

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

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

SECURITIES AND EXCHANGE COMMISSION		DOCKET 4:13CV416
VS.		JANUARY 24, 2022
		1:36 P.M.
TRENDON SHAVERS, ET AL		SHERMAN, TEXAS

VOLUME 1 OF 1, PAGES 1 THROUGH 48

REPORTER'S TRANSCRIPT OF SHOW CAUSE HEARING EXCERPT
TESTIMONY OF TRENDON SHAVERS AND ASHLEY SHAVERS

BEFORE THE HONORABLE AMOS L. MAZZANT, III
UNITED STATES DISTRICT JUDGE

APPEARANCES:

FOR THE PLAINTIFF: MAUREEN PEYTON KING
U.S. SEC - NY
3 WORLD FINANCIAL CENTER, SUITE 400
NEW YORK, NY 10281-1022

MARSHA C. MASSEY
U.S. SEC - DC
100 F STREET, NE
MAIL STOP 5628
WASHINGTON, DC 20549

COURT REPORTER REPORTER:
CHRISTINA L. BICKHAM, CRR, RDR
FEDERAL OFFICIAL REPORTER
101 EAST PECAN
SHERMAN, TX 75090

PROCEEDINGS RECORDED USING MECHANICAL STENOGRAPHY;
TRANSCRIPT PRODUCED VIA COMPUTER-AIDED TRANSCRIPTION.

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

FOR THE DEFENDANT TRENDON T. SHAVERS:

TRENDON T. SHAVERS
2305 SOUTH CUSTER, APT. 1507
MCKINNEY, TX 75070

1 (Open court, all parties present.)

2 (Witness sworn.)

3 DIRECT EXAMINATION OF TRENDON SHAVERS

4 CALLED ON BEHALF OF THE PLAINTIFF

5 BY MS. KING:

6 Q. Okay. Good afternoon, Mr. Shavers.

7 A. Good afternoon.

8 Q. The SEC has a judgment against you, correct?

9 A. Correct.

10 Q. Actually, before -- I'm sorry.

11 MS. KING: Before I continue, your Honor, I have a
12 binder of exhibits for the Court and for the witness. May
13 I pass those out?

14 THE COURT: Yes.

15 MS. KING: Okay, thanks.

16 Would you prefer I wear a mask up there to pass
17 them out or --

18 THE COURT: Yes. That's fine.

19 MS. KING: Sure.

20 THE COURT: And you can give them to my courtroom
21 deputy to hand to me, and --

22 MS. KING: Thank you.

23 THE COURT: -- you can hand the copy to the
24 witness.

25 MS. KING: That was my next question. Thank you.

1 BY MS. KING:

2 Q. Here you go, Mr. Shavers.

3 Okay. So, Mr. Shavers, you understand that you
4 owe the Commission around \$40 million in disgorgement,
5 correct?

6 A. Yes.

7 Q. And have you paid anything towards that judgment?

8 A. No.

9 Q. Do you use any other names?

10 A. I'm sorry?

11 Q. Do you use any other names?

12 A. No.

13 Q. Do you use any online identities?

14 A. I'm sure.

15 Q. So user names?

16 A. Yeah, user names, different things. Yeah.

17 Q. Sorry. Are you saying yes, you do?

18 A. Different user names, yes.

19 Q. Okay. What are they?

20 A. "We Use Coins," "Knows No Wrong," let's see, I'd have
21 to go through my list of accounts. I mean, I -- there's
22 car -- "Texas Auto Bike." There's tons of different ones.

23 Q. You use tons of different names. And what -- where do
24 you use these names?

25 A. Just online for -- you know, from Twitter to, you know,

1 different things, just user names, not real names but user
2 names.

3 Q. Okay. Does your wife have any sources of income?

4 A. Yes.

5 Q. What are they?

6 A. Child support.

7 Q. Okay. Approximately how much child support does she
8 receive?

9 A. I believe it's now 400, 400 a month now. The boys are
10 now of age. It's just back pay, essentially.

11 Q. So -- and that's the only income your wife has?

12 A. Yes. At this point, yes.

13 Q. Okay. And was -- when you say "at this point," was
14 there a change at some point?

15 A. No. During the time she was a bus driver -- you'd have
16 to go how far back. But she's going into some new art
17 stuff, and so I'm sure she'll have some income at some
18 point.

19 Q. Okay. You earn income, correct?

20 A. Correct.

21 Q. What do you do to earn income?

22 A. Automotive technician and I do tech support.

23 Q. I'm sorry. What was the first thing you said?

24 A. Automotive technician.

25 Q. Okay. How much do you earn as an automotive

1 technician?

2 A. It's really kind of moved up. I'd say 900 a week or so
3 in the last --

4 Q. Okay. So --

5 A. In the last, yeah, couple months it's picked up.

6 Q. Okay. So about \$3,600 a month?

7 A. It's kind of a hard -- hard thing to do. I would say
8 3,000.

9 Q. Okay. And how about from tech support?

10 A. That's kind of dying off. I'm getting more into the
11 cars. So maybe \$200 -- \$200 a week.

12 Q. A week. Okay.

13 So your income is somewhere around \$4,000 a month?

14 A. About that.

15 Q. Okay. And is that -- do you earn cash, or do you get
16 paid from a source?

17 A. Yeah. So most of it's cash or it will -- they will
18 Zelle it to me or they'll -- there are checks. Most of
19 it's cash, though.

20 Q. And when you say "they," are we talking about
21 customers?

22 A. Yeah, customers, clients.

23 Q. Okay. Do you have -- do either of your businesses have
24 a name?

25 A. No. No. It's just -- it started as word of mouth and

1 got bigger. And I went from tech and now cars are
2 essentially computers and so I just kind of migrated right
3 into that.

