UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

In the Matter of

American CryptoFed DAO LLC,

Respondent.

**INDEX OF EXHIBITS**

**FOR**

**AMERICAN CRYPTOFED DAO LLC'S ANSWER TO OIP**

**AND**

**MOTIONS FOR MORE DEFINITE STATEMENTS NO.1 THROUGH NO.7**

**OS Received 12/06/2021**

Exhibit A - Form 10 Registration.

Exhibit B - American CryptoFed Constitution.

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**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT A

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549**

# FORM 10

## GENERAL FORM FOR REGISTRATION OF SECURITIES

**Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934**

## American CryptoFed DAO LLC

(Exact name of registrant as specified in its charter)

| **Wyoming** | **87-2207963** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1607 Capitol Ave., Suite 327, Cheyenne, WY** | **82001** |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code **(307) 206-4210**

Securities to be registered pursuant to Section 12(b) of the Act:

| Title of each class to be so registered | Name of each exchange on which each class is to be registered |
|---|---|
| _____ | _____ |
| _____ | _____ |

**OS Received 12/06/2021**

Securities to be registered pursuant to Section 12(g) of the Act:

**Ducat: Inflation and deflation protected stable token, used for pricing goods and services, for daily transactions, for accounting and for store of value.**

(Title of class)

**Locke: Governance token, used for stabilizing Ducat and for Locke holders to participate in network rulemaking and decision making.**

(Title of class)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☒ |

SEC 1396 (02-21)

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## 1. The Preamble: Purpose of Form 10 Filing

American CryptoFed DAO, LLC ("CryptoFed") agrees with commissioner Hester M. Peirce of U.S. Securities and Exchange Commission ("SEC") that the SEC is "a disclosure regulator, rather than a more interventionist merit regulator."[1] "The SEC's Division of Corporation Finance may examine a company's registration statement to determine whether it complies with our disclosure requirements. But the SEC does not evaluate the merits of offerings, nor do we determine if the securities offered are "good" investments."[2]

CryptoFed is registering Locke and Ducat tokens with the SEC as utility tokens, not as securities, for the purpose of disclosure. Form 10 allows CryptoFed to voluntarily become a reporting company for ongoing disclosure purposes and becomes effective sixty (60) days after the initial filing date regardless of whether there are outstanding SEC comments. Filing Form 10 does not mean CryptoFed concedes that Locke and Ducat tokens are securities. Section 2.9 of **Item 1: Business** entitled "2.9. Locke and Ducat as Utility Tokens" explains why the Locke and Ducat tokens are utility tokens, not securities.

If the SEC does not agree with CryptoFed's position and characterizes Locke and Ducat tokens as securities, CryptoFed should be able to grant these tokens to service providers, free of charge, under an equity incentive plan for the CryptoFed community, pursuant to the American CryptoFed DAO Constitution ("Constitution") attached as Exhibit 1, as long as these tokens are restricted, untradeable and non-transferable. By holding Locke tokens per se, token holders by definition perform services to CryptoFed, because the CryptoFed token economy needs a network effect of mass token holders to overcome the inherent hurdles of collective action. CryptoFed will grant restricted, untradeable and non-transferable Locke tokens to municipalities, merchants, banks, crypto exchanges and individual contributors to execute the Ducat Economic Zone plan attached as Exhibit 2. In anticipation of mass distribution which will quickly surpass

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[1] https://www.sec.gov/news/speech/peirce-paper-plastic-peer-to-peer-031521

[2] https://www.investor.gov/introduction-investing/investing-basics/glossary/registration-under-securities-act-1933#:~:text=The%20Securities%20Act%20of%201933%20has%20two%20basic%20objectives%3A,in%20the%20sale%20of%20securities

the 500-person threshold under Exchange Act Section 12(g)[3], CryptoFed elects to proactively file this Form 10 to subject itself to the periodic reporting requirements and then file Form S-8 upon the effectiveness of Form 10 in 60 days. Concurrent with this Form 10 filing, CryptoFed is also filing Form S-1 to register Locke and Ducat tokens to make them tradeable and transferable. The SEC's review of CryptoFed's Form S-1 filing will continue until the SEC declares the Form S-1 effective. In the interim, Form S-8 filing will enable CryptoFed to grant restricted and untradeable Locke tokens to more than 500 persons. For clarity, all Locke and Ducat tokens will remain restricted, untradeable and non-transferable until the effectiveness of the Form S-1 filing is confirmed by the SEC.

## 2. Item 1: Business.

### 2.1. Mission

CryptoFed was established on July 1, 2021 by MShift Inc (MShift). CryptoFed's mission is to create and maintain a monetary system with zero inflation, zero deflation and zero transaction costs.

"The chief attraction the issuer of a competitive currency has to offer to his customers is the assurance that its value will be kept stable (or otherwise be made to behave in a predictable manner)."[4]

#### 2.1.1. Inflation Is Not an Option

> "Inflation tends not only to be higher but also increasingly volatile and to be accompanied by widening government intervention into the setting of prices. The growing volatility of inflation and the growing departure of relative prices from the values that market forces alone would set combine to render the economic system less efficient, to introduce frictions in all markets, and, very likely, to raise the recorded rate of unemployment." [5]

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[3] https://www.sec.gov/info/smallbus/secg/jobs-act-section-12g-small-business-compliance-guide.htm

[4] F. A. Hayek (Nobel Laureate 1974), 1976, Page 59, Denationalization of Money, https://cdn.mises.org/Denationalisation%20of%20Money%20The%20Argument%20Refined_5.pdf

[5] Milton Friedman, 1976, page 283 – 284, Inflation and Unemployment, Nobel Memorial Lecture, Economic Sciences, https://assets.nobelprize.org/uploads/2018/06/friedman-lecture-1.pdf

2.1.2. Deflation Is Not an Option

"The length and depth of the deflation during the late 1920s and early 1930s strongly suggest a monetary origin, and the close correspondence (across both space and time) between deflation and nations' adherence to the gold standard shows the power of that system to transmit contractionary monetary shocks. There is also a high correlation in the data between deflation (falling prices) and depression (falling output), as the previous authors have noted and as we will demonstrate again below." [6]

2.1.3. Money Was Invented to Reduce Transaction Costs

"I know of only one part of economics in which transaction costs have been used to explain a major feature of the economic system and that relates to the evolution and use of money. Adam Smith pointed out the hindrances to commerce that would arise in an economic system in which there was a division of labour but in which all exchange had to take the form of barter. No-one would be able to buy anything unless he possessed something that the producer wanted. This difficulty, he explained, could be overcome by the use of money." [7]

2.1.4. Transaction Costs Are Governance Issues.

"The overall object of the exercise essentially comes down to this: for each abstract description of a transaction, identify the most economical governance structure--where by governance structure I refer to the institutional framework within which the integrity of a transaction is decided. Markets and hierarchies are two of the main alternatives" [8]

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[6] Ben Bernanke and Harold James, 1991, page 33, "The Gold Standard, Deflation, and Financial Crisis in the Great Depression: An International Comparison" in Financial Markets and Financial Crises, ed. R. Glenn Hubbard, University of Chicago Press, https://www.nber.org/system/files/chapters/c11482/c11482.pdf

[7] Ronald H. Coase, 1991, The Institutional Structure of Production, Lecture to the memory of Alfred Nobel, https://www.nobelprize.org/prizes/economic-sciences/1991/coase/lecture/

[8] Oliver E. Williamson (Nobel Laureate 2009), 1979, page 234-235, Transaction-Cost Economics: The Governance of Contractual Relations, Journal of Law and Economics, Vol. 22, No. 2. https://josephmahoney.web.illinois.edu/BA549_Fall%202010/Session%203/Williamson%20(1979).pdf

## 2.2. Products and Services

To accomplish its mission, CryptoFed issues two utility tokens called Ducat and Locke which collectively generate the products and services detailed below.

### 2.2.1. Ducat

Ducat is an inflation and deflation protected stable token with unlimited issuance, constrained by algorithms targeting zero inflation and zero deflation. Ducat is used to price goods and services, for daily transactions, accounting and as a store of value. CryptoFed utilizes both fiscal policy tools and monetary policy tools defined by its Constitution, to provide benefits to Ducat users and adjust the incentive ranges as detailed below to influence users' economic behaviors in order to stabilize Ducat.

i) Fiscal Policy tools are defined as rewards paid to consumers at a range of 5.5% -12% for making purchases using Ducat and merchants for accepting Ducat at a range of 1% - 4%.

ii) Monetary Policy tools are defined as interest paid to all Ducat holders at a range of 3% - 5%, but can be raised as high as necessary to cure or deter inflation.

Ducat is designed to appreciate against the US dollar (USD) by the amount of inflation USD experiences measured by the PCE price index. This ensures Ducat does not experience inflation. The rate of inflation is derived from the PCE price index to define the Ducat Target Equilibrium Exchange Rate against the USD. "The PCE price index, released each month in the Personal Income and Outlays report, reflects changes in the prices of goods and services purchased by consumers in the United States," published monthly by the Bureau of Economic Analysis, US Department of Commerce. As long as goods and services are priced in Ducat and the Target Equilibrium Exchange Rate is maintained, the inflation and deflation of Ducat should remain close to zero.

**Target Equilibrium Exchange Rate:**

Suppose time $t$ is measured in days and $m \geq 1$ stands for months, then Ducat will be designed to rise against USD according to the deterministic function every day "$t$" since Ducat deployment ($t = 0$):

$$1\ Ducat = 1\ USD \cdot e^{\sum_{m=1}^{\infty} r_m(t)}$$

Such that

$$r_m(t) = \begin{cases} r_m t & if\ (m-1)\tau + 1 \leq t \leq m\tau \\ r_m m\tau & if\ t > m\tau \\ 0 & otherwise \end{cases}$$

$$r_m = \frac{1}{\tau} \cdot \ln\left(\widehat{PCE}_m / \widehat{PCE}_{m-1}\right)$$

$$\widehat{PCE}_0 = PCE_0$$

$$\tau = 365/12$$

$\widehat{PCE}_m$ is an estimate of the Personal Consumption Expenditures Price Index by the end of the month $m$. The estimate $\widehat{PCE}_m$ is determined by an exponential least square fit to a subset of the historical PCE data released by the Department of Commerce in previous months $m-1, m-2, \ldots$ etc.

The actual daily exchange rate on crypto exchange markets may constantly fluctuate around the Target Equilibrium Exchange Rate, but CryptoFed's open market operations will ensure the variation will not go beyond a 2% range of upper and lower bounds. Open market operations are defined as the buying and selling between Ducat and Locke on compliant crypto exchanges to maintain the Target Equilibrium Exchange Rate.

2.2.2. Locke

Locke is a governance token with a maximum authorized finite number of 10 trillion. Locke is used to stabilize Ducat and for Locke holders to participate in network rulemaking and decision making.

i) Locke tokens make CryptoFed's network rules under which Ducat operates. Locke tokens participate in network rulemaking and decision making based on the CryptoFed Constitution.

ii) Locke tokens are also used as utility tokens for open market operations to stabilize Ducat on a daily basis.

2.2.3. Token Definition

A token is defined per the description in the Token Safe Harbor Proposal 2.0 published by the SEC commissioner Hester Peirce[9]:

*A Token is a digital representation of value or rights,*

*(i) that has a transaction history that:*

*(A) is recorded on a distributed ledger, blockchain, or other digital data structure;*

*(B) has transactions confirmed through an independently verifiable process; and*

*(C) cannot be modified;*

*(ii) that is capable of being transferred between persons without an intermediary party; and*

*(iii) that does not represent a financial interest in a company, partnership, or fund, including an ownership or debt interest, revenue share, entitlement to any interest or dividend payment.*

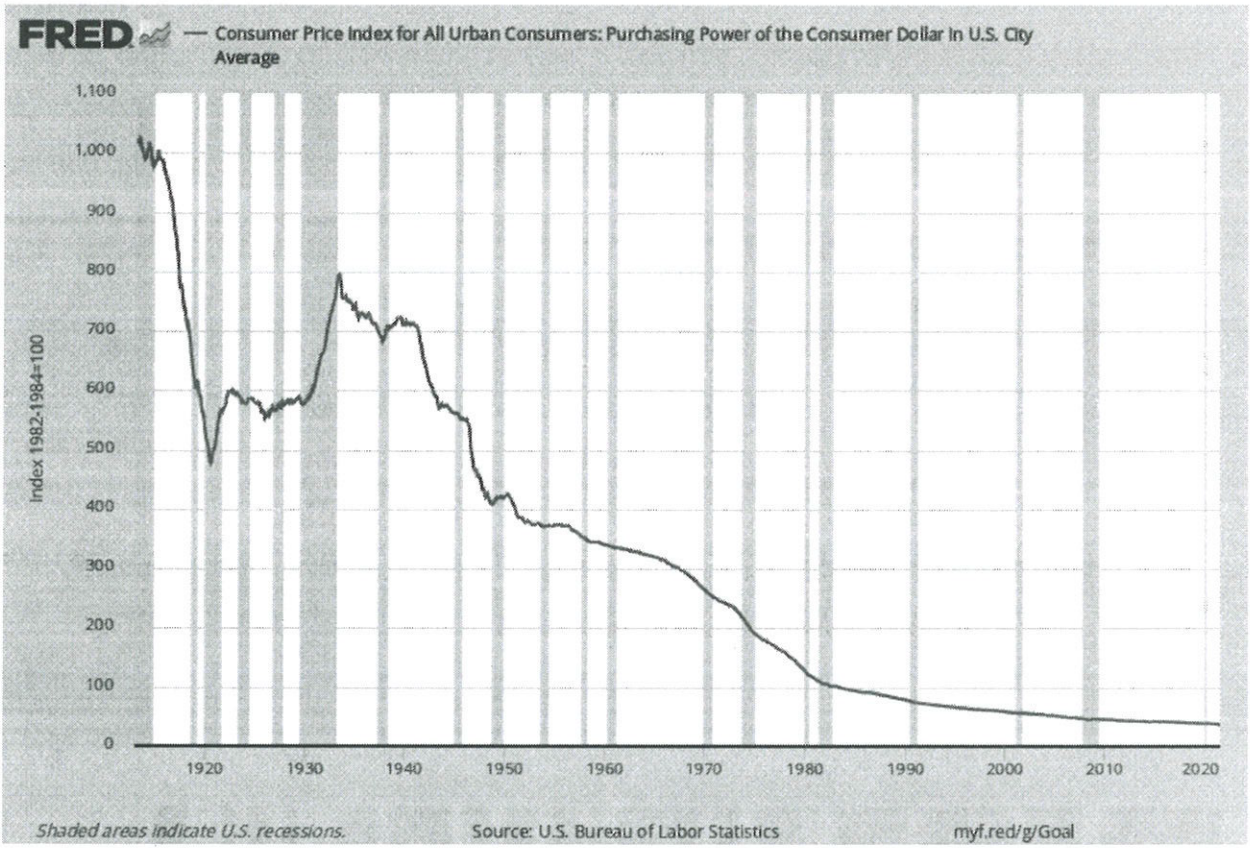
2.3. Competition

To the extent that no entity has a similar mission, CryptoFed does not have direct competition. Central banks, including the Federal Reserve System, are close competitors, but CryptoFed fundamentally differentiates from central banks in the following aspects outlined below.

[9] https://www.sec.gov/news/public-statement/peirce-statement-token-safe-harbor-proposal-2.0

### 2.3.1. Inflation Target

CryptoFed targets zero inflation and zero deflation in the Ducat economy, while major central banks target 2% inflation in their respective fiat economies. Ducat's purchasing power will be maintained over time, while USD's purchasing power will decline towards zero over time as demonstrated below by the Federal Reserve chart[10].




### 2.3.2. Fiscal Policy Tools

CryptoFed establishes its fiscal policy tools by directly providing rewards to consumers at a range of 5.5% - 12% for making purchases using Ducat and merchants at a range of 1% - 4% for accepting Ducat. Conversely, major central banks do not have the same direct spending authority at their disposal.

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[10] Consumer Price Index for All Urban Consumers: Purchasing Power of the Consumer Dollar in U.S. City Average https://fred.stlouisfed.org/series/CUUR0000SA0R

### 2.3.3. Money Supply Mechanism

CryptoFed uses rewards to consumers and merchants as its primary mechanism for putting Ducat into circulation, while central banks use the lending of commercial banks as their primary mechanism for putting new money supply into circulation. When the absolute level of debt accumulation is too large to be paid back, the Federal Reserve's mechanism of money supply will stop functioning. The burden of existing loan repayments will ultimately reach a level that even with a low interest rates close to zero, borrowers will be unable to meet lender criteria to secure additional loans. Consequently, the money supply cannot be expanded to maintain and increase effective demand for economic growth. Central bank money supply function depends on commercial bank lending, which in turn can be significantly obstructed by the aggregate debt accumulation of commercial bank lending, leading to the dysfunction of the existing fractional reserve banking system. Central bank money supply is an inherently self-destructive mechanism, while CryptoFed money supply mechanism is independent of the aggregate debt accumulation of commercial banks.

### 2.3.4. Monetary Policy Tools

CryptoFed establishes its monetary policy tools by directly providing interest to Ducat holders at a range of 3% - 5%, while central banks' interest rate on money supply relies on commercial banks which pay interest to depositors and take interest from borrowers. As a result, CryptoFed possesses more direct and effective monetary policy tools than government controlled central banks.

### 2.3.5.Inflation Control for Stable Price Mandate

It has become increasingly impossible for the Federal Reserve to fulfill its mandate of maintaining stable prices. Due to the increase of aggregate debt accumulation, the Federal Reserve has lost the capacity to raise the Federal Funds Rate to control inflation. Since reaching 19.10% in June 1981, the Effective Federal Funds Rate has declined for 40 years and has stayed close to zero since Nov 2008 per the Federal Reserve's chart below.[11]

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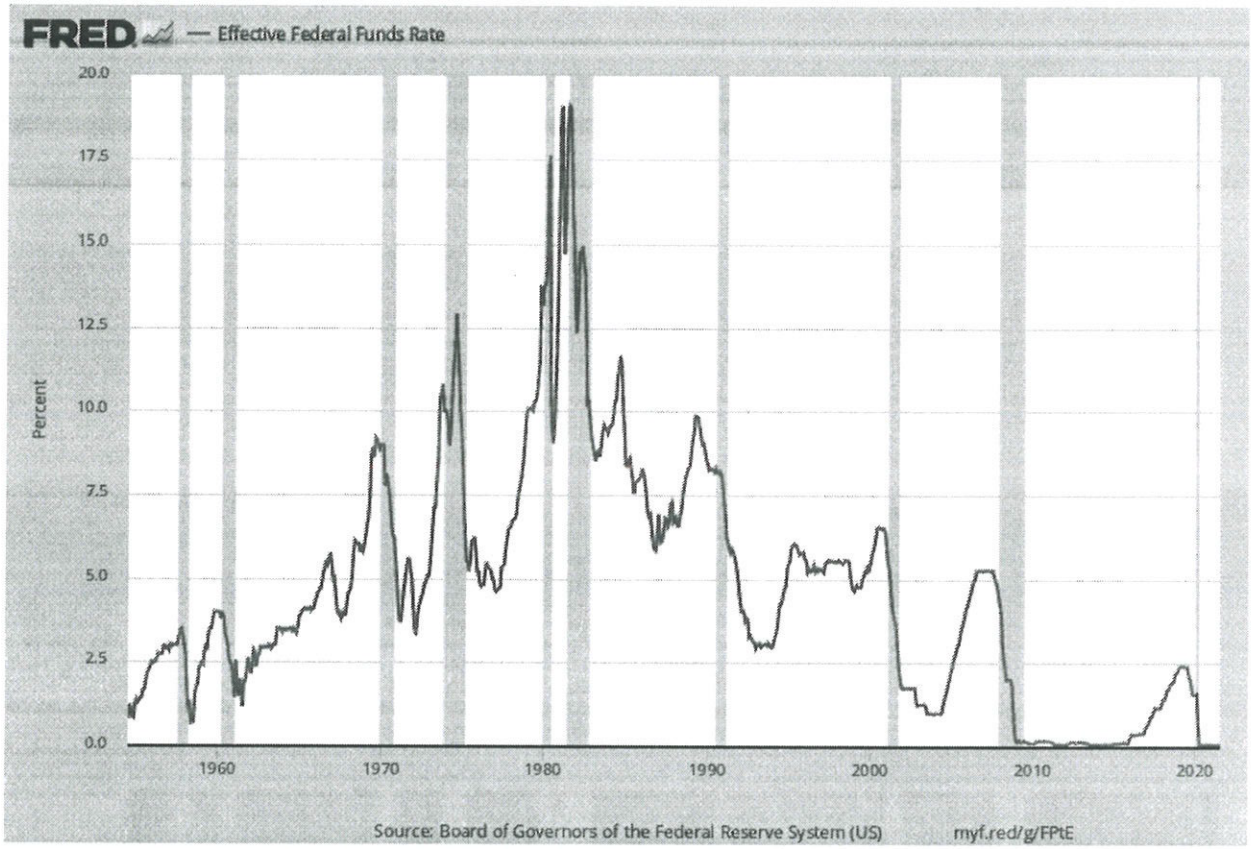
[11] Effective Federal Funds Rate (chart August 1954 – March 2021)
https://fred.stlouisfed.org/series/FEDFUNDS




"Twenty-five years ago, on October 6, 1979, the Federal Reserve adopted new policy procedures that led to skyrocketing interest rates and two back-to-back recessions but that also broke the back of inflation and ushered in the environment of low inflation and general economic stability the United States has enjoyed for nearly two decades." [12] "Unbeknownst to many, last fall was the silver anniversary of a watershed moment in Fed history and the economic history of the country. On Oct. 6, 1979, Fed Chairman Paul Volcker took dramatic steps to rein in the runaway inflation that had been sapping the strength of our economy since the mid-1960s. Without his bold change in monetary policy and his determination to stick with it through several painful years, the U.S. economy would have continued its downward

[12] FRBSF ECONOMIC LETTER, Number 2004-35, December 3, 2004. https://www.frbsf.org/economic-research/publications/economic-letter/2004/december/october-6-1979/#conc

spiral. By reversing the misguided policies of his predecessors, Volcker set the table for the long economic expansions of the 1980s and 1990s."[13]

Raising interest rates has been proven to be an effective tool to control inflation as Fed Chairman Paul Volcker demonstrated. CryptoFed can increase interest rates as high as necessary to cure or deter inflation, whereas the Fed has lost that ability.

2.3.6. Effective Demand for Maximum Employment

"The amount of labour N which the entrepreneurs decide to employ depends on the sum (D) of two quantities, namely D1, the amount which the community is expected to spend on consumption, and D2, the amount which it is expected to devote to new investment. D is what we have called above the effective demand."[14] CryptoFed utilizes its fiscal policy tools of directly providing rewards to consumers at a range of 5.5% - 12% and 1% - 4% to merchants for Ducat purchases. These CryptoFed fiscal policy tools can drive effective demand to achieve maximum employment in the Ducat economy, while central banks, such as the Federal Reserve, the European Central Bank, the Bank of Japan, etc. do not have direct authority over fiscal policy tools. In the US, that control over fiscal policy belongs to the Department of Treasury and Congress.

2.3.7. Boom and Bust Business Cycles (Economic Expansion and Contraction)

Although "the goals of maximum employment and stable prices are often referred to as the Fed's *dual mandate*,"[15] compared with CryptoFed, the Federal Reserve has significantly less effective policy tools to carry out their dual mandate. The situation is made even worse, because the Fractional Reserve Banking by which the Federal Reserve provides money supply, legitimates and institutionalizes the inherent and

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[13] President's Message: Volcker's Handling of the Great Inflation Taught Us Much. By William Poole, January 1, 2005. https://www.stlouisfed.org/publications/regional-economist/january-2005/volckers-handling-of-the-great-inflation-taught-us-much

[14] The General Theory of Employment, Interest, and Money, John Maynard Keynes, 1936, page 22, https://www.files.ethz.ch/isn/125515/1366_KeynesTheoryofEmployment.pdf

[15] https://www.federalreserve.gov/faqs/what-economic-goals-does-federal-reserve-seek-to-achieve-through-monetary-policy.htm

inevitable macroeconomic risks in the economy via the banking industry, periodically causing boom and bust business cycles and subsequent large-scale bailouts by the FDIC and taxpayer money through government intervention. This brutally impacts the American middle class through unintentional periodic and systematic financial and economic crisis.

Right after the housing bubble collapse in 2008 — symbolized by the fall of Lehman Brothers — the IMF published a report entitled "The Chicago Plan Revisited" which validates the 100% reserve banking model for decoupling money supply function from bank's lending function. The citation below is slightly long, but it is important because it fully supports the CryptoFed's model of decoupling money supply from bank lending. The primary difference is that CryptoFed is pursuing a denationalization of its money supply mechanism, while The Chicago Plan pursues the nationalization of a money supply mechanism, just not through banks.

"The decade following the onset of the Great Depression was a time of great intellectual ferment in economics, as the leading thinkers of the time tried to understand the apparent failures of the existing economic system. This intellectual struggle extended to many domains, but arguably the most important was the field of monetary economics, given the key roles of private bank behavior and of central bank policies in triggering and prolonging the crisis.

During this time a large number of leading U.S. macroeconomists supported a fundamental proposal for monetary reform that later became known as the Chicago Plan, after its strongest proponent, professor Henry Simons of the University of Chicago. It was also supported, and brilliantly summarized, by Irving Fisher of Yale University, in Fisher (1936). *The key feature of this plan was that it called for the separation of the monetary and credit functions of the banking system,* first by requiring 100% backing of deposits by government-issued money, and second by ensuring that the financing of new bank credit can only take place through earnings that have been retained in the form of government-issued money, or through the borrowing of existing government-issued money from non-banks, but not through the

creation of new deposits, ex nihilo, by banks.

Fisher (1936) claimed four major advantages for this plan. First, preventing banks from creating their own funds during credit booms, and then destroying these funds during subsequent contractions, would allow for a much better control of credit cycles, *which were perceived to be the major source of business cycle fluctuations*. Second, 100% reserve backing would completely eliminate bank runs. Third, allowing the government to issue money directly at zero interest, rather than borrowing that same money from banks at interest, would lead to a reduction in the interest burden on government finances and to a dramatic reduction of (net) government debt, given that irredeemable government-issued money represents equity in the commonwealth rather than debt. Fourth, given that money creation would no longer require the simultaneous creation of mostly private debts on bank balance sheets, the economy could see a dramatic reduction not only of government debt but also of private debt levels…….

