

Exhibit 32

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES DISTRICT COURT)	
SOUTHERN DISTRICT OF NEW YORK)	
SECURITIES AND EXCHANGE)	
COMMISSION,)	
Plaintiff,)	
v.)	Case No.
)	20-Civ-10832 (AT) (SN)
RIPPLE LABS, INC., BRADLEY)	
GARLINGHOUSE, and CHRISTIAN)	
LARSEN,)	
Defendants.)	

****CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER****

VIDEOTAPED DEPOSITION OF
DR. PETER ADRIAENS
Tuesday, February 8, 2022

Reported by:
BRIDGET LOMBARDOZZI,
CSR, RMR, CRR, CLR
Job No. 220208BLO

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	Case No.
v.)	20-Civ-10832 (AT) (SN)
)	
RIPPLE LABS, INC., BRADLEY)	
GARLINGHOUSE, and CHRISTIAN)	
LARSEN,)	
)	
Defendants.)	
)	

Videotaped deposition of DR. PETER ADRIAENS taken on behalf of Plaintiff at the offices of Debevoise & Plimpton, 919 Third Avenue, New York, New York, commencing at 9:07 a.m. and ending at 6:21 p.m., on Tuesday, February 8, 2022, before Bridget Lombardozzi, CCR, RMR, CRR, CLR, and Notary Public of the States of New York and New Jersey, pursuant to notice.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1 A P P E A R A N C E S (All appearing remotely):

2

3

4 For the Plaintiff:

5

6

7

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

8

NEW YORK REGIONAL OFFICE

9

BY: MARK R. SYLVESTER, ESQUIRE

10

DAPHNA A. WAXMAN, ESQUIRE

11

JON A. DANIELS, ESQUIRE

12

New York Regional Office

13

200 Vesey Street

14

Suite 400

15

New York, New York 10281-1022

16

Telephone: 212.336-0159

17

Email: sylvesterm@sec.gov

18

waxmand@sec.gov

19

danielsj@sec.gov

20

21

22

23

24

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1 A P P E A R A N C E S (Continued):

2

3 For Defendant Ripple Labs Inc. and the Witness:

4

5

6

DEBEVOISE & PLIMPTON LLP

7

BY: LISA ZORNBERG, ESQUIRE

8

CHRISTOPHER S. FORD, ESQUIRE

9

ANNA GRESSEL, ESQUIRE (Remote)

10

ASHLEY HAHN, ESQUIRE (Remote)

11

SCOTT M. CARAVELLO, ESQUIRE (Remote)

12

919 Third Avenue

13

New York, New York 10022

14

Telephone: 212.909.6000

15

E-Mail: Lzornberg@debevoise.com

16

cford@debevoise.com

17

agressel@debevoise.com

18

ahahn@debevoise.com

19

scaravello@debevoise.com

20

21

-and-

22

23

24

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1 A P P E A R A N C E S (Continued):

2

3 For Defendant Ripple Labs Inc. and the Witness:

4

5 KELLOGG, HANSEN, TODD, FIGEL & FREDERICK PLLC

6 BY: COLLIN R. WHITE, ESQUIRE

7 MICHAEL KELLOGG, ESQUIRE (Remote)

8 Sumner Square

9 1615 M Street, N.W.

10 Suite 400

11 Washington, D.C. 20036

12 Telephone: 202.326.7999

13 E-mail: Cwhitekellogghansen.com

14 mkellogg@kellogghansen.com

15

16 For Defendant Bradley Garlinghouse:

17

18 CLEARY GOTTLIEB STEEN & HAMILTON

19 BY: NICOLE TATZ, ESQUIRE (Remote)

20 2112 Pennsylvania Avenue, NW

21 Washington, D.C. 20037

22 Telephone: 202.974.1500

23 E-mail: ntatz@cgsh.com

24

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1 A P P E A R A N C E S (Continued):

