

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

14 CR 243 (JSR)

UNITED STATES OF AMERICA

-against-

CHARLIE SHREM,

Defendant.

SENTENCING EXHIBITS ON
BEHALF OF CHARLIE SHREM
(VIA E.C.F.)

APPENDIX

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EXHIBIT A

Testimony of

Jeremy Allaire
Chairman and CEO, Circle Internet Financial

Before the

Senate Committee on Homeland Security and Governmental Affairs

Hearing on

**“Beyond Silk Road: Potential Risks, Threats and Promises of Virtual
Currencies”**

November 18, 2013

Introduction

Chairman Carper, Ranking Member Coburn and members of the Committee, my name is Jeremy Allaire and I am the Founder and CEO of Circle Internet Financial, a recently launched financial services company aimed at facilitating payments and money transfers using global digital currency such as Bitcoin. I have been building Internet software platforms and online service companies for twenty years, having founded and helped to lead multiple global public companies. The products that I have conceived and helped to build include software and online services used by hundreds of millions of consumers and hundreds of thousands of businesses around the world.

I am here to testify because I believe that global digital currency represents one of the most important technical and economic innovations of our time. Specifically, digital currency introduces advancements in electronic payments and money transfers, potentially materially lowering costs for businesses around the world, decreasing fraud risk for consumers and merchants, increasing consumer privacy and protection, and expanding the market for consumer financial products on a worldwide basis.

As this technology moves from early adopters into mainstream acceptance, it is critical in my view that Federal and State governments establish policies surrounding digital currency that uphold consumer protections associated with fraud and privacy risks, ensure that criminals and bad actors find it increasingly difficult to utilize these platforms and provide clarity to consumers and businesses that conduct business using digital currency.

The Emergence of Global Digital Currency

Digital currency platforms such as Bitcoin have emerged over the past several years, fostered by a number of significant technical and social advancements, including:

- Continued and broad based adoption of the Internet on a worldwide basis, which has enabled billions of consumers to instantly connect and interact anywhere and anytime.
- Dramatic growth in the adoption of smartphones and mobile devices, now used by nearly 4 billion people, and which enable digital payment applications to be available ubiquitously.
- Advances in distributed and peer-to-peer computing that enable highly efficient, global and low-cost systems and infrastructure, enabling decentralized systems of finance.
- Advances in cryptography and digital signature technology, which provide a tremendous foundation for establishing trust, security and privacy in financial transactions.

- Accelerating globalization of trade and labor, which is driving demand for more efficient, secure and cost-effective cross-border payments.

Finally, it seems clear to me that the global financial crisis shattered the trust of many consumers and businesses around the world. It should not be surprising to anyone that in the midst of what appeared to be an emerging global depression in late 2008 that innovative mathematicians, cryptography experts, and computer scientists designed a system, Bitcoin with the goal of providing a resilient yet decentralized platform for finance.

Open Internet Platforms and Global Economic Innovation

To put all of this in context, I think it's critical to look at the role of the Internet and open platforms in transforming industries and fostering global economic innovation. Today, open Internet-based platforms are at the center of global economic innovation in industries ranging from communications, to media, software, education, commerce and retail. However, for a variety of reasons, the technologies and business models surrounding finance have been relatively insulated from these changes over the past twenty years. Open standards, protocols and formats based on digital currency, and Bitcoin specifically, present an opportunity to transform finance to the same degree that these other industries have been transformed. Indeed, the intense globalization that we are experiencing because of the Internet is in many ways calling out for more efficient forms of currency, trade and payments than existing institutions provide.

The Need for Innovation in Banking and Finance

I don't think there is much debate that we need to see innovation and transformation in banking and finance, and that on a global level we need to be thinking about what new platforms and rules of the road are needed to meet the global economic challenges that we face. Specifically, our payments systems are cumbersome and inefficient, and very much built upon systems and processes that are decades old. The result is that consumers and businesses all around the world are paying an implicit tax in the form of higher costs, lower margins and less efficient economic interaction. And, in many cases, our financial systems have excluded enormous bases of consumers who remain un-banked or under-banked. The combination of ubiquitous Internet-connected mobile devices and digital currency presents a tremendous opportunity to radically expand access to financial services on a worldwide basis.

Payments and money transfers are still operating in the pre-internet era. Today, we can communicate freely and instantly with nearly any human on the planet; we have nearly free and instantaneous access to enormous volumes of human knowledge; we have access to — and collectively create — more media and content than was ever thought possible, also at essentially no cost. Yet, to send money between friends and family, whether across the table or across the planet, it takes days and costs a significant amount in transaction fees. Our cash-based currency systems are very costly to operate and are

easily subject to abuse by criminals and money launderers. To make payments, merchants must bear significant fraud risk, consumer privacy is threatened, and likewise it takes days for a merchant to actually receive money from an electronic payment, not to mention the widely perceived high costs of transaction fees. The costs and complexities rise as we look at these issues on a global basis.

How Circle Is Building on This Innovation

I founded Circle with a vision that open Internet platforms for digital currency could transform and improve financial products to the same degree that Internet platforms have transformed media, communications, commerce, education and so many other industries. Specifically, we are building online services for consumers and businesses to be able to easily use digital currency, and specifically Bitcoin, to send and receive money and make and accept payments. For consumers, we intend to enable them to easily purchase, store, send, receive and make payments using Bitcoin, and for businesses we are providing tools to help them easily accept digital currency payments.

We are fully committed to complying with all applicable laws and regulations and establishing comprehensive risk management protocols. In particular, recognizing that we are subject to regulation as a money services business, we have registered with FinCEN as a money transmitter, and are actively seeking licenses from U.S. State financial authorities to operate as a money transmitter within their jurisdictions. We are developing our platforms to provide very high levels of security for our users, and employing industry-leading approaches to customer identity verification, fraud remediation and anti-money laundering, including a BSA/AML/OFAC compliance program, designed in partnership with leading regulatory advisors and experts.

Risks and Threats Created by Global Digital Currency

As digital currency gains more traction, U.S. regulators and law enforcement are justifiably focused on the potential use of digital currencies to finance criminal activities, including terrorism. As evidenced by Silk Road, and other recent legal and enforcement actions, digital currency, just like cash, can indeed be used for nefarious means. Silk Road also demonstrates the importance of industry players implementing robust fraud and anti-money laundering programs and working closely with law enforcement to prevent and report this type of behavior.

A number of potential risks exist with digital currency that need to be considered by government, including:

- Criminals and terrorists will seek to employ digital currency if it remains unregulated, leaving Bitcoin operators to operate without stringent controls and effective systems to verify identities, monitor transactions, and report suspicious activity.

- Tax cheaters will seek to employ digital currency to evade taxes if the government doesn't issue and enforce clear guidelines and rules on the role of digital currency in accounting for income and taxation in U.S. Dollars, and businesses will be uncertain as to how to account for revenue and income received in digital currency.
- Consumers and businesses could be defrauded if Bitcoin operators are allowed to operate without the highest levels of security when storing digital currency and associated personal information.
- Consumers and businesses could be exposed to financial loss if Bitcoin market prices fluctuate wildly, and central banks and institutional investors are not able to act as market-makers in Bitcoin.
- Because Bitcoin is not centrally controlled and relies upon an open network of computing nodes that provide transaction processing and payment confirmations while securing the network as a whole, it is potentially subject to malicious "51% attacks" that aim to disrupt Bitcoin's records of asset ownership.

At Circle, we are committed to working with key government agencies and policy makers to ensure safeguards are in place to mitigate these risks. These safeguards include the development of strong Know Your Customer ("KYC") standards for customers and counterparties, transaction monitoring, and regulatory reporting. We are encouraged by the ongoing dialogue and the formation of groups, such as the Bitcoin Foundation and the Digital Asset Transfer Authority ("DATA"), which are coordinating to develop best practices within the industry.

Government and Regulatory Regimes Needed for Digital Currency

All of these risks and opportunities require that governments around the world take a proactive stance with regards to guidance around digital currency. It should be noted that digital currency has expanded globally due to different regulatory standards and attitudes overseas, particularly in the European Union and China. Several foreign firms have also refused to accept U.S. customers due to the lack of clear regulatory guidance. We do not think that it is in anyone's best interest for digital currency to become an offshore industry, or an industry dominated by China. No other country in the world has a startup entrepreneurial culture like the United States. We should protect and embolden this spirit that creates economic growth and provides us with a considerable global advantage.

In terms of U.S. regulation, it appears to me that Federal and State regulators generally appear to have ample statutory authority to adopt regulations and take enforcement actions as necessary to protect consumers and ensure responsible conduct in the world of Bitcoin commerce, that their actions to date have been constructive, and that we stand ready to assist them in their ongoing efforts to adapt their regulatory tools to new digital currency.

I believe we are at the forefront of another twenty year journey of Internet-led transformation, this time in our global financial systems, and the opportunity is to foster that economic change while simultaneously putting in place the safeguards that only government can enable.

Mr. Chairman, that concludes my prepared testimony. I would be happy to answer any questions for the Committee.

EXHIBIT B



**Testimony of Patrick Murck
General Counsel, the Bitcoin Foundation
to the Senate Committee on Homeland Security and
Governmental Affairs
“Beyond Silk Road: Potential Risks, Threats, and
Promises of Virtual Currencies”
November 18, 2013**

Executive Summary

Bitcoin is a decentralized store of value and open-ledger payment network that operates securely, efficiently, and at low cost without the need for any third-party intermediaries. The Bitcoin protocol allows individuals or service providers access to a global financial system that will see rapid innovation.

Bitcoin and digital currency alone will not alleviate issues of poverty and financial exclusion that effect vulnerable populations around the world. However, Bitcoin can provide a safe store of wealth and a global transaction network that cannot be corrupted or abused by those who would seek to exploit or harm vulnerable populations. It can help advance liberty and dignity for people worldwide, restore financial privacy for law-abiding people, and provide a stable money supply in countries where the currency may be mismanaged.

The United States has an acute interest in maintaining its place as a global leader in developing this cutting edge technology, fostering financial services innovation, and spreading individual freedom and liberty around the globe. Applying consistent rules and regulations that encourage technological experimentation is critical to a vibrant entrepreneurial community, and this committee’s work may help to chart a safe and sane regulatory course for the digital economy in general and Bitcoin specifically.

Though challenges exist, Bitcoin does not pose a unique or unsolvable challenge to law enforcement or existing regulatory structures. Bitcoin service providers enter a highly regulated marketplace with deeply entrenched competitors.

The Bitcoin Foundation looks forward to continuing a dialog with this committee and others, federal and state regulators, law enforcement agencies, financial services firms and banks, and academics. Together, we can help ensure that the substantial benefits of the digital economy are attained while the risks are mitigated.



Bitcoin Foundation

Introduction

Good afternoon, Chairman Carper, Ranking Member Coburn, and Distinguished Members of the Committee. I am pleased to have the opportunity to speak with you today. My name is Patrick Murck, and I am general counsel of the Bitcoin Foundation.

The Bitcoin Foundation is a member-driven non-profit organization dedicated to serving the business, technology, government relations, and public affairs needs of the Bitcoin community. The Foundation works to standardize and strengthen the Bitcoin protocol and software, to protect the Bitcoin community, and to broaden the use of Bitcoin through public education and by fostering a safe and sane legal and regulatory environment. Incorporated in July of 2012, the foundation is organized under section 501(c)(6) of the Internal Revenue Code.

The Bitcoin Foundation's members include many of the top companies, entrepreneurs, and technologists working to make Bitcoin a success. The Bitcoin Foundation represents an international membership and our focus is global. Currently, about 60% of the foundation's membership is international. The rapid development of Bitcoin is a global phenomenon, and the Bitcoin 2014 conference, successor to our hugely successful Bitcoin 2013 conference in San Jose, California, earlier this year, will be held in Holland May 15-17, 2014. The Bitcoin Foundation is actively developing systems to empower local foundation subsidiaries and chapters in countries around the world with the resources they need to further the Foundation's mission of promoting, protecting and standardizing the Bitcoin protocol and distributed, decentralized digital currency in general.

I am a founding member of the Bitcoin Foundation and have served as General Counsel since its inception. Additionally, I have been an executive in legal and business development for a number of digital currency companies. In private practice, I have represented digital currency clients, and worked as a telecom, media, and technology attorney with a Washington, D.C.-based law firm. I am a native of Washington, D.C., and received my undergraduate degree from American University and my J.D. with honors from Catholic University, Columbus School of Law.

About Bitcoin

Bitcoin was invented in 2008 as a peer-to-peer payment system for use in online transactions.¹ Bitcoin is revolutionary in that, unlike any prior online payment system, Bitcoin is not administered by any central authority. There is no middleman between the sender/buyer and the receiver/seller as there is with, for example, PayPal, traditional payment cards, bank wires, or other payment systems. Bitcoin is thus referred to as a "decentralized" digital currency.

