

**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

**RESPONDENT AMERICAN CRYPTOFED
DAO LLC'S ANSWER TO THE ORDER
INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
8(d) OF THE SECURITIES ACT OF 1933**

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 FIXING TIME AND PLACE OF PUBLIC HEARINGS AND INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 8(d) OF THE SECURITIES ACT OF 1933 (“OIP”). Pursuant to Rule 220 (d), along with this Answer, Respondent has filed a Motion for More Definite Statement which shares the attached Exhibit list. Pursuant to Rule 250 (a) and (b), Respondent will file a Motion for a Ruling on the Pleadings and a Motion for Summary Disposition to request dismissal of the OIP. To the extent not explicitly admitted in this Answer, all allegations of the OIP are denied. The headings in the Respondent Answer correlate to the headings of the OIP’s Section II which lists 32 allegations.

A. RESPONDENT

No. 1. Respondent admits American CryptoFed DAO LLC was established in Wyoming on July 1, 2021, as a “Decentralized Autonomous Organization” (“DAO”) pursuant to Wyoming Statute § 17-31-10 Wyoming Decentralized Autonomous Organization Supplement (“Wyoming DAO Law”). To the extent that Wyoming DAO Law is so flexible i) that Respondent can establish a DAO operated by smart contracts with **No Management, No Fund Raising, No Revenue, No Costs, No Profits and No Assets**, and ii) that accordingly, Respondent will never have a conventional balance sheet equation of **Assets = Liabilities + Shareholder’s Equities**, the remaining allegation is denied. As a matter of law, Respondent cannot be the successor entity to American CryptoFed, Inc.

No. 2. Respondent admits partially the allegation set forth in this Paragraph 2, to the extent that the Form S-1 Registration Statement was filed on September 17, 2021. Respondent lacks sufficient information to admit or deny the remaining allegation due to issue complexities.

No. 3. Respondent admits partially the allegation set forth in this Paragraph 3 that Ducat and Locke tokens is under the heading “Title of Each Class of Securities to be Registered.” To the extent that Respondent’s Registration Statement includes the statements “Filing Form S-1 does not mean CryptoFed concedes that Locke and Ducat are securities.” (p.4) and “If the SEC does not agree with CryptoFed’s position and characterizes the Locke and Ducat tokens as securities, CryptoFed should be able to grant these tokens to service providers, free of charge, as an equity incentive plan for the CryptoFed community, pursuant to the CryptoFed Constitution, as long as these tokens are restricted, untradeable and non-transferable.” (p.7), Respondent lacks sufficient information to admit or deny the implication of the allegation due to issue complexities.

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

No. 4 – No. 12. Respondent lacks sufficient information to admit or deny the allegations set forth in Paragraphs from No. 4 through No. 12. To the extent that the Division of Enforcement was unable to challenge and oppose the following factual and legal arguments in Respondent’s November 6, 2022 letter attached as Exhibit 6 (*see, November 6 2022 Letter, p.9-12*), cited in italic below, these allegations are false.

[In your November 3, 2022 Email, you stated the following:

Third, the SEC has provided precision and guidance regarding what is required in the Form S-1. The SEC’s rules and regulations clearly spell out that audited financial statements, and the other items you have been informed are missing from American CryptoFed’s Form S-1, are required to be included. You apparently want the SEC to go further and provide you with legal and accounting advice regarding how to complete the Form S-1, and the SEC is not required to do that. It is the issuer’s responsibility, not the SEC’s, to ensure that the Form S-1 is completed fully and accurately.

Again: the facts, the SEC’s Filing Review Process and the law do not support your argument above.

A. The Facts

On October 8, 2021, Ms. Erin Purnell, Acting Legal Branch Chief, Division of Corporation Finance, sent American CryptoFed two letters regarding American CryptoFed’s Form S-1 filing and Form 10 filing respectively and raised the issues of “serious deficiencies” in these registration statements (“October 8, 2021 Letters”). On October 12, 2021, American CryptoFed responded to Ms. Erin Purnell’s two October 8, 2021 Letters point-by-point (American CryptoFed’s letter was addressed to SEC Chairman Gensler, all Commissioners and Ms. Erin Purnell, “October 12, 2021 Letter”), deriving the following conclusion, to which Ms. Purnell never responded. Because the substance of the American CryptoFed Form S-1 filing and Form 10 filing were identical, American CryptoFed’s response focused primarily on the Form 10 filing. However, the conclusion below should apply equally to the Form S-1 filing.

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.

On October 29, October 30 and November 3, 2021, three consecutive letters, were addressed and sent to Ms. Deborah Tarasevich, Assistant Director of the Division of Enforcement’s Cyber Unit (these letters were also copied to SEC Chairman Gensler, all Commissioners and Ms. Erin Purnell). In each of these letters, American CryptoFed requested a written response to our October 12, 2021 Letter. Ms. Tarasevich never responded to our requests. Furthermore, in our August 4, 2022 letter to Mr. Justin Dobbie, as Acting Office Chief of the Division of Corporation Finance, and in our October 23, 2022 Letter and October 27, 2022 to you, we also requested both Mr. Dobbie and you respond to this October 12, 2021 Letter. However, both Mr. Dobbie and you failed to respond. Given that Ms. Erin Purnell’s two October 8, 2021 Letters are the sole comments received from the Division of Corporation Finance during the Filing Review Process, given that American CryptoFed’s October 12, 2021 Letter already addressed point-by-point all the issues of “serious deficiencies” explicitly raised by Ms. Erin Purnell in her October 8, 2021 Letters, given that the Division of Corporation Finance and the Division of Enforcement have still chosen not to rebut or respond to American CryptoFed’s October 12, 2021 Letter, despite tireless and repeated requests by American CryptoFed in the past 12 months, it is reasonable for American CryptoFed to conclude that the Division of Corporation Finance and the Division of Enforcement no longer have additional comments for our Form S-1 registration statement, and thereby both Divisions no longer need

the Form S-1 Delaying Amendment in order to provide further comments related to American CryptoFed's Form S-1 registration statement.

Furthermore, as we outlined in Section I in this letter, you rejected to provide questions regarding American CryptoFed's Assertion of No Assets and No Liabilities. Therefore, we can conclude that you are unable to challenge American CryptoFed's Assertion of No Assets and No Liabilities.

Given that you have refused to respond to American CryptoFed's October 12, 2021 Letter, which was responsive to all the allegations of Ms. Purnell, your claim ("the SEC has provided precision and guidance regarding what is required in the Form S-1. The SEC's rules and regulations clearly spell out that audited financial statements, and the other items you have been informed are missing from American CryptoFed's Form S-1, are required to be included") is false. You are required to respond to American CryptoFed's October 12, 2021 Letter by the SEC's Filing Review Process and laws below.

B. The SEC's Filing Review Process

The SEC's Filing Review Process published in the SEC's website states the following:

Company Response to Comments

If a company does not understand a comment or the staff's purpose in issuing it, it should seek clarification from the examiner before it responds. If the company does not understand the comment after discussing it with the examiner, it may wish to speak with the staff member who approved the comment...

*A company generally responds to each comment in a letter to the staff and, if appropriate, amends its filing(s). **A company's explanation or analysis of an issue will often resolve a comment.** Depending on the nature of the issue and the company's response, the staff may issue additional comments following its review of the company's response and any related amendments. (Emphasis added)...*

*A company should direct a reconsideration request to the Chief of the office conducting the filing review. The company or its representatives **should feel free** to involve the Disclosure Program Director, the Division's Deputy Director or Director **at any stage** in the filing review process.*

The Commission’s Office of the Chief Accountant addresses questions concerning the application of generally accepted accounting principles while the Division resolves matters concerning the age, form and content of financial statements required to be included in a filing. A company or its representatives may involve the Commission’s Office of the Chief Accountant at any stage of a filing review following the standard consultation procedures.

When a company has resolved all Division comments on a Securities Act registration statement, the company may request that the Commission declare the registration statement effective so that it can proceed with the transaction.

In accordance with the SEC’s Filing Review Process, your refusal to respond American CryptoFed’s October 12, 2021 Letter means that American CryptoFed “has resolved all Division comments on a Securities Act registration statement, the company may request that the Commission declare the registration statement effective so that it can proceed with the transaction”. In order to do so, we will “involve the Disclosure Program Director, the Division’s Deputy Director or Director” and “the Commission’s Office of the Chief Accountant”. “The Commission’s Office of the Chief Accountant addresses questions concerning the application of generally accepted accounting principles while the Division resolves matters concerning the age, form and content of financial statements required to be included in a filing.”

Your argument (“You apparently want the SEC to go further and provide you with legal and accounting advice regarding how to complete the Form S-1, and the SEC is not required to do that.”), not only directly, knowingly and willfully violates the Filing Review Process above as published in the SEC’s website, but also is in direct conflict with Chairman Gary Gensler’s sworn testimony in the US Senate and his public policy announcement in Yahoo Finance interview (“I’ve asked the SEC staff to work directly with entrepreneurs to get their tokens registered and regulated, where appropriate, as securities. Given the nature of crypto investments, I recognize that it may be appropriate to be flexible in applying existing disclosure requirements”¹, “even tailoring what the disclosures might be.”²)

C. The Law

¹ <https://www.sec.gov/news/testimony/gensler-testimony-housing-urban-affairs-091522>

² <https://finance.yahoo.com/video/sec-chair-investors-know-someone-153326153.html>

*The SEC must provide American CryptoFed with the necessary “precision and guidance” as mandated by **both** the Supreme Court opinion in *F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012) (“**first, that regulated parties should know what is required of them so they may act accordingly; second, precision and guidance are necessary so that those enforcing the law do not act in an arbitrary or discriminatory way**”), and the Section 8(b) of the Securities Act (“**When such statement has been amended in accordance with such order the Commission shall so declare and the registration shall become effective at the time provided in subsection (a) or upon the date of such declaration, whichever date is the later.**”)*

Your refusal to respond American CryptoFed’s October 12, 2021 Letter can prove that you willfully and knowingly violate the Supreme Court opinion and the Section 8(b) of the Securities Act above. Furthermore, your refusal to respond American CryptoFed’s October 12, 2021 Letter means that all comments from the SEC’s staff has been resolved, and thereby that American CryptoFed “may request that the Commission declare the registration statement effective.”]

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

No. 13 – No. 32. Respondent lacks sufficient information to admit or deny the allegations set forth in Paragraphs from No. 13 through No. 32. To the extent that the Division of Enforcement was unable to challenge and oppose the following factual and legal arguments in Respondent’s November 6, 2022 Letter (*see Exhibit 6, p.6-8*) cited in italic, these allegations are false.

[The Authority of the SEC’s Filing Review Process mandates “the Division makes its comment letters and company responses to those comment letters public on the SEC’s EDGAR system no sooner than 20 business days”. This mandate completely and indisputably denies any legitimate role of the 8 (e) Order and the 8(e) Examination which are Non-Public. On June 15, 2022 and June 30, 2022, you even filed two motions to seal two notices containing reference to

the Non-Public 8 (e) Order and the 8(e) Examination. From the SEC's own Filing Review Process, the Non-Public 8 (e) Order and the 8(e) Examination are unlawful.

*The phrase “**an order prior to the effective date of registration refusing to permit such statement to become effective until it has been amended in accordance with such order.**” in the Statue **Authority** of Section (b) of the Securities Act is decisive and undisputable, which is also cited by the Case Law Authority of *Jones v. Securities and Exchange Commission*, 79 F.2d 617 (2d Cir. 1935). In contrast, you have failed to provide any statute and case law to support your legal arguments that Section (d) and (e) can be applied to cases “**prior to the effective date of registration**”, before removal of the American CryptoFed's Delaying Amendment. Therefore, American CryptoFed has the following seven (7) questions related to your interpretation of the statutes and your application of Section (d) and (e) to American CryptoFed, given that American CryptoFed's Form S-1 is “**prior to the effective date of registration**”, before removal of the Delaying Amendment.*

- i. Do you claim that the Non-Public 8 (e) Order and the 8(e) Examination can comport with the SEC's public policy of Filing Review Process (“To increase the transparency of the review process, the Division makes its comment letters and company responses to those comment letters public on the SEC's EDGAR system no sooner than 20 business days after it has completed its review of a periodic or current report or declared a registration statement effective.”), given that on June 15, 2022 and June 30, 2022, you even filed two motions to seal two notices containing reference to the Non-Public 8 (e) Order and the 8(e) Examination?*
- ii. Do you claim that Section (d) (“at any time... the Commission may, ...issue a stop order suspending **the effectiveness of the registration statement**”) has no limits of*

“the timing and circumstances”, and thereby the existence of “the effectiveness of the registration statement” is not the precondition for Section(d) to be applied to any cases “at any time”?

