



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

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DIVISION OF
ENFORCEMENT

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November 7, 2013

By UPS Overnight Delivery and Electronic Mail:

Trendon T. Shavers
2305 South Custer Road, Apt. 1507
McKinney, TX 75070-6222
trendon@buscog.com

Re: **SEC v. Shavers, et al., 4:13-CV-416 (RC) (ALM)**

Dear Mr. Shavers:

I represent the Securities and Exchange Commission ("Commission") in the above-referenced action. I write to remind you of certain past-due obligations on your part, as well as upcoming deadlines.

I. PAST-DUE OBLIGATIONS

A. Verified Accounting

The Court's August 5, 2013 Order Freezing Assets and Granting other Ancillary Relief ("August 5, 2013 Order") required you to file with the Court and serve upon the Commission a verified accounting of your assets, liabilities, and income, by August 12, 2013, which you failed to do. On August 29, 2013, the Court ordered you to provide your accounting to the Commission by no later than August 20, 2013, which, again, you failed to do. To date, the Commission has not received an accounting from you. Copies of the August 5, 2013 Order and the August 29, 2013 Order are enclosed for your reference.

As we have discussed repeatedly, including during our August 21, 2013 telephone conference, held pursuant to Rule 26(f) of the Federal Rules of Civil Procedure ("Rule 26"), you are required to provide an accounting to the Commission, signed by you, under penalty of perjury, detailing, among other things, the following:

- (1) All assets and liabilities currently held by you, describing the amount and current location of each of the items listed, including the names of financial institutions, identifying account names or numbers, Bitcoin

addresses, or other information sufficient to verify the nature, location, custody, or amount of such assets;

- (2) All assets or income received by you, at any time from August 1, 2011 to the date of the accounting, describing the source, amount, disposition, and current location of each of the items listed; and
- (3) All assets or income transferred by you to any individual, or entity, at any time from August 1, 2011 to the date of the accounting, describing the transferee/destination and amount of each item listed.

Please note, by the express terms of the August 5, 2013 Order, for purposes of your accounting and the repatriation order, discussed below, the term “assets” shall include “all money, funds, Bitcoin, other virtual currencies; real or personal property; securities or commodities; choses in action; business interests; or anything else of value.” I refer you to Section II of the August 5, 2013 Order for the exact requirements for your accounting.

B. Repatriation Order

The Court’s August 5, 2013 Order required you to repatriate immediately all assets or funds that were obtained, directly or indirectly, from the activities described in complaint filed by the Commission in this action (“Complaint”) and that are now located outside the jurisdiction of the Court. To date, you have failed to let us know whether or not such assets exist, or to otherwise comply with this repatriation order. I refer you to Section III of the August 5, 2013 Order for your exact obligations in this regard.

C. Answer

Your answer to the Complaint was due on August 13, 2013.

II. UPCOMING DEADLINES

A. Initial Disclosures

As we discussed during our August 21, 2013 Rule 26(f) conference, you are required to make initial disclosures to the Commission under both Rule 26(a)(1) and the Court’s Standing Initial Order Governing Proceedings (“OGP”). At the time of our conference, these disclosures were due on November 11, 2013. However, in light of General Order 13-19, dated October 9, 2013 (“General Order 13-19”), the Commission will agree that these disclosures are now due November 20, 2013. Copies of Rule 26 and the OGP are enclosed for your reference.

Under Rule 26(a)(1), among other things, you must disclose to the Commission:

- (1) The name and, if known, the address and telephone number of each individual likely to have discoverable information – along with the

subjects of that information – that you may use to support any claim or defense, unless the use would be solely for impeachment; and

- (2) A copy – or a description by category and location – of all documents, electronically stored information (“ESI”), and tangible things that you have in your possession, custody, or control and may use in support of any claim or defense, unless the use would be solely for impeachment.

I refer you to the text of Rule 26 for your complete disclosure obligations under the rule.

Under the OGP, in addition to the disclosures required by Rule 26(a)(1), among other things, your initial disclosures shall include:

- (1) The correct names of the parties to the action;
- (2) The name and, if known, the address and telephone number of any potential parties to the action;
- (3) The name and, if known, the address and telephone number of persons having knowledge of facts relevant to the claim or defense of any party, a brief characterization of their connection to the case and a fair summary of the substance of the information known to such person; and
- (4) A copy of all documents and ESI, witness statements, and tangible things in your possession, custody, or control, that are relevant to the claim or defense of any party.

Pursuant to the OGP, “A party that fails to timely disclose such information will not, unless such failure is harmless, be permitted to use such evidence at trial, hearing or in support of a motion.” I refer you to the language of the OGP for your complete disclosure obligations under the OGP.

B. Document Production

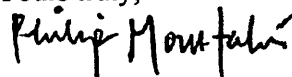
On October 9, 2013, the Commission served you with Plaintiff’s First Request to Defendants for Production of Documents (“First Request”). At the time, your response to the Commission’s First Request was due November 11, 2013. However, in light of General Order 13-19, the Commission will agree that your response is now due November 20, 2013. A copy of the First Request is enclosed for your reference. I refer you to the First Request for the list of documents and communications you are required to produce to the Commission.

* * *

If you do not provide your verified accounting or meet other past-due obligations in this litigation, the Commission may seek appropriate sanctions, including a contempt order, against you.

If you would like to discuss these matters further, do not hesitate to let me know. Should you retain counsel to represent you in this matter, please have counsel contact me immediately.

Yours truly,

A handwritten signature in black ink that reads "Philip Moustakis". The signature is written in a cursive style with a prominent flourish at the end.

Philip Moustakis

Enclosures:

August 5, 2013 Order

August 29, 2013 Order

Rule 26

Standard Initial Order Governing Proceedings

General Order 13-19

Plaintiff's First Request to Defendants for Production of Documents