The first advantage of the Chicago Plan is that it permits much better control of what Fisher and many of his contemporaries perceived to be the major source of business cycle fluctuations, sudden increases and contractions of bank credit that are not necessarily driven by the fundamentals of the real economy, but that themselves change those fundamentals. In a financial system with little or no reserve backing for deposits, and with government-issued cash having a very small role relative to bank deposits, the creation of a nation's broad monetary aggregates depends almost entirely on banks' willingness to supply deposits. *Because additional bank deposits can only be created through additional bank loans, sudden changes in the willingness of banks to extend credit must therefore not only lead to credit booms or busts, but also to an instant excess or shortage of money, and therefore of nominal aggregate demand. By contrast, under the Chicago Plan the quantity of money and the quantity of credit would become completely independent of each other. This would enable policy to control these two aggregates independently and therefore more effectively.* Money growth could be controlled directly via a money growth rule. The control of credit growth would become much more straightforward because banks would no

longer be able, as they are today, to generate their own funding, deposits, in the act of lending, an extraordinary privilege that is not enjoyed by any other type of business. Rather, banks would become what many erroneously believe them to be today, pure intermediaries that depend on obtaining outside funding before being able to lend. *Having to obtain outside funding rather than being able to create it themselves would much reduce the ability of banks to cause business cycles due to potentially capricious changes in their attitude towards credit risk.*"[16]

2.3.8. Money Supply Automation

There are multiple factors which make it impossible for central banks to automate the money supply mechanism. Below are the three major clusters of parameters out of the Fed's control.

i) A fractional reserve banking system depends on the willingness of commercial banks' lending activities for money supply.
ii) Fiscal policy depends on Congress and the Department of Treasury.
iii) Boom and bust business cycles will repeatedly generate financial crisis requiring political human decisions and government interventions.

"The Fed implements monetary policy primarily by influencing the federal funds rate, the interest rate that financial institutions charge each other for loans in the overnight market for reserves"[17]. To decide, maintain and adjust the federal funds rate requires constant human judgements, under the political, economic, and institutional settings above.

In contrast, CryptoFed has full control of its monetary and fiscal policy tools, i.e. interest paid to Ducat holders (3% - 5%), Ducat rewards paid to consumers (5.5% -

[16] Jaromir Benes and Michael Kumhof, 2012, page 4 - 5, The Chicago Plan Revisited, IMF Working Paper, https://www.imf.org/external/pubs/ft/wp/2012/wp12202.pdf
[17] What is the Fed: Monetary Policy, https://www.frbsf.org/education/teacher-resources/what-is-the-fed/monetary-policy/

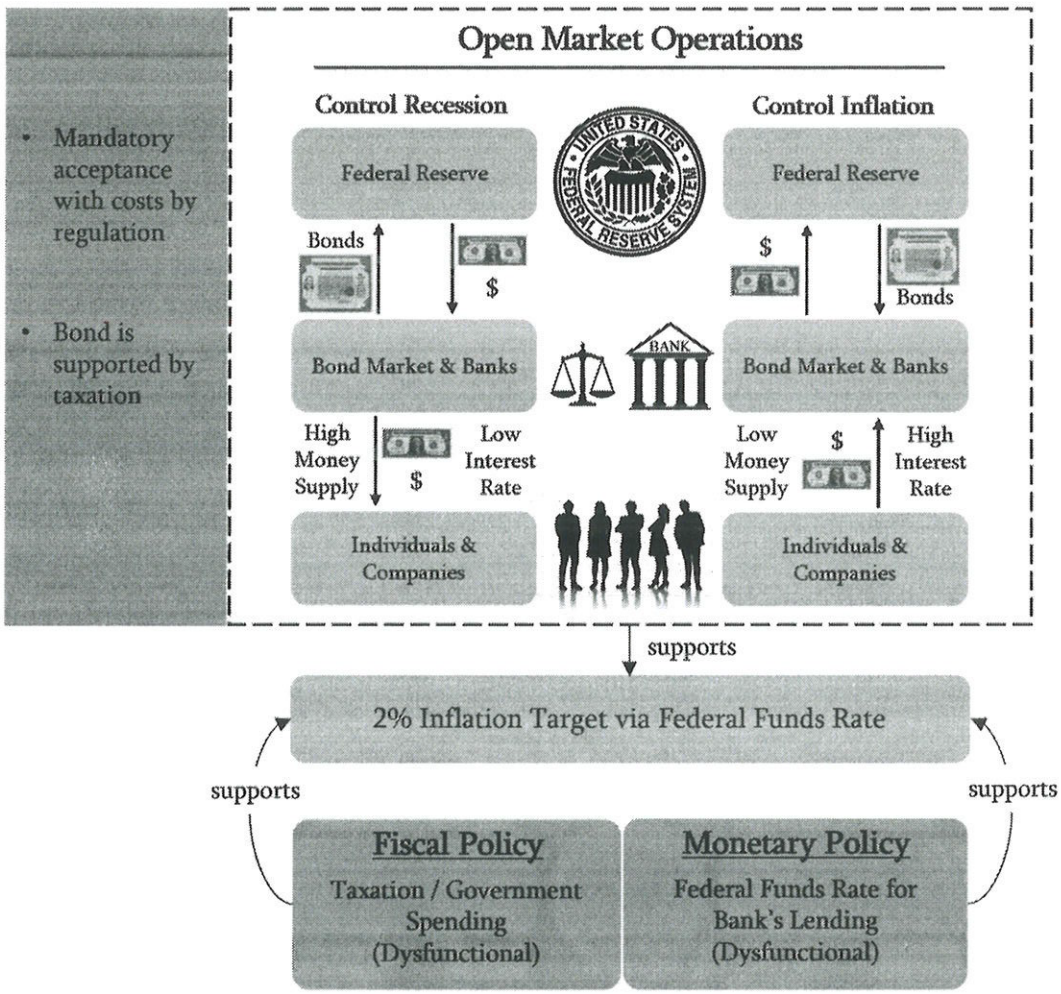
12%) and merchants (1% - 4%). Ducat rewards rates and interest rates can be adjusted and optimized mathematically via Machine Learning. Money supply mechanism through giveaway can establish a virtuous automatic cycle between giveaway and economic growth to perpetuate the CryptoFed monetary system. Effective demand in the economy can be maintained and increased for economic growth, which in turn will generate more demand for additional money supply. Given that the money supply can be automatically optimized via machine learning, human intervention can be dramatically reduced to simple principles defined by the CryptoFed Constitution. The operations of CryptoFed can be decentralized to Locke tokens without requiring a hierarchical organization structure.

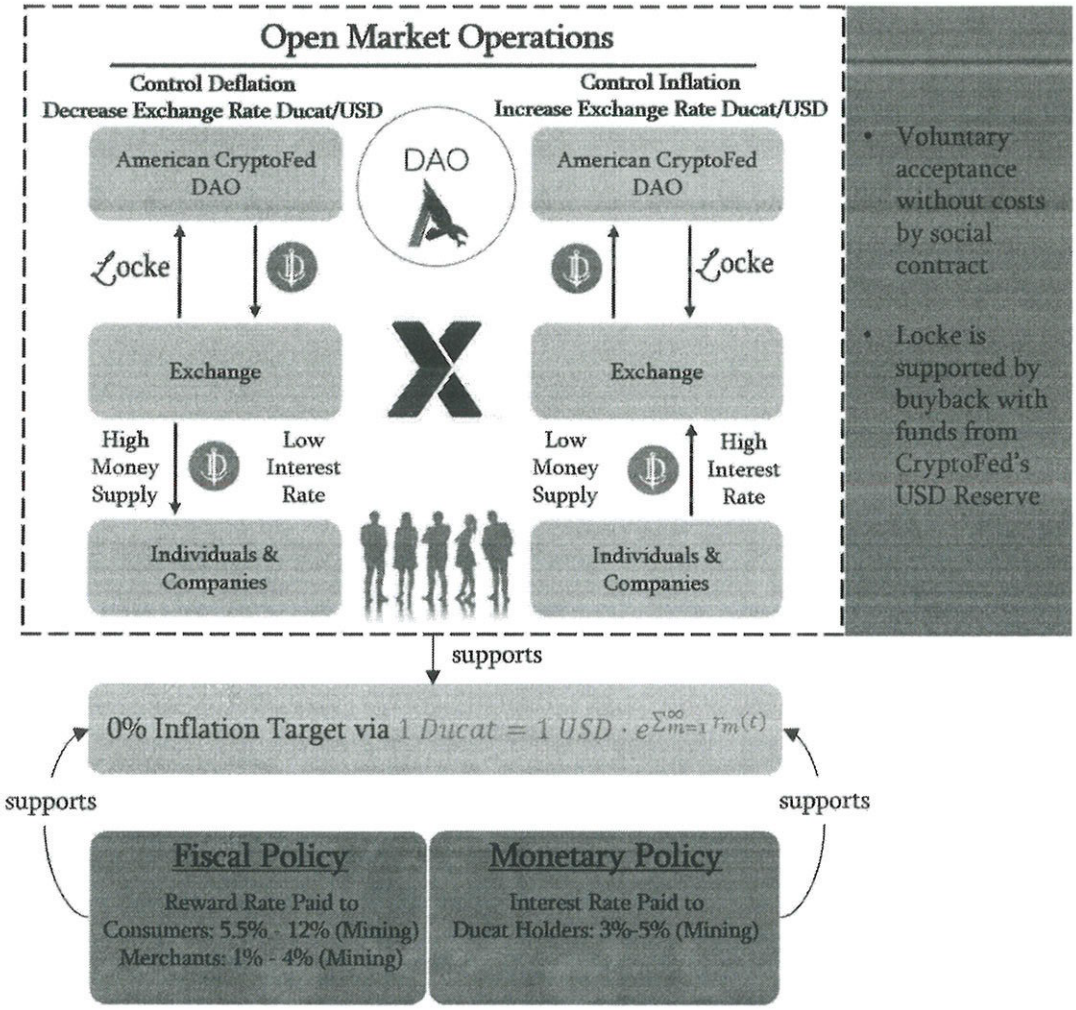
In addition to automating the decision making on interest paid to Ducat holders (3% - 5%), Ducat rewards paid to consumers (5.5% - 12%) and merchants (1% - 4%) which will be adjusted on a quarterly basis as levers to influence economic behavior in the Ducat economy, CryptoFed will also automate daily open market operations which are equivalent to the Fed's open market operations. "Traditionally, the Fed's most frequently used monetary policy tool was open market operations. This consisted of buying and selling U.S. government securities on the open market, with the aim of aligning the federal funds rate with a publicly announced target set by the FOMC. The Federal Reserve Bank of New York conducts the Fed's open market operations through its trading desk." [18]

The Fed's open market operations are the buying and selling between USD and U.S. government securities, whereas CryptoFed's open market operations are the buying and selling between Ducat and Locke, the two native tokens of CryptoFed. The Fed's open market operations stabilize the federal funds rate, while CryptoFed's open market operations stabilize the Target Equilibrium Exchange Rate between Ducat and USD. The two diagrams below summarize similarities and differences of open market

[18] ibid

operations between the Fed and CryptoFed. Locke's role is to stabilize Ducat. Without Locke, Ducat cannot be stabilized. To this extent, Locke is a utility token.






## 2.4. Distribution

To make CryptoFed a true and real decentralized autonomous organization, both Locke and Ducat need to be distributed as broadly as possible. Purchases, holding and sales of Locke and Ducat tokens must be done through CryptoFed co-branded wallets or whitelisted wallets compliant with KYC and AML, with the exception of the paper certificates for the Locke token's initial allocation.

### 2.4.1. Locke Distribution Plan

#### 2.4.1.1. Initial Locke Allocation

2.4.1.1.1. Out of the total maximum authorized finite number of 10 trillion Locke tokens, 25% will be reserved for MShift as the founding organization, 10% for key merchants, 10% for contributors other than merchants, 10% for refundable auctions on crypto exchanges for price discovery, 5% for R&D and 40% will be exclusively reserved for the purpose of Open Market Operations. All allocated Locke tokens will not be minted until they are distributed.

2.4.1.1.2. Out of the total 25% allocated to MShift, a percentage will be used for compensation paid to contributors and 1/5$^{th}$ of this allocation (5% of the total) will be used to maintain, defend and protect the intellectual property which will be permanently, exclusively, and irreversibly licensed to CryptoFed, free of charge.

2.4.1.1.3. Under no circumstances should the 40% (4 trillion) Locke reserve quota be used for other purposes, although the number of the reserved Locke tokens can be more or less than 4 trillion as a result of open market operations. All Locke and Ducat tokens will be burnt once they are bought back via open market operations.

2.4.1.1.4. When the Locke governance token market price reaches $0.50 US dollars per token daily for a consecutive 12-month period, all undistributed Locke tokens from the initial allocation will be reallocated for R&D purposes.

2.4.1.1.5. CryptoFed will grant R&D funds, free of charge, to projects on the CryptoFed blockchain that benefit the Ducat economy, including but not limited to, decentralized exchanges, price index calculations, accounting services, universal identity verification, voting mechanisms, secure emails, social media, health care insurance, human resources management and other projects proposed by Locke tokens. The projects and associated budgets require the approval of a simple majority of Locke tokens through a valid vote based on the CryptoFed Constitution.

2.4.1.1.6. For price discovery purposes, CryptoFed may conduct refundable auctions from time to time via compliant crypto exchanges. Refundable auctions will not start until the SEC declares CryptoFed's Form S-1 filing is effective. Proceeds from these token sales are reserved in order to allow purchasers to request full refunds at the original purchase prices via smart contracts. Purchasers refund rights expire if: a) Locke's price surpasses five (5) times the original purchase price, or b) the original Locke tokens are sold, or c) Three (3) years pass from the original time of purchase, whichever comes first. After refund rights expire, the corresponding proceeds will be transferred to CryptoFed's USD-pegged stablecoin reserve for Locke buyback. No proceeds can be used for other purposes.

2.4.1.2. The Secondary Market of Locke Tokens

The initial allocation creates Locke token holders who cannot sell their tokens on compliant crypto exchanges until the SEC declares CryptoFed's Form S-1 is effective and Locke tokens are registered. CryptoFed will then also begin buying and selling between Locke and Ducat through open market operations to maintain the Target Equilibrium Exchange Rate.

2.4.2. Ducat Distribution Plan

Ducat distribution will not start until the SEC declares CryptoFed's Form S-1 is effective and Locke reaches a minimum value of $0.10 USD on compliant crypto exchanges for a consecutive one-month period.

2.4.2.1. People and entities will purchase Ducat from CryptoFed on compliant crypto exchanges. All proceeds will be transferred to CryptoFed's USD-pegged stablecoin reserve for Locke buyback.

2.4.2.2. People and entities can earn Ducat interest (3% - 5%) by holding Ducat.

2.4.2.3. People and entities can earn Ducat rewards paid to consumers (5.5% - 12%) and merchants (1% - 4%).

2.4.2.4. Wallet issuers who are the block producers can earn Ducat from CryptoFed.

2.4.2.5. Vendors can earn Ducat from CryptoFed.

2.4.2.6. CryptoFed will conduct buying and selling between Locke and Ducat through open market operations to maintain the Target Equilibrium Exchange Rate.

2.4.3. Ducat Economic Zone Plan

CryptoFed has a Ducat Economic Zone Plan to promote the distribution of Locke and Ducat tokens which is attached as Exhibit 2.

2.5. Revenue and Costs

CryptoFed does not have revenue, nor does it possess any USD fiat bank accounts. CryptoFed's mission is to maintain zero inflation and deflation of Ducat with zero transaction costs by adjusting the money supply of its two native tokens, Locke and Ducat, through a giveaway business model. There is no revenue earning function or operation incorporated into CryptoFed. All functions, mechanisms and operations are designed to achieve CryptoFed's giveaway business model effectively and automatically. There is no way for CryptoFed to earn any revenue in fiat, including USD. Given that CryptoFed has no revenue forever, the only way it can survive is to ensure that it does not have any costs either. Fortunately, CryptoFed's zero cost operations can be achieved by using its own native tokens, just as the Bitcoin Blockchain and Ethereum Blockchain have both demonstrated by incentivizing their miners with their own native tokens of BTC and ETH.

2.5.1. Locke Token Proceeds in USD-Pegged Stablecoins

CryptoFed grants a percentage of Locke tokens, free of charge, to individuals or entities. For price discovery purposes, CryptoFed may conduct refundable Locke token auctions, but all the proceeds from those auctions must be preserved and used for refunding. After the refund right of purchasers expire, the corresponding funds must be used to buy back Locke tokens on compliant exchanges, which is another method of refunding the proceeds back to the Locke token holders. As a result, CryptoFed cannot book any funds gained from Locke auctions as revenue.

2.5.2. Ducat Token Proceeds in USD-Pegged Stablecoins

CryptoFed sells Ducat to individuals or entities, but the proceeds must be preserved for redemption purposes. Ducat purchasers use Ducat to buy goods and services at merchants who in turn will convert the Ducat back to USD on compliant exchanges for redemption. In addition, CryptoFed pays Ducat tokens, free of charge, to individuals or entities as rewards, interest, and compensation. For each Ducat sold, CryptoFed will provide 10 % – 20% additional Ducat as rewards, interest, and compensation. CryptoFed must buy back Ducat tokens on compliant exchanges to maintain the Target Equilibrium Exchange Rate between Ducat and USD. CryptoFed uses Locke tokens to conduct the Ducat buyback via open market operations. In order to enable Locke to buy back Ducat on an ongoing basis, the USD proceeds from the Ducat sales must be used to constantly buy back Locke on compliant exchanges. As a result, CryptoFed cannot book any funds gained from Ducat sales as revenue. Below is the redemption flow.

Purchaser => Ducat => Merchant => Ducat => Exchange => USD => Merchant
CryptoFed => USD-pegged stablecoin proceeds => Locke buyback => Ducat buyback

#### 2.5.3. Transaction Fees

CryptoFed does not charge any transaction fees.

#### 2.5.4. Costs

Bitcoin Blockchain gives its native token Bitcoin (BTC) to miners who in turn add blocks to the Bitcoin network and help maintain the network. Ethereum Blockchain has a similar mechanism. Both Bitcoin and Ethereum Blockchain do not have their own costs, although the miners' operations have both revenue and costs.

Similarly, both Locke and Ducat tokens are native tokens of the CryptoFed Blockchain. CryptoFed grants these Locke and Ducat tokens to contributors (equivalent to miners) who in turn help generate these tokens and maintain the CryptoFed Monetary System. Contributors in the CryptoFed Monetary System can be broadly defined as people or entities who receive Locke or Ducat tokens from CryptoFed to perform functions needed for CryptoFed's mission. As a result, CryptoFed does not have costs.

As the founding organization, MShift will cover CryptoFed operating costs until December 31, 2021. The costs are one-time setup expenses which will not be required for the ongoing operation of CryptoFed.

From January 1, 2022, CryptoFed will completely operate as a token economic DAO without fiat currency. If regulatory agencies do not accept Ducat or Locke as payment for their filing fees, MShift may have to cover these filing fees in USD to fulfil ongoing reporting obligations until CryptoFed establishes smart contracts to outsource the routine filings to vendors who accept Locke or Ducat tokens as payment.

### 2.6. Intellectual Property

Over the last few years, MShift has aggressively filed applications for patent and trademark protections related to the CryptoFed Monetary System which will be permanently, exclusively, and irreversibly licensed to CryptoFed, free of charge. MShift will maintain and defend these intellectual properties in good faith in courts as needed or at the request by a simple majority of Locke tokens at a valid vote. Source code will be disclosed for transparency purposes, but use of the source code will require a business source license subject to authorization by Locke tokens at a valid vote.

### 2.7. Number of Employees

As a decentralized autonomous organization, CryptoFed will be operated automatically by smart contracts and direct voting by Locke tokens. Projects can be outsourced by authorization of Locke token voting. Chief Executive Officer is a symbolic position, currently held by Marian Orr, and serves primarily as the contact person for federal and state regulators.

### 2.8. Compliance with Environmental Laws

CryptoFed fully complies with environmental laws. Ducat and Locke tokens are primarily issued using the EOS protocol. For trading purposes only, Ducat and Locke tokens can be issued using the Ethereum protocol, but Ethereum tokens will be phased out in the long run. Through the mining process, the Bitcoin family and Ethereum family put new money into circulation which consumes massive amounts of energy. In contrast, CryptoFed defines mining broadly as economic activities that result in CryptoFed incentives, such as earning rewards upon payment for purchases in Ducat, earning interest payments for holding Ducat, and earning compensation for issuing and management of co-branded CryptoFed wallets. From an energy consumption perspective, EOS has an overwhelming competitive advantage. "73.1 TWh / 0.0011 TWh = 66,454 times that EOS is more Energy efficient in comparison to Bitcoin & 17,236

times more Energy efficient than Ethereum.", per the analysis article "EOS Energy Consumption vs Bitcoin and Ethereum."[19]

### 2.9. Locke and Ducat as Utility Tokens

In his MIT class of Blockchain and Money, Professor Gary Gensler, now the SEC Chairman, said "I am not aware of any statute, federal or state, that says there's an absolute monopoly on form of money.....it is legal to create your own form of money. But you have to comply with all the other laws...."[20] In addition, currencies of monetary systems which replace sovereign currencies are not securities, according to Jay Clayton, who stated in a CNBC interview while he was serving as the SEC Chairman, "Cryptocurrencies: These are replacements for sovereign currencies, replace the dollar, the euro, the yen with bitcoin," and "That type of currency is not a security."[21] Sovereign currencies, such as the US dollar, are the products of central banks which are monetary systems. "The Federal Reserve **System** is the central bank of the United States."[22] A monetary system independent of monetary systems of sovereign currencies should not be regulated as securities. A monetary system like the Fed consists of inherent, cohesive, and indispensable elements to function which are cited from the Fed's websites, underlined and summarized below.

"The Federal Reserve works to promote a strong U.S. economy. Specifically, the Congress has assigned the Fed to conduct the nation's monetary policy to support the goals of maximum employment, stable prices, and moderate long-term interest rates. When prices are stable, long-term interest rates remain at moderate levels, so the goals of price stability and moderate long-

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[19] https://www.genereos.io/eosenergyconsumption/

[20] Gary Gensler, MIT, Fall 2018 Class, Video 23:00 - 25:00, Section 2: Money, Ledgers & Bitcoin https://www.youtube.com/watch?v=5auv_xrvoJk&list=PLUl4u3cNGP63UUkfL0onkxF6MYgVa04Fn&index=3

[21] https://www.cnbc.com/2018/06/06/sec-chairman-clayton-says-agency-wont-change-definition-of-a-security.html

[22] https://www.federalreserve.gov/aboutthefed.htm

term interest rates go together. As a result, the goals of maximum employment and stable prices are often referred to as the Fed's *dual mandate*."[23]

"Open market operations (OMOs)-- the purchase and sale of securities in the open market by a central bank -- are a key tool used by the Federal Reserve in the implementation of monetary policy. The short-term objective for open market operations is specified by the Federal Open Market Committee (FOMC). Before the global financial crisis, the Federal Reserve used OMOs to adjust the supply of reserve balances so as to keep the federal funds rate--the interest rate at which depository institutions lend reserve balances to other depository institutions overnight--around the target established by the FOMC."[24]

"The Fed's primary tool for implementing monetary policy is to buy and sell government securities in the open market. When the Fed buys (sells) U.S. Treasury securities, it increases (decreases) the volume of bank reserves held by depository institutions. By adding (subtracting) reserves the Fed can put downward (upward) pressure on the interest rate on federal funds - the market where banks buy and sell reserves, mostly on an overnight basis."[25]

Common elements shared by both the Fed and CryptoFed are listed below.

*a.* A native sovereign stable token: US dollar vs. *Ducat*
b. Interest for the native sovereign stable token: US dollar Federal funds rate vs. *Ducat Interest*
c. Native sovereign non-stable tokens: Government securities vs. *Locke without interest and dividends.*
d. Fiscal policy: Government spending in sovereign stable token (US dollar) corresponding to the native sovereign non-stable tokens (government securities) vs. *Ducat rewards.*

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[23] https://www.federalreserve.gov/faqs/what-economic-goals-does-federal-reserve-seek-to-achieve-through-monetary-policy.htm
[24] https://www.federalreserve.gov/monetarypolicy/openmarket.htm
[25] https://www.frbsf.org/education/publications/doctor-econ/2001/march/monetary-policy-treasury-debt/

e. Open market operations defined as trading between the native stable token and non-stable tokens: buying and selling between US dollars and government securities vs. *buying and selling between Ducat and Locke.*

CryptoFed fully agrees with the SEC's holistic approach in applying Howey analysis in the [Framework for "Investment Contract" Analysis of Digital Assets]: "The focus of the Howey analysis is not only on the form and terms of the instrument itself (in this case, the digital asset) but also on the circumstances surrounding the digital asset and the manner in which it is offered, sold, or resold (which includes secondary market sales). Therefore, issuers and other persons and entities engaged in the marketing, offer, sale, resale, or distribution of any digital asset will need to analyze the relevant transactions to determine if the federal securities laws apply."[26]

CryptoFed uses the SEC's holistic approach above to analyze the monetary system of Locke and Ducat, in comparison with the Federal Reserve System point by point and reaches the conclusion that the federal securities laws do not apply. All the equivalent elements CryptoFed shares with the Fed, should not be classified as securities if they are native tokens and are inherent, cohesive, and indispensable elements to create functional cryptocurrencies to "replace the dollar, the euro, the yen", because they should be analyzed as one monetary system in whole, not in part. Locke and Ducat should be classified as utility tokens native to CryptoFed's monetary system, as they are used within CryptoFed's own token economy and benefit CryptoFed's own community. "But it might be, I am not all the way to zero, I think there might be a reason why folks want to have native currency, a native token to jumpstart a network and to motivate a network overtime…." [27], Professor Gary Gensler, said at his MIT class of Blockchain and Money.

In summary, if a set of two native tokens, without raising and using USD funds, without revenue or costs or profits or assets, with the sole mission to maintain zero inflation and deflation of Ducat, is "to jumpstart a network and to motivate a network overtime" and to "replace the dollar, the euro, the yen", and if "the focus of the Howey analysis is not only on the form and terms of

[26] https://www.sec.gov/corpfin/framework-investment-contract-analysis-digital-assets
[27] Gary Gensler, MIt, Fall 2018 Class, Video 58:00 - 60:00, Section 19. Primary Markets, ICOs & Venture Capital, Part 1, https://www.youtube.com/watch?v=iWpQpPbo7rM

the instrument itself (in this case, the digital asset) but also on the circumstances surrounding the digital asset and the manner in which it is offered, sold, or resold (which includes secondary market sales)", the conclusion should be that Locke and Ducat tokens within the CryptoFed monetary system, taken as a whole, are not securities.

## 3. Item 1A: Risk Factors.

### 3.1. Zero Value of Locke and Ducat

Locke and Ducat tokens may have no value. CryptoFed depends on Locke's value to reach and sustain a value equivalent to $0.10 USD per token before launching Ducat. However, there is no guarantee that Locke and Ducat tokens can have any value.

### 3.2. Effects of Government Regulations

By replacing the Fed's lending money supply mechanism with the CryptoFed's giveaway money supply mechanism, the Ducat economy presents a viable alternative to avoid the Fed's fractional reserve banking and the necessity of FDIC. The reactions from federal and state regulators are unknown.

### 3.3. Banks and Exchanges

Banks and exchanges complying with Know Your Customer (KYC), Anti-Money Laundering (AML) and money transmission regulations issue bank or exchange co-branded CryptoFed wallets, similar to co-branded credit cards. To transact or hold Ducat or Locke tokens, individuals and businesses must first acquire co-branded CryptoFed wallets from participating compliant banks or exchanges. However, how many banks and exchanges will work or continue working with CryptoFed is unknown.