- iii. *Do you claim that the phrase “at any time” in the Section 8(d) allows the Commission to “issue a stop order suspending the effectiveness of the registration statement”, even if the Section 8(d) Stop Order’s subject of “the effectiveness of the registration statement” has not yet existed, such as the non-existence of the effectiveness of American CryptoFed’s Form S-1 registration statement, because the phrase “at any time” can even cover the time period in which the 8(d) Stop Order’s subject of “the effectiveness of the registration statement” has not yet existed?*
- iv. *Do you claim that “at any time” phrase in the Section 8(d) allows the Commission to issue a **Stop Order** to cover the time period “**prior to the effective date of registration**”, even if Section (b) already specifies its governing time period and application condition by stating “the Commission may, ... issue an order **prior to the effective date of registration** refusing to permit such statement to become effective ...”?*
- v. *Do you claim that Section 8(d) can supersede Section 8(b) in application to American CryptoFed’s case, even if Section (b) specially states “the Commission may, ... issue an order **prior to the effective date of registration** refusing to permit such statement to become effective ...”, when American CryptoFed’s Form S-1 registration statement has not yet become effective and the Delaying Amendment in American CryptoFed’s Form S-1 has not yet been removed?*

- vi. Do you claim that the “in any case” phrase in Section (e) (“The Commission is empowered to make an examination **in any case** in order to determine whether a stop order should issue **under subsection (d)**.”) has no limits, and thereby the “under subsection (d)” is not the precondition for Section(e) to be applied to any cases?
- vii. Do you claim that the phrase “in any case” in the Section 8(e) allows the Commission to make an examination beyond the scope of Section (d), even if the Section 8(e) specially limits the examination “to determine whether a stop order should issue **under subsection (d)**”?

Please answer the seven (7) questions above point-by-point, **on or before November 8th, 2022**, in accordance with the SEC’s Filing Review Process (“If a company does not understand a comment or the staff’s purpose in issuing it, it should seek clarification from the examiner before it responds. If the company does not understand the comment after discussing it with the examiner, it may wish to speak with the staff member who approved the comment.”)]

Dated: November 28, 2022

Respectfully submitted

DocuSigned by:
Scott Moeller
A82E97EDD0C44FD...
By /s/ Scott Moeller
Scott Moeller, President
Xiaomeng Zhou, Chief Operating Officer
American CryptoFed DAO LLC
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Cheyenne, WY. 82001
Phone (307) 206-4210
scott.moeller@americancryptofed.org
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CERTIFICATE OF SERVICE

I hereby certify that a true copy of this, **RESPONDENT AMERICAN CRYPTO FED DAO LLC'S ANSWER TO THE ORDER INSTITUTING ADMINISTRATIVE PROCEEDINGS PURSUANT TO SECTION 8(d) OF THE SECURITIES ACT OF 1933**, was filed by eFAP and was served on the following on this 28th day of November 2022, 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.
Washington, D.C. 20549-5949
202-551-5986
bruckmannc@sec.gov

By /s/ Scott Moeller

DocuSigned by:

Scott Moeller

A82E97EDD0C44FD...

Scott Moeller

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Table of Exhibits

Exhibit 1: Form S-1 Registration Statement

Exhibit 2: The SEC's Filing Review Process

Exhibit 3: Non-public Section 8 (e) Order

Exhibit 4: June 15, 2022 Under Seal Notice

Exhibit 5: June 30, 2022 Under Seal Notice

Exhibit 6: November 6, 2022 Letter
from American CryptoFed DAO to
the SEC's Division of Enforcement

Exhibit 7: October 8, 2021 Letter on Form S-1
from the SEC's Division of Corporation Finance to
American CryptoFed DAO

Exhibit 8: October 8, 2021 Letter on Form 10
from the SEC's Division of Corporation Finance to
American CryptoFed DAO

Exhibit 9: October 12, 2021 Letter
from American CryptoFed DAO to
the SEC's Division of Corporation Finance

RESPONDENT

AMERICAN CRYPTO FED DAO LLC

EXHIBIT 1

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

American CryptoFed DAO LLC

(Exact Name of Registrant as Specified in its Charter)

Wyoming

(State or other jurisdiction of incorporation or organization)

To Be Decided: Classification not listed on SEC Documents

(Primary Standard Industrial Classification Code Number)

87-2207963

(I.R.S. Employer Identification Number)

1607 Capitol Ave., Suite 327, Cheyenne, WY 82001, Phone (307) 206-4210

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

None

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, or Securities Act, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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 Securities Exchange Act of 1934, as amended.

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 Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Ducat: Inflation and deflation protected stable token, used for pricing goods and services, for daily transactions, for accounting and for store of value.	Unlimited	1 Ducat $= 1 \text{ USD}$ $\cdot e^{\sum_{m=1}^{\infty} r_m(t)}$ Explained below	Not applicable	To be decided after discussion with SEC staff
Locke: Governance token, used for stabilizing Ducat and for Locke holders to participate in network rulemaking and decision making.	10 trillion	Unknown	Not applicable	To be decided after discussion with SEC staff

American CryptoFed DAO LLC (CryptoFed) is not selling any Locke or Ducat tokens in this offering. The purpose of this offering registration is to enable i) the secondary market for both Locke and Ducat tokens to exist, ii) refundable auctions of Locke tokens to initiate, and iii) the sale of Ducat tokens at higher market value than the original purchase price direct from CryptoFed. All proceeds from Locke and Ducat token sales will be fully refunded or returned to purchasers in one way or another. No proceeds can be used for any other purpose. The market price for Locke token auctions and Ducat token sales will be decided by the secondary market and the real demand for the tokens. We wish to discuss with the SEC staff as to how to calculate and pay the registration fees.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated _____, 2021.

PRELIMINARY PROSPECTUS

American CryptoFed DAO LLC

Unlimited: Ducat Inflation and Deflation Protected Stable Token

10 Trillion: Locke Governance Token

This prospectus relates to the registration of two classes of tokens, i) the inflation and deflation protected stable token, Ducat and ii) the governance token, Locke. CryptoFed will not receive any proceeds from the sale of Locke or Ducat tokens. CryptoFed is registering both Locke and Ducat tokens with the SEC as utility tokens, not as securities. Registration of the tokens offered under this prospectus does not mean that CryptoFed or Locke token holders will offer or sell Locke or Ducat tokens. The prices which CryptoFed or token holders may sell the tokens in this offering will be determined by the prevailing secondary market price for the tokens. Filing Form S-1 does not mean CryptoFed concedes that Locke and Ducat are securities. The Section 2.9 of **Item 1: Business** of Form 10 entitled “2.9. Locke and Ducat as Utility Tokens” filed simultaneously with this Form S-1 explains why Locke and Ducat tokens are utility tokens, not securities.

A. Offering Price

- i. Ducat Token: Offering Price in USD-Pegged Stablecoins

Ducat is an inflation and deflation protected stable token with unlimited issuance, constrained by algorithms targeting zero inflation and zero deflation. Ducat is used for pricing goods and services, daily transactions, accounting, and store of value. Ducat tokens do not carry rights to participate in CryptoFed’s rulemaking and decision making.

CryptoFed will only sell Ducat via crypto compliant exchanges for compliant USD-pegged stablecoins. Ducat is designed to appreciate against the USD by the amount of inflation USD experiences as measured by the PCE price index. This ensures Ducat does not experience inflation. The rate of inflation derived from the PCE price index is used to define the Ducat Target Equilibrium Exchange Rate against USD-pegged stablecoins as noted below. "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.¹ 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 ($t = 0$):

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

Such that

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

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

¹ <https://www.bea.gov/data/personal-consumption-expenditures-price-index>

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

$$\tau = 365/12$$

\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 $m - 1, m - 2, \dots$ 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.

ii. Locke Token: Offering Price in USD Pegged Stablecoins

Locke is a governance token with a maximum authorized finite number of 10 trillion. Locke are used as utility tokens for open market operations to stabilize the price of Ducat on a daily basis, as well as for Locke holders to participate in CryptoFed's rulemaking and decision making based on the American CryptoFed DAO Constitution ("CryptoFed Constitution") attached as Exhibit 1.

For Locke token's price discovery purposes, CryptoFed may conduct refundable auctions from time to time on compliant crypto exchanges. Refundable auctions will not start until the SEC declares this Form S-1 filing is effective. All proceeds in USD-pegged stablecoins from Locke token auction sales will be reserved in order to provide refunds upon purchaser request 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 passes 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 which is an alternative method of refunding. Due to the refundable nature, the auction prices may not reflect the market prices for the Locke token. The

market price for Locke tokens will not be known until the secondary market is developed, which will be affected by the initial allocation and open market operations.

If the SEC does not agree with CryptoFed's position and characterizes the Locke and Ducat tokens as securities, CryptoFed should be able to grant these tokens to service providers, free of charge, as an equity incentive plan for the CryptoFed community, pursuant to the CryptoFed Constitution, as long as these tokens are restricted, untradeable and non-transferable. By holding the 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 that are needed 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), together with this Form S-1 filing, CryptoFed elects to proactively file Form 10 and subject itself to the periodic reporting obligations and subsequently file Form S-8 upon the effectiveness of Form 10. Until the SEC declares CryptoFed's Form S-1 effective, for clarity, all Locke and Ducat tokens will be restricted, untradeable and non-transferable. After the SEC declares CryptoFed's Form S-1 effective, the CryptoFed service providers should be able to sell their tokens on the secondary market, while CryptoFed can also start buying and selling between Locke and Ducat through open market operations to maintain the Target Equilibrium Exchange Rate.

B. The market on which the securities are to be listed.

Locke and Ducat tokens will be listed on compliant crypto exchanges, which will be decided and reported to the SEC with Form 8-K filings. No public market for Locke or Ducat tokens currently exists.

C. The names of the underwriters.

There is no underwriter in this offering.

D. Smaller Reporting Company and Emerging Growth Company

CryptoFed is subject to reduced public company reporting requirements, because it is not only a smaller reporting company as defined in Rule 12b-2 of the Exchange Act, but also as the first Decentralized Autonomous Organization (DAO) in the US, an emerging growth company as that term is used in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”).

E. Risk Factors.

See the section titled “Risk Factors” beginning on page 26 to read about factors you should consider before buying Locke tokens and Ducat tokens.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Date of This Prospectus is: _____, 2021

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You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission, or SEC. CryptoFed has not authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses we have prepared. CryptoFed will not take responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus. Our business and prospects may have changed since that date.

For persons outside of the United States: CryptoFed has not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to the distribution of this prospectus outside of the United States.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections entitled “Prospectus Summary,” and “Risk Factors” contains forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events and future results of operations. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “projects,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology.

These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry’s) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. The “Risk Factors” section of this prospectus sets forth detailed risks, uncertainties

and cautionary statements regarding our business and these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing regulatory environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus.

We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the U.S., we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

1. Summary

American CryptoFed DAO LLC (CryptoFed) was established on July 1, 2021, by MShift Inc. (MShift). The Organizers are Marian Orr, Scott Moeller and Xiaomeng Zhou.

Address: 1607 Capitol Ave., Suite 327, Cheyenne, WY 82001

Phone: (307) 206-4210

Website: <https://www.americancryptofed.org/>

(1) Mission

CryptoFed's mission is to create and maintain a monetary system with zero inflation, zero deflation and zero transaction costs.

(2) Two Token Economy

To accomplish its mission, CryptoFed has designed a two-token economy and issues two utility tokens called Ducat and Locke respectively.

(a) Ducat Token

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 to provide benefits to Ducat users and adjusts the incentive ranges detailed below to influence users' economic behaviors in order to stabilize Ducat.

- Fiscal Policy tools are defined as rewards paid to consumers at a range of 5.5% -12% for making purchases using Ducat and rewards paid to merchants for accepting Ducat at a range of 1% - 4%.
- Monetary Policy tools are defined as interest paid to all Ducat holders with a target range of 3% - 5%, but that rate can be raised as high as necessary to deter inflation.
- Ducat is designed to appreciate against the US dollar (USD) by the amount of inflation USD experiences as measured by the US Department of Commerce PCE price index. This ensures the 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 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.² 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 ($t = 0$):

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

Such that

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

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

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

$$\tau = 365/12$$

\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 $m-1$, $m-2$, ... etc.

The actual daily exchange rate on crypto exchange markets may constantly fluctuate around the Target Equilibrium Exchange Rate, but the CryptoFed's open market operations will ensure the

² <https://www.bea.gov/data/personal-consumption-expenditures-price-index>

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.

(b) Locke Token

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

- 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.
- Locke tokens are also used as utility tokens for open market operations to stabilize the market price of Ducat on a daily basis.

(c) Token Definition

A token is defined per the description in the Token Safe Harbor Proposal 2.0 published by the SEC commissioner Hester Peirce³:

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.