2

3 For Defendant Christian A. Larsen:

4

5 PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP

6 BY: CARLY M. LAGROTTERIA, ESQUIRE

7 JUSTIN WARD, ESQUIRE (Remote)

8 1285 Avenue of the Americas

9 New York, New York 10019-6064

10 Telephone: 212.373.2491

11 E-mail: Clagrotteria@paulweiss.com

12 jward@paulweiss.com

13

14 ALSO PRESENT:

15

16 REBECCA MATSUMARA, Ripple

17 STELLA UVAYDOVAS, SEC

18 JAMES BRADY, Videographer
Shereck Video Service

19

20

21

22

23

24

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INDEX

WITNESS	EXAMINATION
DR. PETER ADRIAENS	
BY MR. SYLVESTER	11
BY MR. WHITE	293

EXHIBITS

SEC PA NUMBER	DESCRIPTION	PAGE
Exhibit 1	Expert Report of Dr. Peter Adriaens dated 10-4-21 NO BATES, 137 pages	13
Exhibit 2	Rebuttal Report of Dr. Peter Adriaens dated 11-12-21 NO BATES, 34 pages	14
Exhibit 3	Expert Report of Dr. [REDACTED] [REDACTED] dated 10-4-21 NO BATES, 46 pages	202

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1	EXHIBITS		
2	SEC PA		
3	NUMBER	DESCRIPTION	PAGE
4	Exhibit 22	Printout from XRPL.org	171
5		Consensus Protections Against	
6		Attacks and Failure Modes	
7		NO BATES, 3 pages	
8			
9	Exhibit 23	11-10-21 Status of Analysis	131
10		of Halt on 11-3-21	
11		NO BATES, 2 pages	
12			
13	Exhibit 24	Printout from amazon.com	154
14		"What is Decentralization in	
15		Blockchain/"	
16		NO BATES, 7 pages	
17			
18			
19			
20			
21			
22			
23			
24			
25			

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DEPOSITION SUPPORT INDEX

DIRECTION TO WITNESS NOT TO ANSWER

Page	Line
16	19
18	25
149	14
171	10
276	12

STIPULATIONS

Page	Line
- -none-	-

PORTION MARKED HIGHLY CONFIDENTIAL

Page	Line
- -none-	-

REQUEST FOR DOCUMENTS

Page	Line
- -none-	-

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

- - -

9:07 a.m.

February 8, 2022

- - -

09:06:23

09:06:35

09:06:44

09:06:55

09:06:59

THE VIDEOGRAPHER: We're on the record. The time is 9:07 a.m. Today's date is February 8th, 2022. This is Disk 1 of the video deposition of Peter Adriaens in the matter of the SEC versus Ripple Labs.

My name is Jim Brady. I'm the videographer with Gradillas Court Reporting. Today's court reporter is Bridget Lombardozzi, also with Gradillas Court Reporting. We're here today at the office of Debevoise & Plimpton, 919 Third Avenue, New York, New York.

All attorney appearances will appear on the transcript.

I ask now that the court reporter please swear in the witness.

P E T E R A D R I A E N S, having been duly sworn, was examined and testified as follows:

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:07:13 1 THE REPORTER: Thank you.

2 You may proceed.

3 DIRECT-EXAMINATION

4 BY MR. SYLVESTER:

09:07:15 5 Q. Good morning, Professor.

6 Could you please state your name for the
7 record.

8 A. Peter Adriaens.

9 Q. And I'm Mark Sylvester. I'm an attorney
09:07:22 10 with the SEC, the plaintiff in this okay. I'm
11 here with my colleagues, Daphna Waxman and Jon
12 Daniels. There are other of my colleagues joining
13 us on Zoom today.

14 Are you represented by counsel here
09:07:32 15 today?

16 A. No, I'm not.

17 Q. Have you had your deposition taken
18 before, Professor?

19 A. Can you repeat the question?

09:07:39 20 Q. Sure.
21 Have you had your deposition taken
22 before?