4 Q. Okay. Do you have any sources of passive income?

5 A. No.

6 Q. Do you earn bank account interest?

7 A. I don't -- I don't think so.

8 Q. Okay.

9 A. If it is, it's not very much.

10 Q. Okay. Do you hold bank accounts?

11 A. Yes.

12 Q. Okay. Where?

13 A. At Wells Fargo.

14 Q. Any other accounts at -- any other bank accounts other
15 than Wells Fargo?

16 A. Bank accounts, no.

17 Q. Okay. How many accounts do you have at Wells Fargo?

18 A. Two.

19 Q. Okay. And is one account joint?

20 A. Yes.

21 Q. Is that the account ended 6932?

22 A. I'd have to look.

23 Q. Why don't you turn to Exhibit 8 and see if that
24 refreshes your recollection.

25 A. Exhibit 8. Yes, this is the -- yeah, this is the joint

1 one.

2 Q. This is the joint one. Okay.

3 Do you also have another -- you said you have
4 another account, correct?

5 A. Yes, I do.

6 Q. Okay. And is that solely in your name?

7 A. Yes.

8 Q. Okay. Is that the account ended 5366?

9 A. Yes.

10 Q. Okay. What are the sources of funds that are deposited
11 into your joint bank account, 6932?

12 A. That is money used for -- most of it is used for my
13 father-in-law's medical bills.

14 Q. So, again, what is the source of funds? Where is the
15 money coming from?

16 A. It comes from a trust account.

17 Q. What trust account?

18 A. His trust account.

19 Q. His -- what is your father-in-law's name?

20 A. Michael Snyder.

21 Q. Comes from Michael Snyder's trust account. Where is
22 that trust account held?

23 A. Chase Bank.

24 Q. Okay. Do you happen to know an identifier for it, like
25 the last four digits of the account?

1 A. No.

2 Q. And it's a trust?

3 A. It's a trust.

4 Q. Who is the trustee?

5 A. Michael Snyder.

6 Q. I'm sorry. Michael Snyder is the trustee of his own
7 trust?

8 A. No. The trustee would be -- it's two people. It's my
9 wife and her brother.

10 Q. Okay.

11 A. They are co-trustees, I believe. Yeah.

12 Q. Approximately how much is transferred into your joint
13 account monthly from the trust?

14 A. It would vary depending on a lot of different things,
15 but I would say 10- to 15,000.

16 Q. Okay. And you just testified that most of that money
17 goes to your father-in-law?

18 A. Correct.

19 Q. How does it go to your father-in-law?

20 A. So there would be like a -- there would be Zelle
21 transfers between accounts to him, and then he has expenses
22 like -- all kinds of little stuff, from medical expenses,
23 different medications, and everything else that is dealt
24 with.

25 And then anything else that's in the account, I

1 just kind of keep record of how much money is being pulled
2 out.

3 And you see the transfers between the two
4 accounts, between the joint and then the -- my primary
5 account -- or my account that just has my name on it, the
6 transfers back and forth between the accounts so I can keep
7 a balance of what goes in and what goes out.

8 Q. All right. Let's unpack that a little bit. So you're
9 saying most of the 10- to \$15,000 a month that comes into
10 the joint account goes out through Zelle transfers to your
11 father-in-law?

12 A. No, not all of it because a lot of it is spent us
13 buying stuff.

14 Q. Okay.

15 A. We -- yeah.

16 Q. What kinds of things are you buying -- when you --
17 sorry. When you say "us," who do you mean?

18 A. If -- if anything is taken out of the account, it is
19 accounted for as money to be spent for him.

20 Q. How so?

21 A. I keep kind of a record of any money that comes out
22 that goes to, you know, something he needs or a medical
23 bill or doctor bill or however it's done. It's done
24 through our accounts, and that money is moved from the
25 trust to pay his 6,000 or whatever it is a month for his

1 memory care.

2 Q. So you're saying it's 5- or 6,000 a month that you're
3 paying for --

4 A. No. It's a lot --

5 Q. -- a month --

6 A. It's like 6,000 just for the care, just for the rent.

7 Q. And all of those funds come out of your joint account
8 and go to where?

9 A. To his physical account.

10 Q. His physical account. What account is that?

11 A. It's a Chase account. I don't know exactly what it is.
12 It's just a Zelle transfer.

13 Q. So -- I'm sorry. I'm a little bit confused. You're
14 saying that there is a trust account in your father -- for
15 your father-in-law at Chase?

16 A. Correct.

17 Q. The money for his care goes then to your joint account?

18 A. Correct.

19 Q. And then it goes back to a Chase account in your
20 father-in-law's name?

21 A. Correct.

22 Q. Why?

23 A. It's a process that was told -- that's the process that
24 needed to be. I don't know exactly why.

25 Q. Well, who told you that's what the process needs to be?

1 A. I don't know.

2 Q. Well --

3 A. I don't handle the trust.

4 Q. Okay. Do you handle the joint account?

5 A. I'm sorry?

6 Q. Do you handle the joint account?

7 A. Once money is in the account, I handle transfers back
8 and forth. But I don't handle the trust, so I don't -- I
9 don't know exactly how that process works.

10 Q. Okay. Who -- so you have -- you're testifying that you
11 have no access to the trust?

12 A. I physically cannot go to the bank and get money out of
13 the trust.

14 Q. I'm asking a different question. I'm asking if you
15 have access, including online access to the trust.

16 A. No. I have no access to the trust.

17 Q. Have you ever accessed the trust?

18 A. I -- we maybe have logged in one time, you know,
19 together, but early on, no.

20 Q. Well, early on, no. When have you logged in together
21 and with whom together?

22 A. So when everything was set up originally -- this is --
23 this is a very long kind of process. But I have no access
24 to the trust.

25 Q. Do you know the account number?

1 A. No, I don't.

2 Q. Do you know the password?

3 A. No.

4 Q. So you --

5 A. I have no access to the trust.

6 Q. You have no access to the trust.

7 A. No.

8 Q. But you just said that you may have logged on with
9 someone. Who?

10 A. Yeah. Early on, when we were setting up accounts and
11 doing all that stuff, you know, I think I went with my wife
12 to the bank at one point. Again, this is between her and
13 her -- her brother.

14 Q. Okay. You said, though, that you keep records of
15 what's spent for your father-in-law.

16 A. Correct.

17 Q. If there are two trustees, why are you keeping the
18 records?

19 A. One of the trustees is -- spends more time in Mexico
20 than doing anything and has no -- literally no connection
21 at all with his father. My wife handles everything for my
22 father -- or her father.