### 3.4. USD-Pegged Stablecoin Market

CryptoFed does not have a fiat bank account at a financial institution and depends on the USD-pegged stablecoin market to conduct its open market operations to maintain the Target Equilibrium Exchange Rate and achieve its mission of zero inflation and zero deflation. However, there is no guarantee that the USD-pegged stablecoin market will continue growing sufficiently to support that.

### 3.5. Compliant Crypto Exchanges

CryptoFed depends on compliant crypto exchanges to conduct open market operations to maintain the Target Equilibrium Exchange Rate. However, there is no guarantee that compliant crypto exchange markets will continue growing sufficiently to support that.

### 3.6. Mass Acceptance by Consumers and Merchants

CryptoFed is a monetary system which depends on mass acceptance by consumers and merchants. However, there is no guarantee that mass acceptance can be achieved.

### 3.7. Zero Revenue and Mass Incentive Giveaway

CryptoFed does not have revenue, yet gives away mass incentives. This business model is new and may not work as intended.

### 3.8. EOS Blockchain Protocol

"To build an enterprise-grade financial product using blockchain with high scalability, low latency and zero transaction fee, EOS was our choice." The article "Why we built our blockchain business on EOS instead of Ethereum" provides a great testimony.[28] However, EOS has not been tested in a large scale deployment across the retail industry.

### 3.9. Operation of a Decentralized Autonomous Organization (DAO)

CryptoFed will not only decentralize and automate a monetary system, but also decentralize and automate itself. The organizational set up of such a complicated entity and monetary system means that it will likely need to be iterated and improved upon over time. If the improvement mechanisms set out in the CryptoFed Constitution fail to be agile enough to allow the DAO to adjust, it may be impossible to sustain such a large-scale operation. As the first DAO legalized in the US, CryptoFed is equivalent to making this "mission impossible" possible.

### 3.10. Macroeconomic Condition

To be successful, CryptoFed relies on a fundamental macroeconomic condition that the fiat currencies of the major central banks, such as those in the US, EU and Japan, will continue to maintain zero nominal interest and negative real interest. This macroeconomic condition has held for more than 10 years, but there is no guarantee that it will continue to hold.

### 3.11. Economic Theories

CryptoFed's economic theories mainly depend on the combination, integration, and reconciliation of the economic theories of Keynes and Hayek. However, the debate of these two schools of economics has

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[28] https://venturebeat.com/2019/04/13/why-we-built-our-blockchain-business-on-eos-instead-of-ethereum/

never stopped since 1930. There is no guarantee that CryptoFed's understanding of economics is correct. "The debate about the validity of their economics remains open. It hinges on the question of the extent to which full employment is the normal or strong tendency of a decentralized system. Hayek thought it was; Keynes thought it wasn't. Both could appeal to the facts to support them. Hayek could point out that the capitalist market economy had been the major factor in lifting the world out of poverty and reducing violence, Keynes to the fact that it achieved full employment only in 'moments of excitement'; that its progress was punctuated by crashes which periodically threw millions out of work; and that the capitalist era had witnessed two of the most devastating wars in history." [29]

### 4. Item 2: Financial Information.

CryptoFed was established on July 1, 2021, as the first legally recognized DAO in the US. There are no transactions on the CryptoFed Blockchain yet. All transactions will be recorded on the CryptoFed Blockchain once Locke and Ducat tokens are launched in the near future. Furthermore, CryptoFed has a giveaway business model which does not have any revenue or costs or any and associated financial information. Please see the revenue and cost discussion in **Item 1: Business.**

### 5. Item 3: Properties.

CryptoFed does not own any properties.

### 6. Item 4: Security Ownership of Certain Beneficial Owners and Management.

CryptoFed is a Wyoming LLC and does not issue any securities. As the founding organization, MShift is the sole member of CryptoFed whose powers and rights will completely and irreversibly become delegated to Locke token holders as defined in the CryptoFed Constitution. The delegation of powers and rights will become automatically effective after CryptoFed completes its Form S-1 filing with the SEC for Locke and Ducat token registration. Before that time, MShift is free to discuss any compliance issues with the SEC and make changes to the CryptoFed Constitution accordingly.

MShift has not formally started executing the initial allocation plan for the Locke token discussed in **Item 1: Business** yet. As of September 15, 2021, out of a maximum authorized finite number of 10 trillion

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[29] Robert Skidelsky, Keynes v Hayek: The Four Buts, page 164-165, in From the Past to the Future: Ideas and Actions for a Free Society, January 15-17,2020, A Special Meeting, The Mont Pelerin Society. https://www.hoover.org/sites/default/files/finalmpsbook.pdf

Locke tokens, less than 0.2% restricted and untradeable Locke tokens have been promised to less than 15 people, free of charge. Refundable auctions, as part of the initial allocation, will not start until the SEC declares CryptoFed's Form S-1 filing effective. Ducat distribution will not start until the market price of Locke tokens reach $0.10 USD per token on compliant exchanges via the secondary market after the refundable auctions.

**7. Item 5: Directors and Executive Officers.**

There is no hierarchy, such as an executive branch, board of directors, or advisory board at CryptoFed. CryptoFed will be decentralized to the extent that a CEO is no longer needed within three years. For the time being, the current Chief Executive Officer (CEO) is a symbolic position held by Marian Orr, to communicate with regulators, together with MShift, because regulators, such as SEC, may still require contact people and the founding company to be responsible for document filing.

**8. Item 6: Executive Compensation.**

Marian Orr, CEO and one of the three organizers of American CryptoFed DAO, is on MShift's payroll with annual salary $150,000, and has been promised 2 billion restricted and untradeable Locke tokens which cannot be sold below $ 0.05 USD per Locke token.

**9. Item 7: Certain Relationships and Related Transactions, and Director Independence.**

MShift is the sole member of American CryptoFed DAO. Out of the total maximum authorized finite number of 10 trillion Locke tokens, 25% will be reserved for MShift as the founding organization. Out of the total 25% allocated to MShift, 1/5$^{th}$ of this allocation (5% of the total) will be used to maintain, defend and protect the intellectual property which will be permanently, exclusively, and irreversibly licensed to CryptoFed, free of charge.

Scott Moeller, CEO, MShift and one of the three organizers of American CryptoFed DAO, works voluntarily without salary. His Locke token grant from MShift's 25% initial allocation will be decided after CryptoFed's Form S-1 filing.

Xiaomeng Zhou, COO, MShift Inc. and one of the three organizers of American CryptoFed DAO, works voluntarily without salary. His Locke token grant from MShift's 25% initial allocation will be decided after CryptoFed's Form S-1 filing.

**10. Item 8: Legal Proceedings.**

There are no legal proceedings.

**11. Item 9: Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters.**

There is no market price for Locke or Ducat tokens. There are no dividends for Locke or Ducat tokens.

**12. Item 10: Recent Sales of Unregistered Securities.**

No Locke or Ducat tokens have been sold. Out of a maximum authorized finite number of 10 trillion Locke tokens, less than 0.2% has been promised to less than 15 people, free of charge. CryptoFed will file Form 8-K to provide details of the tokens distributed on November 16, 2021.

**13. Item 11: Description of Registrant's Securities to be Registered.**

Locke and Ducat tokens are utility tokens, not securities. Their utilities and mechanisms are described in **Item 1: Business.**

**14. Item 12: Indemnification of Directors and Officers.**

There is no indemnification agreement.

**15. Item 13: Financial Statements and Supplementary Data.**

Please see **Item 2: Financial Information.**

**Item 14: Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

No accounting is needed because CryptoFed does not have any revenue or costs. Please see **Item 2: Financial Information.**

**16. Item 15: Financial Statements and Exhibits.**

No financial statements exist because CryptoFed does not have any revenue or costs. Please see **Item 2: Financial Information.**

Exhibit 1: American CryptoFed DAO Constitution

Exhibit 2: Ducat Economic Zone Plan

Exhibit 3: American CryptoFed DAO Formation Certificate

17. SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

**American CryptoFed DAO LLC**

(Registrant)

Date: September 15, 2021

By: DocuSigned by: Marian Orr AE52AD38E8AC4EC...

*Print name and title of the signing officer under his signature. Name and Tittle: **Marian Orr, CEO**

**MShift Inc.**

(Sole Member of American CryptoFed DAO LLC)

Date: September 15, 2021

By: DocuSigned by: Scott Moeller 36388D0EEB704A1...

Name and Tittle: **Scott Moeller, CEO, MShift Inc.**

**MShift Inc.**

(Sole Member of American CryptoFed DAO LLC)

Date: September 15, 2021

By: DocuSigned by: Xiaomeng Zhou AF86FD470182412...

Name and Tittle: **Xiaomeng Zhou, COO, MShift Inc.**

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT B

American CryptoFed

**SEC Filing**

# Exhibit 1

## American CryptoFed DAO LLC

# Constitution

**OS Received 12/06/2021**

American CryptoFed

1. Mission

To create and maintain a monetary system with zero inflation, zero deflation and zero transaction costs. Under no circumstances, should inflation or deflation in the Ducat economy be allowed. Under no circumstances, should American CryptoFed DAO LLC (CryptoFed) charge any transaction fees in any form. A unanimous consent of all outstanding Locke token votes is required to make changes to this section.

2. This American CryptoFed DAO LLC Constitution ("Constitution"), including the future smart contracts to execute them, is the operating agreement for CryptoFed, effective on September 15, 2021.

3. Utility Tokens

To accomplish this mission, CryptoFed will issue the two tokens outlined below.

3.1 Ducat – An inflation and deflation protected stable token with unlimited issuance, constrained by zero inflation and zero deflation as defined in this Constitution. Ducat is used for pricing goods and services, daily transactions, accounting and as a store of value.

3.2 Locke – A governance token with a maximum authorized finite number of 10 trillion. Locke is used to stabilize Ducat and for Locke holders to participate in network rulemaking and decision making. Under no circumstances, should the maximum authorized finite number of 10 trillion be changed. A unanimous consent of all outstanding Locke token votes is required to make changes to this section.

3.3 A token is defined as below, adopting the definition in the Token Safe Harbor Proposal 2.0 published by the U.S. Securities and Exchange Commission (SEC) commissioner Hester Peirce[1]:

A Token is a digital representation of value or rights,

[1] https://www.sec.gov/news/public-statement/peirce-statement-token-safe-harbor-proposal-2.0

(i) that has a transaction history that:

(A) is recorded on a distributed ledger, blockchain, or other digital data structure;

(B) has transactions confirmed through an independently verifiable process; and

(C) cannot be modified;

(ii) that is capable of being transferred between persons without an intermediary party; and (iii) that does not represent a financial interest in a company, partnership, or fund, including an ownership or debt interest, revenue share, entitlement to any interest or dividend payment.

4. Organization

4.1 As the founding organization, MShift, Inc. (MShift) is the sole member of CryptoFed whose powers and rights will completely and irreversibly become delegated to Locke token holders as defined in this Constitution. The delegation of powers and rights will become automatically effective immediately after the U.S. Securities and Exchange Commission (SEC) declares the effectiveness of CryptoFed's Form S-1 filing for Locke and Ducat token registration. For compliance purposes, MShift will discuss with the SEC and incorporate their comments in future revisions to this Constitution until they declare CryptoFed's Form S-1 filing effective.

4.2 CryptoFed is a token-based organization with the goal to reach the decentralized and functional network maturity outlined in the Token Safe Harbor Proposal 2.0, independent of its approval, in less than three years beginning from the effective date of this Constitution.

4.3 The publicly available identifier used to operate the smart contracts of CryptoFed is: blockexplorer.americancryptofed.org.

4.4 There is no hierarchy, such as an executive branch, a board of directors, or an advisory board, at CryptoFed. CryptoFed will be decentralized to the extent that a CEO is no longer needed within three years. For the time being, the current CEO is a symbolic position to

communicate with regulators together with MShift because regulators, such as the SEC, or other agencies, may require contact people and the founding company to be responsible for document filing.

4.5 CryptoFed is a fully permissionless, token-based organization. Any individual or entity who has an account at a participating bank, compliant crypto exchange or organization complying with Know Your Customer (KYC), Anti-Money Laundering (AML) and money transmitter regulations, can buy Locke and Ducat tokens. Locke and Ducat tokens can be traded permissionlessly on compliant crypto exchanges.

4.6 Locke tokens represent citizenship, not ownership. Locke tokens represent voting power on the future of CryptoFed. No matter how acquired, simply holding Locke tokens grants access to voting in governance matters. Under no circumstances, should any individuals, entities, natural persons or legal persons claim ownership of CryptoFed. Under no circumstances, should any individuals, entities, natural persons, or legal persons be excluded from purchasing and owning Locke tokens if they agree to this Constitution and comply with laws and regulations of local governments or jurisdictions, such as AML and KYC.

4.7 Intellectual Property

All rights of existing and future intellectual properties, including issued patents, patent applications, copyrights, trademarks, logos, etc. held by MShift will be permanently, exclusively, and irreversibly licensed to CryptoFed, free of charge. Under no circumstances shall MShift license its intellectual property to individuals or entities other than CryptoFed. Source code will be disclosed for transparency purposes, but the use of the source code will require a business source license subject to authorization by a Locke token vote. MShift will use its initially allocated Locke tokens to maintain, defend and protect its intellectual properties in good faith in courts as needed or at the request by a simple majority of Locke tokens through a valid vote.

4.8 Waiver

In return for being allowed to voluntarily participate in CryptoFed's monetary system and all related activities ("CryptoFed Participation"), all token holders, by holding either Locke or Ducat

tokens, understand that CryptoFed Participation involves high risks, including, but not limited to, serious damage and loss. Ducat and Locke token holders agree to accept all risks of CryptoFed Participation, with full knowledge of the risks involved, and to the fullest extent permitted by law, automatically and voluntarily waive all their rights whatsoever. Ducat and Locke token holders by their CryptoFed Participation release and agree not to sue CryptoFed, Mshift, or their shareholders, officers, directors, employees, sub-contractors, sponsors, agents and affiliates ("CryptoFed Initial Development Team, aka CryptoFed IDE"), from all present and future claims, arising as a result of their CryptoFed Participation. CryptoFed IDE is not responsible for any damages arising out of Ducat and Locke token holder CryptoFed Participation, even if those damages are caused by CryptoFed's ordinary negligence or otherwise. Ducat and Locke token holders agree to indemnify and hold harmless CryptoFed and CryptoFed IDE for all claims arising out of their CryptoFed Participation. Token holders understand that this document is intended to be as broad and inclusive as permitted by the laws of the jurisdictions in which CryptoFed Participation takes place and agree that if any portion of this Constitution is invalid, the remainder will continue in full legal force and effect. Ducat and Locke token holders also acknowledge that CryptoFed has not arranged and does not carry any insurance of any kind for their benefit. Ducat and Locke token holders also understand that this Constitution is a contract which eliminates the liability of CryptoFed.

5. Compliance

5.1 To participate in the CryptoFed economy, all individuals and business entities are required to open accounts at CryptoFed participating banks, compliant crypto exchanges or organizations complying with KYC, AML and money transmitter regulations. These banks, exchanges and organizations will issue CryptoFed co-branded wallets with their name and CryptoFed to individuals and entities for the purposes of holding and transacting in Ducat and Locke.

5.2 Business wallets and personal wallets are two different types of wallets which may have different features, benefits and requirements.

5.3 Even though CryptoFed defines Locke and Ducat tokens as utility tokens, the SEC may elect to classify Locke and Ducat tokens as securities. CryptoFed will seek to register Ducat and Locke tokens with the SEC to ensure compliance with Securities laws and related regulations. On September 15, 2021, CryptoFed will file Form 10 and Form S-1 to become a reporting company and subject itself to ongoing periodic reporting obligations, including but not limited to, Form S-8, S-3, 10-K, 10-Q, 8-K. CryptoFed will seek to outsource the filing tasks via smart contracts to vendors who accept Ducat tokens within one year after the Ducat token is launched.

5.4 CryptoFed will disclose information as outlined in the Token Safe Harbor Proposal 2.0 published by SEC commissioner Hester Peirce, independent of its approval, because the proposal provides clear guidance as to what should be disclosed, what the definition of the token should be and to what extent decentralized and functional maturity should be achieved.

6. Ducat Interest Rate

6.1 The interest rate for Ducat paid to Ducat holders by CryptoFed is necessary to establish the monetary policy tool by which CryptoFed adjusts the Ducat money supply. It is equivalent to the Federal Funds Rate used by the Federal Reserve to adjust the money supply of the US dollar. The target interest rate for Ducat should be maintained at 5%, although it is not an entitlement and is subject to adjustment as needed to maintain zero inflation and zero deflation.

6.2 The interest rate for holding Ducat paid in Ducat by CryptoFed must be 3% higher than the net of [the upper bound of Federal Funds Rate[2] minus inflation rate measured by Personal Consumption Expenditures (PCE) Price Index published monthly by the Bureau of Economic Analysis, Department of Commerce] [3] and will never be negative. A 75% majority of Locke tokens through a valid vote is required to make changes to this section. This section will be annulled when 1 Ducat equals 2 US dollars for a consecutive 12-month period.

[2] https://www.newyorkfed.org/markets/reference-rates/effr
[3] https://www.bea.gov/data/consumer-spending/main

7. Compensation to Wallet Issuers

7.1 All banks, compliant crypto exchanges or organizations complying with KYC, AML and money transmitter regulations are eligible to be block producers on the CryptoFed Blockchain, an EOS protocol-based sisterchain. These entities can issue CryptoFed co-branded wallets to their personal and business customers.

7.2 For 10 years beginning from the effective date of this Constitution, an amount equal to 10% of the total interest paid by CryptoFed to Ducat holders will be paid by CryptoFed to the co-branded wallet issuers. This compensation to wallet issuers, who are the block producers, is in addition to the interest paid by CryptoFed to Ducat holders.

7.3 For 10 years beginning from the effective date of this Constitution, the co-branded wallet issuers will be paid 0.50 Ducat by the CryptoFed for every purchase transaction in Ducat made by their customers via their CryptoFed co-branded wallets.

7.4 This section will be automatically extended at each 10-year anniversary unless it is modified by a simple majority of Locke tokens through a valid vote.

8. Ducat Reward Rate

8.1 The Ducat reward rate for purchases in Ducat is necessary to establish the fiscal policy tool by which CryptoFed stimulates the Ducat economy. It is equivalent to the fiscal policy tools of increased government spending or lowering taxes that the Federal Government uses to stimulate the US economy. Rewards are not entitlements and are subject to adjustment as needed to maintain zero inflation and zero deflation.

8.2 Under no circumstances, should the rewards for Ducat purchases paid in Ducat by CryptoFed be less than 5.5% of the purchase amount, with the total amount of net rewards per month capped at 5,000 Ducat per personal or business wallet. A 75% majority of Locke tokens through a valid vote is required to make changes to this section.

8.3 Ideally the reward rate for Ducat purchases paid by CryptoFed should be maintained at 12%, although that rate can always be adjusted as needed to maintain zero inflation and zero deflation in the Ducat economy.

8.4 Businesses in both private and public sectors accepting Ducat will receive minimum 1% and maximum 4% of the purchase amount as compensation for their participation, which is in addition to the rewards paid to purchasers. The actual rewards rate percentage will be guided, adjusted and optimized by Machine Learning in order to maintain zero inflation and zero deflation in the Ducat economy.

## 9. Zero Token Acceptance Fees

Under no circumstances, shall transaction fees be charged for accepting Ducat as payment for goods and services. A unanimous consent of all outstanding Locke token votes is required to make changes to this section.

## 10. Incentives to Counties, States and Cities

For 10 years beginning from the effective date of this Constitution, counties or states which accept their sales tax receipts paid in Ducat, will receive an additional 0.5% Ducat paid by CryptoFed for every taxable purchase transaction. In addition to counties and states, the first three cities in the same state which accept Ducat as payments for their services will also receive 0.5% Ducat paid by CryptoFed for every taxable purchase transaction in their cities. This section will automatically be extended at each 10-year anniversary unless it is modified by a simple majority of Locke token through a valid vote.

## 11. Conversion from Ducat to US Dollars

11.1 CryptoFed will cover all related transaction fees incurred when business Ducat holders exchange Ducat to USD-pegged stablecoins or USD on crypto exchanges. A list of eligible, compliant exchanges will be published and updated subject to approval by Locke token holders through a valid vote. If the market exchange rate for Ducat falls below Ducat : USD = 1:1, CryptoFed will make up the difference in Ducat to ensure business Ducat holders

always receive a minimum of $1 USD for every Ducat exchanged. This section will be automatically annulled when 1 Ducat equals 1.3 US Dollars for a consecutive 12-month period.

11.2 Individual Ducat holders may exchange Ducat for USD at market value on compliant crypto exchanges and must pay all related transaction fees themselves, seeing that they always have the option to redeem Ducat at participating merchants for goods and services with zero transactions costs.

12. Target Equilibrium Exchange Rate

12.1 Ducat is designed to appreciate against USD by the amount of inflation USD experiences. This ensures the Ducat does not experience inflation or deflation. The rate of inflation is derived from the PCE price index to define the Target Equilibrium Exchange Rate against USD. As long as goods and services are priced in Ducat and the Target Equilibrium Exchange Rate is maintained, the inflation and deflation in Ducat economy should remain close to zero.

**Target Equilibrium Exchange Rate:**

Suppose time $t$ is measured in days and $m \geq 1$ stands for months, then Ducat will be designed to rise against USD according to the deterministic function every day "$t$" since Ducat deployment ($t = 0$):

$$1\ Ducat = 1\ USD \cdot e^{\sum_{m=1}^{\infty} r_m(t)}$$

Such that

$$r_m(t) = \begin{cases} r_m t & if\ (m-1)\tau + 1 \leq t \leq m\tau \\ r_m m\tau & if\ t > m\tau \\ 0 & otherwise \end{cases}$$

$$r_m = \frac{1}{\tau} \cdot \ln\left(\widehat{PCE}_m / \widehat{PCE}_{m-1}\right)$$

$$\widehat{PCE}_0 = PCE_0$$

$$\tau = 365/12$$

$\widehat{PCE}_m$ is an estimate of the Personal Consumption Expenditures Price Index by the end of the month $m$. The estimate $\widehat{PCE}_m$ is determined by an exponential least square fit to a subset of the historical PCE data released by the Department of Commerce in previous months $m-1, m-2, \ldots$ etc.

The actual daily exchange rate on crypto exchange markets may constantly fluctuate around the Target Equilibrium Exchange Rate, but CryptoFed's open market operations will ensure the variation will not go beyond a 2% range of upper and lower bounds.

12.2 When sales tax receipts paid in Ducat exceed sales tax receipts paid in US dollars in more than 10 States, within 2 years, CryptoFed must start its own personal consumption expenditure price survey via the CryptoFed Blockchain and replace the United States Bureau of Economic Analysis' (BEA) monthly PCE price index with a real-time CryptoFed PCE price index using the same scope of components, weights and formula as the BEA PCE price index. Within 5 years, CryptoFed must implement its own price index, which may have components, weight and formula different from and independent of the BEA PCE price index and which is subject to the approval of a simple majority of Locke tokens through a valid vote.[4]

13. Open Market Operations

13.1 CryptoFed's open market operations, equivalent to the Federal Reserve's open market operations, refers to the practice of buying and selling between Locke and Ducat on open crypto exchange markets in order to regulate the money supply of Ducat so that the Target

[4] A comparison of PCE and CPI: Methodological Differences in U.S. Inflation Calculation and their Implications
https://www.bls.gov/osmr/research-papers/2017/pdf/st170010.pdf

Equilibrium Exchange Rate between Ducat and USD is maintained and only fluctuates within the 2% variation range[5].

13.2 CryptoFed uses its USD-pegged stablecoin reserve to buy back Locke as guided by CryptoFed's Linear Quadratic Gaussian (LQG) controller or Machine Learning in its ordinary course of business to maintain the Target Equilibrium Exchange Rate. However, CryptoFed must buy back Locke tokens whenever the Locke's price falls 3% below its previous price for a 24-hour period or falls 5% below its previous price for a 1-hour period. Whenever the Locke's price falls 30% below its previous price for a 24-hour period, CryptoFed has the authority to use all CryptoFed's USD-pegged stablecoins held in reserve to buy back Locke tokens.

13.3 In the instance that individuals and businesses aggressively exchange Ducat for USD, to defend the Target Equilibrium Exchange Rate ($1\ Ducat = 1\ USD \cdot e^{\sum_{m=1}^{\infty} r_m(t)}$), CryptoFed will aggressively buy back Ducat with Locke to reduce Ducat circulation and absorb the selling pressure, the adjustment of which will be guided by CryptoFed's Linear Quadratic Gaussian (LQG) controller. In conjunction, a strong and persistent Ducat selling pressure requires that CryptoFed reduces the Ducat Rewards Rate to discourage spending Ducat and increases the Ducat Interest Rate to encourage holding Ducat, the adjustment of which will be guided by Machine Learning.

14. Initial Locke Allocation

14.1 Out of the total maximum authorized finite number of 10 trillion Locke tokens, 25% will be reserved for MShift as the founding organization, 10% for merchants, 10% for contributors other than merchants, 10% for refundable auctions on crypto exchanges for price discovery, 5% for R&D and 40% will be exclusively reserved for the purpose of open market operations. All allocated Locke tokens will not be minted until they are distributed.

[5] A Closer Look at Open Market Operations.
https://www.stlouisfed.org/in-plain-english/a-closer-look-at-open-market-operations

14.2 Out of the total 25% allocated to MShift, a certain percentage will be used for compensation paid to contributors and 1/5th of this allocation (5% of the total) will be used to maintain, defend and protect the intellectual properties which will be permanently, exclusively, and irreversibly, free of charge, licensed to CryptoFed.

14.3 Under no circumstances should the 40% (4 trillion) Locke reserve quota be used for other purposes, although the number of Locke tokens held in reserve can be more or less than 4 trillion as a result of open market operations.

14.4 When the Locke Governance Token market price reaches $0.50 US dollars per token daily for a consecutive 12-month period, all undistributed Locke tokens from the initial allocation will be reallocated for R&D purposes.

14.5 CryptoFed will grant R&D funds, free of charge, to projects on the CryptoFed Blockchain that benefit the Ducat economy, including but not limited to, decentralized exchanges, price index calculations, accounting services, universal identity verification, voting mechanisms, secure email, social media, health care insurance, human resource management and other projects proposed by Locke tokens. The projects and associated budgets require the approval of a simple majority of Locke tokens through a valid vote.

