

EXHIBIT D

**IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION**

FEDERAL TRADE COMMISSION,)

Plaintiff,)

v.)

BF LABS INC., et al.,)

Defendants.)

Case No. 14-CV-0815-W-BCW

DECLARATION OF DAVID MCCLAIN

I, David McClain, hereby declare and state as follows:

1. I am the Large Accounts Manager at BF Labs Inc. ("BF Labs"), and have worked in that capacity since October 2012.
2. When I was offered a position at BF Labs, I was in a job transition exploring multiple prospects.
3. I had opportunities to work as a typical project manager for a communications company and an account manager for a software as a service company.
4. All three companies offered similar compensation and the other two offered conventional work environments in established companies.
5. One of the two companies offered me a position as a project manager within a couple of weeks of my start with Butterfly Labs.
6. I evaluated the growth potential and ability to utilize my skills of both companies.
7. BF Labs offered more growth potential, not only professionally but also personally.
8. Even though the bitcoin market is highly volatile with little security, I chose BF Labs because of BF Labs' company culture.

9. A few years ago, I set some goals regarding my ideal position with a company. The opportunity at Butterfly Labs best fits my long term career goals.
10. As Large Accounts Manager at BF Labs, I was forced to learn all details related to BF Labs' devices.
11. BF Labs has marketed, sold, and delivered four generations of Bitcoin mining machines.
12. BF Labs' first generation product was the BitForce Single (FPGA). The second generation was the BitForce MiniRig (FPGA). The BitForce SC Chip (65 NM ASIC) is its third generation product. The Monarch is BF Labs' fourth generation product.
13. Any damaged or defective products properly returned were replaced or repaired by BF Labs.
14. I made an "as useful as a room heater" comment to someone whom I later learned was an FTC undercover agent.
15. The comment was made on June 21, 2014, well after all deliveries of all preorders for the BitForce had been sent. The first BitForce SC (65 NM ASIC) was shipped on April 24, 2013. The BitForce miners were certainly not room heaters when consumers received and used the equipment.
16. By the time the FTC's undercover agent talked to me, however, "room heater" was an accurate description, and I *tried to discourage* the agent from buying the product.
17. With respect to the so-called profitability calculator that was once posted as a hyperlink to BF Labs' Facebook page, the calculator is intended only for use by people who *have already obtained* mining equipment. The calculator page states "[c]alculate how much your shiny new rig *is making* you" (emphasis added)—present tense, not future. Past or present tense

is the only way the calculator could work because the calculator requires a user to input the applicable Bitcoin exchange rate, among other variables.

18. This profitability calculator ignores the critical fact that had consumers received the miners when any consumer asserted that it should have, so would have all other consumers in the queue who were awaiting devices. The resulting influx of additional miners would dramatically change any earnings calculations.

19. If the price of Bitcoin rises high enough, all prior generations of mining equipment would be worth operating because the number of Bitcoins mined would be worth significant value.

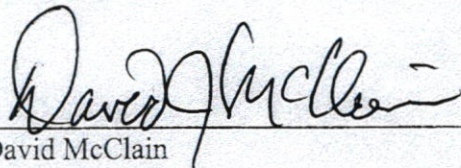
20. A person's complaint goes through two or three levels in PayPal to request a chargeback; in my opinion, the FTC is likely counting two or three levels within their claim that PayPal received 5,000 complaints.

21. One of the FTC complaints was from a Russian customer who ordered a 1,500 GH machine from us. We initially shipped one of the three 500 GH machines to him. It was intercepted by Russian customs and was returned to us. We attempted to send the customer some of our smaller machines to try to fulfill his order. We were able to coordinate someone locally to operate his machines for him while we investigated how to get his machines to clear Russian customs. The customer eventually sold his machines on eBay and the bitcoins that were earned for and provided to the customer while the machines were operated locally were worth more than \$20,000.

22. In my opinion, the BF Labs asset freeze, receivership, and injunction, and the FTC's aggressive negative media campaign, are unnecessary and improper, and have materially and irreparably harmed BF Labs.

23. In my opinion, if the asset freeze, receivership, and injunction continue, BF Labs will be materially and irreparably harmed.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct. Executed this 11th day of November, 2014.



David McClain