23 Q. Okay. So let's go -- and the records you're keeping,
24 tell me about those records. What do they look like? Are
25 they electronic? Are they on paper?

1 A. So I have -- any money that's come out that's moved for
2 him, any expenses that we bill to us or he bills on his
3 card, the amounts, I have access to see what is in his
4 account and those transactions that happen to make sure
5 he's got enough money to make it through every month.

6 Q. So which account do you have access to to be able to
7 see that?

8 A. His personal account.

9 Q. His personal account.

10 Okay. But what records are you keeping? I
11 understood you earlier to say you were keeping records of
12 every expense.

13 A. Yeah, just the amount -- anything outside of the amount
14 that he has used in the -- in his primary account would be
15 considered a loan to us until it's either paid completely
16 back or it's used by him in his account.

17 Q. I'm not really sure I understand what you're saying.
18 So -- just to be a little more concrete about it, so in a
19 given month, if \$10,000 is transferred over --

20 A. Right. And say 7,000, right, is what he needed for
21 everything --

22 Q. Okay.

23 A. -- and there's still 3,000 left, that's considered a
24 loan to us until he needs it or we pay it back. And that's
25 the accounting that I keep.

1 Q. And does that ever happen? Do you ever pay back
2 anything that goes into --

3 A. Yeah, the --

4 Q. Let me finish the question.

5 -- that goes into your joint account or your
6 personal account from the trust?

7 A. At this point, no.

8 Q. Now, in fact, if we take a look through the bank
9 statements, we will see them almost balancing out in terms
10 of what comes in and what goes out every month, correct?

11 We can take a detailed walk through, but --

12 A. Yeah.

13 Q. -- is that fair?

14 A. Pretty much, yeah.

15 Q. And those are going to personal expenses for you and
16 your family?

17 A. Correct.

18 Q. Okay. And who -- you mentioned the loan. Is that
19 documented in some way?

20 A. No.

21 Q. Well, how do you -- you said you have nothing to do
22 with the trust. So how do you know --

23 A. I just keep a -- any --

24 Q. Let me finish the question, sir.

25 How do you know that you can take a loan from the

1 proceeds that are received into the joint account?

2 A. So -- all right. At this -- at this point I just --
3 I'm pleading the Fifth.

4 MS. KING: May I take a moment, your Honor?

5 THE COURT: Yes.

6 MS. KING: Thank you.

7 BY MS. KING:

8 Q. Mr. Shavers, to be clear, what part of the Fifth
9 Amendment are you asserting?

10 A. That -- I believe you're trying to get information that
11 could incriminate me or incriminate -- or -- or go against
12 my privacy, which would be the Fourth Amendment.

13 And I've got -- I've got it all written down. But
14 at this point I -- the questions you're asking, the way
15 they're being done, I'm not going to answer any more
16 questions.

17 THE COURT: Well, the Fourth Amendment doesn't
18 protect your ability -- there is no privacy right that you
19 can assert.

20 There is a Fifth Amendment right to assert if
21 somehow you feel like you're going to incriminate yourself
22 to -- subject yourself to criminal prosecution. So let's
23 see what other questions she has. You don't get a -- you
24 don't have the right to refuse the questions. You can
25 assert the Fifth Amendment --

1 MR. SHAVERS: Yeah.

2 THE COURT: -- if you think it's going to
3 incriminate you.

4 MR. SHAVERS: I understand that, your Honor.

5 THE COURT: I'm not saying that, but let's see
6 what other questions counsel has.

7 MS. KING: Okay. Your Honor, I'm going to
8 continue with the questions I had.

9 THE COURT: Yeah, go ahead.

10 MS. KING: And to the extent that there is
11 something that is not going to incriminate, I'm going to
12 ask you to instruct the witness to answer.

13 THE COURT: I understand.

14 MS. KING: Okay. Thank you.

15 BY MS. KING:

16 Q. So have you ever discussed the loans you are taking
17 with anyone?

18 A. I invoke.

19 Q. Approximately how much in loans have you taken --

20 A. I invoke.

21 Q. Let me just finish the question before you invoke.

22 Approximately how much in loans have you taken
23 over the past year?

24 A. I invoke.

25 Q. What is an RTP?

1 A. RTP?

2 Q. Are you familiar with a real-time payment?

3 A. Yeah. I'm assuming, yeah.

4 Q. How so?

5 A. When you're transferring funds, like Zelle, yeah.

6 Q. Okay. Are RTPs typically how your joint account
7 receives funds from the trust?

8 A. I would assume so.

9 Q. Instead of assuming, do you want to take a look at
10 Exhibit 8? If you want to go to the second page of
11 Exhibit 8, there is a transaction on 12-31 for \$5,000.
12 It's easily identified by the fact that it's both the third
13 line and it's the first deposit for \$5,000.

14 A. I'm sorry. I'm just trying to figure out --

15 Q. Take your time. So again Tab 8.

16 A. Okay.

17 Q. Second page.

18 A. Second page.

19 Q. Yep.

20 A. Is 8 the one behind "8" or --

21 Q. Behind "8," yes.

22 A. Oh, behind "8."

23 Q. Yeah.

24 A. Okay. Yes.

25 Q. Okay. So is this an example of --

1 A. Yes.

2 Q. -- a transfer into your account from your father's
3 trust account -- your father-in-law's trust account?

4 A. Correct.

5 Q. Okay. And so it's by RTP.

6 And if we look down the page, we see some
7 additional large transfers, and on the next -- sorry. You
8 see one for \$4,545?

9 A. Correct.

10 Q. And on the third page, you see another for the same
11 amount, 4,545?

12 A. Correct.

13 Q. Okay. And if we look further down the page, to
14 January 25th, we see two 5,000-dollar transfers, again
15 RTPs?

16 A. Correct.

17 Q. Okay. All right. So the total -- if we go back to the
18 first page of Exhibit 8, you have deposits and additions of
19 \$27,490, correct?

