

PX
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1 **camping store equipment there or is that just what**
 2 **it sells? What did you purchase there?**
 3 A I have purchased firearm, ammunition, food and
 4 other miscellaneous camping type gear.
 5 **Q Okay, and what was the purpose of that?**
 6 A For office supplies and office protection.
 7 **Q And could you describe what you -- why you needed**
 8 **office protection?**
 9 A Because some of our customers or potential
 10 customers are not U.S. citizens and potentially
 11 dangerous.
 12 **Q Dangerous in what way?**
 13 A Violent or perhaps they would seek to take our
 14 equipment or electronics without our consent.
 15 **Q And how were you made aware of this?**
 16 **(Mr. Eric Johnson enters the deposition**
 17 **at this time.)**
 18 **A I'm sorry, can you rephrase?**
 19 **Q (By Ms. Mithal) Yes, how were you made aware of**
 20 **that customers might be violent?**
 21 A Because I've received numerous death threats.
 22 **Q In what regard were those death threats? What**
 23 **were they about, sir?**
 24 A I hate you. I'm going to kill you. Someone
 25 should kill you, that sort of thing.

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1 **Q And did they say why?**
 2 A Some of them may have said why. I don't recall
 3 what that would be.
 4 **Q How did they come in? How did these complaints**
 5 **come in?**
 6 A Typically via E-mail or private message on forums.
 7 **Q Are they related to the company?**
 8 A No, well, some of them are related to the company.
 9 Some of them are related to myself personally.
 10 **Q Okay, and so you purchased guns for yourself, for**
 11 **the office, to keep in the office; is that**
 12 **correct?**
 13 A No, that is not correct.
 14 **Q Okay, so could you explain where the guns are now?**
 15 A There is one pistol at my office in a locked safe
 16 and there is one firearm at my house.
 17 **Q And so these are for your use?**
 18 A Yes.
 19 **Q And did you receive authorization from anyone at**
 20 **the company to make these purchases?**
 21 A I don't recall.
 22 **Q Did you purchase them using a corporate credit**
 23 **card?**
 24 A I did.
 25 **Q And, Mr. Zerlan, are these guns yours or are they**

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1 **the corporations?**
 2 A They are the corporation's.
 3 **Q Have you turned them over to the receiver?**
 4 A The receiver is in possession of one of them, yes.
 5 **Q Okay, and are you planning on turning the other**
 6 **one over to the receiver?**
 7 A I will, absolutely.
 8 **Q Okay. Did anyone direct you to purchase these**
 9 **items?**
 10 A No.
 11 **Q Are you aware of anyone else at Butterfly Labs**
 12 **purchasing guns?**
 13 A I am not.
 14 **Q Are you aware of a store called OMB Guns?**
 15 A Yes.
 16 **Q And what kind of items does that store sell?**
 17 A Firearms.
 18 **Q Have you ever made a purchase at that store using**
 19 **a Butterfly Labs credit card?**
 20 A Yes.
 21 **Q And when was that?**
 22 A I don't recall.
 23 **Q And is this one of the guns that is -- that you**
 24 **just described?**
 25 A There was no firearms purchased from OMB Guns.

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1 **Q Can you turn to page 8, I think it's the fifth**
 2 **page in your packet. It says page 3 of 8, I'm**
 3 **sorry about that. If you turn over two pages it**
 4 **says page 3 of 8?**
 5 A I see it.
 6 **Q Then you see it says Josh Zerlan in about the**
 7 **middle of the page?**
 8 A Yes.
 9 **Q Then the one part under that that's not redacted?**
 10 A Yes.
 11 **Q It shows a purchase at OMB Guns for 38.02; is that**
 12 **correct?**
 13 A Yes.
 14 **Q And can you describe that purchase?**
 15 A A monthly fee for using the range.
 16 **Q Okay. And you paid for that using a corporate**
 17 **account?**
 18 A Yes.
 19 **Q And why was that?**
 20 A To make sure I am safe and able to use the
 21 firearm.
 22 **Q And did anyone at the office direct you to incur**
 23 **those expenses?**
 24 A No.
 25 **Q And did you seek anyone's permission before doing**

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1 that?

