

**IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**-- against --**

**TRENDON T. SHAVERS AND BITCOIN  
SAVINGS AND TRUST,**

**Defendants.**

**CIVIL ACTION NO.  
4:13-CV-416 (RC) (ALM)**

**APPENDIX IN SUPPORT OF PLAINTIFF'S  
MOTION FOR SUMMARY JUDGMENT**

Dated: March 3, 2014  
New York, NY

Respectfully Submitted,

*/s/ Philip Moustakis*

PHILIP MOUSTAKIS (PM-1748)

Attorney for Plaintiff

SECURITIES AND EXCHANGE COMMISSION

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*\*not admitted in the E.D. Tex.*

**IN THE UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF TEXAS  
SHERMAN DIVISION**

**SECURITIES AND EXCHANGE COMMISSION,**

**Plaintiff,**

**-- against --**

**TRENDON T. SHAVERS AND BITCOIN  
SAVINGS AND TRUST,**

**Defendants.**

**CIVIL ACTION NO.  
4:13-CV-416 (RC) (ALM)**

**DECLARATION OF PHILIP MOUSTAKIS IN SUPPORT OF PLAINTIFF’S  
MOTION FOR SUMMARY JUDGMENT**

I, Philip Moustakis, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am over eighteen years of age and am employed by the Securities and Exchange Commission (“Commission”) as an attorney in the Division of Enforcement in the Commission’s New York Regional Office. I submit this declaration in support of the Commission’s Motion for Summary Judgment.

2. Attached hereto are true and correct copies of the following:

<u>Document</u>	<u>Ex. No.</u>
Attestations of Aimée Primeaux	1
Deposition of Trendon T. Shavers, dated Sept. 5, 2013, and exhibits thereto: <ul style="list-style-type: none"> <li>• Ex. 2: Bitcoin Forum thread: “Bitcoin Savings and Trust” (excerpted)</li> <li>• Ex. 4: Bitcoin Forum thread: “A day in the life of a pirate” (excerpted)</li> </ul>	2
Declaration of Nathan Hart, dated Feb. 15, 2013, and exhibits thereto: <ul style="list-style-type: none"> <li>• Ex. A: Nov. 3, 2011 solicitation for BTCST</li> <li>• Ex. B: Bitcoin Forum thread: “Bitcoin Savings and Trust” (excerpted)</li> </ul>	3
Declaration of James O’Shea, dated March 15, 2013	4

<ul style="list-style-type: none"> <li>• Ex. A: BTCST account history</li> </ul>	
Declaration of Daphne P. Downes, dated Feb. 26, 2014, and exhibits thereto: <ul style="list-style-type: none"> <li>• Ex. A: Flowchart for BTCST</li> <li>• Ex. B. Month-by-month analysis for BTCST</li> </ul>	5
Investigative subpoena to Trendon T. Shavers, dated Sept. 21, 2012	6
First Request to Defendants for Production of Documents, dated Oct. 9, 2013	7
Letter to Trendon T. Shavers, dated Nov. 7, 2013	8
Accounting of Trendon T. Shavers, dated Aug. 30, 2013, and related correspondence	9
Prejudgment interest calculation	10

Pursuant to 28 U.S.C. § 1746, I, Philip Moustakis, declare under penalty of perjury that the foregoing is true and correct.

Executed on: *March 3, 2014*  
 New York, New York

*Philip Moustakis*  
 \_\_\_\_\_  
 Philip Moustakis

# EXHIBIT 1





UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

*that:*

*A diligent search has this day been made of the records and files of this Commission and the records and files do not disclose that any registration statements have been received in this Commission, under the name of Bitcoin Savings & Trust, pursuant to the provisions of any of the Acts administered by the Commission.*

on file in this Commission

June 3, 2013

*Date*

AIMEE  
PRIMEAUX

Digitally signed by AIMEE PRIMEAUX  
DN: c=US, o=U.S. Government,  
ou=Securities and Exchange Commission,  
cn=AIMEE PRIMEAUX,  
0.9.2342.19200300.100.1.1=500010020831  
51  
Date: 2013.06.03 18:24:22 -04'00'

Aimée Primeaux, Branch Chief

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

*Elizabeth M. Murphy*  
Secretary



UNITED STATES OF AMERICA  
SECURITIES AND EXCHANGE COMMISSION

ATTESTATION

I HEREBY ATTEST

that:

*A diligent search has this day been made of the records and files of this Commission and the records and files do not disclose that any registration statements have been received in this Commission, under the names of First Pirate Savings & Trust or First Pirate Savings, pursuant to the provisions of any of the Acts administered by the Commission.*

on file in this Commission

June 3, 2013

*Date*

AIMEE  
PRIMEAUX

Digitally signed by AIMEE PRIMEAUX  
DN: c=US, o=U.S. Government, ou=Securities  
and Exchange Commission, cn=AIMEE  
PRIMEAUX,  
0.9.2342.19200300.100.1.1=#50001002083151  
Date: 2013.06.03 18:22:18 -04'00'

Aimée Primeaux, Branch Chief

It is hereby certified that the Secretary of the U.S. Securities and Exchange Commission, Washington, DC, which Commission was created by the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is official custodian of the records and files of said Commission, and all records and files created or established by the Federal Trade Commission pursuant to the provisions of the Securities Act of 1933 and transferred to this Commission in accordance with Section 210 of the Securities Exchange Act of 1934, and was such official custodian at the time of executing the above attestation, and that he/she, and persons holding the positions of Deputy Secretary, Assistant Director, Records Officer, Branch Chief of Records Management, and the Program Analyst for the Records Officer, or anyone of them, are authorized to execute the above attestation.

For the Commission

*Elizabeth M. Murphy*  
Secretary

# EXHIBIT 2

TRENDON T SHAVERS  
SEC vs. SHAVERS

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<p>1 UNITED STATES DISTRICT COURT 2 EASTERN DISTRICT OF TEXAS 3 SHERMAN DIVISION</p> <p>4 SECURITIES AND EXCHANGE ) 5 COMMISSION )</p> <p>6 VS ) CASE NO. 4:13-CV-416</p> <p>7 TRENDON T SHAVERS AND ) 8 BITCOIN SAVINGS AND TRUST ) 9 Defendant. )</p> <hr/> <p>10 ORAL DEPOSITION OF 11 TRENDON T SHAVERS 12 SEPTEMBER 5, 2013</p> <hr/> <p>15 ORAL DEPOSITION OF TRENDON T SHAVERS, 16 produced as a witness duly sworn by me at the 17 instance of the Plaintiff, was taken in the above 18 styled and numbered cause on the 5th day of 19 September, A.D., 2013 from 9:20 a.m. to 5:10 p.m., 20 before Kellie L. Rowbotham, CSR in and for the State 21 of Texas, reported by stenographic means, at the 22 offices of the U.S. Courthouse, located at 7940 23 Preston Road, Plano, Texas 75024, pursuant to the 24 Federal Rules of Civil Procedure and the provisions 25 stated on the record or attached hereto.</p>	
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<p>1 APPEARANCES</p> <p>2</p> <p>3 FOR THE PLAINTIFF:</p> <p>4 Mr. Philip R. Moustakis 5 Ms. Daphne Downes 6 UNITED STATES SECURITIES And EXCHANGE COMMISSION 7 New York Regional Office 8 3 World Financial Center 9 Suite 400 10 New York, NY 10281-1022 11 (212) 336-0542 12 moustakis@sec.gov</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	
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TRENDON T SHAVERS  
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1 PROCEEDINGS  
2 (On the record at 9:20 a.m.)  
3 TRENDON SHAVERS,  
4 having been first duly sworn, testified as follows:  
5 EXAMINATION  
6 BY MR. MOUSTAKIS:  
7 Q Mr. Shavers, would you please state and  
8 spell your complete name for the record?  
9 A Trendon T Shavers. It's T-r-e-n-d-o-n T  
10 Shavers, S-h-a-v-e-r-s.  
11 Q What's your middle name?  
12 A T.  
13 Q T is the entire middle name?  
14 A No dot.  
15 Q No dot?  
16 A No dot.  
17 Q Okay. I'm sure there's a story behind that  
18 I'd like to learn later. And, Mr. Shavers, you are  
19 not represented by counsel today; is that correct?  
20 A Correct.  
21 Q Now, I'm going to ask you questions, and I  
22 may speak more slowly than seems natural. I may seem  
23 kind of like the crazy guy on the subway that you  
24 don't want to talk to but is talking to you, and  
25 that's because I need to make sure that Ms. Rowbotham

Page 6

1 can get everything down. And because we're making a  
2 record, I ask that you bear that in mind as well and  
3 answer the questions orally, not by nodding or  
4 shaking the head or making other gestures. Is that  
5 clear?  
6 A Yes.  
7 Q If I ask any questions that are unclear, you  
8 can say so, and I'll attempt to rephrase. But  
9 ultimately you're here to answer the questions that  
10 we put to you.  
11 If at any time you need a bathroom  
12 break, please speak up. It's not intended to be, you  
13 know, some sort of torture. It's a just a  
14 deposition. Can you give your date of birth, please?  
15 A 09/21/82.  
16 Q And your home address?  
17 A 2305 South Custer, McKinney, Texas 75070.  
18 Q Any apartment number?  
19 A Yes. 1507.  
20 Q And how long have you been at that address?  
21 A It will be four years in August.  
22 Q And have you lived there continually for  
23 four years come August?  
24 A I'm sorry?  
25 Q Have you lived there continually for the

Page 7

1 last four years?  
2 A Yes.  
3 Q I'm sorry. I'm unclear on something. It's  
4 September now.  
5 A Okay. So it was four years August.  
6 Q Okay. So you moved into your South Custer  
7 Road address in or about August of 2009?  
8 A It was in August. So without checking, that  
9 would have to be correct because we signed an initial  
10 lease, another lease, and this is August. So it's  
11 been four years.  
12 Q Okay. And have you lived anywhere else part  
13 time or on any sort of part-time basis during those  
14 four years?  
15 A Lived, no. I stayed with my parents during  
16 the time I was -- had to be away from my wife, but  
17 yeah.  
18 Q But otherwise your home address has been the  
19 South Custer Road address?  
20 A Correct.  
21 Q And where did you live prior to South Custer  
22 Road?  
23 A 2812 Glen Hollow Drive. And that's  
24 McKinney, Texas 75070.  
25 Q And for how long were you at the 2812 Glen

Page 8

1 Hollow Drive address?  
2 A Two-and-a-half years.  
3 Q So approximately two-and-a-half years?  
4 A Yes.  
5 Q With whom, if anybody, do you reside at the  
6 South Custer Road address?  
7 A My wife and two boys.  
8 Q And what's your wife's name?  
9 A Ashley Shavers.  
10 Q And the ages of the boys?  
11 A Ten.  
12 Q They're twins?  
13 A Or eleven. Yeah, twins.  
14 Q Twins, eleven-year-olds?  
15 A Yes.  
16 Q How long have you been married?  
17 A Oh, man, seven years.  
18 Q Has your wife used your last name all seven  
19 years?  
20 A Yes.  
21 Q And what's her maiden name?  
22 A Snyder.  
23 Q Can you spell that for us?  
24 A Her maiden -- yeah. Her maiden name would  
25 be Snyder, S-n-y-d-e-r.



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1 Q Did you live with your wife and the two boys  
2 at the 2812 Glen Hollow Drive address?  
3 A Yes.  
4 Q Does anyone else other than your wife and  
5 the two boys reside with you at the South Custer Road  
6 address?  
7 A No.  
8 Q Did anyone other than your wife and the two  
9 boys reside with you at the Glen Hollow Drive  
10 address?  
11 A No.  
12 Q Are you familiar with an address 209 Falling  
13 Water Drive, McKinney?  
14 A Not that I'm aware of.  
15 Q Have you ever lived at 209 Falling Water  
16 Drive, McKinney, Texas?  
17 A No.  
18 Q Do you know anyone who has?  
19 A I don't know that address.  
20 Q You have no familiarity with that address?  
21 A No.  
22 Q Have you ever used that address for any  
23 purpose?  
24 A Not that I recall. I mean, no, not that I  
25 recall.

Page 10

1 Q What's the highest level of education you've  
2 attained?  
3 A High school.  
4 Q Did you do any college work?  
5 A Certification work. But nothing with a  
6 four-year college.  
7 Q What kind of certification work?  
8 A Computers.  
9 Q Can you give us some more detail? Where did  
10 you go? What was the certification for? How long  
11 was the program? What did you study?  
12 A I started network engineering. Basically  
13 network engineering. And I got just different  
14 certifications required for doing server  
15 administration, server build-outs, that kind of  
16 stuff. That's what I did as soon as I left high  
17 school.  
18 Q How many certifications do you have?  
19 A Five.  
20 Q Okay. Tell us what they are.  
21 A A+, CNE, CCNA, CCIE and MCSC.  
22 Q So for somebody who's not computer literate,  
23 what is an A+ certification?  
24 A It's working on the hardware of computers.  
25 Q And where did you get the certification?

Page 11

1 A It's a course you take. CompTIA is the  
2 company that handles the certifications for any techs  
3 that work on computers.  
4 Q Can you spell the company's name?  
5 A C-o-m-p-T-I-A.  
6 Q Is this an educational institution CompTIA?  
7 A No. It's just a certification company that  
8 you have to take the tests through to become  
9 certified.  
10 Q And does CompTIA administer the tests  
11 online?  
12 A I took it inside. They hadn't gone online  
13 at the time. This was many years ago.  
14 Q So where was the facility?  
15 A It was in Midland, Texas.  
16 Q Does CompTIA still exist?  
17 A Oh, yeah.  
18 Q Do you remember the year you got your A+  
19 certification?  
20 A Huh-uh.  
21 Q Was it in the last five years?  
22 A No.  
23 Q Last ten years?  
24 A Last fifteen years.  
25 Q And to those of us who aren't computer

Page 12

1 literate, what's a CNE certification?  
2 A It's Certified Novell Expert. So Novell is  
3 a platform that runs for database in schools. It's  
4 run through Novell, and it was used a long time ago.  
5 But every once in a while it comes to -- you need it  
6 for certain database work.  
7 Q And did you get that certification also from  
8 CompTIA?  
9 A No. That was done through -- that was done  
10 through a school program in high school.  
11 Q So you received the CNE certification when  
12 you were still matriculated in high school?  
13 A Yes.  
14 Q What high school did you go to?  
15 A It was Robert E. Lee in Plano -- I mean in  
16 Midland, Texas.  
17 Q And what year did you graduate?  
18 A 2001.  
19 Q And so you took some sort of computer course  
20 at Robert E. Lee High School, and it resulted in a  
21 CNE certification?  
22 A Right, as well as Cisco's.  
23 Q The CCNA?  
24 A CCNA and CCIE.  
25 Q Okay. Those are additional certifications



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<p style="text-align: right;">Page 13</p> <p>1 that you got while in high school?</p> <p>2 A Yes.</p> <p>3 Q At Robert E. Lee?</p> <p>4 A Yes.</p> <p>5 Q And, again, for those of us who aren't</p> <p>6 computer literate, what's a CCNA certification?</p> <p>7 A I finished those when I was here, when I</p> <p>8 came back here. I was only in Midland for two years.</p> <p>9 When I came back, that's when I finished those. So I</p> <p>10 actually got those here.</p> <p>11 Q What do you mean "here"?</p> <p>12 A When I was in McKinney.</p> <p>13 Q Okay. So let's back up. What is a CCNA</p> <p>14 certification?</p> <p>15 A It's a Cisco Certified Network Engineer.</p> <p>16 Q And a CCIE certification?</p> <p>17 A Cisco Certified Equipment Engineer? I'm not</p> <p>18 for sure on that.</p> <p>19 Q And when did you finally get those</p> <p>20 certifications?</p> <p>21 A My senior year in McKinney.</p> <p>22 Q Senior year of high school?</p> <p>23 A Yes.</p> <p>24 Q Where did you graduate from?</p> <p>25 A McKinney High.</p>	<p style="text-align: right;">Page 15</p> <p>1 A Correct.</p> <p>2 Q In McKinney, Texas?</p> <p>3 A Correct.</p> <p>4 Q You received your CNE certification from</p> <p>5 Robert E. Lee High School in Midland?</p> <p>6 A Yes.</p> <p>7 Q And you received your CCNA and your CCIE</p> <p>8 certifications from McKinney High School?</p> <p>9 A Correct.</p> <p>10 Q And what is the MCSE certification?</p> <p>11 A It's Microsoft Systems -- Microsoft</p> <p>12 Certified Systems Engineer.</p> <p>13 Q And where and when did you receive that</p> <p>14 certification?</p> <p>15 A In my sophomore year in Midland, Texas.</p> <p>16 Q Your sophomore year of high school?</p> <p>17 A Yes.</p> <p>18 Q What is your current employment, if any?</p> <p>19 A None.</p> <p>20 Q Do you have a job you'll be starting soon?</p> <p>21 A Yes.</p> <p>22 Q And where is that?</p> <p>23 A It's with Support.com.</p> <p>24 Q Is the name of the company Support.com?</p> <p>25 A Yes.</p>
<p style="text-align: right;">Page 14</p> <p>1 Q So you started high school at Robert E. Lee</p> <p>2 in Midland, Texas?</p> <p>3 A No. I started in McKinney. I went a year,</p> <p>4 moved to Midland, two years there, and then came back</p> <p>5 and finished in McKinney.</p> <p>6 Q Gotcha. So you received the CNE</p> <p>7 certification freshman year of high school in</p> <p>8 Midland -- I mean, sophomore or junior year of high</p> <p>9 school in Midland?</p> <p>10 A Say that again.</p> <p>11 Q Let's back up. You started high school in</p> <p>12 McKinney.</p> <p>13 A Correct.</p> <p>14 Q Did you do the entire first year in</p> <p>15 McKinney?</p> <p>16 A Yes.</p> <p>17 Q And then you did your second and third years</p> <p>18 of high school at Robert E. Lee in Midland, correct?</p> <p>19 A Correct.</p> <p>20 Q The entire second and third years?</p> <p>21 A I believe so. If it wasn't, it was like</p> <p>22 months in my junior year.</p> <p>23 Q So either for senior year or for senior year</p> <p>24 plus the latter months of your junior year of high</p> <p>25 school you went back to McKinney High School?</p>	<p style="text-align: right;">Page 16</p> <p>1 Q And when is it you're starting the job?</p> <p>2 A The 18th.</p> <p>3 Q The 18th of September?</p> <p>4 A Yes.</p> <p>5 Q And what is your position title going to be?</p> <p>6 A Remote services technician.</p> <p>7 Q Is this a full-time position?</p> <p>8 A Yes.</p> <p>9 Q And where are Support.com's offices located?</p> <p>10 A I don't know.</p> <p>11 Q How did you interview for the position?</p> <p>12 A Online.</p> <p>13 Q Where did you find the -- did you apply in</p> <p>14 response to a job posting?</p> <p>15 A No.</p> <p>16 Q So you knew of the company and applied to</p> <p>17 them directly?</p> <p>18 A Yes.</p> <p>19 Q How long have you been without work?</p> <p>20 A Without working with a company?</p> <p>21 Q Without working for somebody else.</p> <p>22 A Four years.</p> <p>23 Q <u>Are you currently self employed?</u></p> <p>24 A <u>Yes.</u></p> <p>25 Q <u>And what is your self employment?</u></p>



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TRENDON T SHAVERS  
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17-20

Page 17

1 A Currency trading.  
 2 Q And for how long have you been self employed  
 3 doing currency trading?  
 4 A Two years.  
 5 Q And what platforms do you trade currency?  
 6 A "Platforms" meaning?  
 7 Q Do you have an online account with a  
 8 currency trading exchange or forex exchange?  
 9 A I deal in virtual currencies.  
 10 Q Which virtual currencies?  
 11 A Bitcoin.  
 12 Q Any others?  
 13 A No.  
 14 Q So for two years you've been self employed  
 15 as a currency trader trading bitcoin?  
 16 A Correct.  
 17 Q And what currencies are you trading bitcoin  
 18 for?  
 19 A U.S. dollar.  
 20 Q Any other currencies?  
 21 A No.  
 22 Q Never traded bitcoin in the last two years  
 23 for yen?  
 24 A No.  
 25 Q Or yuan?

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1 A No.  
 2 Q Or euros?  
 3 A No.  
 4 Q Or rubles?  
 5 A No.  
 6 Q Only U.S. dollars?  
 7 A Only U.S. dollars.  
 8 Q Are you currently employed in your bitcoin  
 9 currency trading?  
 10 A No.  
 11 Q No?  
 12 A No.  
 13 Q When did you stop trading bitcoin?  
 14 A When the SEC froze my assets.  
 15 Q How did you trade bitcoin?  
 16 A Locally.  
 17 Q What do you mean when you say "locally"?  
 18 A There's a website called LocalBitcoins.com  
 19 that you can find local people willing to trade cash  
 20 for coins or coins for cash.  
 21 Q Meaning U.S. dollars for bitcoins and  
 22 bitcoins for U.S. dollars?  
 23 A Correct.  
 24 Q And so do you use the website  
 25 LocalBitcoins.com to arrange in-person meetings with

Page 19

1 people for purposes of trading bitcoins for U.S.  
 2 dollars and U.S. dollars for bitcoin, or are you  
 3 meeting people online?  
 4 A Both.  
 5 Q And when did you first start your  
 6 bitcoin-for-U.S.-dollars currency trading?  
 7 A Around February 2011.  
 8 Q And when did you stop your bitcoin currency  
 9 trading?  
 10 A When the SEC froze my assets.  
 11 Q So was that the last week of July, 2013?  
 12 A If that's when it happened, yes.  
 13 Q And you haven't traded any bitcoins for U.S.  
 14 dollars or U.S. dollars for bitcoin since the Court's  
 15 Asset Freeze Order in this case?  
 16 A Correct.  
 17 Q The currency trading activity that you  
 18 engaged in from February, 2011 through July, 2013,  
 19 was that with your own assets, your own bitcoin and  
 20 your own U.S. dollars?  
 21 A Through the entire time?  
 22 Q Yes.  
 23 A No.  
 24 Q Were any of the bitcoins or U.S. dollars  
 25 your own?

Page 20

1 A Yes.  
 2 Q Did you trade on behalf of others?  
 3 A Yes.  
 4 Q For whom did you trade?  
 5 A A collection of friends that wanted to make  
 6 money with me borrowing their coins.  
 7 Q You say, "a collection." How many friends?  
 8 A Approximately thirty.  
 9 Q Are these individuals that you knew  
 10 personally?  
 11 A Some.  
 12 Q Are these individuals that you met online?  
 13 A Yes.  
 14 Q Did you meet all thirty something online?  
 15 A Yes.  
 16 Q Did you know all of them by online user  
 17 names?  
 18 A Yes.  
 19 Q Did you know all of them by their real  
 20 names?  
 21 A No.  
 22 Q Did you know any of them by their real  
 23 names?  
 24 A Yes.  
 25 Q Who did you know by their real names?



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Page 21	Page 23
1 A Daniel Peebles.	1 A Yes.
2 Q Can you spell the last name for the	2 Q And was Mr. Wagner there?
3 reporter?	3 A Yes.
4 A P-e-e-b-l-e-s.	4 Q And was that the first time you met him?
5 Q Anyone else?	5 A Yes.
6 A Burt Wagner.	6 Q And where does Mr. Wagner live?
7 Q Burt?	7 A I couldn't tell you.
8 A Burt Wagner.	8 Q Who else did you meet in Las Vegas during
9 Q W-a-g-n-e-r?	9 DEF CON in 2012?
10 A Yes.	10 A Gigavps.
11 Q Any others?	11 Q Can you spell that for the reporter?
12 A The rest of them were just by first name.	12 A G-i-g-a-v-p-s.
13 Q And Daniel Peebles, what was his online user	13 Q That's this individual's online user name?
14 name?	14 A Correct.
15 A Copumpkin.	15 Q And the name he used for you when lending
16 Q And Burt Wagner, his online user name?	16 bitcoin for the purposes of currency trading?
17 A Bwagner.	17 A Correct.
18 Q Where does Mr. Peebles live?	18 Q Do you know his real name?
19 A I believe Seattle.	19 A James is all I know.
20 Q Have you ever met Mr. Peebles?	20 Q Do you know where he lives?
21 A Yes.	21 A Florida.
22 Q Where did you meet him?	22 Q Do you know where in Florida?
23 A Las Vegas.	23 A No.
24 Q When?	24 Q Did you meet any of your other lenders,
25 A It was during last year's DEF CON. I'd have	25 currency trading lenders, when you were in Las Vegas
Page 22	Page 24
1 to look at my calendar to know.	1 in 2012?
2 Q So during 2012?	2 A Yes.
3 A Yes.	3 Q Who?
4 Q A DEF CON meeting in 2012?	4 A Reeses.
5 A Correct.	5 Q R-e-e-s-e-s?
6 Q In Las Vegas?	6 A Correct.
7 A Yes.	7 Q Anyone else?
8 Q You were also in Las Vegas?	8 A Goat.
9 A Yes.	9 Q G-o-a-t?
10 Q And so was Daniel Peebles?	10 A Yes.
11 A Yes.	11 Q Anyone else?
12 Q And you met them?	12 A There were others. I just don't have that
13 A Yes.	13 information with me.
14 Q Were you there for the DEF CON conference?	14 Q And "Reeses" is an online user name?
15 A No.	15 A Yes.
16 Q Were you there for some other purpose?	16 Q And the user name that this individual used
17 A Just to meet -- meet the core friends. We	17 with you when lending you bitcoin for the purposes of
18 all got together and decided to meet each other.	18 currency trading?
19 Q When you say, "the core friends," you mean	19 A Yes.
20 individuals who lent you bitcoin for the purposes of	20 Q Did you know Reeses' real name?
21 currency trading?	21 A I believe it was Art, A-r-t.
22 A Correct.	22 Q Last name?
23 Q And Mr. Peebles was there?	23 A No idea.
24 A Correct.	24 Q And Goat -- Goat was an online user name
25 Q And that was the first time you met him?	25 that the individual used with you?



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1 A Yes.  
2 Q And did you know Goat's real name?  
3 A Chaang.  
4 Q Can you spell that?  
5 A C-h-a-a-n-g.  
6 Q Uh-huh. And his last name? Was it Noi,  
7 N-o-i?  
8 A Yes.  
9 Q And where does Reeses live, or where did he  
10 live when you met him in 2012?  
11 A I think Flor -- I believe it was Florida.  
12 Q Where in Florida?  
13 A I don't know.  
14 Q And Chaang Noi, or Goat, where does he live?  
15 A South Korea or -- let me see. Thailand.  
16 Q Chaang Noi lives in Thailand?  
17 A I believe so.  
18 Q Is Reeses' real name Art Taylor?  
19 A That sounds familiar, yes.  
20 Q Is that his real name?  
21 A To the best of my knowledge.  
22 Q And G-i-g-a-v-p-s, Gigavps, is his real name  
23 James Gibson?  
24 A Yes.  
25 Q I'm going to ask the reporter to mark an

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1 exhibit as Exhibit 1, a series of records from  
2 Woodforest Bank with the Bates numbers Woodforest  
3 000001 through 000068.  
4 (Exhibit 1 marked.)  
5 Q Mr. Shavers, why don't you take a quick look  
6 through it, familiarize yourself with it. I'm going  
7 to find the page I'm looking for. These are in  
8 chronological order and not reverse. Sorry.  
9 Okay. Mr. Shavers, turning your  
10 attention to Woodforest 000044 through 45, would you  
11 take a look at some of the transactions there and let  
12 me know if that refreshes your recollection as to  
13 when you were in Las Vegas in 2012.  
14 A So it was the 25th through the 28th of July.  
15 Q Turning your attention to 000045 --  
16 A Okay. Then it's the 28th through the --  
17 because it's... Oh, yeah. The 26th -- 28th through  
18 the 31st.  
19 Q Okay. Mr. Shavers, directing your attention  
20 to the page ending in 44, there's a line item for  
21 July 25th that appears to be a point of sale debit  
22 charge at the New York Hotel & Casino in Las Vegas,  
23 Nevada. Does that refresh your recollection as to  
24 whether you were in Las Vegas, Nevada on July 25th,  
25 2012?

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1 A I think that was just booking a room because  
2 the Spirit Airlines Onboard, that's whenever I paid  
3 my baggage to get on board.  
4 Q I see. So then on July 28th there's an ATM  
5 withdraw at the New York-New York Las Vegas, Nevada  
6 Hotel.  
7 A Correct?  
8 Q Do you see that?  
9 A Yes.  
10 Q So you were in Las Vegas at least by July  
11 28th, 2012?  
12 A Correct.  
13 Q And you're saying you were there at least  
14 through July 31st?  
15 A Correct.  
16 Q Do you remember staying only about three  
17 days?  
18 A Yeah. It was -- no. The 31st.  
19 Q Okay. And do you remember staying only  
20 about three days?  
21 A Yes. It was only supposed to be two, but I  
22 missed my flight.  
23 Q So it was when you were in Las Vegas -- so  
24 just to -- sorry. Backing up. Just to be clear, you  
25 were in Las Vegas the last week of July -- the last

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1 few days of July of 2012?  
2 A Correct.  
3 Q And it was when you were in Las Vegas in the  
4 last few days of July of 2012 that you met Daniel  
5 Peebles, Burt Wagner --  
6 A James Gibson and Art Taylor.  
7 Q -- James Gibson and Art Taylor?  
8 A Correct.  
9 Q And Daniel Peebles you also know as  
10 Copumpkin?  
11 A Correct.  
12 Q And Mr. Wagner you also known as Bwagner?  
13 A Correct.  
14 Q And Art Taylor you also know as Reeses?  
15 A Correct.  
16 Q And James Gibson you also know as Gigavps?  
17 A Correct.  
18 Q Did you meet Goat when you were in Las Vegas  
19 in July of 2012?  
20 A Yes.  
21 Q Is there anyone else that you met among your  
22 thirty lenders for your bitcoin currency trading?  
23 A Smickles.  
24 Q You can you spell that, please?  
25 A S-m-i-c-k-l-e-s.



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1 Q And was Smickles one of your bitcoin  
2 currency trading investors?  
3 A Yes.  
4 Q And do you know of Smickles' real name?  
5 A No.  
6 Q That was his online name?  
7 A Yeah.  
8 Q And do you know where Smickles lived?  
9 A No.  
10 Q Anyone else?  
11 A There were others at the table. I'm just  
12 trying to think of the night we all had dinner  
13 together.  
14 Q Where did you-all have dinner together?  
15 A At Gallagher's?  
16 Q It's a steakhouse?  
17 A Yes.  
18 Q And so you were at the same table with all  
19 the individuals we've discussed so far; Daniel  
20 Peebles, Burt Wagner, Art Taylor, James Gibson and  
21 Chaang Noi?  
22 A Yes.  
23 Q And also Smickles?  
24 A Smickles.  
25 Q But Smickles' real name you don't know?

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1 A No.  
2 Q Anyone else at that table?  
3 A There were others. I just don't recall the  
4 names.  
5 Q How many people were at the table?  
6 A Approximately eleven.  
7 Q Any other bitcoin currency trading investors  
8 of yours?  
9 A Yes.  
10 Q But you don't remember their names?  
11 A No.  
12 Q And all of these individuals that we've  
13 discussed so far invested bitcoin with you on or  
14 between February, 2011 and July, 2013?  
15 A Correct.  
16 Q Do you currently hold any professional  
17 licenses?  
18 A No.  
19 Q Have you ever?  
20 A No.  
21 Q Have you ever been registered with the  
22 Securities and Exchange Commission in any capacity?  
23 A No.  
24 Q Have you ever worked for an employer that,  
25 to your knowledge, was registered with the Securities

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1 and Exchange Commission in any capacity?  
2 A Not to my knowledge.  
3 Q So going back to this July, 2012 dinner at  
4 Gallagher's restaurant, were your bitcoin currency  
5 trading activities discussed at that dinner?  
6 A No.  
7 Q Not at all?  
8 A No.  
9 Q The individuals that we've discussed so far;  
10 Daniel Peebles, Burt Wagner, James Gibson, Art  
11 Taylor, Smickles, Chaang Noi, what form did their  
12 investments take?  
13 A Bitcoin.  
14 Q Strictly bitcoin?  
15 A Yes.  
16 Q Did any of them ever invest U.S. dollars?  
17 A No.  
18 Q Or any other currency?  
19 A No.  
20 Q And did you promise returns to them based on  
21 their investments?  
22 A (No response.)  
23 Q Let me rephrase. Did you promise returns to  
24 these individuals based on your bitcoin currency  
25 trading activities?

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1 A Yes.  
2 Q Meaning you promised to give them their  
3 money back and then some more, right?  
4 A Yes.  
5 Q And in what form did you promise these  
6 returns? Bitcoin or U.S. dollars or both?  
7 A Bitcoin.  
8 Q Bitcoin?  
9 A Bitcoin.  
10 Q Solely bitcoin?  
11 A Correct.  
12 Q For all of the investors that we've  
13 discussed so far?  
14 A Yes.  
15 Q Did you ever pay any of them returns in U.S.  
16 dollars?  
17 A No.  
18 Q So none of the individuals we've discussed  
19 so far invested with you with U.S. dollars, and none  
20 of them received any funds from you in U.S. dollars  
21 as returns, right?  
22 A Correct.  
23 Q Everything was bitcoin?  
24 A Correct.  
25 Q The currency trading activities we've



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1 discussed so far, Mr. Shavers, are we talking about  
 2 the activity of First Pirate Savings & Trust?  
 3 A We're talking about me. That's a website.  
 4 Q Well, let me try another way. Have you ever  
 5 been known by any name other than Trinity Shavers?  
 6 A Yes.  
 7 Q What names?  
 8 A Pirateat40.  
 9 Q Can you spell that for the reporter?  
 10 A P-i-r-a-t-e-a-t-4-0.  
 11 Q Four-zero?  
 12 A Four-zero.  
 13 Q And is that an online name?  
 14 A Yes.  
 15 Q And for how long have you used that online  
 16 name?  
 17 A Ten years.  
 18 Q Perhaps as early as 2003?  
 19 A Yes.  
 20 Q Have you ever used any other online name in  
 21 that period?  
 22 A Yes.  
 23 Q What names?  
 24 A Tshavers.  
 25 Q Any others?

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1 A Not that I recall.  
 2 Q Have you ever used the name Don Shrents?  
 3 A Yes.  
 4 Q For what purpose?  
 5 A It's an anagram for my name.  
 6 Q Okay. For what purposes did you use the  
 7 name Don Shrents?  
 8 A Registrations, anonymous e-mails.  
 9 Q What do you mean when you say  
 10 "registrations"?  
 11 A When I'm registering for a website or doing  
 12 anything that requires -- it asks for a name but it's  
 13 more spam, I'd use that name instead of my name so  
 14 they can't look up my name and spam me.  
 15 Q And what do you mean when you say,  
 16 "anonymous e-mail"?  
 17 A When you send an e-mail, your name -- or  
 18 whatever you give your name -- shows up on the  
 19 incoming e-mail, and I would use "Don Shrents" if I  
 20 didn't want somebody to know my name.  
 21 Q And in what circumstances might you not want  
 22 somebody to know your name?  
 23 A Craigslist.  
 24 Q Any others?  
 25 A Lots of places online. I mean, it's mostly

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1 an online deal.  
 2 Q Did you do any bitcoin-related activity on  
 3 Craigslist?  
 4 A Yes.  
 5 Q What?  
 6 A Bought and sold bitcoins.  
 7 Q How?  
 8 A You make a posting about bitcoins, that you  
 9 have bitcoins or looking for bitcoins, and people  
 10 send you e-mails, and you meet up, and they buy them  
 11 for cash, and you switch back and forth.  
 12 Q And when you say, "meet up," you mean meet  
 13 up online?  
 14 A No. Meet up in person.  
 15 Q But you can't hand somebody a bitcoin.  
 16 A Oh, yeah.  
 17 Q What do you mean, "oh, yeah"?  
 18 A I've got tons of little coins I can hand out  
 19 to different people. Plus everything is done  
 20 normally with a phone. You just take a picture of a  
 21 bar code and transfer it back and forth.  
 22 Q Explain that process to us.  
 23 A I meet you at a Wal-mart parking lot. You  
 24 hand me \$1,000 in cash, and I pay you using my phone  
 25 to scan a QR code on your phone that sends coins to

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1 your wallet. I transfer them, however much -- we  
 2 worked out a price on how much, ten coins, twenty  
 3 coins. I hit send. It's sent to you. You verify  
 4 you received it, and I leave with the money. You  
 5 leave with the coins.  
 6 Q So when you say handing somebody bitcoin,  
 7 you mean doing it through that process?  
 8 A Yeah. Or you could have the physical  
 9 bitcoins.  
 10 Q What's a physical bitcoin?  
 11 A Casascius creates physical bitcoins that  
 12 have the private key written on them that are worth a  
 13 bitcoin, ten bitcoins, a hundred bitcoins, a thousand  
 14 bitcoins, and you can actually hand them to somebody.  
 15 They can check the code on the front that -- to make  
 16 sure that that address has the coins. But until you  
 17 peel off the sticker and put in the private key, the  
 18 coins are held on the blockchain but on that coin.  
 19 Q They're really held at the address that's on  
 20 that coin.  
 21 A Correct.  
 22 Q The coin is doing nothing but conveying the  
 23 address and the private key?  
 24 A It's basically the same thing as a security  
 25 number on a bill.



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1 Q And what websites have you used the name  
 2 Pirateat40?  
 3 A eBay, Craigslist, LocalBitcoins.com.,  
 4 Bitcointalkforum.  
 5 Q Is that Bitcointalk.org?  
 6 A -- forum.org, yes.  
 7 Q Also known as the Bitcoin Forum?  
 8 A Yes.  
 9 Q Did you use Pirateat40 for internet relay  
 10 chat or IRC?  
 11 A Yes.  
 12 Q Anything else?  
 13 A A domain, Pirateat40.com.  
 14 Q You registered the domain "Pirateat40.com"?  
 15 A Correct. I mean, there's a bunch of  
 16 websites that I use it on, but I don't know the names  
 17 of all of them.  
 18 Q Did you ever do anything with the domain  
 19 Pirateat40.com?  
 20 A No. I just use it for e-mail.  
 21 Q When did you register it?  
 22 A I don't know an exact date.  
 23 Q Was it at least as early as February, 2011?  
 24 A No.  
 25 Q It was after February, 2011?

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1 A Yeah. I don't know. It's easy to look up.  
 2 I just don't have that information.  
 3 Q Do you still control the domain name  
 4 Pirateat40.com?  
 5 A Yes.  
 6 Q Now, you first used the name "Pirateat40" on  
 7 the internet as early as 2003, and you continue to  
 8 use it to this day?  
 9 A Yes. For login basically, yeah. Yes.  
 10 Q And your user name on the bitcoin forum was  
 11 "Pirateat40"?  
 12 A Yes.  
 13 Q When did you first begin going to the  
 14 website Bitcoin Forum?  
 15 A In -- the first time I ever went was in the  
 16 early part of 2010, but bitcoin wasn't real big then.  
 17 So I didn't do much on it.  
 18 Q Did you create a user name and password for  
 19 the Bitcoin Forum in early 2010?  
 20 A No. It wasn't until later.  
 21 Q When?  
 22 A I don't have that information.  
 23 Q At least as early as February of 2011?  
 24 A I don't know for sure.  
 25 Q Does Bitcoin Forum require a user name and

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1 password to post messages?  
 2 A Yes.  
 3 Q And at some point in time did you create a  
 4 user name and password for the Bitcoin Forum?  
 5 A Yes.  
 6 Q And your user name was "Pirateat40,"  
 7 Correct?  
 8 A Yes.  
 9 Q Did you ever share your password for the  
 10 Bitcoin Forum with anyone?  
 11 A Yes.  
 12 Q Whom?  
 13 A Multiple servers had access to it to post  
 14 messages.  
 15 Q What does that mean?  
 16 A Just automated systems that can post  
 17 messages. And then two of my larger investors had  
 18 access to it.  
 19 Q Who were the investors to whom you gave the  
 20 bitcoin -- your password for the Bitcoin Forum?  
 21 A There's no names. Just online identities.  
 22 Q What are their online identities?  
 23 A I'd have to look through -- I'd have to look  
 24 through documents, if I could even find them. All of  
 25 our talk and work was done over the Tor network,

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1 which is not recoverable.  
 2 Q You just said two of your larger investors.  
 3 A Largest.  
 4 Q Largest investors.  
 5 A Yeah.  
 6 Q Had your Bitcoin Forum password?  
 7 A I'm sorry. Not investors. Buyers. Not  
 8 investors. Clients. My clients that were actually  
 9 buying and selling coins.  
 10 Q Did anyone else ever have your password for  
 11 the Bitcoin Forum?  
 12 A No.  
 13 (Exhibit 2 marked.)  
 14 Q I've asked the reporter to mark as Exhibit  
 15 Number 2 a printout from the Bitcoin Forum. It  
 16 doesn't have a Bates number, but a header on the  
 17 upper left-hand side of every page says, "Print  
 18 Page - Bitcoin Savings and Trust|Home|Closed" and the  
 19 header on the upper right-hand page shows the page  
 20 numbers Pages 1 through 283. Mr. Shavers, do you  
 21 recognize this document?  
 22 A Yes.  
 23 Q What do you recognize it to be?  
 24 A The final message after I wasn't able to  
 25 repay my investors and then every other posts that



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1 could be altered or changed or within my thread that  
 2 I had.  
 3 Q So this is a thread on the Bitcoin Forum?  
 4 A Yes.  
 5 Q Meaning a conversation?  
 6 A Yes.  
 7 Q And the Bitcoin Forum was broken down into  
 8 what we might call certain subfora, right?  
 9 A Yes.  
 10 Q And one of those subfora was called the  
 11 Economy?  
 12 A (Witness nods head up and down.)  
 13 Q Is that correct?  
 14 A Correct.  
 15 Q And went the Economy session of the Bitcoin  
 16 Forum, there were other subsection, correct?  
 17 A Correct.  
 18 Q And one of them was entitled "Long-Term  
 19 Offerings," correct?  
 20 A At the time this was taken, yes.  
 21 Q And this thread that is now marked as  
 22 Exhibit Number 2 was a thread that you created in the  
 23 Long-Term Offer section of the Economy section of the  
 24 Bitcoin Forum; is that correct?  
 25 A No.