¹ Satoshi Nakamoto, "Bitcoin: A Peer-to-Peer Electronic Cash System," <http://bitcoin.org/bitcoin.pdf>.



Bitcoin Foundation

The Bitcoin software is also open-source and non-proprietary, developed by a community of volunteers in collaboration with our Chief Scientist, Gavin Andresen. There is no "Bitcoin company" that manages or controls the software or its operation. If the Bitcoin Foundation ceased work on Bitcoin's technical development, the technical development work would continue among the volunteers worldwide who already do so much of the heavy lifting. If the Bitcoin Foundation or any other actor tried to take control of the Bitcoin software, the Bitcoin community would reject that and develop the software on its own, independent of such an interloper.

Instead of a central authority, the Bitcoin transaction network consists of computers around the world running the Bitcoin software, which operates the protocol for administering Bitcoin transactions. That software can be downloaded and run by anyone, and any computer running the software can join the network. Each computer on the network also maintains a copy of the universal public ledger known as the "block chain."

The Block Chain

The public ledger is crucial to understand. The heart of the Bitcoin technology is this ledger that records all transactions occurring in the system. The ledger is broken into blocks of transactions, and each new block of transactions is linked to the previous block, forming what is called the "block chain." The newest block at the end of the chain links back to every block that precedes it. Having access to the most recent block allows one to follow the chain backward to observe every Bitcoin transaction ever made.

New blocks are created by "mining." Mining is done by solving a very difficult math problem, which creates the next block incorporating recent transactions. This is costly in terms of computer processing (hardware, electricity, and time). But though the problem is difficult to solve, the solution is easy to verify, so a miner discovering the solution can declare it (Eureka!), and nodes across the network will promptly confirm the new block.

The difficulty of the math problem increases with the amount of effort going into mining across the network. This controls the pace at which new bitcoins are added to the system, and it reduces the chance that any one miner or group will take control of the block chain. The amount of Bitcoin created by mining will drop over time until it ceases altogether in 2140 at just fewer than 21 million bitcoins in existence. In the meantime, mining will increasingly be rewarded by transaction fees.

Critically, the universal ledger prevents anyone from spending the bitcoins they own twice. Because a record of every transaction is available to all, attempts to spend the same bitcoin after it has already been transferred are easily detected using the block chain. This allows there



to be purely digital transactions without any central administrator, who would otherwise manage the ledger and police against double spending of a digital currency.

The screenshot shows the Blockchain.info homepage. At the top, there's a navigation bar with links like Home, Charts, Stats, Markets, Developers, and Wallet. Below this, the main heading is "Home Most recently mined blocks in the Bitcoin block chain". A table lists recent transactions with columns: Height, Age, Transactions, Total Sent, Relayed By, and Size (kB). The table contains six rows of transaction data. Below the table, there's a "Latest Transactions" section showing three more transactions with their heights, ages, and total sent amounts. On the right side, there's a search box labeled "Search" and a "gyft bitcoin" logo.

Height	Age	Transactions	Total Sent	Relayed By	Size (kB)
258331	12 minutes	298	\$ 3,361,608.37	Eligius	155.48
258320	18 minutes	134	\$ 504,789.63	KnightXr	100.87
258319	25 minutes	655	\$ 13,109,568.56	Shrimp	243.12
258315	40 minutes	229	\$ 1,106,622.37	BTC-DEIN.DAT	116.52
258318	44 minutes	242	\$ 1,203,808.87	BTC-Guyd	131.38
258317	51 minutes	124	\$ 1,251,807.58	Fantom	71.32
258315	51 minutes	105	\$ 430,199.32	GILTHUG	58.22

More...

Latest Transactions

- Transaction: 3bc7b1c2934567e513f96889...
Age: 3 minutes
Total Sent: \$ 5.00
- Transaction: 594bd40864e7e8ac22b4199...
Age: 1 minute
Total Sent: \$ 885.24
- Transaction: 98c43de9ce... (Data is DICE 50% off)
Age: 1 minute
Total Sent: \$ 16.48
- Transaction: 8a7a7a124a7b1b0a72a7a7a...
Age: 1 minute
Total Sent: \$ 6,772.1

About & Contact: About Us - Status: OK @ 19 Nodes Connected - Advanced: Enable - Currency: U.S. dollar

Source: blockchain.info

How a Bitcoin Transaction Works

Any Bitcoin user can transact directly with any other Bitcoin user. To utilize the Bitcoin network, a user needs a Bitcoin address, or “wallet.” A Bitcoin wallet takes the form of a cryptographic “public key,” which is a string of numbers and letters roughly 33 digits long. Each public key has a matching “private key,” known only to the user. Control of the private keys is what assures one of control of the bitcoins at any Bitcoin address, so collections of private keys must be protected by passwords or other means of securing them. While wallets can be created and maintained using the Bitcoin open-source software, in practice many users have accounts with one or more Bitcoin service providers and store bitcoins at addresses provided through their accounts. To initiate a transaction, the software or service sends a message to the other computers on the network announcing the transfer of a certain value in bitcoins from the user's public key to the recipient's public key. The sending user's private key is used to “sign” the transaction. The private key is mathematically paired with the public key, and through a standard cryptographic process of the sort used to secure website connections, every computer on the network can verify that the transaction is signed with the correct private key. The private key signature thus



serves to confirm that the transaction originated with, and was approved by, the actual owner of the originating public key, and therefore that the transaction is valid.

While this process sounds complicated, it is handled automatically and invisibly for users by the Bitcoin software. From the user's perspective, sending bitcoins to someone else is no more difficult than sending funds using PayPal or traditional payment systems, or sending an email. Administering a payment or money system is not the only use of a universal public ledger. The Bitcoin protocol may expand over time to facilitate many advanced services such as deposits, escrows, and potentially even distributed stock trading. And the Bitcoin protocol may find many uses beyond payments and money, including proving the existence of documents, establishing and verifying human identities, Internet naming and numbering, and many more.

Bitcoin is a protocol. It is like TCP/IP, which enables all the different uses people around the globe invented for the Internet. And it is like HTML, which enables all the different uses people invented for the World Wide Web without having to ask anyone's permission. We envision Bitcoin as a driver of global change that rivals these other protocols in terms of the benefits it delivers to humankind across the globe.

Bitcoin's Promise

There may be as many reasons to support Bitcoin as there are Bitcoin supporters. But we believe Bitcoin holds out a number of powerfully beneficial social and economic outcomes, including global financial inclusion, enhanced personal liberty and dignity, improved financial privacy, and a stable money supply for people in countries where monetary instability may threaten prosperity and even peace.

Global Financial Inclusion

In April 2012, a World Bank report found that half of adults worldwide are unbanked due to barriers such as high cost, physical distance, and lack of proper documentation.² It is hard to believe amid the relative wealth of the United States, but half the world's population lacks access to financial services that are everyday matters to us. These are rungs on the ladder from poverty to prosperity that many people cannot access at all.

A 2001 study confirms in striking terms what common sense suggests: Informal saving methods such as keeping physical money in the home are subject to losses as high as 26% of the

² Asli Demirguc-Kunt and Leora Klapper, "Measuring Financial Inclusion: The Global Findex Database," Policy Research Working Paper No. 6025, The World Bank, Development Research Group, Finance and Private Sector Development Team (April 2012) http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/IB/2012/04/19/000158349_20120419083611/Rendered/PDF/WPS6025.pdf.



amounts saved per year.³ Around the world, multitudes of hard-working, capable people simply lose wealth that they could use for food, shelter, medical care, and the education of their children because of underdeveloped financial infrastructure.

Bitcoin is an extremely lightweight financial infrastructure because it can exist wherever there is Internet or cell phone access and the requisite computing device, smartphone, or SMS-capable phone. Whether it brings people into existing financial services systems, or if it secures people's wealth better outside of formal systems, we believe Bitcoin has tremendous potential to improve the capacity of people around the world to build and store wealth. That greater access to wealth may produce improved outcomes in the area of food and nutrition, health and longevity, education and child development, family structure, protection of civil and political rights, and even political stability and global security.

It would be a mistake, of course, to think that Bitcoin can simply be sprinkled on longstanding social, economic, and political problems to easily solve them. And it will take time and effort to propagate the infrastructure that is needed to access and use Bitcoin in the far corners of the globe. But the Bitcoin Foundation will be fostering businesses and business environments that allow local merchants everywhere to accept bitcoins and that allow convertibility of Bitcoin to local currencies.

We believe Bitcoin can improve the lot of the world's poor. If these efforts and the underlying genius of the Bitcoin protocol improve the financial situation and wherewithal of millions, hundreds of millions, or perhaps billions of people by even a small fraction, the total quantum of good done by Bitcoin will be quite large.

Liberty and Dignity

Along similar lines, we see potential for Bitcoin to improve people's enjoyment of autonomy, liberty, and dignity everywhere in the world.

Deep running principles—in Western thought, at least—emphasize individuals' ownership of themselves and the things they produce. In varying degrees around the world, though, governments and powerful private actors often encroach on people's rights and their ability to use and dispose of their property as they see fit. This makes people objects of control, denying them the dignity of being autonomous, independent, and responsible moral actors whose well-being and self-worth rise or fall based on their own decisions.

³ Graham A.N. Wright and Leonard Mutesasira, "The Relative Risks to the Savings of Poor People," MicroSave (January 2001) [http://www.microfinancegateway.org/gm/document-1.9.28889/26216_file The Relative Risks .pdf](http://www.microfinancegateway.org/gm/document-1.9.28889/26216_file%20The%20Relative%20Risks.pdf).



Bitcoin Foundation

Bitcoin can facilitate private and anonymous transactions, which are resistant to oversight and control. Because it can aid people in deploying their property less subject to external impediments, Bitcoin may expand the realm of autonomy, liberty, and dignity for people around the world. This means traveling from market to village without being robbed, it means avoiding official corruption and confiscatory tax regimes, and many more things. It also means that people using Bitcoin can fund controversial speech or causes that governments and powerful private actors may seek to suppress using their control of conventional financial services. Bitcoin is a communications protocol, and it has the Internet virtue of being censorship-resistant, which expands freedom of speech and freedom of action.

This by no means implies that using Bitcoin can or should provide anyone immunity from the law. Though it has sometimes been portrayed as such in careless media stories, Bitcoin is not a magic cloaking device that allows criminal actors free reign. It does offer enhanced privacy protections, however, which is the just desert of hundreds of millions of law-abiding Americans and billions of law-abiding people worldwide.

Financial Privacy

The American people have been reminded this year of reasons to be concerned for their privacy, as have people around the world. We believe that peaceful, law-abiding people are entitled to protections for their privacy.

In the United States, constitutional protections such as the Fourth Amendment should allow people to be secure against unreasonable searches and seizures of their persons, houses, papers, and effects, even when their papers and effects are in digital form. We also believe the International Covenant on Civil and Political Rights bars arbitrary or unlawful interference with one's privacy, family, home, or correspondence, regardless of format.

Privacy is many things to many people. Among other things, it is the individual's bulwark against objectification by governments, corporations, and other individuals. People who have their privacy have more personal power and a richer, more independent life. Privacy is also a means to various ends, including personal security and freedom of speech and action.

Many at the Bitcoin Foundation and in the Bitcoin community are acutely aware that financial transactions in nearly every format are subject to some degree of surveillance. For good and bad, centralized payment systems always include gatekeepers and overseers. Bitcoin can facilitate fully private transactions, which, when legal in the jurisdictions where they occur, are nobody's business but the parties to the transactions.

Privacy can mask wrongful behavior, of course, and governments have a valid interest in information about activities they have made illegal. And there are certainly circumstances when



Bitcoin Foundation

Bitcoin-based services will require and benefit from collection of personal information about users. So "more privacy" is not the essence of Bitcoin. But the use of Bitcoin should strengthen the hand of individual users to protect their privacy.

Today, privacy in financial services is typically dictated by governments and corporations. The bitcoin ecosystem should be more amenable to what we refer to as "user-defined privacy." Bitcoin may once again allow law-abiding people to have privacy on the terms they want it.

Stable Money Supply

A significant benefit of Bitcoin in the eyes of many in the Bitcoin community is its assurance of a stable base money supply. As I noted earlier, the bitcoin protocol provides for mining of a limited number of bitcoins, and that limit cannot be changed without the consensus of the community. The production of bitcoins will slow according to a schedule until around 2140, when the last new fraction of a bitcoin, known as a satoshi, will be mined just shy of 21 million bitcoins.

The rate of new bitcoin mining is similar to the mining rate of precious metals such as gold or silver. A low rate of new creation relative to the existing base means that added supply does not significantly debase the value of the existing stock. Like these precious metals and unlike fiat currencies, the stock of Bitcoin cannot increase rapidly, causing them to drop in value relative to other goods.