20 A. Correct.

21 Q. So most of that -- excuse me -- most of those deposits
22 and additions are attributable to funds from the trust?

23 A. Correct.

24 Q. Okay. And how much of those went to care for your
25 father-in-law? Can you pick out entries just for

1 January that actually went to your father-in-law or for
2 your father-in-law's care?

3 A. I'd have to reference them with the other account.

4 Q. Are there particular things that -- so, in other words,
5 you'd need an entry that said "Mike Snyder," for example?

6 A. It normally doesn't go into -- from that account.

7 You see the transfers on page 3, the 4,400 of it?

8 Q. Yes, I do. On January 19th?

9 A. Right. And so if you take the same -- same date or
10 around there, you will see the Zelle transfers for the
11 2,500.

12 And then down here on the 25th, the 2,460 that
13 goes to Mike Snyder.

14 Q. Actually, hang on. I do see the second one you're
15 talking about, on January 25th, but I don't see a Zelle
16 transfer for the same amount around -- oh, the 4,400.

17 That's not to your father-in-law, though. That's to your
18 personal account, isn't it?

19 A. Correct. And then on my -- that's what I was saying.
20 I want to look at the transfer because Zelle has certain
21 limits about you can only send a certain amount per
22 account.

23 Q. Okay. So why don't we, then, take a look at Exhibit 7.
24 So that's -- I'm talking about the documents behind
25 Exhibit 7 on or around January 19th.

1 A. Yeah.

2 Q. So, first, you've already -- is Exhibit 7 your personal
3 account?

4 A. Yes.

5 Q. Okay. And so just at the -- on the first page we can
6 see deposits or additions of \$22,000 and -- \$22,446.71,
7 correct?

8 A. Correct.

9 Q. Okay. And withdrawals of almost the same, 21,297.93?

10 A. Correct.

11 Q. Okay. So if we go to January 19th, can you point me to
12 where you see around \$4,400 going back to your
13 father-in-law?

14 A. No, no. And like I said, so if you look at
15 January 4th, there is money that came out from there, the
16 1,200.

17 And then the -- let's see. He wouldn't have
18 got -- so then another was received on the 19th and then on
19 the 25th received -- how would I get to...

20 So the 26th was 25.

21 I'd have -- this is -- it would be kind of hard
22 without referencing his account and what his balances were.

23 44 received --

24 Q. Well, why don't we take a look at, after that transfer
25 you pointed to, what else comes out and where it's going.

1 A. I'm sorry. The -- from the 44, you said?

2 Q. Yeah. From the 4,400 on the 19th.

3 A. Uh-huh. We have a lot of Uber Eats transactions.

4 Q. Approximately how much do you spend in Uber Eats a
5 month?

6 A. After -- after COVID we kind of got sucked into using
7 Uber Eats, and it -- you know, with a family of four, it
8 starts adding up quick.

9 Q. Right. So, again, approximately how much do you spend
10 in Uber Eats a month?

11 A. I don't know. Ever since the -- the last month, pretty
12 much none but --

13 Q. But over the past year, that's definitely not the
14 case --

15 A. Yeah.

16 Q. -- correct?

17 A. Definitely not.

18 Q. Okay.

19 A. Yeah.

20 Q. Also there's a lot of entries for Google IGG Mobile.
21 What is that?

22 A. That is a game. It's an online game.

23 Q. And there's entries for that nearly every day, correct?

24 A. Correct.

25 Q. Who is playing the online game?

1 A. I am.

2 Q. And so every day you're spending money on Uber Eats and
3 gaming?

4 A. Correct.

5 Q. Okay. And --

6 A. Well, I mean, there is a -- there is a lot of other
7 stuff, but yeah.

8 Q. What else are you spending money on?

9 A. So from -- let's see. From this account -- this is
10 back in January.

11 For the most part, I mean, the little small
12 transactions -- a majority of it is from -- you know, other
13 than the occasional, you know, Walmart, the supermarket
14 stuff, utility payments -- other than that, I mean, it's
15 mostly just the small charges, the -- the Google stuff and
16 then Uber, just food.

17 Q. There's also -- if you look at January 6, there's an
18 entry for coinbase.com.

19 A. Uh-huh.

20 Q. What's that?

21 A. Coinbase?

22 Q. What is the 500-dollar withdrawal to Coinbase for?

23 A. Oh, it's just moving money into Coinbase, to invest.

24 Q. And you own several cryptocurrencies, correct?

25 A. I guess you can say that. The balances are real tiny

1 except for one.

2 Q. And that's Bitcoin?

3 A. No.

4 Q. Which one?

5 A. Storage.

6 Q. Okay. And when you say the balances are tiny,
7 approximately how much have you transferred to Coinbase in
8 the last year?

9 A. I don't know. I didn't -- I moved some at the
10 beginning of the year. But since then, I haven't moved
11 any. I don't know exactly without --

12 Q. Sorry. You're testifying you haven't transferred
13 anything since the beginning of the year to Coinbase?

14 A. Yeah.

15 Q. We can go through the account statements.

16 A. Right. At the beginning of the year, I did make
17 transfers into it. But from, like, July or whenever, I
18 haven't done anything else.

19 Q. Okay. So through at least June, you did?

20 A. Yeah.

21 Q. Okay.

22 A. I'd have to look at the records, but I haven't
23 transferred money into the -- into Coinbase for a while.

24 Q. How many wallets do you have in Coinbase?

25 A. I guess you could say there's two because Coinbase Pro

1 and then coinbase.com. They kind of separate them, which
2 is kind of weird. But that's where all the little small
3 coins are. They're like little freebee coins that they
4 give you.

5 And then the storage is on the Pro side, which you
6 guys have -- have information on.

7 Q. We may talk a bit more about Coinbase. But sticking
8 with the bank statements, there are some other entries in
9 here. Who -- that I'd like to ask you about.

10 Who is Donald Martinez?

11 A. My grandfather.

12 Q. Okay. And why were you sending a thousand dollars to
13 him?

14 A. Because I owe him, like, a hundred thousand dollars.

15 Q. Okay. From -- when did you receive a
16 hundred-thousand-dollar loan?

17 A. This is just -- yeah. This is just over time. I mean,
18 you know, from the very first start of the SEC stuff to
19 when I got out, he was lending us money.