14.6 Even though CryptoFed defines Locke tokens as utility tokens, the SEC may classify Locke tokens as securities. In that case, the initial allocation of Locke tokens will be treated as an equity incentive, free of charge. This Constitution will serve as the Equity Incentive Plan for CryptoFed to issue non-qualified stock options and incentive stock options (ISO) to service providers defined as directors, employees, and consultants pursuant to related laws and regulations. By holding Locke tokens, the recipients by definition contribute to the CryptoFed monetary system, because the CryptoFed token economy depends on mass adoption to generate a network effect and overcome the hurdles of collective action. All stock options are subject to laws and regulations regarding an equity incentive plan for a private company before CryptoFed's Form 10 filing with SEC becomes effective on or around November 16, 2021. After the Form 10 filing becomes effective, all stock options will be subject to laws and regulations regarding equity incentive plans for a public company. Within one week after the Form 10 filing

with SEC becomes effective, CryptoFed will file Form S-8 and thereby extend the equity incentive plan to service providers beyond 500-person threshold limitation of related securities laws. Before the Form 10 filing with SEC becomes effective, the administrator of the Equity Incentive Plan will be designated by MShift and CryptoFed with full discretion permitted by related laws. After the Form 10 filing with SEC becomes effective, the details will be described in CryptoFed's Form S-8 filing. Until the SEC declares CryptoFed's Form S-1 effective, all stock options are restricted and untradeable.

14.7 All names of Locke token holders included in the initial allocation may appear in disclosure filings required by the SEC, as well as in other regulatory and administrative filings and on CryptoFed's website.

15. Token Acquisition

15.1 Purchases, holding and sales of Locke and Ducat tokens must be done through CryptoFed co-branded wallets or whitelisted wallets compliant with KYC and AML, with exception of the paper certificates for initial allocation of Locke tokens.

15.2 Ducat tokens can be purchased on compliant crypto exchanges and can also be earned by providing services and goods to CryptoFed.

15.3 Locke tokens can be acquired via the initial allocation, earned by providing services and goods to CryptoFed, and can also be purchased either through refundable auctions or on crypto exchange markets.

15.4 For price discovery purposes, CryptoFed may conduct refundable auctions from time to time via compliant crypto exchanges. Proceeds from these token sales must be used for refunding purposes and must be reserved in order to allow purchasers to request full refunds at the original purchase prices via smart contracts. Purchaser refund rights expire if: a) Locke's price surpasses 5 times the original purchase price, or b) the original Locke tokens are sold, or c) 3 years passes from the original date of purchase, whichever comes first. After refund rights expire, the corresponding proceeds will be transferred to CryptoFed's USD-pegged stablecoin reserve for Locke buyback.

15.5 All proceeds either from Locke auctions after refund rights have expired or from Ducat sales, will be held in CryptoFed's USD-pegged stablecoin reserves for Locke buyback. No proceeds can be used for other purposes. Locke token buyback is not only an alternative method to refund Locke token holders for their token purchases, but also an effective tool for Ducat redemption. Ducat holders buy goods and services at merchants which in turn will convert the Ducat back to USD on compliant exchanges. CryptoFed must buy back those Ducat tokens on compliant exchanges to maintain the Target Equilibrium Exchange Rate between Ducat and USD. CryptoFed uses Locke tokens to conduct the Ducat buyback via open market operations. In order to enable Locke to buy back Ducat on an ongoing basis, the USD proceeds from the Ducat sales must be used to constantly buy back Locke on compliant exchanges. Below is the redemption flow.

Ducat Purchaser/ Holder => Ducat => Merchant => Ducat => Exchange => USD => Merchant

CryptoFed => USD-pegged stablecoin proceeds => Locke buyback => Ducat buyback

15.6 Ducat will not be launched until the Locke token market price reaches $0.10 US dollars per token daily for a consecutive one-month period.

16. Group Treasury

16.1 CryptoFed will not open or hold any fiat bank accounts, including USD fiat accounts, at any financial institution. The proceeds from Locke refundable auctions and Ducat sales will be held in the form of USD-pegged stablecoins reserved for buying back Locke.

16.2 Smart contracts will hold the group treasury. Treasury funds can only be spent by collective group decisions through a valid vote and payments will be authorized automatically when a vote passes. All Locke and Ducat tokens will be burnt (destroyed) automatically whenever they circulate back to the group treasury, including but not limited to, the process of open market operations.

16.3 Ducat tokens can always be minted and granted to CryptoFed's service providers by a simple majority of Locke tokens through a valid vote, as long as zero inflation and zero deflation are maintained.

16.4 All USD-pegged stablecoins held in reserve and undistributed and unissued Locke token quota in the initial allocation belong to CryptoFed's group treasury and are dedicated to the specific purposes stated in this Constitution. The undistributed and unissued Locke token quota in the initial allocation will not be minted until they are distributed.

17. Voting and Agenda Setting

17.1 Voting Power of MShift Founding Team

Within 3 years beginning from the effective date of this Constitution, the MShift founding team will reduce its collective ownership to 15% or less out of the maximum authorized finite Locke tokens of 10 trillion. Furthermore, starting from the fourth anniversary of the effective date of this Constitution, MShift founding team's collective voting power out of the total Locke tokens outstanding will be reduced 1% annually until the cumulative voting power is reduced to 10% or less, independent of the founding team's total actual ownership of Locke tokens.

17.2 Except for the MShift founding team, no individual or entity (including their affiliates) can exercise more than 2% voting power out of the total Locke tokens outstanding, although they can own more than 2% Locke tokens.

17.3 Locke tokens belonging to CryptoFed Group Treasury have no voting power.

17.4 Locke tokens can amend this Constitution by a simple majority through a valid vote, except for those sections of the Constitution which require a special majority or unanimous consent.

17.5 Locke tokens have rights to publish proposals as well as to campaign support for, or opposition to proposals for voting. Once a proposal is supported by more than

10% of the total Locke tokens outstanding, the proposal will be voted on and recorded on the CryptoFed Blockchain within 30 days.

17.6 The Quorum for Locke token voting is 25% of the total Locke tokens outstanding.

17.7 Voting power of Locke token holders will begin 60 days after the SEC declares the effectiveness of CryptoFed's Form S-1 filing so that CryptoFed can have sufficient time to prepare for the voting process.

18. Governing Law and Jurisdiction

CryptoFed was established pursuant to Wyoming Law and is located in the State of Wyoming. All token holders, by holding Locke and Ducat tokens, agree that this Constitution will be governed and interpreted according to the laws of the State of Wyoming, notwithstanding any conflicts of law principles. If any of these provisions is determined to be unenforceable, that part will be deemed severable and will not affect the enforceability of any other provisions. In addition, all token holders agree to submit to the exclusive jurisdiction of the appropriate state or federal court for Cheyenne, Wyoming.

American CryptoFed

**SIGNATURES**

**American CryptoFed DAO LLC**

Date: September 15, 2021 By: DocuSigned by: Marian Orr AE52AD38E6AC4EC...

Name and Tittle: **Marian Orr, CEO**

**MShift Inc.**

(Sole Member of American CryptoFed DAO LLC)

Date: September 15, 2021 By: DocuSigned by: Scott Moeller 36388D0EEB704A1...

Name and Tittle: **Scott Moeller, CEO, MShift Inc.**

**MShift Inc.**

(Sole Member of American CryptoFed DAO LLC)

Date: September 15. 2021 By: DocuSigned by: Xiaomeng Zhou AF66FD470182412...

Name and Tittle: **Xiaomeng Zhou, COO, MShift Inc.**

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT C

ORIGINAL SENATE ENGROSSED
FILE NO. SF0038

ENROLLED ACT NO. 73, SENATE

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING
2021 GENERAL SESSION

AN ACT relating to corporations; providing for the formation and management of decentralized autonomous organizations; providing definitions; and providing for an effective date.

*Be It Enacted by the Legislature of the State of Wyoming:*

**Section 1.** W.S. 17-31-101 through 17-31-116 are created to read:

CHAPTER 31
DECENTRALIZED AUTONOMOUS ORGANIZATION SUPPLEMENT

ARTICLE 1
PROVISIONS

**17-31-101. Short title.**

This chapter shall be known and may be cited as the "Wyoming Decentralized Autonomous Organization Supplement."

**17-31-102. Definitions.**

(a) As used in this chapter:

(i) "Blockchain" means as defined in W.S. 34-29-106(g)(i);

(ii) "Decentralized autonomous organization" means a limited liability company organized under this chapter;

(iii) "Digital asset" means as defined in W.S. 34-29-101(a)(i);



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(iv) "Limited liability autonomous organization" or "LAO" means a decentralized autonomous organization;

(v) "Majority of the members," means the approval of more than fifty percent (50%) of participating membership interests in a vote for which a quorum of members is participating. A person dissociated as a member as set forth in W.S. 17-29-602 shall not be included for the purposes of calculating the majority of the members;

(vi) "Membership interest" means a member's ownership share in a member managed decentralized autonomous organization, which may be defined in the entity's articles of organization, smart contract or operating agreement. A membership interest may also be characterized as either a digital security or a digital consumer asset as defined in W.S. 34-29-101, if designated as such in the organization's articles of organization or operating agreement;

(vii) "Open blockchain" means a blockchain as defined in W.S. 34-29-106(g)(i) that is publicly accessible and its ledger of transactions is transparent;

(viii) "Quorum" means a minimum requirement on the sum of membership interests participating in a vote for that vote to be valid;

(ix) "Smart contract" means an automated transaction, as defined in W.S. 40-21-102(a)(ii), or any substantially similar analogue, which is comprised of code, script or programming language that executes the terms of an agreement and which may include taking custody of and transferring an asset, administrating membership interest votes with respect to a decentralized autonomous

organization or issuing executable instructions for these actions, based on the occurrence or nonoccurrence of specified conditions.

**17-31-103. Application of Wyoming Limited Liability Company Act.**

(a) The Wyoming Limited Liability Company Act applies to decentralized autonomous organizations to the extent not inconsistent with the provisions of this chapter and the powers provided to the secretary of state by W.S. 17-29-1102 shall apply to this chapter.

(b) This chapter does not repeal or modify any statute or rule of law that applies to a limited liability company that is organized under the Wyoming Limited Liability Company Act that does not elect to become a decentralized autonomous organization.

**17-31-104. Definition and election of decentralized autonomous organization status.**

(a) A decentralized autonomous organization is a limited liability company whose articles of organization contain a statement that the company is a decentralized autonomous organization as described in subsection (c) of this section.

(b) A limited liability company formed under the Wyoming Limited Liability Company Act, W.S. 17-29-101 through 17-29-1102, may convert to a decentralized autonomous organization by amending its articles of organization to include the statement required by subsections (a) and (c) of this section and W.S. 17-31-106.



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(c) A statement in substantially the following form shall appear conspicuously in the articles of organization or operating agreement, if applicable, in a decentralized autonomous organization:

NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

The rights of members in a decentralized autonomous organization may differ materially from the rights of members in other limited liability companies. The Wyoming Decentralized Autonomous Organization Supplement, underlying smart contracts, articles of organization and operating agreement, if applicable, of a decentralized autonomous organization may define, reduce or eliminate fiduciary duties and may restrict transfer of ownership interests, withdrawal or resignation from the decentralized autonomous organization, return of capital contributions and dissolution of the decentralized autonomous organization.

(d) The registered name for a decentralized autonomous organization shall include wording or abbreviation to denote its status as a decentralized autonomous organization, specifically "DAO", "LAO", or "DAO LLC."

(e) A statement in the articles of organization may define the decentralized autonomous organization as either a member managed decentralized autonomous organization or an algorithmically managed decentralized autonomous organization. If the type of decentralized autonomous organization is not otherwise provided for, the limited liability company will be presumed to be a member managed decentralized autonomous organization.



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**17-31-105. Formation.**

(a) Any person may form a decentralized autonomous organization which shall have one (1) or more members by signing and delivering one (1) original and one (1) exact or conformed copy of the articles of organization to the secretary of state for filing. The person forming the decentralized autonomous organization need not be a member of the organization.

(b) Each decentralized autonomous organization shall have and continuously maintain in this state a registered agent as provided in W.S. 17-28-101 through 17-28-111.

(c) A decentralized autonomous organization may form and operate for any lawful purpose, regardless of whether for profit.

(d) An algorithmically managed decentralized autonomous organization may only form under this chapter if the underlying smart contracts are able to be updated, modified or otherwise upgraded.

**17-31-106. Articles of organization.**

(a) The articles of organization of a decentralized autonomous organization shall include a statement that the organization is a decentralized autonomous organization, pursuant to W.S. 17-31-104, and shall set forth the matters required by W.S. 17-29-201.

(b) In addition to the requirements of subsection (a) of this section the articles of organization shall include a publicly available identifier of any smart contract



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directly used to manage, facilitate or operate the decentralized autonomous organization.

(c) Except as otherwise provided in this chapter, the articles of organization and the smart contracts for a decentralized autonomous organization shall govern all of the following:

(i) Relations among the members and between the members and the decentralized autonomous organization;

(ii) Rights and duties under this chapter of a person in their capacity as a member;

(iii) Activities of the decentralized autonomous organization and the conduct of those activities;

(iv) Means and conditions for amending the operating agreement;

(v) Rights and voting rights of members;

(vi) Transferability of membership interests;

(vii) Withdrawal of membership;

(viii) Distributions to members prior to dissolution;

(ix) Amendment of the articles of organization;

(x) Procedures for amending, updating, editing or changing applicable smart contracts;

(xi) All other aspects of the decentralized autonomous organization.

**17-31-107. Amendment or restatement of articles of organization.**

(a) Articles of organization shall be amended when:

(i) There is a change in the name of the decentralized autonomous organization;

(ii) There is a false or erroneous statement in the articles of organization; or

(iii) The decentralized autonomous organization's smart contracts have been updated or changed.

**17-31-108. Operating agreement.**

To the extent the articles of organization or smart contract do not otherwise provide for a matter described in W.S. 17-31-106, the operation of a decentralized autonomous organization may be supplemented by an operating agreement.

**17-31-109. Management.**

Management of a decentralized autonomous organization shall be vested in its members, if member managed, or the smart contract, if algorithmically managed, unless otherwise provided in the articles of organization or operating agreement.

**17-31-110. Standards of conduct for members.**



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Unless otherwise provided for in the articles of organization or operating agreement, no member of a decentralized autonomous organization shall have any fiduciary duty to the organization or any member except that the members shall be subject to the implied contractual covenant of good faith and fair dealing.

**17-31-111. Membership interests for member managed decentralized autonomous organizations; voting.**

(a) For purposes of W.S. 17-31-113 and 17-31-114 and unless otherwise provided for in the articles of organization, smart contract or operating agreement:

(i) Membership interests in a member managed decentralized autonomous organization shall be calculated by dividing a member's contribution of digital assets to the organization divided by the total amount of digital assets contributed to the organization at the time of a vote;

(ii) If members do not contribute digital assets to an organization as a prerequisite to becoming a member, each member shall possess one (1) membership interest and be entitled to one (1) vote;

(iii) A quorum shall require not less than a majority of membership interests entitled to vote.

**17-31-112. Right of members, managers and dissociated members to information.**

Members shall have no right under W.S. 17-29-410 to separately inspect or copy records of a decentralized autonomous organization and the organization shall have no



**OS Received 12/06/2021**

obligation to furnish any information concerning the organization's activities, financial condition or other circumstances to the extent the information is available on an open blockchain.

**17-31-113. Withdrawal of members.**

(a) A member may only withdraw from a decentralized autonomous organization in accordance with the terms set forth in the articles of organization, the smart contracts or, if applicable, the operating agreement.

(b) A member of a decentralized autonomous organization may not have the organization dissolved for a failure to return the members' contribution to capital.

(c) Unless the organization's articles of organization, smart contracts or operating agreement provide otherwise, a withdrawn member forfeits all membership interests in the decentralized autonomous organization, including any governance or economic rights.

**17-31-114. Dissolution.**

(a) A decentralized autonomous organization organized under this chapter shall be dissolved upon the occurrence of any of the following events:

(i) The period fixed for the duration of the organization expires;

(ii) By vote of the majority of members of a member managed decentralized autonomous organization;



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(iii) At the time or upon the occurrence of events specified in the underlying smart contracts or as specified in the articles of organization or operating agreement;

(iv) The decentralized autonomous organization has failed to approve any proposals or take any actions for a period of one (1) year;

(v) By order of the secretary of state if the decentralized autonomous organization is deemed to no longer perform a lawful purpose.

(b) As soon as possible following the occurrence of any of the events specified in subsection (a) of this section causing the dissolution of a decentralized autonomous organization, the organization shall execute a statement of intent to dissolve in the form prescribed by the secretary of state.

**17-31-115. Miscellaneous.**

The articles of organization and the operating agreement of a decentralized autonomous organization are effective as statements of authority. Where the underlying articles of organization and operating agreement are in conflict, the articles of organization shall preempt any conflicting provisions. Where the underlying articles of organization and smart contract are in conflict, the smart contract shall preempt any conflicting provisions of the articles of organization, except as it relates to W.S. 17-31-104 and 17-31-106(a) and (b).

**17-31-116. Foreign decentralized autonomous organization.**

ORIGINAL SENATE ENGROSSED
FILE NO. SF0038

ENROLLED ACT NO. 73, SENATE

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING
2021 GENERAL SESSION

The secretary of state shall not issue a certificate of authority for a foreign decentralized autonomous organization.

**Section 2.** This act is effective July 1, 2021.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT D

Wyoming Secretary of State

**Wyoming Secretary of State**
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For Office Use Only
**WY Secretary of State**
**FILED: Jul 1 2021 12:11AM**
**Original ID: 2021-001017260**

# Decentralized Autonomous Organization Limited Liability Company
# Articles of Organization

**I. The name of the decentralized autonomous organization limited liability company is:**
American CryptoFed DAO LLC

**II. The name and physical address of the registered agent of the decentralized autonomous organization limited liability company is:**
Hathaway & Kunz, LLP
2515 Warren Ave Ste 500
PO Box 1208
Cheyenne, WY 82001

**III. The mailing address of the decentralized autonomous organization limited liability company is:**
1607 Capitol Ave., Suite 327
Cheyenne, WY 82001

**IV. The principal office address of the decentralized autonomous organization limited liability company is:**
1607 Capitol Ave., Suite 327
Cheyenne, WY 82001

**V. The organizer of the decentralized autonomous organization limited liability company is:**
Scott Moeller
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001

Xiaomeng Zhou
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001

Marian Orr
1607 Capitol Ave, Suite 327, Cheyenne, WY 82001

**VI. Additional Article:**
This Company is a decentralized autonomous organization. Accordingly, the following notice is statutorily mandated:

NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

The rights of members in a decentralized autonomous organization may differ materially from the rights of members in other limited liability companies. The Wyoming Decentralized Autonomous Organization Supplement, underlying smart contracts, articles of organization and operating agreement, if applicable, of a decentralized autonomous organization may define, reduce or eliminate fiduciary duties and may restrict transfer of ownership interests, withdrawal or resignation from the decentralized autonomous organization, return of capital contributions and dissolution of the decentralized autonomous organization.

**VII. Additional Article:**
This Company is managed by members with the possible use of algorithmic and/or smart contract protocols as

set forth in the applicable smart contracts, operating agreement, and other internal governance documents.

**VIII. Additional Article:**

The publicly available identifiers of any smart contracts directly used to manage, facilitate or operate this decentralized autonomous organization are as follows: blockexplorer.americancryptofed.org. The underlying smart contracts used by the Company are able to be updated, modified or otherwise upgraded.

**Signature:** *Scott Moeller* Date: **07/01/2021**

Print Name: **Scott Moeller**

Title: **Organizer**

Email: **mkaufman@hkwyolaw.com**

Daytime Phone #: **(307) 634-7723**

Wyoming
Secretary of State

**Wyoming Secretary of State**
Herschler Bldg East, Ste.100 & 101

Cheyenne, WY 82002-0020
Ph. 307-777-7311

☑ I am the person whose signature appears on the filing; that I am authorized to file these documents on behalf of the business entity to which they pertain; and that the information I am submitting is true and correct to the best of my knowledge.

☑ I am filing in accordance with the provisions of the Wyoming Limited Liability Company Act, (W.S. 17-29-101 through 17-29-1105) and Registered Offices and Agents Act (W.S. 17-28-101 through 17-28-111).

☑ I understand that the information submitted electronically by me will be used to generate Articles of Organization that will be filed with the Wyoming Secretary of State.

☑ I intend and agree that the electronic submission of the information set forth herein constitutes my signature for this filing.

☑ I have conducted the appropriate name searches to ensure compliance with W.S. 17-16-401.

☑ I consent on behalf of the business entity to accept electronic service of process at the email address provided with Article IV, Principal Office Address, under the circumstances specified in W.S. 17-28-104(e).

**Notice Regarding False Filings: Filing a false document could result in criminal penalty and prosecution pursuant to W.S. 6-5-308.**

**W.S. 6-5-308. Penalty for filing false document.**

(a) A person commits a felony punishable by imprisonment for not more than two (2) years, a fine of not more than two thousand dollars ($2,000.00), or both, if he files with the secretary of state and willfully or knowingly:

(i) Falsifies, conceals or covers up by any trick, scheme or device a material fact;

(ii) Makes any materially false, fictitious or fraudulent statement or representation; or

(iii) Makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry.

☑ I acknowledge having read W.S. 6-5-308.

**Filer is:** ☑ An Individual ☐ An Organization

**Filer Information:**

**By submitting this form I agree and accept this electronic filing as legal submission of my Articles of Organization.**

| | | |
|---|---|---|
| **Signature:** | *Scott Moeller* | Date: **07/01/2021** |
| Print Name: | **Scott Moeller** | |
| Title: | **Organizer** | |
| Email: | **mkaufman@hkwyolaw.com** | |
| Daytime Phone #: | **(307) 634-7723** | |

Wyoming
Secretary of State

**Wyoming Secretary of State**
Herschler Bldg East, Ste.100 & 101

Cheyenne, WY 82002-0020
Ph. 307-777-7311

## Consent to Appointment by Registered Agent

**Hathaway & Kunz, LLP**, whose registered office is located at **2515 Warren Ave Ste 500, PO Box 1208, Cheyenne, WY 82001**, voluntarily consented to serve as the registered agent for **American CryptoFed DAO LLC** and has certified they are in compliance with the requirements of W.S. 17-28-101 through W.S. 17-28-111.

I have obtained a signed and dated statement by the registered agent in which they voluntarily consent to appointment for this entity.

| | | | |
|---|---|---|---|
| **Signature:** | *Scott Moeller* | Date: | **07/01/2021** |
| Print Name: | **Scott Moeller** | | |
| Title: | **Organizer** | | |
| Email: | **mkaufman@hkwyolaw.com** | | |
| Daytime Phone #: | **(307) 634-7723** | | |

# STATE OF WYOMING
## Office of the Secretary of State

I, EDWARD A. BUCHANAN, Secretary of State of the State of Wyoming, do hereby certify that the filing requirements for the issuance of this certificate have been fulfilled.

CERTIFICATE OF ORGANIZATION

**American CryptoFed DAO LLC**

I have affixed hereto the Great Seal of the State of Wyoming and duly executed this official certificate at Cheyenne, Wyoming on this **1st** day of **July**, **2021** at **12:11 AM.**

Remainder intentionally left blank.

Filed Date: 07/01/2021

Secretary of State

Filed Online By:

Scott Moeller

on 07/01/2021

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT E

American CryptoFed

**Amendment No. 1 to Form 10**

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549**

**FORM 10-12G/A**

**GENERAL FORM FOR REGISTRATION OF SECURITIES**

**Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934**

# American CryptoFed DAO LLC

(Exact name of registrant as specified in its charter)

| **Wyoming** | **87-2207963** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **1607 Capitol Ave., Suite 327, Cheyenne, WY** | **82001** |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code **(307) 206-4210**

Securities to be registered pursuant to Section 12(b) of the Act:

| Title of each class to be so registered | Name of each exchange on which each class is to be registered |
|---|---|
| _____ | _____ |
| _____ | _____ |

**OS Received 12/06/2021**

Securities to be registered pursuant to Section 12(g) of the Act:

**Ducat Token: Inflation and deflation protected stable token, used for pricing goods and services, for daily transactions, for accounting and for store of value.**

---

(Title of class)

**Locke: Governance token, used for stabilizing Ducat and for Locke holders to participate in network rulemaking and decision making.**

---

(Title of class)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | |
|---|---|
| Large accelerated filer ☐ | Accelerated filer ☐ |
| Non-accelerated filer ☒ | Smaller reporting company ☒ |
| | Emerging growth company ☒ |

The Registrant originally filed a Form 10-12G with the Securities and Exchange Commission on September 16, 2021, registering the Registrant's Ducat and Locke tokens.

The following amendment to be added to the contents submitted in Item 1 Business - Section 2.9 serves to clarify how Ducat's attributes of price stability and universal acceptance fundamentally contradict with attributes of securities. Locke is an endogenous, inherent, native and indispensable element for Ducat's functional integrity. Ducat and Locke, taken as a whole, are not securities.

ITEM 1. BUSINESS

Section 2.9

---

**Ducat and Locke Are Not Securities**

(Supplementary analysis to Form 10 Filing Item 1 Business - Section 2.9
Locke and Ducat as Utility Tokens, Page 26)

1. Ducat – Factual Confirmation

Ducat has two major currency attributes which securities do not have.

i. Stability against Personal Consumption Expenditure (PCE) Price Index

- US Dollar: 2% PCE Price Index Annual Change (2% inflation) vs.
  Ducat: 0% PCE Price Index Change (zero inflation)
- In price stability, Ducat is not only similar to the US Dollar, but also more stable than the US dollar.
- No securities are stable against (PCE) Price Index.

ii. Universal acceptance by merchants for directly purchasing goods and services

- The US dollar is universally accepted by merchants for directly purchasing goods and services.
- Ducat, by design, is universally accepted by merchants for directly purchasing goods and services, without converting to US dollars.
- No securities can be universally accepted by merchants for directly purchasing goods and services, without converting to US dollars.

2. Locke – Factual Confirmation

Ducat's boundary includes all endogenous, native and inherent elements which are indispensable for the functional integrity of Ducat. Locke is an endogenous, native and

inherent element of Ducat and cannot be separated from Ducat. If Ducat is not a security, Locke should not be a security either.

- Locke is needed for CryptoFed's open market operations to maintain Ducat's stability against the PCE Price Index.
- If Locke were separated from Ducat, then an exogenous, foreign, and external instrument would need to be used for open market operations to maintain Ducat's stability against the PCE Price Index. However, an exogenous, foreign, and external instrument has costs and is out of the direct control of CryptoFed, which could introduce instability to the CryptoFed Monetary System. This would result in the destruction of the functional integrity of Ducat. Meaning, zero inflation, zero deflation and zero transaction fees would be difficult to maintain.

- The Fed uses governmental securities to conduct open market operations to maintain US dollar stability. Those governmental securities are an exogenous, foreign, and external instruments for the Fed. The governmental securities have costs and require taxation to pay those costs back. Governmental securities are out of the Fed's direct control and can introduce additional inflation the Fed cannot handle. To overcome this systematic design flaw of using governmental securities by the Fed, the CryptoFed Monetary System, by design, utilizes an endogenous, native and inherent Locke to conduct open market operations.