This means that Bitcoin is largely inflation-proof. Time and experience may prove it to be a more stable store of value than many fiat currencies, while it enjoys advantages over precious metals in other respects, such as transferability, divisibility, security in storage, and so on. This makes Bitcoin a potential key to financial well-being for savers and investors worldwide, but particularly in those jurisdictions where fiat currencies may be mismanaged.

Some Bitcoin enthusiasts may crow about the idea of Bitcoin replacing national fiat currencies, and it may be possible in a small country sometime in the future. The way to contemplate Bitcoin in the near term is as a means of making a small central bank or currency bloc accountable if they poorly manage their portfolio, while at the same time ameliorating the economic effects of the central bank's mismanagement. We believe all the world's currency systems are safer if there is a more diverse web of monetary systems with which to work. We believe that Bitcoin can add to monetary stability both directly, by acting as stable money itself, and indirectly, by husbanding the behavior of central bankers.

We are very motivated at the Bitcoin Foundation by the social and economic benefits that we believe Bitcoin has to offer. We are mindful, of course, that Bitcoin is subject to misuse. It would be regrettable if the many benefits Bitcoin offers were denied the world's people, or even delayed, by overreaction to the challenges that come with this emerging new technology. We



Bitcoin Foundation

share your opinion, Chairman Carper, stated very well in a recent press release, that "we need to develop thoughtful, nimble and sensible federal policies that protect the public without stifling innovation and economic growth."

Beyond Silk Road

As you are likely aware, federal law enforcement recently seized the "Silk Road" website and arrested its alleged controller, Ross Ulbricht. With Silk Road shuttered, it is clear that Bitcoin thrives irrespective of sensationalist stories about a "dark web" of illicit transactions. Silk Road drew attention to Bitcoin, and the attention may have helped Bitcoin go mainstream, but now that it is mainstream, Bitcoin is beyond Silk Road.

Bitcoin and tools like Tor, which the U.S. Navy invented to secure the communications of ships, and which protects journalists and dissidents around the world, can be used for illicit purposes. But, as the Silk Road case makes evident, Bitcoin is not a magic cloak for illicit transactions. Bitcoin is a new and advanced technology, and law enforcement will likely have to develop new methodologies for interdicting and investigating criminal activity. This does not make it harder for law enforcement to do its important job. It simply means that law enforcement will have to learn this protocol and adjust its methods somewhat, something that has been successfully accomplished in many different contexts before.

In any event, the choice for policymakers is not whether Bitcoin will exist, and it is not whether Bitcoin will be used in the United States. The question is whether Bitcoin businesses will be integrated with the U.S. financial services system and become producers of U.S. jobs and economic growth that respond to legitimate U.S. law enforcement inquiries, or whether Bitcoin businesses will move offshore, taking jobs and innovation with them, and making it harder for U.S. law enforcement to gather information for legitimate investigations.

True: Bitcoin Can be Used for Illicit Purposes, Like All Other Forms of Payment

Bitcoin is no different than any other payment system, form of money, or technical infrastructure. It can be used by criminals. Bitcoin was used on the Silk Road website, which was primarily a market for illegal drugs. The less this colors public and policymaker assessments of Bitcoin, the better. Criminals do turn the beneficial instruments of society to their ends. But overreacting to this simple and obvious fact because Bitcoin is exotic and new could delay Americans enjoyment of Bitcoin's benefits, which are vastly greater than its potential costs.

An analysis by digital currency research and data site *The Genesis Block* puts the relationship between Silk Road and Bitcoin in perspective. In a thoroughly researched October 2013 piece entitled, "Analysis of Silk Road's Historical Impact on Bitcoin," writer Jonathan Stacke finds that



"a significant portion of bitcoin's early traction and price gains can be traced directly to Silk Road, with that impact waning over time, most dramatically in the past six months."⁴

In late December 2010 and early 2011, Stacke finds, people acquiring bitcoin for use on Silk Road may have produced a spike in Bitcoin's price against the U.S. dollar from \$0.30 to a trading range of \$0.65 to \$0.80. Mainstream press attention from *The New York Times*, *Time*, and Gawker.com then began a far more significant price spike that reached \$30 per Bitcoin before prices settled to a new higher equilibrium of around \$5. Succeeding price changes, Stacke finds, correlate to events and news reporting unrelated to Silk Road. But denial-of-service attacks on Silk Road in April and May of 2012 show effects falling to between 25% and 35% of Bitcoin's price. When Silk Road was finally taken down last month, the price of Bitcoin suffered a one-day drop of about 20%, but then began climbing relentlessly, more than doubling since then.

The Bitcoin market is infinitesimal compared to its potential size, so it is subject to relatively high volatility. That volatility will drop over time, as the worldwide use of the Bitcoin protocol grows. Psychology around this new asset probably also drives wider price swings than will occur in the future. But judging by their behavior in the markets, the Bitcoin community seems relieved and optimistic about the falling relevance of Silk Road and illicit markets.

As with every other payment system, criminals will surely and regrettably use bitcoins. That said, law enforcement appears well-equipped to deal with copycat sites to Silk Road. In fact, copycats "Atlantis" and "Project Black Flag" have recently shuttered themselves spontaneously and absconded with their users' bitcoins. Criminals are not reliable business partners, and they will turn on each other when the circumstances are right. Anonymity is also a two-way street. A top dealer on Silk Road was actively working with federal law enforcement, the anonymity of Silk Road making it easier for them to make undercover drug deals and subsequent arrests. A user of "Black Market Reloaded," another Silk Road copycat, was recently arrested.

The document charging Ross Ulbricht noted Bitcoin's legitimate uses, and it shows that solid law enforcement work is effective with respect to Bitcoin and Tor just like other payment and communications systems. Silk Road is gone. The lawful uses of Bitcoin will continue to grow in number and quantity, easily swamping illicit uses and helping to bring the association between Bitcoin and crime into accurate perspective.

⁴ Jonathan Stacke, "Analysis of Silk Road's Historical Impact on Bitcoin," The Genesis Block, <http://thegenesisblock.com/analysis-silk-roads-historical-impact-bitcoin/>.



Bitcoin Foundation

New, Not Necessarily Harder

As I said earlier, Bitcoin is not a magic cloak for illicit transactions. At the same time, it certainly may provide new challenges to law enforcement, who will have to learn about Bitcoin and the block chain to pursue investigations. But we expect the law enforcement challenge to be different, not necessarily harder, in the Bitcoin environment. Law enforcement has and will be able to successfully investigate and prosecute criminals who use bitcoins.

We see the law enforcement paradigm in the Bitcoin ecosystem differing from the status quo in the following way: Law enforcement investigations using payment systems today typically are "parties known/transactions unknown." Having some insight into suspected criminal behavior, law enforcers use warrants, subpoenas, and other legitimate investigative tools to learn from financial services providers what transactions their suspects have engaged in.

If Bitcoin businesses thrive in the United States, investigations may still follow this model, gathering the Bitcoin transactions of existing suspects from U.S.-based providers. But investigations may also follow a "transaction known/parties unknown" model. The block chain—that worldwide public ledger of all transactions—may permit law enforcement to observe transaction flows that they know to be illicit or to use the products of illicit activity. Tracing illicit transactions to transactions that identify the parties will reveal the identities of suspects.

The block chain may be so revealing that the problem with Bitcoin is the difficulty law-abiding people have maintaining privacy. Bitcoin mixing services, which are intended to obscure the source of their users' bitcoins, may become popular if the sense of the Bitcoin community is that the flow of bitcoins is being used for excessive or illegitimate surveillance of private financial activity. Incautious behavior on the part of governments and law enforcement could make the Bitcoin environment harder to work with.

The issues here are complex, and the capacity of mixing services to truly obscure transaction flow will be the subject of much study over time. But a cautious law enforcement approach to Bitcoin is much smarter than trying to convert the Bitcoin block chain and the data held by Bitcoin service providers into a mass surveillance system.

Nimble and sensible interaction with the Bitcoin community will permit law enforcement to protect the public without stifling innovation and economic growth. U.S. law enforcement will have better access to data sought under legitimate legal processes if the U.S. Bitcoin industry is strong. Simply put, U.S. companies will be easier to work with than overseas firms. But some circumstances are already driving Bitcoin businesses offshore.



Bitcoin Foundation

Bitcoin and the U.S. Financial Services System

While we have been pleased by the solicitous tone of official policy statements coming from U.S. federal government agencies, some factors appear to be driving Bitcoin start-ups away from U.S. shores. To the extent this happens, it comes at the cost of innovation, jobs, and economic growth that Bitcoin promises the United States. Conditions are improving, but initial hostility to Bitcoin in some states may have unnerved U.S. financial services providers, forestalling their adoption of Bitcoin and their provision of service to Bitcoin businesses. We would like to see conditions improve.

Official Policy Recognizes Bitcoin

We have been pleased by federal regulators' recognition of Bitcoin as an exciting and innovative entrant into the field of digital currency and financial services generally. Directly or indirectly a number of federal agencies have recognized Bitcoin and even touted its genius.

In March, for example, the Financial Crimes Enforcement Network (FinCEN) in the U.S. Treasury Department issued guidance on the application of money transmitter rules to Bitcoin businesses. Some interpreted this as official recognition that Bitcoin is valid and legitimate. We believe it signaled that existing regulation covers most of the business activity taking place in the Bitcoin ecosystem.

There are details on which we might quibble, and to the extent FinCEN promulgated new legislative rules, we believe they should have been issued after a notice-and-comment rulemaking. But, the Bitcoin Foundation's successful meeting with financial regulators, which FinCEN hosted in August, shows that the Treasury Department and others recognize the value of dialogue and the capacity of the Bitcoin Foundation to inform their work.

Also in August, at the urging of the Securities and Exchange Commission, a federal judge ruled that Bitcoin is a form of money also fitting the definition of a security under the Securities Exchange Act. A defendant charged with pursuing a Ponzi scheme argued that the SEC did not have jurisdiction over Bitcoin transactions. The judge struck this argument down on the basis that, just like with any other form of payment, it is illegal to use Bitcoin for fraud. This is undeniably sensible and helps to protect the Bitcoin community from similar frauds and scams that may arise in the future.

These are legal questions on which more work will have to be done. Bitcoin's differing characteristics potentially make it a different asset class than what existing regulation recognizes. But it fits well within the legal and regulatory regimes that bar frauds like the Ponzi scheme at issue in that case.



The official reception for Bitcoin among U.S. federal regulators has been essentially welcoming. Even agencies that one might assume to be antagonistic to Bitcoin acknowledge its legitimacy. The Department of Justice, for example, in its charging document for the alleged founder of the Silk Road, Ross Ulbricht, took pains to note that bitcoins are legal "in and of themselves" and "have known legitimate uses." The Federal Reserve Bank of Chicago issued a Bitcoin "primer" two weeks ago in which senior economist François R. Velde called Bitcoin a "remarkable conceptual and technical achievement, which may well be used by existing financial institutions."

We look forward to continuing our dialogue with policymakers and regulators at both the federal and state levels. In addition to the Bitcoin Foundation, there are several industry-led efforts underway to create standards of care and best practices for digital currency exchanges (for example, the committee to explore D.A.T.A.), transaction processing ("mining" in some cases), and digital currency investors. We are equally pleased to support these industry efforts.

We appreciate this committee's inquiries of federal agencies regarding their approaches to Bitcoin. Our belief, supported by the agency activities noted above, is that Bitcoin and Bitcoin businesses largely fit into existing regulatory structures. Where they may not, the framework for analysis we recommend is identifying the few "gaps" in public protection that Bitcoin's unique characteristics may produce and determining how best to fill them. We look forward to ongoing dialogue that your sensibly structured hearing and thoughtful public comments presage.

Improving the Environment for Bitcoin

While official federal policy as developed in the agencies seems clearly to recognize Bitcoin as an innovative source of economic growth and jobs, the early treatment of Bitcoin in some states and in the banking industry has clouded the picture of the United States as a center of innovation and business development. We are optimistic that the environment for Bitcoin in the United States will improve.

As illustration of early antipathy to Bitcoin, some states have issued subpoenas and cease-and-desist letters to Bitcoin businesses and others involved in the Bitcoin community. While most states and federal regulators seem to intuitively understand this, these harsh actions are not conducive to an open and productive dialog. One state regulator issued subpoenas to 22 Bitcoin-related businesses and went on television making unfounded statements relating Bitcoin to "narcoterrorism." Irresponsible public statements like these make it more likely that legitimate Bitcoin businesses will relocate to more welcoming countries.

The Bitcoin Foundation is well prepared to respond to legal inquiries and our membership does not rely on cable television for its information, but startups and small businesses are harder-pressed to respond. They may spend much of their seed capital on lawyers responding to



carelessly founded government inquests. And investors, recognizing the risks of heavy-handed government actions like this, may pull out or never materialize to invest in Bitcoin companies.

