UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION,       :
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                              Plaintiff,  :        19 Civ. 4625 (WFK)
                                          :
               - against -                :        ECF Case
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REGINALD ("REGGIE") MIDDLETON,            :
VERITASEUM, INC., and                     :
VERITASEUM, LLC,                          :
                                          :
                              Defendants, :
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SECOND DECLARATION OF PATRICK DOODY

I, Patrick Doody, pursuant to 28 U.S.C. § 1746, declare as follows:

1.   I am over 18 years of age and am employed as a Blockchain Data Scientist at Integra FEC LLC ("Integra"). I submitted a declaration, dated August 12, 2019, in support of the Plaintiff Securities and Exchange Commission's ("Commission") Emergency Application for a Temporary Restraining Order Freezing Assets and Granting Other Relief (hereinafter referred to as "Doody Decl. I").

2.   I make this Declaration in further support of the Commission's Emergency Application for a Preliminary Injunction Freezing Assets and Granting Other Relief.

3.   I am familiar with the facts and circumstances herein. I make this Declaration based upon, among other things, my review and analysis of publicly available blockchain data, non-public documents provided to me by the staff of the Commission from digital asset trading platforms, and my own professional training, experience, and judgment. Where I rely on the analysis performed by other members of the Integra team, I indicate so below.

4.   Since my first declaration, I have performed some additional analysis in response to questions from the Commission staff.

5.   I undertook to compile with the Integra team a running total of the VERI issued and ETH raised between April 23, 2017, to December 23, 2017 from the ICO and OTC addresses. Attached hereto as Exhibit 23 is a print out of an Excel spreadsheet with this data. The charts below illustrate the cumulative totals.
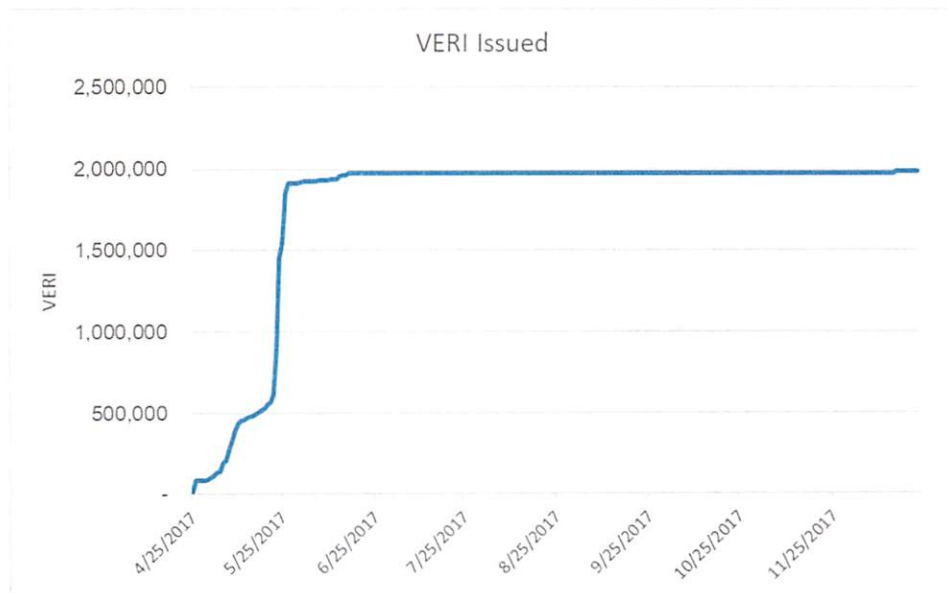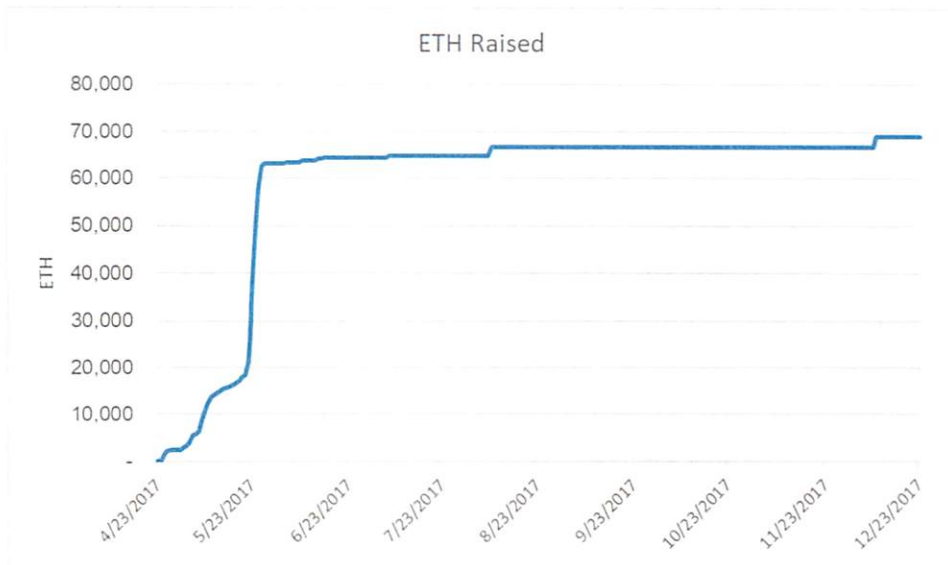
6.   In addition, the Integra team and I analyzed the data we had on the VERI ICO and OTC transactions to determine that the smallest VERI denomination distributed in the ICO or OTC was 0.009 VERI. The largest denomination in those distributions was 120,000 VERI.

