your user handle?

24 A (b)(6); (b)(7)(C)

25 Q Is that a private Slack or public

1 Slack?

2 A That was my user handle for the  
3 public Slack.

4 Q Do you have a private Slack that  
5 you could access and use?

6 A Yes.

7 Q What was the private Slack user  
8 handle?

9 A My best recollection was my name.

10 Q How did you use Slack? For what  
11 purpose did you use Slack at Bittrex?

12 A Public or private?

13 Q Let's start with the public. And I  
14 want to start from the beginning of your  
15 employment. So if it changed over time,  
16 please let me know.

17 A Okay. So when I first started, I  
18 was using Slack to -- well, I want to ask a  
19 clarifying question.

20 How I used Slack or how we, the  
21 Coin Team, were using Slack?

22 Q Well, if there's a -- let's start  
23 with how you used it. And then if there's a  
24 distinction how the Coin Team used it, we can  
25 talk about that, too. But thank you.

1           A     Okay. So when I first started, I  
2     was using it to engage with the different  
3     token teams. Collecting documents and just  
4     having conversations regarding the compliance  
5     review process. So answering any questions  
6     that they might have had and filing the  
7     document that they might have uploaded in  
8     Slack instead of via e-mail.

9           Q     This is the public Slack?

10          A     Correct. I think there -- okay.  
11     Go ahead.

12          Q     Was it the public Slack?

13          A     Yes.

14          Q     If I were only Slack channel, I  
15     could see your communications with other  
16     teams?

17          A     "I" being -- like -- when you say,  
18     "I," who -- like --

19          Q     If I were to join the Slack, how  
20     would -- there's a public Slack. If I wanted  
21     to join that public Slack, what would I need  
22     to do?

23          A     Okay. So I want to break down how  
24     our Slack operations work. We have the  
25     public-facing channel, which is how we

1 communicate with the developers of the  
2 different token teams. There's a general  
3 channel, which is where if we invited you,  
4 you would first be pulled into. That's the  
5 open forum for everybody that is in that  
6 Slack. Within that public Slack channel, we  
7 have private channels that are token team  
8 specific that are locked. We are having  
9 these conversations in the private token team  
10 specific channels.

11 (b)(6); (b)(7)(C) Were there any  
12 policies or procedures that governed your use  
13 of Slack?

14 THE WITNESS: Not that I can  
15 recall.

16 Q Normally, I don't use Slack, so I'm  
17 not that familiar with it. You know, if I  
18 send an e-mail to somebody, I will -- and I  
19 want to preserve that e-mail, I have a -- a  
20 folder in my Outlook and I put my e-mail in  
21 there.

22 How do you preserve records on  
23 Slack; if at all?

24 A On the public Slack?

25 Q On both.

1           A     Okay. I didn't take any measures  
2 to preserve communications on Slack.

3           Q     On the public Slack?

4           A     Public, nor any personal measures  
5 to preserve communications on the private  
6 side.

7           Q     I'm sorry. So you didn't take any  
8 measures to preserve communications on the  
9 public Slack?

10          A     Correct.

11          Q     And but what about if you got  
12 relevant documents?

13          A     Well --

14          Q     On the team.

15          A     If they provided us documents, I  
16 would file those. But in regards to like the  
17 chatter that we might have back and forth in  
18 Slack, I wouldn't like file any of that  
19 communication text.

20          Q     In the public Slack?

21          A     Correct.

22          Q     What about in the private Slack?

23          A     I wouldn't file any communications  
24 either.

25          Q     Was there any instance ever in



1       which you preserved a communication in Slack,  
2       in the private Slack, with the token team?

3           A     Yes.

4           Q     So occasionally you would preserve  
5       some communications?

6           A     Yes.

7           Q     And when would you do that?

8           A     When direction was provided by  
9       counsel.

10          Q     When direction was provided by  
11       counsel?

12          A     Correct.

13          Q     Was counsel a participant on the  
14       Slack communication?

15          A     We do not have counsel in our  
16       Slack.

17          Q     So how would it happen that counsel  
18       would direct you to preserve a communication?  
19       How would they know about it?

20               MR. MARTIN:  You have to be  
21       careful.  I think when she says at the  
22       direction of counsel, it's another way of  
23       saying she had a conversation with counsel.  
24       And I know you don't want to get into the  
25       contents of that communication.

(b)(6); (b)(7)(C)

Right.

MR. MARTIN: But there was a communication with counsel and then she preserved a communication with a token team. I mean -- I think that's what the testimony is.

Q So what were the communications that you preserved with token teams?

A I don't recall.

Q Why would you want to preserve certain conversations with token teams as opposed to -- there was obviously a select group of conversations that you preserved. It sounds like your general practice was not to preserve conversations. You only preserved -- did you preserve in limited situations, for limited communications?

A I'm not sure I understand your question.

Q I'm trying to understand why -- what communications you would preserve.

MR. MARTIN: She's already testified she doesn't recall.

Q Is that your testimony?

A Correct.

1           Q     If you were -- I know you don't  
2     recall the -- which communications, the types  
3     of communications you would preserve. But  
4     tell me about the process of preserving  
5     communications on Slack.

6           A     Okay. In the one instance that I  
7     can recall, the process that I did was  
8     screenshot the communication that was on  
9     Slack and copy it into a Word document. And  
10    then save it.

11          Q     And where would you save the Word  
12    document?

13          A     On -- I don't recall where I saved  
14    it.

15          Q     We'll get in a little bit. You  
16    know, how were -- what sorts of records --  
17    strike that.

18                 Did each -- how were the token  
19    teams' documents kept?

20          A     Documents would be filed on our  
21    share drive.

22          Q     Can you be a little more specific  
23    how were those -- how was the drive  
24    organized?

25          A     Yes. So we have a Coin Team

1     SharePoint. Which is where we upload  
2     different Coin Team files. We had an  
3     existing coin folder and a new coin folder,  
4     amongst other items, for the purposes of the  
5     compliance review. And the existing coin  
6     folder, each token team that we -- each token  
7     that we had listed on our platform would have  
8     its individual folder. And then we would  
9     upload the files into that folder.

10        Q     Within the SharePoint, there were  
11     sub-folders; one for existing coins and one  
12     for a new coins?

13        A     Correct.

14        Q     What did existing coins refer to?

15        A     Coins that were -- that were  
16     currently listed on the platform.

17        Q     And these -- this is as of the date  
18     you started with Bittrex?

19        A     No. I don't recall actually.

20        Q     Did the SharePoint exist prior to  
21     your time, prior to the time you started  
22     working at Bittrex?

23        A     Yes.

24        Q     So when you started, you were using  
25     the SharePoint?

1 A Correct.

2 Q And you were loading documents on  
3 the SharePoint?

4 A Correct.

5 Q And the new coin folder, what did  
6 that refer to?

7 A Well, I want to clarify. There was  
8 two different SharePoints that we used during  
9 my time at Bittrex. So I could only speak to  
10 the most current one, as that's the one I can  
11 recall.

12 Q Were you using them at the same  
13 time or were you using one and then you  
14 started to use another one?

15 A The latter.

16 Q So there was a folder, there was a  
17 SharePoint that you used, but you don't  
18 recall anything -- do you recall anything  
19 about that SharePoint?

20 A I don't recall the sub-folders or  
21 the content in that SharePoint.

22 Q When did the SharePoint change?

23 A It was during my time at Bittrex.  
24 Sometime in 2019. I don't recall the exact  
25 date.

1 Q Do you know why it changed?

2 A I do not.

3 Q The new coin folder, did that have  
4 sub-folders?

5 A Yes.

6 Q How was it organized?

7 A Similar to the existing coin  
8 folder. It was based on -- just by token  
9 name.

10 Q Did it distinguish between coins  
11 applying for listing on Bittrex Global or any  
12 other international platform that the company  
13 had at the time?

14 A Not on our SharePoint, no.

15 Q So it was just all coins that were  
16 applying for listing?

17 A Correct.

18 Q And who had access to the  
19 SharePoint?

20 A It varied, depending on the time  
21 period. But during my time at Bittrex, the  
22 different numbers of the Coin Team, counsel.

23 (b)(6); (b)(7)(C) There's music playing.

24 I don't know if it's coming from -- okay.

25 Q So counsel had access to the



1 SharePoint?

2 A Correct. That's all I can recall.

3 Q Did counsel have the ability to  
4 load documents onto the SharePoint?

5 A Internal or external?

6 Q I'm not sure what you mean by  
7 "internal."

8 MR. GEIST: In-house lawyers or  
9 outside lawyers.

10 Q When you say, "counsel," are you  
11 talk about internal or external?

12 A Internal in this instance.

13 Q Did outside counsel have access to  
14 the SharePoint?

15 A The SharePoint, no. But sometimes  
16 we would provide access to certain folders.

17 Q Remote access?

18 A What did you mean by "remote  
19 access"?

20 Q Like if your lawyer was sitting in  
21 Seattle, how could he gain access to the  
22 files?

23 A We would just add them on the  
24 attorneys' list to access it on the  
25 SharePoint.

1 Q So if you wanted to show him some  
2 files, that was a way of doing so without  
3 e-mailing him the actual file?

4 A Correct.

5 Q Would you send him a link to the  
6 folder or how would it work?

7 A No. Once I grant -- once I would  
8 grant them permit, they would receive an  
9 e-mail from SharePoint saying they now had  
10 access to a certain folder.

11 Q How many --

12 (b)(6); (b)(7)(C) Is there --

13 THE WITNESS: Yes.

14 (b)(6); (b)(7)(C) Are all the documents  
15 from the old SharePoint migrated over to the  
16 new SharePoint?

17 THE WITNESS: I can't say all  
18 documents. But the coin folders were  
19 migrated.

20 (b)(6); (b)(7)(C) Do you have a sense of  
21 why all communications with the token teams  
22 weren't saved to those coin folders?

23 THE WITNESS: Can -- sorry. Can  
24 you repeat your question one more time?

25 (b)(6); (b)(7)(C) Do you have --

1 MR. GEIST: Sorry. Sorry.

2 (b)(6); (b)(7)(C) Do you have an  
3 understanding of why all the communications  
4 with the token teams weren't saved to those  
5 coin folders?

6 THE WITNESS: No, not really.

7 Not --

8 (b)(6); (b)(7)(C) What do you mean by  
9 "not really"?

10 THE WITNESS: Process-wise or from  
11 a technical standpoint, why -- why the  
12 Bittrex process wasn't to file all of these,  
13 I can't speak to that. That, I don't -- that  
14 I don't have an understanding of.

15 (b)(6); (b)(7)(C) If you wanted to go  
16 back and look at communications with a  
17 particular token team today, could you do  
18 that?

19 THE WITNESS: Um -- if there was a  
20 recent conversation, it should still be  
21 accessible. Something further back, I  
22 wouldn't be able to access that.

23 (b)(6); (b)(7)(C) Have you ever tried to  
24 go back and access a question -- a  
25 conversation with a token team and found that

1 it was not there?

2 THE WITNESS: Yes.

3 (b)(6); (b)(7)(C)

Can you describe that?

4 THE WITNESS: One instance would be  
5 if I -- I can't think of a specific instance,  
6 actually. Keeping it more general, if there  
7 was a technical question regarding where we  
8 left off around like payment for a swap or  
9 even a question around like where we were  
10 on -- with our discourse when it came to the  
11 compliance review, I would want to like  
12 scroll up. But then I wouldn't be able to  
13 access it. So I might have to ask them the  
14 question again.

15 (b)(6); (b)(7)(C)

16 When was the compliance  
review?

17 THE WITNESS: I'm not sure when it  
18 started. It was before I was hired. But it  
19 was something I was working on during Q1 of  
20 2018.

21 (b)(6); (b)(7)(C)

22 Did you ever save  
23 communications with token teams to file,  
other than at the direction of counsel?

24 THE WITNESS: Not that I can  
25 recall.

1 (b)(6); (b)(7)(C) Was there a particular  
2 reason why you didn't save communications  
3 with token teams to these folders on your own  
4 volition?

5 THE WITNESS: I wasn't given  
6 direction by leadership to do so.

7 (b)(6); (b)(7)(C) When you say,  
8 "leadership," who are you referring to?

9 THE WITNESS: (b)(6); (b)(7)(C) would have  
10 been -- I reported directly to (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) Anyone else?

12 THE WITNESS: Nope. Or I guess  
13 like the CC execs.

14 (b)(6); (b)(7)(C) For what time period  
15 did you report to (b)(6); (b)(7)(C)

16 THE WITNESS: All of 2018 and up  
17 (b)(6); (b)(7)(C)

18 (b)(6); (b)(7)(C) Prior to (b)(6); (b)(7)(C)  
19 departure, did you ever report to anyone else  
20 at Bittrex?

21 THE WITNESS: No.

22 (b)(6); (b)(7)(C) Okay. Thank you.

23 THE WITNESS: Thank you.

24 Q Did (b)(6); (b)(7)(C) ever instruct you to  
25 preserve any communications with any token

1 teams?

2 A Not that I can recall.

3 Q Did you ever discuss with (b)(6);  
(b)(7)(C)

4 preserving communications with --

5 communications on Slack with token teams?

6 A Not that I can recall.

7 Q Did (b)(6);  
(b)(7)(C) preserve communications

8 on Slack with token teams?

9 A Not that I'm aware of.

10 Q How often did you preserve

11 communications on Slack with token teams?

12 A I can only recall about one

13 instance from that. From direction from  
14 counsel.

15 Q What token team were you  
16 communicating with?

17 A It was -- it was multiple. I don't  
18 recall which token team specifically.

19 Q Oh, so I misunderstood. You said  
20 that -- how many instances did counsel direct  
21 you to preserve communications?

22 A One instance.

23 Q Was it in connection with one token  
24 or multiple tokens?

25 A Multiple tokens.



1 Q When was it?

2 A I don't recall the date. It was  
3 after I joined DC office. Sometime in 2019.

4 Q When did you join the DC office?

5 A September 2018.

6 Q Sometime in 2019, counsel directed  
7 you to preserve conversations with token  
8 teams --

9 A Correct.

10 Q -- at Slack?

11 And it wasn't in connection with --  
12 was it -- how many tokens was it in  
13 connection with?

14 A I don't recall.

15 Q Were the communications in  
16 connection with the compliance review?

17 A No.

18 Q What were the communications with  
19 the teams in connection with?

20 A It was just the most recent  
21 dialogue we had with them.

22 Q Were they in connection with  
23 listing applications -- dialogues in  
24 connection with listing applications?

25 A No. It also included existing

1 coins.

2 Q Existing coins that were not under  
3 compliance review?

4 A Correct. This was after the  
5 compliance review process.

6 Q It was after the compliance review  
7 had been completed?

8 A Correct.

9 Q Can you tell me what you mean by  
10 compliance review and what that really  
11 consisted of?

12 A Yes. So my best understanding is  
13 that when I started, Bittrex was in early  
14 stages of conducting a compliance review for  
15 all the tokens listed on the platform. They  
16 had developed the processes, the documents,  
17 in order to assess different tokens. And I  
18 was brought on board to help with the  
19 document collection. And then ultimately, it  
20 was discussions -- after collecting all those  
21 documents, discussions that we had between  
22 leadership and counsel on what actions to  
23 take thereafter.

24 Q So in connection with the  
25 compliance review, you said you collected

1 documents?

2 A Yes.

3 Q Did you have any other role in  
4 connection with the compliance review?

5 A Um -- let me think -- I guess  
6 document collection and admin. The  
7 organization of it.

8 Q When you say, "organization," you  
9 are talking about organizing the document on  
10 the network or the SharePoint?

11 A On the SharePoint, and also in our  
12 internal tracker that we used.

13 Q What -- what is that?

14 A It was an Excel spreadsheet.

15 Q Was that kept on the SharePoint?

16 A Yes.

17 Q What information was kept on that  
18 spreadsheet?

19 A So there was a list of different  
20 documents we would request. So the column  
21 representing each document ask, name of the  
22 person we were working with directly, token  
23 ticker, token name, counsel that would --  
24 that was representing the asset. That's all  
25 I can recall.

1 Q Did the spreadsheet exist at the  
2 time that you joined?

3 A A version of it, yes.

4 Q When you started, is this something  
5 that you were in charge of as part of your  
6 duties?

7 A Yes.

8 Q Did anyone else add information to  
9 this spreadsheet?

10 A Yes.

11 Q Did other people on the token team  
12 add information?

13 A Yes.

14 Q Why would other people add  
15 information to the spreadsheet?

16 A They would assist with just overall  
17 tracking. So you know, we all had those  
18 private channels on the public Slack so if  
19 the pointing from a token team provided  
20 information and someone else caught it, they  
21 might just enter it on the spreadsheet and  
22 just let me know if they got to it first.

23 Q In connection with a compliance  
24 review, what sorts of documents did you  
25 collect?

1           A     So listing application, legal  
2 memorandum.

3           Q     From whom? In your own Bittrex  
4 counsel or the token team's counsel?

5           A     So right now, I'm going through the  
6 list of what we'd request from the token  
7 team. Sometimes the counsel provided directly  
8 to us. The times the token teams wouldn't  
9 provide that. Articles of incorporation,  
10 registration docs, listing agreement and NDA.  
11 Those were the documents I can recall.

12          Q     Was there a checklist that you  
13 looked to in connection with the document  
14 collection?

15          A     Are you -- so are we discussing the  
16 Excel spreadsheet right now?

17          Q     No. Were you tracking on the  
18 spreadsheet whether -- which documents you  
19 collected?

20          A     Yes.

21          Q     So you were tracking them and  
22 then -- other than tracking it on the  
23 spreadsheet, did you track it anywhere else?

24          A     For --

25          Q     I'm just talking about the

1 compliance review.

2 A Okay. No. Just that spreadsheet.

3 Q Were you collecting documents for  
4 all the tokens that were under review or were  
5 there specific tokens that you were assigned  
6 to conduct a review for -- to collect  
7 documents for?

8 A We reached out to all tokens that  
9 were on our platform.

10 Q I'm talking about specifically --  
11 were you responsible for a subset of the  
12 tokens where, you know, maybe someone else on  
13 the team was responsible for other tokens?

14 A No. I was the lead on that. But  
15 prior to how -- prior to me starting, I'm not  
16 sure if it was divvied up a certain way.

17 Q You said you were the lead, you  
18 were the lead on the document collection  
19 part?

20 A Correct.

21 Q Other than the document collection  
22 and organizing the spreadsheet, what else did  
23 you do in connection with the compliance  
24 review?

25 A I would attend our calls with



1 counsel providing updates on documentation.  
2 I would occasionally have calls with token  
3 teams if they had concerns or questions  
4 regarding our request.

5 Q Anything else?

6 A That's all I can recall.

7 Q Just in general, what was the  
8 purpose of the compliance review?

9 A It's my understanding, this is  
10 before I started as well, that there was some  
11 like --

12 MR. MARTIN: Do you know how to  
13 answer without reviewing communications with  
14 counsel?

15 THE WITNESS: No, I don't.

16 Q Did -- in connection with the  
17 compliance review, did Bittrex want to ensure  
18 that the token teams were still the tokens  
19 were -- the tokens that were listed were  
20 still in compliance with Bittrex token  
21 policies?

22 A Can you repeat your question one  
23 more time?

24 Q Yeah. Sure.

25 Did Bittrex want to ensure that the

1 tokens listed on the platform were tokens  
2 that would not be deemed securities under the  
3 Federal Securities laws?

4 MR. MARTIN: Can you answer the  
5 question without revealing communications  
6 with counsel?

7 THE WITNESS: No.

8 Q Did counsel communicate directly  
9 with token teams in connection with the  
10 compliance review?

11 MR. MARTIN: You can answer. Did  
12 they have the communications with the token  
13 teams?

14 A Sometimes, yes.

15 Q And those communications, were --  
16 were you on those communications?

17 A Not all of them.

18 Q So sometimes there were  
19 communications where Bittrex was not  
20 involved?

21 A That I wasn't involved.

22 Q Are there communications where --  
23 between only the token team and outside  
24 counsel, so no one else on Bittrex, no one  
25 else on the token team? On the Bittrex

1 token -- on the Bittrex side.

2 A Can you repeat you're question one  
3 more time.

4 Q Sure.

5 I just want to know, if I'm a token  
6 team person, did -- were there any times that  
7 the token team communicated directly with  
8 outside counsel and in which no one from  
9 Bittrex participated in the conversation or  
10 communication?

11 A I'm not sure.

12 Q Did you ever direct any of the  
13 token teams to reach out to outside counsel?

14 MR. MARTIN: To Bittrex's outside  
15 counsel?

16 (b)(6); (b)(7)(C) Mm-hmm.

17 A No, but our counsel would be  
18 included in initial communications for teams.

19 Q Let's go back a little. You  
20 started in Bittrex in (b)(6); (b)(7)(C)

21 How did it happen that you started  
22 with the company?

23 A Sure. I was getting my master's  
24 and there was a team project we were working  
25 on that was blockchain-related. And I had --

1 I was intrigued by cryptocurrencies. I had  
2 met with a friend down in San Francisco that  
3 like educated me a bit more on it. And then  
4 I started doing some trading of my own. And  
5 then I discovered that Bittrex was based in  
6 Bellevue, close to where I lived. And I  
7 wanted to trade on that exchange since it was  
8 local. But during that time, registry -- new  
9 registrations weren't open. So I reached out  
10 to Bill, who was the CEO, on LinkedIn  
11 providing him my background and asking if  
12 they were hiring.

13 Q That's a lot to unpack.

14 What was your background at the  
15 time?

16 A So prior to getting my master's, I  
17 had just left Amazon.

18 Q What were you getting (b)(6); (b)(7)(C)  
19 in?

20 (b)(6); (b)(7)(C)  
21

22 Q So were you getting -- in school  
23 full-time?

24 A Yes.

25 Q You worked at (b)(6); (b)(7)(C) and then you

1       went to graduate school?

2           A     Yes.

3           Q     What did you do at Amazon and how  
4       long did you work there?

5           A     I was a group manager. I worked  
6       there just under two years. I was on the  
7       customer service virtual operations team.  
8       Led a team of eight managers and around two  
9       hundred-plus associates. We handled customer  
10      complaints, escalations. I was focused on  
11      process improvement and team management.

12          Q     During what period of time were you  
13      at Amazon?

14          A     I started -- 2016 to -- right  
15      before 2018.

16          Q     So you were leading a group of 200  
17      associates.

18                   And what were those people's --  
19      what were -- what did those people do?

20          A     So those associates were -- were  
21      the ones answering customer calls.

22          Q     Customer service?

23          A     Correct.

24          Q     You said your focus was on process  
25      improvement and team management.

1           What does that mean?

2           A     Pretty much tracking the  
3 performance of my managers that were tracking  
4 the performance of the customer service  
5 associates. So identifying trends,  
6 pain-points, figuring out the possibilities  
7 to be more efficient in certain areas to  
8 improve the customer experience.

9           Q     So when you provided your  
10 background to Bill, what was the purpose?  
11 Why did you do that?

12          A     Yeah. So since registrations were  
13 closed, I was under the assumption that they  
14 weren't -- they didn't have enough capacity  
15 to support a larger influx of customers that  
16 might be trying to register. So I provided  
17 my customer service background with the  
18 intention to help the customer, like service  
19 team was handling. Like the ticket inflows.

20          Q     Were you looking for a job?

21          A     Yes.

22          Q     Were you looking to open up an  
23 account to Bittrex when you reached out to  
24 him?

25          A     Prior to reaching out, I was



1 interested in opening an account. Then when  
2 I couldn't, I saw an opportunity.

3 Q The main reason for reaching out to  
4 Bill was to see if they were hiring?

5 A Correct.

6 Q So how did Bill respond?

7 A He thanked me for reaching out.  
8 And said they were, in fact, looking for

9 (b)(6); (b)(7)(C) and he connected me with

10 (b)(6); (b)(7)(C)

11 Q Once he connected you with (b)(6);  
12 (b)(7)(C) what happened next?

13 A We scheduled -- I reached out to  
14 (b)(6);  
15 (b)(7)(C) via e-mail.

16 Q What e-mail?

17 A I don't recall which e-mail  
18 address.

19 Q Was it a Bittrex's e-mail that  
20 (b)(6);  
21 (b)(7)(C) was -- that you used to reach out to  
22 her?

23 A That's the only e-mail address I'm  
24 familiar with. But I'm not sure.

25 Q Okay.

A Then we scheduled a time for a  
phone call.

1           Q     And on that phone call, what did  
2     you discuss with her?

3           A     Just discussed the company. Where  
4     they're at, my background. What their like  
5     pain-points were. What they were hoping to  
6     accomplish. It was more of an informational  
7     phone screening more than anything.

8           Q     What would you say were the  
9     company's pain-points at the time?

10          A     I don't recall. But it was --  
11     whatever -- yeah, I don't recall what the  
12     pain-points were.

13          Q     Did she say what your role would be  
14     at Bittrex? Did she offer you a job?

15          A     Not on that call, no.

16          Q     Okay.

17          A     She didn't outline what the role  
18     would be. They were still trying to figure  
19     it out.

20          Q     Did you think the role would be  
21     customer support-related?

22          A     I wasn't sure.

23          Q     Did -- before you accepted the job,  
24     did she explain to you -- did she tell you  
25     that you would have responses in connection

1 with tokens and review of tokens?

2 A Before I accepted the job, no.

3 Q Did you have an understanding --  
4 when you accepted, did you have an  
5 understanding of what your role would be?

6 A No. I knew -- I didn't -- there  
7 wasn't -- I'm trying to think -- no.

8 MR. MARTIN: We've been going about  
9 an hour and fifteen minutes. Is there a  
10 chance for a break?

11 (b)(6); (b)(7)(C) Yeah. Ten minutes?

12 MR. MARTIN: Sure.

13 (b)(6); (b)(7)(C) We can take a break  
14 now. We are off the record at 11:19.

15 (A discussion was held off the  
16 record.)

17 (b)(6); (b)(7)(C) We are on the record  
18 at 11:34.

19 Q Just want to go over a couple  
20 things.

21 MR. MARTIN: (b)(6); (b)(7)(C) you forgot to  
22 ask the question.

23 (b)(6); (b)(7)(C) I -- I mean, I  
24 normally don't, unless there's a  
25 conversation. That's just not my practice.

1 MR. MARTIN: Okay.

2 Q I want to circle back to some  
3 background information. You said you lived  
4 at a few residences in Washington.

5 Just curious, why were you moving  
6 around so much?

7 A Washington state or Washington DC?

8 Q Washington DC.

9 A They were just short-term  
10 subleases.

11 Q Are you currently working for  
12 Bittrex?

13 A Yes.

14 Q Okay. You are still working for  
15 them.

16 And then, going to -- do you  
17 have -- do you post on any message boards or  
18 internet forums; such as BitcoinTalk or  
19 Reddit or Quora?

20 A No, I do not.

21 Q Are you familiar with those forums?

22 A Yes.

23 Q How are you familiar with them?

24 A I know like BitcoinTalk is where a  
25 lot of crypto chatter is. The latter -- how

1 do you pronounce it again?

2 Q I said Reddit and Quora.

3 A Yeah. So Quora I know is somewhat  
4 similar to Reddit, where people just go and  
5 ask questions and they answer them.

6 Q Do you know those forums in  
7 connection with certain -- strike that.

8 Did you ever look at those forums  
9 in connection with work you did at Bittrex?

10 A BitcoinTalk, Yes.

11 Q Any other forums that you would  
12 look at?

13 A Occasionally, Reddit.

14 Q Were you familiar with those forums  
15 before you started at Bittrex?

16 A Yes.

17 Q How were you familiar with them?

18 A Oftentimes, I would be directed  
19 there just reading about different crypto  
20 stuff. There might be a link that would  
21 redirect me.

22 Q So were you -- did you look at  
23 those forums for anything unrelated to  
24 crypto?

25 A Yes.

1 Q What sort of --

2 A Just random reads, honestly.

3 Q But you didn't post on any forum?

4 A Correct.

5 Q I'll ask you a little later a

6 couple more questions about that.

7 But just sticking to the  
8 background, can you tell me your educational  
9 history starting with your college.

10 (b)(6); (b)(7)(C)

11  
12  
13  
14  
15  
16  
17  
18 Q The (b)(6); (b)(7)(C) did it  
19 include any classes in blockchain or digital  
20 assets or anything like that?

21 A No classes, but I did do an  
22 individual project on blockchain.

23 Q What was the -- what did the  
24 project involve?

25 A We interviewed a developer from the



1 ATOM team. And wrote about the Tendermint  
2 protocol.

3 Q ATOM team, is that a token?

4 A Yes.

5 Q How do you spell that?

6 A The ticker is A-T-O-M. The name is  
7 Cosmos.

8 Q How did you come to interview them?

9 A A classmate had a relationship with  
10 that dev, where he had hired him for some  
11 short gig and exchanged Bitcoin. It was just  
12 his friend.

13 Q Then did you produce a paper or a  
14 project as a result of your, you know,  
15 communications with this --

16 A Yes, we produced a paper.

17 Q What was the paper about?

18 A I do not recall. I only recall  
19 discussing -- we interviewed --

20 Q I'm sorry. I didn't hear you.

21 A I only recall just reiterating what  
22 I said before, the Tendermint protocol and  
23 some quotations from our interview with that  
24 developer.

25 Q What is the Tendermint protocol?

1           A     I don't recall what the in-depth  
2     technical pieces of it.  It's just how the  
3     like certain aspect of that blockchain  
4     operates.

5           Q     Is there a native token to the  
6     blockchain?

7           A     Yes.

8           Q     What's the native token?

9           A     ATOM.

10          Q     How do you spell that?

11          A     A-T-O-M.

12          Q     What information did you collect  
13     about the ATOM token?

14          A     I don't recall.

15          Q     How can the ATOM token be used in  
16     that protocol?

17          A     I don't recall.

18          Q     So did you submit the paper to --  
19     in connection with a class or anything?

20          A     Yes.

21          Q     What class?

22          A     It was -- I don't -- I don't recall  
23     which class it was.

24          Q     Was that your first experience with  
25     digital assets?

1 A No.

2 Q When -- okay. What year were you  
3 at -- doing your master's? What years?

4 A (b)(6); (b)(7)(C)

5 Q So were you working at (b)(6);  
(b)(7)(C) at  
6 the time some portion in time when you were  
7 in school?

8 A Yes.

9 Q Do you have any digital asset  
10 accounts in any digital asset exchanges?

11 A Yes.

12 Q Where do you maintain accounts?

13 A (b)(6); (b)(7)(C)

14 Q When was that account opened?

15 A I don't recall the exact date.

16 Q Before or after you started working  
17 at Bittrex?

18 A Before.

19 Q During the time you were at your  
20 master's program?

21 A Yes.

22 Q So in between the 2017/2018 time  
23 period?

24 A Correct.

25 Q Any other accounts?

1 A (b)(6); (b)(7)(C)

2 Q When was that opened?

3 A The same time frame for all of  
4 these.

5 Q At what other accounts?

6 A Finance -- sorry. Can you clarify  
7 your question one more time. So ones that  
8 I'm actively maintaining right now?

9 Q No. The question was -- I'll ask  
10 it again just for clarification.

11 Can you tell me any accounts that  
12 you've ever had with any digital asset  
13 exchange, including any decentralized  
14 exchange.

15 A Okay. What else did I have,

16 (b)(6); (b)(7)(C)

17 Q (b)(6); (b)(7)(C)

18 A Mm-hmm. (b)(6); (b)(7)(C) that's  
19 decentralized. (b)(6); (b)(7)(C) that's

20 decentralized. And that's all I can recall.

21 Q Starting with (b)(6); (b)(7)(C) can you tell  
22 me when you opened each of these accounts?

23 A I can't think of the exact date.  
24 But grouping all these together, it was  
25 between 2017 and 2018. So around the time of

1 my master's.

2 Q Did you open any of them after you  
3 started working at Bittrex?

4 A No.

5 Q So all prior to the time -- prior  
6 to February 2018?

7 A Correct.

8 Q Why did you open these accounts?

9 A Curiosity. I wanted to see  
10 different view-eyes and what different  
11 exchanges offered the services in assets.  
12 Just having like adversity of experience and  
13 an adversity of tokens.

14 Q What got you curious about digital  
15 assets and digital asset platforms  
16 centralized and decentralized?

17 A During my master's program, I was  
18 working on like some alternative financial  
19 products. That was my focus. I kind of felt  
20 like it was -- whatever I was trying to build  
21 was like putting a square peg in a round  
22 hole. So I became a little frustrated. Then  
23 what I was trying to build didn't quite work  
24 out.

25 And then my friend that I met with

1 in San Francisco, I talked to him about what  
2 I had been trying to build. And then based  
3 on like my interest, he recommended that I  
4 explore cryptocurrencies and just blockchain  
5 in general. And that's then that's how I  
6 started getting more involved.

7 Q What project -- product? Were you  
8 trying to build a product? What product?

9 A I guess, yeah. So it was more -- I  
10 was trying to build out interest alternative  
11 financial products.

12 Q Did you -- did you have a specific  
13 product that you were trying to build out?

14 A First product I was focusing on,  
15 like loans, particularly for cars. That's as  
16 far as I got.

17 Q When you say, "interest alternative  
18 products," what do you mean in the context of  
19 loans for cars?

20 A So like a lot of -- so I was  
21 focused on alternative products, car  
22 specific. There was like a -- in my  
23 community where a lot of people can't  
24 participant in certain products because of  
25 their like religious beliefs where they can't



1 participant in anything that accrues interest  
2 or charges interest.

3 So there's a lot of car dealerships  
4 in the Seattle area that like help customers  
5 kind of find like workarounds, but it's  
6 closed off and it's within the community. So  
7 I was trying to help them and their customers  
8 be able to purchase cars without using like,  
9 you know, our cultural financial pools. And  
10 just have something more formalized working  
11 with the banks.

12 Q So -- so products that people could  
13 purchase without being charged interest; is  
14 that what interest alternative products  
15 means?

16 A Correct.

17 Q Were you also talking about  
18 products where you could -- investment  
19 products?

20 A I didn't get that far. That would  
21 be like a different sector of interest  
22 alternative finances.

23 Q Did you have any other ideas for  
24 interest alternative products?

25 A Yeah. Like it could be applied to

1 essentially almost every sector of finance  
2 that accrues or charges interest.

3 Q How could it apply to the  
4 cryptocurrency or digital asset space?

5 A I wasn't sure yet. And that's kind  
6 of how I was curious to -- during that time  
7 when I first started, there was -- it was  
8 being explored like Reba Free, also known as  
9 interest free finances and how blockchain  
10 could play a role. So I was interested in  
11 seeing the development of that.

12 Q Did you ever trade, buy or sell any  
13 tokens on any of the accounts that you  
14 listed?

15 A Yes.

16 Q Which ones?

17 A (b)(6); (b)(7)(C) I  
18 don't recall if I did any activities on (b)(6);  
(b)(7)(C)  
19 or (b)(6); (b)(7)(C)

20 Q What about (b)(6); (b)(7)(C)

21 A Oh, and (b)(6); (b)(7)(C)

22 Q When was your first cryptocurrency  
23 purchase?

24 A Late 2017.

25 Q What did you buy and where?

1           A     I don't recall exactly what I  
2 bought, but I bought it at (b)(6); (b)(7)(C)

3           Q     How much money -- how much money  
4 did you --

5           A     It was between 500 and 1,000.

6           Q     Was it an Ethereum based token?

7           A     At that time, Coinbase had three  
8 assets that were available. They were  
9 Bitcoin, Ethereum and Litecoin.

10          Q     So it was one of those?

11          A     Correct.

12          Q     Over time, did you buy any other  
13 tokens on any other exchanges? During this  
14 2017/2018 period, what other tokens did you  
15 buy and where?

16          A     I purchased -- it's hard for me to  
17 recollect exactly which tokens.

18          Q     Well, let's start here: About how  
19 many different tokens did you purchase?

20          A     Sub twenty-five.

21          Q     Less than twenty-five.

22          A     Mm-hmm.

23          Q     Could you put those cat -- tokens  
24 in different categories like Ethereum-based  
25 tokens, prediction market tokens; things like

1 that?

2 A No, I couldn't categorize them.

3 Q How much did you -- what was your  
4 cost basis for those tokens?

5 A Can you explain what you mean by  
6 that?

7 Q How much did you purchase in USD?

8 A So total, I would say like (b)(6); (b)(7)(C)  
9 USD, I input.

10 Q Did you purchase all the tokens  
11 using fiat or would you go in and out of  
12 tokens and use, you know, some of the ETH to  
13 buy a different token?

14 A I don't quite understand your  
15 question.

16 Q Did you exclusively purchase tokens  
17 per USD?

18 A Yes.

19 Q Did you profit -- have you told  
20 sold any of those tokens?

21 A Crypto to crypto, or exit from  
22 crypto to USD?

23 Q Either.

24 A (b)(6); (b)(7)(C)

25 Q Have you sold any for USD?

1 A No.

2 Q So when you sold for other crypto,  
3 what did -- what crypto did you receive?

4 A I can't recall like all their names  
5 for the crypto-crypto transactions. I just  
6 know I moved my -- either my BTC ETH or LTC  
7 from (b)(6); (b)(7)(C) to these -- these other  
8 exchanges to purchase the other tokens.

9 Q When did you do that? During the  
10 2017/2018 time?

11 A Correct.

12 Q Did you do that after you started  
13 at Bittrex?

14 A No, before.

15 Q What is the current value of the  
16 tokens that you hold?

17 A (b)(6); (b)(7)(C)

18 Q So same as you started?

19 A The total amount, yes.

20 Q Well, have the tokens appreciated  
21 any value?

22 A I had two different entry points.  
23 So my total USD that I inputted is -- has  
24 stayed the same. But I don't know if that  
25 makes sense.

1 Q At some point, some tokens  
2 increased in value over time?

3 A Correct, and then they decreased as  
4 well.

5 Q Why did you purchase the tokens  
6 that you -- these twenty-five tokens?

7 A I learned by doing. And I wanted  
8 to explore different markets. I wanted to  
9 engage in the different channels with these  
10 token teams. I wanted to support their  
11 ecosystem the best way I could in that  
12 current capacity. I just prefer to be  
13 hands-on.

14 Q Did you do any due diligence on the  
15 tokens before you decided to purchase any of  
16 them?

17 A To the best of my ability, yes.

18 Q What due diligence did you do?

19 A I would engage -- I would read what  
20 information was publicly available in their  
21 different social channels, in their -- on  
22 their website. Might do a skim of their like  
23 white paper. It was just more like reading  
24 than anything.

25 Q Were you purchasing the token in



1 the hopes that the token would increase in  
2 value?

3 A No.

4 Q Were you purchasing the token to  
5 use the token?

6 A The goal was to eventually build up  
7 my skill set where I could do something with  
8 it.

9 Q Have you ever used any of the  
10 tokens that you purchased?

11 A No.

12 Q Did you ever open an account after  
13 you started working at Bittrex?

14 A No.

15 Q Do you have an account at Bittrex?

16 A Yes.

17 Q A trading account?

18 A Yes.

19 Q When did you open that account?

20 A When I started.

21 Q Have you ever purchased, sold or  
22 traded any digital assets in that account?

23 A No.

24 Q Why did you open the account?

25 A Part of the on-boarding process.

1 Q Was it a requirement?

2 A To access like some back-end  
3 information, yeah.

4 Q Do you use the account for any  
5 other reason other than that?

6 A No.

7 Q Going back to your employment  
8 history, you said that you started working at  
9 Bittrex in February 2018, correct? And you  
10 were hired by (b)(6); (b)(7)(C)?

11 A Yes.

12 Q And did you work out of Bittrex's  
13 offices?

14 A Part -- part-time. I started off  
15 part-time.

16 Q You were a part-time employee?

17 A Correct.

18 Q And at some point, did you become a  
19 full-time employee?

20 A Yes.

21 Q When did you become a full-time  
22 employee?

23 A Right when I graduated.

24 Q When was that?

25 A June 2018.

1           Q     So during the period that you were  
2 part-time, did you work at any of Bittrex's  
3 offices?

4           A     Yes.

5           Q     What -- which office?

6           A     The Bellevue location.

7           Q     When you became full-time, did you  
8 work at the same location?

9           A     Yes, but we moved to a different  
10 office.

11          Q     Within Bellevue?

12          A     Correct.

13          Q     Did you ever work from home?

14          A     Occasionally, yes.

15          Q     Did you work from home on a regular  
16 basis?

17          A     What's your definition of  
18 "regular"?

19          Q     Every Monday or a certain number of  
20 days a week.

21          A     I didn't have a particular cadence.

22          Q     At some point, did you work out of  
23 a different Bittrex location?

24          A     Yes.

25          Q     When was that and which location?

1           A     In September, when I relocated to  
2     DC, I began working out of the DC office.

3           Q     You said you relocated.

4           A     I moved to DC.

5           Q     Have you ever lived in DC before?

6           A     Yes.

7           Q     When did you live in DC?

8           A     For a couple of months in my  
9     undergrad, doing an internship.

10          Q     How did it happen that you worked  
11     in the DC office?

12          A     I wanted to be closer to family.

13          Q     Did Bittrex require you to move to  
14     DC and work out of their DC office?

15          A     No.

16          Q     So it's a choice you made?

17          A     Correct.

18          Q     How were you compensated by  
19     Bittrex?

20          A     I am -- I have a salary and  
21     quarterly profit-sharing.

22          Q     What was your initial starting  
23     salary?

24          A     (b)(6);  
                 (b)(7)(C)

25          Q     Has that increased?

1 A Yes.

2 Q When did it increase?

3 A It's increased at two different  
4 points. Once, when I transitioned into my  
5 current role, which was around Q3 of this --  
6 of 2019. And then the second time, this past  
7 month as part of like an annual bump.

8 Q So in Q3 2019, you got a pay raise?

9 A Correct.

10 Q What was the pay raise?

11 A My base moved up (b)(6); (b)(7)(C)

12 Q Was that in connection with a new  
13 role that you met?

14 A Yes.

15 Q What was the new role?

16 A Manager.

17 Q That was your title?

18 A Correct.

19 Q How did your responsibilities  
20 change?

21 A I was leading the Coin Team. I was  
22 a people manager. I essentially took over  
23 all the responsibilities that (b)(6); (b)(7)(C)  
24 had before me. So items around strategy,  
25 process improvement, data, et cetera.

1 Q Is that your current role?

2 A Yes.

3 Q You said you also participated in  
4 profit-sharing.

5 A Yes.

6 Q Can you tell me when that happens.

7 A It happens on a quarterly basis.  
8 So quarterly since I started.

9 Q Since you started at Bittrex?

10 A Correct.

11 Q How is that structured?

12 A What do you mean by that?

13 Q Well, do you participate in a  
14 profit-sharing plan where you put in a  
15 certain amount of money each quarter?

16 A So how the profit share program  
17 works, as to my understanding, is that me  
18 personally, I'm allocated a certain amount of  
19 points. And then based on the company's  
20 performance, they do some calculation on  
21 their back end. And then however they  
22 allocate a dollar value per point, and that  
23 determines our quarterly bonus payout --  
24 profit-sharing payout. Excuse me.

25 Q So you get a quarterly payout from



1 Bittrex?

2 A Profit-sharing.

3 Q Say that again.

4 A We get a quarterly profit-sharing  
5 disbursement.

6 Q How is that paid?

7 A Direct deposit.

8 Q On a quarterly basis, you get a  
9 certain amount of money?

10 A Correct. If we are profitable,  
11 yeah.

12 Q If the company is profitable?

13 A Correct.

14 Q How is the point system -- how --  
15 who determines how many points that a person  
16 is allocated on a quarterly basis?

17 A I'm not sure.

18 Q How many points have you -- what is  
19 the range of points you've been allocated on  
20 a quarterly basis?

21 A When I first started, I was  
22 allocated one point. And then a couple  
23 months after, I was allocated two points  
24 total. And then once I transitioned into my  
25 role around Q3 2019, I was allocated ten

1 points total.

2 Q What was the disbursement that you  
3 received in connection with your ten-point  
4 allocation?

5 A So --

6 Q Does that fluctuate?

7 A It does, yes.

8 Q What's the range?

9 A It's too large to even -- so the  
10 most recent one was between (b)(6); (b)(7)(C) per  
11 point.

12 Q Per point?

13 A Correct.

14 Q In Q3 2019 -- in -- when you --  
15 during the time period that you received one  
16 point, what was the dollar value or the  
17 range?

18 A I believe it was around (b)(6); (b)(7)(C)

19 Q Per point?

20 A Correct.

21 Q Then during the period that you  
22 were allocated two points, what was the  
23 dollar value?

24 A I don't recall, but it was less.

25 Q Significantly less?

1           A     I don't know if I can say  
2 significantly. But I guess the range I'd put  
3 would be between (b)(6); (b)(7)(C)

4           Q     You said that the dollar value of  
5 each point depended on how profitable the  
6 company was.

7                     How did the company make profits?

8           A     I can't speak to all the different  
9 revenue streams, but I can speak to three.  
10 So one of them is based off of trading  
11 volume, and I guess the commissions per trade  
12 off that trading volume. Another way would  
13 be through like OTC transactions and initial  
14 exchange offerings.

15          Q     What is the fee for OTC  
16 transactions?

17          A     I do not recall.

18          Q     How does Bittrex earn money on  
19 IEOs?

20          A     We charge token teams to host it on  
21 our platform.

22          Q     What is the fee?

23          A     It -- it ranges.

24          Q     It's not a standard fee?

25          A     For -- I'm not sure.

1 Q What is the range of fees that  
2 Bittrex charges for IEOs?

3 A 3.5 percent below.

4 Q 3.5 percent of what?

5 A Of BTC raised.

6 Q Does it charge anything else?

7 A IEO specific?

8 Q Mm-hmm.

9 A No.

10 Q The profit-sharing, is that  
11 profit-sharing only for the U.S. entity or  
12 for both the U.S. and international?

13 A I'm not sure.

14 Q When you started working at  
15 Bittrex, did it have USD trading pairs?

16 A No.

17 Q When did it start having USD  
18 trading pairs?

19 A Between -- I believe it was like  
20 between Q3 twenty -- around Q3 2018, is my  
21 best recollection.

22 Q Were you involved with an account  
23 opening process at Bittrex?

24 A No.

25 Q Were you involved in -- with any of

1 the back office trading?

2 A Can you tell me what that means a  
3 little bit?

4 Q My understanding is that there's a  
5 trade engine that is the core of Bittrex  
6 trading system.

7 Were you involved at all with the  
8 trading engine?

9 A No.

10 Q Going back to the compliance  
11 review, you said that you collected  
12 documents, you kept track of the internal  
13 spreadsheet.

14 What else did you do in connection  
15 with the compliance review?

16 A Reiterating what I was saying  
17 before, I was on call through counsel. And  
18 occasionally, I would have a call with the  
19 token teams as well.

20 Q What was the purpose of the calls  
21 with the team?

22 A To answer any questions that they  
23 might have regarding the process.

24 Q Regarding the compliance review?

25 A Correct.

1 Q Did you ever review publicly  
2 available information regarding tokens in  
3 connection with the compliance review?

4 A Review, no. Collect, yes.

5 Q What information did you collect?  
6 What publicly available information did you  
7 collect?

8 A Okay. So the white paper, website  
9 information, social media information.  
10 That's all I can recall.

11 Q When you say, "website  
12 information," what does that mean?

13 A Just like if I need to grab -- if I  
14 wanted to pull a white paper, I'd go to like  
15 the website. If we are trying to get in  
16 contact with the team, we would go to the  
17 website first to see the team members that  
18 are a part of it. Any e-mail addresses that  
19 they have listed.

20 Q When you pull the white paper, if  
21 there were several versions of the white  
22 paper, would you pull all of them or would  
23 you pull the most recent?

24 A I would pull the most recent.

25 Q When you say you collected social



1 media information, what does that mean?

2 A Links to it.

3 Q Links to social media?

4 A Correct.

5 Q From where?

6 A Like Twitter or Reddit. Just  
7 anything public I could find that the team  
8 was discussing their token.

9 Q So would you preserve the Reddit  
10 for a token team? How did that work?

11 A No, not so much as preserving it.  
12 But just providing like links or checking off  
13 what social accounts that they do have.

14 Q So you would identify all the  
15 different social media for a token team?

16 A Correct.

17 Q How -- would you list it somewhere?

18 A I don't recall. I don't -- I don't  
19 recall.

20 Q So why were you looking -- was  
21 there a reason why you were looking at the  
22 social media?

23 A Well, yes.

24 Q Why were you looking at the social  
25 media?

1           A     Guidance of counsel.

2           Q     Well, if there's legal advice that  
3     your counsel gave you, that's fine. But I'm  
4     not asking about conversations that you had  
5     with counsel. I'm just asking what you did  
6     in connection with your review of social  
7     media.

8                     So what --

9           MR. MARTIN: But you are asking  
10    why. That's the answer that the witness is  
11    giving.

12          Q     What information were you looking  
13    for when you were looking at social media?

14          THE WITNESS: Can I --

15          MR. GEIST: I think she said she  
16    was collecting it, not reviewing it. So  
17    maybe you can clarify your question.

18          Q     Well, what information were you  
19    collecting?

20          A     Just statements made by the team.

21          Q     How did you determine which  
22    statements to look at?

23          A     Based on guidance from counsel.

24          Q     How did you -- when you identified  
25    those statements, what did you do next?

1 A Talked to counsel.

2 Q You talked to counsel.

3 (b)(6); (b)(7)(C) Was this in-house  
4 counsel or outside counsel?

5 THE WITNESS: Both.

6 Q Were the statements identified as  
7 problematic statements?

8 MR. GEIST: Identified by whom?

9 (b)(6); (b)(7)(C) By you.

10 A Yes.

11 Q Tell me what you understand the  
12 term "problematic statement" to mean.

13 A Statements that followed the  
14 guidance provided by counsel.

15 Q Did you have an independent  
16 understanding of what problematic statement  
17 meant other than conversations with counsel?

18 A No.

19 (b)(6); (b)(7)(C) What type of  
20 statement did you collect -- sorry. Strike  
21 that.

22 What type of statement would be  
23 problematic? Can you give us an example?

24 A Not without --

25 MR. GEIST: Maybe the earlier

1 question might be a way to navigate it.

2 (b)(6); (b)(7)(C)

What do you mean?

3 MR. GEIST: You asked her what she  
4 collected as opposed to what was problematic.

5 (b)(6); (b)(7)(C)

6 What statements did  
you collect that were problematic?

7 THE WITNESS: I can't --

8 (b)(6); (b)(7)(C)

9 I'm not asking you to  
tell me what your counsel told you. I'm  
10 asking you to tell me what you pulled,  
11 statements that you pulled that you collected  
12 that you identified as problematic.

13 What were those statements?

14 MR. GEIST: But the -- what she  
15 identified as problematic, I think she's told  
16 you, comes from the lawyers.

17 (b)(6); (b)(7)(C)

18 Right. But what --  
19 if you can provide for us what statements you  
20 pulled that were problematic. What the  
21 statements were. I'm not asking you to -- I  
understand --

22 (b)(6); (b)(7)(C)

23 Why you pulled the  
statement.

24 (b)(6); (b)(7)(C)

25 I understand that  
counsel gave you some guidance as to what was

1       problematic, correct?

2               THE WITNESS:   Mm-hmm.

3       (b)(6); (b)(7)(C)       That's what I  
4       understand was just privilege and we are not  
5       asking you for that.

6               I'm asking you what statements you  
7       actually pulled that you identified as  
8       problematic.

9               MR. MARTIN:   But you are asking her  
10       for the actions that she took as a result of  
11       a conversation with counsel.   That's where we  
12       are having questions in this program at this  
13       time.

14       (b)(6); (b)(7)(C)       --

15               THE WITNESS:   Yes.

16       (b)(6); (b)(7)(C)       You mentioned guidance  
17       from counsel a few times, do you recall what  
18       form of guidance -- what form the guidance  
19       took?

20               THE WITNESS:   When you say, "what  
21       form," what did you mean?

22       (b)(6); (b)(7)(C)       Well, your counsel  
23       referenced some conversations.   I want to  
24       understand if that's what you are referring  
25       to, the guidance.

1 Is this conversations we're talking  
2 about?

3 THE WITNESS: Correct.

4 (b)(6); (b)(7)(C) Who was your counsel?

5 THE WITNESS: We had in-house  
6 counsel and then we had two external firms  
7 that we were working with as well.

8 (b)(6); (b)(7)(C) Regarding these  
9 conversations, what are the names of the  
10 attorneys who provided guidance?

11 MR. MARTIN: You can say who the  
12 individual lawyers were. To the extent you  
13 recall.

14 THE WITNESS: Fred from Perkins.  
15 Eric from O&M. Those are the two -- Michael  
16 from Perkins as well. Those are the ones  
17 that I can recall. And Angie --

18 (b)(6); (b)(7)(C) When you received --  
19 okay.

20 When you received this guidance,  
21 were there ever any members of the token  
22 teams who were present?

23 THE WITNESS: So when you say,  
24 "this guidance," like when there was  
25 conversations around what problematic



1 statements entailed?

2 (b)(6); (b)(7)(C) Yes. Were there ever  
3 members of the token team who were on the  
4 calls or participating in those  
5 conversations?

6 THE WITNESS: When I received that  
7 initial guidance, no.

8 (b)(6); (b)(7)(C) Apart from the initial  
9 guidance, when you discussed problematic  
10 statements, were members of the token teams  
11 ever a part of those conversations?

12 MR. GEIST: When you discussed with  
13 counsel.

14 (b)(6); (b)(7)(C) No. He's --

15 (b)(6); (b)(7)(C) Let me -- I'm sorry.  
16 I'll rephrase the question.

17 Did you ever discuss problematic  
18 statements with the token teams?

19 THE WITNESS: Yes.

20 (b)(6); (b)(7)(C) What did you tell  
21 members of the token teams concerning  
22 problematic statements?

23 THE WITNESS: Whatever guidance was  
24 provided by counsel.

25 Q Well, whatever guidance that was

1 provided, you relayed to the token team and  
2 there would be no privilege attached to that  
3 conversation.

4 A Okay.

5 THE WITNESS: Can you repeat your  
6 question one more time? Sorry.

7 (b)(6); (b)(7)(C) No problem.

8 Do you recall having conversations  
9 with members of various token teams regarding  
10 problematic statements?

11 THE WITNESS: Yes.

12 (b)(6); (b)(7)(C) What did you convey to  
13 the token teams regarding problematic  
14 statements?

15 THE WITNESS: Concerns regarding  
16 some statements that were publicly available  
17 that might put them at risk. Or that might  
18 be misinterpreted.

19 (b)(6); (b)(7)(C) What were the concerns  
20 that you made?

21 THE WITNESS: Language that might  
22 be perceived by like -- sorry. Can you state  
23 your question one more time?

24 (b)(6); (b)(7)(C) What concerns did you  
25 convey to the token teams?

1 THE WITNESS: Just about the  
2 language that they were using to describe  
3 their asset.

4 (b)(6); (b)(7)(C) Can you be more  
5 specific?

6 THE WITNESS: Certain like product  
7 features that they might want to consider  
8 like reassessing, reevaluating, rewording, to  
9 ensure that their product is compliant with  
10 what regulations are currently required.

11 (b)(6); (b)(7)(C) What specific product  
12 features do you recall discussing with any  
13 token teams?

14 THE WITNESS: Language around proof  
15 of stake and airdrops.

16 (b)(6); (b)(7)(C) Which teams do you  
17 recall having these discussions with?

18 THE WITNESS: I don't recall  
19 specific token teams.

20 (b)(6); (b)(7)(C) When you are discussing  
21 a problematic product feature, are you asking  
22 the token teams to make any changes?

23 THE WITNESS: No.

24 (b)(6); (b)(7)(C) So what sort of  
25 conversations are you having with the token

1 teams concerning product features?

2 THE WITNESS: We were just  
3 informing them of features that might  
4 possibly be identified as problematic. And  
5 then whatever actions they took thereafter  
6 was up to the token team.

7 (b)(6); (b)(7)(C) Why were you informing  
8 the token teams of this?

9 MR. MARTIN: Are you able to answer  
10 without revealing the content of an  
11 attorney-client conversation?

12 THE WITNESS: No.  
13 (b)(6); (b)(7)(C) How often did you have  
14 these conversations with the token teams?

15 THE WITNESS: There wasn't a  
16 particular cadence. It just depended on when  
17 that -- when counsel provided direction.

18 (b)(6); (b)(7)(C) Was it part of your  
19 job responsibilities to have these  
20 conversations with token teams?

21 THE WITNESS: Most of the  
22 compliance review fell under my  
23 responsibility. So this was under that  
24 umbrella.

25 (b)(6); (b)(7)(C) Aside from counsel,

1 did anyone else at the company inform you  
2 that this was part of your job  
3 responsibility?

4 THE WITNESS: Well, counsel didn't  
5 inform me as part of my responsibility.  
6 Repeat your question one more time, please.

7 (b)(6); (b)(7)(C) Sure.

8 Putting aside any communications  
9 you had with counsel, who, if anyone, at the  
10 company informed you that these conversations  
11 were expected of you in your role at Bittrex?

12 THE WITNESS: I don't re -- (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C) I'm sorry. Earlier,  
14 David had asked you about which problematic  
15 features you had identified. You said  
16 airdrops.

17 What was the other one?

18 THE WITNESS: Proof of stake.

19 (b)(6); (b)(7)(C) Were there any others  
20 that you recall?

21 THE WITNESS: Not that I recall  
22 aside of those two.

23 (b)(6); (b)(7)(C) What was problematic  
24 about -- what potentially could be  
25 problematic about an airdrop?

1 THE WITNESS: That was guidance  
2 provided by counsel.

3 (b)(6); (b)(7)(C) What about proof of  
4 stake?

5 THE WITNESS: That was also  
6 guidance provided by counsel.

7 (b)(6); (b)(7)(C) So your understanding  
8 of problematic features came from counsel?

9 THE WITNESS: Correct.

10 Q Is there a difference between  
11 problematic features and problematic  
12 statements?

13 A Yes.

14 Q What's the difference?

15 A A problematic feature, for example,  
16 would be -- well -- I don't know if I can --  
17 well --

18 Q What's your understanding of what  
19 that is?

20 MR. MARTIN: To the extent your  
21 understanding is not informed by advice of  
22 counsel. Maybe the way to ask is, what is  
23 the difference between a feature and a  
24 statement?

25 (b)(6); (b)(7)(C) Sure.



1           A     A feature would be an offering or a  
2     service provided under a certain like  
3     blockchain or token entity. A statement  
4     would be communications put outward by the  
5     team.

6           Q     Where would you find those  
7     statements?

8           A     It ranges from their social media  
9     channels through their website.

10          Q     What sort of statements? Can you  
11     give me some examples of statements that you  
12     would identify?

13          A     I personally didn't identify what  
14     problematic statements were. My  
15     understanding was based on the guidance of  
16     counsel.

17          Q     You said you would identify these  
18     things so teams could consider them in their  
19     compliance with certain regs.

20                     What regs are you talking about?

21          A     I can't recall. But it was based  
22     on guidance from counsel.

23                     (b)(6); (b)(7)(C)     What -- what  
24     conversation -- sorry.

25                     What did you -- going back to the

1     problematic feature of airdrops, what did you  
2     tell the token teams who had that feature  
3     about -- what did you say to them?

4             THE WITNESS:   Um --

5     (b)(6); (b)(7)(C)     This is conversation  
6     wouldn't be privileged at all.

7             THE WITNESS:   Correct.   Just our  
8     own reservations with airdrops.   That's --  
9     and then that's about it.

10    (b)(6); (b)(7)(C)     What did you tell  
11    them your reservations were?

12             THE WITNESS:   That airdrops could  
13    be interpreted or perceived as problematic.

14    (b)(6); (b)(7)(C)     Why?   What did you  
15    tell them as to why they could be perceived  
16    as problematic?

17             THE WITNESS:   Due to part -- well,  
18    it's something that was taken into  
19    consideration in our compliance review.

20    (b)(6); (b)(7)(C)     Is that all that you  
21    told the token team about your reservations?

22             THE WITNESS:   Let me think --  
23    that's all I can recall.

24    (b)(6); (b)(7)(C)     So you told them that  
25    your team had reservations about airdrops

1 because it was part of your compliance  
2 review.

3 You didn't say anything else  
4 describing what those reservations were?

5 THE WITNESS: That -- yes, that I  
6 can recall. That it might be perceived as an  
7 offering similar to paying out dividends.

8 (b)(6); (b)(7)(C) Do you recall what  
9 if -- what the token team said in response?

10 THE WITNESS: There were varying  
11 responses.

12 (b)(6); (b)(7)(C) Can you tell us about  
13 any that you remember?

14 THE WITNESS: Not really, no. I  
15 can't recall what the conversations were  
16 afterwards.

17 (b)(6); (b)(7)(C) Did any -- do you  
18 recall any token team ever disagreeing  
19 with -- with your assessment or pushing back  
20 in any way?

21 THE WITNESS: There were some teams  
22 that wanted to have further discussions to  
23 understand why airdrops might be concerning.  
24 Or provide us additional clarity as to why  
25 it's a central part of their project. But

1 usually after that conversation, they engage  
2 counsel. Their personal counsel.

3 (b)(6); (b)(7)(C) And turning to proof  
4 of stake, same questions.

5 What did you tell the token teams  
6 about your -- about your concerns about proof  
7 of stake?

8 THE WITNESS: For some of the teams  
9 that were proof of stake assets, the way that  
10 they might communicate it on social media or  
11 on their website. The verbiage would be  
12 around percentage gain and interest.

13 (b)(6); (b)(7)(C) And what did you tell  
14 the token team -- what did you tell the token  
15 team about your reservation about that  
16 feature?

17 A That statement -- statements around  
18 like guaranteed interest might be perceived  
19 as like some type of investment.

20 (b)(6); (b)(7)(C) Do you recall any of  
21 the token teams' responses to that concern?

22 THE WITNESS: Very loosely.  
23 Similar to airdrops, a lot of teams had  
24 questions. Just wanted clarity.

25 (b)(6); (b)(7)(C) Do you remember any

1 of the teams that had those questions?

2 THE WITNESS: No, I don't recall  
3 the specific token teams.

4 (b)(6); (b)(7)(C) Was this usually done  
5 over the phone?

6 THE WITNESS: Over the -- usually  
7 over the phone, yes.

8 (b)(6); (b)(7)(C) Was it ever done over  
9 e-mail or over Slack?

10 THE WITNESS: Sometimes over Slack.  
11 Rarely over e-mail.

12 (b)(6); (b)(7)(C) Was anyone else in  
13 Bittrex involved in these conversations with  
14 you?

15 THE WITNESS: When discussing  
16 problematic features or statements?

17 (b)(6); (b)(7)(C) Yes.

18 THE WITNESS: Occasionally, yes.

19 (b)(6); (b)(7)(C) Who was that?

20 THE WITNESS: Sometimes counsel.

21 Always counsel if the other team had counsel  
22 present as well. And then (b)(6); (b)(7)(C) Yeah, also

23 (b)(6);  
(b)(7)(C)

24 (b)(6); (b)(7)(C) How frequently was

25 (b)(6); (b)(7)(C) on the call with you or on the Slack

1 communication?

2 THE WITNESS: Well, the Slack  
3 communication is available to everyone on the  
4 Coin Team. In regards to the calls, I don't  
5 recall like percentage of her attendance.

6 Q Did you indicate to the Coin  
7 Teams -- did you tell the Coin Teams to take  
8 any action?

9 A No. We didn't -- I didn't tell  
10 them to do anything. We just made  
11 suggestions and then it was up to them  
12 whether to take action or not.

13 Q And if they didn't -- did you  
14 suggest that they remove certain -- I know  
15 you didn't direct. But did you make  
16 suggestions about removing certain  
17 problematic features or problematic  
18 statements?

19 A No. We would just provide -- kind  
20 of like what I said about what we considered  
21 to be a problematic feature or statement that  
22 we came across that we would recommend that  
23 they review further. But I guess it wouldn't  
24 necessarily be a suggestion as much as it's  
25 us informing them. But what token teams



1 would do is that should they make edits, they  
2 might circle back with us and ask "How does  
3 this look now?"

4 (b)(6); (b)(7)(C) Did you tell any of  
5 the token teams for which you identified  
6 problematic statements or features, did you  
7 tell them that Bittrex wouldn't be able to  
8 list the token with those statements or  
9 features?

10 THE WITNESS: So no, because these  
11 assets were already listed. This was for  
12 existing clients that we were conducting  
13 their compliance review for.

14 (b)(6); (b)(7)(C) I see.

15 Did you tell them that they might  
16 be delisted?

17 A No. We never tell token teams that  
18 they're going to be considered for delisting.

19 Q Would you tell them that the  
20 existence of these statements and features  
21 would affect their status on the platform or  
22 anything like that?

23 A No, we don't hint ever at  
24 delistings.

25 (b)(6); (b)(7)(C) Why is that?

1 THE WITNESS: We don't provide  
2 token teams information that we don't provide  
3 publicly to our customers, to ensure that  
4 they don't do any insider activity.

5 Q Did token teams whether you,  
6 Bittrex, planned to delist the tokens?

7 A Yes.

8 Q How did you respond?

9 A We say we can't provide additional  
10 information.

11 Q Did you tell the token teams why  
12 you were identifying these features and  
13 statements?

14 A Not that I could recall, no.

15 Q Did you tell them that you were  
16 conducting these -- this was in connection  
17 with a compliance review?

18 A I don't recall telling them that  
19 explicitly, no.

20 Q Did anyone ever ask you the purpose  
21 of what you were doing, why you were doing  
22 this?

23 A Yes.

24 Q Who asked you?

25 A I don't recall the token team.

1 Q What did you say in response?

2 A I don't recall what I said in  
3 response.

4 Q Did Bittrex ever delist any tokens  
5 in which it identified problematic features  
6 or statements; in connection with this  
7 license review?

8 A Yes. But I want to clarify, we  
9 didn't delist on the sole factor of us  
10 identifying a problematic statement or  
11 feature.

12 Q Okay. So some of the tokens that  
13 you reviewed as part of the compliance review  
14 ultimately were delisted?

15 A Correct.

16 Q And what factors were taken into  
17 consideration when determining whether to  
18 delist a token?

19 THE WITNESS: Is that privilege?

20 MR. MARTIN: (A nonverbal response  
21 was given.)

22 A Well, we have factors that are  
23 publicly available when considering tokens  
24 for delisting.

25 Q Sure.

1           A     Those include development,  
2     identifying like demand for the asset,  
3     communications with token teams. So we have  
4     a few items that are publicly available. But  
5     specific to the compliance review, regarding  
6     delisting assets were, was provided by  
7     counsel.

8           Q     Did Bittrex ever tell token teams  
9     that it would not list an asset that could be  
10    deemed as security under the Federal  
11    Securities laws?

12          A     No.

13          Q     Was that publicly stated to token  
14    teams?

15          A     Can you repeat the publicly  
16    stated --

17          Q     Did you ever discuss with any token  
18    teams that Bittrex did not want to list  
19    assets that could potentially be deemed  
20    securities under the Federal Securities laws?

21          A     Yes.

22          Q     Which token teams did you discuss  
23    that with?

24          A     So for delistings; is that we are  
25    talking about?

1 Q No. I'm still talking about the  
2 compliance review.

3 THE WITNESS: That would be  
4 privileged, right?

5 MR. MARTIN: Sorry, I -- can you  
6 ask the question again?

7 Q Yeah.

8 Did you ever have conversations  
9 with token teams, so those conversations are  
10 not privileged.

11 A Okay.

12 Q In which you told them that Bittrex  
13 did not want to list tokens that could be  
14 deemed securities under the Federal  
15 Securities laws?

16 A Okay. Yes.

17 Q And these are conversations in  
18 connection with the compliance review?

19 A Correct.

20 Q Which teams did you have those  
21 discussions with?

22 A I don't recall specific token  
23 teams.

24 Q How often did you make that  
25 representation to token teams?

1 A Whenever they would inquire.

2 Q Is that something you said on  
3 every -- in connection with every compliance  
4 review?

5 A Every compliance review  
6 conversation?

7 MR. GEIST: With a token team.

8 A With a token team, no.

9 (b)(6); (b)(7)(C) Excuse me.

10 Q In connection with the compliance  
11 review, you said you collected legal opinions  
12 from token teams' counsel?

13 A Correct.

14 Q Were there instances in which token  
15 teams didn't provide a legal opinion?

16 A Yes.

17 Q What did you do then?

18 A We would track which token teams  
19 did not provide us a legal memo. Yeah.  
20 Pretty much it.

21 Q Did that factor into whether or not  
22 you -- would you delist tokens that didn't  
23 provide a memo?

24 A Not for the sole reason.

25 Q Was that a factor in Bittrex's



1 decision making?

2 A Correct.

3 Q Why was that a factor? Did you  
4 ever tell any token teams why you needed a  
5 copy of the legal memo?

6 A Yes.

7 Q What did you tell them?

8 A That would be privileged. It was  
9 in our initial contact with these token teams  
10 that counsel was included on.

11 Q If there's an outside person on the  
12 call, that's not a privilege communication.  
13 So any conversations you had with token  
14 teams --

15 A Yeah.

16 Q -- is not privilege because only  
17 conversations that you've had where there was  
18 no third party would be privileged.

19 A Okay. Got it. Thank you for  
20 clarifying that. Can you repeat the question  
21 one more time, please?

22 Q Sure.

23 (b)(6); (b)(7)(C) I forgot it. Can you  
24 just repeat it?

25 MR. GEIST: I think it's, did you

1 ever tell a token team why you wanted to  
2 receive the legal opinion from their counsel?

3 (b)(6); (b)(7)(C) Thank you.

4 THE WITNESS: Thank you.

5 A Yes.

6 Q What did you tell them?

7 A We stated it was part of our  
8 compliance review process so that our counsel  
9 could review it in relation to how we --

10 Q What was the legal issue that you  
11 requested the counsel to provide a memo on?

12 MR. MARTIN: To be clear, I think  
13 she's asking -- what did you request the  
14 token teams' counsel to address in their  
15 legal memorandum.

16 (b)(6); (b)(7)(C) Yeah.

17 MR. MARTIN: To the extent you can  
18 explain that.

19 A Not -- not language that I can  
20 recall from the top of my head, to be honest.  
21 I would just reiterate what we requested in  
22 the legal memorandum from that initial  
23 request that we sent out via e-mail.

24 Q Did you tell the teams that you  
25 wanted their counsel to review the token and

1 do a how analysis?

2 A Yes.

3 Q Did you -- are you familiar with a  
4 token called XLM?

5 A Yes.

6 Q What project is XLM associated  
7 with?

8 A Stellar Lumens.

9 Q What was your involvement with that  
10 project while you were at Bittrex?

11 A I was working with that team as  
12 part of the compliance review process.

13 Q When did you initiate the  
14 compliance review of XLM?

15 A After I started, sometime 2018.

16 Q Were there certain documents that  
17 Stellar would not provide in connection with  
18 the compliance review?

19 A Yes.

20 Q Which documents?

21 A The legal memorandum.

22 Q Did they tell you why -- did they  
23 refuse to provide one?

24 A Yes.

25 Q Did they explain why?

1 A Yes.

2 Q What was their explanation?

3 A I don't recall exactly what they  
4 said via e-mail. I remember they mentioned  
5 concerns regarding liability and then  
6 discussions were -- happened between counsel  
7 after that, that I don't know. That I don't  
8 recall.

9 Q Discussions happened between  
10 people -- you and your -- Bittrex's counsel?

11 A Between Bittrex's external counsel  
12 and then XLM's counsel.

13 Q Were you involved -- did you  
14 participate in those communications?

15 A I don't recall.

16 Q Were they e-mail communications or  
17 telephone conversations?

18 A The initial one around the verbiage  
19 liability was an e-mail communication. And I  
20 was included in that thread. The discussion  
21 between counsel was a phone call.

22 Q Who was representing Bittrex in  
23 connection with that compliance review?

24 A Perkins.

25 Q Who represented Stellar; if you

1 recall?

2 A I don't recall. It was -- I don't  
3 recall.

4 Q And did Bittrex tell Stellar that  
5 it had any concern that it could be viewed as  
6 a security?

7 A Not that I'm aware of.

8 Q Did you identify any problematic  
9 features or problematic statements involving  
10 the XLM token?

11 A Not that I can recall.

12 Q Did you take any action in  
13 connection -- did you -- in connection with  
14 the compliance review?

15 A Just stuck to our process where I  
16 just documented that they did not provide us  
17 a legal memorandum.

18 Q Did you do anything else?

19 A Sorry. Anything else regarding --

20 Q The review of XLM.

21 A Besides filing the documents they  
22 provided us, no.

23 Q Were there other teams that didn't  
24 provide legal memos?

25 A Yes.

1 Q Which ones?

2 A I don't recall.

3 Q Did you tell those teams that  
4 Bittrex would delist them if they didn't  
5 provide a memo?

6 A No.

7 Q Did Bittrex ever delist those teams  
8 on the basis that they didn't provide a memo?

9 A No.

10 Q Are you familiar with the token by  
11 the name of FirstBlood?

12 A Yes.

13 Q How are you familiar with  
14 FirstBlood?

15 A I remember when I first started,  
16 they were being considered for delisting.

17 Q So they were undergoing a  
18 compliance review?

19 A Correct.

20 Q And were you managing that review?

21 A No.

22 Q Who was managing that review?

23 A It was before I started. So I'm  
24 not sure.

25 Q Were you involved at all in the



1 review of FirstBlood?

2 A No.

3 Q Did you ever discuss the FirstBlood  
4 token with anyone at Bittrex?

5 A Not that I can recall, no.

6 Q Was FirstBlood delisted?

7 A Yes.

8 Q Why was it delisted?

9 A I do not know.

10 Q When was it delisted?

11 A Shortly after I started. I don't  
12 recall the date.

13 Q How many tokens were delisted as a  
14 result of the compliance review,  
15 approximately?

16 A I can't provide a range without  
17 guessing.

18 Q How many tokens did you review in  
19 connection with the compliance review?

20 A 200-plus.

21 Q 200-plus.

22 Do you -- I don't want you to  
23 guess, but do you have an approximate -- was  
24 there an approximate number that were  
25 delisted?

1 A I don't recall.

2 Q Are you familiar with the token  
3 NAGA?

4 A Yes.

5 Q What is NAGA?

6 A NAGA Coin.

7 Q How do you know NAGA?

8 A I don't recall.

9 Q Did you conduct a compliance review  
10 of NAGA?

11 A I don't recall.

12 Q Who else worked on the NAGA  
13 application?

14 A What did you mean by "application"?

15 Q Strike that.

16 While you -- when you first started  
17 Bittrex, was NAGA trading on the platform?

18 A Yes.

19 Q Would it have undergone a  
20 compliance review?

21 A Based on our current process at the  
22 time, it should have compliance review, yes.

23 Q At what point in time? I'm trying  
24 to understand what the -- what tokens the  
25 compliance -- which tokens fell under the

1 compliance review.

2 A Okay. Sure. So any asset that was  
3 listed on our exchange underwent the  
4 compliance review.

5 Q During what period of time?

6 A From before I started, until  
7 towards the end of 2018.

8 Q Did the compliance review continue?  
9 I mean, if you looked at a token at one point  
10 in time, did you go back and looked at the  
11 token in six months' time?

12 A There were instances, yes.

13 Q Was there a policy around that?

14 A There was no formal policy in our  
15 cadence, no.

16 Q How did you determine which tokens  
17 to review and when? Or to reassess?

18 A When counsel might reach out to us  
19 requesting to look at an asset again.

20 Q Other than being directed to do  
21 that by counsel, when would you rereview  
22 tokens?

23 A We would not.

24 Q So you would review them a second  
25 time and only if counsel had identified

1 something, a token for you, you would review  
2 it again?

3 A Correct.

4 MR. MARTIN: (b)(6); (b)(7)(C) I think it's  
5 getting close to one o'clock. Possible for a  
6 break for lunch?

7 (b)(6); (b)(7)(C) Sure. We are off the  
8 record at 12:48.

9 (A brief recess was taken.)

10 (b)(6); (b)(7)(C) We are back on the  
11 record at 1:46.

12 While we were off the record, did  
13 you have any conversations with the staff?

14 THE WITNESS: "Staff" meaning --  
15 oh, y'all? No.

16 Q I want to talk about the listing  
17 application process at Bittrex.

18 Were you involved in that process?

19 A The listing application process?

20 Q The application -- were you  
21 involved in listings for new tokens on  
22 Bittrex?

23 A Very lightly, yes.

24 Q What was your involvement?

25 A Scheduling the launch date calendar

1 management piece.

2 Q What does that mean, "scheduling  
3 the launch date"?

4 A Tracking -- once we received all  
5 the documents requested, which assets are  
6 ready to be launched, and then coordinating  
7 with our internal stakeholders, the wallet  
8 team, PR on which date to schedule the  
9 launches by. But I wasn't part of the review  
10 process.

11 Q Did you collect any documents in  
12 connection with the listing application?

13 A No, I didn't do documentation  
14 collection for new coins either.

15 Q Did you have any involvement with  
16 reviewing social media accounts for tokens  
17 that were undergoing the listing process?

18 A No.

19 Q Did you have any substantive  
20 work -- did you do any substantive work other  
21 than what you described previously for tokens  
22 that were trying to get on the platform?

23 A There were a few calls that I  
24 joined with token teams that had some  
25 questions regarding our process, but nothing

1 outside of that.

2 Q Why did you join those calls?

3 A I wasn't leading it. I just joined  
4 it just out of curiosity. At that time, I  
5 would hop on.

6 Q Did anyone instruct you to join the  
7 call?

8 A No.

9 Q Who was responsible for reviewing  
10 applications for tokens that wanted to be  
11 listed on the platform?

12 A It varied. From my time that I  
13 started at Bittrex to now, the people that  
14 made up the review team for new coins were

15 (b)(6); (b)(7)(C)

(b)(6);  
(b)(7)(C)

16 would review as well.

17 Q And you were never part of that  
18 group?

19 A No.

20 Q Other than the compliance review  
21 that you did when you started, what other  
22 responsibilities did you have?

23 A During my time at Bittrex, outside  
24 of compliance?

25 Q Yeah. We can narrow the time



1 period.

2 You said that you recently got  
3 promoted?

4 A Yes, correct.

5 Q What other responsibilities did you  
6 have from the time you started up until the  
7 time you got promoted; which I forget the  
8 date?

9 A Around Q3 2019. So break it into  
10 two chunks. So after the compliance review,  
11 I was responsible for like documenting  
12 processes, policies, and figuring out  
13 opportunities of process improvement. I  
14 managed our Slack channels. So that was like  
15 my second set of responsibilities. Then my  
16 third set, my role changed a little bit. I  
17 was working with IEOs. And then shortly  
18 thereafter, that's when I transitioned into  
19 my promotion.

20 Q When did you start working with  
21 IEOs?

22 A March of 2019.

23 Q What are your roles and  
24 responsibilities currently?

25 A I lead the Coin Team. I serve as a

1 first point of contact for digital  
2 asset-related items. I lead our weekly calls  
3 with internal stakeholders regarding  
4 everything digital asset-related. I work  
5 with the data team to identify trends. Work  
6 with business development to identify like  
7 potential product offerings. So it's just a  
8 lot of like cross department coordination.

9 Q In connection with your leading the  
10 Coin Team, are you -- do you have any  
11 involvement with listing applications for  
12 coins?

13 A Yes. But I'm not part of the  
14 review for like the -- I don't request the  
15 listing application from the teams. I don't  
16 review their applications.

17 Q So what role do you play?

18 A I work with the CRC.

19 Q What is the CRC?

20 A Crypto reading counsel.

21 Q Is that a Bittrex counsel?

22 A No. So it is actually made up of a  
23 few other leaders in the industry. Coinbase  
24 is on it. Grayscale is on it. Poloniex, and  
25 a few other members as well.

1 Q What other members?

2 A Crackit is on it as well. That's  
3 all I can remember.

4 Q What is the purpose of the CRC?

5 A The different like crypto exchanges  
6 coming together, putting their best effort in  
7 assessing whether assets that we're  
8 reviewing, like where they fall on the risk  
9 spectrum of being considering a security in  
10 the U.S. law.

11 Q Do you share information with the  
12 CRC?

13 A We do, yes.

14 Q What information do you share?

15 A I do not know. I'm not part of the  
16 calls. Internal counsel does like the  
17 sharing of information with them.

18 Q So what is your role in connection  
19 with the CRC?

20 A I make recommendations on which  
21 assets we would like for the CRC to review.  
22 And then I file and I track documents from  
23 the CRC after they've reviewed assets as  
24 well.

25 Q Does the CRC provide some sort of

1 review -- does the CRC memorialize their  
2 review of assets?

3 A What do you mean by "memorialize"  
4 it?

5 Q Do they do a formal written review  
6 that's ultimately provided to you?

7 A Yes.

8 Q And what form does that take?

9 A It's either PDF or Word document.  
10 It's a document based via e-mail.

11 Q What is in that document?

12 A A lot of legal jargon. I'm not  
13 sure exactly what's included. But they  
14 conduct legal analysis to rank different risk  
15 elements on what they review for securities.

16 Q So is -- does the document weigh-in  
17 as to whether the token would be deemed as  
18 security under Federal Securities laws?

19 A I don't think it's as black and  
20 white. They do provide -- they do score  
21 different elements in their analysis and they  
22 provide a final score on a scale of one to  
23 five. So five would be the only one that  
24 they could confidently say given information  
25 would be identified as a security.

1           Q     How does Bittrex use information  
2     that it receives from the CRC?

3           A     So currently, in order to list an  
4     asset on Bittrex, the U.S. platform, we do  
5     require that asset to have been rated by the  
6     CRC.

7           Q     What rating does the asset need to  
8     get from CRC?

9           A     We don't have a hard number other  
10    than it must be less than five.

11          Q     Okay. Other than -- what assets --  
12    you said you recommended, which assets --  
13    certain assets to the CRC to review.

14                How did you determine which assets?

15          A     We discussed it internally with the  
16    Coin Team based off of -- we have like a --  
17    we have an internal system that helps us  
18    score how to prioritize which ones get --  
19    which ones we submit for voting for the CRC.  
20    We -- such as, are they listed anywhere else?  
21    When did the project go live? Community  
22    size. How innovative is the project?

23                There's a myriad of different  
24    things that we check for. And then once we  
25    assign different assets different scores,

1 then we just submit the highest ranking ones  
2 first.

3 Q How do you submit those to the CRC?

4 A There's an online survey tool.

5 Q Is it only available to CRC  
6 members?

7 A Correct. That's my understanding,  
8 at least.

9 Q Do you transmit the information  
10 through the online tool?

11 A Correct. Well, let me refine that.  
12 So initially, our requests were distributed  
13 via e-mail and then the survey tool came to  
14 be.

15 Q When did you start doing this;  
16 working with the CRC?

17 A It was either -- I'd say around Q4  
18 2019. Q3, I would say. Q3/Q4 2019.

19 Q Does Bittrex conduct its own  
20 independent review of tokens?

21 A We do.

22 Q Were you involved in that process  
23 as of Q3 2019?

24 MR. GEIST: That being the  
25 independent review?



1 A Yes.

2 Q What was your involvement?

3 A I wasn't like directly involved  
4 with the operations of the review. But I  
5 oversaw -- just checking to see -- or  
6 checking with the team on what the status  
7 were for the different assets.

8 Q Who did you I oversee?

9 A At that time, (b)(6); (b)(7)(C)

10 Q Was (b)(6); (b)(7)(C) a new hire?

11 A No, (b)(6); (b)(7)(C) started (b)(6); (b)(7)(C)

12 Q When you say you oversee it, how do  
13 you -- do you review whether -- what do you  
14 do?

15 A During our weekly internal calls,  
16 discuss with the team what the status update  
17 is for X amount of assets. Do we have a  
18 listing application? Like what documents  
19 have we collected from them? Are they in our  
20 Slack? So I ask them, the team, a few  
21 questions.

22 Once all the documentation is  
23 collected and they confirm that we've  
24 received everything, I confirm that we have a  
25 CRC document on file and it's been -- the

1     asset has been rated less than five. And  
2     then we submit -- then I ensure that -- then  
3     I ask the team, has the -- "Has the request  
4     for listing been sent to the coin committee  
5     for approval?" And then after that, then I go  
6     on the scheduling of that launch.

7           Q     Did you ever have communications  
8     with token teams regarding listing  
9     applications?

10          A     Not that I can recall.

11          Q     Did you ever tell anyone on your  
12     team to identify problematic statements or  
13     problematic features and social media for  
14     certain tokens?

15          A     No.

16          Q     Is that something that your team  
17     was -- is doing or was doing in connection  
18     with new listing applications?

19          A     No, we weren't doing that for new  
20     listing applications.

21          Q     But it was something that was being  
22     done for -- under the compliance review?

23          A     Correct.

24          Q     Is there any reason it wasn't being  
25     done in connection with new applications?

1 A Can't provide an objective reason.

2 Q So you don't know why?

3 A Correct.

4 Q Did you ever have discussions  
5 with -- other than discussions with counsel,  
6 discussions with anyone in Bittrex as to why  
7 you weren't looking for problematic features  
8 in connection with the new listing  
9 application?

10 A No.

11 (b)(6); (b)(7)(C) Just going to mark  
12 this.

13 (SEC Exhibit No. 37 was  
14 marked for  
15 identification.)

16 Q I'm showing you what's been marked  
17 as Exhibit 37, which is a document produced  
18 by Bittrex with the title "Token Review  
19 Policy and Process" dated November 7, 2018  
20 version 1.3.

21 A Thank you.

22 Q Just take a couple minutes to look  
23 at it and let me know when you are done.

24 (The witness examined the  
25 document.)

1 Q If you please turn to page  
2 forty-three -- first of all, before you go  
3 there, do you recognize what's been marked as  
4 Exhibit 37?

5 A Yes.

6 Q What is Exhibit 47?

7 MR. MARTIN: Thirty seven.

8 Q 37.

9 A It's our policy for token review.

10 Q Did you have any role in  
11 formulating this policy or putting it on  
12 paper?

13 A No, I did not.

14 Q Have you seen this document before?

15 A The policy, yes.

16 Q If you turn to page forty-three,  
17 there is a blank new point listing checklist.

18 Are you familiar with the  
19 checklist? Have you seen it before?

20 A Yes.

21 Q What is the checklist and how is it  
22 used?

23 A The checklist is an internal record  
24 that we use to track the different like  
25 documents or different -- things to take into

1 consideration to list an asset.

2 Q What period of time was the  
3 checklist used?

4 A It was after I started. So between  
5 2018/2019 was when it was created.

6 Q Have you ever -- at any point while  
7 you were at Bittrex, did you ever complete  
8 any new coin listing checklist?

9 A Not that I can recall.

10 Q So that's not your responsibility  
11 to fill this out?

12 A No.

13 Q Earlier, I asked you if anyone at  
14 Bittrex had conducted a review for  
15 problematic statements and features in  
16 connection with new listings; I understood  
17 you to say no, but correct me if -- I'm going  
18 to ask it again.

19 Did anyone conduct a review for  
20 problematic statements or features in  
21 connection with new coin listing application?

22 A I personally can't recall, but I do  
23 see two rows with that as an item on this  
24 checklist.

25 Q So is it possible that that review

1 was conducted in connection with new  
2 applications?

3 A It is possible.

4 Q Did you ever direct anyone to  
5 review problematic features and statements in  
6 connection with new coin applications?

7 A No.

8 Q Did you ever discuss with any token  
9 teams that were applying for listing any  
10 problematic statements or features?

11 A No.

12 Q Did you ever discuss with anyone at  
13 Bittrex, excluding conversations with  
14 counsel, any problematic feature or  
15 problematic statements concerning tokens that  
16 were applying for listing?

17 A No.

18 Q Were the -- are the problematic  
19 features referred to in the checklist the  
20 same problematic features that we spoke about  
21 earlier in connection with the compliance  
22 review?

23 A I don't know.

24 Q What about the -- same question for  
25 the problematic statements.



1 A I don't know.

2 Q Going back to the compliance review  
3 for one second.

4 In connection with the compliance  
5 review, did you ever assess whether a token  
6 had utility?

7 A I didn't personally assess it.

8 Q Did anyone at Bittrex assess that?

9 A Counsel.

10 Q Anyone else other than counsel?

11 A Not that I can recall.

12 Q There was no one at Bittrex whose  
13 responsibility was to assess token utility?

14 A We would collect documents. But  
15 ultimately, who would assess utility was  
16 counsel.

17 Q How did you know what documents to  
18 collect in order for counsel to assess that?

19 MR. MARTIN: Are you asking whether  
20 the witness collected these documents?

21 (b)(6); (b)(7)(C) She just said she  
22 collected documents.

23 MR. MARTIN: I think she said, "we  
24 did." It wasn't clear whether Bittrex or she  
25 collected them.

1 Q Did you personally collect  
2 documents?

3 A Yes.

4 Q Which documents did you collect?

5 A The ones that we requested in our  
6 standard compliance review board's listing  
7 agreement, listing application, registration  
8 docs, white paper, et cetera.

9 Q Were you involved with actually  
10 testing whether a particular token had  
11 utility?

12 A No.

13 Q Did anyone at Bittrex do that?

14 A I don't know.

15 (b)(6); (b)(7)(C) I don't think you  
16 answered her earlier question, which was:  
17 How did you know which documents to collect?

18 THE WITNESS: We had a standard  
19 blurb that we used for the compliance review  
20 process. And it listed out the different  
21 documents that we needed.

22 (b)(6); (b)(7)(C) Was it to -- as part  
23 of figuring out utility?