We do believe that conditions are right for improvement, and we are open to dialogue with all states, as with the federal government and its agencies, seeking to apply their laws to Bitcoin use and Bitcoin businesses. In fact, we have recently perceived a marked improvement in the tone and tenor taken by both state officials and bank executives. We are optimistic that we can generate greater understanding of the opportunity and potential for this part of the digital economy.

There are certainly risks to serving innovative small businesses, but these are matched by potential profit, and we hope that U.S. financial services providers will integrate with Bitcoin. So far, U.S. banks and other financial services providers have yet to harness Bitcoin's transformative power. As a result, most Bitcoin businesses have been started by technology experts with less experience in the intricacies of federal and state anti-money-laundering laws or know-your-customer rules. Established banks could provide expert counsel and cultivate customer relationships with these companies, and we think they should.

Indeed, banks could brand and offer Bitcoin exchange services themselves, quickly becoming the de facto leaders because of their regulatory status and supreme customer identity procedures. As it stands, a majority of people still prefer banks over trusting Apple, Google, or PayPal with sensitive data. Security at banks and financial institutions usually represents the strongest in the world among private businesses. For those individuals desiring a third-party safe-keeper for their Bitcoin balances, banks would provide several obvious advantages.

Bitcoin is a global protocol that will thrive with or without U.S. government support and with or without U.S. banks, but thoughtful policymakers and businesspeople in the U.S. should work to integrate Bitcoin and banking in the United States. Doing so will bring the benefits of Bitcoin to the United States as quickly as they reach the rest of the world. Innovation, economic growth, and jobs related to Bitcoin should be welcomed by policymakers at every governmental level in the United States.

Conclusion

The horizon is bright for Bitcoin under any circumstance. We at the Bitcoin Foundation believe that this innovative protocol can deliver financial services and improve the lot of people the world over. We see coordinate gains in liberty and human dignity, also spanning the globe. Bitcoin-based financial services can improve the privacy of law-abiding Americans and people around the world. And Bitcoin may provide a stable base money supply in countries where currency is mismanaged.



Bitcoin Foundation

The Bitcoin story goes far beyond Silk Road. Nearly every technology has potential bad uses, but the vast majority of people are law-abiding and hard-working. In their hands, Bitcoin will produce benefits that vastly outstrip the costs of the illegal and wrongful uses.

We are pleased to report that federal agencies across the spectrum are acknowledging Bitcoin and incorporating it into their regulatory regimes. For the most part, Bitcoin fits into existing regulatory structures, and we see little need for new or changed laws, though careful assessment of regulatory "gaps" may reveal where the law requires tweaks to account for Bitcoin.

We see encouraging signs that early skepticism about Bitcoin in some quarters is giving way to interest and support. This bodes well for the United States because the question is not whether Bitcoin will be used here. It is how long Bitcoin's adoption will take and whether the United States will be leaders in the digital economy.

Thank you for the opportunity to share my views with you.

EXHIBIT 1

December 7, 2014

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem, 14 Cr 243 (JSR)

Your Honor:

I failed. The worst part is I didn't just make a mistake; I broke the law. In doing so, I let down thousands of people including my family and friends, as well as the Bitcoin community. Worst of all, I let myself down. I was given the responsibility of being the guardian for one of the largest socio-economic experiments in the world. This experiment, Bitcoin, is allowing millions of people to participate in a worldwide idea that value or money can be shared and moved instantly using a peer to peer system that does not need a trusted third party. I will be the first one to tell you, Bitcoin is an experiment that may fail. However, failure or success, the notion is still there. The world is demanding an equal and uncorrupted financial system that does not discriminate, hate, or allow for corruption.

Since I was young, I yearned for an opportunity to push the world forward. The opportunity was given to me, when in an internet chat room at the age of 21 I learned about Bitcoin. Being one of the first few dozen involved, I was immediately pushed into the limelight, probably too quickly. I was given a gift of intellect and being a visionary. However, although I see 10 steps ahead, I fail to see the steps to get there and make mistakes. I launched a company to help people get Bitcoin faster because I knew that if I could get this into the hands of millions of people, this experiment could work. We employed 25 people, with health benefits and all, but things started getting out of my control and I screwed up. I allowed Mr. Faiella to buy Bitcoins using my company when I knew full well he would be reselling them to customers of Silk Road. I broke the law and I am the only one to blame. I knew it was wrong at the time and I did not stop it. My company was growing so quickly that I turned a blind eye. I am so sorry.

Once I realized my transgressions, I stopped over two years ago. I legitimized the company, hired more people and moved forward. I engaged out of my own will with various government agencies and became close with the Department of Homeland Security and the Manhattan DA's office. Over the course of two years, we helped stop bad actors in the space and frequently had phone calls, emails and meetings. Once FinCEN came out with regulations around Bitcoin we immediately shut down the company, realizing the law had become too clear and we were indeed operating without a license. I then founded the Bitcoin Foundation and served as its Vice Chairman for two years. Bitcoin Foundation is the leading nonprofit that is helping to standardize, protect and promote Bitcoin. Within the first hours of being released on

bail, I promptly resigned. I decided that I did not want my actions to tarnish Bitcoin and the good things it has brought to the world. I am sorry your Honor.

I stand before you today as a humbled and beaten man. I have shamed myself, I have shamed my family, and I have shamed my community. I have caused much pain and suffering to many people, most of all my parents. I am very, deeply sorry for all my actions and take full responsibility for all my misdeeds. So I beg all those whom I have hurt to find a place in their hearts to forgive me. I have been wearing an ankle bracelet for almost a year and under house arrest for half that time. I've suffered so much from my actions, I ask that you spare me more suffering in prison.

I am writing a personal letter to you, Sir, to ask for a chance to be punished without prison. I think I can do much good if permitted to perform community service, especially if it involves teaching computers, programming, graphic design to kids or being a mentor. Please allow me to make my mistakes right and continue helping the world move forward.

Humbly yours,

A handwritten signature in black ink, appearing to read 'Charlie Shrem', with a stylized, cursive script.

Charlie Shrem

EXHIBIT 2

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

United States vs. Charlie Shrem

Dec. 1st, 2014 New York, NY

Dear Judge Rakoff,

In January 2009 we were approached by a young man to help him raise money for a charity organization that we knew little about at the time. He told us about an amazing organization that helps children who were hurt by terrorist attacks in Israel rehabilitate themselves through sports and other activities. He was so passionate about helping these people and he begged us to take on the project with him – we couldn't say no.

That young man was Charlie Shrem. For the next 6 months, we dedicated what seemed like every breathing moment to this project. Every weekend when kids would be hanging out and going to parties, we would be trekking to venues all around NY and NJ to find the perfect location to house our event. Our goal was to create an event that would draw hundreds of young adults – and thousands of sponsor donations.

When we were fed up with the traveling and overwhelmed with all the work it required, Charlie pushed me. We remember he cried to us saying 'these people need us!'

We raised \$20,000 that summer – a dramatic success.

Charlie had put his heart and soul into the event.

This project was a ton of stress, it required more attention than most business projects. Without Charlie's vision, energy and effort there would have been no project at all and no \$20,000 worth of rehabilitation for injured kids.

Three months later Charlie approached us again with the same project for another charity. A charity that helps women give birth to babies that would have otherwise been aborted. We raised double the amount of money than we did the previous summer. We didn't do any more work than the previous summer, it was Charlie that did.

We know that Charlie is still that young man who is so eager to help people and has a heart of gold.

We know this definitely because before the height of all the drama, we had called him to help us do another charity event. Despite him being busy in work he was more than happy to do it.

The Charlie we know through out the years is a kind, caring young man who always put helping others as his top priority. We hope the court can recognize these strong values.

Best,
Liela Akkad and Marielle Douek

EXHIBIT 3

November 20, 2014

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem

14 Cr. 243 (JSR)

Dear Judge Rakoff,

My name is Elliot Bardavid. My wife Barbara and I have been neighbors and friends with the Shrem family in Brooklyn, NY for over 20 years. Our families grew up together and remain close until today. We've known Charlie Shrem since he was a young boy and would like to take this opportunity to let you know some of his fine qualities.

We can honestly say Charlie comes from a fine family that instills great family values and respect for others.

As a young boy, Charlie's father would bring him to Synagogue to teach him the importance of religion. He immediately took a liking and would attend on a regular basis. He was very active participating and leading many youth programs. As he got older he volunteered much of his time to many worthy causes.

During the Jewish Holiday of Succoth, many families build their own Succah's (tents) in their yards. Charlie was one of a few boys who announced to the community members in our neighborhood that he will come to your house and assist in building them. All you had to do was call.

We've literally seen Charlie grow up from a little boy to a fine young man. He is very bright and caring and greets everyone with a warm smile. He is good hearted and very respectful. He gets along with people of all ages. Whenever he sees me, he asks about everyone in my family and takes a true interest in their well being. He is humble and selfless and always puts others before himself. It's no wonder he has many friends who look up to him and come to him for advice.

Charlie was always very close with his parents, siblings and grandparents. His grandfather passed away a little over a year ago and Charlie made an amazing heartfelt eulogy that brought the entire congregation to tears.

We're aware of the offense in which Charlie committed and understand he has pleaded guilty. When we first heard of this offense, we were shocked as this is not the Charlie we've come to know and is out of his true character.

He recently expressed great regret for the disappointment he caused his family, friends and the community in which he has a good name. He is truly humbled by this case. We have no doubt this is a mistake that will never be repeated.

Your Honor, I hope this letter gives you a glimpse into the humble character of Mr. Charlie Shrem.

We're sincerely asking for compassion at sentencing.

Thank you for your time and for considering the thoughts and perspectives in my letter.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Elliot Bardavid', written in a cursive style.

Elliot Bardavid

EXHIBIT 4

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States vs. Charlie Shrem
14 Cr.243 (JSR)

Dear Your Honor,

We would like to introduce ourselves as Robert and Bea Beida, who reside in Kings County. We are an uncle and aunt to Charlie Shrem. We've known Charlie since he was born, and he spent many of his childhood years with our family. As Charlie was growing up we witnessed him being very actively involved in many community projects. Whether he was helping out his local synagogue, or going on special missions to Israel to help the needy. His family values instilled in his home are of the pristine quality.

Despite Charlie's conviction, we nevertheless have great respect for him, and for the nice qualities that he demonstrated throughout his life. Over the last twelve months, we saw the impact, remorse and regret on Charlie's face, but nevertheless shared in his pain. We are confident that Charlie will grow from this experience, and will carry himself as a law abiding citizen in his future.

It is our hope and prayer that the court will be able to impose the lowest appropriate sentence possible.

Sincerely
Thank You
Robert Beida and Bea Beida

EXHIBIT 5

בית הספר התיכון של הישיבה דפלטבוש
על שם מר יואל ברברמן
YESHIVAH OF FLATBUSH
JOEL BRAVERMAN HIGH SCHOOL
AL AND SONNY GINDI CAMPUS
1609 AVENUE J • BROOKLYN, NY 11230
(718) 377-1100 • FAX: (718) 258-0933

Rabbi Naftali Besser
Dean of Students

November 20, 2014

Dear Judge Rakoff,

My name is Rabbi Naftali Besser. I am the Dean of Students, Rabbi, mentor, and teacher at the Yeshivah of Flatbush Joel Braverman High School for the past 36 years. I have a long standing relationship with Charlie Shrem and the members of his family. I first met Charlie in eighth grade as he was preparing for his high school career in our Yeshivah. Even from that early age of his life I recognized Charlie's sincere devotion to helping others who are in need. As Charlie progressed through his high school years he volunteered many hours of community service. Using both his talents in audio visual equipment, organizational skills, and his outgoing warm personality he earned the respect and admiration from the faculty of the Yeshivah and his peers.

During the schools mid- winter break the Yeshivah offers an opportunity to join a group of students on a mission to support and visit dozens of institutions of chesed in Israel. Chesed is loosely translated from Hebrew to philanthropy in English but involves a much more hand on approach. On this trip Charlie played an integral role both in planning and its implementation. He developed close ties with many of the institutions and their coordinators.

My relationship with Charlie's family is one that I cherish and hold deeply in my heart. Charlie appreciates the relationship I have with his family and therefore has expressed sincere regret and remorse for the pain his situation has caused to his family and loved ones.

Despite Charlie's conviction I still have great respect for him because of the many great qualities he has demonstrated throughout his life. I plead with the court for mercy and leniency and that the court impose an appropriate most lenient sentence.

Thank you for giving me the opportunity to share my thought about Charlie.