20 Q. And into what accounts?

21 A. It was always cash.

22 Q. So you're receiving -- you've received a hundred
23 thousand dollars in cash?

24 A. I couldn't get any bank accounts for a long time.

25 Q. Where do you keep your cash?

1 A. At the house or -- most of it was at the house.

2 Q. How much cash do you have on hand at your house?

3 A. Like 300, \$400.

4 Q. Even though you're earning around -- do you deposit any
5 of the amounts that you're earning from your auto work?

6 A. No. Normally I keep the cash because I use it for --
7 when I buy a lot of stuff, like O'Reilly's and, you know,
8 different places, I won't -- I pay for a lot of stuff in
9 cash so --

10 Q. So in addition to the records we're looking at here,
11 you're also spending thousands more in cash a month?

12 A. Yeah. Like I said, from the last, like, two months,
13 things have started to kind of ramp up as far as working.
14 It's been -- and it's just been off and on. I mean, I'm
15 finally getting back on my feet.

16 Q. Okay. Do you pay rent from either account?

17 A. Yes.

18 Q. How much do you pay in rent?

19 A. 2,300, I believe.

20 Q. To whom do you pay rent?

21 A. It was 2,200 and then went to twenty-three.

22 Q. Okay. To whom do you pay rent?

23 A. Hubin Yao. She's on Zelle.

24 THE REPORTER: Can you spell that for me?

25 THE WITNESS: I don't even know -- H-U-B-I-N and

1 then Y-A-O, I believe.

2 THE REPORTER: Thank you.

3 BY MS. KING:

4 Q. So if we go through each month of statements, will we
5 see a similar pattern of transfers of 10-, \$20,000 a month,
6 and then spending of around the same?

7 A. You may. There may be variations.

8 Q. But is it fair to say that's generally what we'll see?
9 We can go through them.

10 A. Yeah, yeah, yeah. Generally, yes.

11 Q. Okay. Do you have any brokerage accounts?

12 A. No.

13 Q. Do you hold any funds offshore?

14 A. No.

15 Q. Do you hold any assets in cold storage?

16 A. You're talking, like, wallets and stuff?

17 Q. Anything, including --

18 A. No.

19 Q. -- crypto.

20 A. No.

21 Q. Have you ever told anyone that you do have funds in
22 crypto that are out of reach, either because they are in
23 cold storage or --

24 A. Yeah. That's how I thought this was going to come up.

25 I don't have any assets. I have nothing outside

1 of what you guys have held up, and --

2 Q. But I asked a different question.

3 A. I understand.

4 And the -- anything that was said to anybody else
5 is just fabrications of just trying to get back to where I
6 was before.

7 Q. So what have you said to others and --

8 A. I couldn't recall any -- any or -- really anything. I
9 wanted to have properties in, you know, France or do all
10 kinds of rental stuff, and it's just -- it's just
11 fabrications.

12 Q. Have you ever said when you got out of prison, things
13 would be epic?

14 A. Definitely.

15 Q. Okay. Did you also say that the government will not
16 get the money that you do have?

17 A. Yeah, I -- I probably said that.

18 I was a little jailhousy at the beginning,
19 thought, you know, everything was awesome and the world
20 was -- you know, I'm out and I'm going to take off with
21 Bitcoin and invest.

22 I was doing pretty good doing the investment side
23 early on, before everything happened. But, yeah, it's
24 just -- it hasn't been that way.

25 Q. Did you take money from friends, family, or others,

1 third parties, to invest in -- and tell them you were
2 investing it in Bitcoin?

3 A. From -- wait.

4 Q. Anyone.

5 A. No, no, no. But when?

6 Q. Before, during, or after the SEC investigation.

7 A. Before, I did.

8 I mean, once the -- you know, once everything
9 happened, I don't invest anything for anybody. I tell
10 anybody that comes up and asks me and they want to talk
11 about Bitcoin -- I tell them I don't give investment
12 advice. I don't do anything. I don't take anybody's money
13 anymore.

14 Q. Are there folks who still think that you did invest for
15 them and owe them money?

16 A. Oh, I'm sure. Yeah. I mean, there was a lot of people
17 that got hurt with the whole -- you know, everything that
18 went down.

19 Q. And you were ordered to disgorge \$40 million, correct?

20 A. Correct.

21 Q. So what happened to those funds?

22 A. There was never \$40 million.

23 Q. Do you hold any financial accounts in someone else's
24 name?

25 A. No.

1 Q. And do you control any financial accounts of any kind,
2 like, in someone else's name?

3 A. No. No. Are you talking like a -- like a -- no. I
4 would say no, but I don't understand what you're saying.

5 MS. KING: May I have a moment, your Honor?

6 THE COURT: Yes.

7 MS. KING: Thank you. Your Honor, I don't have
8 further questions for Mr. Shavers at this point, but I
9 certainly open it up to anything he would like to ask.

10 THE COURT: Well, is there anything else you would
11 like to say under oath?

12 MR. SHAVERS: No.

13 THE COURT: Let me ask you a couple questions.
14 The trust for your father-in-law, what's the value of that?
15 Do you know, or an estimate?

16 MR. SHAVERS: I think it was, like, one -- 120,000
17 or 130,000, something like that. I'd have to -- I'd have
18 to check with my --

19 THE COURT: No, that's fine. I'm just asking for
20 an estimate. I was just curious but --

21 So is it safe to say that, looking at the bank
22 statements, that most of the money that's been supporting
23 your family has been coming from that trust?

