

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11134 / November 18, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-21243

In the Matter of

The Registration Statement of
American CryptoFed DAO LLC,

Respondent.

**ORDER FIXING TIME AND
PLACE OF PUBLIC
HEARINGS AND
INSTITUTING
ADMINISTRATIVE
PROCEEDINGS PURSUANT
TO SECTION 8(d) OF THE
SECURITIES ACT OF 1933**

I.

The Commission's public official files disclose that:

On September 16, 2021, American CryptoFed DAO LLC ("American CryptoFed" or "Respondent") filed a Form 10 registration statement with the Commission, seeking to register two classes of crypto assets, the Ducat and Locke tokens, as securities under Section 12(g) of the Securities Exchange Act of 1934 ("Exchange Act").

On September 17, 2021, American CryptoFed filed a Form S-1 registration statement (the "Registration Statement") seeking to register the offer and sale of the Ducat and Locke tokens under the Securities Act of 1933 ("Securities Act"). Respondent's Registration Statement is pending and is not yet effective.

On November 9, 2021, the Commission issued an Order Directing Examination and Designating Officers Pursuant to Section 8(e) of the Securities Act of 1933 (the "8(e) Order") ordering an examination into the Registration Statement of American CryptoFed.

On November 10, 2021, the Commission issued an Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 against American CryptoFed to determine whether it is necessary and appropriate for the protection of investors to deny, or suspend the effective date of, the registration of the Ducat and Locke tokens.

On June 6, 2022, American CryptoFed filed an application to withdraw its September 17, 2021 Registration Statement. On June 17, 2022, the Commission issued an order denying withdrawal of Respondent's Registration Statement.

II.

After an examination, the Division of Enforcement alleges that:

A. Respondent

1. **American CryptoFed DAO LLC (CIK No. 1881928)**, was established in Wyoming on July 1, 2021 as a "Decentralized Autonomous Organization" ("DAO"). It is the successor entity to American CryptoFed, Inc., which was incorporated in Wyoming on February 11, 2021.

2. On September 17, 2021, Respondent filed the Registration Statement seeking to register the offer and sale of the Ducat and Locke tokens under the Securities Act.

3. Respondent listed the Ducat and Locke tokens in the introductory pages of Respondent's Registration Statement under the heading "Title of Each Class of Securities to be Registered."

B. Material Omissions and Misstatements in Respondent's Registration Statement

4. Respondent's Registration Statement omitted material information required to be provided in the Registration Statement by the Form S-1, Regulation S-X, and Regulation S-K.

5. Item 11(e) of Form S-1 requires a registrant to furnish all financial statements required by Regulation S-X. Articles 3 and 8 of Regulation S-X require that a Form S-1 contain audited annual and unaudited interim financial statements. Respondent's Registration Statement does not contain any financial statements, audited or otherwise.

6. Item 11(h) of Form S-1 requires a registrant to furnish the information required by Item 303 of Regulation S-K, which requires disclosure of management's discussion and analysis of the registrant's financial condition and results of operations. Respondent's Registration Statement does not address the specific disclosure requirements of Item 303 of Regulation S-K.

7. Item 11(m) of Form S-1 requires the registrant to furnish the information required by Item 403 of Regulation S-K, which requires a tabular disclosure of security ownership of directors and executive officers and greater than 5% holders, including the total number of shares beneficially owned and the percentage of the class so owned for each such beneficial owner. Respondent's Registration Statement does not include the

table required by Item 403 nor does it include the information required to be included in the table.

8. Item 11(l) of Form S-1 requires a registrant to furnish the information required by Item 402 of Regulation S-K, which requires a summary compensation table that quantifies the compensation paid to the registrant's named executive officers. Respondent's Registration Statement does not include compensation disclosure for each of Respondent's three organizers, nor does it include a table with any of the required information.

9. Item 11(a) of Form S-1 requires a registrant to furnish the information required by Item 101 of Regulation S-K, which requires a description of the general development of the business of the registrant. Respondent's Registration Statement includes a "Business" section that does not include any of the disclosure required by Item 101, but rather refers to the business section disclosure in the Form 10 filed by Respondent. Respondent does not meet the eligibility requirements to incorporate required disclosure by reference to another filing made with the Commission. In any event, the disclosure in Respondent's Form 10, which Respondent withdrew effective July 6, 2022, fails to provide a clear and complete discussion of its business and does not meet the disclosure requirements of Item 101 of Regulation S-K.