Sincerely yours,

Rabbi Naftali Besser

EXHIBIT 6

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

I am writing on behalf of Charlie Shrem as he approaches his upcoming sentencing. As a colleague of Charlie's at BitInstant, I have spent considerable time thinking about Charlie's case and his plea of guilty. This letter expresses my deep belief that Charlie's overall character and the decisions that I have witnessed him make since meeting him in 2013 were made in a best effort to do the moral and ethical thing.

I was a colleague of Charlie's at BitInstant from March of 2013 to October 2013. I began working with BitInstant as a design consultant but soon took a larger role with customer service and operations. Since graduating from Vassar College I have consulted with over 40 companies, seeing the inner machinations of businesses of all types. BitInstant was a clear case of a wildly successful business that was moving too fast for anyone to keep up. The team was inexperienced, and a little naïve, but trying their best to understand their business and the greater ecosystem in which they found themselves operating. What struck me most about BitInstant, and encouraged me to move my family (my husband and daughter) across the country to work more closely with the team, was Charlie's commitment and passion.

One anecdote comes clearly to mind. Late one night, around 2am Eastern, Charlie and I were trying to finish a project for the next day. During the middle of our Skype session his cell phone rang and he asked me to hold on a moment. I could clearly hear both sides of the conversation that followed.

The caller was a nurse, Jessica, who had tried to make a transaction on BitInstant.com and was having trouble getting her coins. She had emailed asking for assistance but was only available in the late hours because of her work schedule. Charlie had given her his personal cell phone number to try and help her resolve her issue. Over the course of the next five minutes I listened

to him help her solve the problem (a data-entry problem on her end), send her the coins and refund the fees associated with her transaction, even though she didn't ask.

This behavior wasn't a fluke. I worked closely with Charlie over the course of the next few months. Time and again I saw him put customers first, refunding fees, on at least one occasion from his personal funds. I saw him seek guidance -- from colleagues, top lawyers and industry experts -- before making decisions. I saw him make the right decision time and again, often in the face of irritable investors telling him to make the decision that was most profitable. I witnessed him make long-term decisions that were detrimental to short-term profits in an effort to run a business that was compliant and fair to his customers.

During the fall of 2013, when BitInstant was seeking investment from new sources, I again witnessed Charlie's honesty and moral behavior. Charlie fully disclosed all problems and issues with BitInstant, even those that he could have easily hidden. He believed that being honest and upfront about the issues was more important than keeping the business alive by lying and telling half-truths.

I understand that Charlie has entered a plea of guilty. I did not know him before 2013, nor was I privy to the business operations during the time in question. But I do know that by the time I met Charlie in March of 2013 he was doing everything he could to act in a responsible, moral and legal way in regards to his company.

I sincerely believe that Charlie is remorseful and has learned a lesson that will allow him to operate in a responsible way going forward. People should take responsibility for their actions and in doing so prove that they have learned a lesson that prevents them from making a similar mistake in the future. I think that Charlie learned this lesson long before he found himself in your courtroom. I truly believe that Charlie deserves the lowest appropriate sentence that the court can assign.

Thank you for your consideration,



Marcie Braden

EXHIBIT 7

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Your Honor,

I am a friend of Charlie Shrem. I met Charlie when I first started my webseries called BitcoinGirl, around one year ago. I reached out to Charlie for an interview, and he graciously accepted. He started out as a colleague, but he soon became a good friend because of the warmth and generosity he showed me in helping me with my career. I work as a film producer, and when I was in a difficult place, Charlie offered me the use of his entire bar for free, without asking anything in return. When I tried to become integrated into the bitcoin community and learn more about cryptocurrency, Charlie vouched for me multiple times on public forums so that people would take me seriously. He has stood up for me in public, promoted my videos, and really helped me gain credibility with my work. I am so very grateful for his help and kindness.

I grew up in Western Australia, and have been living in New York for 4 years now as a film producer and opera singer. Making friends in New York can be very difficult, especially when you come from somewhere so far away. Charlie welcomed me with open arms, introduced me to many wonderful people that I can now call friends, and I am very lucky to have met him. He is gracious, generous, and I owe him every ounce of my appreciation for being such an important part of my community in America.

I understand that Charlie has pled guilt to a crime. I also understand Charlie to be every ounce as good of a person as the best among us. I never asked Charlie to display the generosity has shown me. He did it all of his own accord, because he is a really good person. He is gentle and kind. I know that he has shown incredible remorse for the crimes that he has been charged with, not only because of the actions themselves, but because of the effect all of this has had on the people around him about whom he cares very deeply.

I hope that this letter provides some insight into Charlie's character, I have a tremendous amount of respect for him because of his personal effect on my life.

Sincerely,

Naomi Brockwell

EXHIBIT 8

December 8, 2014

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

I am writing to you today in support of my friend and colleague, Charlie Shrem in the interest of validating his respect for the conviction and requesting your most lenient sentence which the Court considers appropriate.

My name is Lisa Cheng and I am an entrepreneur and advisor for emerging companies, more recently I have been involved with technology development projects in the Bitcoin Blockchain space. My academic background includes a Bachelors Degree in Political Science from the University of Victoria where I studied Constitutional Law, followed by an interest in the legal profession when I wrote the LSAT in 2007. My current occupation involves serving as the Founder and Director of the Vanbex Group Inc., which is a marketing and research firm specializing in Digital Currency, Blockchain platforms, and Decentralized technology.

It was within this past year, during my work advising Bitcoin companies in New York that I first met Charlie Shrem through a mutual acquaintance. Admittedly, I first became familiar with the name through mainstream media, and on the advice of other colleagues I understood that his reputation was (respectively) pompous and cavalier. After meeting Charlie and spending some time with him, I realized him to be a young person who launched a successful company, and also took on the responsibility of corporate compliance - a role typically reserved for more senior and experienced professionals.

However, it was during one of the times I met Charlie for lunch that I realized he deeply cared for his friends and family and it is for them that I write this letter. This conviction is a serious and grave matter which he has demonstrated to me in our conversations, which was always followed by his respect for adhering to the rules set out in his house arrest.

After getting to know him further, it became apparent that Charlie was deeply affected by the disappointment felt by his traditional Jewish parentage regarding his actions, coupled by his seriousness of the conviction and guilty plea. This led to my realization that Charlie Shrem is no longer the haughty and pretentious young person once synonymous with Bitcoin.

My observations of these changes in character, and witnessing the unequivocal remorse and regret he has leads me to believe that the pain and burden caused by his actions will forever be something Charlie will carry with him.

As an entrepreneur, I can understand the mistakes one can make in the line of business. His insight and empathy given to me when I was experiencing work challenges is the reason I consider him a good friend. With respect to the adherence of legal requirements and necessity in observing the rules of compliance, I believe that companies operating in the Bitcoin space have much to learn. For this reason, I believe Charlie would make a profound impact if he were able to emerge from this conviction as a leader and representative to the Bitcoin and Startup community.

Unlike Charlie, the industry of Bitcoin is still very young and lacking in strong examples of leadership and experience. It is my hope that the Court will hear this plea to impose the lowest appropriate sentence permitted under the law, and allow for Charlie Shrem to re-engage his status in the Bitcoin industry where he can advocate compliance and demonstrate professionalism.

This letter is written as an acknowledgement to the Court and its ability to decide on the outcome of events. In closing I thank you for your time in reading this letter, and include my contact information below for any questions or concerns arising from this writing.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Cheng".

Lisa Cheng

cc: Charlie Shrem

Lisa Cheng
L@vanbex.com
(604) 780-3333

EXHIBIT 9

11/20/2014

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Your Honor,

My name is Daniel S. Cohen and I have been friends with Charlie for as long as I can remember. Charlie and I share the same educational backgrounds. We both graduated from Yeshivah of Flatbush elementary and high school, as well as Brooklyn College in 2012. We even studied abroad together in Florence, Italy during a winter semester in college. Currently I am working in the wholesale baby apparel industry as a salesman and am also involved in real estate.

In elementary school we did not have the same classes but knew each other because our parents are family friends. It wasn't until summer camp that we became really good friends. We always hung out together with the same groups, enjoyed the same interests, and were constantly by each other's houses. Charlie's parents used to tease him and call him "Charlie Cohen" because of how often he was by my house. Charlie has always been there for me and my family as well. Whether it was picking us up from the airport and watching our pets when we were on vacation or helping us move furniture. It's the little things is what made Charlie a good friend to us. However, it's not what Charlie did for me, but rather what he has done for others is what make him special.

In high school, Charlie organized a soccer tournament in order to raise money for a victim of a terrorist attack in Israel. A teenage boy was near a bomb when it exploded and as a result he lost his leg. Charlie raised money through this tournament and eventually funded him a new prosthetic leg. Today that boy can stand up and walk without crutches because of Charlie's efforts. I truly believe Charlie was able to accomplish this because of his kind-hearted, altruistic, and leadership qualities. As a friend I see these qualities in him every time I see him. He is always offering help when needed, always aiming to please, and always thinking about others first.

I understand that Charlie has plead guilty to a serious crime. However, this does not affect my respect for him as a person or my relationship with him as a friend. I still see Charlie as the same good natured, kind-hearted person that I grew up with and if you really get to know him you can see it in him too. I know deep down Charlie is regretful for the situation he is in now and wishes this never happened. When I spoke to him about his situation he said he is most sincerely sorry for pain he has caused to his family and friends that care about him most. Never in a million years would he have wanted this. If you believe that Charlie has learned his lesson and is actually humbled by this as I believe, then please issue the most lenient sentence the Court considers to be appropriate. Charlie has a lot of good to offer to this world and I hope and pray that you can see that. Charlie has made a mistake that he will have to live with for the rest of his life and will pay the price of whatever you decide. However, because of Charlie's overall good character, morals, and cooperativeness, you should show mercy and leniency when sentencing him.

Thank you for taking the time to review and listen to my letter.

Respectfully Submitted,

Daniel S. Cohen

EXHIBIT 10

11/30/2014

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Your Honor,

My wife and I Erica Cohen are writing this letter with good conscience with a request for leniency for Charlie Shrem. We are married for 27 years and have four children. We live in the Midwood section of Brooklyn. We have been friends with Alan and Kelly Shrem for twenty five years and our families been close. We know Charlie since he was born. Our oldest son Daniel and Charlie are childhood friends. They went to grade school in Yeshiva of Flatbush as well as High school, and then graduated Brooklyn College together. We have watched him grow up and become a man and in doing so we have had the opportunity to see what kind of good person he really is. Our hearts are broken. And would do anything it takes to help and support Charlie and his family.

Throughout the years we shared Holidays family functions as well as school parties, plays, etc with his family. We treat Charlie like one of our own. We always would wait for him to have desert with us on a Friday night, waiting to hear about his week. Knowing how he was a leader in school and college. He was always Daniels most responsible and dependable friend. He is a wonderful person to talk to, kind, funny as well.

Sharing his love for the State of Israel over the years showed us what a generous and dedicated hard working young man he is. Watching him turn into a man and the respect for his parents and siblings are clearly known.

His thoughts on Life were always on target and only wanted to succeed in Life.

Charles Shem has broken the law but we can still say that his intentions are, and have always been good natured and honest. To give you a little perspective on how I (Michael Cohen) am able to base my judgment of him will give you my brief background.

I have spent 31 years in the financial industry of which 18 were on Wall Street until 9/11 when my office building was damaged. During that time I have seen 2 types of people make big mistakes. Those who did so with malice and disregard and others that did so without; I believe

Charlie is the latter. From both a professional and personal business point of view I think that Charles now really does understand what he did wrong. In the past year we went to visit Charles and spoke to him about his situation and right away could see that he was remorseful, humbled, and at the same time was mindful of how serious the situation is.

Charles has always been a person that that has given his time to help people on both a community level and as well as national level. So we ask that you consider our request not only for his benefit but also for the benefit of the people that he helps.

Respectfully Submitted,

Erica Cohen,

Michael Cohen
Loan Officer
Guard hill Financial
140 East 45th Street
31st Floor
New York, NY 10017
212-688-9500
NMLS# 148586

Market 44 Corp
Licensed Real Estate Broker
358 Fifth Ave
Suite 1402
New York, NY 10001
917-213-1290

EXHIBIT 11

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr.243 (JSR)

Dear Judge Rakoff,

My name is Isaac Cohen and I have been Charlie's friend ever since we were in the same class in the 6th grade. As a graduate of Stevens Institute of Technology, I currently work as an Application Developer for a bank. Our shared love for technology and our synagogue have made us close friends over the years.

In school, Charlie and I founded the "Hands on Technology Commission". This club was dedicated to teaching people of all ages how to use technology for their everyday needs. Throughout the time we worked together, I realized that Charlie was putting his effort into this club as a selfless act to teach others how to use technology. He devised a lecture dedicated to showing people how to get news easily on the internet. On the Audio/Squad, Charlie and I would work on PowerPoint presentations for Veterans Day and Holocaust Remembrance Day assemblies. This oftentimes included staying in school until midnight to finish these presentations. For both of these events, Charlie and I did not get paid for this, nor did we get much recognition out of it. Rather, we worked on these events because we knew that they were important causes and that people needed to hear about them. Charlie's devotion made people more aware of technology as well as these solemn days of observance.