24 A Correct. Utility fell under one of  
25 the things that we measured for in our

1 overall compliance review.

2 Q What do you understand the term  
3 "utility" to mean?

4 A That there is a use case for that  
5 token.

6 Q How did utility factor into  
7 Bittrex's decision making with respect to  
8 listing a token or delisting a token?

9 A It was one of the qualities that we  
10 looked at in our compliance review.

11 Q Did you ever discuss a token  
12 utility with the token team?

13 A Yes.

14 Q Which ones?

15 A I don't recall which token teams.

16 Q Generally, what did you discuss  
17 when it came to token utility?

18 A If there was an instance where a  
19 token -- or a token teams' utility may be  
20 unclear, we would schedule a call with the  
21 token team and have a conversation to gain  
22 additional clarity. At times, we might even  
23 request a demo for them to exhibit the  
24 token's utility to us.

25 Q What did you mean the utility was

1       unclear?   What does that mean?

2           A       Based on what document -- the  
3       information provided to us in the documents,  
4       if counsel felt that they didn't have enough  
5       information to accurately assess a token,  
6       then we would take further action.

7       (b)(6), (b)(7)(C)  
8       Was counsel on those  
9       calls where you would have the demos?

10           THE WITNESS:   Some of them.

11       (b)(6), (b)(7)(C)  
12       Did you ever do the  
13       demos on your own accord without involving  
14       counsel?

15           THE WITNESS:   Sometimes, yes.

16       (b)(6), (b)(7)(C)  
17       What occasions would  
18       those be?

19           THE WITNESS:   I don't -- there  
20       wasn't like a cadence or a process for which  
21       one's counsel would attend or wouldn't.

22       (b)(6), (b)(7)(C)  
23       I guess my question  
24       is, if counsel didn't -- wasn't the person  
25       telling you to -- that you needed the demo to  
26       assess utility, who would make that  
27       determination?

28           THE WITNESS:   Well, no.   So counsel  
29       would guide us, but counsel wasn't

1 necessarily on the calls with us assessing  
2 the -- or getting the demonstration of  
3 utility.

4 (b)(6); (b)(7)(C) Got it.

5 Was there ever a situation where  
6 you or anyone else at Bittrex would make the  
7 decision that there should be a demo?

8 THE WITNESS: No.

9 (b)(6); (b)(7)(C) It always came from  
10 counsel?

11 THE WITNESS: Correct.

12 (b)(6); (b)(7)(C) And you said earlier,  
13 you understand utility to mean use case.

14 What do you understand use case to  
15 mean?

16 THE WITNESS: If you -- if you  
17 purchase the token, you are able to use it,  
18 whether it's as a currency for a product or  
19 as a means of accessing the service in its  
20 current state.

21 Q You said that your other  
22 responsibilities included managing select  
23 channels, correct?

24 A Correct.

25 Q What does that mean? What did you

1 do?

2 A Yeah. So I designed the name  
3 convention so that we could easily  
4 differentiate between Bittrex U.S. assets,  
5 Bittrex International assets and Bittrex  
6 Global assets. As well as assets that were  
7 currently listed and new coins that had  
8 applied for listing. So that would allow us  
9 to better gauge what state and what platforms  
10 these different assets were at when we  
11 engaged with them.

12 Q So did each Slack channel have a  
13 name?

14 A Yes.

15 Q So what name convention did you  
16 provide to tokens on the international  
17 platform?

18 A So if they were currently listed,  
19 the prefix would be dev, dash the coin  
20 ticker, dash BI. And if they had applied for  
21 listing and were under consideration, the  
22 prefix would be coin, dash the ticker, dash  
23 EI.

24 Q When did you start this?

25 A After -- around -- starting or



1 after Q1 2019.

2 Q Why did you initiate this?

3 A It was when -- around the time I  
4 got hired --

5 Q I'm sorry. I didn't hear.

6 It was around the time --

7 A Sorry. It was around the time we  
8 hired (b)(6); (b)(7)(C). So I was

9 transitioning into my process improvement  
10 role. So I had created this so that as we  
11 support more assets for BI that we were able  
12 to determine who to pull into the channel  
13 from the wallet team without different people  
14 from the Bittrex team being confused on what  
15 was on which platform and where the coins  
16 were in the process.

17 Q What is Bittrex International?

18 A Bittrex International was an entity  
19 based out of Malta that listed assets that  
20 were not considered -- I think the term was  
21 "virtual financial asset."

22 Q When was it established?

23 A Do not recall.

24 Q Does it still exist today?

25 A From my understanding, it's closure

1       coincided with the launch of Bittrex Global.

2           Q       What is Bittrex Global?

3           A       Bittrex Global is an entity based  
4       out of Reichenstein that operates  
5       independently from Bittrex and they are an  
6       exchange.

7           Q       What was the naming convention you  
8       used for assets on Bittrex Global?

9           A       If they were currently listed,  
10       similar to BI. Except instead of ending in  
11       BI, it ended in BG.

12          Q       You said that Bittrex Global  
13       operated independently of the U.S. entity.

14                   What did you mean by that?

15          A       They reached out -- they were the  
16       ones in contact with token teams for listing  
17       consideration. They have their own legal  
18       review process. They have their own listing  
19       application. So Bittrex, as a U.S. entity,  
20       we just provided the technical support to  
21       launch the asset, but they were responsible  
22       for bidding the assets.

23          Q       Did you ever communicate with token  
24       teams that were applying for listing on  
25       either the global or international forum?

1           A     There were some that would reach  
2     out to us that were in our Slack for Bittrex  
3     International that didn't get listed when  
4     Bittrex Global launched. So when those new  
5     teams would reach out to us about Bittrex  
6     International or Bittrex Global, after  
7     reaching out specifically for Bittrex Global,  
8     BG, then we would just redirect them to  
9     Bittrex Global and their e-mail address.

10          Q     Which individuals comprised of the  
11     token team at Bittrex Global and Bittrex  
12     International?

13          A     I'm not -- I don't know.

14          Q     Did you ever communicate with  
15     anyone at either of those entities?

16          A     Yes. So just to clarify, Bittrex  
17     International, the vetting team was the same  
18     as Bittrex U.S. Bittrex Global was when  
19     there was a clear separation.

20          Q     Were you involved in vetting  
21     tokens, your word, that were listed on  
22     Bittrex International?

23          A     I personally was not.

24          Q     Okay. Who was involved?

25          A     Other members of the Coin Teams.

1 So during the span of Bittrex International  
2 that consisted of (b)(6); (b)(7)(C)

3 (b)(6); (b)(7)(C)

4 Q What naming convention did you use  
5 for Slack channels in the -- for tokens that  
6 were listed in the U.S.?

7 A So if it's newly, if it's being  
8 considered, it would be coin, dash coin  
9 ticker -- I don't recall if -- it was either  
10 between the two; either it was dash U.S.  
11 afterwards or we just didn't have anything  
12 after the coin ticker name.

13 Q For old listings, was the --

14 A It was dev.

15 Q Dev?

16 A Yup. Correct.

17 Q What happened once the coin was  
18 listed? Did the -- did you still maintain  
19 the Slack channel?

20 A Yes.

21 Q And what, would it be renamed?

22 Or --

23 A For which Bittrex entity are we  
24 talking about?

25 Q All of them.

1           Did you follow the same conventions  
2     for each entity?

3           A     Yes, we did S.o specifically -- so  
4     pre-listing, it would be the coin prefix.  
5     Then after the asset would be listed, then  
6     we'd move it -- rename it to the dev prefix.

7           Q     It would be renamed?

8           A     Correct.

9           Q     And as part of your process  
10    improvement role, did you institute any  
11    policy and procedures regarding document  
12    retention?

13          A     No.

14          Q     So do you preserve communications  
15    that you have with token teams on Slack  
16    currently?

17          A     No, we do not.

18          Q     Have you ever discussed with anyone  
19    at Bittrex whether to preserve communications  
20    on Slack?

21          A     When I first started, yes.

22          Q     What did you discuss?

23                MR. GEIST: Were any of these with  
24    in-house lawyers or external lawyers?

25                THE WITNESS: No.

1 MR. GEIST: Okay. Go ahead.

2 A I asked why conversations cleared  
3 when I was searching for messages from Coin  
4 Teams. And then the response I was given, it  
5 was we -- we had some membership of Slack  
6 that didn't like store it indefinitely. That  
7 was it.

8 Q Did you ever recommend that Bittrex  
9 adopt some sort of policy to preserve  
10 communications with Coin Team members?

11 A No, not that I can recall.

12 Q If you needed to go back and find a  
13 communication with a Coin Team, what would  
14 you do?

15 A In Slack?

16 Q Yeah.

17 A I would go to the Coin Team's  
18 private channel in our public Slack and see  
19 if there was any messages available still.

20 Q What messages would still be  
21 available?

22 A If it was recent.

23 Q Does -- do messages get deleted  
24 automatically?

25 A My understanding is, based on a



1 certain threshold of what amount of messages  
2 are incoming and out-coming, then it recycles  
3 or puts away old messages that were initially  
4 in that channel.

5 Q Did you -- were you involved in  
6 Bittrex obtaining Slack services?

7 A No, I was not.

8 Q Who is responsible for that?

9 A My understanding would be (b)(6); (b)(7)(C) who  
10 was the (b)(6); (b)(7)(C) of IT.

11 Q Do you know what sort of  
12 subscription Bittrex has with Slack?

13 A I do not know.

14 Q Have you ever discussed Slack  
15 communications with (b)(6); (b)(7)(C)?

16 A Yes.

17 Q How do you spell her name? Is it a  
18 woman?

19 A His.

20 Q His name.

21 A (b)(6); (b)(7)(C)

22 Q What did you discuss with him?

23 A I asked why the -- that was my  
24 first conversation. I just asked why the  
25 messages cleared.

1 Q What did he say?

2 A I don't recall exactly.

3 Q You said sometime in March 2019,  
4 you were involved in IEOs.

5 A Correct.

6 Q What is an IEO?

7 A It is an -- it's an acronym for  
8 initial exchange offering.

9 Q What was your involvement with  
10 IEOs?

11 A I was the last mile program  
12 manager.

13 Q I'm sorry. I didn't hear you.

14 A Last mile program manager.

15 Q Last mile?

16 A Yes.

17 Q What does that mean?

18 A Pretty much -- so I wasn't part of  
19 the initial documentation collection or  
20 vetting process for IEOs. So I was that step  
21 between information gathering and the actual  
22 launch. So I just did the final like touches  
23 and sign-offs essentially.

24 Q When you say, "sign-offs," what do  
25 you mean?

1           A     I let the wallet team know when the  
2     dates were confirmed for like launching the  
3     market, launching the asset. Communicate  
4     with PR on what dates to make the  
5     announcement to post the blogs. What else  
6     did I do -- I would work with the front  
7     engineers on signing off if a token team has  
8     approved the fronting page we have for them  
9     to host the IEO. So a lot of just  
10    information gathering and having all the  
11    different teams that were stakeholders sign  
12    off that their contributions had been  
13    completed and the token team was on board as  
14    well.

15           Q     Are you familiar with the process  
16    for a token who wants to do an IEO with  
17    Bittrex?

18           A     Yes.

19           Q     What is that process?

20           A     Sorry. It's been a while. We --  
21    so the first step, coin teams have to apply  
22    for listing first. And then we had an IEO  
23    application for them to fill out and send us.

24           Q     And what would Bittrex do in  
25    connection with the IEO?

1 A Can you expand a little bit?

2 Q What role did Bittrex play?

3 A We hosted it.

4 Q What does that mean? Did it -- did

5 Bittrex collect funds from token purchasers

6 on behalf of the issuer -- the token team?

7 A Yes.

8 Q What other services did it provide?

9 A To the token team specifically? I  
10 mean, we provided all the tech work

11 essentially that's required to host the IEO.

12 Q What type of work is required?

13 A Like wallet support. Especially if  
14 it was like a native blockchain, we would  
15 provide integration for it. Joint PR  
16 statements for a few, the front-end design  
17 that users would go to -- the page they would  
18 go to to learn about the IEO. Then we would  
19 walk through tokenomics with them.

20 Q What does that refer to,  
21 "tokenomics"?

22 A Just the overall terms of their  
23 sale.

24 Q Did Bittrex help the IEO -- the  
25 token issuer structure the terms of the sale?

1 MR. GEIST: What do you mean by the  
2 "structure the terms of the sale"?

3 (b)(6); (b)(7)(C)

Decide on the terms.

4 A We did not decide. But we did  
5 ask -- we did ask for Coin Teams to justify  
6 or explain the rational behind the numbers.

7 Q Were you involved in those  
8 communications?

9 A I was in attendance for some of the  
10 calls.

11 Q Which token teams?

12 A BareBlock, and Ocean. And those  
13 are the ones that I can recall.

14 Q Who else from Bittrex was involved  
15 in these communications?

16 A

(b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C)

18 Q Were IEOs -- why would a token team  
19 want to conduct an IEO on Bittrex? What's  
20 the benefit to doing that as opposed to just  
21 doing the offering themselves?

22 A So "offering themselves," meaning  
23 the traditional ICO model?

24 Q Sure.

25 A Okay. So a few reasons. One, it

1 provides token teams a stamp of credibility  
2 and the different reputation in the space.  
3 And so it would reduce some of the fud that  
4 was circulating around the ICO period,  
5 towards the end of it.

6 It provides customers one place for  
7 KYC and where they can register as opposed to  
8 going through a third party that they don't  
9 know well. So it makes customers feel more  
10 comfortable. And that allows them to have  
11 more participants in their race. What  
12 else -- it provides them greater PR  
13 opportunities as well. Because we do gent  
14 marketing, we publish blogs, et cetera. We  
15 also guarantee listing. Whereas, ICOs, a lot  
16 of assets wouldn't have liquidity after the  
17 race.

18 Q Did Bittrex ever host IEOs on the  
19 U.S. platform?

20 A No.

21 Q Was it ever contemplated that they  
22 would host IEOs on the U.S. platform?

23 A I do not know.

24 Q How did the services that Bittrex  
25 provides in connection with IEOs differ from



1 you know regular listing over non-IEO tokens?

2 A It was a much heavier lift with  
3 regards to planning. You require like a  
4 different -- like front-end page for every  
5 IEO that we supported. So it goes to  
6 front-end work. OTC was -- played a role as  
7 well. So there was customers that  
8 participated in the sale on the retail side  
9 and we also had like larger customers  
10 purchase OTC.

11 Q In the IEO?

12 A Correct. And then we have more PR  
13 around IEOs, and listing IEOs specifically,  
14 than the traditional listings, which is just  
15 a tweet somebody would put out, and a blog.

16 What else -- for IEOs, the markets  
17 would be opened before the wallets would be  
18 open. Which is not the procedure for  
19 traditional listings. Markets and wallets  
20 are typically opened at the exact same time.

21 Q What does that mean, the market  
22 would be opened before the wallet was opened?

23 A Wallets enable withdrawals and  
24 deposits of the asset. And markets are --

25 Q Secondary market?

1           A     No.  So any market.  BTC or  
2     additional markets is how you are able to  
3     trade the asset.  So in the model for IEOs,  
4     the asset would be tradeable.  But you --  
5     there would be a period of time where users  
6     cannot withdraw their asset from the platform  
7     or deposit them into the platform.

8           Q     I know you said you started working  
9     with IEOs in March 2019.

10                  Were they already -- already -- was  
11     Bittrex involved in IEOs prior to that time?

12           A     Prior to me being part of the IEO  
13     process, yes.

14           Q     Do you know when they started doing  
15     IEOs?

16           A     I don't recall the exact date where  
17     IEO planning took into place.  But there's  
18     one IEO slated prior to me.

19           Q     Which one?

20           A     RAID.

21           Q     How do you spell that?

22           A     R-A-I-D.

23           Q     Did you ever communicate -- at any  
24     point in time at Bittrex, did you ever have  
25     communications with large investors or

1 institutional account holders?

2 A For -- Yes. Yes.

3 Q What communications did you have?

4 A Minor communications while running  
5 IEOs when we were working with OTC clients.

6 Q What did those clients -- what were  
7 those communications?

8 A Going over the on-boarding process  
9 for participating in OTC for the IEO. As  
10 well as the OTC terms for the sale.

11 Q Did you ever have communications  
12 with any institutional account holders or  
13 large investors concerning any attempts to  
14 get tokens listed on the U.S. platform?

15 A No.

16 Q Do you know whether any  
17 institutional account holders or large  
18 account holders ever reached out to anyone  
19 else at Bittrex regarding a certain -- asking  
20 them a certain token to be listed?

21 A I don't know.

22 Q If you look at the exhibit, it goes  
23 through -- it identifies three main stages of  
24 the Bittrex token review process.

25 MR. GEIST: Sorry. Which page are

1 you on?

2 (b)(6); (b)(7)(C)

The first page.

3 Q Are you familiar with those stages?

4 A Yes.

5 Q How are you familiar with them?

6 A I recognize each of these stages as  
7 parts of our review process.

8 Q That was for new tokens?

9 A Correct.

10 Q Were you involved in any one of  
11 these stages?

12 A Not that I can recall.

13 Q Was it part of your role or  
14 responsibilities to be involved in any of  
15 these stages?

16 A No. A little bit more after I got  
17 my promotion in overseeing, but I wasn't part  
18 of the review or documentation part.

19 Q Have you ever served on the coin  
20 committee?

21 A No.

22 Q Other than what we spoke about  
23 earlier today, did you play any other role in  
24 the new token listing process or the  
25 application process?

1 A No.

2 (b)(6); (b)(7)(C) Let's go off the  
3 record for a couple minutes. It's 2:39. We  
4 are off the record.

5 (A discussion was held off the  
6 record.)

7 (b)(6); (b)(7)(C) We are back on the  
8 record at 2:44.

9 While we were off the record, did  
10 you have any conversations with the SEC  
11 staff?

12 THE WITNESS: No.

13 Q I'd like to show you what's been  
14 previously marked as Exhibit number 11. Oh  
15 wait, can I have that one back?

16 A Yes.

17 Q Just want to make sure that one is  
18 not marked.

19 A Thank you.

20 Q Just take a moment to review it and  
21 let me know when you are done.

22 (The witness examined the  
23 document.)

24 Q Earlier today, we were talking  
25 about NAGA.

1 Did you work on the token listing  
2 application for NAGA?

3 A I don't recall.

4 Q Did you ever have conversations or  
5 communications with NAGA?

6 A I don't recall.

7 Q Did you have access to the NAGA  
8 Slack channel?

9 A Yes.

10 Q And what does that mean that you  
11 had access?

12 A I'm able to go to the NAGA Slack  
13 channel and read conversations in that  
14 channel.

15 Q Did you ever go to the NAGA Slack  
16 channel and read conversations?

17 A I don't recall.

18 Q Did you ever discuss with anyone at  
19 Bittrex the NAGA listing application?

20 A I don't recall.

21 Q Who was the point person for NAGA  
22 from Bittrex?

23 A I don't recall.

24 Q Was NAGA listed on Bittrex?

25 A Do not recall.



1 Q Would there be any reason for you  
2 to go into the NAGA Slack, at any point?

3 A If maybe they tagged me for  
4 something, resolution. Sometimes they'll tag  
5 everybody on the Coin Team if they have a  
6 question. But I'll go through Slack channels  
7 periodically and just see what's going on.

8 Q What did you mean by tag you?

9 A So you can ping someone on Slack.  
10 So the way you can communicate in Slack is  
11 that you either just type out a message and  
12 it sits in the channel, it doesn't alert  
13 anybody particularly. The Slack channel will  
14 show up in bold and say that there's a new  
15 message in the channel.

16 Or you can type up a message and  
17 then tag a few -- like one person or a few  
18 members on the team. And then there will be  
19 a special notification on the Slack channel  
20 saying that you've specifically have been  
21 tagged. That generates a quicker response if  
22 something is more time sensitive to the Coin  
23 Team.

24 Q Do you recognize what's been marked  
25 as Exhibit 11?

1 A I do not.

2 Q Well, it says at the top,  
3 "Discussion with NAGA on Slack regarding  
4 problematic statement clean up and  
5 prevention."

6 A Correct.

7 Q According to the metadata of this  
8 document, the author of the document is (b)(6);  
(b)(7)(C)

9 (b)(6); (b)(7)(C) But the -- but this document is --  
10 you are the custodian of this document.

11 MR. MARTIN: Can you explain to the  
12 witness what you mean by "custodian"?

13 Q It was retrieved from your files,  
14 as my understanding.

15 A Okay. I don't recall.

16 Q Would you have saved this document  
17 to the file or to the SharePoint?

18 A Perhaps. I don't recall.

19 (b)(6); (b)(7)(C) Did you ever save  
20 portions of discussions on Slack with coin  
21 issuers in Word documents?

22 THE WITNESS: I'm not sure.

23 (b)(6); (b)(7)(C) Do you have any  
24 recollection of ever doing that?

25 THE WITNESS: Perhaps, but I'm not

1 sure.

2 (b)(6); (b)(7)(C) Do you know why you  
3 would have done that?

4 THE WITNESS: If there was  
5 something I wanted to reference later, like  
6 on a call maybe. But because I don't recall  
7 doing it, I'm not really sure what would  
8 drive me to do it.

9 Q If you look in the document itself,  
10 the -- do you know who (b)(6); (b)(7)(C) is?

11 A I do not know who he is.

12 Q Is he on the NAGA team?

13 A I'm not sure and I can't infer from  
14 this doc.

15 Q Is he someone who works at Bittrex?

16 A No.

17 Q Is he outside counsel?

18 A If this is accurate, that this  
19 happened on Slack, no.

20 Q That's because counsel -- outside  
21 counsel wasn't on Slack.

22 A Correct.

23 (b)(6); (b)(7)(C) Did you have access  
24 to all of the private Slack channels?

25 THE WITNESS: Not all. Like after,

1 for example, like (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) and  
2 them got involved, I'd be accidentally left  
3 out on some of the new private channels that  
4 were created because I was removed from the  
5 process. Then if I had a certain question  
6 related to those assets, after removed from  
7 coin prefixes to get prefixes, then they  
8 would pull me in.

9 (b)(6); (b)(7)(C) But generally  
10 speaking, aside from those instances you  
11 described, you would -- it was the typical  
12 practice for you to have access to the  
13 private Slack channels for the different coin  
14 teams?

15 THE WITNESS: Correct.

16 (b)(6); (b)(7)(C) Coin issuers --

17 THE WITNESS: Yes.

18 Q You said occasionally you would go  
19 into various private Slack channels?

20 A One more time. I'm sorry.

21 Q I understood you to say that  
22 occasionally you went into Slack channels for  
23 different coins -- for different coins.

24 A Yes.

25 Q Why would you do that?

1           A     Just a general housekeeping.  If  
2     there was an alert and a team needed to  
3     respond -- like needed us to respond, I would  
4     just go and look to see if it was a question  
5     I could respond to.  Or I would ping someone  
6     on our team to hop in and respond to it.  But  
7     outside the compliance review, I pretty much  
8     would just review it if I had time.

9           Q     For what purpose?

10          A     Just curiosity, to be honest.

11          Q     Was it part of your responsibility  
12     to collect certain information from the Slack  
13     channels?

14          A     As part of the new coin process?  
15     New coins --

16          Q     In connection with any of your  
17     responsibilities?

18          A     If perhaps they had updated  
19     documents for the compliance review, it would  
20     be my responsibility for pulling those and  
21     filing those.

22          Q     I'm just talking about the -- okay.

23                 But would it be part of your  
24     responsibility to collect communications from  
25     the Slack channel?

1 A No.

2 Q If you go to the document, Ben  
3 Bilski writes, "We have removed everything  
4 related to growth, indication as investment,  
5 coin price or any post in relation to  
6 projections, growths and forecast."

7 Did anyone on the Coin Team tell  
8 him to remove those things?

9 A I do not know.

10 Q Do you know why he removed those  
11 things?

12 A I do not know.

13 Q Below, on the first page, it lists  
14 various social media.

15 In connection with the compliance  
16 review, did you review Reddit and  
17 BitcoinTalk?

18 A I don't recall for this coin.

19 Q Not for this coin, in general.

20 A There were instances where I did,  
21 yes.

22 Q Did you also review Instagram  
23 posts?

24 A Not that I can recall.

25 Q Did you review Facebook?



1 A Not that I can recall.

2 Q Did you review LinkedIn?

3 A Not that I can recall.

4 Q Did you review YouTube?

5 A No, not that I can recall.

6 Q Vimeo?

7 A Not that I can recall.

8 Q Did you review various posts made  
9 by the token team?

10 A "Various posts," as in medium  
11 posts?

12 Q Medium posts.

13 A Yes.

14 Q And other blog posts?

15 A I'm not sure.

16 Q And you reviewed these in order to  
17 identify problematic statements or  
18 problematic features in connection with the  
19 compliance review?

20 A Yes.

21 Q Did you review any other social  
22 media?

23 A Twitter, Reddit, Telegram. At  
24 times, Discord. That's about it.

25 Q Did anyone else have that

1 responsibility?

2 A Responsibility, no. But if someone  
3 else on the team did come across something,  
4 they would either escalate it to me or --  
5 yeah. Other -- other times, other members on  
6 the team would identify it as well.

7 Q How would they escalate it?

8 A I don't recall.

9 Q Was there a Slack channel just for  
10 people on the token team?

11 A Yes.

12 Q And did people -- did (b)(6); (b)(7)(C)  
13 or others have access to that private Slack?

14 A The Coin Team specific one, no.

15 Q What was the name of the private  
16 Coin Team Slack?

17 A Coin Team.

18 Q And are communications on the  
19 private Slack saved anywhere?

20 A No.

21 Q How would you use the Coin Team  
22 Slack?

23 A To discuss conversations regarding  
24 information the compliance review and where  
25 we are with the stakes on that. Assets that

1 might have just went on mainnet that we can  
2 consider for the U.S. platform. CRC  
3 discussions. Pretty much discussions having  
4 to do with our process, or things we  
5 identified in the industry we would discuss  
6 in that channel.

7 Q Was that your primary mode of  
8 communication with people on the team?

9 A Correct.

10 Q Is that currently your primary mode  
11 of communication?

12 A Correct.

13 Q Do you use e-mail?

14 A Yes.

15 Q What do you use e-mail for?

16 A It's mostly like initial  
17 conversations with like companies that might  
18 want to potentially do like a partnership  
19 with us. Or teams that reached out to Bill  
20 and he's funneling it to us as part of the  
21 process for the review. So mostly, just like  
22 outbound requests. Because our Coin Team  
23 e-mail is public, it's public.

24 (b)(6); (b)(7)(C)

24 Do you know if anyone  
25 else at Bittrex ever saved Slack

1 communication in Word documents?

2 THE WITNESS: I don't know.

3 Q Did you know why someone would save  
4 this particular Slack communication?

5 A I can't say why.

6 Q Why would this information be  
7 relevant to a new coin application?

8 A They addresses one of the line  
9 items in our new coin checklist. So it helps  
10 speak to that item.

11 Q Which line item?

12 A Problematic statements.

13 Q If a token team did not take action  
14 to remove problematic statements and/or  
15 problematic features, would it still be  
16 listed on Bittrex platform?

17 MR. MARTIN: Sorry. Are you  
18 talking about new coins or existing coins?

19 (b)(6); (b)(7)(C) New coins.

20 A I wasn't close enough to the new  
21 listing process to be able to speak on that.

22 Q You don't have an opinion or --

23 MR. MARTIN: You are asking her  
24 opinion about what happened?

25 (b)(6); (b)(7)(C) Yeah.

1           A     Based on what's written in our  
2 policy, I mean, I would have to look at it to  
3 pull up the wording verbatim. My  
4 recollection is there's a line item that  
5 speaks to coin -- can I actually look at it?

6           Q     Sure. Absolutely. If you want to,  
7 look at Exhibit 37.

8           A     Yes, please. Thank you.

9           Q     Just let me know what page you are  
10 referring to.

11          A     Okay. Give me one second.

12               (The witness examined the  
13 document.)

14          Q     So on page five, it says -- so "The  
15 token must receive a satisfactory compliance  
16 review from both outside counsel and the  
17 committee before it can be listed on  
18 Bittrex.com."

19               One of the requirements under our  
20 compliance review process is for problematic  
21 statements to be signed off on that  
22 checklist, so this would funnel into that.  
23 So based off of this, ultimately the decision  
24 on whether the statements classify as  
25 problematic to the point of counsel's concern

1 would determine whether it gets listed or  
2 not.

3 (b)(6); (b)(7)(C) Okay. So we don't  
4 have anymore questions. I want to give  
5 counsel an opportunity to make any statements  
6 or remarks on the record.

7 MR. GEIST: I don't --

8 MR. MARTIN: We don't have any  
9 statements or questions.

10 (b)(6); (b)(7)(C) Thank you very much.

11 It's 3:02. We are off the record.

12 (Whereupon, at 3:02 p.m., the  
13 examination was concluded.)

14 \* \* \* \* \*



## PROOFREADER'S CERTIFICATE

In The Matter of: INITIAL COIN OFFERINGS

Witness:

(b)(6); (b)(7)(C)

File Number: NY-09624-A

Date: Thursday, February 13, 2020

Location: New York, NY

This is to certify that I, (b)(6); (b)(7)(C)  
(the undersigned), do hereby certify that the  
foregoing transcript is a complete, true and accurate  
transcription of all matters contained on the recorded  
proceedings of the investigative testimony.

\_\_\_\_\_

(Proofreader's Name)

(Date)

## C E R T I F I C A T E

STATE OF NEW YORK )

:SS

COUNTY OF NASSAU )

I, (b)(6); (b)(7)(C) a Notary Public within and  
for the State of New York, do hereby certify:

I reported the proceedings in the  
within-entitled matter, and that the within transcript  
is a true record of such proceedings to the best of my  
ability.

I further certify that I am not related to  
any of the parties to this action by blood or  
marriage; and that I am in no way interested in the  
outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my  
hand this 26th day of February, 2020.

\_signature\_

1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )

4 ) File No. NY-09624-A

5 INITIAL COIN OFFERINGS )

6  
7 WITNESS:

(b)(6); (b)(7)(C)

8 PAGES: 1 through 227

9 PLACE: Securities and Exchange Commission

10 200 Vesey Street

11 New York, New York

12 DATE: Thursday, February 21, 2020

13  
14 The above entitled matter came on for hearing,  
15 pursuant to notice, at 10:05 a.m.

16  
17  
18  
19  
20  
21  
22  
23  
24 Diversified Reporting Services, Inc.

25 (202) 467-9200

1 APPEARANCES:

2  
3 On behalf of the Securities and Exchange Commission:

4 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C)

(via videoconference)

7 (b)(6); (b)(7)(C)

8 (via videoconference.)

9 Securities and Exchange Commission

10 Division of Enforcement

11 200 Vesey Street

12 New York, New York

13  
14 On behalf of the Witness:

15 WILLIAM J. MARTIN, ESQ.

16 ANDREW J. GEIST, ESQ.

17 DAVID Z. COHEN, ESQ.

18 LAUREL RIMON, ESQ.

19 O'Melveny & Myers LLP

20 7 Times Square

21 New York, New York

## C O N T E N T S

WITNESS:

EXAMINATION

(b)(6); (b)(7)(C)

5

EXHIBITS:

DESCRIPTION

IDENTIFIED

38	Organizational Chart	103
39	Press Release	110
40	Terms of Service	117
41	Terms of Service	117
42	E-mail	144
43	E-mail	149
44	Nondisclosure Agreement	154
45	E-mail	158
46	E-mail	168
47	Business Plan	169
48	Financial Statement	169
49	Token Listing Agreement	170
50	Token Application and	170
	Listing Agreement	
51	E-mail	190
52	E-mail	194
53	International Enlisting	200
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EXHIBITS:	DESCRIPTION	IDENTIFIED
55	E-mail	218



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

(b)(6); (b)(7)(C) We are on the record at  
10:05 on February 21, 2020.

Please raise your right hand.

(b)(6); (b)(7)(C) (Witness complies.)

(b)(6); (b)(7)(C) do you swear  
or affirm to tell the truth, the whole truth  
and nothing but the truth?

(b)(6); (b)(7)(C) I do.

Whereupon,

(b)(6); (b)(7)(C)

was called as a witness and, having been first  
duly sworn, was examined and testified as  
follows:

(b)(6); (b)(7)(C) Please state your full  
name and spell your name for the record.

THE WITNESS: (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) Good morning, (b)(6); (b)(7)(C)

My name is (b)(6); (b)(7)(C), and with me are my  
colleagues (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C)

All of whom are officers of the Commission for  
the purposes of this proceeding.

This is an investigation by the  
United States Securities and Exchange

1 Commission in the matter of Initial Coin  
2 Offerings NY 9624. The purpose of this  
3 investigation is to determine whether there  
4 have been violations of the Federal Securities  
5 laws. However, the facts developed in this  
6 investigation may constitute violations of  
7 other federal or state, civil or criminal  
8 laws.

9 Prior to the opening of the record  
10 today, you were provided with a copy of the  
11 formal order of investigation and a  
12 supplement. It will be available for your  
13 examination during today's testimony.

14 (b)(6); (b)(7)(C) have you had an  
15 opportunity to review the formal order and the  
16 supplement?

17 THE WITNESS: Yes.

18 (b)(6); (b)(7)(C) Do you have any  
19 questions?

20 THE WITNESS: I do not.

21 (b)(6); (b)(7)(C) Prior to the opening of  
22 the record today, you were provided with a  
23 copy of SEC Form 1662. It has been previously  
24 marked as Exhibit number 1.

25 (b)(6); (b)(7)(C) have you had an

1 opportunity to read Exhibit number 1?

2 THE WITNESS: Yes.

3 (b)(6); (b)(7)(C) Do you have any  
4 questions concerning Exhibit number 1?

5 THE WITNESS: No.

6 (b)(6); (b)(7)(C) are you  
7 represented by counsel today?

8 THE WITNESS: Yes.

9 (b)(6); (b)(7)(C) Would counsel please  
10 state their name and firm's name and who you  
11 represent.

12 MR. MARTIN: William Martin from  
13 O'Melveny & Myers. I'm joined by Andrew  
14 Geist, G-E-I-S-T, Laurel Rimón, R-I-M-O-N, and  
15 David Cohen, C-O-H-E-N. We represent (b)(6); (b)(7)(C)  
16 as well as Bittrex Inc. and several  
17 individuals.

18 (b)(6); (b)(7)(C) as you may be  
19 aware, multiple representation of witnesses by  
20 counsel presents a potential conflict of  
21 interest. The Form 1662 states that the  
22 Commission will assume that the witness and  
23 counsel have discussed and resolved all issues  
24 concerning possible conflicts of interest.

25 EXAMINATION

1 BY (b)(6); (b)(7)(C)

2 Q (b)(6); (b)(7)(C) are you appearing pursuant  
3 to a subpoena today?

4 A Yes.

5 Q Where do you currently reside?

6 A The address?

7 Q Yes, please.

8 A (b)(6); (b)(7)(C) it's two words,

9 (b)(6); (b)(7)(C)

10 Q How long have you resided at --

11 A (b)(6); (b)(7)(C)

12 Q Let me finish the question.

13 A My bad.

14 Q What are your primary telephone  
15 numbers?

16 A My cell phone number is

17 (b)(6); (b)(7)(C)

18 Q Is that a business or a personal?

19 A Personal.

20 Q Do you have a different number that  
21 you use for work?

22 A No.

23 Q Do you use that cell phone for work?

24 A Yes.

25 Q Do you --

1 A Well, I use the phone part for work.

2 But I have a separate for e-mail.

3 Q We'll get to that.

4 A Yeah.

5 Q Have you ever established any

6 websites or blogs?

7 A No.

8 Q What e-mail addresses do you use for

9 personal use?

10 A Two e-mail addresses. One is

11 (b)(6); (b)(7)(C) And

12 the other is (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C)

14 Q How long have you had those e-mails?

15 A Several years.

16 Q What e-mail addresses do you use for

17 business purposes?

18 A (b)(6); (b)(7)(C)

19 Q How long have you had them?

20 A For over two years.

21 Q Do you have any social media

22 accounts?

23 A Yes.

24 Q Which ones?

25 A LinkedIn account.

1 Q Do you have a Facebook account?

2 A No.

3 Q Twitter?

4 A No.

5 Q Instagram?

6 A No.

7 MR. GEIST: (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C) Oh. Thank you very

9 much. (b)(6); (b)(7)(C) as I mentioned earlier,

10 (b)(6); (b)(7)(C) is  
11 participating from the San Francisco office.

12 THE WITNESS: Great.

13 (b)(6); (b)(7)(C)

14 Q Do you -- do you use any instant  
15 messaging services such as Slack, Telegram,  
16 WhatsApp?

17 A I use Slack for work.

18 Q Do you have a user handle?

19 A It's just (b)(6); (b)(7)(C) It's the corporate  
20 Slack. So it's just called it (b)(6); (b)(7)(C)

21 Q When do you use Slack as opposed to  
22 e-mail for work purposes?

23 A It depends. You know, casual  
24 conversation or a conversation with multiple  
25 persons. It's usually handled via Slack.



1 E-mail is for, you know, transmitting  
2 documents. It really varies and different  
3 people use it for different reasons.

4 Q What is your practice?

5 A I don't have a specific practice  
6 that I can really describe to you. I  
7 typically -- if it's a conversation that would  
8 normally take place face-to-face, if I worked  
9 in the same office, would be done via Slack.  
10 Something that, again, transmits documents or  
11 like sets forth some other more substantive  
12 stuff would be via e-mail. That's what I do.  
13 But a lot of people just use like exclusively  
14 Slack. I'm more exclusively e-mail. It just  
15 depends on who it is.

16 Q If you are having a group  
17 conversation online, would you use e-mail or  
18 would you use Slack?

19 A Slack is preferred.

20 Q Would you have a separate -- are you  
21 part of separate Slack channels?

22 A Yes.

23 Q At Bittrex?

24 A Yes.

25 Q Can you identify those different

1 channels?

2 A Oh gosh, you can set them up for any  
3 number of reasons. If you have a specific  
4 project like, you know, right now we're  
5 issuing credit cards, for example. Anybody  
6 who would be involved in sort of the -- we are  
7 not issuing credit cards, but we are making  
8 credit cards available for purchase of crypto.

9 Anybody who would be involved in  
10 that would subscribe to that channel. You  
11 would be kept up to date on sort of what was  
12 going on. And you could see sort of a  
13 chronology of the conversation about how it's  
14 going or what needs to be done, assignments.

15 Slack also has that at function. So  
16 for example, if you want to get someone's  
17 attention, you sort of like (b)(6); (b)(7)(C) and it will  
18 ping up on me. That means that there's  
19 something I should look at right away.

20 Q Like an instant message?

21 A I guess it's like that, but it flags  
22 it. I'm not a hundred percent sure how an  
23 instant message works. But, you know, it's a  
24 chronology that's there. So you can look back  
25 and do all those things.

1 Q Does the -- do you preserve your  
2 communications on Slack?

3 A I don't know what the policy  
4 specifically is with regard to message. I  
5 don't delete anything in either e-mail or  
6 Slack.

7 Q Do you know what the policy is?

8 A Not offhand, no.

9 Q Is there a written policy?

10 A I think there is, yes.

11 Q Who would know that?

12 A So that's the responsibility of the  
13 general counsel. Sort of all document  
14 preservation kinds of issues.

15 Q Who is the (b)(6); (b)(7)(C)

16 A So right now, I believe the (b)(6);  
(b)(7)(C)

17 (b)(6); (b)(7)(C) - I'm sorry. (b)(6); (b)(7)(C)

18 (b)(6); (b)(7)(C) is (b)(6); (b)(7)(C)

19 Q Okay. We'll talk about that in a  
20 little while.

21 Have you ever been an officer or  
22 director of a publicly held company?

23 A No.

24 Q Are you now or have you ever been a  
25 beneficial owner, directly or indirectly, of

1 five percent or more of any class of equities,  
2 securities of any publicly held company?

3 A No.

4 Q Are you now or have you ever been a  
5 beneficial owner, directly or indirectly, of  
6 any privately held company?

7 A No.

8 Q Are you now or have you ever been a  
9 manager or member of any privately held  
10 company?

11 A So obviously in Bittrex, I'm the  
12 (b)(6); (b)(7)(C) But other than  
13 that, no.

14 Q Have you ever testified in any  
15 proceeding conducted by the SEC?

16 A No.

17 Q Have you ever testified in any  
18 proceeding conducted by a U.S. federal or  
19 state agency?

20 A Yes.

21 Q Which ones?

22 (b)(6); (b)(7)(C)  
23  
24  
25

1 Q In what capacity did you testify in  
2 connection with the (b)(6);  
(b)(7)(C)

3 A I was a fact witness.

4 Q Were you an employee of the (b)(6);  
(b)(7)(C) at  
5 the time?

6 A Correct.

7 Q What about in connection with the  
8 (b)(6);  
(b)(7)(C)

9 A I was a records custodian.

10 Q For whom?

11 A For Bittrex.

12 Q Did you testify in connection with  
13 your employment at Bittrex -- where did you  
14 testify in connection with your employment at  
15 Bittrex?

16 A It was in the Eastern District of  
17 New York.

18 Q What was the action?

19 A I can't recall what it was entitled.  
20 It was in front of (b)(6); (b)(7)(C) It was an  
21 enforcement action by the (b)(6);  
(b)(7)(C) against an  
22 individual.

23 Q What was the date of the action? Do  
24 you know when it was filed?

25 A No, I don't.

1 Q Do you -- it was against Bittrex?

2 A No. No. We were the third-party  
3 custodian of records.

4 Q Who did the (b)(6); (b)(7)(C) sue? Do you know  
5 the name?

6 A My recollection is his last name was  
7 (b)(6); (b)(7)(C) But I don't actually know off the  
8 top of my head.

9 Q What did you testify about?

10 A Just as a custodian of records. Just  
11 laying a foundation for business records.

12 Q Have you ever been named as a  
13 defendant or a respondent in any action or  
14 proceeding brought by the SEC or any U.S. or  
15 federal court or federal agency or state  
16 securities agency, FINRA and SRO or any  
17 exchange?

18 A No.

19 Q Have you ever been a defendant in  
20 any action alleging violations of the federal  
21 securities laws?

22 A No.

23 Q Have you ever been a defendant in  
24 any criminal proceeding other than one  
25 involving a minor traffic offense?



1 A No.

2 Q Can you give me a little bit of your  
3 educational history beginning from college.

4 A Sure. Starting in college?

5 Q Sure.

6 (b)(6); (b)(7)(C)

7

8

9

10

11 Q Do you ever -- do you hold or have  
12 you ever held any professional licenses?

13 A Yes.

14 Q Which ones?

15 (b)(6); (b)(7)(C)

16

17 Q Any other licenses?

18 A No.

19 Q Going back for the last five years,  
20 what has been your employment history?

21 A I started employment at Bittrex in  
22 December of 2017. Prior to that, I was

23 employed at the (b)(6); (b)(7)(C)

24 (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C) Would the witness please

1 speak up a little bit, it's hard to make  
2 everything out from here.

3 THE WITNESS: Happy to do that.  
4 Sorry.

5 MR. MARTIN: Is there a way to move  
6 the audio closer to the witness?

7 THE WITNESS: I can project a little  
8 bit, too.

9 Q So I have a copy of your LinkedIn  
10 profile. And it lists your -- all your  
11 experience dating back to 1999.

12 A Okay. Should be longer than that,  
13 but --

14 Q Good enough for me.

15 Can you tell me generally what your  
16 role and responsibilities were at (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C)

18 A (b)(6); (b)(7)(C)

19 Q What were your responsibilities as  
20 inspector general?

21 (b)(6); (b)(7)(C)

22

23

24

25

(b)(6); (b)(7)(C)

1

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11 Q Prior to working at (b)(6); (b)(7)(C)

12 (b)(6); (b)(7)(C) did you work at (b)(6); (b)(7)(C)

13 (b)(6);  
(b)(7)(C)

14 A Yes, I did.

15 Q What was your title there?

16 A I was the (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C)

18 Q What were your responsibilities?

19 (b)(6); (b)(7)(C)

20

21

22

23

24

25 Q During what time period were you

1 with the (b)(6);  
(b)(7)(C)

2 A It says it there.

3 Q It says July 2012 to March 2014.

4 A I think that's accurate.

5 Q For your time at (b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C) it says March 2014 through

7 November 2017?

8 A That's correct.

9 Q Prior to working at (b)(6);  
(b)(7)(C) where  
10 did you work?

11 A I worked at (b)(6); (b)(7)(C)

12 (b)(6); (b)(7)(C)

13 Q During what time period?

14 A From 1987 until I took my position  
15 at the (b)(6);  
(b)(7)(C)

16 Q And did you hold various roles at

17 (b)(6); (b)(7)(C)

18 A I did.

19 Q Starting with your first role, can  
20 you tell me what it was and what your  
21 responsibilities were.

22 A Sure. (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

Q Did you ever (b)(6); (b)(7)(C)

(b)(6);  
(b)(7)(C)

A No.

Q The LinkedIn profile says (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

What are you talking about when you

say, (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

1 A No.

2 Q How long did you stay in that role?

3 A I think it was approximately seven  
4 years.

5 Q Then what did you do after that?

6 (b)(6); (b)(7)(C)

7

8

9 Q What were your responsibilities  
10 there?

11 (b)(6); (b)(7)(C)

12

13

14

15 Q How long did you work at (b)(6); (b)(7)(C)

16 (b)(6); (b)(7)(C)

17 A I worked there from 1994 until 1999.

18 Q What did you do next?

19 (b)(6); (b)(7)(C)

20

21

22

23

24

25 Q Is that in (b)(6); (b)(7)(C)



1 A Correct.

2 Q The LinkedIn profile also says (b)(6);  
(b)(7)(C)

3 (b)(6); (b)(7)(C)

4

5

6

7 A Correct.

8 Q (b)(6); (b)(7)(C)

9 (b)(6); (b)(7)(C)

10

11

12

13 A Preceded, yes.

14 Q Preceded. Thank you.

15 (b)(6); (b)(7)(C)

16

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Q Are you referring to (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

1

2

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4

5

Q Who were (b)(6); (b)(7)(C)

6

(b)(6); (b)(7)(C)

7

(b)(6); (b)(7)(C)

8

9

10

11

12

13

14

15

16

Q (b)(6); (b)(7)(C)

17

When I say, "exchanges," national securities

18

exchanges.

19

A No. No.

20

Q Any digital asset platforms?

21

A Not in that position.

22

Q Did you do it in another position?

23

(b)(6); (b)(7)(C)

24

25

(b)(6); (b)(7)(C)

1

2

3

4 Q During what time period was that?

5

(b)(6); (b)(7)(C)

6

7 I'd have to refer to it.

8 Q That's later on?

9 A Correct.

10 Q It says, according to the profile,  
11 from January 20 -- 2008 through January 2009

12 (b)(6); (b)(7)(C)

13

14 A Correct.

15 Q Is that what you are talking about  
16 when you say --

17 (b)(6); (b)(7)(C)

18

19

20

21

22

23 Q Let's go in order. I think it's  
24 easier.

25 A Yeah.

1 Q Can you tell me more about (b)(6);  
(b)(7)(C)

2 (b)(6); (b)(7)(C)

3  
4 (b)(6); (b)(7)(C)

5

6

7

8

9

10 Q What would -- how -- what was the

11 (b)(6); (b)(7)(C)

12 (b)(6); (b)(7)(C)

13

14

15

16 Q Was there a suit brought against the  
17 entity?

18 A Yes, I think there was.

19 Q Sorry if I asked this already.

20 (b)(6); (b)(7)(C)

21

22

23

24

25

(b)(6); (b)(7)(C)

1

2

3

4

5

Q Who operated (b)(6); (b)(7)(C)

6

7

A I don't -- I can't recall off the top of my head.

8

(b)(6); (b)(7)(C)

9

10

11

A I can't recall specifically, no.

12

(b)(6); (b)(7)(C)

13

14

A I can't recall specifically. It was sometime ago.

15

16

Q

(b)(6); (b)(7)(C)

17

(b)(6); (b)(7)(C)

18

What was your role?

19

(b)(6); (b)(7)(C)

20

21

22

23

Q It says that you left (b)(6); (b)(7)(C)

24

(b)(6); (b)(7)(C)

in 2004.

25

What did you do after that?

(b)(6); (b)(7)(C)

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14

Q When you completed (b)(6); (b)(7)(C)

15

(b)(6); (b)(7)(C)

what did you do next?

16

(b)(6); (b)(7)(C)

17

18

19

Q What was your role there?

20

(b)(6); (b)(7)(C)

21

22

Q Got it.

23

(b)(6); (b)(7)(C)

24

25



1 A Exactly.

2 Q Did -- during that time period, did

3 you (b)(6); (b)(7)(C)

4 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6

7

8

9

10

11

12

13 Q Can you explain generally what (b)(6);

14 (b)(6); (b)(7)(C)

15 is?

16 (b)(6); (b)(7)(C)

17

18

19

20

21

22

23

24

25

(b)(6); (b)(7)(C)

1

2

3

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Q When would

(b)(6); (b)(7)(C)

11

(b)(6); (b)(7)(C)

12

(b)(6); (b)(7)(C)

13

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(b)(6); (b)(7)(C)

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11 A Yes.

12 Q What were your responsibilities in

13 that role?

(b)(6); (b)(7)(C)

14

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25

(b)(6); (b)(7)(C)

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5

Q For

(b)(6); (b)(7)(C)

6

(b)(6); (b)(7)(C)

7

8

9

10

11

12 your prior work experience have anything to do

13 with digital assets?

14 A No.

15 Q Did you have any nonprofessional

16 experience with digital assets prior to

17 joining Bittrex?

18 A No.

19 Q What is Bittrex?

20 A Bittrex is a digital currency

21 exchange based in Seattle, Washington.

22 Q When was it founded?

23 A I think it was founded about five

24 and a half years ago. But I don't have

25 personal knowledge. I think it was right

1 around 2014.

2 Q Who founded Bittrex?

3 A There's three cofounders. Bill

4 Shihara, (b)(6); (b)(7)(C)

5 Q When did you first learn of Bittrex?

6 A In November of 2017.

7 Q How did you learn about Bittrex  
8 then?

9 A I received a call from (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) who said that they were  
12 looking for a chief compliance officer.

13 Q Was (b)(6);  
14 (b)(7)(C) an employee of Bittrex at  
the time?

15 A No, I think Bittrex was a client.

16 Q Where did (b)(6);  
17 (b)(7)(C) work?

18 A At O'Melveny & Myers.

19 Q What else did (b)(6);  
20 (b)(7)(C) say to you about  
the open chief compliance officer position?

21 A Nothing, that if I had an interest  
22 in that. (b)(6); (b)(7)(C)

23 (b)(6); (b)(7)(C) this might be an interesting area  
for me to explore.

24 Q Did you have any discussions with  
25 anyone at Bittrex before accepting the

1 position?

2 A Yes.

3 Q Who did you speak with?

4 A So I spoke with the three founders,  
5 basically in interview situation separately.  
6 I spoke with one -- at least one employee who  
7 is currently there. That was, I think,  
8 basically it. Two employees who were there.

9 Q What were the names of the  
10 employees?

11 A So one was (b)(6); (b)(7)(C) I  
12 believe. And the other was (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C)

14 Q What was (b)(6);  
(b)(7)(C) role at the time  
15 that you spoke with him?

16 A He was the (b)(6); (b)(7)(C)  
17 (b)(6); (b)(7)(C) at Bittrex.

18 Q Did you -- do you have an  
19 understanding of what that means, to be  
20 (b)(6); (b)(7)(C) ?

21 A Yeah. You know, obviously if there  
22 are customers who have difficulty in sort of  
23 managing the exchange, they can file a support  
24 ticket via sort of an internet portal that we  
25 have. Which we call Zendesk, or the support



1 site. And that would create a ticket and then  
2 (b)(6); (b)(7)(C) managed, first individually and then  
3 ultimately, a team that would look at those  
4 tickets and attempt to resolve sort of any  
5 issues.

6 Q What was (b)(6); (b)(7)(C) role at the  
7 time that you first spoke with him.

8 A Actually, at the time I first spoke  
9 with him, he was a lawyer at O'Melveny &  
10 Myers. But ultimately, prior to me starting in  
11 (b)(6); (b)(7)(C) he joined Bittrex as the

12 (b)(6); (b)(7)(C)

13 Q When did he join, before you joined?

14 A Yeah, I think it was in November of  
15 2017.

16 Q That (b)(6); (b)(7)(C) joined?

17 A Correct.

18 Q When was your first conversation  
19 with (b)(6); (b)(7)(C) about Bittrex?

20 A It would have been sometime in  
21 November of 2017.

22 Q What did you discuss with (b)(6); (b)(7)(C)

23 A Just generally what the position  
24 would entail, what Bittrex was, some  
25 background on Bittrex and the founders.

1 Q What did (b)(6); (b)(7)(C) tell you the  
2 position would entail?

3 A It's the chief -- because Bittrex is  
4 a money service business under Title 31, it  
5 requires a chief compliance officer as a  
6 statutory responsibility for anti-money  
7 laundering. Currently, that position had been  
8 held by the CEO, Bill Shihara. But Bill  
9 didn't really have a background in money  
10 laundering, and it was felt that it would be  
11 good to bring somebody in who had some  
12 expertise in anti-money laundering.

13 Q Why did they feel it was good to  
14 bring someone in with expertise?

15 A Well, I think the volumes at Bittrex  
16 dramatically increased in 2017. What was once  
17 sort of a -- really a hobby that involved four  
18 people, suddenly exploded. The volumes  
19 exploded and they realized the complexity of  
20 running a digital exchange required expertise.  
21 Not just by me, but in other areas as well.

22 Q What did (b)(6); (b)(7)(C) tell you about the  
23 exchange in that initial conversation?

24 A Just the background. The background  
25 of the founders, who they were, what an

1 exchange does. Just sort of the kind of  
2 general background you would imagine that  
3 you'd get.

4 Q Did you discuss the dramatic  
5 increase in volume?

6 A I'm not sure whether we did at that  
7 point or it just became evident to me that  
8 that's in fact what happened.

9 Q Did you discuss the potential role  
10 with Bill Shihara?

11 A Yes.

12 Q What did he tell you?

13 A That again, they were a money  
14 service business so they needed somebody who  
15 had an anti-money laundering background to be  
16 able to do anti-money laundering compliance,  
17 set up a compliance department to write the  
18 kinds of policies and procedures that a  
19 financial services company should have.

20 Q Did he tell you who was performing  
21 that role?

22 A Yes, he was.

23 Q Did he tell you if he was having any  
24 issues in performing that role?

25 A Yeah. It was -- clearly he didn't

1 have the expertise. And he was also the CEO,  
2 so he was busy with that role and needed  
3 somebody to take over the chief compliance  
4 officer role.

5 Q You said, "clearly he didn't have  
6 that experience."

7 Why didn't he have that experience?

8 A Well, he's a computer engineer. In  
9 fact, all three of them are security engineers  
10 with computer experience but no experience in  
11 law or in anti-money laundering or in sort of  
12 any of those kinds of skills that you would  
13 need as a chief compliance officer.

14 Q At the time -- at the time that you  
15 spoke to Bill, did he tell you what -- whether  
16 Bittrex had any anti-money laundering policies  
17 and procedures in place?

18 A Yeah, they had some in place. They  
19 had an anti-money laundering policy, which is  
20 one of the things that's required under the  
21 Bank Secrecy Act. They had a customer  
22 identification policy in place in which  
23 customers would be identified as they  
24 on-boarded, became customers of Bittrex.

25 A few other policies. It was

1 largely assisted by Perkins Coie, the law firm  
2 lawyers there who would draft these policies  
3 for Bittrex.

4 Q Other than Bill Shihara, was anyone  
5 else involved in the AML compliance role?

6 A No, not that I was aware of.

7 Q Did you discuss with Bill the  
8 dramatic increase in volume in 2017?

9 A I can't recall specifically whether  
10 or not we talked about that. I assume --  
11 well, I don't know whether we did or not.

12 Q During those -- during the  
13 conversations you had before you accepted the  
14 position, did you have an understanding of  
15 Bittrex stage as an operation?

16 A I mean, it was clearly growing. And  
17 they needed to sort of increase the  
18 professionalization and try to transform it  
19 from a hobby to a business. Hiring me was one  
20 of the things. And I think hiring (b)(6); (b)(7)(C) was  
21 one of the ways that they were going to assist  
22 in executing that.

23 Q Who told you that they were growing  
24 and that they needed to hire people with  
25 professional experience?

1           A     I think all three of the founders  
2 independently probably told me that during my  
3 interviews.

4           Q     Other than you and (b)(6); (b)(7)(C) did they  
5 hire other individuals in or around that time  
6 period?

7           A     Yes, they did.

8           Q     Who else did they hire?

9           A     So they hired (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C)     Who was a very experienced  
11 computer engineer with a Microsoft background.  
12 And all three of the founders had a background  
13 with both Microsoft and Amazon, as well as  
14 other companies. But they wanted to bring him  
15 in to be able to assist in sort of suring up  
16 the technical infrastructure as somebody who  
17 had that experience.

18          Q     Was he hired before or after you  
19 joined?

20          A     I'm not exactly sure when he was  
21 hired. He -- it took me a while to onboard.  
22 I know he on-boarded after me. But I'm not  
23 sure exactly when he was hired.

24          Q     Where was he working previously?

25          A     I don't know the name of the



1 company. But he was overseas, he was in the  
2 Netherlands. And then they brought him to  
3 Seattle.

4 Q Did Bittrex hire anyone else in or  
5 around the time that you started?

6 A I think they did, but I don't have  
7 specifics as to who they hired. I know that  
8 they were engaged in a lot of hiring at the  
9 time that I started.

10 Q Are you familiar with a person named

11 (b)(6); (b)(7)(C)

12 A Yes. Oh, that's right.

13 Q Who is (b)(6); (b)(7)(C)

14 A He's the (b)(6); (b)(7)(C)

15 Q When was he hired?

16 A (b)(6); (b)(7)(C)

17 Q Did you have an understanding of why  
18 he was hired?

19 A He had a background (b)(6); (b)(7)(C)  
20 sort of experienced manager. And prior to

21 that, (b)(6); (b)(7)(C) So he had some

22 experience with, you know, managing large and  
23 complex organizations. They -- the founders  
24 new of him before. So he's brought in to sort  
25 of put some structure around sort of the

1 business operations at Bittrex.

2 Q As an MSB, who is the regulator for  
3 Bittrex?

4 A FinCen, F-I-N-C-E-N.

5 Q Is it subject to regulation by any  
6 other body, regulatory body?

7 A Depending on the type of -- various  
8 states have regulations with regard to  
9 cryptocurrency. So we'd be regulated by  
10 various states as well, depending on sort of  
11 what our business operations look like.

12 Q Would you need a license to operate  
13 in any state?

14 A So for example, the state of  
15 Washington, you needed a license to operate as  
16 a cryptocurrency exchange. In a couple of  
17 other states it's required if you want to  
18 use -- have a U.S. dollar market. Then other  
19 states require a license, basically a money  
20 transmission license. So it varied state by  
21 state as to sort of what it is that they  
22 require. And again, it depends on whether or  
23 not you are handling U.S. dollars or not.

24 Q At the time that you were -- in this  
25 time period, in November 2017, was Bittrex

1 under any sort of regulatory scrutiny by  
2 FinCen?

3 A Yes, they were. Well, when you say,  
4 "regulatory scrutiny," they had received a  
5 letter that they were going to be examined by  
6 FinCen. My understanding, it was a routine  
7 examination that FinCen was going to do as  
8 they do with every money service business at  
9 some point. So I don't know if that's  
10 scrutiny. But certainly FinCen was going to  
11 examine them.

12 Q When did that exam begin?

13 A So that exam began, I believe, it  
14 was in May of 2018. The field work began in,  
15 I think, May of 2018. There was a lot of  
16 document requests and document gathering that  
17 had to take place before the examination  
18 period. The period that they were actually  
19 examining for was the third quarter of 2017.  
20 So before I had started.

21 Q When did Bittrex receive notice of  
22 the exam?

23 A I think it was in October of 2017.

24 Q So before you were hired?

25 A Yes.

1 Q Other than the exam -- was that the  
2 first exam?

3 A Yes.

4 Q By FinCen?

5 A Yes.

6 Q Was there -- had FinCen been the  
7 subject of any regulatory action?

8 MR. GEIST: FinCen?

9 (b)(6); (b)(7)(C) Thank you.

10 Q Had Bittrex been the subject of any  
11 regulatory action?

12 A No.

13 Q Prior to you joining?

14 A No.

15 Q So other than what we've already  
16 discussed, was there anything else that either  
17 of the founders or (b)(6); (b)(7)(C)  
18 told you about Bittrex -- told you why they  
19 were adding additional personnel?

20 A Yeah. There had been a subpoena  
21 that the Office of Foreign Assets Control had  
22 issued.

23 Q Is that OFAC?

24 A OFAC, correct.

25 Q What is OFAC?

1           A     OFAC is the Office of Foreign Assets  
2     Control which is the federal governed entity  
3     under Treasury that regulates, essentially,  
4     Trading with the Enemy Act. As well as other  
5     sort of economic sanctions that the U.S. may  
6     impose on either individuals or countries.

7           Q     Did Bittrex receive a subpoena from  
8     the OFAC division?

9           A     Yes.

10          Q     When did they receive that subpoena?

11          A     My recollection it was in about  
12     October of 2017.

13          Q     Was the subpoena in connection with  
14     an agree directly into Bittrex?

15          A     Yes.

16          Q     Did you discuss the OFAC subpoena in  
17     your initial conversations with the founders?

18          A     Just the fact of its existence, yes.

19          Q     Was that another reason why they  
20     sought to hire you and others with some  
21     professional experience?

22          A     I think it was probably a motivating  
23     factor. The actual subpoena itself and  
24     remediation was largely handled by outside  
25     counsel. But I think they understood the

1       seriousness of the issue and wanted to  
2       professionalize Bittrex.

3           Q       What -- what was the issue  
4       specifically? Per -- in relation to the  
5       subpoena issued to Bittrex?

6           A       Yeah, so what the subpoena  
7       identified was that there was an Iranian  
8       exchange that was trading or individuals were  
9       transferring money from, or cryptocurrency  
10      from an Iranian exchange directly to Bittrex.  
11      So what that meant was we had Iranian  
12      residents, or Bittrex had Iranian residents as  
13      customers which would have been in violation  
14      of the Iranian OFAC regulations.

15          Q       Did you ask at the time that -- at  
16      the time that you learned about the subpoena,  
17      did you ask what the company's KYC and  
18      on-boarding procedures were for customers?

19          A       Yes.

20          Q       What did you learn?

21          A       I learned it had been evolving over  
22      time. That when Bittrex first started, really  
23      anybody with an e-mail address that was  
24      validated, meaning, you know, you sign up and  
25      they send you a confirming e-mail and you



1 click a link, would have been enough. And  
2 that was in 2014. By the time that I started,  
3 they had made it a condition that all  
4 customers go through full KYC process. I can  
5 describe what that -- that is.

6 Q I think I'm going to talk about that  
7 a little later. We can go more in detail. I  
8 wanted to just stick to the time period in  
9 November 2017 and what the company's policies  
10 and procedures were before you joined.

11 A Sure.

12 Q So what were the company's policies  
13 and procedures before you joined with respect  
14 to trade monitoring?

15 A They're -- I don't know if there  
16 were. I didn't have that conversation about  
17 trade monitoring.

18 Q What were the company's policies  
19 and -- well, let's take a step back. You said  
20 that Bittrex was a digital asset exchange.

21 What asset could be traded on  
22 Bittrex before you joined?

23 A There were a variety of digital  
24 assets. And I don't have a background in  
25 digital currency, so I wasn't really familiar

1 with what those were. But, you know, for  
2 example, Bittrex or Ethereum, you could trade  
3 one in for the other as well as a number of  
4 other digital currencies.

5 Q Approximately how many assets were  
6 available for trading on Bittrex before you  
7 joined?

8 A You know, I don't -- obviously can't  
9 give you an exact number but I think it was  
10 roughly around 200.

11 Q Was it 200 or 500?

12 A No, I don't think it was 500. My  
13 recollection is it was around 200.

14 Q Before you joined, did the company  
15 have any policies or procedures regarding  
16 which tokens it would offer on its platform?

17 A I don't know that.

18 Q Did you discuss that with any of the  
19 founders, (b)(6); (b)(7)(C) before you took the  
20 job?

21 A No, I did not.

22 Q In your early discussions before you  
23 took the job, did anyone ever tell you what  
24 other responsibilities you would have other  
25 than, you know, acting as a AML officer?

1           A     That was -- that was it. That was  
2 my expectation, was that they needed an AML  
3 officer to sort of build a program that didn't  
4 exist.

5           Q     Who hired you?

6           A     So Bill is -- was the CEO. So he  
7 hired me.

8           Q     Why did you take the position?

9           A     So I mean, it was -- it was a  
10 challenge. You know, given my background in  
11 anti-money laundering this was something that  
12 was of interest to me. And I thought this  
13 would be an interesting thing to do. When you  
14 talk to the founders, because they're computer  
15 engineers and they actually understand the  
16 blockchain technology in ways that, of course,  
17 I didn't know, they really believed that this  
18 is the future in how it is that data gets  
19 moved and stored.

20                     More than just digital currency  
21 because digital currency really is just  
22 compensation for other things. You can use  
23 blockchain to, you know, store digital  
24 records. You can use it for all sorts of other  
25 things. Bill is really a visionary when it

1 comes to blockchain technology. So he's a  
2 real believer in it. It looked interesting.  
3 And, you know, I enjoyed talking with him and  
4 I thought I would give it a try.

5 Q Did you have any concerns that the  
6 company didn't have proper controls in place  
7 or policies and procedures in place?

8 A Oh yeah, absolutely. I mean, I  
9 think that's one of the reasons I was hired.  
10 Was to put those in place because they did  
11 exist at the time.

12 Q Specifically, what policies and  
13 procedures didn't exist at the time?

14 A So for an effective AML program, you  
15 have to not only do the work but you also have  
16 to document the work with policies and  
17 procedures, those kinds of things. So it was  
18 one of those situations where KYC was one of  
19 the issues, obviously, that had just been sort  
20 of implemented. But there's also what  
21 activities is going on on your exchange? How  
22 do you know it's going on? There was subpoena  
23 compliance. There were -- you know, a host of  
24 issues that, you know, if you were a mature  
25 financial institution, that you have. That,

1 in my view, Bittrex lacked.

2 Q Anything else that Bittrex lacked?  
3 That you felt Bittrex lacked at the time that  
4 you joined the company?

5 A That's what I was focused on, was  
6 the AML aspect of it. So I didn't really  
7 focus on anything else, like the securities  
8 aspect.

9 Q Did you have any discussions with  
10 anybody about the securities aspects of  
11 whether or not some of the tokens could be  
12 deemed securities?

13 A No.

14 Q Why not?

15 A That's not my area of expertise.  
16 That's not why I was hired. I don't know  
17 really anything about digital currency or sort  
18 of about what the SEC was doing at the time.  
19 It wasn't in my purview. I wouldn't even know  
20 what questions to ask.

21 Q Did either of the founders or (b)(6); (b)(7)(C)  
22 (b)(6); (b)(7)(C) ever tell you "Hey, this is what the SEC  
23 is saying about digital assets right now. And  
24 these are the securities-related issues that  
25 we are dealing with"?

1           A     Not at the time I was hired. After  
2 I was hired, I looked at those.

3           Q     Around what time did you learn of  
4 them?

5           A     It would have been probably in the  
6 first two months that I started. So in  
7 December or January. I understood that there  
8 was a -- a sort of SEC interest.

9           Q     How did you learn of the SEC  
10 interest?

11          A     I think it was just conversations  
12 with either (b)(6); (b)(7)(C) or (b)(6); (b)(7)(C)

13               MR. GEIST: Just be careful about  
14 conversations with counsel.

15               THE WITNESS: Yeah.

16          Q     Well, I don't think I properly asked  
17 you about (b)(6); (b)(7)(C) and his role and his title.  
18 So I'll do that know.

19               At the -- (b)(6); (b)(7)(C) was outside counsel?

20          A     He was.

21          Q     When did he start in that role?

22          A     I don't know. It was before I  
23 started.

24          Q     Is he still outside counsel?

25          A     Yes. Well, I also think he's got



1 the role of general counsel as well.

2 Q So he serves in a dual capacity?

3 A I believe he does, yes.

4 Q I saw some documents that identified  
5 him as chief legal officer for Bittrex.

6 A Yes. Yes. That's -- not general  
7 counsel.

8 Q Was he chief legal officer and also  
9 working at O'Melveny at the same time?

10 A I think for part of the time, he was  
11 succumbent to Bittrex. I don't have the dates  
12 exactly. I also don't know what his duties  
13 were at O'Melveny outside of sort of being the  
14 chief legal officer when he was secunded. I  
15 think that period lasted only about six  
16 months. But otherwise, he sort of wore two  
17 hats; as chief legal officer as well as being  
18 a partner at O'Melveny.

19 Q When you say, "that period only  
20 lasted six months," are you talking about the  
21 succumbent?

22 A Correct.

23 Q What did that entail, the six-month  
24 period?

25 A I think it was he was more full-time

1 at Bittrex than he was -- had been previously.

2 Q So when he was chief legal officer,  
3 was he working in a part-time capacity?

4 A Again, it would depend on the time  
5 period. So when he was secunded, he was  
6 largely full-time. He was at the DC office.  
7 Had a Bittrex.com e-mail address, et cetera.

8 Q In or -- before you started Bittrex,  
9 did you have a conversation with (b)(6);  
10 (b)(7)(C) about Bittrex?

11 A Yes.

12 Q What did you discuss?

13 MR. GEIST: This is in the context  
14 of --

15 Q Obviously I'm not asking you about  
16 legal advice --

17 A Right.

18 Q -- that he gave to you or the  
19 company.

20 I just -- I'm asking in general,  
21 what did you discuss with him before you were  
22 an employee of Bittrex?

23 A Sure. I just wanted to get his  
24 advice as to, you know, whether this was --

25 (b)(6);  
(b)(7)(C) is somebody I've known since 1999. I

1 just wanted to get his advice on sort of the  
2 founders of Bittrex. Whether the company  
3 seemed to be on the right track. What the  
4 founders were like. You know, just sort of  
5 general advice about Bittrex itself and  
6 whether or not this would be an appropriate  
7 thing for me to do.

8 Q And what did he tell you in  
9 response?

10 A He was generally positive on sort of  
11 the founders and, you know, the belief that  
12 they understood blockchain and the role that  
13 blockchain would play in the future.

14 Q Did you discuss your concerns of the  
15 lack of adequate policies and procedures with  
16 respect to KYC and AML?

17 A Yes, I did.

18 Q What did you discuss?

19 A This is where I think we probably  
20 get into more of a --

21 Q Well, you are not hired --

22 A I see. Got it.

23 Q This is prior to you working for the  
24 company. So there's no privilege --

25 A Fair enough. Fair enough.

1           The lack of sort of policies and  
2           procedures. The lack of compliance staff.  
3           The need to do all those things. And really  
4           the commitment that the leadership have if  
5           they were willing to do that.

6           Q     When you say the commitment that the  
7           leadership had and that they were -- what were  
8           they willing to do?

9           A     To ensure that they complied with  
10          sort of all federal anti-money -- federal and  
11          state anti-money laundering laws. To invest  
12          in putting together a compliance team. To do  
13          the kinds of things that were necessary. What  
14          I didn't want, obviously, is to be some  
15          command and then not have the ability to  
16          ensure that Bittrex complied with anti-money  
17          laundering laws.

18          Q     Did you discuss with (b)(6); (b)(7)(C) the  
19          intersection of Bittrex and securities laws?  
20          And again, this was before you were hired.

21          A     Sure. No, I did not.

22          Q     Other than Bill -- you said there  
23          was no compliance staff before you were hired?

24          A     Correct.

25          Q     And you said that there was little

1 monitoring of activities on the exchange,  
2 correct?

3 A Well, my impression was that they  
4 didn't have any monitoring.

5 Q Did you discuss with either any of  
6 the founders or (b)(6); (b)(7)(C) what monitoring  
7 existed at the time?

8 A Not -- not before I was hired, no.

9 Q Who was responsible for complying  
10 with subpoenas?

11 A Bill.

12 Q Did anyone assist him?

13 A I don't know.

14 Q How many people worked at Bittrex at  
15 the time?

16 A I want to say about twelve or  
17 fifteen. But that's just a guess. I really  
18 don't know.

19 Q Other than (b)(6); (b)(7)(C) was there anyone  
20 else acting -- providing legal advice for the  
21 company?

22 A Yes.

23 Q Who else?

24 A Perkins Coie.

25 Q Who at Perkins Coie?

1           A     I think the effort was led by a  
2     lawyer -- a partner named (b)(6); (b)(7)(C)

3     (b)(6); (b)(7)(C)

4           Q     What else at Perkins? Anyone else  
5     at Perkins?

6           A     There was a couple of associates, I  
7     think, that were working as well. (b)(6); (b)(7)(C)

8     (b)(6); (b)(7)(C) is one that comes to mind. But  
9     I don't have specifics on anybody else.

10          Q     Any other attorneys at O'Melveny?

11          A     I think for the OFAC issue, there  
12     was an O'Melveny partner who was assisting  
13     Perkins with regard to that. I'm just drawing  
14     a blank on her name.

15          Q     Okay. I don't think -- I apologize  
16     if I asked this.

17                 What were, in general, (b)(6); (b)(7)(C)  
18     (b)(6); (b)(7)(C) responsibilities?

19          A     He was the (b)(6); (b)(7)(C)

20     So it was basically business operations.  
21     Making sure bills got paid, that taxes were  
22     filed. That, you know, renting space,  
23     facilities. The kinds of duties that you'd  
24     imagine that, you know, a business needs to --  
25     to run. So hiring --



1 Q Employee compensation?

2 A Hiring, all those things. Yes.

3 Q So when did you start at Bittrex?

4 A (b)(6); (b)(7)(C) .

5 Q Do you have an exact date?

6 A (b)(6); (b)(7)(C)

7 Q What -- what was your location?

8 A We had rented space in Friendship  
9 Heights, which is northwest DC.

10 Q Where was Bittrex's operations  
11 located at the time?

12 A So their main office was in  
13 Bellevue, Washington.

14 Q Did they have other offices?

15 A No.

16 Q So they had an office in Bellevue  
17 and the space in Washington, DC.

18 Who worked another out of that  
19 space?

20 A It was myself and (b)(6); (b)(7)(C)

21 Q I apologize if I asked this.

22 What was (b)(6); (b)(7)(C)

23 A He was the (b)(6); (b)(7)(C)

24 So --

25 Q What does that mean?

1           A     I wasn't ever a hundred percent sure  
2     what that meant. I think it was sort of  
3     general business strategy. If that's the  
4     right word. Talking to potential partners,  
5     for example. Understanding sort of the future  
6     of the firm. But I was not really  
7     particularly sort of involved in that.

8           Q     What background did he have?

9           A     He started as an engineer at  
10    Microsoft. Ultimately, went to law school.  
11    Worked at a firm, then worked at the  
12    Department of Justice. Then worked at the  
13    Department of Homeland Security, where I think  
14    he met (b)(6); (b)(7)(C) doing cybersecurity work,  
15    legal cybersecurity work. And then from the  
16    Department of Homeland Security, he went to  
17    O'Melveny & Myers and then to Bittrex.

18          Q     Did your responsibilities at Bittrex  
19    ever overlap with (b)(6); (b)(7)(C)

20          A     Well, we shared the same space. But  
21    we had different duties.

22          Q     What was the space like?

23          A     It was a room about the size of this  
24    conference room. Maybe slightly larger, with  
25    some workstations.

1 Q Open?

2 A Open. Open plan. There was one  
3 office that you could use for telephone calls  
4 or conferences.

5 Q Did you have any other staff with  
6 you in that office?

7 A Not to begin with, no.

8 Q When did you add more staff in that  
9 location?

10 A So I hired the (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C)

12 Q Who was that?

13 A Her name is (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C) Last name is (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C)

16 Q Did she work out of the DC office?

17 A Yes.

18 Q So you were joined by a third  
19 person?

20 A Yes. Exactly.

21 Q Did you eventually move to a larger  
22 space in DC?

23 A Yes, we did.

24 Q When was that?

25 A When? Oh boy -- that was about six

1 months ago. Maybe longer. Maybe a year ago.

2 I honestly can't remember.

3 Q Did that coincide with any event or  
4 anything like that?

5 A No. We had just outgrown the space  
6 in Friendship Heights, which was also not  
7 really central to a lot of people. So the  
8 desire was to move downtown and to get a  
9 bigger space.

10 Q Before you moved, how many people  
11 occupied that first original space?

12 A Maybe eight total. There's also a  
13 business person who was responsible for  
14 business generation, (b)(6); (b)(7)(C)  
15 (b)(6); (b)(7)(C) who also worked in the office. So it  
16 was pretty crowded. But it was like maybe  
17 eight people total.

18 Q All open space?

19 A Yes. Except for the conference  
20 room. We ultimately moved (b)(6); (b)(7)(C) into the  
21 conference room. Because he was a loud  
22 talker.

23 Q When you first started as (b)(6); (b)(7)(C)  
24 (b)(6); (b)(7)(C) who did you report to?

25 A Bill.

1 Q Did you report to any of the other  
2 founders?

3 A I reported to the board. The way  
4 the AML policy works is that you report to the  
5 CC, CEO, but also have a dotted-line  
6 relationship to the board. So I attended  
7 every board meeting and would give an AML  
8 report.

9 Q And Bill was the CEO?

10 A Correct.

11 Q Could you generally describe the  
12 role of each of the founders.

13 Did they each have a different role  
14 in the organization?

15 A Yes, they did. And because some of  
16 this is technical, I'm not going to be super  
17 precise. Because my understanding is not  
18 super precise. Basically, Bill had all those  
19 CEO-type duties. Business-type duties that a  
20 CEO would have. (b)(6); (b)(7)(C) had the responsibility  
21 for wallet securities. Basically, digital  
22 asset securities.

23 And (b)(6); (b)(7)(C) was the person who ran the  
24 infrastructure or architecture of Bittrex. So  
25 the databases and those kinds of things.

1 That's sort of my understanding. Which is,  
2 again, a layperson's understanding of the  
3 division of duties there.

4 Q Good enough.

5 A Okay.

6 Q Thank you.

7 Did you have any anyone that  
8 reported directly to you?

9 A Yes. (b)(6); (b)(7)(C) obviously reported  
10 directly to me. And then once we hired staff,  
11 they reported to her and then ultimately to  
12 me.

13 Q Did anyone else other than (b)(6); (b)(7)(C)  
14 directly report to you?

15 A No.

16 Q Who directly reported to (b)(6); (b)(7)(C)

17 A It started with we hired -- started  
18 hiring compliance staff over the course of her  
19 time there.

20 Q Do you know the names of the staff  
21 that were hired?

22 A Yeah. Whether or not I can list  
23 them off, I'm not a hundred percent sure. Our  
24 first hire after (b)(6); (b)(7)(C) was (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C) Last name, (b)(6); (b)(7)(C)



1 And then (b)(6); (b)(7)(C)

2 And then we started hiring past that. But you  
3 are going to tax my memory as far as like  
4 specifics on the names.

5 Q When did you start hiring additional  
6 staff besides (b)(6); (b)(7)(C)

7 A It was pretty much initially after  
8 (b)(6); (b)(7)(C) started that we started. That was one  
9 of her duties, to hire up staff. She would be  
10 the operational control as I sort of worked on  
11 the policies and procedures and those kinds of  
12 things.

13 Q When you say, "operational control,"  
14 was she -- did she have responsibilities for  
15 carrying out the policies and procedures?

16 A That's a good characterization of  
17 it.

18 Q I mean, I don't want to put words in  
19 your mouth.

20 A No, that's right. I mean, so did I.  
21 It was a very small office. So it was sort of  
22 like we all had to do everything. So --  
23 particularly in the early days.

24 Q How large is the compliance staff  
25 today?

1           A     So there are eleven compliance  
2 analysts, including (b)(6), (b)(7)(C) And there are  
3 four compliance support folks in Bellevue.  
4 Five -- four supervisors in Bellevue, whose  
5 job is to sort of assist the analysts in  
6 either customer contact or sort of other kinds  
7 of duties.

8           Q     What is the role of a compliance  
9 analyst?

10          A     So you know, it's basically to  
11 execute the compliance function. That  
12 function is sort of broken down into a number  
13 of different sort of categories. Certainly  
14 one is a penal compliance. So complying with  
15 law enforcement and regulatory subpoenas would  
16 be one area. Managing the state licensure,  
17 would be another area.

18                 We would have a transaction  
19 monitoring system, which was first manual and  
20 then ultimately automated in which problematic  
21 volumes, when I mean "volumes," I mean  
22 deposits and withdrawals would be triggered,  
23 and we'd have to investigate to assure  
24 ourselves that they weren't engaged in money  
25 laundering.

1           That's about it.

2           MR. MARTIN: (b)(6), (b)(7)(C) I'm sorry. I  
3 think we've been going for about an hour and  
4 fifteen minutes. Is there time for a break?

5           (b)(6), (b)(7)(C) I just want to get  
6 through this section.

7           Q     So far you've said the compliance  
8 analysis was their job. And I guess, (b)(6), (b)(7)(C)  
9 and your job was to supervise everything the  
10 compliance analyst did. The first was,  
11 pertained to compliance, managing state  
12 licensing. You said they would have  
13 responsibilities related to the transaction  
14 monitoring system, which was originally manual  
15 and later became automated.

16                   What other responsibilities did they  
17 have?

18           A     Any kind of investigation where we  
19 would get some sort of information with regard  
20 to a potential customer. Would have to get  
21 sort of investigative and escalated for  
22 decision as to what to do. Suspicious  
23 activity reporting. So service business has  
24 the requirement to file SARS, suspicious  
25 activity reports. So doing all the work

1 that's entailed in that. Some customer  
2 complaints, depending on what they were.  
3 That's about it.

4 Q So obviously you would be -- you  
5 would get a subpoena from the outside.

6 It would be brought to your  
7 attention?

8 A So at first, Perkins Coie was  
9 responsible for managing that interface. And  
10 they had a dedicated e-mail box for subpoenas.  
11 They would look at them and ask for  
12 information from us. And then ultimately, be  
13 the interface. So comply with the subpoena by  
14 delivering those records or getting further  
15 information from law enforcement or whatever  
16 it was.

17 We transitioned that in -- into  
18 in-house and have a dedicated e-mail box set  
19 up for subpoena compliance now.

20 Q When was that transition?

21 A Boy, I can't remember exactly. I'm  
22 thinking it was sometime in the summer of  
23 2018. But I couldn't be precise.

24 Q Any reason why it transitioned to  
25 in-house?

1           A     Just sort of cost and efficiency. We  
2     thought we could do it faster without having  
3     another set of hands on it. And, you know,  
4     the cost was fairly significant for routine  
5     subpoena compliance.

6           Q     The state licensure, was that ever  
7     handled out of house?

8           A     Yes. And it still is sort of a  
9     combination of in-house and with Perkins Coie,  
10    who is assisting in sort of the state  
11    licensure part of it.

12          Q     I'm going to ask you more about the  
13    transaction monitoring system in a bit.

14          A     Sure.

15          Q     I just want to get the other things  
16    out of the way.

17                 With respect to investigations of  
18    information about customers, where would that  
19    information come from? How would the team be  
20    notified of -- that they had to conduct an  
21    investigation?

22          A     It could come from a variety of  
23    sources. One of the things we did was sort of  
24    a negative news search. So every day, we  
25    would sort of look and do an open source

1 investigation of the crypto world.

2 For example, if we saw some negative  
3 news, for example, about the DOJ indictment or  
4 some other activity, then we would search our  
5 own databases to determine whether we had  
6 anybody who was on our system that had like  
7 been indicted or had been named in like a news  
8 article or something like that. And then  
9 conduct an investigation as a result of that.  
10 So that would be one way.

11 Another way is someone in the crypto  
12 community would say, "Hey, this exchange got  
13 hacked and the funds were moving and some of  
14 the funds are moving to Bittrex." So if we got  
15 notification of that, and because of the  
16 public nature of the blockchain, it's fairly  
17 easy to trace when it comes from one place to  
18 another, we would need to immediately jump on  
19 that and see if we have a problem or customers  
20 on our system who were engaged in that. And,  
21 you know, figure out what it is that we'd have  
22 to do with regard to that.

23 Q Did Bittrex regularly share  
24 information with other exchanges about  
25 activity that it saw on its platform or



1 activity that it heard about elsewhere?

2 A So we would not share PII. We would  
3 not share customer data. But to the extent  
4 that somebody informed us that something  
5 happened, we would let them know that we  
6 received it and we would take appropriate  
7 action. That was largely the kind of  
8 communication that would occur. But again, we  
9 would not share PII outside of sort of the  
10 formal process, which is known as a 314(b)  
11 process under the FinCen rules, which I can  
12 talk about.

13 Q No. Actually, I was thinking about  
14 whether there was informal information sharing  
15 among Bittrex and other digital asset  
16 platforms?

17 A I think there probably was. I mean,  
18 not necessarily with me. But I think the  
19 founders had because they had that background  
20 from early point, would talk to other people  
21 about what was happening on other exchanges.  
22 But I wasn't really privy to those  
23 conversations.

24 Q Did you know if Bittrex founders  
25 participated in any sort of group --

1 formalized or routine group discussions with  
2 other exchanges?

3 A I'm pretty sure the answer is no to  
4 that. I certainly wasn't aware of it.

5 Q With respect to the transaction  
6 monitoring system, what was the role of the  
7 analysts?

8 A So I'll talk about how it currently  
9 runs or -- do you want to --

10 Q Well, no. I -- I think a better way  
11 to approach it would be just to talk about the  
12 transaction laundering system in general.  
13 What it was at the time you joined, how it  
14 evolved.

15 A At the time I join, there was no  
16 transaction monitoring system. It actually  
17 took quite a while to be able to get one in  
18 place. And the reason is that the database  
19 that Bittrex sits on was a single-production  
20 database. Any time you tried to do a query on  
21 that database, it would slow down or  
22 potentially destabilize the database. So it's  
23 very hard to run data off a production  
24 database. And --

25 Q What did the database -- what was it

1     comprised of?

2           A     It's comprised of everything that  
3     Bittrex does. Right. So it's deposits in,  
4     withdrawals out. Movement on the blockchain,  
5     which I guess would be separate. The trading  
6     engine, so how it is that things trade.

7     The -- the data that reflects customer data.

8           So for example, if you would trade  
9     Ethereum for Bitcoin, those two things don't  
10    actually move. What happens is there's a book  
11    transaction between two customers where one is  
12    debited one thing and credited another. And  
13    on the other side of the trade it would be  
14    vice versa. All of those things were  
15    basically in a single-production database.

16          Q     So Bittrex maintained an internal  
17    database for all of its operations?

18          A     Absolutely. Yeah. The difficult of  
19    that is that you couldn't -- and this was  
20    explained to me. I don't have independent  
21    knowledge of this because it's beyond my level  
22    of expertise. It was very difficult to run  
23    queries. Like "Give me for the last  
24    twenty-four hours, the top hundred deposits so  
25    I can look at them and see whether or not any

1 of them was suspicious." It was difficult to  
2 do that.

3 They were ultimately able to rebuild  
4 the system to have what's known as a replica  
5 database. So as data would be written on the  
6 production database, it would also be  
7 instantly written on a replica database. What  
8 they call a read-only replica database. And  
9 then you would run queries off the replica  
10 database. But it took quite some time for them  
11 to do the engineering to allow that to happen.

12 Q When did the replica database come  
13 into --

14 A I think it was about a year after I  
15 started. It took a while.

16 Q Who created that replica database?

17 A That would have been (b)(6); (b)(7)(C)  
18 the engineer I had spoken of earlier. Who, I  
19 think, was responsible for leading the team  
20 that sort of redid the entire sort of  
21 database.

22 Q So prior to the replica of the  
23 database being in place, what was the -- how  
24 could you monitor the transactions on the  
25 platform?

1           A     So you'd have to get special  
2 requests into the engineers who would do it  
3 sort of on a one-up basis. But it could not  
4 be like a continuous kind of a thing.

5           Q     So you wouldn't have daily  
6 reports --

7           A     Correct.

8           Q     -- that you would review?

9           MR. MARTIN: Let her finish.

10          Q     You wouldn't have the -- did you see  
11 any daily runs or reports prior to -- during  
12 that period?

13          A     Not daily runs, no.

14          Q     And if you wanted to -- would you  
15 have to say to someone "Hey, there's an issue  
16 I want to investigate, can you run this report  
17 for me?"

18          A     So if it's like a large report, then  
19 yes, you'd need an engineer to actually run  
20 it. If you're simply -- you've identified a  
21 specific transaction, for example, you have a  
22 transaction ID as a blockchain event. And  
23 it's -- you know that it gets deposited to a  
24 specific address within Bittrex, we could run  
25 those things. We could run like individual

1 customer records and identities and things.

2 But what we couldn't do is sort of the larger  
3 queries.

4 Q What was the transaction  
5 monitoring -- what transaction monitoring was  
6 occurring before the replica database was put  
7 into place?

8 A It was, frankly, sporadic.

9 Q When you say, "sporadic," what do  
10 you mean?

11 A Well, it would be largely  
12 event-driven or periodic. So it didn't have a  
13 specific transaction monitoring policy that  
14 would have allowed me to have regular data  
15 runs.