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1 Q You did not create this thread? You did not  
 2 start this thread?  
 3 A Yes, I did start this thread, but it wasn't  
 4 in the Economy/Long-Term Offers.  
 5 Q What was it in?  
 6 A Bitcoin Marketplace Lending. It wasn't  
 7 until around this time when they moved my thread to a  
 8 different location.  
 9 Q When did you create the thread?  
 10 A It says here November 3rd, 2011.  
 11 Q And is that when you created it?  
 12 A Unless it was altered, yes. Yes. That's  
 13 correct.  
 14 Q What was the purpose of the thread that you  
 15 created on the Bitcoin Forum that is now marked as  
 16 Exhibit Number 2?  
 17 A Initially to borrow coins every three days  
 18 from lenders that were willing to lend, and I would  
 19 return the coins with interest.  
 20 Q So it was a solicitation?  
 21 A Correct.  
 22 Q You mentioned you gave your password to the  
 23 Bitcoin Forum to two other individuals, correct?  
 24 A Correct.  
 25 Q But you don't know the identity of it these

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1 individuals; is that right?  
 2 A Correct.  
 3 Q How do you know there were two?  
 4 A Two completely different people.  
 5 Q How do you know?  
 6 A Because they would have no way of knowing  
 7 each other. I met them completely different ways.  
 8 They're not the same person.  
 9 Q You met them online in different ways?  
 10 A Yes.  
 11 Q And you communicated with them only through  
 12 Tor mail; is that correct?  
 13 A Tor mail, the Tor network.  
 14 Q And are these individuals that approached  
 15 you or that you approached?  
 16 A I approached.  
 17 Q And how did you find them?  
 18 A On different -- it's kind of like IRC, but  
 19 it's the Tor version of it. I'll just say an  
 20 internet relay chat.  
 21 Q So you found them in a chat room?  
 22 A Yes.  
 23 Q And you found them in the same chat room or  
 24 different chat rooms?  
 25 A Different.

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1 Q And did the chat rooms have titles or names?  
 2 Were different chat rooms devoted to different  
 3 subjects?  
 4 A No. It doesn't really work like that on  
 5 Tor.  
 6 Q Okay. So you found one of these anonymous  
 7 individuals in a chat room on the Tor network; is  
 8 that right?  
 9 A Correct.  
 10 Q And you found the other in a chat room on  
 11 the Tor network?  
 12 A Correct.  
 13 Q Did they have user names that they used on  
 14 the Tor Network?  
 15 A Kind of.  
 16 Q What do you mean by "kind of"?  
 17 A It's not a traditional system. It's  
 18 designed so nobody knows who's who. You can only  
 19 contact them again if they send you a request back  
 20 with -- it's got a different name. So it's  
 21 constantly changing.  
 22 So the only way I know that the person  
 23 that I contacted before was the same person was  
 24 because they have the same GPG key to talk back to  
 25 me. So I send you a message. The only way I can



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1 send you another message is if you send me a message  
 2 saying it's okay to send you a message. But when I  
 3 get your message back, it comes from a completely  
 4 different person. It looks like it comes from a  
 5 completely different person. And the only way I know  
 6 it's you is because you have the original signature  
 7 that I sent you to talk. So I can send you another  
 8 message, and I have to wait for -- I can send you  
 9 another message for you to respond.  
 10 Q Where is the anonymity, if you know, from  
 11 the GPG key who's communicating with you?  
 12 A There's no way of knowing whose GPG -- you  
 13 would have no idea if it was my GPG key or anybody  
 14 else's GPG key. Just I know that a specific person  
 15 is associated with this key.  
 16 Q But each time that person communicates with  
 17 you, they have a different user name?  
 18 A A different respond -- a different reply  
 19 address. Kind of like an e-mail address but -- the  
 20 same thing, the way Tor mail works. It's a different  
 21 address every time.  
 22 Q Okay. I'm just at a little bit of a loss  
 23 why the network would bother changing the e-mails  
 24 addresses if there's a key telling you exactly who's  
 25 communicating with you.

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1 A Because you only want to communicate with  
 2 one person, and as soon as that e-mail is gone, it's  
 3 not the same person anymore. So if somebody is  
 4 copying the information, it looks like you're getting  
 5 e-mails from a bunch of different people, and nobody  
 6 can decode what the GPG code is unless you sent it to  
 7 them. So there's no way of knowing if you're  
 8 communicating with the same person or with tons of  
 9 different people about different things.  
 10 Q Except the GPG code tells you that it's the  
 11 same person.  
 12 A Yeah, but it's my code. You wouldn't be  
 13 able to know what it is or what it says.  
 14 Q Okay then. What shall we call the first  
 15 person? Did their e-mail addresses or user names or  
 16 identifying features on Tor mail have a certain  
 17 consistency or pattern?  
 18 A He's just the Big One.  
 19 Q Okay. So there was a "Big One." And big in  
 20 what respect? How is this person big to you?  
 21 A This person could take 100,000 coins and  
 22 return 115,000 coins in less than a week.  
 23 Q Meaning bitcoins.  
 24 A Correct.  
 25 Q And so was the Big One somebody with whom

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1 you traded bitcoins or somebody to whom you lent  
 2 bitcoins?  
 3 A I lent bitcoins to them.  
 4 Q And what shall we call the second one?  
 5 A Whatever you'd like.  
 6 Q Number Two?  
 7 A Number Two.  
 8 Q And is Number Two someone to whom you lent  
 9 bitcoin or somebody with whom you traded bitcoin?  
 10 A Lent.  
 11 Q And so with the Big One, all your lending  
 12 was in bitcoin, and all of the returns were in  
 13 bitcoin; is that correct?  
 14 A Correct.  
 15 Q Did you ever exchange U.S. dollars or any  
 16 other currency for any purpose with the Big One?  
 17 A No.  
 18 Q And with Number Two, you lent Number Two  
 19 bitcoin. He paid you your bitcoin back and interest  
 20 in bitcoin, and there were no U.S. dollars involved,  
 21 correct?  
 22 A Correct.  
 23 Q And any other currency involved?  
 24 A No.  
 25 Q So you never exchanged U.S. dollars or any

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1 currency other than bitcoin either with Big One or  
 2 Number Two?  
 3 A Correct.  
 4 Q And with both Big One and Number Two, the  
 5 business at hand was you lending them bitcoin and  
 6 them returning the bitcoin to you with interest; is  
 7 that correct?  
 8 A Correct.  
 9 Q When did you first start lending bitcoin to  
 10 Big One?  
 11 A It was around the end of December of 2011.  
 12 Q And when did you first start lending bitcoin  
 13 to Number Two?  
 14 A The second quarter of 2012.  
 15 Q And what makes you think they're different  
 16 people?  
 17 A I just know.  
 18 Q How do you know? What's the basis of your  
 19 knowledge or your belief?  
 20 A I met them at different times.  
 21 Q Meaning in the Tor chat room?  
 22 A Correct. In different -- one of them spoke  
 23 very broken English.  
 24 Q Which one?  
 25 A Number Two. And the first one had very



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1 direct -- very good grammar. And then some of the  
 2 transactions that I had found -- one of the first or  
 3 second transactions that we did, they were direct  
 4 transactions.  
 5 Q With Big One or Number Two?  
 6 A Yeah, with Big One. And the relay IP was in  
 7 New York. Then they started moving through the  
 8 mixers. So with the other guy, Number Two, first  
 9 week or so transactions were coming from over -- in  
 10 the Germany area.  
 11 So they obviously know how the bitcoin  
 12 network works. And until we started using mixers,  
 13 you could kind of get a geographical area of where  
 14 the person was at and that, you know, their  
 15 transactions happened at different times.  
 16 Q What piece of information is relayed to you  
 17 in the direct bitcoin transaction that gives you a  
 18 location?  
 19 A The blockchain stores the relay IP where the  
 20 first -- when you send coins from somewhere, that  
 21 initial transaction that happens is -- it relays the  
 22 IP of the person -- there's -- the relay IP. Yeah.  
 23 Q And where is the relay IP recorded?  
 24 A In the blockchain.  
 25 Q You said the first couple of transactions

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1 with the Big One were direct, correct?  
 2 A Yes.  
 3 Q How big were those transactions?  
 4 A Six, eight hundred bitcoins, something like  
 5 that.  
 6 Q Each?  
 7 A It moved up pretty quickly.  
 8 Q Well, I'm asking about the first couple of  
 9 transactions that were direct.  
 10 A Yeah, between six and eight hundred.  
 11 Q Each?  
 12 A Yes.  
 13 Q And what did -- and you were lending the six  
 14 to eight hundred bitcoins to the Big One, correct?  
 15 A Correct.  
 16 Q And what was he promising in return?  
 17 A We would set -- we would set a price based  
 18 on the U.S. dollar price of Mt.Gox.  
 19 Q So Mt.Cox, the bitcoin currency exchange?  
 20 A Correct. And the return was based on where  
 21 the price ended on a Friday and when the coins were  
 22 returned on a Sunday or however the plan worked out.  
 23 So sometimes it was ten percent.  
 24 Sometimes it was fifteen percent. It just depended  
 25 on how much the market moved during that time.

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1 Q Okay. So you give six to eight hundred  
 2 bitcoins to Big One. How do you measure what you're  
 3 getting back?  
 4 A We set the price on Friday or whatever day.  
 5 As soon as I send the coins, the price is set.  
 6 Q How do you set the price?  
 7 A Based on what -- we negotiate what the price  
 8 is going to be come the end of the week. So on the  
 9 following Sunday whenever the transaction happens, I  
 10 would set -- I say the price is going to be \$35, and  
 11 he says, okay, I'm okay with that and would return  
 12 coins based on every bitcoin being \$35. So I would  
 13 get how ever many bitcoins back. But if --  
 14 Q I'm still not following. So you give Big  
 15 One bitcoins.  
 16 A Uh-huh.  
 17 Q And on the day that you gave Big One 600  
 18 bitcoins the price of bitcoin on Mt.Gox -- were you  
 19 using the bid or the ask price?  
 20 A The ask.  
 21 Q The ask price was, say, \$20 a coin.  
 22 A Uh-huh.  
 23 Q Now, how do you set the price based on  
 24 that?  
 25 A If the market hasn't moved much, we would

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1 say let's just average it at \$20.  
 2 Q So you'd get back exactly what you gave to  
 3 Big One?  
 4 A No. Plus ten percent.  
 5 Q So he was promising you a rate of return in  
 6 bitcoin --  
 7 A Correct.  
 8 Q -- adjusted based on the movement of the  
 9 price of bitcoin for U.S. dollars on Mt.Gox?  
 10 A Correct.  
 11 Q What form did that adjustment take? Meaning  
 12 if bitcoin -- the price of bitcoin went up, what  
 13 happened to your return? If it went down, what  
 14 happened to your return? Is it something more  
 15 complicated than that? Tell us.  
 16 A If the price went down, then I would get the  
 17 coins at the same price, you know, \$20 because that's  
 18 what we set the amount on. I would have them  
 19 returned. We'd set the price at \$20. I'd have them  
 20 returned ten percent of whatever I got, and I could  
 21 immediately sell them at whatever price it is and buy  
 22 them back on the market on a different market and  
 23 make the difference.  
 24 So I could make -- if the price went  
 25 down -- if it was \$20 and it went down to \$16 and I



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1 got them back at \$20, then I could sell them --

2 Q To whom?

3 A I don't know. Mt.Gox or sell them locally

4 or --

5 Q But if the price on Mt.Gox is \$16 when you

6 get them back, how could you possibly sell them at

7 \$20?

8 A Mt.Gox is spot. So everybody pays higher

9 than that. Almost every exchange that's out there is

10 higher than Gox. So anybody local, anybody on the

11 Bitcointalk Forum that wanted to buy coins always had

12 to pay more for them. And it was either sold, or I

13 learned that if I controlled the market with all the

14 coins I was holding, I could make money without

15 having to sell them and do all the transactions.

16 If he has to return them based on them

17 being \$20 a piece and I raise the price to \$25, then

18 I make \$5.

19 Q But there's no dollars involved in your

20 transaction with Big One.

21 A But when we do the numbers, I can tell him

22 what I think the price is going to be, and normally

23 he would settle on it.

24 Q What does it matter what the price is going

25 to be? If you're giving him 600 bitcoin and he's

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1 giving you back 600 bitcoin plus interest in bitcoin,

2 what does it matter what the U.S. dollar value of

3 bitcoin is either when you give it to him, the

4 bitcoin, or when it comes back?

5 A Because I can adjust how much those bitcoins

6 are worth after I get them back.

7 Q But what does that have to do with Big One?

8 If you can adjust the price of bitcoin on your own

9 through some market manipulation after you get them

10 back from Big One, what do Big One's promises about

11 what the price of bitcoin is on Mt.Gox matter?

12 A Because that's the price he had to return

13 them at.

14 Q No. He's returning you bitcoin. He's not

15 returning U.S. dollars. And the amount of bitcoin he

16 is returning is not adjusted for the price of bitcoin

17 on Mt.Gox, correct?

18 A It's based on the price that we set at the

19 end, right? So I can actually make him have to pay

20 more per bitcoin to get them to me, then relax the

21 market. And now I can purchase bitcoins at a cheaper

22 rate because I can let the market fall, purchase them

23 at a lower rate after he's paid me back the ten

24 percent, fifteen percent, whatever we've worked out,

25 and buy them back in the market when it's dropped.

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1 Q You just said you could make Big One pay you

2 more for the bitcoin.

3 A Yeah.

4 Q But Big One is not buying bitcoin.

5 A He's lending them, but he's having to pay

6 the interest. He can't just make those out of

7 nothing. He's having to buy those or get them

8 however he gets them.

9 So if the price we set on is twenty and

10 I move the price to twenty-five, he's having to buy

11 them at \$25 versus \$20. When I get those coins back,

12 I can sell them at twenty-five, let the market drop

13 down to whatever it does and buy them back and make

14 more on it. It's very simple. If we had a computer,

15 I could show you.

16 Q Why did you share your password for the

17 Bitcoin Forum with Big One?

18 A There's numerous times where he had to post

19 something, and I said, well, why don't you just write

20 it. And that was kind of the thing we had. We had a

21 central server. It was run on one of the machines

22 that was at my house that made it look like -- it

23 doesn't matter if he logged in or anybody logged

24 in -- it looked like it came from the same location.

25 So it looked like me.

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1 But there were lots of deals that were

2 posted, and I got heat for it sometimes when they

3 would post something and I didn't know it was being

4 posted, and saying that they're looking for an

5 additional amount of coins, looking to fill in this

6 amount, fill in that amount. I couldn't keep up with

7 all of that with everything else going on. So they

8 had access to be able to post changes and different

9 things that --

10 Q "They" meaning Big One and Number Two?

11 A Yeah. Number Two took a little longer

12 before I'd give him access because I couldn't

13 understand his English that well.

14 Q When did you give Big One access -- when did

15 you give Big One your password for the Bitcoin

16 Forum?

17 A I could probably tell you.

18 MR. MOUSTAKIS: Let the record reflect

19 that Mr. Shavers is looking at Exhibit Number 2.

20 A It was around February. February of 2012.

21 Q And what are you seeing in Exhibit Number 2

22 that's refreshing your recollection as to when you

23 gave Big One your Bitcoin Forum password?

24 A Well, a lot of these messages have been

25 altered. The first -- the first posting alone,



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1 that's the last message, and you can change your  
2 messages. You can delete your messages. You can do  
3 whatever you went within the thread.  
4 So this was the main message where it  
5 asked for how many coins I needed during the time,  
6 and that was always being updated, always change  
7 would.  
8 Q When you say, "this," you mean the message  
9 at the top of the thread?  
10 A Yeah. This one.  
11 Q And the message that currently appears at  
12 the top of the thread in Exhibit Number 2 was the  
13 last message you posted in this thread on the Bitcoin  
14 Forum; is that correct?  
15 A Correct.  
16 Q And it was explaining why you closed down  
17 Bitcoin Savings & Trust?  
18 A Correct.  
19 Q Bitcoin Savings & Trust being your bitcoin  
20 currency trading business, correct?  
21 A Correct.  
22 Q Formally known as First Pirate Savings &  
23 Trust?  
24 A Yeah.  
25 Q So when I asked you earlier if we were

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1 discussing the First Pirate Savings & Trust  
2 activities when we were discussing your bitcoin  
3 currency trading activities and you said, no, it was  
4 just me, that's not quite right. We were discussing  
5 your First Pirate Savings & Trust activities; is that  
6 right?  
7 A That was just the name of a thread. I was  
8 Pirateat40. The name of the thread was First Pirate  
9 Savings & Trust.  
10 Q And later you changed the name to Bitcoin  
11 Savings & Trust?  
12 A Yes.  
13 Q And the purpose of the thread was to  
14 communicate with the individuals that invested  
15 bitcoin with you for your bitcoin currency trading  
16 activity, correct?  
17 A Correct.  
18 Q Okay. So for purposes of today, can we just  
19 refer to both First Pirate Savings & Trust and  
20 Bitcoin Savings & Trust as Bitcoin Savings & Trust?  
21 A Sure.  
22 Q And if you need to break it out, you can  
23 break it out for us?  
24 A Yes.  
25 Q All right. So the first posting at the top

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1 of Page 1 of Exhibit Number 2 was the last post that  
2 you put on the Bitcoin Forum; is that correct?  
3 A Correct.  
4 Q And that was to shut down -- to announce you  
5 were shutting down Bitcoin Savings & Trust, correct?  
6 A Correct.  
7 Q Now, here that message is dated November 3,  
8 2011, but that's not correct, right?  
9 A Correct.  
10 Q The November 3, 2011 date is actually the  
11 date you started this thread, correct?  
12 A Correct.  
13 Q It was a much later date that you posted the  
14 message that you were shutting down the Bitcoin  
15 Savings & Trust, correct?  
16 A Correct.  
17 Q And when was that?  
18 A I can give you -- I can tell you. Hold on.  
19 Q Was it before or after you went to Las  
20 Vegas?  
21 A After.  
22 Q Was it in August of 2012?  
23 A Hold on. This is very difficult to go  
24 through because a lot of these messages have changed.  
25 It was the end of August.

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1 Q Of 2012?  
2 A Correct.  
3 Q That you posted this message on the Bitcoin  
4 Forum saying you were closing Bitcoin Savings &  
5 Trust, correct?  
6 A Correct. To the best of my knowledge.  
7 Q I'd like to direct your attention to Page 4  
8 of Exhibit 2.  
9 A Uh-huh.  
10 Q Actually the bottom of Page 3 to the top of  
11 Page 4. There's a post by somebody named Cory dated  
12 November 5, 2011 that says, "Quote from: Pirateat40  
13 on November 03 of 2011." Do you see that?  
14 A You said Page 3?  
15 Q The bottom of Page 3 to the top of Page 4.  
16 Do you see at the bottom of Page 3 --  
17 A Oh, okay. I gotcha.  
18 Q -- there's a post by Cory dated November 05,  
19 2011. Do you see that?  
20 A Yeah.  
21 Q And it quotes -- it purports to quote a post  
22 from Pirateat40 on November 03, 2011. Do you see  
23 that?  
24 A Yes.  
25 Q The posting that's quoted, is that the post



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1 with which you started this thread?  
 2 A Yes.  
 3 Q And you started this thread with that quote  
 4 on November 3, 2011?  
 5 A Yes.  
 6 Q Okay. And it says 11:14 p.m. Is that Texas  
 7 time?  
 8 A No. That's your time.  
 9 Q Eastern Standard time?  
 10 A Whoever was logged in or on at the time.  
 11 Whoever pulled this information, if they're logged  
 12 in. If not, then I don't know what time it uses.  
 13 Q Okay. So going back to the initial purposes  
 14 of this exhibit, you were looking through it to tell  
 15 us when you first gave access to Big One to your  
 16 password for the Bitcoin Forum. When was that?  
 17 A Didn't I say February?  
 18 Q You said it might have been around February,  
 19 2012. Is there something in this document that  
 20 indicates that to you?  
 21 A Yeah. It was the last week in January.  
 22 Q Of 2011 or '12? I mean 2012. Correct?  
 23 A That was Copumpkin. Copumpkin had my  
 24 password at one point.  
 25 Q Just a few minutes ago you testified that

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1 nobody else had your password.  
 2 A I know. It wasn't -- to the best of my  
 3 knowledge, I guess, I don't... I have no way of  
 4 knowing for sure. It had to be around February.  
 5 Q Of 2012 --  
 6 A Yeah.  
 7 Q -- that Big One first had your password for  
 8 the Bitcoin Forum?  
 9 A Correct.  
 10 Q And what indicates that to you?  
 11 A Just when we really started -- from the  
 12 messages that haven't been altered, that's when we  
 13 really started needing additional coins, and he had  
 14 access to change this main -- main post and post  
 15 things. I mean, I could go through here and look  
 16 forever and find ones that I didn't say.  
 17 Q When you say the "main post," you mean the  
 18 post at the top of the thread that was ever changing  
 19 indicating how much bitcoin you needed for Bitcoin  
 20 Savings & Trust?  
 21 A Correct.  
 22 Q Did Big One continue to have your password  
 23 until you closed Bitcoin Savings & Trust in August of  
 24 2012?  
 25 A No. Once I created Bitcoin Savings &

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1 Trust's website, the website to track everything, I  
 2 changed my password after a hack that happened on the  
 3 forums. And you no longer needed it because it could  
 4 all be -- the amounts and everything could be handled  
 5 by the website instead of by the individual clients.  
 6 Q And you launched the bitcoins -- withdrawn.  
 7 By the "Bitcoin Savings & Trust" website you mean  
 8 BTC --  
 9 A -- S-T. The first one was BTClending.com.  
 10 Q But you were just referring to BCT --  
 11 A BTCST.  
 12 Q BTCST.com.  
 13 A Right. April 10th.  
 14 Q So on April 10, 2012 you launched BTCST.com?  
 15 A No. I launched BTClending.com, which is the  
 16 same -- I didn't get the BTCST domain until later.  
 17 So I was using BTClending.com with First Pirate  
 18 Savings & Trust's name being changed to Bitcoin  
 19 Savings & Trust. So BTClending.com was the initial  
 20 website.  
 21 Q When did you launch BTCST.com?  
 22 A Uh...  
 23 Q Mr. Shavers, I'm going to put in front of  
 24 you what I'm asking the reporter to mark as Exhibit  
 25 Number 3. It's a document you produced to the

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1 Securities and Exchange Commission, a spreadsheet  
 2 entitled "Accounts-Transactions.xls."  
 3 (Exhibit 3 marked.)  
 4 Q We've put control numbers on it, Bates stamp  
 5 numbers to keep track of it. And the control number  
 6 is SEC-Shavers-E0000004. Do you recognize this  
 7 document?  
 8 A Yes.  
 9 Q What is this document?  
 10 A This is the raw transaction data for the  
 11 back end of Bitcoin Savings & Trust's website.  
 12 Q And so this is data that you pulled off of  
 13 the Bitcoin Savings & Trust website?  
 14 A This is just the raw data.  
 15 Q That you pulled off of the Bitcoin Savings &  
 16 Trust website; is that correct?  
 17 A Bitcoin Savings & Trust server.  
 18 Q And we're talking about BTCST.com now,  
 19 right?  
 20 A Correct.  
 21 Q Does this document refresh your recollection  
 22 as to when you launched the BTCST.com website?  
 23 A No, not at all. I mean, I could just look  
 24 at the domain name and find out when it was launched.  
 25 That's fairly easy to do.



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1 Q Mr. Shavers, I'd like to direct your  
2 attention to Page -- to Exhibit Number 2, Page 125.  
3 A Okay.  
4 Q There is a posting from Pirateat40 on April  
5 10, 2012. Did you post this message?  
6 A April 10th?  
7 Q Yes. 2012.  
8 A Yes. This is the first day it was launched.  
9 Q This is the first day --  
10 A April 10th.  
11 Q So the BTCST.com website was up and running  
12 as of April 10th, 2012; is that correct?  
13 A Correct.  
14 Q And you posted this message dated April 10,  
15 2012 on the Bitcoin Forum to announce to your  
16 investors that it was up and running, correct?  
17 A Correct.  
18 Q And you testified earlier that the Big One  
19 had your password for the Bitcoin Forum from February  
20 20 -- sometime in February, 2012 through the launch  
21 of the BTCST.com website; is that correct?  
22 A Correct.  
23 Q And that would be April 10th, 2012, correct?  
24 A Correct.  
25 Q What about Number Two? When did he have

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1 your password for the Bitcoin Forum?  
2 A He had it until the hack happened.  
3 Q Is that before or after you launched the  
4 BTCST.com website?  
5 A I don't know.  
6 Q What hack?  
7 A The Bitcointalkforum website was hacked. It  
8 became Bill Cosby coins, and there was no -- a bunch  
9 of stuff got messed up, and everything went haywire.  
10 So they had everybody reset their passwords. I just  
11 don't know exactly what time it happened. You can  
12 Google it.  
13 Q When did you first give Number Two your  
14 Bitcoin Forum password?  
15 A He had it after the Big One. Maybe a month  
16 after.  
17 Q So maybe March of 2012.  
18 A Yeah. Estimated.  
19 Q You said you didn't start working with  
20 Number Two until the second quarter of 2012.  
21 A March. Yeah. It had to be right -- right  
22 around there because he had it after we had the  
23 website because we used it for posting things to some  
24 people who couldn't speak English correctly. So it's  
25 probably -- I want to say like the March/April time.

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1 Again, without any information, I can't accurately  
2 tell a specific date and time.  
3 Q What do you mean, "without any information"?  
4 A Without access to being able to look up  
5 things in here. I mean, a simple search-and-find I  
6 could find other things, but it's very difficult.  
7 Q Referring to Exhibit Number 2?  
8 A Yes.  
9 Q All right. So what did Big One --  
10 A And there's so many -- so much of this has  
11 been changed from the original -- what it was  
12 originally. After it shut down people got mad and  
13 just changed their posts.  
14 Q But people can only change their own posts.  
15 A Right.  
16 Q Because you need a password to change your  
17 posts.  
18 A Right.  
19 Q Now, you believe you first gave your Bitcoin  
20 Forum password to Number Two in or about March of  
21 2012; is that correct?  
22 A Towards the end of March, my best estimate.  
23 Q And you changed your password for the  
24 Bitcoin Forum in April of 2012, correct?  
25 A No. Wait. I only changed it after the

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1 hack. I didn't change it to keep them out. I  
2 changed it because of the hack.  
3 Q And when did you first give your Bitcoin  
4 Forum password to Copumpkin?  
5 A That was a long time ago. That was... Oh,  
6 where is that one? It was in or around November.  
7 Q Of 2012?  
8 A Of 2011.  
9 Q 2011.  
10 A Yeah.  
11 Q And you did not change your password until  
12 the hack as you say, correct?  
13 A Correct.  
14 Q And when did the hack occur?  
15 A I don't know.  
16 Q Before or after you launched the website?  
17 A Before -- uh -- I don't know. I'd have to  
18 look it up.  
19 Q Before or after Bitcoin Savings & Trust  
20 closed down in August of 2012?  
21 A Before. Much before.  
22 Q "Much before" you said?  
23 A Yeah.  
24 Q Did you give Big One more than one  
25 password?



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1 A No.  
 2 Q Did you give Number Two more than one  
 3 password?  
 4 A They had passwords to a web proxy, proxy to  
 5 communicate through my computer; but other than that,  
 6 no.  
 7 Q I'm asking about your password to the  
 8 Bitcoin Forum.  
 9 A No.  
 10 Q Did you ever give Number Two more than  
 11 one?  
 12 A No.  
 13 Q So at some point you changed it after the  
 14 hack, and neither Big One nor Number Two had the  
 15 password after the hack; is that correct?  
 16 A Correct.  
 17 Q And Copumpkin had your password for the  
 18 Bitcoin Forum as early as November of 2011; is that  
 19 correct?  
 20 A Correct.  
 21 Q And did you ever give him a second password  
 22 for your --  
 23 A No.  
 24 Q Your second password for the Bitcoin Forum.  
 25 A No.

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1 Q And what did Big One need your password  
 2 for?  
 3 A To post changes to the main -- the main  
 4 thread, the top, and to post special requests.  
 5 Q What do you mean by "special requests"?  
 6 A If he was needing an additional hundred  
 7 coins to meet an order or something, he would log in  
 8 and post it.  
 9 Q And so throughout the life of the Bitcoin  
 10 Savings & Trust thread on the Bitcoin Forum, the top  
 11 posting on the thread was ever changing to show the  
 12 amounts of bitcoin that you needed from investors; is  
 13 that correct?  
 14 A Correct. Constantly.  
 15 Q So on a daily basis perhaps?  
 16 A Oh, yeah.  
 17 Q Okay. And you gave Big One your password  
 18 for the Bitcoin Forum for the purpose of changing  
 19 those numbers since he was your biggest demand for  
 20 bitcoin; is that right?  
 21 A Correct.  
 22 Q And at times he also posted additional posts  
 23 under your name in the Bitcoin Savings & Trust thread  
 24 on the Bitcoin Forum seeking additional bitcoin.  
 25 A Correct.

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1 Q Outside of that top post.  
 2 A Correct.  
 3 Q Other than that, did the Big One ever use  
 4 your password to communicate on the Bitcoin Savings &  
 5 Trust thread on the Bitcoin Forum for any other  
 6 purpose?  
 7 A Private messages just between two different  
 8 people he was getting coins from. But that's it.  
 9 Q And Number Two. For what purposes did he  
 10 use your log-in for the Bitcoin Forum?  
 11 A The same thing, but he helped with some of  
 12 my lenders that spoke real broken English. He would  
 13 PM them, and they would talk their way.  
 14 Q Let me get this straight. Number Two didn't  
 15 speak very good English you say, correct?  
 16 A Yeah. It's broken English.  
 17 Q So the idea here was that he would speak to  
 18 your Bitcoin Savings & Trust investors who also  
 19 didn't speak very good English?  
 20 A From a different country. Normally it was  
 21 like Germany or -- where was he from?  
 22 Q "He" meaning Number Two?  
 23 A Yeah. He had to be -- it had to be Germany  
 24 because that was the one thing -- one of the messages  
 25 that was sent, and that's why I think he was in

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1 Germany, because of his relay IP on the early  
 2 transactions. It had to be Germany. I had a  
 3 decoder. I could decode German if anybody posted  
 4 German on any of the forum posts or whatever. But  
 5 responding -- my response sounded very broken because  
 6 I was using a translator to translate word where he  
 7 could handle that kind of stuff.  
 8 Q Did you have some cluster of investors in  
 9 Germany?  
 10 A I don't know where all of them are from.  
 11 Q But anybody who presented with broken  
 12 English you had Number Two communicate with?  
 13 A If he could.  
 14 Q What if they spoke Portuguese?  
 15 A I don't think I've had anybody speak  
 16 Portuguese.  
 17 Q I mean, I just don't understand -- well,  
 18 never mind.  
 19 A He could obviously speak multiple languages  
 20 because he spoke English. Not so well, but one of  
 21 the -- one of the talks we had was about that, about  
 22 that I was having to use Google Translator to  
 23 translate some of the things that went on, and he  
 24 goes, well, I can probably help you with that. So...  
 25 Q So Big One used your user name and password



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1 on the Bigcoin Forum with your authorization?  
2 A Yes.  
3 Q And Number Two used your user name and  
4 password on the Bitcoin Forum with your  
5 authorization?  
6 A Yes.  
7 Q And that was throughout the time that each  
8 of them had your password for the Bitcoin Forum,  
9 correct?  
10 A Correct.  
11 Q And did Copumpkin use your user name and  
12 password on the Bitcoin Forum with your  
13 authorization?  
14 A Yeah.  
15 Q And that was throughout the time he had your  
16 user name and password for the Bitcoin Forum,  
17 correct?  
18 A Yes.  
19 Q And for what purposes did Copumpkin use your  
20 Bitcoin Forum password and user name or the Bitcoin  
21 Forum?  
22 A It was a joke. It was like a joke. He was  
23 responding to himself as me through a thread, kind of  
24 talking himself up. It was kind of a funny joke.  
25 Q And for what purpose was he talking himself

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1 up to your knowledge?  
2 A Who knows. He always had some weird thing.  
3 I think all of those posts were deleted. There's one  
4 left. But...  
5 Q Okay.  
6 A It's labeled Copirate.  
7 Q All right. Mr. Shavers, I'm going to direct  
8 your attention to Page 3 of Exhibit Number 2.  
9 A Uh-huh.  
10 Q There's a post by Pirateat40 on November 4,  
11 2011 at 3:35 p.m. Do you see that?  
12 A Yes.  
13 Q And it says, "Currently I've got one order  
14 scheduled for tomorrow (1750BTC) and have it covered,  
15 but I'll know the next purchase when I meet with  
16 them. In the past they've asked for transactions as  
17 large as 3000BTC but have not been able to give them  
18 an estimate of timing until now. So far with the  
19 people I've picked up it looks like this is going to  
20 work out perfectly."  
21 Then it says, "Edit: Just ran some  
22 quick numbers and looks like I'm trading around  
23 4900BTC a week." Do you see that?  
24 A Yes.  
25 Q Did you write that post?

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1 A Yes.  
2 Q And then directing your attention to Page 7  
3 of Exhibit 2, there's a post in the middle of the  
4 page by Pirateat40 on November 11, 2011 at 4:42 p.m.  
5 Do you see that?  
6 A Yes.  
7 Q Somebody named Finway is quoted as asking  
8 "Just curious: What business makes this high  
9 profits?" And Pirateat40 responds, "Groups of people  
10 that want to be off the radar, buy large quantities  
11 and instant availability. I would say it's the Hard  
12 Money sector of Bitcoin."  
13 A Yes.  
14 Q Did you write that post?  
15 A Yes.  
16 Q Turning to the next page, Page 8 of  
17 Exhibit 2, at the bottom of the page there is a post  
18 by Pirateat40 on November 13, 2011 at 6:46 p.m.  
19 A Uh-huh.  
20 Q It says, "Hey all, I have some big orders  
21 coming this week. I wanted to thank all of my  
22 investors as I am able to fulfill them without the  
23 risk of them going elsewhere. Still looking for  
24 about 1000BTC total in lenders based on negotiations  
25 with my buyers in the coming weeks. It's growing,

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1 it's growing! Thanks again, pirate." Did you post  
2 that message?  
3 A Yes.  
4 Q And you posted that message on or about  
5 November 13, 2011?  
6 A Yes.  
7 Q And the prior message we discussed on Page  
8 7, you posted that message on November 11, 2011?  
9 A Yes.  
10 Q Then on page 9 of Exhibit 2 there's a post  
11 by Pirateat40 on November 22, 2011 at 1:21 a.m. Do  
12 you see that?  
13 A Yes.  
14 Q It begins, "As with any movements in the  
15 market up or down, I have enough order activity going  
16 on that my risk is very limited," and it continues  
17 from there." I'll ask that you finish reviewing it.  
18 A Uh-huh.  
19 Q Did you post this message?  
20 A Yes.  
21 Q Did you post this message on or about  
22 November 22, 2011?  
23 A Yes.  
24 Q On Page 23 of Exhibit 2, towards the bottom  
25 of the page there's a post by Pirateat40 dated



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1 December 19, 2011 at 10:04 p.m. And Pirateat40  
 2 writes, "My clients deal in cash only, and I don't  
 3 move a single coin until the cash is in hand and I'm  
 4 out of harm's way just in case. So risk is almost  
 5 0." Did you post that message?  
 6 A Yes.  
 7 Q And did you post that message on or about  
 8 December 19th, 2011?  
 9 A Yes.  
 10 Q On the following page, Page 24 of Exhibit 2,  
 11 there's a post by Pirateat40 on December 19, 2011 at  
 12 10:41 p.m. Pirateat40 writes, "The prices for  
 13 picking up coins from my clients selling coins is set  
 14 prior to the purchase most of the time. Anything not  
 15 covered is hedged, or I take the risk personally."  
 16 Do you see that?  
 17 A Yes.  
 18 Q Did you post that message on the Bitcoin  
 19 Forum?  
 20 A Yes.  
 21 Q Did you post it on or about December 19,  
 22 2011?  
 23 A Yes.  
 24 Q Turning your attention to Page 63 of  
 25 Number 2. Page 63. Are you with me?

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1 A Uh-huh.  
 2 Q Towards the bottom there's a post by  
 3 Pirateat40 dated January 19, 2011 at 6:52 p.m. Do  
 4 you see that?  
 5 A Yes.  
 6 Q There's a quote from somebody named Bulanula  
 7 that ends in a parenthetical thought. "I doubt  
 8 pirate's business is 100% legal." And Pirateat40  
 9 responds, "If my business is illegal then anyone  
 10 trading coins for cash and back to coins is doing  
 11 something illegal." And there's a smiley face  
 12 emoticon. Do you see that?  
 13 A Yes.  
 14 Q And did you post that message?  
 15 A Yes.  
 16 Q And did you post that message on or about  
 17 January 19th, 2012?  
 18 A Yes.  
 19 MR. MOUSTAKIS: Ms. Court Reporter,  
 20 just to be clear, both of those dates I just said  
 21 were January 19, 2012. I may have misspoke on the  
 22 2011.  
 23 Q Turning your attention to Page 98 of  
 24 Exhibit 2, towards the top of the page there's a post  
 25 by Pirateat40 on at 2:54 a.m. Do you see that?

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1 A Yes.  
 2 Q It says, "Update, I've removed the On-Demand  
 3 service and the now named Savings account has a  
 4 minimum of 100 BTC to start. The new account minimum  
 5 is only for new accounts. Thanks." Did you post  
 6 that message?  
 7 A No.  
 8 Q Who posted it?  
 9 A It had to be Big One.  
 10 Q How do you know?  
 11 A Because I don't use italics like that, and I  
 12 remember not being able to change that when -- I  
 13 wasn't at my computer, and I got a flood of new  
 14 accounts that they wanted to do like real small  
 15 amounts, and I said, hey, will you do a quick post?  
 16 So it had to been. He had access to it. Around that  
 17 time is when it started. As I was going -- well, we  
 18 skipped a bunch, but this post wasn't done by me.  
 19 Q It was done at your direction and with your  
 20 authorization?  
 21 A Yeah.  
 22 Q By the Big One?  
 23 A Yes.  
 24 Q On or about February 9, 2012?  
 25 A Correct.

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1 Q And you, in fact, imposed a minimum on new  
 2 Bitcoin Savings & Trust's savings accounts of 100,  
 3 bitcoin going forward from February 9, 2012?  
 4 A Yes.  
 5 Q Directing your attention to Page 100 of  
 6 Exhibit 2, towards the middle of the page there's a  
 7 post by Pirateat40 dated February 10, 2012 at 9:06  
 8 p.m. Do you see that?  
 9 A Yes.  
 10 Q Pirateat40 appears to be responding to the  
 11 question, "It's possible to have an account that  
 12 automatically reinvests and does not pay out?" And  
 13 Pirateat40 says, "Yes. Instead of my paying out to  
 14 your address, it gets deposited into your account.  
 15 Send me a PM to enable it." Do you see that?  
 16 A Yes.  
 17 Q Did you post that message?  
 18 A No.  
 19 Q Who posted that message?  
 20 A From the looks of it, it was the Big One.  
 21 Q What do you mean, "from the looks of it"?  
 22 A He handled the PM stuff. So when a PM came,  
 23 my server would scrape the PMs so I knew what was  
 24 going on; but for the most part, he would answer them  
 25 except for new-account setups and any problems that



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1 were happening. But just enabling something like  
2 that, I wouldn't have handled that.  
3 Q Were you aware that this message was posted  
4 on or about February 10, 2012?  
5 A Maybe. I'd have to -- it was such a basic  
6 thing. It was just enabling a re-depositing of his  
7 funds.  
8 Q Well, it sounds like from the face of the  
9 messages here that what was being enabled was an  
10 automatic reinvestment of investor for funds, not  
11 Mr. Big's funds.  
12 A Correct.  
13 Q And so was it true that Bitcoin Savings &  
14 Trust investors, at least as early as February 10,  
15 2012, could set up their accounts with you in such a  
16 way that there would simply be an interest accrual  
17 for each payout rather than an actual paying out of  
18 the interest to the investor?  
19 A Yes.  
20 Q When was that first enabled by you? When  
21 did you first allow that?  
22 A I'm not sure.  
23 Q Okay. But this would not have been news to  
24 you on February 10, 2012?  
25 A No.