24 MR. SHAVERS: There is a portion of it. There is
25 a lot of -- there is a lot of stuff that doesn't go through

1 my accounts. And I'm terrible at doing accounting and
2 so --

3 THE COURT: No, I understand that you're getting
4 paid in cash and using that cash however --

5 MR. SHAVERS: Right, Yeah.

6 THE COURT: -- you're using it. But in terms of
7 what's happened in the bank accounts, it doesn't really
8 show any other income other than probably more that's
9 coming from --

10 MR. SHAVERS: Correct.

11 THE COURT: -- the trust.

12 MR. SHAVERS: Yeah. There's been a lot of, you
13 know -- again, there's loans throughout the period of time
14 that don't show up because it's cash or it's -- I would say
15 a portion of it is definitely being used --

16 THE COURT: And then --

17 MR. SHAVERS: -- to make ends meet.

18 THE COURT: It was maybe my understanding -- and
19 tell me if I'm wrong -- that there have been communications
20 with the SEC and attempts to try to get you to produce
21 documents before today.

22 MR. SHAVERS: Correct.

23 THE COURT: And they filed a motion to compel,
24 which it just fell -- the response time fell through the
25 holidays, because I would have granted it back then. It's

1 just a matter that I never got around to it. That's on me
2 just because I took some time off. So it would have been
3 done -- it was too late to do it, once I realized it, to
4 impact anything for today's hearing.

5 But -- so you were aware and in communication with
6 them about them attempting to try to get financial
7 documents from you?

8 MR. SHAVERS: Uh-huh. (Moving head up and down.)

9 THE COURT: Is that a "yes"?

10 MR. SHAVERS: Yes. I'm sorry.

11 THE COURT: But you didn't really -- you kept
12 saying you were going to go ahead and do it but then never
13 did. How do you account for that?

14 MR. SHAVERS: Okay. So the amount of documents
15 that they were requesting was, again -- I think they said
16 from the time I got out, January 18th, something, they
17 wanted all, like, communications from text messaging and
18 statements from way back. So I started doing everything
19 out, the basic form that they wanted, started doing
20 everything out. And then it gets to, like, one line, and
21 just to try to get that information was just crazy.

22 So I started doing some of it and said I can get
23 most of this to you. All right? I think I had sent her a
24 message or on the phone. Again, this was during the
25 holidays, right, so the hustle-bustle, trying to figure out

1 a bunch of different things, and trying to make sure my
2 father-in-law wasn't -- didn't get evicted from his place.
3 And it just became more and more and more information that
4 I just don't have, I couldn't get.

5 And I tried to answer the Court -- I'm sorry. I
6 tried --

7 THE COURT: Well, but -- so you're having
8 difficulty getting documents to support some of the things,
9 but you didn't communicate that to the SEC lawyer, did you?

10 MR. SHAVERS: No. No. I think the only
11 communication we had was -- it was kind of hard because I
12 would talk on the phone and then we would e-mail, but then
13 there was some other e-mailing software to communicate with
14 them.

15 So I was trying to get all the documents all done
16 and then put it in the data format that they wanted, and
17 then I found that the Inability to Pay form has got pretty
18 much everything they wanted but on a simple kind of layout
19 form. And so I started filling that one out and said I'm
20 going to send that one to you. But then again, towards the
21 end of it, it starts asking for stuff that's just so much.

22 And I probably should have just -- probably should
23 have just started just sending them documents. But then I
24 went, well, they already have all my Wells Fargo accounts
25 and they already have all the Coinbase accounts.

1 I just -- it's a lot for somebody that doesn't do
2 this, you know --

3 THE COURT: Well, you understand your accounts got
4 frozen based on the way you responded to all of this so --

5 MR. SHAVERS: Right. And I didn't know that
6 they -- I had no communication at all. They said that they
7 had -- they said that they had sent me something UPS to the
8 house, and I never received anything from them. The only
9 time I knew that they needed something was because my
10 assets got frozen.

11 So I called her and she said, oh, I'm going to
12 send it to you again. So she sent it again. I received it
13 that time. And it said that it was supposed to be signed
14 for, and I looked up the tracking number on that package,
15 and there is no signature for it.

16 And then my dad and my wife were given -- somebody
17 walked up to them and served them papers. So I figured if
18 the SEC wanted me to do anything, they had my e-mail and
19 somebody would come up to me, walk up to me and give me the
20 papers like they did my mom -- I mean, my father and my
21 wife.

22 At no point did I get anything until after the
23 assets were frozen. Then she had sent it to me, an e-mail,
24 and then also had it served to me. At that point, that's
25 when I started and went, okay, I can get -- if that's what

1 you wanted, information, I'll give you the information.

2 THE COURT: Okay. Anything further from him?

3 MS. KING: I'm sorry, your Honor?

4 THE COURT: Anything further from him?

5 MS. KING: No. I just -- no.

6 THE COURT: You may step down, Mr. Shavers.

7 MR. SHAVERS: Okay.

8 MS. KING: Thank you, your Honor.

9 THE COURT: What else?

10 MS. KING: I'd like to call Mrs. Shavers to the
11 stand.

12 THE COURT: Okay.

13 MS. KING: We did subpoena her to be here.

14 THE COURT: Okay.

15 MS. KING: You can actually leave that up there,
16 sir. It may be helpful for your wife. Thank you.

17 MR. SHAVERS: And I object to having my wife
18 testify, out of privilege.

19 THE COURT: Well, I'm not sure the nature of
20 exactly what you're going to be asking her. The privilege
21 only applies to her -- well, it would be communications
22 between the two of y'all. I assume that she's going to be
23 asking more about bank account issues.

24 MS. KING: I am going to be asking about bank
25 account issues. And I would also suggest that even some

1 communications are not necessarily privileged if they are
2 outside of confidential marital communication --

3 THE COURT: I understand.

4 MS. KING: -- umbrella.

5 But, yeah, generally, I'm going to be focused on
6 non --

7 THE COURT: Let's just be careful about that. I
8 mean --

9 MS. KING: Absolutely. I'm certainly not looking
10 to --

11 THE COURT: He should object, but he's also not a
12 lawyer so -- and so I --

13 MS. KING: Absolutely, your Honor.

14 THE COURT: Mrs. Shavers, if you'll raise your
15 right hand and be sworn in.

16 (The oath is administered to the witness.)