3. Legal Argument

CryptoFed fully agrees with the SEC's holistic approach in applying the Howey analysis in the [Framework for "Investment Contract" Analysis of Digital Assets]: "The focus of the Howey analysis is not only on the form and terms of the instrument itself (in this case, the digital asset) but also on the circumstances surrounding the digital asset and the manner in which it is offered, sold, or resold (which includes secondary market sales). Therefore, issuers and other persons and entities engaged in the marketing, offer, sale,

resale, or distribution of any digital asset will need to analyze the relevant transactions to determine if the federal securities laws apply."[1]

[1] https://www.sec.gov/corpfin/framework-investment-contract-analysis-digital-assets

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT F

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

October 8, 2021

Marian Orr
Chief Executive Officer
American CryptoFed DAO LLC
1607 Capitol Avenue Suite 327
Cheyenne, WY 82001

**Re: American CryptoFed DAO LLC**
**Registration Statement on Form 10**
**Filed September 16, 2021**
**File No. 000-56339**

Dear Ms. Orr:

Our initial review of your registration statement indicates that it fails in numerous material respects to comply with the requirements of the Securities Exchange Act of 1934, the rules and regulations thereunder and the requirements of the form. More specifically,

- you have not included the financial information required by Items 303 and 305 of Regulation S-K and audited and interim financial statements required by Article 3 or Article 8 of Regulation S-X, as applicable;
- your disclosure on pages 6-29 does not present a clear and complete description of the general development of the business of the registrant or the terms, rights and obligations of the securities to be registered, as required by Items 101 and 202 of Regulation S-K, respectively;
- your registration statement does not include numerous other disclosure items that are required by Form 10, such as a beneficial ownership table that complies with Item 403 of Regulation S-K, an executive compensation table that complies with Item 402 of Regulation S-K, and exhibits that are required to be filed by Item 601 of Regulation S-K;
- you state your intention to file a Form S-8 upon the effectiveness of the Form 10 in 60 days, but you do not appear eligible to conduct the distributions you describe on such form; and
- you state throughout the registration statement that the Ducat and Locke tokens are not securities, which is inconsistent with your statement on the cover page and your use of this Form 10 to register the tokens as securities under Section 12(g) of the Exchange Act.

**OS Received 12/06/2021**

This registration statement will become effective on November 15, 2021. If the registration statement were to become effective in its present form, we would be required to consider what recommendation, if any, we should make to the Commission. We suggest that you consider filing a substantive amendment correcting the deficiencies or a request for withdrawal of the registration statement before it becomes effective.

Please contact Erin Purnell, Acting Legal Branch Chief, at (202) 551-3454 with any questions.

Sincerely,

Division of Corporation Finance
Office of Finance

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT G

American CryptoFed

October 12, 2021

Via Electronic Submission and Email

Chairman and Commissioners
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Gary Gensler, 202-551-2100, Chair@sec.gov
Allison Herren Lee, (202) 551-2800, CommissionerLee@sec.gov
Hester M. Peirce, (202) 551-5080, CommissionerPeirce@sec.gov
Elad L. Roisman, (202) 551-2700, CommissionerRoisman@sec.gov
Caroline A. Crenshaw, (202) 551-5070, CommissionerCrenshaw@sec.gov
and
Erin Purnell, Acting Legal Branch Chief, Division of Finance,
(202) 551-3454, PurnellE@sec.gov

Re: American CryptoFed DAO LLC
Form 10 Filing No. 000-56339
Form S-1 Filing No. 333-259603

Dear SEC Commissioners and Staff,

My name is Marian Orr, and I serve as the CEO of American CryptoFed DAO (CryptoFed). Prior to CryptoFed, I was the mayor of Cheyenne, Wyoming (January 2017- January 2021).

On October 8, 2021, Ms. Purnell sent us two letters entitled "American CryptoFed DAO LLC Registration Statement on Form S-1" attached to this correspondence as **Exhibit B** and "American CryptoFed DAO LLC Registration Statement on Form 10" attached as **Exhibit C**, following our letter to Commissioner Peirce one day prior entitled "American CryptoFed DAO's

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

Filings of Form 10 and Form S-1" attached as **Exhibit A.** These three letters can provide you the basic background as to why I am writing to you now to request your assistance.

Chair Gensler stated on August 3, 2021 at the Aspen Security Forum:
*"We already live in an age of digital public monies — the dollar, euro, sterling, yen, yuan. If that wasn't obvious before the pandemic, it has become eminently clear over the last year that we increasingly transact online.*
*Such public fiat monies fulfill the three functions of money: a store of value, unit of account, and medium of exchange.*
*No single crypto asset, though, broadly fulfills all the functions of money."*[1] (Emphasis added).

However, after CryptoFed's Form 10 filing on September 16, 2021, and Form S-1 on the September 16, 2021, **Chairman Gensler's statement above is no longer true.**

The dollar, the euro, the pound and the yen have all failed to create effective demand for more than a decade, even at negative real interest rates per their central banks' monetary policies. At the same time, when those governments recently started deploying fiscal policies in an attempt to stimulate their economies, their central banks no longer have the capacity to raise interest rates to deter and cure inflation without risking derailing their economies which are already heavily burdened by huge debt accumulation. The existing monetary system of the Federal Reserve, combining money supply function, lending function and fractional reserve banking, has reached its limits and is unable to fulfil its dual mandate of price stability and maximum employment. The existing monetary systems of central banks based on fractional reserve banking have not only ended in a liquidity trap, but also a debt trap, from which they have no way out.

In our Form 10 and Form S-1 filings, with a point-by-point comparison to the Fed, we have systematically and scientifically presented how CryptoFed, as a decentralized autonomous blockchain-based monetary system, can solve the institutional and functional flaws plaguing all existing monetary systems of major central banks which Chairman Gensler enumerated as "digital public monies — the dollar, euro, sterling, yen, yuan" above.

[1] https://www.sec.gov/news/public-statement/gensler-aspen-security-forum-2021-08-03

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If Ms. Purnell was guided by Chairman Gensler's statement "No single crypto asset, though, broadly fulfills all the functions of money", we understand why she would have concluded that our Form 10 and Form S-1 filing has "deficiencies".

However, if Ms. Purnell compares our Form 10 and Form S-1 filing to the "digital public monies — the dollar, euro, sterling, yen, yuan" Chairman Gensler listed above, the "deficiencies" she referred to, would disappear immediately. This is because the "deficiencies" she referred to were the lack of attributes inherent to securities. These are attributes that the two tokens (Locke and Ducat) of a decentralized blockchain-based CryptoFed monetary system will never have.

In her letter regarding Form S-1 (Exhibit B), Ms. Purnell did not provide specific arguments to support her position. Let me then focus on rebutting her written arguments point by point regarding Form 10 (Exhibit C) to further illustrate my explanation.

1. *"...you have not included the financial information required by Items 303 and 305 of Regulation S-K and audited and interim financial statements required by Article 3 or Article 8 of Regulation S-X, as applicable;"*

On pages 23-25, Section 2.5 of Form 10 filing, we clearly explain CryptoFed does not have and will never have any revenue or costs. As Bitcoin uses its own native token BTC to reward miners for doing work to maintain its network, so does CryptoFed. From the perspective of both the Bitcoin network and the CryptoFed network, there is no revenue or costs borne by the networks. The revenue and costs are on the recipient side of token rewards, not on the side of the Bitcoin or CryptoFed networks. For both Bitcoin and CryptoFed there are no financial information or statement to be provided or audited.

2. *"...your disclosure on pages 6-29 does not present a clear and complete description of the general development of the business of the registrant or the terms, rights and obligations of the securities to be registered, as required by Items 101 and 202 of Regulation S-K, respectively;"*

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

On page 10, we state "To the extent that no entity has a similar mission, CryptoFed does not have direct competition. Central banks, including the Federal Reserve System, are close competitors, but CryptoFed fundamentally differentiates from central banks in the following aspects outlined below." Then, we compare CryptoFed with the Fed point by point in detail in all the major aspects of a monetary system: **Inflation Target, Fiscal Policy Tools, Money Supply Mechanism, Monetary Policy Tools, Inflation Control for Stable Price Mandate, Effective Demand for Maximum Employment, Boom and Bust Business Cycles (Economic Expansion and Contraction), Money Supply Automation and Open Market Operations.**

As a matter of fact, the CryptoFed money supply mechanism is akin to "The Chicago Plan" which was proposed and supported by a large number of leading U.S. macroeconomists, including professor Henry Simons of the University of Chicago and Irving Fisher of Yale University, following the Great Depression in the 1930's. The primary difference is that CryptoFed pursues a denationalization of its money supply mechanism, while The Chicago Plan pursues the nationalization of a money supply mechanism, just not through banks. The "The Chicago Plan" was revisited by IMF after the housing bubble collapse in 2008. In 2012, IMF published a paper entitled "The Chicago Plan Revisited" which validates CryptoFed's 100% reserve banking model for decoupling money supply function from bank lending function. [2]

We have provided all these detailed descriptions with academic supporting papers in our Form 10 filing. Ms. Purnell failed to specify what is missing in order to "present a clear and complete description of the general development of the business of the registrant" as a monetary system.

The CryptoFed Constitution attached as Exhibit 1 of the Form 10 filing, is specially mentioned four times (page 8, 10, 18 and 21) outlining the rights and obligations of Locke and Ducat. Furthermore, on page 31, Section 6, [Item 4: Security Ownership of Certain Beneficial Owners and Management], we clearly state "As the founding organization, MShift is the sole member of

[2] Jaromir Benes and Michael Kumhof, 2012, page 4 - 5, The Chicago Plan Revisited, IMF Working Paper, https://www.imf.org/external/pubs/ft/wp/2012/wp12202.pdf

CryptoFed whose powers and rights will completely and irreversibly become delegated to Locke token holders as defined in the CryptoFed Constitution."

Ms. Purnell did not identify what specific rights and obligations are missing. We should have freedom to define the rights and obligations of tokens via the CryptoFed Constitution. By providing the CryptoFed Constitution, we should meet the disclosure purpose of Form 10 filing.

3. *"...your registration statement does not include numerous other disclosure items that are required by Form 10, such as a beneficial ownership table that complies with Item 403 of Regulation S-K, an executive compensation table that complies with Item 402 of Regulation S-K, and exhibits that are required to be filed by Item 601 of Regulation S-K;"*

The facts do not support Ms. Purnell's statement. From page 31-33, we disclose:

i. Executive Compensation Table

We disclosed that I am the only executive, and my compensation is disclosed on page 32, Form 10, Section 8. Item 6: Executive Compensation and on page 3-4, Section 4.4, the CryptoFed Constitution (Exhibit 1).

As a DAO (Decentralized Autonomous Organization), by design, there is no hierarchy, such as an executive branch, board of directors, or advisory board at CryptoFed. For the time being, the current Chief Executive Officer (CEO) is the only executive, a symbolic position held by me, to communicate with regulators, together with MShift, because regulators, such as SEC, may still require contact people and the founding company to be responsible for document filings.

ii. Beneficial Ownership Table

We disclosed that MShift Inc is the sole Beneficial Owner as of the time of filing on page 31, Form 10, Section 6. Item 4: Security Ownership of Certain Beneficial

Owners and Management. and on page 3, Section 4.1, the CryptoFed Constitution (Exhibit 1).

CryptoFed is a Wyoming DAO LLC and does not issue any securities. As the founding organization, MShift is the sole member of CryptoFed whose powers and rights will completely and irreversibly become delegated to Locke token holders as defined in the CryptoFed Constitution. However, the delegation of powers and rights will become automatically effective after CryptoFed completes its Form S-1 filing with the SEC for Locke and Ducat token registration. MShift has not formally started executing the initial allocation plan for the Locke token discussed in Item1: Business yet.

iii. Exhibits Required by Item 601 of Regulation S-K
We filed Exhibit 1 the CryptoFed Constitution (Bylaws), Exhibit 3 Articles of Organization and Exhibit 2 the Ducat Economic Zone which is a material contract which we will discuss with important partners, such as merchants, banks, compliant exchanges, and local governments.

4. *"...you state your intention to file a Form S-8 upon the effectiveness of the Form 10 in 60 days, but you do not appear eligible to conduct the distributions you describe on such form;"*

Ms. Purnell did not provide any supporting legal arguments as to why CryptoFed is not eligible to file a Form S-8 upon the effectiveness of the Form 10, although we have disclosed on page 12-13, Section 14.6, of the CryptoFed Constitution as below:

"This Constitution will serve as the Equity Incentive Plan for CryptoFed to issue non-qualified stock options and incentive stock options (ISO) to service providers defined as directors, employees, and consultants pursuant to related laws and regulations." After the Form 10 filing becomes effective, all stock options will be subject to laws and regulations regarding equity incentive plans for a public company. Within one week after the Form 10

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Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

filing, CryptoFed will file Form S-8 and thereby extend the equity incentive plan to service providers beyond 500-person threshold limitation of related securities laws."

5. *"...you state throughout the registration statement that the Ducat and Locke tokens are not securities, which is inconsistent with your statement on the cover page and your use of this Form 10 to register the tokens as securities under Section 12(g) of the Exchange Act."*

Currently, SEC does not provide a better form than the Form 10 for CryptoFed to disclose information to the SEC and the general public. If we had not filed Form 10 for disclosure, the SEC could possibly prosecute CryptoFed under the leadership of Chairman Gensler who publicly stated on August 3, 2021 "**No single crypto asset**, though, broadly fulfills all the functions of money."[3] (Emphasis added). In other words, it is apparent that Chairman Gensler believes that every single asset is subject to the SEC's jurisdiction.

CryptoFed had no choice but to file Form 10 to avoid prosecution.

Ms. Purnell failed to identify and specify one single item of important information, which does exist, but we did not disclose. Ms. Purnell concluded our Form 10 filing has "deficiencies" by asking us to provide information which does not exist. We believe that Ms. Purnell emphasizes form rather than substance. If she followed the SEC's own [Framework for "Investment Contract" Analysis of Digital Assets], Note 6 below to first find out whether the information does exist, but we have failed to provide, and then analyze whether there are deficiencies, she would agree with us that we have met all the disclosure requirements.

[Rather, under the Howey test, **"form [is] disregarded for substance and the emphasis [is] on economic reality."** Howey, 328 U.S. at 298. The Supreme Court has further explained that that the term security **"embodies a flexible rather than a static principle"**.....][4] (emphasis added).

[3] https://www.sec.gov/news/public-statement/gensler-aspen-security-forum-2021-08-03
[4] https://www.sec.gov/corpfin/framework-investment-contract-analysis-digital-assets

From the perspective of disclosing all existing material and substantial information, CryptoFed has met the disclosure requirements. If we are asked to disclose information which does not exist and will never exist, it is highly possible that the Securities Laws were not designed for the CryptoFed monetary system and should not apply to CryptoFed.

If the SEC is not ready to make a declaration that CryptoFed is out of the SEC's jurisdiction, to meet the spirit of Securities Laws' transparency and disclosure, please allow our Form 10 filing to become effective in time so that we can continue disclosing material and substantial information to related parties and the general public. If SEC identifies any material and substantial information which does exist, but we have failed to disclose, please do not hesitate to let us know exactly what it is. We fully intend to comply with the SEC's requirements. What we are unable to do is to disclose information to the SEC and the general public, which does not exist and will never exist. Also, for the same reason, we believe that the SEC should continue reviewing our Form S-1 and declare its effectiveness without unreasonable delay.

I look forward to hearing from you.

Sincerely yours,

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

Marian Orr
CEO, American CryptoFed DAO

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT H

American CryptoFed

October 29, 2021

Via Electronic Submission and Email

Deborah Tarasevich, Assistant Director, Cyber Unit,
Division of Enforcement, U.S. Securities and Exchange Commission
100 F Street, N.E., Washington, D.C. 20549
Phone, (202) 551-4726, Email: TarasevichD@sec.gov

CC: Chairman and Commissioners
Gary Gensler, 202-551-2100, Chair@sec.gov
Allison Herren Lee, (202) 551-2800, CommissionerLee@sec.gov
Hester M. Peirce, (202) 551-5080, CommissionerPeirce@sec.gov
Elad L. Roisman, (202) 551-2700, CommissionerRoisman@sec.gov
Caroline A. Crenshaw, (202) 551-5070, CommissionerCrenshaw@sec.gov
and
Erin Purnell, Acting Legal Branch Chief, Division of Finance,
(202) 551-3454, PurnellE@sec.gov,
Martin Zerwitz, Division of Enforcement, ZerwitzM@sec.gov
Michael Baker, Division of Enforcement, BakerMic@sec.gov

Re: Response to "In the Matter of American CryptoFed, MHO-14399"

Dear Ms. Tarasevich

Thank you very much for your yesterday's letter entitled "In the Matter of American CryptoFed, MHO-14399", in which you state, "The Company's filings relating to the registration of these digital assets, however, as you know, were materially deficient. In addition, we have concerns that the Form 10 contains materially misleading statements or omissions…". However, the facts do not support your statement.

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

American CryptoFed

On October 12, 2021, American CryptoFed DAO ("CryptoFed") replied point-by-point to Ms. Erin Purcell's two October 8th, 2021 letters regarding all of the purported deficiency issues related to our Form 10 filing. In addition to our reply directed to Ms. Erin Purcell's attention, the reply was also sent to Chairman Gary Gensler and all Commissioners. Our reply has provided sufficient evidence and reasoning to prove that our Form 10 filing has zero deficiency. Ms. Erin Purcell has not responded to our reply.

In order for us to seriously consider withdrawing our Form 10 filing as you requested in your letter, we need you to respond in writing point-by-point directly to our October 12th point-by-point reply provided by CryptoFed to Ms. Erin Purcell's October 8th letters so that we are able to assess whether we have any material and substantial gaps which will need to be closed by us.

For your convenience, please find the referenced October 12th reply to Ms. Purcell which was also sent to the SEC Chair and Commissioners, shown in the link of our website below.
https://www.americancryptofed.org/sec-disclosure
Please go to the sub-tab entitled "SEC Discourse on Form 10 and S-1 Filing".

We disclose all our communications with the SEC, including this letter to you and your letter to us, on the www.americancryptofed.org website, in compliance with the spirit of transparency and disclosure which is the underlying rationale for the United States securities related laws, regulations, and the creation of the SEC as a disclosure agency. For the same reason, for our ongoing and future communication, please use regular email. There is no need to use secure email as you used yesterday.

I look forward to your written reply.

Sincerely yours,

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

Marian Orr

CEO, American CryptoFed DAO

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT I

American CryptoFed

October 30, 2021

Via Electronic Submission and Email

Deborah Tarasevich, Assistant Director, Cyber Unit,
Division of Enforcement, U.S. Securities and Exchange Commission
100 F Street, N.E., Washington, D.C. 20549
Phone, (202) 551-4726, Email: TarasevichD@sec.gov

CC: Chairman and Commissioners
Gary Gensler, 202-551-2100, Chair@sec.gov
Allison Herren Lee, (202) 551-2800, CommissionerLee@sec.gov
Hester M. Peirce, (202) 551-5080, CommissionerPeirce@sec.gov
Elad L. Roisman, (202) 551-2700, CommissionerRoisman@sec.gov
Caroline A. Crenshaw, (202) 551-5070, CommissionerCrenshaw@sec.gov
and
Erin Purnell, Acting Legal Branch Chief, Division of Finance,
(202) 551-3454, PurnellE@sec.gov,
Martin Zerwitz, Division of Enforcement, ZerwitzM@sec.gov
Michael Baker, Division of Enforcement, BakerMic@sec.gov

Re: American CryptoFed, HO-14399

Dear Ms. Tarasevich

Thank you for your offer sent in your secure email below stating, "If you would like, we can schedule a call with you, and your counsel should you retain counsel, and staff in the Division of Corporation Finance to further discuss the deficiencies previously cited to you."

We accept your offer of the SEC staff's time in the Division of Corporate Finance and reserve their time. However, instead of a call, we request that they use the reserved time to respond in writing point-by-point directly to our October 12th point-by-point reply to Ms. Erin Purnell's

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

October 8th letters, so that we are able to clearly assess whether we have any material and substantial gaps which will need to be closed by us. We have asked multiple times, but both you and Ms. Erin Purnell are unable to provide any responses in writing yet. The unwillingness of both you and Ms. Erin Purnell to provide a written response further demonstrates that our October 12th reply provided sufficient evidence and reasoning to prove that our Form 10 filing has zero deficiency. Therefore, we do need your response to seriously consider your request for withdrawing our Form 10 filing.

To avoid any misunderstandings and to transparently comply with the spirit of disclosure of the SEC, securities related laws and regulations, I have copied your secure email underneath my signature which we will post in our website together with this email response.

I look forward to your written reply.

Sincerely yours,

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

Marian Orr
CEO, American CryptoFed DAO

**********

Received: Oct 29, 2021 1:50 PM
Expires: Jan 27, 2022 2:50 PM
From: tarasevichd@sec.gov
To: marian.orr@americancryptofed.org
Cc: zhouxm@americancryptofed.org, scott.moeller@americancryptofed.org, bakermic@sec.gov, zerwitzm@sec.gov
Subject: smail American CryptoFed, HO-14399
This message was sent securely using Zix ®

American CryptoFed

Ms. Orr –

Thank you for your email. The material deficiencies in American CryptoFed DAO LLC's Form 10 were spelled out, point-by-point, in the letter from Division of Corporation Finance staff, dated October 8, 2021, and discussed with you and other representatives from the Company on October 4, 2021. The Company's responses have not remedied the deficiencies in any way. If you would like, we can schedule a call with you, and your counsel should you retain counsel, and staff in the Division of Corporation Finance to further discuss the deficiencies previously cited to you.

Finally, we understand your email response to mean that the Company does not intend to withdraw the Form 10 in a timely fashion. As such, we intend to recommend that the Commission take appropriate enforcement action. Deb Tarasevich

Deborah A. Tarasevich
Assistant Director, Cyber Unit
Division of Enforcement
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
Phone: (202) 551-4726

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT J

American CryptoFed

November 3, 2021

Via Electronic Submission and Email

Deborah Tarasevich, Assistant Director, Cyber Unit,
Division of Enforcement, U.S. Securities and Exchange Commission
100 F Street, N.E., Washington, D.C. 20549
Phone, (202) 551-4726, Email: TarasevichD@sec.gov

CC: Chairman and Commissioners
Gary Gensler, 202-551-2100, Chair@sec.gov
Allison Herren Lee, (202) 551-2800, CommissionerLee@sec.gov
Hester M. Peirce, (202) 551-5080, CommissionerPeirce@sec.gov
Elad L. Roisman, (202) 551-2700, CommissionerRoisman@sec.gov
Caroline A. Crenshaw, (202) 551-5070, CommissionerCrenshaw@sec.gov
and
Erin Purnell, Acting Legal Branch Chief, Division of Finance,
(202) 551-3454, PurnellE@sec.gov,
Martin Zerwitz, Division of Enforcement, ZerwitzM@sec.gov
Michael Baker, Division of Enforcement, BakerMic@sec.gov

Re: American CryptoFed, HO-14399

Dear Ms. Tarasevich

This is a follow-up to my email sent to you on October 30th, 2021.
I have three fundamental questions for you, which are legally and logically related:

1. Will SEC staff in the Division of Corporate Finance be able to respond in writing point-by-point directly to our October 12th point-by-point reply to Ms. Erin Purnell's October 8th letters, so that we are able to clearly assess whether we have any material and substantial gaps which will need to be closed by us?

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

American CryptoFed

2. If Ms. Erin Purnell and the Division of Corporate Finance are unable to provide any written responses to our October 12th point-by-point reply to Ms. Purnell's October 8th letters, can you then let us know in writing what legal and factual basis have empowered you and your Division of Enforcement to initiate this investigation and to recommend an enforcement action against us?

3. From a due process perspective, shouldn't the SEC allow us to submit a written rebuttal (Wells Submission) to this legal and factual basis?

I look forward to your written reply.

Sincerely yours,

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

Marian Orr
CEO, American CryptoFed DAO

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT K

American CryptoFed

October 7, 2021
Via Electronic Email

Commissioner Hester M. Peirce
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549
Phone (202) 551-5080
Email: CommissionerPeirce@sec.gov

CC:
Ms. Erin Purnell at PurnellE@sec.gov
Mr. Nolan McWilliams at McWilliamsN@sec.gov

Re: American CryptoFed DAO's Filings of Form 10 and Form S-1

Dear Commissioner Peirce,

My name is Marian Orr, and I serve as the CEO of American CryptoFed DAO (CryptoFed). Prior to CryptoFed, I was the mayor of Cheyenne, Wyoming (January 2017- January 2021).

I am writing to seek your assistance and guidance regarding our recent Form 10 filing. Our intent is for the Form 10 filing remain active, thereby allowing CryptoFed to subject itself to periodic reporting requirements, for full disclosure and transparency to the SEC and the general public. Our first communication from the SEC was a WebEx meeting on Monday, October 4 during which time SEC staff Ms. Erin Purnell asked us to withdraw our Form 10 filing, citing the filing was "misleading" with "insufficient disclosures." We requested those issues be communicated to us in written format so we may address each concern. CryptoFed wishes to disclose as much information as possible by complying with the SEC's periodic reporting requirements. If our Form 10 filing was withdrawn, we believe we would lose the formal SEC channel to disclose important information to the general public. Rather than simply withdrawing our filing, we wish to work through the process with the SEC in full and open transparency; actions which we believe reflect the spirit of our national securities laws.

## 1. Background

CryptoFed was established pursuant to Wyoming DAO law on July 1, 2021 and is the first legally recognized DAO in the US. We are building an inflation protected token economy called the Ducat Economic Zone, together with local governments and the Merchant Advisory Group (MAG) members which includes 165 of the largest US merchants and account for approximately 62% of total U.S. credit and debit card transaction volume. You can see a snapshot as to how we

work with local governments and these merchants from the following 7-minute video taken at the MAG 2021 Annual Conference on September 19 Networking Reception in Orlando, FL.

To view the video, please scroll down to the page below the "2-TOKEN ECONOMY" at https://www.americancryptofed.org/

With the support of merchants, as a former mayor of Cheyenne, I believe CryptoFed can address many of the economic issues facing our US cities. Our plan is to deploy the Ducat Economic Zone to as many cities as possible across the entire US as soon as possible, bringing together mayors and their local business communities.

**2. Form 10 Filing and Form S-1 Filing**

We do not believe our two tokens, Ducat and Locke, are securities. However, we proactively filed Form 10 and Form S-1 to register the two tokens, on September 16 and 17, just in case that the SEC may classify them as securities. Each of our SEC filings are posted on the following link of our website.

https://www.americancryptofed.org/sec-disclosure

We hope that the SEC's compliance issues could be solved by simultaneously filing Form 10 (+ Form S-8 in 60 days) and Form S-1. "Form 10 + Form S-8" allows CryptoFed to grant tokens to unlimited advisors under our Equity Incentive Plan, growing the CryptoFed's network, while we await the SEC's declaration of our Form S-1 effectiveness. At Section 14.6 of CryptoFed's Constitution filed as Exhibit 1 of the Form 10 (page 12), we also define the Constitution as our Equity Incentive Plan.