23 A. My deposition or a deposition?

24 Q. Your deposition. Have you been deposed?

09:07:48 25 A. I have been deposed, yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:07:50 1 Q. How many times?
2 A. Three or four times.
3 Q. Okay. Is there anything that would
4 prevent you from testifying fully and truthfully
09:07:57 5 here today?
6 A. No.
7 Q. Were you retained to provide expert
8 services in this case?
9 A. Yes, I was.
09:08:06 10 Q. Who retained you?
11 A. Debevoise & Plimpton and Kellogg Hansen.
12 Q. Were you retained on behalf of Ripple
13 Labs only or all defendants?
14 A. It was on behalf of all defendants.
09:08:19 15 Q. Okay. If I say "Ripple" today, I mean
16 Ripple Labs, the defendant in this case. Okay?
17 A. Okay.
18 Q. Are you familiar with the term "XRP"?
19 A. Yes, I am.
09:08:28 20 Q. Are you familiar with the term "digital
21 asset"?
22 A. Yes, I am.
23 Q. Are you familiar with the term "XRP
24 Ledger"?
09:08:35 25 A. Yes, I am.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:08:36 1 Q. What is the XRP Ledger?

2 A. It is an open permissionless blockchain.

3 THE REPORTER: Permissless?

4 THE WITNESS: Permissionless

09:08:47 5 blockchain.

6 THE REPORTER: Thank you.

7 BY MR. SYLVESTER:

8 Q. Is there only one XRP Ledger or are
9 there multiple ledgers?

09:09:01 10 A. As far as I know, there's one XRP
11 Ledger.

12 Q. Professor, let me hand you what's been
13 marked Exhibit 1.

14 (Whereupon, exhibit is
09:09:10 15 received and marked SEC Adriaens
16 Exhibit 1 for identification.)

17 BY MR. SYLVESTER:

18 Q. I'm going to hand you a copy and ask
19 counsel to pass it down. There we go.

09:09:23 20 And, Professor, is Exhibit 1 your expert
21 report of October 4th, 2021?

22 A. Yes, it is.

23 Q. Okay. Turning to the page following
24 page 70, is that your signature on that page?

09:09:49 25 A. Yes, it is.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:09:50 1 Q. Okay.

2 (Whereupon, exhibit is
3 received and marked SEC Adriaens
4 Exhibit 2 for identification.)

09:09:52 5 BY MR. SYLVESTER:

6 Q. Let me hand you what's been marked PA-2.
7 Is PA-2 your expert rebuttal report of
8 November 12th, 2021?

9 A. Yes, it is.

09:10:12 10 Q. And turning to the page following page
11 31 of Exhibit 2, is that your signature on that
12 page?

13 A. Yes, it is.

14 Q. Have you finished all of the work that
09:10:27 15 you were assigned to do in this case?

16 A. I did.

17 Q. Are you planning on providing any
18 supplemental reports?

19 A. No, I'm not.

09:10:38 20 Q. Okay. Who wrote Exhibit 1?

21 MR. WHITE: Objection.

22 I'm going to instruct you not
23 to answer --

24 THE REPORTER: I can't hear

09:10:44 25 you, sir.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:10:45 1 MR. WHITE: Exhibit 1?
2 MR. SYLVESTER: Yeah. His
3 expert report.
4 MR. WHITE: You can answer
09:10:50 5 that question. We'll take this one at
6 a time.
7 A. I wrote the expert report.
8 Q. Okay. Did anyone help you draft Exhibit
9 1?
09:10:58 10 MR. WHITE: You can answer
11 that yes or no.
12 A. Yes.
13 Q. Okay. Who provided help in drafting
14 Exhibit 1?
09:11:12 15 A. I went through multiple iterations with
16 counsel.
17 Q. Which attorneys?
18 A. Are you asking for specific names?
19 Q. Yes.
09:11:24 20 A. It was multiple.
21 Q. Can you recall any of the names sitting
22 here today?
23 A. Collin White. Chris.
24 Q. Chris Ford?
09:11:37 25 A. Yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:11:38 1 Lisa.