16 Q What events are you talking about  
17 when you say it was "event-driven"?

18 A Well, passage of time, largely. Or  
19 if there had been like a law enforcement event  
20 that we read about in the media. Or maybe a  
21 hack where perhaps funds were directed towards  
22 Bittrex, we would ask to have data run that  
23 way.

24 Q External events, are you talking  
25 about external events?



1 A Yeah.

2 Q Were there any internal events that  
3 would cause you to want to do an inquiry?

4 A Not that I can recall, no.

5 Q Would there be any way to know about  
6 internal events that would cause suspicion?

7 A I'm not sure I understand.

8 Q Well, was there someone looking at  
9 trading on a daily basis at Bittrex before  
10 this replica database was put into place?

11 A No.

12 Q Were the founders doing that?

13 A I don't know.

14 Q When you say, "passage of time,"  
15 what do you mean?

16 A Like roughly monthly, I'd ask for a  
17 report of the very large transactions or very  
18 large customers, so we could examine them and  
19 determine whether or not there were problems.

20 Q For the report of large  
21 transactions, were you focused on a specific  
22 trading pair or market?

23 A No. And I think I probably need to  
24 clarify. When I'm talking about transactions,  
25 I'm talking about transactions in the

1 anti-money laundering sense. Which is  
2 deposits in, and withdrawals out. But not  
3 trades.

4 Q Did you conduct -- during that  
5 earlier time period, did you conduct any  
6 transact -- monitoring of trades, actual  
7 trades?

8 A No. Sorry. No.

9 Q Why not?

10 A I didn't have the ability to do it  
11 and it wasn't an anti-money laundering focus.

12 Q Did anyone do that at the time  
13 before the replica system was put into place?

14 A Not to my knowledge.

15 Q Does anyone do that now?

16 A Not to my knowledge.

17 Q So your responsibilities with  
18 respect to trade monitoring only relate to --

19 MR. GEIST: Transactions.

20 Transactions, not trade monitoring.

21 (b)(6); (b)(7)(C) Thank you.

22 Q With respect to transaction  
23 monitoring, only have to do with deposits and  
24 withdrawals?

25 A Correct.

1           Q     And so during your entire time  
2 period with Bittrex, there was no monitoring  
3 of trades?

4           A     Correct.

5           Q     Did you ever discuss with anybody  
6 why that was?

7           A     Yes.

8           Q     Who did you discuss it with?

9           A     It came up in various conversations  
10 that it would be useful to have trade  
11 surveillance, what I would call trade  
12 surveillance. Those are the terms that I  
13 would use, trade surveillance versus  
14 transaction monitoring. Transaction  
15 monitoring is the AMLs, sort of deposits and  
16 withdrawals. Trades surveillance is more  
17 the -- surveilling trades.

18          Q     When was that first discussion?

19          A     It would have probably been in  
20 February of 2017.

21          Q     Who was it with?

22               MR. MARTIN: February of 2017?

23          A     Not 2017, February of 2018.

24               THE WITNESS: Thank you.

25          A     It would have largely been with

1 Bill.

2 Q What did you say to him?

3 A That as we mature, it would be good  
4 to get trade surveillance.

5 Q Why do you think it would be good to  
6 get trade surveillance?

7 A I think if the goal was to have a  
8 system that people could trust, that you  
9 should understand what the trades look like.

10 Q Was -- did you understand -- did you  
11 believe that there was possible manipulation  
12 occurring on Bittrex's platform?

13 A I had no reason to believe that, no.

14 Q Was their concern of manipulation in  
15 general with respect to digital assets?

16 A Again, I didn't have any reason to  
17 believe that there was that going on. I just  
18 think as a matter of prudence we needed to  
19 have that.

20 Q In connection with the analysts'  
21 responsibilities of conducting sort of  
22 investigations and learning about things in  
23 the news, did you ever hear of manipulation of  
24 digital assets --

25 A Sure.

1 Q -- on Bittrex or elsewhere?

2 A Sorry. Sure.

3 Q When did you learn about those?

4 A So there would be news articles  
5 about pump-and-dump schemes that would occur.  
6 And to the extent that we had data that was  
7 specific, we would look at those.

8 Q How could you look into those if  
9 there was no trade surveillance?

10 A You certainly couldn't look into it  
11 realtime. So what you'd have to do is pull  
12 the historical records and determine who was  
13 on one side of the trade versus who was on the  
14 other side of the trade.

15 Q Then what would you do?

16 A Again, you would try to conduct an  
17 investigation and determine whether or not, in  
18 fact, that there was some kind of a  
19 coordination of buys and sells to artificially  
20 drive the price. Again, this is not my area  
21 of expertise. So I didn't do, personally, any  
22 of that. Sometimes I would have analysts look  
23 at it in conjunction with other people to see  
24 whether or not you could see whether or not  
25 there was a pump-and-dump scheme going on.

1 Q I'm a little confused.

2 Was it the responsibility -- your  
3 responsibility and the responsibility of the  
4 compliance team to conduct these  
5 investigations into possible manipulative  
6 trading?

7 A No.

8 Q How did it come about?

9 A Well, somebody, you know, would  
10 alert us to this. So somebody had to do. So  
11 we would ask the data analysts to pull the  
12 information and then we would try to look to  
13 see whether or not there was a coordination  
14 between buys and sells. But you know,  
15 frankly, absent the kind of automated system,  
16 was very difficult to do.

17 Q And the data analysts, those are  
18 distinct from the compliance analysts?

19 A Yeah. These would be people who  
20 would actually go into the database and run  
21 queries. Engineers.

22 Q Engineers?

23 A Engineers, basically.

24 Q You said you had a conversation in  
25 February 2018 with Bill about --



1 MR. GEIST: Sorry. How much longer  
2 do you think you will be going before -- it's  
3 been almost an hour and a half.

4 (b)(6); (b)(7)(C) I'm in the middle of  
5 some questions. I'm trying to wrap it up.

6 MR. GEIST: That was fifteen minutes  
7 ago you were in the middle of some questions,  
8 too. So I'm asking you, how many more minutes  
9 do you think it's going to be?

10 (b)(6); (b)(7)(C) I don't know. I'll try  
11 to finish this line --

12 MR. GEIST: Find a point to break,  
13 please.

14 (b)(6); (b)(7)(C) No problem.

15 Q Going back to the question, you said  
16 in February of 2018, you had a conversation  
17 with Bill in which you suggested that trade  
18 surveillance would be a good idea; is that  
19 correct?

20 A Yes.

21 Q And what did he say in response?

22 A I'm not sure I can identify a  
23 specific conversation in which this happened,  
24 but I know I alerted Bill to it. Whether it  
25 was a back and forth. But I don't have any

1 specific recollection of what his response  
2 would have been.

3 Q Well, did he say, "Yes, let's do  
4 it"?

5 A Again, I don't have a specific  
6 response.

7 Q But --

8 A Or a specific recollection.

9 Q But you -- but you don't recall  
10 trade surveillance ever happening on Bittrex?

11 A Correct.

12 Q Did you have similar conversations  
13 with any of the other founders?

14 A Not that I recall.

15 Q Did you discuss that -- this with

16 (b)(6); (b)(7)(C)

17 A Not that I recall, but I may have. I  
18 don't know.

19 Q What about with (b)(6); (b)(7)(C)

20 A I don't think so.

21 Q I just want to finish this area.

22 A Sure.

23 Q With respect to after the replica  
24 database was instituted, how did the  
25 monitoring change; if it did?

1           A     So we were able to -- initially, we  
2     were able to draw queries from the database.  
3     So we would do so in a -- what was basically  
4     an Excel table.

5           Q     Previously?

6           A     After -- after the database. And  
7     prior to getting an automated system  
8     installed. So in that interim period -- and  
9     you know, getting an automated system means  
10    that you would have to have like the data talk  
11    to each other, have the fields correct. It's  
12    not a trivial exercise to install automated  
13    transaction monitoring.

14                So in that interim period, we would  
15    basically do queries of the database for  
16    volume. We would be looking for large  
17    deposits, large withdrawals. Withdrawals or  
18    deposits from countries of concern,  
19    higher-risk countries. So in the anti-money  
20    laundering world, there's geographic risks  
21    that you have to look at. So we would be  
22    looking for those kinds of things. And  
23    identifying those customers where we would  
24    want to do a deeper dive into sort of what was  
25    going on in their accounting.

1 Q Would you do that on a daily basis?

2 A Oh yeah. I mean, we would pull the  
3 data on a weekly basis, but then go through it  
4 on a daily basis. In other words, we would  
5 take a while to go through whatever customers  
6 we would pull or whatever transactions we had  
7 pulled.

8 Q When was the automated system put  
9 into place?

10 A So I think we ultimately hit  
11 production in August of 20 -- oh boy -- I  
12 don't want to specifically give you a date.  
13 But it was probably around six months ago,  
14 more or less. Where we finally were able to  
15 have a production -- automated system in  
16 place.

17 Q So just -- so prior to six months  
18 ago, you were running queries that --

19 A Right.

20 Q In Excel? Or -- the information  
21 could be exported into Excel?

22 A Precisely.

23 Q And what automated -- now that you  
24 have the automated systems, do you run the  
25 same queries that you did previously?

1           A     It's -- it's a series of queries now  
2     that I think are more sophisticated and are  
3     able to be tuned in a more responsive manner.  
4     They also have queries for specific changes in  
5     activity, which we did not have before. So  
6     for example, if we -- it's just a more  
7     sophisticated system. There's a rule set that  
8     we've built after being advised on how to  
9     build the rule set that's just a ton more  
10    sophisticated than what we had before.

11          Q     Would it be possible to implement  
12    the same sort of monitoring for trades?

13          A     So I'm not an expert at sort of how  
14    the data gets matched. So we had to have the  
15    vendor, who was on this system, is called  
16    IdentityMind. They don't do trade  
17    surveillance. They just do ins and outs.  
18    Again, we are a financial institution.

19                So that was the thing I was focused  
20    on, was to act like a financial institution  
21    with this kind of automated transaction  
22    monitoring. But there had been a lot of  
23    engineering work that had to be done between  
24    IdentityMind and our folks to get the data to  
25    match in a way that didn't cause problems.

1           So my guess is that it can be done  
2     for trade surveillance and we are in the  
3     process of looking for vendors for trade  
4     surveillance, but we are not there yet.

5           (b)(6); (b)(7)(C)     Okay. Let's take a  
6     break. When we come back, we'll continue the  
7     discussion.

8           It's 11:40. We are off the record.

9           (A discussion was held off the  
10    record.)

11          (b)(6); (b)(7)(C)     We are back on the  
12    record at 12:01.

13          (b)(6); (b)(7)(C)     while we were off the  
14    record, did you have any conversations with  
15    the staff?

16          THE WITNESS: Not substantive  
17    conversations.

18          Q     Earlier, we spoke about your  
19    participation in board of director meetings.

20                 How often did those meetings occur?

21          A     I think they're quarterly.

22          Q     Who participated in those meetings?

23          A     So the board, obviously. So the  
24    three founders who are the board members. (b)(6);

25    (b)(6); (b)(7)(C)



1 Sometimes outside counsel, corporate counsel  
2 from O'Melveny. (b)(6); (b)(7)(C) That's about it.

3 Q Are there board minutes distributed  
4 after the meetings?

5 A Yes.

6 Q Who prepares the board minutes?

7 A Outside counsel.

8 Q Are there any independent board  
9 members?

10 A No.

11 Q You said you present during those  
12 meetings.

13 A Yes.

14 Q And what do you present on?

15 A Just AML issues that may -- just for  
16 the board's information. AML issues,  
17 potential -- you know, just AML issues, where  
18 we are.

19 Q When say, "AML issues" and "where we  
20 are," can you be a little more specifying?

21 A Sure. If there are any examinations  
22 that are ongoing or had previously been done  
23 with results that had been presented, I would  
24 present those to the board.

25 Q When you say, "examinations," are

1     you talking about internal or external?

2           A     Well, both. We have independent  
3     examinations that are external. So we hire  
4     somebody to do an examination of our AML  
5     program. Or state local examination. So a  
6     state banking authority would come in under  
7     the authority of the money transmission  
8     licenses that we hold and do an examination.  
9     So those are the kinds of things. Or we'd  
10    talk about, for example, progress on, you  
11    know, the money trans -- the automated  
12    transaction monitoring or other issues like  
13    that.

14          Q     Do you recall any other specific  
15    issues that you presented on?

16          A     Just sort of the host of issues that  
17    we'd have. But I don't have a specific  
18    recollection of one issue that sticks in my  
19    mind.

20          Q     And you said you reported to Bill  
21    Shihara, the CEO.

22                 How often did you meet with Bill?

23          A     We would probably talk weekly or  
24    every two weeks. And I would file a written  
25    monthly report with him. And then the board

1 meetings.

2 Q Did the written monthly report have  
3 a specific format or contain specific  
4 information?

5 A Yes.

6 Q And what was contained in the  
7 monthly report?

8 A Just sort of any examinations that  
9 happened. Any issues that required senior  
10 leadership attention. Notable sort of  
11 negative news that, you know, for example, if  
12 somebody was engaged in fraud, whether or not  
13 they were on our system or not. Progress with  
14 regard to applying for money transmission  
15 licenses in the states. The number of  
16 suspicious activity reports we'd file on a  
17 monthly basis. Any areas of concern with  
18 regard to anti-money laundering issues that we  
19 wanted to point out.

20 Q When did you begin that practice?

21 A We began that -- I'm not a hundred  
22 percent sure when. It's been over a year  
23 since we've done it, I think.

24 Q Did you do that in 2018?

25 A We may have started it in 2018, in

1 the latter part of 2018. But I can't be  
2 specific.

3 Q What prompted you to start doing  
4 this?

5 A You know, one of the issues that we  
6 wanted to make sure of was that the senior  
7 management was fully aware of any sort of  
8 potential risks or issues with regards to  
9 money laundering. This was just a best  
10 practice that we -- most entities do. So it  
11 may have been specifically a -- one of our  
12 external AML reports or examinations pointed  
13 out that it's good to have a sort of a regular  
14 reporting -- written reporting cycle as  
15 opposed to just conversations with the CEO.

16 Q So it may have come from a  
17 recommendation?

18 A It may have. I'm not sure.

19 Q Who was the report distributed to?

20 A It would be distributed to the  
21 senior leadership. So --

22 Q Who is that?

23 A Basically, the folks that were at  
24 the board meetings. As well as the  
25 engineering, like (b)(6); (b)(7)(C) who was the

1 engineer. And I think (b)(6); (b)(7)(C) as  
2 well.

3 Q Did (b)(6); (b)(7)(C) - we spoke about (b)(6); (b)(7)(C)  
4 earlier.

5 A Yeah.

6 Q Other than when you met with Bill --  
7 was that a one-on-one meeting?

8 A It was usually via Skype.

9 Q So other than those meetings and the  
10 monthly report, when did you interact with --  
11 with Bill and for what reasons?

12 A So I would visit the office, the  
13 Bellevue office, probably every five or six  
14 weeks. Depending on schedules, anywhere  
15 between four and six weeks. I would be a week  
16 there just to talk to everybody and make sure  
17 people remembered who I was and that kind of  
18 thing. Obviously I had daily interaction with  
19 him during that time period.

20 Q Other than that, would there be  
21 instances where you would raise an issue to  
22 Bill -- strike that.

23 What instances would you raise with  
24 Bill?

25 A You know, like for example, if there

1 was a state exam coming up or a problematic  
2 issue with one out of our applications,  
3 then obviously I would talk to him about that.  
4 The kind of reporting relationship you'd have  
5 with any boss. You know, if there's issues  
6 that he needs to know about, we would inform  
7 of that. If there were a subpoena that was  
8 unusual or something that I thought he should  
9 know about, I would let him know about those  
10 things.

11 Q How were you compensated during your  
12 time at Bittrex?

13 A In two parts, with salary and bonus.

14 Q Did you have an employee agreement?

15 A Yeah. I have an employment letter  
16 and offer.

17 Q What was your salary in 2017?

18 A (b)(6); (b)(7)(C)

19 (b)(6);  
(b)(7)(C)

20 Q How much was your bonus?

21 A I don't recall.

22 Q Would it be in the range of around

23 (b)(6); (b)(7)(C)

24 A That seems high. I just don't know.

25 Q Do you have documentation of what



1 bonus you received in 2017?

2 A I mean, I assume I have my tax  
3 records, so it would show that.

4 Q Do you recall, generally, what your  
5 total compensation was in 2017 -- in 2018?

6 A No, I don't. I'm sorry.

7 MR. GEIST: Sorry. So he started in  
8 December 1, 2017. So --

9 (b)(6); (b)(7)(C) That's why I followed  
10 up that other question.

11 Q If you had an idea of what your  
12 salary was in 2018.

13 A Yeah. So I didn't get any  
14 compensation, just so you are clear, in 2017  
15 because the payroll system was screwed up. So  
16 I didn't actually receive anything until 2018.

17 Q Did you receive any compensation for  
18 the work you did in 2017?

19 A Yes, but it occurred in 2018.

20 Q Other than salary and bonus, do you  
21 participate in any profit-sharing?

22 A So when I started, there was no  
23 profit-sharing. And then in early 2018, they  
24 rolled out a profit-sharing plan in which you  
25 receive points and receive profit as a result

1 of that.

2 Q So that's separate from your bonus?

3 A No, that would be the bonus.

4 Q In -- since -- did your initial base  
5 salary increase since you've started at  
6 Bittrex?

7 A No.

8 Q What was your total compensation in  
9 2019, approximately?

10 A I don't know. I don't know.

11 Q With respect to the point system,  
12 how many points were you generally allocated  
13 each quarter?

14 (b)(6); (b)(7)(C)

15  
16  
17 (b)(6); (b)(7)(C)

18 So they sort of decided to go  
19 just to like a really ad-hoc bonus structure.

20 Q But still using the point system?

21 A No, it was more ad hoc.

22 Q So when did you -- how many points  
23 did you receive during the 2018 period?

24 A So it was a static number. In other  
25 words, it's not like oh, you receive points  
for the quarter. It's just sort of like your

1 compensation would be reflected on the number  
2 of points that you have. Not like you  
3 accumulate them. It's just like it's a static  
4 number.

5 Q Each point was valued at a certain  
6 amount?

7 A At a certain amount.

8 Q That amount depended on what? The  
9 valuation of the point depended on what?

10 A As I understand it, the profit.  
11 Frankly, it was never particularly clear to me  
12 how it was calculated. But --

13 Q So at what point did you receive an  
14 increase in -- in the number of points?

15 A I think it was in the middle of  
16 2019.

17 Q And that was in connection with the  
18 downturn in the market?

19 A I think so, yes.

20 Q Did your bonus -- was your bonus  
21 pretty much the same in 2018 and 2019?

22 A (b)(6); (b)(7)(C)

23 Q How much was it in 2019?

24 A I don't know.

25 Q You said in 2019, there was kind of

1 an ad hoc system.

2 Can you tell me what you mean?

3 A Well, in quarters in which there was  
4 no profit, as I understand it or as it was  
5 communicated to me, management decided that  
6 they were just going to give ad hoc bonuses,  
7 not based on profit.

8 Q Did anyone tell you that the company  
9 in certain quarters did not earn a profit?

10 A Yes.

11 Q During what quarters?

12 A I don't have a specific recollection  
13 of which quarters in 2019.

14 Q And --

15 A But I think it was two out of the  
16 four. But I'm not sure.

17 Q In general, how did Bittrex make  
18 money?

19 A Commissions.

20 Q Commissions on trades?

21 A Correct.

22 Q Did it charge users to make deposits  
23 and withdrawals?

24 A No.

25 Q Could you just use the platform as a

1 wallet, free wallet service?

2 A Yes.

3 Q In 2018, how much revenue did the  
4 company make from commissions?

5 A I don't know.

6 Q Generally, do you have an  
7 understanding?

8 A No, I couldn't even guess.

9 Q Have you ever -- did you have any  
10 role or responsibility in Bittrex financials?

11 A No.

12 Q When you -- do you know how much the  
13 company made in 2019 in commissions?

14 A No.

15 Q Did you ever ask anyone how  
16 profitable the business was?

17 A Well, profitability would be  
18 discussed at board meetings. So I had a  
19 general idea.

20 Q What was that, your understanding?

21 A In 2019, we lost money.

22 Q Did you have an understanding of why  
23 the company lost money in 2019?

24 A My understanding is that the volumes  
25 were down. And so that is the trading

1 volumes, so the commission revenue would be  
2 down. But that's really the sum of my  
3 understanding of it.

4 Q What expenses was the company  
5 incurring at the time?

6 A The general expenses that they would  
7 typically incur, which would be database cost,  
8 personnel cost, legal cost. All those things.

9 Q And in 2018, was the company  
10 profitable?

11 A My understanding is it was, yes. But  
12 wait, I'm sorry, 2018?

13 Q Yes.

14 A I'm not sure.

15 Q Did you participate in board  
16 meetings in 2018 in which the company's  
17 profitability was discussed?

18 A Yes.

19 Q Do you have a recollection as to  
20 whether they lost money during that year?

21 A No, I don't.

22 Q And is the company currently  
23 profitable?

24 A No.

25 Q Is that for all of 2020?



1 MR. GEIST: You are talking for  
2 the -- are you asking every day? Are you  
3 asking on a monthly basis? A weekly basis?

4 (b)(6); (b)(7)(C) I don't know how often.  
5 On a quarterly basis.

6 A I don't actually know --

7 MR. GEIST: Quarter --

8 Q You are saying the company is not  
9 profitable.

10 Why do you say that?

11 A The general tenor, as I understand  
12 it just from discussions, is that there are --  
13 because we were not profitable, for example,  
14 in the fourth quarter of 2019, nothing's  
15 changed that would lead me to believe that we  
16 would suddenly become profitable.

17 Q Did you discuss with anyone what the  
18 cause of that is? Is it -- why the company is  
19 not profiting?

20 A My understanding is the volume is  
21 down, the trade volume is down. So as a  
22 result, the revenues are down.

23 Q Is it also the result of limited  
24 listings on the platform?

25 A I don't know.

1 Q Is that something that you discussed  
2 with anyone?

3 A No.

4 Q Before working at Bittrex, (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6  
7 Why did you leave that position?

8 (b)(6); (b)(7)(C)

9

10

11

12

13

14 Q Other than Bittrex, had you looked  
15 into other opportunities?

16 A I let people know that I was  
17 interested in opportunities. I never formally  
18 interviewed anywhere else.

19 Q Was Bittrex the first job offer you  
20 received (b)(6); (b)(7)(C)

21 A when I  
22 received the offer. I did not like leave and  
23 then join.

24 (b)(6); (b)(7)(C) Would it be okay if we  
25 went until 1:00 and then took a lunch break?

1 MR. MARTIN: Is that okay?

2 Forty-five minutes?

3 MR. GEIST: Yeah.

4 (b)(6); (b)(7)(C) Okay. Thank you.

5 (SEC Exhibit No. 38 was

6 marked for

7 identification.)

8 Q (b)(6); (b)(7)(C) I'm showing you what's

9 been marked as Exhibit 38, which is an

10 organizational chart produced by Bittrex with

11 the Bates stamp number 8201. Take a moment to

12 look at it and let me know when you are done.

13 (The witness examined the document.)

14 A Yes.

15 Q Does this chart accurately reflect

16 Bittrex's current structure?

17 A I don't believe it does, but I'm not  
18 sure.

19 Q What do you think is inaccurate or  
20 no longer current?

21 A We now -- or Aquila Holdings now has  
22 a subsidiary under Bittrex International, Inc.  
23 That's called Bittrex International GmbH. Is  
24 my understanding, but I don't have personal  
25 knowledge of that.

1 Q So Bittrex International has five  
2 subsidiaries?

3 A I'm not sure as to the existence of  
4 any of the other subsidiaries underneath  
5 Bittrex international. I just don't know.

6 Q Who owns Aquila Holdings?

7 A The three founders of Bittrex.

8 Q Are there any other owners?

9 A Not that I'm aware of.

10 Q Who are the customers of Bittrex,  
11 Inc.?

12 A They are customers of the exchange.

13 Q Does Bittrex, Inc. serve U.S.  
14 customers only?

15 A They serve both U.S. and  
16 international customers.

17 Q Is there a U.S. arm of Bittrex  
18 that's identified in the chart?

19 A I don't believe there is, no.

20 Q Bittrex International, what  
21 customers does that serve?

22 A I think under its subsidiaries, it  
23 serves international customers.

24 Q Does Bittrex International GmbH  
25 still exist today?

1 A My understanding is it does.

2 Q Bittrex -- strike that.

3 Where is Bittrex International, Inc.  
4 located?

5 A I think that is a holding company.  
6 It don't think it has a physical location, but  
7 I'm not sure.

8 Q And Bittrex International GmbH?

9 A That's in Liechtenstein.

10 Q When was it founded?

11 A I don't know.

12 Q Are you familiar with an SE called  
13 Bittrex Global?

14 A Yes.

15 Q What is Bittrex Global?

16 A My understanding is that Bittrex  
17 Global is the sort of trade name or name that  
18 Bittrex International GmbH operates under.

19 Q Did Bittrex have a predecessor  
20 entity which only served international  
21 customers?

22 MR. GEIST: Predecessor to what?

23 (b)(6); (b)(7)(C) Bittrex International.

24 A So I'm not a hundred percent sure of  
25 the corporate sort of match nations. We had a

1 Bittrex Malta sort of operation, where we were  
2 licensed in Malta provisionally, that served  
3 international customers. That was ultimately  
4 closed in favor of the Liechtenstein  
5 operation. But I'm not a hundred percent sure  
6 of the exact sort of corporate formation  
7 details.

8 Q So is Bittrex Global the upper day  
9 use name for Bittrex International?

10 A Bittrex International GmbH. Which  
11 is different, I think, than Bittrex  
12 International, Inc.

13 Q Which is the holding company?

14 A Yes.

15 Q Okay. Thank you.

16 Do you provide any services to --  
17 first of all, who do you work for, which  
18 entity?

19 A I work for Bittrex, Inc.

20 Q Do you provide any support services  
21 to any Bittrex International entity?

22 A Yes.

23 Q What support do you provide?

24 A We support sort of what we would  
25 call the back-end compliance services.



1 Q What does that mean?

2 A So any sort of -- I'm not the  
3 compliance officer for Bittrex International  
4 GmbH. But we will do the transaction  
5 monitoring. We will answer subpoenas. We  
6 will do sort of all the things that I talked  
7 about previously that we do for Bittrex, we  
8 will do for Bittrex International GmbH.

9 Q The database on which the data sits  
10 for Bittrex International, is it the same  
11 database that you are looking at when you pull  
12 information for Bittrex, Inc.?

13 A That's my understanding. But I'm  
14 not a hundred percent sure of how that works.

15 Q And where does that database reside?

16 A Again, I'm not a hundred percent  
17 sure it's one database. And my understanding  
18 is that it resides in Europe.

19 Q Can you access data from Bittrex  
20 International from your desk in Washington?

21 A Yes.

22 Q Do you have any reason to believe  
23 that they reside -- the information on Bittrex  
24 International resides on a different database?

25 A Again, I'm just not familiar with

1     how the databases work. Whether there's  
2     multiple databases or -- I just don't -- I'm  
3     not -- I don't have that technical background.  
4     So I don't actually know that.

5           Q     Well, can you go look up information  
6     from the database yourself?

7           A     Yes.

8           Q     And if you had to look up  
9     information regarding a transaction on Bittrex  
10    International, would you click on, you know,  
11    the database called International as opposed  
12    to Inc. or --

13          A     We have an interface. What's sort  
14    of the admin panel is what it would be called.  
15    So we can search that. And in the same panel,  
16    we could search a Bittrex U.S. or Bittrex,  
17    Inc. customer. And you could also search a  
18    Bittrex International customer. What happens  
19    behind the scenes, I just don't know.

20          Q     So you don't know if the interface  
21    links to one database or the interface links  
22    to two?

23          A     I couldn't testify one way or the  
24    other on that.

25          Q     Other than the back-end compliance

1 services and the transaction monitoring and  
2 subpoena compliance, you said?

3 A Yes.

4 Q Any other support services that you  
5 provide to the international entity?

6 A Suspicious transaction reporting.

7 Q Anything else?

8 A That's what comes to mind.

9 Q Who is the chief compliance officer  
10 for Bittrex International?

11 A (b)(6); (b)(7)(C)

12 Q And do you know who hired (b)(6); (b)(7)(C)

13 A No.

14 Q Did you play a role in his hiring?

15 A No.

16 Q When was he hired?

17 A I think he was hired initially for a  
18 business development role in Bittrex, Inc.  
19 But ultimately, resided in Bittrex, Inc. and  
20 was hired as the both chief operating officer  
21 and chief compliance officer for Bittrex  
22 International.

23 Q Who's the CEO of Bittrex  
24 International?

25 A The acting CEO is (b)(6); (b)(7)(C) as

1 of, I think, last week.

2 Q Who had that position prior?

3 A (b)(6); (b)(7)(C)

4 Q Does Bittrex, Inc. lease or white  
5 label any of its products to Bittrex  
6 International?

7 A I don't know.

8 Q Same question, does Bittrex, Inc.  
9 lease or white label any products to any other  
10 third-party entity?

11 A I don't know.

12 Q What is Rialto Trading Holdings,  
13 LLC, which is listed on the exhibit?

14 A My understanding is that's a  
15 broker-dealer in New York. But I don't have  
16 any firsthand knowledge as to those dealings.

17 (SEC Exhibit No. 39 was  
18 marked for  
19 identification.)

20 Q (b)(6); (b)(7)(C) I'd like to show you  
21 what's been marked as Exhibit 39, which is a  
22 press release dated August 23, 2018 from  
23 Bittrex entitled "Rialto Trading and Bittrex  
24 Team Up on Digital Securities Trading  
25 Platform."

1           Just take a moment to look at it and  
2       let me know when you are done.

3           (The witness examined the document.)

4           A     Okay.

5           Q     The first sentence of the release  
6       says, "Rialto Trading, a next generation  
7       alternate trading system, ATS, announced today  
8       that it's teaming up with Bittrex, a U.S.  
9       based digital asset trading platform to offer  
10      a new innovative digital securities trading  
11      platform."

12           Did you ever discuss with anyone  
13      Rialto?

14          A     No.

15          Q     Did you ever discuss Rialto at any  
16      Bittrex board meeting?

17          A     Did I, no.

18          Q     Did anyone else discuss Rialto at a  
19      board meeting?

20           MR. GEIST:   Ever or when he was in  
21      attendance?

22           (b)(6); (b)(7)(C)   Well, he wouldn't --

23          Q     While you were in attendance.

24          A     I don't know.   I don't have any  
25      recollection of it.   It's not something I pay

1 attention to.

2 Q Well, what was the purpose of them  
3 joining -- "teaming up," to use the words of  
4 the release?

5 A I think you'd probably have to  
6 address that to Bill. I mean, my  
7 understanding was that the goal was to be able  
8 to trade digitized securities. But again,  
9 that's my information, which may or may not be  
10 complete.

11 Q What does digitized security refer  
12 to?

13 A I really don't know. I assume it's  
14 tokens that would be considered securities.  
15 But I really don't know.

16 Q You don't know what the -- what is  
17 referred to when it talks to digital  
18 securities?

19 A No, not really.

20 Q Did you ever discuss with Bill  
21 digital securities?

22 A No. The only dealings I had with  
23 regard to Rialto was to determine whether they  
24 were going to have their own standalone  
25 compliance program. The answer to that was



1     yes.  So I basically did not have any  
2     further -- I didn't really pay attention to  
3     it.

4           Q     When did you have that discussion?

5           A     I think sometime shortly either  
6     before or after this announcement.  But I  
7     don't have a specific recollection of when  
8     that would have been.

9           Q     Why would Rialto have its own  
10    standalone compliance department?

11           MR. MARTIN:  Is that something you  
12    can answer without revealing advice of  
13    counsel?

14           A     I'm not sure I could.

15           Q     Did you have any involvement in the  
16    teaming up of Rialto and Bittrex?

17           A     No.

18           Q     Did you conduct any due diligence in  
19    connection with Rialto?

20           A     No.

21           Q     What is the difference between the  
22    services that would be offered by this -- by  
23    Rialto as opposed to the services offered by  
24    Bittrex?

25           A     I'm not sure.

1 Q Would the difference be that they  
2 would provide a platform for securities?

3 A I really don't know. I'm sorry.

4 Q Did you ever discuss the difference  
5 with anyone at Bittrex?

6 A No.

7 Q Why not?

8 A Just wasn't within my purview of my  
9 job. So I didn't really talk to anybody about  
10 it.

11 Q Whose purview was it under?

12 A I -- I believe it was Bill.

13 Q Anyone else at the company?

14 A I don't know. I can't -- I don't  
15 know because I wasn't involved in this.

16 Q Who would have been involved?

17 A Again, certainly Bill would. Whether  
18 anybody else was, I just don't know.

19 Q What is the current status of the  
20 relationship between Rialto and Bittrex?

21 A I don't know.

22 Q Going back to the organizational  
23 chart, are you familiar with these other  
24 entities other than Bittrex, Inc.?

25 A Vaguely.

1 Q What is Freestone Management, LLC?

2 A That is the holding company that, as  
3 I understand it, holds the lease to the  
4 offices.

5 Q What about Gray Owl Communications?

6 A I don't know what that is.

7 Q What is Bittrex ATS Ventures?

8 A I don't know.

9 Q Who is the outside shareholder that  
10 is on the top, indicated on the top right of  
11 the chart?

12 A My supposition is it's this woman,  
13 (b)(6); (b)(7)(C) somebody.

14 Q Who is -- are you referring to  
15 what's been marked as Exhibit 39?

16 A Correct.

17 Q And who is (b)(6); (b)(7)(C)

18 A Just -- apparently, she's a (b)(6); (b)(7)(C)

19 (b)(6); (b)(7)(C)

20 Q (b)(6); (b)(7)(C)

21 A That's correct.

22 Q And have you ever met (b)(6); (b)(7)(C)

23 A I may have met her once in Bellevue.  
24 But I'm not sure.

25 Q And under what circumstances did you

1 meet her in Bellevue?

2 MR. GEIST: He said, "may have."

3 A I don't have specific recollection.

4 Other than we were probably in the office at

5 the same time and I was introduced to her.

6 Q Did you ever attend any meetings in

7 which she was present?

8 A No.

9 Q Who did she meet with when she was

10 at the office?

11 A I don't know.

12 Q You can put that down. Thank you.

13 Are you familiar with Bittrex terms  
14 of service?

15 A Yes.

16 Q Is that a document that you drafted  
17 or helped to draft?

18 A No.

19 Q Who drafted it?

20 A I think it was outside counsel.

21 Q Did you review Bittrex terms of  
22 service?

23 A I mean, I read it. But I did not  
24 review it before it went out.

25 Q Did you have any role or

1 responsibilities in formulating the terms of  
2 service?

3 A No.

4 Q How are you familiar with the terms  
5 of service?

6 A It's on our website. So -- that's  
7 how I'm familiar.

8 Q What information is contained in the  
9 terms of service?

10 A My understanding is that's the  
11 agreement between Bittrex and Bittrex  
12 customers as to what Bittrex will provide,  
13 what the customers' duties are.

14 (SEC Exhibit No. 40 was  
15 marked for  
16 identification.)

17 Q I'd like to show you what's been  
18 marked as Exhibit 40, which is the terms of  
19 service for Bittrex Global, effective date  
20 October 29, 2019.

21 A Okay.

22 (The witness examined the document.)

23 (SEC Exhibit No. 41 was  
24 marked for  
25 identification.)

1 Q I'd also like to show you what's  
2 been marked as Exhibit 41 which is Bittrex,  
3 Inc.'s terms of service, effective November 1,  
4 2018.

5 (The witness examined the document.)

6 Q Are these the current terms of  
7 service for both entities?

8 A I don't know. I believe there's  
9 a -- for Exhibit 41, the Bittrex, Inc., I  
10 think there maybe a 3.1 now. But I'm not  
11 sure. And I don't know with regard to 40,  
12 Bittrex Global, whether that's the most  
13 recent.

14 Q I'm going to ask you a series of  
15 questions about order types and trade  
16 execution. To the extent that some of the  
17 information is indicated in the document, feel  
18 free to take a look and let me know if you  
19 need to use it as a reference.

20 MR. GEIST: Are you asking about his  
21 personal knowledge of the order types or are  
22 you just asking to recite what's in the  
23 document?

24 (b)(6); (b)(7)(C) No. I'm going to ask  
25 about his personal knowledge. If he doesn't



1 remember, I'm giving him these documents if he  
2 needs to refer back to them. So --

3 MR. GEIST: Okay.

4 Q What is the process for on-boarding  
5 retail customers who want to trade on Bittrex,  
6 Inc.?

7 A For Bittrex, Inc., you have to  
8 submit certain information on the web portal.  
9 That includes name, address, date of birth,  
10 Social Security number. You are then sort of,  
11 within that same portal, asked via our  
12 third-party identity service provider, Jumio,  
13 to submit a government-issued identification  
14 and a selfie via webcam. And that's the  
15 information that's required as a retail  
16 customer.

17 Q Does the compliance team play any  
18 role in the connection with the opening of  
19 retail accounts?

20 A No.

21 Q Who does -- is there a team at  
22 Bittrex who has that responsibility?

23 A Well, it's largely automated for  
24 retail accounts. So to the extent that  
25 there's an issue, then the customer would file

1 a support ticket and support folks would take  
2 a look at it and attempt to resolve it.

3 Q What is the process for on-boarding  
4 institutional customers who want to trade on  
5 Bittrex, Inc.?

6 A There's a questionnaire that you  
7 have to fill out that asks for various pieces  
8 of identification. I'm not sure they're going  
9 to be reflected in the terms of service. But  
10 largely sort of corporate identity documents.  
11 Corporate formation documents.

12 Beneficial owner information, or  
13 who's the actual human being that owns the  
14 company that is, you know, involved; tax  
15 identification, location of incorporation. If  
16 there are traders that are associated with a  
17 specific account, then the identity of those  
18 traders would have to be listed as well.

19 Q Do you use a third-party vendor to  
20 authenticate any of the information provided  
21 for corporate accounts?

22 A Not for corporate entity  
23 information. If you are an authorized trader,  
24 you'd have to go through that Jumio process.  
25 So your identity would be verified via Jumio.

1           Q     If I were a market maker and I  
2     wanted to open up an account on Bittrex, Inc.,  
3     what process would I go through?

4           A     So it would depend whether an  
5     individual or acting on behalf of a  
6     corporation.

7           Q     If I was acting on behalf of an  
8     entity.

9           A     You would have to open up a  
10    corporate account. So there's a process on  
11    our website. Drop down menu, you'd fill in  
12    the information. You would have to attach  
13    specific documents, like corporate formation  
14    documents, et cetera. If there were traders,  
15    you'd have to submit that information. Or  
16    they would have to go through the Jumio  
17    process, et cetera.

18          Q     Would I have to indicate that I am a  
19    market maker?

20          A     I don't know.

21          Q     Where would -- why would I have to  
22    indicate the names of specific traders?

23          A     Well, if you are going to have an  
24    account, we want to identify who it is that  
25    actually, you know, is the human behind the

1 keyboard for AML purposes. In other words, we  
2 want to make sure that they're not on a OFAC  
3 list or other issues.

4 Q Were you aware of any crypto market  
5 makers who had accounts on Bittrex?

6 A I'm not really familiar with that,  
7 no.

8 Q Who in Bittrex would be?

9 A So we have a -- sort of a corporate  
10 account team that is a subset of sort of the  
11 operations team that is responsible for  
12 on-boarding corporate customers.

13 Q Did Bittrex allow market making  
14 activity to occur on its platform?

15 A I don't know.

16 Q What order types were available on  
17 Bittrex?

18 A I -- I don't know that.

19 Q Does Bittrex use a trade engine to  
20 match trades?

21 A That's my understanding.

22 Q And does the trade engine follow an  
23 algorithm that determines a set of rules that  
24 the engine must follow?

25 A I don't really know anything about

1 how the trading engine works.

2 Q Where does the trade engine live?

3 A I don't know that.

4 Q Where are Bittrex servers located?

5 A My understanding is that they're in  
6 Europe.

7 Q Are there any servers in the United  
8 States?

9 A My understanding is no.

10 Q And does Bittrex have multiple  
11 servers in multiple locations in Europe?

12 A I think there are two servers in  
13 Europe. But again, I'm not a hundred percent  
14 sure.

15 Q Who would know that information?

16 A Bill would know that.

17 Q Earlier, we were talking about the  
18 internal database that Bittrex maintains on  
19 behalf of its customers. When a trade occurs,  
20 you said that there's a debit and credit  
21 accounting happening on the internal database.

22 When -- when is there any sort of  
23 message that is sent to the blockchain?

24 A So blockchain transactions only  
25 occur on deposits and withdrawals.

1           Q     As part of your compliance function  
2     and AML USA monitoring, did you monitor  
3     blockchain transactions?

4           A     Yes.

5           Q     How did you do that?

6           A     We used a third-party software, or  
7     third-party service called Chainalysis,  
8     C-H-A-I-N-A-L-Y-S-I-S.

9           Q     Are your -- are your compliance  
10    analysts trained in Chainalysis?

11          A     Yes.

12          Q     Do you have consultants that you  
13    hire from Chainalysis to assist?

14          A     We take Chainalysis training and  
15    have sort of an almost daily or weekly  
16    relationship with them. So if we have a  
17    question, we just ask them. But it's part of  
18    this monthly service that we receive.

19          Q     And Chainalysis what transaction  
20    monitoring services does Chainalysis provide?

21          A     They have two products. One is what  
22    I would call a forensic research tool. So if  
23    you have an issue and you want to trace back a  
24    transaction, as far as you want and understand  
25    fully who was involved and where it came from.



1 and those kinds of things, that's called  
2 Reactor.

3 And then they have a second product  
4 called KYT, know your transaction, which is  
5 basically a screening tool. So they will  
6 examine every deposit and withdrawal coming  
7 from our system associated with a specific  
8 Bittrex customer and basically give a risk  
9 rating for that customer based on their  
10 understanding of the history of that specific  
11 Bitcoin transaction.

12 Q So for every deposit, there is an  
13 analysis done by this Chainalysis tool?

14 A Yes.

15 Q And does Chainalysis flag certain  
16 deposits for your attention or your team's  
17 attention?

18 A Yes, they create alerts.

19 Q How much are the alerts generated?

20 A I mean, on a daily basis --  
21 instantaneously, basically.

22 Q What do they flag?

23 A So it's an algorithm that is  
24 proprietary to Chainalysis. But they look at  
25 a number of different sort of problematic

1 sources of deposits or destinations of  
2 withdrawals. So if for example, it's from  
3 darknet market, it will flag that. It will  
4 count how many hops it takes and through the  
5 algorithm, will determine the risk that's  
6 involved there. There's something called P2P  
7 markets, which are -- decentralized exchanges  
8 are basically considered higher risk, so  
9 they'll look at those.

10 They'll look at tumblers and mixers.  
11 They will look at sort of any kind of  
12 problematic or high-risk sources of deposits.  
13 And to the extent that -- and you know, part  
14 of the difficult obviously in blockchain  
15 analytics is the number of hops that it takes,  
16 you really can't associate identity with  
17 those.

18 So you have to sort of have an  
19 understanding, an analytical understanding, of  
20 how these flows work. And whether or not,  
21 for example, it's your customer that four hops  
22 previously, was associated with some sort of  
23 dark market transaction.

24 So it's a fairly sophisticated  
25 algorithm that's used that I couldn't just

1 tell you about.

2 Q Does the compliance team take any  
3 action once it receives an alert about --

4 A Yes.

5 Q What action does it take?

6 A So we will escalate and do what we  
7 would call enhanced due diligence on a  
8 customer, depending on the level of alert.  
9 There's like medium, high and severe alert.  
10 So depending on the level of alert, we will do  
11 an escalation. We will conduct an  
12 investigation that would have a number of  
13 different components to it.

14 So we will sort of look at -- do an  
15 actual eyes-on, sp not automated, look via  
16 Reactor of where these transactions came from.  
17 Why Chainalysis may have flagged them. We  
18 will look physically at the transaction  
19 history of the customer. We will -- if we  
20 haven't resolved sort of what the issue is, we  
21 will ask the customer.

22 We'll do what we call a source of  
23 funds or a source of wealth inquiry and ask  
24 the customer specifically. "Hey these four  
25 transactions here, what were -- what was

1 involved in those?" Or generally, "What is  
2 your source of wealth?" And give us evidence  
3 that, in fact, you have the wherewithal to be  
4 able to engage in those transactions.

5 We do a LexisNexis search of the  
6 individual to determine whether or not he's  
7 got, or she's got, a coronal history or any  
8 other kind of problematic issues or behavior  
9 that we'd need to worry about.

10 There's a couple of other steps, but  
11 it's a fairly rigorous process that we use.  
12 But that's really the heart and soul of what  
13 the analysts do. Either through an alert that  
14 comes through Chainalysis or an alert that  
15 comes through IdentityMind, which is the sort  
16 of standard transaction monitoring.

17 Q Do you ever use Chainalysis  
18 yourself?

19 A Yes, but I'm sort of a dinosaur with  
20 it. I probably know about ten percent of its  
21 capacity. Because I did not take the advanced  
22 training, for example. I'm not certified. I  
23 know enough probably to be dangerous.

24 Q Does Bittrex allow third-party  
25 deposits and withdrawals?

1 A No. No.

2 Q Do you understand what I mean when I  
3 say, "third-party deposit and withdrawals"?

4 A Well, we -- we have a rule, for  
5 example, for fiat deposits and withdrawals  
6 that the Bittrex bank -- I'm sorry, the  
7 Bittrex account has. The identity has to  
8 match the identity of the bank account from  
9 which the funds were wired from or the bank  
10 account in which the funds were wired to. In  
11 other words, if you have account at Bittrex, I  
12 could not fund that with a wire transfer from  
13 my account. It would have to match. You would  
14 have to actually fund it. That's what I mean  
15 by --

16 Q What about crypto funding, deposits  
17 of digital assets, could I deposit digital  
18 assets into your deposit address at Bittrex?

19 A Yes. The nature of blockchain  
20 transaction is that you can't identify the  
21 ownership of incoming digital assets. Which  
22 is why we need money transmission licenses. I  
23 think that's the rationale for states that  
24 it's money transmission. Because you can't  
25 identify the individual, either on the

1 receiving end or on the incoming to your  
2 exchange. So as a result, they want to -- you  
3 know, so we have to put money laundering  
4 controls in place.

5 Q But the question is, is that  
6 permitted?

7 A It's --

8 Q Is there a way to identify who the  
9 sender is?

10 A No, there's no way to identify that.

11 Q What about withdrawals, digital  
12 asset withdrawals? Is there a way to ensure  
13 that when I withdraw digital assets from  
14 Bittrex, I'm withdrawing it to an address that  
15 I control?

16 A No.

17 Q Did FATF recently impose new  
18 guidance that would require Bittrex to  
19 identify the sender and receiver of digital  
20 assets?

21 MR. GEIST: Did you say imposed  
22 guidance or issued guidance?

23 Q Sorry. Are there new regulations  
24 being imposed by FATF?

25 A FATF issues recommendations. Not



1 directly to financial institutions, but to  
2 countries.

3 Q Okay.

4 A So what FATF did was they have  
5 issued a recommendation to countries that  
6 those countries should establish regulations  
7 that would identify -- or the best way to talk  
8 about it is that the -- when the value is  
9 transferred, the identity has to be  
10 transferred at the same time.

11 So in the wire transfer world, what  
12 that means is when the value is transferred,  
13 the -- you know, so if I go from Citibank to  
14 Bank of America with a wire transfer, Citibank  
15 has the obligation not only to transmit the  
16 funds, but to transmit the identity of the  
17 sender, as well as the beneficiary, the  
18 identity of the receiver. So that is a  
19 recommendation that FATF has issued to a  
20 number of states to do that.

21 Q How does that recommendation affect  
22 Bittrex's operations and specifically your  
23 compliance obligations?

24 A So FinCen has issued guidance that  
25 says that we have an obligation to do that.

1 The technology doesn't exist yet in the crypto  
2 world to do that. We are attempting to work  
3 on solutions that would transmit identity as  
4 well as value at the same time. But it's a  
5 very -- as I understand it, it's a very  
6 difficult technical problem to solve. FinCen  
7 understands that it's a difficult problem to  
8 solve and that no crypto companies are in  
9 compliance with this correctly. So the goal  
10 is to try to develop a solution that will  
11 satisfy FinCen and come into compliance with  
12 what they believe the Bank Secrecy Act  
13 requires.

14 Q Is there a deadline to come into  
15 compliance?

16 A There's no explicit deadline. I  
17 think what they're looking for is sort of  
18 progress towards the solution. I will say  
19 that when they imposed this obligation on  
20 banks, it took six years to come into  
21 compliance. So you know, we are hopeful that  
22 they understand the technical complexities  
23 that are involved in this. But I have no  
24 idea.

25 Q When can a trade be canceled on

1 Bittrex?

2 A I don't know.

3 Q Does Bittrex buy or sell tokens on a  
4 proprietary basis? Do you know what I mean  
5 when I say, "proprietary"?

6 A Why don't you tell me.

7 Q Proprietary is when you take it into  
8 their own accounts. So Bittrex is buying and  
9 selling with their own money.

10 A So they're a counter-party, in other  
11 words?

12 Q Yes.

13 A I don't know.

14 Q Who would know?

15 A Bill would certainly know whether or  
16 not --

17 (b)(6); (b)(7)(C) It's five to 1:00. Why  
18 don't we break for lunch. It's 12:56. We are  
19 off the record.

20 (A discussion was held off the  
21 record.)

22 (b)(6); (b)(7)(C) It's 1:40. We are on  
23 the record.

24 (b)(6); (b)(7)(C) while we were off the  
25 record, did you have any substantive

1 conversation with the staff?

2 THE WITNESS: No.

3 Q At the time that you joined Bittrex  
4 in December of 2017, did the company have any  
5 policies in place with respect to token  
6 listings? And when I say, "token listings,"  
7 I'm talking about digital assets that were  
8 available for trading on Bittrex platform?

9 A I don't know.

10 Q Earlier, you said you had a  
11 discussion in December or January '18  
12 regarding the SEC's interest on Bittrex; is  
13 that correct?

14 A Yes.

15 Q What did you discuss?

16 A You know, that there had been -- and  
17 I wouldn't characterize it as SEC interest in  
18 Bittrex. It was just the SEC guidance with  
19 regard to digital assets. I was aware that  
20 that was out there.

21 Q What SEC guidance are you referring  
22 to?

23 A I think at that point, the DOW  
24 report.

25 Q Had other guidance been issued?

1           A     I can't remember the chronology as  
2 to when Munchee came out. But those were the  
3 two major ones early on.

4           Q     So at that point, you were aware of  
5 the DOW report?

6           A     I was told of it, yeah.

7           Q     Had you read the DOW report?

8           A     No.

9           Q     In connection with your discussions  
10 with the founders of Bittrex before you were  
11 hired, did you ever read the DOW report?

12          A     No.

13          Q     Did you ever read articles about the  
14 DOW report?

15          A     No.

16          Q     Did you have an understanding of  
17 what the DOW report said?

18          A     No.

19          Q     Well, you said that you -- what was  
20 the SEC guidance with respect to digital  
21 assets? What was your understanding of the  
22 SEC's guidance with respect to digital assets?

23          A     Just that they had put out guidance  
24 with regard to digital assets. I wasn't aware  
25 of what the parameters were or any of the

1 details, just that it existed.

2 Q Did you understand that some digital  
3 assets could be deemed securities under the  
4 federal securities laws?

5 A Again, I knew that there was  
6 guidance out there. But I wasn't -- I didn't  
7 really have any familiarity with the specifics  
8 of the guidance.

9 Q (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) You're saying you never

12 read the DOW report or you didn't have  
13 specific understanding of what the SEC's  
14 guidance was with respect to digital assets?

15 A That's correct.

16 Q Did you ever ask anyone what the  
17 SEC's guidance was with respect to digital  
18 assets?

19 MR. GEIST: Excluding conversations  
20 he might have had with counsel?

21 (b)(6); (b)(7)(C) That's clear. He's  
22 been a lawyer for many years. He knows I'm  
23 not asking about conversations with counsel.

24 Q Did you ever have any discussions  
25 with anyone about SEC guidance with respect to



1 digital assets?

2 A No.

3 Q At the time you joined Bittrex, did  
4 you have -- did the company have any policies  
5 and procedures in place with respect to the  
6 process of delisting tokens from Bittrex  
7 platform?

8 A I don't know.

9 Q Were you ever asked to be involved  
10 in the creation, development or the alteration  
11 of any policies and procedures regarding token  
12 listings on Bittrex's platform?

13 A I may have been asked to edit a  
14 document, but I don't have a specific  
15 recollection of that.

16 Q When?

17 A It would have been early on.

18 Q What document?

19 A Just some document with regard to  
20 token listing. But I'm not -- I couldn't tell  
21 you even what that would be.

22 Q Was the document solely in  
23 connection with token listings or did the  
24 documented contain other information?

25 A It may have contained other

1 information.

2 Q Who asked you?

3 A I assumed that it was counsel.

4 Q And when you say, "counsel," inside  
5 counsel or in-house counsel or outside  
6 counsel?

7 A I can't recall.

8 Q What did you do in connection with  
9 that document?

10 A I think it was more of a  
11 proofreading, not a substantive review.

12 Q When you say, "proofreading," what  
13 were you proofreading for?

14 A Just consistency, clarity.

15 Q When you read that document, did you  
16 have an -- did you come to learn how -- did  
17 come to learn the SEC's guidance with respect  
18 to digital assets?

19 A No.

20 Q Do you know what the SEC's guidance  
21 with respect to digital assets are today?

22 A I couldn't tell you with any degree  
23 of accuracy, no.

24 Q What do you know about the SEC's  
25 guidance with respect to digital assets?

1           A     There's just been a series of  
2 guidance that have been issued over the course  
3 of time that describe what is a security and  
4 what is not a security in the digital asset  
5 space.

6           Q     How does the SEC determine whether  
7 or not a digital asset is a security?

8           A     I don't know.

9           Q     Are you familiar with the Howey  
10 test?

11          A     Yes.

12          Q     What is the Howey test?

13          A     I'm familiar with the phrase "the  
14 Howey test," but I could not describe what the  
15 Howey test does.

16          Q     Have you ever discussed at any board  
17 meeting the SEC's guidance with respect to  
18 digital assets?

19          A     Me, personally?

20          Q     Has there ever been a discussion at  
21 a Bittrex board meeting in which the SEC's  
22 guidance has been discussed?

23               MR. GEIST: I would say you can  
24 answer if you can do so without revealing any  
25 attorney-client communications.

1           A     Yeah, I don't think I can answer  
2     that then.

3           Q     Did your responsibilities as chief  
4     compliance officer include anything related to  
5     token listing?

6           A     No.

7           Q     Did you believe it was outside your  
8     role as chief compliance officer?

9           A     Yes.

10          Q     Why?

11          A     I was hired to be the chief  
12     compliance officer as the terms described in  
13     Title 31. There's a statutory requirement as  
14     a chief compliance officer that reflects sort  
15     of the -- what a money service business needs  
16     with regard to anti-money laundering  
17     compliance. Which involves the assigned -- the  
18     appointment of a chief compliance officer who  
19     has the authority and responsibility to put  
20     together programs and procedures to have  
21     effective an anti-money laundering program.

22                 I know background in securities law.  
23     It's not what I was hired to do. I don't have  
24     any training in it. And frankly, had  
25     sufficient responsibilities on AML compliance

1 that that's what I focused on.

2 Q Was it your understanding at the  
3 time you were hired that you were not going to  
4 have any responsibility with respect to  
5 tokens, token listings, token policy and  
6 procedures?

7 A It was really never discussed one  
8 way or the other. That was my assumption,  
9 that I wouldn't.

10 Q But you didn't discuss it before you  
11 were hired?

12 A No.

13 (b)(6); (b)(7)(C) Did your employment  
14 agreement or employment letter that you  
15 referenced earlier, did it limit your scope of  
16 your responsibilities to anti-money  
17 laundering.

18 THE WITNESS: No, I don't think it  
19 did.

20 (b)(6); (b)(7)(C) Did it describe your  
21 responsibilities?

22 THE WITNESS: No, I don't believe it  
23 did.

24 Q Did you have a discussion with any  
25 of the founders in which they told you that

1 this was not going to be part of your  
2 responsibility?

3 A My understanding of this was that  
4 this was going to be counsel's responsibility  
5 to deal with. Both outside counsel as well as  
6 the chief legal officer's responsibility,  
7 given the legal nature of the issue.

8 Q What's the basis for that  
9 understanding? Did you have any conversations  
10 with anyone?

11 A I probably did, but I can't have any  
12 specific recollection of an individual  
13 conversation.

14 Q Did your understanding comport with  
15 other's understanding -- with Bill's  
16 understanding of what your role would be?

17 A I don't know what Bill understood.

18 Q Well, did you ever discuss -- did  
19 Bill ever say to you, "Hey, I think you should  
20 do -- have responsibilities with respect to  
21 tokens"?

22 A No, I don't believe so.

23 Q Did anyone else at Bittrex ever  
24 approach you and ask you why you weren't  
25 involved in token listings?



1           A     No. I mean, I had discussions with  
2     (b)(6); (b)(7)(C) as to what my responsibilities  
3     were in that area. And that was being covered  
4     as the chief legal officer.

5           Q     And your -- I'm sorry. I didn't  
6     understand your answer.

7                     You had discussions with chief --  
8     with (b)(6); (b)(7)(C) as to your responsibilities  
9     regarding what?

10          A     As to who was covering this. And it  
11     was him that was covering it. It wasn't me.

12          Q     Did he have an understanding that  
13     you would not be involved? Meaning (b)(6); (b)(7)(C) had  
14     an understanding?

15          A     Well, that was -- yes. That was my  
16     impression. I don't know what he understood,  
17     but --

18          Q     Did (b)(6); (b)(7)(C) have an understanding  
19     that you would not be involved?

20          A     I don't know what his understanding  
21     was.

22          Q     Did you --

23                     MR. GEIST: It's really hard for any  
24     witness to say whether another human being  
25     understood or didn't understand. Maybe you

1 can -- he's answered your question. If you  
2 want to ask something different.

3 Q To the extent, did you have any  
4 conversations with (b)(6); (b)(7)(C) about your role or  
5 lack of any role concerning token listings?

6 A I don't think I did, but I don't  
7 remember.

8 (b)(6); (b)(7)(C) Did you understand  
9 that it was (b)(6); (b)(7)(C) -- it was part of (b)(6); (b)(7)(C)  
10 responsibility to create policies and  
11 procedures related to token listing and  
12 delistings?

13 THE WITNESS: I wasn't sure what his  
14 complete role was. I just understood that  
15 that was being handled by somebody other than  
16 me. My assumption was it was (b)(6); (b)(7)(C) and I had a  
17 token team, a coin team or whatever they  
18 called it. And I had a process and I had  
19 phone calls every week. I basically stayed  
20 out of that.

21 Q By choice?

22 A Yes.

23 (SEC Exhibit No. 42 was  
24 marked for  
25 identification.)

1 (b)(6); (b)(7)(C) Did someone ask why you  
2 made that choice?

3 THE WITNESS: Did somebody ask why I  
4 made that choice? No, I don't believe so.

5 (b)(6); (b)(7)(C) Yes, that's my -- why did  
6 you make that choice?

7 THE WITNESS: Why did I make that  
8 choice? I didn't have any value to add it and  
9 was being covered by other people and I had my  
10 own responsibilities to deal with.

11 Q I'm showing you what's been marked  
12 as Exhibit 42, which is an e-mail chain from  
13 January 2018, in which it looks to be an  
14 internal e-mail chain.

15 Take a moment to look at it and let  
16 me know when you are done.

17 (The witness examined the document.)

18 Q The attachments to the e-mail have  
19 been withheld for privilege.

20 A I've read it.

21 Q The bottom e-mail -- there's an  
22 e-mail on the bottom of the first page from

23 (b)(6); (b)(7)(C) dated January 11, 2018, to (b)(6);  
(b)(7)(C)  
24 (b)(6); (b)(7)(C) and  
25 yourself. The subject is "Token review docs,

1 both internal and public."

2 Who is (b)(6); (b)(7)(C)

3 A (b)(6); (b)(7)(C) was an employee of Bittrex who  
4 I think worked on the Coin Team.

5 Q Who is (b)(6); (b)(7)(C)

6 A He, also, is an employee of Bittrex  
7 who I believe worked on the Coin Team.

8 Q What is the Coin Team?

9 A Well, my understanding is that they  
10 had a team that would review specific tokens  
11 for listing on Bittrex. And in conjunction  
12 with counsel, determine whether it was  
13 appropriate to list them or not.

14 Q Were they reviewing them for -- why  
15 were they reviewing the tokens?

16 A My understanding is to determine  
17 whether or not they were appropriate for  
18 listing.

19 Q Were they determining whether they  
20 were securities under the federal securities  
21 laws?

22 A That's my understanding. One of the  
23 responsibilities was what they would call  
24 compliance review. Which is different than  
25 AML compliance. Which was whether or not it

1 was permissible under the law to list them, in  
2 conjunction with counsel.

3 Q Why would they want to know whether  
4 it was permissible under the federal  
5 securities laws?

6 A Because as I understand it, there is  
7 a prohibition against listing securities if  
8 you are not a registered securities exchange.

9 Q What's the basis of your  
10 understanding of the compliance review  
11 function that you just spoke about with  
12 respect to token?

13 A I -- I don't have any understanding  
14 of what it was. Just that it existed and it  
15 dealt with both Perkins Coie and O'Melveny and  
16 Myers to engage in that review. But I don't  
17 know what it consisted of.

18 Q How do you know that that's what  
19 they did?

20 A I'm not sure the basis of my  
21 knowledge.

22 Q Was it something that was discussed  
23 at board of director's meetings?

24 A I -- again, I'm not a hundred  
25 percent sure where I picked that up.

1 Q The bottom e-mail from (b)(6); (b)(7)(C) to you  
2 and others is addressed to the token team.

3 Was your involvement in the token  
4 team initially contemplated in January of  
5 2018?

6 A I don't know.

7 (b)(6); (b)(7)(C) Is token team a term  
8 that's -- is that the same as what you are  
9 referring to as the Coin Team?

10 THE WITNESS: Yeah. I think they  
11 were sort of interchangeable. They were  
12 talking about a coin team or token team sort  
13 of simultaneously.

14 (b)(6); (b)(7)(C) Are you --

15 MR. GEIST: The witness is not --

16 THE WITNESS: I'm good.

17 (b)(6); (b)(7)(C) Thank you. Were you  
18 on the token team at this time?

19 THE WITNESS: You know, I don't  
20 think I was.

21 (b)(6); (b)(7)(C) Do you know why you  
22 would have been included in this e-mail?

23 THE WITNESS: I'm not sure. I'm not  
24 sure.

25 Q Did you receive e-mails regarding



1 the token review process or token listings?

2 A I don't know whether I did. I may  
3 have been copied on some. Not sure why, but I  
4 may have been copied.

5 Q Are you familiar with SEC guidance  
6 issued in connection with the Munchee case?

7 A I know that it exists, yes.

8 Q How do you know it exists?

9 A I think it -- there was a press  
10 release by the SEC that issued that guidance.

11 Q What did the guidance say?

12 A I don't know the details of it.

13 (SEC Exhibit No. 43 was  
14 marked for  
15 identification.)

16 Q I'm showing you what's been marked  
17 as Exhibit 43, which is an e-mail chain from  
18 December 2017. It's an internal e-mail chain  
19 and you are copied on some of the e-mails.

20 MR. RIMON: Do you know the Bates  
21 number on this?

22 (b)(6); (b)(7)(C) I do. Sorry. It got  
23 cut off. Let me just make sure --

24 THE WITNESS: Sure.

25 (b)(6); (b)(7)(C) It's 93109311.

1 (The witness examined the document.)

2 MR. MARTIN: Sorry, (b)(6); (b)(7)(C) would  
3 that be BTRX underscore SEC?

4 (b)(6); (b)(7)(C) Yeah.

5 A Okay. I read it.

6 Q Do you know who (b)(6); (b)(7)(C) is?

7 A No.

8 Q No?

9 A No.

10 Q Have you ever spoken to (b)(6); (b)(7)(C)

11 A No.

12 Q What is the e-mail chain about?

13 A Well, I don't have any recollection

14 of this e-mail chain. But it appears that (b)(6);

15 (b)(6); was writing to (b)(6); (b)(7)(C) about advice

16 with regard to what the SEC's requirements

17 were in the Munchee matter and what that meant

18 for Bittrex. I'm paraphrasing here. Again, I

19 just read this. I don't have any recollection

20 of it.

21 Q What concerns did (b)(6); (b)(7)(C) have? What  
22 concerns does he express in the e-mail?

23 MR. MARTIN: Are you asking him for  
24 his own recollection or --

25 (b)(6); (b)(7)(C) No, his understanding

1 of the e-mail.

2 A I can read the e-mail. "Legal  
3 advice says in light of the recent SEC actions  
4 against ICO projects, such as Munchee, I  
5 wanted to check in with you to see how these  
6 regulatory events may affect the tokens listed  
7 on Bittrex. Since the recent SEC cease and  
8 desist order focused quite a bit on how the  
9 project marketed the ICO, should I get the  
10 b-chain guys to send over the marketing  
11 materials during the ICO to make sure nothing  
12 violates securities laws?"

13 And then it continues on. I can  
14 continue to read. But again, it looks like  
15 he's asking (b)(6); (b)(7)(C) how to proceed with regard  
16 to a specific token.

17 Q You are not CC'ed on the first  
18 e-mail?

19 A Correct.

20 Q Are you eventually CC'ed on the  
21 e-mail chain?

22 A It appears that I am on an e-mail  
23 chain -- so the original e-mail is sent on  
24 Thursday, December 14th. And the reply was  
25 the next day in which I am on the "To:" line.

1 Q If you look at the original e-mail  
2 on Thursday, right above it, there's a reply  
3 on Friday, December 15, 2017, from (b)(6); (b)(7)(C)  
4 He writes "Hi, (b)(6); I CC'ed the Bittrex legal  
5 and compliance team who may provide formal  
6 guidance to the questions you've mentioned."

7 A Yeah.

8 Q Did (b)(6); CC you?

9 A Yes, he did.

10 Q Why did -- did (b)(6); (b)(7)(C) believe that  
11 you had responsibility related to token  
12 listings?

13 A I don't know what his belief was.

14 Q Did you ever discuss tokens with  
15 (b)(6); (b)(7)(C)

16 A No.

17 Q Did you ever discuss with anyone at  
18 Bittrex the effect of the SEC's Munchee  
19 guidance?

20 A Not that I'm aware.

21 Q If you weren't -- if you didn't play  
22 any role regarding tokens, why didn't anyone  
23 take you -- do you know why you are still  
24 included on these e-mails?

25 A No. I mean, this was two weeks into

1 my employment there. There may have been some  
2 confusion as to what my role would be or  
3 wouldn't be with regard or my expertise would  
4 be or wouldn't be with regard to, you know,  
5 SEC compliance.

6 (b)(6); (b)(7)(C) Did you ever refer  
7 questions related to tokens or inquiries  
8 related to tokens to inside or outside  
9 counsel?

10 THE WITNESS: I don't think I ever  
11 did, no.

12 Q Was there any confusion as to your  
13 role and responsibilities?

14 A Not by me.

15 MR. GEIST: Yeah, among who? Anybody  
16 on the planet? Him?

17 (b)(6); (b)(7)(C) No, I'm not talking  
18 about anyone on the planet.

19 Q Earlier, you said there was a  
20 concern among people at Bittrex, so that's  
21 what I was following up on.

22 A Yeah. I mean, you know, I just  
23 started. (b)(6); (b)(7)(C) had just started. Whether  
24 somebody didn't fully understand what my role  
25 was, that's certainly possible. I just don't

1 know.

2 (b)(6); (b)(7)(C) Did you have a sense  
3 that there was confusion?

4 THE WITNESS: No, not really.

5 (b)(6); (b)(7)(C) But you think if you  
6 were copied on e-mails like this, it's likely  
7 because of that confusion; is that what you  
8 are saying?

9 THE WITNESS: I think that's  
10 speculative. I honestly don't know. It was a  
11 fairly small company. People are copied for  
12 various reasons. It's beyond me. I just  
13 don't know.

14 (SEC Exhibit No. 44 was  
15 marked for  
16 identification.)

17 Q I'm showing you what's been marked  
18 as Exhibit 44. Take a moment to review it and  
19 let me know when you are done.

20 (The witness examined the document.)

21 Q Do you recognize what's been marked  
22 as Exhibit 44?

23 A Yes.

24 Q What is Exhibit 44?

25 A This is the standard DocuSign mutual



1 nondisclosure agreement form that Bittrex  
2 uses.

3 Q When did Bittrex -- who signed this  
4 form?

5 A So I signed it and apparent the (b)(6);  
6 from Polymath (b)(6); (b)(7)(C) signed it as  
7 well.

8 Q What is Polymath?

9 A I believe it's a coin.

10 Q Did Bittrex require every token  
11 list -- tokens that were listed on the  
12 platform to enter into a mutual nondisclosure  
13 agreement with the company?

14 A I think any applicant had to.  
15 Whether it was ultimately listed or not.

16 Q Did you sign every NDA?

17 A I don't know whether I did or not.

18 Q I'll represent that there's many  
19 more of these which you signed. I didn't  
20 print them out. But in the production that  
21 Bittrex produced, there's a lot of them. And  
22 all the ones I've seen have your signature on  
23 them.

24 A Right.

25 Q Is there a reason why you were the

1 signatory on these agreements?

2 A Yes, there was a necessity to have  
3 an officer do this. These are like DocuSign  
4 documents. Which means you have to have a  
5 subscription, basically. It's a fee-based  
6 subscription service. They have a limited  
7 number of DocuSign accounts. They needed an  
8 officer to sign these. They were foreign  
9 agreements. There was no sort of negotiation  
10 or other kinds of things. It was simply they  
11 needed somebody behind the company doing  
12 nondisclosure agreements. So I did that.

13 Q Why were you the person selected to  
14 do that if you weren't going to have any  
15 responsibilities related to token listing?

16 A Because basically anyone could sign  
17 it. It's a form agreement. It doesn't  
18 require any sort of negotiation or  
19 understanding of the underlying events. It's  
20 just a form that has to be signed to show that  
21 the company is bound by a mutual  
22 nondisclosure.

23 Q Why didn't (b)(6); (b)(7)(C) sign the agreement?

24 A My sense is -- well, I don't know  
25 why (b)(6); (b)(7)(C) chose not to sign it. I know that I

1 was reliable and could be depended on to sign  
2 these quickly to move the process along.

3 Q When you did sign these agreements,  
4 did you read them?

5 A They were all identical. So once I  
6 read it the first time, I did not read it  
7 again.

8 Q How many agreements did you sign?

9 A Oh, it would be dozens.

10 Q How often did you receive requests  
11 to sign these?

12 A Could be on a weekly basis.

13 Q Would you -- how would you get a  
14 notification that something like this required  
15 your signature?

16 A I would get an e-mail notification  
17 from DocuSign. Then ultimately, there was an  
18 app on your phone where you could do it via  
19 phone.

20 Q Would this provide you a window into  
21 the number of applications that Bittrex  
22 reviewed in connection with tokens?

23 A I certainly had a sense of the  
24 number of applications as a result of it.

25 Q What was your sense of the number of

1 applications in 2018?

2 A It was quite a few.

3 Q When you say, "quite a few," can you  
4 ballpark a number?

5 A I can't.

6 Q Was it over 500?

7 A Oh, I doubt it. But I don't know.

8 (SEC Exhibit No. 45 was  
9 marked for  
10 identification.)

11 Q I'm showing you what's been marked  
12 as Exhibit 45, which is an e-mail chain from  
13 December 2017 and January 2018. The subject  
14 is "B-chain listing process."

15 MR. MARTIN: Sorry. We don't have  
16 the Bates.

17 (b)(6); (b)(7)(C) Sure. I'm sorry. It's  
18 cut off. It's BTRX underscore SEC 87698770.

19 (The witness examined the document.)

20 A Okay.

21 Q I'm directing your attention to the  
22 top e-mail. First of all, you are copied on  
23 these e-mails regarding listing.

24 Do you know why you are included on  
25 these e-mail chains?

1           A     I don't. I'd have the same answer  
2 as before.

3           Q     The very top e-mail, in the middle  
4 paragraph -- or the e-mail dated Friday,  
5 January 5, 2018, from (b)(6) at 11:22. In the  
6 middle, it says, (b)(6); (b)(7)(C) mentioned the legal  
7 review and I attached it below. We wanted to  
8 see if the legal review was comprehensive  
9 enough.

10                     And if not, we would be happy to add  
11 a more relevant information or speak with  
12 another attorney from Perkins Coie, that we  
13 have been in contact with, to review and  
14 revise the letter."

15                     Did the token team at Bittrex direct  
16 token applicants to speak directly with  
17 outside counsel?

18           A     I don't know.

19           Q     Did you ever learn that token teams  
20 were communicating directly with outside  
21 counsel?

22           A     I don't recall whether I did.

23           Q     Do you know what a BitLicense is?

24           A     Yes.

25           Q     What is a BitLicense?

1           A     It is the New York State licensing  
2 scheme.

3           Q     Did -- did Bittrex apply for a  
4 BitLicense with the New York Department of  
5 Financial Services?

6           A     Yes.

7           Q     When?

8           A     I don't know the exact date. It was  
9 sometime in 2015. But I don't know the exact  
10 date.

11          Q     When you joined the company, at what  
12 stage was the application?

13          A     The license had still been pending.

14          Q     Did you have an understanding of  
15 what the -- did anyone tell you what the  
16 delay -- why there was such a delay?

17          A     Well, I ultimately learned that part  
18 of the delay was the fact that we did not have  
19 audited financial statements. Which was a  
20 requirement under the BitLicense.

21          Q     Was there any other reason for the  
22 delay?

23          A     I think there were a number of  
24 documents that were outstanding that DFS had  
25 not received.



1 Q Did you have any involvement in the  
2 application with DFS?

3 A In supplementing the application, I  
4 did. Yes.

5 Q What was your involvement?

6 A Basically, it was my duty to attempt  
7 to finish up the application. Answer whatever  
8 questions or concerns they had. And you know,  
9 submit it for DFS decision.

10 Q When did your involvement begin?

11 A It would have been early on, but I  
12 couldn't tell you when specifically.

13 Q Why was that something -- did you  
14 have any discussions with (b)(6) that you were  
15 to take care of this?

16 A I don't recall any specific  
17 discussions. But it was clearly within my  
18 scope of duties.

19 Q Why?

20 A As the compliance officer involved  
21 in sort of money laundering, it was a natural  
22 fit that I would be applying for state  
23 licenses, including New York's.

24 Q Did the application also seek  
25 information regarding token listings on

1 Bittrex platform?

2 A I think they ultimately did, yes.

3 Q When you say, "ultimately did," what  
4 do you mean?

5 A Later on in the process --

6 Q Was it --

7 A -- not early on.

8 Q Was it during the time period when  
9 you were in contact with DFS about the  
10 application?

11 A Yes.

12 Q Did anyone say -- strike that.

13 Was anyone else involved in  
14 responding and -- was anyone else involved in  
15 the application process?

16 A Yes.

17 Q Who else?

18 A So Perkins Coie was heavily involved  
19 in assisting in getting that license  
20 application. Internally, (b)(6); (b)(7)(C) was  
21 involved as well.

22 Q Who at Perkins Coie was involved?

23 A So the partner was (b)(6); (b)(7)(C) There  
24 was also a of counsel by the name of (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C) An associate by the name of (b)(6); (b)(7)(C)

1 (b)(6);  
(b)(7)(C) There were probably others.

2 Q Was there anyone else internally  
3 responsible for responding to DFS' inquiries  
4 other than you?

5 A (b)(6); (b)(7)(C)

6 Q You spoke about audit financials.  
7 What other information was required  
8 in connection with the application?

9 A There was a laundry list of a number  
10 of documents that they had required that had  
11 originally been filed, but then needed to be  
12 updated. Biographical information of the  
13 owners.

14 When (b)(6); (b)(7)(C) and I were added as  
15 officers, we had, I believe, to submit  
16 additional information to DFS. Fingerprint  
17 cards. There were a number of different sort  
18 of items that had to get submitted.

19 Q You said at some point they  
20 requested information about token listings,  
21 correct?

22 A Correct.

23 Q Why would they want that  
24 information?

25 A I think they wanted -- well, I don't

1 know. What was told to me was that they  
2 wanted assurance that New York consumers were  
3 protected.

4 Q Who was your main contact at DFS?

5 A I'm drawing a blank on the names.

6 Q (b)(6); (b)(7)(C)

7 A (b)(6); (b)(7)(C) was one, yes.

8 Q (b)(6); (b)(7)(C)

9 A (b)(6); (b)(7)(C) was before (b)(6); (b)(7)(C)

10 yes.

11 Q So (b)(6); (b)(7)(C) replaced (b)(6); (b)(7)(C)

12 A Yes.

13 Q Did DFS have to approve which tokens  
14 would be offered to New York residents on --  
15 on the platform?

16 A So the BitLicense itself, the  
17 regulation itself, did not require that. What  
18 DFS had proposed was a side sort of  
19 supervisory agreement that would have set  
20 forth what their responsibilities were with  
21 regard to that.

22 Q Did --

23 A Or their authority was with regard  
24 to that. But it would have been more  
25 contractual in nature rather than regulatory

1 or statutory.

2 Q Did Bittrex oppose the side  
3 monitoring?

4 A It was a subject of negotiation.

5 Q Well, what did DFS want to include  
6 in the side letter?

7 A Again, it was called a supervisory  
8 agreement as opposed to a side letter. There  
9 were a number of things. It was a fairly  
10 comprehensive document. I can sort of talk  
11 about what the sticking points were.

12 Q That would be great.

13 A One was capitalization. They had  
14 what, in my mind, was a fairly rigid formula  
15 as to how it was that you were going to  
16 determine capitalization. It was based on a  
17 hot wallet versus cold wallet percentage  
18 formula with a twelve-month trailing average.  
19 That was, one, highly complex. And two,  
20 didn't really take into account sort of the  
21 realities of protecting digital assets.

22 The idea that you would be -- in  
23 order to meet this percentage for your  
24 evaluation, you'd be flipping -- as it was  
25 explained to me, you would be flipping tokens

1 in and out of hot and cold storage, which is  
2 actually far riskier than just keeping it in  
3 one place. So that was one issue.

4 Another issue was, would require  
5 DFS' permission with regard to any outside  
6 entity that we wanted to create. So for  
7 example, if we wanted to branch off into a  
8 wholly international organization or  
9 subsidiary that was international only, it  
10 would have required DFS' permission to do so.  
11 And the leadership was uncomfortable with  
12 that.

13 The third issue was with regard to  
14 token listings. They reserve the right to  
15 determine whether tokens, one, were available  
16 to New York residents. But also, would have a  
17 veto right on new tokens that were listed even  
18 if they were not available to New York  
19 residents. And then there was a lot of  
20 certain issues with regard to -- okay, so  
21 you -- let's say you approve twenty tokens for  
22 listing. What about those New York residents  
23 who currently own tokens that you are not  
24 approving? What's the process with regard to  
25 what we should do with regard to that? So it



1 was very complicated scenario and very  
2 difficult to resolve.

3 Q Did you discuss with the founders of  
4 the company, and anyone else, these  
5 requirements with -- regarding tokens under --  
6 the requirements under the supervisory  
7 agreement --

8 A Yes.

9 Q -- that related to tokens?

10 A Yes.

11 Q Did the company try to come to some  
12 sort of agreement with DFS --

13 A Yes.

14 Q -- on tokens?

15 A Sorry. Yes.

16 Q What agreement? What did it propose  
17 to do?

18 A It -- I think -- and again, this was  
19 sort of (b)(6); (b)(7)(C) part of the negotiation. I  
20 was handling the money laundering stuff and  
21 (b)(6); (b)(7)(C) was handling sort of the token listing  
22 process. As I understand it, and I was on  
23 these e-mails part of these communications,  
24 but I didn't have the full understanding of  
25 what it was, was that we had a token listing

1 process. And we were inviting them to opine  
2 on what our process was and to see if there's  
3 anything else that they wanted in that process  
4 besides what we had.

5 Q How did you -- did you provide them  
6 with certain documentation that laid out the  
7 process?

8 A Yes.

9 Q Did you personally provide the  
10 information?

11 A I was the one who was the go-between  
12 between DFS and Bittrex. I obtained it from

13 (b)(6); (b)(7)(C) and then gave it to DFS.

14 (SEC Exhibit No. 46 was  
15 marked for  
16 identification.)

17 Q I'm showing you what's been marked  
18 as Exhibit 46, which is an e-mail from you to  
19 multiple people at DFS, dated June 14, 2018.  
20 And the subject is "Bittrex New York  
21 BitLicense." And there are several attachments  
22 and I'm going to mark as exhibits, some of the  
23 attachments.

24 MR. MARTIN: (b)(6); (b)(7)(C) I'm sorry. This  
25 is another one that doesn't have a Bates

1 number.

2 (b)(6); (b)(7)(C) Yeah. I'll give it to  
3 you. Let me just get my copy out. I think  
4 the Bates numbers were cut off in the copying.

5 MR. GEIST: The good news is the  
6 enlargement makes it easier for me to read.

7 (b)(6); (b)(7)(C) The Bates stamp number  
8 is BTRX SEC 10962. I'm going to mark all of  
9 these.

10 (SEC Exhibit No. 47 was  
11 marked for  
12 identification.)

13 Q (b)(6); (b)(7)(C) I'm showing you what's been  
14 marked as Exhibit 47, which is the  
15 attachment -- one of the attachments to  
16 Exhibit 46, which is the Bittrex business plan  
17 dated June 15, 2018.

18 (SEC Exhibit No. 48 was  
19 marked for  
20 identification.)

21 Q I'd also like to show you what's  
22 been marked as Exhibit 48. Which is an  
23 attachment to Exhibit 46, which is Bittrex  
24 financial statement for the year ending  
25 December 31, 2017.

1 (SEC Exhibit No. 49 was  
2 marked for  
3 identification.)

4 Q I'd also like to show you what's  
5 been marked as Exhibit 49, which is an  
6 attachment to Exhibit 46. And it's the  
7 Bittrex token listing policy dated May 29,  
8 2018.

9 (SEC Exhibit No. 50 was  
10 marked for  
11 identification.)

12 Q And I'm showing you what's been  
13 marked as Exhibit 50. Which is also the final  
14 attachment to the e-mail, which is Exhibit 46.  
15 And it's a copy of the Bittrex token  
16 application and listing agreement.

17 (The witness examined the document.)

18 Q Are these the documents you provided  
19 to DFS regarding token listing?

20 A They appear to be.

21 Q Before you sent these over, did you  
22 read them?

23 A I don't know whether I would have or  
24 not.

25 Q Let's look at Exhibit 47. It says

1 that you are -- approve the document.

2 What does that mean?

3 A I don't know. I think it just means  
4 that I read it over and approved it. Yeah, so  
5 it means what it means.

6 Q Did you participate in the drafting  
7 of the document?

8 A Parts of it, yes. So the -- this  
9 document is business plan is a -- a --  
10 something that has to get submitted with every  
11 state license. Not just New York, but every  
12 license. So this is what we would use.

13 Q So this document wasn't prepared  
14 solely in connection with the DFS application?

15 A No.

16 Q It was used for other purposes?

17 A For other states, yes.

18 Q Was it used for any other purpose?  
19 Was it distributed to anyone else?

20 A I don't know whether it was or not.

21 Q So what parts of the document did  
22 you draft?

23 A I reviewed the specific services and  
24 the products.

25 Q What page? On page one?

1           A     Yes.  And -- I think this probably  
2     was a previous document that I edited that  
3     preexisted.  That perhaps Perkins had created  
4     at one point, but I went through and sort of  
5     reworked it.  The number two, customers, I'm  
6     reasonably sure that I was responsible for  
7     that section.

8                 Number three, funds flow, I likely  
9     did that as well.  I don't have a recollection  
10    of it.  Fees, I believe I did.  So the AML  
11    compliance part, I did.  I think the 5B token  
12    listing process was just cut and paste from  
13    the website, but I'm not sure.

14           Q     Bittrex website?

15           A     Yes.  And then I'm reasonably sure I  
16    did number six, security.  Which is just  
17    high-level sort of description of what our  
18    customer security processes look like.

19           Q     Did you -- for the portions that you  
20    didn't review for the 5B, how did you verify  
21    the accuracy of that information?

22           A     Again, I think 5B we just took right  
23    from the website, our website.  So I don't  
24    have a recollection of doing it.  So -- but I  
25    assumed it was accurate when I did it.  Or got



1 it from either (b)(6); (b)(7)(C) or somebody.

2 But I don't have a recollection doing it.

3 Q Did anyone else contribute to this  
4 document?

5 A I assume so. But -- I think there  
6 was probably a counsel review. But I don't  
7 have a recollection.

8 Q Are you involved in the decision to  
9 expand trading markets for tokens?

10 A I'm not sure I understand.

11 Q If you look at the top of page two,  
12 it says, "Bittrex lists approximately 200  
13 tokens," and then it talks about the base  
14 payers that are provided.

15 A Yes. No, I don't.

16 Q Were you involved in the decision to  
17 accept fiat on the platform?

18 A I was not involved in it. I was  
19 responsible for partially executing it. But  
20 the goal had always been to accept fiat. But  
21 that required state licensure and everything  
22 else.

23 Q Under D, cryptocurrency liquidation.

24 A Yes.

25 Q What does Bittrex do when it

1 receives digital assets as fees, how does it  
2 liquidate them?

3 A One of the ways it liquidates them,  
4 I think -- as I understand it and I'm not  
5 involved in that process, there's a couple  
6 ways to do it. One is through  
7 over-the-counter trading. So an individual  
8 customer would basically, off the exchange,  
9 ask to purchase BTC or USDT and it would be an  
10 over-the-counter exchange. That would be one  
11 way it was liquidated. The other way is that  
12 we would use one of the major crypto brokers  
13 and simply sell to a crypto broker one of the  
14 cryptocurrencies.

15 Q Which brokers did Bittrex use?

16 A I don't know.

17 Q What does the term "verified  
18 customer" refer to in that paragraph D?

19 A Somebody who had gone through our  
20 customer identification process.

21 Q Were you involved in the supervision  
22 of OTC trading on Bittrex?

23 A No.

24 Q Did you have any involvement with  
25 the OTC desk at Bittrex?

1           A     For a very large transaction, we  
2 would want to do some due diligence on the  
3 customer.

4           Q     Would you need to identify the  
5 source of the funds and where they were going?

6           A     For example, depending on the size  
7 of it, we would want to just do some due  
8 diligence as a money laundering control  
9 measure.

10           (b)(6); (b)(7)(C)     What was considered a  
11 large transaction?

12           THE WITNESS: I don't have a  
13 recollection of the specific amount.

14           (b)(6); (b)(7)(C)     Is there a ballpark?

15           THE WITNESS: There was a specific  
16 number, I just can't remember what that number  
17 was.

18           Q     If you go to page four of the  
19 document, under the subheading Compliance 5A.  
20 Second sentence says -- refers to transaction  
21 monitoring.

22                     What does that mean?

23           A     It's AML transaction monitoring;  
24 deposits, withdrawals.

25           Q     Doesn't refer to trade surveillance?

1 A Correct. Does not.

2 Q Does not?

3 A Yes. Correct.

4 Q Was that an issue discussed with  
5 DFS? Whether --

6 A Whether we had trade surveillance, I  
7 believe it was a DFS requirement to have trade  
8 surveillance. So we would have had -- had we  
9 accepted -- been licensed, we would have had  
10 to implement it.

11 Q Earlier, you said that there was  
12 absolutely no trade surveillance on the  
13 platform.

14 A That's correct.

15 Q If you turn to page four, starting  
16 from the 5B. The token listing process talks  
17 about -- were you familiar with the stages of  
18 review in the token listing process?

19 A Not personally. But from reading  
20 the document, I was familiar with it.

21 Q Can you tell me what they were?

22 A Yeah. As I understand --

23 Q From memory. From your --

24 A From memory, it was sort of  
25 suitability review. So the idea is, they

1 would want to know, is this like an  
2 interesting use case? Was it novel? Was it  
3 something that sort of promoted blockchain  
4 technology? They would do sort of a  
5 code-level review of the actual token itself  
6 to make sure it was actually -- did what it  
7 said it was going to do. And then there was  
8 the compliance review of it. Which again,  
9 wasn't money laundering compliance. It was  
10 legal compliance large, but largely securities  
11 laws compliance.

12 Q Under 5B 2I, the top of the next  
13 page, it says that "Under the full listing  
14 review, a legal memo is required and the memo  
15 should present factual and legal basis for the  
16 conclusion that the candidate token is not a  
17 security under the applicable securities  
18 laws."

19 A Yes.

20 Q Again, why would Bittrex want that  
21 representation in a legal memo?

22 A I assume to assure themselves that  
23 they were in compliance with U.S. securities  
24 law.

25 Q Were they registered with the SEC in

1 any capacity?

2 A Was who?

3 Q Bittrex.

4 A No.

5 Q And if they were selling tokens on  
6 their platform, would they need to be  
7 required -- registered?

8 MR. GEIST: Selling tokens?

9 (b)(6); (b)(7)(C) Thank you.