(3) The Offering and the Use of Proceeds

³ <https://www.sec.gov/news/public-statement/peirce-statement-token-safe-harbor-proposal-2.0>

This prospectus is a part of a registration statement on Form S-1 that we are filing with the SEC using a “shelf” registration or continuous offering process. Under this shelf registration, Locke and Ducat tokens will be distributed on an ongoing basis, according to CryptoFed monetary policy, fiscal policy and open market operations as discussed throughout this Form S-1 filing and the Form 10 filing. The on-going distribution of Locke and Ducat tokens will be guided by Machine Learning and CryptoFed’s Linear Quadratic Gaussian (LQG) controller to achieve CryptoFed’s mission: A monetary system with zero inflation, zero deflation and zero transaction costs. Additionally, we may provide a prospectus supplement to add, update or change information contained in, this prospectus after consulting with SEC staff.

(a) Locke Token Distribution

The total finite offering of Locke tokens is 10 trillion.

Initially, free of charge, 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. The details of the distribution are outlined in the “Initial Locke Allocation” section of the CryptoFed Constitution.

The refundable Locke auctions are discussed in this summary section under the title “Zero Revenue and Zero Costs”. Due to the refundable nature, the auction prices may not reflect the market prices for the Locke token. The actual market price will not be known until the secondary market is developed, which will be affected by the initial Locke allocation and open market operations.

(b) Ducat Token Distribution.

The total offering of Ducat tokens is unlimited and unknown.

The money supply is driven by CryptoFed’s mission to create and maintain a monetary system with zero inflation, zero deflation and zero transaction costs, requiring monetary policy, fiscal policy, open market operations and compensation to blockchain block producers and other necessary contributors.

- Fiscal policy tools are defined as rewards paid to consumers by CryptoFed at a range of 5.5% -12% for making purchases using Ducat and rewards paid to merchants for accepting Ducat at a range of 1% - 4%.
- Monetary policy tools are defined as interest paid to all Ducat holders by CryptoFed targeted at a range of 3% - 5%, but the rates can be raised as high as necessary to deter inflation.

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

(c) Open Market Operations

CryptoFed has open market operations similar to the Fed to maintain the Target Equilibrium Exchange Rate between Ducat and USD. “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.”⁴

CryptoFed’s open market operations is the buying and selling between Locke and Ducat, while the Fed’s open market operations is the buying and selling between U.S. government securities and USD. Through open market operations, Locke and Ducat will be routinely distributed and bought back. The offering price will be the Target Equilibrium Exchange Rate between Ducat and USD within a 2% range of upper and lower bounds.

(d) The Use of Proceeds

⁴ What is the Fed: Monetary Policy, <https://www.frbsf.org/education/teacher-resources/what-is-the-fed/monetary-policy/>

All proceeds will only be held in USD-pegged stablecoins and must be used to buy back Locke tokens via compliant crypto exchanges. No proceeds can be used for any other purpose.

CryptoFed uses the USD-pegged stablecoin proceeds to buy back Locke whenever Locke's price falls 3% below its previous price in a 24-hour period or falls 5% below its previous price in a 1-hour period. Whenever the Locke's price falls 30% below its previous price in a 24-hour period, CryptoFed has the authority to use all the CryptoFed USD-pegged stablecoin reserve to buy back Locke tokens.

(4) Federal Reserve System vs. CryptoFed

“History is largely inflation engineered by government.” “I am in complete agreement with Professor Friedman on the inevitability of inflation under the existing political and financial institutions”.⁵ However, the gold standard, which limited government control over money supply, resulted in deflation. “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.”⁶

The Industrial Revolution around the mid-18th century was a turning point to accelerate economic growth and required an expanding and flexible money supply. Monetary gold supply and production was not sufficient or flexible enough to meet the demand. President Roosevelt in 1933 was forced to abandon the gold standard domestically and again President Nixon in 1971 internationally. After over 2,000 years' service, gold was formally retired as money.

Monetary systems controlled by human governments inevitably lead to inflation, while the gold standard with less human control led to deflation due to lack of flexibility in monetary gold supply and production. Facing this dilemma, human civilization has been in search of a new

⁵ F. A. Hayek (Nobel Laureate 1974), 1976, Denationalization of Money, page 33, 84, https://cdn.mises.org/Denationalisation%20of%20Money%20The%20Argument%20Refined_5.pdf

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>

monetary system for more than half a century since the collapse of the Bretton Woods System in 1971. The cryptocurrency movement is part of this search, but to date all cryptocurrencies without exception have established money supply mechanisms independent of real-world economics with no flexibility. For example, Bitcoin's money supply mechanism is independent of government control, but like gold, is not flexible enough to meet growing demand. If Bitcoin were adopted as a monetary system, like the gold standard, it would cause deflation.

Fortunately, CryptoFed has succeeded in innovating a monetary system both independent of human and government control and flexible enough to meet the demand of a growing economy. CryptoFed fundamentally differentiates from government run central banks in the following aspects.

The Fed vs. CryptoFed		
Comparison Items	The Fed	CryptoFed
Native Stable Token	US Dollar (USD)	Ducat
Stable Token Inflation Target	2%	0%
Stable Token Deflation Target	N/A	0%
Transaction Costs	Varies according to providers	0%
Money Supply Mechanism for Putting Money into Circulation	Lending via commercial banks	CryptoFed's direct giveaway via three methods: Rewards to consumers at a range of 5.5% - 12%, rewards to merchants at a range of 1% - 4%, interest paid to all holders at a range of 3% - 5%
Monetary Policy Tools and Effectiveness	Adjusting Federal Funds Rate to influence commercial bank lending expansion or contraction	Adjusting interest paid to Ducat holders at a range of 3% - 5%

	is dependent on banks to take action.	directly influence their spending and saving.
Impact of Accumulation Debt on Money Supply Function	The burden of existing loan repayments has reached a level that even with a low interest rates close to zero, borrowers are unable to meet lender criteria to secure additional loans, hindering the Fed's Money supply mechanism.	CryptoFed's giveaway money supply mechanism is independent of debt accumulation in the Ducat economy.
Stable Prices Mandate: Inflation Control	Due to the increase of aggregate debt accumulation, the Federal Reserve has completely lost the capacity to raise the Federal Funds Rate to control inflation. An interest rate increase will bankrupt a lot of existing borrowers, leading to an economic and financial crisis. The Federal Funds Rate has stayed around zero since 2009.	CryptoFed can increase interest rates as high as necessary to deter inflation.
Maximum Employment Mandate: Fiscal Policy Tools to Generate Effective Demand	Not available to the Fed. Fiscal spending budget authority, including issuing government securities belongs to the US Congress.	CryptoFed can aggressively pursue maximum employment by generating effective demand through directly providing rewards to consumers at a range of 5.5% -12% and rewards to merchants at a range: 1% - 4%.

Native Non-Stable Token	Government securities issued by Department of Treasury, over which the Fed does not have authority.	Locke Governance tokens
Open Market Operations: Buying and Selling between Native Stable Token and Native Non-Stable Token	Through buying and selling between USD and government securities, the Fed can maintain the target Federal Funds Rate. Currently, to reduce the repayment costs of debt accumulation in the USD economy, the Fed must keep the Federal Funds Rate close to zero by buying more and more government securities, which will end up financing more and more government debt, leading to inflation. However, the Fed cannot raise interest rates to curb inflation, because higher interest rates will bankrupt many existing borrowers, leading to a financial crisis. The Fed has entered into a self-destructive cycle and has no way out. The money supply mechanism through lending has failed to establish a virtuous cycle between lending and loan repayments to perpetuate the Federal Reserve System.	Through buying and selling between Ducat and Locke, CryptoFed can maintain the Target Equilibrium Exchange Rate: $1 \text{ Ducat} = 1 \text{ USD} \cdot e^{\sum_{m=1}^{\infty} r_m(t)}$ The benefits Ducat provides (high rewards rate, high interest rate, zero inflation, zero transaction costs) will generate more and more demand for Ducat, which in turn leads to more Ducat selling and Locke buying. Higher Locke prices proportionate to Ducat will enhance the capacity to handle any unexpected economic crisis of mass Ducat selling. The money supply mechanism through giveaway incentives can establish a virtuous cycle between giveaway incentives and economic growth to perpetuate the CryptoFed monetary system.

Automation and Decentralization	The Fed does not have control of fiscal policy which generates government securities for Open Market Operations. The Fed depends on commercial bank's willingness to lend even if the Federal Funds Rate is close to zero. Simply put, the existing settings of political and financial institutions makes it impossible for Fed to have a full control to automate money supply process.	CryptoFed has full control of its monetary and fiscal policy tools. Ducat rewards rate and interest rate can be adjusted and optimized mathematically via Machine Learning. Open Market Operations can be optimized automatically by CryptoFed's Linear Quadratic Gaussian (LQG) controller. Automation makes it possible to reduce human intervention, leading to decentralization.
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(5) Blockchain Protocol

Bitcoin solved the double spending issue. Ethereum innovated smart contracts to manage human contractual relationships via immutable blockchains. EOS Protocol achieved zero transaction fees, flexibility, scalability, and speed needed to handle everyday consumer transactions. "To build an enterprise-grade financial product using blockchain with high scalability, low latency and zero transaction fee, EOS was our choice."⁷ EOS is an open-source protocol which enables CryptoFed to build its own CryptoFed Blockchain (as an EOS sisterchain).

For trading purposes only, Ducat and Locke tokens can be issued using the Ethereum protocol, but Locke and Ducat ERC-20 tokens will be phased out in the long run.

(6) Banks and Compliant Exchanges as Block Producers

All individuals and business entities are required to open an account at a CryptoFed participating bank, compliant crypto exchange or organization that complies with Know Your Customer

⁷ Why we built our blockchain business on EOS instead of Ethereum, <https://venturebeat.com/2019/04/13/why-we-built-our-blockchain-business-on-eos-instead-of-ethereum/>

(KYC), Anti-Money Laundering (AML) and money transmitter regulations. These participating banks, exchanges and organizations will serve as the trusted block producers of CryptoFed's Blockchain, certify and publish CryptoFed's Group Treasury funds under their management for transparency purposes, issue CryptoFed co-branded wallets bearing their name that can be used by individuals or entities to hold and transact in Ducat and Locke.

The co-branded wallet issuers will be paid 0.50 Ducat by CryptoFed for every purchase transaction made in Ducat made through their co-branded wallet. Furthermore, an amount equal to 10% of the total interest paid by CryptoFed to Ducat holders will be paid by CryptoFed to co-branded wallet issuers. This compensation in Ducat is equivalent to mining revenue.

In the long run, to further decentralize the CryptoFed Blockchain, all private entities which currently process personal information during their ordinary course of business, have expertise in KYC /AML and money transmitter regulations, and are already required to protect personal information, can serve as block producers. These entities include, but are not limited to, banks, credit unions, universities, insurance companies, airlines, pharmacies, utility companies, retail merchants issuing private card programs, etc.

(7) Growth Strategy

Once CryptoFed simultaneously files this Form S-1 and the Form 10, it will start executing the Ducat Economic Zone Plan attached as Exhibit 2. Locke tokens will be distributed to municipalities, merchants, banks, crypto exchanges and other contributors, including both individuals and entities as if they were part of the CryptoFed Equity Incentive Plan. Legal persons must have assets of more than \$5 million USD. Within one week of the effectiveness of CryptoFed's Form 10 filing, CryptoFed will file Form S-8 and make the CryptoFed Equity Incentive Plan and the Form S-8 disclosure available to all CryptoFed contributors. 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 Locke tokens distributed will be restricted and untradeable until this Form S-1 filing is declared effective by the SEC. No Ducat token can be issued until the market price of Locke tokens reaches \$0.10 USD per token daily for a

consecutive one-month period, which then enables CryptoFed to have sufficient Locke value to stabilize Ducat at its Target Equilibrium Exchange Rate.

The incentives built into the Ducat Economic Zone Plan in the form of fiscal policies and monetary policies will serve to grow the CryptoFed monetary system organically, while working toward stabilizing the Target Equilibrium Exchange Rate.

(8) Zero Revenue and Zero Cost

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.

(a) Revenue

(i) Locke Token Proceeds in USD-Pegged Stablecoins

CryptoFed grants Locke tokens, free of charge, to service providers as compensation, including both individuals and entities. However, for price discovery purposes, CryptoFed may conduct refundable auctions from time to time via compliant crypto exchanges. Refundable auctions will not start until CryptoFed's Form S-1 filing is declared effective by the SEC. Proceeds in USD-pegged stablecoins from these token sales are reserved and used for refunding Locke, 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 passes from the original time of purchase, whichever comes first. After the refund rights of purchasers expires, the proceeds

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. No proceeds can be used for other purposes. As a result, CryptoFed cannot book any proceeds from Locke auctions as revenue.