2 A I did not.

3 **Q When you were given the corporate credit card,**

4 **what were you told its purpose was?**

5 A I don't recall.

6 **Q Were you told to use it for company expenses only?**

7 A I have no recollection of anything being told.

8 **Q Okay. And I'm sorry, going back to Cabella's for**

9 **one second, did you ever purchase any sporting**

10 **equipment or camping equipment from Cabella's**

11 **using a company credit card?**

12 A Beyond what we've already spoken of?

13 **Q It can include what we've already spoken of.**

14 **Did you say you did purchase from**

15 **Cabella's camping and outdoor equipment?**

16 A Yes.

17 **Q And what was that for, for your personal use or**

18 **for the company?**

19 A Office protection.

20 **Q Okay.**

21 MR. PERRY: Can I clarify something?

22 Are we talking about something purchased other

23 than the firearm? Are you asking the witness if

24 he purchased other equipment, camping or

25 otherwise, other than the firearm from Cabella's?

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1 MS. MITHAL: Yes, yes, that's correct,

2 thank you.

3 A Not that I recall.

4 **Q (By Ms. Mithal) Okay.**

5 MR. PERRY: Thank you, sorry about that.

6 MS. MITHAL: No, I appreciate it.

7 **Q (By Ms. Mithal) Hang on one sec. Now I would**

8 **like to ask you some questions about bitcoin**

9 **wallets.**

10 **Does Butterfly Labs have any bitcoin**

11 **wallet accounts?**

12 A Yes.

13 **Q How many?**

14 A I don't know.

15 **Q Do you know of any particular accounts?**

16 A Yes.

17 **Q How many accounts do you know about?**

18 A I believe seven.

19 **Q And could you tell me where each of those accounts**

20 **is located?**

21 A That question doesn't make sense.

22 **Q Okay. Let me rephrase. Hang on one sec.**

23 **Mr. Zerlan, can you describe each wallet**

24 **to me, so, for example, starting with the first**

25 **wallet, how would I or the receiver, for example,**

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1 **access that wallet?**

2 MR. PERRY: I think we probably better

3 identify each wallet other than just the first

4 wallet.

5 Do you have a reference number or some

6 way to identify that better so it's clear for the

7 record?

8 **Q (By Ms. Mithal) You could just identify them,**

9 **that would be great, and if there's a particular**

10 **one you're referring to we could call it the first**

11 **coin wallet.**

12 A We can start with the active wallet.

13 **Q Okay.**

14 MR. PERRY: Let's call it the active

15 wallet, thank you.

16 A It's the wallet that our payments come into at

17 Butterfly Labs. That particular wallet is stored

18 on a laptop.

19 **Q (By Ms. Mithal) And if consumers pay for items**

20 **using means other than bitcoin, would their**

21 **payments still go into that wallet?**

22 A No.

23 **Q So this wallet is for consumers who pay in**

24 **bitcoins?**

25 A Among other things.

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1 **Q What else would a consumer pay in and then it**

2 **would end up in that wallet?**

3 A Nothing.

4 **Q What else has ended up in that wallet?**

5 A Mining revenue, other -- various other payments

6 that are not customer related. I'm not sure what

7 else but there probably is other things.

8 **Q Okay, so let's start with the mining revenue,**

9 **could you describe that?**

10 A When we burn in our hardware and it earns bitcoins

11 it is sent to that wallet.

12 **Q And I didn't hear a phrase you said. You said**

13 **when we something our equipment?**

14 A When we burn in our equipment, when we test it to

15 be sure that it's functioning properly.

16 **Q And what equipment do you test?**

17 A The hardware we manufacture.

18 **Q Do you test one piece of each type of hardware?**

19 A No, we test each one individually.

20 **Q So every bitcoin mining machine that Butterfly**

21 **Labs manufactures you test?**

22 A Ideally.

23 **Q And that's before it goes to the consumer?**

24 A Yes.

25 **Q Those are machines that are sold to the consumers?**