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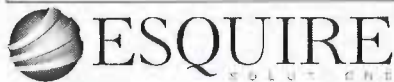
1 Q And the BTCST.com website, was that set up  
2 in such a way that it allowed for Bitcoin Savings &  
3 Trust investors to have their returns automatically  
4 reinvested rather than paid out?  
5 A Yes, for certain accounts. Yeah.  
6 Q What do you mean, "for certain accounts"?  
7 A Large accounts -- large accounts would put  
8 me over my total that I could make money on. So I  
9 wouldn't allow some of them to do it. I would allow  
10 them to reinvest part of it, but then I'd kick back  
11 out the rest of the coins.  
12 So for the small accounts, it was fine.  
13 But for the larger accounts, I was getting in more  
14 coins than I could use. So I was making them take  
15 them back.  
16 Q Turning your attention to Page 101 of  
17 Exhibit 2, there's a message posted by Pirateat40 on  
18 February 12th, 2012 at 9:18:05 p.m. Do you see that?  
19 A Yes.  
20 Q Somebody named Otoh appears to be asking  
21 about new account availability?  
22 A Uh-huh.  
23 Q And Pirateat40 writes, "They are available  
24 now by referral only." Do you see that?  
25 A Yes.

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1 Q Did you post this message?  
2 A Yes.  
3 Q You posted it on or about February 12,  
4 2012?  
5 A That's when I got back because the site's  
6 availability updated. That was done by the Big One.  
7 I must have got back around 9:00.  
8 Q P.m. you mean?  
9 A Yeah.  
10 Q You posted this message?  
11 A Yeah. Because I posted that they're  
12 available by referral only. I handled all of the  
13 account creations.  
14 Q And you posted it on or about February 12,  
15 2012?  
16 A Yes.  
17 Q Turning your attention to Page 123. There's  
18 a message that begins in the middle of the page  
19 posted by Pirateat40 dated April 8, 2012 at 1:30 a.m.  
20 Do you see that?  
21 A Yes.  
22 Q Did you post this message?  
23 A Yes.  
24 Q Did you post it on or about April 8th, 2012?  
25 A Yes.

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1 Q The third sentence of the post says as,  
2 "FPS&T has grown" -- meaning First Pirate  
3 Savings & Trust, correct?  
4 A Correct.  
5 Q "As First Pirate Savings & Trust has grown,  
6 it has become much easier to handle large investors  
7 managing smaller accounts than me handling them  
8 directly. So I've allowed established lenders to  
9 grow their own market with the following in mind."  
10 Do you see that?  
11 A Yes.  
12 Q What are you discussing with your investors  
13 here?  
14 A That I don't want to deal with the small  
15 investors anymore. So larger investors can take  
16 their investments and have one line coming to me  
17 instead of having to deal with all the little guys,  
18 ten coins, fifteen coins, fifty coins.  
19 So -- and I had been asked a lot about  
20 if they could take other people that aren't real  
21 savvy with bitcoin, if they could put their bitcoin  
22 in their account, and I said, you know, bitcoins are  
23 bitcoins. I said, I don't care whose they are. I  
24 just need to borrow them.  
25 So this was -- earlier if I found out



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1 about somebody else using an account that -- in this  
2 way, I would suspend their account and send their  
3 coins back because it made it really hard to control  
4 how many coins I was getting in and forcing them out.  
5 But as it grew, I needed more coins. I just didn't  
6 have the time to manage it all. So I had them -- I  
7 gave them the ability to do that.  
8 Q So you authorized your larger account  
9 holders to take deposits and make payments out to  
10 smaller account holders?  
11 A Correct.  
12 Q And did you call these larger account  
13 holders trust accounts?  
14 A Not until much later.  
15 Q But you did at some point --  
16 A Yes.  
17 Q -- call them trust accounts?  
18 A Yes.  
19 Q Was there another name for these accounts?  
20 Pirate pass-thrus?  
21 A Somebody else made that up. I didn't make  
22 that up.  
23 Q You were aware of the term?  
24 A Yes.  
25 Q And it was a term being used on the Bitcoin

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1 Forum for individuals that were investing with your  
2 larger investors for the purpose of reinvesting with  
3 you?  
4 A No. They were -- their purpose was to take  
5 a bunch of investors that didn't have a hundred  
6 bitcoins and allow them all to invest as one person.  
7 That's originally what they were designed for.  
8 Q And so the Pirate pass-thru was one of your  
9 larger account holders?  
10 A Yeah.  
11 Q And they were taking deposits and making  
12 payments out to smaller investors; is that right?  
13 A Yes.  
14 Q Those smaller investors didn't hold accounts  
15 directly with you, correct?  
16 A Correct.  
17 Q But you knew your larger account holders  
18 were doing this.  
19 A Correct.  
20 Q And at some point in time towards the end of  
21 Bitcoins Savings & Trust they became known as trust  
22 accounts, correct?  
23 A Yeah. I hadn't moved it over to that point  
24 yet. I called them that at the very end.  
25 Q But that's what you were referring to --

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1 A Yeah.  
2 Q Your larger investors who were taking  
3 deposits and making payments out to smaller  
4 investors?  
5 A Trust accounts were accounts that had a cap  
6 max, had to keep a minimum balance and had to have  
7 their funds -- couldn't have them reinvested. They  
8 were large accounts that just sat there, and I pushed  
9 the accounts back.  
10 Savings ones were more of the  
11 reinvesting ones. They were smaller accounts. But I  
12 hadn't moved everything over until everything kind of  
13 blew up.  
14 Q And the informal name on the Bitcoin Forum  
15 for your larger investors who were taking deposits  
16 and making payments out to smaller investors were  
17 Pirate pass-thrus; is that right?  
18 A That's what they were referred to.  
19 Q And you were aware of that activity?  
20 A Yeah. From this point on I allowed it to  
21 happen. I just didn't want to deal with it.  
22 Q So you believed it was happening sort of in  
23 an unauthorized fashion prior to April of 2012?  
24 A Yes.  
25 Q But come April 8th, 2012 you explicitly

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1 authorized the Pirate pass-thru activity?  
2 A Correct.  
3 Q Turning your attention to Page 125 of  
4 Exhibit 2. There's a post we looked at earlier this  
5 morning from Pirateat40 on April 10, 2012 at 2:34  
6 p.m. that fills the bottom of Page 125 and carries  
7 over to Page 126 announcing the launching of the  
8 BTCST website. Do you see that?  
9 A Yes.  
10 Q And you posted that message?  
11 A Yes. This wasn't the original message.  
12 Q What do you mean?  
13 A It had been altered a bunch.  
14 Q You're saying what appears in Exhibit 2 is  
15 not what you wrote on April 10, 2012?  
16 A No.  
17 Q Is that the first message we've discussed  
18 today that that's the case with?  
19 A No. The very first message.  
20 Q Other than the post at the very top of the  
21 thread that is now at the top of Page 1 of Exhibit  
22 Number 2, are there any other messages we've  
23 discussed so far that were altered after you wrote  
24 them?  
25 A No.



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1 Q Okay. You're saying this one was altered  
2 after you wrote it on April 10, 2012; is that  
3 right?  
4 A Yes.  
5 Q In what ways?  
6 A The site features. I'm pretty sure that  
7 that domain name wasn't there until later. So check  
8 out the new site at BTCST. I think -- I'm pretty  
9 sure I was still using BTC Lending at that time, and  
10 so that whole sentence wasn't there. Multiple things  
11 on this list were added or adjusted, taken off.  
12 Q Mr. Shavers, the message says, "Since  
13 www.btclending.com will be used for a separate  
14 service, there's a new URL as well. For now the old  
15 URL will redirect you to the new site but it won't be  
16 for long. Check out the new site at  
17 www.BTCST.com?"  
18 A Yeah.  
19 Q You're saying that wasn't true?  
20 A That entire paragraph wasn't there  
21 originally on April 10th.  
22 Q You testified earlier today that you  
23 launched BTCST.com on or about April of 2012.  
24 A Maybe -- oh, okay. All right. This is only  
25 one thread. This is like the main thread and --

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1 Q For Bitcoin Savings & Trust?  
2 A Yeah. There was an alert thread that had  
3 Bitcoin Savings & Trust alerts. That's what I'm  
4 thinking of as that being different. Because I had  
5 made a page where nobody could post anything. I just  
6 put news and alerts on this thread about it, and  
7 that's the one that I'm thinking of being wrong. So  
8 that's correct.  
9 Q So --  
10 A So April 10th, that one is correct.  
11 Q Okay. So you, in fact, did launch BTCST.com  
12 on or about April 10, 2012?  
13 A Yes.  
14 Q And this April 10, 2012 posting on Page 125  
15 of Exhibit 2 is complete and accurate?  
16 A Yes.  
17 Q And it's a posting you created on or about  
18 April 10, 2012?  
19 A Yes. Sorry about that.  
20 Q Directing your attention to Page 206, the  
21 bottom of 206 to the top of 207 there's a post by  
22 Pirateat40 dated July 2, 2012 at 7:16 p.m. Do you  
23 see that?  
24 A Yes.  
25 Q Did you create this post?

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1 A I don't know for sure.  
2 Q Why not?  
3 A Because it's a very simple thing for me to  
4 be responding to.  
5 Q The top of the post appears to be a quote  
6 from somebody named "OgNasty."  
7 A Yeah.  
8 Q Who in turn was quoting Pirateat40 saying  
9 changes effective -- and the Pirateat40 message says,  
10 "Changes effective 8/01/2012, Fixed Interest Rate:  
11 3.9%" And OgNasty is asking, "Weekly interest rate,  
12 right?" And Pirateat40 says, "Yes." Do you see  
13 that?  
14 A Yes.  
15 Q Is it true that on or about August 1, 2012  
16 that the interest rate you promised BTCST investors  
17 would be 3.9 percent weekly going forward?  
18 A Yes.  
19 Q And that's something that you announced  
20 ahead of time?  
21 A Yes.  
22 Q And you may have announced it by this post  
23 right here, correct? You're just not certain this  
24 was you?  
25 A Yeah, on November 3rd?

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1 Q November 3rd, 2011 is when this thread  
2 began.  
3 A See, this is one of the posts that showed up  
4 on the main page.  
5 Q Right.  
6 A And they're quoting it. So it shows a quote  
7 from November 3rd, but...  
8 Q But really it's just a posting that was put  
9 at the top of the thread at some point.  
10 A Yeah. So the first -- July 2nd, I guess, is  
11 the first time somebody quoted it. Yeah. It must  
12 have been -- yeah, July 2nd.  
13 Q So on or about July 2nd, 2012 you put a  
14 message at the top of the thread announcing that come  
15 August 1, 2012 the rate of return on Bitcoin  
16 Savings & Trust investments would be reduced to 3.9  
17 percent, correct?  
18 A Yes.  
19 Q And then this person, OgNasty, was seeking  
20 clarification as to whether the 3.9 percent would be  
21 weekly, correct?  
22 A Correct.  
23 Q And you said yes, correct?  
24 A Yeah.  
25 Q Yeah?



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1 A I believe so.  
 2 Q And it was, in fact, true?  
 3 A Yeah.  
 4 Q That you were lowering the interest rates at  
 5 that time?  
 6 A Uh-huh.  
 7 Q So even if it was somebody else with your  
 8 password, whether Big One, Number Two or Copumpkin --  
 9 A Yeah. I was aware of it.  
 10 Q -- this information was accurate, and you  
 11 were aware of it?  
 12 A Yes.  
 13 Q Turning your attention to Page 221 of  
 14 Exhibit Number 2, there is a post by somebody named  
 15 Tomatocage dated July 3, 2012 at 5:06 a.m. quoting  
 16 Pirateat40, again dated November 3, 2011 concerning  
 17 trust accounts. Do you see that?  
 18 A Yes.  
 19 Q And did you create the post concerning trust  
 20 accounts that's being quoted here?  
 21 A Yes.  
 22 Q And you created it at the top of the thread,  
 23 correct?  
 24 A The first message of the thread, yes.  
 25 Q Again, it was that ever changing first

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1 message at the top of the thread?  
 2 A Yes.  
 3 Q And every time it was changed, it still bore  
 4 the date, November 3, 2011?  
 5 A Correct.  
 6 Q So you posted this message quoted by  
 7 Tomatocage here that begins "Trust Account" and goes  
 8 on to explain the detail of trust accounts at the top  
 9 of the thread?  
 10 A Correct.  
 11 Q And you did that on or about July 3, 2012 or  
 12 shortly before?  
 13 A Yes.  
 14 Q And here you're saying that trust accounts  
 15 will have rates beginning at five percent, correct?  
 16 A Yes.  
 17 Q And so what you were promising investors at  
 18 that point was five percent, or more, for trust  
 19 accounts and 3.9 percent for everyone else weekly,  
 20 correct?  
 21 A For saving accounts, yes.  
 22 Q Okay. And the trust accounts, again, it was  
 23 weekly, correct?  
 24 A Correct.  
 25 Q And the trust accounts here you write,

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1 "Unlimited Deposits, Create & Manage Sub-Accounts."  
 2 Do you see that?  
 3 A Correct.  
 4 Q And so your trust accounts -- you were  
 5 authorizing the trust account holders here to take on  
 6 unlimited deposits, correct?  
 7 A Unlimited deposit transactions, yes.  
 8 Q And you were authorizing them to create and  
 9 manage sub-accounts here, correct?  
 10 A Correct.  
 11 Q Were some of those accounts savings  
 12 accounts, or were they trust accounts sub-accounts  
 13 for people who didn't have the minimum to meet for a  
 14 savings account?  
 15 A Trust accounts were basically the Pirate  
 16 pass-thru accounts.  
 17 Q So they were also known as PPTs?  
 18 A Yes.  
 19 Q So you were authorizing the trust accounts  
 20 to act as pass-thrus to Bitcoin Savings & Trust,  
 21 correct?  
 22 A Correct.  
 23 Q Meaning that the trust account holders would  
 24 take deposits from smaller investors and then  
 25 reinvest those deposits -- not reinvest really --

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1 just invest those deposits in Bitcoin  
 2 Savings & Trust, correct? Let me start over.  
 3 A Say that again.  
 4 Q So the trust account holders were authorized  
 5 by you to take deposits from smaller investors,  
 6 correct?  
 7 A Correct.  
 8 Q For the purposes of investing in big Bitcoin  
 9 Savings & Trust, correct?  
 10 A Yes.  
 11 Q Then you would pay returns to the trust  
 12 account holder based on the total amount invested by  
 13 the trust account holder, correct?  
 14 A Correct.  
 15 Q And then the trust account holder was  
 16 authorized by you to pay the returns owed to the  
 17 smaller investors for whom the trust account holder  
 18 was managing funds, correct?  
 19 A No.  
 20 Q What's wrong there?  
 21 A The trust account holder would pay people  
 22 underneath.  
 23 Q And you were aware that that was occurring?  
 24 A Yes. But, again, the trust accounts, they  
 25 were never set up. So it never got to that point.



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1 Q Okay. So beginning in April of 2012 -- we  
 2 can go back to the thread if you'd like, but  
 3 beginning in April of 2012 you authorized larger  
 4 account holders to take deposits from smaller  
 5 investors for the purpose of investing in Bitcoin  
 6 Savings & Trust, correct?  
 7 A Yes.  
 8 Q And you understood also that the larger  
 9 account holders would then pay out the returns to the  
 10 smaller investors?  
 11 A Correct.  
 12 Q And all of this was done with your  
 13 authorization?  
 14 A Yes.  
 15 Q Mr. Shavers, I'd like to put before you what  
 16 I'm asking the reporter to mark as Exhibit Number 4.  
 17 (Exhibit 4 marked.)  
 18 Q Do you recognize what's been marked as  
 19 Exhibit Number 4?  
 20 A Yes.  
 21 Q What do you recognize it to be?  
 22 A Kind of a tell-all answered questions about  
 23 things I was asked a lot about.  
 24 Q Just to back up to basics, Exhibit Number 4  
 25 is a printout of a thread from Bitcoin Forum,

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1 correct?  
 2 A Yes.  
 3 Q And it's a printout of a thread of Bitcoin  
 4 Forum that you created?  
 5 A Yes.  
 6 Q And you started the thread on or about May  
 7 21, 2012; is that correct?  
 8 A Yes.  
 9 Q And for the record, Exhibit Number 4 has a  
 10 header in the upper left-hand corner on each page  
 11 that says, "A day in the life of a pirate"?  
 12 A Yes.  
 13 Q And in the upper right-hand corner the  
 14 header has the page numbers Page 1 of, and it's Page  
 15 1 of 198 and 198 of 198.  
 16 Turning your attention to Page 1,  
 17 Mr. Shavers, there is a thread -- there's a post at  
 18 the top of the thread by Pirateat40. Do you see  
 19 that?  
 20 A I'm sorry. What page again?  
 21 Q 1.  
 22 A Yeah.  
 23 Q And it's entitled, "A day in the life of a  
 24 pirate." Do you see that?  
 25 A Yes.

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1 Q Did you post this message?  
 2 A Yes.  
 3 Q To begin the thread?  
 4 A Yes.  
 5 Q And did you post it on or about May 21,  
 6 2012?  
 7 A Yes.  
 8 Q And has it been altered?  
 9 A Maybe for grammar. But nothing big.  
 10 Q By you?  
 11 A Yeah.  
 12 Q Anyone else?  
 13 A No. I did this one.  
 14 Q Turning your attention to Page 11.  
 15 A Okay.  
 16 Q There's a post in the middle of the page by  
 17 somebody named Wachtwoord dated May 21, 2012 that  
 18 asks, "Would you be willing to disclose anything  
 19 about your actual profit margins over the 7% weekly  
 20 you pay for the use of funds?" Do you see that?  
 21 A Yes.  
 22 Q And then towards the bottom of the page  
 23 there's a post by Pirateat40 dated May 21, 2012 at  
 24 9:54 p.m. Do you see that?  
 25 A Yes.

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1 Q And here Pirateat40 appears to be answering  
 2 Wachtwoord's question. Do you see that?  
 3 A Yes.  
 4 Q And it says, "Sure I net" -- but "net" is  
 5 crossed out -- "gross 10.65% per week and pay out  
 6 5.98% on average and it really depends on how much I  
 7 want to work. The process has become pretty  
 8 automated lately which is nice. I can spend more  
 9 time on my other projects and with the family.  
 10 Thanks for your polite and non-divulging question."  
 11 Do you see that?  
 12 A Yes.  
 13 Q Did you post that message?  
 14 A Yes.  
 15 Q Did you post it on or about May 21, 2012?  
 16 A Yes.  
 17 Q Has it been altered in any way?  
 18 A No.  
 19 Q Turning your attention to Page 15, there's a  
 20 message by Pirateat40 posted on May 21, 2012 at 1:18  
 21 p.m. Do you see that?  
 22 A Yes.  
 23 Q It begins, "No, the system in place makes it  
 24 pretty easy for me to adapt to large deposits (going  
 25 back to how much time I want to spend working). From



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1 day one it has been much easier to manage accounts  
2 that rarely move coins than accounts that are  
3 constantly moving coins in and out. So before, my  
4 limits were adjusted based on the accounts all making  
5 the same rate. Now the calculations are based on  
6 average balances. So those that never move and hold  
7 more coins are rewarded with higher returns. There's  
8 also some changes coming soon that will give the  
9 approved bond issuers an additional incentive to  
10 manage the smaller more active accounts." Do you see  
11 that?  
12 A Yes.  
13 Q And this was posted by you?  
14 A Yes.  
15 Q On or about May 21, 2012?  
16 A Yes.  
17 Q Has it been changed?  
18 A No.  
19 Q And here you're discussing Pirate  
20 pass-thrus; is that correct?  
21 A Yes.  
22 MR. MOUSTAKIS: We'll go off the record  
23 for a second.  
24 (Off the record at 11:45 a.m.)  
25 (Short recess.)

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1 (Back on the record at 11:52 a.m.)  
2 Q Mr. Shavers, you're still under oath.  
3 A Yes.  
4 Q How did Big One log on to a server at your  
5 house?  
6 A It's called a WinProxy that -- it's a proxy  
7 server that allows you to connect like a VPN and  
8 either connect IRC or connect as me. So as my IP  
9 location. So you can look up certain information,  
10 especially on IRC, where the person is, and you can  
11 tell if it's the same person or not. So we did that  
12 so that he and Number Two could communicate as me  
13 when they needed to.  
14 Q Why not just tell investors that Big One and  
15 Number Two were authorized to communicate with  
16 investors for Bitcoin Savings & Trust?  
17 A I didn't need them looking around trying to  
18 figure out if it was me talking or not.  
19 Q So the purpose was to deceive the investors  
20 as to who was communicating with them?  
21 A No.  
22 Q But that's the practical effect, wasn't  
23 it?  
24 A No.  
25 Q Wasn't it to disguise whether or not the

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1 message was from you or not from you?  
2 A It's to have them not question what's being  
3 said, is it from me or not from me. Everything is  
4 from me.  
5 Q But everything wasn't from you.  
6 A Right. On my side. As far as the forms  
7 went, anything that was said, people I gave accounts  
8 to was what I said. I just didn't have time to  
9 respond to everything all the time.  
10 Q So anything that Big One posted on the  
11 Bitcoin Forum in IRC or elsewhere under the name  
12 "Pirateat40" was authorized by you?  
13 A Yes.  
14 Q And anything that Number Two posted in the  
15 Bitcoin Forum on IRC or elsewhere as "Pirateat40" was  
16 authorized by you?  
17 A Yes.  
18 Q And anything that Copumpkin posted on the  
19 Bitcoin Forum on IRC or elsewhere as "Pirateat40" was  
20 authorized by you?  
21 A Yes.  
22 Q By logging on to your central server at your  
23 house, what did Big One and Number Two and Copumpkin  
24 have access to --  
25 A Nothing.

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1 Q -- other than being you on the Bitcoin  
2 Forum?  
3 A Yeah. They could just use my IP address.  
4 They still used their own computers and all that  
5 stuff.  
6 Q So they couldn't access, say, your bank  
7 accounts if you had a pre-set password or something  
8 like that?  
9 A No.  
10 Q And in the case of Big One, why would you  
11 give your login to somebody you didn't even know,  
12 your Bitcoin Forum login?  
13 A It really wasn't that important. I didn't  
14 use IRC very much. I mean, I didn't use the forum  
15 very much. I primarily did most of the talking and  
16 stuff in IRC.  
17 Q Big One had your IRC login, too, correct?  
18 A Correct. He didn't have my GPG key. Which  
19 any time you did a transaction, you verified with the  
20 OTC and all that stuff.  
21 Q But the vast majority of your bitcoin  
22 currency trading activities, it would be fair to say  
23 in terms of talking with investors, occurred through  
24 IRC or the Bitcoin Forum, correct?  
25 A Primarily through IRC.



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1 Q But also through the Bitcoin Forum?

2 A Some.

3 Q What protections did you have that this

4 anonymous person, Big One, who had your logins for

5 both the Bitcoin Forum and IRC might not somehow

6 abuse the trust of your Bitcoin Savings & Trust

7 investors?

8 A I trusted him with a lot of bitcoin. Their

9 responses, their way of acting was -- would directly

10 affect them if they would have said something or

11 deceived something or do something bad.

12 And remember, this is towards the very

13 beginning. After Bitcoin Savings & Trust's website

14 really got going, it was a lot more automated. They

15 never logged in that much. It was rare occurrences

16 that they needed to post something, and then once the

17 password was changed, they had no access to it

18 anymore.

19 Q When was the password changed?

20 A I don't know.

21 Q So in your view it was a prudent business

22 decision to give somebody you did not know by any

23 name at all, not even an online-name, your user name

24 and password for the Bitcoin Forum and the IRC for

25 the purposes of communicating with your Bitcoin

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1 Savings & Trust investors?

2 A Yes.

3 Q And that was true of Big One, and that was

4 true of Number Two, correct?

5 A Correct.

6 Q Copumpkin you had a name and -- a real name

7 as well as a user name, correct?

8 A Yeah. He was the most trusted persons I

9 knew. One of the first people I knew.

10 Q So in February of 2011 when you started your

11 bitcoin currency trading activities, the informal

12 name for it was First Pirate Savings & Trust,

13 correct?

14 A Correct.

15 Q And that name was changed to Bitcoin

16 Savings & Trust when you launched the BTCST.com

17 website in or about April of 2012, correct?

18 A Correct.

19 Q Okay. And like I said today, we can just

20 refer to everything as Bitcoin Savings & Trust. But

21 if you ever need to break the one out from the other

22 for the purpose of making your response to a question

23 accurate, don't hesitate to let us know, all right?

24 A Okay.

25 Q And you founded Bitcoin Savings & Trust from

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1 your home in McKinney Texas, right?

2 A Yes.

3 Q Did you ever travel for your Bitcoin

4 Savings & Trust related work other than that one trip

5 to Las Vegas?

6 A Traveled around town just to buy and sell

7 coins.

8 Q Meaning around Texas?

9 A Correct.

10 Q McKinney?

11 A Around Dallas.

12 Q Dallas. Now, you shut down Bitcoin

13 Savings & Trust in August 2012; is that correct?

14 A Yes.

15 Q You stopped taking deposits from investors

16 in August of 2012; is that right?

17 A Yes.

18 Q There was still some unwinding to do at that

19 point; is that right?

20 A Right.

21 Q When did you finish your unwinding of

22 Bitcoin Savings & Trust?

23 A It wasn't until the beginning part of this

24 year, March/April, and it's not completely unwound,

25 I mean, there's people I still owe.

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1 Q So what activities did you undertake for

2 Bitcoin Savings & Trust between August 2012 when you

3 stopped taking deposits from investors and March or

4 April of 2013?

5 A I immediately closed out the new accounts

6 that had just recently started, returned all their

7 coins. Then kind of strategically based on how many

8 coins I still had tied up, I worked to move some of

9 the coins out. But, you know, with losing the large

10 sum of coins, it made it very difficult to do that.

11 So I kept some of the coins to be able to trade so I

12 could make coins to pay them back. And it took a

13 long time.

14 Q And did you return any bitcoin to investors

15 during this time period from August 2012 through

16 March or April of 2013?

17 A Yes.

18 Q So you returned the deposits of newer

19 account holders; is that correct?

20 A That was almost immediately afterward when I

21 shut it down.

22 Q And did you return bitcoins to others during

23 that time period?

24 A Yes.

25 Q Who?



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1 A Actually hold on.  
 2 MR. MOUSTAKIS: For the record, the  
 3 witness is referring to Exhibit 3.  
 4 A Jcpham.  
 5 Q Can you spell that?  
 6 A J-c-p-h-a-m; Keefe, K-e-e-f-e; Seanbeaupre.  
 7 Q Can you spell that for us?  
 8 A S-e-a-n-b-e-a-u-p-r-e; Teek, T-e-e-k.  
 9 Q What is it that tells you in Exhibit 3 that  
 10 you returned bitcoin to these investors?  
 11 A I'm just pulling them from memory.  
 12 Q Oh. So Exhibit 3 is simply refreshing your  
 13 recollection for these purposes?  
 14 A Yes. Ognasty, O-g-n-a-s-t-y; A-r-a-s-h-d;  
 15 Brendio, B-r-e-n-d-i-o; Btc4domains.  
 16 Q Can you spell that?  
 17 A B-t-c-4-d-o-m-a-i-n-s; Coin\_toss,  
 18 C-o-i-n-\_t-o-s-s; Fred0, F-r-e-d-0; Gigavps some. I  
 19 haven't returned all of his. Same thing with  
 20 lmsaguy, l-m-s-a-g-u-y.  
 21 Q You returned some but not all of his  
 22 deposits?  
 23 A Correct. And then there's a bunch that  
 24 aren't listed on there because the accounts were  
 25 closed.

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1 Q And all the other individuals you named you  
 2 returned their entire principal amount?  
 3 A Their entire balance.  
 4 Q Entire balance.  
 5 A Yeah.  
 6 Q At the time of the shutdown in August  
 7 2012?  
 8 A Yes.  
 9 Q Whatever that balance may have been.  
 10 A Correct.  
 11 Q And for Gigavps and lmsaguy you returned  
 12 some but not all of their balance?  
 13 A Right.  
 14 Q How did you make the determination as to  
 15 which investors to return bitcoin to and which not?  
 16 A Accounts that I physically knew there was  
 17 pay VC -- a couple of the other guys that had these  
 18 Pirate pass-thrus where their people were coming to  
 19 me asking for coins and I had no way of knowing if  
 20 they had coins with me or not. And so like I said,  
 21 the brand new accounts, I shut those out and closed  
 22 them out, paid them back initially. And then I went  
 23 through and worked out the people that I had long  
 24 relationships with and knew that they were good. I  
 25 paid them a percentage based on how many coins they

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1 had with me.  
 2 Q So you gave priority to your long time  
 3 investors in returning funds when you shut down  
 4 Bitcoin Savings & Trust?  
 5 A I gave priority to the new accounts.  
 6 Q And then after them to the long time  
 7 investors?  
 8 A Some of them. Some of them hadn't been  
 9 super long. I mean, like Copumpkin and Gigavps were  
 10 the new -- I mean, they had been with me since the  
 11 very beginning, and to date I haven't paid Copumpkin  
 12 back much.  
 13 Q Did you pay back Hashking?  
 14 A No.  
 15 Q Why not?  
 16 A He just -- it wasn't part of the payout. I  
 17 just didn't have the coins at the time.  
 18 Q Did you pay out Goat?  
 19 A I paid him a percentage. But it was -- it  
 20 was -- at the end people were moving coins around.  
 21 They were buying debt basically. And he took a  
 22 percentage to relinquish some of his debt, something  
 23 like that. Something along those lines. I'd have to  
 24 go through some of my e-mails to look it up.  
 25 Q Do you remember you and I had a conversation

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1 on the telephone on October 3rd of 2012?  
 2 A Yes.  
 3 Q And we spoke for about two-and-a-half  
 4 hours?  
 5 A Uh-huh.  
 6 Q Yes?  
 7 A Yes.  
 8 Q And at the time I asked you which investors  
 9 did you return funds to following the August 2012  
 10 shutdown of Bitcoin Savings & Trust, and you said you  
 11 chose to return funds to your friends and long time  
 12 investors, correct?  
 13 A Somewhat in those words, yes.  
 14 Q And at that time you didn't mention new  
 15 account holders.  
 16 A It wasn't that important. I really --  
 17 during our phone call I had a lot more going on than  
 18 a phone call from you that I really wasn't ready for  
 19 and I just started coming up with stuff. But as this  
 20 process has gone on, I learned how the events  
 21 unfolded and what happened, and I have to speak  
 22 truthfully now.  
 23 Q When I asked you about Goat on October 3rd,  
 24 2012 you told me that you weren't paying him back  
 25 because he threatened legal action; is that right?



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1 A Early on, yes.  
 2 Q And is that why you didn't pay him back?  
 3 A No.  
 4 Q So that wasn't true when you said that on  
 5 October 3rd?  
 6 A No. He was threatening me, and I felt that  
 7 if he was going to threaten me about how much was  
 8 owed, that I would sit and wait and see what happens.  
 9 But at the time he had more coins held with me than I  
 10 could pay him back. So I couldn't pay him back  
 11 anyway.  
 12 Q Did Bitcoin Savings & Trust ever have any  
 13 employees?  
 14 A I wouldn't say employees. I would say  
 15 contractors.  
 16 Q Who?  
 17 A Multiple people that did work for web  
 18 design, development of, you know, graphic design,  
 19 different things. And my two biggest clients were  
 20 kind of assistants.  
 21 Q Your two biggest anonymous borrowers were  
 22 assistants?  
 23 A Yeah, basically.  
 24 Q In what way did they assist you?  
 25 A Answered private messages, answered

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1 responses on the forum. I stuck most of my time on  
 2 IRC and not on the forums.  
 3 Q And who were your outside contractors for  
 4 web design?  
 5 A Zach Nakaska did most of the web  
 6 development.  
 7 Q For the BTCST.com website?  
 8 A Yes.  
 9 Q Anything else?  
 10 A There was a couple of other people that did  
 11 stuff. I don't have that information with me.  
 12 Q Who?  
 13 A I don't know.  
 14 Q You can't remember whom you hired or what  
 15 for?  
 16 A No.  
 17 Q Was Bitcoin Savings & Trust ever  
 18 incorporated in any state?  
 19 A No.  
 20 Q Ever incorporated in any other country?  
 21 A No.  
 22 Q Was First Pirate Savings & Trust ever  
 23 incorporated in any other state?  
 24 A No.  
 25 Q Or any other country?

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1 A No.  
 2 Q So what was it?  
 3 A It was a website.  
 4 Q Bitcoin Savings & Trust was?  
 5 A Right.  
 6 Q So Bitcoin Savings & Trust was in the  
 7 business of lending bitcoin, correct?  
 8 A Lending bitcoin from people to lend bitcoins  
 9 to very large investors.  
 10 Q Right. So Bitcoin Savings & Trust took in  
 11 bitcoin from its investors, which it then lent out to  
 12 others.  
 13 A Right. So they were lenders, and then I  
 14 lent out coins.  
 15 Q Who were lenders? Your investors?  
 16 A They're not investors. They were lenders.  
 17 They lent me coins. I lent them to somebody else.  
 18 Q Well, you use the word "investors" yourself  
 19 on the Bitcoin Forum. We looked at one of the posts  
 20 today. And we've been using the word "investors"  
 21 today.  
 22 A I actually used -- there's multiple times  
 23 where I said I'd like to think of my -- think of  
 24 people as lenders. And that's what they were. They  
 25 lent me the coins, and they could have them right

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1 back.  
 2 Q With the expectation of a return.  
 3 A Right.  
 4 Q And then you in turn under the name of  
 5 "Bitcoin Savings & Trust" lent the same coins out to  
 6 generate a return.  
 7 A Correct.  
 8 Q So you were taking coins from all of Bitcoin  
 9 Savings & Trust's various lenders or investors,  
 10 pooling them together for the purposes of lending  
 11 them out to generate more returns, correct?  
 12 A As well as my coins, yes.  
 13 Q So you were pooling bitcoins from Bitcoin  
 14 Savings & Trust's lenders or investors with your own  
 15 coins and then lending all of those coins out for the  
 16 purpose of generating returns both for yourself and  
 17 Bitcoin Savings & Trust's lenders?  
 18 A Correct.  
 19 Q And you promised the individuals who lent  
 20 you bitcoin returns in bitcoin, correct?  
 21 A I wouldn't say I promised them anything. I  
 22 told them I would pay them a certain percentage. But  
 23 there was no contract.  
 24 Q In bitcoin.  
 25 A In bitcoin.



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1 Q Right. What do you mean there was no  
2 contract?  
3 A There was no contract between me or anybody  
4 else.  
5 Q You told individuals on the Bitcoin Forum  
6 and through IRC, lend me your bitcoin, I'll return  
7 your bitcoin with a certain percentage return,  
8 correct?  
9 A Correct.  
10 Q And the return would be paid in bitcoin,  
11 correct?  
12 A Correct.  
13 Q Did you ever pay returns to any of your  
14 investors in U.S. dollars?  
15 A No.  
16 Q In any other currency other than bitcoin?  
17 A No.  
18 Q And the business of Bitcoin Savings & Trust  
19 was generating returns through lending bitcoin,  
20 correct?  
21 A Primarily. Ninety percent.  
22 Q And what was the other ten percent?  
23 A Buying and selling bitcoins locally.  
24 Q And when you say, "locally," what do you  
25 mean by "locally"?

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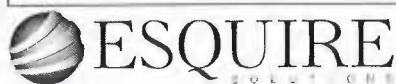
1 A The Dallas area.  
2 Q Ninety percent of the returns -- of the  
3 activity I should say -- of big Bitcoin  
4 Savings & Trust was lending bitcoin?  
5 A Yes.  
6 Q Not the buying and selling of bitcoin?  
7 A Correct.  
8 Q Now, the Bitcoin Forum thread for Bitcoin  
9 Savings & Trust, you created or started on or about  
10 November 3rd, 2011, right?  
11 A Yes.  
12 Q But you first solicited bitcoins from others  
13 for the purpose -- but you first solicited bitcoins  
14 from others for Bitcoin Savings & Trust beginning in  
15 February of 2011. But it wasn't on the bitcoin  
16 forum.  
17 A Right.  
18 Q And you continued to solicit bitcoin from  
19 others for Bitcoin Savings & Trust both on the  
20 Bitcoin Forum and IRC and elsewhere through August of  
21 2012?  
22 A Yes.  
23 Q How did you find your early investors before  
24 the Bitcoin Forum thread?  
25 A At a vapor -- wait. My early investors?

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1 Q Yeah, your early lenders for Bitcoin  
2 Savings & Trust.  
3 A IRC.  
4 Q How did you find them?  
5 A IRC.  
6 Q And were there chat rooms on IRC dedicated  
7 to bitcoin?  
8 A Yes.  
9 Q And so in those chat rooms you solicited  
10 investments?  
11 A No. They were just friends that I met up  
12 with, and I asked -- I asked -- I either mined the  
13 coins or borrowed somebody's mining to mine coins,  
14 paying them in either dollars or in bitcoin. And if  
15 they had extra coins sitting around, I would say,  
16 hey, can I borrow your coins for a week? I'll pay  
17 you one percent a day. And that's how that all kind  
18 of started.  
19 Q And this was to individuals on the IRC?  
20 A Yeah.  
21 Q And that began in February of 2011?  
22 A Correct.  
23 Q And so you would suggest to individuals that  
24 if they lent you their bitcoin, you'd pay them one  
25 percent a day?

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1 A Correct.  
2 Q You didn't meet the Big One until December  
3 of 2011, correct?  
4 A Correct.  
5 Q How were you generating the returns for  
6 Bitcoin Savings & Trust prior to December of 2011?  
7 A It was either done through Bitcoinica in the  
8 early parts or local transactions and the mining. I  
9 could rent huge amounts of mining power and mine  
10 them, return more bitcoins than I'd pay them or pay  
11 them in dollars and get bitcoins and the bitcoin  
12 price was moving up and work out -- I mean, there's  
13 tons of ways to make money.  
14 I just came from a different way of  
15 thinking of bitcoin and decided let me see if it  
16 works. I just need to have coins. And that's why I  
17 started borrowing them.  
18 Q And what do you mean when you say you did it  
19 through Bitcoinica?  
20 A Bitcoinica was a website that worked like  
21 Mt.Gox that allowed you to leverage your coins. So  
22 you could use as much as ten to one leverage, and you  
23 could trade on the major exchanges. And in the  
24 beginning it was just Mt.Gox. But you could trade  
25 and make money watching the market move. There were



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1 trades where you made fifty, \$60,000 overnight.  
 2 Q You mean bitcoin or dollars?  
 3 A Dollars, but they didn't allow you to  
 4 transfer out dollars. So you had to purchase  
 5 bitcoins at a specific price afterward with that  
 6 money to cash them out.  
 7 Q So Bitcoinica operated as a currency  
 8 exchange, bitcoin for U.S. dollars and back?  
 9 A I really wouldn't consider it an exchange.  
 10 It was really more of a bucket shop.  
 11 Q Meaning?  
 12 A That they were doing transactions, showing  
 13 you the total amounts of dollars and coins, but you  
 14 couldn't get cash out. You couldn't -- you could  
 15 only get bitcoins back out, and you could only trade  
 16 with the coins that were in the system on Mt.Gox.  
 17 Q You generated returns?  
 18 A Yes.  
 19 Q For the early Bitcoin Savings & Trust  
 20 investors on Bitcoinica.  
 21 A Yes.  
 22 Q You did it by depositing bitcoin with  
 23 Bitcoinica; is that right?  
 24 A Yes.  
 25 Q And then Bitcoinica allowed you to trade

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1 against the U.S. dollar.  
 2 A Yes.  
 3 Q There weren't actual dollars involved. It  
 4 was synthetic trading?  
 5 A Right.  
 6 Q You were trading against the price of the  
 7 U.S. dollar.  
 8 A Right.  
 9 Q Versus the bitcoin.  
 10 A Yes.  
 11 Q As determined by the prices on Mt.Gox at the  
 12 time of your trading.  
 13 A Plus their PIPS or add-in over the price of  
 14 Mt.Gox.  
 15 Q Plus whatever little bit Bitcoinica was  
 16 taking?  
 17 A Right.  
 18 Q And did Bitcoinica allow you to trade with  
 19 leverage?  
 20 A Yes.  
 21 Q How much leverage?  
 22 A Ten to one.  
 23 Q And so if you had on deposit a hundred  
 24 bitcoin with Bitcoinica, you could engage in  
 25 synthetic bitcoin trading up to a thousand bitcoin?