(ii) Ducat Token Proceeds in USD-Pegged Stablecoins

Ducat sales and distribution will not start until CryptoFed's Form S-1 filing is declared effective by the SEC and Locke reaches a market price of \$0.10 USD per token on compliant crypto exchanges. Paid by CryptoFed, people and entities can earn Ducat interest (3% - 5%) by holding Ducat, earn Ducat rewards for purchase transactions (5.5% - 12%) and merchants earn transaction revenue (1% - 4%) for every consumer purchase. Contributors, wallet issuers and block producers also earn Ducat from CryptoFed. People and entities can purchase Ducat from CryptoFed on compliant crypto exchanges, but the proceeds must be preserved in the CryptoFed USD-pegged stablecoin reserve for token redemption purposes.

Ducat holders use Ducat to buy goods and services at participating merchants, which in turn will convert Ducat back to USD on compliant exchanges for redemption. Because CryptoFed gives away Ducat tokens, free of charge, to individuals or entities as rewards and interest in the range of 10% - 20% additional Ducat over the amount of Ducat purchased, CryptoFed must continually buy back Ducat tokens on compliant exchanges via open market operations to maintain the Target Equilibrium Exchange Rate between Ducat and USD below.

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

CryptoFed uses Locke tokens to conduct the Ducat buyback. In order to enable Locke to buy back Ducat on an ongoing basis, all proceeds must be transferred to CryptoFed's USD-pegged stablecoin reserve for Locke buyback so that Ducat holders can always redeem Ducat at the Target Equilibrium Exchange Rate between Ducat and USD. No proceeds can be used for other purposes. As a result, CryptoFed cannot book any proceeds 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

(iii) Transaction Fees

CryptoFed does not charge any transaction fees.

(b) Cost

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 Blockchains do not have their own cost, although the miners' operations have 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 are broadly defined as those persons 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 no longer continue 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 the filing fees in USD to fulfil ongoing reporting obligations, until CryptoFed establishes smart contracts to outsource the routine filings to vendors who are willing to accept Locke or Ducat tokens as payment.

2. Risk Factors

(1) Zero Value of Locke and Ducat

Locke and Ducat tokens may have no value. CryptoFed's monetary system depends on Locke's value reaching \$0.10 USD before launching Ducat. However, there is no guarantee that Locke or Ducat token will have any value.

(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) Banks and Exchanges

Banks and exchanges complying with Know Your Customer (KYC), Anti-Money Laundering (AML) and money transmission regulations issue CryptoFed co-branded wallets, similar to co-branded credit cards. All persons and entities must acquire wallets from these banks or exchanges. but the number of banks and exchanges that will work or continue working with CryptoFed is unknown.

(4) 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 by consumers and merchants can be achieved.

(5) 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.

(6) 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.⁸ However, EOS has not yet been tested in a large scale deployment across the retail industry.

(7) Operation of a Decentralized Autonomous Organization (DAO)

CryptoFed will not only decentralize and automate a monetary system, but also decentralize and automate itself. As the first DAO legalized in the US, CryptoFed is equivalent to making “mission impossible” possible.

(8) Macroeconomic Condition

To be successful, CryptoFed needs the fundamental macroeconomic condition that fiat currencies of the major central banks, such as the US, EU and Japan, maintain zero nominal interest and negative

⁸ <https://venturebeat.com/2019/04/13/why-we-built-our-blockchain-business-on-eos-instead-of-ethereum/>

real interest. This condition has held for more than 10 years, but there is no guarantee that this condition will continue to hold.

(9) 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 between these two schools of economic thought has been ongoing without resolution 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.”⁹

3. Use of Proceeds

All proceeds from Locke token auction sales will be used to refund or buy back Locke. All proceeds from Ducat token sales will be used for redemption. No proceeds will be used for any other purposes. Please see “**Section 1. Summary**” above.

4. Dividend Policy

There are no dividends for Locke or Ducat tokens.

5. Capitalization

CryptoFed’s capitalization does not exist, because it does not have short-term or long-term liabilities, or stockholder equity. CryptoFed does not have any revenue or costs. Please see “**Section 1. Summary**” above.

6. Ratio of Earnings to Fixed Charges

⁹ 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/finalimpsbook.pdf>

CryptoFed does not have any revenue or costs. Please see “**Section 1. Summary**” above.

7. Dilution

(1) Locke Token

As of September 1, 2021, out of a maximum authorized finite number of 10 trillion Locke tokens, less than 0.2% has been granted or promised to less than 15 people, free of charge. Locke token holders should always calculate their holding at a fully diluted basis with a maximum authorized issuance of 10 trillion.

(2) Ducat Token

Ducat is an inflation and deflation protected stable token with unlimited issuance. Dilution does not apply to the Ducat token.

8. Selected Financial Data

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 after the SEC declares this CryptoFed’s Form S-1 filing is effective. Furthermore, CryptoFed has a giveaway business model which does not have any revenue, costs or corresponding financial information. Please see the “**Section 1. Summary**” above.

9. Supplementary Financial Information

CryptoFed has a giveaway business model which does not have any revenue, costs or corresponding financial information. Please see “**Section 1. Summary**” above.

10. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) Changes in and Disagreements with Auditors on Accounting and Financial Disclosure

No accounting or audit is needed because CryptoFed does not have any revenue or costs. Please see “**Section 1. Summary**” above.

11. Quantitative and Qualitative Market Risk Disclosure

As a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act), CryptoFed is not required to provide the information called for by Item 304 of Regulation S-K. However, CryptoFed wants to emphasize not only the high-risk nature of the crypto markets in general, but also the inherent risks associated with Locke and Ducat tokens in particular.

(1) Federal Funds Rate

If the Fed raises the Federal Funds Rate to 5%, the entire landscape in terms of competition of monetary systems may change. Fiat holders may no longer search for new currencies and inflation in fiat may no longer be an issue.

(2) Open Market Operations

CryptoFed's buying and selling between Locke and Ducat is important to maintain the Target Equilibrium Exchange Rate between Ducat and USD to achieve zero inflation and deflation of the Ducat economy. A deep crypto market for both Locke and Ducat are needed for CryptoFed's open market operations to function well, but there is no guarantee that it can be achieved.

(3) Locke Token Price

Ducat tokens will not launch until the price of Locke Tokens reaches a minimum value of \$0.10 USD per token for a consecutive one-month period. There is no guarantee that this will happen. CryptoFed uses USD-pegged stablecoin proceeds held in reserve to buy back Locke 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 its CryptoFed USD-pegged stablecoin reserves to buy back Locke tokens. If the CryptoFed USD-pegged stablecoins reserve is depleted, the Locke token market price may have a risk of free fall.

(4) USD-Pegged Stablecoin Market

CryptoFed does not hold any fiat bank accounts at any financial institution and depends on the USD-pegged stablecoin market to execute 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 meet the demand for CryptoFed open market operations.

(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 the number and trading volume of compliant crypto exchanges will sufficiently meet the demand for CryptoFed open market operations.

12. Business

Please see [the active EDGAR URL below to the Form 10 registration statement](#) filed in conjunction with this Form S-1 that includes the full discussion of the general development of CryptoFed's business at "**Item 1: Business**".

<https://www.sec.gov/Archives/edgar/data/1881928/000188192821000001/0001881928-21-000001-index.htm>

13. Management

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 Chief Executive Officer (CEO) is no longer needed within three years. For the time being, the current CEO is a symbolic position held by Marian Orr, to communicate with regulators, together with MShift, because regulators, such as the SEC, may require contact people and the founding company to be responsible for document filing.

Below is Marian Orr's brief experience prior to joining CryptoFed. Marian Orr was sworn in as Cheyenne's first female Mayor on January 3, 2017. Marian was a successful lobbyist for over 20 years. Marian was active behind the scenes in promoting ground-breaking legislation in Wyoming to recognize a new digital economy with the first two Special Purpose Depository Institution choosing Cheyenne as their home.

14. 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 USD, and has been promised 2 billion Locke tokens which cannot be sold below \$ 0.05 USD per Locke token.

15. Corporate Governance Arrangements

There are no board of directors or related board committee (audit committee, board compensation committee and board nominating committee). The CryptoFed Constitution attached as Exhibit 1 is the governance arrangement which clearly defines the rights of the governance framework and the rights of the Locke governance token.

16. Related Party Transactions

MShift is the sole member of American CryptoFed DAO LLC. 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, 1/5th 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, MShift CEO, and one of the three organizers of American CryptoFed DAO LLC, works voluntarily without salary. His Locke token grant from MShift's 25% initial allocation outlined in the CryptoFed Constitution 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 LLC, works voluntarily without salary. His Locke token grant from MShift's 25% initial allocation outlined in the CryptoFed Constitution will be decided after CryptoFed's Form S -1 filing.

17. Principal and Selling Stockholders/Security Ownership of Beneficial Owners and Management Shares Eligible for Future Sale

Marian Orr, CEO and one of the three organizers of American CryptoFed DAO LLC, has been promised 2 billion Locke tokens which cannot be sold below \$0.05 USD per Locke token.

After this Form S-1 filing and Form 10 filing, CryptoFed will allocate the Locke tokens based on its Ducat Economic Zone Plan attached as Exhibit 2. CryptoFed will file two-Form 8-K to provide update November 15, 2021, and December 31, 2021, respectively.

18. Description of Securities Being Offered and Recent Sales of Unregistered

Securities

CryptoFed has not formally started executing the initial allocation plan of the Locke token outlined in the CryptoFed Constitution yet. As of September 14, 2021, out of a maximum authorized finite number of 10 trillion Locke tokens, less than 0.2% has been granted or promised to less than 15 people as service providers, free of charge. Voting rights are defined in the CryptoFed Constitution. There are no liquidation rights, conversion rights, dividend rights, redemption rights or change of control provision. The granted Locke tokens are restricted, untradeable and cannot be sold below \$ 0.05 USD or \$0.10 USD per Locke token. None of these tokens have been minted yet. Most Locke token grant agreements have not been formalized yet. CryptoFed will formalize the Locke token grant agreements and file a Form 8-K to provide an update to the SEC by November 16, 2021.

19. Underwriting

There is no underwriter.

20. Experts and Legal Counsel

There are no hired experts, accounting firms or law firms involved in this Form S-1 filing.

21. Financial Statements

CryptoFed has a giveaway business model which does not have any revenue, costs or corresponding financial information. Please see “**Section 1. Summary**” above.

22. Indemnification

There is no indemnification agreement or provisions relating to directors, officers, and controlling persons of CryptoFed against liability arising under the Securities Act.

23. Undertakings

(1) Ducat Economic Zone Plan

After this Form S-1 filing and the Form 10 filing, CryptoFed will allocate Locke tokens based on its Ducat Economic Zone Plan attached as Exhibit 2. Within one week of the effectiveness of CryptoFed’s Form 10 filing, CryptoFed will file Form S-8 and make it available to all CryptoFed contributors. CryptoFed will file Form 8-K to provide updates accordingly.

(2) Refundable Locke Auctions

Refundable Locke token auctions as described in “**Section 1. Summary**” will not start until this Form S-1 is declared effective by the SEC. CryptoFed will file two-Form 8-K to provide updates accordingly.

(3) Open Market Operations

CryptoFed will conduct open market operations on a daily basis which will change the supply of Locke and Ducat tokens overtime. CryptoFed would like to discuss with the SEC as to how to best report the related financial activities. Locke and Ducat transactions will be fully transparent on the CryptoFed Blockchain.

24. Offering Expenses

There are no offering expenses

25. Exhibits and Financial Statement Schedules

No financial statements exist because CryptoFed does not have any revenue or costs. Please see “**Section 1. Summary**” above.

Exhibit 1: American CryptoFed DAO Constitution

Exhibit 2: Ducat Economic Zone Plan

Exhibit 3: American CryptoFed DAO Formation Certificate

26. Cautionary Note Regarding Forward-Looking Statements

This prospectus, including the sections entitled “Prospectus Summary,” and “Risk Factors” contains forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events and future results of operations. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “projects,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology.

These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry's) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. The "Risk Factors" section of this prospectus sets forth detailed risks, uncertainties and cautionary statements regarding our business and these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing regulatory environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all of the risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus.

We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this prospectus. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the U.S., we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

27. Incorporation by Reference

Please see the [active EDGAR URL to the Form 10 registration statement](#) filed in conjunction with this Form S-1.

<https://www.sec.gov/Archives/edgar/data/1881928/000188192821000001/0001881928-21-000001-index.htm>

28. SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Cheyenne, State of Wyoming, on September 15 , 2021.

American CryptoFed DAO LLC

(Registrant)

DocuSigned by:
Marian Orr
AE52AD38E6AC4EC...

CEO, Marian Orr

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 dates indicated.

DocuSigned by:
Scott Moeller
3638FD0EEB704A1...

(Signature)

MShift Inc.