10 Q If they were selling digital assets  
11 securities on their platform, would they need  
12 to be registered with the SEC?

13 A That's my understanding.

14 Q The next paragraph says, at the end  
15 it says it "takes into consideration a number  
16 of factors as part of its review. One of the  
17 factors is usefulness of use cases."

18 Do you know what that means?

19 A No, I don't.

20 Q I'd like to take a look at Exhibit  
21 49, which is the token listing policy dated  
22 May 29, 2018.

23 Was this document prepared in  
24 connection with the DFS application or was it  
25 distributed in any other capacity?



1 (The witness examined the document.)

2 A I believe it was -- it preexisted.

3 Q And did you play any role in  
4 connection with drafting or editing this  
5 document?

6 A I did not, no.

7 Q It says you are the document owner.

8 A I see that. It's unclear as to why  
9 I would be the documented owner. Other than  
10 the fact that I was sort of the person that  
11 compiled all of the AML policies and  
12 procedures, et cetera. So maybe I was the  
13 librarian. But I didn't have any role in --  
14 in this document.

15 Q If you turn to page three, in the  
16 middle of the page, it under the subheading  
17 "Recusal and Conflicts of Interest," it says,  
18 "Committee members shall abide by the Bittrex  
19 no-trading policy."

20 What is the Bittrex no-trading  
21 policy?

22 A Bittrex has a policy that evolved  
23 over time that prohibited Bittrex employees  
24 from trading digital assets.

25 Q Is that a policy that you instituted

1 as chief compliance officer?

2 A No.

3 Q Who instituted that policy?

4 A That was Bill who wanted that  
5 policy. It was ultimately written by, I  
6 believe, O'Melveny. And passed as a board  
7 resolution in, I believe, December 2017. So  
8 my first board meeting.

9 Q Did you have involvement in carrying  
10 out the policy?

11 A Yes.

12 Q What is your involvement?

13 A So the policy first started as an  
14 absolute prohibition. Ultimately, the  
15 leadership decided that that was too onerous.  
16 So they changed the policy to allow for sort  
17 of an open-window kind of a process. So eight  
18 days a year, the first two business days of  
19 every quarter, employees could trade digital  
20 assets. But only if they had given notice a  
21 week prior to that open window, disclose what  
22 those assets were and certify that they were  
23 not trading inside information.

24 Q Who did they give notice to?

25 A Me.

1 Q How did they give notice?

2 A Via e-mail.

3 Q Once you got the e-mail, did you  
4 take any action or look into the actual token  
5 that the employee wanted to trade?

6 A No, I did not.

7 Q Did you confirm that there was --  
8 that the employee didn't have any inside  
9 information?

10 A No, I did not.

11 (b)(6); (b)(7)(C) Did this relate to  
12 trading on Bittrex alone or trading in  
13 general?

14 THE WITNESS: Any exchange.

15 Q It says in that paragraph "Committee  
16 members or counsel is going to consult with  
17 the CCO if there are any questions."

18 Did you ever consult with anyone on  
19 the Bittrex trading policy?

20 A I would receive inquiries from  
21 people about sort of the no-trading policy and  
22 what it encompassed, and tried to clarify  
23 those.

24 Q Were you familiar with Bittrex  
25 policies concerning delistings?

1 A Just from the printed material.

2 Q What was their policy?

3 A It was listed on the bottom of page  
4 four and the top of page four -- five of  
5 Exhibit 49. And I believe this was also on  
6 our website.

7 Q What is Exhibit number 50?

8 MR. GEIST: When we are done with  
9 this set of exhibits, can we take a short  
10 break? You can ask questions on 50. Just  
11 when you are done.

12 (b)(6); (b)(7)(C) Sure.

13 MR. GEIST: Thank you.

14 A This is a document entitled "Bittrex  
15 Token Application Listing Agreement."

16 Q And how was this used in connection  
17 with the token application process?

18 A I'm not a hundred percent sure.

19 Q Have you ever seen this document  
20 before?

21 A Yes.

22 Q If you turn to page -- with the  
23 Bates stamp 10973.

24 MR. GEIST: This doesn't have Bates  
25 stamp.

1 (b)(6); (b)(7)(C) Oh. It's section 4.2.

2 A Delisting considerations?

3 Q Yes.

4 A Got it.

5 Q If you look to the second page of  
6 that --

7 MR. GEIST: This is the page that --  
8 4.3?

9 (b)(6); (b)(7)(C) Yeah. Right above 4.3.

10 Q It says, "If one of the delisting  
11 considerations are erratic or suspicious  
12 trading activity, including but not limited to  
13 so called pump-and-dump schemes or  
14 activities."

15 How would Bittrex know about those?

16 A I'm not sure.

17 Q If there was a pump-and-dump scheme  
18 occurring on Bittrex platform, would they be  
19 aware of it?

20 A I think if they were informed of it,  
21 we would take a look at the trading records  
22 and determine whether or not there was  
23 suspicious activity.

24 Q Would someone inside Bittrex be able  
25 to monitor any trading to identify this

1 activity?

2 A There was no market surveillance  
3 tool that would do that. It would only be if  
4 somebody happened to notice.

5 Q If they happened to notice, what  
6 would they do? Would they go to Chainalysis?

7 A No, Chainalysis had nothing to do  
8 with market surveillance. Chainalysis is just  
9 the ins and outs on the blockchain into the  
10 Bittrex environment. But the trading was all  
11 book transactions reflected on the website, of  
12 course. So they would actually have to look  
13 at the Bittrex website and look at the trading  
14 activity to determine that.

15 Q Did anyone at Bittrex have  
16 experience analyzing trade activity?

17 A I don't know.

18 Q Did (b)(6), (b)(7)(C) or any of the other  
19 founders have experience analyzing trade  
20 activity?

21 A I don't know.

22 Q It also says that "Another one of  
23 the considerations is excessive valuation  
24 fluctuation."

25 What does that mean?



1 A I'm not sure.

2 Q Does that mean increases --  
3 excessive increases and decreases of the price  
4 on the platform?

5 A I don't know what it means.

6 Q If you turn to section 5.1, it talks  
7 in the middle of the paragraph, it says,  
8 "Communications from company and its employees  
9 must discourage," and again, this is under  
10 "Other Rules."

11 A Mm-hmm.

12 Q "Communications from company and its  
13 employees must discourage purchase, sale or  
14 trading of company's tokens for speculative or  
15 investment purposes. Company and its  
16 employees, developers, investors must not make  
17 statements regarding the performance of the  
18 token's price on the exchange. For example,  
19 company should not make public statements like  
20 'Look, we're up fifty-three percent on Bittrex  
21 today' or 'We have some news to announce on  
22 Tuesday that is going to make investors  
23 happy.'"

24 What are these statements indicative  
25 of and why were they prohibited?

1 A I'm not sure.

2 Q Were they indicative of something  
3 being deemed an investment contract?

4 A I really don't know.

5 Q Did you draft any of this document?

6 A No, I did not.

7 (b)(6); (b)(7)(C) Did you review the  
8 document or approve it?

9 THE WITNESS: No, I did not.

10 (b)(6); (b)(7)(C) Did you want to take a  
11 five-minute break?

12 MR. GEIST: Yes, please. Thank you.

13 (b)(6); (b)(7)(C) We are off the record  
14 at 3:00.

15 (A brief recess was taken.)

16 (b)(6); (b)(7)(C) We are back on the  
17 record at 3:11.

18 (b)(6); (b)(7)(C) did you have any  
19 substantive conversations with the staff while  
20 we were off the record?

21 THE WITNESS: No.

22 Q Stepping back a moment, DFS wanted  
23 you to enter into a supervisory agreement. In  
24 response, you provided them with information  
25 regarding the token listing process.

1           How did they react to what you  
2       presented and what you provided?

3           A     Again, there were a number of issues  
4       going on. I don't think there was a specific  
5       reaction to our listing process one way or the  
6       other. I mean, there may have been, but  
7       nothing sticks out.

8           Q     Did they express any concerns about  
9       the listing process?

10          A     Yes, they did.

11          Q     What concerns?

12          A     They wanted more due diligence on  
13       the specific tokens that were listed. But  
14       they didn't give sort of criteria or a process  
15       for how we should review them.

16          Q     What additional -- so they just  
17       said, "We want more due diligence," but they  
18       didn't give you specific instructions?

19          A     Correct.

20          Q     Did you ask them for specific  
21       instructions?

22          A     I did not personally. This part was  
23       handled by (b)(6); (b)(7)(C) But the idea, or at  
24       least the communication, general  
25       communication, was that, you know, we had

1 process in place that we thought satisfied  
2 regulatory requirements. For other  
3 requirements that they had, we'd be happy to  
4 entertain what those would be.

5 Q Did they have any concerns regarding  
6 Bittrex recordkeeping of, you know, their due  
7 diligence with respect to tokens?

8 A Not that I recall. At least not  
9 during that process.

10 Q Did you ever attend any in-person  
11 meetings with representatives of DFS?

12 A Yes.

13 Q When was that first meeting?

14 A I can't recall the date.

15 Q How many times did you meet with  
16 DFS?

17 A My recollection, it was two  
18 in-person meetings.

19 Q Who else was present?

20 A (b)(6); (b)(7)(C)

21 Q Anyone else from Bittrex?

22 A Not from Bittrex.

23 Q And what was discussed at the first  
24 meeting?

25 A I think it was the status of the

1     licensing process; where we were, what needed  
2     to be done. We wanted to introduce ourselves  
3     and sort of commit ourselves to finishing up  
4     the application process.

5           Q     So was it before you sent over these  
6     documents in -- on June 14, 2018?

7           A     Yes.

8           Q     And the second meeting?

9           A     It would have been -- I don't have a  
10    date.

11          Q     What was discussed at the meeting?

12          A     That was largely them letting us  
13    know that they had decided that we would be  
14    restricted to only sort of coins that New York  
15    State had previously approved for trading.

16          Q     Did they tell you why they made that  
17    decision?

18          A     No.

19          Q     Did you have an understanding as to  
20    why?

21          A     Again, I think they weren't  
22    comfortable with our approval process. But  
23    again, we invited to have them give us  
24    specifics as to what it is that we would need  
25    to do. Which ultimately, came in a letter.

1 But I think that was much later.

2 (SEC Exhibit No. 51 was  
3 marked for  
4 identification.)

5 Q When did they express to you that  
6 they were only going to allow you to provide a  
7 certain number of tokens to New York  
8 customers?

9 A It was in that second meeting. But  
10 again, I don't have a date.

11 Q What was Bittrex's response?

12 A Well, obviously, you know, we wanted  
13 the license. And we'd, you know, comply with  
14 whatever directives they gave us.

15 Q Okay.

16 A But again, we reinvited them to give  
17 us criteria or a process that we could follow.

18 Q With respect to the other tokens?

19 A Correct.

20 Q I'm showing you what's been marked  
21 as Exhibit 51, which is an e-mail with an  
22 attachment addressed to you, dated August 28,  
23 2018, from (b)(6); (b)(7)(C)

24 Take a moment to look at it. Let me  
25 know when you are done. The Bates stamp



1 number is BR -- BTRX SEC 001-1432 through  
2 1-1437.

3 (The witness examined the document.)

4 A Yes.

5 Q What is the attachment to the  
6 e-mail?

7 A It is a letter addressed to me from  
8 (b)(6); (b)(7)(C) dated August 28, 2018.

9 Q What stage in the application  
10 process were you in when you received this  
11 letter?

12 A It was relatively late in the  
13 process, I think. But it's hard to  
14 characterize.

15 Q In connection with the directive  
16 from DFS to only trade tokens that were  
17 approved by DFS, was this letter before or  
18 after?

19 A I don't know. I don't know.

20 Q It says on the first page, it  
21 requests certain information and requests all  
22 the -- it looks like it requests information  
23 on all coins on Bittrex platform?

24 A It does look like that, yes.

25 Q If you look on the second page, in

1 the middle it says, "It is crucial that we  
2 understand whether anything is being done to  
3 address tokens that were on-boarded through a  
4 less rigorous vetting process."

5 Do you know what they're referring  
6 to there?

7 A I believe, sort of early on that the  
8 claims for not vetted to the degree, this is  
9 my understanding, were not vetted to the  
10 degree that they were later in the process.  
11 So pretty much, I'm sorry, pre-DOW versus  
12 post-DOW. But that's my understanding, I  
13 don't have a firsthand knowledge of that.

14 Q Well, did anyone tell you that?

15 A I don't know. I mean, that's just  
16 the understanding that I came to get.

17 Q Do you have an understanding why it  
18 had a less rigorous vetting process pre-DOW or  
19 pre-Munchee?

20 A No, I don't.

21 Q Number two at the top, it refers to  
22 a new coin listing checklist.

23 Do you know what that is?

24 A I'm familiar that there's such a  
25 thing called a new coin listing checklist.

1 But I'm not familiar with the details of it.

2 Q Have you ever seen it?

3 A I think I have, yes.

4 Q In what context?

5 A I think in producing documents  
6 either for DFS -- well, for DFS certainly.

7 Q If you turn to page three, at the  
8 bottom, it talks about June 7, 2018  
9 pre-application meeting.

10 Were you present at that meeting?

11 A I don't know. I assume I was. I  
12 assume it was one of the two meetings I was  
13 involved in.

14 Q It says, "At our June 7, 2018,  
15 pre-application meeting, the department  
16 expressed concern over the number of coins  
17 listed as well as the diligence and approval  
18 process for those coins."

19 So it looks like at this point, in  
20 August 2018, they had not told you to limit  
21 the number of tokens to the tokens that were  
22 already approved by DFS.

23 A That looks like a fair entrance. But  
24 I don't have a recollection.

25 Q Did the coins that predate -- that

1 were listed on the platform prior to the DOW  
2 report lack vetting files?

3 A I'm sorry. Say that again.

4 Q The last page of the letter, it  
5 talks about, at the very top, the top full  
6 paragraph, it says, "In August 3, 2018 -- In  
7 its August 3, 2018 response, Bittrex also  
8 referenced a request for info on the number of  
9 coins that lacked vetting files."

10 Do you know what they're referring  
11 to about coins that lacked vetting files?

12 A I'm not sure, no.

13 Q Were there coins that were listed  
14 that had no documented diligence?

15 A I don't know. I -- I don't know.

16 (SEC Exhibit No. 52 was  
17 marked for  
18 identification.)

19 Q At this time that you were  
20 responding to DFS, was it still your  
21 understanding that you didn't have any role or  
22 responsibilities in connection with the token  
23 precess, token listing process?

24 A That's correct.

25 Q Whose responsibility was it?

1           A     It was the coin listing team,  
2 including (b)(6); (b)(7)(C)

3           Q     Did he supervise the coin listing  
4 team?

5           A     I believe he did, but I'm not sure.

6           Q     I'm showing you what's been marked  
7 as Exhibit 52, which is an e-mail chain from  
8 September 2018 with attachments.

9                     MR. GEIST: Are we done with the  
10 prior exhibit?

11                    (b)(6); (b)(7)(C)     Yeah.

12           MR. RIMON: Sorry. What exhibit?

13                    (b)(6); (b)(7)(C)     Exhibit 52. The cover  
14 page e-mail has a Bates stamp number BTRX SEC  
15 10673.

16           A     Got it.

17                     (The witness examined the document.)

18           Q     Is this Bittrex response to the  
19 August 28th letter?

20           A     It is a letter that counsel for  
21 Bittrex wrote to (b)(6); (b)(7)(C) on September  
22 10, 2018, and to (b)(6); (b)(7)(C)

23           Q     On the first page it says,  
24 "Acknowledging your August 28th letter to  
25 Bittrex. We write to provide a brief update

1 on Bittrex progress in gathering responsive  
2 information and to provide you with an  
3 accorded updated document."

4 Do you know what document they're  
5 referring to?

6 A I don't know.

7 Q Did they provide a revised token  
8 listing policy and process? To DFS? On  
9 September 10 2010? Or September -- September  
10 10, 2018?

11 A What I read on top of page two,  
12 quoting, "In the interim, Bittrex is enclosing  
13 the revised token listing policy and process,  
14 the accompanied appendixes." It appears to be  
15 the case.

16 Q Did you have any involvement in  
17 putting together this package?

18 A I don't know whether I did or not.

19 Q If you look at the revised policy,  
20 right after the letter, were you involved  
21 in -- in the drafting of this version of the  
22 document?

23 A I don't believe I was.

24 Q If you turn to page two of the token  
25 review process, in the middle of the page --



1 A Yes.

2 Q It talks about the due diligence  
3 that the token team does on tokens. And then  
4 in the middle, it talks about when a token  
5 team will reject a token. And under number  
6 five, it says, "Lack of utility in the  
7 market."

8 What does that mean?

9 A I'm sorry. What page are you on?

10 Q Page two.

11 A Oh. I'm sorry. Yes. Yes. I see  
12 that.

13 Q What does that mean, lack of utility  
14 in the marketplace?

15 A I don't know.

16 Q Have you ever heard the term  
17 "utility" being used in the office?

18 A Yes.

19 Q Have you ever heard the term being  
20 used in the context of token applications and  
21 token listings?

22 A I was not a participant in those  
23 conversations.

24 Q Do you have an understanding of what  
25 they're talking about?

1 A Not really. I know --

2 Q Did you ever ask in connection with  
3 this application?

4 A No. Again, both (b)(6); (b)(7)(C) and I  
5 worked on the application. He was responsible  
6 for the token process. I was responsible for  
7 pretty much everything else.

8 Q At the top of page three, it again  
9 talks about token utility. It says, "The  
10 Bittrex token team will assess and evaluate  
11 token utility."

12 Did you have an understanding why  
13 token utility was something that they would  
14 assess and evaluate?

15 A No, not really.

16 Q Right above subheading B, it says  
17 that "The listing process cannot go forward  
18 until utility is achieved."

19 Does that mean if -- once utility is  
20 achieved, then you can move forward with the  
21 listing process?

22 A I don't know what it means. Again,  
23 I wasn't involved in this and I don't have any  
24 background in it.

25 Q At the bottom of page three, it

1 references a checklist, which is towards the  
2 end of the document. It's a little hard to  
3 find. But it has -- if you don't mind  
4 flipping through to appendix F.

5 A Sure.

6 Q It's after the nondisclosure  
7 agreement.

8 A Okay. Got it. Thank you.

9 Q Have you ever seen this checklist?

10 A Yes.

11 Q When did you first see it?

12 A I believe, in sort of the document  
13 production to DFS.

14 Q There's a subheading that says,  
15 "Compliance." And it has two terms,  
16 problematic features and problematic  
17 statements.

18 Do you know what the term  
19 "problematic features" refers to?

20 A No, I don't.

21 Q Have you ever discussed with anyone  
22 the term problematic features?

23 A I don't think I have, no.

24 Q Do you know what the term  
25 "problematic statements" refers to?

1 A No, I don't.

2 Q Have you ever discussed that with  
3 anyone?

4 A No.

5 Q At Bittrex?

6 A Not that I recall, no.

7 Q Did you ever discuss the checklist  
8 with anyone?

9 A I don't believe I had.

10 Q Under "Community," it says, "Social  
11 media and web sweep."

12 What is that?

13 A I don't know.

14 Q Did you have any involvement in  
15 filling out this checklist?

16 A No.

17 Q Whose responsibility was it to fill  
18 out this checklist?

19 A I don't know.

20 Q Did you want to read the document?

21 A No, that's fine. I'm sorry. I was  
22 waiting for --

23 (SEC Exhibit No. 53 was  
24 marked for  
25 identification.)

1 Q I'm showing you what's been marked  
2 as Exhibit 53, which is document with the  
3 Bates stamp number BTRX SEC 0017173 through  
4 17176.

5 MR. GEIST: 17133 through 76?

6 (b)(6); (b)(7)(C) Here, I'll give you --

7 MR. GEIST: Thank you.

8 (The witness examined the document.)

9 Q Have you ever seen what's been  
10 marked as Exhibit 53?

11 A I don't believe I have, no.

12 Q What is Exhibit 53?

13 A It has a title that says, "Bittrex  
14 International Enlisting Candidate Checklist."

15 Q Are you familiar with the term IEO?

16 A Yes, generally.

17 Q What is an IEO, in general?

18 A As I understand it, it's a -- for  
19 initial exchange offering.

20 Q Did Bittrex provide any IEO services  
21 on its platform?

22 A I believe Bittrex International did,  
23 not Bittrex itself.

24 Q What services -- what services did  
25 it provide in connection with an IEO?

1           A     I'm not familiar with what services  
2 they were.

3           Q     If you look at the last page, page  
4 three of the checklist. It says, "IEO  
5 committee listing approval vote." And (b)(6);  
6 (b)(6); (b)(7)(C) and yourself, (b)(6);  
7 (b)(6); (b)(7)(C) are listed.

8           A     This is news to me.

9           Q     Were you involved in the IEO listing  
10 approval process?

11          A     No.

12          Q     Why is your name listed on this  
13 checklist?

14          A     I have no idea. This is the first  
15 time I've ever seen this.

16          Q     Have you had any involvement with  
17 the IEO process at all?

18          A     No.

19          Q     Your name is listed and the  
20 approval -- and next to your name, the box is  
21 checked that you approved the listing -- the  
22 IEO listing candidate checklist for Ocean  
23 Protocol.

24                 Do you know what Ocean Protocol is?

25          A     No.



1 MR. GEIST: Sorry. What did you say  
2 the document reflects?

3 Q Next to your name on page three  
4 there's a check mark for a vote. And the vote  
5 reflects a yes near your name.

6 MR. GEIST: Okay.

7 Q Did you provide your vote in  
8 connection with this checklist?

9 A Not that I recall, no.

10 Q Do you have any reason to believe  
11 that someone else would have done it for you?

12 A Apparently, they did. I had no -- I  
13 had no dealings with the IEOs. Or any  
14 listings. So I really don't know how this  
15 document was generated or why my name is on it  
16 or why there's a check mark that says yes next  
17 to my name. I really don't know.

18 Q You've never seen this document  
19 before?

20 A Not that I recall, no.

21 Q At the bottom of the document on  
22 page three it says, "Cheat sheet." And it  
23 talks about common problematic features. It  
24 says token -- "Tokens providing passive income  
25 dividends buyback and burning of tokens."

1           Is that indicative of a token being  
2 deemed as security?

3           A     I don't know.

4           Q     What is your understanding?

5           A     I don't have an understanding of  
6 what that means. I don't even know what  
7 burning of tokens means. So sorry, I can't  
8 provide any other information.

9           Q     Under the subheading "Common  
10 Problematic Statements: Public price  
11 prediction statements or expectation of  
12 profit, Twitter, media and website  
13 statements." It also says, "Tokens marketed as  
14 shares and implying ownership." And then it  
15 says, "POW," proof of work is what that stands  
16 for, "and POS," proof of stake "rewards  
17 described as token holders receiving  
18 interest."

19           Are those statements indicative of a  
20 token being deemed a security?

21           A     I don't know.

22           Q     Did you ever discuss with anyone in  
23 the context of this particular document,  
24 problematic features or problematic statements  
25 associated with Ocean Protocol?

1 A No.

2 Q Did (b)(6); (b)(7)(C) play a role in the  
3 IEO committee listing approval process?

4 A I don't know.

5 Q Did (b)(6); (b)(7)(C) play a role?

6 A I don't know.

7 Q Did anyone at Bittrex ever inform  
8 token applicants of potential problematic  
9 statement or features in social media or  
10 elsewhere in connection with their application  
11 for listing?

12 A I don't know.

13 Q Did anyone at Bittrex instruct an  
14 applicant to make changes to any of their  
15 materials in connection with their application  
16 to be listed on Bittrex?

17 A Again, I don't know.

18 Q Did you ever discuss this with  
19 anyone at Bittrex?

20 A No.

21 Q Did you know about this practice  
22 generally?

23 A I -- again, I don't know anything  
24 about any statements that were made or  
25 practice that did or did not happen.

1 (b)(6); (b)(7)(C) before we move  
2 on from Exhibit 53, I just have a couple of  
3 questions.

4 THE WITNESS: Sure.

5 (b)(6); (b)(7)(C) Thanks. Directing your  
6 attention to the first page of Exhibit 53, the  
7 name (b)(6); (b)(7)(C) is listed.

8 THE WITNESS: Yes.

9 (b)(6); (b)(7)(C) Do you recognize that  
10 name?

11 THE WITNESS: I know he's --

12 (b)(6); (b)(7)(C) Who is (b)(6); (b)(7)(C)

13 THE WITNESS: Sorry, go ahead.

14 (b)(6); (b)(7)(C) Who is (b)(6); (b)(7)(C)

15 THE WITNESS: He's a Bittrex  
16 employee.

17 (b)(6); (b)(7)(C) What is his role?

18 THE WITNESS: I'm not a hundred  
19 percent sure.

20 (b)(6); (b)(7)(C) Do you supervise (b)(6);  
21 (b)(7)(C)

22 THE WITNESS: No.

23 (b)(6); (b)(7)(C) Do you know who does?

24 THE WITNESS: No, I don't.

25 (b)(6); (b)(7)(C) So he's not a compliance

1 employee; is that correct?

2 THE WITNESS: That's correct.

3 (b)(6); (b)(7)(C) And then directing your  
4 attention to the cheat sheet that spans the  
5 page that's Bates numbered 17175 to 17176,  
6 have you ever seen this cheat sheet before?

7 THE WITNESS: I don't believe I  
8 have, no.

9 (b)(6); (b)(7)(C) Have you ever seen a  
10 list of common problematic features or common  
11 problematic statements?

12 THE WITNESS: I don't know whether I  
13 have. I don't recall it if I have.

14 (b)(6); (b)(7)(C) Do you recall ever  
15 discussing common problematic features or  
16 common problematic statements with anyone else  
17 at Bittrex?

18 THE WITNESS: No.

19 (b)(6); (b)(7)(C) Do you recall ever  
20 having any discussions with anyone at Bittrex  
21 about asking token issuers to make changes to  
22 problematic features or problematic  
23 statements?

24 THE WITNESS: Again, I wasn't  
25 involved in the process. So I don't have any

1 knowledge of it.

2 (b)(6); (b)(7)(C) That's all. Thank you.

3 Q I'm showing you what's been  
4 previously marked as Exhibit 31, which is new  
5 coin listing checklist for coin called D A T  
6 A.

7 (The witness examined the document.)

8 Q Have you ever seen what's been  
9 marked as Exhibit 31?

10 A I don't know whether I have or not.

11 Q If you look under the subheading  
12 "Community," row number one, with respect to  
13 the social media sweep, it says, "Problematic  
14 statements removed."

15 Do you know what that means?

16 A No, I don't.

17 Q Did you ever discuss with anyone at  
18 Bittrex the removal of problematic statements  
19 in connection with this coin or any other  
20 coin?

21 A No.

22 (b)(6); (b)(7)(C) Were you aware of someone  
23 from Bittrex asking a token issuer to change a  
24 statement?

25 THE WITNESS: No, I wasn't.



1 Q I'd like to show you what's been  
2 previously marked as Exhibit 9, which is a new  
3 coin listing checklist for the coin Hydrogen.

4 (The witness examined the document.)

5 (b)(6); (b)(7)(C) Those are two copies.

6 MR. GEIST: Thank you.

7 Q If you look at -- again, under the  
8 subheading "Community," under number one,  
9 social media sweep, it says -- again, it says,  
10 "Problematic retweets, likes and tweets  
11 removed."

12 Do you know why it has that  
13 indication on the checklist?

14 A Again, I don't know anything about  
15 it.

16 Q Did you ever discuss the removal of  
17 problematic retweets, likes in connection with  
18 the Hydrogen coin or any other coin?

19 A No, I haven't.

20 Q Under compliance, under line three,  
21 "Reputable Legal Counsel," it says, "Initial  
22 memo drafts were lacking severely. The last  
23 revision addressed all items sufficiently."

24 Did you ever discuss with anyone on  
25 the token team whether a token would be listed

1 if it didn't have a legal memo on file?

2 A I don't believe I have, no.

3 Q Do you know what they're referring  
4 to when it says that the memo was -- items in  
5 the memo were addressed sufficiently?

6 A No, I don't.

7 Q If you turn to the second page of  
8 the document, the coin committee listing  
9 approval lists (b)(6); (b)(7)(C)

10 Did you ever discuss with any of  
11 these people the removal of problematic  
12 statements from Hydrogen's social media or  
13 elsewhere?

14 A No, I did not.

15 Q Did you -- were you aware that this  
16 was happening?

17 A No.

18 Q I'd like to show you what's been  
19 previously marked as Exhibit 10, which is a  
20 new coin listing checklist for GoCoin.

21 MR. MARTIN: I think it's GoChain.

22 (b)(6); (b)(7)(C) GoChain. Thank you.

23 (The witness examined the document.)

24 Q The reviewer is (b)(6); (b)(7)(C)

25 Who is (b)(6); (b)(7)(C)

1 A He's a Bittrex employee.

2 Q What is his role?

3 A My understanding is his role is in  
4 managing the coin approval process. But I  
5 don't have a full understanding of what that  
6 means.

7 Q Did you supervise (b)(6); (b)(7)(C) in any  
8 way?

9 A No.

10 Q Under Compliance, under  
11 Problematic -- under number two, "Problematic  
12 Statements," it says, "Previous problematic  
13 tweets removed."

14 Do you know what that refers to?

15 A I don't know.

16 Q Do you know why Bittrex would want  
17 problematic tweets removed?

18 A No, I don't.

19 Q Was that a prerequisite to listing  
20 the token on Bittrex platform?

21 A I don't know.

22 Q Did you ever discuss the removal of  
23 problematic statements from any of the  
24 offering materials or social media for GoChain  
25 or any other token?

1           A     I do not know.

2           Q     Is it strange that you would be  
3     unaware of this process of request identifying  
4     problematic features or problematic  
5     statements?

6           A     No.

7           Q     Did it ever come up at Bittrex in  
8     any conversations you've had with people at  
9     Bittrex?

10          A     It did not, no. The whole coin  
11     approval process was completely separate from  
12     anything I did.

13          Q     If you were aware of it, would this  
14     identification of problematic features and  
15     statements and the removal of them, would that  
16     concern you?

17          A     I don't have enough background in  
18     securities law to make a conclusion one way or  
19     the other whether that should be concerning.

20          Q     Learning about this, is this  
21     something you would want to know as chief  
22     compliance officer?

23          A     Again, my focus is on anti-money  
24     laundering compliance, not securities law  
25     compliance. There was a coin compliance team.

1 that was advised by counsel, both outside  
2 counsel and inside counsel. I just assumed  
3 that they understood the law certainly far  
4 better than I ever would with regard to what  
5 was required and what was not.

6 Q You are a lawyer, correct?

7 A I -- I -- yes, I have a law degree  
8 and I'm a member of the bar. But I'm not  
9 practicing law in this position.

10 Q Your full title was a chief  
11 compliance officer and ethics officer?

12 A Correct.

13 Q Did you understand that your sole  
14 responsibility as chief compliance officer and  
15 ethics officer was simply to act as a BSA/AML  
16 officer?

17 A Well, and any duties assigned. For  
18 example, issues with regard to the open window  
19 on trading and that kind of thing is also my  
20 responsibility. Just strictly AML.

21 Q Anything else that was outside of  
22 your BSA/AML officer title?

23 A Not that I recall, no.

24 Q Was it originally contemplated that  
25 your role would encompass supervision of the

1 token listing process?

2 A Certainly not by me.

3 Q Was that something that others at  
4 the company envisioned?

5 A Not that I'm aware of.

6 (b)(6); (b)(7)(C) Was there a separate  
7 chief compliance officer to monitor compliance  
8 with the rest of the securities laws?

9 MR. GEIST: When you say, "rest of  
10 the securities laws," what does "the rest"  
11 exclude?

12 (b)(6); (b)(7)(C) BSA/AML.

13 THE WITNESS: So again, as I  
14 testified before, our chief legal officer was  
15 primarily responsible for that, assisted by  
16 two different outside law firms. So I don't  
17 think he had the title of compliance officer,  
18 but he was certainly responsible for ensuring  
19 that Bittrex met the requirements of  
20 securities laws.

21 (SEC Exhibit No. 54 was  
22 marked for  
23 identification.)

24 Q I'm showing you what's been marked  
25 as Exhibit 54. The document doesn't bare a



1 Bates stamp number, but it is Bates stamp BTRX  
2 SEC 0022177. And it is an e-mail chain from  
3 March 2019, internal e-mails.

4 Please take a moment to review and  
5 let me know when you are done.

6 (The witness examined the document.)

7 A Got it.

8 Q The subject of the e-mail is "OTC  
9 for VPK-IEO is live."

10 Why did (b)(6); (b)(7)(C) send this e-mail to  
11 you, the bottom e-mail, March 26, 2019?

12 A So I mean, (b)(6); (b)(7)(C) is in the best  
13 position to answer that question. But we had  
14 described what this process was. There was an  
15 OTC process for coins that they were listing  
16 in which we require -- "we" meaning anti-money  
17 laundering compliance required an  
18 understanding of the source of funds for  
19 buying this coin.

20 Q In connection with an IEO?

21 A Yes.

22 Q So the e-mail that she sends, what  
23 is the relationship to your responsibilities,  
24 your compliance responsibilities? Is she  
25 asking you to do anything?

1 A Yes.

2 Q What is she letting you know?

3 A She's asking us, I believe, to do  
4 due diligence on large purchases on the OTC  
5 platform.

6 Q What is the OTC platform?

7 A So apparently, it links to support  
8 article. But it's over-the-counter in which  
9 their block was selling, via this IEO,  
10 specific tokens. My responsibility was to  
11 ensure that the individuals purchasing the  
12 tokens weren't doing so with tainted funds or  
13 criminal proceeds.

14 Q What is the difference between OTC  
15 trading and trading on an exchange?

16 A OTC trading, the exchange, or in  
17 this case, BareBlock is the counter-party. In  
18 an exchange, the counter-parties are two  
19 different customers.

20 Q Who was handling OTC trading for  
21 Bittrex?

22 A It looks like (b)(6); (b)(7)(C) was and (b)(6);  
23 (b)(6); (b)(7)(C) But I couldn't tell you off the  
24 top of my head.

25 Q How does Bittrex make money from its

1 OTC desk?

2 A I don't know.

3 Q Does it charge commissions on  
4 transactions?

5 A That would be my assumption. But I  
6 don't actually know.

7 Q Outside of the IEO context, how does  
8 OTC trading work?

9 A There is a price set between Bittrex  
10 and the purchaser of a digital asset. And in  
11 that exchange, gets made -- funds, for  
12 example, and we would deposit into their  
13 account cryptocurrency.

14 Q Is the exchange -- does Bittrex buy  
15 itself from the customer or does it arrange  
16 sale between large OTC customers?

17 A Just not -- only sell. Again, as  
18 we -- as we receive cryptocurrency, which is  
19 the proceeds of commissions in base payer,  
20 then we would sell that which is, you know,  
21 functionally a Bittrex asset, to individuals.  
22 So we wouldn't be --

23 Q OTC?

24 A On an OTC basis, yeah.

25 Q But would it also broker trades on

1 an OTC basis?

2 A Not that I'm familiar with, no.

3 Q And do you know who (b)(6); (b)(7)(C)

4 is?

5 A That name doesn't ring a bell to me,  
6 no.

7 (SEC Exhibit No. 55 was  
8 marked for  
9 identification.)

10 Q I'm showing you what's been marked  
11 as Exhibit 55, which is an e-mail chain from  
12 September 2018 and you are on a number of  
13 e-mails.

14 A Okay.

15 Q Take a moment to review it let me  
16 know when you are done.

17 (The witness examined the document.)

18 MR. RIMON: Can I get the Bates  
19 number?

20 (b)(6); (b)(7)(C) It's BTRX SEC 9808  
21 through 9811.

22 A Okay.

23 Q Do you know who (b)(6); (b)(7)(C) is?

24 A I do not, no.

25 Q Who is (b)(6); (b)(7)(C)

1           A     He was a Bittrex employee who was  
2 largely involved in the business side of  
3 Bittrex, various roles.

4           Q     Who did he report to?

5           A     I think he reported to (b)(6);

6           Q     (b)(6); (b)(7)(C) When you say he worked on the  
7 business side in various roles, can you be a  
8 little more specific?

9           A     I really can't because I don't have  
10 a full understanding of what that meant  
11 exactly.

12          Q     When did he start with Bittrex?

13          A     He actually started, I believe, the  
14 same day I did, December 1, 2017.

15          Q     Did he attend board of directors  
16 meetings?

17          A     No.

18          Q     So he directly reported to (b)(6); (b)(7)(C)

19          A     I think so. But actually, I  
20 don't -- I don't know that for a fact.

21          Q     Who is (b)(6); (b)(7)(C)

22          A     (b)(6); is the individual I mentioned  
23 before who works in the DC office on the  
24 business side of Bittrex.

25          Q     Did you supervise (b)(6); (b)(7)(C)

1                   A       No, I did not.

2 Q And why are you ultimately -- why  
3 did you receive the e-mail from (b)(6);

4           A     Well, I think they wanted to  
5     understand whether this deal would be doable  
6     from a money laundering compliance point of  
7     review.

8 Q What deal are you talking about?

9 A Well, it's self-explanatory just  
10 quoting from the -- (b)(6), sent an e-mail  
11 September 25th. "There's an OTC broker who  
12 hand wants to sell 500 to 1,000 Bitcoin per  
13 day. Claims to have already over a hundred  
14 million in escrow. Taking 380 million in the  
15 coming days and weeks to purchase Bitcoin from  
16 a particular source who, of course, wants to  
17 stay anonymous. He would be the short-term  
18 owner as power of attorney over the Bitcoin  
19 and wants to sell it in daily blocks. No more  
20 than five key players. Coinbase Pro, Bittrex  
21 to be two of those five. Claims he has  
22 another exchange lined up."

23                   So it was basically the ability to  
24       purchase Bitcoin in large blocks, is what it  
25       looks like to me.



1 Q Bittrex would purchase the Bitcoin  
2 from an anonymous buyer? Or it from (b)(6); (b)(7)(C) and  
3 (b)(6); (b)(7)(C) would not disclose his source?

4 A That's apparently what the proposal  
5 was, yes.

6 Q What was your response to the  
7 proposal?

8 A I was going to require to know the  
9 ultimate owner of the Bitcoin and do due  
10 diligence on the ultimate owner. I would  
11 never approve something like this.

12 Q Earlier, we spoke about, correct me  
13 if I'm wrong, you said you could never really  
14 find out who the ultimate owner was in  
15 connection with a -- a digital asset address.

16 A Well, if they tell you who it is,  
17 then you know. What I was talking about here  
18 is, we'd want to know the beneficial owner of  
19 the Bitcoin. We'd want to know how it was  
20 that he made his money. Was he an early  
21 Bitcoin investor? We'd want to know what the  
22 Bitcoin addresses so we could run them through  
23 Chainalysis Reactor and understand whether or  
24 not this is, you know, among GOX hack kind of  
25 a thing. You could tell where the source of

1 those funds came from. And again, if we knew  
2 the ultimate owner, then we could -- or the  
3 actual beneficial owner, not this intermediary  
4 agent, then we could --

5 Q (b)(6); (b)(7)(C)

6 A Yes. Then we could do a source of  
7 funds. We could run him through LexisNexis.  
8 We could do the kind of due diligence that you  
9 needed to be to assure yourself that, in fact,  
10 this is clean money. And with these kind of  
11 volumes, it was never going to happen.

12 Q What was never going to happen?

13 A This deal. There's no way --

14 MR. GEIST: You are testifying about  
15 having a conversation.

16 THE WITNESS: Yes. I apologize for  
17 that.

18 A We would have required a lot of  
19 information about a buyer that was talking  
20 about this volume of information -- this  
21 volume of Bitcoin.

22 Q Bill writes in response to (b)(6);  
23 e-mail on September 25, 2018, "I'll let (b)(6);  
24 make the final call, but I think this is a  
25 good business opportunity."

1 Did you discuss with (b)(6); (b)(7)(C) your  
2 concerns about this transaction?

3 A I think the only concerns I  
4 expressed were in this e-mail.

5 Q Why did he think it was a good  
6 business opportunity?

7 A I don't know.

8 Q Did -- did the platform allow other  
9 transactions like this to go through?

10 A No.

11 Q Was (b)(6); (b)(7)(C) concerned at all with the  
12 fact that -- that (b)(6); (b)(7)(C) wouldn't disclose the  
13 source of the Bitcoin?

14 A I think the context of his comment  
15 was that I have the final say on those kinds  
16 of details.

17 (b)(6); (b)(7)(C) We are off the record  
18 at 4:01.

19 (A discussion was held off the  
20 record.)

21 (b)(6); (b)(7)(C) We are on the record at  
22 4:19.

23 (b)(6); (b)(7)(C) while we were off the  
24 record, did you have any substantive  
25 conversation with the staff?

1 THE WITNESS: No.

2 Q Did you have -- in connection with  
3 your role as AML officer, did you have any  
4 reason to communicate with any token teams?

5 A Not that I recall, no.

6 Q Earlier, you had said that Bittrex  
7 had received a subpoena from OFAC.

8 A That's correct.

9 Q Is there a current open  
10 investigation into Bittrex?

11 A The -- we replied to the subpoena in  
12 January of 2018. We also made a voluntary  
13 disclosure of other sort of activities that  
14 took place prior to October 2017. In March of  
15 2018, we applied for a license to be able to  
16 allow the individuals whose assets we froze,  
17 because they were from OFAC countries, to be  
18 able to distribute that. That license was  
19 granted in approximately October of last year.  
20 We are in the process of distributing those  
21 assets to the individuals who had had their  
22 assets frozen. OFAC has not yet acted on sort  
23 of the larger issue.

24 Q Is Bittrex the subject of any  
25 current investigations other than the SEC

1 investigation?

2 A The -- again, the OFAC subpoena is a  
3 compliance inquiry, as I understand it. We  
4 have a subpoena from the Massachusetts  
5 Attorney General's Office. Those are the ones  
6 that I'm aware of. But that's a civil, that's  
7 not a criminal matter. Those are the only  
8 ones I'm aware of that I can recall right now.

9 Q Did you ever learn of large  
10 institutional accounts requesting that certain  
11 tokens be listed on Bittrex platform?

12 A No.

13 (b)(6); (b)(7)(C) So we don't have any  
14 more questions. We want to thank you again  
15 for today's testimony.

16 And we are off the record at 4:21.

17 (Whereupon, at 4:21 p.m., the  
18 examination was concluded.)

19 \* \* \* \* \*

## PROOFREADER'S CERTIFICATE

In The Matter of: INITIAL COIN OFFERINGS

Witness: (b)(6); (b)(7)(C)

File Number: NY-09624-A

Date: Friday, February 21, 2020

Location: New York, NY

This is to certify that I, Maria E. Paulsen,  
(the undersigned), do hereby certify that the  
foregoing transcript is a complete, true and accurate  
transcription of all matters contained on the recorded  
proceedings of the investigative testimony.

\_\_\_\_\_  
(Proofreader's Name)

\_\_\_\_\_  
(Date)



## C E R T I F I C A T E

STATE OF NEW YORK )

:SS

COUNTY OF NASSAU )

I, (b)(6); (b)(7)(C) a Notary Public within and  
for the State of New York, do hereby certify:

I reported the proceedings in the  
within-entitled matter, and that the within transcript  
is a true record of such proceedings to the best of my  
ability.

I further certify that I am not related to  
any of the parties to this action by blood or  
marriage; and that I am in no way interested in the  
outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my  
hand this 29th day of February, 2020.

\_signature\_

1 THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )

4 ) File No. NY-09624-A

5 INITIAL COIN OFFERINGS )

6  
7 WITNESS: William Hiraoki Shihara

8 PAGES: 1 through 242

9 PLACE: 200 Vesey Street

10 Brookfield Place, Suite 400

11 New York, New York 10281 - WebEx

12 DATE: Friday, July 17, 2020

13  
14 The above-entitled matter came on for hearing, via  
15 WebEx, pursuant to notice, at 11:36 a.m.

16  
17  
18  
19  
20  
21  
22  
23  
24 Diversified Reporting Services, Inc.

25 (202) 467-9200

1 APPEARANCES:

2  
3 On behalf of the Securities and Exchange Commission:

4 (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 (b)(6); (b)(7)(C)

7 (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C)

9 U.S. Securities and Exchange Commission

10 Division of Enforcement

11 200 Vesey Street, Suite 400

12 New York, NY 10281

13 (b)(6); (b)(7)(C)

14 (b)(6);  
(b)(7)(C) @sec.gov

15  
16 On behalf of the Witness:

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## C O N T E N T S

## WITNESS EXAMINATION

William Hiroaki Shihara 5

## EXHIBITS: DESCRIPTION IDENTIFIED

1 Form 1662 7

2 Subpoena 9

3 Background Questionnaire 13

4 Current Organized Structure 49

5 E-mail (b)(6); (b)(7)(C) 71

6 E-mail (b)(6); (b)(7)(C) to Shihara 91

7 E-mail Shihara to Lion Empire Global 103

8 E-mail Shihara to (b)(6); (b)(7)(C) 106

9 Bittrex Token Listing Policy 116

10 Token Review and Policy Process 123

11 E-mail (b)(6); (b)(7)(C) to Shihara 137

12 E-mail Shihara to (b)(6); (b)(7)(C) 141

13 E-mail Gelderman to Shihara 147

14 E-mail Shihara to (b)(6); (b)(7)(C) 153

15 E-mail Shihara to (b)(6); (b)(7)(C) 161

19 E-mail Shihara to (b)(6); (b)(7)(C) 166

20 E-mail (b)(6); (b)(7)(C) to Shihara 169

23 E-mail (b)(6); (b)(7)(C) 180

24 Listing Application 186

## C O N T E N T S (CONT.)

EXHIBITS:	DESCRIPTION	IDENTIFIED
25	New Coin Listing Checklist	189
27	E-mail (b)(6); (b)(7)(C) to Shihara	192
29	Bittrex Listing Candidate Checklist	195
31	E-mail (b)(6); (b)(7)(C) Coin Team	200

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

(b)(6); (b)(7)(C)

We are on the record at 11:36 a.m.  
Eastern Time on July 17, 2020. Mr. Shihara, we are  
proceeding today by VTC due to concerns about COVID-19.

Before we get started, I want to confirm that  
you understand and agree that the oath or affirmation to  
tell the truth will be administered by audio, visual  
means today rather than in person. So it will have the  
same effect as if administered in person. And that you  
will tell the truth, the whole truth, and nothing but  
the truth. Do you confirm?

THE WITNESS: Confirm.

(b)(6); (b)(7)(C)

Please raise your right hand. Do  
you swear to tell the truth, the whole truth, and  
nothing but the truth?

THE WITNESS: Yes.

Whereupon,

WILLIAM HIROAKI SHIHARA

was called as a witness and, having been first duly  
sworn, was examined and testified as follows:

## EXAMINATION

BY (b)(6); (b)(7)(C)

Q Please state your full name and spell your  
name for the record?

A My name is William Hiroaki Shihara:



1 W-i-l-l-i-a-m H-i-r-o-a-k-i S-h-i-h-a-r-a.

2 Q Good morning, Mr. Shihara.

3 A Good morning.

4 Q My name is (b)(6); (b)(7)(C) And with me are my

5 colleagues, (b)(6); (b)(7)(C)

6 and (b)(6); (b)(7)(C) all of who are officers of the

7 Commission for the purpose of this proceeding and also

8 who are appearing by WebEx video.

9 Also present by audio are two of our law

10 student interns who are spending the summer with us at

11 the SEC and observing testimony is a great educational

12 experience for them. Their names are (b)(6); (b)(7)(C) and

13 (b)(6); (b)(7)(C) Do you consent to them observing this

14 testimony?

15 A Yes.

16 Q This is an investigation by the United States

17 Securities and Exchange Commission captioned In the

18 Matter of Initial Coin Offering, NY-9624 to determine

19 whether there have been violations of the federal

20 securities law. However, the facts developed in this

21 investigation may constitute violations of other federal

22 or state, civil or criminal laws.

23 Prior to the opening of the record, we

24 confirmed that your counsel was provided with a formal

25 order of investigation in this matter. I am now sharing

1 a copy of the formal order of investigation in this  
2 matter. Mr. Shihara, can you see this document?

3 A Yes.

4 Q Mr. Shihara, have you had an opportunity to  
5 review the formal order?

6 A Yes.

7 (SEC Exhibit No. VTC 1 was  
8 marked for identification.)

9 BY (b)(6); (b)(7)(C)

10 Q Mr. Shihara, prior to the opening of the  
11 record, we also confirmed that you were provided with a  
12 copy of the Commission's Supplemental Information Form  
13 1662.

14 A copy of that notice has been marked as --  
15 has previously been marked as Exhibit 1 and has been  
16 marked for the purposes of this proceeding as VTC 1. I  
17 am now sharing a copy of that document. Mr. Shihara,  
18 can you see that document?

19 A I can see the first page of it. Yeah.

20 Q Do you have any questions about this notice?

21 A Can I see the second page? And can I see the  
22 next page? Can I see the next page? Can I see the next  
23 page? Okay. I have --

24 Q Mr. --

25 A -- read it -- read it through.

1 Q Mr. Shihara, do you have any questions  
2 concerning this notice?

3 A No.

4 Q Mr. Shihara, are you represented by counsel  
5 today?

6 A Yes.

7 (b)(6); (b)(7)(C) Would counsel please identify  
8 themselves for the record?

9 MR. MARTIN: Sure. This is William Martin  
10 from O'Melveny & Myers; I am joined by Andrew Geist and  
11 David Cohen.

12 (b)(6); (b)(7)(C) Mr. Martin, are you representing  
13 any other people or entities in this matter?

14 MR. MARTIN: Yes. We represent Bittrex Inc as  
15 well as several individuals in this matter.

16 (b)(6); (b)(7)(C) Can you identify the individuals?

17 MR. MARTIN: Sure. (b)(6); (b)(7)(C)

18 (b)(6); (b)(7)(C)

19 BY (b)(6); (b)(7)(C)

20 Q Mr. Shihara, as you may be aware, multiple  
21 representation of witnesses by counsel presents  
22 potential conflict of interest. And the Form 1662 which  
23 was included with your subpoena states that the  
24 Commission will assume that the witness and counsel have  
25 discussed and resolved all issues concerning possible

1 conflicts of interest. You understand?

2 A Yes.

3 (SEC Exhibit No. VTC 2 was  
4 marked for identification.)

5 BY (b)(6); (b)(7)(C)

6 Q Mr. Shihara, I'm sharing a copy of the  
7 subpoena and cover letter addressed to you. The cover  
8 letter is stated February 19, 2020. This document has  
9 been marked Exhibit VTC 2. I'm showing you a copy of  
10 the subpoena which appears on the second page of this  
11 document. Are you appearing here today pursuant to the  
12 subpoena?

13 A Yes.

14 Q While the subpoena calls for testimony, on  
15 March 13, 2020 in New York, you consented to our moving  
16 the date of your appearance to today and appearing by  
17 VTC; is that correct?

18 A Yes.

19 Q The court reporter is here recording every  
20 word anyone says to be transcribed later so it's  
21 important that we don't speak over one another or  
22 interrupt one another. You may know what I'm asking  
23 before I finish my question, but it's important to wait  
24 for me to finish so the transcript reflects the full  
25 question and answer. It's also important that you give

1     only verbal answers, not shrugs or nods or uh-huhs. Do  
2     you understand?

3           A     Yes.

4           Q     As I mentioned, I will be sharing documents  
5     from my computer through the WebEx system. If you have  
6     any issues viewing the document, will you let me know?

7           A     Yes.

8           Q     If you need me to slow down or speed up or  
9     show other pages of the document, will you let me know?

10          A     Yes.

11          Q     If you don't understand any questions that I  
12     ask, will you let me know?

13          A     Yes.

14          Q     Concerning breaks in testimony, please let me  
15     know whenever you may need one. We may finish a line of  
16     questioning, but then we'll be happy to take a break.  
17     Do you understand?

18          A     Yes.

19          Q     And do you understand the oath you took today?

20          A     Yes.

21          Q     Is there anything preventing you from giving  
22     full, complete, and truthful answers to my questions?

23          A     Not that I'm aware of.

24          Q     Are you taking any medications or suffering  
25     from any illness that would impact your ability to

1 testify truthfully and accurately today?

2 A No.

3 Q What did you do to prepare for your testimony  
4 today?

5 A I met with my counsel.

6 Q Anything else?

7 A Not that I can think of.

8 Q Without revealing the substance of your  
9 conversations with counsel, did you review any documents  
10 to prepare for testimony today?

11 MR. MARTIN: Say yes or no. You can say yes  
12 or no --

13 THE WITNESS: Yes.

14 BY (b)(6), (b)(7)(C)

15 Q How many documents?

16 A I don't recall.

17 Q Was it more than 10?

18 A I don't, I don't recall.

19 Q Okay. Have you ever been known by any name  
20 other than the one you stated and you spelled at the  
21 outset of your testimony today?

22 A Most people call me Bill.

23 Q Where do you currently reside?

24 MR. GEIST: So as we indicted -- and I  
25 apologize for the -- as indicated in Mr. Shihara's



1 background questionnaire, there's one residence that  
2 we're happy to disclose to the staff, but we'd prefer  
3 that it not be on the transcript or on a written  
4 document that we provided? Could we go off the record,  
5 and he can give you that address?

6 (b)(6); (b)(7)(C) Okay. Let's go off the record at  
7 11:47 a.m.

8 (Whereupon, a brief recess was taken.)

9 (b)(6); (b)(7)(C) Okay. We are back on the record  
10 at 11:49 a.m. I believe Mr. Geist was going to make a  
11 statement concerning Mr. Shihara's --

12 MR. GEIST: Sure. There are personal, safety,  
13 and security concerns that make us reluctant to have Mr.  
14 Shihara's -- one of his residential addresses appear in  
15 the transcript. Mr. Shihara, during the break provided  
16 that address to the staff, and we're also prepared to  
17 communicate that information to the staff as needed by  
18 them.

19 (b)(6); (b)(7)(C) Thank you, Mr. Guest. Mr.  
20 Shihara, other than what counsel stated, there were no  
21 substantive conversations between yourself and the staff  
22 of the SEC during the break; is that correct?

23 THE WITNESS: Correct.

24 (SEC Exhibit No. VTC 3 was  
25 marked for identification.)

1 BY (b)(6); (b)(7)(C)

2 Q Mr. Shihara, I'm sharing a document with you  
3 which has been marked VTC Exhibit 3. The title of the  
4 document is background questionnaire, NY-9624. It is  
5 dated July 10, 2020. Do you recognize this document?

6 A Yes.

7 Q What is this?

8 A It's a questionnaire.

9 Q Did you prepare this document?

10 A Yes, with the help of an assistant here at  
11 Bittrex.

12 Q Where are you physically located at this time?

13 A I'm in Bittrex's office.

14 Q And where is that?

15 A I apologize. I don't remember the office  
16 address off the top of my head.

17 Q What city is it in?

18 A Bellevue, Washington.

19 Q Is everything in Exhibit VTC 3 true and  
20 accurate to the best of your knowledge?

21 A Yeah, to the best of my knowledge. Yes.

22 Q Are the answers provided in this document  
23 complete or is there anything you'd like to add or  
24 correct today?

25 A To the best of my knowledge, this is complete.

1 Q Directing your attention to question 7 which  
2 asks that you list all telephone numbers and  
3 telecommunications services that were in your name or  
4 that you regularly used at the time during the last four  
5 years. This appears on page 1 and continues onto page  
6 2.

7 A Mm-hmm.

8 Q You list a primary 808 number. What is the  
9 carrier for that?

10 A T-Mobile.

11 Q What type of phone is that?

12 A It's an iPhone.

13 Q You also list a number for Bittrex work phone.  
14 It begins with area code 206.

15 A Yes.

16 Q Do you know the carrier for that?

17 A I don't.

18 Q What type of phone if any is that?

19 A That's also an iPhone.

20 Q Directing your attention to question 11, which  
21 asks that you list all internet message boards or  
22 discussion forums of which you are a member or on which  
23 you posted any messages at any time during the last four  
24 years. You include a Reddit and a Bitcoin Talk username  
25 each of which (b)(4); (b)(6); (b)(7)(C) Did you have any other

1 usernames for Reddit or Bitcoin Talk or any other  
2 forums?

3 A Those are the ones that I can recall.

4 Q Did you have others?

5 A I don't know.

6 Q Did you ever post on those forums using  
7 pseudonyms?

8 A I don't know, not that I can recall.

9 Q Is there anything that would refresh your  
10 recollection?

11 A I mean we did some Google searching.

12 Q Does Bittrex have an official telegram  
13 channel?

14 A I don't know.

15 Q Directing your attention to question number 14  
16 which asks about privately held companies -- you list a  
17 number of companies on this form.

18 A Mm-hmm. Yes.

19 Q Can you please explain what the purposes of  
20 each of these privately held companies going down the  
21 list?

22 A I think that would go to advice I got from  
23 counsel.

24 Q Mr. Shihara, you can answer the question if  
25 you understand it or maybe I can ask it in a better way.

1 What does Bittrex, Inc.

2 A Bittrex, Inc is a cryptocurrency exchange.  
3 The company -- yeah, it's a cryptocurrency exchange.

4 Q What is (b)(4), (b)(6), (b)(7)(C)

5 A It is a -- it's a holding company for a (b)(6), (b)(7)(C)  
6 (b)(6), (b)(7)(C)

7 Q What is (b)(4)

8 A I don't recall exactly what that's for.

9 Q What do you recall about (b)(4)

10 (b)(4)

11 A I don't recall. I, I -- I'm sorry. I, I  
12 don't recall exactly what this is.

13 Q Is there anything that would refresh your  
14 recollection as to what (b)(4)

15 A Yeah, I'd -- I'd have to go talk to my lawyers  
16 and get my -- get a recollection as to why we created  
17 this entity.

18 Q What is (b)(4)

19 A I don't recall what this one is either.

20 Q What is (b)(4) --

21 A That's --

22 Q (b)(4)

23 A That's a company that holds property.

24 Q Is that the same for the next three LLC's --

25 A Yes.

(b)(4)

Q

(b)(4)

A Yes.

Q What is

(b)(4)

A I don't recall what that one is.

Q And what if anything do you recall about that?

A That was set up with advice from counsel, but I don't -- sir, I don't -- but I don't recall exactly what we set that up for.

Q What is

(b)(4)

A That was a company to hold a property.

Q What is

(b)(4)

A That also was a company to hold a property.

Q What is

(b)(4)

A That's a company that invested in the entity called Titanium Toast.

Q What is Titanium Toast?

A Titanium Toast is a mobile gaming company.

Q What is

(b)(4)

A It was a company that invested in MXCM, LLC -- oh, actually -- excuse me. That was a company that did a loan to MXCM, LLC.

Q What is MXCM, LLC?

A Well, to the best of my knowledge, what it is, is an art holding company.



1 Q What is (b)(4)

2 A It's a company that invested in Virtually  
3 Human, LLC.

4 Q What is Virtually Human, LLC?

5 A It is a virtual -- it's a gaming company.  
6 It's a virtual racehorse platform.

7 Q What is (b)(4)

8 A It's a company that invested in Vanywhere.

9 Q What is Vanywhere?

10 A Vanywhere is a social media platform.

11 Q What is (b)(4)

12 A It's a company that invested in StormX.

13 Q What is StormX?

14 A StormX is a -- what would you call that -- the  
15 shopping experience.

16 Q What is (b)(4)

17 A It's a company that I formed to invest in  
18 Pixelmatic, but it hasn't made that investment yet.

19 Q And what is Pixelmatic?

20 A It's, it's a massive multiplayer gaming  
21 company.

22 Q What is (b)(4)

23 A It's a holding company for -- or actually I  
24 guess what it does is it advises Global Oculus, LLC.

25 Q And what is Global Oculus, LLC?

1 A It is a payment platform.

2 Q And what is Bitcoin Hyper, LLC?

3 A It's the engineers behind Bitcoin Hyper.

4 Q Was (b)(4) an  
5 investment -- created to invest in Bitcoin Hyper, LLC?

6 A No, it's an advisor.

7 Q What does that mean?

8 A We have an advisor agreement where -- I don't  
9 remember exactly what the advisory agreement states, but  
10 -- yeah, I, I don't remember exactly what the  
11 advisory --

12 Q Are any of the (b)(4)  
13 investments or advisors we've been discussing related to  
14 initial coin offerings?

15 A Could you clarify that question?

16 Q Are any of these (b)(4) that  
17 we've been discussing -- did any of them invest in an  
18 initial coin offering or an issuer who conducted an  
19 initial coin offering?

20 A The answer to the first question is no or the  
21 part of your question is no. The second part, StormX,  
22 had an initial coin offering before I made my  
23 investment.

24 Q Did any of the other entities --

25 A Mm-hmm.

1 Q -- initial coin offering?

2 A Not that I know of.

3 Q Did (b)(4) acquire any  
4 digital assets?

5 A No.

6 Q Did any of the (b)(4) acquire  
7 any digital assets?

8 A No.

9 Q How much did each of the (b)(4)  
10 (b)(4) invest in these projects?

11 A I mean it varies considerably. You know, in  
12 the case of StormX, it was (b)(4) In the case of  
13 Virtually Human, it was (b)(4)

14 BY (b)(6); (b)(7)(C)

15 Q Hi, this is (b)(6); (b)(7)(C) Were the investments  
16 made with U.S. Dollars or with cryptocurrency or  
17 something else?

18 A U.S. Dollars.

19 BY (b)(6); (b)(7)(C)

20 Q Directing your attention to question 16 which  
21 asks you to list all digital asset exchange accounts  
22 that you have held in your name individually or jointly  
23 at any time during the last four years. You respond  
24 none; is that correct?

25 A To the best of my knowledge, that's correct.

1 Q Do you have a digital asset exchange account  
2 at Bittrex?

3 A Yes.

4 Q Why didn't you include that?

5 A I believe it was disclosed elsewhere.

6 Q Other than the accounts at Bittrex, do you  
7 have any other digital asset exchange accounts?

8 A Not that I know of.

9 Q Question 17 asks that you list all digital  
10 asset exchange accounts in which you have any direct or  
11 indirect beneficial interest at any time during the last  
12 four years. You respond none. Is that accurate?

13 A To the best of my knowledge, that is.

14 Q Other than accounts at Bittrex; is that  
15 correct?

16 A Other than the -- yes.

17 Q Question 18 asks that you list all assets and  
18 any digital asset wallet service over which you had any  
19 control at any time during the last four years. And you  
20 wrote none. Is that correct that you did not have any  
21 accounts at these digital asset wallet services?

22 A None that I know of.

23 Q Do you control any digital asset addresses?

24 A None that I know of outside of that

25 (b)(6); (b)(7)(C) -

1           Q     Question 19 asks that you list accounts at any  
2     digital asset payment processors. And you write none  
3     for that; is that correct you don't have any accounts at  
4     any digital asset payment processors?

5           A     Yeah, to the best of my knowledge that's  
6     accurate as well.

7           Q     Do you have a Bit Pay account?

8           A     Not that I know of.

9           Q     Okay. Can you please list all accounts that  
10    you have held in your name at any financial institution  
11    at any time during the last three years?

12          A     I don't think I can give you an accurate  
13    answer from my memory.

14          Q     Do you recall any accounts at any financial  
15    institutions in your name that you've used during the  
16    last three years?

17          A     You -- you're referring to bank accounts.

18          Q     That's correct.

19          A     So -- yeah, my primary bank account is with

20    (b)(6); (b)(7)(C)

21          Q     Is that (b)(6); (b)(7)(C)

22          A     Yes.

23          Q     And what do you use that account for?

24          A     That's for my personal finances, pay bills.

25          Q     Does anyone have discretionary authority on

1     that account?

2           A     Could you define that for me?

3           Q     Do you know what discretionary authority  
4     means?

5           A     I want to understand what you mean by that.

6           Q     Can anyone else make transactions on that  
7     account other than yourself?

8           A     Yes, I have a bill pay service that my account  
9     -- that I set up with my account.

10          Q     Do you have any other bank accounts?

11          A     Not that I can recall off the top of my head.

12          Q     Do you have an account at Signature Bank?

13          A     I do not have a personal account at Signature  
14     Bank.

15          Q     What do you mean by that?

16          A     The Bittrex had an account with Signature. I  
17     don't know whose name it was signed up under, but it's  
18     intent would have been for corporate usage.

19          Q     Did you have discretionary authority over that  
20     account?

21          A     I don't know.

22          Q     Do you have any accounts at Silvergate Bank?

23          A     I personally do not have an account at -- or I  
24     personally don't know of any accounts that I have at  
25     Silvergate Bank.



1 Q Does Bittrex have any accounts at Silvergate  
2 Bank?

3 A Yes.

4 Q Do you have any accounts in (b)(6); (b)(7)(C)

5 (b)(6); (b)(7)(C)

6 A Yes.

7 Q What is that account used for?

8 A It's -- I use it for savings.

9 Q Does anyone else have discretionary authority  
10 on that account?

11 A Not that I know of.

12 Q Does Bittrex have any accounts of any other  
13 financial institutions?

14 A I don't know. I don't know.

15 Q Okay. Have you heard of an entity called  
16 Cumberland?

17 A Yes.

18 Q What is Cumberland?

19 A From my recollection it is a -- it has a  
20 relationship with DRW. And their primary purpose was to  
21 trade cryptocurrencies.

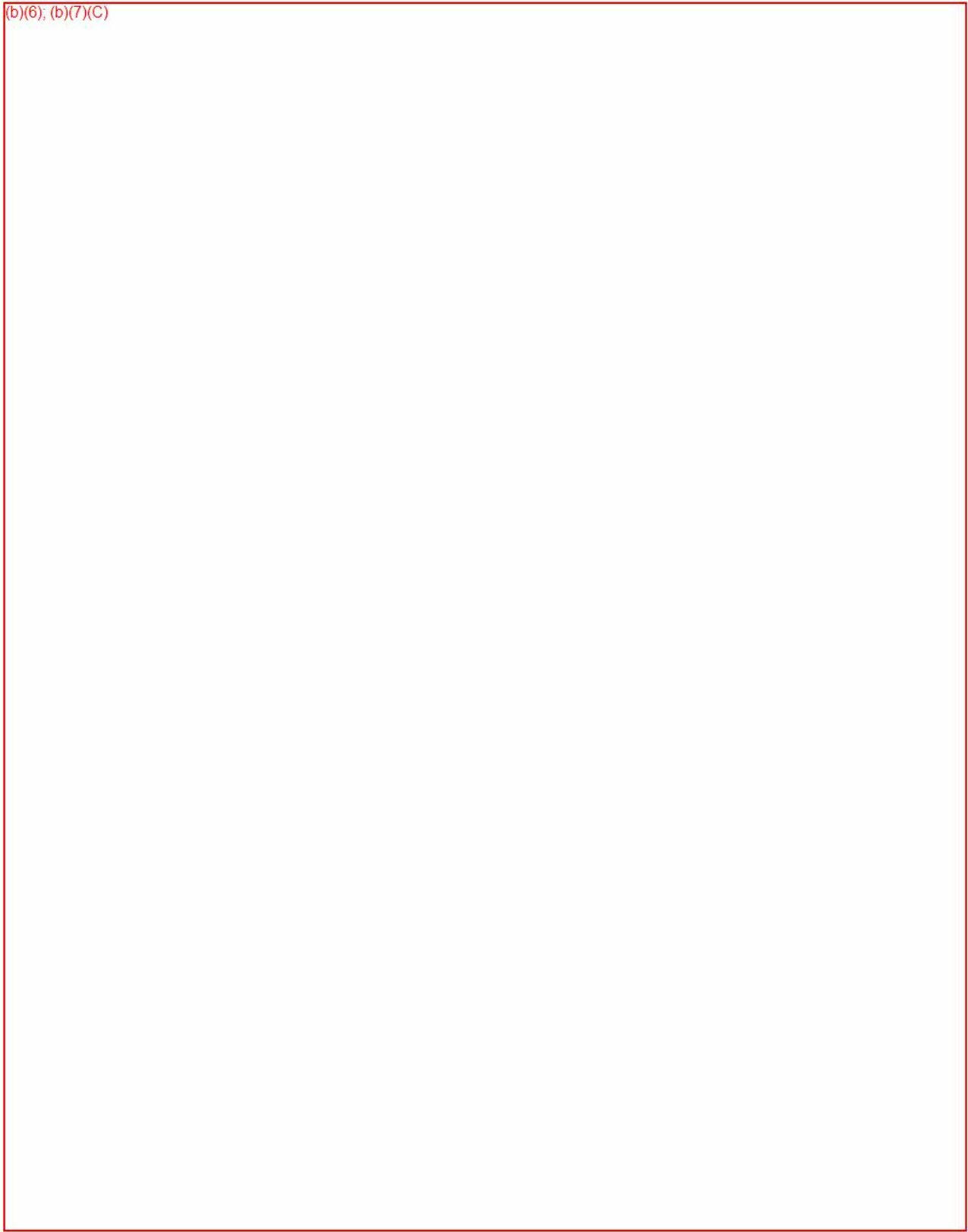
22 Q Do you have an account at Cumberland?

23 A I don't recall having an account at  
24 Cumberland.

25 Q Does Bittrex have an account at Cumberland?

1           A     I don't recall if Bittrex has an account at  
2     Cumberland.

3     (b)(6); (b)(7)(C)



(b)(6); (b)(7)(C)

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Q I'm sorry. I don't think I heard the end of  
all what you said there.

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(b)(6); (b)(7)(C)

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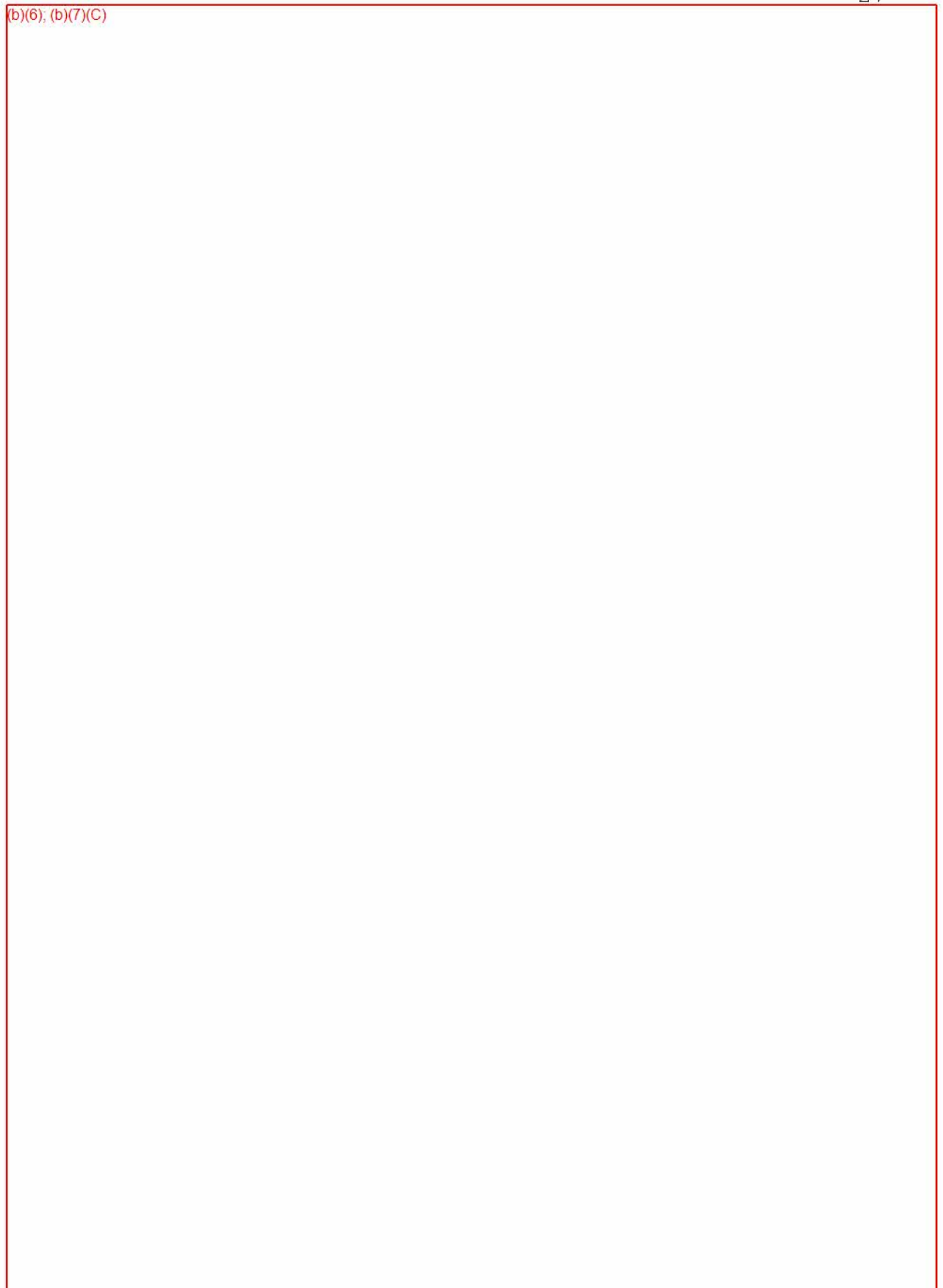
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(b)(6); (b)(7)(C)



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(b)(6); (b)(7)(C)

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13 Q What did you do next?

14 A At that point, I worked full time on Bittrex.

15 Q Prior to founding Bittrex, did your employment  
16 concern digital assets or cryptocurrency in any way?

17 A I don't -- no, it -- to my knowledge, I had no  
18 cryptocurrency responsibilities at any of the companies  
19 that we have previously talked about.

(b)(6); (b)(7)(C)

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(b)(6); (b)(7)(C)

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Q What is (b)(4); (b)(6); (b)(7)(C)

(b)(4); (b)(6); (b)(7)(C)

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Q Who is (b)(6); (b)(7)(C)

23

A Oh, sorry, (b)(6); (b)(7)(C)

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Q (b)(6); (b)(7)(C)

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(b)(4); (b)(6); (b)(7)(C)

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13           Q     Did you recently take a leave of absence from  
14     Bittrex?

15           A     Yes.

16           Q     Can you please explain that?

17           A     Yeah, I -- you know, having worked at Bittrex,  
18     you know, for six years, I needed a break.

19           Q     Why did you need a break?

20           A     You know, I was just tired. You know,  
21     obviously, it was long hours and a lot of work. So I  
22     was hoping to take a vacation.

23           Q     Are you -- you still on the leave of absence  
24     or have you rejoined the troops?

25           A     I am still on the leave of absence. Or I

1 guess we're calling it a sabbatical, but yes, I am still  
2 on the staff.

3 Q When was the last time you did any work for  
4 Bittrex?

5 A Today.

6 Q What did you do today?

7 A We're doing this testimony.

8 Q Other than this testimony and your preparation  
9 for this testimony, have you done any other work for  
10 Bittrex since you began your sabbatical?

11 MR. GEIST: He's still a member of the board  
12 of directors. Do you want to include that or exclude  
13 that?

14 BY (b)(6); (b)(7)(C)

15 Q Mr. Shihara, I'm asking for any work that  
16 you've performed for Bittrex since your sabbatical.

17 A Okay. You know, as Andy mentioned, I am still  
18 on the board of directors, so we have, you know,  
19 quarterly board meetings. And from time to time, there  
20 might be a meeting that requires the shareholders.  
21 Usually, it's around finances of the company.

22 Q Other than your board or shareholder  
23 responsibilities, any other work on Bittrex since you  
24 began your sabbatical?

25 A And, and outside of this testimony?

1 Q Right.

2 A None that I can recall.

3 Q Was the sabbatical voluntary?

4 A Very voluntary.

5 Q What do you mean by that?

6 A Yes. The answer is yes.

7 Q You mentioned earlier that you had a

8 (b)(6); (b)(7)(C)

Do you recall

9 that?

10 A Yes.

11 Q Is that account associated with a particular  
12 Bittrex wallet address?

13 A Yes.

14 Q How does that work?

15 A So when you have a Bittrex account and let's  
16 say you want to deposit Bitcoin into it, you would  
17 generate a Bitcoin address. And that address is tied to  
18 your account. So if -- you know, so I have a Bitcoin  
19 address associated with my Bittrex.com account. I can  
20 deposit Bitcoin into it.

21 Q When did you create the (b)(6); (b)(7)(C) account?

22 A I don't remember the exact dates, but it was  
23 very early on in the founding of Bittrex.

24 Q So 2014 or 2015?

25 A Somewhere in that range.

1 Q What have you used that account for?

2 A It was primarily used for testing purposes.

3 Q What does that mean?

4 A So if we needed to test new functionality on  
5 Bittrex, we would do testing using that account.

6 Q What sort of functionality?

7 A If we were supporting a new type of coin, we  
8 might test a deposit and a withdrawal. You know, if, if  
9 there was a new type of trade that was done, we might  
10 test that.

11 (b)(6); (b)(7)(C)

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(b)(6); (b)(7)(C)

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(b)(4); (b)(6); (b)(7)(C)

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7 Q Who are the other founders of Bittrex?

8 A The two other founders are (b)(6); (b)(7)(C)

9 (b)(6); (b)(7)(C)

10 Q Did you have any discussions with Lai  
11 concerning these transactions?

12 A I don't recall any specific discussions that  
13 we had around the transactions.

14 Q How about discussions with (b)(6); (b)(7)(C)

15 A I don't recall any -- discussion.

16 Q Do you know why they engaged in the  
17 transaction?

18 A I can't speak to why they would have wanted to  
19 do it or not do it.

20 (b)(6); (b)(7)(C)

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24 Q Have you ever sold any Bitcoin to Bittrex?

25 A Sold Bitcoin to Bittrex -- not that I can



1 recall.

(b)(4); (b)(6); (b)(7)(C)

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6 Q Was Bittrex short of fiat of currency at this  
7 time?

8 A I don't recall what -- what Bittrex's finances  
9 were at that time.

10 Q Was the transaction initiated by you or by  
11 Bittrex?

12 A I don't recall. I, I, I don't remember whose  
13 idea it was.

(b)(6); (b)(7)(C)

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15  
16 MR. MARTIN: (b)(6); (b)(7)(C) Mr. Shihara

(b)(6); (b)(7)(C)

17  
18 (b)(6); (b)(7)(C) That's right.

19 THE WITNESS: (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

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23 BY (b)(6); (b)(7)(C)

24 Q You mentioned that you used the

(b)(6); (b)(7)(C)

25 account to do testing on Bittrex. Do

1 you know of any other accounts that were used for  
2 testing purposes?

3 A We've had other testing accounts, but I can't  
4 recall all of them off the top of my head.

5 Q Can you recall any of them?

6 A I know there was a (b)(6); (b)(7)(C)  
7 account that was created to test the functionality. And  
8 I believe I created other, you know, test accounts or  
9 ones that I could recall we had disclosed to the staff.

10 So I think there was a bill-test2@bittrex.com account.  
11 Those are the ones that I can recall.

12 (b)(6); (b)(7)(C)  
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16 Q Do you recall anything else about those few  
17 transactions that we've been discussing?

18 A Not that I can remember.

19 Q You mentioned a Bittrex account associated  
20 with (b)(6); (b)(7)(C) What was that account  
21 used for?

22 A It -- to my knowledge, it was used for test.

23 Q Anything else?

24 A I don't recall.

25 Q Other than the transactions we've been

1 discussing, have you ever bought or sold any  
2 cryptocurrency or digital assets?

3 A The only ones I can recall are through the  
4 course of my employment at Bittrex. We did sell Bitcoin  
5 for U.S. Dollars to -- to operate the company. And I  
6 was -- and I did do that periodically.

7 Q How did that work?

8 A So for example, Bittrex had an account at  
9 Circle. We would withdraw Bitcoin into -- or we would  
10 transfer Bitcoin into a Circle account. And then we  
11 would convert that into dollars. And we'd send those  
12 dollars back into a bank account.

13 Q Where was the Bittrex bank account located?

14 A Do you mean the bank account associated with  
15 the circle account?

16 Q That's right.

17 A I don't recall what bank we were using at the  
18 time.

19 Q Other than Circle, were there any other  
20 entities that Bittrex used to provide a similar service?

21 A There were. I can't recall all of them, but I  
22 know at one point we had a Coin Base account. And we  
23 also had a Bit stamp account.

24 Q Do you recall any others?

25 A I can't recall any others off the top of my

1 head.

2 Q Was there a Bittrex account at Cumberland DWR?

3 A I don't know if we had an account there, but  
4 we did sell Bitcoin to them at some point.

5 Q These conversions of Bitcoin to fiat currency,  
6 were these down over the counter or were they done  
7 through the exchange?

8 A It varies. So when I mention the -- you know,  
9 I -- to my recollection -- you know, as I mentioned the  
10 Circle, Coin Base, and Bit Stamp accounts, those sales  
11 were done through their -- through the exchange. You  
12 know, the, the Cumberland one -- I mentioned would have  
13 been OTC. I don't recall if we used any other services  
14 for OTC sales of Bitcoin.

15 Q Why did you use OTC?

16 A I think it would have been pricing.

17 Q Do you recall any other bank accounts used by  
18 Bittrex at any time?

19 A I don't recall off the top of my head.

20 Q Has anyone ever given you any cryptocurrency  
21 or digital assets?

22 A I don't recall anyone giving me -- just  
23 gifting me digital currency -- I can't recall anyone  
24 doing that.

25 Q Do you use any digital asset or cryptocurrency

1 wallet software?

2 A Outside of my Bittrex account, I don't recall  
3 storing any assets anywhere.

4 Q Have you ever received any ERC-20 token?

5 A Not that I can recall.

6 Q So do you ever use the ERC-20 token for its  
7 consumptive purpose on its native platform?

8 A Not that I can recall.

9 Q Have you ever bought or sold tokens on a  
10 decentralized exchange?

11 A Not that I can recall.

12 Q Do you know what a decentralized exchange is?

13 A Yes.

14 Q How is that different from Bittrex?

15 A I think the primary delineation -- well, I  
16 think AML KYC is probably one of the components of  
17 Bittrex that doesn't exist in many decentralized  
18 exchanges. I think the other factor of a decentralized  
19 exchange is that in theory it's just a piece of software  
20 that isn't administered or controlled by anyone.

21 Q Have you ever invested in any private funds  
22 that invest in the digital asset space?

23 A I don't recall personally investing in any  
24 funds that then invest -- yeah, any funds that are  
25 focused on investing in the digital asset space.

(b)(6); (b)(7)(C)

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Q So you can't recall ever purchasing Bitcoin previously?

A No.

Q Can you recall any prior digital asset purchases?

A For me personally I can't recall any.

Q Do you have an understanding of what ICO is?

A Could you define it for me?

Q Mr. Shihara, the purpose of testimony today is to get your understanding. Do you have an understanding of what an ICO is?

A Well, it's hard for me to say yes or no to that question if I don't know what you mean by the term ICO. I mean through the -- my understanding of what an ICO is, is a piece of software where you send Ethereum, and it sends you tokens.

Q What does ICO stand for?

A Initial Coin Offering.

Q Okay. When you think of an ICO, that's an offering associated with the digital asset Ethereum; is that correct?



1           A     I don't think it was exclusively Ethereum. I  
2 think there were other platforms that could have  
3 supported it, but -- so, no, it's not -- I, I wouldn't  
4 have thought of it exclusively as Ethereum.

5           Q     How does an Ethereum based ICO work?

6           A     You would create an Ethereum smart contract.  
7 And this is very, very basic description, but you would  
8 create an Ethereum smart contract. Someone would send  
9 Ethereum to it, and you would receive back -- or that  
10 someone who sent Ethereum would receive back a token --  
11 an ERC-20 asset of some kind.

12          Q     Do you know what an ERC-20 token is?

13          A     Yes.

14          Q     What is that?

15          A     It's a, it's a way for you to use Ethereum  
16 network to create a token.

17          Q     Have you ever participated in any Initial Coin  
18 Offerings or ICO's?

19          A     Individually or to my knowledge, no.

20          Q     How did you first get involved in the digital  
21 asset space?

22          A     Well, way back in 2011, we heard about

23 Bitcoin. (b)(6); (b)(7)(C)

24 (b)(6); (b)(7)(C) and so this idea of digital currencies  
25 being secured by software encryption was really

1 interesting. So that's the earliest I can remember of  
2 being interested in Bitcoin.

3 At the time, you could still mine Bitcoin at  
4 home so, you know, cobble together some computer  
5 security or -- not -- sorry, not security, but cobble  
6 together some computer parts and were able to mine  
7 Bitcoin.

8 Q Did you acquire any Bitcoin through mining?

9 A I think you're trying to make me cry, but,  
10 yes, I did.

11 Q Tell us about that please?

12 A Well, so, you know, as I mentioned, we were --  
13 and this was (b)(6); (b)(7)(C) and myself. We were interested  
14 in Bitcoin.

15 So we put together some Bitcoin mining  
16 computers with spare parts in (b)(6); (b)(7)(C) garage and mined  
17 some Bitcoin. And we had gotten to the point where we  
18 had broken even on Bitcoin. You know, we had -- we had  
19 individually \$2,000 worth of Bitcoin. And, and that  
20 paid for the -- you know, the parts and the electricity  
21 that we had used to generate the Bitcoin.

22 And then we quit mining Bitcoin, and I  
23 subsequently forgot about those Bitcoins. And I  
24 landfilled the laptop that had the private key to those  
25 Bitcoins.

1           Q     Did you use a digital asset wallet service to  
2 hold those Bitcoins?

3           A     Those things didn't exist at the time to my  
4 recollection. You had to have your own public, private  
5 key pair, store that in a file. And I like an idiot  
6 deleted that file.

7           Q     How many Bitcoins did you lose?

8           A     My recollection is 200 Bitcoin.

9           Q     What is Bittrex?

10          A     Bittrex is a digital currency exchange based  
11 in the United States.

12          Q     How did Bittrex come to be?

13          A     Well, after my misadventure with Bitcoin  
14 originally, several years later after, you know, (b)(6); (b)(7)(C)  
15 and I had gone to different companies, we reconnected  
16 and had a discussion about cryptocurrency. And, you  
17 know, as computer engineers and nerds, we just thought  
18 it was fascinating.

19                 So we wanted -- we wanted to figure out a way  
20 to understand it better. And that was one of the  
21 reasons we created -- or one of the reasons we came up  
22 with the idea of Bittrex. It wasn't the only reason,  
23 but, you know, I, I think the -- the technology nerd  
24 part of us said, you know, it'd be really cool to  
25 understand cryptocurrency better.

1 Q When did Bittrex launch?

2 A My recollection is that we went into Beta in  
3 February of 2014.

4 Q What was your role at the launch of Bittrex?

5 A I did most of the user interface. So I, I  
6 created the website, and -- and I also had the CEO role  
7 so I spent a lot of time on just random business things  
8 like helping to set up a bank account, getting the  
9 company form, finding the law firm that we were going to  
10 use for Bittrex, just random responsibilities at the  
11 time.

12 Q What was (b)(6); (b)(7)(C) role at this time?

13 A (b)(6); (b)(7)(C) was the Blockchain expert. So he -- he  
14 engineered the system that we use to, to handle digital  
15 currency, deposit the withdrawals for our users, and the  
16 security systems that we put into place to ensure that  
17 -- you know, to ensure that we could protect those  
18 assets.

19 Q What was (b)(6); (b)(7)(C) role?

20 A (b)(6);  
(b)(7)(C) created our matching engine and all of  
21 kind of the back-end systems that we had used --

22 Q Right.

23 A -- to create Bittrex.

24 Q As CEO of Bittrex, what were your day to day  
25 duties and responsibilities?

1           A     I think it just varied. I, I couldn't say  
2     that one day was any like -- I don't think there was a  
3     pattern to my job. It was -- I kind of liken it to like  
4     you basically just do whatever needs to get done.

5           Q     What sort of projects do you recall working on  
6     as CEO?

7           A     We did a lot of hiring. I mean outside of  
8     that -- I mean it, it really was just directing  
9     employees and, and helping to unblock them if there were  
10    any issues.

11           MR. MARTIN: (b)(6); (b)(7)(C) I'm sorry. We've been  
12    going almost an hour and a half. Is it possible to get  
13    a break?

14           (b)(6); (b)(7)(C) Yes. We have -- let's just finish  
15    this topic, and then we'll proceed to a break. That  
16    sounds good.

17           MR. MARTIN: Okay. Thank you.

18           BY (b)(6); (b)(7)(C)

19           Q     Certainly. Did your duties and  
20    responsibilities change over time?

21           A     I'm sure they did. As we hired more people, I  
22    was able to take a lot of things that I was doing and  
23    move them onto others. I think that's just part of  
24    running the company.

25           Q     Who were your direct reports?



1           A     Let's see when I left the -- or not left, but  
2     when I went on sabbatical, my recollection is I had (b)(6); (b)(7)(C)  
3     (b)(6); (b)(7)(C) was our (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) was  
4     our (b)(6); (b)(7)(C). I had someone from legal  
5     reporting to me. I don't recall who was in the legal  
6     position at the time. And there might have been some  
7     assorted others. (b)(6); (b)(7)(C) was the (b)(6); (b)(7)(C)

8           Q     Earlier you mentioned even you selected a law  
9     firm for Bittrex to use. Which law firm was that?

10          A     Perkins Coie.

11          Q     Was there a particular attorney at Perkins  
12     Coie who you worked with?

13          A     There were many attorneys that we worked with.

14          Q     Was there a primary attorney that you worked  
15     with?

16          A     Well -- hang on. I think primarily it was (b)(6);  
17     (b)(6); (b)(7)(C) but as I mentioned, there were many other  
18     lawyers who worked with us at Perkins Coie.