17 THE WITNESS: I have been vaccinated.

18 THE COURT: Okay. If you've been vaccinated,
19 you're allowed to remove your mask.

20 If you'll turn your mic on.

21 MS. KING: Thank you, your Honor.

22 DIRECT EXAMINATION OF ASHLEY SHAVERS

23 CALLED ON BEHALF OF THE PLAINTIFF

24 BY MS. KING:

25 Q. Good afternoon, Mrs. Shavers.

1 You've had a chance to hear your husband's
2 testimony, correct?

3 A. Yes, ma'am.

4 Q. Okay. Are you a trustee of a trust for your --

5 A. Yes, ma'am.

6 Q. For your dad?

7 A. Yes, ma'am.

8 Q. Okay. What is the value of that trust?

9 A. It's not much anymore. 120-something.

10 Q. \$120 or 120,000?

11 A. Thousand. Sorry.

12 Q. Okay. And when you say it's not much anymore, at some
13 point was it much more?

14 A. Yes, ma'am.

15 Q. And how much was it?

16 A. Well -- I apologize.

17 Q. I'm sorry?

18 A. I apologize.

19 Q. No. Take -- take a moment.

20 MS. MASSEY: May I approach, your Honor?

21 THE COURT: Yes. Please.

22 THE WITNESS: Thank you.

23 MS. MASSEY: Sure.

24 BY MS. KING:

25 Q. I don't know if there's water in these. Do you need

1 some water, Mrs. Shavers?

2 A. Yes, ma'am.

3 THE COURT: There should be some.

4 BY MS. KING:

5 Q. Okay. Take your time, please.

6 A. When he first went into memory care, he had an IRA that
7 was around \$200,000; and he owned a house that we sold for
8 340-something.

9 Q. Okay.

10 A. And the house money went straight into the trust.

11 Q. Okay.

12 A. And he also had a car, asset -- I mean, he had a lot of
13 money. He had over half a million dollars.

14 Q. At what -- and was there about a half a million dollars
15 in the trust?

16 A. No.

17 Q. Okay.

18 A. The trust had a checking and a savings so -- yes. I'm
19 sorry. Yes. There was about a half a million dollars in
20 the trust. And he also had a regular checking and savings
21 and he had money in there, as well, but I don't recall how
22 much.

23 Q. That's okay.

24 Around when was the trust worth about half a
25 million dollars?

1 A. Well, it's a little complicated because at first my
2 brother, David Snyder, he was the power of attorney.

3 Q. Okay.

4 A. And so he controlled a lot of it. But then he resigned
5 because my other brother, Jim Snyder, was kind of
6 pressuring him and, you know, just -- so I was second in
7 line to be POA.

8 Q. Okay.

9 A. And so that happened.

10 And my brother is a co-trustee, Jim Snyder, but I
11 don't think he really wanted to deal with it. And he lives
12 in Mexico half the time anyways, and so it was all on me
13 once my brother David resigned.

14 Q. Okay. And around when was that that the trust was
15 worth about half a million dollars?

16 A. I don't know.

17 Q. Was it a couple years ago?

18 A. Yes. Yes, ma'am.

19 Q. Okay. More than a couple?

20 A. Let's see. I think it was 2019.

21 Q. Okay. So about two years ago, it was still worth half
22 a million dollars?

23 A. I'm sorry. I can't hear you.

24 Q. I'm sorry.

25 About two years ago it was worth around half a

1 million dollars?

2 A. Yes, ma'am.

3 Q. Okay. And you said the trust is worth about \$120,000
4 now?

5 A. Well, the last time I went to the bank, after the
6 assets were frozen --

7 Q. Okay.

8 A. I have to pay on the -- or we have to pay on the 4th.
9 And so I just went to the bank and they gave me a deposit
10 receipt after I pulled out enough to pay his bill and it
11 was like 125 or twenty-nine. I'm not sure. I have the
12 paperwork at home --

13 Q. Okay.

14 A. -- from that.

15 Q. Okay. And you were able to pay your father's bill
16 directly?

17 A. So I had the bank give me a cashier's check.

18 Q. Okay.

19 A. And then I deposited it into his regular checking --

20 Q. Okay.

21 A. -- because Trendon told me that that's where they pull
22 from.

23 Q. Okay. And, again, I'm not actually asking anything
24 your husband told you. I'm just asking if you were able to
25 make the payment by going from the trust to the nursing

1 home or your father's account or whatever it is.

2 A. So I pulled from the trust.

3 Q. Okay.

4 A. And I also pulled out \$200 because he has to have
5 diapers and baby wipes and --

6 Q. Okay.

7 A. But then I deposited it into his checking.

8 Q. Okay. And you said you went to the bank. Did you have
9 online access to the trust account at any point?

10 A. No, ma'am.

11 Q. So you always went to the bank?

12 A. No, ma'am.

13 Q. Okay. How did you initiate transfers in the past?

14 A. I didn't.

15 Q. Who did?

16 A. My husband.

17 Q. In your capacity as trustee, were you aware of all of
18 the transfers out of your father's trust?

19 A. I started to be aware about a year or a year and a half
20 ago, because I used to get statements that came in the mail
21 and they stopped coming. And so I would go to Chase Bank
22 and I would say, you know, I'm not getting these. And they
23 didn't understand it. They were like it's supposed to come
24 on the 15th or 16th.

25 And I started to become aware because -- yes,

1 Alzheimer's, dementia, it's very expensive, but it's not
2 that expensive.

3 Q. Around how much is your father's care each month?

4 A. Well, he has had some episodes to where he'd have to go
5 to a mental hospital.

6 Q. Okay. I'm very, very sorry.

7 A. Around, monthly, no more than 6,000.

8 Q. Okay.

9 A. Unless he has to go to the hospital.

10 Q. Okay. And just so I'm sure I understand, when you were
11 talking about the transfers, you were talking about a
12 transfer from your father's trust to your father's checking
13 account, correct?

14 A. No. That was the one time after the assets were
15 frozen.

16 Q. Okay. Okay. And have you taken any loans from your
17 father's trust?

18 A. Never.

19 Q. Have you ever authorized a loan from your father's
20 trust?

21 A. Never.

22 Q. Okay. And before the asset freeze, where did -- how
23 did the money flow from the trust to -- ultimately to care
24 for your dad?