(Sole Member of American CryptoFed DAO LLC)

CEO, Scott Moeller

(Title and Print Name)

September 15, 2021

(Date)

DocuSigned by:
Xiaomeng Zhou
AF66FD470182412...

(Signature)

MShift Inc.

(Sole Member of American CryptoFed DAO LLC)

COO, Xiaomeng Zhou

(Title and Print Name)

September 15, 2021

(Date)

RESPONDENT

AMERICAN CRYPTO FED DAO LLC

EXHIBIT 2

Filing Review Process

The Division of Corporation Finance selectively reviews filings made under the Securities Act of 1933 and the Securities Exchange Act of 1934 to monitor and enhance compliance with the applicable disclosure and accounting requirements. In its filing reviews, the Division concentrates its resources on critical disclosures that appear to conflict with Commission rules or applicable accounting standards and on disclosure that appears to be materially deficient in explanation or clarity.

The Division does not evaluate the merits of any transaction or determine whether an investment is appropriate for any investor. The Division's review process is not a guarantee that the disclosure is complete and accurate — responsibility for complete and accurate disclosure lies with the company and others involved in the preparation of a company's filings.

The Division assigns filings by companies in a particular industry to one of nine industry offices and conducts its primary review responsibilities through these offices, whose staff members have specialized industry, accounting and disclosure review expertise.

Required and Selective Reviews

As required by the Sarbanes-Oxley Act of 2002, the Division undertakes some level of review of each reporting company at least once every three years and reviews a significant number of companies more frequently. In addition, the Division selectively reviews transactional filings — the documents companies file when they engage in public offerings, business combination transactions and proxy solicitations. To preserve the integrity and effectiveness of the selective review process, the Division does not publicly disclose the criteria it uses to identify companies and filings for review.

Scope of Reviews

If the Division selects a company or a filing for review, the extent of that review will depend on many factors, including the criteria set forth in Section 408 of the Sarbanes-Oxley Act and the factors identified through our selective review criteria. The scope of a review may be:

- a full cover-to-cover review in which the staff will examine the

entire filing for compliance with the applicable accounting standards and the disclosure requirements of the federal securities laws and regulations;

- a financial statement review in which the staff will examine the financial statements and related disclosure, such as Management's Discussion and Analysis of Financial Condition and Results of Operations, for compliance with the applicable accounting standards and the disclosure requirements of the federal securities laws and regulations; or
- a targeted issue review in which the staff will examine the filing for one or more specific items of disclosure for compliance with the applicable accounting standards and/or the disclosure requirements of the federal securities laws and regulations.

Staff Comments

The staff may provide a company with comments where the staff believes a company can significantly enhance its compliance with the applicable requirements. The range of possible comments is broad and depends on the issues that arise in a particular filing review. Through the comment process, the staff may request that a company provide supplemental information to help the staff better understand the company's disclosure, revise disclosure in a document on file with the SEC, provide additional disclosure in a document on file with the SEC, or provide additional or different disclosure in a future filing with the SEC. The Division completes many filing reviews without issuing comments.

Company Response to Comments

If a company does not understand a comment or the staff's purpose in issuing it, it should seek clarification from the examiner before it responds. If the company does not understand the comment after discussing it with the examiner, it may wish to speak with the staff member who approved the comment. To make it easier for a company to identify the appropriate people to contact about a filing review, the Division includes the name of the office conducting the review as well as the names and phone numbers of the staff members involved in that review in each of its comment letters.

A company generally responds to each comment in a letter to the staff and, if appropriate, amends its filing(s). A company's explanation or analysis of an issue will often resolve a comment. Depending on the nature of the issue and the company's response, the staff may issue additional comments following its review of the company's response and any related amendments. .

At any time during the filing review process, a company or its representatives may request that the staff reconsider either a previously-issued comment or its view of the company's response to a comment. The Division does not require companies and their representatives to follow a formal protocol in seeking reconsideration of a staff comment. A company should direct a reconsideration request to the Chief of the office conducting the filing review. The company or its representatives should feel free to involve the Disclosure Program Director, the Division's Deputy Director or Director at any stage in the filing review process.

The Commission's Office of the Chief Accountant addresses questions concerning the application of generally accepted accounting principles while the Division resolves matters concerning the age, form and content of financial statements required to be included in a filing. A company or its representatives may involve the Commission's Office of the Chief Accountant at any stage of a filing review following the standard [consultation procedures](#).

Closing a Filing Review

When a company has resolved all Division comments on a Securities Act registration statement, the company may request that the Commission declare the registration statement effective so that it can proceed with the transaction. When taking that action, the Division, through authority delegated from the Commission, gives public notice on the SEC's EDGAR system that the registration statement is effective. When a company has resolved all Division comments on an Exchange Act registration statement, a periodic or current report, or a preliminary proxy statement, the Division provides the company with a letter to confirm that its review of the filing is complete.

To increase the transparency of the review process, the Division makes its comment letters and company responses to those comment letters public on the SEC's EDGAR system no sooner than 20 business days after it has completed its review of a periodic or current report or declared a registration statement effective.

Modified: Sept. 27, 2019

RESPONDENT

AMERICAN CRYPTO FED DAO LLC

EXHIBIT 3

NON-PUBLIC

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
November 9, 2021

In the Matter of

American CryptoFed DAO LLC,

Respondent.

**ORDER DIRECTING EXAMINATION
AND DESIGNATING OFFICERS
PURSUANT TO SECTION 8(e) OF THE
SECURITIES ACT OF 1933**

I.

The Commission's public official files disclose that:

A. American CryptoFed DAO LLC (CIK No. 1881928) ("American CryptoFed") is a Wyoming "Decentralized Autonomous Organization" ("DAO") that was established on July 1, 2021. It is the successor entity to American CryptoFed, Inc., which was incorporated in Wyoming on February 11, 2021. On September 16, 2021, 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 Securities Exchange Act of 1934 ("Exchange Act"). On September 17, 2021, a day after filing the Form 10, American CryptoFed filed a Form S-1 registration statement (the "Form S-1") seeking to register transactions involving the Ducat and Locke tokens under the Securities Act of 1933 ("Securities Act"). The Form S-1 is not yet effective.

II.

The Commission has information that tends to show that the Form S-1 may be deficient in that it may contain untrue statements of material fact or omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, concerning, among other things, the Form S-1's classification of the Ducat token and the Locke token as securities.

III.

The Commission, deeming such acts and practices, if true, to warrant proceedings pursuant to Section 8(d) of the Securities Act finds it necessary and appropriate and hereby:

ORDERS, pursuant to the provisions of Section 8(e) of the Securities Act that an examination be made to determine whether a stop order should be issued under Section 8(d) of the Securities Act with respect to the Form S-1 and any supplements and amendments thereto; and

FURTHER ORDERS, pursuant to the provisions of Section 8(e) of the Securities Act that for purposes of such investigation, Kristina Littman, Deborah Tarasevich, Martin Zerwitz, Michael Baker, Christopher Bruckmann, John Lucas, Jonathan Austin, Pei Chung, and Elizabeth Doisy, and each of them, are hereby designated as officers of the Commission and are empowered to have access to and may demand the production of any books and papers of, and may administer oaths and affirmations to, and examine, American CryptoFed, or any other person, in respect of any matter relevant to the examination, and may, in their discretion, require the production of a balance sheet exhibiting the assets and liabilities of American CryptoFed or its income statement, or both, to be certified by a public or certified accountant approved by the Commission.

By the Commission.

Vanessa A. Countryman
Secretary

RESPONDENT

AMERICAN CRYPTO FED DAO LLC

EXHIBIT 4

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING File
No. 3-20650



UNDER SEAL

NOTICE

The Division of Enforcement (“Division”) is providing notice of a subpoena it sent pursuant to the Securities and Exchange Commission’s November 9, 2021 Order Directing Examination and Designating Officers Pursuant to Section 8(e) of the Securities Act of 1933.

Rule 230(g) reads in part:

The Division of Enforcement shall promptly inform the hearing officer and each party if investigatory subpoenas are issued under the same investigation file number or pursuant to the same order directing private investigation (“formal order”) under which the investigation leading to the institution of proceedings was conducted.

17 C.F.R. §201.230(g). The rule contains no analogous provision regarding subpoenas issued pursuant to separate Orders of Examination pursuant to Section 8(e), even if those orders cover similar subject matter or involve the same persons.

Nonetheless, out of an abundance of caution, the Division is providing this notice that it issued the attached subpoena earlier today to Respondent American CryptoFed DAO LLC (“American CryptoFed”), which is not issued pursuant to a Formal Order of Investigation, but

pursuant to the November 9, 2021 Order of Examination referenced above. A copy of the subpoena is attached to this Notice.

This Notice is being filed under seal because it discusses a Non-Public Commission Order. A Motion to Seal will be filed separately.

Dated: June 15, 2022

Respectfully submitted,

/s/ Christopher Bruckmann

Christopher Bruckmann (202) 551-5986

Martin Zerwitz (202) 551-4566

Michael Baker (202) 551-4471

Christopher J. Carney (202) 551-2379

Securities and Exchange Commission

100 F Street, N.E.

Washington, D.C. 20549-5949

bruckmannc@sec.gov

zerwitzm@sec.gov

bakermic@sec.gov

carneyc@sec.gov

COUNSEL FOR

DIVISION OF ENFORCEMENT

CERTIFICATE OF SERVICE

I hereby certify that I caused true copies of the Division of Enforcement's Notice to be served on the following on June 15, 2022, in the manner indicated below:

By Email:

Scott Moeller
scott.moeller@americancryptofed.org President
American CryptoFed DAO LLC

Zhou Xiaomeng
zhouxm@americancryptofed.org
Chief Operating Officer
American CryptoFed DAO LLC

/s/ Christopher Bruckmann
Christopher Bruckmann

RESPONDENT

AMERICAN CRYPTO FED DAO LLC

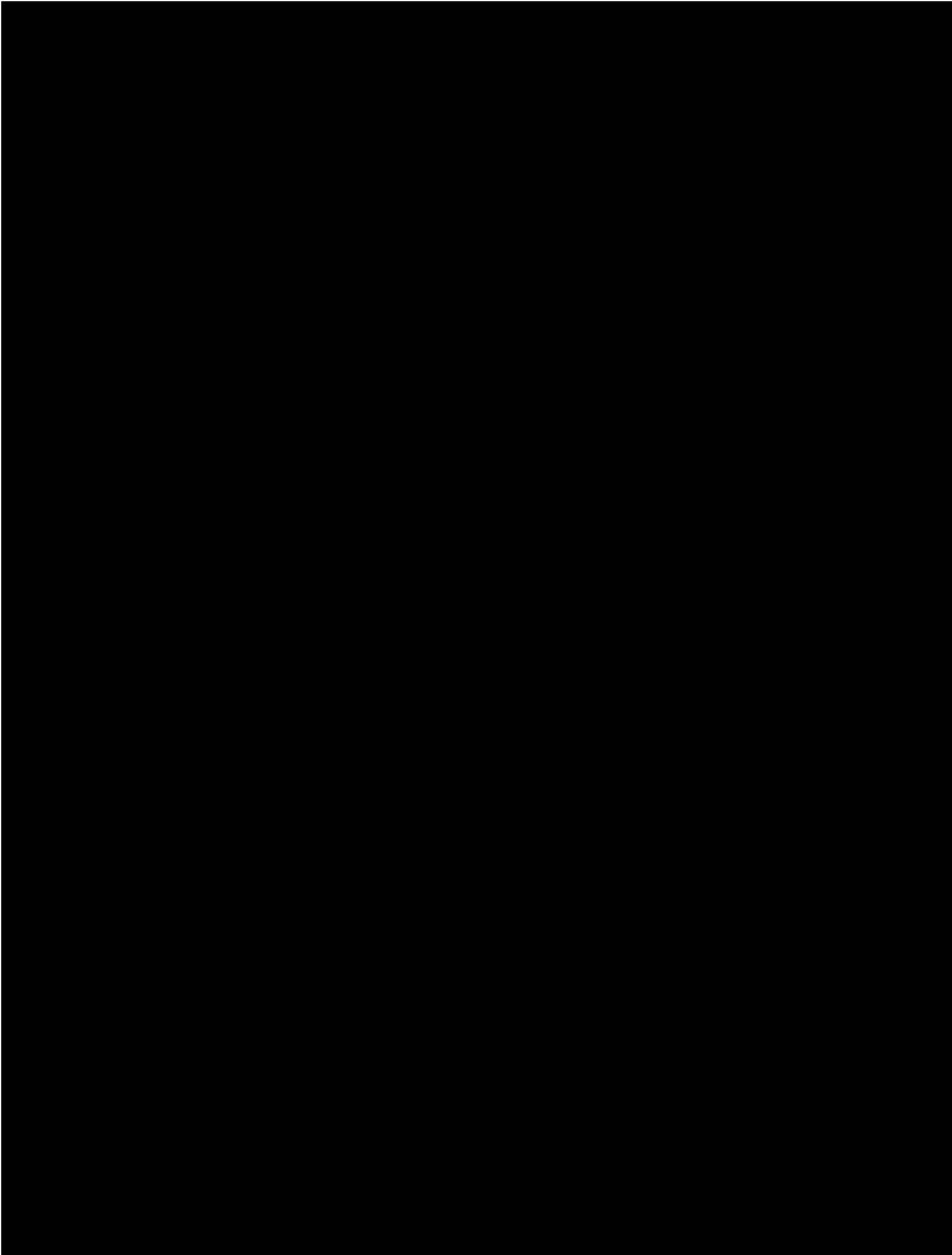
EXHIBIT 5

The first part of the document discusses the importance of maintaining accurate records in a business setting. It highlights how proper record-keeping can help in decision-making, legal compliance, and financial management. The text emphasizes that records should be organized, up-to-date, and easily accessible.