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1 A Right.  
 2 Q And that would be your exposure on  
 3 Bitcoinica?  
 4 A Right.  
 5 Q And that's how you were generating returns  
 6 in the early days of Bitcoin Savings & Trust before  
 7 you met the Big One?  
 8 A Yes.  
 9 Q And you met the Big One in December of 2011?  
 10 A Yes.  
 11 Q And prior to December of 2011, you generated  
 12 returns for the Bitcoin Savings & Trust investors by  
 13 trading, meaning buying and selling, bitcoin locally;  
 14 is that correct?  
 15 A Right.  
 16 Q Prior to December of 2011, did you generate  
 17 any returns for Bitcoin Savings & Trust by lending  
 18 bitcoin?  
 19 A Very little. It wasn't -- I mean, there was  
 20 some -- somebody that I knew that I would lend coins,  
 21 and I would get them back, but it was very little.  
 22 Less than one percent.  
 23 Q Did you generate returns prior to December  
 24 2011 through Bitcoinica in any way other than this  
 25 synthetic trading we've discussed?

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1 A No.  
 2 Q Now, when you and I spoke in October -- on  
 3 October 3rd, 2011, you told me that Bitcoinica paid  
 4 you four percent per day on the amount of bitcoin you  
 5 had deposited with them.  
 6 A Correct.  
 7 Q Was that true?  
 8 A Yeah, at a later date when they dropped  
 9 their -- their leverage amount down. It was  
 10 basically a percentage that they needed coins to be  
 11 able to trade, and just having them sit there you  
 12 could make money.  
 13 Q And when did that start?  
 14 A I'm not for sure of the exact date. It was  
 15 towards the end right before the big hack.  
 16 Q And when was the big hack?  
 17 A I don't know.  
 18 Q Was it before or after you began lending  
 19 bitcoin to the Big One?  
 20 A Oh, after. It was after that.  
 21 Q What percentage of the returns you were  
 22 generating for Bitcoin Savings & Trust's investors  
 23 prior to December of 2011 was generated through the  
 24 synthetic trading activities on Bitcoinica? Roughly.  
 25 A Sixty, seventy percent.



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1 Q And the remainder?  
 2 A Trading locally.  
 3 Q Meaning buying and selling?  
 4 A Correct.  
 5 Q Why did you go to the Bitcoin Forum in  
 6 November 2011 and create the post for Bitcoin  
 7 Savings & Trust, create the thread?  
 8 A There were certain people that didn't  
 9 understand IRC, and they would try to get on and try  
 10 to talk to me about it, and I tried to get them to  
 11 set up an OTC, GPG encryption so I knew it was them,  
 12 and they just couldn't figure it out. So when I  
 13 talked with Theymos on the forum, I asked him would  
 14 it be okay if I made a post and kind of managed it on  
 15 the forum, and he said -- I was kind of the first as  
 16 far as real lending got in and wanted to make sure it  
 17 was okay with the admin first, and he said, yeah.  
 18 And so I jumped on, posted the same thing that I  
 19 posted as the welcome message from the IRC channel  
 20 and got all kinds of activity.  
 21 Q Theymos is T-h-e-y-m-o-s?  
 22 A That's correct.  
 23 Q And that is the administrator of the Bitcoin  
 24 Forum?  
 25 A Yes.

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1 Q Do you have any record of your  
 2 communications with him about starting the Bitcoin  
 3 Savings & Trust thread?  
 4 A No. That's all IRC.  
 5 Q Now, your trading activities, your  
 6 investment activities, for Bitcoin Savings & Trust  
 7 changed after you met Big One, correct?  
 8 A Very much so.  
 9 Q And I think we've discussed this, but once  
 10 Big One was in the picture, and thereafter with Big  
 11 One and Number Two, you generated ninety or more  
 12 percent of your returns for Bitcoin Savings & Trust's  
 13 investors through lending, not through the buying and  
 14 selling of bitcoin, correct?  
 15 A Correct.  
 16 Q And you stopped your activities on  
 17 Bitcoinica for the most part because you could  
 18 generate more with lending activities or for some  
 19 other reason?  
 20 A Both. I'd like -- I'd liked to have multi  
 21 strands in case anything were to happen, but  
 22 Bitcoinica was having some security problems with  
 23 their system, and I got spooked and pulled out most  
 24 of the coins before they were hacked and taken down.  
 25 Q Did Bitcoin Savings & Trust have any

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1 operating expenses?  
 2 A Not really. I had a server.  
 3 Q In your home?  
 4 A No. Those are hosted outside.  
 5 Q Where?  
 6 A Amazon.  
 7 Q Through Amazon.com?  
 8 A Yeah, Amazon's cloud network.  
 9 Q But you operated Bitcoin Savings & Trust  
 10 from your home in McKinney.  
 11 A Yes.  
 12 Q Were there any offices for Bitcoin  
 13 Savings & Trust?  
 14 A No.  
 15 Q Did you have any rent expenses for Bitcoin  
 16 Savings & Trust?  
 17 A No.  
 18 Q Any equipment other than your home computer?  
 19 A No.  
 20 Q Did you ever have to hire any professionals  
 21 for Bitcoin Savings & Trust, other than Zach Nakaska  
 22 to design your website?  
 23 A Not have to hire, no.  
 24 Q Did you hire an accountant for Bitcoin  
 25 Savings & Trust?

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1 A Not have to hire, no.  
 2 Q Did you ever have an accountant do the books  
 3 for Bitcoin Savings & Trust?  
 4 A No.  
 5 Q Did you ever hire a lawyer for Bitcoin  
 6 Savings & Trust?  
 7 A No.  
 8 Q Did you ever have a lawyer help you in any  
 9 way with Bitcoin Savings & Trust's operations?  
 10 A Yes.  
 11 Q Who?  
 12 A I don't have that information.  
 13 Q You the don't remember the name of your  
 14 lawyer?  
 15 A Yes.  
 16 Q Yes, you don't remember; or, yes, you  
 17 don't --  
 18 A Yes, I don't remember.  
 19 Q And when did you engage a lawyer for Bitcoin  
 20 Savings & Trust?  
 21 A When there was -- let's see -- it was the  
 22 week before July 4th.  
 23 Q Of?  
 24 A 2012.  
 25 Q But never prior?



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1 A No.

2 Q Did you ever solicit U.S. dollars from

3 anyone for Bitcoin Savings & Trust?

4 A No.

5 Q Did you ever solicit currency other than

6 bitcoin from anyone for Bitcoin Savings & Trust?

7 A No.

8 Q How much did you promise individuals from

9 whom you solicited bitcoin for Bitcoin

10 Savings & Trust in returns on their bitcoin?

11 A It varied depending on how much -- how many

12 coins they had.

13 Q Explain.

14 A I don't have that information in front of

15 me.

16 Q Well, earlier you mentioned one percent a

17 day.

18 A Yeah.

19 Q At first.

20 A It was three percent every three days. That

21 was the very beginning. And then I don't want to

22 misspeak and say the wrong number. There was

23 multiple tiers, and then it went to simple amounts,

24 and then it went to a flat amount across the board.

25 Again, that's -- the very first post on the thread

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1 was constantly changing.

2 Q But your initial post on the Bitcoin

3 Forum -- well, withdrawn. Prior to the November 2011

4 Bitcoin Forum post for Bitcoin Savings & Trust, I

5 believe you said you were paying individuals one

6 percent a day when you met through IRC.

7 A Correct. Paid out every three days.

8 Q Paid out every three days?

9 A Correct.

10 Q And with the first post on the Bitcoin Forum

11 on November 3, 2011, what did you promise investors?

12 A I don't remember that.

13 Q I would direct your attention to Exhibit

14 Number 2. Why don't you take a look at Page

15 Number 4. Does that refresh your recollection as to

16 what you promised Bitcoin Savings & Trust investors

17 when you created the November 3, 2011 post on the

18 Bitcoin Forum?

19 A One percent per day.

20 Q To be paid every three days?

21 A Yes.

22 Q And did there come a time when you changed

23 the amount of interest you were promising Bitcoin

24 Savings & Trust's investors?

25 A Yes.

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1 Q And when was that? Was it with the

2 launching of the new website in April of 2012 or

3 prior?

4 A I don't -- I'll have to go through all this

5 information.

6 Q At some point in time did it change from one

7 percent a day every three days to one percent per day

8 weekly?

9 A Yes. Yes. There were different rates for

10 different people. There were people that were a pain

11 in the butt to work with. So I dropped their rate.

12 There was people that were fantastic to work with,

13 and I made little adjustments to their rate to give

14 them more. But, yes, it moved to weekly because I

15 was tired of having to do it every three days.

16 Q Now, directing your attention to Exhibit 3.

17 A Uh-huh.

18 Q If you go to the first page, in the bottom

19 left-hand corner it seems to say -- it does say

20 "Ovidiusoft." That's the Bitcoin Savings & Trust

21 account holder, right?

22 A Correct.

23 Q And here the payments appear to be weekly;

24 is that right?

25 A Correct.

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1 Q So is it fair to say that by April 9th of

2 2012 when this account information begins that you

3 had moved to weekly payments to your account holders?

4 A Yes.

5 Q And then there came a time when you reduced

6 interest rates, as we discussed earlier, to 3.9

7 percent weekly for savings account holders, correct?

8 A Yes.

9 Q And five percent or more weekly for trust

10 account holders, correct?

11 A Yes.

12 Q And that was in August of 2012, correct?

13 August 1 of 2012.

14 A Yes.

15 Q Yes?

16 A Yes.

17 Q Directing your attention to Exhibit 2, pages

18 206 to 207.

19 A Okay.

20 Q There's a post that begins at the bottom of

21 206 and continues to the top of 207 that we reviewed

22 earlier today concerning the change of interest rates

23 for Bitcoin Savings & Trust. Do you see that?

24 A Yes.

25 Q Does that refresh your recollection as to



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1 when you reduced interest rates for savings account  
 2 holders to 3.9 percent?  
 3 A Yes.  
 4 Q And when was that?  
 5 A 8/1/2012.  
 6 Q Why did you lower the returns promised to  
 7 Bitcoin Savings & Trust investors on August 1st,  
 8 2012?  
 9 A That rate change never happened. So I  
 10 originally changed it because I couldn't make as much  
 11 money --  
 12 Q Did it happen or didn't it happen?  
 13 A The 3.9 percent for savings accounts?  
 14 Q That never happened?  
 15 A That was a starting-at number.  
 16 Q Okay.  
 17 A And most people -- that's when everybody  
 18 went through the Pirate pass-thru, and that all took  
 19 off. So it changed for people that had like a  
 20 hundred coins. But everybody else got seven percent.  
 21 So -- I'm sorry. What did you ask?  
 22 Q You were about to say the initial change  
 23 from one percent every three days to seven percent  
 24 weekly occurred because why?  
 25 A No. No. You asked about --

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1 Q I asked why the rates went down to 3.9  
 2 percent.  
 3 A And it was originally because I wanted to  
 4 get rid of the small accounts, and that's -- the 3.9  
 5 was -- ultimately ended up being anybody under a  
 6 hundred coins at 3.9 percent. So it forced them to  
 7 move into one of the big Pirate pass-thrus so I  
 8 didn't have to deal with the small accounts.  
 9 Q Do you still control the BTCST.com domain?  
 10 A Yes.  
 11 Q Do you still control the BTClending.com  
 12 domain?  
 13 A Actually as of recently, I think I gave that  
 14 one up.  
 15 Q So from April of 2012 to today, was there  
 16 any content on the BTCST.com website that could be  
 17 viewed by the public?  
 18 A No.  
 19 Q So the website required a user name and  
 20 password?  
 21 A Correct.  
 22 Q And you provided a user name and password  
 23 for each of Bitcoin Savings & Trust's investors?  
 24 A Correct.  
 25 Q And what information was available to

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1 Bitcoin Savings & Trust's investors on the website?  
 2 A Their balance, transactions -- it wasn't a  
 3 lot. There was just settings for logging in and  
 4 security settings, that kind of stuff.  
 5 Q But they could see their account balance?  
 6 A Uh-huh.  
 7 Q And their account transaction history?  
 8 A Correct.  
 9 Q And that's what you've produced to the  
 10 Commission that's now marked as the Exhibit Number 3,  
 11 the accounts transaction spreadsheet?  
 12 A No. This is the raw server output. A lot  
 13 of these transactions weren't part of their balance.  
 14 Q We'll return to that later. What do you  
 15 mean when you say the "raw server output"?  
 16 A That was just an export of every transaction  
 17 that was linked to an account. And when bitcoins  
 18 were moved into my wallets, they were moved in using  
 19 accounts, my back-end system to determine the  
 20 transactions that were coming in to that address,  
 21 which is what this was tracking. But only the ones  
 22 that were marked as -- I don't know why it didn't  
 23 mark -- oh, that was in that other database. So  
 24 there was transactions in here that were deposits.  
 25 They were coming from my clients. They were coming

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1 spread out through a mixer into the different  
 2 accounts, and what this shows is a lot of these  
 3 transactions that happened. Yeah, like  
 4 Ineedausername, he's been here for a long time and  
 5 tons of transactions that were marked in the system  
 6 on a different database, and that information -- that  
 7 should have been attached with this actually.  
 8 Q You produced --  
 9 A Is this Excel or a .csv file? Do you  
 10 remember?  
 11 Q You produced it to us, Mr. Shavers. It's an  
 12 .xls file. So it's your testimony that if I were a  
 13 Bitcoin Savings & Trust investor --  
 14 A Yes.  
 15 Q -- and I logged in to BTCST.com and looked  
 16 at my transaction history, what I would be looking at  
 17 is something different than what you produced the  
 18 Commission in response to our subpoena to you?  
 19 A It really depends on whose account you are.  
 20 Q Why?  
 21 A Well, I'm not going to do transactions for  
 22 somebody that has a hundred coins. It doesn't  
 23 look -- it doesn't look legit. They're going to look  
 24 at their blockchain address and see a bunch of  
 25 transactions that they never did that are much larger



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1 than what their account has.  
 2 When you talk about Ineedausername who  
 3 is moving coins constantly, it's very easy to hide  
 4 transactions that were happening. Teek and --  
 5 Q Are you saying that --  
 6 A You only have --  
 7 Q -- information in Exhibit Number 3 is not  
 8 the account histories for the dates shown for the  
 9 investors shown?  
 10 A No. Yes. I'm saying they're not.  
 11 Q Let's go off the record.  
 12 (Off the record at 12:46 p.m.)  
 13 (Short recess.)  
 14 (Back on the record at 12:47 p.m.)  
 15 Q Back on the record, Mr. Shavers. What  
 16 information was available to Bitcoin Savings & Trust  
 17 investors when they logged on to BTCST.com?  
 18 A Their balance and their transaction list.  
 19 Q Would they see their record of deposits?  
 20 A Yes, up to a certain point.  
 21 Q What do you mean, "up to a certain point"?  
 22 A I didn't import the transactions that  
 23 happened prior to when it all started, when the  
 24 website started.  
 25 Q You mean imported to the website?

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1 A Correct.  
 2 Q The same place where you got what's now been  
 3 marked as Exhibit 3?  
 4 A This is the raw export from the database,  
 5 not from the website.  
 6 Q So it's simply coincidental that it happens  
 7 to correspond with the date that you started the  
 8 website, that that's the date that the data in  
 9 Exhibit 3 begins?  
 10 A For which user? Somebody that I started or  
 11 created that day that it was released?  
 12 Q I'll invite you to look through the entirety  
 13 of Exhibit 3 if you'd like, but the data for the  
 14 investors consistently begins in April of 2012 when  
 15 you started the Bitcoin Savings & Trust website,  
 16 BTCST.com.  
 17 A Right. But BTC Lending -- it doesn't  
 18 include the information from BTC Lending --  
 19 Q Which pre-dated April of 2012, correct?  
 20 A Correct.  
 21 Q So this data that is now Exhibit 3, this  
 22 spreadsheet, was pulled off of the BTCST.com website,  
 23 correct?  
 24 A No. It was pulled from a database.  
 25 Q That supports the website?

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1 A Correct. The website is the system that  
 2 looks at the database and pulls what needs to be  
 3 shown for each user.  
 4 Q All right. And so for Bitcoin  
 5 Savings & Trust activity post-dating April 2012, an  
 6 investor logging on to BTCST.com could see their  
 7 deposits?  
 8 A Yes.  
 9 Q They could see their interest accruals?  
 10 A Yes.  
 11 Q They could see the payments made to them if  
 12 they took a payment instead of an interest accrual,  
 13 correct?  
 14 A No. The payments showed up regardless.  
 15 There was no interest accrual. It was just shown as  
 16 a payment. It didn't show if it was reinvested or  
 17 not.  
 18 Q If I were a Bitcoin Savings & Trust investor  
 19 who in August of 2012 logged on to BTCST.com, I could  
 20 see my deposits, correct?  
 21 A Correct.  
 22 Q I could see payments?  
 23 A Correct.  
 24 Q And interest accruals where there wasn't an  
 25 actual payment made back to me would also be

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1 represented as a payment on the website?  
 2 A Correct.  
 3 Q Just the balance would reflect that it was  
 4 an accrual, not an actual payment, right?  
 5 A Correct.  
 6 Q Just like it's represented in Exhibit 3?  
 7 A No.  
 8 Q What do you mean "no"?  
 9 A This is raw data.  
 10 Q I know. But in terms of payments and  
 11 accruals.  
 12 A Right. You're saying that it's like this.  
 13 It's not like this at all.  
 14 Q Did any of your investors have access to  
 15 your raw database, your raw data, this raw data that  
 16 you say Exhibit 3 is?  
 17 A No.  
 18 Q So if the Commission received this exact  
 19 data from an investor, where would the investor have  
 20 gotten that from?  
 21 A The list that I gave you.  
 22 Q What do you mean the list that you gave  
 23 me?  
 24 A This actual accounting that I gave you. If  
 25 it's an exact copy, it's an exact copy of what I gave



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1 you.

2 Q Exhibit Number 3 you say is raw data?

3 A Correct.

4 Q That supported the BTCST.com website?

5 A Correct.

6 Q It did not appear in this form for investors

7 who logged into their BTCST.com account, correct?

8 A Correct.

9 Q But the BTCST.com website would show the

10 Bitcoin Savings & Trust investors a history of their

11 payments?

12 A Yes.

13 Q From Bitcoin Savings & Trust?

14 A Yes.

15 Q Whether those payments were an interest

16 accrual or an actual payment?

17 A Yes.

18 Q It would show their history of deposits?

19 A Yes.

20 Q And it would show their balances?

21 A Correct.

22 Q For the period beginning in early April

23 2012 --

24 A Right.

25 Q -- through August of 2012 when Bitcoin

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1 Savings & Trust shut down, correct?

2 A Correct.

3 Q And if I were to say to you that the

4 Commission received from an investor an account

5 history that appears identical to what you produced

6 and is now contained in Exhibit Number 3, you would

7 have no explanation for where that investor got

8 that?

9 A Oh, depending on what investor it is, I

10 could have not used his account for anything.

11 Q I don't follow.

12 A If you say Goat gave you a list of

13 everything that went on, okay?

14 Q Uh-huh.

15 A Depending upon his account, what he had in

16 his account, it would depend on if I got -- I used

17 his account for coins coming in, okay? So his

18 picture of the website, his exact numbers, could

19 match up perfectly with this. That means he has raw

20 data. I mean, there's no transactions that I have in

21 there.

22 But if you get somebody like Paybc

23 or -- Ineedausername did a bunch of them early on --

24 and then there's a bunch of accounts that aren't

25 listed in here. Then you have them print out what

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1 they have on their page and see this page, you'll see

2 the discrepancy that I'm talking about.

3 Q Are you saying that at times there were

4 transactions that you engaged in that were associated

5 with a Bitcoin Savings & Trust account holder's

6 account that would not be shown in the account

7 history they could see when they logged on to the

8 BTCST.com website? Is that right?

9 A Correct.

10 Q But the results of those transactions

11 presumably would be -- meaning if the transactions

12 you engaged in that were not viewable by the Bitcoin

13 Savings & Trust investors -- a Bitcoin

14 Savings & Trust investor when they logged on to their

15 account, if those transactions changed, say, their

16 balance, they would see that when they logged on,

17 right?

18 A No.

19 Q So you were publishing to investors

20 inaccurate information concerning their account

21 balances?

22 A This tracked the -- this monitored addresses

23 on the blockchain.

24 Q Because each investor had a dedicated

25 deposit address, correct?

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1 A Right. Or they changed it every once in a

2 while.

3 Q But when an investor signed up, it gave them

4 a dedicated deposit address?

5 A Right.

6 Q And a dedicated withdrawal address, right?

7 A Sometimes. But -- so when a deposit was

8 taken, this detected it. But if it was one I was

9 looking for, it logged it under that name but marked

10 it as not visible, and it doesn't affect the balance.

11 It doesn't do anything. When they're looking at the

12 website, they're looking at a view, an HTML view,

13 that I have it build based on them logged in versus

14 when I'm logged in. And when I'm logged in, I get

15 all the raw data, and I can see all the transactions

16 that happened, if something messed up.

17 There was a couple of times where I had

18 to do accounting fixes because the amount sent to me

19 was off by a little bit -- Satoshi's.

20 Q Meaning a subpart of a bitcoin?

21 A Yeah. And I had to make little accounting

22 fixes. But for the most part, that's how it worked.

23 Transactions for, you know, a thousand dollars, a

24 thousand and one dollars, a thousand and two dollars.

25 I mean bitcoins.



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1 Q So you had the BTCST.com website programmed  
2 to follow the addresses of the Bitcoin  
3 Savings & Trust account holders on the blockchain?  
4 A Yes.  
5 Q And it would pull the data concerning those  
6 addresses from the blockchain periodically?  
7 A Instantly.  
8 Q Instantly.  
9 A Yeah.  
10 Q And so you would have raw data showing all  
11 the transactions in and out of the addresses from the  
12 blockchain for your Bitcoin Savings & Trust account  
13 holders?  
14 A Yes.  
15 Q But the Bitcoin Savings & Trust account  
16 holders, when they logged on to BTCST.com, would only  
17 see those transactions relevant to Bitcoin  
18 Savings & Trust?  
19 A Relevant to them. Just them.  
20 Q To them --  
21 A Their accounts.  
22 Q -- and their Bitcoin Savings & Trust  
23 accounts.  
24 A Right.  
25 Q And so if your website picked up activity

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1 for an investor's address off of the blockchain that  
2 had something to do with something other than Bitcoin  
3 Savings & Trust, it was filtered out and wouldn't be  
4 reflected in what the investor saw when they logged  
5 in to the BTCST.com website.  
6 A If my system knew of a transaction coming  
7 in, knew the amount at a specific address, the odds  
8 that that person sends the exact same amount on that  
9 exact same day is very slim.  
10 Q So when it's looking for a transaction,  
11 it knows that it's not part of an investor adding  
12 their funds, that it's part of me receiving back  
13 coins and marks it in the database as this is a core  
14 transaction instead of a user transaction.  
15 Q "User" meaning investor, the Bitcoin  
16 Savings & Trust investor?  
17 A Correct.  
18 Q But when Bitcoin Savings & Trust investors  
19 logged onto their accounts in BTCST.com, they could  
20 see their account histories?  
21 A Yes.  
22 Q And you're saying that what is now marked as  
23 Exhibit 3 is the account histories plus some data --  
24 A Yes.  
25 Q -- for each of the investors identified on

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1 the lower left-hand corner of the pages of the  
2 exhibit?  
3 A Yes.  
4 Q And there are some investors for whom there  
5 was no additional activity.  
6 A Correct. And there's some that aren't in  
7 this.  
8 Q So what they would see when they logged on  
9 would be identical to what you've produced to the  
10 Commission here?  
11 A Yes. There would be some.  
12 Q Same columns, same numbers, same content,  
13 right?  
14 A Yeah. I'm pretty sure the list that I have  
15 that I sent you has hidden columns in it that has the  
16 marking of which transactions are right because this  
17 is the raw output, and it should have -- it should  
18 have the -- it was listed right here. So I would  
19 check that -- when I get back home, I'm going to  
20 check it.  
21 Q So we have the data here, Mr. Shavers.  
22 There are no hidden columns.  
23 A I must have taken them out.  
24 Q So you took out information relevant to  
25 Bitcoin Savings & Trust before producing this

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1 spreadsheet to the Commission?  
2 A It would have to be that way because that's  
3 just one -- one export --  
4 Q And what column is missing?  
5 A The source.  
6 Q Source of what?  
7 A Just it was source, and it would mark them  
8 one or zero, meaning one is a core, and -- no. Zero  
9 is a core, and one is a user.  
10 Q Are you sure you didn't filter it so that it  
11 just showed us the account histories for the  
12 investors?  
13 A If I was going to filter this data, I would  
14 have filtered out a lot more. I just don't think --  
15 there was no reason for filtering it.  
16 Q What do you mean by that?  
17 A I would have filtered out all the crazy  
18 times. You could have done so many things to filter  
19 it, but I just must have missed pulling it out or  
20 deleted that column somehow thinking it wasn't  
21 relevant. See, accounting fix...  
22 Q So looking at Exhibit Number 3 today, can  
23 you, if we went through it, show us what information  
24 the investors could see and what they couldn't see?  
25 A For some of them. I remember setting



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1 specific amounts for the incoming transactions. But  
 2 not for all of it. And, again --  
 3 Q All right. Let's start on Page 1.  
 4 A This isn't all of it.  
 5 Q Can you go through the pages -- all of what?  
 6 It's not all of what?  
 7 A This isn't all the accounts. This is just  
 8 the accounts that hadn't been closed when I gave it  
 9 to you.  
 10 Q Correct. And where is the data for all the  
 11 accounts that had been closed when you produced this  
 12 to us?  
 13 A Gone. Deleted.  
 14 Q So beginning at Page 1, I ask you to go  
 15 through Exhibit 3 until you hit upon an instance of  
 16 information that's included in Exhibit 3 that an  
 17 investor logging into their account on BTCST.com  
 18 could not see.  
 19 A The first one is Payb.tc.  
 20 Q Okay. Hang on. Just for the record --  
 21 A Number 4.  
 22 Q One, two, three -- Page 4, the first page of  
 23 Payb.tc. What on this page could Payb.tc not see  
 24 when logging in?  
 25 A I really -- I don't want to misspeak and say

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1 one that I don't know for sure.  
 2 Q Let's start from Page 1 of the exhibit. The  
 3 first page of the exhibit in the lower left-hand  
 4 corner says "Ovidiusoft," correct?  
 5 A Correct.  
 6 Q And if Ovidiusoft logged into his BTCST.com  
 7 account on or about August 13th, 2012 --  
 8 A Yes.  
 9 Q -- would he see all the information on this  
 10 page?  
 11 A Definitely.  
 12 Q And is this information a true and accurate  
 13 reflection of Ovidiusoft's transaction history from  
 14 April 9th, 2012 through August 13, 2012?  
 15 A Definitely.  
 16 Q The next page -- the next two pages in the  
 17 lower left-hand corner it says, "Patrick Harnett."  
 18 That's the Bitcoin Savings & Trust account holder,  
 19 correct?  
 20 A Yes.  
 21 Q And this shows a true and correct account  
 22 history for Patrick Harnett from April 9th, 2012  
 23 through August 15th, 2012, correct?  
 24 A Correct.  
 25 Q And if Patrick Harnett logged into BTCST.com

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1 on August 15th, 2012, this is what he would have  
 2 seen?  
 3 A This is one of the questionable ones.  
 4 Q What on these two pages raises a question  
 5 for you?  
 6 A The thousands right before the payment went  
 7 out.  
 8 Q Be more specific.  
 9 A On 6/26/2012, those two transactions that  
 10 happened at 5:07 and 5:09 for a thousand each right  
 11 before a payment was issued, it looked like incoming  
 12 transactions from me.  
 13 Q What do you mean incoming transactions for  
 14 you?  
 15 A The incoming transactions to the -- those  
 16 are core transactions instead of user transactions.  
 17 Q What do you mean by "core transactions"?  
 18 A Transactions that were sent from me through  
 19 a mixer to a specific address and tracked.  
 20 Q And why would an unrelated transaction be  
 21 attributed to a specific investor in this case these  
 22 two transactions on June 26, 2012 for a thousand  
 23 bitcoin each to Patrick Harnett?  
 24 A I don't understand the question.  
 25 Q Why would a transaction, which you're

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1 calling a "core transaction," be attributed to  
 2 Mr. Harnett, to Patrick Harnett?  
 3 A To hide the identity of where the coins were  
 4 coming from, which specific address they're going to.  
 5 If I was getting all my coins back from my lenders  
 6 back to one address or multiple addresses, you could  
 7 track all those transactions to one address, and  
 8 that's not how it worked.  
 9 Q So you used your investors' addresses to  
 10 cloak your investing activity?  
 11 A I used my investors' addresses -- they're my  
 12 addresses -- to move the coins within -- between  
 13 wallets.  
 14 Q What do you mean they're your addresses?  
 15 A I have the private key to them. They're my  
 16 addresses.  
 17 Q I see. But they're dedicated deposit  
 18 addresses for each investor, but they're addresses  
 19 you control because they're deposit addresses.  
 20 A Correct.  
 21 Q So why Patrick Harnett's account?  
 22 A Just because he had large balances. It's  
 23 easier to hide.  
 24 Q And why is his account credited with those  
 25 2000 bitcoin?



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1 A What do you mean?

2 Q Well, he's got 6500 bitcoin on June 25th,

3 2012. On June 26th, 2012 at 5:07, 1000 bitcoin comes

4 in as a deposit and now his balance is 7500 bitcoin.

5 On June 26th, 2012 at 5:09, 1000 bitcoin comes in as

6 a deposit, and his balance is not 8500.

7 A Right.

8 Q So you're crediting his account with these

9 deposits, and the account balance grows from there.

10 There's never any adjustment to say these weren't

11 Patrick Harnett's 2000 bitcoin. They were part of my

12 core transactions.

13 A I don't know how to explain it any

14 differently to you, Philip. This is raw data. This

15 is an export from a database from all the

16 transactions that happened within a deal.

17 Everything that the investor saw on the

18 website, the lender saw on their website, saw a view

19 that could calculate everything that is assigned to

20 them.

21 Q So if Patrick Harnett logged in on or about

22 April 15th, 2012 to look at his account balance, it

23 would not have said 29140 bitcoin; is that correct?

24 A Yeah. I highly doubt it. I bet it will

25 be --

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1 Q It would be 27140, correct?

2 A I really think there's other transactions in

3 here. And this is his second account. So...

4 Q Why is it showing interest payments on the

5 amounts of bitcoin that are not his?

6 A Because when I did a raw dump from the --

7 doing the command to have everything calculated --

8 otherwise it would just show a bunch of

9 transactions -- there would be no balance --

10 Q You still control the BTCST.com domain name,

11 right?

12 A Yes.

13 Q You can produce to us the account balances

14 that the investors saw.

15 A No. See, the website, the domain, you

16 can --

17 Q Why not?

18 A I can move the domain anywhere I want. The

19 server that had all the documents is long gone. That

20 had the database on it.

21 Q The top of the first page for Patrick

22 Harnett's account says, "Vegas Bonus Credit Deposit

23 40." What was that?

24 A That was people that I met up in Vegas --

25 no, no, no. This was during -- during the times I

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1 was in Vegas I didn't have access to a computer to be

2 able to connect. Vegas's network was horrible. So I

3 told anybody that made deposits that I couldn't

4 verify on the server that I would pay them additional

5 percentage for those coins that they added. So he --

6 I guess he added the 4000 from Zefir, which I should

7 have caught. He's kind of tricky. But added the

8 4100, and I gave him 40 coins for that deposit.

9 But now looking at this, he was being

10 sneaky and figured out how to make the system think

11 that he added it, and it really didn't. He just

12 moved them from another account.

13 Q The comment "transfer from account Zefir,"

14 which is on the second line of the same page, what

15 does that indicate?

16 A It's a transfer -- he -- Zefir either sold

17 to him or wanted to transfer 4100 coins to him, and

18 he sent him the authorization. Patrick approved it,

19 and the 4100 coins got moved.

20 Q And the comment's yours though. You

21 controlled this data, right?

22 A For most transfers, unless I edited them,

23 the website does it whenever a transfer happens. So

24 you send a transfer to somebody else, it's just a

25 comments area that it writes just so I can look back

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1 at it now and say what was that 4100 for? Because it

2 didn't show up on the blockchain.

3 Q So there was no bitcoin movement. Only a

4 book entry movement?

5 A Correct.

6 Q So returning to two 1000 bitcoin deposits on

7 June 26, 2012 in the middle of the page, neither of

8 those came from Patrick Harnett's deposit address?

9 A They just look suspicious. Again, I don't

10 want to say exactly that those are them. But those

11 two transactions, even amounts, right before a --

12 within minutes of each other right before a payment

13 seems not right.

14 Q But if they're not Patrick Harnett's

15 deposits --

16 A They're my deposits.

17 Q They're not coming from Patrick Harnett's

18 deposit address.

19 A They would be. They would show up on his

20 address on the blockchain, a thousand and a thousand,

21 but they wouldn't be tracked -- when he looked at the

22 website, it wouldn't show the thousand/thousand on

23 his page. This is just what I see for everything

24 that happened with that account.

25 Q But looking at it today, you can't tell



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1 what's yours and what's Patrick Harnett's?  
 2 A No.  
 3 Q How could you tell then?  
 4 A Because it's set up in my system to be able  
 5 to do that.  
 6 Q And what is it in your system that allowed  
 7 you to do that?  
 8 A The administrative console that I had was  
 9 able to -- when I had a transaction coming through  
 10 the mixer, I set the amount. And then when I ran it  
 11 through the mixer, it would give me the exact amounts  
 12 of each one of them, but it would take time for the  
 13 process to go through. So I would export the data,  
 14 import the data to all those addresses, and when that  
 15 transaction hit, sometimes it was off a little bit  
 16 because of a fee or something; but for the most part,  
 17 when this transaction hit, I knew exactly what it was  
 18 for.  
 19 When a transaction happens within five  
 20 minutes -- a bunch of them hit at once, you kind of  
 21 get an idea of what... It would have to be the exact  
 22 same amount.  
 23 Q So if you were using the Bitcoin  
 24 Savings & Trust investor deposit address for a  
 25 transaction -- what you call a core transaction --

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1 other than that investor's deposit, wouldn't it be  
 2 prudent to make it in a more unique amount than a  
 3 round number like a thousand so you can trace it?  
 4 A Oh, if I know the amount that's coming into  
 5 that address -- like I said, the odds that they're  
 6 going to send the exact same amount would be pretty  
 7 high.  
 8 Q Where did you keep track of what was  
 9 actually yours and what was actually your investor's?  
 10 A My accounts?  
 11 Q Where did you keep track of the accurate  
 12 account information of your investors?  
 13 A With the wallets.  
 14 Q With what wallets?  
 15 A I had an operating wallet, my personal  
 16 wallet, multiple wallets for the transaction coming  
 17 in and out of what I was managing. They were  
 18 constantly being deleted and renewed or keys moving  
 19 from point to point.  
 20 Q When you say, "operating wallet," you mean  
 21 your Bitcoin Savings & Trust operating wallet?  
 22 A Yes.  
 23 Q And how did your wallet keep track of what  
 24 belonged to investors and what belonged to you?  
 25 A Because the website told me with the raw

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1 data.  
 2 Q I'm sorry. You just told me that the  
 3 website didn't tell you. Which is it?  
 4 A I didn't tell you what?  
 5 Q We're looking at a download of the data that  
 6 supported your website in Exhibit Number 3,  
 7 correct?  
 8 A Correct.  
 9 Q And you're looking at this data, and you  
 10 cannot tell me in Patrick Harnett's records what  
 11 belongs to Patrick Harnett and what does not.  
 12 A Not from this information, no.  
 13 Q So how could you figure out what belongs to  
 14 Patrick Harnett and what does not?  
 15 A I had a website that could tell me that.  
 16 Q This is the data from the website.  
 17 A That is raw data. That's no views, no HTML,  
 18 no nothing. That is just raw data for each account.  
 19 When you called and asked for or subpoenaed me for  
 20 this information, I just -- I asked you what kind of  
 21 format you wanted it in, and I just dumped a bunch of  
 22 the data from a database into a somewhat easy-to-read  
 23 format and sent it to you.  
 24 Q And why can't you go to the website and send  
 25 me correct account information?

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1 A Because it was run on a server, and that  
 2 server has been gone for many, many months.  
 3 Q When did that server go missing?  
 4 A It's a cloud server. So it's not really a  
 5 physical server. But around -- I didn't renew it for  
 6 the end of the year. So it was around Christmas  
 7 time.  
 8 Q Of 2012?  
 9 A Yes.  
 10 Q And who hosted the cloud server?  
 11 A Amazon.  
 12 Q So we could subpoena Amazon and get the  
 13 correct records; is that right?  
 14 A No.  
 15 Q Why not?  
 16 A Because their entire website is encrypted to  
 17 keep people from hacking it. So when it was up, when  
 18 the website was up, all you'd get is a huge encrypted  
 19 hash of data with no front end, no keys left, no way  
 20 to get access to it.  
 21 Q You can't get access to it?  
 22 A No way.  
 23 Q So you had Bitcoin Savings & Trust investor  
 24 account information in your possession after you  
 25 received our subpoena?



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1 A Yes.

2 Q That you then allowed to be destroyed?

3 A I wasn't asked to hold on to it.

4 Q You did read the subpoena?

5 A No. I didn't. You're the one that told me

6 on the phone what I needed to send you. I didn't

7 read it.

8 Q Okay. Why would you need to use investor

9 deposit addresses for cloaking your core

10 transactions, as you called them, when you can create

11 unlimited bitcoin addresses?

12 A One, the more addresses you create, the

13 larger your wallet.dat file is. And that was my

14 operating wallet. So I didn't want it cluttered with

15 a ton of addresses that were used for nothing except

16 for one transaction.

17 So when I -- it actually wasn't my

18 idea. It was my programmer's idea to do it, but if I

19 could reuse the accounts and just have the system

20 smart enough to know which transactions are which,

21 I'd do it. And that's why I did it. It worked out

22 fantastic actually.

23 Q Do you remember we spoke after the court

24 hearing on August 5th in Sherman?

25 A Yes.

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1 Q And we discussed your wallets?

2 A Yes.

3 Q And the wallets you used for Bitcoin

4 Savings & Trust?

5 A Yes.

6 Q And you said you had one main operating

7 wallet that you used for getting bitcoin from

8 investors and sending it out to investors?

9 A Yes.

10 Q And you said you had a second wallet that

11 you used for Bitcoin Savings & Trust lending

12 activities.

13 A Right.

14 Q Today they're the same wallet.

15 A What?

16 Q Can you explain?

17 A They're not the same wallet at all. When

18 coins come through a mixer -- as I send coins out,

19 they go through a mixer into a wallet that I can

20 control and easily send right to somebody from an

21 address that I want them to come from. So I send

22 them to somebody. They're then sent me back to me

23 through a mixer into a wallet that I then send the

24 transactions through a mixer into my users' accounts.

25 They're mixed multiple times both ways and through

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1 multiple wallets sometimes. And it was to keep

2 people from knowing exactly which large -- I held

3 most of the large account -- large bitcoin address --

4 addresses on the internet. If you look up largest

5 bitcoin addresses, that's how I was going to kind of

6 look through some of the information if you want it,

7 but I held most of them because they figured out a

8 way to look through the blockchain to find out who

9 has the most bitcoins. Well, for me, I needed a way

10 to hide that. So that's why I used mixing with

11 multiple wallets and multiple addresses.

12 Q You had a main operating wallet for Bitcoin

13 Savings & Trust?

14 A The operating wallet, yeah.

15 Q And what was the operating wallet used for?

16 A For sending trans -- or sending out

17 payments.

18 Q To?

19 A Receiving deposits.

20 Q Sending out payments to whom?

21 A To my lenders.

22 Q And receiving payments from whom?

23 A My lenders.

24 Q Any other purpose?

25 A Mining. Some transactions that I did

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1 myself.

2 Q Did you use it for any of Bitcoin

3 Savings & Trust's lending activities, its investment

4 activities?

5 A Maybe a few, but those went through the

6 mixer and hit a different wallet.

7 Q Was it your custom and practice to use this

8 operating wallet for Bitcoin Savings & Trust's

9 investment activities for its lending activities?

10 A Yes.

11 Q Yes? Or maybe a few? Or not at all? Which

12 is it?

13 A I don't know what you're asking. Is it used

14 for lending activities?

15 Q You're shaking your head. Do you not know

16 what I mean when I refer to "lending activities"?

17 A Well your idea of lending activities is very

18 different than mine.

19 Q What's yours?

20 A My lending activity from the people I lend

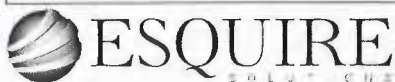
21 coins from -- my lenders versus my clients that I

22 lend coins to.