19          Q     Did you have an employment agreement at  
20     Bittrex?

21          A     I don't recall what my agreement is at  
22     Bittrex.

23          Q     How were you compensated at Bittrex?

24          A     I have a salary as CEO. And then as a  
25     shareholder, I also received dividends.



1 Q What was your salary as CEO?

2 A I don't recall the exact number.

3 Q (b)(6); (b)(7)(C)

4 A

5 Q How did the dividend work?

6 A We permanently looked at it on a quarter --  
7 quarter by quarter basis. Depending on how the company  
8 was performing, we may have done a disbursement to the  
9 shareholders.

10 Q Do you recall how much you received in  
11 compensation from Bittrex in 2016?

12 A I don't recall.

13 Q Approximately how much did you receive in  
14 compensation in 2016?

15 A In 2016, I, I don't recall.

16 Q Was it more or less than 10 million dollars?

17 A I don't recall.

18 Q Have you ever received more than 10 million  
19 dollars in compensation from Bittrex in a given year?

20 A I don't recall.

21 Q Are there any particular documents that would  
22 refresh your recollection?

23 A Probably.

24 Q What documents are those?

25 A I don't know. There was, you know, taxes that

1 we filed with the IRS.

2 Q When you received your salary from Bittrex,  
3 how was that provided to you?

4 A Sorry, I don't understand this question.

5 Q Were you paid by check, by ACH, cash?

6 A I believe it's ACH.

7 Q Do you recall which bank account was  
8 associated with those ACH banks?

9 A It is -- it would be my (b)(6), (b)(7)(C)

10 Q Let's go off the record at 1:00 p.m. Eastern  
11 Time.

12 (Whereupon, a brief recess was taken.)

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

14 BY (b)(6), (b)(7)(C)

15 Q Okay. We are back on the record at 1:16 p.m.  
16 Mr. Shihara, during the break there were no substantive  
17 conversations between yourself and the staff of the  
18 Securities and Exchange Commission; is that correct?

19 A Correct.

20 (SEC Exhibit No. VTC 4 was  
21 marked for identification.)

22 BY (b)(6), (b)(7)(C)

23 Q Mr. Shihara, I'm sharing a document with you.

24 It is marked as Exhibit VTC 4. This document was  
25 previously marked as Exhibit 38. The Bates number is

1 BTRX\_SEC\_8201. Mr. Shihara, do you recognize this  
2 document?

3 A No.

4 Q The title of the document is current  
5 organizational structure. And the Bittrex logo appears  
6 in the upper right corner. Even though you may not  
7 recognize this particular document, Exhibit VTC 4, do  
8 you recognize the organizational structure that's  
9 depicted within this Exhibit?

10 A Yes.

11 Q What is it?

12 A Excuse me. At the time this was provided, I'm  
13 assuming that this was the current organizational  
14 structure of -- of Bittrex and its related entities.

15 Q Is the current organizational structure of  
16 Bittrex as of July 17, 2020 different than what appears  
17 in Exhibit VTC 4?

18 A I believe it is. Yes.

19 Q How is it different?

20 A I don't know exactly -- I don't know exactly  
21 everything that's different about this. And honestly I,  
22 I could be wrong, like maybe this is accurate. I -- to  
23 be honest, like I don't know for sure.

24 Q What is Aquila Holdings Inc?

25 A It's the parent company that holds Bittrex and

1 a number of other entities.

2 Q On Exhibit VTC 4 it appears that there are  
3 three shareholders who own Aquila Holdings, Inc. Who  
4 are those three shareholders?

5 A That would be myself and then (b)(6); (b)(7)(C) and  
6 (b)(6); (b)(7)(C)

7 Q Do you all own an equal percentage of Aquila  
8 Holdings, Inc?

9 A Yes.

10 Q What is Freestone Management, LLC?

11 A It is a company under Aquila Holdings.

12 Q What does Freestone Management, LLC do?

13 A I don't recall.

14 Q Who is in charge of Freestone Management, LLC?

15 A I don't recall.

16 Q Do you know what Digital Providing's, LLC  
17 does?

18 A I don't recall.

19 Q Do you know what Desolations Holdings, LLC  
20 does?

21 A I don't recall.

22 Q What is Grey Owl Communications, LLC?

23 A I don't recall.

24 Q What is Bittrex Advisors, LLC?

25 A I don't recall.

1 Q Do you not have a specific recollection of  
2 what it does or you don't recall anything about Bittrex  
3 Advisors, LLC?

4 A Both of those things.

5 Q Is this the first time you're hearing of  
6 Bittrex Advisors, LLC?

7 A I don't think so. No.

8 Q So what do you recall of Bittrex Advisors,  
9 LLC?

10 A Just its name.

11 Q What is Andromeda Technologies, LLC?

12 A It's another company under Aquila.

13 Q Do you know what Andromeda Technologies, LLC  
14 does?

15 A I don't recall what it does.

16 Q What is Bittrex International, LLC?

17 MR. MARTIN: It's not an LLC.

18 BY (b)(6); (b)(7)(C)

19 Q Oh, apologies for that. What is Bittrex  
20 International, Inc?

21 A I don't recall exactly what it does.

22 Q Do you have any recollection of what Bittrex  
23 International, Inc does?

24 A Yeah, I mean it's a subsidiary that holds our  
25 non-US -- or at least --

1 Q What is --

2 A -- that's my recollection.

3 Q What is Bittrex Ventures, LLC?

4 A That entity was meant to hold our investments

5 -- or sorry --

6 Q When you say --

7 A -- specifically Bittrex's investments.

8 Q What investments?

9 A I don't recall.

10 Q When you say Bittrex Ventures was meant to  
11 hold investments, what do you mean by that?

12 A That Bittrex Ventures was going to hold  
13 investments. That Bittrex --

14 Q Is it not -- sorry -- did it not in fact come  
15 to hold investments?

16 A I don't recall what's actually in Bittrex  
17 Ventures, LLC.

18 Q If we wanted to speak to someone who knew what  
19 Bittrex Advisors, LLC did, who should we talk to?

20 A I don't know off the top of my head.

21 Q In your role as CEO of Bittrex, Inc, did you  
22 have any responsibilities vis-a-vis Bittrex Advisors,  
23 LLC?

24 A I don't recall what my responsibilities were  
25 if any.



1           Q     Did you have any responsibilities vis-a-vis  
2 Bittrex International, Inc?

3           A     I don't recall what those were either.

4           Q     Do you recall whether you had any  
5 responsibilities at all vis-a-vis Bittrex International,  
6 Inc?

7           A     I don't recall.

8           Q     What is Bittrex ATS Ventures, LLC?

9           A     That was the company that holds our interest  
10 in Rialto Holdings.

11          Q     What is Rialto Trading Holdings, LLC?

12          A     It is an ATS.

13          Q     What is that?

14          A     ATS stand for -- I don't know what -- I don't  
15 remember exactly what the acronym is, but it is a -- in  
16 the trading entity that's registered with FINRA and  
17 presumably the SEC.

18          Q     What if any involvement did you have with  
19 Rialto Trading Holdings, LLC?

20          A     I did the original negotiation for the, the  
21 deal so the purchase of our stake in Rialto Trading.  
22 That's my recollection.

23          Q     Why did Bittrex acquire a stake in Rialto  
24 Trading?

25          A     We wanted to have a -- an entity that would

1 trade securities.

2 Q Why?

3 A Why trade securities?

4 Q Why does Bittrex want to acquire an entity  
5 that traded securities?

6 A At the time we made the investment, we thought  
7 that securities -- registered securities on the  
8 Blockchain would be something that would eventually  
9 happen, and we knew that we would, you know -- and so an  
10 ATS seemed like the right venue to be able to offer that  
11 to customers.

12 Q Could securities be traded on Bittrex?

13 A Well, to my knowledge, no securities are  
14 traded on Bittrex.

15 Q My question was could Bittrex trade  
16 securities?

17 A I think that would go to advice that we  
18 received from counsel.

19 Q I'm just asking for your understanding as the  
20 CEO of Bittrex --

21 A Mm-hmm.

22 Q -- whether it was permissible for Bittrex to  
23 trade securities?

24 A Well, I think in my role as CEO, I definitely  
25 would have considered lawyers on this. So it'd be

1 really difficult for me to say -- you know, to give you  
2 that opinion without revealing what was discussed with  
3 counsel.

4 Q Okay. Who is the outside shareholder of  
5 Rialto Trading Holdings?

6 A I don't recall off the top of my head.

7 Q How does digital asset trading work on  
8 Bittrex?

9 A Could you narrow that down a little? Like  
10 what do you mean?

11 Q Does Bittrex have an order book?

12 A Yes.

13 Q What is that?

14 A So order -- or users would place an intent to  
15 either buy and sell at a specific price and a specific  
16 quantity. And if there was a corresponding buy that  
17 matched a corresponding sell or vice versa then that  
18 order would be matched.

19 Q Was the order book displayed to retail  
20 customers?

21 A Yes.

22 Q How did that work?

23 A So we provide a public API that's accessible  
24 to anyone. And we also have a website where anyone can  
25 view this -- the results of this API.

1           Q     Did you need to be logged into the website to  
2 view all available orders?

3           A     I don't know the answer to that.

4           Q     Do you need some sort of permission to access  
5 the API?

6           A     No. No. The -- sorry, I guess let me clarify  
7 this. The API as it relates to the order book is  
8 publicly accessible.

9           Q     Who can place an order to trade on Bittrex?

10          A     Verified customers of Bittrex.

11          Q     Has that changed over time?

12          A     Yes.

13          Q     How so?

14          A     I don't recall all the specific details of how  
15 it's changed or the timeframe that which they were  
16 changing.

17          Q     What is your general recollection?

18          A     My general recollection is at the time Bittrex  
19 was created, you know, verification was similar to other  
20 exchanges in the space. And eventually that was changed  
21 so that every user is verified.

22          Q     What -- what order types are available to use?

23          A     At the time that I was -- I can only recall  
24 back to the time I was a CEO. I think the order type  
25 that I'm most familiar with is limit orders. I don't

1 know if we supported other types of orders at the time.

2 Q When did you --

3 A Sorry.

4 Q -- stop working as CEO?

5 A I went on sabbatical at the end of November.

6 I don't remember the exact date and -- but it was

7 somewhere at the end of November, early December.

8 Q And that's 2019, correct?

9 A Sorry. Yes. 2019.

10 Q Do you recall any other order types besides  
11 limit orders?

12 A We supported a limited conditional order type.

13 And I don't recall when and if we started supporting  
14 market orders, but there was discussion about doing  
15 that.

16 Q Do you recall any other order types?

17 A Not off the top of my head.

18 Q How were trades matched at Bittrex?

19 A We do price then time.

20 Q Can you explain how that works?

21 A Yes. So if you want to buy Bitcoin at \$8 --  
22 don't we all -- but if you want to buy Bitcoin at \$8 and  
23 somebody was selling Bitcoin at \$8 or multiple people  
24 were selling at \$8, the person who put their order in  
25 first would get matched first. And it would

1 successfully match orders until it, it got to the oldest  
2 one.

3 Q And are those matched orders processed through  
4 the trading engine?

5 A Yes.

6 Q Who coded the Bittrex trading engine?

7 A I'm sorry. Say that again.

8 Q Who coded the Bittrex trading engine?

9 A That was (b)(6); (b)(7)(C)

10 Q Anyone else?

11 A Yeah, now we have the -- I guess let me  
12 clarify. (b)(6); (b)(7)(C) created the original matching engine.  
13 And since then we've hired another (b)(6); (b)(7)(C) And he has a  
14 staff of engineers. So multiple people now work on the  
15 matching engine.

16 Q Have there ever been any direct listed on  
17 Bittrex?

18 A Direct what?

19 Q Direct listings on Bittrex?

20 A Can you explain what that means?

21 Q Do you know what a direct listing is?

22 A No, I'm not familiar with that term.

23 Q Has any issuer of tokens ever conducted an  
24 offering of tokens through the Bittrex platform?

25 A Yes.



1 Q What offerings?

2 A I don't recall any specific offerings.

3 Q Do you recall when the last offering hosted on  
4 Bittrex was?

5 A I don't recall.

6 Q Do you recall when the practice of hosting  
7 offerings began?

8 A I don't know.

9 Q Currently does Bittrex host offerings on its  
10 platform?

11 A I don't know.

12 Q Do you know where Bittrex ranks in terms of  
13 digital asset exchange volume?

14 A It's pretty low, but I don't know what the  
15 exact number is.

16 Q What do you mean by pretty low?

17 A I mean I, I think our volume compared to other  
18 exchanges is pretty low now.

19 Q Has that ranking changed over time?

20 A Yes.

21 Q How so?

22 A Well, you know, Bittrex's volume used to be  
23 higher.

24 Q Do you know why it's now lower?

25 A No, I don't know.

1           Q     Is it a concern that it's lower than it used  
2 to be?

3           A     Yes.

4           Q     Why is that a concern?

5           A     Well, we make money based off of the volume  
6 that's generated on the platform.

7           Q     How do you make money?

8           A     We take a commission. Bittrex takes -- or  
9 Bittrex in the United States takes a commission off of  
10 all trading that's done on its platform.

11          Q     Does Bittrex collect money from withdrawal  
12 fees?

13          A     We do collect a withdrawal fee, but it's not  
14 used as revenue for the company.

15          Q     What is it used for?

16          A     Every Blockchain -- or not every, but the  
17 majority of Blockchains that we would charge a fee for  
18 charged users for transfers from the Blockchain. So  
19 Bitcoin being a -- you know, kind of like an example of  
20 that. So we, we try to charge users only what it takes  
21 to cover the cost of their withdrawal.

22          Q     Does Bittrex charge different fees for market  
23 takers and market makers?

24          A     I don't remember what the fee structure is.  
25 I, I think it changes, you know, depending on where the

1 industry is.

2 Q What do you mean by where the industry is?

3 A Well, depending on what our -- you know, what  
4 is -- you know, other exchanges may be charging.

5 Q Are you referring to Bittrex's competitors?

6 A Yes.

7 Q Who are Bittrex's competitors?

8 A I think any exchange who has higher volume  
9 than us so, you know, the -- I think, you know, Coinbase  
10 if -- you know, Coinbase in the United States and of  
11 course like the large number of unregulated exchanges  
12 like Binance and Huobi and OKEX.

13 Q While you were CEO, did Bittrex ever try to  
14 increase its volume?

15 A Yes.

16 Q How did you try to do that?

17 A I think that would go to discussions we had  
18 with counsel.

19 Q Mr. Shihara, I'm asking you in your capacity  
20 as CEO --

21 A Mm-hmm.

22 Q -- how you tried to increase the volume on the  
23 digital asset exchange you were the chief executive for.

24 A Mm-hmm.

25 Q So I'm asking about in your business capacity,

1     what steps did you take --

2             A     Well --

3             Q     And I -- I don't want to hear about any --  
4     we're not asking about any communications you had with  
5     particular counsel. I'm just asking about what you did.

6             A     Mm-hmm. Well, I think what we would have done  
7     is we would have brainstormed a number of ideas. And  
8     because we are trying to run a business in the United  
9     States, we would have consulted with our lawyers as to  
10    which ideas are appropriate for us to pursue.

11            Q     And again I'm not asking about your  
12    discussions with your counsel. I'm just asking about  
13    steps that you took as CEO of Bittrex.

14            A     Well, I mean I don't recall any specific  
15    steps. I'm only telling you what the practice was. Off  
16    the top of my head -- off the top of my head, I can't  
17    recall what things we would have tried.

18            Q     Sitting here today --

19            A     Mm-hmm.

20            Q     -- do you recall any steps that you took to  
21    increase the volume on Bittrex?

22            A     I can't recall any specific steps that we took  
23    to raise the volume of Bittrex.

24            Q     Would listing additional tokens for trading  
25    increase the volume on Bittrex?

1           A     I don't think that's true. I think -- yeah, I  
2 don't think that's true.

3           Q     Why not?

4           A     I think we just never -- we'd never know if  
5 something would or wouldn't -- you know, at least, you  
6 know, through my analysis, I, I don't think we would  
7 have known if listing something would or wouldn't have  
8 increased volume on Bittrex. At least I wouldn't have  
9 known, like -- you know, it's -- yeah --

10          Q     Let's talk -- okay.

11          A     Go ahead.

12          Q     You can discuss listing decisions more later.

13          A     Mm-hmm.

14          Q     Let's talk about the different types of  
15 accounts on Bittrex. Were there different types of  
16 accounts?

17          A     We do. There are, you know, user -- normal  
18 user accounts, and we also have the concept of a  
19 corporate account.

20          Q     What's the difference between a corporate  
21 account and a user account?

22          A     I think my recollection is that it just varies  
23 the kinds of documentation that we require for the  
24 account.

25          Q     Do the corporate accounts have any special

1 features?

2 A It may have, but I don't recall if, if it does  
3 or not.

4 Q Have you ever heard of something called Whale  
5 accounts at Bittrex?

6 A I don't recall using that term.

7 Q Do you recall ever hearing that term used at  
8 Bittrex?

9 A Well, I don't recall us ever creating a type  
10 of account that was a whale, but, you know, whales are  
11 an -- or, you know, a colorful term used in the  
12 cryptocurrency industry for people who are just large  
13 traders -- more than --

14 Q Have you ever --

15 A -- corporations.

16 Q I'm sorry. What was that?

17 A More than likely they were corporation --  
18 companies that traded crypto.

19 Q Can you think of any whales who had accounts  
20 on Bittrex?

21 A None that really come to mind right now.

22 Q Can you think of any?

23 A No, not -- not off the top of my head.

24 Q Have you ever heard of an IP whitelist used at  
25 Bittrex?



1 A Yes.

2 Q What is that?

3 A An IP whitelist is like generally used for --  
4 give me a second. I think in the way that you're  
5 asking, this would be like a firewall term. So if we  
6 want to allow more traffic or specific kinds of traffic  
7 from specific IPs, you would put them on a white list.

8 Q Did Bittrex have an IP whitelist?

9 A Yes, for security purposes, we had an IP  
10 whitelist.

11 Q Who was on the IP whitelist?

12 A I don't know. Yeah.

13 Q Have you ever heard of certain users referred  
14 to as liquidity providers?

15 A I've heard of the term before. I don't know  
16 of any specific users at Bittrex that are referred to as  
17 liquidity providers.

18 Q What does the term liquidity providers mean to  
19 you in the context of Bittrex?

20 A I think my definition for that would have been  
21 someone who would put orders in the order book to ensure  
22 that there was sufficient liquidity if a user wanted to  
23 buy or sell a certain quantity of, of tokens without  
24 having a significant amount of slippage.

25 Q Did Bittrex track who the liquidity providers

1 were?

2 A I'm not sure.

3 Q Did Bittrex permit fiat currency deposits for  
4 some or all users?

5 A Yes. We support U.S. Dollar deposits.

6 Q When did that being?

7 A I don't recall exactly when we rolled that  
8 feature out.

9 Q Was it available from the launch of Bittrex?

10 A No.

11 Q Has Bittrex's website or infrastructure ever  
12 experienced a hack?

13 A Not that I can recall.

14 Q How many tokens have been listed on Bittrex?

15 A I don't know what the exact number is.

16 Q Can you estimate?

17 A I don't know what that number would be.

18 Q When Bittrex launched in 2014 --

19 A Mm-hmm.

20 Q -- how many tokens traded on Bittrex?

21 A Oh, gosh, I don't remember what the exact  
22 number was then.

23 Q Was it more than 10?

24 A I don't -- I don't remember. I, I -- sorry, I  
25 don't remember.

1           Q     Did Bittrex accept fiat deposits when it first  
2 launched?

3           A     No.

4           Q     Why not?

5           A     It -- I don't know why. It's hard to remember  
6 what was going on way back then.

7           Q     When Bittrex first launched --

8           A     Mm-hmm.

9           Q     -- how were token listing decisions made?

10          A     I don't recall exactly how we made decisions  
11 back then, but I do know that we spent time consulting  
12 lawyers on our list -- you know, on, on, on our listing  
13 process.

14          Q     Do you recall anything else about those token  
15 listing process when -- from when Bittrex first  
16 launched?

17          A     I don't remember -- yeah, I don't remember  
18 what the process was -- over six years ago.

19          Q     How about prior to 2018 --

20          A     Mm-hmm.

21          Q     -- do you have any recollection of how token  
22 listing decisions were made at Bittrex?

23          A     Well, we always used advice from counsel. So,  
24 you know, from the earliest days of Bittrex, we would  
25 consult our lawyers. And, you know, as more and more

1 guidance from the SEC appeared, we would continue to  
2 revise -- you know, the, the -- you know, our guidance  
3 from our lawyers may change -- use that to revise the  
4 listing process.

5 Q Were listing decisions at Bittrex made  
6 informally prior to 2018?

7 A By my definition, I don't think that was true.

8 Q What do you mean?

9 A I think every listing was considered using a  
10 set of guidance and principals from our lawyers.

11 Q You've mentioned the lawyers a couple of times  
12 now. Without getting into the substance of advice from  
13 counsel, who are these lawyers you're referring to?

14 A Well, we've employed many law firms over the  
15 life cycle of Bittrex, but Perkins Coie was the earliest  
16 law firm that we engaged with. And then of course we  
17 also engaged with OMM. And, you know, there have been  
18 other lawyers as well for a special -- you know, special  
19 activity, special research.

20 Q And was (b)(6); (b)(7)(C) the primary attorney at  
21 Perkins Coie who you interacted with?

22 A He -- yes. Yes. He interacted with (b)(6);  
(b)(7)(C)  
23 although he wasn't the -- you know, legal opinions may  
24 have come from other lawyers at the firm.

25 Q Was (b)(6); a partner at Perkins Coie?

1           A     I don't know the answer to that.

2           Q     Was he a senior attorney at Perkins Coie?

3           A     Yes. But -- well, sorry, yes. Yes.

4           Q     Okay. Going back to the listing decision

5 process at Bittrex prior to 2018 --

6           A     Mm-hmm.

7           Q     -- did that process primarily consist of oral  
8 discussions?

9           A     I don't recall when we began rigorous  
10 documentation of listing decisions.

11          Q     Prior to when you began rigorous documentation  
12 of listing decisions, did the listing process primarily  
13 consist of oral discussions?

14          A     I don't know -- I don't recall how the process  
15 was done way back then.

16          Q     Did Bittrex apply for a BitLicense from NYDFS?

17          A     Yes.

18          Q     What is that?

19          A     It was a registration that -- special  
20 registration that New York created for cryptocurrency  
21 companies.

22          Q     What did that application entail?

23          A     I don't recall.

24          Q     What was your involvement with that  
25 application?

1 A I don't recall what my, my involvement was.

2 Q Was Bittrex represented by counsel in  
3 connection with that application?

4 A I believe it was.

5 Q Who was counsel?

6 A We would have used Perkins Coie at the time.

7 Q Did you assist with preparing the submissions  
8 to DFS?

9 A I don't recall preparing the submission for  
10 DFS.

11 Q Did you review the submissions to DFS in your  
12 capacity as CEO?

13 A I don't recall reviewing the submission to  
14 DFS.

15 (SEC Exhibit No. VTC 5 was  
16 marked for identification.)

17 BY (b)(6); (b)(7)(C)

18 Q I'm sharing what's been marked as Exhibit VTC  
19 5. This document was previously marked as Exhibit 52.  
20 This is a two-page e-mail chain followed by a three-page  
21 letter from Perkins Coie dated September 10, 2018 to  
22 (b)(6); (b)(7)(C) of the Office of  
23 Financial Innovation, New York Department of Financial  
24 Services with the subject Bittrex, Inc supplemental  
25 BitLicense application materials.



1           It is signed by (b)(6); (b)(7)(C) And then it  
2 is followed by 83 pages of attachments. And Mr.  
3 Shihara, I'm just going to ask you questions about this  
4 three-page letter.

5           A     Okay.

6           Q     Did you participate in any way in the drafting  
7 of this letter?

8           A     I don't recall participating in the drafting  
9 of this letter.

10          Q     Do you recognize this letter?

11          A     Can you scroll down to the next part of the  
12 letter?

13          Q     For the record, the witness is reviewing page  
14 two of the letter.

15          A     Can you scroll to the next page?

16          Q     For the record, Mr. Shihara is viewing page  
17 three of the letter.

18          A     Okay. So I apologize. Can you ask the  
19 question again?

20          Q     Do you recognize this letter?

21          A     Before reading it with you, I, I think I have  
22 a vague recollection of this letter.

23          Q     Did you participate in the creation of this  
24 letter in anyway?

25          A     I don't recall participating in its creation.

1 Q Do you recall reviewing this letter?

2 A I don't.

3 Q Directing your attention to the first full  
4 paragraph under the heading BitLicense application, the  
5 first two sentences read quote "Bittrex is working  
6 diligently to prepare spreadsheets with the token  
7 vetting information you requested," period.

8 "This is a manual process which takes time,"  
9 period, close quote. Do you know why at this time in  
10 September of 2018 it was a manual process to compile  
11 token vetting information?

12 A I don't know.

13 Q (b)(6); (b)(7)(C) writes quote "We also want to alert  
14 you that since it began operations in 2014, Bittrex has  
15 delisted more than 640 tokens," period, close quote. Is  
16 it accurate that at this time in September of 2018,  
17 Bittrex had delisted more than 640 tokens?

18 A I don't know if that's accurate or not.

19 Q Do you believe it's more tokens or less  
20 tokens?

21 A I don't know.

22 Q Why had Bittrex delisted hundreds of tokens at  
23 this time, at least according to (b)(6); (b)(7)(C)

24 A Well, I don't know that we did delist hundreds  
25 of tokens. There are multiple factors that could

1 contribute to the delisting of a token.

2 Q (b)(6); (b)(7)(C) writes quote "Until the summer of  
3 2017, the company essentially consisted of the three  
4 founders and one full time employee," period, close  
5 quote. Is that accurate?

6 A Sorry -- move here. I don't know if that's  
7 accurate.

8 Q Why isn't that accurate?

9 A Well, I just don't know if it is or not.

10 Q From launch until some point in time, did the  
11 company only consist of the three founders and one full  
12 time employee?

13 A I don't quite remember it that way.

14 Q Who was the first fulltime employee at Bittrex  
15 other than the founders?

16 A (b)(6); (b)(7)(C)

17 Q What was his role?

18 A He ran support.

19 Q (b)(6); (b)(7)(C) writes, quote, "Listing and  
20 delisting decisions were made informally." I'll cut it  
21 off right there. Is that accurate?

22 A I don't recall what our listing processes were  
23 then.

24 Q In full, (b)(6); (b)(7)(C) writes, quote, "Listing  
25 and delisting decisions were made informally, typically

1 through oral discussions and without systematic  
2 documentation," period, close quote.

3 A Mm-hmm.

4 Q Do you have any reason to believe that  
5 sentence is inaccurate?

6 A I don't know if this sentence is accurate or  
7 inaccurate.

8 Q Do you have any reason to believe that it's  
9 inaccurate?

10 A It's difficult for me to say one way or the  
11 other.

12 Q (b)(6); (b)(7)(C) then writes, quote, "More  
13 formalized listing and delisting processes were  
14 implemented in early 2018 and have been evolving since  
15 then as the company has grown," period, close quote. Do  
16 you have any reason to believe that sentence is  
17 inaccurate?

18 A I don't have -- I don't have any recollection  
19 one way or the other.

20 Q Do you recall having oral discussions  
21 concerning listing tokens on Bittrex?

22 A Yes.

23 Q What do you recall of those conversations?

24 A I don't recall any specific discussions.

25 Q Who was involved with those discussions?

1           A     I think it would have varied based on whose  
2 responsibility it was to, to approve tokens for listing.

3           Q     Whose responsibility was it to approve tokens  
4 for listing?

5           A     Well, currently the responsibility is with the  
6 coin team.

7           Q     (b)(6); (b)(7)(C) referenced a more formalized  
8 listing and delisting process that was implemented in  
9 early 2018. Before that process was implemented, whose  
10 responsibility was the delisting decision?

11          A     I don't recall specifically who was at the  
12 company and what their responsibilities were at the  
13 time, but, you know, it varied.

14          Q     What was your involvement in the token listing  
15 process from the launch of Bittrex through early 2018?

16          A     It varied.

17          Q     How did it vary?

18          A     Sometimes I was responsible for deciding which  
19 tokens were going to get listed. Sometimes it was  
20 (b)(6); (b)(7)(C) responsibility. And as more staff got hired,  
21 other members of the company were responsible for those  
22 decisions.

23          Q     How was it whose responsibility it would be to  
24 make that determination for a particular token?

25          A     I don't recall.



1 Q Other than you and (b)(6); (b)(7)(C) who all had  
2 responsibility for determining to list a particular  
3 token from launch through 2018?

4 A I don't specifically recall.

5 Q When it was your responsibility, what did you  
6 do?

7 A We would review the documentation that was --  
8 that we could find around the token. And then we would  
9 work with the lawyers to determine whether or not  
10 something was suitable for listing.

11 Q What factors did you consider in determining  
12 whether to list a token?

13 A There were multiple factors. I don't know. I  
14 don't recall all the factors that were used.

15 Q Do you recall any factors that you considered?

16 A It's hard to speculate on what factors were  
17 used on any given listing.

18 Q I'm not asking you to speculate. Sitting here  
19 today based on your --

20 A Mm-hmm.

21 Q -- recollection, what factors did you consider  
22 in your role as --

23 A Mm-hmm.

24 Q -- CEO when making these token listing  
25 decisions?



1           A     Yeah, it -- it's hard for me to remember what  
2 factors we were using back then.

3           Q     Can you remember any factors?

4           A     I don't -- like I said, I don't remember  
5 factors, but what I do know is that, you know, listing  
6 decisions were guided by legal advice that we got from  
7 counsel.

8           Q     Who is (b)(6); (b)(7)(C)

9           A     She was an employee that we hired.

10          Q     When was (b)(6); (b)(7)(C) hired?

11          A     I don't recall the exact date.

12          Q     Was it in 2017?

13          A     I don't recall.

14          Q     What was her role at Bittrex in connection  
15 with token listing decisions?

16          A     She eventually came to lead the coin team.

17          Q     What does that entail?

18          A     So she and members of her team were  
19 responsible for collecting data about proposed tokens  
20 that -- or prospective tokens that wanted to get listed  
21 on Bittrex. And --

22          Q     Did Ms. --

23          A     It's all good.

24          Q     Apologies. No. Sorry to interrupt. Please  
25 continue.

1           A     Yeah, and then -- then, you know, decide which  
2     ones she would propose to the coin committee who would  
3     then approve the listing of a token.

4           Q     Did (b)(6); (b)(7)(C) report to you?

5           A     No.

6           Q     Who did she report to?

7           A     I don't remember exactly who she reported to.

8           I think our -- we were growing and hiring so the  
9     recording structure was fairly fluid through (b)(6); (b)(7)(C)  
10    tenure at Bittrex.

11          Q     Did you provide any instruction to (b)(6); (b)(7)(C)  
12    (b)(6); (b)(7)(C) regarding the token listing process?

13          A     I may have, but I don't recall any specific  
14    instructions I might have provided to her.

15          Q     Do you recall any general instructions that  
16    you may have provided to (b)(6); (b)(7)(C)

17          A     No.

18          Q     Who is (b)(6); (b)(7)(C)

19          A     He's someone that eventually reported to (b)(6);  
20    in the quarantine.

21          Q     What was (b)(6); (b)(7)(C) role?

22          A     He was part of the team evaluating whether or  
23    not a token should get listed --

24          Q     I'm sorry. Mr. Shihara, I didn't hear that.

25          A     Sorry. He's part of the team who was

1 evaluating whether or not tokens should be listed on  
2 Bittrex.

3 Q Did you provide any instruction to (b)(6); (b)(7)(C)  
4 regarding the listing decisions?

5 A I don't recall providing instructions to him.

6 Q How was (b)(6); (b)(7)(C) -- I mean (b)(6); (b)(7)(C)  
7 compensation determined?

8 A They were part of the overall employee bonus  
9 pool. So they --

10 Q How did they --

11 A -- salary -- sorry. They had a salary and a  
12 bonus depending on how the company was doing.

13 Q How did the employee bonus pool work?

14 A The way it currently works is every employee  
15 gets a share of the profits that the company makes. And  
16 we check that and pay it out on a quarterly basis.

17 Q How did it work in 2017?

18 A I don't recall exactly how it worked back  
19 then.

20 Q How is the amount that's paid out to the  
21 employees as part of this bonus pool determined?

22 A It vary -- it varies, but the, the -- we look  
23 at the profits that the company has made. So after all  
24 the expenses are taken out, we look at the profits. And  
25 then we look at how much the bonus pool would pay out on

1 a -- for each employee.

2 And we may increase the bonus pool as a  
3 percentage of the profits company depending on how much,  
4 you know -- how little or how much we wanted to pay the  
5 employees.

6 Q Who makes that determination?

7 A The CCO makes a recommendation, and, and the  
8 shareholders would approve it.

9 Q And the shareholders are the three founders;  
10 is that correct?

11 A Correct.

12 Q What are the profits of Bittrex?

13 MR. GEIST: Are you asking what are the  
14 components of the profits?

15 (b)(6); (b)(7)(C) That's correct.

16 THE WITNESS: So we primarily make money on  
17 the commissions that we collect from trading -- and then  
18 in some rare cases if an investment, you know, pays out  
19 in some way, I believe that would also go towards the,  
20 the profit number of Bittrex.

21 BY (b)(6); (b)(7)(C)

22 Q So the bonus pool payouts are net of expenses;  
23 is that correct?

24 A Yeah, that's my understanding.

25 Q How did potential tokens come to the attention

1 of Bittrex?

2 A It varies.

3 Q In what ways does it vary?

4 A So it might be through an e-mail. It might be  
5 through a meeting a conference. It might be through  
6 Twitter. It, it just varies, right, but there were many  
7 channels where we would, you know, look for prospective  
8 tokens to list on Bittrex.

9 Q Did you look for prospective tokens to list on  
10 Bittrex?

11 A I don't think I specifically looked for  
12 tokens, but if tokens were referred to me, then I would  
13 redirect them to the coin team for listing.

14 Q Were there any particular channels that you  
15 prioritized in terms of token recommendation?

16 A I don't recall any channels, but -- but we  
17 just received referrals from a lot of different ways,  
18 you know, and just -- it just happened. There just  
19 weren't -- you know, there wasn't a shortage of tokens  
20 to look at.

21 Q Fair. Once a token was listed, how was the  
22 listing of the token publicized?

23 A I think that varied or that evolved over time  
24 in Bittrex, but the typical process was to simply tweet  
25 about it. So we would list a token, and then either it

1 was PR or (b)(6); (b)(7)(C) would tweet about the token that was  
2 being listed on Bittrex.

3 Q Do you recall any other ways that the listing  
4 of the token was publicized by Bittrex?

5 A I don't recall if there were other ways that  
6 Bittrex publicized tokens.

7 Q Whether a token had been selected to be listed  
8 on Bittrex was potentially sensitive information,  
9 correct?

10 A Yes, we would consider that to be sensitive  
11 information.

12 Q How was that information handled?

13 A Listing decisions were meant to be kept  
14 confidential both with the token team and with Bittrex  
15 employees. So typically only the coin team and the coin  
16 committee would know if a token was being listed on  
17 Bittrex.

18 Q Did Bittrex have any particular safeguards in  
19 place?

20 A I don't recall if we do or don't.

21 Q What was (b)(6); (b)(7)(C) role in the token listing  
22 process?

23 A I don't recall that he had a role.

24 Q Who was (b)(6); (b)(7)(C)

25 A (b)(6); (b)(7)(C) is a (b)(6); (b)(7)(C) -- or sorry --



1 he was the (b)(6); (b)(7)(C)

2 Q When did he join Bittrex?

3 A I don't recall exactly when he started.

4 Q Did he have any involvement in the token  
5 listing process?

6 A I don't recall exactly what his role may or  
7 may not have been.

8 Q Do you have any recollection of (b)(6); (b)(7)(C)  
9 role in the token listing process?

10 A Yeah, I, I don't have a recollection one way  
11 or the other.

12 Q Who was (b)(6); (b)(7)(C)

13 A (b)(6); (b)(7)(C) was the (b)(6); (b)(7)(C)

14 Q And what was (b)(6); (b)(7)(C) role if any in the  
15 token listing process?

16 A I don't recall what his role would or wouldn't  
17 have been.

18 Q Did (b)(6); (b)(7)(C) have any role in the token listing  
19 process to your knowledge?

20 A To my knowledge -- I, I just don't recall.

21 Q What was (b)(6); (b)(7)(C) role in the token  
22 listing process?

23 A I don't recall him having a role, but he is  
24 one of the founders of the company.

25 Q What was (b)(6); (b)(7)(C) role in the token listing

1 process?

2 A (b)(6); (b)(7)(C) role was the actual engineering work  
3 to support a token on the platform.

4 Q Anything else?

5 A I can only speak to, you know, what was going  
6 on when I was the CEO, but -- yeah, I don't recall one  
7 way or the other if he had any additional roles on the  
8 coin -- in, in the listing process.

9 Q Let's go off the record at 2:26 p.m.

10 (Whereupon, a brief recess was taken.)

11 BY (b)(6); (b)(7)(C)

12 Q Okay. We are back on the record at 2:48 p.m.

13 Mr. Shihara, during the break, there were no  
14 substantive conversations between yourself and the staff  
15 of the SEC; is that correct?

16 A That is correct.

17 Q Mr. Shihara, are you familiar with the DAO  
18 report?

19 A Yes, I know that it exists.

20 Q What is it?

21 A It was a report that the SEC put out on how to  
22 apply some guidance.

23 Q Do you recall what that guidance was?

24 A Off the top of my head, I don't know.

25 Q Did you read the DOA report when it came out?

1 A I don't recall one way or the other.

2 Q Do you recall what your reaction was to the  
3 DAO report?

4 A Yes, I think my reaction is -- was it's good  
5 to have more clarity from the SEC on space. And then I  
6 would ask the lawyers what they thought, and how we  
7 would apply the new guidance to Bittrex.

8 MR. GEIST: And you should be careful not to,  
9 you know, discuss what you discussed with your lawyers.

10 THE WITNESS: Mm-hmm.

11 BY (b)(6); (b)(7)(C)

12 Q That's correct. I'm asking about your  
13 understanding of the DAO report. We're not interested  
14 in communications you may have had with counsel.

15 A Sure. Yeah, my reaction would have been --  
16 it's -- it's always nice to have more clarity.

17 Q What clarity did the DAO report provide?

18 A I don't specifically recall, but I think, you  
19 know -- I think all guidance is good guidance.

20 Q What does the guidance pertain to?

21 A So the DAO itself was a, a new form of token  
22 that was created.

23 Q How did the guidance provided by the DAO  
24 report pertain to Bittrex's business?

25 A I think that would probably go to a discussion

1 we had with counsel.

2 Q So I'm not asking about what you asked counsel  
3 or what counsel told you. I'm just asking about your  
4 understanding sitting here today.

5 MR. MARTIN: To the extent of his  
6 understanding comes from discussions with counsel, how  
7 can the witness answer that?

8 (b)(6); (b)(7)(C) I'm sorry, Bill. I didn't hear  
9 that.

10 MR. MARTIN: I said to the extent that the  
11 witness's understanding is based on discussions with  
12 counsel, how can he answer that?

13 BY (b)(6); (b)(7)(C)

14 Q Well, Mr. Shihara, do you have an independent  
15 understanding about the guidance arising from the DAO  
16 report and how that affected Bittrex's business?

17 A No. Yeah, we -- you know, the -- we  
18 definitely would have just asked our lawyers about it  
19 and applied their advice.

20 Q Do you have an understanding of what  
21 constitutes a security for the purposes of U.S.  
22 securities laws and regulations?

23 A I mean I have just the non-legal, you know,  
24 understanding that the Howey test applies to anything,  
25 but we always consult with lawyers on how it's applied

1 to digital securities or digital assets.

2 Q What is the Howey test?

3 A My understanding is its a -- it's an old court  
4 case that had to do with orange groves.

5 Q What is the Howey test?

6 A It's a set of criteria that someone might use  
7 to determine if something is or isn't a security.

8 Q Why is that important for Bittrex's business?

9 A Well, Bittrex -- you know, we want to remain  
10 compliant and not list securities.

11 Q Could Bittrex offer securities without being  
12 registered as a national securities exchange?

13 A I think my understanding of that goes to  
14 discussions we had with counsel.

15 Q How did the DAO report affect operations at  
16 Bittrex?

17 A I think any process changes we would have made  
18 based on the DAO report comes from advice that we got  
19 from counsel.

20 Q So -- again, I'm not asking about the advice  
21 that you received from counsel. I'm talking about what  
22 if any business operational changes were imposed at  
23 Bittrex following the release of the DAO report?

24 A Right. I don't recall -- you know, what  
25 changes were made after discussing with our counsel.

1           Q     Okay. Did you meet with anyone at the SEC  
2 following the release of the DAO report?

3           A     I don't remember the timeframe that we did  
4 meet with the SEC, but we did have a meeting at the SEC.

5           Q     Who participated in that meeting?

6           A     I don't remember exactly who was there. There  
7 was a quite a few people from the SEC. I was there --

8           Q     Who from Bittrex?

9           A     I was there. And I don't remember who else  
10 was there. A lot of lawyers, I would imagine.

11          Q     When was this meeting?

12          A     I don't recall specifically when it was.

13          Q     Was it before or after the DAO report that was  
14 released?

15          A     My recollection is it was after.

16          Q     Where did the meeting occur?

17          A     I believe this was at the D.C. office of the  
18 SEC.

19          Q     Why was the meeting held?

20          A     Well, my recollection was that it was an  
21 introduction to, to Bittrex, some conversation about  
22 Blockchain in general. And of course we were -- we're  
23 always looking for more guidance from the SEC on what  
24 they view to be a security. And so we were kind of  
25 looking for more specific guidance that we could apply



1 to a -- to Bittrex's business.

2 Q Do you recall what was discussed at this  
3 meeting?

4 A I don't recall specifically what was  
5 discussed.

6 Q Do you recall the topics that were discussed  
7 at the meeting?

8 A I mean not in more detail than what I just  
9 described earlier.

10 Q Whose idea was it to hold the meeting?

11 A I don't remember whose idea that was.

12 Q Was it someone at Bittrex or was it someone at  
13 the SEC who first proposed the meeting?

14 A I don't have a clear recollection.

15 Q At the time of the meeting, had Bittrex  
16 received an SEC enforcement subpoena?

17 A I don't recall one way or the other.

18 Q Excluding conversations with counsel --

19 A Mm-hmm.

20 Q -- in preparation for the meeting, do you  
21 recall any other preparation for the meeting with the  
22 SEC that we've been discussing?

23 A I don't recall. I'm sure we would have done a  
24 lot of things to prepare for the meeting, but I don't --  
25 specifically know what any of those -- I don't recall

1 what those were.

2 Q Did (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) help you prepare  
3 for the meeting?

4 A They might have.

5 (SEC Exhibit No. VTC 6 was  
6 marked for identification.)

7 BY (b)(6); (b)(7)(C)

8 Q I'm showing you what's been marked as Exhibit  
9 VTC 6. This document was previously marked as Exhibit  
10 16. This is a two-page e-mail chain of an attachment  
11 that was produced in meeting form. The Bates rang on  
12 the e-mail chain is BR\_ESI 2946 through 2947. It is a  
13 13-page document. The attachment is 11 pages which --

14 A Okay.

15 Q Mr. Shihara, do you recognize the e-mail chain  
16 that appears on page and then on to page 2 of Exhibit  
17 VTC 6?

18 A I have a recollection of this.

19 Q What is your recollection?

20 A That I wanted to be able to answer questions  
21 about tokens that the SEC may be interested in.

22 Q Why is that?

23 A I don't know. It seems like a -- I don't  
24 know. I -- why we would or wouldn't want to do that.  
25 It just -- if it came up in a conversation, it would

1 have been nice to know something about what the SEC was  
2 asking for.

3 Q Directing your attention to the first e-mail  
4 on the chain which appears on the bottom of BR\_ESI 2946  
5 and then continues on to 2947, there appears to be a  
6 calendar invite with a subject, coin compliance; is that  
7 correct?

8 A Correct.

9 Q It appears that you reply to that invitation  
10 approximately eight hours later. Is that after the  
11 meeting reflective on the invitation?

12 A No, it looks like it was a little less than  
13 half an hour before the meeting was going to start.

14 Q Okay. So you didn't attend this meeting; is  
15 that correct?

16 A I don't recall one way or the other.

17 Q Okay. In fact in your e-mail sent at 11:33  
18 a.m. on August 10, 2017, you write, quote "I can't make  
19 the meeting, but here are some things for the  
20 checklist," period, close quote. What checklist are you  
21 referring to?

22 A I don't recall.

23 Q Do you recall working with (b)(6); (b)(7)(C) and  
24 (b)(6); (b)(7)(C) to prepare a checklist in advance of your  
25 meeting with the SEC?

1           A     I don't.

2           Q     In your e-mail, you include a number --  
3     numbered list --

4           A     Mm-hmm.

5           Q     -- which are -- do these numbers correspond to  
6     things that you wanted to have included on that  
7     checklist?

8           A     I don't know. I don't recall exactly what I  
9     was asking for or why.

10          Q     The first item you list is quote "Was this an  
11     ICO?" question mark, close quote. What does that mean?

12          A     Given the context of the e-mail, I was asking  
13     if a specific coin was an ICO.

14          Q     Why does it matter if a specific coin was an  
15     ICO?

16          A     I don't know -- I don't know what I was  
17     thinking at the time when this e-mail was written.

18          Q     The next item on this quote "Did the Bittrex  
19     host the ICO?" question mark, close quote. What do you  
20     understand that to mean?

21          A     If the token had an ICO, did Bittrex host the  
22     ICO.

23          Q     What does it mean for Bittrex to host an ICO?

24          A     It would have meant that a user could have  
25     purchased the token off of Bittrex?

1 Q Did Bittrex host ICOs?

2 A Yes.

3 Q I believe we discussed this a little earlier  
4 today, but do you recall how many ICOs that Bittrex  
5 hosted?

6 A I don't recall how many --

7 Q Did Bittrex come --

8 A -- or when.

9 Q Did Bittrex come to stop hosting ICOs?

10 A We did.

11 Q When was that?

12 A I don't recall.

13 Q Why did Bittrex come to stop hosting ICOs?

14 A I think that would reveal discussions we had  
15 with counsel.

16 Q Your third bullet is quote, "Would the  
17 regulators skim this and want to investigate?" question  
18 mark, close quote. And then there's a sub bullet,  
19 quote, "Does it say DAO shareholder shares profit  
20 dividends?" question mark, closed quote. What did you  
21 mean by that?

22 A In the context of this e-mail, I -- I -- it  
23 means the coin documentation, you know, whatever  
24 documents they would have put out there like a white  
25 paper or something.

1 Q So DAO shareholder shares profit dividends?  
2 Are those examples of things that a regulator -- that  
3 might cause a regulator to want to investigate?

4 A I don't know what I was thinking at the time I  
5 wrote this e-mail.

6 Q Why did you include DAO shareholder shares  
7 profit and dividends in this e-mail?

8 A I don't recall why.

9 Q Why does it matter if a regulator would quote  
10 "Skim this and want to investigate" closed quote?

11 A I think that would go to advice that we  
12 received from counsel.

13 Q What -- so I'm not asking about your  
14 conversations with counsel.

15 A Mm-hmm.

16 Q I'm asking why you included this in your  
17 e-mail to (b)(6); (b)(7)(C)

18 A Well, I, I think I said earlier, I, I don't  
19 know why I specifically said those things to (b)(6);  
20 (b)(7)(C) and (b)(6); (b)(7)(C)

21 Q The number four bullet is quote "Did this go  
22 through a compliance review?" question mark, close  
23 quote. What does that mean?

24 A I don't know what it means.

25 Q What is a compliance review of Bittrex at this



1 time?

2 A At the time of this e-mail or today?

3 Q At the time of this e-mail?

4 A I don't recall what our compliance review was.

5 Q Why is it a question of whether a token went  
6 through a compliance review at this time?

7 A I don't know.

8 Q At this time, had some tokens not gone through  
9 a compliance review?

10 A I don't recall.

11 Q The next question was quote "Did we have a  
12 regulatory memo from the team?" question mark, close  
13 quote. What did you mean by that?

14 A At some point Bittrex was asking teams to  
15 provide memos describing why they want securities.

16 Q Is that what a regulatory memo is?

17 A Yes.

18 Q So at this time, not all tokens had regulatory  
19 memos; is that fair to say?

20 A I don't know.

21 Q Going to the top e-mail in the chain, (b)(6);

22 (b)(6); (b)(7)(C) writes to you, quote "I need you to fill out  
23 the answers for number 4 on whether they have had a  
24 compliance review before (b)(6); (b)(7)(C) came on board," period,  
25 close quote. Do you have an understanding of what Ms.

1 (b)(6); (b)(7)(C) was asking of you?

2 A No. I'm not sure what she was asking for in  
3 this e-mail.

4 Q She was asking you to fill in whether the  
5 tokens had a compliance review; is that fair to say?

6 A I mean we're talking about an e-mail from 2017  
7 so I don't know all the context around what this  
8 question or what this action item is.

9 Q Do you remember ever filling out a checklist  
10 identifying whether the tokens listed on Bittrex had,  
11 had a compliance review?

12 A I don't recall filling out a checklist.

13 Q Do you recall ever filling out a checklist  
14 that indicated whether the tokens that were listed on  
15 Bittrex had a regulatory memo from the team?

16 A I don't recall.

17 Q Directing your attention to the first page of  
18 the attachment -- I'm going to zoom in on the top row.  
19 Do you recognize this attachment?

20 A Vaguely.

21 Q What do you recognize it as?

22 A It's a list of tokens.

23 Q Is it a list of tokens that were listed on  
24 Bittrex as of the time of the e-mail?

25 MR. GEIST: I think he would have to go

1 through the entire attachment since there's a column  
2 that has Y's in it and it may have N's.

3 BY (b)(6); (b)(7)(C)

4 Q Mr. Shihara, do you know what this represents,  
5 or would you like to go through the entire attachment?

6 A Well, can you repeat your question?

7 Q I believe you testified that this was a list  
8 of tokens that were listed on Bittrex; is that correct?

9 A Yeah, I, I don't think I did testify to that.  
10 It's difficult for me to say like what this token list  
11 represents unless I could compare it back to what we  
12 actually had listed on Bittrex at the time.

13 Q You said you had some recollection of seeing  
14 this attachment before; is that correct?

15 A Yes.

16 Q Was it in PDF form or was it in some other  
17 program?

18 A It would have been in PDF form or --

19 Q Did you view this in Excel?

20 A Not that I can recall.

21 Q Directing your attention to the headers on the  
22 attachment, the third column is titled type and under it  
23 types listed include ETH\_CONTRACT, NXT, BITSHAREX, SIA,  
24 BITCOINEX. Do you know what those represent?

25 A Yeah, those are technical terms that are used

1 in a Bittrex infrastructure to categorize the type of  
2 token this was.

3 Q What do you mean by that?

4 A This specifically refers to the technology and  
5 workflow we use to handle withdrawals and deposits of  
6 tokens. So as an example, we would handle SIA coin  
7 differently from BITCOINEX or differently from an  
8 Ethereum contract.

9 Q Do you recall ever filling out this chart?

10 A No.

11 Q At this time in August of 2017, what was (b)(6);  
12 (b)(7)(C) role at Bittrex?

13 A I don't recall specifically what her role was.

14 Q Do you have a general understanding of what  
15 (b)(6); (b)(7)(C) role was at this time?

16 A I'd just be guessing.

17 Q What was (b)(6); (b)(7)(C) role at Bittrex in August  
18 of 2017?

19 A I don't remember what his role was either.

20 Q Did (b)(6); (b)(7)(C) report to you at  
21 this time?

22 A I mean technically everybody at the company  
23 reports to me because I'm the CEO, but I don't recall  
24 whether or not (b)(6); (b)(7)(C) reported to me directly  
25 or not.

1 Q In August of 2017, was there a way to look up  
2 whether a particular listed token had, had a compliance  
3 review?

4 A I don't recall one way or the other.

5 Q Did you have any involvement in hiring (b)(6);  
6 (b)(6); (b)(7)(C)

7 A I don't recall.

8 Q Did you have any involvement in hiring (b)(6);  
9 (b)(6); (b)(7)(C)

10 A I don't recall that either.

11 Q Did you provide any training to (b)(6); (b)(7)(C)

12 A I don't recall if we provided training to (b)(6);  
13 (b)(6); (b)(7)(C)

14 Q Did you personally provide any training to (b)(6);  
15 (b)(6); (b)(7)(C)

16 A I don't recall if I did or not.

17 Q Do you recall if you provided any training to  
18 (b)(6); (b)(7)(C)

19 A I, I don't recall if I did or not.

20 Q At this time in August of 2017, what was  
21 required from an applicant who was trying to have their  
22 token listed on Bittrex?

23 A I don't recall.

24 Q Did you ever communicate with applicants  
25 concerning their potential listing on Bittrex?

1           A     I'm sure I have, but I don't have any  
2     recollection or specific conversations.

3           Q     Why are you sure that you have?

4           A     Well, as we discussed before the break, there  
5     were many channels by which tokens would, you know,  
6     communicate with Bittrex or try to, try to get listed.  
7     So, you know, I could have gotten an e-mail from a  
8     random token team asking to get listed on Bittrex.

9           Q     Did you ever communicate with applicants by  
10    Slack?

11          A     It's possible, but I don't have any  
12    recollection of any specific conversations on Slack.

13          Q     Have you ever heard of something called a New  
14    Coin Submission Form for Bittrex?

15          A     Yes.

16          Q     What is that?

17          A     It's a template of basic information that we  
18    ask coin teams to fill out.

19          Q     How does that work?

20          A     Like what was the mechanism by which they  
21    filled it out. Like sorry, can you clarify the question  
22    for me.

23          Q     How does a team access the new coin submission  
24    form?

25          A     So we would publicize links. So if somebody



1     wanted to submit a coin for listing, we would provide  
2     them a little template that says these -- this is the  
3     bare bones information that we need to start the  
4     process.

5             Yeah, so, you know, we had it -- I believe we  
6     had it publicly available, and then we also had -- we  
7     also would communicate it to teams if they tried to  
8     circumvent the process by e-mailing us directly.

9             Q     When was this new coin commission form in  
10    effect?

11            A     I don't recall when we started it. I think  
12    like many --

13            Q     When did --

14            A     -- at Bittrex, it evolved over time.

15            Q     When did Bittrex start requiring a legal memo  
16    from applicants?

17            A     I don't recall when we started doing that.

18            Q     Whose decision was it to start requiring a  
19    legal memo from applicants?

20            A     I don't recall whose decision that was.

21            Q     Was it your decision to start requiring a  
22    legal memo from applicants?

23            A     I don't recall that one way or the other.

24            Q     If it wasn't you as CEO, who else would it be?

25            A     I don't know.

1 Q Would you have had to approve such a decision  
2 to require a memo in your capacity as CEO?

3 A I don't know that I would have, but I can't  
4 recall one way or the other if I did.

5 Q Who is (b)(6); (b)(7)(C) ?

6 A That name is not ringing any bells.

7 Q Are you familiar with the token called Eboost?

8 A I don't -- no. I, I don't recall this  
9 particular token.

10 (SEC Exhibit No. VTC 7 was  
11 marked for identification.)

12 BY (b)(6); (b)(7)(C)

13 Q I'm sharing an e-mail chain that has been  
14 marked Exhibit VTC 7. This is a two-page e-mail chain.

15 Bates range is BR\_ESI\_3534 through 3535. The top  
16 e-mail on the chain was sent from Bill Shihara to Lion  
17 Empire Global -- into (b)(6); (b)(7)(C) on September 3, 2017.  
18 The subject is re: parameters for Bittrex 2017. Mr.  
19 Shihara, do you recognize this document?

20 A I don't. Could you scroll to the second page?

21 Q Yes. And this is just signature information.

22 A Okay. Thank you.

23 Q Does this refresh your recollection on who (b)(6); (b)(7)(C)  
24 (b)(6); (b)(7)(C) is?

25 A No.

1 Q How about the Eboost token?

2 A No.

3 Q (b)(6); (b)(7)(C) writes in part quote "He asks me what  
4 the parameters were for listing," period. "I don't want  
5 to rely on the parameters we worked with them when you  
6 listed Eboost," close quote.

7 And then it appears that you respond, Mr.  
8 Shihara, quote "We're in the midst of redrafting our  
9 rules, but the main thing that is different than before  
10 is that we're asking each time," which I believe should  
11 be team, "to provide us a memo of why they aren't a  
12 security under U.S. law and to sign" forward slash  
13 "/agree to a listing agreement," period, close quote.  
14 What did you mean by that?

15 A I don't know what I meant at the time.

16 Q In September of 2017, is this around the time  
17 when you began asking applicants to provide a regulatory  
18 memo?

19 A I don't recall when we started asking teams to  
20 provide a regulatory memo.

21 Q In September of 2017, was it still an informal  
22 process for token listing?

23 A I don't know what the process was in 2017 for  
24 tokens.

25 Q You write, quote, "The listing agreement is

1 formalizing the things we're already hold tokens  
2 accountable to such as notifying us of bugs and forks,  
3 changes to the development team, et cetera," period,  
4 close quote. What does that mean?

5 A I mean I don't know what I meant on this  
6 e-mail.

7 Q How did Bittrex hold tokens accountable at  
8 this time?

9 A I don't know. I don't know what that means.

10 Q Are you familiar with the SEC's order  
11 concerning the Munchee ICO?

12 A I'm familiar that it exists.

13 Q What is your understanding of that?

14 A I don't recall what the contents of the  
15 Munchee order are.

16 Q Did the issuance of the Munchee order have any  
17 effect on the token listing process at Bittrex?

18 A I'm sure it did. I don't remember the  
19 specifics of what changed because of Munchee, but I know  
20 that we would have consulted with our lawyers about it  
21 and made any appropriate changes to our processes.

22 Q Why are you sure that it had an effect on the  
23 token listing process at Bittrex?

24 A I think when significant events happened --  
25 when the SEC put out guidance, we would take that

1 seriously and work with our lawyers to adjust the  
2 processes at Bittrex.

3 Q Do you recall any -- whether any issuers  
4 raised concerns about the Munchee's order impact on  
5 listing tokens at Bittrex?

6 A I don't recall any concerns.

7 Q Did Bittrex review crowd sale information in  
8 conjunction with listing applications?

9 A I don't remember if we did or not.

10 Q Did you ever review crowd sale information in  
11 conjunction with listing applications?

12 A I don't remember if I did or not.

13 Q Did Bittrex review the materials that were  
14 published by a token team as part of the listing review?

15 A I don't remember what the process was for  
16 reviewing listing -- or reviewing for the sale information.

17 Q When was the last time you reviewed a token  
18 form listing on Bittrex?

19 A Oh, gosh, I don't know specifically the last  
20 time I would have done that.

21 (SEC Exhibit No. VTC 8 was  
22 marked for identification.)

23 BY (b)(6); (b)(7)(C)

24 Q I'm sharing with you a document that's been  
25 marked Exhibit VTC 8. This document was previously

1 marked as Exhibit 43. This is a two-page document. It  
2 does not have a Bates number.

3 The top e-mail in the e-mail chain is from  
4 Bill Shihara to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) with a copy to  
5 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) It was sent on December  
6 16, 2017. The subject is re: SEC ruling. Mr. Shihara,  
7 do you recognize this e-mail chain?

8 A I don't recall this e-mail.

9 Q Directing your attention to the first e-mail  
10 in the chain with the subject SEC rulings, it appears  
11 that it was sent from (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C) with a copy  
12 to (b)(6); (b)(7)(C) Who is (b)(6); (b)(7)(C)

13 A I don't remember who he is.

14 Q Well, it appears that (b)(6); (b)(7)(C) wrote to (b)(6); (b)(7)(C)  
15 with a question concerning quote "Recent SEC actions  
16 against the ICO projects such as Munchee," closed quote.  
17 (b)(6); (b)(7)(C) replied. And then it appears that are added to  
18 that reply. You first appear on (b)(6); (b)(7)(C) subsequent  
19 response sometime Friday, December 15, 2017. Do you see  
20 that?

21 A Sorry, I'm still reading.

22 Q Certainly.

23 MR. GEIST: And while he's reading -- while  
24 he's reading, there is --

25 (b)(6); (b)(7)(C) Andy, I don't think we can hear



1 you if you're speaking.

2 MR. GEIST: Sorry. I was trying to avoid an  
3 echo. Is there a reason why there's no Bates numbers on  
4 this document?

5 (b)(6); (b)(7)(C) So I note this document was  
6 previously marked as Exhibit 43. Why when it was marked  
7 at that time on February 21, 2020, it had no Bates  
8 number -- I'm not certain. It may have been printed to  
9 PDF from the native as opposed to the TIF. There may  
10 have been an issue with TIF, but I, I assume it was a  
11 technical issue.

12 MR. GEIST: I have in my notes --

13 (b)(6); (b)(7)(C) I'm sorry, Andy. I couldn't hear  
14 that.

15 MR. GEIST: Sorry, I forgot to unmute. My  
16 notes from testimony have a Bates number associated.  
17 And I was just wondering whether it's a copying issue.  
18 We don't need to, you know, handle it now. I just was  
19 asking the question.

20 (b)(6); (b)(7)(C) I don't believe so, but we can  
21 confirm -- offline.

22 THE WITNESS: Okay. Well, thanks for your  
23 patience. Can you repeat your question?

24 BY (b)(6); (b)(7)(C)

25 Q Now, that you've had a chance to review the

1 document, Mr. Shihara, I may ask a new question if  
2 that's all right.

3 A Sure.

4 Q In (b)(6); (b)(7)(C) response sent on December 15,  
5 2017 at 5:49 p.m., (b)(6); (b)(7)(C) writes, quote, "My concerns  
6 relate to the SEC's involvement in the Munchee ICO and  
7 the recent statement by SEC Chairman Jay Clayton,"  
8 period.

9 "From what I have read, the previous view that  
10 utility tokens are not investment contracts is now no  
11 longer a valid legal argument and marketing of the ICO  
12 cannot contain anything to reference and appreciate,"  
13 which I believe should be appreciation, "in token  
14 value," period, close quote. Do you agree with (b)(6); (b)(7)(C)  
15 characterization as expressed in that paragraph I just  
16 read?

17 A I don't know that I'm qualified to decide what  
18 it is or isn't, you know, a valid legal argument.

19 Q (b)(6); (b)(7)(C) writes, quote, "Marketing of the ICO  
20 cannot contain anything to reference an appreciate in  
21 token value," period, close quote. Do you have an  
22 understanding of what means there?

23 A I don't know what he's referring to there.

24 Q (b)(6); (b)(7)(C) appears to be writing concerning a  
25 token called VeChain. Do you know what VeChain is?

1           A     I believe this project was a supply chain  
2 tracking Blockchain. They embedded RFID devices with  
3 the -- in conjunction with Davinci into handbags. And  
4 you could track the manufacturer of the handbag all the  
5 way to the retail store in which you bought it. So it  
6 was a -- it was a way for Davinci to prove the  
7 authenticity of their bags.

8           Q     In the top e-mail on the chain, you propose a  
9 response to (b)(6); (b)(7)(C) Part of that response reads quote  
10 "As part of the listing process, Bittrex does look at  
11 all materials published by the token team, including any  
12 white papers, website, et cetera that are involved in  
13 the ICO," period, closed quote. What did you mean by  
14 that?

15          A     I don't remember writing this e-mail. I'm not  
16 sure what I meant at that point.

17          Q     Did Bittrex look at all of these materials  
18 published by the token teams?

19          A     I don't recall.

20          Q     You don't recall whether Bittrex looked at all  
21 the materials published by the token teams?

22          A     Yeah, I don't know what was being done at the  
23 time.

24          Q     Do you have any reason to believe that Bittrex  
25 did not look at all materials published by the token

1 team including any white papers, websites, et cetera  
2 that are involved in the ICO?

3 A I don't have a recollection either way.

4 Q At this time in December of 2017 and  
5 throughout your time as CEO of Bittrex -- I'll withdraw  
6 that question. While you served as CEO of Bittrex, did  
7 you follow regulatory developments in the digital asset  
8 space?

9 A I think if we saw anything -- any regulatory  
10 development, we would have consulted our lawyers and  
11 asked them how to apply those developments to Bittrex.

12 Q Was following regulatory developments in the  
13 digital asset space part of your job as CEO of Bittrex?

14 A I don't recall that as being specifically  
15 outline in my job.

16 Q It may not have been specifically outlined,  
17 but is it something that you did?

18 A I think a lot of us were looking at, you know,  
19 things that were happening in the regulatory space.

20 Q Were you looking at things that were happening  
21 in the regulatory space?

22 A If I had time that day and to read CoinDesk, I  
23 might have seen something that was about new changes in  
24 the regulatory landscape.

25 Q Describe the regulatory landscape that Bittrex

1 operated in from launch to the present.

2 A I mean I -- I don't recall what, what the  
3 regulatory landscape was like.

4 Q How would you characterize the regulatory  
5 landscape that Bittrex operated in?

6 A I mean I, I don't know that we thought about  
7 it in those -- in that context. It was just something  
8 that we had to work with.

9 So, you know, working with our lawyers and  
10 staying complaint and, and, you know, being regulatory  
11 compliant was something that was just -- what we strived  
12 to do. So I didn't really think about it in the context  
13 of like what the environment was like. The environment  
14 was just something we had to do.

15 Q Which regulators were you thinking about at  
16 this point?

17 A Well, this point referring to --

18 Q In December of 2017.

19 A I mean I think we're thinking about all  
20 regulators all the time, right? The -- I mean we've got  
21 so many of them in the United States, but it was  
22 something that we tried to always be in compliance with.

23 Q You mentioned CoinDesk earlier. What is that?

24 A It's a news website for, for Blockchain.

25 Q Did you regularly read CoinDesk?

1           A     I don't recall how many -- you know, what my  
2     reading habits of CoinDesk were.

3           Q     Are there any other websites or publications  
4     that you regularly reviewed?

5           A     I don't recall websites popping up and going  
6     away all the time. I don't recall other names off the  
7     top of my head.

8           Q     Did you consult with advisers concerning the  
9     regulatory issues?

10          A     Yes, but -- well, yes.

11          Q     Are you aware of SEC enforcement actions  
12     against allegedly fraudulent ICOs?

13          A     I'm not aware of any specific ones.

14          Q     Was it something that you followed at the  
15     time?

16          A     I mean I don't recall any specific ones, but  
17     I'm sure if it occurred, we would -- you know, it would  
18     have probably been something that was discussed.

19          Q     Who would have discussed it?

20          A     Well, I mean usually we would go on -- like  
21     most developments with any regulator, the first  
22     conversation was always with lawyers, like, you know,  
23     what does this change and is kind of what -- what we  
24     did.

25          Q     In your -- in the digital asset space, have



1     you heard of any issuers raising funds of an ICO, but  
2     then not using the proceeds from the ICO for the  
3     purposes described in the white paper?

4           A     I'm sure it happens, but no specific examples  
5     come to mind.

6           Q     Would that be a red flag if someone who did  
7     that tried to get listed on Bittrex?

8           A     If we had known about it, I think it would be  
9     definitely a factor that was considered for listing or  
10    delisting on Bittrex.

11          Q     So if issuers raised funds in the ICO, but  
12    then used the proceeds for something other than what was  
13    described in the white paper, how would that factor in  
14    the listing or delisting decision?

15          A     I mean we're talking about like a lot of  
16    abstract things here. So it's hard for me to say like  
17    how it would have weighed into the listing or delisting  
18    of a specific token.

19          Q     That's fair. It's fair to say that's  
20    potentially fraud, correct?

21          A     Well, I mean I'm not a lawyer so I don't if I  
22    can make that judgement.

23          Q     As the CEO of one of the largest digital asset  
24    exchanges in the United States, can you make that  
25    judgement?

1           A     Well, like I said, I'm not a lawyer, although  
2     I appreciate. I, I mean I don't even think we're that  
3     large in the United States any more so I appreciate you  
4     saying that.

5           Q     That's fair.

6           A     Yeah.

7           Q     Were you aware of the SEC's charges against  
8     EtherDelta for allegedly running an unregistered  
9     exchange?

10          A     I have a vague recollection, but I don't  
11     recall any specifics about it.

12          Q     What is your recollection?

13          A     Well, EtherDelta was a competitor of ours.  
14     And -- I mean I guess that's really like all I remember  
15     about it. The SEC went after him. I, I don't know why  
16     or how or what happened.

17          Q     When were formal policies and procedures for  
18     token listing implemented at Bittrex?

19          A     I don't recall.

20          Q     Directing your attention to Exhibit VTC 5  
21     which we were previously discussing, (b)(6); (b)(7)(C) wrote  
22     quote "More formalized listing and delisting processes  
23     were implemented in early 2018 and have been evolving  
24     since then as the company has grown," period, close  
25     quote. Is there any reason to believe that statement is

1 inaccurate?

2 A I mean I can't tell you well why (b)(6),  
3 to characterize it that way and whether that was  
4 accurate or inaccurate.

5 Q Okay. Did there come a time when more formal  
6 listing processes were implemented at Bittrex?

7 A I mean I think -- the way that I would  
8 characterize it is that the listing process continually  
9 improved over time. So it's hard for me to, you know,  
10 snap a line and say when it was or wasn't -- you know,  
11 formal.

12 Q At some point was there a written Bittrex  
13 token listing policy?

14 A Yes.

15 Q What was your involvement in the written  
16 Bittrex token listing policy?

17 A I don't recall.

18 (SEC Exhibit No. VTC 9 was  
19 marked for identification.)

20 BY (b)(6); (b)(7)(C)

21 Q I'm showing you what's been marked as Exhibit  
22 VTC 9. This was previously marked as Exhibit 21. This  
23 is an 11-page document. The Bates range BR\_ESI\_9600  
24 through 9610. The title of this document is Bittrex  
25 token listing policy. The version is 2.1. The date of

1 version is May 29, 2018. Are you familiar with this  
2 document, Mr. Shihara?

3 A I -- I've seen it before.

4 Q And is this a copy of, of Bittrex token  
5 listing policy?

6 A Well -- I mean that's -- that's what it says.

7 Q Directing your attention to the overview  
8 section that begins on page 1 and continues onto page 2,  
9 it lists, quote, "Three main stages of the Bittrex token  
10 review process," close quote. The first stage is  
11 preliminary review. What is that?

12 A Well, it's my understanding it wouldn't be any  
13 different than what's written there in the document. So  
14 it's an initial review.

15 Q What was your involvement in the preliminary  
16 review?

17 A I don't recall if I had any involvement in  
18 that.

19 Q The second stage is listed as the full listing  
20 process. What is that?

21 A I don't recall all the steps, but it's just  
22 the second stage of the process. So --

23 Q What was the involvement in the full listing  
24 process?

25 A I don't recall what involvement I would have

1 had in it.

2 Q The third stage is quote "Delisting process,"  
3 close quote. What is that?

4 A That's a process used to remove a token from  
5 the platform.

6 Q What was your involvement with the delisting  
7 process?

8 A I don't recall what my involvement was.

9 Q Directing your attention to the bottom of the  
10 page under the heading full listing process, it reads in  
11 part that the, quote, "Final listing determination,"  
12 close quote is made by the Bittrex token review  
13 committee. So you're -- you are listing as the chair of  
14 that committee. Do you see that?

15 A Yes.

16 Q Can you explain how the Bittrex token review  
17 committee functioned?

18 A In what way? Would you clarify that a little  
19 bit for me?

20 Q What were your duties and responsibilities as  
21 the chair of the Bittrex token review committee?

22 A So my job or what we would do on the committee  
23 is vote on whether or not a token should or shouldn't be  
24 listed on the platform.

25 Q Did you do anything else pursuant to your work

1 on the committee other than vote?

2 A I don't recall.

3 Q Did you have any training on this Bittrex  
4 token listing policy?

5 A I don't recall having any training on it.

6 Q Did you conduct any training on the Bittrex  
7 token listing policy?

8 A I don't recall doing any -- providing any  
9 training on it.

10 Q Do you know if you had to sign a certification  
11 that you read the token listing policy?

12 A I don't remember. I don't know if we did that  
13 or not.

14 Q Directing your attention to page three of the  
15 token listing policy, there are a number of listing  
16 review criteria. Number one is innovative -- forward  
17 slash -- /new block chain. Number two is innovative use  
18 cases; number three, strong business rationale. And  
19 number four is satisfies compliance review. Do you  
20 recognize these listing review criteria?

21 A Yes.

22 Q Did you draft this?

23 A I don't recall drafting it.

24 Q Did you have any input into the drafting of  
25 these criteria?



1           A     I don't recall if I did or I didn't.

2           Q     Directing your attention to the delisting  
3 criteria that appear on page 4 onto page 5, do you  
4 recognize the delisting criteria which are quote, "Lack  
5 of a business rationale," close quote, and quote,  
6 "Compliance review issues," period, close quote?

7           A     Do I recognize them? Yes.

8           Q     Did you participate in the drafting of the  
9 delisting review criteria?

10          A     I don't recall if I did or didn't.

11          Q     Directing your attention to item two of  
12 compliance review, number C, that reads, quote, "New  
13 commercial statements or marketing materials made by the  
14 token teams or parties acting on their behalf," close  
15 quote. What does that mean?

16          A     I don't recall what that means.

17          Q     You were the chair of the committee pursuant  
18 to these policies, correct?

19          A     Correct.

20          Q     So do you have an understanding of what that  
21 delisting review criteria means?

22          A     Like I said, I, I don't remember.

23          Q     So you had to apply these criteria, correct?

24          A     It's likely that I did.

25          Q     What do you understand that criteria to mean?

1           A     Well, I mean for context, I haven't -- I've  
2     been on sabbatical from Bittrex for quite some time so I  
3     can't even recall the last time I would have had to  
4     apply this, you know, this process. So I don't know.  
5     It's hard for me to say like what -- you know, what this  
6     statement actually means in the context of the delisting  
7     process.

8           Q     Why would new promotional statements or  
9     marketing materials be a criteria for delisting?

10          A     That would probably go to advice that we got  
11     from counsel.

12          Q     Well, I'm asking about these criteria that you  
13     used in your capacity as the chairman of the token  
14     review committee. So I'm just asking for your  
15     understanding -- how you used these.

16          A     Sorry, I'm trying to frame an answer for this  
17     that would not require information that the lawyers  
18     would have provided to us.

19          Q     Was a token ever delisted for posting new  
20     promotional statements or marketing materials?

21          A     I don't recall if it did or didn't or if we  
22     did or didn't have to use this criteria.

23          Q     Did you ever instruct token listing applicant  
24     to delete promotional statements or marketing material?

25          A     I don't recall a specific instance where I

1 might have done that.

2 Q At what point in the listing application  
3 process was the review of counsel conducted?

4 A So in these three stages it would have been in  
5 the number 2 -- the full listing process.

6 Q So can you describe for us how it would work  
7 in terms of when the attorneys would be brought in?

8 A I don't recall specifically when the attorneys  
9 would become involved.

10 Q At what point would the materials be forwarded  
11 to the attorneys for their review?

12 A I don't know.

13 Q Who made the decision to forward the  
14 application to the attorneys for their review?

15 A That would be the Coin Team.

16 Q Who was on the Coin Team?

17 A Well, that would be (b)(6);  
(b)(7)(C) and her team. Among  
18 the people reporting to her were (b)(6);  
(b)(7)(C) but there were  
19 others over the time that she would manage that team.

20 Q So the Coin Team would determine when the  
21 application was sent to legal for their review; is that  
22 correct?

23 A That's my understanding or my recollection of  
24 the process.

25 Q And you as the chair of the Bittrex token

1 review committee, did you have involvement in that  
2 determination?

3 A I don't think I would have. Like my  
4 recollection of this process is that I wouldn't have  
5 based on being the chair.

6 (SEC Exhibit No. VTC 10 was  
7 marked for identification.)

8 BY (b)(6); (b)(7)(C)

9 Q I'm showing you what's been marked as VTC --  
10 Exhibit VTC 10. This was previously marked as Exhibit  
11 22. The Bates range of this document is BR\_ESI\_9502  
12 through 9547. This document is titled Bittrex, Inc,  
13 token review policy and process U.S. version 1.3 -- last  
14 updated, November 7, 2018. Do you recognize this token  
15 review policy and process document?

16 A Yeah, I have a recollection of seeing this  
17 before.

18 Q Directing your attention to the three main  
19 stages that are listed on the cover page of this  
20 document, there are also preliminary review for new  
21 token listing requests, full evaluation process for new  
22 token listing requests, and periodic review process for  
23 listed tokens. So those correspond to the three stages  
24 we were discussing previously.

25 A They're similar, but I don't know if they

1 exactly correspond.

2 Q Under the preliminary review heading, there's  
3 a reference to the Bittrex token team which as of  
4 November 7, 2018 consists of (b)(6); (b)(7)(C)  
5 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) Is this the token team we  
6 were just discussing that conducts the preliminary  
7 review of listing applications?

8 A I don't remember the document -- or the  
9 timeframe of the previous document. And as I mentioned,  
10 the Coin Team does change over time as employees come  
11 and go, but, yes, that -- that team that (b)(6);  
12 created is the Coin Team. (b)(7)(C) had

13 Q Under the full evaluation process heading that  
14 appears on page 2, the first entry is information  
15 gathering and assessment -- the first subheading that  
16 is. The second subheading is outside counsel review.  
17 The third subheading is submission to the token review  
18 committee. Do those subheadings correspond to the  
19 stages of the full evaluation process?

20 A That, that seems right. I'm -- I don't  
21 recall.

22 Q Directing your attention to page 6 -- there's  
23 a heading for the quote, "Periodic review and delisting  
24 process," close quote. What is your recollection of how  
25 the periodic review and delisting process worked?

1           A     I, I don't have much of a recollection of  
2     that.

3           Q     Directing your attention to the delisting  
4     review criteria that appears on page 7, criteria 1D is  
5     quote, "Token is no longer used for the utility for  
6     which it was originally designed," close quote. Do you  
7     have an understanding about why that is the delisting  
8     criteria?

9           A     I don't know exactly why that would be a  
10    criteria.

11          Q     Going to the proceeding section, there are  
12    three factors. This begins on the middle to bottom of  
13    page 6 continuing onto page 7 for factors bearing on  
14    whether to conduct fresh reviews of currently listed  
15    tokens.

16                Factor number 3 is quote, "Evidence of market  
17    manipulation or irrational trading patterns," close  
18    quote. You have factor 3B reads quote, "Those that  
19    appear to be unauthorized whale activity that is  
20    artificially manipulating the market for the token?"  
21    question mark, close quote. What is unauthorized whale  
22    activity?

23          A     I don't know what it means in the context of  
24    this statement.

25          Q     Was there authorized whale activity on



1 Bittrex?

2 A Well, there wouldn't authorized whale activity  
3 that would allow for the artificial manipulation of the  
4 market for a token at least to my knowledge.

5 Q Why not?

6 A Why wouldn't we allow somebody to manipulate  
7 the market of a token? I mean --

8 Q That's right.

9 A It seems like, you know, you're -- you know, I  
10 don't know what regulations would or wouldn't apply to  
11 that, but I would say just as a -- you know, if a  
12 customer of an exchange would not want to trade on a  
13 place that allowed, you know, whales to manipulate the  
14 prices of tokens.

15 Q Was there whale activity on Bittrex?

16 A Were there whales who traded on Bittrex? Yes.

17 Q Were those whales authorized in some way,  
18 shape, or form?

19 A I don't think we have a concept of authorized  
20 or unauthorized whale activity.

21 Q Even though it refers to unauthorized whale  
22 activity in this policy and procedures?

23 A Correct. I'm -- I can't think of --

24 Q What --

25 A -- an instance where there was authorized

1 whale activity.

2 Q What is whale activity?

3 A I mean in the context of this document I  
4 assume that it means trading.

5 Q Did Bittrex surveil for market manipulation?

6 A Yes.

7 Q Directing your attention to Exhibit B, listing  
8 application -- this appears on Bates number BR\_ESI\_9529  
9 through 9536. Do you recognize the Exhibit B listing  
10 application, Mr. Shihara?

11 A Yes.

12 Q What is this?

13 A This was a form that we used to collect  
14 information from a prospective token --

15 Q What role did it play in the listing  
16 application process?

17 A I don't know exactly what roles it played.

18 Q Did you review the filled-out listing  
19 application as part of your vote on whether to approve a  
20 listing on the token?

21 A Yes, if the -- if I received a document, my  
22 recollection is that I would review these documents.

23 Q Was a listing application required for tokens  
24 that applied to be listed on Bittrex once these policies  
25 and procedures were in effect?

1 A That's my recollection.

2 Q Did any tokens that were listed on Bittrex  
3 after these policies and procedures were into effect not  
4 have a listing application?

5 A I don't recall any that didn't.

6 Q Directing your attention to appendix F which  
7 appears on Bates number BR\_ESI\_9544 through 9545 -- the  
8 title of this document is new coin listing checklist.  
9 What is this?

10 A This -- this looks like the checklist that's  
11 used by the Coin Team as part of their evaluation of a  
12 token.

13 Q Who filled out this checklist?

14 A I would believe it would be somebody from  
15 (b)(6), or her staff.  
(b)(7)(C)

16 Q Did you review these checklists as part of  
17 your listing decision?

18 A If they were available, I believe I did.

19 Q What was the role of the checklist in the  
20 listing process?

21 A It was a way to standardize the reviews that  
22 we were doing, to put more consistency into it,  
23 especially as we were bringing new staff onboard.

24 Q Did every coin that was approved to be listed  
25 on Bittrex have a new coin listing checklist?

1           A     I don't recall one way or the other.

2           Q     Was every coin supposed to have a new coin  
3 listing checklist?

4           A     Yeah, I believe as part of this process, this  
5 is a step in the -- in the process for getting --  
6 getting listed on Bittrex.

7           Q     Is this process for listing tokens still in  
8 place today?

9           A     I can't speak to if the process is, is exactly  
10 as it's laid out in this document today, but -- but,  
11 yes, we, we do use a process that's very close to this  
12 to list new projects.

13          Q     So it's essentially the same process that's in  
14 effect today; is that fair to say?

15          A     I believe so, but I can't speak to what has  
16 happened since I stopped being the CEO.

17          Q     Directing your attention to the compliance  
18 section on the new coin listing checklist, the first  
19 entry is for problematic features. What does that mean?

20          A     I don't know exactly what that would mean.

21          Q     What is your understanding of what that means?

22          A     I mean it's a problematic feature.

23          Q     What are problematic features?

24          A     I, I don't know. If someone from the coin  
25 team thought there was a problematic feature, they would

1 indicate it in the comments and make a note as to why  
2 they might have thought it was problematic. But off the  
3 top of my head, I can't think of any problematic  
4 features.

5 Q You can't think of any problematic features of  
6 tokens that would negatively affect their listing on  
7 Bittrex?

8 A Yeah, I mean off the top of my head right now,  
9 I can't think of any.

10 Q If the problematic features yes box was  
11 checked, how would that impact your vote for or against  
12 listing a token on Bittrex?

13 A Difficult to say in abstract because there's a  
14 lot of different factors here. So, you know, it --  
15 there's a lot of just facts and circumstances that any  
16 individual token would have. And so it's difficult to  
17 say any one of these things would have done something to  
18 sway me one way or the other.

19 Q So you may have voted to list a token that had  
20 problematic features?

21 A I can't recall any.

22 Q Did you ever sign off and vote on a token  
23 based on one of these new coin listing checklist?

24 A I'm sorry. Say that again. I would vote or  
25 sign off.

1           Q     Your name appears at the bottom of the  
2 checklist, correct?

3           A     Correct.

4           Q     Did you ever use one of these checklists to  
5 vote?

6           A     I don't recall using the actual checklist to  
7 vote. What ended up happening in practice because it  
8 was efficient is that we would get an e-mail, and we  
9 would approve or disapprove within the e-mail. And if  
10 there was a reason to have a discussion, we would get  
11 together and, and have a discussion.

12          Q     Did you review the filled-out checklist before  
13 you voted?

14          A     I can't guarantee that I have for everyone of  
15 them, but my recollection is that I, I would read all  
16 the documents that would come in for, for an approval or  
17 disapproval.

18          Q     Do you rely on the information contained in  
19 the checklist for your votes?

20          A     Yes. I relied upon the members of the Coin  
21 Team to do the necessary research so we could come to  
22 the right conclusion.

23          Q     So what does problematic features mean on this  
24 checklist?

25          A     I don't know what it would mean in this



1 checklist.

2 Q Did you ever know what problematic features  
3 meant?

4 A Well, as I said, if someone from the Coin Team  
5 felt that something was a problematic feature, they  
6 would indicate it in the comments. So what this would  
7 tell me is what they considered to be a problematic  
8 feature, I guess.

9 Q What are problematic statements?

10 A That's probably the same thing. I, I, I don't  
11 know specifically what would be considered a problematic  
12 statement off the top of my head.

13 Q How many applications for listing would  
14 Bittrex receive in a month?

15 A That's hard to guess. I -- sorry, I don't  
16 know the answer off the top of my head.

17 Q Approximately how many token listing  
18 applications did you vote on?

19 A I don't know off the top of my head.

20 Q Did having a yes indicated from problematic  
21 features or problematic statements warrant further  
22 discussion with the token listing staff?

23 A That's -- I, I don't know. It really would --  
24 you know, depend on what they put in that field and  
25 whether it was clear or not what the problematic feature

1 statement was.

2 (b)(6); (b)(7)(C) Let's go off the record at 4:26  
3 p.m.

4 (Whereupon, a brief recess was taken.)

5 (b)(6); (b)(7)(C) Okay, we are back on the record at  
6 5:07 p.m. Mr. Shirhara, during the break there were no  
7 substantive conversations between yourself and the staff  
8 of the SEC, is that correct?

9 THE WITNESS: That is correct.

10 BY (b)(6); (b)(7)(C)

11 Q Mr. Shirhara, to your knowledge, did anyone at  
12 Bittrex ever work with token listing applicants to  
13 remove problematic statements from their marketing or  
14 offering material?

15 A I don't have any specific recollections of  
16 that happening.

17 Q Did it ever happen?

18 A I don't know if it ever happened or never  
19 happened.

20 Q What recollections do you have of that?

21 A I don't have any.

22 Q I believe you testified you didn't have a  
23 specific recollection. Do you have any recollection of  
24 anyone at Bittrex ever working with applicants to remove  
25 problematic statements from their marketing or offering

1 materials?

2 A I don't have any recollections.

3 Q Did you ever hear of anyone at Bittrex working  
4 with applicants to remove problematic statements from  
5 their marketing or offering materials?

6 A Did I -- how would I hear from someone? I  
7 mean, this wouldn't have been something we'd talk about  
8 at a water cooler.

9 Q Why not?

10 A Well, like the -- I don't know, it just like  
11 doesn't seem like something someone would talk about at  
12 the water cooler.

13 Q Why is that?

14 A I don't know. Like the coin team kind of --  
15 you know, they hang out with each other. They're  
16 supposed to not talk about their work to anyone. So, I  
17 guess I'm just trying to parse like how I would have  
18 heard from somebody that, you know, something like this  
19 occurred.

20 Q Do you recall ever being copied on an email  
21 when the member of the coin team asked an applicant to  
22 remove problematic statements from their marketing or  
23 offering materials?

24 A I don't recall that happening. Like I don't  
25 recall them doing that.

1           Q     If that happened, would that be concerning to  
2     you?

3           A     I think it would depend on the circumstance.  
4     I don't -- I -- you know, unless I had a specific  
5     example, I don't know if I would be concerned or not.

6           Q     To your knowledge, did anyone at Bittrex ever  
7     work with token listing applicants to remove problematic  
8     features from the tokens themselves?

9           A     Problematic features? I don't recall.

10          Q     Did you ever hear of that occurring?

11          A     I don't recall if I would have.

12          Q     In your capacity as CEO of Bittrex, was that  
13     acceptable conduct for a member of the coin team to ask  
14     an applicant to change a feature of their token?

15          A     Like I said in the previous answer, I think it  
16     just really depends on the circumstances. I don't know  
17     without looking at a specific example.

18          Q     Did you ever discuss problematic features of  
19     tokens with issuers in connection with their Bittrex  
20     listing application?

21          A     I don't recall if I have or haven't.

22          Q     Did you ever discuss problematic statements  
23     with issuers in connection with their Bittrex listing  
24     application?

25          A     I don't recall if I had or hadn't done that.

1 Q So you may have discussed removing problematic  
2 features from an applicant's token?

3 A Well, like I said, I don't recall one way or  
4 the other.

5 Q So it may have happened, is that fair to say?

6 A It may have, it may not have.

7 Q Do you recall ever providing an assessment to  
8 an issuer applicant concerning whether Bittrex could add  
9 their token?

10 A I don't recall any assessments.

11 Q Do you recall ever suggesting -- or offering  
12 to suggest any changes to an issuer that they could make  
13 to their token to make it easier to list?

14 A I don't recall that.

15 Q Was that a standard practice at Bittrex?

16 A I don't recall if it was a standard practice  
17 at Bittrex.

18 Q Was that an acceptable practice at Bittrex?

19 A I think -- like I said before, I think it just  
20 would depend on the exact circumstances.

21 Q Under what circumstances would it be  
22 acceptable to ask an issuer applicant to remove a  
23 problematic feature from their token?