10. Item 16(a) of Form S-1 requires a registrant to furnish the information required by Item 601 of Regulation S-K, which requires the registrant to file certain documents as exhibits to the registration statement. In particular, Item 601 requires the registrant to file material contracts. Respondent's Registration Statement does not include any material contracts.

11. Item 601 of Regulation S-K also requires the registrant to include an opinion of counsel as to the legality of the securities being registered. Respondent's Registration Statement does not include a legality opinion.

12. Respondent's Registration Statement also contains materially misleading statements. The Registration Statement states that the Ducat and Locke tokens are not securities, which is inconsistent with the statement identifying those tokens as "Securities to be Registered," and with Respondent's use of the Registration Statement to register the offer and sale of the tokens under the Securities Act. As these statements contained in Respondent's Registration Statement contradict each other, regardless of whether the tokens are securities, one of the statements must be false.

C. Respondent's Failure To Cooperate With The Section 8(e) Examination

13. Pursuant to the 8(e) Order, Commission staff is examining, in part, whether there are material misstatements in the Registration Statement, including whether there are material misstatements regarding whether or not the Ducat and Locke tokens are being offered as securities.

14. Respondent listed the Ducat and Locke tokens in the introductory pages of Respondent's Registration Statement under the heading "Title of Each Class of Securities to be Registered." Respondent referred to the Ducat and Locke tokens as "securities" in other sections of the Registration Statement as well.

15. Later in the Respondent's Registration Statement, Respondent stated that it "is registering both Locke and Ducat tokens with the SEC as utility tokens, not as securities," even though the Form S-1 is a form to register only an offering of securities.

16. Despite Respondent's Registration Statement not being effective yet, Respondent wrote a letter to Commission staff on May 30, 2022, indicating its intent to commence the offering of Locke tokens as soon as the third quarter 2022.

17. On June 15, 2022, Commission staff issued a document subpoena to Respondent pursuant to the 8(e) Order.

18. The June 15, 2022 subpoena contained fifteen document requests seeking several categories of documents including: a) documents concerning the identification of and communications with several third parties who are or may be involved in the offering; b) documents related to the mechanics of the offering, including the refundable auctions, potential use of NFTs in the offering, and trustless accounts; c) documents related to the custody of certain fiat and digital assets; and d) communications with "crypto asset exchanges."

19. Respondent did not produce any documents to Commission staff pursuant to the June 15, 2022 subpoena.

20. On June 21, 2022, Respondent sent a letter to the Commission staff via e-mail. In that letter, Respondent objected to each request contained in the June 15, 2022 subpoena on the basis that each request:

is not reasonably calculated to lead to the discovery of relevant, admissible evidence which can rebut American CryptoFed's assertion that American CryptoFed has **No Fund Raising, No Revenue, No Costs, No Profits and No Assets** and therefore there is no traditional balance sheet equation of **Assets = Liabilities + Shareholder's Equities** to generate securities subject to the SEC's jurisdiction.

21. Respondent's objection stated in paragraph 20 above, is inconsistent with the fact that it sought to register the offer and sale of the Ducat and Locke tokens in the Registration Statement filed with the Commission. It is also not a valid objection for multiple reasons, including that it misstates the relevance standard in Commission examinations, which the Commission staff communicated to American CryptoFed. Despite this, American CryptoFed persisted in making this invalid objection and refused to provide any documents in response to the June 15, 2022 subpoena.

22. Respondent did provide a narrative response to twelve of the fifteen requests in the June 15, 2022, but many of those narratives failed to address the specific requests contained in the subpoena.

23. For instance, Requests 2 and 3 of the June 15, 2022 subpoena requested documents related to the identification of certain Contributors (as defined in the June 15, 2022 subpoena) and communications with those Contributors. After objecting to the request, Respondent pointed to the Registration Statement and the September 16, 2021 Form 10 filed by Respondent as containing the relevant information.

24. Neither the Registration Statement nor Respondent's Form 10 contain identifying information for Contributors, nor do the forms contain communications with those Contributors.

25. Additionally, even if Respondent had provided narrative responses that did contain responsive information, that would not relieve Respondent of the obligation to provide responsive documents.

26. On July 7, 2022, Commission staff took testimony from the president of American CryptoFed pursuant to a June 28, 2022 subpoena issued pursuant to the 8(e) Order. In testimony, the American CryptoFed president objected to many of the Commission staff's questions, including questions seeking to determine whether the Locke and Ducat tokens are securities, asserting lengthy objections similar to the to the objections raised in response to the requests in the June 15, 2022 subpoena.