25 A. Okay. So when David resigned --

1 Q. Okay.

2 A. -- and I was immediately put in charge of so much, I
3 mean, I -- I'd never even used my computer unless I get on
4 Facebook. I didn't understand how to do everything. I
5 trusted my husband.

6 And so he said that --

7 Q. One -- I don't want to solicit anything.

8 A. Oh, I'm sorry. I'm sorry.

9 Q. No, no. Please don't apologize. I just -- I want to
10 make sure not to intrude on privilege. So I'm just asking
11 about how the funds flowed.

12 A. I don't know.

13 Q. Okay.

14 A. And I'm not allowed to ask.

15 Q. What do you mean?

16 A. Anytime I ask about what's going on, then I'm not
17 allowed grocery money.

18 Q. Okay. Okay.

19 A. And I have two boys still at home.

20 Q. Okay.

21 MS. KING: May I have a moment, your Honor?

22 THE COURT: Yes.

23 MS. KING: Thank you.

24 BY MS. KING:

25 Q. Mrs. Shavers --

1 A. Yes, ma'am.

2 Q. -- how -- other than the grocery money you just
3 mentioned, how does your family pay its monthly expenses?

4 A. I have no idea. I'm not allowed to ask.

5 Q. Okay. Not allowed to ask who?

6 A. My husband.

7 Q. Okay. What accounts does -- do you and your husband
8 have?

9 A. I don't have an account. I mean, we have a Wells Fargo
10 account. But before the asset freeze, I'm only allowed
11 money for groceries if -- if I don't upset him or bother
12 him or something.

13 Q. Okay. Do you know where the grocery funds come from?

14 A. I have no idea. I did try to go to Wells Fargo one day
15 and I took all my paperwork showing that I'm the power of
16 attorney and I wanted to see where the funds were going,
17 but I'm blocked from the accounts.

18 Q. Okay. Are you aware of whether your husband has any
19 overseas accounts?

20 A. No. I'm not aware.

21 Q. Okay. Are you aware of whether your husband has any
22 cryptocurrency accounts?

23 A. I'm not aware.

24 Q. Have you ever told anyone your husband has
25 cryptocurrency accounts?

1 A. Yes. Well, and I'm not sure, but I know he looks
2 online. We have like a little -- a Google Chromebook and
3 he always has those open, but I don't understand what they
4 mean. I don't.

5 Q. Okay. And do you and your husband have any attorneys
6 or accountants?

7 A. I do not.

8 Q. Okay. You've heard your -- you've heard your husband's
9 testimony. Is there anything you disagree with that you
10 heard that we haven't already addressed?

11 A. Plenty.

12 Q. Like what?

13 A. He's been in charge of my father's accounts, and
14 that's -- it kills me. And I try to bring it up to him,
15 but I'm not allowed to, and then I don't get grocery money.
16 My father is -- he means everything to me, and he's running
17 out of money.

18 Q. All right.

19 MS. KING: Your Honor, I don't have anything else
20 from Mrs. Shavers.

21 And I'm very sorry for any pain that my questions
22 caused you.

23 THE WITNESS: It's not you. It's not your doing.
24 You're fine.

25 THE COURT: Did you have any questions? If you

1 have them, just stand.

2 MS. KING: Thank you.

3 MR. SHAVERS: Yeah, I -- I'd just like to clarify
4 a couple things.

5 The transactions that she made most recently
6 was -- she actually went to the bank to do the transaction.
7 The rest of the time, the money is done through transfers
8 authorized by her into the account.

9 THE COURT: Well, do you have a question? Go
10 ahead and ask the question.

11 MR. SHAVERS: Yeah, yeah.

12 MS. KING: Objection.

13 THE COURT: No, he didn't do it in the form of a
14 question.

15 MR. SHAVERS: Okay. Well, there's just some
16 things -- I'm sorry. There's -- I --

17 THE COURT: Well, let me try to help you.

18 Ms. Shavers --

19 THE WITNESS: Yes, sir.

20 THE COURT: -- I don't know if you were here the
21 whole time during your husband's testimony, but he
22 indicated that these transfers were authorized by you so --
23 and he may have, in some cases, done the actual physical
24 process but you were always part of that.

25 THE WITNESS: Never.

1 THE COURT: Okay. Is that what you were trying to
2 clarify?

3 MR. SHAVERS: Yeah.

4 CROSS-EXAMINATION OF ASHLEY SHAVERS

5 BY MR. SHAVERS:

6 Q. At the beginning of every month, do you not ask me to
7 make sure money is transferred into your dad's account?

8 A. No.

9 Q. Do you -- do you take care of all of his bills and make
10 sure everything is paid?

11 A. No.

12 Q. How do you know that your dad gets money into his
13 accounts?

14 A. I trusted you.

15 Q. And has your dad always had money in his accounts?

16 A. Yes.

17 Q. And as far as the -- you do realize that you have an
18 account at Wells Fargo in your name and my name jointly.
19 It was originally your account, and you added me to it.

20 A. That's not accurate.

21 Q. It is accurate. You have a --

22 THE COURT: Well --

23 MR. SHAVERS: I'm sorry. I'm sorry.

24 THE COURT: Ask a question, not argument.

25 MR. SHAVERS: Sorry, sorry, sorry.

1 BY MR. SHAVERS:

2 Q. Are you in possession of a card by Wells Fargo that has
3 your name on it?

4 A. Yes.

5 Q. And does that account -- do you know when that account
6 was created?

7 A. No.

8 Q. Do you remember going to Wells Fargo with me and adding
9 me to the account?

10 A. That's not accurate.

11 MR. SHAVERS: That's all the questions I have.

12 THE COURT: You may step down, ma'am. Thank you.

13 THE WITNESS: Thank you.

14 (Excerpt of proceedings concluded.)

15 COURT REPORTER'S CERTIFICATION

16 I HEREBY CERTIFY THAT ON THIS DATE, JANUARY 24,
17 2021, THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE RECORD
18 OF PROCEEDINGS.

19

20 /s/
CHRISTINA L. BICKHAM, CRR, RDR

21

22

23

24

25