Charlie is one of the best fundraisers I have seen, raising much needed funds for multiple organizations including: soldiers out on tour, our synagogue, and people with disabilities. The reason why he is able to raise money for these causes is because he is so passionate about helping people in unfortunate situations. I witnessed Charlie one time raise thousands of dollars for a terrorist victim so that he could obtain a prosthetic leg. Charlie was so motivated in helping this person out, that he single handedly created a fundraising event and flew the victim out to NYC so that he could speak to us. In the end, Charlie was able to raise enough funds for the prosthetic leg, thus changing the boy's life forever.

I understand that Charlie has pleaded guilty to a crime, but I truly believe that he deserves to have the lowest sentence permitted under the law. I have talked to Charlie on numerous occasions and it is very evident that he is remorseful of his past actions. While Charlie is not perfect, his kindness has made a positive impact on my life and the people around him.

Sincerely,
Isaac Cohen

EXHIBIT 12

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

My name is Morris Dabbah. I am 24 years old, and have known Charlie Shrem for 10+ years. I am a 2011 graduate of the Macaulay Honors program at Baruch College's Zicklin School of Business, and currently a commercial real estate salesperson.

I first met Charlie in High School through mutual friends, and we quickly became good friends. For as long as I have known Charlie, he has always been the type of person that will go out of his way, and proactively get involved to lend a helping hand.

There are many stories I can tell that exhibit his good nature, but I will simply recount one of my earlier experiences that demonstrated his generosity and kindness. When I was in a band in High School with 2 other friends of Charlie's, he quickly assumed the role of PR manager. Without being asked, Charlie began helping us out in booking and arranging shows as well as providing us with all the IT related support we needed to get our recordings distributed as far and wide as possible. Charlie's enthusiasm and support coupled with his kind demeanor and will to see his friends succeed proved to me that he was a genuinely loyal friend that would always be there to keep spirits high through thick and thin.

Although that brief story is 10 years old, in the subsequent years I have witnessed Charlie putting those same talents and goodwill to use by donating much of his free time towards supporting the growth of local entrepreneurs and charities in achieving their goals.

Despite Charlie's conviction in this case, I have not lost respect nor speak of him with less regard. With that said, I hope Charlie receives the lowest sentence permitted under the law.

Sincerely,

Morris Dabbah

Morris Dabbah

EXHIBIT 13



Rabbi Joseph Dweck
Senior Rabbi
Spanish and Portuguese Jews' Congregations of England

Honorable Jed S. Rakoff
United States District Court
Southern District Court of New York
500 Pearl Street
New York, New York 10007-1312

Re: United States vs. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

I have known Charlie since he was a young boy. I was the rabbi of his congregation, Shaare Shalom in Brooklyn, for the last 15 years (1999-2014). During that time I have come to know Charlie as a respectful, kind, energetic, ambitious, and hard-working young man.

One fond memory that I recall about Charlie is that when he was younger and came to the synagogue every week on the Sabbath, he would promptly walk up to me and shake my hand saying "Shabbat shalom Rabbi Dweck!", no one else his age did that.

Charlie was always ambitious. He was active in high school in charity programs and in student activities. He was a leader. All his friends and teachers admired him and went to him when they needed someone to act and get things done. He was always involved in the programs that we conducted at the synagogue and he helped plan them. He was the president of the youth group and he did a great deal to create a stronger community. We knew that we could always rely on Charlie for action and assistance.

Due to his energetic and ambitious nature Charlie started his own online business. He was rapidly successful -- perhaps too rapidly. Charlie is passionate and kind and he genuinely desires to do good in the world. At times in life we find ourselves in situations that spiral out of control. We become confused and overwhelmed and we feel that we have no way out. Perhaps because of pride or a lack of experience or both, we make poor decisions. Charlie made damaging and flawed decisions in his last business dealings. He has acknowledged it and is also aware of the level of damage that he has caused. I am confident that Charlie ultimately desires to be a good and upstanding citizen. I still maintain a great deal of respect for Charlie as I have personally seen that he is deeply and soulfully remorseful about the choices he has made. I also know his family to be one that is nurturing and that will do all they can to provide a context and framework for Charlie in order for him to be able to grow and develop his life forward in a meaningful and righteous way.

Charlie has learned a great deal from his choices and their consequences. I, therefore, humbly ask your honor to issue a verdict with great mercy and leniency and that the lowest appropriate sentence be given to him.

Respectfully,

Rabbi Joseph Dweck
Senior Rabbi

2 Ashworth Road, London, W9 1JY

EXHIBIT 14

Bruce C. Fenton
167 Washington Street
Norwell, MA 02061

December 4, 2014

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 1007-1312

Dear Judge Rakoff,

I am writing to humbly request consideration of leniency in sentencing for Charlie Shrem.

I have known Mr. Shrem for some time through my work with digital currency and financial inclusion for the poor. I come from a 22 year career as a regulated financial professional with a flawless compliance record and I take legal compliance very seriously.

Through many conversations and spending time with Charlie, I believe that he learned a great deal from his experience and is very remorseful for his actions. Charlie has also spent extensive time speaking at industry conferences such as the American Banker Conference about lessons learned and how companies can improve compliance and governance procedures. Charlie knows how to comply with the law going forward. I believe Charlie to be a good citizen aside from this incident and that he can and will be a productive member of society.

As president of a non-profit group focused on the same technology Charlie specializes in, I believe him to be highly knowledgeable and skilled with potential to be a very productive contributor to the economy and to technological innovations which can improve the lives of people worldwide.

Charlie is innovative, highly intelligent, considerate and someone who always seeks to help other people.

I believe that the lowest sentence possible would see justice served in this particular matter and respectfully ask for your consideration for mercy for Mr. Shrem.

A handwritten signature in black ink, appearing to read "Bruce Fenton", with a stylized flourish extending from the end.

Bruce Fenton
President, Bitcoin Association

EXHIBIT 15

Honorable Jed S. Rakoff

12/8/2014

United States District Court

Southern District of New York

500 Pearl Street

New York, NY 10007-1312

Re: United States vs. Charlie Shrem

14 Cr.243 (JSR)

Dear Judge Rakoff,

My name is Susan Franco.

For 12 years I have worked alongside Rabbi Naftali Besser, Dean of Students at the Yeshiva of Flatbush High School. Together we run a trip to Israel with high school students. We meet with Soldiers, injured soldiers, cancer patients, orphans, battered woman... The list goes on and on.

Aside from Charlie Shrem coming on the trip and playing a big part in showing others compassion towards the people we met, he was an instrumental part of a very important project.

We came in contact with a young boy Asael Saabo. His family was brutally murdered in their home and he was shot in the leg. Knowing that the terrorists came to kill, Asael was forced to play dead. By the time medics came his leg could not be saved and was amputated.

Asael was 9 years old at the time and wanted very much to be a regular kid.

Charlie took it upon himself to raise the money to buy Asael a new leg.

He put together an amazing Volleyball tournament, got players and sponsors and raised 30k!!! I was amazed at his determination and his genuine care and concern for this boy that he had just met! That was the heroic Charlie.

The helpful Charlie that was on the AV squad and was always there to lend a hand whenever I was running any type of program in the school!

I am aware that Charlie has committed a crime, but at the same time I know the character of a person lives on even through trials and tribulations.

If you can find it in your heart to have mercy on Charlie, please give him the most lenient sentence that the court considers to be appropriate.

I thank you and wish you much luck and success in all your future cases.

Sincerely,

Susan Franco

EXHIBIT 16



September 3rd, 2014

Hon. Judge Jed S. Rakoff

Daniel Patrick Moynihan

United States Courthouse

500 Pearl St.

New York, NY 10007-1312

SUB: Charlie Shrem

Honorable Judge Rakoff

This is a letter of character regarding Charlie Shrem. My name is Deepak ("Dave") Goel. I am a statistician and a computer security consultant. I hold degrees in Physics (MS) and Electrical Engineering and numerous computer certifications. As an entrepreneur, I am also the Sole Member of Apollo Digital Goods LLC, a trading company. I have known Charlie Shrem IV since around 2011.

I applaud the office of Attorney Bharara and law enforcement in pursuing bad actors willing to abuse bitcoin, who, in the process, also bring an undeservedly bad association to this innovative technology. I applaud the plea deal that has been reached. I believe that law enforcement as well as most bitcoin entrepreneurs share a common goal of seeing this technology being legally used to improve trade which generates wealth in society.

In 2011, just three years ago, Bitcoin was a very new technology. Most enthusiasts came from the technical, rather than legal or financial backgrounds. By and large, they had never heard of, and had no idea that certain "money transmission" restrictions and programs may apply to the new technologies they were unleashing. It is in that space that Charlie's was among the very first bitcoin services to even attempt an active discovery of and compliance with applicable money transmission guidelines! It appears that Charlie's very public, very legal, highly reputed and very visible service, with a very new compliance program developed in response to the guidelines, got used by some of these unsavory bad actors.

Hon. Judge Rakoff and Attorney Bharara, that infraction is paled by Charlie's positive, community-building service that has helped unleash the potential of this technology. Not only did Charlie run bitinstant, he also

Deepak ("Dave") Goel, President
5028 Valley Ct, Oakwood, GA 30566-3105
apolloedigitalgoods@gmail.com

Apollo Digital Goods LLC
Ph: (678) 343-9287
F: (888) 977-3161



served on the board of Directors of the Bitcoin Foundation. Charlie's services have helped promoted trade, enriching our society as a whole.

In my interactions with him, I have known Charlie as nothing but the most upstanding person. The whole bitcoin space entrusted their money to his service. Never once did it go missing. Charlie was as reputed a person as it gets.

As a testament both to Charlie's character and zeal to avoid anything illegal, Charlie once mentioned to me that he doesn't trade himself because given that he operates a service, he is afraid he might inadvertently use privileged (inside) information. Such was his concern for a new instrument for which no inside trading laws have even been enacted!

Charlie, with his vision, hard work and friendly nature, has been nothing but a positive asset to the bitcoin community and society as a whole. The arrest, house arrest, legal ramifications, and constant worry have already been very punishing and a maturing experience for this young man - a young man with no history of crime. A jail sentence would prove devastating to this young entrepreneur.

Additionally, given his record of past innovations, I believe that the benefit, to society, of allowing Charlie to continue unleashing his ideas and contributions far outweighs one that would derive from a punitive prison sentence.

Hon. Judge Rakoff, with that in mind, I plead with you for leniency for Charlie Shrem.

Sincerely,

Deepak ("Dave") Goel

EXHIBIT 17

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem

14 Cr. 243 (JSR)

Dear Judge Rakoff,

I am Edmond Harary and writing of behalf of my wife Terri. Charlie Shrem is a friend of the family for over 20 years. Charlie at a young age was very inquisitive, smart and caring. He would share a strong relationship and friendship with our son, Joseph. They always, till today look out for each other. This amongst other things showed me the inner goodness in Charlie.

I work in a wholesale accessories business and remember Charlie discussing with me from time to time and sharing his thoughts and ideas about my business. He always acted responsibly and smart. And I reflect to this day his comments and still appreciate his care, insight, and views.

I am well aware that Charlie pled guilty to a crime. Charlie has demonstrated on various times his remorse for what was done. On many occasions he showed his pain and sorrow to his parents, his family, and friends.

Charlie has always been and continues to be in our eyes, a true man and straight up person. It truly bothers us to see him go through this and plea for his mercy and leniency in this case.

I truly plead with the courts to impose the most lenient sentence the court considers to be appropriate or the lowest sentence permitted under the law.

Respectfully yours,

Terri and Edmond Harary

EXHIBIT 18

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl St.
New York, NY 10007-1312

Re: United States vs. Charlie Shrem
14 Cr. 243 (JSR)

Dear Honorable Judge Rakoff,

I am writing this letter to put forth my absolutely positive opinion of Charlie Shrem, who will appear before you for sentencing in two weeks time.

For the years that I have known Charlie I have found him to be a kind hearted and a contributing member of society, through both charity and innovation. I am proud to count him amongst my good friends. On several occasions, I have visited Charlie at his offices and was struck with his unflinching devotion to his customers, and despite his errors, with the seriousness with which he took his obligations.

I respectfully ask for your leniency in the sentencing, despite Charlie's admission of guilt. Charlie has suffered greatly from his actions. It is my opinion that he erred not out of malice but as a consequence of the tremendous pressures he faced as a young leader of a new industry, enjoying very little experience with the regulatory regime he was tasked with upholding. We need good hearted and open-minded young individuals to lead this next generation of technology, and although he's made mistakes, I believe Charlie is exactly that.