23 Q Why don't we choose terms that will keep it

24 clear for you. You have people who you call your

25 lenders --





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1 A Uh-huh.  
 2 Q -- who are lending Bitcoin Savings & Trust  
 3 bitcoins with the expectation of a return on those  
 4 bitcoins, correct?  
 5 A Correct.  
 6 Q Okay. And then you have individuals -- two  
 7 anonymous individuals -- to whom Bitcoin  
 8 Savings & Trust lends bitcoin, correct?  
 9 A Yes.  
 10 Q Okay. So on the one hand we have your  
 11 investors, and on the other hand we have Bitcoin  
 12 Savings & Trust investment activities.  
 13 A Okay.  
 14 Q What did you use Bitcoin Savings & Trust's  
 15 operating wallet for?  
 16 A Mining, day-to-day activities and moving  
 17 coins from my investors to my investors. Withdrawals  
 18 and deposits.  
 19 Q Okay.  
 20 A Payments.  
 21 Q You used the operating wallet for receiving  
 22 deposits and paying withdrawals to Bitcoin  
 23 Savings & Trust investors.  
 24 A Correct.  
 25 Q You also used the operating wallet for

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1 receiving the bitcoins you were rewarded for mining  
 2 activity.  
 3 A Correct.  
 4 Q Anything else?  
 5 A No.  
 6 Q So you used a separate wallet for Bitcoin  
 7 Savings & Trust's investment activities?  
 8 A Yes.  
 9 Q Okay. Mr. Shavers, I'm going to hand you a  
 10 document that's a printout of a spreadsheet you  
 11 produced to the Commission in response to the  
 12 subpoena in the underlying investigation called  
 13 Bitcoin Transactions.xls. It's Bates stamped  
 14 SEC-Shavers-E0000001, and it's marked Page 1 of 174  
 15 through 174 of 174. We're going to mark it as  
 16 Exhibit Number 5.  
 17 (Exhibit 5 marked.)  
 18 Q Do you recognize this document?  
 19 A Yes.  
 20 Q What do you recognize it to be?  
 21 A This is, again, the raw output of every  
 22 transaction for the addresses that I had the private  
 23 keys to during the time I was subpoenaed by the SEC.  
 24 Q And these are transactions from your  
 25 operating log, correct?

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1 A Yes.  
 2 Q So these are transactions from a wallet you  
 3 used for transactions with Bitcoin Savings & Trust's  
 4 investors?  
 5 A Yes.  
 6 Q This wallet was not used for -- back up a  
 7 second. What's GPUMAX Technologies, LLC,  
 8 Mr. Shavers?  
 9 A It's a mining -- a distributed mining  
 10 company.  
 11 Q So it's a bitcoin mining company?  
 12 A A bitcoin mining company.  
 13 Q And was it a mining company you founded with  
 14 others?  
 15 A Yes.  
 16 Q And is it still a going concern?  
 17 A No.  
 18 Q Was it a going concern at any time while you  
 19 were operating Bitcoin Savings & Trust?  
 20 A A concern?  
 21 Q Was it an ongoing business?  
 22 A Yes.  
 23 Q And you were operating together with others,  
 24 GPUMAX Technologies, LLC, while at the same time  
 25 doing Bitcoin Savings & Trust?

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1 A Yes.  
 2 Q Are any of the transactions in what's been  
 3 marked Exhibit Number 5 GPUMAX transactions?  
 4 A Yes.  
 5 Q Are any of the transactions in what's been  
 6 marked as Exhibit Number 5 personal transactions --  
 7 A Yes.  
 8 Q -- through yourself? Are there any other  
 9 kinds of transactions that are captured in Exhibit  
 10 Number 5?  
 11 A Personal mining.  
 12 Q So personal mining, other personal bitcoin  
 13 transaction, GPUMAX transactions and transactions to  
 14 and from Bitcoin Savings & Trust's investors,  
 15 correct?  
 16 A Correct.  
 17 Q Anything else?  
 18 A Not that I would know.  
 19 Q Now, when we spoke in the court room on  
 20 August 5th, 2012 following the preliminary injection  
 21 hearing at the direction of the Court when the judge  
 22 told us to sit down and talk to one another, you  
 23 mentioned that what's now been marked as Exhibit  
 24 Number 5 did not contain GPUMAX transactions. Is  
 25 there something that refreshed your recollection?



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1 Perhaps just looking at it?  
2 A Yeah. The 47.5s, those were mined  
3 transactions that I was running tests with of GPUMAX.  
4 So that second page -- or Page 1 of 174, any time you  
5 see that 47.5, those were test transactions using the  
6 power of GPUMAX to mine.  
7 Q So that refreshes your recollection?  
8 A Yeah. And that key was actually moved  
9 shortly after that to GPUMAX. So it wouldn't show up  
10 if I had this wallet.  
11 Q What do you mean it wouldn't show up if you  
12 had this wallet?  
13 A A wallet is just a holder of keys.  
14 Q Meaning address keys?  
15 A Yeah.  
16 Q And each address key has an a address  
17 transaction history associated with it?  
18 A Yes, in the blockchain.  
19 Q And so if you moved the GPUMAX address out  
20 of this wallet, the transaction history associated  
21 with that address would move with it as well?  
22 A Correct.  
23 Q And you're saying you did move that address  
24 out of the operating wallet for Bitcoin  
25 Savings & Trust after you produced this document to

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1 the Commission?  
2 A Right.  
3 Q Is there anything else in Exhibit Number 5  
4 other than the mined transactions in quantities of  
5 47.5 bitcoin that belong to GPUMAX?  
6 A Yes, there are, but I wouldn't be able to  
7 look up which ones. When we were starting off early,  
8 everybody had been hacked. So I wasn't going to let  
9 somebody run a bitcoin wallet on a server that we  
10 hadn't tested.  
11 So I took all the transactions that  
12 were happening with it, ran their purchase on GPUMAX,  
13 and then it would pay out to them directly. So  
14 whatever the purchase was, it pays them out with  
15 whatever pool they use.  
16 So I took in the transactions and would  
17 transfer them to the wallet for GPUMAX. I just  
18 didn't know which ones.  
19 Q The time period of the transactions covered  
20 in what is now Exhibit Number 5 appears to be  
21 7/23/2011 through 8/26/2012. Do you see that?  
22 A Yes.  
23 Q And so these are the transactions for that  
24 operating wallet for that time period, correct?  
25 A No.

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1 Q Please explain.  
2 A Because they could be completely different  
3 keys. I mean, these transactions -- these addresses  
4 could have been moved from a different wallet. They  
5 could have been --  
6 Q When an address is moved from one wallet to  
7 another --  
8 A Yeah.  
9 Q -- the transaction history associated with  
10 that address moves with it, correct?  
11 A Right.  
12 Q And so when you produced this to the  
13 Commission, what you were producing were transaction  
14 histories for all the keys currently in this  
15 operating log at the time of production, correct?  
16 A Right.  
17 Q Okay. There may have been addresses that  
18 you moved out of this operating wallet between July  
19 of 2011 and August of 2012, and with them their  
20 transaction histories would have been lost from this  
21 wallet?  
22 A Correct.  
23 Q But any address that was currently -- that  
24 was in the wallet at the time that you produced this  
25 material to the Commission, the transaction history

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1 associated with that address, that is represented  
2 here?  
3 A Correct.  
4 Q Okay. Throughout the life of Bitcoin  
5 Savings & Trust, how many wallets did you use for  
6 your Bitcoin Savings & Trust transactions?  
7 A Over twenty-five.  
8 Q Are you sure?  
9 A If you're using the term "wallet" as a term  
10 that I'm saying.  
11 Q What do you mean by "wallet"?  
12 A A wallet is a container.  
13 Q Uh-huh. Produced by bitcoin client  
14 software, correct?  
15 A Yeah, the wallet.dat file. Okay.  
16 Q And that contains addresses?  
17 A That contains all of the private keys for  
18 the public address for each address.  
19 Q Uh-huh. And with those private keys a  
20 transaction history for each address, correct?  
21 A When I cleared the wallet.dat file, that is  
22 a wallet gone. Those keys are removed from the  
23 wallet. Those keys are gone, and I create new keys.  
24 They're not part of that wallet anymore like the  
25 sense you're talking about a wallet.



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1 So there's been a ton of wallets, but  
2 in the sense of that you're thinking of them, I  
3 really only had three wallets.  
4 Q What do you mean in the sense that I'm  
5 thinking of them?  
6 A Actual locations, wallet.dat files,  
7 containing keys.  
8 Q So you had three wallets created by bitcoin  
9 client software.  
10 A Correct.  
11 Q Each of which contains keys --  
12 A Correct.  
13 Q -- for bitcoin addresses associated with  
14 Bitcoin Savings & Trust transactions?  
15 A Correct.  
16 Q Whether those be transactions with your  
17 investors or Bitcoin Savings & Trust's investment  
18 activities, correct?  
19 A Correct.  
20 Q And over the life of Bitcoin  
21 Savings & Trust, you used these three wallets?  
22 A Correct.  
23 Q You have another sense of what a wallet is.  
24 What do you mean when you say the way I think of  
25 wallets?

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1 A Well, when you start a new wallet, you  
2 generate a bunch of keys to begin with. The  
3 addresses don't show up in there yet, but they're  
4 there. They're just not really there yet. And they  
5 found a way to be able to link keys within a wallet  
6 together using an algorithm. And so I would delete  
7 the entire wallet.dat file, you know, take everything  
8 out of it -- all of the keys out of it -- and then  
9 create a brand new package of keys.  
10 Q But the wallet would still exist.  
11 A Right. So I'm saying I'm burning through --  
12 the actual of what a wallet.dat file consists of, I'm  
13 burning through those. I'm just using the containing  
14 file, wallet.dat file.  
15 Q So in plain English, a wallet -- a bitcoin  
16 wallet -- is something that holds bitcoin address  
17 keys.  
18 A Correct.  
19 Q The private keys for bitcoin addresses?  
20 A Correct.  
21 Q And you can also see in the bitcoin wallet  
22 the public addresses associated with each of the  
23 private keys.  
24 A Yes.  
25 Q Okay. And throughout the life of Bitcoin

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1 Savings & Trust, there were times you emptied your  
2 wallets and started with fresh addresses.  
3 A Correct.  
4 Q But you used the same three wallets.  
5 A Yes.  
6 Q Including the operating wallet, the data  
7 from which has been produced as Exhibit Number 5?  
8 A Correct.  
9 Q And any time a key for a bitcoin address was  
10 moved from one wallet to another, with it goes the  
11 transaction history associated with that key and the  
12 address, correct?  
13 A Correct.  
14 Q And you said at times you would clear out  
15 the addresses in a wallet.  
16 A Yes.  
17 Q But that would just mean the transaction  
18 history was going to another wallet.  
19 A Or I was just deleting the key altogether.  
20 Q But if you deleted a key, you would lose the  
21 bitcoin if there was still any bitcoin associated  
22 with the key and address, correct?  
23 A Right.  
24 Q So you would only delete a key and an  
25 address after you've emptied out that address, right?

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1 A Right, or you're give it to somebody.  
2 Q Right.  
3 A Yeah.  
4 Q You weren't just in the business of deleting  
5 bitcoin.  
6 A Right.  
7 Q Okay. Mr. Shavers, returning to Exhibit  
8 Number 3, the fourth page in, the first page of the  
9 account data, the Payb.tc, do you see that?  
10 A What -- what was that? I'm sorry.  
11 Q Let's start from the beginning. So Exhibit  
12 Number 3 is the raw data associated with each of the  
13 Bitcoin Savings & Trust accounts at the time you  
14 produced what is now marked as Exhibit number 3 to  
15 the Commission, correct?  
16 A Right.  
17 Q And that includes their account histories as  
18 well as what you've referred to as core transactions,  
19 correct?  
20 A Right.  
21 Q Meaning transactions you undertook to  
22 generate returns for Bitcoin Savings & Trust's  
23 investors, correct?  
24 A Yes.  
25 Q The first page of Exhibit Number 3 has a



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1 name on the lower left-hand corner, "Ovidiusoft."  
 2 A Right.  
 3 Q That's the name of the account holder,  
 4 correct?  
 5 A Yes.  
 6 Q And throughout Exhibit Number 3 the name  
 7 that appears in the lower left-hand corner of the  
 8 page is the name of the account holder associated  
 9 with the data on that page, correct?  
 10 A Yes.  
 11 Q In some instances the data shown in Exhibit  
 12 Number 3 is a true and accurate account history for  
 13 the Bitcoin Savings & Trust account holder named in  
 14 the lower left-hand corner, correct?  
 15 A Sometimes, yes.  
 16 Q And in other instances the data here not  
 17 only includes the Bitcoin Savings & Trust investor's  
 18 account history but also some transactions you  
 19 undertook to generate returns for Bitcoin  
 20 Savings & Trust, correct?  
 21 A Correct.  
 22 Q And as we discussed earlier, the data shown  
 23 for Ovidiusoft is a true and accurate reflection of  
 24 Ovidiusoft's account history on or between April 9th,  
 25 2012 and August 13th, 2012, correct?

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1 A Correct.  
 2 Q Whereas the data shown for the next  
 3 investor, Patrick Harnett, is only in part a true and  
 4 accurate reflection of his account history from April  
 5 9th, 2012 through August 15th, 2012, correct?  
 6 A That's my -- that's what I believe.  
 7 Q Okay. And you believe that based on the two  
 8 transactions dated June 26, 2012, 5:07 and 5:09 a.m.,  
 9 correct?  
 10 A Correct.  
 11 Q You're using a 24-hour clock on this  
 12 website, right? So 5:07 is 5:07 a.m.  
 13 A Correct.  
 14 Q And there's something about those  
 15 transactions that jumps out at you today that says  
 16 those might have been Bitcoin Savings & Trust's  
 17 investment activities, not Patrick Harnett's  
 18 investments, correct?  
 19 A Right.  
 20 Q But you can't say what it is about them  
 21 except that they're sort of round numbers coming  
 22 right before the payment?  
 23 A Round numbers within a minute of each  
 24 other -- two minutes of each over, and they happen  
 25 right before a payment.

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1 Q Now, the two transfers represented on the  
 2 first page of Patrick Barnett's account histories are  
 3 transfers from other Bitcoin Savings & Trust account  
 4 investors, correct? Line Number 2, Patrick Harnett's  
 5 history here --  
 6 A Oh, yes, yes.  
 7 Q -- it says, "Transfer from account Zefir."  
 8 Zefir was a Bitcoin Savings & Trust investor; is that  
 9 right?  
 10 A Correct.  
 11 Q And this transfer was affected by Patrick  
 12 Harnett you say, not you?  
 13 A Correct.  
 14 Q And the July 31, 2012 transfer from account  
 15 Bwagner, do you see that?  
 16 A Yes.  
 17 Q And Bwagner was a Bitcoin Savings & Trust  
 18 investor, correct?  
 19 A Correct.  
 20 Q And this transfer, did you affect this  
 21 transfer?  
 22 A No. That worked out between them two.  
 23 Q Okay. Did you ever transfer one Bitcoin  
 24 Savings & Trust's account holders bitcoin into other  
 25 Bitcoin Savings & Trust account holders accounts?

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1 A Is it bitcoins? I mean, are you talking  
 2 about actual bitcoins? Moving them?  
 3 Q Is this simply a book entry? The transfer  
 4 from Zefir to Patrick Harnett is a book entry?  
 5 A Right. No coins actually moved.  
 6 Q And the transfer from Bwagner to Patrick  
 7 Harnett is a book entry?  
 8 A Correct.  
 9 Q So you did those.  
 10 A This is just an accounting.  
 11 Q Yes. But you controlled the books.  
 12 A I didn't type in all of this stuff.  
 13 Q Who did?  
 14 A If they had worked out some kind of deal  
 15 between each other -- I wanted to send a certain  
 16 amount of coins, not do a withdraw, just send the  
 17 coins to somebody, they want to send it to a  
 18 different account, and I just hit "approve" on all  
 19 the transactions, and it gets popped in there.  
 20 Q But you just said no coins moved here.  
 21 These are book entries.  
 22 A If it's moving between accounts, it's moving  
 23 between two addresses that I control, why should I  
 24 physically move the coins and wait six transactions.  
 25 Q But it didn't move between addresses.



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1 A It doesn't. This is just an accounting of  
2 what is going on.  
3 Q So it's a book entry.  
4 A Okay. Yeah. It's a book entry.  
5 Q Is it a book entry, or is bitcoin actually  
6 moving here?  
7 A It's a book entry.  
8 Q And they're your books.  
9 A Sure.  
10 Q Who else could create book entries in your  
11 books?  
12 A The programmer. Anybody else.  
13 Q So do you have any reason to believe --  
14 A But these are mine. I mean, I have no  
15 reason to believe that any of this is incorrect.  
16 Q Okay. Returning to the August -- to the  
17 July 31, 2012 transfer from account Bwagner to  
18 Patrick Harnett, do you see that?  
19 A Yeah.  
20 Q What's the purpose of increasing Patrick  
21 Harnett's account balance if it's simply an internal  
22 record?  
23 A This information is raw information. I  
24 created the output to show you what each transaction  
25 was for. That account balance would not be shown on

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1 raw data. I told it to output that information so  
2 you could calculate the numbers.  
3 Q Well, actually the account balance change  
4 here would be shown, right? If Bwagner has agreed to  
5 a transfer of funds --  
6 A Right.  
7 Q -- even only as a book entry to Patrick  
8 Harnett --  
9 A Correct.  
10 Q -- when Patrick Harnett logged on, on or  
11 about July 31, 2012 after the transfer from Bwagner,  
12 his account balance would reflect that book entry,  
13 right?  
14 A Yes.  
15 Q And they're your books.  
16 A But that's not one of my transactions.  
17 That's all his.  
18 Q Right. But you caused the book entry to be  
19 made.  
20 A I would approve it, yes.  
21 Q But going back to the June 26, 2012 deposits  
22 of 1000 each that you say stand out to you as  
23 possible core transactions for Bitcoin Savings &  
24 Trust investment activities, do you see those?  
25 A Right.

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1 Q What's the purpose of increasing Patrick  
2 Harnett's account balance to reflect those core  
3 transactions if they have nothing to do with his  
4 accounts?  
5 A Because this is raw information. The  
6 balance information is not stored in my database.  
7 You're seeing this information because of it.  
8 The same thing happens with any  
9 payments. When payments calculated, it's calculated  
10 based on the balances. If I just would have given  
11 you straight information, you would have had a date  
12 and an amount. You wouldn't have had anything  
13 knowing if it was a deposit or withdrawal or  
14 happened. I created this so you could get some idea  
15 of what is happening.  
16 Q Wait. You're saying you created the  
17 "Comments" column and the "Type" column in response  
18 to our subpoena?  
19 A No. The "Comments" column is part of it,  
20 but the "Comments" column for payments, when the type  
21 of transaction is payment, that's created based on  
22 what was said in the database for that user, the  
23 amount, and the balance, which I had to export the  
24 balance.  
25 Q Let's move to the next account. Payb.tc

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1 following Patrick Harnett. It's the next five pages  
2 of Exhibit 3.  
3 A Yes.  
4 Q Are these five pages a true and accurate  
5 reflection of Payb.tc's account history from on or  
6 about April 8th, 2012 through August 16th, 2012?  
7 A No.  
8 Q And what tells you that?  
9 A Because I remember specifically. I used  
10 this account for a lot of things.  
11 Q What do you mean you used this account for a  
12 lot of things?  
13 A Well, I mean, he had over 150,000 coins with  
14 me. So it was very easy to move transactions around  
15 with his account.  
16 Q You mean you used his coins, his bitcoins,  
17 for purposes other than generating returns through  
18 lending activities?  
19 A No, no, no. I'm telling you his  
20 transactions -- the transaction list of his, a ton of  
21 those are my transactions. I just don't know which  
22 ones. You saw how he's making 7.7 percent because  
23 I'm using his account.  
24 Q That's a reward for using his account to  
25 engage in what you call core transactions?



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1 A Yeah. And holding a balance.  
 2 Q And did you use his account for any other  
 3 purpose?  
 4 A No.  
 5 Q So if we got an account history from  
 6 Payb.tc, that he pulled off of the BTCST.com website,  
 7 it would look different than this?  
 8 A Yes.  
 9 Q And it would be the accurate accounting of  
 10 his account activity?  
 11 A Correct. Yes.  
 12 Q And this is not accurate?  
 13 A Correct.  
 14 Q Turning to the next account,  
 15 Ineededausername in Exhibit Number 3 that is the six  
 16 pages that follow the Payb.tc data, is this a true  
 17 and accurate reflection of Ineededausername's Bitcoin  
 18 Savings & Trust account history from on or about  
 19 April 1, 2012 through August 23, 2012?  
 20 A I couldn't tell you.  
 21 Q Is there anything on these pages that  
 22 indicates to you that it is not?  
 23 A I couldn't tell you. I mean, 100, 101,  
 24 three, four, 800 altogether, who knows.  
 25 Q The answer is you don't know?

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1 A No.  
 2 Q Next account, Jcpham, the two pages  
 3 following Ineededausername, is this a true and  
 4 accurate account history for Jcpham's account history  
 5 with Bitcoin Savings & Trust from on or about April  
 6 23rd, 2012 through August 16, 2012?  
 7 A Yes.  
 8 Q Going to the next account, Keefe, is this a  
 9 true and accurate reflection of Keefe's account  
 10 history with Bitcoin Savings & Trust on or about  
 11 April 9th, 2012 through on or about August 26,  
 12 2012?  
 13 A Yes.  
 14 Q Going to the next investor, PxJem7Cj, is  
 15 this a true and accurate reflection of PxJem7Cj's  
 16 account history with Bitcoin Savings & Trust from on  
 17 or about April 9th, 2012 through on or about August  
 18 13th, 2012?  
 19 A Yes.  
 20 Q Going to the next account, Reeses, is this a  
 21 true and accurate reflection of Reeses' account  
 22 history with Bitcoin Savings & Trust from on or about  
 23 April 9th, 2012 through on or about August 26th,  
 24 2012?  
 25 A Yes.

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1 Q Going to the next account, Rix2000, is this  
 2 a true and accurate reflection of Rix2000's account  
 3 history with Bitcoin Savings & Trust from on or about  
 4 July 23rd, 2012 through on or about August 14th,  
 5 2012?  
 6 A No.  
 7 Q What's not right?  
 8 A The 8/2 -- 8/2/2012, the 1000, I remember  
 9 that transaction, and then there was another one.  
 10 Q So there's an August 2, 2012 deposit for  
 11 1000 bitcoin you're saying was a core transaction?  
 12 A Yeah.  
 13 Q So what would that be? That would be a 1000  
 14 bitcoin coming back from one of your borrowers?  
 15 A It's coming back from the mixer.  
 16 Q The mixer via one of your borrowers. It's a  
 17 return on the bitcoin you're lending to the anonymous  
 18 borrowers?  
 19 A Ultimately, yes.  
 20 Q Okay.  
 21 A It's coming from another wallet.  
 22 Q Anything else in this -- on this sheet that  
 23 you believe was not part of Rix2000's account  
 24 history?  
 25 A No. He had a different account that he

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1 moved with.  
 2 Q No. I mean, for these dates.  
 3 A Yeah, yeah. No.  
 4 Q Nothing else? So that August 2, 2012  
 5 deposit of 1000 bitcoin reflected on this page would  
 6 not appear for Rix2000 if he logged into his Bitcoin  
 7 Savings & Trust account on or about August 14th,  
 8 2012? That wouldn't be here? He wouldn't see  
 9 that?  
 10 A Again, I'm pretty sure that transaction -- I  
 11 remember that transaction because he was upset about  
 12 it. He tracks his withdrawal address like really  
 13 closely, and I think I had to tell him, I'm sorry, it  
 14 won't happen again.  
 15 Q So he confronted you for using his  
 16 withdrawal address?  
 17 A Yeah.  
 18 Q But it's a deposit.  
 19 A Huh?  
 20 Q It's a deposit.  
 21 A Not a withdrawal address. His deposit  
 22 address. Sorry.  
 23 Q Okay. And he got angry for you giving him  
 24 too much bitcoin?  
 25 A Yeah. He kind of -- I remember that. I



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1 actually think I might have an e-mail about that.  
 2 Anyway, I'm pretty sure.  
 3 Q Moving to the next investor, Rpac\_internet,  
 4 the next two pages after Rix2000 account data, is  
 5 this a true and accurate reflection of the account  
 6 transaction history for --  
 7 A Yes.  
 8 Q -- Rpac\_internet Bitcoin Savings & Trust  
 9 account from on or about April 9th, 2012 through on  
 10 or about August 13th, 2012?  
 11 A Yes.  
 12 Q Moving to the next account, Seanbeaupre, is  
 13 this a true and accurate reflection of Seanbeaupre's  
 14 account history with Bitcoin Savings & Trust from on  
 15 or about April 1, 2012 through on or about August 13,  
 16 2012?  
 17 A Yes.  
 18 Q Next account, Shockdiode, is this a true and  
 19 accurate reflection of Shockdiode's account history  
 20 with Bitcoin Savings & Trust from on or about April  
 21 9th, 2012 through on or about August 13, 2012?  
 22 A Yes.  
 23 Q Next account, Somega, is this a true and  
 24 accurate reflection of Somega's account history with  
 25 Bitcoin Savings & Trust from on or about April 1,

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1 2012 through on or about August 14th, 2012?  
 2 A Yes.  
 3 Q The next account, Teek, is reflected over  
 4 nine pages. Is this a true and accurate reflection  
 5 of Teek's Bitcoin Savings & Trust account activity  
 6 from on or about April 5th, 2012 through on or about  
 7 August 13, 2012?  
 8 A I don't think so.  
 9 Q Any transactions in particular?  
 10 A Yeah. I mean, all of the large  
 11 transactions. He just mined with his account. So at  
 12 the 1.2981, little small amounts...  
 13 Q What do you mean he mined with his  
 14 account?  
 15 A He set up his pool, his mining pool, to send  
 16 out mining points into his deposit accounts. So it's  
 17 just -- although one -- those are just his mining  
 18 over the period. So you see all these --  
 19 Q But for your purposes, they were deposits,  
 20 right?  
 21 A Oh, yeah. They were deposits. But I'm  
 22 talking about the part --  
 23 Q So they're part of his account history,  
 24 right? It doesn't matter if it's coming in one  
 25 bitcoin at a time or a hundred at a time, does it?

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1 A I'm going to go over what I said to begin  
 2 with. The transactions, the large ones, the 100, the  
 3 350, the 228, 480, 80, 1, 257, 1389...  
 4 Q Uh-huh. What about them?  
 5 A I don't think those are part of his  
 6 transactions. I think I used those. He was with me  
 7 for a long time and rarely ever withdrew anything or  
 8 even checked in on me.  
 9 Q Okay. The next account, Tonikt, very small  
 10 account.  
 11 A Yeah. That's accurate.  
 12 Q Is this a true and accurate reflection of  
 13 the account history for Tonikt with Bitcoin Savings &  
 14 Trust from on or about August 3rd, 2012 through on or  
 15 about August 13, 2012?  
 16 A Yes.  
 17 Q The next account, Kevenajohnson, is this a  
 18 true and accurate account history for Kevenajohnson's  
 19 Bitcoin Savings & Trust account from on or about  
 20 April 2nd, 2012 through on or about August 28th,  
 21 2012?  
 22 A Yes.  
 23 Q Next account, Mb300sd, is this a true and  
 24 accurate reflection of Mb300sd's account history with  
 25 Bitcoin Savings & Trust from on or about April 3rd,

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1 2012 through on or about August 13, 2012?  
 2 A Yes.  
 3 Q The next account, Nmat, is this a true and  
 4 accurate reflection of Nmat's account history with  
 5 Bitcoin Savings & Trust from on or about April 9th,  
 6 2012 through on or about August 13th, 2012?  
 7 A I would say that one is subject because I  
 8 made an accounting fix on the 4/17 for something that  
 9 my system didn't pick up. So...  
 10 Q The accounting fix appears to be a  
 11 millionths of a bitcoin?  
 12 A Yes. A rounding issue. The 106 and 302s,  
 13 any time you see those kind of transactions coming  
 14 in, that's what's giving me -- making me think that's  
 15 what's happening. He didn't do any other deposits  
 16 except for those. Account closeout? That's too  
 17 small of an account. It doesn't really matter. I'll  
 18 say, yes, it's accurate.  
 19 Q Next account, Notme, this is a true and  
 20 accurate reflection of Notme's account history of  
 21 Bitcoin Savings & Trust from on or about April 6,  
 22 2012 through on or about August 13, 2012?  
 23 A Yes.  
 24 Q Next account, OgNasty, is this a true and  
 25 accurate reflection of OgNasty's account history with



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1 Bitcoin Savings & Trust from on or about April 7,  
2 2012 through on or about August 16, 2012?  
3 A Yes.  
4 Q Next account, Oinsane1, is this a true and  
5 accurate reflection of Oinsane1's account history of  
6 Bitcoin Savings & Trust from on or about May 20th,  
7 2012 through on or about August 13, 2012?  
8 A Yes.  
9 Q Next account, Onefixt, is this a true and  
10 accurate reflection of Onefixt's account history with  
11 Bitcoin Savings & Trust from on or about July 3rd,  
12 2012 through on or about August 28th, 2012?  
13 A Yes.  
14 Q Next account, Arashd, is this a true and  
15 accurate reflection of Arashd's account history with  
16 Bitcoin Savings & Trust from on or about July 24,  
17 2012 through on or about August 13, 2012?  
18 A Yes.  
19 Q Next account, Bitcoinbaltar, is this a true  
20 and accurate reflection of Bitcoinbaltar's account  
21 history with Bitcoin Savings & Trust from on or about  
22 June 27, 2012 through on or about August 13, 2012?  
23 A Yes.  
24 Q Next account, Bitlane, is this a true and  
25 accurate reflection of Bitlane's account history with

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1 for just random amounts.  
2 Q Sitting here today, you can look at Bitcoin  
3 Savings & Trust's account holders' histories and know  
4 which deposits were theirs and which were a result of  
5 your core activities?  
6 A I mean, that's all I did So yeah. Glitch  
7 credit.  
8 Q What's a glitch credit?  
9 A Just -- just when I messed up -- he was with  
10 me like early, early on and never really checked in,  
11 never heard from him. So I could use his account for  
12 all kinds of things. There were some people that  
13 watched the blockchain and would see transactions and  
14 ask me about them, and those people I had to move  
15 away from or tell them, hey, there's other things  
16 going on with the wallets that I work on, but some of  
17 them were like, well, I don't want that to happen,  
18 here's a brand new address. Give me a new address.  
19 So when there's people that -- I mean,  
20 I don't even know if that guy is still alive because  
21 he just never contacted me. And so -- but there was  
22 coins -- you know, little coin payments and stuff, I  
23 could use his account for all kinds of things.  
24 Q So your investors who watched their accounts  
25 closely, you couldn't really use their addresses for

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1 Bitcoin Savings & Trust for on or about April 4, 2012  
2 through on or about August 13, 2012?  
3 A Yes.  
4 Q Next account, Blitzboom, is this a true and  
5 accurate reflection of Blitzboom's account history  
6 with Bitcoin Savings & Trust from on or about April  
7 9th, 2012 through on or about August 13, 2012?  
8 A Yes.  
9 Q Next account, Brendio, is this a true and  
10 accurate reflection of Brendio's account history with  
11 Bitcoin Savings & Trust from on or about April 9,  
12 2012 through on or about August 13, 2012?  
13 A No.  
14 Q What jumps out?  
15 A Tons -- I used his account for everything.  
16 A bunch of stuff.  
17 Q Anything other than core investment  
18 activities?  
19 A No. Actually I don't even think this is his  
20 account. I think this is an account that I -- yeah.  
21 It's definitely not right.  
22 Q Next account -- well, no, what's not right  
23 about it?  
24 A I mean, it's scattered with this stuff.  
25 There's accounting fixes. There's ton of deposits

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1 activities other than deposits and withdrawals?  
2 A Some of them you could, but other times they  
3 would get all -- they wanted to keep their system  
4 clean or they had something scraping the blockchain  
5 to monitor their stuff.  
6 Q So you discouraged those investors?  
7 A No. It was fine. I just told them -- I  
8 mean, I had plenty of other addresses and other  
9 accounts. So...  
10 Q So on Brendio's account history, there's a  
11 July 31, 2012 transfer from an account called Bitfoo.  
12 How did that happen?  
13 A That was -- Bitfoo wanted to send the  
14 transaction to Brendio. Brendio approved it, and it  
15 got put in.  
16 Q I thought you never heard from Brendio, for  
17 all you know, he's not alive.  
18 A I wouldn't -- to get that deposit, I  
19 wouldn't have heard from him.  
20 Q You just said he approved it.  
21 A If he withdrew them, I would hear from him.  
22 I approved them. This is a deposit into his account.  
23 Q Right. And you said Bitfoo wanted to send  
24 it and Brendio approved it.  
25 A What? This is a transfer from Bitfoo into



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1 Brendio's account. I approved the transactions.  
 2 They work out however they want to send -- how many  
 3 they want to send.  
 4 Q All right. It's a book entry, right? It's  
 5 your book entry.  
 6 A It's a label so that they know what the  
 7 transaction was for.  
 8 Q A label you applied to the transaction?  
 9 A No. It's just -- the server does it.  
 10 Q You're saying this is not a manual book  
 11 entry?  
 12 A Not a what?  
 13 Q Manual book entry. That transfer from  
 14 account to Bitfoo, that's not a manual entry? That's  
 15 what you're saying?  
 16 A I didn't physically type in "Transfer from  
 17 account:" and their name, no.  
 18 Q But there's no bitcoin movement.  
 19 A If you have a Chase account and I have a  
 20 Chase account, okay, and I want to send you funds, do  
 21 you think the bank physically moves cash from out of  
 22 their account into another account? They don't.  
 23 They just reallocate the funds where they need to go.  
 24 That's what happens. But on your statement it shows  
 25 a payment from Trendon.

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1 Q Next account, Brightanarchist, is this a  
 2 true and accurate reflection of Brightanarchist's  
 3 account history with Bitcoin Savings & Trust from on  
 4 or about April 3rd, 2012 through on or about August  
 5 9, 2012?  
 6 A Yes. Sure.  
 7 Q Next account, BTC4domains, is this a true  
 8 and accurate reflection of BTC4domains' account  
 9 history with Bitcoin Savings & Trust from on or about  
 10 July 24, 2012 through August 13, 2012?  
 11 A Yes.  
 12 Q Next account, Bufferoverflow, is this a true  
 13 and accurate reflection of Bufferoverflow's account  
 14 history with Bitcoin Savings & Trust from on or about  
 15 July 23rd, 2012 through on or about August 13,  
 16 2012?  
 17 A Yes.  
 18 Q Next account, Bushing, is this a true and  
 19 accurate reflection Bushing's account history with  
 20 Bitcoin Savings & Trust from on or about April 9th,  
 21 2012 through on or about August 13, 2012?  
 22 A Yes.  
 23 Q Next account, Bwagner, is this a true and  
 24 accurate reflection of Bwagner's account history with  
 25 Bitcoin Savings & Trust from on or about April 2nd,

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1 2012 through on or about August 13, 2012?  
 2 A Yes.  
 3 Q Next account, Coin\_toss, is this a true and  
 4 accurate reflection of Coin\_toss' account history  
 5 with Bitcoin Savings & Trust from on or about April  
 6 9th, 2012 through on or about August 13, 2012?  
 7 A Yes.  
 8 Q Next account, Copumpkin, is this a true and  
 9 accurate reflection of Copumpkin's account history  
 10 with Bitcoin Savings & Trust from on or about April  
 11 2nd, 2012 through on or about August 13, 2012?  
 12 A I know I used his account for different  
 13 things, but I think for the most part, it's accurate.  
 14 Q For this time period this is accurate?  
 15 A Yeah.  
 16 Q Next account, Cory, is this a true and  
 17 accurate reflection of Cory's account history with  
 18 Bitcoin Savings & Trust from on or about April 9th,  
 19 2012 to on or about August 13, 2012?  
 20 A Yes.  
 21 Q Next account, Eveofwar, is this a true and  
 22 accurate reflection of Eveofwar's account history  
 23 with Bitcoin Savings & Trust from on or about April  
 24 4, 2012 through on or about August 13, 2012?  
 25 A Yes.

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1 Q Next account, Exahash, is this a true and  
 2 accurately reflection of Exahash's account history  
 3 with Bitcoin Savings & Trust from on or about May 18,  
 4 2012 to on or about August 13, 2012?  
 5 A Yes.  
 6 Q Next account, Foggyb, is this a true and  
 7 accurate reflection of Foggyb's account history with  
 8 Bitcoin Savings & Trust from on or about April 9,  
 9 2012 to on or about August 22, 2012?  
 10 A Yes.  
 11 Q Next account, Fred0, is this a true and  
 12 accurate reflection of Fred0's account history with  
 13 Bitcoin Savings & Trust from on or about April 2nd,  
 14 2012 through on or about August 13, 2012?  
 15 A Yes.  
 16 Q Next account, FredericBastiat, is this a  
 17 true and accurate reflection of FredericBastiat's  
 18 account history with Bitcoin Savings & Trust from on  
 19 or about April 5th, 2012 on August 13, 2012?  
 20 A Yes.  
 21 Q Next account, Gigavps, is this a true and  
 22 accurate reflection of Gigavps' account history with  
 23 Bitcoin Savings & Trust from on or about April 3rd,  
 24 2012 through on or about August 22, 2012?  
 25 A No.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

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201-204

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1 Q What stands out at you as being incorrect?  
 2 A I'll just know I used it a lot.  
 3 Q For what?  
 4 A For moving transactions.  
 5 Q Meaning for Bitcoin Savings & Trust  
 6 investment transactions?  
 7 A Yes. And he had a separate account that was  
 8 a hidden account.  
 9 Q A hidden account?  
 10 A Yes.  
 11 Q What do you mean by that?  
 12 A Just an account used for basically his own  
 13 lending account. They borrow coins real quickly to  
 14 make cash transactions and stuff.  
 15 Q From you?  
 16 A Correct.  
 17 Q What was his user name on that account?  
 18 A I guess Gigavps, but it wasn't on Bitcoin  
 19 Savings & Trust.  
 20 Q Why doesn't it appear in this raw data?  
 21 A Because it wasn't on here. It wasn't on  
 22 this database or on this website. It was tracked  
 23 through a -- what was that -- not Sales Force. I  
 24 can't remember the name of the website. It was  
 25 something we just worked out together. And it has a

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1 lot of his transactions. This account looks mostly  
 2 like my stuff.  
 3 Q Meaning --  
 4 A 2002 --  
 5 Q What do you mean by "my stuff"?  
 6 A And then \$500 deposit from Imsaguy?  
 7 Q What do you mean "my stuff"?  
 8 A Core stuff. This isn't all --  
 9 Q You mean Bitcoin Savings & Trust investment  
 10 activity?  
 11 A This isn't all of the transactions there.  
 12 Q Next account, Goat.  
 13 A One of those people that care a lot.  
 14 Q Is this a true and accurate reflection of  
 15 Goat's account history with Bitcoin Savings & Trust  
 16 from on or about April 5th, 2012 to on or about  
 17 August 16, 2012?  
 18 A Yes.  
 19 Q Next account, Hashking, is this a true and  
 20 accurate reflection of Hashking's account history  
 21 with Bitcoin Savings & Trust from on or about April  
 22 6th, 2012 through on or about August 15, 2012?  
 23 A Probably, yes.  
 24 Q Is there something that causes you doubt?  
 25 A He was just with me for a while. But that's

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1 fine. Yes.  
 2 Q Next account, Imsaguy, is this a true and  
 3 accurate reflection of Imsaguy's account history with  
 4 Bitcoin Savings & Trust from on or about June 11,  
 5 2012 through on or about August 15, 2012?  
 6 A No. It couldn't.  
 7 Q Why not?  
 8 A Because he didn't have that many points.  
 9 Q You're saying this looks like Imsaguy has  
 10 more coins than he actually has?  
 11 A Oh, yeah.  
 12 Q So it reflects your core transactions as you  
 13 say?  
 14 A It has core transactions in it.  
 15 Q Directing your attention to the August 6th,  
 16 2012 entry at 10:50 a.m., "Transfer from account:  
 17 Jimbit," do you see that?  
 18 A Yes.  
 19 Q As I understand you, Jimbit would have to  
 20 have authorized that transfer, correct?  
 21 A Correct.  
 22 Q So how did this transfer come about?  
 23 A Jimbit would have purchased the bitcoins  
 24 or -- no, I'm sorry. Imsaguy would have purchased  
 25 the bitcoins from Jimbit and transferred them over.