2 Q. Lisa Zornberg?

3 A. Lisa Zornberg. And others that were
4 on -- in various discussions.

09:11:47 5 Q. Apart from counsel, did anyone else help
6 you prepare your report?

7 A. I had one of my students or staff in the
8 Center for Smart Infrastructure Finance at the
9 University of Michigan help.

09:12:02 10 Q. Who is that?

11 A. The name of the student?

12 Q. Yes.

13 A. Kenneth Chung.

14 Q. Apart from Mr. Chung and counsel, did
09:12:16 15 anyone else help you prepare your report?

16 A. No.

17 Q. Okay. Other than yourself, did anyone
18 draft any part of Exhibit 1?

19 MR. WHITE: I'm going to
09:12:31 20 instruct not to answer. That gets
21 into attorney work product, so we're
22 not going to go into those details.

23 MS. SMITH: Okay. So your
24 position is that if counsel drafted a
09:12:39 25 portion of this expert report, that's

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:12:40 1 privileged?

2 MR. WHITE: Our position is
3 that work product protects the
4 drafting process and you're asking a
09:12:47 5 question that goes to that. So the
6 answer to that question is yes.

7 BY MR. SYLVESTER:

8 Q. Okay. Did anyone provide comments to
9 Exhibit 1?

09:12:59 10 MR. WHITE: You can answer
11 that question yes or no.

12 A. Yes.

13 Q. Was it all the same people that we've
14 already discussed: Ms. Zornberg, Mr. White,
09:13:06 15 Mr. Ford, and your student?

16 A. It was part of the same discussions,
17 yes.

18 Q. Okay. Did you incorporate counsel's
19 comments into the final version of Exhibit 1?

09:13:15 20 MR. WHITE: You can -- you
21 can answer that question yes or no.

22 A. Is your question did I incorporate or
23 did I consider them?

24 Q. Did you incorporate counsel's comments
09:13:28 25 into the final version of Exhibit 1?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:13:31 1 A. You'll have to be more specific
2 regarding which comments. I considered all
3 comments that I received.

4 Q. I see.

09:13:39 5 Were there some comments that you
6 incorporated?

7 A. There may have been.

8 Q. Who wrote Exhibit 2?

9 MR. WHITE: Same instruction,
09:13:48 10 please. You can answer that question.

11 A. I did.

12 Q. Okay. Did anyone help you draft Exhibit
13 2?

14 A. The same people I referred to earlier.

09:14:00 15 Q. The same people you referred to that
16 helped you draft Exhibit 1, is that right?

17 A. Yes, sir.

18 Q. Okay.

19 A. Except for the student. He was not
09:14:09 20 involved in that one.

21 Q. I see. So counsel only.

22 A. Yes.

23 Q. Okay. Did any of your -- did any of
24 Ripple's counsel draft any part of Exhibit 2?

09:14:17 25 MR. WHITE: I'm going to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:14:18 1 instruct not to answer that question,
2 again on the same basis.

3 Q. Did counsel provide comments to Exhibit
4 2?

09:14:24 5 MR. WHITE: You can answer
6 that question yes or no.

7 A. Yes.

8 Q. Did you incorporate counsel's comments
9 into the final version of Exhibit 2?

09:14:32 10 A. I considered them.

11 Q. Did you incorporate any of counsel's
12 comments into the final version of Exhibit 2?

13 A. I can't be specific unless we go to a
14 specific section.

09:14:43 15 Q. And sitting here today, do you recall
16 incorporating any of counsel's comments into
17 Exhibit 2?

18 MR. WHITE: You can answer
19 that yes or no.

09:14:50 20 A. Yes.

21 Q. Okay. Are all of the opinions that you
22 are offering in this case set forth either in
23 Exhibit 1 or Exhibit 2?

24 A. Yes.

09:15:04 25 Q. And sitting here today, do you have any

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:15:05 1 plans to offer any additional opinions that are
2 not in Exhibit 1 or 2?