Sincerely,

Zachary B. Harvey
Manchester, New Hampshire

EXHIBIT 19

Edward "Ned" Howey



Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States vs. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

I am writing you concerning the recent case of Charlie Shrem, for which Mr. Shrem has pled guilty, to speak to Mr. Shrem's character, contribution to his community, and to ask that these factors may be taken into consideration when deciding on sentencing for him.

My name is Edward "Ned" Howey. I am a US-born citizen currently residing in Buenos Aires, Argentina where I have for several years co-owned a small design and web studio, Tectonica Studio SRL. The studio primarily works for social-positive and environmental businesses, non-profit charity organizations, and progressive political movements based in human rights. Among our clients where the successful campaigns for Marriage Equality in Rhode Island and Delaware, numerous community health organizations, and a community organizing group in the UK.

I first met Charlie in October of 2013, when he worked with our company to develop a brand identity and website for a company he was involved in. Our immediate impression of Charlie was that he was a passionate and visionary man with a commitment to creating and pioneering new ways of doing things in the world. Our own studio was in its very early days at that point and still finding its footing, both in terms of growing from a two-person shop to a company and in terms of identifying new clients.

Mr. Shrem has always been a great inspiration in his positive attitude and in offering advice on business. For us, such advice served as key in those early days of operation. It is in large part the support and encouragement of individuals such as Charlie that we were able to grow and serve so many positive causes that in turn have served their communities.

Charlie has always been an extremely honest and forthright person in his dealings and in the business we have conducted together. While I know he expresses remorse for the actions that have taken place leading to his conviction, I hope that the other deeds of his life and his overall character will influence your decision and provide great leniency in his sentencing.

Sincerely,

Edward "Ned" Howey

EXHIBIT 20

Honorable Jed S. Rakoff
United States District Court
Southern District Of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Your Honor,

My name is Teddy Ishak and I am Charlie Shrem's uncle. On behalf of myself and my family, I am writing you today in hopes that I can shed some light on the Charlie that we know and love. I've known Charlie for almost 20 years, which is to say I've known him almost his whole life. From the day I met Charlie, I've watched him grow from a little boy into an absolutely outstanding loving man. Through the years, Charlie and I have become very close. He has become a very important part of my life as well as my family's life. Charlie has a true and deep love for his entire family. Whether it was helping me with whatever I may ask him for or helping his aunt by picking our kids up from school, he has always been there for us, no matter what he was doing he would always find the time to help. My wife and I also have a child with Down Syndrome and Charlie's love for her is truly an amazing sight to see and her love for him is pure. The way her eyes light up when just mentioning his name is not something that happens with anyone else.

Charlie has two of the most remarkable parents I have ever come across. He was raised to be a loving, caring, honest and thoughtful person who always puts everyone ahead of himself. I've spoken to Charlie in a one on one setting and the remorse he feels is genuine. He understands what he did was wrong and if he were able to do it differently, there is no doubt in my mind he would. This situation is not the norm but the exception.


While we understand the severity of what Charlie has done, we ask you to try and find as much leniency as the court sees appropriate. I am certain that with a second chance, Charlie will make us all proud and become a better person from this. From the bottom of all of our hearts, we thank you for taking this letter into consideration.

Best Regards,

Ishak Family

EXHIBIT 21

Jason King



Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

My name is Jason King, I am the founder of Sean's Outpost Homeless Outreach in Pensacola, FL. And I am writing you today on behalf of my good friend, Charlie Shrem.

Charlie and I are unlikely friends. We met thru the bitcoin community, when my small homeless outreach became one of the first charities to start accepting the digital currency. At that time, Charlie was already a very well known and well respected member of the community. You could say Charlie was famous. And I was simply a homeless rights advocate pursuing a new way to fund the feeding and housing of the less fortunate.

Charlie had no profit or personal benefit to gain from speaking to me. But he did anyway, at length. If I had questions, he would answer them. And from the very beginning of our talks Charlie was always available with an open door and supportive advice. In getting to know Charlie over the past two years I have discovered a very unique individual. A caring, dedicated young man, with a true passion for helping other people have a better life.

In my personal experience, Charlie was an important influence on the success of Sean's Outpost. To date we have fed over 136,000 meals to the homeless since we started accepting bitcoin. I don't think it is an exaggeration to say that we would not have reached that level of success without the influence and advice of Charlie Shrem. If you knew Charlie, as I am proud to think I do, you would understand that helping and supporting other people is fundamentally part of his nature.

Now, I realize Charlie has plead guilty to a crime. And I do not want to diminish that fact. But, in speaking with him, I am "heartbreak"ingly aware of the remorse he feels for the

pain his situation has caused, not so much to himself, but to his family, and all those who know and love him. And I also know that he has learned greatly from his actions.

I implore you, please show this talented, caring, compassionate young man leniency in his sentencing. There is a lot of good in Charlie Shrem. And if you can find mercy for him, I am sure he will show you how much good he still has to offer this world.

Thank you for your time.

Jason King
Founder
Sean's Outpost, INC

EXHIBIT 22

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Honorable Judge Rakoff,

I am writing to you concerning Charles "Charlie" Shrem. I am a family friend of Courtney Warner's, and have had the pleasure of getting to know him through Courtney and her mother, one of my dearest friends, Diane Sterner.

I was first introduced to Charlie in September 2013. We own a small cottage on a creek in PA and have an "end of summer" party and camping weekend each year for our family and friends. Although I had heard stories about Charlie, I had never met him until that weekend, when Courtney and Diane arrived and brought Charlie along to surprise us! I could immediately recognize that he was an intelligent, outgoing personality who loved to meet new people. Being raised in Brooklyn, this little jaunt to rural PA was quite a cultural shock for him...and he embraced it wholeheartedly!

After this initial meeting I once again was able to get to know Charlie better during the Christmas holidays. His generosity with Courtney's family and his enthusiasm for celebrating new holidays and traditions was wonderful to experience.

My most memorable and remarkable experience with Charlie Shrem was in January 2014 when I was given the opportunity of a lifetime and invited to join Charlie, Courtney and Diane on a trip to Amsterdam. Charlie was the keynote speaker at a conference there and he invited my to accompany them as part of the family. What an experience! I not only had the chance to experience a new culture and a new country, but also was able to attend Charlie's presentation at the conference. Wow! Talk about a man with a passion for what he does, and also a passion for sharing it with others! And listening to this young man talk about BitCoin and his dreams for its future was inspiring! Such a young man with such a brilliant mind!

Although I have not had an opportunity to see Charlie much this year, I was able to spend a little more time with him at the Tribeca Film Festival where I had the privilege of watching the premiere of "The Rise and Rise of BitCoin". Not only was the film fascinating, but Charlie's involvement on the discussion panel was impressive. Again, most questions were directed to him and he answered them knowledgeably and with great passion for the subject and it's future. It was at this point where I finally felt I was grasping the BitCoin concept and culture as well.

I am looking forward to seeing Charlie again soon. I own a small boutique in Hanover, PA called LifeChanges Boutique. We provide the products, services and support that people need as they are living with a cancer diagnosis and treatment, as well as life after treatment. I understand and share Charlie's passion for doing something to help others, and ask that the court be lenient with his sentencing. Charlie is a good, intelligent, caring young man who made a mistake while charting

unfamiliar territory. I respectfully ask the Court to recognize this, acknowledge the time he has already served under house arrest, and allow him to be free to continue to help others and bring new, exciting products and concepts to our world. I am inspired by what he has done and anxious to see what more he can do.

Thank you for your time

Diana Klunk, President
LifeChanges Boutique
717.633.1111 work
717.476.0088 cell
717.633.9111 fax
lifechanges4women@yahoo.com

EXHIBIT 23

בית הספר התיכון של הישיבה דפלטבוש
על שם מר יואל ברברמן
YESHIVAH OF FLATBUSH
JOEL BRAVERMAN HIGH SCHOOL
AL AND SONNY GINDI CAMPUS
1609 AVENUE J • BROOKLYN, NY 11230
(718) 377-1100 • FAX: (718) 258-0933

RABBI RONALD J. LEVY
מנהל / Principal

November 20, 2014

Dear Judge Rakoff,

I am the principal of the Yeshivah of Flatbush Joel Braverman High School and have interacted with Charles Shrem since he was fourteen years old. I have seen him grow from childhood to manhood and develop into a caring, sensitive and respectful member first of our school community and then into the community- at- large. Charles, during his tenure in high school, became a school leader and role model for his peers. His devotion to caring for the needy both here and in Israel, where he volunteered to perform a variety of acts of kindness and charity during intersession, was marveled by all. I was with him on charitable programs both here and abroad. He took charge and displayed sincere kindness and concern for the challenged and underprivileged.

Charles volunteered for a multitude of activities and programs which greatly benefited his fellow students, involving audio-visual and technology expertise, and which enhanced countless school programs. After graduation Charles continued his relationship and attachment to our institution by volunteering to spend weekends working with younger high school students and helping develop their moral and spiritual commitments. Eventually, Charles became involved in his professional endeavors but, nevertheless, maintained contact with me and several faculty members as a means of staying tied to his roots.

Charles has always demonstrated his ability to grow and accept constructive criticism. When he erred, as all teenagers are prone to do, he would accept responsibility and learn from his experiences.

I truly believe Charles has the capacity to continue to be a positive contributor and influence to his community and fellowman and hope he will soon be able to demonstrate how much good he has to offer our society.

With all due respect, I appeal to your Honor to consider these factors in determining his future.

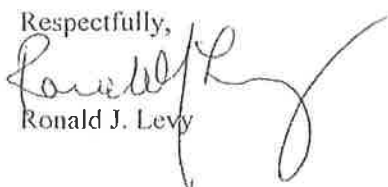
Respectfully,

Ronald J. Levy

EXHIBIT 24

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

I have known Charlie Shrem for a long time, at first as an acquaintance somebody who I would see often see at birthdays and parties who I had many mutual friends with. As both of us got older and started transitioning out of college we almost by chance started to have a lot more one on one time with each other and became quick friends. Soon afterwards when I was raising money to open up my first major business, a Lounge in midtown, Charlie graciously offered to invest; a couple of months later we became roommates.

History aside, the reason for my letter your honor is not to bore you about my relationship with Charlie and where it comes from, but rather to convey to you my opinions about Charlie Shrem the human being. I'm sure you're already aware that Charlie is an intelligent, ambitious, and generous young man, but as we're all multi-faceted individuals and not everyone sees every side of us I would like to focus on one very unique quality of Charlie's that has come out time and time again in my relationship with him. Namely, his authentic desire to empower others.

There's a well known adage about the virtues of teaching a man to fish rather than simply buying them a fish, but Charlie is the only person I have ever met who truly follows through on that ideal. I think this trait of his stems from a mixture of his innate generosity and fiercely independent streak, but whatever the reason it results in him having an extremely positive impact on the lives of those around him.

When people from modest backgrounds become very successful at a young age they often either discard their old friends or simply start throwing money at them. Charlie did neither; instead he used his success to help others succeed. He would hire them, write them recommendations, introduce them to their future employers, and help them start their own businesses. One example that particularly stands out in my mind involves a mutual friend named, Brandon Maier, Brandon was intelligent and capable but career wise nothing had seemed to really pan out for him. He was in his 30's, an NYU grad, had various managerial stints mostly in hospitality positions, but nothing long term. While we were in between general managers at my lounge we hired him for a couple of months to fill in as a floor manager. As his time at the lounge was ending Charlie did something I'll never forget. He hired Brandon to a senior position at his company. A position that Brandon could have never gotten with his own resume, but one that Charlie knew he could excel at if given the chance. And it worked. In fact, in no small part thanks to his experience at Bitinstant, Brandon recently received very serious funding for his new startup, Jozii.

I'm well aware that Charlie has pleaded guilty to committing a serious crime, and there's no excuse for breaking the law. But I'm also aware of how much he's suffered for

his actions already. His life has really been destroyed by it. He was on the up and up, a truly impressive young man in his early twenties with success well beyond his years who tried to uplift all those around him. And then in an instant his business was destroyed, his reputation publicly ripped apart, his personal and social relationships crippled by an extended house arrest. Your honor, when making your decision regarding a man I'm proud to call my friend, I implore to consider how much he has already suffered for his actions, and how much more good he can do back out into the world.