7.   Further, the Integra team and I analyzed the total trading on EtherDelta of VERI tokens to determine the volume each day and the total volume between May 31, 2017, and January 3, 2019. The total volume of VERI that was traded over this time period was 1,946,274 VERI in 189,497 transactions. The first chart below shows the cumulative volumes of VERI and ETH traded on EtherDelta on dates between May 31, 2017 and January 3, 2019. The second chart below shows the number of transactions taking place on EtherDelta during this same time period.

Cumulative Transactions On EtherDelta
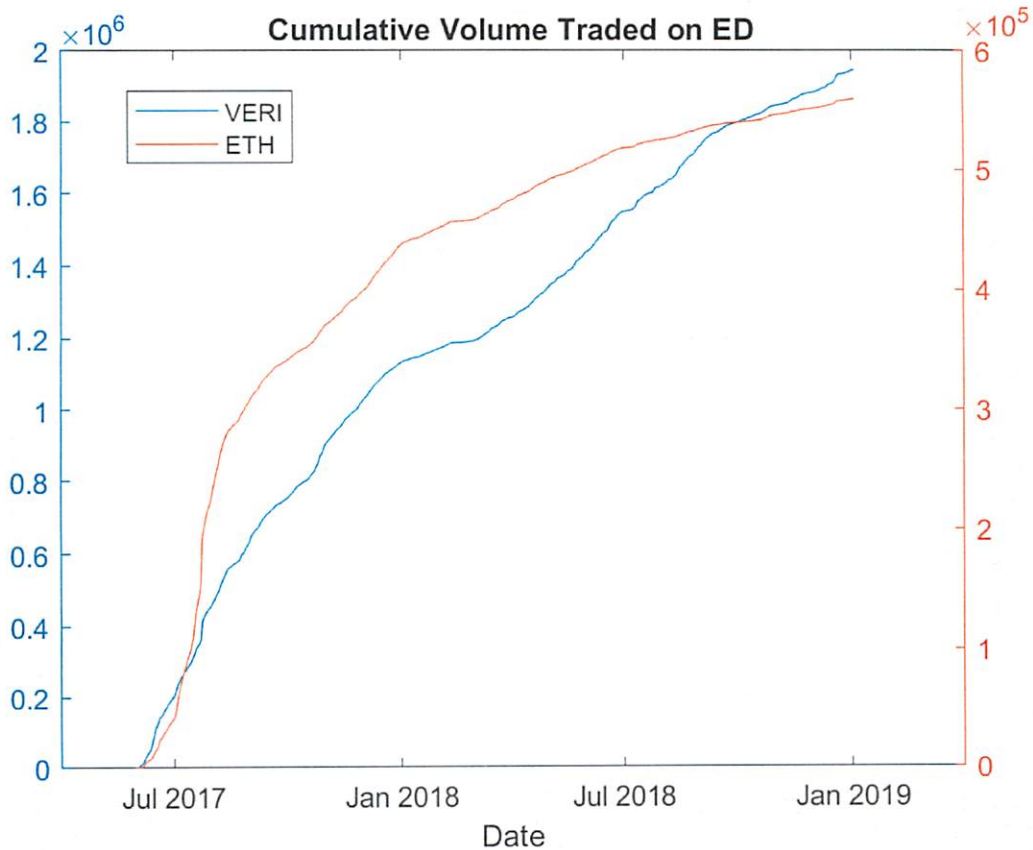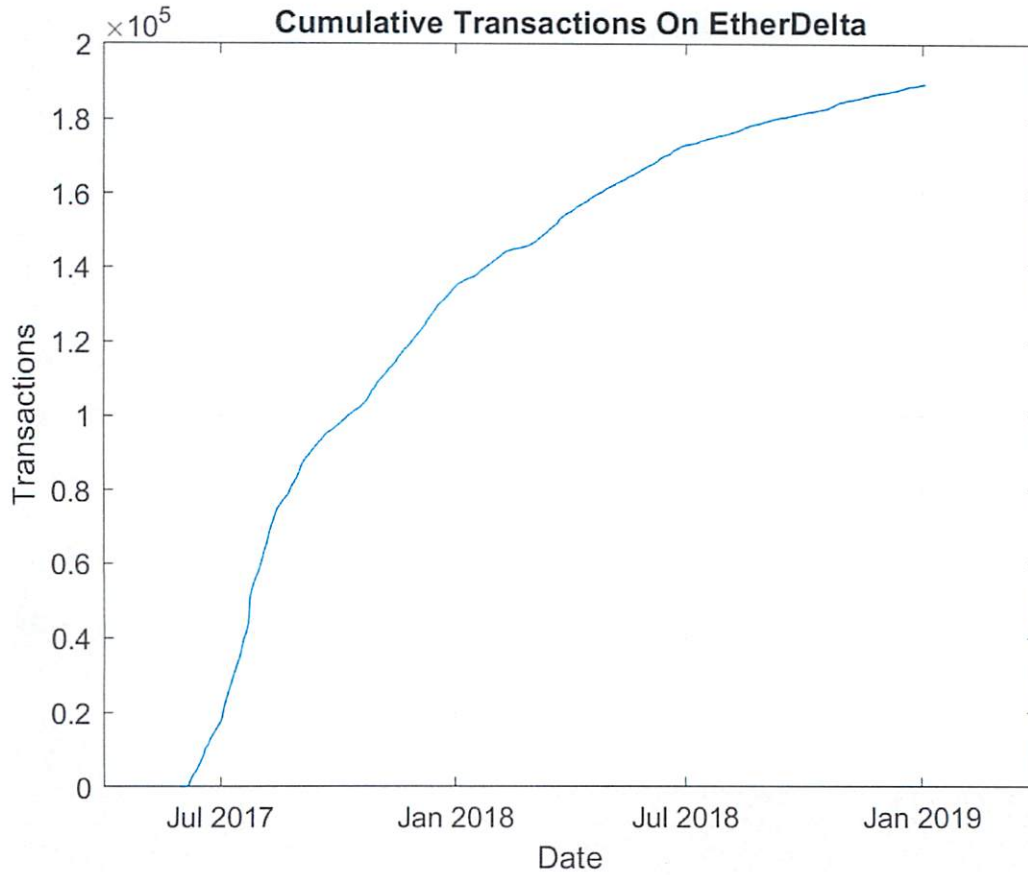
8.   The Integra team and I analyzed the outstanding VeGold and other precious metal