24 A I mean, I don't know. It's -- I mean, it's  
25 like very abstract. We'd need to know like specific

1 tokens or specific examples.

2 (SEC Exhibit No. VTC 11 was marked for identification.)

3 BY (b)(6); (b)(7)(C)

4 Q I'm sharing the document marked Exhibit VTC  
5 11. This is a one-page email chain. The Bates Number  
6 is BR\_ESI\_2580.

7 A Mm-hmm.

8 Q The top email in the chain is sent from (b)(6); (b)(7)(C)  
9 (b)(6); (b)(7)(C) to Bill Shirhara on April 5, 2017. The subject  
10 is Re: EDG 1.2 Million Raised. Mr. Shirhara, do you  
11 recognize this email chain?

12 A I mean, I recognize that it is an email chain.

13 Q Is (b)(6); (b)(7)(C) your email address?

14 A Yes.

15 Q Did anyone else have access to that email  
16 account?

17 A Yes.

18 Q Do you have any doubt that you sent the first  
19 email in this email chain on March 31, 2017, at 8:29  
20 p.m.?

21 A It looks --

22 Q I'm sorry, what was that?

23 A That it looks like I sent this email.

24 Q Who is (b)(6); (b)(7)(C)

25 A I don't remember who he is.



1           Q     Directing your attention to that first email  
2     in the chain. You write, "For the compliance review,  
3     I'll respond within each deposit address to send  
4     the 5K U.S.D. equivalent," close quote. What does that  
5     refer to?

6           A     Sorry, just for clarification, this is the one  
7     and only page of this email?

8           Q     That is correct.

9           A     Okay. So, what are we referring to in the  
10    compliance review? So, this was a early version of our  
11    token review process.

12          Q     At this time, did Bittrex charge \$5,000.00  
13    U.S. to be considered for listing?

14          A     No. This \$5,000.00 was for this compliance  
15    review.

16          Q     Can you explain that?

17          A     Yes. What I remember about this, and again  
18    it's been a while, but for some tokens that we thought  
19    could be problematic for some reason, we would ask them  
20    to pay for a compliance review where we would hire  
21    somebody to review the token and provide us an opinion.

22          Q     Was that a law firm that you would hire to  
23    review the token?

24          A     It wasn't always a law firm, but I'd say it  
25    predominantly was.

1           Q     Did you personally conduct the compliance  
2 reviews at this time?

3           A     In this situation, we would have asked  
4 somebody to conduct a review for us.

5           Q     You write, "For the review we'll need: 1. Any  
6 links or documents about the token sale and roadmap; and  
7 2. Any information you can provide about the legal work  
8 you have already done." What did you mean by that?

9           A     Well, for the first bullet, I think that's  
10 self-explanatory. Any links or documents about their  
11 token sale and their product roadmap. For Number 2, I  
12 don't know what I mean there.

13          Q     What is a roadmap?

14          A     That's typically, you know, what features they  
15 may or may not be adding to the Edgeless token, or  
16 whatever this project is, Edgeless, I guess.

17          Q     And the token sale, does that refer to the  
18 ERC-20 ICO for the Edge token?

19          A     I don't know for sure if that's what they did  
20 or not.

21          Q     Looking above, you do ask for an ERC-20  
22 contract address. Does that indicate that there was an  
23 ERC-20 smart contract underlying the EDG ICO?

24          A     Yes, that's likely.

25          Q     So at this time, it appears the ICO for the

1 EDG token had already occurred, correct?

2 A Well, I don't recall specifically whether or  
3 not this token had an ICO.

4 Q Why are you asking for any links or documents  
5 about the token sale and roadmap?

6 A I don't know. I would have maybe -- I don't  
7 know.

8 Q You don't know why you're asking for these  
9 materials?

10 A No, I can't say that I remember why I would  
11 have asked him -- you know, why I would have asked this  
12 specific project for that information.

13 Q At the end of the email you write, "At the end  
14 of the review, we'll provide you an assessment of  
15 whether we can add the token and/or any changes we'd  
16 suggest to make it easier to list." What does that  
17 mean?

18 A Well, I mean, I think the statement is pretty  
19 self-explanatory, but I don't know what the changes we'd  
20 suggest to make it easier to list would be.

21 Q These would be changes to the token sale or to  
22 the roadmap?

23 A I couldn't -- I don't know specifically what  
24 that means.

25 Q Was it a standard practice of yours to propose

1 changes or to suggest changes that would make it easier  
2 to list the token?

3 A I would not consider that a practice.

4 Q What sort of changes would make a token easier  
5 to list?

6 A It would be difficult to say. I don't recall  
7 what changes would have made this token or any other  
8 token easier to list. We'd have to look at the  
9 circumstances.

10 Q Is it fair to say that you did at times  
11 suggest changes to tokens to make them easier to list?

12 A I don't recall one way or the other.

13 Q Do you recall ever discussing what an issuer  
14 was doing to raise money in connection with a particular  
15 issuer's application to be listed on Bittrex?

16 A I don't recall that.

17 Q Do you ever recall doing that?

18 A I don't recall one way or the other.

19 (SEC Exhibit No. VTC 12 was marked for identification.)

20 BY (b)(6); (b)(7)(C)

21 Q I'm showing you what's been marked as Exhibit  
22 VTC 12. This is a two-page email chain. Bates Number  
23 BR\_ESI\_5759 through 5760. The top email in the chain is  
24 sent from Bill Shirhara to (b)(6); (b)(7)(C) with a copy to  
25 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) @tokenmarket.com. The email

1 was sent on May 9, 2017. The subject is Re: Metal  
2 Update. Do you recognize this email chain?

3 A I don't recognize this email chain.

4 Q Who is (b)(6); (b)(7)(C)

5 A I don't recall who he is.

6 Q What is the Metal token?

7 A I don't recall what this token is?

8 Q Do you know if Metal was listed on Bittrex?

9 A I don't recall.

10 Q In the first email in the chain, (b)(6); (b)(7)(C)

11 writes, "We plan to release our white paper within the  
12 next couple of days and commence with our token sale on  
13 May 9th." Did that refresh your recollection about the  
14 Metal token in any way?

15 A No.

16 Q As of May, 2017, who was working on token  
17 listing applications at Bittrex?

18 A I don't recall.

19 Q Were you working on token listing applications  
20 at Bittrex?

21 A I don't recall.

22 Q This email chain is about Metal's token  
23 listing application, correct?

24 A (No response.)

25 Q I'll withdraw that question.

1 A Yeah.

2 Q As of May, 2017, do you recall whether anyone  
3 else was working on token listing applications at  
4 Bittrex?

5 A It's possible, but I don't recall who would or  
6 wouldn't have.

7 Q On May 8, 2017, at 8:03 p.m. you write, "Is  
8 the token sale still scheduled for May 9? I'd like to  
9 get the ball rolling between our teams to ensure that we  
10 can get you listed on Day 1." What does that mean?

11 A You're asking me what that sentence meant --  
12 or the two sentences mean?

13 Q That's correct. What does getting listed on  
14 Day 1 mean?

15 A It means after their token sale is completed.

16 Q Why would you want to list a token immediately  
17 after the token sale was completed?

18 A I don't know why I would have cared about that  
19 back in 2017.

20 Q (b)(6); (b)(7)(C) responds to you, and writes in  
21 part, "We have decided to push the date when we want to  
22 be listed on your exchange until sometime around mid-  
23 July." He continues, "Part of the move comes from our  
24 change of plans to sell into accredited investors for  
25 the first 30 days, and then to reach out to the public



1 for 30 days."

2 You reply to that, "I'd suggest we still get  
3 together and discuss what you are doing to raise money."

4 Do you recall meeting with (b)(6); (b)(7)(C) to discuss  
5 what Metal was doing to raise money in its offering?

6 A I don't.

7 Q Was it a standard practice of yours to discuss  
8 how issuer applicants were raising money in their  
9 offerings?

10 A I don't think that was a standard practice,  
11 but I don't recall one way or the other.

12 Q Did you discuss what Metal was doing to raise  
13 money in their ICO?

14 A I don't recall if we did or not.

15 Q Do you know if Metal raised money from  
16 accredited investors?

17 A I don't know if they did or they didn't.

18 Q You write, "The accredited investor concept  
19 usually applies to securities, and we can't trade them  
20 on our exchange." Does our exchange refer to Bittrex?

21 A Yes.

22 Q What did you mean by the accredited investor  
23 concept usually applies to securities?

24 A That was my limited understanding of what an  
25 accredited investor was.

1 Q At this time in May of 2017, did you know that  
2 Bittrex couldn't trade securities?

3 A I think we've talked about this before. I  
4 mean, I think that goes back to conversations we had  
5 with our counsel.

6 Q At this time in May of 2017, were you  
7 informing issuer applicants that Bittrex couldn't trade  
8 securities on their exchange beyond what we're looking  
9 at here in VTC 12?

10 A I don't recall whether we were -- or we did or  
11 we didn't.

12 Q What is Tokencard?

13 A I don't remember.

14 Q Do you have an understanding of what Tokencard  
15 is?

16 A No, I don't recall what it is or isn't.

17 Q Was Tokencard listed on Bittrex?

18 A I don't know.

19 Q Do you recall working on the listing  
20 application for Tokencard?

21 A I don't remember working on it.

22 Q Were you an advisor to Tokencard?

23 A I don't recall if I was or wasn't.

24 Q Did you invest in Tokencard?

25 A I don't recall if I did or I didn't.

1           Q     Mr. Shirhara, we've discussed a number of your  
2 investments previously.

3           A     Mm-hmm.

4           Q     Are you saying you now don't recall whether  
5 you invested in the Tokencard ICO or Tokencard the  
6 entity, more broadly?

7           A     I don't have a recollection of doing that.

8           Q     Did you acquire Tokencard tokens prior to  
9 their being listed on Bittrex?

10          A     I don't know if we did or didn't do that.

11          Q     What do you mean you don't know?

12          A     I don't know. I don't remember. I don't  
13 remember requesting tokens from Tokencard.

14          Q     Mr. Shirhara, I thought -- you testified  
15 earlier that you didn't receive any digital assets other  
16 than the ones we discussed earlier in your testimony.

17          A     Yes. Like to the best of my knowledge, I did  
18 not receive any digital assets.

19          Q     Did you ever receive digital assets from  
20 issuers prior to those tokens being listed on Bittrex?

21          A     To me personally? I can't recall a situation  
22 when that happened.

23          Q     What do you mean by to you personally?

24          A     Yeah, to me personally, like me as a private  
25 citizen was I -- did I ever receive tokens? I don't

1 recall that happening.

2 Q What about to Bittrex?

3 A I also don't recall that happening.

4 Q What about to any entities you control,  
5 directly or indirectly?

6 A I don't recall that happening.

7 (SEC Exhibit No. VTC 13 was marked for identification.)

8 BY (b)(6); (b)(7)(C)

9 Q I'm showing you what's been marked as Exhibit  
10 VTC 11 (sic). This is a three-page email chain, the  
11 Bates range is BR\_ESI\_2515 through 2517. The top email  
12 in the chain is from (b)(6); (b)(7)(C) to Bill Shirhara with  
13 a copy to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) This was  
14 sent on April 21, 2017. The subject is Getting TKN  
15 Listed on Bittrex. Mr. Shirhara, do you recognize this  
16 email chain?

17 A I recognize that it is, but I don't remember  
18 it.

19 Q Who is (b)(6); (b)(7)(C) (sic)?

20 A Well, according to this email thread, he's the  
21 Tokencard creator.

22 Q And for the record, this is Exhibit VTC 13.  
23 Directing your attention to the first email in the chain  
24 sent from (b)(6); (b)(7)(C) to Bill Shirhara on April 13,  
25 2017, which spans the second and third pages of this

1 email. (b)(6); (b)(7)(C) writes -- thanking you for  
2 agreeing to take a look at the listing of TKN and  
3 attaching the white paper. And then (b)(6); (b)(7)(C)  
4 writes, "We're offering TKN in a few weeks at a sliding  
5 scale from 150 to 1, but we can offer you 5,000 worth at  
6 175 to 1. At today's prices, that will be about 17,500  
7 TKN. Let me know if that sounds okay." Do you recall  
8 receiving that offer?

9 A No.

10 Q You reply on April 21, 2017, at 7:47 p.m., "Hi  
11 (b)(6); (b)(7)(C) Would you guys be willing to do 200 to 1? If so,  
12 we can get the review started. I'd like to try to get  
13 this kicked off next week." What did you mean by  
14 saying, "Would you guys be willing to do 200 to 1?"

15 A I don't recall.

16 Q Had you purchased Tokencard tokens at a  
17 discount to the ICO price prior to the ICO?

18 A I don't recall doing so.

19 Q Other than this instance, do you recall any  
20 other instances of purchasing tokens at a discount prior  
21 to the ICO and then working to list those tokens on  
22 Bittrex?

23 A No, I don't have any recollection of that.

24 Q Did you ever receive any Tokencard token?

25 A I don't recall receiving any Tokencard tokens.

1 Q You say you don't recall receiving Tokencard  
2 tokens. Are there any documents that would refresh your  
3 recollection or otherwise confirm whether you received  
4 these tokens?

5 A I don't know.

6 Q In the email that spans the bottom of Page 1  
7 to Page 2, (b)(6); (b)(7)(C) replies, with you copied, "Yes,  
8 200 to 1 works for us. Let's get things rolling." Was  
9 this payment for considering Tokencard for listing on  
10 Bittrex?

11 A I don't think so, but I don't recall.

12 Q Does Bittrex have any restrictions on whether  
13 individuals who are making a determination on whether to  
14 list a digital asset have to disclose their holdings in  
15 that digital asset?

16 A Yes, there's a policy that covers that. I  
17 don't know -- I don't recall exactly when that policy  
18 went into effect, but yeah, there is a policy that  
19 covers this.

20 Q What is that policy?

21 A I don't recall what it's called.

22 Q What does it provide for, generally?

23 A There's a policy that covers trading of tokens  
24 if you are on the coin team.

25 Q Does it prohibit the trading of tokens if you



1 were on the coin team?

2 A My recollection is that it would.

3 Q Did it apply to you as CEO of Bittrex?

4 A Yes, it would apply to me.

5 Q Was that policy in effect in April of 2017?

6 A I don't recall if that policy was effect -- in  
7 effect back then.

8 Q You then reply, "Great. Can you provide me  
9 with any websites, white papers, et cetera, that our  
10 experts can read before we meet? At your authorization  
11 -- and your authorization, then I can provide it to  
12 them." Why are you asking for websites, white papers,  
13 et cetera, at this time from Tokencard?

14 A I don't know why we were asking for that.

15 Q Looking at Exhibit VTC 13, do you have any  
16 concerns that this looks like you're having an  
17 opportunity to purchase tokens at a discount to the ICO  
18 price in connection with an application being listed on  
19 Bittrex?

20 A I'm not sure that that's what this email  
21 states, so I'm not sure if I should be concerned.

22 Q What else -- what other interpretation of this  
23 email is there?

24 A I mean, that would require me to speculate.

25 Q I'm not asking you to speculate, I'm asking

1 you to interpret this email exchange you had with the  
2 owners of Tokencard. It appears from what we've just  
3 gone through that you were offered an opportunity to buy  
4 tokens at a discount to the ICO price in connection with  
5 an application to be listed on Bittrex.

6 When presented with that opportunity, you  
7 negotiated for an even reduced rate to the ICO price,  
8 which was subsequently confirmed. Is there any other  
9 interpretation of what we just read in Exhibit VTC 13?

10 A Well, I think there is context that's missing  
11 here.

12 Q What context is that?

13 A Well, I don't know because I don't completely  
14 recall this -- or I don't recall this discussion.

15 Q Do you recall whether you gave any feedback to  
16 Tokencard about their ICO?

17 A I don't recall.

18 Q Do you recall meeting with the Tokencard team  
19 around the time of their ICO?

20 A I don't recall.

21 Q Did you ever ask the Tokencard issuer to scrub  
22 the docs of investment-related terms?

23 A I don't recall.

24 Q Do you ever recall using that phrase in  
25 connection with your work at Bittrex, scrub the docs?

1           A     I don't recall using it.

2           Q     Was scrub the docs of investment-related terms  
3     an action item arising from any meetings you have ever  
4     attended, to the best of your recollection?

5           A     I don't recall that being an action item.

6           Q     Do you recall any instances of asking an  
7     issuer to scrub any documents?

8           A     I don't recall any instances of asking  
9     issuers.

10          BY     (b)(6); (b)(7)(C)

11          Q     This is (b)(6); (b)(7)(C) About this email, if you  
12     don't recall this negotiation about getting tokens at a  
13     discount to the ICO price, is that because it was a  
14     common discussion and negotiation you had with many  
15     different issuers?

16          A     No, I just don't recall having that discussion  
17     with Tokencard.

18          Q     Do you recall having such a discussion with  
19     other issuers?

20          A     No, I don't have any recollection of having  
21     discussions like that with other issuers.

22          Q     Would this discussion have stood out in your  
23     mind therefore?

24          A     I don't know if it would have stood out one  
25     way or the other.

1 (SEC Exhibit No. VTC 14 was marked for identification.)

2 BY (b)(6); (b)(7)(C)

3 Q Mr. Shirhara, I'm showing you what's been  
4 marked as Exhibit VTC 14. This is an email chain -- a  
5 four-page email chain with a Bates range BR\_ESI\_3460  
6 through 3463. The top email in the chain is from Bill  
7 Shirhara to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) with a copy  
8 to (b)(6); (b)(7)(C)

9 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) This was sent on May  
10 12, 2017. Mr. Shirhara, do you recognize the top email  
11 on this email chain?

12 A No.

13 Q For Exhibit VTC 14, we're going to go to the  
14 first email in the chain that appears on the bottom of  
15 Page 3 and work our way up. So, directing your  
16 attention to Page 3, Bates Number BR\_ESI\_3462, this  
17 appears to be an original appointment sent from  
18 (b)(6); (b)(7)(C)@tokencard.io on April 25, 2017, to you, among other  
19 individuals. The subject is an Updated Invitation  
20 Tokencard and Bittrex. Do you recall attending this  
21 meeting?

22 A No, I don't.

23 Q Now the meeting was held on April 27, 2017.  
24 You reply on May 2, 2017, "Hi guys. Congrats on the  
25 crowd sale." Does the crowd sale refer to the Tokencard

1 ICO?

2 A I don't know for sure.

3 Q Is there anything else it could refer to other  
4 than the Tokencard ICO?

5 A I don't even remember if they had an ICO.

6 Q You write, "Were you able to follow up on the  
7 action items from the last meeting?" And then you list  
8 two items. The first item is, "Scrub the docs of  
9 investment-related terms." What does that mean?

10 A I don't recall what that means?

11 Q Did the docs refer to the Tokencard white  
12 paper and website?

13 A I don't know.

14 Q Is there anything else the docs could refer to  
15 other than the Tokencard white paper and website?

16 A I don't know what documents they may or may  
17 not have had.

18 Q Why are you asking Tokencard to scrub the docs  
19 of investment-related terms after their crowd sale?

20 A I don't think I -- I'm not sure this email  
21 says that I did ask them that.

22 Q Is there --

23 A There's a list of action items here.

24 Q So you think this might have been someone  
25 else's action item other than your own action item? Is

1     that what your testimony is?

2           A     I can't tell from the context in this email  
3     whose action items those are, or who suggested those  
4     action items.

5           Q     Why are you sending this action item to the  
6     Tokencard team?

7           A     I don't know.

8           Q     Sitting here today, does this raise any  
9     concerns for you? It appears you're sending an action  
10    item to scrub the docs of investment-related terms in  
11    connection with congratulating them on their crowd sale.

12          A     Without understanding more of the context, I'm  
13    not sure I need to be concerned about this.

14          Q     Was scrubbing the docs of investment-related  
15    terms a necessary requirement in order for Tokencard to  
16    be listed on Bittrex?

17          A     I think that goes to advice that we would have  
18    gotten from counsel.

19          Q     Do you recall any other instances of asking  
20    issuer applicants to scrub any docs of investment-  
21    related terms?

22          A     I don't recall any.

23          Q     Is the import of having scrubbed the docs of  
24    investment-related terms before the action item to have  
25    a memo from your legal team on why this isn't a security



1 purposeful in that you wanted them to scrub the docs of  
2 investment-related terms so that the legal team could  
3 produce a memo to the effect that the token wasn't a  
4 security?

5 A I don't think I would interpret that list in  
6 that way.

7 Q How would you interpret the list?

8 A It's just two items on a list. I don't think  
9 the order -- I don't think the order in which they're  
10 listed indicates any kind of preference for how it  
11 should be done.

12 Q You then write, "I'd like to move on to our  
13 plans to list TKN and partner further." What did you  
14 mean by that?

15 A I don't know what partner further refers to --  
16 or -- I guess I don't --

17 Q Were these -- were the completion of these  
18 action items necessary before you could move on to the  
19 plans to list TKN on Bittrex?

20 A I don't recall what was required for them to  
21 get listed onto Bittrex.

22 Q Directing your attention to the top of the  
23 page, I'm going to go back a page. It looks like (b)(6);  
(b)(7)(C)

24 (b)(6); (b)(7)(C) replies to you on Tuesday, May 2nd, "Hey  
25 Bill." And then the first sentence to his reply is,

1 "This will be at the top of my priority list for  
2 tomorrow. We're exhausted. Worked throughout the  
3 night." Is that a reference to (b)(6); (b)(7)(C) just  
4 completing work on their ICO?

5 A I don't know.

6 Q You reply to (b)(6); (b)(7)(C) "I know things are  
7 still being worked on, but our ideal scenario is that we  
8 have the market up simultaneously with token movement."  
9 What does that mean?

10 A I don't know exactly what that would have  
11 meant.

12 Q Two emails up on Friday, May 5, 2017, (b)(6);  
(b)(7)(C)  
13 (b)(6); (b)(7)(C) replies again. He writes that (b)(6);  
(b)(7)(C) has  
14 recommended to hold a group call, that (b)(6);  
(b)(7)(C) is quite  
15 confident that he can satisfy your questions. And (b)(6);  
(b)(7)(C)  
16 (b)(6); (b)(7)(C) writes, "Ahead of that I will send you a  
17 revised white paper." Why is (b)(6); (b)(7)(C) sending you  
18 a revised white paper after the ICO?

19 A I don't know.

20 Q Is it ever appropriate to revise a white paper  
21 after an ICO has occurred?

22 A I don't know. It -- I don't know what  
23 revisions occurred.

24 Q A white paper is typically the offering  
25 document used in an ICO, is that correct?

1 A I don't know if that's how they all were done.

2 Q Generally, though, a white paper is the  
3 offering document used in an ICO, is that fair to say?

4 A I'm not even sure that's how that was -- they  
5 were generally done.

6 Q What was the offering document used for an ICO  
7 called, if not a white paper?

8 A (No response.)

9 Q I'll withdraw that question. For Tokencard,  
10 this reference to a white paper by (b)(6); (b)(7)(C) does  
11 that refer to the offering document in the Tokencard  
12 ICO?

13 A I don't know.

14 (b)(6); (b)(7)(C) Weren't the investors who  
15 purchased in the Tokencard ICO relying on the  
16 representations in the white paper when they invested?

17 MR. GEIST: You're asking the witness what  
18 purchasers relied upon?

19 BY (b)(6); (b)(7)(C)

20 Q Do you understand the question, Mr. Shirhara?

21 A (Echo.) I don't know what was echoing. I  
22 don't know what investors, if there even were investors  
23 in Tokencard, would or wouldn't have relied upon.

24 Q In the last exhibit we were looking at, you  
25 were negotiating a purchase of Tokencard tokens,

1 correct?

2 A I don't think we've established that.

3 Q In the last exhibit we were looking at, you  
4 asked to see the white paper, correct?

5 A Could you flip back to it? I don't remember  
6 if I did or didn't.

7 Q Directing your attention to Exhibit VTC 13, an  
8 email sent on April 21, 2017, at 5:14 p.m. from Bill  
9 Shirhara. You write, "Can you provide me with any  
10 websites, white papers, et cetera, that our experts can  
11 read before we meet?"

12 A Okay. And could you repeat your previous  
13 question?

14 Q Weren't investors who are considering whether  
15 they want to make a purchase in the Tokencard ICO  
16 relying on the representations in the white paper at the  
17 time of their investment?

18 A So, I'll repeat my answer. I -- one, I don't  
19 know if there were investors for Tokencard; and two, I  
20 don't know what they would or wouldn't have relied upon.

21 Q Did you rely on the Tokencard white paper?

22 A Before?

23 Q In connection with your investment into  
24 Tokencard, if it occurred -- or in connection to the  
25 evaluation of your investment into Tokencard?

1 A I don't recall if I did but --

2 Q Did you ever receive discounted tokens in  
3 Tokencard?

4 A I don't know. I don't recall.

5 Q Was Tokencard ever listed on Bittrex?

6 A I don't recall.

7 Q At this time in May of 2017, who was involved  
8 in the listing decisions at Bittrex?

9 A I don't recall.

10 Q Earlier we were talking about the STORM token.  
11 What is STORM?

12 A It's a rewards platform for doing certain  
13 activities.

14 Q Are you an investor in STORM?

15 A As of like a few weeks ago, I am an investor  
16 in STORM.

17 Q Did you invest in STORM back in 2017?

18 A If you're talking about the original seed  
19 investment, I can't recall when that was done.

20 Q What seed investment are you referring to?

21 A So I misstated earlier, but I think I did a  
22 \$10,000.00 seed investment in STORM when they were first  
23 forming the company. Back then it was called BitMaker  
24 (audio static).

25 Q What were the terms of --

1 A Sorry, go ahead.

2 Q What were the terms of that investment?

3 A I don't recall.

4 Q Were you ever included in any press releases  
5 related to STORM?

6 A I don't recall any.

7 Q Did you ever advise the STORM issuer that they  
8 should not market STORM as any kind of investment?

9 A I don't recall.

10 Q Was STORM listed on Bittrex?

11 A I don't recall if they were or they weren't.

12 Q Because you had invested in STORM, was a  
13 disclosure required at the time of its listing?

14 A I don't know if it would or wouldn't be  
15 required.

16 (SEC Exhibit No. VTC 15 was  
17 marked for identification.)

18 BY (b)(6); (b)(7)(C)

19 Q I'm showing you what's been marked as Exhibit  
20 VTC 15. This is a two-page email chain, the Bates range  
21 is BR\_ESI\_3702 to 3703. The top email in the chain is  
22 from Bill Shihara to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) with a copy  
23 to a number of individuals. This was sent on July 9,  
24 2017, and the subject of the email chain is Re: Full  
25 Review TGE Announcement Press Release. Do you recognize



1 this email chain, Mr. Shirhara?

2 A I don't recognize being part of this email  
3 chain.

4 Q The first email in the chain was sent on July  
5 7, 2017, from (b)(6); (b)(7)(C). Her address is  
6 (b)(6); (b)(7)(C)@wachsmanpr.com. Do you know who (b)(6); (b)(7)(C) is?

7 A No.

8 Q She refers to a TGE announcement release which  
9 includes a quote drafted on behalf of Bill from Bittrex.  
10 Do you know what that relates to?

11 A I don't. I don't remember.

12 Q What was your involvement with STORM at this  
13 time?

14 A I don't recall what my involvement was.

15 Q Had you made that seed investment we were  
16 discussing earlier?

17 A I don't recall when that seed investment was.

18 Q In the second email from the top (b)(6); (b)(7)(C)  
19 writes, here is Bill's feedback. "He brings up an  
20 important point that we need to distinguish he's not an  
21 investor for the Token Generation event. There are  
22 securities laws issues regarding the statement." Did  
23 you convey that to (b)(6); (b)(7)(C)?

24 A I don't know what was conveyed to Simon Yu. I  
25 don't remember.

1 Q Who is (b)(6); (b)(7)(C) ?

2 A (b)(6); (b)(7)(C) is the (b)(6); (b)(7)(C) of STORM.

3 Q Are you friends with (b)(6); (b)(7)(C) ?

4 A I'd like to think so.

5 Q You write in response, "My feedback is more  
6 along the lines that you should not market STORM as any  
7 kind of investment. Stick to utility tokens so none of  
8 us get into trouble." What did you mean by that?

9 A Well, at this point in time, they had a  
10 working platform, so I just wanted them to focus on the  
11 utility of their token.

12 Q When you write so none of us get into trouble,  
13 what do you mean by that?

14 A I don't recall.

15 (SEC Exhibit No. VTC 16 was  
16 marked for identification.)

17 (b)(6); (b)(7)(C) I'm showing you what's been marked  
18 as Exhibit VTC 16. This is a --

19 THE WITNESS: Actually -- Sorry, before we get  
20 into this, could we take a short break?

21 (b)(6); (b)(7)(C) Sure.

22 THE WITNESS: All right.

23 (b)(6); (b)(7)(C) We are off the record at 6:06 p.m.

24 (Whereupon, at 6:06 p.m., a brief recess was  
25 taken.)

1 (b)(6); (b)(7)(C) Okay. We are back on the record  
2 at 6:19 p.m. Mr. Shirhara, there were no substantive  
3 conversations between yourself and the staff of the SEC  
4 during the break, is that correct?

5 THE WITNESS: That's correct.

6 BY (b)(6); (b)(7)(C)

7 Q Mr. Shirhara, do you ever recall using the  
8 term red flag in connection with any token listing  
9 application?

10 A I don't have a recollection of that. But  
11 sorry, actually before you ask the next question, I  
12 wanted to go back to the Tokencard thing and actually  
13 clarifying something. Is that okay?

14 Q Please do.

15 A So you asked for like an alternative  
16 interpretation of what that email could have  
17 represented, and my recollection of what happened is  
18 that we had asked the Tokencard team to submit to a  
19 compliance review. They didn't have any money to pay  
20 for the compliance review, and so the negotiation that  
21 we had was an alternative way for them to compensate  
22 Bittrex for doing the compliance review.

23 That's why you see in the email thread, the  
24 white papers and things being sent over to the lawyers  
25 because we had asked counsel to look over the documents

1 for Tokencard before we would consider them for listing.

2 So -- and then, I mean, I'm not a hundred percent sure  
3 of this, but I'm actually pretty sure that they never  
4 paid us. So, we ended up being out-of-pocket on the  
5 compliance review for the Tokencard listing.

6 Q Understood.

7 A Okay, thank you.

8 Q Anything else?

9 A That's it.

10 Q No problem. Thank you. Going back to my prior  
11 question, do you recall ever using the term red flag in  
12 connection with any token listing application?

13 A I don't recall using that phrase.

14 Q What does the phrase red flag mean to you?

15 A It would be something that we would need to go  
16 and look at.

17 Q Do you recall identifying any red flags in  
18 connection with any token listing application?

19 A I don't.

20 Q What sort of things would qualify as a red  
21 flag?

22 A Honestly, I don't know what those could have  
23 been.

24 Q If something was identified as a red flag, was  
25 that tracked as part of the token listing review

1 process?

2 A I don't know how it would have been tracked.

3 Q Was there any systemic way that it would have  
4 been tracked, to your knowledge?

5 A Yeah, not that I can recall.

6 (SEC Exhibit No. VTC 19 was  
7 marked for identification.)

8 BY (b)(6), (b)(7)(C)

9 Q I'm showing you what's been marked as Exhibit  
10 VTC 19. This is a one-page email chain. The Bates  
11 number is BR\_ESI\_3550. The top email in the chain is  
12 from Bill Shirhara to (b)(6), (b)(7)(C) dated August 25, 2017,  
13 with a subject Re: Decentraland. Do you recognize this  
14 email chain, Mr. Shirhara?

15 A I don't.

16 Q Who is (b)(6), (b)(7)(C)

17 A I don't remember.

18 Q Have you ever heard of Purse IO, Inc.?

19 A I don't recall who they are.

20 Q Do you know why (b)(6), (b)(7)(C) is emailing you about  
21 Decentraland?

22 A Probably to -- I mean, I don't know.

23 Q What is Decentraland?

24 A I don't remember what this is.

25 Q Was Decentraland listed on Bittrex?

1 A I don't remember.

2 Q In the first email on the chain, (b)(6); (b)(7)(C)  
3 writes to (b)(6); (b)(7)(C) "We successfully had our token sale a  
4 few days ago raising 26 million in a couple of blocks."

5 Do you know what he means by raising 26 million in a  
6 couple of blocks?

7 A I don't know what he means there.

8 Q Does that indicate that the tokens sold in the  
9 token sale were sold in blocks to institutional  
10 investors or whale investors?

11 A I would be surprised if that's what that  
12 means.

13 Q Why is that?

14 A But I don't know for sure.

15 Q Why would you be surprised if that's what that  
16 means?

17 A Well, usually when people in crypto talk about  
18 blocks, they're talking about blocks in the blockchain.

19 Q Fair. Have you ever had any communications  
20 with (b)(6); (b)(7)(C) to your knowledge?

21 A Not to my knowledge.

22 Q (b)(6); (b)(7)(C) writes, "The people at Bitfinex  
23 are helping providing liquidity." Do you have an  
24 understanding of what that means?

25 A I don't know exactly what he meant.



1           Q     You reply to (b)(6); (b)(7)(C) "When I see this, it's a  
2     reg flag: the people at Bitfinex are helping providing  
3     liquidity." What did you mean by that?

4           A     So, in this situation, I think this was a red  
5     flag because we were generally distrustful of what other  
6     exchanges were doing. So, whether or not Bitfinex was  
7     doing anything improper, because they were involved in  
8     the token, it was something that would merit more  
9     investigation.

10          Q     Was it a red flag because providing liquidity  
11     relates to the reasonable expectation of profits and the  
12     efforts of other prongs of the Howey test?

13          A     I mean, I'm not a lawyer so I can't tell you  
14     if that satisfies any prong of the Howey test. But  
15     looking at this email, I think my -- you know, my  
16     recollection of this is my concern would have been more  
17     about Bitfinex rather than the liquidity part of this  
18     statement.

19          Q     So, if a company and its ICO informed  
20     investors that upon conclusion of that offering was  
21     going to attempt to obtain listing for its token on  
22     multiple digital asset trading platforms to provide  
23     liquidity, I know you're not a lawyer, but to your  
24     knowledge, does that factor into the Howey test?

25          A     I don't know how -- or I don't know how the

1 Howey test would or wouldn't apply to that statement.

2 Q Did you ever circulate a token priority list  
3 for issuers that you wanted to be considered for listing  
4 on Bittrex?

5 A I don't recall sending a list around.

6 (SEC Exhibit No. VTC 20 was  
7 marked for identification.)

8 BY (b)(6); (b)(7)(C)

9 Q I'm showing you what's been marked as Exhibit  
10 VTC 20. This document was previously marked as Exhibit  
11 5. It is a three-page email chain. The Bates range is  
12 BR\_ESI\_1989 through 1991.

13 I believe it makes sense to start on the first  
14 -- or earliest email in the chain, and we can work our  
15 way up. So, directing your attention to the email sent  
16 from Bill Shihara to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) on  
17 October 9, 2017, with the subject My Token Priority  
18 List. Do you recognize that email?

19 A I don't remember sending this email.

20 Q What were -- what was (b)(6); (b)(7)(C) role at  
21 Bittrex at this time?

22 A I don't recall.

23 Q What was (b)(6); (b)(7)(C) role?

24 A I don't recall what their roles were?

25 Q Were they involved in the token listing

1 process at this time?

2 A It's likely, but I don't know for sure.

3 Q Why are you sending them a priority list of  
4 token?

5 A I don't recall why I would have sent them a  
6 list at this time.

7 Q Why is Decentraland on your priority list of  
8 tokens despite the red flag we were discussing in the  
9 previous exhibit?

10 A I don't know. What was the -- do you remember  
11 the date or when the Decentraland email was sent? 8/25,  
12 okay.

13 Q So, I'm showing you what was previously marked  
14 as Exhibit VTC 19, and you are correct, the date of that  
15 email sent from you to Andrew Lee was August 25, 2017.

16 A Okay.

17 Q Which references the red flag.

18 A Okay.

19 Q And the email we're looking at in Exhibit VTC  
20 was sent on October 9, 2017.

21 A Okay. So, I don't recall what would have  
22 changed in, you know, the timeframe.

23 Q At the bottom of that email you write, "What  
24 else are we looking at? I'd like to see a list of  
25 things that are being considered and rejected." Why did

1 you want to see a list of tokens that were being  
2 considered and rejected?

3 A I don't recall.

4 Q Did you have a concern that (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C)  
5 were not listing enough tokens?

6 A I don't know why I would have said that -- or  
7 why I would have wanted to see the list of things that  
8 were considered and rejected.

9 Q Did you have a concern at this time that (b)(6); (b)(7)(C)  
10 and (b)(6); (b)(7)(C) were being too strict in their listing  
11 decisions?

12 A I don't recall if I had that opinion at that  
13 time.

14 Q So, (b)(6); (b)(7)(C) replies to you on October 11, 2017,  
15 with a response, and he includes comments to your  
16 priority list, and then a subsequent list of (b)(6); (b)(7)(C)  
17 not overly exciting, but we can look to pursue/add them  
18 list, and then (b)(6); (b)(7)(C) waste of time list. Is this an  
19 example of a typical email that you would receive from  
20 (b)(6); (b)(7)(C)?

21 A I don't know what a typical email from (b)(6); (b)(7)(C)  
22 would have been.

23 Q Do you have an understanding of what (b)(6); (b)(7)(C)  
24 "not overly exciting, but we can look to pursue/add them  
25 list" means?

1 A I don't.

2 Q Directing your attention to DMT-DMarket.io,  
3 (b)(6); (b)(7)(C) writes, "Doesn't look totally crappy. Pantera  
4 listed as an investor."

5 A Okay.

6 Q Do you have an understanding of what that  
7 means?

8 A I don't know what (b)(6); (b)(7)(C) means when he says  
9 doesn't look totally crappy.

10 Q How about Pantera, are you familiar with  
11 Pantera?

12 A I am familiar with Pantera.

13 Q What is Pantera?

14 A They are a fund that was investing in  
15 blockchain companies and tokens.

16 Q Did you work with Pantera?

17 A Define works.

18 Q Did Pantera suggest token listings to you?

19 A They suggested token listings to Bittrex.

20 Q Do you know why (b)(6); (b)(7)(C) is noting in his email  
21 to you that Pantera is listed as an investor?

22 A I don't know why (b)(6); (b)(7)(C) would have noted that.

23 Q How does Pantera being involved factor into  
24 the analysis of whether or not to list a token?

25 A Well, I don't think -- or I don't recall

1 Pantera -- Pantera's involvement as being a factor for  
2 the full listing process through Bittrex. But Pantera  
3 being an investor may get a project prioritized to get  
4 through the full listing process.

5 Q Why is that?

6 A Because if they were putting their money -- I  
7 mean, this is a U.S.-based fund. They have, you know,  
8 people who they're accountable in the United States. If  
9 they had invested in a particular token or a particular  
10 company, we felt like they were doing due diligence on  
11 them. So, if -- as we subsequently did our due  
12 diligence, we didn't feel like it was going to be a  
13 complete waste of time.

14 Q So if Pantera is listed as an investor, your  
15 presumption is that because they're a U.S. fund, they  
16 did due diligence on that ICO or issuer before  
17 themselves investing, is that accurate?

18 A Yes, that's right. We would have -- we  
19 expected that Pantera was doing due diligence on  
20 projects that they were investing their client's money  
21 into.

22 Q Would Pantera trade tokens on Bittrex?

23 A I don't know.

24 Q Do you know if Pantera had a corporate account  
25 at Bittrex?



1 A I don't know.

2 Q Was Pantera a whale?

3 A I don't know. Don't know.

4 Q Do you know if Pantera ever sold any of the  
5 tokens they acquired in ICOs on Bittrex?

6 A I don't know.

7 Q Do you know what type of due diligence Pantera  
8 conducted?

9 A No, I don't know what type of due diligence  
10 they did.

11 Q Regarding D-Market, do you know if that token  
12 was listed on Bittrex?

13 A I don't know if it was.

14 Q Directing to your attention to POWR Power  
15 Ledger, (b)(6); (b)(7)(C) writes, "This doesn't look overly  
16 promising/exciting to me. Energy is very centralized.  
17 Also, there are some controversial statements for their  
18 offering: we provide the link to a website. It appears  
19 to be the Power Ledger website of  
20 /assetgerminationevents."

21 Do you know what (b)(6); (b)(7)(C) was referring to when  
22 he said there are some controversial statements for  
23 their offering?

24 A I don't know what (b)(6); (b)(7)(C) was referring to.

25 Q Underneath the link to the website (b)(6); (b)(7)(C) writes,

1 "Asset germination events are defined in our white paper  
2 as: the sale or crowd funding of an autonomous renewable  
3 energy asset which allocates ownership and distribution  
4 of income." Do you have an understanding of why that's  
5 a controversial statement?

6 A No. I don't know why (b)(6); (b)(7)(C) felt that was a  
7 controversial statement.

8 Q If (b)(6); (b)(7)(C) believed this to be a controversial  
9 statement in connection with the Power Ledger offering,  
10 how does that factor into the decision of whether or not  
11 to list Power Ledger?

12 A That's something that we would get advice from  
13 our legal team on. We'd have lawyers review and use  
14 their judgment.

15 Q Do you know if Power Ledger was listed on  
16 Bittrex?

17 A I don't know.

18 Q Would you be surprised if Power Ledger was  
19 listed on Bittrex?

20 A I don't think I'd be surprised one way or the  
21 other.

22 Q So, it appears that (b)(6); (b)(7)(C) replied again to  
23 his same email to you with his commentary indicating he  
24 added RCN and AION to the priority list, and that he was  
25 still reviewing the backlog. You reply to (b)(6); (b)(7)(C)

1 "(b)(6); (b)(7)(C) of Power Ledger was just named (b)(6); (b)(7)(C) of Perth, so  
2 that raises it in the legitimacy category." What did  
3 you mean by that?

4 A Well, (b)(6); (b)(7)(C) was the (b)(6); (b)(7)(C) of Perth so, you  
5 know, it's -- I think it's exactly what I would have  
6 said, it's -- the (b)(6); (b)(7)(C) of Perth was the founder of a  
7 blockchain. You know, that makes it a lot less likely  
8 that it would be a scam.

9 Q Is there any particular reason that you did  
10 not comment on the controversial statement that (b)(6); (b)(7)(C)  
11 had identified?

12 A As I said, this is the beginning of the  
13 process. They still have to go through the full  
14 listing. And as part of the full listing, they would  
15 have -- you know, we probably -- we likely would have  
16 discussed something like that with lawyers. So, just  
17 (b)(6); (b)(7)(C) doing his job by raising the issue, but it  
18 doesn't get dismissed until a lawyer tells us it's  
19 something to be concerned about.

20 Q You then write, "Also Delta brought another  
21 project from China we should consider listing." What is  
22 Delta a reference to?

23 A That would be Delta Strategy.

24 Q Is that another institutional investor?

25 A No, they are a D.C.-based lobbying firm.

1           Q     You then reply, "I'd also like to put Uptoken  
2     on the list. They are a Perkins client and a Seattle-  
3     based company." How does them being a Perkins client  
4     and a Seattle-based company factor into the token  
5     listing analysis?

6           A     One is a compliance thing. I mean, if their  
7     law firm was Perkins, we'd expect that Perkins would  
8     give them sound legal advice on whatever they were doing  
9     with their token. And, of course, them being a Seattle-  
10    based company and we're a Seattle-based company, where  
11    we can, we like to support blockchain companies in  
12    Seattle.

13          Q     Are you familiar with Uptoken?

14          A     No. I don't actually remember who they are,  
15    but they are a Perkins client and a Seattle-based  
16    company.

17          Q     Do you know if they have any connection to a  
18    company called Coinme?

19          A     I know that Coinme had a token. I'm not sure  
20    if Uptoken is their token.

21          Q     What is Coinme?

22          A     Coinme is a company based in Seattle that they  
23    operated some coin ATMs. They also have a partnership  
24    at the supermarket where you can dump your change into  
25    those machines and receive BitCoin.

1 Q Did anyone at Coinme ever give you anything of  
2 value to list a token on Bittrex?

3 A I don't recall if they have or haven't.

4 Q Do you know if Coinme made any direct payments  
5 by wire to Bittrex in 2018 and 2019?

6 A I don't know if they did or not.

7 Q Regarding (b)(6); (b)(7)(C) email, under (b)(6); (b)(7)(C)  
8 priority list with comments he includes IOTA, and he  
9 writes, "This should round out Bittrex having all coins  
10 in the top 10 listed." Do you know what that refers to?

11 A I don't know what ranking he used to establish  
12 a top 10.

13 Q Did you have a desire to have all of the top  
14 10 coins listed?

15 A Me personally, I don't think that would have  
16 mattered to me.

17 Q Mr. Shirhara, (b)(6); (b)(7)(C) references that IOTA  
18 "should also do good volume." Do you know what he was  
19 referring to there?

20 A I don't know what (b)(6); (b)(7)(C) would have referred  
21 to there.

22 Q How does volume play into listing decisions of  
23 tokens on Bittrex?

24 A I think it's just one factor amongst all the  
25 other factors that we look at before considering tokens



1 for listing.

2 Q And how does volume factor into the listing  
3 decision?

4 A It's just -- well, I mean, to be honest,  
5 volume is speculative, right? We don't know -- we would  
6 never know if it would or wouldn't generate volume. So,  
7 for me, it wouldn't be a -- personally for me and the  
8 coin committee, it wouldn't have been a factor -- or  
9 (b)(6); (b)(7)(C) speculation about how much volume something  
10 could or couldn't do wouldn't be a factor. But it is  
11 just one factor amongst all the other things that we  
12 look at.

13 Q And it's a positive factor, correct? The more  
14 volume it does, the more fees Bittrex could collect, is  
15 that fair to say?

16 A I don't think I would characterize it that  
17 way. Like I think if a token does volume on the  
18 exchange then that's great because it generates revenue.

19 But I don't think it's looked at that way when we're  
20 considering projects for listing on the exchange.

21 Q What is IHT?

22 A I don't know -- not --

23 Q Do you know someone named (b)(6); (b)(7)(C) ?

24 A No, I can't recall who that is.

25 Q Have you ever heard of the I-House token?



1 A I don't recall.

2 (SEC Exhibit No. VTC 23 was  
3 marked for identification.)

4 BY (b)(6); (b)(7)(C)

5 Q I'm sharing what's been marked as Exhibit VTC  
6 23. This document was previously marked as Exhibit 26.

7 This is an eight-page email chain. The Bates range is  
8 BTRX\_SEC\_1262 through 1269.

9 Mr. Shirhara, you did not appear on the top  
10 email in the chain or the second email in the chain, but  
11 in the third email from the top in the chain you are  
12 copied. That email is from (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C)  
13 with a copy to (b)(6); (b)(7)(C) Bill  
14 Shirhara, and (b)(6); (b)(7)(C) on March 22, 2018. The subject is  
15 IHT Coin On Bittrex Exchange. Do you recognize that  
16 email?

17 A I don't.

18 Q Directing your attention to the first email in  
19 the chain. It actually begins on the third to last  
20 page, BTRX\_SEC\_1267. It is from (b)(6); (b)(7)(C) to Bill  
21 Shirhara on March 9, 2018, with a forward of IHT Coin On  
22 Bittrex Exchange. (b)(6); (b)(7)(C) writes, "Is the email below  
23 a scam?" And then provides an update about IHT. She  
24 appears to forward another email that purports to be  
25 from Bittrex, which I'm zooming in on.

1 A Okay.

2 Q It is from an address support@team-  
3 bittrex.com. Is that a real Bittrex email address?

4 A No.

5 Q And it appears they're asking for an Ethereum  
6 payment in order to be listed. Is this a scam email?

7 A That is a scam email.

8 Q Did that happen often that people would  
9 pretend to be Bittrex to solicit payments from tokens?

10 A Way too often.

11 Q What do you mean by that?

12 A I mean we pay a lot of money to various  
13 services to keep getting rid of those.

14 Q At the bottom of (b)(6); (b)(7)(C) email she writes,  
15 (b)(6); (b)(7)(C) will have business trip to U.S. at the end of  
16 March if you are available. We can fix a time to meet."

17 Do you recall meeting with (b)(6); (b)(7)(C) or (b)(6); (b)(7)(C)

18 A I don't recall.

19 Q -- in March of 2018?

20 A Sorry for stepping on you. I don't recall a  
21 meeting with them.

22 Q You reply that yes, the email is a scam, we  
23 don't charge for token listings. You also reply, "If I  
24 read that correctly, you now have utility in Japan?"  
25 What does utility mean to you?

1           A     In this case it looks like they're -- could  
2     you scroll down again to the previous page? So, IHT had  
3     a service that could actually use their tokens. They  
4     have -- you know, what she's representing here is that  
5     someone can purchase Japanese real estate using their  
6     token.

7           Q     And so utility is synonymous with a functional  
8     use in your March 9 email, is that fair to say?

9           A     That -- yeah, that looks like my  
10    interpretation on that day.

11          Q     Okay.

12          A     Well, and actually I do see -- it is a  
13    question, so I wasn't sure if it was a use case or not -  
14    - or a utility there, excuse me.

15          Q     So (b)(6); (b)(7)(C) replies with some additional  
16    detail about potential utility, and then replies again  
17    to you on March 20, 2018, asking how you are, indicating  
18    their updated progress. And at the end of her email she  
19    writes, "Also wanted to check with your availability  
20    after April 23rd. Maybe we can meet at D.C. again?"  
21    She appears to be referring to a meeting with you in  
22    D.C., is that fair to say?

23          A     I don't recall a meeting with her in D.C.

24          Q     Did you travel to Washington, D.C. in March of  
25    2018?

1 A I don't recall if I did or not.

2 Q Could that have been at the same time you were  
3 meeting with the SEC in Washington, D.C.?

4 A I don't remember exactly when I met with the  
5 SEC.

6 Q Now, (b)(6); (b)(7)(C) writes to you with a copy to  
7 (b)(6); (b)(7)(C) but then it appears that (b)(6); (b)(7)(C) responds  
8 sending to (b)(6); (b)(7)(C) as well as (b)(6);  
9 (b)(7)(C) and (b)(6); (b)(7)(C)

10 Do you know why (b)(6); (b)(7)(C) is responding?  
11 Did you forward that email to him?

12 A I don't know who would have forwarded the  
13 email to him, but listing -- you know, getting teams  
14 through the listing process would have been handled by  
15 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C), not by me.

16 Q Who is (b)(6); (b)(7)(C)

17 A That's the (b)(6); (b)(7)(C) at Bittrex.

18 Q What was her role in the listing process?

19 A She didn't have a role in the listing process.

20 What her role here likely was is she had the ability to  
21 read my emails, so she might have forwarded this to

22 (b)(6); (b)(7)(C)

23 Q (b)(6); (b)(7)(C) writes, "Please have your team submit  
24 another listing request." Do you know why (b)(6); (b)(7)(C)  
25 requested that?

1 A I don't know.

2 Q (b)(6); (b)(7)(C) then writes, "Please also go through  
3 and clean up the problematic statements regarding price  
4 in your Twitter account and social media." What do you  
5 understand that to mean?

6 A I don't know what (b)(6); (b)(7)(C) would have meant.

7 Q Do you know why (b)(6); (b)(7)(C) was asking IHT to  
8 clean up the problematic statements regarding price in  
9 your Twitter account and social media?

10 A I don't know.

11 Q Did you instruct (b)(6); (b)(7)(C) to write that?

12 A No. No, I don't --

13 Q Was that --

14 A Go ahead.

15 Q Was that part of (b)(6); (b)(7)(C) job in connection  
16 with processing listing token applications?

17 A I don't know how (b)(6); (b)(7)(C) performed -- you know,  
18 did during the day all the time.

19 Q This clean-up of problematic statements  
20 regarding price was sent by (b)(6); (b)(7)(C) with (b)(6); (b)(7)(C)  
21 (b)(6); (b)(7)(C), and you cc'd from Bittrex. No counsel were  
22 included on this email, is that correct?

23 A Okay. I don't recognize any counsel on this  
24 email.

25 Q So, it appears that (b)(6); (b)(7)(C) is doing



1 problematic statement clean-up before the application is  
2 submitted for counsel's review, is that fair to say?

3 A I don't know what he had discussed with  
4 counsel before or after he sent this email.

5 Q Would you expect that (b)(6); (b)(7)(C) would have  
6 discussed this with counsel before instructing a token  
7 applicant to clean up problematic statements?

8 A I don't know what (b)(6); (b)(7)(C) did or didn't consult  
9 lawyers on.

10 Q I'm asking about your expectations as the  
11 chair of the token review committee and CEO of Bittrex.

12 Do you have an expectation that (b)(6); (b)(7)(C) would consult  
13 with counsel before doing this, or did he have free  
14 reign to go ahead and clean up problematic statements  
15 without first checking with counsel on?

16 A I think I -- my answer is the same, I don't  
17 know what (b)(6); (b)(7)(C) -- I don't know how (b)(6); (b)(7)(C) consulted  
18 with lawyers in the course of his job.

19 Q Did you ever tell (b)(6); (b)(7)(C) not to clean up  
20 problematic statements by issuers who had submitted  
21 applications to be listed on Bittrex?

22 A I don't -- I can't recall saying that or not  
23 saying that.

24 Q Do you recall if IHT was listed on Bittrex?

25 A I don't know if it was or wasn't.



1 (SEC Exhibit No. VTC 24 was  
2 marked for identification.)

3 BY (b)(6); (b)(7)(C)

4 Q I'm showing you what's been marked as Exhibit  
5 VTC 24. This was previously marked as Exhibit 28. This  
6 is the listing application. The applicant is named  
7 Aladdin Fintech Company Limited. On Page 2, the name of  
8 the token is the I-House token, and the token symbol is  
9 IHT. Do you recognize this listing application?

10 A I don't.

11 Q Did you review this listing application as  
12 part of your analysis of whether to list the IHT token?

13 A I don't recall if I did or didn't.

14 Q If the application was submitted, you would  
15 have reviewed it, is that fair to say?

16 A I don't recall one way or the other.

17 Q Did you not always review listing applications  
18 that you voted on?

19 A I did try to review all the documents, but I  
20 don't specifically remember reviewing this one.

21 Q Directing your attention to Page 2 of Exhibit  
22 VTC 24, the application states regarding the  
23 expectations for the development of a trading market  
24 they write, "We will continue to apply for more  
25 exchanges worldwide to increase liquidity." How does

1     that statement factor into your analysis of whether to  
2     list IHT token?

3           A     I think I would have to look at it amongst all  
4     the other statements.

5           Q     Is that statement a red flag?

6           A     I don't know.

7           Q     The application reads, "On the date of our  
8     token sale, the platform was: in development." How does  
9     that factor into the analysis for whether to list a  
10    token? That the platform was in development on the date  
11    of the token sale.

12          A     Again, like I think it's the sum total of all  
13    of the data that we collect that matters. You know, one  
14    thing that I'm sensitive about when I look at some of  
15    these documents, especially ones that are submitted by  
16    the team, is that they aren't all native English  
17    speakers. So, you know, this is a guide. So, it's  
18    difficult to just immediately dismiss a listing based  
19    off of anything they might submit -- or any one thing  
20    that they might submit. I mean, you look at the whole  
21    thing and --

22          Q     Part B has information about how tokens are  
23    earned and acquired. In the section we limited token  
24    sales to, "We are not accepting users who hold passports  
25    of China and the United States to participate in the

1 token sale." How does the restriction on users who hold  
2 passports in the United States factor into the analysis  
3 of whether or not to list a token like IHT?

4 A I think that would be information we'd consult  
5 the lawyers on.

6 Q Do you, sitting here today as the chair of the  
7 token review committee, as the former CEO of Bittrex,  
8 have an opinion on whether it's a reg flag that in their  
9 offering, the IHT issuer did not permit passport holders  
10 in the United States to participate in the token sale?

11 A I think we would have consulted lawyers on  
12 whether or not this is relevant.

13 Q How did you consult lawyers?

14 A I mean, in our current processes, we do -- we  
15 have an independent legal review -- or sorry, we pay  
16 lawyers to review a token and give us their opinion on  
17 whether or not it's something that Bittrex should  
18 consider listing.

19 Q And at what point in the process does that  
20 legal review occur?

21 A Well, referring back to the listing processes  
22 we had looked at, it's towards the end -- you know,  
23 after the basic data's collected, then it's submitted to  
24 the lawyers.

25 Q Is it after the problematic statements and

1 problematic features are cleaned up that it's submitted  
2 to the lawyers?

3 A I don't know if that's -- I don't know one way  
4 or the other. I also don't know what's disclosed to the  
5 lawyers.

6 Q Who provides the lawyers with the materials  
7 for their review?

8 A The coin team does.

9 Q And who is on the coin team?

10 A That was the list that we saw which was  
11 (b)(6); (b)(7)(C) team. I should --

12 Q (b)(6); (b)(7)(C)

13 A Yeah, (b)(6); (b)(7)(C) I should also add that  
14 the lawyers are doing their own independent research as  
15 well, so they aren't -- they -- or least my expectation  
16 is that they're not relying solely on information we're  
17 providing them, they're doing their own research.

18 (SEC Exhibit No. VTC 25

19 was marked for identification.)

20 BY (b)(6); (b)(7)(C)

21 Q I'm showing you what's been marked as Exhibit  
22 VTC 25, and this was previously marked as Exhibit 29.  
23 The Bates range is BTRX\_SEC\_14090 to 14091. This is a  
24 two-page document. Do you recognize this document, Mr.  
25 Shirhara?

1           A     I -- this -- I recognize this as a checklist,  
2     but I don't remember this specific document.

3           Q     It appears that in the problematic statements  
4     field, no is marked, and there's no indication that (b)(6);  
5     (b)(7)(C) previously asked for that problematic statement  
6     clean-up. Is that correct?

7           A     I mean, that's what's in this checklist, but I  
8     don't know how (b)(6);  
9     (b)(7)(C) may have communicated that  
10    information elsewhere.

11          Q     Do you know why that information isn't on this  
12    checklist?

13          A     I don't.

14          Q     Under Token Metrix, Number 4 is steady trade  
15    volume. That reads low volume. 650K on OEX likely  
16    fake.

17          A     Mm-hmm.

18          Q     Do you have an understanding of what that  
19    means?

20          A     I don't know what OK -- or OEX is, but low  
21    volume is low volume.

22          Q     What about the fact that whoever prepared this  
23    checklist identified volume that they characterized as  
24    "likely fake"? Do you have an understanding of what  
25    that means?

26          A     I don't know how they would have determined it

1 was fake but, you know, it means that they did -- they  
2 don't trust this 650K number that's being published by  
3 OEX.

4 Q Was the determination by whoever prepared this  
5 checklist that there was likely fake volume on OEX, it  
6 appears to be (b)(6); (b)(7)(C) , was that conveyed to the  
7 compliance folks that surveilled manipulative behavior  
8 on Bittrex?

9 A I don't know.

10 Q Do you have any concerns about market  
11 manipulation on the Bittrex platform?

12 A Yes. If we know about manipulation, we do our  
13 best to find and eliminate it.

14 (b)(6); (b)(7)(C) Have you ever found manipulation on  
15 the platform?

16 THE WITNESS: I don't recall one way or the  
17 other.

18 (b)(6); (b)(7)(C) How did Bittrex surveil for market  
19 manipulation on the platform?

20 THE WITNESS: Well, at the time that I was  
21 CEO, it was a manual responsibility. So, we relied upon  
22 our employees as well as monitoring the social media to  
23 alert us if there was something for us to investigate,  
24 and then we would ask the compliance team to  
25 investigate.



1 BY (b)(6); (b)(7)(C)

2 Q Do you recall that ever happening?

3 A I don't remember one way or the other.

4 Q So, it's possible that that never happened,  
5 that there was never anything investigated, found in any  
6 way?

7 A Like I said, I don't know one way or the  
8 other.

9 BY (b)(6); (b)(7)(C)

10 Q Mr. Shirhara, what is OCN?

11 A I don't recall.

12 Q Do you recall working on the token listing  
13 application for OCN?

14 A I don't.

15 Q Do you recall anyone ever discussing cleaning  
16 up of problematic statements after a vote to list a  
17 token on Bittrex?

18 A I don't.

19 (SEC Exhibit No. VTC 27 was  
20 marked for identification.)

21 BY (b)(6); (b)(7)(C)

22 Q I'm showing you what's been marked as Exhibit  
23 VTC 27. This email chain was previously marked as  
24 Exhibit 32. The Bates number is BTRX\_SEC\_7562. Do you  
25 recognize this email chain, Mr. Shirhara?

1           A     I mean, I recognize this is an email chain. I  
2     don't recognize -- or I don't remember being a part of  
3     it.

4           Q     It appears you received this email, correct?

5           A     Correct.

6           Q     Is there any reason to believe that you didn't  
7     receive this email?

8           A     No. I don't recall receiving it, but I don't  
9     see a reason I wouldn't have.

10          Q     Directing to your attention to the middle  
11     email on the chain, it appears to be from you to (b)(6);  
12     (b)(7)(C) and (b)(6); (b)(7)(C)  
13     It appears that you voted to approve the listing of OCN.

14          A     Mm-hmm.

15          Q     Is that correct?

16          A     That's correct.

17          Q     After you vote to approve it, it appears (b)(6);  
18     (b)(7)(C) also voted to approve OCN. (b)(6); (b)(7)(C) writes some  
19     additional notes including, "We have asked the team to  
20     expedite cleaning up of problematic social media  
21     statements." Do you have an understanding of what (b)(6);  
22     (b)(7)(C) means by that? (b)(7)(C)

23          A     I don't.

24          Q     Why is (b)(6); (b)(7)(C) informing you that he's asking  
25     the team to expedite cleaning up problematic social

1 media statements?

2 A I don't know why (b)(6);  
(b)(7)(C) would have informed  
3 the -- or informed the coin committee.

4 Q Do you know what problematic social media  
5 statements refer to in the context of Exhibit VTC 27?

6 A I don't.

7 Q Did you instruct (b)(6); (b)(7)(C) to ask the OCN team  
8 to expedite the cleaning up of problematic social media  
9 statements?

10 A I don't recall doing so.

11 Q Do you know if this cleaning up of problematic  
12 social media statements was ever memorialized outside of  
13 this email?

14 A I don't know what the problematic statements  
15 are, so I couldn't tell you whether or not we did or  
16 didn't memorialize the clean-up.

17 Q Sitting here today, does this email from (b)(6);  
(b)(7)(C)  
18 (b)(6);  
(b)(7)(C) cause you any concern?

19 A Without the full context of what occurred  
20 here, it's difficult for me to say there was an issue.

21 Q What do you mean by that?

22 A You know, I don't know what the problematic  
23 social media statements were. I don't know when they  
24 were cleaned up. I don't know what was available in the  
25 checklist, what was disclosed to the lawyers.

1           So, I don't know if (b)(6); (b)(7)(C) received legal  
2 advice on what to do with the problematic social media  
3 statement. So, there's a -- you know, in a one-page  
4 email here that encompasses a fairly long process, it's  
5 difficult for me to know whether or not I should be  
6 concerned.

7                   (SEC Exhibit No. VTC 29 was  
8                   marked for identification.)

9           BY (b)(6); (b)(7)(C)

10          Q     I'm showing you what's been marked as Exhibit  
11 VTC 29. This is a three-page document. The Bates range  
12 is BTRX\_SEC\_22774 through 22776.

13                   Do you recognize this document, Mr. Shirhara?

14          A     I recognize this is the checklist, but I don't  
15 recall seeing -- receiving this. Can we pause for like  
16 10 seconds? Can we close the blinds? Sorry, the sun is  
17 in my eyes. That's good. Thanks. All right. Sorry,  
18 David, go ahead.

19          Q     This is a checklist for the HINT chain, H-I-N-  
20 T, do you know if HINT was listed on Bittrex?

21          A     I don't recall.

22          Q     Was it listed on Bittrex International?

23          A     I don't recall.

24          Q     Directing your attention to the community  
25 heading, number one is social media tweets, and it's

1 indicated that problematic tweets, statements, blog  
2 posts have been removed. Do you recognize that entry?

3 A I don't recognize that entry.

4 Q Is this something typical that you would see  
5 in the coin listing checklist that you reviewed?

6 A I don't know if this was typical or not.

7 Q Does this entry cause you any concern, sitting  
8 here today?

9 A You know, without more context around it, I  
10 don't know if I should be concerned or not.

11 Q Can you recall if you voted to approve the  
12 HINT token?

13 A I don't recall.

14 Q Directing your attention to the bottom of the  
15 page, there's something called a cheat sheet. Do you  
16 recognize this cheat sheet?

17 A I don't.

18 Q Have you ever seen this before?

19 A I'm not familiar with it.

20 Q Did you continue to receive these coin listing  
21 checklists as part of your review of listing  
22 applications during 2019?

23 A Yes.

24 Q So if you received these coin listing  
25 checklists, you would've seen the cheat sheet; is that

1 fair to say?

2 A Could you scroll up a little bit? So the  
3 bottom of the checklist is mainly administrative things,  
4 so it's very likely I would never have looked at this  
5 last page.

6 Q Do you know who created this cheat sheet?

7 A I don't.

8 Q The first -- withdrawn. Do you know why this  
9 cheat sheet was created?

10 A I don't.

11 Q At some point in time, did Bittrex's platform  
12 bifurcate into international and domestic?

13 A Yes.

14 Q Why was that?

15 A I think that would go towards advice that we  
16 received from counsel.

17 Q Were the same people involved in the listing  
18 decisions for the domestic and the international  
19 platforms?

20 A I don't recall when we changed the -- or like  
21 what changes we made to the processes, if any, between  
22 US and international.

23 (b)(6); (b)(7)(C) Let's go off the record at 7:24  
24 p.m.

25 (Whereupon, at 7:24 p.m., a brief recess was



1 taken.)

2 (b)(6); (b)(7)(C) Okay. We are back on the record  
3 at 7:35 p.m.

4 Mr. Shirhara, during the break, there were no  
5 substantive conversations concerning the investigation  
6 between yourself and the staff of the SEC, other than a  
7 brief discussion about the Seattle Seahawks face mask  
8 that you have; is that correct?

9 THE WITNESS: That's correct.

10 (b)(6); (b)(7)(C) All right. Thank you, Mr.  
11 Shirhara.

12 BY (b)(6); (b)(7)(C)

13 Q Did there come a time when Bittrex conducted a  
14 rereview of prior listed tokens?

15 A We did. I don't remember exactly when that  
16 was, but we did a rereview of a number of tokens.

17 Q What was your involvement in that rereview?

18 A I don't recall what my involvement was, if  
19 any.

20 Q Who is (b)(6); (b)(7)(C) ?

21 A (b)(6); (b)(7)(C) he was someone who -- I don't know  
22 what his role was when he -- when we did the rereview,  
23 but his career at Bittrex started in support and then  
24 eventually, he joined the coin team.

25 Q Did you ever meet with (b)(6); (b)(7)(C) concerning

1 relisting certain tokens that might be a risk of being  
2 securities?

3 A I can't recall one way or the other.

4 Q Do you know if Mr. Sato compiled a list of  
5 tokens on the US platform to determining delisting  
6 priorities?

7 A I don't recall if he did or not.

8 Q Did you set priorities for the delisting of  
9 certain tokens?

10 A I don't recall if I did or not.

11 Q Other than the reasons we've already discussed  
12 for delisting tokens and the criteria, as reflected in  
13 the policies and procedures, are there any other reasons  
14 that Bittrex would consider delisting a token?

15 A And you'll have to forgive me because I don't  
16 recall what we discussed earlier in the day around  
17 delisting of tokens, but nothing comes to mind right  
18 now.

19 Q Would Bittrex consider delisting a token if it  
20 wasn't trading enough?

21 A That could be one of the factors.

22 Q What is buy support?

23 A I think that would refer to the buy side of  
24 the order book.

25 Q And what do you mean by that?

1           A     It may be an indicator of how much interest  
2 there is in the token if there are people willing to buy  
3 it.

4           Q     I'm showing you what's been marked as Exhibit  
5 VTC 31. This is a seven-page email chain. The first  
6 email in the chain is Bates marked BTRX\_SEC\_28218, and  
7 the Bates range goes through 28224. The top email in  
8 the chain is from (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C) and the coin  
9 team. It was sent on May 24, 2019. The subject is,  
10 "Re: Grow Buy Support."  
11 Are you on the coin team email list?

12                     (SEC Exhibit No. VTC 31 was  
13                     marked for identification.)

14           A     I don't recall.

15           Q     Do you recognize this email chain?

16           A     I don't.

17           Q     In the bottom email in the chain, sent on May  
18 24, 2019, from (b)(6); (b)(7)(C) to the coin team email address  
19 with the subject, "Grow Buy Support," (b)(6); (b)(7)(C) sends a  
20 list of tokens and their corresponding buy support. And  
21 he proposes to, "Message all of the teams with less than  
22 two BTC buy support in slack, unless they are cited for  
23 delisting."

24                     Do you understand what he means by that?

25           A     I'm not sure.

1 Q Were you ever involved in discussions at  
2 Bittrex concerning reaching out to listed tokens  
3 regarding their buy support being low?

4 A I don't recall -- I don't recall that.

5 Q (b)(6); (b)(7)(C) replies on May 24, 2019 to (b)(6); (b)(7)(C)  
6 and the coin team, he writes, in part, (b)(6); (b)(7)(C) what are  
7 the ideal ways to increase buy support when in  
8 discussion with token teams?" And the first bullet is  
9 "The token team placing buy orders themselves."

10 Do you understand what that means?

11 A Yes, that would be the token team placing buy  
12 orders on the market.

13 Q Do you ever recall any discussion about  
14 reaching out to token teams to ask them to place buy  
15 orders on the market?

16 A I do not, and if I'm reading the context of  
17 the email, that's not what we sent to the token teams.

18 Q Do you know if anyone at Bittrex reached out  
19 to token teams to encourage them to place buy orders  
20 themselves?

21 A I don't know of anyone who did that.

22 Q If the buy support of the token team didn't  
23 increase to above two Bitcoin, would that token  
24 typically be delisted?

25 A I think it would be one factor that we'd

1 consider in delisting them.

2 Q Did token teams mind being delisted or did  
3 they push back against it, in your experience?

4 A It varies.

5 Q What do you mean by that?

6 A Some token teams didn't mind being delisted.

7 BY (b)(6); (b)(7)(C)

8 Q Did Bittrex ever communicate with any token  
9 teams something like what's expressed in this email that  
10 if the buy support is not increased, they're at risk for  
11 delisting?

12 A I don't know what they communicated to the  
13 token teams.

14 BY (b)(6); (b)(7)(C)

15 Q Who supervised the coin team at Bittrex during  
16 your time as CEO?

17 A Originally, it was (b)(6); (b)(7)(C) and, at some point,  
18 (b)(6); (b)(7)(C) moved on and I don't know the exact timing, but  
19 eventually (b)(6); (b)(7)(C) became the manager for the coin team  
20 and that's what I recall to me going on sabbatical.

21 Q When (b)(6); (b)(7)(C) was the manager of the coin  
22 team, who did she report to?

23 A I think we discussed this earlier. I don't  
24 recall everyone that she reported to.

25 Q Was she one of your direct reports?

1 A I don't recall if she was or not.

2 Q Were you, as CEO, ultimately responsible for  
3 the actions of the coin team?

4 MR. GEIST: That's calling for a legal  
5 conclusion.

6 BY (b)(6); (b)(7)(C)

7 Q In your own estimation, as CEO, do you feel  
8 that you were responsible for the actions of the coin  
9 team during your time at Bittrex?

10 A I think we had a process that was, you know,  
11 guided by lawyers, and I think my concern would be  
12 whether or not we heeded the advice of our lawyers in  
13 our actions at Bittrex.

14 Q What do you mean by that?

15 A If the lawyers gave us legal advice on how we  
16 should or shouldn't conduct listings or delistings, if  
17 we weren't following that advice, I would be concerned,  
18 but, you know, the individual actions of a member on a  
19 coin team, I mean we have, you know, a large number of  
20 employees at the company, so it'd be difficult for me  
21 to, you know, oversee everything that was happening on  
22 that team.

23 (b)(6); (b)(7)(C) : Thank you, Mr. Shirhara. I

24 believe (b)(6); (b)(7)(C) has a few questions on one more  
25 topic.



1 THE WITNESS: Okay. Thanks, David.

2 (b)(6); (b)(7)(C) Hi, Mr. Shirhara. Can you hear  
3 me?

4 THE WITNESS: Yes, I can.

5 BY (b)(6); (b)(7)(C)

6 Q Okay, great. I just want to follow up on a  
7 couple of things. One thing from earlier today, you had  
8 said that if you knew of potential manipulation on  
9 Bittrex's platform, you would ask the compliance team to  
10 take care of it; is that correct?

11 A That's my understanding of the process.

12 Q And who on the -- is there anyone on the  
13 compliance team, in particular, that would have that  
14 responsibility?

15 A I don't know. We would've just sent it to the  
16 compliance team, in general.

17 Q Did (b)(6); (b)(7)(C) have that responsibility?

18 A I don't know if he did it himself or he  
19 delegated it.

20 Q Would you have communicated the issue to him?

21 A I may have. He isn't the only person that  
22 would've been communicated to. And also, it wasn't only  
23 me that would report potential market manipulation, so I  
24 couldn't tell you exactly what other people at the  
25 company were doing.

1 Q Sure. Who else would you relay the  
2 information to, other than (b)(6); (b)(7)(C)

3 A I would've gone to his deputy, (b)(6);  
(b)(7)(C)

4 Q Did you say (b)(6); (b)(7)(C)

5 A Yes.

6 Q Anyone else?

7 A I don't know of anyone else specifically who I  
8 would've gone to. I also don't know if (b)(6);  
(b)(7)(C) would've  
9 been the person who would've handled it personally.

10 Q And who did (b)(6);  
(b)(7)(C) report to?

11 A She reported to (b)(6);  
(b)(7)(C)

12 Q Was she on the compliance team?

13 A Yes.

14 Q And did she have a title?

15 A I don't know what her title is.

16 Q And who else would have -- who else at Bittrex  
17 would have relayed knowledge of potential manipulation  
18 to the compliance team?

19 A I don't know who else would've. It's something  
20 that, you know, any employee would've been expected to  
21 highlight and flag for us.

22 Q Do you know of any specific instances where  
23 any other employee has relayed any potential -- any  
24 knowledge of potential manipulation to the compliance  
25 team?

1           A     I don't.

2           Q     Do you do -- was there any instance where any  
3 Bittrex employee relayed any -- relayed to you knowledge  
4 of potential manipulation on Bittrex's platform?

5           A     I don't recall that happening or not  
6 happening.

7           Q     Did Bittrex ever use any automated system to  
8 detect potential manipulations on Bittrex's platforms?

9           A     Sorry, I apologize, my mind wandered. Could  
10 you -- could you repeat the question?

11          Q     Sure. Did Bittrex ever use any automated  
12 software to detect potential manipulation on the  
13 platform?

14          A     During my time as CEO, we were still  
15 evaluating solutions to do it in an automated way.

16          Q     Is there any reason why Bittrex did not use  
17 software to detect potential manipulation on the  
18 platform?

19          A     I wasn't part of this investigation, but what  
20 I recall is we had looked at several off the shelf  
21 solutions and none of them fit our infrastructure very  
22 well, so I think we were looking at building our own.

23          Q     Did the company ever build its own software?

24          A     I don't know.

25          Q     So while you were CEO, the only processes in

1 place to detect potential manipulation was a manual  
2 process?

3 A Yes, that's my recollection.

4 Q And who had that responsibility, if anyone?

5 A To detect manipulation? As I said, it was  
6 something that various employees would highlight and  
7 raise visibility on.

8 Q Did anyone specifically have that  
9 responsibility?

10 A To my knowledge, there's no single employee at  
11 the company who was responsible for finding manipulation  
12 manually on the platform.

13 Q So if they had discovered that, that would be  
14 something outside of their normal course of their normal  
15 role?

16 A I don't know if I would characterize it in  
17 that way. I think that's just something that, you know,  
18 employees would've been aware of and, you know, just  
19 like compliance is everyone's responsibility, you know,  
20 something like this would be a shared responsibility.

21 Q When I say potential manipulation, what do you  
22 think -- what does that mean to you?

23 A Irregular price movement, irregular volume.

24 Q Anything else?

25 A Those are the two things that come to my mind.

1           Q     Was that a common problem with trading of  
2 digital assets?

3           A     I don't think that was a common problem.

4           Q     Did you ever discuss potential manipulation in  
5 the digital asset space with anyone outside of Bittrex?

6           A     I don't recall having those conversations.

7           Q     Okay. I'm going to switch topics for a couple  
8 of minutes. Are you familiar with an entity called  
9 Ripple Labs?

10          A     Yes.

11          Q     How are you familiar with that entity?

12          A     So it's my understanding is that they're a  
13 part of Ripple. That's -- yeah, that's all I can recall  
14 about it.

15          Q     What is Ripple's business model?

16          A     I don't know.

17          Q     What is XRP?

18          A     That's their token.

19          Q     When you say their token, what do you mean?

20          A     Well, that was the token that was started by  
21 Ripple.

22          Q     And when you say started by Ripple, what do  
23 you mean? Did Ripple create XRP?

24          A     I mean I don't know. You're asking me about  
25 another company's work.

1 Q Was XRP listed on the Bittrex platform?

2 A Yes.

3 Q During what period of time?

4 A I don't recall.

5 Q Was it listed on Bittrex prior to 2016?

6 A I don't know.

7 Q Have you ever spoken -- have you ever spoken  
8 with anyone from Ripple Labs?

9 A I don't recall if I have.

10 Q Are you familiar with an individual by the  
11 name of (b)(6); (b)(7)(C)

12 A His name sounds familiar, but I don't remember  
13 any specific conversations.

14 Q He's an employee of Ripple. Does that refresh  
15 your memory as to whether you've spoken to him or anyone  
16 else at Ripple Labs?

17 A His name is familiar to me, but I don't recall  
18 if we spoke.

19 Q Are you familiar with an individual by the  
20 name of (b)(6); (b)(7)(C) is the first name and  
21 the last name is (b)(6); (b)(7)(C) also an employee of Ripple  
22 Labs?

23 A That name isn't ringing a bell to me.

24 Q Does Ripple own a large percentage of XRP  
25 tokens?



1           A     I don't know.

2           Q     Did Ripple ever submit a listing application  
3 similar to other listing applications that we've spoken  
4 about today?

5           A     I don't know if they have.

6           Q     Did Bittrex ever list the XRP USD trading pair  
7 on its platform?

8           A     I don't know if we have or not.

9           Q     When did Bittrex begin offering fiat listings  
10 on its platforms?

11          A     I don't remember exactly when we started doing  
12 that.

13          Q     What prompted that decision?

14          A     I don't recall why we decided to start  
15 offering US dollar pairs.

16          Q     What tokens -- how many tokens did you offer  
17 USD pairs for?

18          A     I don't recall.

19          Q     Was Bittrex one of them? Excuse me, was XRP  
20 one of them?

21          A     I don't recall.

22          Q     I'd like to show you a document. I'm going to  
23 share my screen in a moment. I'm showing you an email  
24 dated March 28, 2017 from (b)(6); (b)(7)(C) It's an  
25 internal Ripple email. You're not on the email.

1 A Okay.

2 Q Can everyone see that?

3 A Yes, I see it.

4 Q The subject is, "Bittrex Meeting Notes." Do  
5 you see that?

6 A Yes.

7 MR. GEIST: Are you marking this as an  
8 exhibit?

9 (b)(6); (b)(7)(C) No, I am not.

10 MR. GEIST: Why not?

11 (b)(6); (b)(7)(C) I'm not, but I'm identifying it  
12 for the record. It has the Bates stamp numbers  
13 RPLI\_SEC\_0049126. It's a two-page email.

14 MR. GEIST: What's the second Bates number?

15 (b)(6); (b)(7)(C) 49127.

16 BY (b)(6); (b)(7)(C)

17 Q If you wouldn't mind just taking a look at the  
18 email.

19 A Uh-huh.

20 Q It seems to say that -- it seems to  
21 memorialize a call with Bittrex.

22 A Could you --

23 Q And then it references you at the very bottom  
24 under the caption, "Ripple XRP Feedback." Sorry, who's  
25 speaking?

1 (Crosstalk)

2 THE WITNESS: Apologies, (b)(6); (b)(7)(C) if you stop  
3 scrolling, I can read it.

4 (b)(6); (b)(7)(C) Oh, okay. Sorry about that. Let  
5 me just make it smaller so we can see the whole first  
6 page.

7 MR. GEIST: Also, that makes it harder to  
8 read.

9 THE WITNESS: No, no, this is swell. I don't  
10 know if it's fine for you, Andy, but this is fine for  
11 me. Whoa, now that's too small.

12 (b)(6); (b)(7)(C) Oh, okay. Sorry.

13 THE WITNESS: Okay. This is good for me,

14 (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C) Okay. Thanks.

16 THE WITNESS: Could you scroll down to the  
17 next page?

18 (b)(6); (b)(7)(C) To the second page?

19 THE WITNESS: Yes.

20 (b)(6); (b)(7)(C) Sure.

21 THE WITNESS: Thank you. Okay. Thank you.

22 BY (b)(6); (b)(7)(C)

23 Q Sure. Does this document refresh your  
24 recollection as to a call that you had with Ripple  
25 representatives?

1           A     I don't remember that call.

2           Q     Okay. On the bottom of the email, under the  
3 heading, "Ripple XRP Feedback," did you provided  
4 feedback to Ripple regarding XRP and their company?

5           A     I don't recall providing them feedback.

6           Q     Under the feedback, it says that Ripple and  
7 XRP is viewed as centralized, so that's feedback that  
8 you've provided them. Why was it viewed as centralized?

9           A     I don't know if -- I don't remember this  
10 conversation, so I don't know if I actually said that.  
11 So yeah, I don't know if I can answer that question for  
12 you. I don't -- I don't know who viewed it as  
13 centralized or why.

14          Q     Are you -- well, on the previous page it says,  
15 "They strongly feel that the digital assets speculator  
16 ecosystem currently is not interested in the XRP." Does  
17 that mean the digital asset speculator ecosystem views  
18 Ripple and XRP as centralized?

19          A     I mean, like I said, I don't know if I said  
20 those words to him. This is an internal email at  
21 Ripple. If he had copied me at the time on this email  
22 and I didn't agree with those statements, I might've  
23 corrected him.

24          Q     Do you recall having this conversation with  
25 them at the time?

1           A     I don't recall having this conversation.

2           Q     Do you have any reason to believe that these  
3 notes of the call are inaccurate?

4           A     Well, I mean the fact that I wasn't copied on  
5 this email to correct statements that he'd made that I'd  
6 said, I don't know, makes me suspicious about the email,  
7 but outside of that, I don't have any specific reasons  
8 to think that this email is inaccurate.

9           Q     Stepping away from the email itself and just  
10 based on your knowledge of Ripple and your knowledge of  
11 XRPs trading on the platform. Do you think anything --  
12 do you disagree with the views that were -- that he says  
13 you had at the time?

14          A     I don't know those two things are connected in  
15 any way. How he may have interpreted my views, I don't  
16 know how it correlated to any listing decision that we  
17 would've made about XRP.

18          Q     It says he, and I think he's referring to you,  
19 "He cited the fact that Ripple would come into the  
20 market and manipulate the price of XRP as we wished."  
21 How and why could they do that?

22          A     Well, I'm not sure that I did say that. I  
23 don't know how Ripple could or would manipulate their  
24 market.

25          Q     Under the next step, it says -- under the

1 heading next steps, "XRP's Fiat Listing Discussion:  
2 Present strategy and exchange road map to build in order  
3 to determine interest in additional XPR fiat listing."  
4 Do you recall any discussions with Ripple about an XRP  
5 fiat listing?

6 A No, I don't.

7 Q I'm going to show you another document. It  
8 has the Bates stamp number RPLI\_SEC\_0008561. Just take  
9 a moment to look at it and let me know when you're done.

10 A Is it just one page?

11 Q Yes.

12 A Could you -- could you zoom in once? I'm  
13 having a hard time reading some of the numbers.

14 Q I think it's a poor copy, and I apologize.

15 A Okay, appreciate it.

16 MR. GEIST: Again, you're not marking the  
17 exhibit?

18 (b)(6); (b)(7)(C) Nope.

19 MR. GEIST: May I ask why?

20 (b)(6); (b)(7)(C) No reason.

21 MR. GEIST: In my experience with documents  
22 you show the witness, they would be marked.

23 (b)(6); (b)(7)(C) I'm sorry, Andy, I can't hear  
24 you.

25 MR. GEIST: I said in my experience when



1 witnesses are shown documents in SEC investigative  
2 testimony, their practice is marking exhibits.

3 (b)(6); (b)(7)(C) I didn't hear you again. I think  
4 you said that in your experience, it's been your  
5 practice for people to mark exhibits?

6 MR. GEIST: No, I said in my experience, it is  
7 the common practice of SEC investigative testimony to  
8 mark documents as exhibits that are shown to witnesses.

9 (b)(6); (b)(7)(C) Yeah. I think that just because  
10 of some technical issues on the WebEx, I'm not able to  
11 do it now, but we can possibly do it after the fact.

12 MR. GEIST: I would object to that, but --

13 THE WITNESS: Sorry. You mentioned this is a  
14 poor copy, so it's taking me a little bit longer to like  
15 read each word. I'm squinting a bit here. Okay. I  
16 think I've got this.

17 (b)(6); (b)(7)(C) Okay. For the record, this is an  
18 email from (b)(6); (b)(7)(C) @ripple.com to (b)(6);  
(b)(7)(C) and (b)(6);  
(b)(7)(C)

19 (b)(6);  
(b)(7)(C) dated May 1, 2017, 10:04 a.m. The subject is,  
20 "XRP Markets Update." It's BCC'd to a large number of  
21 individuals and you are one of the -- you're -- it says  
22 Bill Shihara is one of the BCCs.

23 MR. GEIST: Do we know what email address this  
24 was from?

25 (b)(6); (b)(7)(C) I'm sorry, I can't hear you,

1 Andy.

2 MR. GEIST: Can you tell from the metadata  
3 what email address is associated with Bill Shihara, the  
4 BCC --

5 (b)(6); (b)(7)(C) I don't have the metadata in  
6 front of me. I don't -- I can't tell. Also,

7 (b)(6); (b)(7)(C) @bittrex.com is BCC'd.

8 BY (b)(6); (b)(7)(C)

9 Q Mr. Shirhara, do you know why Ripple was  
10 circulating these updates to you and (b)(6); (b)(7)(C)

11 A I don't know why.

12 Q Did these updates impact your thinking about  
13 Ripple and the listing on XRP?

14 A Honestly, if he BCC'd me on this, I'm not sure  
15 I would've read this at all. I don't recall seeing this  
16 email, so I don't know whether or not it impacted any  
17 listing decisions.

18 Q The email states -- in the middle, it says,  
19 "Over the last seven days of trading, market saw XPR  
20 rally from .035 to .055 on a total of 379 million worth  
21 of volume." Then a little -- two sentences later, it  
22 says, "Though always difficult to decern the exact  
23 drivers of price actions, the latest rally began in  
24 earnest after the release of news that Ripple was adding  
25 10 new banks to its network, and its Japanese consortium

1 would soon begin testing payments using XRP."

2 Did you believe Ripple's news caused the price  
3 rally for XRP?

4 A I didn't -- as I mentioned, I don't recall  
5 getting this email. And I -- this would've been on May  
6 1, 2017. I have no idea what the conditions of the  
7 crypto market would've been at that time, so I don't  
8 know if those two things are actually correlated.

9 Q Okay. I'm going to show you another email  
10 from -- it's a two-page document with the Ripple Bates  
11 stamp numbers RPLI\_SEC\_0039489 and 39490. It's an email  
12 chain. The bottom email chain is from  
13 (b)(6); (b)(7)(C) @ripple to Bill Shihara and (b)(6); (b)(7)(C) CC'd  
14 (b)(6); (b)(7)(C) It's dated April 8, 2017 and the subject  
15 is, "XRP Rally Commentary and Market Update." I'll just  
16 -- if you wouldn't mind just taking a moment to look at  
17 it.

18 A Sure. Could you scroll to the bottom?

19 Q Yes.

20 A Okay. Could you scroll up? Okay. I'm done  
21 reading the first email.

22 Q Okay. What is that email about?

23 A It reads to me like a press release. I mean I  
24 should state I don't recall reading this email, but  
25 reading this, it looks like a press release.

1 Q Are they talking about possible reasons for an  
2 XRP rally?

3 A There is a section where they speculate as to  
4 why there was a rally.

5 Q And what are they saying caused the rally?

6 A Could you scroll down a little bit more?  
7 Okay. Stop right there. Thanks. They're saying that  
8 the rally was due to Ripple signing up banks to deploy  
9 their blockchain.

10 Q Do you know if any banks were actually signing  
11 up with Ripple to use the XRP ledger and to use XRP in  
12 April of 2017?

13 A I don't know if any banks signed up to use  
14 Ripple.

15 Q Was that something that the company was trying  
16 to do, to get bank adoption of XRP and the XRP ledger?

17 MR. GEIST: Which company?

18 (b)(6); (b)(7)(C) Ripple.

19 THE WITNESS: I don't know what Ripple's  
20 strategy was in the marketplace.

21 BY (b)(6); (b)(7)(C)

22 Q And when they talk about Rally, are they  
23 talking -- is it your understanding they're talking  
24 about price rallies?