**3. Petition**

**i. Form 10**

We hope that the SEC will allow us to keep our Form 10 filing active in order that we may continue disclosing information to the general public. Similar to the Bitcoin network, CryptoFed's business model is "Zero Revenue and Zero Cost" which by definition does not have financial data to be audited. We have a clear and detailed description of this business model on our Form 10 filing: Item 1: Business. By insisting that audited financial statements are required; refusing to review the substance of our Form 10 filing and Form S-1 filing and further requesting us to withdraw our Form 10 filing, we believe Ms. Purnell's position is contradictory of the SEC's own [Framework for "Investment Contract" Analysis of Digital Assets], Note 6 below.

Marian Orr, CEO
1607 Capitol Ave., Suite 327, Cheyenne, WY 82001
Phone: (307) 206 - 4210 | Email: marian.orr@americancryptofed.org

*[Rather, under the Howey test,* ***"form [is] disregarded for substance and the emphasis [is] on economic reality."*** *Howey, 328 U.S. at 298. The Supreme Court has further explained that that* ***the term security "embodies a flexible rather than a static principle"*** *.....]( emphasis added)*
https://www.sec.gov/corpfin/framework-investment-contract-analysis-digital-assets

**ii. Form S-1**

Our request is that the SEC begin reviewing our Form S-1 as if our tokens were considered as securities, while allowing us to preserve our rights to claim in the future that our tokens are not securities. It was recommended by Ms. Purnell that we speak with staff at the SEC's Finhub, should we not abandon our position that our tokens may not in fact be securities. We would greatly appreciate the opportunity to talk with the SEC's Finhub, while the SEC simultaneously reviews our Form S-1. We believe we can continue our dialogue with the SEC's Finhub even after the SEC declares our Form S-1 is effective.

We are doing our best to comply with the existing SEC legal framework and have a strong desire to disclose as much information as possible to the general public via the SEC channel, while we continue to build our token economy. We hope the SEC will allow us to do so through meeting the spirit of the securities laws to protect investors and promoting full disclosure for the growth of innovation – rather than impeding innovation.

I look forward to hearing from you.

Sincerely yours,

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

Marian Orr
CEO, American CryptoFed DAO

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT L


**SEC Filing**

# Exhibit 2

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## American CryptoFed DAO LLC

# Ducat Economic Zone Plan

**Discussion with Municipalities, Merchants, Banks, and Crypto Exchanges**

September 15, 2021

**OS Received 12/06/2021**



# Ducat Economic Zone Plan

1. Incentives to consumers: Except a valid 75% majority of Locke token votes, under no circumstances, should the rewards for Ducat purchases paid by CryptoFed be less than 5.5% of the purchase amount in Ducat, provided that the total amount of net rewards per month is capped at 5,000 Ducat per wallet. Ideally the reward rate should be maintained at 12%.

2. Incentives to businesses: Businesses in both private and public sectors accepting Ducat will receive minimum 1% and maximum 4% of the purchase amount in Ducat, in addition to the rewards paid to consumers above.

3. Under no circumstances, shall transaction fees be charged for accepting Ducat as payment for goods and services.

4. The annual interest rate for holding Ducat paid by CryptoFed shall range from 3% to 5%.

5. Early adopter municipalities accepting Ducat as payment for their services will permanently receive an additional 0.5% Ducat paid by CryptoFed for every taxable purchase transaction within their jurisdictions.

6. Participating municipalities and/or businesses with $5 million USD assets will be granted restricted and untradeable Locke governance tokens, free of charge. All granted Locke tokens can only be sold on participating crypto exchanges at a price higher than $0.10 US dollars per token after CryptoFed's Form S-1 filing is declared effective by the SEC.

7. All banks and compliant crypto exchanges are eligible to become CryptoFed Blockchain block producers by issuing CryptoFed co-branded wallets to their customers. CryptoFed Blockchain block producers will be paid 0.50 Ducat by CryptoFed for every purchase transaction made in Ducat via their co-branded CryptoFed wallets, plus an additional amount equal to 10% of the total interest paid by CryptoFed to Ducat holders for Ducat held in their co-branded CryptoFed wallets.

8. To mitigate participants' risks, the Ducat Economic Zone will not be launched until the market price of Locke tokens reaches $0.10 US dollars per token daily for a consecutive one-month period, which enables CryptoFed to have sufficient Locke value to stabilize Ducat at its Target Equilibrium Exchange Rate.

9. The American CryptoFed Constitution is Exhibit 1 of CryptoFed's Form 10 and S-1 filing with the SEC and is ready for public comment.

10. For general information please visit: https://www.americancryptofed.org/

**OS Received 12/06/2021**

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT M

| OMB APPROVAL | |
|---|---|
| OMB Number: | 3235-0066 |
| Expires: | September 30, 2024 |
| Estimated average burden hours per response | 27.00 |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

# FORM S-8

# REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

(Address of Principal Executive Offices) (Zip Code)

(Full title of the plan)

(Name and address of agent for service)

(Telephone number, including area code, of agent for service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

## CALCULATION OF REGISTRATION FEE

| Title of securities to be registered | Amount to be registered | Proposed maximum offering price per share | Proposed maximum aggregate offering price | Amount of registration fee |
|---|---|---|---|---|

*Notes:*

1. If plan interests are being registered, include the following: In addition, pursuant to Rule 416(c) under the Securities Act of



Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan(s) described herein.

2. Specific details relating to the fee calculation shall be furnished in notes to the table, including references to provisions of Rule 457 (§230.457 of this chapter) relied upon, if the basis of the calculation is not otherwise evident from the information presented in the table.

## GENERAL INSTRUCTIONS

### A. Rule as to Use of Form S-8

I. Any registrant that, immediately prior to the time of filing a registration statement on this Form, is subject to the requirement to file reports pursuant to Section 13 (15 U.S.C. 78m) or 15(d) (15 U.S.C. 78o(d)) of the Securities Exchange Act of 1934 ("Exchange Act"); has filed all reports and other materials required to be filed by such requirements during the preceding 12 months (or for such shorter period that the registrant was required to file such reports and materials); is not a shell company (as defined in §230.405 of this chapter) and has not been a shell company for at least 60 calendar days previously (subject to the exception in paragraph (a)(7) of this Instruction A.1.); and if it has been a shell company at any time previously, has filed current Form 10 information with the Commission at least 60 calendar days previously reflecting its status as an entity that is not a shell company (subject to the exception in paragraph (a)(7) of this Instruction A.1.), may use this Form for registration under the Securities Act of 1933 ("Act") (15 U.S.C. 77a et seq.) of the following securities:

(a) Securities of the registrant to be offered underany employee benefit plan to its employees or employees of its subsidiaries or parents. For purposes of this form, the term "employee benefit plan" is defined in Rule 405 of Regulation C (230.405).

(1) For purposes of this form, the term "employee" is defined as any employee, director, general partner, trustee (where the registrant is a business trust), officer, or consultant or advisor. Form S-8 is available for the issuance of securities to consultants or advisors only if:

(i) they are natural persons;

(ii) They provide bona fide services to the registrant; and

(iii) the services are not in connection with the offeror sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the registrant's securities.

(2) In addition, the term "employee" includes insurance agents who are exclusive agents of the registrant, its subsidiaries or parents, or derive more than 50% of their annual income from those entities.

(3) The term "employee" also includes former employees as well as executors, administrators or beneficiaries of the estates of deceased emplyees, guardians or members of a commitee for incompetent former employees, or similar persons duly authorized by law to administer the estate or assets of former employees. The inclusion of all individuals described in the preceding sentence in the term "employee" is only to permit registration on Form S-8 of:

(i) the exercise of employee benefit plan stock options and the subsequent sale of the securities, if these exercises and sales are permitted under the terms of the plan; and

(ii) the acquisition of registrant securities pursuant to intra-plan transfers among plan funds, if these transfers are permitted under the terms of the plan.

(4) The term "registrant" as used in this Form means the company whose securities are to be offered pursuant to the plan, and also may mean the plan itself.

(5) The form also is available for the exercise of employee benefit plan options and the subsequent resale of the underlying securities by an employee's family member who has acquired the options from the employee through a gift or a domestic relations order. For purposes of this form, "family member" includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-

in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the employees household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, and any other entity in which these persons (or the employee) own more than fifty percent of the voting interests. Form S-8 is not available for the exercise of options transferred for value. The following transactions are not prohibited transfers for value:

(i) a transfer under a domestic relations order in settlement of marital property rights; and

(ii) a transfer to an entity in which more than fifty percent of the voting interests are owned by family members (or the employee) in exchange for an interest in that entity.

(6) The term "Form 10 information" means the information that is required by Form 10 or Form 20-F (§249.210 § 249.220f of this chapter), as applicable to the registrant, to register under the Securities Exchange Act of 1934 each class of securities being registered using this form. A registrant may provide the Form 10 information in another Commission filing with respect to the registrant.

(7) Notwithstanding the last two clauses of the first paragraph of this Instruction A.1., a business combination related shell company may use this form immediately after it:

(i) Ceases to be a shell company; and

(ii) Files current Form 10 information with the Commission reflecting its status as an entity that is not a shellcompany.

(b) Interests in the above plans, if such interests constitute securities and are required to be registered under the Act. (*See* Release No. 33-6188 (February 1, 1980) and Section 3(a)(2) of the Act.)

2. Where interests in a plan are being registered and the plan's latest annual report filed pursuant to Section 15(d) of the Exchange Act is to be incorporated by reference pursuant to the requirements of Form S-8, the plan shall either: (i) have been subject to the requirement to file reports pursuant to Section 15(d) and shall have filed all reports required to be filed by such requirements during the preceding 12 months (or for such shorter period that the plan was required to file such reports); or (ii) if the plan has not previously been subject to the reporting requirements of Section 15(d), concurrently with the filing of the registration statement on Form S-8, the plan shall file an annual report for its latest fiscal year (or if the plan has not yet completed its first fiscal year, then for a period ending not more than 90 days prior to the filing of this registration statement), *provided that* if the plan has not been in existence for at least 90 days prior to the filing date, the requirement to file an employee plan annual report concurrently with the Form S-8 registration statement shall not apply.

3. *Electronic filings*. In addition to satisfying the foregoing conditions, a registrant subject to the electronic filing requirements of Rule 101 of Regulation S-T (§232.101 of this chapter) shall have:

(a) Filed with the Commission all required electronic filings, including electronic copies of documents submitted in paper pursuant to a hardship exemption as provided by Rule 201 or Rule 202(d) of Regulation S-T (§232.201 or §232.202(d) of this chapter); and

(b) Submitted electronically to the Commission all Interactive Data Files required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the twelve calendar months and any portion of a month immediately preceding the filing of the registration statement on this Form (or for such shorter period of time that the registrant was required to submit such files).

B. Application of General Rules and Regulations

1. Attention is directed to the General Rules and Regulations under the Act, particularly those comprising Regulation C there-under (17 CFR §§230.400 to 230.499). That Regulation contains general requirements regarding the preparation and filing of registration statements. However, any provision in this Form covering the same subject matter as any such requirement shall be controlling unless otherwise specifically provided in Regulation C (*see* §230.400).

2. Attention is directed to Regulation S-K (17 CFR Part 229) for the requirements applicable to the content of the non-financial portions of registration statements under the Act. Where this Form directs the registrant to furnish information required by any item of Regulation S-K, information need only be furnished to the extent appropriate.

3. A "small reporting company," defined in §230.405, shall refer to the disclosure items in Regulation S-K (17 CFR 229.10 *et seq.*) with specific attention to the scaled disclosure provided for smaller reporting companies, if any.

**C. Reoffers and Resales**

1. *Securities*. Reoffers and resales of the following securities may be made on a continuous or delayed basis in the future, as provided by Rule 415 (§230.415), pursuant to a registration statement on this Form by means of a separate prospectus ("reoffer prospectus"), which is prepared in accordance with the requirements of Part I of Form S-3 (or, if the registrant is a foreign private issuer, in accordance with Part I of Form F-3), and filed with the registration statement on Form S-8 or, in the case of control securities, a post-effective amendment thereto:

   (a) *Control securities*, which are defined for purposes of this General Instruction C as securities acquired under a Securities Act registration statement held by affiliates of the registrant as defined in Rule 405 (§230.405). Control securities may be included in a reoffer prospectus only if they have been or will be acquired by the selling security holder pursuant to an employee benefit plan; or

   (b) *Restricted securities*, which are defined for purposes of this General Instruction C as securities issued under any employee benefit plan of the registrant meeting the definition of "restricted securities" in Rule l44(a)(3) (§230.144(a)(3)), whether or not held by affiliates of the registrant. Restricted securities may be included in a reoffer prospectus only if they have been acquired by the selling security holder prior to the filing of the registration statement.

2. *Limitations*. The reoffer prospectus may be used as follows:

   (a) If the registrant, at the time of filing such prospectus, satisfies the registrant requirements for use of Form S-3 (or if the registrant is a foreign private issuer, the registrant requirements for use of Form F-3), then control and restricted securities may be registered for reoffer and resale without any limitations.

   (b) If the registrant, at the time of filing such prospectus, does not satisfy the registrant requirements for use of Form S-3 or F-3, as appropriate, then the following limitation shall apply with respect to both control securities and restricted securities: the amount of securities to be offered or resold by means of the reoffer prospectus, by each person, and any other person with whom he or she is acting in concert for the purpose of selling securities of the registrant, may not exceed, during any three month period, the amount specified in Rule 144(e) (§230. 144(e)).

3. *Selling Security Holders.*

   (a) *Control Securities*. If the names of the security holders who intend to resell are not known by the registrant at the time of filing the Form S-8 registration statement, the registrant may either: (1) refer to the selling security holders in a generic manner in the reoffer prospectus; later, as their names and the amounts of securities to be reoffered become known, the registrant must supplement the reoffer prospectus with that information; or (2) name in the reoffer prospectus all persons eligible to resell and the amounts of securities available to be resold, whether or not they have a present intent to do so; any additional persons must be added by prospectus supplement. Prospectus supplements must be filed with the Commission as required by Rule 424(b) (§230.424(b)). The registrant may file a reoffer prospectus covering control securities as part of the initial registration statement or by means of a post-effective amendment to the Form S-8 registration statement.

   (b) *Restricted Securities*. All persons (including non-affiliates) holding restricted securities registered for reoffer or resale pursuant to a reoffer prospectus are to be named as selling shareholders in the reoffer prospectus; *provided, however*, that any non-affiliate who holds less than the lesser of 1000 shares or 1% of the shares issuable under the plan to which the Form S-8 registration statement relates need not be named if the reoffer prospectus indicates that certain unnamed non-affiliates, each of whom may sell up to that amount, may use the reoffer prospectus for reoffers and resales. The reoffer prospectus covering restricted securities must be filed with the initial registration statement, not a post-effective amendment thereto.

*Notes to General Instruction C*

l. The term "person" as used in this General Instruction C shall be the same as set forth in Rule 144(a)(2) (§230.144(a)(2)).

2. If the conditions of this General Instruction C are not satisfied, registration of reoffers or resales must be made by means of a separate registration statement using whichever form is applicable.

**D. Filing and Effectiveness of Registration Statement; Requests for Confidential Treatment; Number of Copies**

A registration statement on this Form S-8 will become effective automatically (Rule 462, §230.462) upon filing (Rule 456, §230.456). In addition, post-effective amendments on this Form shall become effective upon filing (Rules 464, §230.464 and 456). Delaying amendments are not permitted in connection with any registration statement on this Form (Rule 473(d), §230.473(d)), and any attempt to interpose a delaying amendment of any kind will be ineffective. All filings made on or in connection with this Form become public upon filing with the Commission. As a result, requests for confidential treatment made under either Rule 406 (§230.406), or Exchange Act Rule 24b-2 (§240.24b-2) in connection with documents incorporated by reference, must be acted upon, *i.e.*, granted or denied, by the Commission staff prior to the filing of the registration statement. The number of copies of the filing required by Rules 402(c) and 472(d) (§230.402(c), §230.472(d)) shall be filed with the Commission.

**E. Registration of Additional Securities**

With respect to the registration of additional securities of the same class as other securities for which a registration statement filed on this Form relating to an employee benefit plan is effective, the registrant may file a registration statement consisting only of the following: the facing page; a statement that the contents of the earlier registration statement, identified by file number, are incorporated by reference; required opinions and consents; the signature page; and any information required in the new registration statement that is not in the earlier registration statement. If the new registration statement covers restricted securities being offered for resale, it shall include the required reoffer prospectus. If the earlier registration statement included a reoffer prospectus, the new registration statement shall be deemed to include that reoffer prospectus; *provided, however*, that a revised reoffer prospectus shall be filed, if the reoffer prospectus is substantively different from that filed in the earlier registration statement. The filing fee required by the Act and Rule 457 (§230.457) shall be paid with respect to the additional securities only.

**F. Registration of Plan Interests**

Where a registration statement on this Form relates to securities to be offered pursuant to an employee stock purchase, savings, or similar plan, the registration statement shall be deemed to register an indeterminate amount of interests in such plan that are separate securities and required to be registered under the Securities Act. *See* Rule 416(c) (§230.416(c)).

**G. Updating**

Updating of information constituting the Section 10(a) prospectus pursuant to Rule 428(a) (§230.428(a)) during the offering of the securities shall be accomplished as follows:

1. Plan information specified by Item 1 of Form S-8 required to be sent or given to employees shall be updated as specified in Rule 428(b)(l) (§230.428(b)(l)). Such information need not be filed with the Commission.

2. Registrant information shall be updated by the filing of Exchange Act reports, which are incorporated by reference in the registration statement and the Section 10(a) prospectus. Any material changes in the registrant's affairs required to be disclosed in the registration statement but not required to be included in a specific Exchange Act report shall be reported on Form 8-K (§249.308) pursuant to Item 5 thereof (or, if the registrant is a foreign private issuer, on Form 6-K (§249.306)).

3. An employee plan annual report incorporated by reference in the registration statement from Form l l-K (or Form 10-K, as permitted by Rule l5d-2l (§240.l5d-2l)) shall be updated by the filing of a subsequent plan annual report on Form l l-K or l0-K.

Part I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

*Note:* **The document(s) containing the information specified in this Part I will be sent or given to employees as specified by Rule 428(b)(1) (§230.428(b)(1)). Such documents need not be filed with the Commission either as part of this registration statement or as prospectuses or prospectus supplements pursuant to Rule 424 (§230.424). These documents and the documents incorporated by reference in the registration statement pursuant to Item 3 of Part II of this Form, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.** ***See*** **Rule 428(a)(1) (§230.428(a)(1)).**

Item 1. Plan Information.

The registrant shall deliver or cause to be delivered to each participant material information regarding the plan and its operations that will enable participants to make an informed decision regarding investment in the plan. This information shall include, to the extent material to the particular plan being described, but not be limited to, the disclosure specified in (a) through (j) below. Any unusual risks associated with participation in the plan not described pursuant to a specified item shall be prominently disclosed, as, for example, when the plan imposes a substantial restriction on the ability of a participant to withdraw contributions, or when plan participation may obligate the participant's general credit in connection with purchases on a margin basis. The information may be in one or several documents, provided that it is presented in a clear, concise and understandable manner. *See* Rule 421 (§230.421).

**(a) General Plan Information**

(1) Give the title of the plan and the name of the registrant whose securities are to be offered pursuant to the plan.

(2) Briefly state the general nature and purpose of the plan, its duration, and any provisions for its modification, earlier termination or extension to the extent that they affect the participants.

(3) Indicate whether the plan is subject to any provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), and if so, the general nature of those provisions to which it is subject.

(4) Give an address and a telephone number, including area code, which participants may use to obtain additional information about the plan and its administrators. State the capacity in which the plan administrators act (*e.g.*, trustees or managers) and the functions that they perform. If any person other than a participating employee has discretion with respect to the investment of all or any part of the assets of the plan in one or more investment media, name such person and describe the policies followed and to be followed with respect to the type and proportion of securities or other property in which funds of the plan may be invested. If the plan is not subject to ERISA: (i) state the nature of any material relationship between the administrators and the employees, the registrant or its affiliates; and (ii) describe the manner in which the plan administrators are selected, their term of office, and the manner in which they may be removed from office.

**(b) Securities to be Offered**

(l) State the title and total amount of securities to be offered pursuant to the plan.

(2) Furnish the information required by Item 202 of Regulation S-K (§229.202), except that if common stock registered under Section 12 of the Exchange Act is offered, such information is unnecessary. If plan interests are being registered, they need not be described pursuant to this item.

**(c) Employees Who May Participate in the Plan**

Indicate each class or group of employees that may participate in the plan and the basis upon which the eligibility of employees to participate therein is to be determined.

**(d) Purchase of Securities Pursuant to the Plan and Payment for Securities Offered**

(l) State the period of time within which employees may elect to participate in the plan, the price at which the securities may be purchased or the basis upon which such price is to be determined, and any terms regarding the amount of securities that an eligible employee can purchase.

(2) State when and the manner in which employees are to pay for the securities purchased pursuant to the plan. If payment is to be made by payroll deductions or other installment payments, state the percentage of wages or salaries or other basis for computing such payments, and the time and manner in which an employee may alter the amount of such deduction or payment.

(3) State the amount each employee is required or permitted to contribute or, if not a fixed amount, the percentage of wages or salaries or other basis of computing contributions.

(4) If contributions are to be made under the plan by the registrant or any employer, state who is to make such contributions, when they are to be made and the nature and amount of each contribution. If such contributions are not a fixed amount, state the basis for computing contributions.

(5) State the nature and frequency of any reports to be made to participating employees as to the amount and status of their accounts.

(6) If the plan is not subject to ERISA, state whether securities are to be purchased in the open market or otherwise. If they are not to be purchased in the open market, then state from whom they are to be purchased and describe the fees, commissions or other charges paid. If the employer or any of its affiliates, or any person having a material relationship with the employer or any of its affiliates, directly or indirectly, receives any part of the aggregate purchase price (including fees, commissions or other charges), explain the basis for compensation.

*Note:* If the plan is one under which credit is extended to finance the acquisition of securities, consideration should be given to the applicability of Regulation G (12 CFR Part 207) or T (12 CFR Part 220).

**(e) Resale Restrictions**

Describe briefly any restriction on resale of the securities purchased under the plan which may be imposed upon the employee purchaser.

**(f) Tax Effects of Plan Participation**

Describe briefly the tax effect that may accrue to employees as a result of plan participation as well as the tax effects, if any, upon the registrant and whether or not the plan is qualified under Section 401(a) of the Internal Revenue Code.

*Note:* If the plan is not qualified under Section 401 of the Internal Revenue Code of 1986, as amended, consideration should be given to the applicability of the Investment Company Act of 1940. *See* Securities Act Release No. 4790 (July 13, 1965).

**(g) Investment of Funds**

If participating employees may direct all or any part of the assets under the plan to two or more investment media, furnish a brief description of the provisions of the plan with respect to the alternative investment media; and provide a tabular or other meaningful presentation of financial data for each of the past three fiscal years (or such lesser period for which the data with respect to each investment medium is available) that, in the opinion of the registrant, will apprise employees of material trends and significant changes in the performance of alternative investment media and enable them to make informed investment decisions. Financial data shall be presented for any additional fiscal years necessary to keep the information from being misleading or that the registrant deems appropriate, but the total period presented need not exceed five years.

**(h) Withdrawal from the Plan; Assignment of Interest**

(1) Describe the terms and conditions under which a participating employee may (i) withdraw from the plan and terminate his or her interest therein; or (ii) withdraw funds or investments held for the employee's account without terminating his or her interest in the plan.

(2) State whether, and the terms and conditions upon which, the plan permits an employee to assign or hypothecate his or her interest in the plan.

(3) No information need be provided as to the effect of a qualified domestic relations order as defined in ERISA Section 206(d) (29 U.S.C. 1056(d)).

**(i) Forfeitures and Penalties**

Describe briefly every event which could, under the plan, result in a forfeiture by, or a penalty to, a participant, and the consequences thereof.

**(j) Charges and Deductions and Liens Therefor**

(l) Describe all charges and deductions (other than deductions described in paragraph (d) and taxes) that may be made against employees participating in the plan or against funds, securities or other property held under the plan and indicate who will receive, directly or indirectly, any part thereof. Such description should include charges and deductions that may be made upon the termination of an employee's interest in the plan, or upon partial withdrawals from the employee's account thereunder.

(2) State whether or not under the plan, or pursuant to any contract in connection therewith, any person has or may create a lien on any funds, securities, or other property held under the plan. If so, describe fully the circumstances under which the lien was or may be created.

(3) No information need be provided as to the effect of a qualified domestic relations order as defined in ERISA Section 206(d) (29 U.S.C. 1056(d)).

**Item 2. Registrant Information and Employee Plan Annual Information.**

The registrant shall provide a written statement to participants advising them of the availability without charge, upon written or oral request, of the documents incorporated by reference in Item 3 of Part II of the registration statement, and stating that these documents are incorporated by reference in the Section 10(a) prospectus. The statement also shall indicate the availability without charge, upon written or oral request, of other documents required to be delivered to employees pursuant to Rule 428(b) (§230.428(b)). The statement shall include the address (giving title or department) and telephone number to which the request is to be directed.

## Part II

## INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

**Item 3. Incorporation of Documents by Reference.**

The registrant, and where interests in the plan are being registered, the plan, shall state that the documents listed in (a) through (c) below are incorporated by reference in the registration statement; and shall state that all documents subsequently filed by it pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in the registration statement and to be part thereof from the date of filing of such documents. Copies of these documents are not required to be filed with the registration statement.

(a) The registrant's latest annual report, and where interests in the plan are being registered, the plan's latest annual report, filed pursuant to Section 13(a) or 15(d) of the Exchange Act, or in the case of the registrant either: (1) the latest prospectus filed pursuant to Rule 424(b) under the Act that contains audited financial statements for the registrant's latest fiscal year for which such statements have been filed, or (2) the registrant's effective registration statement on Form 10, Form 20-F or, in the case of registrants described in General Instruction A.(2) of Form 40-F, on Form 40-F filed under the Exchange Act containing audited financial statements for the registrant's latest fiscal year.

(b) All other reports filed pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the registrant document referred to in (a) above.

(c) If the class of securities to be offered is registered under Section l2 of the Exchange Act, the description of such class of securities contained in a registration statement filed under such Act, including any amendment or report filed for the purpose of updating such description.

**Item 4. Description of Securities.**

If the class of securities to be offered is not registered under Section 12 of the Exchange Act, set forth the information required by Item

202 of Regulation S-K (§229.202 of this chapter). If plan interests are being registered, they need not be described pursuant to this item.

**Item 5. Interests of Named Experts and Counsel.**

Furnish the information required by Item 509 of Regulation S-K (§229.509 of this chapter).

**Item 6. Indemnification of Directors and Officers.**

Furnish the information required by Item 702 of Regulation S-K (§229.702 of this chapter).

**Item 7. Exemption from Registration Claimed.**

With respect to restricted securities to be reoffered or resold pursuant to this registration statement, the registrant shall indicate the section of the Act or Rule of the Commission under which exemption from registration was claimed and set forth briefly the facts relied upon to make the exemption available.

**Item 8. Exhibits.**

Furnish the exhibits required by Item 601 Regulation S-K (§229.601 of this chapter), except that with respect to Item 601(b)(5):

(a) An opinion of counsel as to the legality of the securities being registered is required only with respect to original issuance securities.