3 A. I am not planning on offering any
4 additional opinions. However, I would like to
09:15:15 5 make a clarification to some of the language in
6 Exhibit 1.

7 Q. Okay. Is there an error in Exhibit 1?

8 A. There's unclear description -- unclear
9 language in the description of the methodology
09:15:31 10 that I used to arrive at Exhibit D.

11 Q. I see.

12 What paragraph is that?

13 A. That would be page -- page 64, paragraph
14 124, and page 65, paragraph 125.

09:15:58 15 Q. Okay. Thank you.

16 Is Appendix A to Exhibit 1 your CV,
17 Professor?

18 A. Yes, it is.

19 Q. And it's obviously quite lengthy, so I
09:16:14 20 won't ask you to review it right now.

21 So just sitting here today, are you
22 aware of any inaccuracies in your CV?

23 A. As far as I know, it was updated as of
24 October 4th, 2021.

09:16:31 25 Q. Okay. And is your -- strike that.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:16:33 1 Does the education section of your CV
2 accurately list the degrees that you earned?

3 A. Apologies. What was the question?

4 Q. Does the education section --

09:16:44 5 A. Oh.

6 Q. -- of your CV accurately list the
7 degrees that you earned?

8 A. Yes.

9 Q. Okay. Have you had any formal education
09:16:52 10 after 1992?

11 A. As in degree? No additional degree.

12 Q. Okay. Have you taken any computer
13 science courses?

14 A. Yes.

09:17:08 15 Q. Okay. When did you take -- when did you
16 last take a computer science course?

17 A. Fifteen years -- I'm not exactly sure.
18 Maybe 15 years ago when I switched my career.

19 Q. Have you ever taken any course specific
09:17:29 20 to blockchain technology?

21 A. I teach a course on blockchain
22 technology.

23 Q. Prior to your teaching engagement, did
24 you ever take any course regarding blockchain

09:17:38 25 technology?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:17:38 1 A. There were at that time no courses
2 available in blockchain technology.

3 Q. At the time of your formal education you
4 mean?

09:17:44 5 A. At the time of formal education. At the
6 time when I switched to the Business School at the
7 University of Michigan in 2006.

8 Q. Have you ever held any professional
9 licenses?

09:18:06 10 A. I have a professional engineering
11 license.

12 Q. Has that license ever been revoked or
13 suspended?

14 A. No, it has not.

09:18:12 15 Q. Have you ever been the subject of any
16 disciplinary action related to your professional
17 activities?

18 A. No.

19 Q. Okay. You've been a professor at the
09:18:21 20 University of Michigan since 1992?

21 A. Yes.

22 Q. Apart from the course that you just told
23 me about blockchain technology, have you ever
24 taught a computer science course at the University
09:18:33 25 of Michigan?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:18:34 1 A. I have not taught a computer science
2 course.

3 Q. Okay. And when did you first teach a
4 blockchain technology course?

09:18:49 5 A. 2016.

6 Q. Okay.

7 A. I started teaching finance and financial
8 technology and blockchain courses in 2016.

9 Q. Have you ever taught a course
09:19:00 10 exclusively devoted to blockchain?

11 A. No. There's no such course available
12 currently at the University of Michigan.

13 Q. You've served as an expert witness prior
14 to this case, is that right?

09:19:15 15 A. I currently serve, yes.

16 Q. And prior to your engagement in the case
17 against Ripple Labs, you've served as an expert
18 witness in other cases?

19 A. I have, yes.

09:19:25 20 Q. Okay. Page 35 of your CV lists your
21 litigation expert witness work, is that right?

22 A. Yes.

23 Q. Are these seven engagements the totality
24 of your litigation expert witness work or were

09:19:54 25 there any other engagements?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:19:55 1 MR. WHITE: Objection to the
2 form of that last question.