Next, the document addresses the challenges of data management in the digital age. It notes that while digital storage offers convenience, it also introduces risks such as data loss, security breaches, and information overload. Solutions like cloud storage, encryption, and regular backups are suggested to mitigate these risks.

The third section focuses on the role of technology in streamlining business processes. It describes how automation and software solutions can reduce manual errors, save time, and improve overall efficiency. Examples of such technologies include accounting software, CRM systems, and project management tools.

Finally, the document concludes by stressing the importance of employee training and awareness. It suggests that investing in education and skill development can lead to a more productive and knowledgeable workforce, which is essential for long-term business success.



RESPONDENT

AMERICAN CRYPTO FED DAO LLC

EXHIBIT 6



November 6, 2022
Via Electronic Email

Christopher M. Bruckmann, Trial Counsel, Trial Unit
Division of Enforcement, U.S. Securities and Exchange Commission
100 F Street, N.E., Washington, D.C. 20549-5949
Phone 202-551-5986, Email: bruckmann@sec.gov

CC:

Christopher Carney, Division of Enforcement, CarneyC@sec.gov
Martin Zerwitz, Division of Enforcement, ZerwitzM@sec.gov
Michael Baker, Division of Enforcement, BakerMic@sec.gov
John Lucas, Division of Enforcement, LucasJ@sec.gov
Justin Dobbie, Division of Corporation Finance, dobbiej@sec.gov

**Re: American CryptoFed DAO LLC's Fair Notice Affirmative Defense
Form S-1 File No.: 333-259603**

Dear Mr. Bruckmann,

Thank you for your email dated November 3, 2022 ("November 3, 2022 Email"), attached at the bottom of this letter underneath our signatures, for ease of reference. Your November 3, 2022 Email did not directly respond to any specific request made or answer any question that was outlined in our letter dated November 1, 2022 ("November 1, 2022 Letter"). Let us review your November 3, 2022 Email against our November 1, 2022 Letter point-by-point to demonstrate that you still lack operating in good faith.

To be clear; your statement in your November 3, 2022 Email ("**We are not required to provide a point-by-point rebuttal to each assertion you make in a letter just because you request it**") , and your statement in your October 31, 2022 Email ("**As we have repeatedly explained, we are not required to preview our legal theories to you upon demand, and decline to do so at this time.**"), directly, knowingly and willfully violate the following Filing Review Process published in the SEC's public facing website¹.

¹ <https://www.sec.gov/divisions/corpfin/cffilingreview>



Company Response to Comments

If a company does not understand a comment or the staff's purpose in issuing it, it should seek clarification from the examiner before it responds. If the company does not understand the comment after discussing it with the examiner, it may wish to speak with the staff member who approved the comment. To make it easier for a company to identify the appropriate people to contact about a filing review, the Division includes the name of the office conducting the review as well as the names and phone numbers of the staff members involved in that review in each of its comment letters.....

A company should direct a reconsideration request to the Chief of the office conducting the filing review. The company or its representatives should feel free to involve the Disclosure Program Director, the Division's Deputy Director or Director at any stage in the filing review process. (Emphasis added).

We believe, Mr. Bruckmann, that you are required to abide by the SEC's public policy for Filing Review Process which clearly obligates you to provide clarification on all your comments and to truthfully and clearly answer all our questions during this Filing Review Process. If you believe you are not required to abide by this SEC's public policy for Filing Review Process, please clarify. Then we will contact the **"Disclosure Program Director, the Division's Deputy Director or Director"** as specified in the Filing Review Process above to ask them to answer these questions that you refuse to respond, because we "should feel free" to involve them "at any stage in the filing review process".

We believe that any SEC public servants' action and/or inaction, including your actions and inactions, must be held accountable as specified in the SEC's public policy for the Filing Review Process.

I.

Examination on American CryptoFed's Assertion of No Assets and No Liabilities

In this section, we address the first point raised in your November 3, 2022 Email.

In your November 3, 2022 Email, regarding American CryptoFed's Assertion of No Assets and No Liabilities, you stated the following:

First, all of the questions we asked during your testimony session and all of the documents we sought by subpoena from American CryptoFed are within the legitimate scope of the Section 8(e) Examination. We reject your request that **we narrow down our request to only the issue of whether American CryptoFed has assets, liabilities, or revenue, as that is not the only issue within the scope of the 8(e) Examination.** We will not bargain with you over



which questions you should answer. It is your obligation to answer all the questions and provide all the documents. Your refusal to do so demonstrates your failure to cooperate with the Examination (Emphasis added):

The facts do not support your arguments. American CryptoFed never had any **“request that we narrow down our request to only the issue of whether American CryptoFed has assets, liabilities, or revenue, as that is not the only issue within the scope of the 8(e) Examination.”** American CryptoFed’s position is that the 8(e) Examination is unlawful, but the illegality of the 8(e) examination has been discussed in a separate section of all our communications, the **II. Unlawful 8(e) Order**. Without waiving objection on the grounds that the 8(e) Order and the 8(e) Examination are unlawful, and to demonstrate that American CryptoFed has done its best in good faith, American CryptoFed repeatedly has offered the opportunity for examination with specific attention to American CryptoFed’s Assertion of No Assets and No Liabilities. This offer also is responsive to your two special requests below:

i. Your First request:

In your October 19, 2022 Email, you complained **“American CryptoFed claims that it has no assets and no liabilities”** and emphasized that American CryptoFed’s Assertion of No Assets and No Liabilities needs to be examined by stating the following:

We are not required to accept American CryptoFed’s assertions at face value. Rather, those assertions need to be tested through audit and/or examination for the protection of the investing public.

ii. Your Second Request:

In your October 31, 2022 Email, regarding American CryptoFed’s Assertion of No Assets and No Liabilities, you stated the following (Emphasis added):

As we have repeatedly noted, **many of the questions we asked you in your testimony and documents that we subpoenaed from American CryptoFed go directly to the issue of whether American CryptoFed has assets, revenue, or liabilities.**



In response to your two requests above, in our November 1, 2022 Letter, as a demonstration of good faith, we requested that you select the top three **“of the questions we asked you in your testimony and documents that we subpoenaed from American CryptoFed go directly to the issue of whether American CryptoFed has assets, revenue, or liabilities.”** However, you flatly rejected to do so. As of today, all documentation of our past communications demonstrates that you have no real interest in the examination of American CryptoFed’s Assertion of No Assets and No Liabilities. Therefore, it is reasonable for American CryptoFed to conclude that your true purpose of both the so-called examination of **American CryptoFed’s Assertion of No Assets and No Liabilities**, and your statement (**“many of the questions we asked you in your testimony and documents that we subpoenaed from American CryptoFed go directly to the issue of whether American CryptoFed has assets, revenue, or liabilities.”**) is actually no more than an excuse to unlawfully delay or stop or obstruct American CryptoFed’s legitimate disclosure. Given that you failed to identify and specify any questions which **“go directly to the issue of whether American CryptoFed has assets, revenue, or liabilities”**, we can conclude that you are unable to challenge **American CryptoFed’s Assertion of No Assets and No Liabilities**.

II.
Unlawful 8 (e) Order
&
IV.
The Mandate of Section (b) of the Securities Act

In this section, we address the second and third points you raised in your November 3, 2022 Email.

1. Response to Your Second Point in Your November 3, 2022 Email.

In your November 3, 2022 Email, you stated the following:



Second, we reject your characterization of the Section 8(e) Examination as illegal. Section 8(d) allows the Commission to bring a stop order “at any time.” Section 8(e) allows the Commission to institute an examination “in any case.” Nothing in either section limits them to the timing and circumstances you propose. You provide no authority that actually supports your strained interpretation of Section 8.

However, the facts do not support your argument. In the October 27, 2022 Letter and November 1, 2022 Letter, American CryptoFed cited authorities of both case law and specific statute to support our arguments. In this letter, we would like to also cite the SEC’s Filing Review Process published in the SEC’s public facing website as an additional authority.

i. The Authority of the SEC’s Filing Review Process

To increase the transparency of the review process, the Division makes its comment letters and company responses to those comment letters public on the SEC’s EDGAR system no sooner than 20 business days after it has completed its review of a periodic or current report or declared a registration statement effective.

ii. The Authority of Case Law: *Jones v. Securities and Exchange Commission*, 79 F.2d 617 (2d Cir. 1935).

The orders of the commission referred to are to be found in sections 8(b), 8(d) and 8(e), 15 USCA § 77h, subs. (b, d, e), all preceding section 9, which provides for a review of the orders. **Section 8(b) authorized an order refusing to permit a registration statement to become effective** until it has been amended as required in the order. **Sections 8(d) and 8(e) provide for the entry of a stop order suspending the effectiveness of the registration statement** at any time. *Jones v. Securities and Exchange Commission*, 79 F.2d 617 (2d Cir. 1935). (Emphasis added).

iii. The Authority of Statute: Section 8(b)/(d)/(e) of the Securities Act.

(b) Incomplete or inaccurate registration statement

If it appears to the Commission that a registration statement is on its face incomplete or inaccurate in any material respect, the Commission may, after notice by personal service or the sending of confirmed telegraphic notice not later than ten days after the filing of the registration statement, and opportunity for hearing (at a time fixed by the Commission) within ten days after such notice by personal service or the sending of such telegraphic notice, **issue an order prior to the effective date of registration refusing** to permit such statement to become effective until



it has been amended in accordance with such order. **When such statement has been amended in accordance with such order the Commission shall so declare and the registration shall become effective at the time provided in subsection (a) or upon the date of such declaration, whichever date is the later.** (Emphasis added).

(d) Untrue statements or omissions in registration statement

If it appears to the Commission **at any time** that the registration statement includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, the Commission may, after notice by personal service or the sending of confirmed telegraphic notice, and after opportunity for hearing (at a time fixed by the Commission) within fifteen days after such notice by personal service or the sending of such telegraphic notice, **issue a stop order suspending the effectiveness of the registration statement. When such statement has been amended in accordance with such stop order, the Commission shall so declare and thereupon the stop order shall cease to be effective.** (Emphasis added).

(e) Examination for issuance of stop order

The Commission is empowered to make an examination in any case in order to determine whether a stop order should issue under subsection (d). In making such examination the Commission or any officer or officers designated by it shall have access to and may demand the production of any books and papers of, and may administer oaths and affirmations to and examine, the issuer, underwriter, or any other person, in respect of any matter relevant to the examination, and may, in its discretion, require the production of a balance sheet exhibiting the assets and liabilities of the issuer, or its income statement, or both, to be certified to by a public or certified accountant approved by the Commission. If the issuer or underwriter shall fail to cooperate, or shall obstruct or refuse to permit the making of an examination, such conduct shall be proper ground for the issuance of a stop order. (Emphasis added).

The Authority of the SEC's Filing Review Process mandates "the Division makes its comment letters and company responses to those comment letters public on the SEC's EDGAR system no sooner than 20 business days". This mandate completely and indisputably denies any legitimate role of the 8 (e) Order and the 8(e) Examination which are Non-Public. On June 15, 2022 and June 30, 2022, you even filed two motions to seal two notices containing reference to the Non-Public 8 (e) Order and the 8(e) Examination. From the SEC's own Filing Review Process, the Non-Public 8 (e) Order and the 8(e) Examination are unlawful.

The phrase "**an order prior to the effective date of registration refusing to permit such statement to become effective until it has been amended in accordance with such order.**" in the Statue **Authority** of Section (b) of the Securities Act is decisive and undisputable,



which is also cited by the Case Law Authority of *Jones v. Securities and Exchange Commission*, 79 F.2d 617 (2d Cir. 1935). In contrast, you have failed to provide any statute and case law to support your legal arguments that Section (d) and (e) can be applied to cases “**prior to the effective date of registration**”, before removal of the American CryptoFed’s Delaying Amendment. Therefore, American CryptoFed has the following seven (7) questions related to your interpretation of the statutes and your application of Section (d) and (e) to American CryptoFed, given that American CryptoFed’s Form S-1 is “**prior to the effective date of registration**”, before removal of the Delaying Amendment.