tokens outstanding as of August 16, 2019.

   a. First, the address holding ETH to redeem VeGold tokens—even before August

       12, 2019—did not hold enough ETH to fully redeem the value of all the VeGold

       tokens.

b. Second, VeGold tokens were sold and otherwise transferred in fractional amounts that differ from the purported weight of gold or precious metals that a whole token represented.

c. Third, we compiled a list of the VeGold and precious metal tokens and the dates upon which they first traded. *See* Exhibit 24 attached hereto.

9.   In addition, the Integra team and I compiled a list of digital asset trading platforms that listed VERI for trading. Attached hereto as Exhibit 25 is a list of VERI trading platforms, their approximate listing dates, currency pairs available, and approximate delisting dates.

a. The methodology used to compile the list in Exhibit 25 was as follows. The EtherDelta listing date is exactly known due to the trades being recorded on the blockchain. For the other platforms, date ranges were determined by comparing archived snapshots of the "Veritaseum Markets" page on coinmarketcap.com. For some of the platforms, this date range was confirmed and narrowed down to a single date by a press release, tweet, or internet forum post (Reddit, Bitcoin Forum). Please note that the exact date that VERI began trading on these platforms could differ slightly from these announcement dates. Next to the listing date, the currency pair(s) trading against VERI is shown, optionally followed by the delisting date range that was discovered using the same sources as the listing dates.

The Unmatched Transfers

10.   I analyzed two VERI transfers in or about June 2017 that we were unable to match to any consideration (the "unmatched transfers"). The first unmatched transfer was 15,828

VERI transferred to an address (0521) on June 13, 2017. The second unmatched transfer was for

6,632 VERI to an address (ab9e) on June 16, 2017.