(b) Neither an opinion of counsel concerning compliance with the requirements of ERISA nor an Internal Revenue Service determination letter that the plan is qualified under Section 401 of the Internal Revenue Code shall be required if, in lieu thereof, the response to this Item 8 includes an undertaking that the registrant will submit or has submitted the plan and any amendment thereto to the Internal Revenue Service ("IRS") in a timely manner and has made or will make all changes required by the IRS in order to qualify the plan.

**Item 9. Undertakings.**

Furnish the undertakings required by Item 512(a), (b) and (h) of Regulation S-K (§229.512(a), (b) and (h) of this chapter), as well as any other applicable undertakings in Item 512.

*Notes to Item 9:*

(1) The Regulation S-K Item 512(a) undertakings are usually required pursuant to this item since most registration statements on Form S-8 involve the continuous offering and sale of securities under Rule 415 (§230.415 of this chapter).

(2) With respect to registration statements filed on this Form, foreign private issuers are not required to furnish the Item 512(a)(4) undertaking.

**SIGNATURES**

**The Registrant.** Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of _____ ,

State of _____ , on _____, 20_____

(Registrant) _____

By (Signature and Title) _____

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

(Signature) _____

(Title) _____

(Date) _____

**The Plan**. Pursuant to the requirements of the Securities Act of 1933, the trustees (or other persons who administer the employee benefit plan) have duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of _____,

State of _____, on _____
__, 20_____

(Plan) _____
_____

By (Signature and Title) _____
_____

**Instructions.**

1. The registration statement shall be signed by the registrant, its principal executive officer or officers, its principal financial officer, its controller or principal accounting officer, and at least a majority of the board of directors or persons performing similar functions. Where interests in the plan are being registered, the registration statement shall be signed by the plan. If the signing person is a foreign person, the registration statement shall also be signed by its authorized representative in the United States. Where the signing person is a limited partnership, the registration statement shall be signed by a majority of the board of directors of any corporate general partner signing the registration statement.

2. The name of each person who signs the registration statement shall be typed or printed beneath the signature. Any person who occupies more than one of the specified positions shall indicate each capacity in which he or she signs the registration statement. Attention is directed to Rule 402 (§230.402) concerning manual signatures and Item 601 (§229.601) of Regulation S-K concerning signatures pursuant to powers of attorney.

**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT N

Published on *The National Law Review* (http://www.natlawreview.com)

# SEC Alleges Form 10 Was Misleading, But Is The SEC's Order Itself Misleading?

Article By:
Keith Paul Bishop

Last week, the Securities and Exchange Commission announced that it had "instituted proceedings against American CryptoFed DAO LLC, a Wyoming-based organization, halting the effectiveness of the company's registration of two digital tokens as securities". The SEC's order includes the following allegation:

> The Form 10 also contained materially misleading information concerning American CryptoFed's intended distribution of the Locke tokens. Specifically, American CryptoFed asserted that upon effectiveness of the Form 10, it will use Form S-8 – a Securities Act of 1933 ("Securities Act") form for securities offered to employees through employee benefit plans – to distribute Locke tokens to more than 500 entities, *such as municipalities, merchants, banks, and "crypto exchanges," and non-employee individual contributors*. However, the Form 10 failed to disclose that Form S-8 is not legally available for such a distribution. (Emphasis added)

This piqued my curiosity and so I checked the Form 10 at issue. This is what it states:

> If the SEC does not agree with CryptoFed's position and characterizes Locke and Ducat tokens as securities, CryptoFed should be able to grant these tokens to service providers, free of charge, under an equity incentive plan for the CryptoFed community, pursuant to the American CryptoFed DAO Constitution ("Constitution") attached as Exhibit 1, as long as these tokens are restricted, untradeable and non- transferable. By holding Locke tokens per se, token holders by definition perform services to CryptoFed, because the CryptoFed token economy needs a network effect of mass token holders to overcome the inherent hurdles of collective action. CryptoFed will grant restricted, untradeable and non- transferable Locke tokens to municipalities, merchants, banks, crypto exchanges and individual contributors to execute the Ducat Economic Zone plan attached as Exhibit 2. In anticipation of mass distribution which will quickly surpass the 500-person threshold under Exchange Act Section 12(g)3, CryptoFed elects to proactively file this Form 10 to subject itself to the periodic reporting requirements and then file Form S-8 upon the effectiveness of Form 10 in 60 days. Concurrent with this Form 10 filing, CryptoFed is also filing Form S-1 to register Locke and Ducat tokens to make them tradeable and transferable. The SEC's review of CryptoFed's Form S-1 filing will continue until the SEC declares the Form S-1 effective. In the interim, Form S-8 filing will enable CryptoFed to grant restricted and untradeable Locke tokens to more than 500 persons. For clarity, all Locke and Ducat tokens will remain restricted, untradeable and non-transferable until the effectiveness of the Form S-1 filing is confirmed by the SEC.

While the SEC's allegation may be a reasonable interpretation of what was said in the Form 10, it subtly changes what is actually said in the Form 10. The Form 10 states only that the Form S-8 will enable the registrant to grant tokens to more than 500 *persons*. This statement is not facially wrong - a Form S-8 registration statement may register the offer and sale of securities to more than 500 persons in some circumstances. Indeed, before Congress amended Section 12(g) to increase the threshold from 500 holders of record for registration under the Exchange Act, more than a few companies were concerned that they would become subject to registration due to the number of awards under their employee benefit plans. The SEC obviously believes that this is not one of those circumstances.

A Form S-8 may not be used to register offers and sales to any entity, but it may be used to register sales to some persons (*i.e.*, individual employees under an employee benefit plan). The SEC's order substitutes "entities" for "persons" and adds the list of potential recipients to the registrant's statement. By this legerdemain, the SEC converts a statement that might be true in some cases into a statement that is false in all cases. I am not arguing that the registrant could use a Form S-8 in the manner that the SEC believes the registrant intended. However, I believe that the SEC also has an obligation to be accurate in what it alleges and not manipulate the language in a filing to strengthen its case. When the SEC does so, it convicts itself of the very act that it accuses.



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**RESPONDENT**

**AMERICAN CRYPTOFED DAO LLC**

# EXHIBIT O

Published on *The National Law Review* (http://www.natlawreview.com)

# DAOsing Rods and the Power of Enforcement Prediction

Article By:
Daniel L. McAvoy
Stephen A. Rutenberg

**Thoughts on Recent SEC statements and Action on Enforcement Related to Decentralized Autonomous Organizations (DAO)**

On November 10, 2021 the US Securities and Exchange Commission (the SEC) announced that it had halted the first ever attempt to register digital tokens issued by a decentralized autonomous organization (DAO) under the US federal securities laws. American CryptoFed – also the first DAO to take advantage of Wyoming's new "DAO Law" that attempts to give DAOs legal status – filed Form 10 and subsequently filed a Form S-1 in an effort to register its digitals assets in the form of two coins designed to operate in tandem issued under the names Locke and Ducat.

A DAO is an organization encoded as a transparent computer program, controlled by the organization members and not by a central corporate entity, often through a governance token utilized on a blockchain.

In the SEC's announcement, they alleged that the registration statement filed by American CryptoFed contained a number of deficiencies, including purportedly misleading statements such as claims that the tokens were not intended to be securities and may be distributed on the form of registration statement used for registration of securities under an employee benefit plan. Perhaps just as importantly, the registration statement failed to provide substantive information about the issuer as is required to be disclosed in the form, such as information regarding its business, management, and financial condition. One telling example of the deficient information concerns the issuer's ownership structure, which a pure DAO would be unable to produce by its very nature of being a DAO.

This highlights several issues with being able to register DAO-issued tokens under the current regulatory framework. The SEC disclosure forms rightly require financial statements and business information regarding the issuer. That said, a DAO is not really an entity. There often is a supporting entity in place alongside a DAO, and in some instances an organization that isn't really decentralized may be mislabeled as a DAO, but the DAO itself in almost all circumstances would not be able to produce financial statements prepared in accordance with generally accepted accounting principles. If the DAO does not have a definable business and truly is decentralized, then there may not be a management structure for which information can be provided. Further, depending on the circumstances, the financial condition of a DAO may be of limited relevance to holders of the tokens, particularly if there truly is a level of decentralization that would allow the project to move forward even if the 'entity' sponsoring the token were to collapse (or the financial statements of the issuer could be looking at the wrong thing if the treasury of the DAO is not housed in that entity). Simply put, this action implies that

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it will be difficult if not impossible for true a DAO to register its tokens under the current regulatory framework, even if it sets itself up in a way to attempt robust compliance.

## Avoiding the Line and Counsel?

Any spurt of innovation, particularly the one we are experiencing now with decentralized finance and DAOs, will test the boundaries of existing regulation and hopefully lead to regulatory flexibility and updated regulations. For this reason, a recent statement by SEC Chair Gensler could use additional clarification. On November 4,, 2021, a few days before the American CryptoFed halt, at the first SEC Enforcement Forum since he became Chair, Gensler laid out a number of enforcement directives of the SEC, putting an emphasis on a the economic reality of a transaction regardless of what form it is in. In particular, he emphasized that terms such as "decentralized finance" (DeFi), "currency," or "peer-to-peer lending" should not be taken at face value without looking at what the transaction is really doing.

While it is important to understand the spirit of the law and never act fraudulently regardless of the law, the role of legal counsel is to help clients work within the law, even if it is near the boundary of the law. Gensler's statement - "if you're asking a lawyer, accountant, or adviser if something is over the line, maybe it's time to step back from the line" – has the potential to deter entrepreneurs from seeking counsel and encourage haphazard action. While a measure of caution is not undue, it does have the potential to stifle innovation. This is after all a new frontier of finance where advances are made in the margins often by those who get there first. Consulting with responsible counsel is something that any innovator should be encouraged to do. Seemingly discouraging innovators from seeking counsel, and asking those who are trying to be responsible and comply with the law to not even attempt to do so, would only increase the prevalence of bad actors, exposing all parties - including investors - to the very risks that regulators are trying to avoid.

## Rulemaking Under Any Other Name...

A few days after Chair Gensler's statement, Gurbir Gruwal, the new Director of the Division of Enforcement gave prepared remarks discussing the role of that Division. The remarks were largely a defense against the assertion that, with respect to the crypto industry, the SEC has been "regulating by enforcement" rather than creating new regulation. Mr. Gruwal gave three examples to show how the Division's Cyber Unit's enforcement of digital assets actions are enforcing existing laws and not creating new law. The first example he gave was the Kik ICO, followed by a recent Ponzi scheme that claimed to use DeFi but did not actually support a DeFi network and, last, the BitConnect project that also was long thought to be a Ponzi scheme. While there was not complete consensus within the digital asset legal community about how Kik's KIN token would be treated for federal securities law purposes, the latter two were blatant frauds of what would have obviously been securities, had they existed at all. Selecting those straightforward examples out of hundreds does not mean that there haven't been other enforcement actions in areas where the law was quite unsettled.

While the Division of Enforcement is doing a lot of great work, the speech shows that there is a fundamental misunderstanding of the industry's frustration over "rulemaking by enforcement."

Rather than coming out with new regulations that provide somewhat bright lines, one must wade through a gallimaufry of enforcement actions, press releases, risk alerts, and speeches to determine the current state of the law. Even then, there is a wide gulf between what the SEC has endorsed and publicly warned against with any level of specificity. In the nearly 10 months since the current administration

took office, there have only been a small handful of new proposed rules and only in the last week have any new substantive regulations been approved. "Rulemaking by enforcement" is really shorthand for the lack of clear, concise guidance needed for those who *want* to comply with the law to *actually* comply with the law. This particularly rings true for aspects of many blockchain technologies that are fundamentally incompatible with existing regulations, even if they are compatible with the spirit of the law. The SEC Staff has announced that it will try to tackle this problem with respect to the Advisers Act "Custody Rule" by modernizing it, but it does not appear that any other meaningful regulation relating to digital assets or decentralized finance is on the horizon.

Maybe the SEC should also consider a framework under which a DAO or a supporting organization of a DAO can register securities, particularly as the discussion regarding regulation of stablecoins and DeFi starts to heat up.

The prepared remarks close out as follows:

"*This is not "regulation by enforcement."*

*This is not "regulation by enforcement."*

*This is not "regulation by enforcement."*

*There. I have said it thrice and what I tell you three times is true*."

This is (not) regulation by speechmaking at its finest.



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**OS Received 12/06/2021**

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| In the Matter of<br>American CryptoFed DAO LLC,<br>Respondent. | RESPONDENT AMERICAN CRYPTOFED DAO LLC'S ANSWER TO ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS AND NOTICE OF HEARING PURSUANT TO SECTION 12(j) OF THE SECURITIES EXCHANGE ACT OF 1934 |

COMES NOW Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent"), and files as follows this Answer of Respondent ("Answer") to the Securities and Exchange Commission ("Commission") Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"). Respondent reserves its rights to request dismissal of the OIP on any and all grounds. To the

extent not explicitly admitted, all allegations of the OIP are denied. Respondent's headings correlate to the section headings supplied in the OIP. Along with this Answer, Respondent has filed seven (7) Motions for More Definite Statement regarding specified matters of fact or law to be considered or determined pursuant to Rule 220 (d): No.1 is for Section I, Section III preamble and Section III B; No.2 for Paragraph 1; No.3 for Paragraphs 2, 4, 7, 14 and 15; No.4 for Paragraphs 5, 6, 12, 13, 14, 16 and 17; No.5 for Paragraphs 8, 9 and 15; No.6 for Paragraphs 10, 11, Section III A and Section IV; No.7 for Paragraph 18. These separate Motions for More Definite Statement share all exhibits attached to and listed at the bottom of, this Answer.

**SECTION I.**

Respondent lacks sufficient information to admit or deny the statement. Please see the Motion for more definite statement No.1.

**SECTION II.**

**A. RESPONDENT**

1. Respondent admits American CryptoFed DAO LLC was established in Wyoming on July 1, 2021, as a "Decentralized Autonomous Organization" ("DAO"). However, Respondent lacks sufficient information to admit or deny the remaining allegation set forth in this Paragraph 1. Please see the Motion for more definite statement No. 2.

**B. MATERIALLY DEFICIENT FORM 10 REGISTRATION STATEMENT**

2. Respondent admits partially the allegation set forth in this Paragraph 2 to the extent that the Form 10 was filed on September 16, 2021, but Respondent lacks sufficient information to admit or deny the remaining allegation. Please see the Motion for more definite statement No.3.

3. Respondent admits partially the allegation set forth in this Paragraph 3 to the extent that the WebEx meeting happened on October 4, 2021, but denies the remaining allegation. During

the meeting, Respondent requested the Commission's staff to explain the issues in writing to avoid misunderstandings. They did not do so until October 8, 2021, after Respondent sent a letter on October 7, 2021 to Commissioner Hester Peirce and copied the staff, attached as Exhibit K, in which Respondent emphasized "We requested those issues be communicated to us in written format so we may address each concern." (Exhibit K, p.1).

4. Respondent admits partially the allegation set forth in this Paragraph 4 to the extent that Respondent filed "Amendment No.1 to Form 10" (Exhibit E) on October 6, 2021, but Respondent lacks sufficient information to admit or deny the remaining allegation. Please see the Motion for more definite statement No.3.

5. Respondent admits partially the allegation set forth in this Paragraph 5 to the extent that Respondent received the letter on October 8, 2021, but Respondent lacks sufficient information to admit or deny the remaining allegation. Please see the Motion for more definite statement No.4.

6. Respondent admits partially the allegation set forth in this Paragraph 6 to the extent that the October 8, 2021 letter contained the bullet points listed in the allegation, but Respondent lacks sufficient information to admit or deny the remaining allegation. Please see the Motion for more definite statement No.4.

7. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 7. Please see the Motion for more definite statement No.3.

8. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 8. Please see the Motion for more definite statement No.5.

9. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 9. Please see the Motion for more definite statement No.5.

10. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 10. Please see the Motion for more definite statement No.6.

**C. RELEVANT SECTIONS, RULES AND REGULATIONS**

11. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 11. Please see the Motion for more definite statement No.6.

12. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 12. Please see the Motion for more definite statement No.4.

13. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 13. Please see the Motion for more definite statement No.4.

14. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 14. Please see the Motion for more definite statement No.3 and No.4.

15. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 15. Please see the Motion for more definite statement No.3 and No. 5.

16. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 16. Please see the Motion for more definite statement No.4.

17. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 17. Please see the Motion for more definite statement No.4.

18. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph 18. Please see the Motion for more definite statement No.7.

**SECTION III**

A. Respondent lacks sufficient information to admit or deny the allegations set forth in this Paragraph III A. Please see the Motion for more definite statement No.6.

B. Respondent lacks sufficient information to admit or deny the allegation set forth in this Paragraph III B. Please see the Motion for more definite statement No.1.

**SECTION IV.**

Although no answer is required to the Commission's orders and instructions, Respondent must emphasize that the statute's plain text in Section 12 (j) prohibits the Commission from issuing such an order leading to staying / suspending the effective date of Respondent's Form 10 filing without a hearing conducted "on the record." To that extent, as a matter of law, the Commission should immediately withdraw the order which stayed Respondent's Form 10 filing, because i) there is no genuine issue as to any material fact, and ii) the order does not meet the requirements of the plain text of Section 12 (j) of the Securities Exchange Act of 1934. Please see the Motion for more definite statement No.6.

**RESERVATION**

Respondent reserves the right to supplement and amend this Answer as necessary and appropriate after motions for more definite statement are granted. Respondent reserves the right to add counterclaims at a later time. To the extent any allegation is not specifically addressed herein, such allegation is denied. Respondent demands strict proof of all allegations made in the OIP.

**EXHIBIT INDEX**

Exhibit A - Form 10 Registration.

Exhibit B - American CryptoFed Constitution.

Exhibit C - Wyoming DAO Law.

Exhibit D - Articles of Organization

Exhibit E - Amendment No. 1 to Form 10

Exhibit F - SEC Oct 8, 2021 Letter to CryptoFed

Exhibit G - CryptoFed Letter to SEC Oct 12 2021

Exhibit H - CryptoFed Oct 29, 2021 Letter to SEC

Exhibit I - CryptoFed Oct 30, 2021 Letter to SEC

Exhibit J - CryptoFed Nov. 3, 0221 Letter to SEC

Exhibit K - October 7, 2021 Letter to SEC

Exhibit L - Ducat Economic Zone

Exhibit M - Form S-8

Exhibit N - Article by Keith Paul Bishop.

Exhibit O - Article by Daniel McAvoy and Stephen Rutenberg

Dated: December 3, 2021

Respectfully submitted,

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

By /s/ Marian Orr

Marian Orr

CEO, American CryptoFed DAO LLC

1607 Capitol Ave Ste 327

Cheyenne, WY. 82001

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of this Motion was filed by eFAP and was served on the following on December 3, 2021, in the manner indicated below:

By Email:

Christopher Bruckmann, Trial Counsel

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U.S. Securities and Exchange Commission

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By /s/ Marian Orr

Marian Orr

CEO, American CryptoFed DAO LLC

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Cheyenne, WY. 82001

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| **In the Matter of**<br>**American CryptoFed DAO LLC,**<br>**Respondent.** | **RESPONDENT AMERICAN CRYPTOFED DAO LLC'S MOTION FOR MORE DEFINITE STATEMENT NO.1** |

Pursuant to Rule 220 (d), Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent" ) requests the Division of Enforcement ("Division") to provide a more definite statement to the allegations set forth in Section I, Section III preamble, and Section III B of its Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"), because Section I, Section III preamble and Section III B contains ambiguities that prevent Respondent from correctly understanding the statement, correctly answering the statement, and then reasonably addressing whether the Division has standing. **Exhibits cited in this motion are the Exhibits attached to Respondent's Answer to the OIP.**

In the Section I, Section III preamble and Section III B of the OIP, the Division asserts that the Securities and Exchange Commission ("Commission") "deems it necessary and appropriate for the protection of investors that public administrative proceedings be, and hereby are, instituted". However, the Division does not specify who are these investors and what possible damages they have suffered, are suffering and will possibly suffer. These specifications are needed for Respondent to correctly understand the Division's statement, OIP's allegations and relief sought by the Commission, in order to answer them accurately.

For Locke token, all proceeds must be preserved and used for refunding, and no proceeds will be used for another purpose. For Ducat token, all proceeds must be preserved and used for redemption purposes, and no proceeds will be used for other purpose. Respondent outlined in detail the refunding mechanism of Locke token and the redemption mechanism of Ducat token in the Form 10 filing, attached to the Answer as Exhibit A (Section 2.5.1 and 2.5.2, p. 23-24).

Furthermore, Respondent has made it clear that, before the SEC declares CryptoFed's Form S-1 effective, i) Locke token is granted, free of charge, and restricted, untradeable and non-transferable in both the Form 10 filing (Exhibit A, p. 5) and the American CryptoFed DAO Constitution (equivalent to operating agreement) filed as Exhibit 1 to the Form 10, and attached in the Answer as Exhibit B (Section 14.6, p. 12-13), and ii) Ducat token will not be launched until the Locke token market price reaches $0.10 US dollars per token on a daily basis for a consecutive one-month period (Exhibit A, Section 2.4.2, p. 22; Exhibit B, Section 15.6, p. 16).

Under the mechanism of Respondent's design of token economics, no one could possibly and logically be damaged, whatsoever. In contrast, through the Order Instituting Administrative Proceedings, under the guise of "the protection of investors", the Commission has done the opposite to deprive the rights of natural persons and entities to receive disclosure on

Respondent's historic innovation and the grant of Locke tokens, free of charge. The OIP also prevents general consumers from enjoying huge potential economic benefits in the future as outlined in Respondent's Form 10 filing below, by holding Ducat tokens:

"Ducat is an inflation and deflation protected stable token with unlimited issuance, constrained by algorithms targeting zero inflation and zero deflation. Ducat is used to price goods and services, for daily transactions, accounting and as a store of value. CryptoFed utilizes both fiscal policy tools and monetary policy tools defined by its Constitution, to provide benefits to Ducat users and adjust the incentive ranges as detailed below to influence users' economic behaviors in order to stabilize Ducat.

i) Fiscal Policy tools are defined as rewards paid to consumers at a range of 5.5% -12% for making purchases using Ducat and merchants for accepting Ducat at a range of 1% - 4%.

ii) Monetary Policy tools are defined as interest paid to all Ducat holders at a range of 3% - 5%, but can be raised as high as necessary to cure or deter inflation." (Exhibit A, Section 2.2.1, p. 8).

The possibility of any damages to any investors in this matter is so shadowy, indefinite, and equivocal that it must be put out of consideration as altogether unreal. The Division must specify any possible damages in concrete and accurate manner, before stating that the Commission "deems it necessary and appropriate for the protection of investors that public administrative proceedings be, and hereby are, instituted." Otherwise, neither is Respondent able to correctly understand and accurately answer the Division's statement, nor can the Division claim it has standing to initiate the OIP. Thus, a more definite statement is necessary.

Dated: December 3, 2021

Respectfully submitted,


By /s/ Marian Orr

Marian Orr

CEO, American CryptoFed DAO LLC

1607 Capitol Ave Ste 327

Cheyenne, WY. 82001

# CERTIFICATE OF SERVICE

I hereby certify that a true copy of this Motion was filed by eFAP and was served on the following on December 3, 2021, in the manner indicated below:

By Email:

Christopher Bruckmann, Trial Counsel

Division of Enforcement – Trial Unit

U.S. Securities and Exchange Commission

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Marian Orr
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Marian Orr

CEO, American CryptoFed DAO LLC

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UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| **In the Matter of**<br>**American CryptoFed DAO LLC,**<br>**Respondent.** | **RESPONDENT AMERICAN CRYPTOFED DAO LLC'S MOTION FOR MORE DEFINITE STATEMENT NO.2** |

Pursuant to Rule 220 (d), Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent") requests the Division of Enforcement ("Division") to provide a more definite statement to the allegations set forth in Paragraph 1 of its Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"), because Paragraph 1 contains ambiguities that prevent Respondent from correctly understanding the statement and accurately answering the statement. **Exhibits cited in this motion are the Exhibits attached to Respondent's Answer to the OIP.**

In Paragraph 1 of the OIP, the Division alleges that American CryptoFed "is the successor entity to American CryptoFed, Inc." However, American CryptoFed, Inc. is a conventional organization, which legally requires a hierarchical and centralized structure. In

contrast, American CryptoFed DAO LLC is established pursuant to Wyoming Decentralized Autonomous Organization Supplement ("Wyoming DAO Law"), attached to the Answer as Exhibit C, which legally allows Respondent to design a Decentralized Autonomous Organization ("DAO") whose organizational structure is completely different from the conventional American CryptoFed, Inc.. Pursuant to Wyoming DAO Law (Exhibit C, Section 17-31-104, p. 4), Respondent's Articles of Organization filed as Exhibit 3 to the Form 10, attached to the Answer as Exhibit D, is statutorily required to include the following notice:

NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

The rights of members in a decentralized autonomous organization may differ materially from the rights of members in other limited liability companies. The Wyoming Decentralized Autonomous Organization Supplement, underlying smart contracts, articles of organization and operating agreement, if applicable, of a decentralized autonomous organization may define, reduce or eliminate fiduciary duties and may restrict transfer of ownership interests, withdrawal or resignation from the decentralized autonomous organization, return of capital contributions and dissolution of the decentralized autonomous organization. (Exhibit C, Section 17-31-104, p. 4; Exhibit D, Section VI, p.1).

As a result, American CryptoFed DAO Constitution (equivalent to operating agreement) is able to design an organizational structure as described below:

"As the founding organization, MShift, Inc. (MShift) is the sole member of CryptoFed whose powers and rights will completely and irreversibly become delegated to Locke token holders as defined in this Constitution. The delegation of powers and rights will become automatically effective immediately after the U.S. Securities and Exchange Commission (SEC) declares the effectiveness of CryptoFed's Form S-1 filing for Locke and Ducat token registration. For compliance purposes, MShift will discuss with the SEC and

incorporate their comments in future revisions to this Constitution until they declare CryptoFed's Form S-1 filing effective." (Exhibit B, Section 4.1, p. 3).

"There is no hierarchy, such as an executive branch, a board of directors, or an advisory board, at CryptoFed. CryptoFed will be decentralized to the extent that a CEO is no longer needed within three years. For the time being, the current CEO is a symbolic position to communicate with regulators together with MShift because regulators, such as the SEC, or other agencies, may require contact people and the founding company to be responsible for document filing." (Exhibit B, Section 4.4, p. 3-4).

Except current Respondent's CEO Marian Orr, MShift's CEO Scott Moeller and MShift's COO Xiaomeng Zhou whose information has been disclosed in Form 10 filing as required, by the design of American CryptoFed's organization structure, other executive officers, board directors and their related information do not and will not exist.

Given that the Form 10 requires the information of executive officers and board directors which does not and will not exist, if the Division mischaracterizes American CryptoFed DAO as a conventional organization which legally requires a hierarchical and centralized structure, the Division may not be able to recognize the decentralized and the autonomous nature of American CryptoFed DAO.