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1 Q And then a message would have been sent to  
 2 you by Jimbit or Imsaguy saying we've done this  
 3 transaction? How does that work?  
 4 A Yeah. I just get a pop-up that has all the  
 5 transaction that need to be approved. If I see any  
 6 weird transactions or something happening -- so  
 7 nothing can touch the database until I approve it,  
 8 and it's a completely different system than what the  
 9 website database is.  
 10 So when I get those confirmations, they  
 11 worked it out between them on who's transferring what  
 12 to what, and I just approve them.  
 13 Q So this could only have happened if Jimbit  
 14 sent you a message saying I've sent 3000 bitcoin to  
 15 Imsaguy or if Imsaguy sent you a message saying --  
 16 A No. It's created by the website. So Jimbit  
 17 would have contacted Imsaguy, and they worked out a  
 18 deal on how much they're going to pay for the coins.  
 19 Imsaguy would have paid him for the coins, and this  
 20 transaction would have shown up because Jimbit put to  
 21 send 3000 coins to other user. In the notes it's --  
 22 Imsaguy hits it. It's okay'd or submitted. And then  
 23 it shows up on my list, and I hit "accept."  
 24 Q So there was a functionality on the  
 25 BTCST.com website that permitted one Bitcoin



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TRENDON T SHAVERS  
SEC vs. SHAVERS

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205-208

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1 Savings & Trust investor to transfer bitcoin to  
 2 another Bitcoin Savings & Trust investor?  
 3 A Correct.  
 4 Q And the only way that the transaction  
 5 reflected here, the transfer from the account of  
 6 Jimbit of 3000 bitcoin to the account of Imsaguy  
 7 could have occurred is if Jimbit logged on, entered  
 8 that transfer in the website's functionality saying  
 9 send 3000 bitcoin to Imsaguy, and then you approved  
 10 it?  
 11 A Correct.  
 12 Q And that approval -- when you approved it,  
 13 you would then create the book entry showing the  
 14 transfer?  
 15 A No. It creates that. As soon as I hit  
 16 "approve," it's created.  
 17 Q Well, the system is set up.  
 18 A Yeah. When you say I do it, I don't do it.  
 19 Q But you created the system, right?  
 20 A No. Zach did.  
 21 Q At your direction.  
 22 A Yes.  
 23 Q He worked for you.  
 24 A Correct.  
 25 Q Okay. And one of the functionalities in the

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1 system that you created was that when one Bitcoin  
 2 Savings & Trust account holder transferred bitcoin to  
 3 another, they would have a way of expressing that  
 4 desire to you, transfer the 3000 bitcoin to  
 5 Imsaguy?  
 6 A Correct.  
 7 Q And then you would get a notification saying  
 8 that Jimbit wants to transfer the 3000 bitcoin to  
 9 Imsaguy, correct?  
 10 A Correct.  
 11 Q And then you would hit a button that said  
 12 "approve."  
 13 A Uh-huh.  
 14 Q Correct?  
 15 A Correct.  
 16 Q And then the program that Zach Nakaska  
 17 created at your direction would automatically  
 18 generate a book entry that says transfer from account  
 19 Jimbit, deposit 3000 in Imsaguy's account.  
 20 A Correct.  
 21 Q And in no instances did you, without the  
 22 approval of Bitcoin Savings & Trust account holders,  
 23 just transfer funds from one account to another?  
 24 A I mean, I could if I wanted to.  
 25 Q But did you?

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1 A Who knows. I could have put manual entries  
 2 in before that feature was even available. I could  
 3 have put it in there. I mean...  
 4 Q But did you?  
 5 A Seriously, I would say, yes, I did at some  
 6 point. But for the most part, no. It's just a  
 7 database of numbers. I can change it at will if I  
 8 needed to. This isn't Bank of America.  
 9 Q But I'm asking what your custom and practice  
 10 was.  
 11 A This was an accounting for me and for my  
 12 lenders to see their account. That's the whole  
 13 reason Bitcoin Savings & Trust was around, so they  
 14 could see this stuff that was going on.  
 15 Q Did you transfer Jimbit's 3000 bitcoin into  
 16 Imsaguy's account on your own initiative or because  
 17 Jimbit asked you to?  
 18 A The ledger -- I mean, the actual -- no  
 19 bitcoins moved. But, yes, that transaction would  
 20 have happened -- no, it would have happened past the  
 21 time when they could do it themselves. So all those  
 22 transactions -- those are all done between the two.  
 23 I just approved them.  
 24 Q So on August 6th, 2012 you received a  
 25 message that Jimbit wants to transfer 3000 bitcoin to

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1 Imsaguy, and you approved it, is that right?  
 2 A Yes.  
 3 Q You didn't do it on your own initiative for  
 4 the sake of consolidating accounts or for any other  
 5 reason?  
 6 A No. That's what they were doing.  
 7 Q Okay.  
 8 A Imsaguy wanted to get a trust account. So  
 9 that's why he started doing this crazy stuff.  
 10 Q And you put posts on the Bitcoin Forum,  
 11 right, encouraging larger account holders to manage  
 12 smaller accounts, right?  
 13 A Yes.  
 14 Q And you incentivized them by promising them  
 15 higher returns, right?  
 16 A That they could receive higher returns, yes.  
 17 Q Right.  
 18 MR. MOUSTAKIS: We can go off the  
 19 record for a second.  
 20 (Off the record at 2:28 p.m.)  
 21 (Short recess.)  
 22 (Back on the record at 2:41 p.m.)  
 23 Q Mr. Shavers, I'm going to ask the Court  
 24 Reporter to mark as Exhibit Number 6 a copy of the  
 25 September 21, 2012 Subpoena that we sent to you



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
209-212

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1 during the course of the Commission's investigation.  
 2 Do you recognize this document?  
 3 (Exhibit 6 marked.)  
 4 A Yes.  
 5 Q Did you do your best to comply fully with  
 6 this subpoena?  
 7 A Yeah, that I could understand. It's really  
 8 after talking with you that I knew what information  
 9 you were needing.  
 10 Q Now, turning to Page 3, the first item under  
 11 "Documents subpoenaed" says, "All documents and  
 12 communications concerning Bitcoin Savings & Trust."  
 13 Do you see that?  
 14 A Yes.  
 15 Q Did you provide to us all documents and  
 16 communications in your possession, custody or control  
 17 concerning Bitcoin Savings & Trust?  
 18 A At the time, yes.  
 19 Q Are there any documents or communications  
 20 concerning Bitcoin Savings & Trust currently in your  
 21 possession, custody or control that you have not yet  
 22 produced to the Commission?  
 23 A Not that I'm aware of.  
 24 Q Have you made a diligent search for all  
 25 documents and communications concerning Bitcoin

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1 Savings & Trust for the purposes of responding to  
 2 this subpoena?  
 3 A To the best of my ability.  
 4 Q So to your knowledge, there are no documents  
 5 or communications concerning Bitcoin Savings & Trust  
 6 still in your possession that you've not yet  
 7 produced?  
 8 A Not that -- not that I'm aware of.  
 9 Q I'm going to ask the reporter to mark as  
 10 Exhibit Number 7 an October 16, 2012 letter from me  
 11 to you and as Exhibit Number 8 an October 18, 2012  
 12 e-mail from you to me. Mr. Shavers, do you recognize  
 13 what's been marked as Exhibit Number 7?  
 14 (Exhibits 7 and 8 marked.)  
 15 A Yes.  
 16 Q Do you recognize it as a letter that you  
 17 received from the Securities and Exchange Commission,  
 18 namely me, on or about October 16, 2012?  
 19 A Yes.  
 20 Q And do you recognize what's been marked as  
 21 Exhibit Number 8?  
 22 A Yes.  
 23 Q What do you recognize it to be?  
 24 A My response to providing -- providing the  
 25 information about the partners of GPUMAX, which was

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1 part of your initial subpoena and saying I don't have  
 2 any other further information.  
 3 Q Okay. So you recognize it as an e-mail you  
 4 sent to me on or about October 18, 2012?  
 5 A Yes.  
 6 Q In response to my October 16, 2012 letter?  
 7 A Yes.  
 8 Q And you see in the third full paragraph of  
 9 my October 16, 2012 letter to you I say that the  
 10 Accounts-Transactions spreadsheet you produced  
 11 includes information for fewer than fifty Bitcoin  
 12 Savings and Trust accounts. When we spoke on October  
 13 3rd, 2012, you said there were 446 Bitcoin Savings  
 14 and Trust accounts. Moreover, the account  
 15 information provided, it appears, dates back only to  
 16 April 2012. The time period covered by the subpoena  
 17 is May 1, 2011 to the date of the subpoena. Provide  
 18 information concerning remaining accounts and for the  
 19 entire relevant period." Do you see that?  
 20 A Yes.  
 21 Q And in your October 18, 2012 response to  
 22 this letter by e-mail you say, "Regarding the other  
 23 information, I have no further information."  
 24 A Correct.  
 25 Q And when you wrote regarding the other

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1 information, you meant the account transaction  
 2 information I was looking for, among other things?  
 3 A Correct.  
 4 Q And so is it fair to say that you made a  
 5 diligent search following the October 16, 2012  
 6 letter, now marked as Exhibit 7, to make sure you had  
 7 no further account transaction information for the  
 8 Bitcoin Savings & Trust accounts before responding to  
 9 us on October 18th and saying I have nothing further?  
 10 A Yes.  
 11 Q And to your knowledge, as of today, you have  
 12 nothing further?  
 13 A Correct.  
 14 Q How many Bitcoin Savings & Trust accounts  
 15 were there in total throughout the life of Bitcoin  
 16 Savings & Trust?  
 17 A I have no way of knowing.  
 18 Q Was it thirty?  
 19 A Core accounts, you know, between twenty and  
 20 fifty.  
 21 Q What's a core account?  
 22 A The accounts I physically had, not the  
 23 Pirate pass-thru accounts.  
 24 Q Right. I'm asking for the accounts that  
 25 were with you.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
213-216

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1 A I don't know. No way of knowing.  
 2 Q You produced account transaction data for 46  
 3 accounts?  
 4 A Correct.  
 5 Q Were there at least 46 accounts?  
 6 A Yes.  
 7 Q Were there more than 46 accounts during the  
 8 life of Bitcoin Savings & Trust?  
 9 A Yes.  
 10 Q Were there more than a hundred?  
 11 A I don't know.  
 12 Q Is it possible?  
 13 A No.  
 14 Q What?  
 15 A No.  
 16 Q It's not possible there were more than a  
 17 hundred?  
 18 A No.  
 19 Q So you know there weren't more than a  
 20 hundred?  
 21 A Correct.  
 22 Q All right. So let's just answer the  
 23 questions. Were there more than 75?  
 24 A I don't know. I really -- I'm not going  
 25 to --

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1 Q But it was something north of 40 and south  
 2 of a hundred?  
 3 A Yes.  
 4 Q Okay. I'll ask the reporter to mark as  
 5 Exhibit Number 9 a one-page document with the control  
 6 number SEC-Shavers-E0000005. Do you recognize this  
 7 document?  
 8 (Exhibit 9 marked.)  
 9 A Yes.  
 10 Q What do you recognize it to be?  
 11 A The accounts -- I guess the index of the  
 12 account transactions of Exhibit 4. So the raw  
 13 information from Bitcoin Savings & Trust.  
 14 Q As Exhibit 4, right?  
 15 A Exhibit 4 and does not include the closed  
 16 accounts.  
 17 Q So this is a document you provided to the  
 18 Commission in response to our September 21, 2012  
 19 subpoena?  
 20 A Correct.  
 21 Q And by this document you were telling us  
 22 that all the information you had for Bitcoin  
 23 Savings & Trust accounts that were open at the time  
 24 of our subpoena was included in the  
 25 Accounts-Transactions.xls file, correct?

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1 A Correct.  
 2 Q And all data for accounts that had been  
 3 closed at the time of your response to the subpoena  
 4 had been deleted?  
 5 A Correct.  
 6 Q And that's what you were saying in this  
 7 document?  
 8 A Correct.  
 9 Q I'd like to mark as Exhibit Number 10 a  
 10 six-page document, a header along the top says  
 11 "Pirateat40.freenode"?  
 12 (Exhibit 10 marked.)  
 13 A Uh-huh.  
 14 Q And along the bottom it says Page 1, Page 2,  
 15 Page 3, et cetera, until you get to Page 6.  
 16 A Yes.  
 17 Q What is Pirateat40.freenode?  
 18 A I don't know.  
 19 Q Well, do you recognize what this document  
 20 is?  
 21 A It looks like an IRC chat.  
 22 Q So this is a record of a chat it appears to  
 23 you between Internet151 and Pirateat40?  
 24 A Yes.  
 25 Q Okay. Drawing your attention to the bottom

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1 third of the first page, it says, "Session Start:  
 2 Sun Mar 04 12:38:51 2012." Do you see that?  
 3 A Yes.  
 4 Q Shortly below that there's a message from  
 5 Internet151, "Hey, Gigavps told me to contact you  
 6 regarding opening an account at your First Pirate  
 7 Savings and Trust." Do you see that?  
 8 A Yes.  
 9 Q Then a couple of messages later, Pirateat40  
 10 replies, "Hey all I need is an e-mail and withdraw  
 11 address." Do you see that?  
 12 A Yes.  
 13 Q Was that your custom and practice to ask  
 14 individuals seeking new accounts for an e-mail and  
 15 withdraw address?  
 16 A Yeah.  
 17 Q A few messages later, Internet151 writes  
 18 "rpac\_internet@hotmail.com is my e-mail." Do you see  
 19 that?  
 20 A Uh-huh.  
 21 Q And you respond "k," meaning okay, correct?  
 22 A Correct.  
 23 Q And then Internet151 posts the next message.  
 24 What is that? It's a bitcoin address, right?  
 25 A Yes.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

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217-220

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1 Q And in the next message Pirateat40 replies,  
 2 "Your permanent deposit address is" and there's  
 3 another bitcoin address. Do you see that?  
 4 A Yes.  
 5 Q And this is a conversation you had with  
 6 Internet151, correct?  
 7 A This part of it, yes.  
 8 Q And so it was your custom and practice to  
 9 get an e-mail and withdraw address from each new  
 10 investor, correct?  
 11 A Correct.  
 12 Q And to give each new investor a deposit  
 13 address, correct?  
 14 A Correct.  
 15 Q Okay. And then you gave Internet151 log in  
 16 information for the BTClending.com website. Do you  
 17 see that?  
 18 A Yes.  
 19 Q Was that you?  
 20 A Yes.  
 21 Q Okay. And what information could an  
 22 investor see -- a Bitcoin Savings & Trust investor  
 23 see when they logged on to the BTClending.com  
 24 address?  
 25 A I don't remember. Just basic information.

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1 Q Could you they see their account history?  
 2 A Kind of.  
 3 Q Their histories of deposits and payments and  
 4 withdrawals?  
 5 A No. There's no payments. It was just  
 6 deposits -- deposits and withdrawals. It was a very  
 7 badly designed site. So, like, payments showed up as  
 8 withdrawals, and it was a mess.  
 9 Q Now, each bitcoin address has a public key  
 10 and a private key as we've discussed, right?  
 11 A Correct.  
 12 Q And a public key is a series of numbers and  
 13 letters that someone else uses to send bitcoin to the  
 14 address, correct?  
 15 A Correct.  
 16 Q And the private key is a series of numbers  
 17 and letters, essentially a password, used by the  
 18 owner of the address, the holder of the address, to  
 19 access the bitcoin, correct?  
 20 A Correct.  
 21 Q How did you keep track of the private keys  
 22 for the bitcoin addresses you used for Bitcoin  
 23 Savings & Trust?  
 24 A That's what the wallet's for.  
 25 Q The wallet stores the private keys?

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1 A Correct. They can't look up transaction  
 2 information unless it has the private key.  
 3 Q And you had -- you had three wallets that  
 4 you used throughout the life of Bitcoin  
 5 Savings & Trust?  
 6 A Correct.  
 7 Q Okay. What information, if any, did you  
 8 require of Bitcoin Savings & Trust investors other  
 9 than their e-mail and a deposit address before they  
 10 could invest?  
 11 A Just user name.  
 12 Q Meaning their online internet name?  
 13 A Yeah.  
 14 Q That's it?  
 15 A Yeah. That's it.  
 16 Q Did you require any additional information  
 17 from Pirate pass-thru operators?  
 18 A No.  
 19 Q Why did you use a separate deposit address  
 20 for each investor?  
 21 A So that the system could track transactions.  
 22 Q And the same reason for using a separate  
 23 withdrawal address for each investor?  
 24 A Yeah. You have to.  
 25 Q Right.

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1 A You would send them all to the same person.  
 2 Q Right. Otherwise you have no idea who  
 3 you're getting bitcoin from or who it's going to,  
 4 right?  
 5 A I don't care who it's going to, but they  
 6 will. If I sent all of my lenders coins to just one  
 7 person, they would be upset.  
 8 Q Right. But the purpose for having one  
 9 deposit address for each investor is so that you knew  
 10 where the bitcoin was coming from, right?  
 11 A Correct.  
 12 Q You had no other information about them  
 13 other than an online user name and an e-mail, right?  
 14 A Correct. And some of them wanted user names  
 15 to trace batches of numbers.  
 16 Q And the reason for having one withdrawal  
 17 address is the same, to keep track of the payments  
 18 made to each investor, correct?  
 19 A Correct.  
 20 Q Did you require any additional information  
 21 other than a user name, an e-mail and a deposit  
 22 address from Pirate pass-thru operators?  
 23 A No.  
 24 Q Anything concerning their identity?  
 25 A No.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
221-224

Page 221

1 Q Back to Big One. You didn't know his name,  
2 right?  
3 A No.  
4 Q And you didn't know Number Two's name,  
5 right?  
6 A No.  
7 Q Were there other individuals to whom you  
8 lent Bitcoin Savings & Trust funds, other than  
9 Bitcoinica, for the purpose of generating returns?  
10 A Yes.  
11 Q Who?  
12 A Just different groups, different people,  
13 different users names. Lots of different -- those  
14 are just the big people.  
15 Q The big two?  
16 A Yeah. They were making most of the money.  
17 Q Did you have identifying information other  
18 than an online user name for any of them?  
19 A No. I don't...  
20 Q I'm sorry?  
21 A No. You're fine.  
22 Q You don't...  
23 A No.  
24 Q So you did not have any identifying  
25 information for any of Bitcoin Savings & Trust

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1 borrowers other than their online user names; is that  
2 right?  
3 A Unless they were just like Copumpkin needed  
4 to borrow some or one of the people that I knew.  
5 Q And were those isolated incidents?  
6 A Yeah.  
7 Q So outside of a few isolated incidences  
8 where you were lending bitcoin to somebody like  
9 Copumpkin that you knew, the vast majority of Bitcoin  
10 Savings & Trust's lending activities was to  
11 individuals whom you could identify only by user name  
12 online?  
13 A Correct.  
14 Q And in the case of Big One and Number Two,  
15 your two biggest borrowers, you didn't even have an  
16 online user name.  
17 A I had a GPG key, yeah.  
18 Q Right.  
19 A Yeah.  
20 Q But that's for purposes of communicating  
21 with them.  
22 A No. That's identifying them but not  
23 identifying. Nobody else can have your key. It's  
24 impossible. So if you send something back to me  
25 using the key that I assigned, then I know it's you.

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1 Q Unless I gave it to my friend.  
2 A You couldn't.  
3 Q Why not?  
4 A Because it requires a gigantic password to  
5 be able to access on your computer.  
6 Q So Big One and Number Two you could identify  
7 only by GPG keys?  
8 A Correct.  
9 Q And your other borrowers only by internet  
10 user names?  
11 A Yes.  
12 Q How did you know what bitcoin addresses to  
13 use for Bitcoin Savings & Trust's borrowers?  
14 A Just by using the operating wallet or  
15 storage wallet. Whenever I just wanted to create a  
16 new address -- I mean, there was constantly addresses  
17 being created.  
18 Q No, no, no. Bitcoin Savings & Trust was in  
19 the business of generating returns by lending bitcoin  
20 primarily over ninety percent of its activity,  
21 correct?  
22 A Right.  
23 Q And it did so by lending the bitcoin to  
24 borrowers, including Big One and Number Two, right?  
25 A Correct.

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1 Q How did you know what addresses -- bitcoin  
2 address or addresses to use for Big One to send to.  
3 Not from. To.  
4 A When it was sent in the message of a  
5 transaction, they needed 100000 bitcoins, 200000  
6 bitcoins, when we negotiated the terms, an address  
7 was sent to me, and it was sent out to one of those  
8 storage wallets.  
9 Q Would you recognize those addresses today?  
10 A I found one of them the other day.  
11 Q Okay. Whose?  
12 A It was from one of the big guys.  
13 Q Was it Big One or Number Two?  
14 A Big One.  
15 Q And did Big One use different addresses with  
16 you over time?  
17 A Yeah. Different every time.  
18 Q And which one did you find?  
19 A One of the early ones. It was 80000  
20 bitcoins that some of the techy people stumbled on.  
21 Q What do you mean "techy people"?  
22 A In the forum there's always techy people  
23 that try to figure out algorithms to find things, and  
24 they found one of them, and I recognized it because I  
25 had to do it in two transactions because I screwed it



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TRENDON T SHAVERS  
SEC vs. SHAVERS

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225-228

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1 up. And it got picked up on that website, the  
2 largest bitcoin transactions. It was before we used  
3 the mixer. And that address was used again the first  
4 time we used the mixer. So I was able to kind of  
5 figure out one of the addresses.  
6 Q Any others?  
7 A No. Once you're using mixers, it's over.  
8 Q Do you know where any of your Bitcoin  
9 Savings & Trust investors lived?  
10 A The ones that I told you. I don't know  
11 where most of them live.  
12 Q You mean earlier today?  
13 A Do what?  
14 Q The ones you told me about earlier today you  
15 mean?  
16 A Yeah.  
17 Q You have no location information for any  
18 others?  
19 A I mean, I could start guessing.  
20 Q You don't even know what states they're in?  
21 A No. Or countries. I know there's a lot of  
22 people that didn't live here.  
23 Q You alone were responsible for creating and  
24 operating Bitcoin Savings & Trust?  
25 A Yes.

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1 Q And you sold Bitcoin Savings & Trust  
2 investments to between -- to more than 40 but less  
3 than a hundred investors?  
4 A Yes.  
5 Q From a period of approximately February 2011  
6 through August 2012?  
7 A Yes.  
8 Q Throughout the life of Bitcoin  
9 Savings & Trust, in any week when you didn't earn  
10 enough bitcoin from Bitcoin Savings & Trust  
11 investment activities, you used a reserve fund to pay  
12 withdrawals and interest on outstanding Bitcoin  
13 Savings & Trust investments, correct?  
14 A A reserve fund? I don't understand what you  
15 mean.  
16 Q Did you generate enough returns from Bitcoin  
17 Savings & Trust investment activity to pay the  
18 returns you promised to Bitcoin Savings & Trust  
19 investors?  
20 A Weekly?  
21 Q Yes.  
22 A Yes.  
23 Q And that was true throughout the life of  
24 Bitcoin Savings & Trust until August of 2012?  
25 A Yes.

Page 227

1 Q Why did Bitcoin Savings & Trust come to an  
2 end in August of 2012?  
3 A I lent 202000 bitcoins to Mr. Big Man and  
4 never got them back.  
5 Q It was Mr. Big?  
6 A Yes.  
7 Q The Big One I think we called him.  
8 A The Big One, yes.  
9 Q And you know it was the Big One?  
10 A Yep.  
11 Q When did that happen?  
12 A The week before -- I sent the coins a week  
13 before I went to Vegas.  
14 Q So the second week of July?  
15 A Yeah, second week of July. And then when I  
16 was in Vegas, I realized that the coins hadn't come  
17 back yet and was beginning to freak out a little bit.  
18 If you were to ask the people that were there, they  
19 probably knew I was a little off. And then when I  
20 got back I knew for sure something was up because I  
21 couldn't contact -- I couldn't -- nothing really  
22 could be done. I started trying to track where the  
23 coins went. And like I said, once they go through a  
24 mixer, it's very difficult to find them. So that was  
25 about it.

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1 I started working to try to repay the  
2 amount, and people caught wind of what was happening  
3 and started withdrawing mass amounts of coins, and I  
4 couldn't keep up with the demand. And then I went  
5 into lock-down mode. I didn't want to lend coins to  
6 anybody to make back the money. So I just wanted,  
7 you know, to do transactions myself, and it was  
8 slowly working until the SEC froze my accounts.  
9 Q Why didn't you pay back investors with your  
10 own funds?  
11 A I did. I used my coins.  
12 Q But you didn't have enough funds to cover  
13 the potential losses.  
14 A What?  
15 Q Have all your investors been made whole?  
16 A No.  
17 Q So you didn't have enough bitcoins to make  
18 them whole?  
19 A Correct.  
20 Q Hadn't you promised your Bitcoin Savings &  
21 Trust investors that if Bitcoin Savings & Trust ever  
22 suffered a loss, you would cover the loss yourself?  
23 A Yeah, which I'm doing now.  
24 Q But you couldn't.  
25 A Correct.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

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229-232

Page 229

1 Q And those are promises you made on the  
 2 Bitcoin Forum.  
 3 A Correct.  
 4 Q But you couldn't cover the loss that you  
 5 were exposed to in August of 2012.  
 6 A I could cover the loss. It just wouldn't be  
 7 immediate.  
 8 Q So some day you can make them whole?  
 9 A Oh, yeah.  
 10 Q But you didn't have the funds at the time to  
 11 make them whole?  
 12 A Correct.  
 13 Q And where are the records of the 200000  
 14 bitcoin going to the Big One?  
 15 A They ran through a mixer. That's going to  
 16 be -- they're in the blockchain somewhere. But  
 17 knowing where they are, it's going to be --  
 18 Q But you should be able to show us  
 19 transactions in your wallet totaling 200,000 bitcoin  
 20 going into a mixer presumably, even if they're coming  
 21 out the other end somewhere else. Where is that  
 22 data?  
 23 A That transaction happened from what I call  
 24 storage wallet one, and once those coins are moved  
 25 off of it, those keys are no longer in existence. I So

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1 the only way of finding out where that transaction  
 2 happened is looking through the blockchain, which if  
 3 you've not looked through the blockchain, it is a  
 4 huge task to try to find the transaction. Even in  
 5 the short period of time that I think it was going to  
 6 happen, there was hundreds of thousands of  
 7 transactions.  
 8 Q So you still have storage wallet one that  
 9 you used to send the 200000 bitcoin to Big One in the  
 10 second week of July 2012, but you don't have the  
 11 address keys in that wallet anymore --  
 12 A Correct.  
 13 Q -- to show the 200000 going out?  
 14 A To show in my records of them going out.  
 15 Q And did all 200,000 come from the same  
 16 bitcoin address?  
 17 A No. It doesn't really work that way.  
 18 Q Well, it does. Bitcoin travels from address  
 19 to address, correct? Whether or not through a mixer,  
 20 it starts from one address, and it ends up at  
 21 another, right?  
 22 A No.  
 23 Q Tell me how I got it wrong. Where can you  
 24 hold bitcoin other than in an address?  
 25 A You could look it up on the website to find

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1 out how bitcoins are spent, but sending bitcoins from  
 2 somebody comes from the collection of addresses that  
 3 you have in an account and are sent to an address.  
 4 Q Only if you cause that to happen.  
 5 A No. It's built into the system  
 6 automatically.  
 7 Q So something in the bitcoin world caused  
 8 200000 bitcoin to be sucked out of one of your  
 9 wallets from multiple addresses with no action on  
 10 your part at all; is that right?  
 11 A No. I chose to send coins to a specific  
 12 address.  
 13 Q You chose to send 200000 bitcoin to a  
 14 specific address. 202000. Is that right?  
 15 A 202000, yeah.  
 16 Q Out of what you call storage wallet number  
 17 one, correct?  
 18 A Correct.  
 19 Q And those 202000 bitcoin, were they  
 20 associated with one or multi bitcoin addresses before  
 21 you sent them out?  
 22 A When they come from a mixer, they're from  
 23 thousands of addresses.  
 24 Q No. They have to go into the mixer first.  
 25 A No. When they come -- before they hit my

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1 storage wallet one, they go through a mixer.  
 2 Q They started at storage wallet one.  
 3 A No.  
 4 Q Where did they begin?  
 5 A How could they come in through my operating  
 6 wallet, go out through a mixer and end up in a  
 7 storage wallet so I can send them all to a person.  
 8 Q Let me cut to the chase. You have zero  
 9 record of lending 202000 bitcoin to the Big One in  
 10 the second week of July, 2012; is that right?  
 11 A I'm going to find it.  
 12 Q But as you sit here today, you have no  
 13 record; is that right?  
 14 A No.  
 15 Q You have absolutely no proof you ever made  
 16 this loan?  
 17 A No.  
 18 Q Okay. And it was the Big One?  
 19 A Yes. Definitely.  
 20 Q Do you remember we spoke on August 5th when  
 21 we were all in court together in Sherman?  
 22 A Uh-huh.  
 23 Q You told us you began working with a third  
 24 large borrower in August of 2011.  
 25 A Correct.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

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233-236

<p style="text-align: right;">Page 233</p> <p>1 Q 2012. I'm sorry.</p> <p>2 A Okay.</p> <p>3 Q Other than the Big One and Number Two.</p> <p>4 A Correct.</p> <p>5 Q And you told us -- me, Ms. Downes, the other</p> <p>6 SEC employees that were there, that it was this third</p> <p>7 borrower that walked with your 202000 bitcoin.</p> <p>8 A Correct.</p> <p>9 Q But today you said it's the Big One.</p> <p>10 A It was the Big One.</p> <p>11 Q But the Big One you started working with not</p> <p>12 the August of 2012 but in December of 2011.</p> <p>13 A Correct.</p> <p>14 Q Which one was it?</p> <p>15 A The Big One.</p> <p>16 Q So it was not a third borrower?</p> <p>17 A No.</p> <p>18 Q That is not true what you told us on August</p> <p>19 5th when we were in court that a third borrower had</p> <p>20 walked with the 202000 bitcoin?</p> <p>21 A When I talked with you then, I looked up --</p> <p>22 actually before I had left to go to the courtroom, I</p> <p>23 looked up trying to find the transactions, a list of</p> <p>24 transactions, and I immediately thought it was him</p> <p>25 because he was the one that was doing a lot of the</p>	<p style="text-align: right;">Page 235</p> <p>1 <u>collapsed because you sent 202000 bitcoin to somebody</u></p> <p>2 <u>who walked with it --</u></p> <p>3 A <u>Correct.</u></p> <p>4 Q <u>-- and we were in court, when you sat there</u></p> <p>5 <u>at that moment, you didn't know which of your</u></p> <p>6 <u>borrowers had walked with the 202000 bitcoin. You</u></p> <p>7 <u>had to go look at some records to figure that out?</u></p> <p>8 A <u>At the time I thought I knew. I really did.</u></p> <p>9 And it was based on the address that I sent it to.</p> <p>10 So when I look at the address and find out it's not</p> <p>11 linked with him, it's linked with the first one, then</p> <p>12 it's a whole -- completely different thing.</p> <p>13 Q <u>What was the custom and practice with</u></p> <p>14 <u>Bitcoin Savings &amp; Trust's borrowers? It borrowed</u></p> <p>15 <u>from you on a weekly basis; is that right?</u></p> <p>16 A <u>Yes. Seven days.</u></p> <p>17 Q <u>And each week they repaid the full amount</u></p> <p>18 <u>they borrowed in principal plus interest or just</u></p> <p>19 <u>interest?</u></p> <p>20 A <u>They paid back -- by Sunday they had to pay</u></p> <p>21 <u>back the entire amount, and then they had the rest</u></p> <p>22 <u>of -- until -- they had Monday morning before they</u></p> <p>23 <u>had to pay back the interest.</u></p> <p>24 Q <u>And when did they get the funds that they</u></p> <p>25 <u>borrowed from you?</u></p>
<p style="text-align: right;">Page 234</p> <p>1 recent transactions.</p> <p>2 Q Him being the third borrower?</p> <p>3 A Well, the third big one.</p> <p>4 Q Right.</p> <p>5 A But when I was going through all -- kind of</p> <p>6 the transactions of figuring out how everything</p> <p>7 unfolded, I -- the -- I first thought I had made a</p> <p>8 mistake and sent it to the wrong address, and that's</p> <p>9 why I thought it was Number Three. But it was Number</p> <p>10 One who I actually sent the coins to, and that's why</p> <p>11 I trusted him so much because I had been with him for</p> <p>12 so long.</p> <p>13 Q So when we were in court on August 5th, 2013</p> <p>14 discussing Bitcoin Savings &amp; Trust, you're saying you</p> <p>15 told us it was a third borrower who had walked with</p> <p>16 the 202000 bitcoin, not the Big One and not Number</p> <p>17 Two, because you forgot -- you forgot who walked with</p> <p>18 your 202000 bitcoin?</p> <p>19 A No. No. I said I forgot -- I don't even</p> <p>20 think I said I forgot. I thought that I had made a</p> <p>21 mistake in the address, and that's why I thought it</p> <p>22 was Number Three. But it wasn't. It was Number One,</p> <p>23 the big guy, the Big One, and I've been looking to</p> <p>24 try to, you know, find it.</p> <p>25 Q <u>So a year after Bitcoin Savings &amp; Trust</u></p>	<p style="text-align: right;">Page 236</p> <p>1 A <u>On the Friday before the weekend. So</u></p> <p>2 <u>Friday. They had basically eight days to return</u></p> <p>3 <u>funds.</u></p> <p>4 Q <u>You would lend bitcoin to one of your</u></p> <p>5 <u>borrowers on a Friday.</u></p> <p>6 A <u>Correct.</u></p> <p>7 Q <u>When did that bitcoin come back?</u></p> <p>8 A <u>They returned the coins -- I'm just</u></p> <p>9 <u>averaging because some of them didn't.</u></p> <p>10 Q <u>Custom and practice. I know from week to</u></p> <p>11 <u>week things may vary a little bit. But what was the</u></p> <p>12 <u>custom and practice?</u></p> <p>13 A <u>From the -- they had an entire -- I didn't</u></p> <p>14 <u>do much on the weekends. So they had an entire week</u></p> <p>15 <u>to get them back to me, and then they had to return</u></p> <p>16 <u>them -- return the coins within a week, but they</u></p> <p>17 <u>didn't have to pay the additional funds until --</u></p> <p>18 <u>interest, until Monday morning.</u></p> <p>19 Q <u>So they actually had nine days to return the</u></p> <p>20 <u>funds, if I understand you.</u></p> <p>21 A <u>Right.</u></p> <p>22 Q You lent --</p> <p>23 A Just nine days on the principal.</p> <p>24 Q So you lent bitcoin to the Bitcoin Savings &amp;</p> <p>25 Trust --</p>



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TRENDON T SHAVERS  
SEC vs. SHAVERS

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237-240

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1 A No. Interest.

2 Q You lent bitcoin to Bitcoin

3 Savings & Trust's larger borrowers each Friday as a

4 general matter, correct?

5 A Correct.

6 Q And nine days later, on a Sunday, they were

7 responsible for repaying the principal.

8 A Correct.

9 Q And ten days later, each Monday, they were

10 responsible for returning the interest?

11 A Correct. And I made my payments on Monday

12 at noon.

13 Q To your investors?

14 A To my lenders.

15 Q And so from each Friday through Sunday you

16 had two loans out with your borrowers because they

17 had not yet returned their principal from the

18 previous loan, and you were making a new loan.

19 A Correct.

20 Q Okay. If your borrowers repaid you the full

21 principal every week, how come we don't see any large

22 transactions in your account's transaction data

23 coming into any of your addresses --

24 A Because you --

25 Q -- every Sunday.

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1 A Because you have transaction data for

2 whatever went on at that given point and time. And

3 when a transaction would come in, it would hit the

4 mixer, come into my storage wallet at the time. Then

5 the storage wallet would send in one transaction all

6 of the coins through the mixer and into the accounts

7 divvying up however the amounts are. I take that

8 amount, put it into Bitcoin Savings & Trust's

9 website. It would track all the ones that happened

10 in a five-minute increment or five-minute time period

11 and track it all.

12 Q So we -- in what's been marked as Exhibit

13 Number 5, we are getting a record of the transactions

14 only as they're coming out of the mixer and into your

15 investor's accounts or out to your investor's

16 accounts.

17 A Yes.

18 Q And in what's been marked as Exhibit 5,

19 there's no transaction history between Bitcoin

20 Savings & Trust and it's borrowers?

21 A No.

22 Q And you have no proof at all of your lending

23 activities?

24 A Not at this time.

25 Q Okay. What was your custom and practice for

Page 239

1 honoring a request from Bitcoin Savings & Trust

2 investors? Could they make them at any time?

3 A Yes.

4 Q And you would honor them at any time?

5 A Yes.

6 Q And how did you maintain enough bitcoin on

7 hand to do that?

8 A I kept a reserve.

9 Q So there was a reserve fund?

10 A Just coins sitting in a wallet.

11 Q In your main operating wallet?

12 A Correct.

13 Q And the transaction history for that wallet

14 to the extent the keys were still present when you

15 produced the transaction history to the Commission is

16 now printed out as Exhibit 5?

17 A If those keys are still in it.

18 Q That was the premise of the question.

19 A If the keys were in it, then they would show

20 up in here.

21 Q So in Exhibit 5, once again, is your

22 transaction history with Bitcoin Savings & Trust

23 investors so long as the keys and addresses still

24 existed in the wallet at the time you produced that

25 material to the Commission?

Page 240

1 A Correct.

2 Q And none of the data for Bitcoin

3 Savings & Trust's lending activities are in there?

4 The money you sent to your Bitcoin Savings & Trust

5 borrowers for the purpose of generating returns,

6 that's not reflected in there?

7 A There may be a few, but after that point --

8 I mean, very, very early on. But for the most part,

9 no because the keys would have been removed.

10 Q So you had this reserve for meeting investor

11 withdrawal requests?

12 A Correct.

13 Q And that reserve was essentially the bitcoin

14 that was associated with the addresses in the main

15 operating wallet?

16 A Correct.

17 Q And all the bitcoin associated with the

18 addresses in the main operating wallet belonged to

19 yourself or Bitcoin Savings & Trust investors,

20 correct?

21 A They all belonged to me.

22 Q How could that be?

23 A Whoever has the key owns the key.

24 Q But they were dedicated deposit addresses

25 for the investors.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
241-244

Page 241

1 A It doesn't matter. They're my keys. If I  
 2 give you \$50 in cash, once you have it, it's yours.  
 3 I can't say, hey, that's my \$50.  
 4 Q So in your view, when a Bitcoin  
 5 Savings & Trust investor gave you 50 bitcoin for the  
 6 purposes of investing in Bitcoin Savings & Trust,  
 7 that was now your bitcoin?  
 8 A That's why they're lenders. They're lending  
 9 me the coins.  
 10 Q And you could use it as you liked?  
 11 A Yes.  
 12 Q Including using it to pay withdrawal  
 13 requests to other Bitcoin Savings & Trust  
 14 investors?  
 15 A Sure. That's what --  
 16 Q And that's what you did?  
 17 A No.  
 18 Q But you paid withdrawal requests to Bitcoin  
 19 Savings & Trust investors out of the bitcoin in the  
 20 main operating wallet, correct?  
 21 A Yes.  
 22 Q And the only bitcoin in that operating  
 23 wallet was the bitcoin that you got from Bitcoin  
 24 Savings & Trust investors, correct?  
 25 A Or my transactions or, you know, little coin

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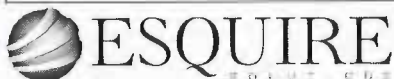
1 movements between wallets but that didn't go through  
 2 the mixer.  
 3 Q Okay. By and large, the bitcoin that was in  
 4 the main operating wallet for Bitcoin Savings & Trust  
 5 was the bitcoin you got from the Bitcoin  
 6 Savings & Trust investors, correct?  
 7 A No.  
 8 Q There was also bitcoin -- you said a small  
 9 marginal amount -- from your GPUMAX activity,  
 10 right?  
 11 A Right.  
 12 Q And there was a small amount from your own  
 13 mining activity.  
 14 A Right.  
 15 Q That is what I understood from your  
 16 testimony was the universe of bitcoin in the main  
 17 operating wallet. What else was in there?  
 18 A Any coins that are received from my clients  
 19 that went through the mixer into the addresses of my  
 20 people.  
 21 Q What do you mean from your clients?  
 22 A From my clients that I was lending coins to.  
 23 Once it hits -- goes through the mixer and hits my  
 24 storage wallet two and it goes through the mixer into  
 25 the --

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1 Q The main operating wallet.  
 2 A Right.  
 3 Q Into the accounts of the Bitcoin  
 4 Savings & Trust investors.  
 5 A Exactly.  
 6 Q Right. And so --  
 7 A So it's not just their coins. Those can be  
 8 my coins as well.  
 9 Q You mean it's not just the coins they  
 10 deposited with you. It's also the returns that were  
 11 generated using their coins.  
 12 A The core transactions like I talked about.  
 13 Q But you said there were only very few core  
 14 transactions reflected in Exhibit Number 5 early on.  
 15 A Exhibit Number -- we're talking about two  
 16 different things. This and the Exhibit 3.  
 17 Q No. I'm talking about Exhibit Number 5.  
 18 A I know.  
 19 Q Forget Exhibit Number 3 for a second.  
 20 A This is just a wallet --  
 21 Q Yep.  
 22 A -- holding keys that all belong to me.  
 23 That's what this is.  
 24 Q And those keys belong to the deposit  
 25 addresses for Bitcoin Savings & Trust investors,

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1 correct?  
 2 A They could or they could not.  
 3 Q Are all --  
 4 A I'm not going to say they're addresses.  
 5 Those are all my addresses. Every one of them is my  
 6 address.  
 7 Q But they were dedicated to the Bitcoin  
 8 Savings & Trust investors.  
 9 A They could have been.  
 10 Q If bitcoin came into one of those addresses  
 11 from a Bitcoin Savings & Trust investor, you knew  
 12 which one by the address, right?  
 13 A Yes. I knew who sent it.  
 14 Q And so the deposit addresses were in this  
 15 main operating wallet for your Bitcoin  
 16 Savings & Trust investors, right?  
 17 A Yes.  
 18 Q What else was in the main operating wallets?  
 19 Some GPUMAX activity, a limited amount you said,  
 20 right?  
 21 A Right.  
 22 Q And a very limited amount of mining  
 23 activity, right?  
 24 A Correct.  
 25 Q Anything else?