Sincerely Yours,
Aleksandr Likhtenstein

EXHIBIT 25

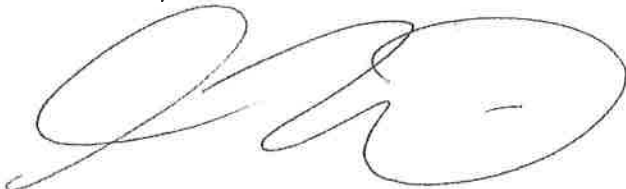
Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Your Honor:

My name is Ian Magid and I have known Charlie Shrem for approximately two years. I came to know Charlie through being one of the operating partners of EVR Lounge in New York. I used to be one of the main owners of the lounge and was there quite often, thus running into Charlie on a weekly or biweekly basis. While the lounge is now closed, I now consult for a living in the technology and hospitality industries. I also lived with Charlie for a couple months, at which time I got to know him better as a person as well. Charlie was a good friend of mine and always showed me and all around him kindness and respect. When he was inside the lounge and when I had lived with him he was always friendly to everyone and always had an uplifting spirit. He always brought on great conversation and was just a delightful person to be around. I remember once I went on a double date with his girlfriend and my girlfriend at the time and he was a perfect gentleman. He not only was a gentleman to his girlfriend but me and my date as well. He opened doors, spoke kindly about me and my girlfriend who had just met, and conducted himself as a real fun and respectful person to be around. He was always thinking of others which I really saw on this date. He was a role model to many and to me showing how you could be a successful young entrepreneur while at the same time being nonchalant about your accomplishments and letting everyone around you feel as comfortable as can be. I am aware Charlie has pled guilty to the charge of unlicensed money transmission, but despite that I still have the utmost respect and gratitude towards Charlie for being a great friend. He has reached out to me even prior to the letter letting me know his remorse and unhappiness with what has come of this. I feel his grievances towards his friends, girlfriend, family, and everyone he has touched around him. I am grateful to have had him as a friend and look forward in the future for him to once again spread his friendship to me and others.

Best,

A handwritten signature in black ink, appearing to read 'Ian Magid', with a large, stylized loop at the end.

Ian Magid

EXHIBIT 26

Jed S Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 CR. 243 (JSR)

My name is George Mandrik. In late 2011 I learned about bitcoin and became fascinated by it. Bitcoin is a 100% voluntary currency which, unlike the dollar, is not backed by men with guns. I love the idea of people interacting with each other on a voluntary basis, and this is what initially drew me to learn more about bitcoin. Within a couple of years my interest reached a point where I decided to seek out a 100% bitcoin income.

I first spoke with Charlie online in early 2013. A mutual friend of ours reached out to me about the possibility of starting with BitInstant in a customer service role. I grew up working in my family's diner so customer service was always a part of my life. Within five minutes of Charlie & I talking I had a job and was starting the next day.

Charlie was always a pleasure to work with. He went above and beyond to make sure every single customer had their needs met. If there was a problem with an order Charlie made sure to compensate the customer. It was refreshing working with someone who was willing to fix things. I have a lot of respect for that type of attitude.

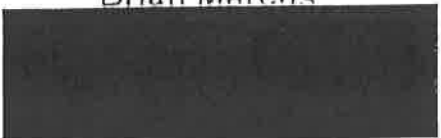
I spent about five months working remotely from New Hampshire before Charlie moved all of his staff in-house to NYC. Since I had no intention of moving we parted ways professionally. I still considered, and still do consider, Charlie a friend. I continued to seek employment in the bitcoin space, and within a few months I was contacted by a mutual friend of ours, Roger Ver. Roger informed me that a company he is invested in, Blockchain Limited, was looking for someone to take over user operations. He said he reached out to Charlie for recommendations and my name was at the top of the list. I was both flattered and excited for this opportunity, and I have been employed with Blockchain Limited for over a year now. There is no doubt that Charlie's recommendation is a big part of the reason.



-Mandrik

EXHIBIT 27

Brian Marcus



Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

11/20/14

Dear Judge Rakoff,

My name is Brian Marcus. I am a close family friend and neighbor of the Shrem family for the last 15 years. I knew Charlie as a child, and have watched him grow as he was friendly with my children.

Charlie had impressed me from when he was young. He was obviously bright, but he also possessed a character of someone who was always more than willing to help another person. When he was about 15, I would call him to help me with problems on my computer, and he always showed up with a smile and helped from the bottom of his heart, no matter how long it took.

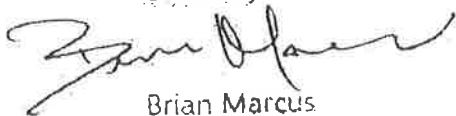
When he was 18, I watched Charlie practically singlehandedly raise tens of thousands of dollars by organizing a charitable sporting event and drive to help a terrorist victim in Israel. The victim was a boy his age that had lost his limbs in a bombing attack. They met while he was traveling in Israel, and Charlie took upon himself the responsibility to help this boy that he hardly knew.

I admired how Charlie was so involved in our synagogue. He was the head of the youth division, and devoted hours of his spare time heading different programs and developing new ideas. All of the people that he worked with, from his peers to the Rabbis, all had great respect and appreciation for his efforts. I myself have served on the main committee of the synagogue with Charlie's father, so I have witnessed firsthand his accomplishments.

Charlie has personally expressed remorse and regret to me over his recent actions and ultimate conviction, and knowing the character that he is made of and the values and morals of the family that he grew up in, I believe with all my heart that his remorse is true and sincere. In light of this, I would like to humbly encourage the court to factor in his overwhelming positive attributes to aid in the final decision. If I may, I would request that the court shows him leniency to the fullest extent that the law would allow. I truly believe that Charlie deserves this consideration.

Thank you your Honor for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Marcus", written in a cursive style.

Brian Marcus

EXHIBIT 28

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

My name is Ira Miller, and I have known Charlie for about 3 years. He was my boss at BitInstant, where he hired me to be Director of Engineering. In addition, we were and to this day remain good friends.


In the short and exciting time I have known Charlie, he has demonstrated countless times that he has a strong moral compass and very active conscience. He negotiates hard, like any good businessman, but sometimes his heart gives him way. For example, he on numerous occasions resolved conflicts between BitInstant investors and employees at expense to his own equity and pocket book. When an employee left, Charlie felt personally responsible for them, and went above and beyond to assist with relocation. Other times, many other CEOs would have taken disciplinary action but he chose the path of sympathy and assistance instead.

This empathy and loyalty is fundamental to Charlie's personality. He worries constantly about his role in the world, and among his family and peers. Though he had committed a crime, I believe sincerely that he struggled daily to protect those around him from what he knew at the time was a mistake. This is very typical, as Charlie often puts others before himself. While that does not excuse his transgression, I believe it demonstrates well his strength and commitment to his fellow man.

Charlie is about as constructive a member of society anyone could hope for. I've seen him pull very real, important ideas and consensus out of thin air. Put simply, he can either go back to work building tools that benefit all of mankind, or he can sit on the sidelines and lesser men will fail where he could have succeeded. Worse, they'll go home at the end of the day and vegetate in front of a TV instead of helping family and friends as Charlie does in his spare time.

Please do not let young, overenthusiastic mistakes derail this promising young life. More than anything else, Charlie is very practical, and has thoroughly learned his lesson about the rule of law. I beg you to exercise maximum leniency in your sentencing, and give Charlie a well deserved second chance.

Sincerely,



Ira Miller
CEO
Coinapult

EXHIBIT 29




2 - 4 Kirkpatrick Street
New Brunswick, NJ 08901

December 6, 2014

Dear Judge Rakoff:

There is a saying that is attributed to Robert Hanlon but is actually rooted in Goethe which goes: Never attribute to malice that which is adequately explained by stupidity. I have not known Charlie for that long but from everything I have seen and know there is not a malicious bone in his body. He is however young and subject to the vagaries of youth which I am sure everyone hopes he will learn from because he does have a fine mind and a great heart. I am sure he did something stupid and I am equally sure he is capable of learning from it. Let this experience be a learning one and hopefully the sentencing in accord with the circumstances and not more punitive than necessary.



Jordan Modell
CEO - ICU

EXHIBIT 30

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Jan Møller



Re: United States v. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff.

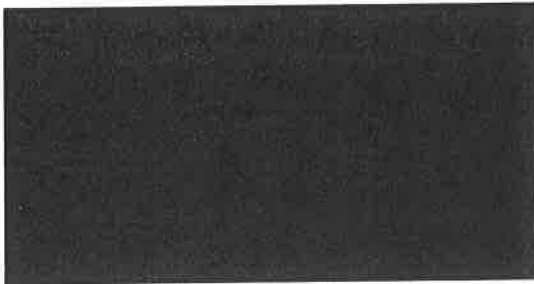
I am a software developer living in Denmark with a passion for crypto-currencies, who has known Charlie for several years. I first met Charlie in-person in the summer of 2012, when I was working for VMware, Inc. in Palo Alto, California. Before that we had close relations online with a common interest in Bitcoin.

In November 2012 I was considering new opportunities as a software developer, and really wanted to work with crypto-currency. At that time it was really hard to find a company in crypto-currencies that had the funds to hire highly skilled software developers. Since Charlie was a dear friend and the best connected person I knew in the crypto-currency space I contacted him, and asked whether he could connect me with someone.

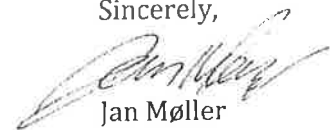
Charlie was able to refer me, in Denmark, with the CEO of the company Megion Research & Development GmbH in Austria, where I landed a job shortly thereafter. I have been with that company for the last two years, and am forever grateful for Charlie's help.

Apart from helping me getting a better job I have always considered Charlie an outstanding and upright character that you could count on.

If you have any questions please contact me.



Sincerely,



Jan Møller

EXHIBIT 31

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States vs. Charlie Shrem

14 Cr.243(JSR)

Dear Your Honor,

My name is Simon Rafael Mosery. I write today regarding a very important man in my life. Someone I have come to know very closely, a dear friend. I have known Charlie Shrem and his family for a majority of my life. I met the young Charlie in high school, where we studied together, and shared many happy times. We kept in touch throughout college, and we have been best of friends ever since. I am currently in my fourth year at NYU College of Dentistry, and Charlie has been supportive of me the whole way. He has always been a dear friend, someone one can count on. He has put others before himself countless times, and always has the best intentions in mind. Charlie is a man who sets goals for himself and accomplishes. Most of all, he is kind. "Chaz" as we would call him never would hurt a fly. He always maintained the upmost respect for his family, peers and community at large. Chaz and I spent many days and nights together and I feel I can truly speak to his honor. He never assumed the strident stance of an adversary, and was always straight in his ways.

Upon hearing about the current transpiring events I was deeply saddened. After hearing that indeed, Charlie did plead guilty, I still had the upmost respect and honor for my old friend. He has a track record of doing the right thing, being thoughtful and honest. I know this has been a trying year for Charlie and his family, but knowing Charles, and his parents Allen and Kelly, with their strong family bonds, they stick together through anything.

After speaking to Charlie's merits above, I would now like to make a plea for mercy on behalf of my dear friend. Dearest Judge Rakoff, I am sure you have seen many cases in your life, and I am certain you have done your upmost best in preserving the sanctity of The Law, and promoting justice. It is here that I beg of you to uphold the most leniant sentence that the Court deems appropriate for a man of great honor and kindness such as Charles.

I am fearful and nervous of the worst, as well as hopeful and aspiring towards the best possible outcome for our good friend, our brother and our family member Charlie.

Thank you for taking the time to read my letter,

Signed here yours truly,

Simon Rafael Mosery

NYU CoD Student Council President 2014-2015

DDS Candidate 2015

EXHIBIT 32

Daniel Mross



December 4, 2014

Honorable Jed S. Rakoff
United States District Court
Southern District of New York
500 Pearl Street
New York, NY 10007-1312

Re: United States vs. Charlie Shrem
14 Cr. 243 (JSR)

Dear Judge Rakoff,

My name is Daniel Mross and I am the co-producer of the documentary film, "The Rise and Rise of Bitcoin". I am a database specialist and Bitcoin enthusiast who first met Charlie on internet discussion forums in 2011. He immediately stood out as an ambitious entrepreneur who was seeking opportunity in a promising new technology field, and my initial contact with him was asking about whether there were any database-specific job opportunities at his startup company, BitInstant.

The following year when we started filming the documentary, Charlie was the first person we contacted. He was always friendly and helpful, and went out of his way to help us at every turn. When I heard about his arrest, I felt betrayed and disappointed. I wondered why someone with so much passion for their dreams would make poor decisions to put them at risk. I know that Charlie is devastated because his persona has changed. He had so much momentum and his career was just beginning to take off, but he lost it all, and he knows that he must face the consequences for his actions.

Charlie made wrong choices, but I know him to be an honest person who would never cause anyone harm. He is surrounded by a close community of friends and family who love him and support him. I ask that you consider the most lenient sentence that the Court considers appropriate, and I hope that after his reparations he can rekindle his spirit and pursue the bright future ahead of him.

Sincerely,

Daniel Mross

A handwritten signature in dark ink, appearing to read "Daniel Mross", located below the typed name.