- i. Do you claim that the Non-Public 8 (e) Order and the 8(e) Examination can comport with the SEC’s public policy of Filing Review Process (“To increase the transparency of the review process, the Division makes its comment letters and company responses to those comment letters public on the SEC’s EDGAR system no sooner than 20 business days after it has completed its review of a periodic or current report or declared a registration statement effective.”), given that on June 15, 2022 and June 30, 2022, you even filed two motions to seal two notices containing reference to the Non-Public 8 (e) Order and the 8(e) Examination?
- ii. Do you claim that Section (d) (“at any time... the Commission may,...issue a stop order suspending **the effectiveness of the registration statement**”) has no limits of “the timing and circumstances”, and thereby the existence of “the effectiveness of the registration statement” is not the precondition for Section(d) to be applied to any cases “at any time”?
- iii. Do you claim that the phrase “at any time” in the Section 8(d) allows the Commission to “issue a stop order suspending the effectiveness of the registration statement”, even if the Section 8(d) Stop Order’s subject of “the effectiveness of the registration statement” has not yet existed, such as the non-existence of the effectiveness of American CryptoFed’s Form S-1 registration statement, because the phrase “at any time” can even cover the time period in which the 8(d) Stop Order’s subject of “the effectiveness of the registration statement” has not yet existed?



- iv. Do you claim that “at any time” phrase in the Section 8(d) allows the Commission to issue a **Stop Order** to cover the time period “*prior to the effective date of registration*”, even if Section (b) already specifies its governing time period and application condition by stating “the Commission may, ... issue an order **prior to the effective date of registration** refusing to permit such statement to become effective ...”?
- v. Do you claim that Section 8(d) can supersede Section 8(b) in application to American CryptoFed’s case, even if Section (b) specially states “the Commission may, ... issue an order **prior to the effective date of registration** refusing to permit such statement to become effective ...”, when American CryptoFed’s Form S-1 registration statement has not yet become effective and the Delaying Amendment in American CryptoFed’s Form S-1 has not yet been removed?
- vi. Do you claim that the “in any case” phrase in Section (e) (“The Commission is empowered to make an examination **in any case** in order to determine whether a stop order should issue **under subsection (d)**.”) has no limits, and thereby the “under subsection (d)” is not the precondition for Section(e) to be applied to any cases?
- vii. Do you claim that the phrase “in any case” in the Section 8(e) allows the Commission to make an examination beyond the scope of Section (d), even if the Section 8(e) specially limits the examination “to determine whether a stop order should issue **under subsection (d)**”?

Please answer the seven (7) questions above point-by-point, **on or before November 8th, 2022**, in accordance with the SEC’s Filing Review Process (“If a company does not understand a comment or the staff’s purpose in issuing it, it should seek clarification from the examiner before it responds. If the company does not understand the comment after discussing it with the examiner, it may wish to speak with the staff member who approved the comment.”)

2. Our Response to Your Third Point Raised in Your November 3, 2022 Email



In your November 3, 2022 Email, you stated the following:

Third, the SEC has provided precision and guidance regarding what is required in the Form S-1. The SEC's rules and regulations clearly spell out that audited financial statements, and the other items you have been informed are missing from American CryptoFed's Form S-1, are required to be included. You apparently want the SEC to go further and provide you with legal and accounting advice regarding how to complete the Form S-1, and the SEC is not required to do that. It is the issuer's responsibility, not the SEC's, to ensure that the Form S-1 is completed fully and accurately.

Again: the facts, the SEC's Filing Review Process and the law do not support your argument above.

A. The Facts

On October 8, 2021, Ms. Erin Purnell, Acting Legal Branch Chief, Division of Corporation Finance, sent American CryptoFed two letters regarding American CryptoFed's Form S-1 filing and Form 10 filing respectively and raised the issues of "serious deficiencies" in these registration statements ("October 8, 2021 Letters"). On October 12, 2021, American CryptoFed responded to Ms. Erin Purnell's two October 8, 2021 Letters point-by-point (American CryptoFed's letter was addressed to SEC Chairman Gensler, all Commissioners and Ms. Erin Purnell, "October 12, 2021 Letter"), deriving the following conclusion, to which Ms. Purnell never responded. Because the substance of the American CryptoFed Form S-1 filing and Form 10 filing were identical, American CryptoFed's response focused primarily on the Form 10 filing. However, the conclusion below should apply equally to the Form S-1 filing.

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.

On October 29, October 30 and November 3, 2021, three consecutive letters, were addressed and sent to Ms. Deborah Tarasevich, Assistant Director of the Division of Enforcement's Cyber Unit (these letters were also copied to SEC Chairman Gensler, all Commissioners and Ms. Erin Purnell). In each of these letters, American CryptoFed requested a written response to our October 12, 2021 Letter. Ms. Tarasevich never responded to our requests.



Furthermore, in our August 4, 2022 letter to Mr. Justin Dobbie, as Acting Office Chief of the Division of Corporation Finance, and in our October 23, 2022 Letter and October 27, 2022 to you, we also requested both Mr. Dobbie and you respond to this October 12, 2021 Letter. However, both Mr. Dobbie and you failed to respond. Given that Ms. Erin Purnell's two October 8, 2021 Letters are the sole comments received from the Division of Corporation Finance during the Filing Review Process, given that American CryptoFed's October 12, 2021 Letter already addressed point-by-point all the issues of "serious deficiencies" explicitly raised by Ms. Erin Purnell in her October 8, 2021 Letters, given that the Division of Corporation Finance and the Division of Enforcement have still chosen not to rebut or respond to American CryptoFed's October 12, 2021 Letter, despite tireless and repeated requests by American CryptoFed in the past 12 months, it is reasonable for American CryptoFed to conclude that the Division of Corporation Finance and the Division of Enforcement no longer have additional comments for our Form S-1 registration statement, and thereby both Divisions no longer need the Form S-1 Delaying Amendment in order to provide further comments related to American CryptoFed's Form S-1 registration statement.

Furthermore, as we outlined in Section I in this letter, you rejected to provide questions regarding American CryptoFed's Assertion of No Assets and No Liabilities. Therefore, we can conclude that you are unable to challenge American CryptoFed's Assertion of No Assets and No Liabilities.

Given that you have refused to respond to American CryptoFed's October 12, 2021 Letter, which was responsive to all the allegations of Ms. Purnell, your claim ("the SEC has provided precision and guidance regarding what is required in the Form S-1. The SEC's rules and regulations clearly spell out that audited financial statements, and the other items you have been informed are missing from American CryptoFed's Form S-1, are required to be included") is false. You are required to respond to American CryptoFed's October 12, 2021 Letter by the SEC's Filing Review Process and laws below.

B. The SEC's Filing Review Process

The SEC's Filing Review Process published in the SEC's website states the following:



Company Response to Comments

If a company does not understand a comment or the staff's purpose in issuing it, it should seek clarification from the examiner before it responds. If the company does not understand the comment after discussing it with the examiner, it may wish to speak with the staff member who approved the comment...

A company generally responds to each comment in a letter to the staff and, if appropriate, amends its filing(s). **A company's explanation or analysis of an issue will often resolve a comment.** Depending on the nature of the issue and the company's response, the staff may issue additional comments following its review of the company's response and any related amendments. (Emphasis added)...

A company should direct a reconsideration request to the Chief of the office conducting the filing review. The company or its representatives **should feel free** to involve the Disclosure Program Director, the Division's Deputy Director or Director **at any stage** in the filing review process.

The Commission's Office of the Chief Accountant addresses questions concerning the application of generally accepted accounting principles while the Division resolves matters concerning the age, form and content of financial statements required to be included in a filing. A company or its representatives may involve the Commission's Office of the Chief Accountant at any stage of a filing review following the standard consultation procedures.

When a company has resolved all Division comments on a Securities Act registration statement, the company may request that the Commission declare the registration statement effective so that it can proceed with the transaction.

In accordance with the SEC's Filing Review Process, your refusal to respond American CryptoFed's October 12, 2021 Letter means that American CryptoFed **"has resolved all Division comments on a Securities Act registration statement, the company may request that the Commission declare the registration statement effective so that it can proceed with the transaction"**. In order to do so, we will "involve the Disclosure Program Director, the Division's Deputy Director or Director" and "the Commission's Office of the Chief Accountant". **"The Commission's Office of the Chief Accountant addresses questions concerning the application of generally accepted accounting principles while the Division resolves matters concerning the age, form and content of financial statements required to be included in a filing."**

Your argument ("You apparently want the SEC to go further and provide you with legal and accounting advice regarding how to complete the Form S-1, and the SEC is not required to do that."), not only directly, knowingly and willfully violates the Filing Review Process above as published in the SEC's website, but also is in direct conflict with Chairman Gary Gensler's



sworn testimony in the US Senate and his public policy announcement in Yahoo Finance interview (“I’ve asked the SEC staff to work directly with entrepreneurs to get their tokens registered and regulated, where appropriate, as securities. Given the nature of crypto investments, I recognize that it may be appropriate to be flexible in applying existing disclosure requirements”², “even tailoring what the disclosures might be.”³)

C. The Law

The SEC must provide American CryptoFed with the necessary “precision and guidance” as mandated by **both** the Supreme Court opinion in *F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012) (“**first, that regulated parties should know what is required of them so they may act accordingly; second, precision and guidance are necessary so that those enforcing the law do not act in an arbitrary or discriminatory way**”), and the Section 8(b) of the Securities Act (“**When such statement has been amended in accordance with such order the Commission shall so declare and the registration shall become effective at the time provided in subsection (a) or upon the date of such declaration, whichever date is the later.**”)

Your refusal to respond American CryptoFed’s October 12, 2021 Letter can prove that you willfully and knowingly violate the Supreme Court opinion and the Section 8(b) of the Securities Act above. Furthermore, your refusal to respond American CryptoFed’s October 12, 2021 Letter means that all comments from the SEC’s staff has been resolved, and thereby that American CryptoFed “may request that the Commission declare the registration statement effective.”

III.

Whether the Ducat and Locke Tokens Are Securities Will Be Moot.

In your November 3, 2022 Email, you stated the following:

Fourth, we disagree that the Form S-1 becoming effective moots the issue of whether you have misleadingly described the Ducat and Locke tokens as both being securities and not being securities.

² <https://www.sec.gov/news/testimony/gensler-testimony-housing-urban-affairs-091522>

³ <https://finance.yahoo.com/video/sec-chair-investors-know-someone-153326153.html>



In your October 19, 2022 Email, you also stated the following:

Similarly, American CryptoFed seeks to register the distribution of the Ducat and Locke tokens with the Securities and Exchange Commission as a securities offering, but continues to assert that they are not securities.

The fact does not support your allegation above. In the Form S-1 registration statement at page 7, American CryptoFed makes it clear below that American CryptoFed will accept the SEC's categorization of Ducat and Locke as securities.

If the SEC does not agree with CryptoFed's position and characterizes the Locke and Ducat tokens as securities, CryptoFed should be able to grant these tokens to service providers, free of charge, as if there were an equity incentive plan for CryptoFed community, pursuant to the American CryptoFed DAO LLC Constitution ("Constitution") attached as Exhibit 1, as long as these tokens are restricted, untradeable and non-transferable.

Once American CryptoFed's Form S-1 becomes effective after the removal of the delaying amendment, the issue as to whether the Ducat and Locke tokens are securities will be moot, because American CryptoFed accepted the SEC's categorization of Ducat and Locke as securities. American CryptoFed will make this point clear in its Amendment to Form S-1 for removal of the delaying amendment. To demonstrate that you are operating in good faith, please confirm, **on or before November 8th, 2022**, that you have already read the paragraph above disclosed in American CryptoFed's Form S-1 registration statement and you are aware that American CryptoFed will accept the SEC's categorization of Ducat and Locke as securities once the Form S-1 registration statement becomes effective.

American CryptoFed already asked your confirmation in our October 23, 2022 Letter, but you did not respond. Your lack of good faith is proved again by the fact that you did not respond to our request, while continuing to raise the same issue.

VI. **Conclusion**

Mr. Bruckmann, the deadline of November 3, 2022 has now passed. As of today, we can confirm the following regarding your point-by-point responses to the specific requests and questions which were outlined in Section I, II, III, IV and V of our October 23, Letter.