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
245-248

Page 245

1 A Transactions coming from my clients. That's  
2 it.  
3 Q Meaning from the borrowers.  
4 A The people that I was lending coins to.  
5 Q You can't show any of the activity involving  
6 Bitcoin Savings & Trust's borrowers, what you're now  
7 calling your clients, in Exhibit 5 you say. You said  
8 you have no record of that activity.  
9 A All of these accounts are mine. So they  
10 could be any of them.  
11 MR. MOUSTAKIS: Let's go off the  
12 record. No, let's not.  
13 Q What is the document that you've produce to  
14 the Commission in response to our subpoena that's now  
15 marked as Exhibit 5?  
16 A A list of transactions of all of my  
17 addresses that I currently had at the time of the  
18 subpoena.  
19 Q From what we've been calling the main  
20 operating wallet for Bitcoin Savings & Trust.  
21 A Correct.  
22 Q And when you say your addresses, you mean  
23 addresses for which you had the keys?  
24 A Correct.  
25 Q And some of those addresses were addresses

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1 that you provided to Bitcoin Savings & Trust  
2 investors for the purpose of making deposits,  
3 correct?  
4 A Yes.  
5 Q And some of those addresses were addresses  
6 associated with your GPUMAX activity, correct?  
7 A Correct.  
8 Q But that's a very limited amount in what's  
9 represented in Exhibit 5, correct?  
10 A Correct.  
11 Q And some of those addresses were addresses  
12 associated with your bitcoin mining activity,  
13 correct?  
14 A Bitcoin mining doesn't have addresses.  
15 Q Okay. So the only thing represented in  
16 Exhibit Number 5 so far is some limited amount of  
17 your GPUMAX activity and the activity for addresses  
18 provided to Bitcoin Savings & Trust investors for the  
19 purposes of making deposits, correct?  
20 A For making deposits and for receiving funds  
21 from my clients, yes.  
22 Q Each Bitcoin Savings & Trust investor had at  
23 least one address for making deposits for making  
24 deposits with Bitcoin Savings & Trust, correct?  
25 A Yes. At least one.

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1 Q And another address for receiving money back  
2 from Bitcoin Savings & Trust.  
3 A At least one.  
4 Q Yes. And that's how you kept track of where  
5 your bitcoin was going.  
6 A Correct.  
7 Q And where it came from.  
8 A Correct.  
9 Q When your clients, as you call them, the  
10 individuals borrowing your Bitcoin Savings & Trust  
11 investors' funds returned bitcoin to you, they  
12 returned it to you, correct?  
13 A They returned it to my addresses.  
14 Q Not to your investors' addresses?  
15 A Yes. To my investors' addresses.  
16 Q They had your investors' addresses?  
17 A No. I had them.  
18 Q And how would your borrowers know how to  
19 allocate the funds among your investors' addresses?  
20 A I did that.  
21 Q And in the process you took your return as  
22 well?  
23 A What was left over.  
24 Q So throughout the life of the Bitcoin  
25 Savings & Trust, bitcoin came in from investors, you

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1 then used it to generate returns. The returns would  
2 come to you. You would allocate it among the  
3 investors. Was anybody else -- is that correct?  
4 A Say that again.  
5 Q Throughout the life of Bitcoin  
6 Savings & Trust, bitcoin came in from Bitcoin  
7 Savings & Trust investors, correct?  
8 A Okay.  
9 Q You pooled that bitcoin together with your  
10 own for the purpose of engaging in investment  
11 activities, which you've described today as over  
12 ninety percent lending activities, correct?  
13 A Correct.  
14 Q And then you would earn returns on that  
15 investment activity, correct?  
16 A Correct.  
17 Q And then you would allocate those returns  
18 among yourself and among the various Bitcoin  
19 Savings & Trust investors.  
20 A Correct.  
21 Q And you were responsible for that entire  
22 process.  
23 A Yes.  
24 Q Nobody else?  
25 A No.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
249-252

Page 249

1 Q And you used the main operating wallet that  
 2 we've been discussing today for the purpose of  
 3 receiving funds from Bitcoin Savings & Trust  
 4 investors and for returning funds to them, correct?  
 5 A And...  
 6 Q Did you use the main operating wallet --  
 7 A Yes.  
 8 Q -- a printout of data from which is now  
 9 marked as Exhibit 5 for the purpose of receiving  
 10 funds from investors?  
 11 A Yes.  
 12 Q Did you use it for the purpose of sending  
 13 funds back to investors?  
 14 A Yes.  
 15 Q And when I say "funds," I mean bitcoin. You  
 16 understand that?  
 17 A Yes.  
 18 Q You also used it to a limited degree I  
 19 believe for GPUMAX activity; is that correct?  
 20 A Yes.  
 21 Q Did you also use it for any other purpose?  
 22 A For receiving bitcoin from my clients from  
 23 storage wallet to -- through the mixer into --  
 24 Q Did you ever receive bitcoin from what  
 25 you're calling your clients now -- Bitcoin

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1 Savings & Trust borrowers -- directly into the  
 2 operating wallet the data from which is now marked as  
 3 Exhibit 5?  
 4 A No.  
 5 Q It came through a mixer?  
 6 A Multiple mixers.  
 7 Q After first stopping in the storage wallet.  
 8 A Yes.  
 9 Q After first going through another mixer.  
 10 A Correct.  
 11 Q So there's no way that that activity would  
 12 be represented in the data that is now marked as  
 13 Exhibit 5.  
 14 A Except that it's -- it would be inaccurate.  
 15 Q Except to the extent that at some point  
 16 bitcoin coming back from your borrowers allocated you  
 17 to lend bitcoin to your investors. That's what would  
 18 be shown in Exhibit 5, right?  
 19 A It's the funds received to pay my borrowers,  
 20 correct.  
 21 Q To pay your investors. Not your borrowers.  
 22 A Yeah. My lenders, yes.  
 23 Q So once again, the data that's been marked  
 24 as Exhibit Number 5 would include all data associated  
 25 with the deposit addresses for Bitcoin

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1 Savings & Trust investors that were still in the  
 2 wallet at the time you produced the data to the  
 3 Commission, correct?  
 4 A Yes.  
 5 Q And it would contain all data associated  
 6 with the withdrawal addresses for Bitcoin  
 7 Savings & Trust investors that was in -- that were in  
 8 the wallet at the time you produced the data to the  
 9 Commission, correct?  
 10 A Correct.  
 11 Q It would not contain any data directly  
 12 showing transactions of any of Bitcoin  
 13 Savings & Trust borrowers, correct?  
 14 A I can't give you that. It does contain it.  
 15 Q How?  
 16 A Just because it's not direct from it doesn't  
 17 mean it's not from it.  
 18 Q Are there any Bitcoin Savings & Trust  
 19 borrowers' bitcoin addresses that appear in  
 20 Exhibit 5?  
 21 A Yes. Probably some early ones.  
 22 Q Early? What do you mean by "early"?  
 23 A When it kind of first started.  
 24 Q Well, this data begins July 23rd, 2011.  
 25 A Yeah. When I met -- I'd have to look

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1 through all of this, but when I met the first guys  
 2 that do -- at The Vapor Bar.  
 3 Q At the what?  
 4 A The Vapor Bar.  
 5 Q What is The Vapor Bar?  
 6 A Smoking vapor, electronic cigarettes.  
 7 That's banned in New York. Yeah. When I met them,  
 8 when I initially started buying and selling coins, I  
 9 used this one address because...  
 10 Q Did that activity stop?  
 11 A Well, it never really stopped. I was always  
 12 doing local transactions. But before I had a system  
 13 down, there's probably keys in here that I just  
 14 forgot about that are still in there.  
 15 Q When did you get the system down?  
 16 A Around the time the first big guy came.  
 17 Q So big guy arrived on the scene, if I  
 18 understand you correctly, on December of 2011; is  
 19 that right?  
 20 A Yeah. That's correct.  
 21 Q So the data attained in Exhibit Number 5  
 22 post-dating December 2011 should not contain any  
 23 bitcoin addresses for Bitcoin Savings & Trust  
 24 borrowers, correct, what your calling your clients  
 25 today; is that right?



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1 A No. There probably is a couple of them.  
 2 Q Few one-off transactions?  
 3 A Just before I got -- I mean, before I got  
 4 really going.  
 5 Q When did you really get going?  
 6 A I don't know. I don't know. Seriously, I  
 7 don't know.  
 8 Q Did you really get going by April of 2012  
 9 when you launched the BTCST.com website?  
 10 A No. By that time I already had my system  
 11 down.  
 12 Q So by April of 2012 you had your system  
 13 down, right?  
 14 A Correct.  
 15 Q And so for all transactions represented in  
 16 Exhibit Number 5 that post date the launch of the  
 17 BTCST.com website in April of 2012, there should not  
 18 be any addresses associated with any of Bitcoin  
 19 Savings & Trust borrowers, right?  
 20 A This pre-dates April, 2012.  
 21 Q Okay. Let's try the question again. Data  
 22 in Exhibit Number 5 goes from July 23rd, 2011 through  
 23 August 26, 2012, correct?  
 24 A Yes.  
 25 Q And you are saying that some of this data

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1 represented in Exhibit 5 may represent transactions  
 2 that you had directly with Bitcoin Savings & Trust  
 3 borrowers?  
 4 A Clients, correct.  
 5 Q But that would be in the earlier days of  
 6 Bitcoin Savings & Trust?  
 7 A Correct.  
 8 Q And by no means as late as April 2012? By  
 9 then you had your system down.  
 10 A By then I had the system down.  
 11 Q And so any transactions represented in  
 12 Exhibit Number 5 from April 1, 2012 forward it's safe  
 13 to say do not include transactions with Bitcoin  
 14 Savings & Trust borrowers or clients as you now call  
 15 them?  
 16 A Not direct; but indirect, yes.  
 17 Q Yes. We've discussed that. It's after it's  
 18 been through a couple of mixers and wallets, right?  
 19 A Yeah.  
 20 Q And you're crediting the accounts of  
 21 investors, right? Crediting the addresses of the  
 22 investors associated with the investors.  
 23 A No. But if that's the way you want to say  
 24 it, sure.  
 25 Q No. I want to know what the truth is.

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1 A Look, these transactions in Exhibit 3  
 2 contain raw transactions of what my system saw going  
 3 on with the blockchain, okay? What I knew was right  
 4 and what I knew was not right is what I showed the  
 5 users. I made it perfectly clear numerous times --  
 6 and I'm sure it's in this Exhibit 4 -- that my  
 7 lenders wanted to be protected so that their coins  
 8 didn't look like they were being sent between Silk  
 9 Road and any other place that's out there on the  
 10 internet. So I told them that they run through  
 11 multiple mixers before the coins ever come back to  
 12 you. They've checked them, and it's legit. They run  
 13 through mixers. The coins come from all kinds of  
 14 places.  
 15 So you're trying to get me to say this  
 16 information is correct, and it's not. I mean, I gave  
 17 you this information on a whim thinking that you were  
 18 just doing some basic information. If I would have  
 19 known you needed exact accounting that you could  
 20 understand -- and I asked you if -- during the  
 21 subpoena I said, do you need it in a format you can  
 22 understand. You said, just give it to us. We'll let  
 23 our IT guys figure it out.  
 24 When I sent it to you, I sent it to you  
 25 in just the rawest format I could get it in that you

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1 could at least understand it, and now you're saying  
 2 that what I'm giving you is completely accurate, and  
 3 I'm telling you right now it's not.  
 4 Q What was in your reserve?  
 5 A It depends -- it really depended on how many  
 6 coins were moving between my -- the lenders moving  
 7 coins, if they were depositing them and taking them  
 8 back out, depositing them and taking them back out.  
 9 I'd have to store them more because multiple people  
 10 were withdrawing to kind of be a buffer.  
 11 Q So in a period of heavy withdrawal requests,  
 12 you would store more bitcoin as a buffer to honor  
 13 those requests?  
 14 A Yes.  
 15 Q And the bitcoin you were storing came from  
 16 where?  
 17 A From the operating wallet. I just never  
 18 moved them out.  
 19 Q Right. And -- the operating wallet  
 20 contained bitcoin from where?  
 21 A From lenders, from my clients, from me, from  
 22 my mining, from GPUMAX.  
 23 Q Mining. And that was all commingled in the  
 24 operating wallet?  
 25 A Definitely.



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1 Q And did you have any way of distinguishing  
 2 what in there belonged to Bitcoin Savings & Trust, to  
 3 you, to GPUMAX or to your mining activities?  
 4 A Yes.  
 5 Q How?  
 6 A I had a website called Bitcoin  
 7 Savings & Trust that tracked everything.  
 8 Q You mean BTCST.com?  
 9 A Yes. I could look at a console and tell  
 10 them exactly how many coins I owed everybody, how  
 11 many coins I'm expecting to make this week.  
 12 Q Do you remember we had that conversation on  
 13 October 3rd, 2012?  
 14 A Yes.  
 15 Q In that conversation you informed me that  
 16 you maintain a reserve fund in the main operating  
 17 wallet at any time.  
 18 A Correct.  
 19 Q And you honored withdrawal requests out of  
 20 that reserve fund; is that correct?  
 21 A Correct.  
 22 Q It's correct you told me that; and that was,  
 23 in fact, the truth?  
 24 A Yes.  
 25 Q And the reserve is what you had in the main

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1 operating wallet at the time. That's what was called  
 2 your reserve, right?  
 3 A Right.  
 4 Q Okay.  
 5 A Because the bitcoin -- to send bitcoins to  
 6 somebody, it takes six confirmations or an hour  
 7 before you can send those coins again. So I had to  
 8 keep them in reserve when somebody was requesting  
 9 something because I didn't want them to wait an hour  
 10 before I could send them more bitcoins.  
 11 Q Now, for a while you held that reserve at  
 12 Bitcoinica, right?  
 13 A Yes.  
 14 Q And that was until -- from about February of  
 15 2011 until about when?  
 16 A I'd have to look up when it happened, when  
 17 the security stuff started happening. It kind of  
 18 started freaking me out.  
 19 Q You mean security problems at Bitcoinica?  
 20 A Yes.  
 21 Q Did you maintain your reserve at Bitcoinica  
 22 as late as January of 2012?  
 23 A I don't know.  
 24 Q How about April of 2012, once you had the  
 25 Bitcoin Savings & Trust website up and running?

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1 A No. I was no longer using Bitcoinica.  
 2 Q Okay. So from April of 2012 with the launch  
 3 of the BTCST.com website through August of 2012, you  
 4 were holding a reserve fund in your main operating  
 5 wallet; is that right?  
 6 A Yes.  
 7 Q And the reserve fund is what you used to  
 8 honor withdrawal requests, correct?  
 9 A Yes.  
 10 Q And the reserve fund included your own  
 11 bitcoin; is that right?  
 12 A Correct.  
 13 Q Bitcoin from the GPUMAX Technologies  
 14 activities, correct?  
 15 A Correct.  
 16 Q And Bitcoin Savings & Trust investor bitcoin  
 17 that you held in return?  
 18 A Correct.  
 19 Q Now, when you and I spoke on October 3rd,  
 20 2012, you said you still had 100000 bitcoin in your  
 21 possession, correct?  
 22 A Correct.  
 23 Q Was that true?  
 24 A At the time?  
 25 Q Yes.

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1 A Yes.  
 2 Q And what have you done with that bitcoin?  
 3 A Sent them back.  
 4 Q Sent them back to whom?  
 5 A To the list that I gave you plus others that  
 6 aren't accounted for on that list.  
 7 Q You mean a list of investors we discussed  
 8 earlier?  
 9 A Correct.  
 10 Q Do you have any record of having done so?  
 11 A I could find it.  
 12 Q What do you mean you could find it? Where  
 13 is it?  
 14 A I could find it.  
 15 Q You're under subpoena.  
 16 A I know. I can find it somewhere.  
 17 Q Where is it?  
 18 A You could go through the blockchain line by  
 19 line and figure out where it's at, where all the  
 20 transactions happened.  
 21 Q How could you find those transactions in the  
 22 blockchain?  
 23 A I could look for them line by line through  
 24 the blockchain.  
 25 Q What are you looking for in the lines?



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TRENDON T SHAVERS  
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1 A A transaction to a specific withdrawal  
2 address.  
3 Q You recognize your Bitcoin Savings & Trust  
4 investors' addresses, withdrawal addresses? You  
5 could recognize them by sight?  
6 A I could look them up from the list you gave  
7 me or the list I originally gave you.  
8 Q What list?  
9 A Exhibit 5.  
10 Q But Exhibit 5 doesn't have the word  
11 "investor" next to any particular address.  
12 A Right.  
13 Q How do you look at Exhibit 5 and know which  
14 addresses belong to investors and which don't?  
15 A Because when I had the coins, I can compare  
16 any transaction that happened after that date with  
17 every sent address on here and find it.  
18 Q Well, anybody could find bitcoin  
19 transactions in the blockchain associated with any of  
20 the addresses listed in Exhibit 5, correct? All they  
21 need is the address, and they can look it up on the  
22 blockchain, right?  
23 A Correct.  
24 Q But my question is how do you know which  
25 ones belong to investors?

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1 A Because they're in here.  
2 Q So these are only bitcoin investor deposit  
3 and withdrawal addresses?  
4 A They're mostly withdrawal addresses.  
5 Q When you say mostly -- well, wait a minute.  
6 Where it says, "received with" --  
7 A Right.  
8 Q -- those are deposit addresses?  
9 A Right.  
10 Q From investors, correct?  
11 A Yes.  
12 Q And where it says, "sent to," those are  
13 withdrawal addresses?  
14 A Correct.  
15 Q Now, you said there's some other activity in  
16 here besides deposits and withdrawals from Bitcoin  
17 Savings & Trust investors, but is that a very limited  
18 amount?  
19 A What would you say is "limited"?  
20 Q Is it fair to say that at least ninety  
21 percent of the activity represented in Exhibit 5  
22 represents bitcoin transactions to and from Bitcoin  
23 Savings & Trust investors?  
24 A No.  
25 Q Eighty-five percent?

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1 A Forty percent. The rest of it is  
2 transactions from storage wallet two through the  
3 mixer.  
4 Q To Bitcoin Savings & Trust investors?  
5 A To my addresses.  
6 Q And what do you mean when you say, "my  
7 addresses"?  
8 A I'm not going to do it, Philip. I'm not  
9 going to tell you that these are -- these are all my  
10 addresses. Every one of them. I owned every one of  
11 them, and they're mine. So if somebody sent me coins  
12 to one of my addresses, they're my addresses.  
13 Q You had a withdrawal address for each  
14 Bitcoin Savings & Trust investor, correct?  
15 A Correct.  
16 Q And you had a deposit address for each  
17 Bitcoin Savings & Trust investor, correct?  
18 A Correct.  
19 Q Looking at Exhibit 5, what percent of the  
20 addresses represented here in this data would you say  
21 were either a withdrawal or a deposit address for a  
22 Bitcoin Savings & Trust investor?  
23 A I couldn't give you that number. I don't  
24 know.  
25 Q Would you say it's less than half?

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1 A I'm not going to give you a number. I don't  
2 know.  
3 Q Would you say it is less than ten percent?  
4 A I don't know.  
5 Q Was it more than ninety percent?  
6 A I don't know.  
7 Q How could you look at this then and identify  
8 investor addresses?  
9 A Go one by one.  
10 Q Okay. Let's go.  
11 A Okay. It would be nice if I had a computer  
12 with a blockchain on it.  
13 Q Exhibit 5, SEC-Shavers-E0000001, Page 1 of  
14 174.  
15 A This is going backwards.  
16 Q Yes, it is.  
17 A Okay.  
18 Q Line one.  
19 A Line one.  
20 Q Is that an investor address? Either deposit  
21 or withdrawal?  
22 A That is a withdrawal.  
23 Q Address for a Bitcoin Savings & Trust  
24 investor?  
25 A Yes.



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TRENDON T SHAVERS  
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1 Q Which one?  
 2 A I don't know.  
 3 Q How do you know?  
 4 A If I had the blockchain in front of me, I  
 5 could probably tell you.  
 6 Q That's not my question. You just identified  
 7 it as a Bitcoin Savings & Trust investor withdrawal  
 8 address. How do you know it's that?  
 9 A Because I know one of the last transactions  
 10 I sent you.  
 11 Q Sent to me?  
 12 A I mean, one of the last transactions that I  
 13 sent before I sent you the list.  
 14 Q Okay. Line two?  
 15 A The same.  
 16 Q What's that?  
 17 A That is for GPUMAX.  
 18 Q Then it's not the same of anything, is it?  
 19 What do you mean, "the same" when you say, "same"?  
 20 A Same way I know.  
 21 Q Is line two a Bitcoin Savings & Trust  
 22 investor deposit or withdrawal address?  
 23 A No.  
 24 Q How do you know it's a GPUMAX address?  
 25 A Because I remember the "hez" at the end,

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1 h-e-z.  
 2 Q Please review Page 1 of Exhibit 5 and tell  
 3 me if there are any other addresses on Page 1 that  
 4 were not either a Bitcoin Savings & Trust investor  
 5 withdrawal address or a Bitcoin Savings & Trust  
 6 investor deposit address.  
 7 A Any of the ones that have h-e-z on them at  
 8 the end, which is the sent-to line. 25 and --  
 9 Q What's 25?  
 10 A A payment sent to GPUMAX for paying out  
 11 GPUMAX --  
 12 Q You mean line 25?  
 13 A Yeah. The minus 254, and then further down,  
 14 the minus 196.  
 15 Q Right. You've already identified that  
 16 address.  
 17 A Well, you asked.  
 18 Q I asked you if there are any other addresses  
 19 on Page 1 that do not belong to Bitcoin  
 20 Savings & Trust investors, either deposit or  
 21 withdrawal addresses.  
 22 A I'd need the blockchain to be able to check  
 23 these.  
 24 Q What in the blockchain would tell you  
 25 whether or not something was a Bitcoin Savings &

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1 Trust investor address?  
 2 A Because they go out in batches when I make  
 3 payments.  
 4 Q So patterns in the blockchain?  
 5 A Yeah.  
 6 Q But these transactions are dated and timed.  
 7 A That doesn't matter.  
 8 Q So what additional data would be in the  
 9 blockchain?  
 10 A Do you see the transaction ID on the side?  
 11 You see how some of the transactions have the same --  
 12 Q The final column on the right?  
 13 A It's just different. That means all these  
 14 transactions happened in one transaction.  
 15 Q All which ones?  
 16 A See, only the final number on the end is  
 17 changed. Down at the very last five rows; 02, 03, 04  
 18 05?  
 19 Q Uh-huh.  
 20 A That means all those transactions happened  
 21 in one transaction.  
 22 Q So you can see they're batched.  
 23 A Right.  
 24 Q So what do you mean on the blockchain that's  
 25 not here?

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1 A So that means that I sent .05 bitcoins to  
 2 all those addresses at one apiece. That was at blast  
 3 test system that I was doing testing addresses.  
 4 So I can use that same formula. The  
 5 computer can go through this extremely quickly. But  
 6 if you look at Page 3, you'll see batches of numbers.  
 7 Those are transactions of me paying investors,  
 8 physically paying them. Page 3.  
 9 Q Which transaction on Page 3?  
 10 A The last fifteen, fourteen.  
 11 Q The last fourteen --  
 12 A All together.  
 13 Q So it's a series of ID numbers, transaction  
 14 ID numbers, that are all the same except for the last  
 15 two digits?  
 16 A Correct. So I know all of those addresses  
 17 right there are the withdrawal address for investors.  
 18 Q So you can identify investor addresses  
 19 here?  
 20 A Some of them. I just don't know  
 21 individually which one is which.  
 22 Q So what information is available on the  
 23 blockchain that's not here?  
 24 A I can take these addresses that I know from  
 25 this document that are real withdrawal addresses,



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1 then check it against the blockchain, have the system  
 2 go through the entire blockchain, billions of  
 3 transactions, find every transaction that happened  
 4 and then compare it to your information, and I'll  
 5 show you the difference.  
 6 Q You mean your information.  
 7 A I'll show you the information you have, and  
 8 I'll show you the difference.  
 9 Q So if you had a computer here now with your  
 10 computer here --  
 11 A My computer here.  
 12 Q -- you could tell us which addresses in  
 13 SEC-Shavers-E0000001 belonged to investors either as  
 14 deposit or withdrawal addresses and which did not; is  
 15 that right?  
 16 A It would take a serious amount of time, but  
 17 yes.  
 18 Q How much time?  
 19 A To go through the blockchains, 60 gigs,  
 20 compare -- that's two cycles. Five days with a  
 21 computer running constantly.  
 22 Q And why haven't you done that?  
 23 A Like I told you, it's exhaustive.  
 24 Q You're under Court order to provide us with  
 25 an accounting. Why haven't you provided it if you

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1 can do it?  
 2 A Because it's not available. I'd have to  
 3 write a program to do it and then hope the system  
 4 doesn't go down in the middle of the query.  
 5 Q So you can't do it.  
 6 A I could did it with the right equipment.  
 7 Q So do it. Why haven't you done it?  
 8 A I could do it.  
 9 Q Why haven't you done it? You're under Court  
 10 order to do it.  
 11 A Because whenever I do it, I'm not just going  
 12 go for this information. I'm going to go for  
 13 everything. And when I find that information, I will  
 14 give you the updated information and show you that  
 15 this was not a Ponzi scam. Just give me time. I  
 16 promise you.  
 17 Q The process is underway, Mr. Shavers.  
 18 A I understand.  
 19 Q Why can't you just matched dates and amounts  
 20 with investor account records?  
 21 A Do what now?  
 22 Q You have investor accounts records from --  
 23 A This?  
 24 Q No. Exhibit Number 3.  
 25 A This isn't -- this is raw transactions to an

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1 address. This isn't going to have all of these  
 2 addresses. And if the addresses do match up, I'd  
 3 have to match up dollar for dollar.  
 4 Q Too much work?  
 5 A For a human to do? Yes. It's like asking  
 6 you to go through this list of --  
 7 Q Well, we may. It may be what we're spending  
 8 our day doing tomorrow. Mr. Shavers, during the life  
 9 of Bitcoin Savings & Trust -- so from February of  
 10 2011 through August of 2012, you raised at least  
 11 700000 bitcoin in deposits from Bitcoin  
 12 Savings & Trust investors; isn't that correct?  
 13 A No.  
 14 Q Approximately how much did you raise in  
 15 bitcoins?  
 16 A About 400.  
 17 Q 400000?  
 18 A Yeah.  
 19 Q During the same period you returned at least  
 20 500000 bitcoin to Bitcoin Savings & Trust investors  
 21 in withdrawals and purported interest payments; isn't  
 22 that right?  
 23 A Plus or minus some. It could be just  
 24 transactions that I owed them for something else or  
 25 he used the same address. I don't know for sure. I

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1 don't have the exact number.  
 2 Q Was it at least 500000 bitcoin that you  
 3 returned to Bitcoin Savings & Trust investors during  
 4 the life of Bitcoin Savings & Trust?  
 5 A Was it at least...  
 6 Q 500000.  
 7 A Definitely. Yeah.  
 8 Q And throughout the life of Bitcoin  
 9 Savings & Trust, you at times used new investor  
 10 bitcoin received from Bitcoin Savings & Trust  
 11 investors to pay the returns owed on outstanding  
 12 Bitcoin Savings & Trust investments; isn't that  
 13 right?  
 14 A No. Not the way you say it.  
 15 Q Well, you had bitcoin you received from  
 16 Bitcoin Savings & Trust investors in a reserve fund,  
 17 which at times when you needed to you used to honor  
 18 withdrawal requests, correct?  
 19 A Right. But you're saying that I used their  
 20 funds to pay other people out, and that's not the way  
 21 it was accounted for.  
 22 Q You saw it more as a reserve fund.  
 23 A I just kept the reserve fund at an amount  
 24 and anything else got moved out or of pushing out  
 25 people. I mean, it could have been all kinds of



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1 different things.  
 2 Q And throughout the life of Bitcoin  
 3 Savings & Trust you would use the reserve fund to pay  
 4 withdrawal requests or honor or withdrawal requests  
 5 and pay purported returns to Bitcoin Savings & Trust  
 6 investors, right?  
 7 A Sure. Yes.  
 8 Q And during the life of Bitcoin  
 9 Savings & Trust, you at times transferred bitcoin to  
 10 the bitcoin currency exchange Mt.Gox, correct?  
 11 A Yes, but from numerous sources.  
 12 Q From what sources?  
 13 A It could have been from Bitcoinica. It  
 14 could have been from storage wallet two. It could  
 15 have been from the mixer. It could have been a code.  
 16 Q The mixer isn't a source of bitcoin. It's a  
 17 device for disguising bitcoin transactions, right?  
 18 A Yes.  
 19 Q So when you say from the mixer, what does  
 20 that mean?  
 21 A Usually the storage wallet, too.  
 22 Q In any event, throughout the life of Bitcoin  
 23 Savings & Trust, you at times transferred Bitcoin to  
 24 Mt.Gox?  
 25 A Yes.

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1 Q And that including investor bitcoin?  
 2 A They were my bitcoins, my coins.  
 3 Q Your coins that --  
 4 A From my addresses.  
 5 Q -- investors have put on deposit with you.  
 6 A They could have. Actually at no point -- at  
 7 no point did I move any investor's funds into Mt.Gox.  
 8 Q How do you know?  
 9 A Because I knew how many coins I had  
 10 personally. So they weren't the investor's. They  
 11 were my coins.  
 12 Q And so everything was going fine until the  
 13 first week of August of 2012 when you realized that  
 14 the Big One wasn't returning your 202000 bitcoin; is  
 15 that right?  
 16 A Whatever day I was coming back from Vegas.  
 17 Q Okay. And we established you were in Vegas  
 18 the last week of July.  
 19 A Right.  
 20 Q And by the time you came back, either the  
 21 last day of July or the first week of August, you  
 22 realized that 202000 bitcoin had not come back from  
 23 the Big One, right?  
 24 A Correct. They hadn't hit the storage  
 25 wallet.

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1 Q And you had sent the 200000 bitcoin to the  
 2 Big One on a Friday prior to going Las Vegas; is that  
 3 right?  
 4 A Correct.  
 5 Q And you were expecting them back nine days  
 6 later on a Sunday?  
 7 A No. That transaction was different. I sent  
 8 them on a Friday. They were supposed to be back --  
 9 it was like Thursday or Friday. By the time I flew  
 10 back -- whatever day I flew back -- where is that  
 11 document we have? Exhibit 1. On July -- they were  
 12 supposed to be back in the storage wallet on July  
 13 30th.  
 14 Q Of?  
 15 A 2012.  
 16 Q And they were not?  
 17 A They were not.  
 18 Q And you learned that when?  
 19 A July 30th at Vegas time around midnight. So  
 20 by the time I got onboard at 7/31, I was freaking  
 21 out. On 7/31.  
 22 Q By the time you got onboard your flight  
 23 home?  
 24 A Correct.  
 25 Q Now, you didn't know anything about the

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1 identity of the Big One, right?  
 2 A No.  
 3 Q You didn't know his real name or anything  
 4 else about him?  
 5 A No. Sometimes he signed some things with  
 6 "K," but that's all I had.  
 7 Q Did you know what he was going to do with  
 8 your bitcoin?  
 9 A I didn't ask.  
 10 Q Did you ever know what any of your  
 11 borrowers, or as you're calling them now "clients,"  
 12 did with the bitcoin that you lent to them?  
 13 A I think some of them were used for Silk  
 14 Road.  
 15 Q Meaning?  
 16 A Were used for selling bitcoins on Silk Road.  
 17 Q Is that something you understand now or  
 18 something you knew at the time?  
 19 A I had a pretty good idea at the time that's  
 20 what they were used for. I had an account on Silk  
 21 Road that had the same name Pirateat40, and I had  
 22 people sending me messages in IRC at bitcoin asking  
 23 if I was the same Pirateat40 on Silk road, and I said  
 24 I don't think so just -- it went on because people  
 25 were buying and selling bitcoin on Silk Road.



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1 So when I started getting people asking  
2 about it, I kind of started getting the idea that  
3 people were using it for that, especially the large  
4 amounts. And there was one transaction I tracked  
5 down that the taint on the transaction was just  
6 complete -- completely tainted with Silk Road's  
7 mixer. So I'm pretty sure that's what most of the  
8 coins were used for.

9 Q Do you remember we spoke on October 3rd,  
10 2012, and I asked you what Bitcoin Savings & Trust  
11 investment activities were?

12 A Uh-huh.

13 Q Is that a "yes"?

14 A Yes.

15 Q And you said that Bitcoin Savings & Trust  
16 investment activities was in the business, I should  
17 say, of lending bitcoin to anonymous borrowers you  
18 met online; is that right?

19 A Correct.

20 Q And that was true?

21 A Correct.

22 Q And at the time on October, 2012 you said  
23 that your understanding was that these anonymous  
24 borrowers wanted the bitcoin for the express purpose  
25 of manipulating the price of bitcoin on Mt.Gox and

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1 other currency exchanges including a dark pool in  
2 Asia. Do you remember that?

3 A No. I didn't say that at all. I said the  
4 dark pool in Asia.

5 Q What did you say about the dark pool in  
6 Asia?

7 A That they were using them to sell them  
8 because you'd get higher price for the small  
9 exchange.

10 Q So you did not say on October 3rd, 2012 that  
11 you used Bitcoin Savings & Trust's investor's bitcoin  
12 for the purpose of lending bitcoin to anonymous  
13 borrowers you met online who you knew wanted the  
14 bitcoin for the express purpose of manipulating the  
15 price of bitcoin on Mt.Gox?

16 A No.

17 Q You did not say that?

18 A I'm pretty sure I didn't.

19 Q Okay.

20 A That may be the way that you heard it,  
21 but... I know where you're coming from based on what  
22 I know. So...

23 Q I don't know what that means. What you do  
24 mean?

25 A I was borrowing the coins so I could

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1 manipulate the market to adjust the price, and I  
2 think you might have picked that up as me saying that  
3 my lenders were doing that. If my lenders could  
4 manipulate the market, then I'd be screwed. My  
5 clients. I'm sorry.

6 Q Do you recall telling me on October 3rd,  
7 2012 that you are unsure if there were two, three or  
8 four anonymous borrowers you owed money to?

9 A Yes.

10 Q And is that true that you are unsure how  
11 many anonymous borrowers you had for Bitcoin  
12 Savings & Trust investment activities?

13 A There was a thought that two of them were  
14 the same. So I didn't know if it was three or four.

15 Q You mean you had the thought.

16 A Yeah.

17 Q But today you've testified there were two  
18 principal ones, Big One and Number Two.

19 A Right.

20 Q Was there a third large one?

21 A It wasn't large. It was the third largest,  
22 but it was not large.

23 Q And do you remember in the October 3rd, 2012  
24 conversation you told me that you held in Bitcoin  
25 Savings & Trust's main operating wallet all the

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1 bitcoin from Bitcoin Savings & Trust investors, some  
2 bitcoin from GPUMAX activities, your personal bitcoin  
3 and the bitcoin from your mining activities. Do you  
4 remember that?

5 A Yeah. I remember saying that I received  
6 coins from the other transactions. But yes.

7 Q And that was true when you told me that?

8 A Correct.

9 Q And you refer to this bitcoin that you held  
10 from these various sources in your main operating  
11 wallet in that October 3rd, 2012 interview as your  
12 reserve fund. Do you recall that?

13 A I see where you're going. No, I don't  
14 recall that.

15 Q Now, in the October 3rd, 2012 interview you  
16 told me that in any week when you didn't earn enough  
17 from your Bitcoin Savings & Trust investment  
18 activities to pay the promised returns to your  
19 Bitcoin Savings & Trust investors, you would pay them  
20 out of your reserve. Do you remember that?

21 A That's not what the reserve fund is about.

22 Q That's not what I asked. The question is do  
23 you remember telling me that on October 3rd, 2012?  
24 Do you remember telling me that in any week when you  
25 didn't generate enough returns from your Bitcoin



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1 Savings & Trust investment activities to honor  
 2 withdrawal requests or to pay the returns on  
 3 outstanding Bitcoin Savings & Trust investments, you  
 4 would pay out of a reserve fund? Do you remember  
 5 that?  
 6 A I don't remember saying it like that.  
 7 Q Are you saying you did not say that?  
 8 A I'm saying I don't remember saying it like  
 9 that.  
 10 Q What do you remember saying?  
 11 A Telling you exactly what a reserve was for  
 12 and that I wasn't using the reserve to pay my  
 13 lenders, but when I didn't have enough back in  
 14 time -- not that I didn't make enough, that I didn't  
 15 get them back in time, that I would use the coins  
 16 that are in the operating wallet to make sure all of  
 17 the payments went out before the coins were received.  
 18 Q Put more plainly, at any time throughout the  
 19 life of Bitcoin Savings & Trust, when you didn't have  
 20 enough bitcoin on hand at the moment to honor  
 21 withdrawal requests from a Bitcoin Savings & Trust  
 22 investor -- withdrawn. Let me try to put it more  
 23 plainly again. Sorry.  
 24 So throughout the life of Bitcoin  
 25 Savings & Trust, in any instance when you did not yet

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1 have the investment returns you were expecting from  
 2 Bitcoin Savings & Trust investment activities in  
 3 hand, you would use the bitcoin you had on hand to  
 4 honor Bitcoin Savings & Trust's investor withdrawal  
 5 requests?  
 6 A Correct.  
 7 Q With the expectation that at some point the  
 8 bitcoin would come from your investment activities,  
 9 from Bitcoin Savings & Trust investment activities,  
 10 and you would replenish the funds in the main  
 11 operating wallet?  
 12 A The reserve.  
 13 Q Now, in the October 3rd, 2012 interview you  
 14 told me that in July of 2012 Bitcoin  
 15 Savings & Trust's borrowers told you they were no  
 16 longer willing to pay you about ten percent weekly on  
 17 the bitcoin you lent to them. Do you remember  
 18 telling me that?  
 19 A Not all of them.  
 20 Q In July of 2012 did the Big One tell you he  
 21 would no longer pay you ten percent weekly on the  
 22 bitcoin you lent to him?  
 23 A No.  
 24 Q Did Number Two in July of 2012 tell you he  
 25 with no longer pay you the ten percent weekly, give

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1 or take, that he had been paying you on the bitcoin  
 2 you lent to him?  
 3 A Yes.  
 4 Q And in the October 3rd, 2012 interview, you  
 5 told me this is why you lowered the interest that you  
 6 were offering to Bitcoin Savings & Trust investors;  
 7 is that right?  
 8 A No.  
 9 Q You didn't tell me that? You didn't tell  
 10 me --  
 11 A Not in the same sense you're describing it.  
 12 Q Explain.  
 13 A The rates were never lowered for one. I  
 14 stated that I was going to lower rates anticipating  
 15 that these guys were going to follow suit together.  
 16 Q Anticipating -- what do you mean that they  
 17 would follow suit together?  
 18 A That --  
 19 Q Big One would follow Number Two's lead?  
 20 A Yeah. Based on the price. Bitcoin had  
 21 started moving up. And they just weren't going to be  
 22 able to make that kind of -- we're talking real cash  
 23 how, right? So they wouldn't be able to make that --  
 24 make that up. So they're going to ask less and less  
 25 for it.