If the Division correctly understands American CryptoFed DAO as a decentralized autonomous organization designed pursuant to Wyoming DAO Law, the Division may be able to recognize that certain Form 10 requirements may not be applicable to American CryptoFed DAO, and may be open to a scenario which will trigger statute 15 U.S. Code § 78l (c) and (h) below, mandating a new framework and exemptions. All emphases in bold are added.

(c) Additional or **alternative information**

If in the judgment of the Commission any information required under **subsection (b) is inapplicable to any specified class or classes of issuers, the Commission shall require** in lieu thereof the submission of such other information of comparable character as it may deem applicable to such class of issuers.

(h) Exemption by rules and regulations from certain provisions of section

The Commission may by rules and regulations, or **upon application of an interested person, by order, after notice and opportunity for hearing, exempt in whole or in part any issuer or class of issuers from the provisions of subsection (g) of this section or from section 78m, 78n, or 78o(d) of this title or may exempt from section 78p of this title any officer, director, or beneficial owner of securities of any issuer, any security of which is required to be registered pursuant to subsection (g) hereof,** upon such terms and conditions and for such period as it deems necessary or appropriate, if the Commission finds, by reason of the number of public investors, amount of trading interest in the securities, the nature and extent of the activities of the issuer, income or assets of the issuer, or otherwise, that such action is not inconsistent with the public interest or the protection of investors. **The Commission may, for the purposes of any of the above-mentioned sections or subsections of this chapter, classify issuers and prescribe requirements appropriate for each such class.**

The quote below is from a recent article authored by two attorneys, Daniel L. McAvoy and Stephen A. Rutenberg of Polsinelli PC, and published in the National Law Review, Volume XI, Number 327, Tuesday, November 23, 2021, entitled "DAOsing Rods and the Power of Enforcement Prediction". The two authors' opinion echoes Respondent's view. All emphases in bold are added.

"A DAO is an organization encoded as a transparent computer program, controlled by the organization members and **not by a central corporate entity, often through a governance token utilized on a blockchain.**" (Exhibit O, p.1)

**"This highlights several issues with being able to register DAO-issued tokens under the current regulatory framework.** The SEC disclosure forms rightly require

financial statements and business information regarding the issuer. That said, a DAO is not really an entity. There often is a supporting entity in place alongside a DAO, and in some instances an organization that isn't really decentralized may be mislabeled as a DAO, but **the DAO itself in almost all circumstances would not be able to produce financial statements prepared in accordance with generally accepted accounting principles. If the DAO does not have a definable business and truly is decentralized, then there may not be a management structure for which information can be provided.** Further, depending on the circumstances, the financial condition of a DAO may be of limited relevance to holders of the tokens, particularly if there truly is a level of decentralization that would allow the project to move forward even if the 'entity' sponsoring the token were to collapse (or the financial statements of the issuer could be looking at the wrong thing if the treasury of the DAO is not housed in that entity). **Simply put, this action implies that it will be difficult if not impossible for a true DAO to register its tokens under the current regulatory framework, even if it sets itself up in a way to attempt robust compliance.**" (Exhibit O, p.1-2)

"**Maybe the SEC should also consider a framework under which a DAO or a supporting organization of a DAO can register securities,** particularly as the discussion regarding regulation of stablecoins and DeFi starts to heat up." (Exhibit O, p.3)

By alleging that American CryptoFed "is the successor entity to American CryptoFed, Inc.", the Division creates an ambiguity regarding the meaning of the allegation. It is impossible for Respondent to know whether the Division's allegation targets a hierarchical and centralized American CryptoFed Inc. or a decentralized autonomous American CryptoFed DAO. This ambiguity prevents Respondent from correctly understanding and reasonably addressing the allegation. Thus, a more definite statement is necessary.

Dated: December 3, 2021

Respectfully submitted,


By /s/ Marian Orr

Marian Orr

CEO, American CryptoFed DAO LLC

1607 Capitol Ave Ste 327

Cheyenne, WY. 82001

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of this Motion was filed by eFAP and was served on the following on December 3, 2021, in the manner indicated below:

By Email:

Christopher Bruckmann, Trial Counsel

Division of Enforcement – Trial Unit

U.S. Securities and Exchange Commission

100 F Street, N.E.

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By /s/ Marian Orr

Marian Orr

CEO, American CryptoFed DAO LLC

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Cheyenne, WY. 82001

UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| **In the Matter of**<br>**American CryptoFed DAO LLC,**<br>**Respondent.** | **RESPONDENT AMERICAN CRYPTOFED DAO LLC'S MOTION FOR MORE DEFINITE STATEMENT NO.3** |

Pursuant to Rule 220 (d), Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent") requests the Division of Enforcement ("Division") to provide a more definite statement to the allegations set forth in Paragraphs 2, 4, 7, 14 and 15 of its Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"), because Paragraphs 2, 4, 7, 14 and 15 contain contradictions among them that prevent Respondent from correctly understanding the allegations and accurately answering these allegations. **Exhibits cited in this motion are the Exhibits attached to Respondent's Answer to the OIP.**

In Paragraph 14, the Division asserts that "Form 10 is a registration statement used to register a class of securities pursuant to Exchange Act Section 12(b) or (g) for which no other form is prescribed." No other form is prescribed. This means that Respondent had no choice but to use Form 10. Additionally, in Paragraph 15, the Division further asserts that "there shall be added such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made not misleading." This means that Respondent had no choice but to add the information to the Form 10 filing that the Ducat and Locke tokens are not securities, in order to provide comprehensive information and to avoid misleading statements. However, in Paragraph 7, the Division alleges that "[t]he Form 10 stated throughout that the Ducat and Locke tokens were not securities, which was inconsistent with the statement on the cover page identifying the Ducat and Locke tokens as "[s]ecurities to be registered pursuant to Section 12(g) of the [Exchange] Act" and American CryptoFed's use of the Form 10 to register the tokens as securities under Section 12(g) of the Exchange Act." Furthermore, in Paragraph 4, the Division alleges that "on October 6, 2021, American CryptoFed filed a document that purported to be an amended Form 10, consisting of a cover page and several paragraphs asserting that the Ducat and Locke tokens were not securities." This means Paragraphs 7 and 4 contradict Paragraphs 14 and 15, simply because Respondent just did what Paragraph 14 and Paragraph 15 require. In Paragraph 2, the Division actually contradicts it's Paragraph 7 allegation by only stating "American CryptoFed filed a Form 10 registration statement with the Commission, seeking to register two classes of digital assets, the Ducat token and the Locke token, as equity securities under Section 12(g) of the Exchange Act," while completely omitting part of the Paragraph 7 allegation "[t]he Form 10 stated throughout that the Ducat and Locke tokens were not securities."

The inherent contradictions among these Paragraphs 2, 4, 7, 14 and 15 require the Division to specify i) whether Form 10 is the only and correct form for Respondent's Locke and Ducat registration as asserted in Paragraph 14, and ii) whether the material and substantive information that Locke and Ducat are not securities, should be added to the Form 10 as asserted in Paragraph 15, so that Respondent can address the allegations of Paragraphs 7, 4 and 2. Thus, a more definite statement is necessary.

Dated: December 3, 2021

Respectfully submitted,

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

By /s/ Marian Orr

Marian Orr

CEO, American CryptoFed DAO LLC

1607 Capitol Ave Ste 327

Cheyenne, WY. 82001

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of this Motion was filed by eFAP and was served on the following on December 3, 2021, in the manner indicated below:

By Email:

Christopher Bruckmann, Trial Counsel

Division of Enforcement – Trial Unit

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UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| **In the Matter of**<br>**American CryptoFed DAO LLC,**<br>**Respondent.** | **RESPONDENT AMERICAN CRYPTOFED DAO LLC'S MOTION FOR MORE DEFINITE STATEMENT NO.4** |

Pursuant to Rule 220 (d), Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent") requests the Division of Enforcement ("Division") to provide a more definite statement to the allegations set forth in Paragraphs 5, 6, 12, 13, 14, 16 and 17 of its Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"), because Paragraphs 5, 6, 12, 13, 14, 16 and 17 contain ambiguities which prevent Respondent from correctly understanding and accurately answering these allegations. **Exhibits cited in this motion are the Exhibits attached to Respondent's Answer to the OIP.**

In Paragraph 14, the Division asserts that "Form 10 is a registration statement used to register a class of securities pursuant to Exchange Act Section 12(b) or (g) for which no other form is prescribed." No other form is prescribed. Therefore, Respondent had no choice but to use Form 10 to provide the information required by Paragraphs 5, 6, 12, 13, 16 and 17. However, much of the information required by Paragraphs 5, 6, 12, 13, 16 and 17 does not exist and will never exist, even after Respondent has provided all the required information which does and will exist, following the instructions to Form 10. This difficult situation requires the Division to clarify whether the statutes cited in Paragraphs 12, 13, 16 and 17 require information to be provided by the Respondent which does not exist and will never exist. It is obvious that there are two scenarios. The first scenario is that the statutes cited by the Division in Paragraphs 12, 13, 16 and 17 do not require information to be provided which does not exist and will never exist. The second scenario is that the statutes cited in Paragraphs 12, 13, 16 and 17 do require information which does not exist and will never exist. These diametric scenarios will require Respondent to provide different answers to Paragraphs 5, 6, 12, 13, 14, 16 and 17. Thus, a more definite statement is necessary.

Below is a series of communications between Respondent and the staff of the Commission demonstrating that Respondent has provided all the important information which does and will exist, following the instructions to Form 10.

On October 12, 2021, Respondent replied point-by-point, to an October 8, 2021 letter of the Commission's staff and pointed out that the staff "failed to identify and specify one single item of important information, which does exist, but we did not disclose." (Exhibit G, p. 7). The staff of the Commission was unable to respond to Respondent's rebuttal, although Respondent repeatedly asked the staff to do so in Respondent's letters to the Commission on October 29,

2021, October 30, 2021 and November 3, 2021 respectively (Exhibit H, I and J). Respondent's October 12, 2021 point-by-point reply to the staff's October 8, 2021 letter (Exhibit G, p. 3-6) is copied and pasted as follows:

- Items 303 and 305 of Regulation S-K, Rule 3 or Rule 8 of Regulation S-X

  The Commission's Staff:

  *"...you have not included the financial information required by Items 303 and 305 of Regulation S-K and audited and interim financial statements required by Article 3 or Article 8 of Regulation S-X, as applicable;"*

  Respondent:

  [ On pages 23-25, Section 2.5 of Form 10 filing, we clearly explain CryptoFed does not have and will never have any revenue or costs. As Bitcoin uses its own native token BTC to reward miners for doing work to maintain its network, so does CryptoFed. From the perspective of both the Bitcoin network and the CryptoFed network, there is no revenue or costs borne by the networks. The revenue and costs are on the recipient side of token rewards, not on the side of the Bitcoin or CryptoFed networks. For both Bitcoin and CryptoFed there are no financial information or statement to be provided or audited.]

- Items 403, 402 and 601 of Regulation S-K

  The Commission's Staff:

  *"...your registration statement does not include numerous other disclosure items that are required by Form 10, such as a beneficial ownership table that*

*complies with Item 403 of Regulation S-K, an executive compensation table that complies with Item 402 of Regulation S-K, and exhibits that are required to be filed by Item 601 of Regulation S- K;"*

Respondent:

[ The facts do not support Ms. Purnell's statement. From page 31-33, we disclose:

i. Executive Compensation Table

We disclosed that I am the only executive, and my compensation is disclosed on page 32, Form 10, Section 8. Item 6: Executive Compensation and on page 3-4, Section 4.4, the CryptoFed Constitution (Exhibit 1).
As a DAO (Decentralized Autonomous Organization), by design, there is no hierarchy, such as an executive branch, board of directors, or advisory board at CryptoFed. For the time being, the current Chief Executive Officer (CEO) is the only executive, a symbolic position held by me, to communicate with regulators, together with MShift, because regulators, such as SEC, may still require contact people and the founding company to be responsible for document filings.

ii. Beneficial Ownership Table

We disclosed that MShift Inc is the sole Beneficial Owner as of the time of filing on page 31, Form 10, Section 6. Item 4: Security Ownership of Certain Beneficial Owners and Management. and on page 3, Section 4.1, the CryptoFed Constitution (Exhibit 1).



**OS Received 12/06/2021**

CryptoFed is a Wyoming DAO LLC and does not issue any securities. As the founding organization, MShift is the sole member of CryptoFed whose powers and rights will completely and irreversibly become delegated to Locke token holders as defined in the CryptoFed Constitution. However, the delegation of powers and rights will become automatically effective after CryptoFed completes its Form S-1 filing with the SEC for Locke and Ducat token registration. MShift has not formally started executing the initial allocation plan for the Locke token discussed in Item1: Business yet.

iii. Exhibits Required by Item 601 of Regulation S-K

We filed Exhibit 1 the CryptoFed Constitution (Bylaws), Exhibit 3 Articles of Organization and Exhibit 2 the Ducat Economic Zone which is a material contract which we will discuss with important partners, such as merchants, banks, compliant exchanges, and local governments.]

- Items 101 and 202 of Regulation S-K

  The Commission's Staff:

  "...your disclosure on pages 6-29 does not present a clear and complete description of the general development of the business of the registrant or the terms, rights and obligations of the securities to be registered, as required by Items 101 and 202 of Regulation S-K, respectively;"

  Respondent:

  [ On page 10, we state "To the extent that no entity has a similar mission, CryptoFed does not have direct competition. Central banks, including the

Federal Reserve System, are close competitors, but CryptoFed fundamentally differentiates from central banks in the following aspects outlined below." Then, we compare CryptoFed with the Fed point by point in detail in all the major aspects of a monetary system: **Inflation Target, Fiscal Policy Tools, Money Supply Mechanism, Monetary Policy Tools, Inflation Control for Stable Price Mandate, Effective Demand for Maximum Employment, Boom and Bust Business Cycles (Economic Expansion and Contraction), Money Supply Automation and Open Market Operations.**

As a matter of fact, the CryptoFed money supply mechanism is akin to "The Chicago Plan" which was proposed and supported by a large number of leading U.S. macroeconomists, including professor Henry Simons of the University of Chicago and Irving Fisher of Yale University, following the Great Depression in the 1930's. The primary difference is that CryptoFed pursues a denationalization of its money supply mechanism, while The Chicago Plan pursues the nationalization of a money supply mechanism, just not through banks. The "The Chicago Plan" was revisited by IMF after the housing bubble collapse in 2008. In 2012, IMF published a paper entitled "The Chicago Plan Revisited" which validates CryptoFed's 100% reserve banking model for decoupling money supply function from bank lending function.

We have provided all these detailed descriptions with academic supporting papers in our Form 10 filing. Ms. Purnell failed to specify what is missing in



**OS Received 12/06/2021**

order to "present a clear and complete description of the general development of the business of the registrant" as a monetary system.

The CryptoFed Constitution attached as Exhibit 1 of the Form 10 filing, is specially mentioned four times (page 8, 10, 18 and 21) outlining the rights and obligations of Locke and Ducat. Furthermore, on page 31, Section 6, [Item 4: Security Ownership of Certain Beneficial Owners and Management], we clearly state "As the founding organization, MShift is the sole member of CryptoFed whose powers and rights will completely and irreversibly become delegated to Locke token holders as defined in the CryptoFed Constitution."

Ms. Purnell did not identify what specific rights and obligations are missing. We should have freedom to define the rights and obligations of tokens via the CryptoFed Constitution. By providing the CryptoFed Constitution, we should meet the disclosure purpose of Form 10 filing.]

Dated: December 3, 2021

Respectfully submitted,

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By /s/ Marian Orr

Marian Orr

CEO, American CryptoFed DAO LLC

1607 Capitol Ave Ste 327

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## CERTIFICATE OF SERVICE

I hereby certify that a true copy of this Motion was filed by eFAP and was served on the following on December 3, 2021, in the manner indicated below:

By Email:

Christopher Bruckmann, Trial Counsel

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UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| **In the Matter of**<br>**American CryptoFed DAO LLC,**<br>**Respondent.** | **RESPONDENT AMERICAN CRYPTOFED DAO LLC'S MOTION FOR MORE DEFINITE STATEMENT NO.5** |

Pursuant to Rule 220 (d), Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent") requests the Division of Enforcement ("Division") to provide a more definite statement to the allegations set forth in Paragraphs 8, 9 and 15 of its Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"), because Paragraphs 8, 9 and 15 contain ambiguities that prevent Respondent from correctly understanding the allegations and accurately answering the allegations. **Exhibits cited in this motion are the Exhibits attached to Respondent's Answer to the OIP.**

In Paragraph 15, the Division asserts that "there shall be added such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made not misleading." This means that Respondent had no choice but to add the material information to the Form 10 filing regarding Locke token grant as below, in order to provide comprehensive information and to avoid misleading statement.

"If the SEC does not agree with CryptoFed's position and characterizes Locke and Ducat tokens as securities, CryptoFed should be able to grant these tokens to service providers, free of charge, under an equity incentive plan for the CryptoFed community, pursuant to **the American CryptoFed DAO Constitution ("Constitution") attached as Exhibit 1**, as long as these tokens are restricted, untradeable and non-transferable. By holding Locke tokens per se, token holders by definition perform services to CryptoFed, because the CryptoFed token economy needs a network effect of mass token holders to overcome the inherent hurdles of collective action. CryptoFed will grant restricted, untradeable and non-transferable Locke tokens to municipalities, merchants, banks, crypto exchanges and individual contributors to execute the **Ducat Economic Zone plan attached as Exhibit 2**. In anticipation of mass distribution which will quickly surpass the **500-person** threshold under Exchange Act Section 12(g)3, CryptoFed elects to proactively file this Form 10 to subject itself to the periodic reporting requirements and then file Form S-8 upon the effectiveness of Form 10 in 60 days." (Emphases added, Exhibit A, p.5-6).

In Paragraph 8 however, the Division alleges that American CryptoFed "will use Form S-8 – a Securities Act of 1933 ("Securities Act") form for securities offered to employees through employee benefit plans – to distribute Locke tokens to more than **500 entities**, such as municipalities, merchants, banks, and "crypto exchanges," and **non-employee individual**

**contributors**." (Emphases added). Furthermore, in Paragraph 9, the Division alleges that the "use of a Form S-8 to distribute these tokens is not legally permitted, and the Form 10's claim that American CryptoFed intends to do so is materially misleading."

It is unclear where the "500 entities" in the Division's allegation of Paragraph 8 comes from, given that i) American CryptoFed's Form 10 filing and Constitution uses the term "500 person" (Exhibit A, p.6; Exhibit B, Section 14.6, p.13), in compliance and alignment with the Form S-8 instructions which also uses the term "persons" in its definition of employee. This Form S-8 definition includes consultant or advisor as employee in the definition for American CryptoFed's use. (Exhibit M, p.2), and ii) the "Ducat Economic Zone Plan: Discussion with Municipalities, Merchants, Banks, and Crypto Exchanges" expressively defines the eligibility of these entities for Locke token distribution as "municipalities and/or businesses with $5 million USD assets", (Exhibit L, No.6) in compliance with the Commission's "Amendments to Accredited Investor Definition" adopted on August 26, 2020, under the Securities Act of 1933 ("Securities Act").

"The SEC's order substitutes "entities" for "persons" and adds the list of potential recipients to the registrant's statement. By this legerdemain, the SEC converts a statement that might be true in some cases into a statement that is false in all cases.", said Mr. Keith Paul Bishop, partner at Allen Matkins, in his article entitled "SEC Alleges Form 10 Was Misleading, But Is The SEC's Order Itself Misleading?", published in the National Law Review, Volume XI, Number 319, Tuesday, November 15, 2021 (Exhibit N, p.2).

As a result, the Division needs to specify where the "500 entities" in the Division allegation of Paragraph 8 comes from, so that Respondent can correctly understand and

accurately answer the allegations of Paragraphs 8, 9 and 15. Thus, a more definite statement is necessary.

Dated: December 3, 2021

Respectfully submitted,


By /s/ Marian Orr

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UNITED STATES OF AMERICA

Before the

SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| **In the Matter of**<br>**American CryptoFed DAO LLC,**<br>**Respondent.** | **RESPONDENT AMERICAN CRYPTOFED DAO LLC'S MOTION FOR MORE DEFINITE STATEMENT NO.6** |

Pursuant to Rule 220 (d), Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent") requests the Division of Enforcement ("Division") to provide a more definite statement to the allegations set forth in Paragraphs 10, 11, Section III A and Section IV of its Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"), because Paragraphs 10, 11, Section III A and Section IV contain conflicting allegations and an incomplete statute citation that prevent Respondent from correctly understanding the allegations and accurately answering the allegations. **Exhibits cited in this motion are the Exhibits attached to Respondent's Answer to the OIP.**

In Paragraph 11, the Division asserts that "Section 12(j) allows the Commission to deny, **suspend the effective date of**, suspend for a period not to exceed 12 months, or revoke

the registration of a security if, **after notice and opportunity for hearing**, the Commission finds the issuer has failed to comply with the Exchange Act or its rules." (Emphasis added). However, the relevant text of Section 12 (j) reads as follows:

"The Commission is authorized, by order, as it deems necessary or appropriate for the protection of investors to deny, **to suspend the effective date of**, to suspend for a period not exceeding twelve months, or to revoke the registration of a security, if the Commission finds, **on the record after notice and opportunity for hearing,** that the issuer, of such security has failed to comply with any provision of this chapter or the rules and regulations thereunder." (15 U.S.C. § 78l(j)) (Emphases added).

In the Division's citation, "on the record" was missing. It is unclear why the Division needs to remove "on the record" from the statute and whether the Division has a different statute which Respondent does not know. Thus, a more definite statement is necessary.

In addition, Section IV, of the OIP states, "IT IS FURTHER ORDERED that the institution of these proceedings stays the effectiveness of the Respondent's Form 10 filed on September 16, 2021." ("Stay Order"). However, this Stay Order in Section IV contradicts with the Paragraph 11 statement "……**to suspend the effective date of…… after notice and opportunity for hearing…….",** because no hearing opportunity has been provided yet. This contradiction is further deepened by the Division's relief sought in Section III A stating "Whether the allegations contained in Section II hereof are true and, in connection therewith, to afford the Respondent an opportunity to establish any defenses to such allegations." Before the "opportunity for hearing", mandated by the statute cited by the Division in paragraph 11, before a judge's ruling as to "whether the allegations contained in Section II hereof are true and, in connection therewith, to afford the Respondent an opportunity to establish any defenses to such allegations" sought by the Division in Section III A, the Stay Order in Section IV was already issued. This contradiction among Paragraph 11, Section III A and

Section IV prevents Respondent from correctly understanding the allegations and accurately answering the allegations. Thus, a more definite statement is necessary.

Furthermore, in Paragraph 10, the Division asserts that "By operation of Section 12(g), the materially deficient **Form 10 would automatically become effective on November 15, 2021**." (Emphasis added). This means that pursuant to the operation of Section 12(g), the "**Form 10 would automatically become effective on November 15, 2021,**" even if the Form 10 was "materially deficient." However, the Stay Order in Section IV already suspended the effective date of Form 10 and stopped the autonomous process of the clock, contradicting both the statement of Paragraph 11 "……**to suspend the effective date of…… after notice and opportunity for hearing…."** and the relief sought in Section III A stating "Whether the allegations contained in Section II hereof are true and, in connection therewith, to afford the Respondent an opportunity to establish any defenses to such allegations." This contradiction among Paragraphs 10, 11, Section III A and Section IV prevents Respondent from correctly understanding the allegations and accurately answering the allegations. Thus, a more definite statement is necessary.

Dated: December 3, 2021

Respectfully submitted,

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By /s/ Marian Orr

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SECURITIES EXCHANGE ACT OF 1934

Release No. 93551 / November 10, 2021

ADMINISTRATIVE PROCEEDING

File No. 3-20650

| | |
|---|---|
| **In the Matter of**<br>**American CryptoFed DAO LLC,**<br>**Respondent.** | **RESPONDENT AMERICAN CRYPTOFED DAO LLC'S MOTION FOR MORE DEFINITE STATEMENT NO.7** |

Pursuant to Rule 220 (d), Respondent American CryptoFed DAO LLC ("American CryptoFed" or "Respondent") requests the Division of Enforcement ("Division") to provide a more definite statement to the allegations set forth in Paragraph 18 of its Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 ("OIP"), because Paragraph 18 contains incomplete information that prevents Respondent from correctly understanding the allegations, and accurately answering the allegations. **Exhibits cited in this motion are the Exhibits attached to Respondent's Answer to the OIP.**

In Paragraph 18, the Division asserts that "As a result of the conduct described above, American CryptoFed failed to comply with Exchange Act Section 12(g), Exchange Act Rule 12b-20, and the provisions of Regulations S-K and S-X cited above." However, it is unclear

**OS Received 12/06/2021**

whether Exchange Act Section 12(g) requires that respondent provide information which does not exist and will never exist. Thus, a more definite statement is necessary. Respondent explained in the October 12, 2021 reply letter, point by point, to the Commission's staff October 8, 2021 letter, "Ms. Purnell failed to identify and specify one single item of important information, which does exist, but we did not disclose", and "From the perspective of disclosing all existing material and substantial information, CryptoFed has met the disclosure requirements" (Exhibit G, p. 7- 8). The Commission Staff have not yet been able to respond to Respondent's October 12, 2021 point-by-point reply letter, although Respondent demanded a written response multiple times on October 29, October 30 and November 3, 2021 (Exhibit H, I and J).

It is also unclear whether Exchange Act Section 12(g) triggers Exchange Act Section (c) and (h) in a scenario in which the information required by Section (g) does not exist and will never exist. Thus, a more definite statement is necessary. Below is the relevant text of Section 12 (c) and (h) which mandate the necessary actions to be taken by the Commission and prohibit the Commission from asserting unfounded allegations.

Section 12 (c) Additional or alternative information

If in the judgment of the Commission any information required under subsection (b) is inapplicable to any specified class or classes of issuers, the Commission shall require in lieu thereof the submission of such other information of comparable character as it may deem applicable to such class of issuers." (15 U.S.C. § 78l(c))

Section 12 (h) Exemption by rules and regulations from certain provisions of section The Commission may by rules and regulations, or upon application of an interested person, by order, after notice and opportunity for hearing, exempt in whole or in part any issuer or class of issuers from the provisions of subsection (g) of this section or from section 78m, 78n, or 78o(d) of this title or may exempt from section 78p of this title any officer, director, or beneficial owner of securities of any issuer, any security of which is required to be registered pursuant to subsection (g) hereof, upon such terms and conditions and for such period as it

deems necessary or appropriate, if the Commission finds, by reason of the number of public investors, amount of trading interest in the securities, the nature and extent of the activities of the issuer, income or assets of the issuer, or otherwise, that such action is not inconsistent with the public interest or the protection of investors. The Commission may, for the purposes of any of the above-mentioned sections or subsections of this chapter, classify issuers and prescribe requirements appropriate for each such class. (15 U.S.C. § 78l(h))

Dated: December 3, 2021

Respectfully submitted,


By /s/ Marian Orr

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