25 A I don't know specifically what they're talking

1 about.

2 Q I'm going to show you (asides) -- I'm showing  
3 you an email chain that's 24 pages long. It's dated  
4 April 4th, 2017 from (b)(6); (b)(7)(C) to you, CCing (b)(6);  
5 (b)(7)(C) subject, "Re: Follow-up Conversation." There's  
6 attachments, a PowerPoint that says Bittrex XRP  
7 opportunity and then the PowerPoint is attached. Do you  
8 recall receiving this PowerPoint?

9 A I don't.

10 Q Do you know what opportunity they're talking  
11 about here in terms of Bittrex and XRP?

12 A I don't recall.

13 Q I'm going to scroll to Page 24 of the  
14 PowerPoint, which --

15 MR. GEIST: Can you represent that there's  
16 nothing in the 23 pages --

17 (b)(6); (b)(7)(C) I'm sorry, I can't hear you.

18 MR. GEIST: Can you represent that there is  
19 nothing in the 23 pages that you're skipping that is  
20 relevant to the question you're about to ask?

21 (b)(6); (b)(7)(C) Well, I don't know what would be  
22 relevant to Mr. Shirhara before I ask the question, but  
23 we don't have to look at the document, I'll just ask the  
24 question. It's fine.

25 BY (b)(6); (b)(7)(C)



1 Q Did Ripple ever offer to provide certain  
2 rebates and incentives for XRP trades that occurred on  
3 the Bittrex platform?

4 A I don't recall -- I don't recall this slide  
5 deck or receiving this email, so I don't remember what  
6 they did offer us.

7 Q Did Bittrex ever receive payments from Ripple  
8 in connection with XRP trading on Bittrex's platform?

9 A I don't recall that happening. Yeah, I don't  
10 recall that happening.

11 Q Did Ripple and Bittrex --

12 MR. GEIST: Can I ask -- sorry. Can I ask  
13 what NY-8443 is?

14 (b)(6); (b)(7)(C) I'm sorry, I don't know what  
15 you're referring to.

16 MR. GEIST: In the footer of the document  
17 that's being shown, there's a reference to NY-8443.

18 (b)(6); (b)(7)(C) I don't think that's an NY case  
19 number at all. I think that's just some metadata. I  
20 don't know.

21 MR. GEIST: Okay. Thank you.

22 BY (b)(6); (b)(7)(C)

23 Q Did Bittrex ever enter into any written  
24 agreements with Ripple?

25 A I believe there was one, but I don't recall



1     what it was about.

2           Q     And when did that agreement -- when did  
3     Bittrex enter into that agreement?

4           A     I don't recall when that agreement was  
5     executed.

6           Q     Who negotiated that agreement?

7           A     I don't recall.

8           Q     How do you know about the agreement?

9           A     Like I said, I just have a vague recollection  
10    of it happening.

11          Q     And what were the terms of the agreement?

12          A     I don't recall.

13          Q     Are you familiar with what's called xRapid?

14          A     I've heard the term, but I don't know exactly  
15    what that is.

16          Q     Is that a product that Ripple developed that  
17    uses XRP for across border payments?

18          A     That sounds right, but I don't know for sure.

19          Q     I'd like to show you a document on the screen  
20    that's called, "Bittrex xRapid Partnership Agreement."  
21    It's an unexecuted copy from June 2018, and it has the  
22    Bates stamp numbers RPLI\_SEC\_0157715 through 157722. Is  
23    this the agreement that you were thinking about?

24          A     I don't know for sure.

25          Q     Do you recognize or recall this agreement?

1           A     I'm -- I don't recall specifically this  
2 agreement.

3           Q     Who would have negotiated this agreement on  
4 behalf of Bittrex?

5           A     You said this was 2018?

6           Q     Correct.

7           A     I don't know who would've negotiated it.

8           Q     What services was Bittrex to provide under the  
9 agreement?

10          A     Well, in this version of the document, in  
11 Section 1, it lists two duties for Bittrex. I haven't -  
12 - I've only read this first page, so I don't know if  
13 there's any other things outlined related to Bittrex,  
14 but it looks like or what it says is, "Bittrex shall  
15 work with Ripple to support the integration of xRapid on  
16 the Bittrex platform." And the second bullet is,  
17 "Bittrex shall provide a copy of its AML & KYC  
18 procedures."

19          Q     Does this refresh your memory as to any  
20 agreements between Ripple and Bittrex?

21          A     No.

22          Q     Have you ever seen this document before?

23          A     I don't recall seeing it.

24          Q     Was Bittrex to receive anything in exchange  
25 for supporting the xRapid product?

1           A     I don't know what -- and I apologize because  
2     we're only looking at the first page, but I don't know  
3     if anything in the eight pages says what Ripple would've  
4     paid Bittrex or vice-versa, what Bittrex would've paid  
5     Ripple.

6           Q     Okay. Would you like me to scroll down for  
7     you?

8           A     Sure. We can read -- we'll read the document.

9           If you just want to go to the second page, I can just  
10    read the whole second page. Okay. You can go to the  
11    next page. Okay, next page. Okay, next page. Okay,  
12    next page. Okay, next page. Next page. Okay, next  
13    page.

14          Q     That's it.

15          A     Okay. Unless I missed it, it doesn't look  
16    like it shows what the compensation would've been one  
17    way or the other.

18          Q     So under the agreement, there was no --  
19    there's no indication that Bittrex was to receive any  
20    compensation.

21          A     Okay.

22          Q     Do you recall Bittrex receiving any  
23    compensation in connection with any agreements with  
24    Ripple?

25          A     I don't recall.

1 Q Okay. I'm going to show you another document.

2 It's a -- I'll make it smaller so you can see. It's a  
3 two-page email with the Bates stamp number RPLI-SEC-  
4 0062630 and 62631. The bottom email is from

5 (b)(6); (b)(7)(C)@bittrex.com, dated May 4, 2018. The subject  
6 is, "Amended term sheet and Word version of agreement."

7 A Okay.

8 Q And then there is an email on Page 1 from

9 (b)(6); (b)(7)(C) to (b)(6);  
(b)(7)(C) on May 6, 2018. And if you'd just  
10 read that to yourself for a minute, I would appreciate  
11 it.

12 A Okay.

13 Q It looks like that email, the middle email  
14 talks about payment in connection with an agreement  
15 between Ripple and Bittrex.

16 A Okay. I mean there's (crosstalk) a  
17 discussion.

18 Q Sorry. Did you ever discuss the possibility  
19 of receiving payments from Ripple with anyone?

20 A I don't recall if we did or not.

21 Q The email also references a listing  
22 application. Did Ripple provide a listing application  
23 for XRP?

24 A I don't recall if they did or not.

25 Q The top email of the page is from (b)(6); (b)(7)(C)

1 It's May 7, 2018 at 8:47. He writes, (b)(6); (b)(7)(C) let's  
2 chat when you have a chance. For a number of different  
3 reasons, we generally don't take payments in tokens, and  
4 that is essentially the case when there are incentives  
5 attached to it." Why did Bittrex generally not take  
6 payments in tokens or why did (b)(6); (b)(7)(C) say that?

7 A I think (b)(6); (b)(7)(C) would've said that because we  
8 didn't want -- we didn't want to get payments in other  
9 cryptocurrency.

10 Q Why didn't you want to get payment in other  
11 cryptocurrencies?

12 A Yeah, I said did not. We did not want to get  
13 paid in cryptocurrencies.

14 Q Why not?

15 A I don't know exactly what (b)(6); (b)(7)(C) thinking was  
16 here, but I would imagine, you know, we would've had to  
17 convert that to cash, and we wouldn't have wanted to do  
18 that through our own markets, so we would've had to have  
19 found a way to do it. It's just an -- it's just an  
20 inconvenience for us.

21 Q Was there any concern of accepting payments  
22 and tokens in terms of, you know, the Howey  
23 determination as to whether XRP would be a security?

24 A I mean I can't speculate to everything that  
25 Kiran was thinking about, but if that was a concern,

1     that would've been part of guidance we received from our  
2     legal counsel.

3           Q     I'm going to show you a document, a seven-page  
4     document which is called, "Amendment to the Bittrex  
5     xRapid Partnership Agreement." It has the Bates stamp  
6     numbers RPLI\_SEC\_0145611 through 015617, and it is  
7     signed by you on the Page 015616 and dated November 27,  
8     2018. And I'll give you -- would you like a couple  
9     minutes to look at the agreement?

10          A     Yes, please.

11          Q     Okay. I can scroll through it page-by-page.

12          A     Okay.

13          Q     And sorry, the Bates stamp number is --

14          A     You gave it. Okay, you can go to the next  
15     page. Okay, next page. Okay, next page. Okay, next  
16     page. Okay, next page.

17          Q     Is this your signature?

18          A     That is my signature. Okay.

19          Q     Okay. Do you recall signing this agreement?

20          A     I don't.

21          Q     Did you review the agreement before you signed  
22     it?

23          A     I probably did not.

24          Q     Is that your natural practice, not to review  
25     agreements before you sign them?



1           A     Yes. Normally if they were put in front of me  
2 by lawyers or after having been reviewed by the legal  
3 team, then I would typically just sign.

4           Q     Do you believe that was the case with respect  
5 to this agreement?

6           A     I don't know if it was, but I don't recall  
7 this particular document or signing it.

8           Q     Do you recall an amendment to the xRapid  
9 partnership agreement with Ripple?

10          A     No.

11          Q     Under Section 11, I'll scroll down to it, the  
12 agreement calls for Ripple to pay Bittrex certain  
13 incentives if they meet specified xRapid transaction  
14 volumes through the end of 2019. The incentives include  
15 an upfront payment and then quarterly payments, all paid  
16 in XRP. Do you know what xRapid transaction volume  
17 refers to?

18          A     Yeah, I think you're interpreting this wrong,  
19 actually.

20          Q     Oh, please -- how would you interpret it?

21          A     My interpretation of what this agreement says  
22 is that Ripple is paying Bittrex no matter what the  
23 volume on the site is, so the payment is higher the less  
24 volume that Ripple does on the platform. So if Ripple  
25 is doing -- you know, if Ripple -- if the Ripple market

1 is doing more than -- I don't know if that's 1 million  
2 or 1 billion or where the decimal is, but whatever that  
3 highest tier is, if the market for Ripple is exceeding  
4 that volume, Ripple doesn't pay us anything.

5 Q Are you looking on the table, on No. 11, so if  
6 the volume is greater than USD 1 billion, there's no  
7 payment?

8 A That's my interpretation of this document.

9 Q Right. But if you look at Section 10, "Ripple  
10 DutyMilestone Payment," it says, "By no later than 14  
11 business days after the date of the completion of the  
12 milestone and after Bittrex has provided a valid invoice  
13 to Ripple, Ripple will deliver to Bittrex an amount of  
14 XRP valued at \$765,000."

15 A Uh-huh.

16 Q So does that mean that right out of the gate,  
17 Ripple will get that payment?

18 A Well, Ripple was paying Bittrex for  
19 engineering work that Bittrex is doing on behalf of  
20 Ripple, so at least my interpretation of 10, and again,  
21 like I'm not a lawyer, so like normally, I would have  
22 lawyers review contracts for me, but my interpretation  
23 of 10 is that there is a milestone. I don't know where  
24 the milestone specifically is specified, but there's a  
25 milestone that if Bittrex completes, Ripple will pay

1       them \$765,000.

2           Q       And is that -- and what about under Section  
3       11? My understanding is those quarterly payments are  
4       tied to xRapid transaction volumes, and under the table,  
5       even if the volume is zero, Ripple is to receive, under  
6       the first row, \$510,000 XRP from Ripple, Bittrex is to  
7       receive that from Ripple.

8           A       That's correct.

9           Q       And then add the volume, over time, the  
10       incentives, there are additional incentives to be paid  
11       in XRP, depending on volume, however, when the volume is  
12       equal to 1 billion, the incentives are zero.

13          A       Yes, that's how I interpret that table.

14          Q       Earlier, we saw the email where (b)(6);  
15       they don't accept tokens -- incentives and tokens, and (b)(7)(C)  
16       the original agreement didn't provide for any  
17       incentives. Why did Bittrex agree to accept incentives  
18       in this agreement and incentives in the XRP tokens?

19               MR. GEIST: Where are you getting the  
20       incentives?

21       (b)(6); (b)(7)(C) : The payments -- I apologize, I'll  
22       just say payments.

23               THE WITNESS: So I mean my interpretation of  
24       this document is that Ripple is asking Bittrex for  
25       additional support of Ripple on its platform, as well as

1 priority support for xRapid partners of Ripple's if they  
2 want to connect to Bittrex. So that's what Ripple is  
3 paying us for, right? Those fees are for both  
4 engineering as well as support work that we've been  
5 doing on behalf of supporting Ripple's partners, the  
6 xRapid partner.

7 BY (b)(6); (b)(7)(C)

8 Q Under No. 11, the quarterly payments are based  
9 on xRapid transaction volume, correct?

10 A Again, like I guess my interpretation is a  
11 little bit different than yours, but we're doing ongoing  
12 -- because this work that we're doing and the support  
13 that we're providing Ripple and xRapid partners is  
14 ongoing, and so basically, Ripple is guaranteeing a  
15 floor of payment to Bittrex, and Bittrex is saying that  
16 you will -- we will eliminate those payments if volume  
17 from Ripple compensates us.

18 Though it's not really -- I mean -- so I don't  
19 exactly agree with the wording that you choose.

20 MR. MARTIN: (b)(6); (b)(7)(C) this is Phil Martin. You  
21 know, I think we've been going for about an hour and 20  
22 minutes. Can we get a break?

23 (b)(6); (b)(7)(C) We can. I just have maybe 10  
24 more minutes. Do you think we can power through and  
25 we'll just finish for the day?

1 MR. MARTIN: You know, like I said, I think  
2 we've been going for quite a while. I mean we can -- we  
3 can take a relatively short break, but I think, you  
4 know, it's been a long stretch here at the end of the  
5 day, so I think we'd appreciate a five-minute break.

6 (b)(6); (b)(7)(C) Okay. I mean I just -- I really  
7 have maybe 10 minutes. I hoped we could just finish the  
8 section. I mean if the witness is okay and he's willing  
9 to move forward, you know, just power through it.

10 MR. MARTIN: (b)(6); (b)(7)(C) I mean it'll just be a  
11 five-minute break.

12 (b)(6); (b)(7)(C) Okay. It's really late here.  
13 It's almost 9:00, that's why, so five minutes. We're  
14 off the record at 8:51.

15 (Whereupon, at 8:51 p.m., a brief recess was  
16 taken.)

17 (b)(6); (b)(7)(C) We're back on the record at 8:55  
18 p.m.

19 Mr. Shirhara, while we were off the record,  
20 did you have any conversations with the staff?

21 THE WITNESS: No.

22 BY (b)(6); (b)(7)(C)

23 Q Do you know how much XRP Bittrex received  
24 pursuant to this agreement?

25 A I don't recall.

1 Q Did Ripple place any restrictions on the XRP  
2 that it provided to Bittrex?

3 A None that I can recall.

4 Q What did Bittrex do with the XRP it received?

5 A I don't recall what we did with it.

6 Q Was it sold on the exchange?

7 A I don't recall if we did sell it on the  
8 exchange.

9 Q I'm sharing with you a two-page document with  
10 the Bates stamp numbers RPLI\_SEC\_0047474 and 47475. And  
11 I'll make it smaller so that you can read it.

12 A Okay. Could you scroll down?

13 Q Sure.

14 A Thank you. Okay. I'm done reading. Thanks.

15 Q Okay. Do you recall meeting in person with  
16 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) in or around February 2018 in  
17 D.C.?

18 A I don't recall meeting with them.

19 Q The email talks about or notes from (b)(6); (b)(7)(C)  
20 regarding Bittrex and a conversation he had. Do you  
21 recall speaking with (b)(6); (b)(7)(C) or anyone else at Ripple  
22 about Bittrex?

23 A I don't recall this specific meeting.

24 Q The very top of the page, second sentence --  
25 the first sentence says, "Bittrex is launching fiat



1 pairs at the end of February and is willing to launch  
2 XRP at the same time as BTC before ETH."

3 Does this mean -- is this referring to XRP USD  
4 pair?

5 A I believe that's what that refers to.

6 Q And he writes, "We need to provide market  
7 makers for XRP liquidity at launch." What does that  
8 mean?

9 A I don't know what (b)(6); (b)(7)(C) specifically means  
10 there.

11 Q Did you tell (b)(6); (b)(7)(C) or anyone else at Ripple  
12 that they needed to provide market makers in XRP to  
13 provide liquidity at the time that Bittrex would launch  
14 the XRP USD listing?

15 A I don't recall having that specific  
16 conversation with him.

17 Q Did you ever discuss an XRP index with anyone  
18 at Ripple?

19 A I don't recall having that discussion.

20 Q If you go down to the bottom of the page, the  
21 third bullet point from the top -- from the bottom, it  
22 says, again, "Would consider launching XRP USD at the  
23 same time if enough market makers signed up to provide  
24 liquidity support. Number needed depends on quality of  
25 the market makers." Were there market makers active on

1 the Bittrex platform?

2 A I don't know if there were at the time of this  
3 email.

4 Q How would the presence of market makers  
5 provide support for the XRP USD trading pair on Bittrex?

6 A Well, I don't specifically know what (b)(6); (b)(7)(C)  
7 referring to here in his discussions or, you know, his  
8 characterization of our discussion, but for -- but I  
9 think on our end, what we would worry about is if we  
10 launched a Ripple US Dollar trading pair and there was  
11 no -- there were no orders on the buy or sell side, we  
12 could see, you know, significant price deviation on our  
13 market compared to other markets that traded Ripple.  
14 So, you know, that was a concern.

15 Q What could Ripple do to address that concern?

16 A I don't know what they could've done or what  
17 they would've chosen to do about it.

18 Q Did they introduce any XRP market makers to  
19 you or anyone else at Bittrex?

20 A I don't recall if they did.

21 Q On the second page, third bullet point from  
22 the top, he says, "Understand," and I think he's talking  
23 about you, "Understands that our goal is to get XRP  
24 there on day one and that we are willing to help make  
25 that happen."

1           Is he talking about, you know, at launch  
2       of the XRP USD listings?

3           A     Again, these are Miguel's notes of a  
4       conversation I don't remember, but in the context of  
5       this email, I think what he's saying is they would like  
6       to have an XRP US Dollar market at the same time we  
7       launch the Bitcoin US Dollar market.

8           Q     And were they looking to support Bittrex in  
9       that?

10          A     I mean I don't know. I can't really speak to  
11       what Ripple wanted to do or not do with us.

12          Q     If you go to the -- did any of these -- strike  
13       that.

14                If you go to the notes section and the bullet  
15       point -- the eighth bullet point from the bottom, it  
16       says, "Plan to," I think it's talking about Bittrex, it  
17       says, "Plan to source retail liquidity from other  
18       exchanges. This is their exchange brokerage model."

19          A     Uh-huh.

20          Q     Do you know what that means?

21          A     So yes -- well, I don't know what that first  
22       part of it means, but the exchange brokerage model that  
23       they called, that's not quite what we referred to it as,  
24       but it's a way for us to our exchange for, you know,  
25       other businesses.

1 Q Does that mean that when Bittrex receives an  
2 order, it routes to other exchanges to fill?

3 A It's more typically the other way, where if  
4 another exchange gets an order, they may want to route  
5 it to Bittrex.

6 Q So would that happen with exchanges that  
7 Bittrex has a partnership with?

8 A It depends on the partnership, but it could  
9 happen.

10 Q Did Bittrex receive orders from other  
11 exchanges?

12 A Other exchanges that specifically signed up  
13 for this product, yes, those are the ones that we know  
14 about.

15 Q And when did that practice begin?

16 A I don't recall exactly when that started.

17 Q And does Bittrex ever route orders to another  
18 exchange or another order book outside of this current  
19 one?

20 A No, that's -- we don't. So as an example, we  
21 wouldn't route an order to Coinbase.

22 (b)(6); (b)(7)(C) I'm going to hand it over to  
23 David now.

24 THE WITNESS: Okay.

25 (b)(6); (b)(7)(C) Thank you, (b)(6);  
(b)(7)(C)

1 BY (b)(6); (b)(7)(C)

2 Q Mr. Shirhara, have you discussed this  
3 investigation by the SEC with anyone other than your  
4 attorney?

5 A There are people at the company who know that  
6 this investigation is happening and that I'm doing  
7 testimony today. Outside of them, I don't recall anyone  
8 else that I would've discussed this with.

9 Q Who knows that you're testifying today?

10 A I think our internal legal team, (b)(6); (b)(7)(C) who's  
11 the (b)(6); (b)(7)(C) and handles scheduling for me, and I  
12 would guess -- well, not guess, but the other two  
13 founders know that the testimony is happening today.

14 Q Other than counsel, have you discussed the  
15 substance of your testimony with anyone else?

16 A No.

17 Q Do you know of anyone else who has spoken with  
18 us in connection with this matter?

19 A Yes, I know that other Bittrex employees have  
20 spoken to you.

21 Q Do you know whom?

22 A I don't recall everybody, but I know (b)(6); (b)(7)(C) and  
23 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) spoke with you.

24 Q Do you know the substance of their testimony  
25 before the SEC?

1           A     No, no, that was not discussed between them  
2     and myself.

3           Q     Did you discuss with anyone, other than  
4     counsel, the testimony that you would provide to us  
5     today?

6           A     To my knowledge, no, I have not spoken to  
7     anybody outside of counsel about the content of the  
8     testimony today.

9           Q     Did you discuss with anyone else the testimony  
10    that they would provide to the SEC?

11          A     To my knowledge, no, I have not had those  
12    conversations with anyone that I know testified in this  
13    matter.

14          (b)(6); (b)(7)(C)     We're off the record at 9:11 p.m.,  
15    ET.

16                 (Whereupon, at 9:11 p.m., a brief recess was  
17    taken.)

18          (b)(6); (b)(7)(C)     We are back on the record at 9:14  
19    p.m.

20                 Mr. Shirhara, before we end, do you wish to  
21    clarify any statement that you have made or add anything  
22    to the testimony you have given today?

23                 THE WITNESS: I can't think of anything else.

24          (b)(6); (b)(7)(C)     Would counsel wish to ask any  
25    clarifying questions?



1 MR. MARTIN: No, thank you.

2 (b)(6); (b)(7)(C) Mr. Shirhara, we have no further  
3 questions at this time. We may, however, call you again  
4 to testify in this investigation. Should this be  
5 necessary, we will contact your attorney. We are off  
6 the record at 9:15 p.m.

7 (Whereupon, at 9:15 p.m., the examination was  
8 concluded.)

9 \* \* \* \* \*

## PROOFREADER'S CERTIFICATE

In the Matter of: INITIAL COIN OFFERINGS

Witness: William Shihara

File No: NY-09624-A

Date: Friday, July 17, 2020

Location: New York, New York

This is to certify that I, (b)(6); (b)(7)(C)

(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 investigation.

\_\_\_\_\_  
(Proofreader's Name)

\_\_\_\_\_  
(Date)

## REPORTER'S CERTIFICATE

I, (b)(6); (b)(7)(C) reporter, hereby certify that the foregoing transcript is a complete, true and accurate transcript of the matter indicated, held on \_\_\_7/17/2020\_\_\_\_\_, at New York, New York in the matter of:

INITIAL COIN OFFERINGS.

I further certify that this proceeding was recorded by me, and that the foregoing transcript has been prepared under my direction.

Date: 7/17/2020

Official Reporter: (b)(6); (b)(7)(C)

1 UNITED STATES SECURITIES AND EXCHANGE COMMISSION

2  
3 In the Matter of: )

4 ) File No. NY-09624-A

5 INITIAL COIN OFFERINGS )

6  
7 WITNESS: (b)(6); (b)(7)(C)

8 PAGES: 1 through 156

9 PLACE: Securities and Exchange Commission

10 100 Pearl Street

11 Suite 20-100

12 New York, New York

13 DATE: Friday, August 12, 2022

14  
15 The above-entitled matter came on for hearing,  
16 via WebEx, pursuant to notice, at 12:30 p.m.

17  
18  
19  
20  
21  
22  
23  
24 Diversified Reporting Services, Inc.

25 (202) 467-9200

## 1 APPEARANCES:

2  
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5  
6  
7

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14 (b)(6); (b)(7)(C)@sec.gov

15  
16 On behalf of the Witness:17 (b)(6); (b)(7)(C)  
18  
19  
20  
21  
22  
23  
24  
25

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## C O N T E N T S

## WITNESS

## EXAMINATION

(b)(6); (b)(7)(C)

6

## EXHIBITS

## DESCRIPTION

## IDENTIFIED

1 Form 1662

7

100 Subpoena, 6/1/2022

13

101 Background Questionnaire

23

77 Bittrex Web Page, 1/31/2018

59

21 Bittrex Token Listing Policy

63

91 BTRX\_SEC-024168 - 4182

85

74 Newsletter, 12/22/2017

116

99 Email

124

94 Email

129

92 BTRX\_SEC-0024093 - 4097

136

93 Email

146

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

(b)(6); (b)(7)(C) We are on the record at  
12:30 p.m. Eastern Time on August 12th, 2022.

Good morning, (b)(6); (b)(7)(C) My name is  
(b)(6); (b)(7)(C) I'm an attorney with the Division of  
Enforcement at the US Security and Exchange  
Commission. With me today are my colleagues (b)(6); (b)(7)(C)  
(b)(6); (b)(7)(C) also, staff attorneys with  
the Division of Enforcement. And (b)(6); (b)(7)(C) an  
(b)(6); (b)(7)(C) in the Division of Enforcement. (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) is not joining us today. I will be the one  
primarily asking you questions today; however, we are  
each officers of the Commission for purposes of this  
proceeding and each of us may ask you questions  
during the course of this proceeding.

We are proceeding today via Webex  
videoconferencing amidst concerns about COVID-19.  
Your testimony today will be conducted under oath.  
Do you understand and agree that the oath or  
affirmation to tell the truth will be administered by  
audio/visual means rather than in person, but will  
have the same effect as administered in person?

THE WITNESS: Understood and agreed.

(b)(6); (b)(7)(C) Okay.

Do you consent to taking an oath or

1 affirmation to tell the truth remotely via Webex  
2 rather than in person?

3 THE WITNESS: I consent.

4 (b)(6); (b)(7)(C) Counsel, do you consent?

5 MR. BOOKIN: Yes.

6 (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) please raise  
7 your right hand while I administer the oath.

8 Do you swear to tell the truth, the  
9 whole truth, and nothing but the truth?

10 THE WITNESS: I do.

11 Whereupon,

12 (b)(6); (b)(7)(C)  
13 was called as a witness and, having been first  
14 duly sworn, was examined and testified as follows:

15 (b)(6); (b)(7)(C) Thank you. You can put  
16 your hand down. For some reason on Webex we always  
17 have to let people know that. That's funny.

18 (b)(6); (b)(7)(C) if you could please state  
19 your full name for the record.

20 THE WITNESS: (b)(6); (b)(7)(C)

21 (b)(6); (b)(7)(C) This is an investigation  
22 by the United States Securities and Exchange  
23 Commission captioned In the Matter of Initial Coin  
24 Offerings, file number NY-95624, to determine whether  
25 there have been violations of certain provisions of

1 the federal securities laws; however, the facts  
2 developed in this investigation might constitute  
3 violations of other federal or state, civil or  
4 criminal laws.

5 (SEC Exhibit Exhibit 1 was previously marked for  
6 identification.)

7 (b)(6); (b)(7)(C) Prior to the opening of  
8 the record, you were provided a copy of the  
9 Commission's Supplemental Information Form 1662. A  
10 copy of that notice has been previously marked as  
11 Exhibit 1. Amongst other things, Exhibit 1 explains  
12 that it is a crime to make false statements to a  
13 federal investigator under Section 1001 of the US  
14 Code, which would include both this testimony and any  
15 prior interviews that you may have provided to SEC  
16 staff. Do you understand that?

17 THE WITNESS: I understand.

18 (b)(6); (b)(7)(C) Exhibit 1 also describes  
19 the offense and penalties for perjury under Section  
20 1621 of the US Code, which also applies to today's  
21 testimony. Do you understand that?

22 THE WITNESS: I understand.

23 (b)(6); (b)(7)(C) Have you had an  
24 opportunity to review Exhibit 1?

25 THE WITNESS: I have.

1 (b)(6); (b)(7)(C) And do you have any  
2 questions concerning Exhibit 1?

3 THE WITNESS: No.

4 (b)(6); (b)(7)(C) Are you represented by  
5 counsel here today?

6 THE WITNESS: I am.

7 (b)(6); (b)(7)(C) Counsel, would you please  
8 state for the record your name and your firm's name.

9 (b)(6); (b)(7)(C) Yes. There's three  
10 attorneys from (b)(6); (b)(7)(C)  
11 myself, (b)(6); (b)(7)(C)

12 (b)(6); (b)(7)(C) As you may be aware,  
13 representation of -- oh, I'm sorry. Counsel, are you  
14 representing any other people or entities in this  
15 matter?

16 (b)(6); (b)(7)(C) Yes. (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C) As you may be aware,  
18 representation of multiple witnesses by the same  
19 counsel presents a potential conflict of interest,  
20 and the Form 1662, which was included with your  
21 subpoena, state that the Commission will assume that  
22 the Witness and Counsel has discussed and resolved  
23 all issues concerning possible conflicts of interest.

24 Would Counsel for Bittrex, please  
25 identify themselves.



1 MR. ZINK: Yes. Good afternoon. Robert  
2 Zink on behalf of Bittrex from Quinn Emmanuel.

3 THE COURT REPORTER: I'm sorry. I  
4 didn't hear you.

5 (b)(6); (b)(7)(C) Rob, just so you know  
6 your -- yeah, your sound is pretty faint.

7 MR. ZINK: I'll try one more time.  
8 Robert Zink, Z-I-N-K, on behalf of Bittrex from Quinn  
9 Emanuel.

10 (b)(6); (b)(7)(C) I heard you, but I'll just  
11 let you know that I do think your sound is -- it's a  
12 little bit muffled and a little bit faint just so  
13 you're aware.

14 MR. ZINK: Thank you.

15 EXAMINATION

16 BY (b)(6); (b)(7)(C)

17 Q Okay. (b)(6); (b)(7)(C) I'm just going to walk  
18 through some instructions regarding today's testimony  
19 just to run through a few ground rules on how it's  
20 going to go. First, there are a few ground rules  
21 regarding the conduct of virtual testimony that you and  
22 your Counsel need to agree to before we can proceed.  
23 I'm going to just list them out now, and then ask at  
24 the end that you both you and Counsel agree to these  
25 terms. And I'm going to refer to counsel as your



1 Counsel here today, (b)(6); (b)(7)(C) and when I refer to  
2 Witness, I'm referring to you.

3 Only those persons authorized by the SEC  
4 may attend, access, view, or listen to the testimony  
5 session. Unless the SEC provides permission in  
6 advance, neither you, nor Counsel will forward the  
7 testimony session invitation to anyone else or allow  
8 others in the room.

9 Witness and Counsel agree that the oath or  
10 affirmation to tell the truth will be administered by  
11 audio/visual means rather than in person, but will have  
12 the same effect as if administered in person.

13 Counsel and Witness will not permit anyone  
14 else to in any way record, save, or capture, including  
15 by taking screenshots, pictures, or otherwise copying  
16 or capturing information whether digitally or otherwise  
17 any of the exhibits or other materials provided by the  
18 SEC that appear on the screen during the testimony  
19 session. Counsel may take notes during the session.

20 Counsel or Witness will alert the SEC when  
21 Counsel and Witness are communicating privately whether  
22 by conversation, Email, text, chat, or any other form  
23 during the testimony session is taking place.

24 During the testimony session, Witness will  
25 not engage in, view, read, or listen to any

1 communication, including, but not limited to  
2 conversations, Emails, text, chats, or signaling of any  
3 kind pertaining to the subject matter of the testimony  
4 session with anyone, other than the SEC and Counsel,  
5 unless permitted by the SEC.

6 During the testimony session, Witness will  
7 not review, rely upon, or use any documents or  
8 information, including, but not limited to notes,  
9 websites, Emails, calendars, computer, or paper record,  
10 and information on the Internet, other than the  
11 materials shown by the SEC to Counsel and Witness  
12 during the testimony session, unless the SEC  
13 specifically approves the review or use of such  
14 documents in a particular incident.

15 (b)(6); (b)(7)(C) do you agree to these terms?

16 A I agree.

17 (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C)

18 do you agree to these terms?

19 (b)(6); (b)(7)(C) Yes.

20 (b)(6); (b)(7)(C) Yes. And I'll just not that

21 I forwarded the information for this session to (b)(6); (b)(7)(C)

22 (b)(6); (b)(7)(C) from our firm, who's on the Webex today.

23 (b)(6); (b)(7)(C) Thank you for clarifying

24 that.

1 BY (b)(6); (b)(7)(C)

2 Q Now I will explain a few ground rules for  
3 the testimony generally. First, during your testimony,  
4 any member of the staff may ask a question or a series  
5 of questions. Please allow the staff to complete the  
6 question before responding and let us know if you had  
7 not completed your response before we move on to  
8 another subject. This will assist us in creating a  
9 clear record.

10 If you do not understand a question,  
11 please let us know that to better to try and clarify  
12 the question for you. In order for the Court Reporter  
13 to accurately record your responses, please provide a  
14 verbal response to each question. For example, if the  
15 answer is yes or no, you'll need to say that and not  
16 nod or shake your head.

17 You may tell me at any time if you would  
18 like to change or modify a prior answer. In addition,  
19 at the end of your testimony, I will offer you an  
20 opportunity to make any clarifying statements if you  
21 wish.

22 If at any time you would like to take a  
23 break, please let me know. Please not that only the  
24 Commission staff can authorize the Court Reporter to go  
25 off the record, and until we have told the Court

1 Reporter to go off the record, anything you say will be  
2 recorded and transcribed.

3 Do you have any questions about what I've  
4 just explained?

5 A No.

6 Q And this is a question that we ask  
7 everyone that we speak to. Are you presently on any  
8 drugs or medication that could cause you to be unable  
9 to testify accurately and truthfully in this matter?

10 A No.

11 Q Is there any other reason why you cannot  
12 provide accurate and truthful testimony in this matter  
13 today?

14 A Sorry. Can you repeat the question?

15 Q Sure.

16 Is there any other reason why you cannot  
17 provide accurate and truthful testimony in this matter  
18 today?

19 A No.

20 (SEC Exhibit Exhibit 100 was marked for  
21 identification.)

22 BY (b)(6); (b)(7)(C)

23 Q I'm going to share a document.

24 Are you able to see the document I just  
25 shared on the screen?

1 A Yes.

2 Q Okay. I've just put on the screen Exhibit  
3 100. And apologies in advance, the exhibits will not  
4 be in order today because of the virtual testimony.  
5 Exhibit 100 is a copy of the subpoena issued to you on  
6 June 1st, 2022.

7 Is Exhibit 100 the subpoena that you are  
8 appearing pursuant to today?

9 A I'm sorry. Was there a question there?

10 Q Yes.

11 (b)(6); (b)(7)(C) Are you appearing --

12 THE WITNESS: Oh, sorry. Yes.

13 (b)(6); (b)(7)(C) Yeah. And also I believe  
14 it's Exhibit 211, as opposed to 100, at least the  
15 copy we're looking at.

16 (b)(6); (b)(7)(C) Oh, thank you. That's so  
17 strange. This is an error that we will correct. It  
18 should be Exhibit 100.

19 (b)(6); (b)(7)(C) Okay. This is --

20 (b)(6); (b)(7)(C) I'll make sure --

21 (b)(6); (b)(7)(C) Sorry. Go ahead.

22 (b)(6); (b)(7)(C) No. You go ahead. What  
23 were you going to say?

24 (b)(6); (b)(7)(C) This is (b)(6); (b)(7)(C) So  
25 we're able to scroll on the -- up and down the page.



1 I can only -- this may be my own inability how to use  
2 the software, but I can't go to subsequent pages, and  
3 I don't know how many pages are in this exhibit.

4 (b)(6); (b)(7)(C) Yeah, same with mine. I  
5 also only see the first page.

6 THE WITNESS: And I can't figure out how  
7 to scroll, so --

8 (b)(6); (b)(7)(C) Okay. I think -- let  
9 me -- just give me one moment.

10 (b)(6); (b)(7)(C) I think if you click on the  
11 thumbnail, you can then access the additional pages,  
12 so on the top right corner. Do you see that?

13 (b)(6); (b)(7)(C) Let me try one more thing.

14 (b)(6); (b)(7)(C) Yeah. Okay. Yeah, if we  
15 click on that, we can see the other pages. When I  
16 say that, I mean the thumbnail in the right-hand  
17 corner.

18 (b)(6); (b)(7)(C) When I click, I can see the  
19 other pages in the margin -- oh, there we go. It  
20 just loaded. It actually pulled up the pages, and  
21 now they're switching. Okay.

22 (b)(6); (b)(7)(C) I think we're set.

23 (b)(6); (b)(7)(C) Okay. Let me know. I do  
24 think it could have to do it takes a minute to load  
25 the document sometimes, but let me know if that



1 happens again.

2 (b)(6); (b)(7)(C) We will. Thank you.

3 IT seems to be a little bit slow.

4 (b)(6); (b)(7)(C) I know, right. Each time.

5 BY (b)(6); (b)(7)(C)

6 Q (b)(6); (b)(7)(C) while the subpoena calls for  
7 testimony on June 23rd 2022 in New York, you consented  
8 to moving the date of your appearance for today and  
9 appearing by VTC; is that correct?

10 I'm sorry. I didn't hear the response.

11 A Correct. Yes.

12 Q Based on the request from Bittrex's  
13 counsel, the staff ultimately postponed your testimony  
14 previously scheduled for August 3rd to today in order  
15 for Bittrex's new counsel to get up to speed on the  
16 matter and consult with your Counsel on privilege  
17 issues.

18 Before we begin, I'd like to also state  
19 for the record that the staff is not seeking your  
20 disclosure of communications with Bittrex or other  
21 clients that are covered by the attorney/client  
22 communication privilege or any information protected by  
23 the other Work Product Doctrine. If the answers to any  
24 of our questions would reveal privileged information,  
25 we are not asking you to disclose that information. At

1 the same time, if you can answer any question in whole  
2 or in part with non-privileged information, you should  
3 provide that non-privileged information in your answer.

4 (b)(6); (b)(7)(C) what did you do to prepare  
5 for your testimony today?

6 A I had several consultations with my  
7 attorneys at (b)(6); (b)(7)(C) via Webex.

8 Q And how many consultations did you have?

9 A I don't recall exactly. I want to say  
10 maybe five, five or six.

11 Q Without revealing the substance of your  
12 conversations with Counsel, did you review any  
13 documents to prepare for testimony today?

14 A I reviewed documents, which (b)(6); (b)(7)(C)  
15 provided do me.

16 Q Approximately, how many documents did you  
17 review?

18 A So Email communications, I don't know  
19 exactly how many. I want to say on the order of eight  
20 to twelve Email strings.

21 Q To your knowledge, were these documents  
22 previously provided to the SEC?

23 (b)(6); (b)(7)(C) I can answer that.

24 (b)(6); (b)(7)(C) doesn't know that, but I can represent  
25 that they were.

1 BY (b)(6); (b)(7)(C)

2 Q Did you meet with anyone to prepare for  
3 your testimony today?

4 A No -- well, two attorneys from (b)(6); (b)(7)(C)  
5 (b)(6); (b)(7)(C) participated in one of the preparation  
6 sessions.

7 Q And which attorneys were those?

8 A (b)(6); (b)(7)(C) and -- I'm blanking on the  
9 name.

10 (b)(6); (b)(7)(C) (b)(6); (b)(7)(C)

11 THE WITNESS: (b)(6); (b)(7)(C)

12 BY (b)(6); (b)(7)(C)

13 Q And in that meeting, were they  
14 representing you as your counsel?

15 A Yes.

16 Q Was it only one of the preparation  
17 meetings that they attended?

18 A Only one.

19 Q You said that you reviewed, approximately,  
20 eight to twelve Email threads to prepare for this  
21 testimony. Did any of the documents you reviewed help  
22 you remember anything better or more clearly than  
23 before you reviewed the documents?

24 A No.

25 Q One second.

1 Have you discussed this investigation by  
2 the SEC with anyone, other than your attorney or  
3 attorneys?

4 A No, except for (b)(6), (b)(7)(C) who was  
5 also participating in the preparation sessions with  
6 myself.

7 Q So (b)(6), (b)(7)(C) was participating in  
8 the five or six meetings that you had with counsel that  
9 you referred to previously?

10 A So he was -- so I didn't -- he was  
11 participating in not all of the sessions, but some of  
12 the sessions I mentioned.

13 Q How many?

14 A I want to say that he participated in most  
15 of them, but maybe two.

16 Q And who is (b)(6), (b)(7)(C)

17 A (b)(6), (b)(7)(C) is an associate at (b)(6);  
(b)(7)(C)  
18 (b)(6), (b)(7)(C) who was also an associate at (b)(6), (b)(7)(C) who  
19 I've worked with over the years.

20 Q Other than the preparation sessions that  
21 (b)(6), (b)(7)(C) attended with you, did you have any other  
22 conversations with him about your testimony?

23 A Nothing substantive. He did ask me when  
24 he received a subpoena if I had received the same thing  
25 and made some logistical conversations around planning

1 the sessions with our attorneys.

2 Q Other than the logistical conversations,  
3 did you have any conversations about the substance of  
4 your testimony or any testimony?

5 A No.

6 Q I'm sorry. Was that a no?

7 A No, not outside of the conversations with  
8 the (b)(6); (b)(7)(C) attorneys.

9 Q Other than your attorneys and  
10 (b)(6); (b)(7)(C) have you told anyone else that you  
11 received a subpoena from the SEC?

12 A Not other than the attorneys at (b)(6);  
13 (b)(7)(C) as well.

14 Q Did you tell (b)(6); (b)(7)(C) what he should  
15 tell the SEC?

16 A No.

17 Q Did you encourage him to provide false  
18 information to the SEC?

19 A No.

20 Q Did you discourage him from cooperating  
21 with the SEC?

22 A No.

23 Q Did you discuss with anyone else the  
24 substance of your testimony or their testimony that  
25 they or you would provide to the SEC?



1 A No.

2 Q Apart from any conversations that may be  
3 privileged, did anyone instruct you on how to answer  
4 our questions today?

5 A No.

6 Q I'm going to share a document.

7 Just give me one second. I'm having an  
8 issue with the labels on these documents. I'm just  
9 going to try and correct that.

10 (b)(6); (b)(7)(C) This is (b)(6); (b)(7)(C) again. I  
11 don't know if it's me, but I was not able to -- I can  
12 click on the subsequent page, but it wasn't  
13 displaying the subsequent page on my laptop screen.

14 (b)(6); (b)(7)(C) Yes, I noticed that here,  
15 as well. And also the exhibit number was printed  
16 differently, so I'm going to try and share it a  
17 different way and see if that's what we need.

18 BY (b)(6); (b)(7)(C)

19 Q Are you able to see the document I just  
20 shared?

21 A I am.

22 Q And are you able to scroll through this  
23 one?

24 A Let's see.

25 (b)(6); (b)(7)(C) This is (b)(6); (b)(7)(C) I



1 cannot, and I also do not see --

2 THE WITNESS: I can't.

3 (b)(6); (b)(7)(C)

Can you (b)(6); (b)(7)(C)

4 THE WITNESS: I cannot. I can see the  
5 document, but I can't scroll.

6 (b)(6); (b)(7)(C)

And the thumbnails that were  
7 there on the prior attempt are not there on this one.

8 (b)(6); (b)(7)(C)

Okay. Yeah.

9 (b)(6); (b)(7)(C)

This time it's definitely not  
10 better. I think we can see your whole screen or  
11 something like that.

12 (b)(6); (b)(7)(C)

Okay. Let me --

13 Okay. I just put the document back up.

14 (b)(6); (b)(7)(C)

I can scroll within the page  
15 maybe, but I can't go to subsequent pages.

16 (b)(6); (b)(7)(C)

Yeah, we can see the  
17 subsequent pages on the left side, but we can't bring  
18 them up to the screen.

19 (b)(6); (b)(7)(C)

So if you click the  
20 thumbnail and you click on the different pages,  
21 you're unable to see them?

22 (b)(6); (b)(7)(C)

We see them now that  
23 you're, apparently, changing the page, but they  
24 weren't showing when we clicked.

25 (b)(6); (b)(7)(C)

I'll leave it alone for a

1 second. If you try to do it, it doesn't work?

2 (b)(6); (b)(7)(C) Correct.

3 (b)(6); (b)(7)(C) Okay.

4 I think, you know, unfortunately,  
5 despite my best efforts in just being able to use  
6 Webex, I think I will go ahead and Email you some of  
7 the documents because I think if you're unable to  
8 scroll, it'll be more cumbersome, and also because  
9 for whatever reason the exhibit numbers are different  
10 when I share.

11 So let's go off the record at 12:58 p.m.

12 (Whereupon, at 12:58 p.m., a short recess  
13 was taken.)

14 (b)(6); (b)(7)(C) We are back on the record  
15 at 1:03 p.m.

16 (SEC Exhibit Exhibit 101 was marked for  
17 identification.)

18 BY (b)(6); (b)(7)(C)

19 Q (b)(6); (b)(7)(C) I've put on the screen an  
20 exhibit marked Exhibit 101. It's titled, Background  
21 Questionnaire.

22 This is the Background Questionnaire  
23 provided by you in response to the subpoena, correct?

24 A Correct.

25 Q And did you prepare this document?

1 A I did.

2 Q Is the information that you provided here  
3 accurate and complete?

4 A Yes.

5 Q Are you currently licensed to practice  
6 law?

7 A Yes.

8 Q Which states are you licensed to practice  
9 law?

10 A (b)(6); (b)(7)(C)

11 Q Any other state?

12 A No.

13 Q And what year did you get these licenses?

14 A (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) I believe. It might be  
15 that (b)(6); (b)(7)(C) I'm not sure exactly.

16 Q Okay.

17 Turning to section -- question thirty-five  
18 on the background questionnaire regarding your  
19 employment activities, if you could briefly walk us  
20 through your legal employment history starting after  
21 law school.

22 A Sure.

23 THE WITNESS: Can I see that? I can't  
24 read that part of the question.

25 (b)(6); (b)(7)(C) Yeah.

1 THE WITNESS: After law school,  
2 beginning after law school?

3 BY (b)(6); (b)(7)(C)

4 Q Yes.

5 A Yeah. So after law school -- well -- so I  
6 did an (b)(6); (b)(7)(C) So after graduating law school in  
7 the US, I did an (b)(6); (b)(7)(C) and graduated in  
8 (b)(6); (b)(7)(C) I worked at (b)(6); (b)(7)(C) as an

9 (b)(6); (b)(7)(C) probably for about six

10 months. And then I joined (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) and I worked in (b)(6); (b)(7)(C) as an

12 (b)(6); (b)(7)(C) from, I think, about (b)(6); (b)(7)(C)

13 I then joined (b)(6); (b)(7)(C) in (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C) as an (b)(6); (b)(7)(C) I was later (b)(6); (b)(7)(C)

15 (b)(6); (b)(7)(C) and was at (b)(6); (b)(7)(C) for, I think, about

16 (b)(6); (b)(7)(C) And then about a year ago, I moved to

17 (b)(6); (b)(7)(C)

18 Q While you were at (b)(6); (b)(7)(C) were you part  
19 of a specific group or department?

20 A I was part of the (b)(6); (b)(7)(C)

21 Q And was that the case the whole time that  
22 you were at (b)(6); (b)(7)(C) ?

23 A Yeah. So I was part of the (b)(6); (b)(7)(C)

24 (b)(6); (b)(7)(C) group, and I also chaired what we called the

25 (b)(6); (b)(7)(C) group, which is kind of cross-practice

1 group area.

2 Q And was that in litigation or was it in  
3 corporate?

4 A (b)(6); (b)(7)(C)

5 Q And why did you leave (b)(6); (b)(7)(C)

6 A Well, I mean, so I was at (b)(6); (b)(7)(C) for  
7 (b)(6); (b)(7)(C) years, great firm, great lawyers, great  
8 culture. I think was in the middle of the pandemic  
9 ready to change one of the things that I could change,  
10 and also saw some areas where there were some  
11 complimentary strings at (b)(6); (b)(7)(C) to the (b)(6); (b)(7)(C)  
12 work that I was doing where we were often working for  
13 the same clients, and so I thought it made sense from a  
14 general practice fit.

15 (b)(6); (b)(7)(C) So would you say it was a  
16 midlife crisis?

17 THE WITNESS: Part of it may have been a  
18 midlife crisis, yes.

19 BY (b)(6); (b)(7)(C)

20 Q It's on the record.

21 (b)(6); (b)(7)(C) That was a joke.

22 THE WITNESS: Sitting in the same chair  
23 for two years in my home --

24 BY (b)(6); (b)(7)(C)

25 Q And can you give me -- apologies. Could



1 you repeat the dates that you left (b)(6); (b)(7)(C) and the  
2 date that you joined (b)(6); (b)(7)(C)

3 A So I left (b)(6); (b)(7)(C) in (b)(6); (b)(7)(C) and  
4 joined (b)(6); (b)(7)(C) at the same time.

5 Q And are you currently employed at (b)(6);  
6 (b)(7)(C)

7 A I am.

8 Q And are you part of a specific department  
9 and group?

10 A Yeah. So I am part of both the (b)(6); (b)(7)(C)  
11 (b)(6); (b)(7)(C) group and the (b)(6); (b)(7)(C) group.

12 Q Any other legal employment, other than  
13 what you've described after law school?

14 A Not after law school.

15 Q I want to turn briefly to question  
16 twenty-four. The question is regarding prior  
17 proceedings. The question is: Have you ever testified  
18 in any proceeding conducted by the staff of the  
19 Securities and Exchange Commission, a US or foreign  
20 federal or state agency, a US or foreign federal or  
21 state court, a stock exchange, the Financial Industry  
22 Regulatory Authority, or any other self-regulatory  
23 organization or in arbitration proceedings related to  
24 securities transactions? I'm going to go read your  
25 response here to the best that I can. Your response



1 says, Voluntary telephone conversations with the SEC  
2 regarding in the matter of (b)(6); (b)(7)(C)

3 Did you represent a party before the SEC  
4 in connection with that investigation?

5 A So we were working representing Bittrex in  
6 connection with a request for information, to my  
7 recollection.

8 Q A request for information from Bittrex?

9 A Not -- I don't think it was a request for  
10 information from Bittrex. I think it was a request  
11 from the SEC to provide voluntary testimony in  
12 connection with the inquiries that somehow related to

13 (b)(6); (b)(7)(C)

14 (b)(6); (b)(7)(C)

14 Yeah. And when you say  
15 testimony, that's a term of art, so it was a  
16 conversation?

17 THE WITNESS: A conversation, yeah.

18 BY (b)(6); (b)(7)(C)

19 Q And it was a telephonic conversation?

20 A I -- my recollection is, it is a  
21 telephonic conversation.

22 Q And do you recall who at the SEC you spoke  
23 with?

24 A I don't recall.

25 Q Do you recall which division the SEC

1 employees were in that you spoke with?

2 A I don't recall.

3 Q And just to confirm, this conversation was  
4 un your capacity as counsel for Bittrex in responding  
5 to this investigation into KIK?

6 A Yes, that's my understanding.

7 (b)(6); (b)(7)(C) Can we go off the record  
8 for a minute?

9 (b)(6); (b)(7)(C) We're off the record at  
10 1:11 p.m.

11 (Whereupon, at 1:11 p.m., a short recess  
12 was taken.)

13 (b)(6); (b)(7)(C) Let's go back on the  
14 record at 1:15 p.m.

15 BY (b)(6); (b)(7)(C)

16 Q (b)(6); (b)(7)(C), during the break, did you  
17 have any substantive conversations with the staff?

18 A No.

19 (b)(6); (b)(7)(C) Counsel, did you have any  
20 substantive conversations with the staff?

21 (b)(6); (b)(7)(C) I did. I'll summarize it.

22 So I was attempting to clarify for the  
23 staff that the response in item twenty-four relates  
24 to a voluntary telephone conversation that the  
25 Witness had with members of the Enforcement staff in

1 connection with the staff's investigation of KIK  
2 Interactive. My understanding is that the  
3 Enforcement staff had contacted Bittrex and ask that  
4 (b)(6); (b)(7)(C) be made available to discuss with the  
5 staff (b)(6); (b)(7)(C) communications with individuals  
6 at KIK Interactive, and I believe it was the general  
7 counsel of KIK Interactive.

8 (b)(6); (b)(7)(C) Thank you for summarizing  
9 that conversation.

10 BY (b)(6); (b)(7)(C)

11 Q (b)(6); (b)(7)(C) did you ever represent KIK  
12 Interactive?

13 A No.

14 Q On this telephone conversation that you  
15 had with SEC Enforcement staff, did anyone from the SEC  
16 discuss any concerns that the KIK token was a security  
17 under the federal securities laws?

18 A I don't recall the conversation, just that  
19 I had the conversation.

20 (b)(6); (b)(7)(C) It's (b)(6); (b)(7)(C) again. I'll  
21 note for the record, and the staff is probably aware  
22 of this, but there was an enforcement action  
23 subsequently filed against KIK Interactive.

24 BY (b)(6); (b)(7)(C)

25 Q Do you recall any other details about the

1 conversation with the SEC?

2 A No.

3 Q And was it just one conversation that you  
4 had with the staff?

5 A Just one conversation.

6 Q In that conversation, I believe (b)(6); (b)(7)(C)  
7 said that we discussed your conversation with the  
8 general counsel of KIK Interactive. Did you discuss  
9 Bittrex with the staff?

10 A I don't recall the conversation.

11 Q Just closing the loop on the background  
12 questionnaire, is there anything else you'd like to add  
13 to these responses today or correct?

14 A No.

15 Q I'm now going to ask you some questions  
16 about an entity called Bittrex. For the record, when I  
17 refer to Bittrex, I am referring to Bittrex US.

18 (b)(6); (b)(7)(C) are you familiar with an  
19 entity called Bittrex?

20 A Yes.

21 Q When did you first hear of Bittrex?

22 A I first heard of Bittrex probably around  
23 August or July of 2017.

24 Q And how did you hear about Bittrex?

25 A One of my former colleagues, (b)(6); (b)(7)(C)

1 was -- a former partner of mine was -- had a connection  
2 to the CEO of Bittrex and that was probably the first  
3 time that I had heard of Bittrex.

4 Q And you mentioned (b)(6); (b)(7)(C) Where were  
5 you partners with him?

6 A At (b)(6); (b)(7)(C)

7 Q And he had a connection to the CEO of  
8 Bittrex. Is that Bill Shihara?

9 A Yes.

10 Q Prior to (b)(6); (b)(7)(C) representation of  
11 Bittrex, what did you know about Bittrex's business?

12 A You mean prior to formally representing  
13 them?

14 Q Yes. So going back to this -- the  
15 timeframe when you sort of first became -- you first  
16 heard about Bittrex --

17 A It's --

18 Q -- what did you understand about their  
19 business? Yeah.

20 A I mean, it's difficult for me to recall  
21 what I understood at that period of time, but Bittrex  
22 was known as a cryptocurrency trading platform.

23 Q And is (b)(6); (b)(7)(C) associated with Bittrex  
24 in any way today, as far as you're aware?

25 A As far as I know, he's not associated with



1 Bittrex any longer.

2 Q Did he have a prior association with  
3 Bittrex?

4 A I'm sorry. Did he have a prior --

5 Q Did he have a prior association with  
6 Bittrex sort of aside from being familiar with the CEO?

7 A So he was a (b)(6); (b)(7)(C) and  
8 Bittrex became a client of (b)(6); (b)(7)(C) and he was part  
9 of that client representation. Subsequently, he  
10 left -- he left (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C)

12 Q Do you know what the role was?

13 A I don't recall what his formal title was.

14 Q Was he acting as an attorney for them?

15 A I don't know if he was acting as an  
16 attorney or in a business capacity with them. I  
17 believe mostly in operational, but I don't know.

18 Q And you said that you understood that  
19 Bittrex was a cryptocurrency trading platform. What  
20 did you understand that to mean?

21 A So cryptocurrency trading platforms in  
22 general are platforms which help enable the trading of  
23 digital assets.

24 Q And to your understanding, who can buy and  
25 sell digital assets on a trading platform -- a



1 cryptocurrency trading platform?

2 A It depends on the specific trading  
3 platform and what their on boarding procedures are, so  
4 that may vary from platform to platform.

5 Q And what about on Bittrex?

6 A I'm not familiar with the specific, you  
7 know, kind of on-boarding procedures that Bittrex has  
8 in terms of who and who is not permitted to transact.

9 Q And to your knowledge, are US investors or  
10 US users able to buy and sell digital assets on the  
11 Bittrex trading platform?

12 (b)(6); (b)(7)(C) I'm going to instruct the  
13 Witness not to answer. To the extent that his  
14 information came from Bittrex, that would be  
15 privileged.

16 (b)(6); (b)(7)(C) Okay. Thank you.

17 BY (b)(6); (b)(7)(C)

18 Q And let me clarify. I'm once again --  
19 I'll ask you to specify for each question. I'm still  
20 questioning the time before you began your  
21 representation of Bittrex, so what your understanding  
22 was of the platform prior to your representation?

23 A Okay. So thank you for the clarification.

24 So I don't think I was familiar with who  
25 US based or not was able to participate in Bittrex.

1 Q Did there come a period of time when --  
2 while at (b)(6); (b)(7)(C) that you began representing Bittrex?

3 A Yes.

4 Q And when was that?

5 A I would guess, approximately, August or  
6 September of 2017. I don't recall exactly, but  
7 probably somewhere around then.

8 Q Were you the engagement partner that  
9 brought Bittrex into (b)(6); (b)(7)(C) as a client?

10 A No.

11 Q I'm sorry. Was that a yes?

12 A No.

13 Q And who was that?

14 A I believe -- I believe it was (b)(6); (b)(7)(C)  
15 but I'm not sure who may have formally initiated the  
16 first engagement.

17 Q So August, September 2017, that is when  
18 Bittrex became a client of (b)(6); (b)(7)(C). Is that also  
19 when you began working as counsel for Bittrex?

20 A I believe sometime around that. I don't  
21 know if it was the first engagement for Bittrex when I  
22 became involved, but probably somewhere, you know, give  
23 or take a couple of months.

24 Q And were there any other partners at  
25 (b)(6); (b)(7)(C) that represented Bittrex in this timeframe?

1           A     So I don't know everyone that may have  
2 participated in the engagement. I think that (b)(6); (b)(7)(C)  
3 (b)(6); (b)(7)(C) At some point, (b)(6); (b)(7)(C) also would've  
4 participated in that engagement. I don't know if it  
5 was at that period or not. And there have, you know,  
6 certainly been some others over time that have  
7 participated. But I think (b)(6); (b)(7)(C) would've probably been  
8 the primary initial person that I'm aware of.

9           Q     In the scope of (b)(6); (b)(7)(C) representation  
10 of Bittrex, were there other partners that also -- at  
11 (b)(6); (b)(7)(C) that also represented Bittrex?

12          A     Yes.

13          Q     And could you tell me who they were?

14          A     Again, I wouldn't know necessarily  
15 everyone that was involved in some way answering a  
16 question for Bittrex, because it could be different  
17 people over a long period of time, but that would  
18 include (b)(6); (b)(7)(C) I believe (b)(6); (b)(7)(C)  
19 (b)(6); (b)(7)(C) Those are the ones I can recall.

20          Q     What was the full time period that you  
21 acted as counsel for Bittrex, so starting in August or  
22 September of 2017?

23          A     So commencing whenever the engagement  
24 began, so, let's say, approximately, August of 2017,  
25 I've acted as counsel for Bittrex from time to time on

1 different things.

2 Q I'm sorry. Did you say -- I might've  
3 missed it. Did you say how long that lasted? Starting  
4 in August of 2017, approximately, through --

5 A So Bittrex is also a current client at  
6 (b)(6); (b)(7)(C) --

7 Q I see.

8 A -- and so throughout my time at (b)(6); (b)(7)(C)  
9 So if that was 2017, I'd have to add up the years, but  
10 over, you know, that period of time.

11 Q While you were at (b)(6); (b)(7)(C) can you  
12 estimate approximately how many hours per week on  
13 average that you billed for work related to Bittrex?

14 A Difficult to estimate because, like a lot  
15 of legal projects and work, you know, sometimes there  
16 are periods where maybe some weeks maybe half or sixty  
17 percent of your time could be doing work on behalf of  
18 Bittrex, and then maybe doing no work for several  
19 months, but, you know, there was a significant amount  
20 of time, you know, in connection with representing  
21 Bittrex.

22 Q So putting aside the other (b)(6); (b)(7)(C)  
23 partners, which I've asked you about, were there other  
24 (b)(6); (b)(7)(C) attorneys, associates, or anyone else who  
25 also represented Bittrex during the time that you

1 represented Bittrex?

2 A Yes.

3 Q And can you tell me who they were?

4 A Again, I probably can't recall all the  
5 different attorneys that may have participated in  
6 aspects of representation of Bittrex, but ones that I  
7 can recall would be (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C) And I'm sure there are others. I can't  
9 recall.

10 Q And (b)(6); (b)(7)(C) and  
11 (b)(6); (b)(7)(C) were they associates that reported to you?

12 A So the way that that kind of staffing  
13 works, I worked with them frequently. I wouldn't say  
14 they directly reported to me. They're part of that  
15 kind of pool of different associates that worked with  
16 different partners and other attorneys on different  
17 matters, but I did interact with them frequently.

18 Q Got it.

19 So the staffing was set up so that it was  
20 per case or per project and not that you had your  
21 separate group of associates that worked for you on all  
22 of your cases?

23 A Right.

24 Q Do you recall the approximate timeframe  
25 that (b)(6); (b)(7)(C)



1 worked with you on the Bittrex representation?

2 A I don't recall the exact timeframe. So  
3 (b)(6); (b)(7)(C) was -- you know, has worked with me  
4 over a number of years, so he was kind of throughout  
5 the period of my time at (b)(6); (b)(7)(C) since he joined.  
6 (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) left to pursue in-house  
7 opportunities at one point. I don't recall exactly  
8 when.

9 Q Any other associates that you recall that  
10 worked with you on the Bittrex representation?

11 A Not that I recall, but, you know, I'm sure  
12 there were others.

13 Q As part of your representation of Bittrex,  
14 who did you interact with at Bittrex?

15 A So at Bittrex, I would've interacted  
16 primarily with Bill Shihara, (b)(6); (b)(7)(C)  
17 (b)(6); (b)(7)(C) after the point in time  
18 which he joined Bittrex, (b)(6); (b)(7)(C) who was, you  
19 know, an (b)(6); (b)(7)(C) who also (b)(6); (b)(7)(C) to  
20 Bittrex in a (b)(6); (b)(7)(C) capacity. Those are the primary  
21 ones I recall.

22 Q So Bill Shihara, I think you previously  
23 testified --

24 A Sorry. (b)(6); (b)(7)(C)  
25 (b)(6); (b)(7)(C) Sorry. You can't talk over



1 each other.

2 THE WITNESS: Sorry. (b)(6); (b)(7)(C) also  
3 another name that I recall.

4 BY (b)(6); (b)(7)(C)

5 Q So Bill Shihara, I believe you previously  
6 testified was the CEO of Bittrex at the time --

7 A Yes.

8 Q -- is that correct?

9 A Yes.

10 Q How frequently did you interact with  
11 Mr. Shihara?

12 A I don't recall exactly. I think more  
13 frequently towards the beginning of the representation,  
14 and then later on, less frequently.

15 Q At the beginning of your representation,  
16 was he your primary point of contact at Bittrex?

17 A At the very beginning of the  
18 representation, he would've been probably the primary  
19 contact, but as -- you know, over time additional  
20 people at Bittrex got involved in different aspects of  
21 the relationship.

22 Q Did someone else become a primary point of  
23 contact after that point?

24 A I think the primary contacts probably  
25 evolved over time as people took on different roles and

1 people have come and gone. So I don't know that  
2 there's an individual that I would think was a primary  
3 contact. There were certainly multiple contacts.

4 (b)(6); (b)(7)(C) When is a convenient time,  
5 can we take a break?

6 (b)(6); (b)(7)(C) Sure. Why don't we do it  
7 right now.

8 Let's go off the record at 1:36 p.m.

9 (Whereupon, at 1:36 p.m., a short recess  
10 was taken.)

11 (b)(6); (b)(7)(C) We are back on the record  
12 at 1:53 p.m.

13 BY (b)(6); (b)(7)(C)

14 Q (b)(6); (b)(7)(C) during the break, did you  
15 have any substantive conversations with the staff?

16 A No.

17 (b)(6); (b)(7)(C) Counsel?

18 (b)(6); (b)(7)(C) I can confirm.

19 (b)(6); (b)(7)(C) Okay. Great.

20 BY (b)(6); (b)(7)(C)

21 Q So before the break, we were discussing  
22 who you interacted with at Bittrex. So we discussed  
23 Bill Shihara. I believe you then mentioned that you  
24 interacted with (b)(6); (b)(7)(C) Do you know what (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C) role was at Bittrex?

1           A     I don't know her formal title. She, I  
2 think, did do a lot of work in kind of supporting  
3 potential listings.

4           Q     And how frequently did you interact with  
5 (b)(6); (b)(7)(C)

6           A     I don't recall exactly, but there is  
7 probably a period of time where, you know, maybe once a  
8 week for several months. She was with Bittrex for a  
9 while. Then I recall she moved to another position.

10          Q     And I believe you mentioned you also  
11 interacted with (b)(6); (b)(7)(C). Who is (b)(6); (b)(7)(C)

12          A     I think he was also in a similar role as  
13 (b)(6); (b)(7)(C) was. I don't recall exactly. Maybe he came  
14 after, or they overlapped. I don't recall.

15          Q     And how frequently did you interact with  
16 (b)(6); (b)(7)(C)

17          A     From time to time, but probably less --  
18 less frequently than (b)(6); (b)(7)(C)

19          Q     What about (b)(6); (b)(7)(C) what has his role at  
20 Bittrex? I believe I asked you earlier, and you  
21 testified that you didn't know if it was an operations  
22 role or a legal role. Do you recall anything else  
23 about the role that he played at Bittrex?

24          A     Yeah. So I don't recall exactly when he  
25 left (b)(6); (b)(7)(C) to join Bittrex, so, you know, I

1 probably would've interacted with him as a colleague  
2 before that point in time. I didn't interact with him  
3 frequently after he joined Bittrex, but from time to  
4 time.

5 Q And these interactions, and let me know if  
6 it's different for each person, but generally how did  
7 it take place? What mode of communication, Emails,  
8 calls?

9 A Typically, phone.

10 Q Typically, phone?

11 A Typically, phone calls.

12 Q Okay.

13 And what about (b)(6); (b)(7)(C) what was his  
14 role at Bittrex?

15 A So I don't recall his formal title, but I  
16 think he was acting as kind of an in-house legal  
17 advisor, lawyer for Bittrex, and he was a (b)(6); (b)(7)(C)

18 (b)(6); (b)(7)(C) At one point, he (b)(6); (b)(7)(C) I think, on  
19 a -- maybe a partial time basis, but I don't recall the  
20 details of that, but he was acting in a -- he was  
21 acting in a legal role at Bittrex.

22 Q And then what about (b)(6); (b)(7)(C)

23 A (b)(6); (b)(7)(C) again, I don't know what his  
24 formal title was. I think he was probably more like a  
25 business development type function. I think he had

1 some technical background and some expertise on the  
2 Blockchain technology, so I would also interact with  
3 him from time to time for a period of time.

4 Q And how frequently would you say you  
5 interacted with (b)(6); (b)(7)(C)

6 A Probably similar to (b)(6); (b)(7)(C) maybe a little  
7 less frequently. You know, maybe connecting with him  
8 typically with others, not one-on-one type  
9 conversations, right. A lot of calls would involve  
10 multiple people. You know, once every two weeks over a  
11 number of months, and then -- and, again, similar to  
12 Bill, probably earlier in the relationship more -- more  
13 frequently interacting with him and less frequently  
14 later on.

15 Q And the conversations that you would have  
16 with (b)(6); (b)(7)(C) over the phone, would Bill Shihara  
17 also participate in those conversations?

18 A In -- again, I don't recall specific or  
19 every conversation, but there were a number of  
20 conversations where they were both on the same phone  
21 calls.

22 Q And your communications and interactions  
23 with all of the individuals you mentioned that we just  
24 discussed, was this in the context of providing legal  
25 advice to Bittrex?



1           A     Yes.

2           Q     And without disclosing the privilege  
3 information, can you tell me the general scope of the  
4 legal advice that you provided to Bittrex?

5           A     So we represented Bittrex in a wide  
6 variety of legal matters, including general corporate  
7 matters, regulatory matters, securities matters,  
8 disputes, commercial transactions, a lot of the general  
9 areas that big law firms practice in.

10          Q     And were you involved in all of these  
11 types of legal counsel to Bittrex, or were you just  
12 involved in some of them, or one of them?

13          A     So I was involved in many of them, you  
14 know, particularly more I focused on the corporate side  
15 of things or the kind of securities or financial  
16 regulatory side of things.

17          Q     And when you say securities and financial  
18 regulation, can you explain what you mean by that?

19          A     So, you know, areas which would include  
20 securities law, you know, commodities law, you know,  
21 different laws that apply to kind of financial  
22 regulations, and then kind of just general corporate  
23 law, Delaware law, et cetera.

24          Q     Did you provide them legal advice about  
25 the application of the federal securities laws to their



1 business?

2 A Yes.

3 Q Did you provide them with legal advice  
4 regarding the application and the securities laws to  
5 individual digital assets that had applied to be listed  
6 on to Bittrex?

7 (b)(6); (b)(7)(C) I'll let (b)(6); (b)(7)(C) answer  
8 that question, but we're getting close to privilege  
9 information, but --

10 THE WITNESS: Yes.

11 BY (b)(6); (b)(7)(C)

12 Q As part of your representation of Bittrex,  
13 did you ever do any legal work related to Bittrex  
14 Global or Bittrex International?

15 A Yes.

16 Q And without divulging any privilege  
17 information, can you tell me the general scope of the  
18 legal work you did for Bittrex Global and/or Bittrex  
19 International?

20 A General corporate work and financial  
21 regulatory work --

22 THE COURT REPORTER: I'm sorry. I'm  
23 sorry. Can you please repeat that? You broke up.  
24 I'm sorry.

25 THE WITNESS: General corporate work,

1 financial regulatory work, and a lot of it was more  
2 international nature, so kind of different  
3 international types of legal issues.

4 BY (b)(6), (b)(7)(C)

5 Q Did you provide Bittrex -- strike that.

6 The prior answer that just gave, is that  
7 as to both Bittrex Global and Bittrex International?

8 A So they're -- it's difficult for me to  
9 recall exactly. Obviously, they are different Bittrex  
10 entities, and they do different things, and so I don't  
11 recall specifically right now Bittrex International  
12 versus Bittrex Global.

13 Q And I'll note for the record for purposes  
14 of any additional questions I ask on this topic, it's  
15 the staff's understanding that they refer to the same  
16 entity that changed names at one point, so if I ask you  
17 any questions on this topic, I'll state Bittrex Global  
18 and/or Bittrex International, assuming it's the same  
19 entity that had a name change.

20 So --

21 A Yeah. And I'm not certain that that's  
22 accurate. I believe that there were several entities.  
23 There may have been some name changes, as well, but my  
24 recollection is they may have been different legal  
25 entities.

1 Q Okay. Okay. So then I'll ask you as to  
2 each entity understanding that you may not recall.

3 Since the question I asked you previously,  
4 did you provide Bittrex Global with legal advice  
5 regarding the application of the securities laws to its  
6 business?

7 A I don't recall specifically, but I believe  
8 so.

9 Q Did you provide Bittrex Global with legal  
10 advice regarding the application of the securities laws  
11 to specific digital assets that had applied to be  
12 listed on that platform?

13 A I don't recall.

14 Q And what about Bittrex International, did  
15 you provide Bittrex International with legal advice  
16 regarding the application of the securities laws to its  
17 business?

18 A I don't recall, but I believe so.

19 Q And did you provide Bittrex International  
20 with legal advice regarding the application of the  
21 securities laws to specific digital assets that had  
22 applied to be listed on its platform?

23 A I don't recall.

24 Q So while at (b)(6); (b)(7)(C) other than  
25 representing Bittrex, what other types of

1 representations did you work on?

2 A In terms of other clients?

3 Q Yes. Or other types of cases. Other  
4 types of cases and other types of clients.

5 A Other types of clients?

6 Q Yes.

7 A Yeah. So I worked with a variety of  
8 public companies, companies seeking to do IPOs,  
9 investment banks in connection with underwriting  
10 capital markets transactions, some other cryptocurrency  
11 intermediaries, trading platforms, investors, some  
12 cases, some project teams creating a new digital asset,  
13 you know, a variety of different types of clients.

14 Q I just want to ask a couple of follow-up  
15 questions on that. You said that you represented some  
16 cryptocurrency intermediaries. Which ones did you  
17 represent?

18 (b)(6); (b)(7)(C) I'm going to instruct  
19 (b)(6); (b)(7)(C) not to answer that question because we  
20 don't have counsel for those entities present to --  
21 that might be considered privilege, and their counsel  
22 isn't present, so for now I'm going to instruct him  
23 not to answer that. Unless you want to reschedule  
24 the testimony, you can --

25 (b)(6); (b)(7)(C) Only if I can come out to

1 San Francisco, get out of the heat.

2 BY (b)(6); (b)(7)(C)

3 Q As part of your representation of  
4 cryptocurrency intermediaries, did you have any  
5 interactions with the SEC staff?

6 A Yes.

7 Q And who did you interact with at the SEC?

8 A I don't recall specifically, but it would  
9 be more typically interacting with the Division of  
10 Corporation Finance.

11 Q Do you recall the timeframe that you had  
12 these interactions?

13 A No.

14 Q And do you recall any specific person at  
15 the SEC that you spoke with?

16 A No. And the period of time we're talking  
17 about is when?

18 Q I mean, you tell me. I think I'm sort of  
19 generally asking about -- I think I asked about your  
20 other representations aside from Bittrex when you were  
21 at (b)(6); (b)(7)(C) and as part of that, you listed  
22 cryptocurrency intermediaries.

23 A Yes. And so -- I'm trying to recall. So

24 I have -- I do recall I have been on a call with (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C) before, and there were others that had



1 participated in those calls.

2 And I have been, as part of those  
3 representations, in a meeting -- an in-person meeting,  
4 I recall, in DC, and I'm trying to recall who was  
5 present at that meeting.

6 (b)(6); (b)(7)(C) I don't think they heard  
7 your last answer.

8 THE WITNESS: Oh, I can't recall  
9 specifically, but I did attend an in-person meeting  
10 for a client in Washington, DC a few years ago.

11 BY (b)(6); (b)(7)(C)

12 Q Other than the Division of Corporation  
13 Finance, do you recall speaking with any other -- any  
14 other representative to other divisions at the SEC in  
15 connection with your representation of these  
16 cryptocurrency intermediaries?

17 A So in connection with representations of  
18 cryptocurrency intermediaries, I think there have been  
19 others from other divisions where a lot of people on a  
20 specific phone call, so I don't know who was there, but  
21 I believe that would've included people from other  
22 divisions, including Enforcement, Division of  
23 Investment Management, and probably other divisions.

24 Q In connection with your representation of  
25 these intermediaries, did you ever submit a no action



1 letter to the SEC?

2 A We have not submitted any no action  
3 letters in connection with these representations.

4 Q You also mentioned when you were giving me  
5 examples of the types of representations you worked on  
6 at (b)(6); (b)(7)(C) project teams in new digital assets. Can  
7 you explain what you mean by that?

8 A So project teams are often -- well, people  
9 that are getting together because they have a -- they  
10 see a new application for Blockchain technology or  
11 digital assets, and so they're often looking to kind of  
12 create that asset and the various legal issues that may  
13 be associated with it, which is, you know, intellectual  
14 property considerations, general corporate  
15 considerations, securities law considerations, and --  
16 so it's really kind of the sponsors of people that are  
17 building a new digital asset or a, you know, Blockchain  
18 application.

19 Q Can you approximate how many project teams  
20 you represented when you were at (b)(6); (b)(7)(C)

21 A It's difficult for me to estimate. I  
22 think our work was typically more focused on different  
23 intermediaries than project teams, but, you know, we  
24 did work with a number from time to time. Sometimes  
25 those would be, you know, a simple initial

1 conversation, right. Sometimes they would be a more  
2 substantive conversation. So, you know, to guess, you  
3 know, I'd say a dozen, maybe more, but I don't really  
4 have a -- it could be two dozen. I don't have a really  
5 clear sense of that. Some of these would be one off  
6 initial consultation, and then some things where it  
7 would be more substantive involved.

8 Q And were any of the project teams that you  
9 represented digital asset or digital token issuers that  
10 were listed on Bittrex?

11 A That we represent -- sort of represented  
12 separately as clients?

13 Q Yes.

14 A So I think we have represented clients  
15 that have had assets listed on Bittrex, and other  
16 trading platforms, as well.

17 Q Did you represent those token -- or sorry,  
18 those project teams that had -- that were listed on  
19 Bittrex, did your representation of them overlap your  
20 representation of Bittrex in terms of timing?

21 A Yes. Because Bittrex has been a client  
22 since 2017, so, yes, there's overlap.

23 Q Did it ever -- did those representations  
24 of those project teams ever present a conflict of  
25 interest because you're also representing Bittrex?

1           A     Not -- not that I'm aware of. Bittrex  
2     also works with other counsel, and so if there was an  
3     issue which presented a conflict, then, you know, I  
4     think that would be addressed by other counsel.

5           Q     And did you ever represent a project team  
6     in connection with its efforts to be listed on Bittrex?

7           A     So, yeah -- so we have represented clients  
8     that have sought to be listed on Bittrex. Yes, so  
9     we've represented clients that have sought to be listed  
10    on Bittrex.

11          Q     I guess one step further, I think, is what  
12    I'm trying to get at. Did you ever represent those  
13    project teams in connection with their efforts to be  
14    listed on Bittrex, so representing them in that  
15    endeavor?

16          A     So we have represented -- I can't recall  
17    which clients, but I think we had, I think, where we  
18    have had communications with other counsel on behalf of  
19    Bittrex, working for Bittrex where they have requested  
20    or we provided additional information relevant to  
21    those -- those clients.

22          Q     Sorry. I think you just said that it was  
23    in connection with your representation of Bittrex.

24          A     It may not have been clear. So I think  
25    there have been cases, you know, where we have been

1 working with a client. That client has sought to list  
2 on Bittrex, and other counsel for Bittrex has reached  
3 out to request additional information regarding that  
4 project, and we have responded on behalf of that  
5 project in connection with that request.

6 Q Okay. I'm going to move on to a new  
7 topic. (b)(6); (b)(7)(C) have you ever bought, sold, or  
8 owned any crypto asset or digital asset?

9 A I have not. One qualification to that, at  
10 the consensus cryptocurrency conference a couple of  
11 months ago in Austin, they made available a desk token  
12 to conference attendees for people that tried to  
13 download a crypto wallet. I think I tried do download  
14 the crypto -- I don't know if I did it successfully,  
15 but with the exception of that, I never had any  
16 cryptocurrency account or owned, purchased any  
17 additional assets.

18 Q To your knowledge, did (b)(6); (b)(7)(C) ever  
19 receive any crypto asset as compensation for its  
20 services provided to clients?

21 A To my knowledge, it did not. And in fact,  
22 there was a policy of not receiving digital assets, as  
23 far as I'm aware.

24 Q Do you have an understanding of what an  
25 ICO is?

1 A Yes.

2 Q What is an ICO?

3 A So an ICO, and there may be different  
4 definitions that people use, but it was initially --  
5 initial coin offering, right, and was referring to in  
6 general, a public sale of digital assets, and so that's  
7 kind of how the term came about, as far as I  
8 understand.

9 Q Have you ever --

10 A The first time that it has been sold in  
11 that context.

12 Q Got it.

13 Have you ever bought tokens in an ICO or  
14 participated in an ICO in any other way?

15 A No.

16 Q Have you ever had an account at any US or  
17 foreign online digital asset trading platform?

18 A No.

19 Q Did you ever open or attempt to open an  
20 account with Bittrex?

21 A No.

22 Q To your knowledge, has any of your family  
23 members or close friends ever bought, sold, or received  
24 any crypto asset that traded on Bittrex?

25 A No.



1 Q Did you ever disclose to anyone outside of  
2 Bittrex whether a particular token was being considered  
3 for listing on Bittrex?

4 A No.

5 Q Did you ever disclose to anyone outside of  
6 Bittrex that Bittrex had determined to list a  
7 particular token in advance of that information  
8 becoming public?

9 A No.

10 (b)(6); (b)(7)(C) : And I assume when you say  
11 anyone, you're not including other lawyers of

12 (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C) Yes, that's correct.

14 BY (b)(6); (b)(7)(C)

15 Q Do you know of any family members or close  
16 friends who purchased any tokens that traded on Bittrex  
17 either in a pre-listing offering or a private sale or  
18 on Bittrex itself?

19 A No.

20 Q Do you know of any (b)(6); (b)(7)(C) or Bittrex  
21 employees -- do you know whether any (b)(6); (b)(7)(C) or  
22 Bittrex employees disclosed to friends or family  
23 members whether a particular token was being considered  
24 for listing on Bittrex?

25 A No, I'm not aware of any.



1 Q And do you know of any (b)(6); (b)(7)(C) or  
2 Bittrex employees that disclosed to friends or family  
3 members whether Bittrex had determined to list a  
4 particular token in advance of that information  
5 becoming public?

6 A No, I'm not aware.

7 (b)(6); (b)(7)(C) And, (b)(6); (b)(7)(C) I can't recall.  
8 I think I did. Did I send you Exhibit 77 to print?

9 (b)(6); (b)(7)(C) No. I'll double check,  
10 unless you did it recently.

11 (b)(6); (b)(7)(C) I did. Let me -- maybe  
12 we'll get lucky with the sharing. I'll Email it, as  
13 well, but I'll also try to share it and see if it  
14 works.

15 (b)(6); (b)(7)(C) I can scroll down the first  
16 page, but when I click on the thumbnails, the other  
17 pages aren't coming up.

18 I'll also note that on the screen, the  
19 exhibit label is 88.

20 (b)(6); (b)(7)(C) Yes. It's the most  
21 bizarre glitch I've ever encountered, and I've seen  
22 it all. I have the file right here. It says 77.  
23 Crazy.

24 I sent the exhibit over to your  
25 assistant on Email.

1 MR. ZINK: Hey, (b)(6); (b)(7)(C) this is (b)(6); (b)(7)(C) If I  
2 send you an Email, would you be kind enough to send  
3 me the exhibit, as well? No rush.

4 (b)(6); (b)(7)(C) Oh, sure. I'm sorry about  
5 that. Absolutely. These, you probably already have,  
6 but I'm happy to send them to you again, but so far,  
7 I'm just showing the ones we've previously marked,  
8 but --

9 MR. ZINK: Yes.

10 (b)(6); (b)(7)(C) Let's go off the record at  
11 2:28 p.m.

12 (Whereupon, at 2:28 p.m., a short recess  
13 was taken.)

14 (b)(6); (b)(7)(C) We are back on the record  
15 at 2:39 p.m. Eastern.

16 BY (b)(6); (b)(7)(C)

17 Q (b)(6); (b)(7)(C), during the break, did you  
18 have any substantive conversations with the SEC staff?

19 A No.

20 (b)(6); (b)(7)(C) I confirm that.

21 (b)(6); (b)(7)(C) Thank you.

22 (SEC Exhibit Exhibit 77 was previously marked for  
23 identification.)

24 BY (b)(6); (b)(7)(C)

25 Q (b)(6); (b)(7)(C), I have on the screen and have

1 sent your Counsel copies of Exhibit 77, which is a  
2 Bittrex web page titled, How Do I Submit a Token to  
3 Bittrex for Listing, dated January 31st, 2018.

4 Do you recognize this document?

5 A I -- give me a second to look at it.

6 Q Sure. Yeah, take a moment to review it.

7 A No, I don't recognize this document.

8 Q Did you have any involvement in drafting  
9 this document?

10 (b)(6); (b)(7)(C) I'll instruct him not to  
11 answer on work product grounds.

12 BY (b)(6); (b)(7)(C)

13 Q Are you familiar with the processes  
14 described in this exhibit?

15 (b)(6); (b)(7)(C) And, again, you should  
16 exclude from your answer information you received  
17 from Bittrex.

18 THE WITNESS: Okay.

19 I'd like to take a minute to read the  
20 document, if that's okay.

21 BY (b)(6); (b)(7)(C)

22 Q Sure. Please, absolutely. Please, take  
23 however much time you need.

24 (b)(6); (b)(7)(C) Just for your information,  
25 (b)(6); (b)(7)(C) now if we click on the thumbnails, they do come

1 up. I think it's just a matter of the time it takes  
2 to have them loaded.

3 (b)(6); (b)(7)(C) Yeah, I think that's what  
4 it is. I think probably because there's a lot of us  
5 on this call, it's just taking longer to load.

6 THE WITNESS: Okay. I've reviewed the  
7 document.

8 BY (b)(6); (b)(7)(C)

9 Q And are you familiar with the processes  
10 described in the document?

11 A At a high level, I'm familiar with the  
12 processes. I don't know all the details of the  
13 processes.

14 Q Did you provide Bittrex legal advice  
15 regarding these processes?

16 (b)(6); (b)(7)(C) Sorry. Is the question,  
17 did he provide advice on which processes to include  
18 or the execution of the processes or something else?

19 (b)(6); (b)(7)(C) You know, in the spirit of  
20 making sure that we stay away from privileged  
21 information, I'm asking at a high level, if he  
22 advised Bittrex on these processes described herein?

23 (b)(6); (b)(7)(C) Yes. Unfortunately, that's  
24 not a high enough level, and I'll instruct him not to  
25 answer on privilege grounds.

1 BY (b)(6); (b)(7)(C)

2 Q If I could turn your attention to the  
3 second page of the document. The paragraph that  
4 begins, under, Submit token for a listing  
5 consideration. The next two paragraphs discuss a  
6 compliance review, and it discusses two separate and  
7 distinct compliance review processes. And it says here  
8 that to be listed on the US -- I'm reading from the  
9 document, "To be listed on the US platform on  
10 bittrex.com, our compliance review requires the  
11 applicant to provide a legal memorandum or opinion from  
12 an US-qualified external legal counsel. The memo or  
13 opinion should present an actual and legal basis for  
14 its conclusion that, A, the candidate token is not a  
15 security under the applicable securities laws, and, B,  
16 that trades of the candidate tokens would not be  
17 subject to regulation under any applicable laws  
18 applicable to trading a commodity."

19 Did you ever tell a project team that a  
20 legal memo from counsel saying the token was not a  
21 security was part of the compliance review for tokens  
22 that sought to be listed on the US platform?

23 A I don't recall.

24 Q To your knowledge, did anyone at (b)(6); (b)(7)(C)  
25 ever tell a token or a project team that a legal memo



1 from counsel stating that the token was not a security  
2 was part of the compliance review for tokens that  
3 sought to be listed on the US platform?

4 A I don't recall.

5 Q Did you or anyone else at (b)(6); (b)(7)(C) ever  
6 provide legal advice to Bittrex on legal opinions  
7 provided by project teams?

8 (b)(6); (b)(7)(C) I instruct the Witness not  
9 to answer on privilege grounds.

10 BY (b)(6); (b)(7)(C)

11 Q Did you or anyone at (b)(6); (b)(7)(C) ever tell a  
12 project team that they should go through the review  
13 processes for Bittrex International?

14 A I don't recall.

15 Q Did you provide legal advice to Bittrex on  
16 the processes related to the compliance review?

17 (b)(6); (b)(7)(C) I instruct the Witness not  
18 to answer.

19 (b)(6); (b)(7)(C) And what's the basis for  
20 your objection, Counsel?

21 (b)(6); (b)(7)(C) On attorney/client  
22 privilege.

23 (SEC Exhibit Exhibit 21 was previously marked for  
24 identification.)  
25



1 BY (b)(6); (b)(7)(C)

2 Q If we could turn to the exhibit marked  
3 Exhibit 21 -- or I guess you don't have the exhibit  
4 stickers, right?

5 (b)(6); (b)(7)(C) : We do have the ones on 21  
6 and 22. We have the same printouts with the  
7 stickers.

8 (b)(6); (b)(7)(C) Oh, right. Yes. Okay.  
9 That makes sense because that was probably physically  
10 scanned pre-pandemic.

11 BY (b)(6); (b)(7)(C)

12 Q (b)(6); (b)(7)(C) I'm showing you what's been  
13 previously marked as Exhibit 21. It's a document  
14 titled, Bittrex Token Listing Policy.

15 If you want to take a few moment to review  
16 the document, you can.

17 A Okay. Thank you. I'll take a look.

18 THE COURT REPORTER: (b)(6); (b)(7)(C) this  
19 is the Court Reporter. Is there any way you can  
20 still put it up on the screen, so I can see it?

21 (b)(6); (b)(7)(C) Sure.

22 THE COURT REPORTER: Thank you.

23 (b)(6); (b)(7)(C) Absolutely. Just a  
24 moment.

25 THE WITNESS: I've reviewed the

1 document.