27. In testimony, the American CryptoFed president sometimes followed up with an answer notwithstanding this objection, though his answers frequently did not completely or directly answer the questions. For instance, he pointed to the "principles" found in the Registration Statement instead of answering the specific question about how mechanically the Locke token refundable auctions might work. These references to the "principles" in the Registration Statement did not provide substantive responses to the questions asked.

28. During testimony, the American CryptoFed president refused to provide the names of the up to fifteen people to whom the Registration Statement states the Locke tokens have been granted or promised, indicating that he would be willing to provide the names in response to a written request.

29. On August 4, 2022, Commission staff sent a letter to the American CryptoFed president expressing concern that Respondent and the American CryptoFed president had failed to meet their obligations to respond fully and accurately to the subpoenas, asking that he review the June 15, 2022 subpoena requests and provide all documents covered by the requests in the subpoena to the Commission staff, and requesting that he provide to Commission staff the names of the up to fifteen people to whom Locke tokens have been granted or promised, as disclosed in the Registration Statement.

30. On August 8, 2022, the American CryptoFed president responded to the Commission staff's August 4, 2022 letter. In that response, the American CryptoFed president failed to provide the requested information and instead asserted that "The Subpoenas pursuant to the 8(e) Order Are Unlawful" and "The Order Denying American CryptoFed's Form S-1 Withdrawal Is Unlawful."

31. To date, no documents have been produced to the Commission staff pursuant to the June 15, 2022 subpoena or the subsequent August 4, 2022 letter.

32. American CryptoFed, by refusing to provide documents on the basis of invalid objections, and by its President refusing to answer multiple questions in testimony on the basis of invalid objections, failed to cooperate with the examination being conducted by the Commission staff pursuant to the 8(e) Order.

III.

The Commission, having considered the aforesaid, deems it appropriate and in the public interest that public proceedings pursuant to Section 8(d) of the Securities Act be instituted with respect to the Registration Statement to determine whether the allegations of the Division of Enforcement are true; to afford the Respondent with an opportunity to establish any defenses to these allegations; and to determine whether a stop order should issue suspending the effectiveness of the Registration Statement referred to herein.

Accordingly, IT IS ORDERED that public proceedings be and hereby are instituted under Section 8(d) of the Securities Act, such hearing to be commenced at 10:00 A.M. on December 1, 2022 via remote means and/or in Hearing Room 1 at the Commission's offices at 100 F Street N.E., Washington, DC 20549, and to continue thereafter at such time and place as the hearing officer may determine.

IT IS FURTHER ORDERED that these proceedings shall be presided over by an Administrative Law Judge to be designated by further order, who is authorized to perform all the duties of an Administrative Law Judge as set forth in the Commission's Rules of Practice or as otherwise provided by law.

IT IS FURTHER ORDERED that the Respondent shall file an Answer to the allegations contained in this Order within ten (10) days after service of this Order, pursuant to Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220. If the Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against the Respondent upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§201.155(a), 201.220(f), 201.221(f) and 201.310. This Order shall be served forthwith upon the Respondent in accordance with Rule 141 of the Commission's Rules of Practice, 17 C.F.R. §201.141.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 30 days from the occurrence of one of the following events: (A) The completion of post-hearing briefing in a proceeding where the hearing has been completed; (B) Where the hearing officer has determined that no hearing is necessary, upon completion of briefing on a motion pursuant to Rule 250 of the Commission's Rules of Practice, 17 C.F.R. § 201.250; or (C) The determination by the hearing officer that a party is deemed to be in default under Rule 155 of the Commission's Rules of Practice, 17 C.F.R. § 201.155 and no hearing is necessary.

IT IS FURTHER ORDERED that, pursuant to Section 5(c) of the Securities Act, American CryptoFed may not make use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy any securities pursuant to the Registration Statement during the pendency of this proceeding.

Attention is called to Rule 151(a), (b) and (c) of the Commission's Rules of Practice, 17 C.F.R. § 201.151(a), (b) and (c), providing that when, as here, a proceeding is set before the Commission, all papers (including those listed in the following paragraph) shall be filed electronically in administrative proceedings using the Commission's Electronic Filing in Administrative Proceedings (eFAP) system access through the Commission's website, www.sec.gov, at <http://www.sec.gov/eFAP>. Respondent also must serve and accept service of documents electronically. All motions, objections, or applications will be decided by the Commission.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice.

Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Vanessa A. Countryman
Secretary