11.   Following the unmatched transfers, the VERI was transferred from each of 0521

and ab9e in a series of transactions to multiple addresses that sold the VERI on EtherDelta in

exchange for ETH. It appears that the trading on EtherDelta occurred between June 13, 2017 and

June 16, 2017. The ETH was then transferred to digital asset trading platforms from which we

were unable to trace the proceeds further. The following chart illustrates this flow for 0521.
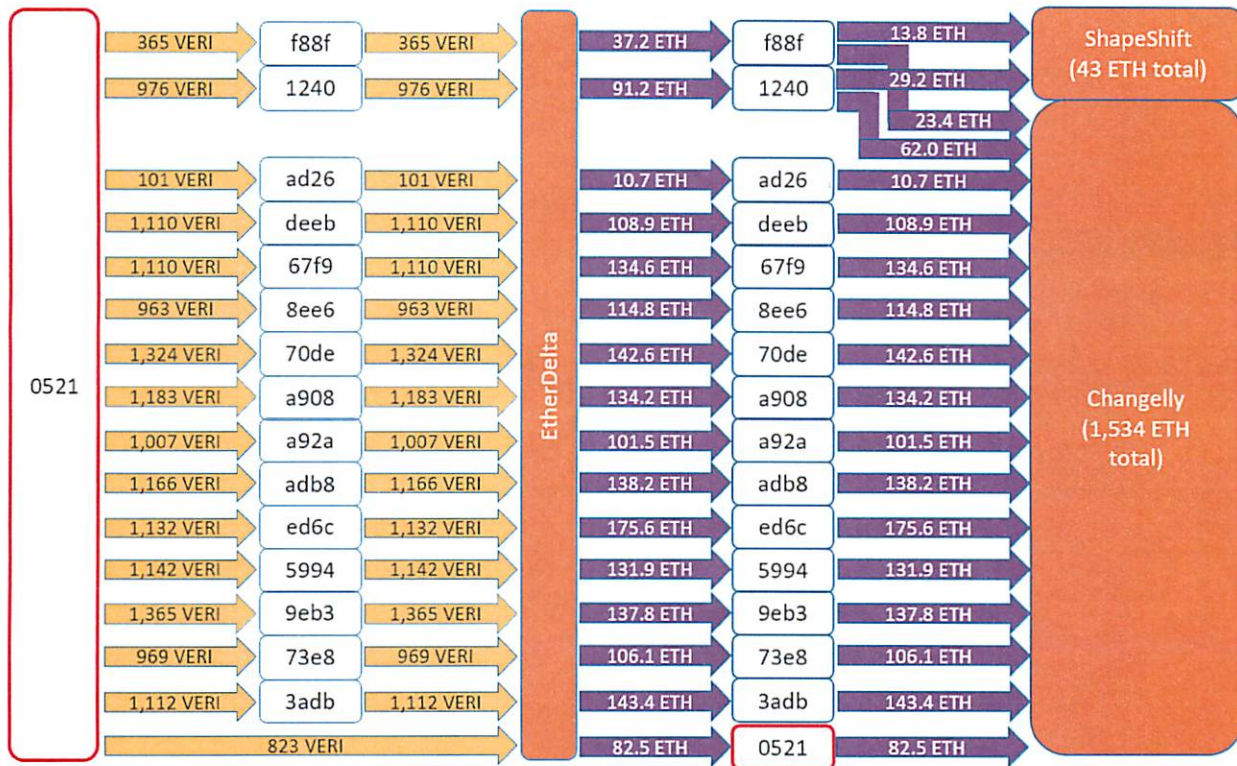
12.   Some of the ETH proceeds from the VERI transferred to 0521 and ab9e were sent

to ShapeShift, a digital asset trading platform, where the ETH was exchanged for Zcash which

was then sent to the Zcash Shielded Pool in order to prevent additional tracing. The only purpose of the Zcash Shielded Pool is to defeat tracing.

Other Matters

13.   In my first declaration, I referred to a certain account at Kraken, a digital asset trading platform, in describing the flow of digital assets from the ICO, as an account "held by Middleton" (Doody Decl. I ¶ 24) or as "Middleton's Kraken account" (e.g., *id.* at 27). In choosing to describe the account as such, I referred to account opening documentation that listed Mr. Middleton as the "Requester" for the account, the sole contact for the account, and attempted to use his personal social security number as the tax ID for the account. I understand now that the account is titled in the name of Veritaseum LLC. The titling of the account does not change the tracing analysis that I undertook.

14.   In my first declaration, I discussed the total ETH (1,660) raised from the ICO and OTC wallets that were transferred to an address that appears to be related to VeGold tokens. (Doody Decl. ¶ 26.) The 1,660 ETH figure was based on a last-in/first-out methodology. In reconfirming my analysis after the filing of my declaration, I realized that this figure was inconsistent with the first-in/first-out ("FIFO") methodology I had applied in compiling the other numbers in my declaration. Using a FIFO methodology, 1,645 ETH were transferred to the address related to the VeGold tokens.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 22, 2019, New York, New York.

Patrick Doody