2 BY (b)(6); (b)(7)(C)

3 Q Okay. Great.

4 Have you seen this document before today?

5 A I don't believe so.

6 Q Did you have any involvement with the  
7 drafting or preparation of the document?

8 (b)(6); (b)(7)(C) I'm instructing the client  
9 not to answer on attorney work product grounds.

10 BY (b)(6); (b)(7)(C)

11 Q (b)(6); (b)(7)(C) are you familiar with the  
12 processes described in Exhibit 21?

13 A I'm familiar with some of the processes.  
14 I don't think I'm familiar with all these processes.

15 Q Did you provide legal advice to Bittrex on  
16 the policies and procedures described in this document?

17 (b)(6); (b)(7)(C) I instruct the Witness not  
18 to answer on attorney/client privilege grounds.

19 BY (b)(6); (b)(7)(C)

20 Q -- project teams the policies and  
21 procedures outlined in this document?

22 THE COURT REPORTER: I'm sorry. Can you  
23 repeat that? You broke up at the beginning.

24 (b)(6); (b)(7)(C) Sure.  
25

1 BY (b)(6); (b)(7)(C)

2 Q Did you ever discuss with project teams  
3 the policies and procedures described in this document?

4 (b)(6); (b)(7)(C) Can you clarify your  
5 question? Are you asking did he discuss these  
6 policies, as opposed to similar subject matter? Do  
7 you understand what I'm saying?

8 (b)(6); (b)(7)(C) I don't think I do.

9 (b)(6); (b)(7)(C) Are you asking if he  
10 referred to this policy in discussions with project  
11 teams?

12 (b)(6); (b)(7)(C) Yeah. I'm asking if he  
13 ever discussed the policies and procedures described  
14 in this document with any third-party token team?

15 (b)(6); (b)(7)(C) Do you understand that?

16 THE WITNESS: Yeah, I think I understand  
17 the question.

18 So -- so -- I'll make sure I answer it  
19 completely. So I don't -- I don't think we ever  
20 discussed the policy itself. I believe we  
21 would've -- and in this policy, I see examples of  
22 Email messages where we were introduced to a project  
23 team, right, and these sort of general type templates  
24 for introductions seem familiar. I think we probably  
25 have mentioned to project teams that there is a

1 preliminary review process; whereby, before Bittrex  
2 does a kind of more -- a deeper review, that they  
3 will do an initial type of screening type of review  
4 before they do something more substantive, but I  
5 don't think we really got to the substance of this  
6 beyond that, and not with -- not specifically with  
7 reference to this listing policy, just general  
8 practices.

9 BY (b)(6); (b)(7)(C)

10 Q If I could turn your attention to the  
11 bottom of page three, and the numbered list the  
12 factors -- described the factors that the token  
13 committee would review in determining whether to list  
14 the token. Number four says, "Compliance review, legal  
15 review" -- and then sub A, "legal review provided by  
16 Bittrex by outside and in-house counsel."

17 Were you involved in this compliance  
18 review or legal review described here?

19 (b)(6); (b)(7)(C) I'll instruct the Witness  
20 not to answer on privilege grounds. He -- you're  
21 free to ask him generally what kind of legal advice  
22 he provided or generally describe the nature of his  
23 communications with the third-party token project  
24 teams.

25 (b)(6); (b)(7)(C)

Okay.

1 (b)(6); (b)(7)(C) But I do object to that  
2 particular question.

3 (b)(6); (b)(7)(C) Okay. Thank you.

4 BY (b)(6); (b)(7)(C)

5 Q (b)(6); (b)(7)(C) in your communications with  
6 third-party project teams and token teams that sought  
7 to be listed onto Bittrex, did you communicate to them  
8 that you were conducting either a compliance review or  
9 a legal review in connection with their token  
10 application?

11 A So our -- my general recollection is we'd  
12 be introduced by someone at Bittrex as counsel that's  
13 assisting Bittrex in connection with, you know,  
14 Bittrex's review.

15 Q Okay. I'm going to move on to one more  
16 subject, and then I'm going to take a short break to  
17 send a few more additional documents, but let's go  
18 through this next topic first.

19 (b)(6); (b)(7)(C) were you involved -- putting  
20 aside what's described in this document, were you  
21 involved in any compliance or legal review in  
22 connection with your representation of Bittrex?

23 (b)(6); (b)(7)(C) I instruct the Witness not  
24 to answer on work product grounds.  
25



1 BY (b)(6); (b)(7)(C)

2 Q Did there ever come a time in your -- or  
3 strike that.

4 Did there ever come a time during your  
5 representation of Bittrex that you communicated  
6 directly with project teams or token teams that had  
7 applied for listing on Bittrex?

8 A Yes.

9 Q And on what occasion would you have those  
10 communications?

11 A So generally after being introduced by  
12 Bittrex to a specific project team, if we had -- if we  
13 thought it was useful to have a conversation to  
14 understand more about the project, the facts and  
15 circumstances of the project and development, et  
16 cetera, we would schedule a call to discuss with the  
17 project team or their counsel or both.

18 Q And you said you would reach out to them  
19 for more information about their project?

20 A Yes. So, typically, we would be  
21 introduced by someone on the Bittrex team to the  
22 project, and if we had additional factual questions  
23 that would be relevant to the legal analysis that we  
24 would be providing, we would reach out to schedule a  
25 phone call.



1           Q     And did you tell the token teams why you  
2     were contacting them?

3           A     Yes.  So, typically, on a -- you know, a  
4     typical conversation, we would begin by announcing  
5     ourselves as counsel to Bittrex, that any information  
6     that they provided to us, we would feel free to share  
7     with our client, remind them that we're not their  
8     attorneys, and if their attorneys were not present on  
9     the phone, that they were free to reconvene and have  
10    the conversation at another time if they choose.

11               And then, you know, in general, we would  
12    ask for them just to provide a general overview in  
13    their own words of the project, what the technology  
14    does, what's the solution -- or what's the area that  
15    they're trying to address through the Blockchain  
16    technology, what the status of the project might be,  
17    you know, and then after kind of hearing from them, we  
18    may have some specific follow-up questions if things  
19    were not clear.  And sometimes the technology was  
20    complicated, so it required a little bit of a tutorial  
21    for us as lawyers to make sure we understand how it  
22    functioned from the tech perspective.

23           Q     And did you tell them why you needed this  
24    information?

25           A     I don't recall specifically asking why.  I

1 think that, you know, we were generally introduced  
2 typically by Email, or probably exclusively by Email,  
3 that we were assisting Bittrex in connection with  
4 this -- its review process.

5 Q Did you tell the token teams that you were  
6 reaching out in connection with the compliance or legal  
7 review process?

8 A I don't recall that specifically.

9 Q And did these project teams or these token  
10 teams, did they all involve the creation of a digital  
11 asset token?

12 A I believe so, yes.

13 Q When you had these communications with  
14 project teams, was it before or after they were listed  
15 on the Bittrex platform?

16 A So I think it probably would be both. I  
17 think there were probably some that were already listed  
18 on the Bittrex platform, some that had applied for  
19 listing on the Bittrex platform. So I think the answer  
20 would be both.

21 Q And around when did this process start  
22 where you'd be introduced to a token team and then  
23 reach out for more information on the project?

24 A So I don't recall specifically. I think  
25 it probably was largely late -- later 2017 and probably

1 into 2018.

2 Q And, approximately, how long did you do  
3 this, or how long did this -- how long were you  
4 participating in these types of communications and  
5 information gatherings from token teams?

6 A So I don't recall specifically in terms of  
7 communications with token teams, but I think it  
8 probably largely would be within that late 2017 into  
9 2018 timeframe.

10 Q So realizing that you don't remember  
11 exactly, but you think sort of was in that timeframe  
12 and then didn't extend past that, like it ended  
13 sometime in 2018?

14 A My recollection is that -- that, you know,  
15 kind of the direct discussions with project teams  
16 probably ended thereabouts. It's possible that there  
17 could've been another conversation later than that. I  
18 just don't recall.

19 Q Okay.

20 And, approximately, how many project teams  
21 did you communicate through this process?

22 A So I don't recall specifically. You know,  
23 approximately, to hazard a guess, you know, it might've  
24 been twenty, thirty. I don't know for sure.

25 Q Were other (b)(6); (b)(7)(C) attorneys involved in

1 these communications with project teams and the request  
2 for additional information from the team?

3 A Yes.

4 Q And which attorneys were those?

5 A I don't -- I don't recall all who might've  
6 been involved in that process, but I think it would  
7 probably include (b)(6); (b)(7)(C)

8 (b)(6); (b)(7)(C) I think were probably involved in some of those  
9 discussions. There could've been others, but I don't  
10 recall.

11 (b)(6); (b)(7)(C) Counsel, sorry, I think --  
12 did you want to say something on the record?

13 (b)(6); (b)(7)(C) I was discussing how long  
14 we needed for lunch, and it's thirty minutes.

15 (b)(6); (b)(7)(C) Got it. I realize it's  
16 getting close to lunch time there. If we went -- I  
17 mean, we could either break soon in the next fifteen  
18 minutes, or we could go until about 4:00 Eastern Time  
19 and take a break then. Do you have a preference?

20 (b)(6); (b)(7)(C) Yes. The sooner  
21 preference.

22 (b)(6); (b)(7)(C) Okay. Okay. So I will  
23 finish my questioning on this topic, and then we can  
24 break for lunch. And then when we're close to being  
25 back, I'll Email you some additional documents.

1 (b)(6); (b)(7)(C) Okay. Thank you.

2 BY (b)(6); (b)(7)(C)

3 Q I believe you'd testified that each of  
4 these token teams, their project involved the creation  
5 of a digital token. In general, from your  
6 recollection, how did that token fit into their  
7 project? Were they selling the token? Were they  
8 creating a token to be used on their platform? Was it  
9 a bit of both?

10 A Well, obviously, every project is  
11 different. There were projects that were selling  
12 tokens or had sold tokens in the past, you know, either  
13 privately or publicly. There are tokens where there  
14 were no token sales where it was strictly things that  
15 were, you know, for mining or other mechanisms whereby  
16 tokens were earned or received without necessarily a  
17 token sale. So I think it would be a variety.

18 Q Any other ways that a token would fit into  
19 the project or have any -- or any other way in which a  
20 token would fit into a project?

21 A Fit into a project? So when you  
22 say fit -- so I understand how, say, a token is  
23 distributed or earned or allocated, right. Different  
24 tokens like that play different roles and different  
25 protocols in those systems, so the specific use or



1 functionality or application of a digital asset could  
2 vary significantly by a project.

3 Q Did you ever communicating directly with  
4 counsel for a project team?

5 A I believe we did, yes.

6 Q And what would give occasion to that?

7 A Well, first, if a project was represented  
8 by counsel and they asked us to communicate with their  
9 counsel, of course, we would communicate with their  
10 counsel, and so in some cases, a project team would  
11 refer us to their counsel for communications. In other  
12 cases, I mean, counsel may be present in the course of  
13 conversations with the project team, either internal  
14 counsel or outside counsel.

15 Q Did you ever ask a project team for a  
16 legal memo stating that the token they were seeking to  
17 have listed on Bittrex was not a security?

18 A Could you repeat that question?

19 Q Yeah.

20 Did you ever ask a project team or a token  
21 team for a legal memo stating that the token they were  
22 seeking to have listed on to Bittrex was not a  
23 security?

24 A So I don't recall specifically asking  
25 that. I do know in the policy that we reviewed that



1 that's one of the items that is mentioned.

2 Q Do you recall whether others at (b)(6); (b)(7)(C)  
3 asked token teams for those legal memos?

4 A I don't recall.

5 Q Did you ever speak to token teams without  
6 their individual counsel present?

7 A Yes.

8 Q Could you sort of give me an idea of how  
9 frequently you had conversations just with token teams  
10 versus conversations with token teams and their  
11 attorney?

12 A I don't recall. So we had conversations,  
13 like I mentioned, typically in an initial phone  
14 conversation would be, you know, kind of saying, you  
15 know, we're acting as counsel for Bittrex, and that if  
16 they have counsel, we're free to reconvene and have  
17 this conversation at another time. There are some  
18 conversations where they said, okay, let's reconvene,  
19 and we can have this conversation another time where  
20 you can speak directly with our attorney. There's some  
21 where they said that -- maybe they're not represented  
22 by counsel, so there's no need for that. I don't know  
23 how to kind of quantify that. There's a variety.

24 Q Okay.

25 What was the mode of communication that

1     you used to communicate with the token teams or project  
2     teams?

3           A     Email and phone call primarily.  
4     Typically, most Email communications were about  
5     scheduling, I believe.

6           Q     And do you ever communicate with token  
7     teams by a Slack or another type of messaging platform?

8           A     On occasion, not via Slack, but there were  
9     some that preferred to do calls via Skype or another  
10    application. I think we generally prefer to keep  
11    everything on our regular corporate Emails and kind of  
12    traditional phone lines, but I think there were may be  
13    a few occasions where someone wanted to talk via a  
14    phone call on Skype or some application, and I was  
15    probably madly downloading some new application in  
16    order to do that, so --

17          Q     And from your recollection, was that just  
18    video calls on Skype, or was there also any sort of  
19    written messaging on Skype or any other platform?

20          A     So I don't believe there would be any --  
21    written messaging. I think it was mostly phone calls.  
22    Maybe there were some video calls, but most of it  
23    exclusively phone calls.

24          Q     You said that you had asked -- sort of one  
25    of the things that you would communicate to the token

1 teams was a request for additional information about  
2 their project. Did you ask them for documents?

3 A I don't specifically recall, but, you  
4 know, if materials were not otherwise publicly  
5 available, such as a (b)(4) we could've requested  
6 additional documents.

7 Q What's a (b)(4)

8 A So a white paper is typically a general  
9 description of a proposed protocol or network or  
10 digital asset that goes into a lot of the details about  
11 what the planned functionality is. Sometimes some  
12 very, very complicated math, which is kind of beyond  
13 me, but something really to kind of provide a detailed  
14 description of what the problem that this particular  
15 application was intending to solve, and sometimes more  
16 or less technical details about how the protocol was  
17 being built, how it's intended function, et cetera.

18 Q And can you explain what you mean by  
19 planned functionality?

20 A Yes. So, you know, digital assets, people  
21 are creating them for a purpose, right, and that  
22 purpose can vary. It can be, you know, used to kind of  
23 validate and secure transactions in a network. It  
24 could be used as a currency. It could be used as a  
25 rewards mechanism to incentivize, you know,

1 participation. There are a lot of different  
2 applications, but when I talk about functionalities,  
3 really what is the token intended to do, what is the  
4 eco system in which it's sort of built for intended to  
5 do and how do those things interact?

6 Q And would these be, you know, like  
7 functionality in the future, or was it sort of the  
8 current functionality of the project or the token?

9 A That's discussed in the white paper or  
10 that we were looking at?

11 Q I guess both.

12 A Yes. So the answer is, it depends, right.  
13 So, you know, typically, the initial white paper is  
14 produced before the technology has been deployed, and  
15 then, you know, depending on what point in time we're  
16 specifically looking at that, (b)(4)

17 (b)(4)

18  
19  
20 (b)(4)

and so -- so

21 it could be both.

22 Q

(b)(4)

23 (b)(4)

1 connection with your representation of Bittrex?

2 (b)(6); (b)(7)(C) I'll allow the Witness to  
3 answer whether he reviewed (b)(4)

4 (b)(4) but not give the  
5 specifics because that's attorney work product.

6 THE WITNESS: Yes, we reviewed (b)(4)

7 (b)(4)

8 BY (b)(6); (b)(7)(C)

9 Q And did you discuss with third-party token  
10 teams specific statements or language used in those  
11 publicly-available documents?

12 A I believe -- I believe we would have from  
13 time to time.

14 Q Did you ever tell any project team --  
15 strike that.

16 Did you ever discuss with any project  
17 teams the application of the federal securities laws to  
18 their token?

19 A So I don't recall specific conversations,  
20 but a lot of the information that we were seeing was  
21 relevant to US federal securities law considerations.

22 Q Did you ever -- did you or anyone at  
23 (b)(6); (b)(7)(C) ever identify to these project teams in  
24 communications with these project teams statements that  
25 might implicate the federal securities laws?



1           A     So I mean, I don't recall specifically,  
2     but, you know, as part of our conversations, (b)(4)

3 (b)(4)

4  
5  
6  
7  
8  
9           Q     And in those communications with token  
10    teams, did you (b)(4)

11 (b)(4)

12  
13          A     I don't recall specifically having  
14    discussions on (b)(4)

15 (b)(4)

16  
17  
18  
19  
20          Q     Okay.

21                Did you ever instruct or suggest that  
22    token teams or project teams remove certain statements  
23    that could raise questions or be seen to implicate the  
24    federal securities laws from their public document?

25          A     We wouldn't have instructed any project



1 team to do anything.

(b)(4)

2 (b)(4)

7 Q

(b)(4)

8 (b)(4)

9 A Well, again, I don't recall specific

10 discussions.

(b)(4)

11 (b)(4)

23 (b)(6); (b)(7)(C)

I'm going to instruct the

24 Witness not to answer on work product grounds.

1 BY (b)(6); (b)(7)(C)

2 Q In your conversations with token teams,  
3 did you ever confirm with them whether the statements  
4 that you flagged is -- actually, strike that.

5 In your conversations with token teams,  
6 did you ever ask for updated information about certain  
7 aspects of their platform?

8 A I don't recall specifically, (b)(4)

9 (b)(4)  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

24 Q When you would have these conversations  
25 with project teams and token teams (b)(4)

(b)(4)

(b)(4)

I want to get an understanding of the timing. Were these conversations happening after the token sales had already happened, or were they happening during the token sale, or were they happening before the token sale?

A We're talking about the statements?

Q Yes. So the conversations that you were having with -- when you were having conversations with a token team X (b)(4)

(b)(4)

I'm trying to get an understanding of where -- when these conversations happened in time relative to their token sale. (b)(4)

(b)(4)

(b)(4)

was that happening before their token sale or after their token sale or during their token sale?

A So I don't recall, you know, it -- I think

1 in most cases, that would likely be after the token  
2 sale because most typically people would be looking at  
3 listing on a trading platform after a token sale, but  
4 there could've been conversations prior to a launch,  
5 but I don't recall.

6 Q Did it ever cause you any concern raising  
7 with these token teams (b)(4) about a  
8 token sale that had already happened?

9 A No.

10 (b)(6); (b)(7)(C) Okay. Let's go off the  
11 record at 3:32 Eastern.

12 (Whereupon, at 3:32 p.m., a lunch was  
13 taken.)

14 (b)(6); (b)(7)(C) Let's go back on the  
15 record at 4:30 p.m. Eastern.

16 (SEC Exhibit Exhibit 91 was previously marked for  
17 identification.)

18 BY (b)(6); (b)(7)(C)

19 Q (b)(6); (b)(7)(C) I am putting on the screen,  
20 and I've shared with your Counsel a document that's  
21 been marked Exhibit 91.

22 If you want to take a few moments and  
23 review this Email thread, please do.

24 A Review the entire Email thread?

25 Q You can if you want. Do you want -- I

1 have some questions about it, so it might be easier if  
2 you read it first.

3 A Yes. Yes. I'll read it from backwards to  
4 forwards.

5 Q Okay.

6 A I've reviewed the Email chain.

7 Q Great. Thank you.

8 And just briefly before we discuss the  
9 document, I neglected to make sure that we clarify for  
10 the record, (b)(6); (b)(7)(C) during the break, did you have  
11 any substantive conversations with the staff?

12 A No.

13 (b)(6); (b)(7)(C) I can confirm that.

14 (b)(6); (b)(7)(C) And for the record, I just  
15 want to clarify that the staff and Counsel did have a  
16 discussion regarding document transmission. We are  
17 sending the exhibits to (b)(6); (b)(7)(C) via Email given  
18 certain Webex limitations in viewing the documents.  
19 And Counsel confirmed that they did not review the  
20 documents with the Witness during the break.

21 (b)(6); (b)(7)(C) That's correct.

22 (b)(6); (b)(7)(C) Okay. Great.

23 BY (b)(6); (b)(7)(C)

24 Q So back to Exhibit 91, this is a document  
25 with Bates label -- Bates number starting BTRX,

1 underscore, SEC, dash, 0024168 through 4182. It's an  
2 Email thread that is among various people at various  
3 points in the Email thread, including yourself, (b)(6); (b)(7)(C)  
4 (b)(6); (b)(7)(C) and an Email address  
5 nemproject@gmx.de. And the subject line of the Email  
6 is, Bittrex Review of New Economy movement.

7 (b)(6); (b)(7)(C) do you recognize this  
8 exhibit?

9 A I do not.

10 Q Is the Email address (b)(6); (b)(7)(C) was  
11 that your Email address at the time that you were  
12 employed at (b)(6); (b)(7)(C)

13 A Yes, that was my Email address at  
14 (b)(6); (b)(7)(C).

15 Q Did anyone at (b)(6); (b)(7)(C) ever send Emails  
16 from this address, other than yourself?

17 A Not that I would be aware of.

18 Q If an Email was sent from this address, is  
19 it safe to assume that you sent it?

20 A I would presume that if it's from this  
21 address, that it would be from me, yes.

22 Q And if an Email was sent to this Email  
23 address, is it safe to assume you received it?

24 A I would assume so, yes.

25 Q I want to start with the bottom Email,



1 which is the oldest in time Email in this thread, dated  
2 Friday, February 19th, 2018. It's from (b)(6); (b)(7)(C)

3 Who is (b)(6); (b)(7)(C)

4 A So (b)(6); (b)(7)(C) was an employee of Bittrex  
5 and generally involved in the kind of listing review  
6 process.

7 THE COURT REPORTER: (b)(6); (b)(7)(C) can  
8 you go to that page for me, please? This is the  
9 Court Reporter.

10 (b)(6); (b)(7)(C) Let me see --  
11 (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) your sound is coming  
12 and out a bit on our end.

13 (b)(6); (b)(7)(C) It is? Okay. Hang on.

14 MR. BOOKIN: That was better.

15 (b)(6); (b)(7)(C) Oh, yeah. Okay.

16 How do I sound?

17 (b)(6); (b)(7)(C) Say again.

18 (b)(6); (b)(7)(C) How do I sound?

19 (b)(6); (b)(7)(C) Now you're better.

20 (b)(6); (b)(7)(C) Okay. Let me know if I  
21 cut out again.

22 BY (b)(6); (b)(7)(C)

23 Q So I'm going to read portions of this  
24 Email sent from (b)(6); (b)(7)(C) His Email says, "Bittrex  
25 needs your cooperation to complete a review of your

1 token. We appreciate your willingness to work with us  
2 to help ensure compliance of various laws and  
3 regulations. We have determined that additional  
4 information will be helpful to our review of your  
5 digital token."

6 The second paragraph says, "Attached is  
7 our listing application that we need you to complete.  
8 You'll notice that there is a document request list at  
9 the end that requests additional documentation required  
10 for our review. One key requirement is a memo  
11 documenting your analysis on how the token is not a  
12 security using the Howey test, including analysis on  
13 recent SEC rulings, like Munchee. We will also be  
14 sending you our NDA to sign via DocuSign.

15 "We have asked out outside attorney, (b)(6);  
16 (b)(6); (b)(7)(C) cc'd On this Email, to work with you directly  
17 to complete their review of your digital token."

18 So did (b)(6);  
(b)(7)(C) or someone from Bittrex  
19 typically send an Email like this to introduce you a  
20 token team as part of the token review process?

21 A I believe typically someone from the  
22 Bittrex team, when they wanted to connect us with  
23 outside counsel, would send an Email like this.

24 Q And is this typically the point in which  
25 you would commence --

1 THE COURT REPORTER: I'm sorry. I'm  
2 sorry. You're going in and out. I'm having a hard  
3 time hearing you.

4 (b)(6); (b)(7)(C) Hang on.

5 (b)(6); (b)(7)(C) Yeah. I think you're  
6 better without the ear pods.

7 (b)(6); (b)(7)(C) Yeah, that happens. I  
8 don't think that they designed these with all the  
9 testimony in mind.

10 How am I coming through on speaker?

11 (b)(6); (b)(7)(C) Okay.

12 (b)(6); (b)(7)(C) Okay. I'll let them  
13 charge, and maybe we can be back with better sound  
14 later.

15 BY (b)(6); (b)(7)(C)

16 Q So I believe I had just asked, is this  
17 typically the point at which you would begin  
18 communications with a third-party project team?

19 A I don't know necessarily if we would've  
20 commenced communications at this time with the  
21 third-party teams. It may depend on a specific  
22 project. (b)(4)

23 (b)(4)

1 (b)(4)

2 Q If you can scroll up to your Email, dated  
3 March 2nd, 2018.

4 (b)(4) What Bates page?

5 (b)(6); (b)(7)(C) Ending in 179.

6 THE WITNESS: Yes, I have that portion.

7 BY (b)(6); (b)(7)(C)

8 Q So on this portion of the Email thread,  
9 it's an Email from you dated Friday, March 2nd, 2018 to

10 (b)(6); (b)(7)(C) and copying (b)(6); (b)(7)(C) and

11 (b)(6); (b)(7)(C) And you say, (b)(6); (b)(7)(C) will you be

12 submitting the legal memorandum. Regards, (b)(6); (b)(7)(C)

13 Did you typically follow-up with project  
14 teams asking for their legal memorandum?

15 A I -- I don't recall. We may have followed  
16 up on occasion.

17 Q And did you follow-up with token teams for  
18 other documents that were required by this token review  
19 that Rahwa mentioned?

20 A I don't recall specifically, but we may  
21 have asked for additional documents from project teams  
22 from time to time.

23 Q And when you say we, who are you referring  
24 to?

25 A Well, it could be me or it could be

1 another colleague with whom I'm working that could've  
2 reached out.

3 Q If you scroll up to the page ending in  
4 177, and specifically if I could turn your attention to  
5 your Email on March 21st, 2018 at 8:41 a.m.

6 A I have the Email.

7 Q This is an Email from you dated  
8 March 21st, 2018 to (b)(6); (b)(7)(C) who appears to be someone who  
9 was on this project team. And you say, "Hi, (b)(6); (b)(7)(C) Are  
10 the documents still expected this week? Separately, we  
11 are hoping to schedule a brief call with you or someone  
12 on your team to address a couple of questions."

13 Did you continue to follow-up with project  
14 teams if they did not send you the documents requested  
15 by the token review?

16 A I mean, I don't recall in general, but  
17 there may be certainly instances where we followed up  
18 if someone said they were going to send us documents,  
19 and we hadn't received them yet.

20 Q And did you -- here it appears that you  
21 were trying to schedule a call to address a couple of  
22 questions. Did you typically schedule calls with token  
23 teams?

24 A Did I typically schedule calls with token  
25 teams? We did reach out to schedule calls with token



1 teams, not all token teams, but if we had questions,  
2 yeah, we would reach out, or maybe in some cases,  
3 Bittrex would schedule a call.

4 Q And how frequently would you schedule a  
5 call with a particular token team?

6 A How frequently with reviewing a single  
7 token team or in general?

8 Q Let me rephrase that.

9 How frequently would you schedule calls  
10 with token teams in general?

11 A I don't recall. I do if we had specific  
12 questions about a project, (b)(4)

13 (b)(4)

14 (b)(4) then we would

15 reach out, but it's not all, you know, token teams that  
16 we would reach out to. It was kind of a subset of  
17 whatever we working on.

18 Q And here you said that -- in this Email,  
19 you say you're hoping to schedule a brief call to  
20 address a couple of questions. Do you recall what  
21 questions you had about this -- what questions you had  
22 for this token team?

23 A I don't recall.

24 Q I'd like to ask you to scroll up to the  
25 page ending in 4170, a May 2nd 2018 Email from (b)(6), (b)(7)(C)



1 Hood. So this is an Email from (b)(6); (b)(7)(C) I  
2 believe you testified earlier that (b)(6); (b)(7)(C) was an  
3 associate at (b)(6); (b)(7)(C) that on occasion worked with you  
4 in your representation of Bittrex --

5 A Yes.

6 Q -- is that correct?

7 A Yes.

8 Q And in this Email, (b)(6); (b)(7)(C) is reaching  
9 out to (b)(6); (b)(7)(C) who is -- appears to be someone on the  
10 project team, and says -- asked for, "Can you provide  
11 an update on the status of the legal memorandum --  
12 strike that.

13 She says, (b)(6); (b)(7)(C) following up on our  
14 recent phone call. Can you provide an update on the  
15 status of the legal memorandum?" And then she goes on  
16 to say, (b)(4)

17 (b)(4)

18  
19  
20 (b)(4) Can you please provide an update on  
21 whether (b)(4) is planning to address such items?"

22 (b)(6); (b)(7)(C) refers to a recent phone call.  
23 Were you on that phone call?

24 A I don't -- I don't know. I don't recall.

25 Q Would you typically be on a phone call

1 with an associate and a token team in connection with  
2 this project?

3 A I typically would be, but I wouldn't  
4 necessarily be on every phone call.

5 Q Was there any --

6 THE COURT REPORTER: I'm sorry. You  
7 totally -- you went out. Could you repeat that?

8 (b)(6); (b)(7)(C) Sure.

9 BY (b)(6); (b)(7)(C)

10 Q Would there be a reason why you would join  
11 in some instances and not others, or was it based upon  
12 your availability?

13 (b)(6); (b)(7)(C) I'll instruct the Witness  
14 not to answer on work product grounds.

15 BY (b)(6); (b)(7)(C)

16 Q In this Email from (b)(6); (b)(7)(C) she  
17 asked about (b)(4) that were discussed on  
18 that call. Do you know what a (b)(4) refers  
19 to?

20 (b)(6); (b)(7)(C) I think it would be  
21 appropriate to lay the foundation to begin with about  
22 whether he recalls this Email string or any of the  
23 Emails in it.

24 (b)(6); (b)(7)(C) Well, I did ask him if he  
25 recognized the document, and he said he didn't recall

1 the Email thread, but he's on the Emails, and he's  
2 confirmed that that was his Email address, so I'm  
3 asking what his understanding of what the Emails say.

4 (b)(6); (b)(7)(C) Okay. In that case, I'll  
5 object on work product grounds.

6 (b)(6); (b)(7)(C) This is an Email to a  
7 third-party.

8 (b)(6); (b)(7)(C) Yeah, but you're asking  
9 for -- he doesn't recall it, and you're asking for  
10 his mental impressions, conclusions, and opinions  
11 about what problematic means and that's work product.

12 (b)(6); (b)(7)(C) Okay. I'll ask it another  
13 way.

14 BY (b)(6); (b)(7)(C)

15 Q In communications that you and your team  
16 at (b)(6); (b)(7)(C) had with a third-party, did you ever refer  
17 to (b)(4) in their public documents?

18 A So I don't recall specifically using the  
19 term (b)(4) but as I mentioned earlier, I do  
20 recall we would (b)(4)

21 (b)(4)

22  
23  
24 Q And when you say (b)(4)

25 (b)(4)

1 (b)(4) what did you tell token teams (b)(4)

2 (b)(4)

3 A So I'm not sure that we used -- would've  
4 used the language, (b)(4)

5 (b)(4)

6

7

8

9

10 Q And did you explain to the token teams,  
11 you know, why (b)(4)

12 (b)(4)

13 A I don't recall specifically explaining  
14 why. Certainly, there are instances we mentioned  
15 examples (b)(4)

16 (b)(4)

17

18 Q Looking at this Email that (b)(6); (b)(7)(C) sent  
19 to the token team, she pointed out investor-related  
20 language being removed from the (b)(4) website. Did you  
21 ever raise with the token teams that they should  
22 consider removing investor-related language from their  
23 website or social media?

24 A I don't recall specifically mentioning  
25 investor-related language; although, we certainly have

(b)(4)

1

2

3

Q You say (b)(4)

4

(b)(4) Did you ever communicate to a token team or a

5

project team that (b)(4)

6

(b)(4)

7

8

(b)(6); (b)(7)(C)

Excuse me. The beginning

9

of your question, as I recall, said (b)(4)

10

(b)(4) and I think (b)(6); (b)(7)(C) testimony has been

11

that they (b)(4)

12

(b)(4)

13

(b)(6); (b)(7)(C)

Okay. I'll rephrase.

14

BY (b)(6); (b)(7)(C)

15

Q Did you ever communicate to a token team

16

that (b)(4)

17

(b)(4)

18

19

(b)(4)

20

A So make sure I understand the question.

21

So we from time to time did (b)(4)

22

(b)(4)

23

24

25

1 Q And among the issues you would (b)(4)

2 (b)(4)

7 (b)(6); (b)(7)(C)

8 You should say what you  
9 said, as opposed to just adopting her formulation.  
10 What, if anything, you recall saying?

11 THE WITNESS: Yeah. I mean, I don't --

12 (b)(6); (b)(7)(C)

13 I asked a yes or no  
14 question, so I think he can answer that, and then  
15 feel free to add any additional information he wants  
16 to give.

17 (b)(6); (b)(7)(C)

18 Okay. Well, I was  
19 objecting to the question because of its phrasing,  
20 but --

21 (b)(6); (b)(7)(C)

22 What was objectionable  
23 about the phrasing?

24 (b)(6); (b)(7)(C)

25 (b)(6); (b)(7)(C)

can attempt to  
answer it.

THE WITNESS: Sorry. Can you repeat the  
question?

BY (b)(6); (b)(7)(C)

Q Did you ever indicate to a token team that



(b)(4)

A I don't recall.

Q Did anyone from (b)(6); (b)(7)(C) that was working with you on the Bittrex team indicate to token teams

(b)(4)

(b)(6); (b)(7)(C)

I'm sorry. I didn't hear the first part. Was it -- can you just repeat the first part? Who was it that you asked him if he heard from?

(b)(6); (b)(7)(C)

Anyone else at (b)(6); (b)(7)(C)

that was working on the project with him.

(b)(6); (b)(7)(C)

Okay.

THE WITNESS: So I don't recall -- specifically, you mentioned more likely. I don't recall anyone mentioning anything like that.

BY (b)(6); (b)(7)(C)

Q Do you recall whether anyone that was working with you at (b)(6); (b)(7)(C) on the Bittrex team in communicating with these token teams ever indicated to token teams that (b)(4)

(b)(4)

(b)(4)

A I believe we could've mentioned examples of statements which (b)(4)

(b)(4)

Q Did you or anyone at (b)(6); (b)(7)(C) that was working with you on the Bittrex team tell project teams -- ever tell a project team that (b)(4)

(b)(4)

A I don't recall having that discussion with project teams.

Q What types of statements did you identify for token teams -- you or anyone else at (b)(6); (b)(7)(C)

working with you on the Bittrex team, (b)(4)

(b)(4)

(b)(6); (b)(7)(C) Are you asking him what he communicated to --

(b)(6); (b)(7)(C) Yes, what he communicated --

(b)(6); (b)(7)(C) -- to the project teams?

(b)(6); (b)(7)(C) Yep, that's what I said, him or anyone on his team.

(b)(6); (b)(7)(C) Okay. I mean, to the

(b)(4)

work product, but what you said to the teams is appropriate to answer.

THE WITNESS: Okay.

(b)(6); (b)(7)(C)

The project teams, not your team.

THE WITNESS: Yeah.

So I don't recall specific statements.

Are you asking for kind of general examples of the types of statements? I mean, I don't --

BY (b)(6); (b)(7)(C)

Q Yeah. What types of statements did you or your team at (b)(6); (b)(7)(C) flag for token teams (b)(4)

(b)(4)

(b)(6); (b)(7)(C)

So let me ask a clarifying -- a clarification. Are you saying what statements did he point out and tell the project team, this is the type of statement (b)(4)

(b)(4)

(b)(6); (b)(7)(C)

I didn't ask another

1 question. You know, we can take a coffee break if  
2 anyone needs one. I asked what he communicated to  
3 the token teams.

4 (b)(6); (b)(7)(C) Well --

5 (b)(6); (b)(7)(C) And if the Witness doesn't  
6 understand the questions, then the Witness can let  
7 (b)(6); (b)(7)(C) know. Let him -- you know, if he doesn't  
8 understand a question, he can say so.

9 (b)(6); (b)(7)(C) Well, it's depending on me  
10 understanding the question, I'm going to object on  
11 work product grounds or not, so I need to understand  
12 it, as well.

13 You want to go off the record for a  
14 minute and talk?

15 (b)(6); (b)(7)(C) Yeah.

16 We can go off the record at 5:05 p.m.

17 (Whereupon, at 5:05 p.m., a short recess  
18 was taken.)

19 (b)(6); (b)(7)(C) We're back on the record  
20 at 5:09 p.m. Eastern.

21 BY (b)(6); (b)(7)(C)

22 Q (b)(6); (b)(7)(C) during the break, did you  
23 have any substantive conversations with the staff?

24 A No.

25 (b)(6); (b)(7)(C) I can confirm that.

1 BY (b)(6); (b)(7)(C)

2 Q So prior to going off the record, we were  
3 discussing the Email from (b)(6); (b)(7)(C) on May 2nd,  
4 2018, and I had asked, and I'll just ask the question  
5 again, in your communications with token teams or in  
6 the communications that members of your team had with a  
7 token team, did you ever identify for them -- or what  
8 types of statements did you identify for them that

9 (b)(4)

10  
11 (b)(6); (b)(7)(C) I instruct the Witness not  
12 to answer on work product grounds.

13 (b)(6); (b)(7)(C) What's the work product  
14 protection for what he told a third-party?

15 (b)(6); (b)(7)(C) Because you're asking him  
16 what he told a third-party because he thought they

17 (b)(4)

18 (b)(4) If you ask him, did you ever say to  
19 the third parties that (b)(4)

20 (b)(4) then that's perfectly fine, but that's not  
21 the way you're phrasing your questions.

22 BY (b)(6); (b)(7)(C)

23 Q Okay. I believe you testified earlier  
24 that you identified two token teams statements that  
25 (b)(4) is that correct?

1 A I said two token teams?

2 Q Yeah. No. In communications with token  
3 teams -- let me ask it much more explicitly.

4 Did you or anyone on your team at

5 (b)(6), (b)(7)(C) ever tell a token team that (b)(4)

6 (b)(4)

8 A I don't recall specific conversations, so

9 I don't recall. (b)(4)

10 (b)(4)

11

12

13 Q Okay.

14 Turning back to this Email, on the first

15 line, (b)(6), (b)(7)(C) says, "Following up on our recent phone  
16 call. Can you please provide an update on the status  
17 of the legal memorandum?"

18 So was it the case that -- was the case,  
19 at least sometimes, as it appears to be here, that the  
20 discussion to have the token team (b)(4)

21 (b)(4)

22

23

24 A So I don't recall the specific timing.

25 You know, it could be that it occurred before or after.



1 You know, if there was a memo that was provided because  
2 it was completed early in the process, then (b)(4)

3 (b)(4)  
4  
5  
6

7 identified things before completion of the memo.

8 Q And did you ever tell a project team

9 (b)(4)  
10  
11

12 A I don't -- I don't recall, but I don't  
13 think we would've suggested before or after.

14 (b)(6); (b)(7)(C) While you're in between  
15 questions, I just want to have a very brief  
16 conversation with (b)(6); (b)(7)(C)

17 (b)(6); (b)(7)(C) Let's go off the record at  
18 5:14.

19 (Whereupon, at 5:14 p.m., a short recess  
20 was taken.)

21 (b)(6); (b)(7)(C) Okay. We're back on the  
22 record at 5:16 p.m. Eastern Time.

23 BY (b)(6); (b)(7)(C)

24 Q (b)(6); (b)(7)(C), during the break, did you  
25 have any substantive conversations with the staff?

1 A No.

2 (b)(6); (b)(7)(C) I confirm that.

3 BY (b)(6); (b)(7)(C)

4 Q (b)(6); (b)(7)(C) if I could turn your

5 attention further up in this document to the page  
6 ending in 4169. It's the Email that's on Thursday,  
7 May 10th, 2018. It starts on that page, and it goes on  
8 to the next page. It's from (b)(6); (b)(7)(C)  
9 addressed to (b)(6); (b)(7)(C), copying you and others at  
10 (b)(6); (b)(7)(C) and Bittrex.

11 The Email reads, "Hey, (b)(6); (b)(7)(C) we made  
12 some changes to our (b)(4) website and the forum;  
13 for example, the investor's page is now re-managed only  
14 to (b)(4) and anything that would suggest expectation  
15 of profits have been removed. We've also talked to the  
16 owner of (b)(4) slash, website" --

17 THE COURT REPORTER: I'm sorry. You  
18 faded in for a second.

19 (b)(6); (b)(7)(C) Okay.

20 BY (b)(6); (b)(7)(C)

21 Q "We've also talked to the owner of (b)(4)  
22 slash, website, and he has agreed to remove any  
23 articles that caused unwanted attention from the SEC.  
24 We should also complete scanning through our social  
25 media postings soon."

1 Do you recall you or others suggesting to  
2 this token team the removal of languages that suggest  
3 expectation of profits?

4 A I don't recall.

5 Q Do you recall indicating to token teams  
6 they should consider removing -- in general, not just  
7 this team -- that they should consider removing  
8 anything that would suggest an expectation of profits?

9 A I don't recall.

10 Q Do you recall ever suggesting to a token  
11 team that they should consider removing language  
12 related to expectation of profits?

13 A I don't recall specifically with respect  
14 to expectation of profits. (b)(4)

15 (b)(4)

16  
17  
18 Q Where (b)(6); (b)(7)(C) says -- or apologies.

19 Where (b)(6); (b)(7)(C) says in this Email replying to (b)(6); (b)(7)(C)

20 "And he has agreed to remove any articles that could  
21 cause unwanted attention from the SEC," did you discuss  
22 with this token team the idea that some statements  
23 could cause unwanted attention from the SEC?

24 A I don't recall.

25 Q Do you recall discussing with any project

1 or token team that some statements could cause unwanted  
2 attention from the SEC?

3 A I don't recall.

4 Q Did you or others at (b)(6), (b)(7)(C) ever  
5 indicate to token teams that (b)(4)

6 (b)(4)

7  
8 A Not that I'm aware of.

9 Q Did you or anyone at (b)(6), (b)(7)(C) ever  
10 indicate to token teams that (b)(4)

11 (b)(4)

12  
13 A Not that I'm aware of. And it really  
14 wouldn't be within our power to say or determine that.

15 (b)(6), (b)(7)(C) (b)(6); (b)(7)(C) could I just jump in on  
16 this point for just a couple of questions?

17 (b)(6), (b)(7)(C) Yeah. Yeah. Go ahead.

18 (b)(6), (b)(7)(C) Sure.

19 BY (b)(6), (b)(7)(C)

20 Q Okay. (b)(6), (b)(7)(C) correct me if I'm  
21 wrong, but I believe you testified that at times you or  
22 members of your team at (b)(6), (b)(7)(C) identified (b)(4)  
23 (b)(4) to token teams. Do I have that right?

24 A Yes.

25 Q Can you explain what sort of (b)(4)

1 (b)(4) you or members of the (b)(6); (b)(7)(C) team  
2 identified for token teams?

3 A So I don't recall specifically specific  
4 examples, but in general, sometimes there could be

5 (b)(4)  
6  
7  
8  
9

10 Q Do you recall any other (b)(4)  
11 (b)(4) that you asked token teams to correct?

12 A I don't specifically -- I don't recall  
13 specific (b)(4)

14 (b)(4)  
15  
16  
17  
18  
19  
20

21 Q Is it fair to say you were (b)(4)

22 (b)(4)

23 A As opposed to what?

24 Q You weren't just checking (b)(4)

25 (b)(4) for example?

1 A So we weren't -- no, we weren't (b)(4)

2 (b)(4) You know, we (b)(4)

3 (b)(4)

4  
5 Q Okay. Did you ever tell a team why (b)(4)

6 (b)(4)

7 A I don't specifically recall explaining  
8 why, because I don't really recall specific  
9 conversations. It's possible, but I don't recall.

10 Q Okay.

11 Did you ever identify (b)(4)

12 (b)(4)

13 A I don't recall specific (b)(4)

14 (b)(4)

15  
16  
17  
18  
19 Q What sort of places did you review (b)(4)

20 (b)(4)

21 (b)(6); (b)(7)(C) Yeah, I'm going to instruct  
22 the Witness not to answer on work product grounds.

23 (b)(6); (b)(7)(C) I'll rephrase that.

24 BY (b)(6); (b)(7)(C)

25 Q Did you ever identify (b)(4)



1 (b)(4)

2 A I don't recall specific conversations, but  
3 I believe we would've (b)(4)

4 (b)(4)

5 Q Did you ever identify (b)(4)

6 (b)(4)

7 A I don't recall specifically (b)(4)

8 (b)(4)

13 Q Do you recall identifying any other  
14 locations of (b)(4)

15 (b)(4) in your communications with  
16 token teams?

17 A So there are a variety of different (b)(4)

18 (b)(4)

19 (b)(4) And  
20 there are a number of other places where people will  
21 post information.

22 Q What other (b)(4) do you recall  
23 discussing with token teams?

24 A So I don't remember specifically with  
25 respect to a statement in a specific (b)(4)

(b)(4)

Q Do you recall any particular teams that  
you communicated with about (b)(4)

A I do not.

Q Do you recall any particular (b)(4)  
(b)(4) that you identified to token teams?

A I don't recall specific statements. I  
mean, I recall -- yeah, I don't recall specific  
statements.

Q Okay.  
How did the token teams generally respond  
when you pointed out an (b)(4)

A So, yeah, I don't recall specific  
conversations, but I believe they generally would've  
said something like, we'll take a look at that, or  
we'll talk with our attorneys, or the attorneys may be  
on the phone call while we were discussing that.

Q When you were communicating with these  
token teams about (b)(4) do you know if

1 this was before or after they'd conducted an offering  
2 for their token?

3 A I believe that most of the time it  
4 would've been after, but it's possible it could be  
5 before in some instances.

6 Q Do you ever recall a token team agreeing  
7 to (b)(4)

8 A I mean, I don't recall specifically, but I  
9 know that token teams did, (b)(4)  
10 (b)(4) do reviews and probably identified or  
11 addressed statements (b)(4)  
12 (b)(4)

13 Q Did a token team ever push back on you  
14 after you or someone on your team identified (b)(4)  
15 (b)(4)

16 A I don't recall a token team pushing back,  
17 but it would be a determination for the token team what  
18 they wanted to do with their public statements.

19 Q Did you ever explain to the token teams  
20 the basis for your belief that (b)(4)  
21 (b)(4)

22 A I mean, I don't recall specifically  
23 whether we explained the why (b)(4)  
24 (b)(4) I think there were some instances where we  
25 may have -- they had asked for clarification. In some

1 cases, we may have -- it may be our understanding was  
2 incorrect, and they provided additional clarification  
3 (b)(4) I don't  
4 recall beyond that.

5 Q In the context of identifying (b)(4)  
6 (b)(4) to token teams, did you ever tell a token  
7 team that they needed (b)(4)

8 (b)(4)  
9

10 A Sorry. Can you clarify what you mean by  
11 update?

12 Q Yeah. Did you ever tell the token teams  
13 that they needed to make some sort of disclosure if  
14 they were making changes (b)(4) on  
15 their website or in their white paper?

16 A I don't recall. I do know that some teams  
17 would provide some sort of update or kind of note when  
18 they had made a change to a white paper and including  
19 the date.

20 Q Did you ever tell a token team they should  
21 include any such update if they made a change to a  
22 white paper?

23 A We generally didn't tell token teams what  
24 they should do. (b)(4)

25 (b)(4)

1 Q Sitting here today, I mean, did you have  
2 any concerns if you were to learn that an issuer raised  
3 funds in an offering to investors using statements that  
4 were later deemed inaccurate?

5 (b)(6); (b)(7)(C) I instruct the Witness not  
6 to answer on work product grounds.

7 (b)(6); (b)(7)(C) Okay. Fair enough.

8 I think that's all I have on that topic.

9 Thank you, (b)(6); (b)(7)(C)

10 (b)(6); (b)(7)(C) Could we take a very short  
11 break before we get to the next document, like a  
12 five-minute break?

13 (b)(6); (b)(7)(C) Sure.

14 (b)(6); (b)(7)(C) Off the record at 5:33.

15 (Whereupon, at 5:33 p.m., a short recess  
16 was taken.)

17 (b)(6); (b)(7)(C) We are back on the record  
18 at 5:40 p.m. Eastern Time.

19 BY (b)(6); (b)(7)(C)

20 Q (b)(6); (b)(7)(C), during the break, did you  
21 have any substantive communications with the staff?

22 A No.

23 (b)(6); (b)(7)(C) I can confirm that.

24 (b)(6); (b)(7)(C) Thank you.

25 (SEC Exhibit Exhibit 74 was previously marked for

1 identification.)

2 BY (b)(6); (b)(7)(C)

3 Q I am going to share on the screen a  
4 document that's been previously marked as Exhibit 74,  
5 which I've also Emailed to Counsel.

6 (b)(6); (b)(7)(C) We have that.

7 BY (b)(6); (b)(7)(C)

8 Q (b)(6); (b)(7)(C) if you want to take a moment  
9 to review it, you can.

10 A Okay. I'll read it.

11 Q Okay.

12 (b)(6); (b)(7)(C) While he's reviewing that,  
13 the one on the screen says Exhibit 85.

14 (b)(6); (b)(7)(C) Truly, almost loopy.

15 (b)(6); (b)(7)(C) Does Webex also change the  
16 contents of the documents?

17 (b)(6); (b)(7)(C) Nice try. It does not.

18 THE WITNESS: I've reviewed this.

19 BY (b)(6); (b)(7)(C)

20 Q Okay. Great.

21 (b)(6); (b)(7)(C) do you recognize Exhibit 74?

22 A I mean, I don't specifically remember  
23 this, but we did prepare a number of different  
24 publications for clients, so I don't know. And I see  
25 that I am listed at the bottom paragraph as contributor



1 of the content of the newsletter.

2 Q Yes. I will, for the purposes of the  
3 record, read that sentence into the record. It's at  
4 the very bottom. I'll read actually several portions  
5 of it. The first sentence says, "This memorandum is a  
6 summary for general information and discussion only and  
7 may be considered an advertisement for certain  
8 purposes. It is a not a full analysis and the matters  
9 presented may not be relied upon as legal advice and  
10 does not purport to represent the views of our clients  
11 or the firm. (b)(6); (b)(7)(C) an (b)(6); (b)(7)(C)  
12 licensed to practice law in (b)(6); (b)(7)(C)  
13 and then it lists other individuals, and then says,  
14 "contributed to the content of this newsletter."

15 (b)(6); (b)(7)(C), is it accurate that you  
16 contributed to the content of this newsletter?

17 A I believe that is accurate, yes.

18 Q Do you recall what your contribution was  
19 in the preparation of this document?

20 A No. I note that I'm not listed as a key  
21 contact, which might suggest I wasn't a principal  
22 author, but it is an area in which I practice, so I  
23 probably would've provided some input on the content.

24 Q And what does that mean or what would that  
25 signify at (b)(6); (b)(7)(C) if you weren't a key contact?

1 What would that signify in terms of your involvement in  
2 drafting it?

3 A Well, I think in general, if I was a  
4 primary author, I would be listed under key contacts  
5 rather than in small print at the bottom.

6 Q And if you are in the small print at the  
7 bottom, typically, what is the extent of your  
8 contribution?

9 A Well, typically, a client alert like this  
10 would be circulated to a number of people, and then  
11 people based on their interest and availability would  
12 maybe add content, edit, add additional insights,  
13 things of that nature.

14 Q The client alert mentions the Commission's  
15 July 17th investigative report into the DAO. Are you  
16 familiar with the DAO report?

17 A I am familiar with the DAO report.

18 Q And what is the DAO report?

19 A The DAO report was a -- I don't remember  
20 all the details of the DAO report now, but it was a  
21 publication from the SEC staff recording its  
22 investigation into the DAO token and presenting some of  
23 the views of the SEC with respect to the digital asset.  
24 I think it was viewed as noteworthy at the time as the  
25 SEC maybe came out largely for the first time

1 presenting some of its views in this area.

2 Q This client alert also mentioned the  
3 Munchee proceeding. Are you familiar with the Munchee  
4 case?

5 A I'm familiar with the -- yes. There was  
6 a -- I forget, a settlement report or a press release  
7 that the SEC put out with respect to this settlement.

8 Q And what do you recall about that  
9 settlement?

10 A I mean, I recall that it was also -- you  
11 know, many people in the industry given the uncertainty  
12 as to the application of the securities laws and kind  
13 of the new technologies were looking at that with  
14 interest to understand how the SEC was thinking about  
15 digital assets.

16 Q Did you discuss with project teams or  
17 token teams the DAO report?

18 A I don't recall discussing the DAO report  
19 with project teams.

20 Q Did you ever discuss the Munchee case with  
21 token teams?

22 A I don't recall specifically discussing the  
23 Munchee settlement.

24 Q Did you discuss any other SEC guidance  
25 with token teams?

1           A     This is in connection with Bittrex, right?  
2     So certainly other clients, we would've discussed items  
3     like this, but I don't recall specifically in  
4     connection with the work we were doing on behalf of  
5     Bittrex.

6                     (Ms. Doore joins the Webex proceeding.)

7           MS. DOORE:  Apologies for interrupting,  
8     but I just want to note for the record, this is  
9     Stacylyn Doore from Quinn Emanuel on behalf Bittrex,  
10    and I'm joining at this time.  Thank you.

11                   (b)(6); (b)(7)(C)   Yeah.  Actually, (b)(6); (b)(7)(C)  
12    we were waiting for you to get her to start.

13           MS. DOORE:  I hope that's not the case.  
14    Yes.  Apologies.  I had a medical emergency with  
15    daughter this afternoon, but she is fine, and so now  
16    I am here.

17           MR. ZINK:  And we can tell everybody  
18    just for the record in sworn testimony, (b)(6); (b)(7)(C)  
19    saved my marriage.  I'm going to leave in about  
20    twenty minutes and go to my anniversary dinner.  So  
21    thank you, (b)(6); (b)(7)(C)

22                   (b)(6); (b)(7)(C)   Yeah, unfortunately,  
23    because of the rules, your wife can't join you here.

24           MR. ZINK:  I'll let her know.  
25

1 BY (b)(6); (b)(7)(C)

2 Q (b)(6); (b)(7)(C), I wanted to turn your  
3 attention to a couple of the portions of this client  
4 alert. So if you scroll down to -- actually, it's on  
5 the first page. If you scroll down to the third  
6 paragraph. In the middle of the paragraph, it reads,  
7 "In the SEC's view, the promise of utility and the  
8 absence of explicit equity-like characteristics were  
9 not sufficient to overcome the investment contract test  
10 outlined in the seminal case SEC versus WJ Howey Co., "  
11 and then followed by the citation.

12 And I'm going to read one more portion  
13 into the record. Further down on the first page in the  
14 last paragraph, middle of the paragraph, it reads, "The  
15 Munchee order reflects additional clarification of the  
16 SEC's current view with respect to the type of facts  
17 and circumstances that may result in a digital token or  
18 other cryptocurrency being deemed a security. In  
19 particular, the SEC noted that the existence of a  
20 legitimate, non-investment utility of the tokens was  
21 not sufficient to avoid classification as an investment  
22 contract. The Munchee token permitted users and  
23 restaurants to use the tokens to buy food, purchase  
24 advertisement, or make other in-app purchases."

25 Did you discuss with token teams the



1 impact that the token utility would have its potential  
2 status as a security under the federal securities laws?

3 A I don't recall discussing the impact of  
4 that. (b)(4)

5 (b)(4)  
6  
7

8 Q Did you or anyone on your team at  
9 (b)(6); (b)(7)(C) ever indicate to a project team that a  
10 token's lack of -- or a token's utility or lack thereof  
11 could affect its status as a security under the federal  
12 securities laws?

13 A I don't recall that, (b)(4)

14 (b)(4)  
15

16 Q Did you discuss with token teams that your  
17 review of their token would include an evaluation of  
18 their utility -- or of the token's utility?

19 A I don't recall specifically discussing  
20 what our review would or would not include, (b)(4)

21 (b)(4)

22 Q Did you ever discuss with token teams the  
23 impact of -- strike that.

24 Did you ever discuss with token teams the  
25 future utility of a token versus the current utility of



1 a token?

2 (b)(4)

3  
4  
5  
6 Q And did you ever tell them, you know, the  
7 impact of -- or I guess did you ever explain to them  
8 whether there was any significance between current  
9 impact or future impact -- I'm sorry, current utility  
10 or future utility?

11 A I don't recall explaining the reason or  
12 distinction between the two, (b)(4)

13 (b)(4)

14  
15  
16  
17  
18 (SEC Exhibit Exhibit 99 was previously marked for  
19 identification.)

20 BY (b)(6); (b)(7)(C)

21 Q I am going to share on the screen a  
22 document that's been marked as Exhibit 99, which I've  
23 also Emailed to your Counsel.

24 I'll give you a chance to review the  
25 document. Let me know when you've had a chance to

1 review it.

2 A The document, this is one page?

3 Q Yes.

4 A Okay.

5 I've reviewed it.

6 Q So Exhibit 99 is an Email -- well, the top  
7 portion of the document is an Email. The lower portion  
8 of the document is an Email meeting -- it looks to be  
9 an Skype meeting calendar invite. And on this thread

10 are (b)(6); (b)(7)(C)

11 (b)(6); (b)(7)(C) yourself, (b)(6); (b)(7)(C) and two external Email  
12 addresses, (b)(6); (b)(7)(C) and

13 (b)(6); (b)(7)(C) The subject of the Email is,

14 (b)(4)

15 So I'm just going to read a portion of  
16 this into the record. The Email is from

17 (b)(6); (b)(7)(C) and it says, "Hello all. Good

18 morning. After discussion with (b)(6); (b)(7)(C) last evening, we  
19 were able to find some use cases that might be relevant  
20 to your questions about the token's utility. For  
21 example, there are some B2B transactions that have been  
22 done using the (b)(4) token. I'm not entirely sure if  
23 that is the utility you guys were talking about, but if  
24 not, it would be helpful for us to understand."

25 And there is more to the Email, but if you

1 scroll down, the calendar invite looks like it was  
2 setting up a call on Wednesday, March 14th from 1 to 2  
3 p.m., and it looks that everybody that was on the Email  
4 thread is also on the calendar invite for the Skype  
5 meeting.

6 Do you recall being on this Skype meeting  
7 or telephone call that took place on the 13th?

8 A I don't recall.

9 Q Do you recall who (b)(6); (b)(7)(C) or

10 (b)(6); (b)(7)(C) is?

11 A I don't recall their names.

12 Q If you were on this calendar invite, is  
13 there any reason -- for this call, I apologize, for  
14 this call or Skype meeting, is there any reason to  
15 believe that you weren't on the call?

16 A Possibly. I get invited to a lot of calls  
17 as a cc, which I can't make every call. But, yeah, it  
18 could be that I participated in this call, but I don't  
19 remember.

20 Q So in the Email, (b)(6); (b)(7)(C) who appears to be  
21 from this token team, (b)(6); (b)(7)(C) said that, We were able  
22 to find some B2B cases that might be relevant to your  
23 questions about the token's utility. Do you recall  
24 whether you or anyone at (b)(6); (b)(7)(C) asked this token  
25 team to find some use cases for the token?

1           A     I don't recall. I think the terminology  
2     "find some" sounds a bit odd, but if we were to ask a  
3     question, (b)(4)

4     (b)(4), but I don't specifically recall.

5           Q     What's your understanding of what a use  
6     case is in this context of this Email?

7                 (b)(6); (b)(7)(C)     Well, I -- I guess the  
8     first question is, and I think (b)(6); (b)(7)(C) has  
9     testified to, but do you remember this Email?

10           THE WITNESS: I don't remember this  
11     Email.

12                 (b)(6); (b)(7)(C)     Okay.

13           BY     (b)(6); (b)(7)(C)

14           Q     Okay. Strike that last question.

15                 I believe you just testified that you --  
16     you said that you think the terminology "find some use  
17     cases" was odd, but that you (b)(4)  
18     (b)(4) is that correct?

19           A     So in general, (b)(4)

20     (b)(4)

21  
22  
23  
24  
25           Q     So use case would be the token's

1 functionality?

2 A Correct. What does the token do?

3 Q I want to turn your attention back to  
4 Exhibit 74 for a few moments. And I want to direct you  
5 specifically to the second page, second paragraph. And  
6 I'll read a portion of it into the record. "The SEC  
7 order describes the following facts and circumstances  
8 in concluding that an offer and sale of MUN tokens  
9 constituted a violation of Section 5(a)A and 5(c) of  
10 the Securities Act."

11 And then it list a series of factors, and  
12 I'll read these factors into the record -- or portions  
13 of the factors into the record, "Public solicitation  
14 efforts, statements regarding appreciation in value,  
15 discount structure, absence of disclosed securities law  
16 analysis, absence of current utility, statements  
17 relating to appreciation through increased adoption  
18 rates, statements relating to appreciation through  
19 scarcity, length between a token's appreciation and  
20 then material efforts of Munchee, endorsement of third  
21 parties, targeted investment base."

22 (b)(6); (b)(7)(C) did you discuss with token  
23 teams the impacts of any of these factors on their  
24 token status as a security?

25 A I don't recall discussing specific



1 Munchee -- these factors in Munchee with the token  
2 teams in connection with our work on behalf of Bittrex.

3 Q Do you recall whether anyone on your team  
4 at (b)(6); (b)(7)(C) discussed these factors with any token  
5 team?

6 A I don't recall.

7 (b)(6); (b)(7)(C) (b)(6);  
(b)(7)(C) did I send you  
8 Exhibit 94 -- I think I sent you everything.

9 (SEC Exhibit Exhibit 94 was previously marked for  
10 identification.)

11 BY (b)(6); (b)(7)(C)

12 Q So let's pull up Exhibit 94.

13 (b)(6); (b)(7)(C) if you want to take a few  
14 minutes and review the document again.

15 A I've reviewed.

16 Q Great.

17 So this document has been marked as  
18 Exhibit 94. It's an Email thread between yourself,  
19 (b)(6); (b)(7)(C) and the Email address  
20 (b)(6); (b)(7)(C) And the subject line is, Bittrex  
21 Review of (b)(4) with the ticker symbol (b)(4)

22 Starting at the very bottom of the oldest  
23 Email in this thread, it's an Email from (b)(6); (b)(7)(C)  
24 (b)(6); (b)(7)(C) who is reaching out to -- I'll refer to him  
25 as (b)(6); (b)(7)(C) because that's what his name is next to



1 his Email address -- to (b)(6); (b)(7)(C) saying, "Please let  
2 me know if you have some time to talk on the phone  
3 regarding the Bittrex review of (b)(4) My colleagues,  
4 (b)(6); (b)(7)(C) may join, as well."

5 Do you recall, (b)(6); (b)(7)(C) whether you  
6 joined this call with (b)(6); (b)(7)(C) and this project team?

7 A I don't recall.

8 (Mr. Zink left the Webex proceeding.)

9 BY (b)(6); (b)(7)(C)

10 Q If you could go further up in the Email  
11 chain to the Email on March 12th from (b)(6); (b)(7)(C)  
12 starting on the page ending in 3381 and going on to the  
13 next page. (b)(6); (b)(7)(C) says in the Email, "We  
14 found several statements, mostly in the (b)(4) social  
15 media account, suggesting or linking to third-party  
16 suggesting that the value of the token would appreciate  
17 or otherwise implying that (b)(4) would be a good  
18 investment opportunity and wondered whether you wanted  
19 to delete or discuss this with counsel."

20 Does this Email refresh your recollection  
21 of whether you or anyone on your team at (b)(6); (b)(7)(C)  
22 discussed with the token team statements regarding  
23 appreciation of value in their public documents?

24 A This does not refresh my recollection.

25 Q Now, if you could scroll up a little bit

1 more recent in the Email chain to (b)(6); (b)(7)(C) Email  
2 on March 13th. The Bates number ending in 3379. And  
3 that's for the Court Reporter, as well. Actually, I'd  
4 like to first go further down to the Email right below  
5 that from (b)(6); (b)(7)(C) to all of the recipients on the  
6 Email thread saying, "Thank you for bringing those  
7 Tweets to our attention. I agree, this is not the kind  
8 of things we would like to re-Tweet. I asked the  
9 person in charge of the Twitter account to un-re-Tweet  
10 those and to refrain from re-Tweeting similar Tweets in  
11 future. Hope you find this sufficient."

12 Then scrolling back up to the Email I  
13 mentioned earlier, (b)(6); (b)(7)(C) says, "Thank you.  
14 Is that something the owner of the account can address  
15 generally for older Tweets? I did not provided every  
16 instance of the Tweets in question, just some  
17 examples."

18 Did you or others at (b)(6); (b)(7)(C) on your  
19 team ask project teams to review older Tweets for  
20 statements regarding the appreciation of value or other  
21 factors implicated in the Munchee factors -- in the  
22 Munchee case?

23 (b)(6); (b)(7)(C) Could you repeat that  
24 question?

25 (b)(6); (b)(7)(C) Yes.

1 BY (b)(6); (b)(7)(C)

2 Q Did you or others at (b)(6); (b)(7)(C) ask token  
3 teams to review older Tweets for statements regarding  
4 the appreciation in value or other factors implicated  
5 in the Munchee case?

6 (b)(6); (b)(7)(C) If the question is, did you  
7 say that to the third parties, you can answer it. If  
8 the question is, why did you do something, then  
9 that's protected by work product.

10 (b)(6); (b)(7)(C) There was not the word  
11 "why" anywhere in that question.

12 (b)(6); (b)(7)(C) It was implicit.

13 (b)(6); (b)(7)(C) Okay.

14 (b)(6); (b)(7)(C) Or it could be construed as  
15 implicit.

16 THE WITNESS: I don't recall specific --  
17 sorry. Can you repeat the full question again?

18 BY (b)(6); (b)(7)(C)

19 Q Sure.

20 Did you or anyone on your team at  
21 (b)(6); (b)(7)(C) -- did you or anyone on your team at  
22 (b)(6); (b)(7)(C) ask token teams to review older Tweets for  
23 statements regarding appreciation in value or other  
24 factors implicated in the Munchee case?

25 A So I don't recall me or other members of

1 my team specifically with request to appreciation of  
2 value or Muncie factors. (b)(4)

3 (b)(4)  
4

5 Q And do you recall whether you asked token  
6 teams to review older Tweets, so Tweets that weren't  
7 necessarily current or weren't necessarily recent, but  
8 that were older Tweets, did you ask them to -- did you  
9 or anyone on your team ask them to review older Tweets  
10 for statements that you identified in communication to  
11 them?

12 A I mean, I don't recall specifically older  
13 versus newer, (b)(4)

14 (b)(4)  
15

16 Q And this Email that you're on, it doesn't  
17 refresh your recollection as to whether you did that or  
18 anyone on your team did that?

19 A It doesn't refresh my recollection, no.

20 Q Would the request for them to review their  
21 public documents that you just referenced, would that  
22 have been in writing?

23 A I mean, I don't remember the specific  
24 Email thread, but if we made a suggestion that they

25 (b)(4) it could be that it was

1 done via Email or in the context of a phone call.

2 Q Turning your attention back to this Email  
3 thread, I have the correct Email up on the screen,  
4 March 12th, 2018 from (b)(6); (b)(7)(C) to all recipients on  
5 the Email thread. After he says that he asked the  
6 person in charge of the Twitter account to un-re-Tweet  
7 those and should refrain from re-Tweeting similar  
8 Tweets in the future, he says, "Hope you find this  
9 sufficient."

10 Did you or anyone at (b)(6); (b)(7)(C) indicate to  
11 the token team that the removal of certain social media  
12 statements was required for the token review to be  
13 sufficient?

14 A No, I don't recall that. I don't think  
15 that's -- what is or is not sufficient probably is not  
16 really our role to say.

17 Q Did you or anyone at (b)(6); (b)(7)(C) tell token  
18 teams or suggest to token teams that removal of certain  
19 statements in their public documents was required to  
20 complete your review of the token?

21 A I don't recall that, and I don't think it  
22 would necessarily be something that would be required  
23 for our review of a token.

24 Q (b)(6); (b)(7)(C) did you ever use the term  
25 "problematic statement" in conversations you had with



1 token teams?

2 A I don't recall using the term "problematic  
3 statements", but I don't recall specific conversations.

4 Q Do you recall whether anyone on your team  
5 at (b)(6); (b)(7)(C) used the term "problematic statement" in  
6 conversations with project teams?

7 A I think one of the statements you just  
8 produced in one of the exhibits used that term, but  
9 beyond that, I don't recall.

10 Q Do you recall whether you or anyone on  
11 your team at (b)(6); (b)(7)(C) described statements regarding  
12 appreciation in value as problematic?

13 A I don't recall using specifically the term  
14 "problematic", so, no.

15 Q Did you ever use the term "problematic  
16 features" in conversations you had with token team?

17 A I don't recall using the term "problematic  
18 features".

19 Q Do you recall if anyone on your team at  
20 (b)(6); (b)(7)(C) used the term "problematic features" in  
21 conversations with token teams?

22 A I don't recall.

23 (SEC Exhibit Exhibit 92 was previously marked for  
24 identification.)

25



1 BY (b)(6); (b)(7)(C)

2 Q I'm going to pull up Exhibit 92 onto the  
3 screen, which I've Emailed to your Counsel.

4 (b)(6); (b)(7)(C) if you want to take a moment  
5 and review this document, go ahead.

6 A Okay. I'll review it.

7 I've reviewed the Email string.

8 Q Great.

9 Exhibit 92 is an Email thread with the  
10 Bates BTRX, underscore, SEC, dash, 0024093 through 097.

11 It's an Email exchange between (b)(6); (b)(7)(C)

12 (b)(6); (b)(7)(C)

13 (b)(6); (b)(7)(C) -- I'm sorry, (b)(6); (b)(7)(C)

14 and (b)(6); (b)(7)(C) The subject line is, (b)(4)

15 Follow-up.

16 I want to turn your attention to the April  
17 6th Email, which is at the bottom of the chain starting  
18 on the page ending in 096 and continuing on to the next  
19 page. I'm going to read this Email, or a portion of  
20 this Email into the record. (b)(6); (b)(7)(C) says, "Hello

21 (b)(6); (b)(7)(C) Hope you're doing well. I wanted to follow-up

22 on our discussion last month. I noticed that there  
23 were still some problematic statements regarding  
24 ecosystem growth and forward-looking statements on

25 (b)(4) websites," and then it has two links to --

1 what looks to be (b)(4) website.

2 He then says, "Please let me know if  
3 you're considering revising or removing these  
4 statements, or I'm happy to take a call if you'd like  
5 to discuss. Thank you."

6 (b)(6); (b)(7)(C) do you recall -- do you  
7 recognize this Email?

8 A I don't recognize this Email.

9 Q Do you recall who (b)(6); (b)(7)(C) is?

10 A I do not.

11 Q (b)(6); (b)(7)(C) Email references a  
12 follow-up discussion last month. Do you recall whether  
13 you were involved in that discussion?

14 A I don't recall.

15 Q (b)(6); (b)(7)(C) then refers to problematic  
16 statements regarding ecosystem growth and  
17 forward-looking statements. Does this refresh your  
18 recollection as to whether you or members of your team  
19 used the term "problematic statements" in  
20 communications with issuers or the token teams?

21 A It doesn't refresh my memory, but I see it  
22 in this Email, (b)(6); (b)(7)(C) referring to problematic  
23 statements.

24 Q Does it refresh your recollection as to  
25 whether -- strike that.

1 (b)(6); (b)(7)(C) points out ecosystem growth  
2 and forward-looking statements as statements that  
3 (b)(4) -- or asking if (b)(4) is considering  
4 revising or removing those statements. Did you or  
5 other others on your team at (b)(6); (b)(7)(C) typically  
6 point -- typically identify statements regarding  
7 ecosystem growth and forward-looking statements to  
8 token teams as statements they should consider removing  
9 or revising?

10 A I don't recall specifically ecosystem  
11 growth, but (b)(4)

12 (b)(4)

13  
14 Q If I could turn your attention to an Email  
15 further up in the chain on the page ending in 094.  
16 It's an April 19th, 2018 Email from (b)(6); (b)(7)(C) to  
17 (b)(6); (b)(7)(C) copying others, including yourself and  
18 (b)(6); (b)(7)(C) and others at (b)(4)

19 I'm just going to read portions of this  
20 into the record. (b)(6); (b)(7)(C) says, "Hello (b)(6); (b)(7)(C)  
21 Thanks for reaching out. In the revision to the 2017  
22 Year in Review blog post, you may consider removing the  
23 references to community growth, marketing, and an  
24 increased user base."

25 Further down he says, "You may also

1 consider removing or editing the videos to avoid  
2 statements that may create an expectation of token  
3 appreciation or the implication thereof to the system's  
4 growth.

5 In general, our concern is with implicating  
6 factors articulated in the Munchee Cease and Desist  
7 Order issued by the SEC."

8 (b)(6); (b)(7)(C) does this refresh your  
9 recollection as to whether you or members of your team  
10 at (b)(6); (b)(7)(C) discussed the Munchee factors with project  
11 teams?

12 A This doesn't refresh my memory in general,  
13 but I do note that (b)(6); (b)(7)(C) is mentioning Munchee in this  
14 Email.

15 Q Does it refresh your recollection as to  
16 whether you or members of your team at (b)(6); (b)(7)(C)  
17 identified statements for token teams to consider  
18 removing or revising that would implicate the factors  
19 articulated in Munchee?

20 A It doesn't generally refresh my  
21 recollection, but I do see in this specific Email we're  
22 referring to Munchee, and there may be different  
23 reasons for flagging statements.

24 Q Different reasons for flagging statements,  
25 what might those be?

1           A     Well, you know, sometimes stale  
2 information, outdated information. You know, we  
3 sometimes see things where a project team planned to do  
4 something or they changed the nature of their plans or  
5 if there have been technical challenges or other things  
6 that have occurred.

7           Q     What you just referred to, that flagging  
8 of stale statements, that's not in this document,  
9 correct?

10          A     In this Email?

11          Q     Yeah.

12                I believe I asked if these  
13 references to consider removing or revising statements  
14 that might implicate factors articulated in Munchee,  
15 does that refresh your recollection as to whether  
16 that's something that you and your team at (b)(6); (b)(7)(C)  
17 discussed with token teams?

18          A     It doesn't refresh my recollection, but I  
19 do see that it's mentioned in this Email.

20          Q     And just to be clear, the flagging of  
21 statements, you know, whether the types that are  
22 identified in this Email or the types that you just  
23 referenced, you know, stale or inaccurate information,  
24 this generally happened after the token sale was  
25 complete.



1 Is that correct?

2 A Yeah, I don't -- I don't recall  
3 specifically. I think because we have certainly  
4 situations where the token sale was complete and then  
5 there's a review done, there may be situations where  
6 the review is done prior to a token sale and there  
7 could be situations where an initial token sale was  
8 done and, you know, future ongoing token sales are  
9 contemplated, so there could be a number of different  
10 fact patterns.

11 Q Did any token team ever express a concern  
12 to you that -- a concern to you about making changes to  
13 their public facing sort of marketing materials after  
14 their token sale had occurred?

15 A I don't recall a token team expressing a  
16 concern.

17 Q Did you ever hear from token teams or any  
18 other third-party that -- strike that.

19 Did you ever hear from token teams or any  
20 third-party that purchases of the tokens had concerns  
21 that changes were made to the marketing materials for a  
22 token sale after the token sale had occurred?

23 A I don't recall any concerns of that  
24 nature.

25 Q I'll draw your attention to an Email



1 further up in the chain on April 24th, 2018 at 11:58  
2 p.m. from (b)(6); (b)(7)(C). And it's the page ending in  
3 093, the first page of the document. He says --

4 (b)(6); (b)(7)(C) says, "Hello (b)(6); (b)(7)(C) Hope you're  
5 doing well. (b)(6); (b)(7)(C) please let us know if you've had a  
6 chance to consider or revise the statements in the  
7 previous Email, including below."

8 Did you or others at (b)(6); (b)(7)(C) on your  
9 team continue to follow-up with token teams if they  
10 didn't revise or remove the statements that you had  
11 identified for them?

12 A I don't -- I don't recall in general. I  
13 think there probably are some instances where there was  
14 some follow-up. I don't think that follow-up probably  
15 would've continued indefinitely, but certainly if there  
16 was a correspondence and someone suggested that they  
17 were planning to do something, they would follow-up.

18 Q Was there ever an instance where a token  
19 team came back to you or your team at (b)(6); (b)(7)(C) and  
20 said that they decided not -- they considered the  
21 statements that your team had identified, and they had  
22 decided not to remove those statements or revise them?

23 A I can't remember a specific interest, but  
24 in general, it was, of course, up to the project team  
25 and the project team in consultation with their lawyers

1 whether or not they thought these or other statements  
2 that could have been identified as things that they  
3 should address, but I wouldn't be surprised if there's  
4 some instances where the team decided that they -- you  
5 know, for one reason or another didn't need to make  
6 changes.

7 I assume there are examples where we may have  
8 identified something and kind of misunderstood the  
9 intent, and they may have clarified that or made their  
10 own determination.

11 Q Looking back at this Email, the next  
12 paragraph -- or sorry, continuing in that same  
13 paragraph that I was reading from earlier, that first  
14 paragraph, (b)(6); (b)(7)(C) says, (b)(6); (b)(7)(C) would you mind  
15 providing us with the name of your US or other counsel,  
16 if you're working with one?" Then he says, "As part of  
17 our review, Bittrex requires a letter or memorandum  
18 prepared by a developer's US counsel that presents the  
19 factual legal basis for its conclusion that (b)(4)  
20 and (b)(4) are not securities under the applicable  
21 federal or state securities laws, and that trades of  
22 the tokens would not be subject to regulation under any  
23 laws applicable to trading of commodities." And then  
24 it goes on to give more specific requirements of the  
25 legal memorandum.

1           So it appears that here this token team  
2           had not sent in their legal memorandum yet. So I just  
3           wanted to confirm the timing. It appears that this  
4           discussion regarding identifying statements for them to  
5           consider removing or revising in their public documents  
6           happened prior to their outside counsel providing a  
7           legal memorandum in connection with this review; is  
8           that correct?

9           (b)(6); (b)(7)(C) He doesn't remember this  
10          Email, so are you asking him if he remembers the  
11          timing, or are you just asking him to read the Email  
12          and conclude from that what the timing was?

13          (b)(6); (b)(7)(C) Yeah. I'm asking him to  
14          read the Email that he's on and conclude the timing,  
15          and also I'm showing him in the Email -- I'm showing  
16          him an Email in an effort to refresh his recollection  
17          on this discussion that he's on.

18          (b)(6); (b)(7)(C) Well, I think it's  
19          appropriate to ask if it refreshes his recollection,  
20          and -- but if it doesn't and he doesn't have a  
21          recollection, then I'm going to instruct him not to  
22          answer on work product grounds because you're asking  
23          for his conclusion, opinions, and mental impressions  
24          about this Email.

25          (b)(6); (b)(7)(C) No. I'm asking for his

1 interpretation of this Email, not for his legal  
2 analysis of the Email. I'm asking for his logical  
3 deduction of timing based on the way this Email is  
4 written.

5 (b)(6); (b)(7)(C) Yeah. I include that under  
6 the group of what I identified. It's fine to ask him  
7 if he remembers it, but just asking him to look at an  
8 Email and give you his opinion about what it means is  
9 protected.

10 (b)(6); (b)(7)(C) Looking at an Email that  
11 he's on and asking him to interpret what the Email  
12 says from his associate is work product to a  
13 third-party?

14 (b)(6); (b)(7)(C) Yes. Asking him about what  
15 his present conclusion or opinion or mental  
16 impression about what this Email means is protected  
17 by work product.

18 (b)(6); (b)(7)(C) That is a complete stretch  
19 of anything I've ever understood to be work product,  
20 but I'll leave this line of questioning because I  
21 think the evidence speaks for itself. We can move  
22 on.

23 (b)(6); (b)(7)(C) Well, I do, too. That's  
24 why I don't think you -- well, anyway, I'll just  
25 leave it at that.

1 (b)(6); (b)(7)(C) Okay.

2 BY (b)(6); (b)(7)(C)

3 Q Okay.

4 I think I have one more document,  
5 and then we'll probably close to the end, and we'll  
6 just a take a quick break after this document, and then  
7 kind of do any final questioning or cleanup.

8 (SEC Exhibit 93 was previously marked for  
9 identification.)

10 (b)(6); (b)(7)(C) Can you give us the exhibit  
11 number? We don't have that much.

12 (b)(6); (b)(7)(C) Yes. Exhibit 93.

13 THE WITNESS: I've reviewed the Email  
14 string.

15 BY (b)(6); (b)(7)(C)

16 Q Okay. (b)(6); (b)(7)(C) I've shared on the  
17 screen and Emailed to your Counsel a document that's  
18 been marked as Exhibit 93. It's an Email thread  
19 between yourself, (b)(6); (b)(7)(C) and

20 (b)(6); (b)(7)(C) The subject line is, Bittrex  
21 Review of (b)(4)

22 Turning your attention to the very bottom  
23 Email that's on the page ending 567 from (b)(6); (b)(7)(C)  
24 to (b)(6); (b)(7)(C) -- apologies. Strike that.  
25 That's not the Email I wanted to draw your attention



1 to.

2 The Email I meant to draw your attention  
3 to is further up. It's at the bottom of the page  
4 ending in 566.

5 It's an April 23rd Email from (b)(6); (b)(7)(C)  
6 (b)(6); (b)(7)(C) and his name is listed as  
7 (b)(6); (b)(7)(C) copying you and (b)(6); (b)(7)(C) I'll  
8 read portions of it into the record. (b)(6); (b)(7)(C) thanks  
9 again for the call earlier this evening. As discussed,  
10 please find a list of counsel who may be able to assist  
11 in preparing a legal memorandum for (b)(4) The  
12 contents of the memo are described in the Bittrex  
13 listing application you previously completed; however,  
14 please note it should draft some relevant securities  
15 and commodities laws and enforcement actions, such as  
16 Howey, the DAO, and Muncie. In addition, please below  
17 find examples of the types of statements we discussed  
18 on the call," and then there's several bullet points.  
19 The first bullet point reads, "Statements regarding  
20 staking returns and investment-related hashtags," and  
21 then lists an example.

22 The next bullet says, "Third party  
23 investment reviews," and then links to a page on  
24 their Twitter.

25 The next says -- the next bullet reads,



1 "Statements regarding listing (b)(4) on exchanges," and  
2 links to a (b)(4) Twitter feed.

3 So do you recall this Email thread?

4 A I don't recall this Email thread.

5 Q Do you recall whether you joined this call  
6 with (b)(6); (b)(7)(C) ?

7 A I don't recall.

8 Q Do you recall whether you discussed with  
9 token teams statements regarding staking returns and  
10 investment-related hashtags?

11 A I don't recall.

12 Q Do you recall whether others at (b)(6); (b)(7)(C)  
13 on your team had any such discussions with token teams?

14 A I don't recall.

15 Q Do you recall whether you or anyone at  
16 (b)(6); (b)(7)(C) on your team discussed third-party investment  
17 reviews with token teams?

18 A I don't recall.

19 Q Do you recall whether you or anyone else  
20 on your team at (b)(6); (b)(7)(C) discussed with token teams  
21 statements regarding listing tokens on exchanges?

22 A I don't recall.

23 Q If I could turn your attention to the  
24 Email that's directly above it, which is an Email on  
25 the same page -- same Bates page from (b)(6); (b)(7)(C) to

1 (b)(6); (b)(7)(C) saying, (b)(6); (b)(7)(C) I wanted to follow-up on our  
2 recent call. Can you provide an update on the status  
3 of obtaining the legal memorandum we discussed? In  
4 addition, we noted that the problematic statements we  
5 discussed are still live. Can you provide an update on  
6 whether you were able to discuss these with your team  
7 and whether you plan to remove them?"

8 Did you or others at (b)(6); (b)(7)(C) continue to  
9 follow-up with token teams that statements that you or  
10 your team had identified were still live on their  
11 public documents?

12 A I mean, I don't specifically recall. From  
13 this Email chain, there is some back and forth of  
14 follow-up.

15 Q Turning your attention to the Email just  
16 above that one on the same page from (b)(6); (b)(7)(C) to  
17 (b)(6); (b)(7)(C) He says, (b)(6); (b)(7)(C) I'm in contact with  
18 one of the legal firms now, and we are working on the  
19 memorandum. Scrubbing the social media should be  
20 completed by the end of the day Friday."

21 Did you or others at (b)(6); (b)(7)(C) on your  
22 team ever discuss scrubbing a token team's social media  
23 for statements that your team identified?

24 A So I don't recall specifically using the  
25 term "scrubbing", but we did, (b)(4)

(b)(4)

Q And you said that you don't recall using the term "scrubbing". What does scrubbing signify to you?

A I mean, I don't recall the term "scrubbing". It doesn't seem like the kind of term I would use, but, you know, (b)(4)

(b)(4)

Q Okay. Thank you.

(b)(6); (b)(7)(C)

Let's go off the record at 6:59 p.m.

(Whereupon, at 6:59 p.m., a short recess was taken.)

(b)(6); (b)(7)(C)

We're back on the record at 7:08 p.m. Eastern Time.

BY (b)(6); (b)(7)(C)

Q (b)(6); (b)(7)(C) just a couple of final questions for you. During your time at (b)(6); (b)(7)(C) did associates receive training regarding crypto, crypto assets, crypto asset securities, cryptocurrency, outreach to non-clients on behalf of clients, legal

1 ethics and/or compliance with the federal securities  
2 laws?

3 (b)(6); (b)(7)(C) That's probably the most  
4 compound question I've ever heard.

5 (b)(6); (b)(7)(C) I thought about breaking  
6 it down, but -- let me do that.

7 (b)(6); (b)(7)(C) If he can answer. If you  
8 can answer it.

9 THE WITNESS: I mean, I'm happy to  
10 answer that in a general way. So, yes, associates at  
11 (b)(6); (b)(7)(C) receive a variety of training, (b)(4)

12 (b)(4)  
13  
14  
15  
16  
17  
18

19 BY (b)(6); (b)(7)(C)

20 Q And what about (b)(4)

21 (b)(4)

22 A (b)(4)

23 (b)(4)  
24  
25

(b)(4)

(b)(6); (b)(7)(C)

While we're between questions -- and we don't have to go off the record.

(b)(6); (b)(7)(C)

I would just note for the record that (b)(6); (b)(7)(C) and his Counsel are having a private consultation.

(b)(6); (b)(7)(C)

Okay. Thank you.

BY

(b)(6); (b)(7)(C)

Q

(b)(6); (b)(7)(C)

have you ever been the

1 subject of any malpractice claim or barred disciplinary  
2 proceeding?

3 A No.

4 Q Have you ever been suspended, disbarred,  
5 or denied admission to any Bar?

6 A No.

7 Q I'm sorry. I didn't hear the answer to  
8 that.

9 A No.

10 Q Have you ever been the subject of any  
11 disciplinary inquiry by a Bar or other governing  
12 authority?

13 A No.

14 Q Have you ever been informed that any  
15 client has contemplated any claim against you or your  
16 firm for malpractice or other professional liability  
17 allegedly arising out of or related to your services or  
18 conduct?

19 A Not that I'm aware of.

20 (b)(6); (b)(7)(C) We have no further  
21 questions at this time.

22 Counsel, do you wish to clarify anything  
23 or add anything to the statements you've made  
24 today -- oh, I'm sorry. (b)(6); (b)(7)(C) do you wish to  
25 clarify anything or add to the statements you've made



1 today?

2 THE WITNESS: No.

3 (b)(6); (b)(7)(C) Counsel, do you wish to  
4 ask any clarifying questions?

5 (b)(6); (b)(7)(C) No. Thank you.

6 (b)(6); (b)(7)(C) thank you for  
7 your time today. We have no further questions;  
8 however, in the future, we may wish to call you again  
9 to testify in this matter. If this is necessary, we  
10 will contact you through Counsel.

11 We're off the record at 7:13 p.m. on  
12 August 12th.

13 (Whereupon, at 7:13 p.m., the examination  
14 was concluded.)

15 \* \* \* \* \*

## PROOFREADER'S CERTIFICATE

In the Matter of: INITIAL COIN OFFERINGS

Witness:

(b)(6); (b)(7)(C)

File No. NY-09624-A

Date: Friday, August 12, 2022

Location: New York, New York

This is to certify that I, (b)(6); (b)(7)(C)

(the undersigned), do hereby certify that the foregoing transcript is a complete, true and accurate transcription of all matters contained on the recorded proceedings of the investigative testimony.

\_\_\_\_\_  
(Proofreader's Name)

\_\_\_\_\_  
8-29-2022

## 1 REPORTER'S CERTIFICATE

2  
3 I, (b)(6); (b)(7)(C) Court Reporter, hereby  
4 certify that the foregoing transcript  
5 (August 12th, 2022) is a complete, true and accurate  
6 transcript of the testimony indicated held on August  
7 12th, 2022 at 12:30 p.m. in the matter of: INITIAL  
8 COIN OFFERINGS.

9  
10 I further certify that this proceeding was  
11 recorded by me, and that the foregoing transcript was  
12 prepared under my direction.

13  
14 Date: August 22nd, 2022

15 Official Reporter: (b)(6); (b)(7)(C)

16 Diversified Reporting Services, Inc.

17  
18  
19 \_\_\_\_\_  
20 (b)(6); (b)(7)(C) Court Reporter

21 Notary Public - State of Florida

22 Commission No.: (b)(6); (b)(7)(C)

23 Expires: March 17th, 2024

24 Job Number: 403946-NY  
25