- i. Regarding **Section I: Examination on American CryptoFed’s Assertion of No Assets and No Liabilities**, you refused to start the examination process of American CryptoFed’s claim by failing to provide American CryptoFed with the questions which are needed to prove that American CryptoFed has assets from the perspective of Generally Accepted Accounting Principles (GAAP). Given that you failed to identify and specify any questions which **“go directly to the issue of whether American CryptoFed has assets, revenue, or liabilities”**, we can conclude that you are unable to challenge **American CryptoFed’s Assertion of No Assets and No Liabilities**.
- ii. Regarding **Section II: Unlawful 8 (e) Order** and **Section IV: The Mandate of Section (b) of the Securities Act**, please answer the seven (7) questions point by point, **on or before November 8th, 2022**, in according with the SEC’s Filing Review Process.
- iii. Regarding **Section: III Whether the Ducat and Locke Tokens Are Securities Will Be Moot**, you are required confirm, **on or before November 8th, 2022**, that you have already read the paragraph disclosed in American CryptoFed’s Form S-1 registration statement at page 7 and you are aware that American CryptoFed will accept the SEC’s categorization of Ducat and Locke as securities once the Form S-1 registration statement becomes effective.
- iv. Regarding **Section V: Chairman Gary Gensler’s Policy Statement and Testimony in the US Congress**, you did not oppose American CryptoFed’s conclusion that the staff of the Division of Corporation Finance and/or the Division of Enforcement has not abided by Chairman Gensler’s instructions to the staff, to which the Chairman testified in the US Senate under oath on September 15, 2022, as well as documented in his public policy announcement in his Yahoo Finance interview on July 14, 2022. **“Thus, I’ve asked the SEC staff to work directly with entrepreneurs to get their tokens registered and regulated, where appropriate, as securities. Given the nature of crypto investments, I recognize that it may be appropriate to be flexible in applying existing disclosure requirements”, “even tailoring what the disclosures might be.”**



As of today, out of Sections I, II, III, IV and V, specified originally in our October 23, Letter we now can reach conclusions for **Sections I and V**. American CryptoFed is planning to request that “the Commission declare the registration statement effective”, in accordance with the SEC’s Filing Review Process, after we receive your responses (or non-responses) to this letter regarding the remaining **Sections III, II & IV** discussed above.

In order to do so, we will “involve the Disclosure Program Director, the Division’s Deputy Director or Director” and “the Commission’s Office of the Chief Accountant”. **“The Commission’s Office of the Chief Accountant addresses questions concerning the application of generally accepted accounting principles while the Division resolves matters concerning the age, form and content of financial statements required to be included in a filing.”** Please, **on or before November 8th, 2022**, provide contact information of “the Disclosure Program Director, the Division’s Deputy Director or Director” and “the Commission’s Office of the Chief Accountant” specified in the SEC’s Filing Review Process. We may file the “Amendment No.1 to Form S-1” to remove the Delaying Amendment, after we discuss with them.

Our approach is to do our best in good faith, to let the Division of Corporation Finance and/or the Division of Enforcement exhaust all possible legal arguments, while the Delaying Amendment is still in place. When, and only when both Divisions have no more legal arguments (or refuse to provide legal arguments), to further justify the need of the Delaying Amendment, will we remove the Delaying Amendment. We are close to that critical moment. American CryptoFed follows the Division of Corporation Finance’s Filing Review Process instruction cited below to complete the filing review. We hope that the “Commission declare the registration statement effective” in accordance with the SEC’s Filing Review Process, when you no longer have comments and arguments (or we face your refusal to provide comments and legal arguments). If the Commission refuses to “declare the registration statement effective” without a convincing legal justification, we will remove the Delaying Amendment by ourselves.

Closing a Filing Review

When a company has resolved all Division comments on a Securities Act registration statement, the company may request that the Commission declare the registration statement effective so that it can proceed with the transaction. When taking that action, the Division,



through authority delegated from the Commission, gives public notice on the SEC's EDGAR system that the registration statement is effective. When a company has resolved all Division comments on an Exchange Act registration statement, a periodic or current report, or a preliminary proxy statement, the Division provides the company with a letter to confirm that its review of the filing is complete.

To increase the transparency of the review process, the Division makes its comment letters and company responses to those comment letters public on the SEC's EDGAR system no sooner than 20 business days after it has completed its review of a periodic or current report or declared a registration statement effective. (Emphasis added)

The Division of Corporation Finance's Filing Review Process published in the SEC website does not assign any legitimate roles to the Division of Enforcement. It also does not allow any Non-Public 8 (e) Order and the 8(e) Examination for a secret investigation which directly contradicts "**the transparency of the review process**". From the Securities Act's perspective, the Filing Review Process should be completely governed by Section 8(a) and 8(b) which emphasizes "**the transparency of the review process**", not by Section 8(d) and 8(e) which may allow the Non-Public 8 (e) Order and the 8(e) Examination. However, under the watch and encouragement of Mr. Justin Dobbie, Acting Office Chief of the Office of Finance, Division of Corporation Finance, the Division of Enforcement has been able to unlawfully hijack the entire Filing Review Process and has completely destroyed the integrity of the Division of Corporation Finance's Filing Review Process. It is hopeless to expect Mr. Dobbie to abide now by the well-established Filing Review Process in order to "declare the registration statement effective." This is also the major reason why we will involve "the Disclosure Program Director, the Division's Deputy Director or Director" and "the Commission's Office of the Chief Accountant". In the worst scenario, thanks to the spirit of disclosure of the Securities Act and the original intent of the US Congress as shown in the law, American CryptoFed can remove the Delaying Amendment itself, rendering the Form S-1 registration statement automatically effective in 20 days by operation of Section 8(a) of the Securities Act.

American CryptoFed is the first historic case to test whether Chairman Gensler's public statements in the Yahoo Finance interview and his testimony given under oath in the US Senate are true, or false and misleading. Our personal experiences as a registrant and the documented evidence in this process show that the actions of the staff of Division of Corporation Finance and/or the Division of Enforcement are in direct opposition to Chairman Gensler's public statements and sworn testimony. If American CryptoFed, despite its tireless efforts and countless



requests for the SEC’s “precision and guidance”, despite a lack of further legal arguments and legitimate comments and questions from the staff of both Divisions, is unable to complete its Form S-1 registration statement, all the pending litigation actions that the SEC has brought against entities and individuals in crypto industry under the basis of “Unregistered Securities” could be proved unlawful, pursuant to “the **void for vagueness doctrine**” upheld by the Supreme Court in *F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012) cited below.

Even when speech is not at issue, **the void for vagueness doctrine** addresses at least two connected but discrete due process concerns: **first, that regulated parties should know what is required of them so they may act accordingly; second, precision and guidance are necessary so that those enforcing the law do not act in an arbitrary or discriminatory way.** See *Grayned v. City of Rockford*, 408 U. S. 104, 108– 109 (1972). When speech is involved, rigorous adherence to those requirements is necessary to ensure that ambiguity does not chill protected speech. *F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012) (emphasis added).

It will be evident to all that there is no practical path to complete these registrations with the SEC, whatsoever. Given that the SEC has no necessary “precision and guidance” to complete registration statements, the SEC has no legal basis to bring any legal actions against any entity and against any individual with allegations of “Unregistered Securities”, when the actual pathway to registration with the SEC did not ever and does not currently exist.

A different paragraph of the same Supreme Court opinion in *F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012) was cited below in the March 11, 2022 order in *SEC v. Ripple Labs*, issued by Judge Analisa Torres of the Southern District of New York, United States District Court, who allowed Ripple Labs’ Fair Notice affirmative defense (emphasis added, p. 6-7)⁴. Judge Analisa Torres emphasized that “the **void for vagueness doctrine**” is really a Constitutional issue of “**the Due Process Clause of the Fifth Amendment**”.

“**A fundamental principle in our legal system is that laws which regulate persons or entities must give fair notice of conduct that is forbidden or required.**” *F.C.C. v. Fox Television Stations, Inc.*, 567 U.S. 239, 253 (2012). This clarity requirement is “essential to the protections provided by **the Due Process Clause of the Fifth Amendment,**” **and requires the invalidation of laws that are “impermissibly vague.”** *Id.* Laws fail to comport with due process when they “fail[] to provide **a person of ordinary intelligence** fair notice of what is

⁴ <https://www.nysd.uscourts.gov/sites/default/files/2022-03/Ripple%20Strike%20Order.pdf>



prohibited,” or **when they are so standardless that they authorize or encourage “seriously discriminatory enforcement.”** *Id.* (citation omitted).

We are in a historic moment to test whether the staff of Division of Corporation Finance and/or the Division of Enforcement willfully and knowingly chose to violate **“the Due Process Clause of the Fifth Amendment”** by twisting facts, misinterpreting and abusing the statutes of the Securities Act, and declining to abide by the SEC’s Filing Review Process, Chairman Gensler’s instructions and public policy statements. Therefore, this letter and your response to it, together with our other communications, may be attached as supporting documents to our “Amendment No.1 to Form S-1” to remove the Delaying Amendment, as needed.

Mr. Bruckmann, I look forward to your response.

Sincerely,

<p>/s/ Scott Moeller</p> <p>DocuSigned by: <i>Scott Moeller</i> A82E97EDD0C44FD...</p> <p>Name: Scott Moeller Title: Organizer/President</p>	<p>/s/ Xiaomeng Zhou</p> <p>DocuSigned by: <i>Xiaomeng Zhou</i> 6F7F189BD770455...</p> <p>Name: Xiaomeng Zhou Title: Organizer/COO</p>
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----- Forwarded message -----

From: **Bruckmann, Christopher** <bruckmannc@sec.gov>

Date: Thu, Nov 3, 2022 at 3:03 PM

Subject: RE: American CryptoFed DAO LLC's Fair Notice Affirmative Defense Form 10 File No.: 000-56339 and Form S-1 File No.: 333-259603

To: Scott Moeller <scott.moeller@americancryptofed.org>

Cc: Carney, Christopher <CarneyC@sec.gov>, Zerwitz, Martin <ZerwitzM@sec.gov>, Baker, Michael <BakerMic@sec.gov>, Lucas, John <LucasJ@sec.gov>, Zhou Xiaomeng <zhouxm@americancryptofed.org>, Dobbie, Justin <DobbieJ@sec.gov>

Mr. Moeller,

We disagree with the legal and factual characterizations in your November 1, 2022 letter. We are not required to provide a point-by-point rebuttal to each assertion you make in a letter just because you request it. That said, to keep things clear, we wanted to note a few points.

First, all of the questions we asked during your testimony session and all of the documents we sought by subpoena from American CryptoFed are within the legitimate scope of the Section 8(e) Examination. We reject your request that we narrow down our request to only the issue of whether American CryptoFed has assets, liabilities, or revenue, as that is not the only issue within the scope of the 8(e) Examination. We will not bargain with you over which questions you should answer. It is your obligation to answer all the questions and provide all the documents. Your refusal to do so demonstrates your failure to cooperate with the Examination.

Second, we reject your characterization of the Section 8(e) Examination as illegal. Section 8(d) allows the Commission to bring a stop order "at any time." Section 8(e) allows the Commission to institute an examination "in any case." Nothing in either section limits them to the timing and circumstances you propose. You provide no authority that actually supports your strained interpretation of Section 8.

Third, the SEC has provided precision and guidance regarding what is required in the Form S-1. The SEC's rules and regulations clearly spell out that audited financial statements, and the other items you have been informed are missing from American CryptoFed's Form S-1, are required to



be included. You apparently want the SEC to go further and provide you with legal and accounting advice regarding how to complete the Form S-1, and the SEC is not required to do that. It is the issuer's responsibility, not the SEC's, to ensure that the Form S-1 is completed fully and accurately.

Fourth, we disagree that the Form S-1 becoming effective moots the issue of whether you have misleadingly described the Ducat and Locke tokens as both being securities and not being securities.

We also disagree with the remaining characterizations and assertions in your letter, which do not warrant a further response at this time.

Regards,

Chris Bruckmann

RESPONDENT

AMERICAN CRYPTO FED DAO LLC

EXHIBIT 7



DIVISION OF
CORPORATION FINANCE

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

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 S-1
Filed September 17, 2021
File No. 333-259603

Dear Ms. Orr:

Our preliminary review of your filing indicates that it fails to comply with the requirements of the Securities Act of 1933, the related rules and regulations, and the requirements of the form. Because of these serious deficiencies, you should not assume that your filing may be relied upon for the purposes of Section 5(c) or for compliance with any other rule or regulation.

We will not perform a detailed examination of the filing and we will not issue comments on the filing at this time. We suggest that you consider filing a substantive amendment to correct the deficiencies. If you were to request acceleration of the effective date of the filing in its present form, we would likely recommend that the Commission deny your request.

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 CRYPTO FED DAO LLC

EXHIBIT 8



DIVISION OF
CORPORATION FINANCE

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

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.

Marian Orr
American CryptoFed DAO LLC
October 8, 2021
Page 2

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 CRYPTO FED DAO LLC

EXHIBIT 9



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

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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>



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;”*



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

Marian Orr, CEO

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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 Item 1: 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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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:

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Marian Orr
CEO, American CryptoFed DAO