3 A. These were -- these were the
4 engagements, yes.

09:20:18 5 Q. These were all of your expert witness
6 engagements?

7 A. Yes.

8 Q. Okay. Taking a look at page 35, what
9 were the names of the cases that these engagements
09:20:34 10 involved for these seven assignments?

11 A. I do not exactly recall.

12 Q. You don't recall any of the names of any
13 of the seven cases?

14 A. Not of the cases, no.

09:20:50 15 Q. In each of these cases, did you provide
16 an expert report?

17 A. Yes.

18 Q. In any of these cases, did your expert
19 report involve blockchain technology?

09:21:03 20 A. No.

21 Q. Have you ever been qualified by a court
22 as an expert in blockchain technology?

23 A. By a court? No.

24 Q. Prior to this case, had you been
09:21:17 25 retained as an expert in any case involving

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:21:20 1 digital assets?

2 A. No.

3 Q. In any of these seven cases, were you
4 retained by the plaintiff?

09:21:31 5 A. I was not.

6 Q. In any of these seven cases, was any
7 governmental entity a party?

8 A. I don't believe so.

9 Q. Has your expert testimony ever been
09:22:11 10 excluded in whole or in part?

11 A. No.

12 Q. Has any portion of an expert report you
13 submitted ever been excluded in whole or in part?

14 A. Sorry. Can you repeat that question?

09:22:25 15 Q. Sure.

16 Has any expert report that you submitted
17 ever been excluded in whole or in part?

18 A. No.

19 Q. Has any expert affidavit that you
09:22:43 20 submitted as part of a case ever been excluded in
21 whole or in part?

22 A. Not that I recall.

23 Q. What are you an expert in, Professor?

24 A. I'm an expert in finance,
09:22:58 25 entrepreneurial business development, and

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:23:01 1 financial technology.

2 Q. What --

3 A. Particularly focused on applications in
4 various different digital industries.

09:23:17 5 Q. Do you consider yourself an expert in
6 blockchain technology?

7 A. Yes.

8 Q. When did you first learn of the
9 existence of blockchain technology?

09:23:31 10 A. I don't exactly recall, but it was at
11 least between five and ten years ago.

12 Q. Have you off -- strike that.

13 Have you authored any academic papers on
14 the topic of blockchain technology?

09:23:50 15 A. Yes.

16 Q. How many?

17 A. I'm going to have to look at my risumi.

18 Q. That's fine. Also feel free to
19 approximate. I don't need an exact number.

09:24:12 20 A. Probably a half dozen.

21 Q. When did you first publish a paper on
22 the topic of blockchain technology?

23 A. When you refer to "the topic of
24 blockchain technology," that is very broad.

09:24:25 25 Is there a specific aspect of that that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:24:29 1 you want to refer to?

2 Q. Well, of the six that you just
3 mentioned, when was the first of those six
4 published?

09:24:47 5 A. I think 2018, I believe.

6 Q. Were any of the six that you just
7 mentioned peer reviewed?

8 A. Yes.

9 Q. All six of them?

09:24:57 10 A. I'm going to have to take a look at --

11 Q. Sure.

12 A. -- the six that I referred to.

13 Q. When you find the items that you're
14 looking for, Professor, will you just call them
09:25:43 15 out?

16 A. Yes, I will.

17 Q. Thanks.

18 A. On page 14, under "Journal Publications
19 (Published)," 4, 5, and 6. And on page 19, under
09:26:53 20 "Refereed Conference Papers," 3 and 4. And the
21 rest were book chapters or -- which are typically
22 not refereed, and nonrefereed abstracts.

23 Q. Were the five papers that you just
24 identified all peer reviewed?

09:27:34 25 A. Yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:27:35 1 Q. Do any of your publications address the
2 topic of decentralization of blockchains?

3 A. What do you mean with addressing it?

4 Q. Is that the topic of the paper?

09:27:53 5 A. It is not the topic of the paper, but I
6 do bring up the concept of decentralization in
7 these papers.