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1 So I was anticipating by saying I'm  
 2 going to reduce rates, while also reducing rates so I  
 3 didn't have to deal with all the small accounts, and  
 4 if they wanted to have an account about me, I'd pay  
 5 them a tiny amount.  
 6 Q "Tiny" he meaning 3.9 percent?  
 7 A That's correct.  
 8 Q So you never actually lowered the rates for  
 9 Bitcoin Savings & Trust investors?  
 10 A No.  
 11 Q But you announced, as we reviewed earlier,  
 12 on the Bitcoin Forum on or about July of 2012 you  
 13 were going to.  
 14 A Right.  
 15 Q And did that precipitate a series of  
 16 withdrawal requests by Bitcoin Savings & Trust  
 17 investors?  
 18 A It caused a lot of movement between  
 19 accounts. You'll see it kind of sparks a lot of  
 20 transactions that happened between accounts. There  
 21 was withdrawals and things going on, but it wasn't  
 22 anything that was out of the ordinary. I mean, for  
 23 like some scare or something, the market crashes or  
 24 something.  
 25 Q Now, when we spoke on October 3rd, 2012, you



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1 told me that after you announced in July of 2012 that  
 2 you were going to lower the interest rates for  
 3 Bitcoin Savings & Trust investors, that there were a  
 4 wave of withdrawal requests from Bitcoin  
 5 Savings & Trust investors. Do you remember telling  
 6 me that?  
 7 A Yes.  
 8 Q And was that true?  
 9 A Yes.  
 10 Q And you told me that everything started to  
 11 snowball then. Do you remember using that word?  
 12 A Maybe. But just because I ran out of coins  
 13 in the operating wallet. I had to start not being  
 14 able to lend as many.  
 15 Q And that's because there were more coins  
 16 going back to investors in the form of withdrawal  
 17 requests.  
 18 A Right. That's liquidating the operating  
 19 account and pulling from the savings accounts.  
 20 Q So it was both true that you told me on  
 21 October 3rd, 2012 that your announcement in July of  
 22 2012 of a drop in interest rates precipitated the  
 23 wave of withdrawal requests, and it was true that  
 24 that actually happened?  
 25 A Yeah. I mean, there was a wave to get rid

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1 of, you know, 20000 bitcoins out of my reserve,  
 2 but -- which I had to recover from by not lending out  
 3 as many. But by this time in July, I had most all  
 4 the coins being lent out and then them coming back  
 5 202000 coins short, that's what really put me under  
 6 the snowball.  
 7 Q Forget what we discussed on October 3, 2012  
 8 for a moment. Is it true that in early July, 2012  
 9 you announced on the Bitcoin Forum that there would  
 10 be a lowering of the interest rates paid to Bitcoin  
 11 Savings & Trust investors? Page 221 of Exhibit 2.  
 12 July 2nd or July 3rd. And you posted it at the top  
 13 of the thread, right?  
 14 A Yeah.  
 15 Q And so on or about July 3rd, 2012, you  
 16 posted a message at the top of the Bitcoin Forum  
 17 thread for Bitcoin Savings & Trust saying that you  
 18 intended beginning in August, 2012 to lower the  
 19 interest rates paid to Bitcoin Savings & Trust  
 20 investors.  
 21 A Right.  
 22 Q And that it would be 3.9 percent weekly for  
 23 regular savings account holders, correct?  
 24 A That was for starting.  
 25 Q Right. That's what the announcement was.

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1 A No. That was the starting accounts.  
 2 Q Okay. For new accounts.  
 3 A Correct.  
 4 Q But it may be higher for older accounts or  
 5 for pass-thru accounts?  
 6 A Yeah.  
 7 Q But this was merely an announcement. Your  
 8 interest rate changes never occurred, right?  
 9 A Some of them occurred. Some accounts just  
 10 wanted to keep them, and we worked out an amount for  
 11 their accounts, like 4.2 or whatever it was.  
 12 Q All right. So when you said earlier you  
 13 never actually instituted the interest rate changes,  
 14 that wasn't correct?  
 15 A No. I didn't make it global.  
 16 Q In any event, the announcement precipitated  
 17 a wave of withdrawal requests from Bitcoin  
 18 Savings & Trust investors, correct?  
 19 A Correct.  
 20 Q And to honor the withdrawal requests, you  
 21 had to use the reserves in your operating wallet,  
 22 correct?  
 23 A Right.  
 24 Q But at some point even that wasn't enough?  
 25 A Correct.

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1 Q You ran out of reserves?  
 2 A (Witness nods head up and down.)  
 3 Q And you had to shut down in August of 2012,  
 4 right?  
 5 A No. I mean, shut down, but not that I  
 6 didn't have enough. It was --  
 7 Q So you could have paid out your investors in  
 8 August of 2012 but chose not to?  
 9 A No, no. You skipped a lot.  
 10 Q Tell me what I skipped.  
 11 A After the wave of withdrawals, I got  
 12 everything up to -- everybody had got their  
 13 withdrawals they wanted, and everything kind of  
 14 balanced out. Then I went to Vegas. It was the  
 15 biggest transaction that I had done, and did the  
 16 transaction, and it was only then that I wasn't able  
 17 to pay anybody. Prior to me going to Vegas, I had  
 18 everything caught up.  
 19 Q On October 3rd, 2012 when you and I spoke  
 20 and I asked you why you closed down Bitcoin  
 21 Savings & Trust, why didn't you tell me about the  
 22 202000 bitcoin that had gone missing?  
 23 A I really didn't think you needed to know.  
 24 Q You told me instead that the wave of  
 25 withdrawal requests following the announcement of the



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1 lowering of interest rates snowballed until you had  
2 to shut down in August, 2012, right?  
3 A Correct.  
4 Q And that's because in your view it was none  
5 of my business that the 202000 bitcoin had gone  
6 missing?  
7 A No. It was that I was working to get it  
8 repaired, and at that time it wasn't two hundred two  
9 anymore because I was working to get it back. So  
10 when you asked me these questions, if I could get it  
11 fixed, it wasn't -- I could be square again with all  
12 the lenders.  
13 Q You had a big bet --  
14 A Big.  
15 Q -- with somebody else.  
16 A Vandroidy.  
17 Q Can you spell that?  
18 A Va --  
19 Q V-a-n-d-r-o-i-d-y.  
20 A Yeah.  
21 Q About whether or not Bitcoin Savings & Trust  
22 was a Ponzi scheme, right?  
23 A Right.  
24 Q And you lost that bet, right?  
25 A Yes.

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1 Q And you lost that bet because in August,  
2 2012 you had to shut down Bitcoin Savings & Trust,  
3 right?  
4 A Correct.  
5 Q How much did you loose?  
6 A 5000 bitcoins.  
7 Q Why didn't you just prove to Vandroidy that  
8 Bitcoin Savings & Trust was not a Ponzi scheme?  
9 A I had a very great plan of ruining  
10 Vandroidy's, not only reputation, but allowing me to  
11 take the 5000 and make it charitable, which I'm sure  
12 you saw. And it was going to take place during a  
13 week that I was going call "spring cleaning," and  
14 during the week I was going to return all the funds,  
15 take off a week, go on vacation, get away from  
16 answering my phone, but I had to have all my coins  
17 back from my lenders. And so I was in negotiations  
18 with one of the other people to lend coins to them  
19 for the time being, and this was happening right as I  
20 was going to Vegas, and I talked with a few of the  
21 guys there in Vegas about the plan. They added a  
22 couple of things, you know, what would be great and  
23 what would be funny, and it wasn't until that day  
24 that I left that I knew something was very wrong bad,  
25 and I knew I was going to lose the bet.

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1 Q You talked to the guys in Vegas about what  
2 plan?  
3 A To mess with Vandroidy.  
4 Q Did you pay the 5000 bitcoin to Vandroidy?  
5 A Oh, yeah.  
6 Q Why?  
7 A Because I had to to secure the bet.  
8 Q But Bitcoin Savings & Trust wasn't a Ponzi  
9 scheme.  
10 A No, no, no.  
11 Q You say.  
12 A Nanotube --  
13 Q Okay.  
14 A Nanotube is the one that held the coins. So  
15 I had a specific period of time to prove that it  
16 wasn't a Ponzi scheme. We escrowed the 5000 from  
17 each side with Nanotube, and I would get all of them  
18 if Nanotube decided that I had won. I returned  
19 everybody's coins for a week. It's not a Ponzi. And  
20 they can return them back if they want. And it  
21 wasn't until me leaving -- leaving Vegas that I  
22 knew -- the 5000 bitcoins wasn't that big of a deal  
23 as far as a loss. It was that I may not see the  
24 202000 bitcoins. And so once I missed the deadline,  
25 I gave -- Nanotube gave 10000 bitcoins to Vandroidy.

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1 Q So what triggered Vandroidy's win on the bet  
2 was your failure to pay out investors?  
3 A Win?  
4 Q Yes.  
5 A By a certain period of time.  
6 Q Right. So it's your failure to pay them out  
7 in August of 2012 --  
8 A Right.  
9 Q -- that triggered the end of the bet, and  
10 Vandroidy got the 10000 bitcoins.  
11 A Correct.  
12 Q Now, when I spoke to you on October 3rd,  
13 2012 -- you say today you didn't tell me about the  
14 202000 missing bitcoin gone missing because you were  
15 still working on fixing it.  
16 A Correct.  
17 Q Why didn't you tell that to Nanotube and  
18 Vandroidy?  
19 A Why didn't I tell that I was -- that I had  
20 lost the 202000 coins?  
21 Q Uh-huh.  
22 A It really was something I felt like I could  
23 recover pretty quickly as long as I didn't have a  
24 mass hysteria and the SEC wasn't investigating me.  
25 Q So two weeks after you lost the 202000



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1 bitcoin to the Big One, you destroyed the wallet from  
2 which you sent it and all record of having sent it,  
3 correct?  
4 A It's gone now, yeah.  
5 Q When did you destroyed it?  
6 A I don't know. It had to have been -- I  
7 mean...  
8 Q When we were in court on August 5th, 2013  
9 you said approximately two weeks after the 202000  
10 bitcoin went missing you destroyed the wallet and the  
11 addresses you used to make the loan. Was that not  
12 true then?  
13 A Actually that was probably true.  
14 Q So approximately two weeks after you lost  
15 the 202000 bitcoin to the Big One, you destroyed the  
16 wallet and the addresses you used to make the loan,  
17 right?  
18 A No. I deleted that batch out of the  
19 wallet.dat file that we talked about before.  
20 Q Right. So you deleted the addresses?  
21 A Correct.  
22 Q Not the wallet.  
23 A Right.  
24 Q But with those addresses you deleted any  
25 record that you made of the 202000 bitcoin loan?

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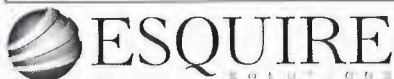
1 A No. I'm going to find it.  
2 Q But you deleted your record.  
3 A Yes. I deleted my record.  
4 Q You have nothing in your possession showing  
5 that record.  
6 A Correct.  
7 Q Why didn't you show Vandroidy or Nanotube  
8 that record?  
9 A They wouldn't have cared. I lost the bet.  
10 Q Why did you destroy those addresses?  
11 A Because there's no use for them anymore. I  
12 don't physically have coins on addresses. It's  
13 worthless.  
14 Q You were about to have a lot of investors  
15 you needed to answer to.  
16 A Yeah.  
17 Q Why would you destroy the record that would  
18 give you the answers?  
19 A Because it goes through a mixer. They  
20 wouldn't have believed it anyway. The same thing  
21 about Bitcoinica being hacked or Mt.Gox being hacked  
22 or whatever. They can show a transaction. That  
23 doesn't mean it didn't get sent to somebody else's  
24 address, and they were hacked. I would then have to  
25 prove that the address that it was sent to wasn't

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1 mine when it was sent to a mixer.  
2 Q So you're saying you had no way of proving  
3 what you did with Bitcoin Savings & Trust investor's  
4 bitcoin even if you hadn't destroyed the addresses?  
5 A Correct. That was the point.  
6 Q Where is the Tor e-mail from the Big One  
7 with the address he wanted you to send the 200000  
8 bitcoin to?  
9 A The Tor e-mail?  
10 Q Yeah. The Tor mail message.  
11 A On Tor mail. Yeah. It would have been on  
12 Tor mail.  
13 Q You received it?  
14 A Yeah. I received it, read it, and it's no  
15 longer available.  
16 Q And you kept no record of the address?  
17 A No.  
18 Q You kept no record of that message?  
19 A How do you keep a record of it?  
20 Q You tell me.  
21 A I tell you what. I'll give you a very  
22 detailed explanation of how the Tor Network works and  
23 how Tor mail works, and you can understand what I  
24 mean whenever I say it was done on the Tor Network.  
25 It's designed to not be trackable, not be traceable

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1 by any form of government.  
2 Q The Big One provided to you addresses to  
3 which you were to send the bitcoin you were lending  
4 to him via Tor mail, right?  
5 A Correct. So I get the transaction. I copy  
6 it. Once I've read it, I have ten minutes to take  
7 the information from it, copy the address, paste it  
8 in my deal, send a reply to him and wait for another  
9 message so I can send him another reply. That's it.  
10 There's no inbox or sent-to mail.  
11 Q And then you destroyed your own record of  
12 the addresses you used, right? You deleted the keys?  
13 A For the sent transaction?  
14 Q Right. For any of the transactions.  
15 A That's how I'm going to find the  
16 transaction. From the sent address that I sent the  
17 coins to through the mixer, I think I can track it  
18 down.  
19 Q Does Tor mail have an inbox, or do they all  
20 self-destruct in ten seconds?  
21 A Does it have an inbox?  
22 Q Yeah. Do you have an inbox for your Tor  
23 mail?  
24 A No.  
25 Q You can't see Tor mail messages in any way?



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TRENDON T SHAVERS  
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297-300

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1 A Not any of Tor mail clients that I know of.  
 2 Q So in your experience all Tor mail messages  
 3 self-destructed in how long?  
 4 A They don't self-destruct. They -- you read  
 5 them. You have ten minutes to read them, a message.  
 6 It's like a form message. It's like a PM message.  
 7 You see the message. You have ten minutes to receive  
 8 that and then to respond to it to have that person  
 9 send you another response back.  
 10 Q So you have ten minutes to look at it after  
 11 you open it?  
 12 A Correct. Once you click on it.  
 13 Q Right. And ten minutes to respond to it  
 14 after you open it?  
 15 A Correct.  
 16 Q Is there any way to save the contents of the  
 17 message?  
 18 A Unless you did a screen shot or something.  
 19 Q Yeah, cut and paste or a screen shot.  
 20 A Right.  
 21 Q You could do that?  
 22 A Right.  
 23 Q But you chose not to?  
 24 A Yeah.  
 25 Q You're going to work for a place called

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1 Support.com soon?  
 2 A Yes.  
 3 Q Is that Support Space?  
 4 A No.  
 5 Q So it's not a place you've previously worked  
 6 before?  
 7 A No. They're competitors.  
 8 Q Let's go to your Woodforest Bank records.  
 9 A Uh-huh.  
 10 Q So it's Exhibit 1. Turning your attention  
 11 to the page marked Woodforest 000030. I'm sorry.  
 12 000034. This is a wire transfer message. Do you see  
 13 that?  
 14 A Correct.  
 15 Q It shows that on June 4th, 2012 you received  
 16 \$25,000 from somebody named Daniel Thomas Williams.  
 17 A Yes.  
 18 Q Who was Daniel Thomas Williams to you?  
 19 A Daniel Williams. That sounds so familiar.  
 20 I don't know. It was to purchase bitcoins. It was  
 21 an actual purchase.  
 22 Q Somebody you met online?  
 23 A Yeah. It had to be somebody -- yeah. It  
 24 had to be online, being in Florida.  
 25 Q What did you say?

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1 A Being in Florida.  
 2 Q And was this activity undertaken to generate  
 3 returns for Bitcoin Savings & Trust investors?  
 4 A No.  
 5 Q This is your own personal transaction?  
 6 A Yeah. This is just selling bitcoins.  
 7 Q Because the business of Bitcoin  
 8 Savings & Trust was lending bitcoin, not buying  
 9 bitcoin. Well, over ninety percent of the business.  
 10 A Yeah.  
 11 Q Okay. Then on the next page, Woodforest  
 12 000035 there's a \$7,000 wire transfer dated June 5th,  
 13 2012. So the next day also from Daniel Thomas  
 14 Williams?  
 15 A Yeah.  
 16 Q Do you see that? And what was that for?  
 17 A It had to be, again, the same thing. It's a  
 18 transaction. See, I don't get to see this  
 19 information when I received the wire. So I just got  
 20 whoever's user name it was at the time or  
 21 transaction.  
 22 Q And who is Daniel Thomas Williams to you?  
 23 A It sounds so familiar. Dan Williams or  
 24 Grubles? I don't know.  
 25 Q Did this transaction have anything to do

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1 with Bitcoin Savings & Trust?  
 2 A No. Those are just purchases.  
 3 Q Let's go to Woodforest 000052. It's another  
 4 wire transfer. This one is dated 8/3/2012 --  
 5 A Uh-huh.  
 6 Q -- from somebody -- from the Law Office of  
 7 Clifford Lloyd. Who's that?  
 8 A I don't know.  
 9 Q You don't know?  
 10 A I have no idea.  
 11 Q It's for \$20,000?  
 12 A It was for the purchase of coins. That's  
 13 the only thing I would have done that big.  
 14 Q And your address here is listed as 209  
 15 Falling Water Drive.  
 16 A Correct.  
 17 Q What is that address?  
 18 A I don't know.  
 19 Q You never heard of that address before?  
 20 A No.  
 21 Q Okay.  
 22 A "Mckineey" -- spelled wrong.  
 23 Q So somebody got that wrong?  
 24 A Well, I mean, "McKinney" is spelled wrong,  
 25 and I've never heard of Falling Water Drive.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
301-304

Page 301

1 Q All right. Let's go to Woodforest 000050.  
2 It's another wire transfer dated August 2, 2012 for  
3 \$15,000 from some entity called Synthovation LLC  
4 D/B/A Transio to you. Do you see is that?  
5 A Yes.  
6 Q And what is Synthovation LLC D/B/A Transio?  
7 A I have no idea.  
8 Q You have no idea why they sent you \$15,000  
9 on or about August 2nd, 2012?  
10 A It was for a bitcoin transaction.  
11 Q Does this have anything to do with Bitcoin  
12 Savings & Trust?  
13 A No.  
14 Q So this doesn't reflect any activity you  
15 undertook to generate returns for Bitcoin  
16 Savings & Trust's investors?  
17 A No.  
18 Q And the same is true with the transactions  
19 from Daniel Thomas Williams?  
20 A Correct.  
21 Q And here your address is listed as 209  
22 Falling Water Drive, McKinney, spelled correctly,  
23 Texas?  
24 A Correct.  
25 Q Why?

Page 302

1 A I have no idea.  
2 Q Let's go to the next page. It's a \$10,000  
3 wire transfer dated August 3, 2012 from somebody  
4 named Remy R. Jacobson. Who's Remy R. Jacobson to  
5 you?  
6 A I have no idea.  
7 Q You have no idea why Remy R. Jacobson sent  
8 you \$10,000 on August 3rd, 2012?  
9 A No. It's bitcoin. I think this is the  
10 \$45,000 one.  
11 Q What do you mean?  
12 A Hold on a second. Yeah. \$45,000. It was  
13 one transaction. It just came in multiple payments.  
14 This was from user name -- it's like Slither or  
15 some --  
16 Q Did it come from a Bitcoin Savings & Trust  
17 investor?  
18 A No.  
19 Q Because you took deposits from Bitcoin  
20 Savings & Trust investors only in bitcoin?  
21 A Right.  
22 Q So these wire transfers you're saying that  
23 are reflected in Woodforest -- which pages? 000048,  
24 49, 50, 51 and 52?  
25 A 51 and 52.

Page 303

1 Q So 48, 49, 51 and 52, all of those are  
2 coming from the same person?  
3 A Correct.  
4 Q Wait a minute. Start over. Sorry. We're  
5 rushing. Let's begin with Woodforest 000048. That  
6 appears to come from Mt.Gox.  
7 A 48, yes.  
8 Q The bitcoin currency exchange.  
9 A Yes.  
10 Q And it's to you at your 23 05 South Custer  
11 Road address, correct?  
12 A Correct.  
13 Q So that's a transaction between you and  
14 Mt.Gox?  
15 A Yes.  
16 Q And Mt.Gox is wiring you \$7,458.76 on July  
17 30th, 2012, correct?  
18 A Yes.  
19 Q That's your money?  
20 A Yes.  
21 Q And that's from your activities on Mt.Gox?  
22 A Yes.  
23 Q Now, the next page, Woodforest 000049, it's  
24 a wire transfer in the amount of \$4,029.50 on July  
25 31st, 2012 from something called Tangible

Page 304

1 Cryptography LLC. What's that?  
2 A It's a website called Fastcash4bitcoins. I  
3 was testing to see how quickly they could move cash.  
4 Q So you sold bitcoin on this website?  
5 A Correct.  
6 Q So, again, this is you selling bitcoin?  
7 A Correct.  
8 Q For your own purposes?  
9 A Correct.  
10 Q It has nothing to do with Bitcoin Savings &  
11 Trust?  
12 A Just the price -- no, no.  
13 Q You weren't generating returns for Bitcoin  
14 Savings & Trust investors by selling bitcoin on  
15 Tangible Cryptography LLC?  
16 A No.  
17 Q Now, is it the next three, Woodforest  
18 000050, 51 and 52 what you believe are all part of  
19 the same transaction?  
20 A Yes. That's one person.  
21 Q And who is that person?  
22 A I think his name is "Slither" on IRC.  
23 Q Okay. And on the Bitcoin Forum?  
24 A He's not on the forum.  
25 Q Okay. So there's a wire transfer at 000050



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
305-308

Page 305

1 from Synthovation LLC D/B/A Transio, another one from  
2 Remy R. Jacobson at 000051 and then 000052, there's  
3 one from the law office of Clifford Lloyd.  
4 A Correct.  
5 Q You believe all three of these wire  
6 transfers were the same transaction?  
7 A Yes. Because it was a \$45,000 transaction.  
8 Q And you sold 45000 bitcoin to somebody named  
9 Slither?  
10 A Correct.  
11 Q And did this have anything to do with  
12 Bitcoin Savings & Trust?  
13 A No, not at all.  
14 Q And these were not activities you undertook  
15 to generate returns for Bitcoin Savings & Trust  
16 investors?  
17 A No. These are just my funds.  
18 Q Who is Mike Snyder?  
19 A My wife's dad.  
20 Q And from time to time you made payments to  
21 Mike Snyder?  
22 A Uh-huh.  
23 Q What were those for?  
24 A Just repayments for different things.  
25 Q Money he lent to you?

Page 306

1 A Yeah. Kind of like a -- when we were going  
2 through a Business Cognition phase --  
3 Q A different business of yours?  
4 A Yeah. He invested a bunch of money, and we  
5 ended up -- it just -- it turned in to be a mess, and  
6 I told him I'd start paying him back over time  
7 because I was making money doing bitcoins.  
8 Q And Mike Snyder, that's S-n-y-d-e-r?  
9 A Correct.  
10 Q And any payments made by you to him have  
11 anything to do with Bitcoin Savings & Trust?  
12 A Just the profits made from it. But yeah.  
13 Q Meaning you were using money you made in  
14 Bitcoin Savings & Trust to pay him back for something  
15 else unrelated?  
16 A Correct.  
17 Q And Ted Shavers, who is that?  
18 A My dad.  
19 Q Okay. Who's Riley Penna?  
20 A That is the guy that I bought the truck  
21 from.  
22 Q What truck?  
23 A I have a 2006 F350.  
24 Q Oh, a truck truck.  
25 A Yeah.

Page 307

1 Q And how much did you pay for the truck?  
2 A \$25,500.  
3 Q And Michael Thalasinis, who is that?  
4 A A good friend of mine that started -- that  
5 we bought some mining hardware and started mining  
6 bitcoin. It's kind of when I started getting into  
7 it, and then he wanted to -- he was the one that  
8 pushed us -- me and Zach to partner up to GPUMAX.  
9 Q Did Michael Thalasinis have anything to do  
10 with Bitcoin Savings & Trust?  
11 A No, not at all.  
12 Q Any transactions between you and/or Michael  
13 Thalasinis at any time have anything to do with  
14 Bitcoin Savings & Trust?  
15 A No.  
16 Q How many bitcoin do you currently own  
17 personally?  
18 A Zero.  
19 Q How many bitcoin do you hold jointly with  
20 others?  
21 A Zero.  
22 Q How mean bitcoin do you currently control --  
23 A Zero.  
24 Q -- even if they're not held in your name?  
25 A Zero.

Page 308

1 Q Do you have any current bank accounts?  
2 A Yes.  
3 Q Where?  
4 A Woodforest.  
5 Q Anywhere else?  
6 A No.  
7 Q Do you have a current account at PayPal?  
8 A Yes.  
9 Q Is it the frozen account?  
10 A Yes.  
11 Q Any others?  
12 A No.  
13 Q Do you have a current account at Dwolla?  
14 A Yes.  
15 Q The frozen account?  
16 A Yes.  
17 Q Any others?  
18 A No.  
19 Q Do you have any credit cards at the  
20 moment?  
21 A Yes.  
22 Q With which banks?  
23 A CapitalOne and Aventium.  
24 Q Spell it, please.  
25 A A-v-e-n-t-i-u-m. Oh, it's First Premier



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
309-312

Page 309

1 Bank, and the other one is CapitalOne.  
 2 Q So just to be clear, you currently hold no  
 3 bank accounts except accounts at Woodforest?  
 4 A Correct.  
 5 Q And you hold no credit cards except for  
 6 credit cards accounts with CapitalOne and First  
 7 Premier Bank?  
 8 A Correct.  
 9 Q Do you currently use your CapitalOne card?  
 10 A No.  
 11 Q And your First Premier Bank card?  
 12 A No.  
 13 Q Have you used either since the asset freeze  
 14 was put in place in this case?  
 15 A No.  
 16 Q What are you living on? How are you living?  
 17 A My parents basically.  
 18 Q What's your parents' address?  
 19 A 608 Broad Leaf Lane, McKinney, Texas.  
 20 Q They have nothing to do with the Falling  
 21 Water Drive address?  
 22 A Falling what?  
 23 Q 209 Falling Water Drive, that address.  
 24 A No.  
 25 Q That has nothing to do with your parents?

Page 310

1 A No. I don't even know where that is.  
 2 Q How much are your parents giving you to live  
 3 on?  
 4 A Just enough for food and different things.  
 5 Q Are they giving you a weekly amount?  
 6 A No. Just as needed. As they can supply  
 7 basically.  
 8 Q Approximately how much have they given you  
 9 since the asset freeze was put in place?  
 10 A \$300.  
 11 Q Do you own your home?  
 12 A No.  
 13 Q You rent?  
 14 A Yes.  
 15 Q Did you own any cars?  
 16 A I own the truck but have a \$10,000 loan on  
 17 it. Did.  
 18 Q But you bought it outright from Riley Penna.  
 19 A Correct. And when this all happened I went  
 20 and got a title loan, and they could make more money  
 21 than they were charging me. So I had more money to  
 22 play with, to work with, and then that all died off  
 23 when...  
 24 Q So after the SEC filed suit against you, you  
 25 got a title loan on your truck?

Page 311

1 A Correct.  
 2 Q For \$10,000?  
 3 A Correct.  
 4 Q How long after?  
 5 A It's been --  
 6 Q Like did you get it the week after we filed  
 7 suit?  
 8 A No. It was like -- I've had it for like  
 9 eight months.  
 10 Q Had what for eight months?  
 11 A The loan. The title loan. It was this year  
 12 sometime.  
 13 Q So you didn't get it after we filed suit?  
 14 A Oh, no. I'm thinking the subpoena. I'm  
 15 sorry. The first subpoena. That's what I was  
 16 thinking.  
 17 Q So you got the title loan --  
 18 A Before that.  
 19 Q About eight months ago?  
 20 A Correct.  
 21 Q And that money is gone?  
 22 A Oh, yeah.  
 23 Q Is your wife working?  
 24 A No.  
 25 Q Are her parents helping?

Page 312

1 A I'm sure her dad would if we asked, but  
 2 since I still owe him money, I wouldn't want to.  
 3 Q Why wouldn't you want him --  
 4 A Because I still owe him money.  
 5 Q You still owe him money you said?  
 6 A Yeah.  
 7 Q Do you have any -- so was the truck  
 8 repossessed?  
 9 A Correct.  
 10 Q Because you didn't pay back the title  
 11 loan?  
 12 A Correct.  
 13 Q Do you still owe money, or does the truck  
 14 satisfy the loan?  
 15 A Oh, it would definitely satisfy the loan.  
 16 Q Do you have any other debt?  
 17 A Just stuff here and there that's piled up  
 18 over the years.  
 19 Q I don't know --  
 20 A This was back when the Business Cognition  
 21 was going on, and I had maxed out all my cards, and  
 22 it was a really tough time.  
 23 Q Do you currently have any debt?  
 24 A Yeah. Some of that.  
 25 Q Your checking account at Woodforest Bank,



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
313-316

Page 313

1 that's in second-chance checking account, right?

2 A Yes.

3 Q And that was for people with bad credit?

4 A People with -- that are on the check systems

5 that owe money to another bank.

6 Q What do you mean "check systems"?

7 A Check systems is a system that's assigned

8 for people that have -- they owe money to like Bank

9 of America or have a problem with another bank. So

10 they set you up another account. It's basically just

11 the same account. You just pay a \$10 a month fee.

12 Q Okay. So your second-chance checking

13 account was designed for individuals with financial

14 difficulties?

15 A Sure.

16 Q Have you ever been named as a defendant in

17 any civil suit before this?

18 A Yes.

19 Q What kinds of cases? Well, how many times I

20 should say?

21 A Just once.

22 Q Just once?

23 A Well, I mean, for the eviction and

24 different -- you know, things like that. Yeah,

25 eviction when we lost the house and then an issue

Page 314

1 with Business Cognition that we sold to an energy

2 contractor company. They decided they didn't want to

3 pay it, and they backed out with DFA. DVA?

4 Anyway...

5 Q I'm going to ask the reporter to mark as

6 Exhibit Number 11 a one-page document.

7 (Exhibit 11 marked.)

8 Q I'll represent to you this is information I

9 pulled off of a Collin County, Texas government court

10 website --

11 A Yeah.

12 Q -- for a case filed on July 30, 2010 dealing

13 with evictions.

14 A Correct.

15 Q Can you tell me what this was about?

16 A Foreclosure.

17 Q So you lived in a home at the time that was

18 foreclosed upon?

19 A Correct.

20 Q And you were evicted from that home?

21 A Correct.

22 Q And what was the address?

23 A 2812 Glen Hollow Drive, McKinney, Texas.

24 Q Where do your parents live again?

25 A At 608 Broad Leaf Lane.

Page 315

1 Q Okay. And was this a home that you owned

2 with your wife?

3 A Yes.

4 Q And you basically fell behind in mortgage

5 payments?

6 A Yes.

7 Q And is there a judgment against you in this

8 case?

9 A No. It was FHA, and we actually got money

10 from the settlement, a big mortgage settlement thing.

11 Q I'm going to ask the reporter to mark as

12 Exhibit 12 another document that I'll represent to

13 you I pulled off the Collin County court website for

14 what appears to be a case filed --

15 (Exhibit 12 marked.)

16 A Yeah. This is DFA.

17 Q -- against you and StarTex Power on or about

18 February 27, 2011. Can you tell us what this was

19 about?

20 A Actually this is a DFA Ltd vs. StarTex Power

21 and myself.

22 Q Right.

23 A So StarTex Power is an energy company. DFA

24 decided they didn't want to pay for -- pay for their

25 power. They said they felt like we took control of

Page 316

1 their power without them asking, which is called

2 "pirating," and I sent all the e-mails in, all the

3 electronic signatures that we had from him, and as

4 you can see, it was -- they jointly dismissed the

5 case.

6 Q I'm going to ask the reporter to mark as

7 Exhibit Number 13 another filing I pulled from the

8 Collin County, Texas court website for a case filed

9 on February 18th, 2011.

10 (Exhibit 13 marked.)

11 Q Styled Capital One Bank (USA), N.A. versus

12 Trendon Shavers. Can you tell us what this case was

13 about?

14 A This was for a vehicle. I can't remember

15 which one. It must have been for the Mazda RX8.

16 Q Was it an auto loan that you failed to

17 pay?

18 A Yeah. Once we -- we were upside down on it.

19 And so there was a difference of \$2,465.

20 Q What do you mean you were upside down on

21 it?

22 A After it was sold, that's how much we owed

23 the bank still.

24 Q And you didn't pay it?

25 A No.



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
317-320

Page 317

1 Q Why not?  
2 A I couldn't.  
3 Q And this was around the time that you  
4 started Bitcoin Savings & Trust, February of 2011,  
5 right?  
6 A This is when it was filed.  
7 Q Right.  
8 A This happened a long time before that.  
9 Q But February of 2011, that's around the time  
10 you started Bitcoin Savings & Trust?  
11 A Correct.  
12 Q And was there ever a judgment against you in  
13 this case?  
14 A No. It was dismissed.  
15 Q You mean the court decided that you didn't  
16 owe the \$2,500 or you paid it?  
17 A I'd get collection calls. The judgment  
18 never said I had to pay it.  
19 Q And you still get collection calls on that?  
20 A Every once in a while.  
21 Q I'm going to ask the reporter to mark as  
22 Exhibit Number 14 a one-page document that I pulled  
23 off of the Collin County, Texas website that appears  
24 to reflect an April 11, 2011 case filed against you  
25 by Regency at Stonebridge Ranch.

Page 318

1 A Correct.  
2 (Exhibit 14 marked.)  
3 Q What was this for?  
4 A Rent.  
5 Q Were you evicted?  
6 A No.  
7 Q But it was an eviction proceeding that was  
8 initiated?  
9 A Yeah. You just paid the \$86, and they  
10 dismissed it and with the past due rent.  
11 Q So you were past due how much rent?  
12 A I guess the \$1,821 with the fees and  
13 everything.  
14 Q So you were past due \$1,821 in rent and  
15 whatever fees applied?  
16 A Correct.  
17 Q You paid that. You paid the court costs?  
18 A \$86.  
19 Q And then this was dismissed?  
20 A Correct. It says it up at the top.  
21 Q And why were you behind on your rent at this  
22 time?  
23 A I think we were -- I don't know. I don't  
24 know.  
25 Q Were you living at the Regency at

Page 319

1 Stonebridge Ranch when this was filed?  
2 A Yeah. That's where I live now.  
3 Q Oh, this is the same address, the 2305 South  
4 Custer address.  
5 A Correct.  
6 Q So it's the same apartment?  
7 A Correct.  
8 Q And you were behind on your rent?  
9 A Correct.  
10 Q They filed suit?  
11 A Correct.  
12 Q You paid it. The suit was dismissed?  
13 A Correct.  
14 Q Why were you behind on your rent?  
15 A I couldn't tell you. June 11th? I mean,  
16 they filed, you know, days after -- they gave you  
17 until the 4th or whatever, and -- I don't know.  
18 Q So they filed like a week after you were  
19 delinquent on your rent you're saying?  
20 A Yeah.  
21 Q So you were delinquent on your rent for  
22 April of 2011?  
23 A Correct.  
24 Q Were you also delinquent on your rent for  
25 March?

Page 320

1 A No.  
2 Q What was your rent?  
3 A \$1,810.  
4 Q That's your monthly rent?  
5 A Correct.  
6 Q I see. So this represents a filing because  
7 you were late on your rent by about a week?  
8 A Correct.  
9 Q In April of 2011?  
10 A Correct.  
11 Q They immediately filed, and then you  
12 immediately made good?  
13 A Correct.  
14 Q And why were you late on your rent?  
15 A I don't know.  
16 Q Okay. I'm going to ask the reporter to mark  
17 as Exhibit Number 15 a one-page document from the  
18 Collin County court website. It reflects a filing on  
19 October of 2011 by DFA against Trendon Shavers  
20 individually and d/b/a Business Cognition.  
21 (Exhibit 15 marked.)  
22 A Yes.  
23 Q What was this about?  
24 A This was the same thing, StarTex part, but  
25 I -- they wanted me to show up to the court to do --



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
321-324

Page 321	<p>1 I don't know what it was -- to testify or do 2 whatever, and I wouldn't do it. I gave them all the 3 information they needed, and so they filed this. I 4 believe this is the -- to have the disinterested 5 party removed or something. They subpoenaed me. 6 Anyway, I gave the information, and then they -- 7 Q But they filed suit against you because you 8 refused to testify? 9 A It's listed in here. Yes. Order of 10 severance. Default judgment signed because I 11 wouldn't show up for the order, and then they did the 12 default or the order for severance, which is this. 13 Q Why did DFA think you were pirating power? 14 A I wasn't pirating power. Because DFA -- his 15 name is Don Day -- he owns most of McKinney, was 16 going to get a better rate from another company. He 17 wanted to secure his rate during times when the 18 prices were low. And so when I told him -- I said, I 19 can secure the price for you, but you're going to 20 have to sign it now for a twelve month -- twelve 21 months out for twenty-four months power deal. So he 22 goes, okay, that's fine. And he was fine with it. 23 Well, then come the twelve months when 24 it came up, when you own all the buildings in 25 downtown and you're saving a penny per transaction,</p>	Page 323	<p>1 MR. MOUSTAKIS: We can go off the 2 record. 3 (End of proceedings at 5:10 p.m.) 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p>
Page 322	<p>1 he said, oh, I never did that. I never did that and 2 switched back to Hudson Energy instead of StarTex, 3 and StarTex sued him for \$35,000 and I guess the fees 4 that are associated with backing out of an 5 electricity contract. And I was the only one that 6 had access to his e-mails and everything that he had 7 said. Once he saw them, he decided, oops. They 8 jointly dismissed, and he settled or something. 9 Q All right, Mr. Shavers. We're getting 10 kicked out of the building. It's closing. 11 A Evicted? 12 Q This deposition is still open. I would like 13 to get the rest of it in before you have to start 14 work again. And since I'm down here already, I'm 15 tempted to do it tomorrow. I'm going to talk to my 16 supervisor to see what she wants me to do, and then 17 I'll shoot you an e-mail later tonight. 18 A Okay. 19 Q If we need you to come back, we'll arrange 20 for a car tomorrow. 21 A Okay. 22 Q Your car from Triple A is going to arrive in 23 a few -- by 5:30. So it should be out front any 24 minute now. 25 A Okay.</p>	Page 324	<p>1 CHANGES AND SIGNATURE 2 NAME: TRENDON T SHAVERS 3 DATE OF DEPOSITION: SEPTEMBER 5, 2013 4 PAGE LINE CHANGE REASON 5 _____ 6 _____ 7 _____ 8 _____ 9 _____ 10 _____ 11 _____ 12 _____ 13 _____ 14 _____ 15 _____ 16 _____ 17 _____ 18 _____ 19 _____ 20 _____ 21 _____ 22 _____ 23 _____ 24 _____ 25 _____</p>



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TRENDON T SHAVERS  
SEC vs. SHAVERS

September 05, 2013  
325-327

Page 325

1 I, TRENDON T SHAVERS, have read the  
2 foregoing deposition and hereby affix my signature  
3 that same is true and correct, except as noted above.

4

5 TRENDON T SHAVERS

6 STATE OF \_\_\_\_\_ )  
7 COUNTY OF \_\_\_\_\_ )

8 Before me, \_\_\_\_\_, on this  
9 day personally appeared \_\_\_\_\_, known  
10 to me (or proved to me on the oath of \_\_\_\_\_  
11 or through \_\_\_\_\_) (description of identity  
12 card or other document) to be the person whose name  
13 is subscribed to the foregoing instrument and  
14 acknowledged to me that he executed the same for  
15 purposes and consideration therein expressed.

16

17 Given under my hand and seal of office this  
18 \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2013.

19

20

21 NOTARY PUBLIC IN AND FOR  
22 THE STATE OF TEXAS

23

24

25

Page 326

1 STATE OF TEXAS )

2 I, Kellie L. Rowbotham, Certified Shorthand  
3 Reporter in and for the State of Texas, do hereby  
4 certify that, pursuant to the agreement hereinbefore  
5 set forth, there came before me on the 5th day of  
6 September, A.D., 2013 at 9:20 a.m. at the U.S.  
7 Courthouse, in the City of Plano, County of Collin,  
8 and State of Texas, the following named person  
9 to-wit: Trendon T Shavers, who was by me duly sworn  
10 to testify the truth and nothing but the truth of his  
11 knowledge touching and concerning the matters in  
12 controversy in this cause; and that he was thereupon  
13 carefully examined upon his oath and his examination  
14 reduced to writing under my supervision; that the  
15 deposition is a true record of the testimony given by  
16 the witness, same to be sworn to and subscribed by  
17 said witness before any Notary Public, pursuant to  
18 the agreement of the parties.

19 I further certify that I am neither attorney  
20 or counsel for, nor related to or employed by, any of  
21 the parties to the action in which this deposition is  
22 taken, and further that I am not a relative or  
23 employee of any attorney or counsel employed by the  
24 parties hereto, or financially interested in the  
25 action.

Page 327

1 In witness whereof, I have hereunto set my  
2 hand and affixed my seal this \_\_\_\_\_ day of  
3 \_\_\_\_\_, A.D., 2013.

4

5

6 *Kellie L. Rowbotham*

7

8 KELLIE L. ROWBOTHAM, Texas CSR 4351  
Expiration Date: 12/31/13

9 ESQUIRE DEPOSITION SERVICES  
Firm Registration No. 286  
1700 Pacific Avenue  
Suite 1000  
Dallas, Texas 75201  
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