8 Q. Are you familiar with the term
9 "consensus theory"?

09:28:03 10 A. I'm familiar with consensus.

11 Q. Okay. Do -- do any of your publications
12 address the topic of consensus?

13 A. Again, it's not the topic of the paper,
14 but it is part of the descriptions within the
09:28:19 15 paper.

16 Q. Okay. Are you familiar with the
17 Byzantine generals problem?

18 A. At the high level? Yes.

19 Q. Okay. Do any of your publications
09:28:29 20 address the topic of the Byzantine generals
21 problem?

22 A. They do not.

23 Q. Okay. Do any of your publications
24 compare the relative decentralization of two or
09:28:41 25 more blockchains?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:28:46 1 A. Relative? Sorry. Can you repeat that
2 question?

3 Q. Sure.

4 Do any of your publications compare the
09:28:51 5 relative decentralization of two or more
6 blockchains?

7 A. I am not sure what the question means.

8 Q. Do any of your publications examine
9 whether one blockchain is more decentralized than
09:29:08 10 another blockchain?

11 A. No, they do not.

12 Q. Have you ever designed a blockchain
13 yourself?

14 THE REPORTER: Repeat.

09:29:14 15 MR. SYLVESTER: Sure.

16 Q. Have you ever designed a blockchain
17 yourself?

18 A. I have not.

19 Q. Have you ever contributed code to a
09:29:24 20 blockchain in development?

21 A. My students have. I have not.

22 Q. Thank you.

23 Have you contributed a proposed
24 improvement to an existing blockchain?

09:29:39 25 A. I have not.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:29:39 1 Q. Okay. Is it fair to say that you began
2 to focus your professional efforts on blockchain
3 in 2015?

4 A. It became part of the teachings and
09:29:50 5 research, yes.

6 Q. You supervise a research group at the
7 University of Michigan?

8 A. Yes, I do.

9 Q. Does that group conduct any research on
09:30:03 10 consensus?

11 A. "Consensus" is a very broad question, so
12 if we could narrow -- narrow it down further.

13 Q. Sure.

14 Does your -- does your re -- the
09:30:22 15 research group that you supervise conduct any
16 research on the Byzantine generals problem?

17 A. No, they do not.

18 Q. How long has the Journal of Blockchain
19 Research been published?

09:30:34 20 MR. WHITE: Objection to
21 form.

22 You can answer if you
23 understand.

24 A. Do you mean when was it founded? When
09:30:49 25 was it started?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:30:50 1 Q. Yes, I do.

2 A. I'm not exactly sure, but I believe it
3 is on the order of two to three years.

4 Q. It was founded two to three years ago?

09:31:01 5 A. I believe so, yes.

6 Q. Okay. Are you on the Journal of
7 Blockchain Research's advisory board or its
8 editorial board?

9 A. Advisory board.

09:31:10 10 Q. Okay. How long have you served in that
11 capacity?

12 A. I'm not exactly sure. I'm going to have
13 to think. COVID has sort of changed our -- warped
14 our time. Since before COVID, so it must have
09:31:39 15 been 2019.

16 Q. How were you selected to serve on the
17 advisory board of that journal?

18 A. I was a participant in a mathematical
19 conference on financial tech -- in a self-funded
09:31:53 20 mathematical conference on financial technology
21 that was held in Blockchain Triangle in University
22 of North Carolina, I believe. And so some of the
23 other members of that journal were present there
24 and they asked, based on my presentation, whether
09:32:13 25 I wanted to become a member of the advisory board.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:32:19 1 Q. In paragraph 11 of your report, you
2 describe founding two start-up firms, is that
3 right?

4 A. Yes.

09:32:31 5 Q. Do either of the firms that you founded
6 employ blockchain technology?

7 A. They currently do not, but we're
8 exploring it in one of them.

9 Q. For the one that you're exploring, are
09:32:44 10 you exploring use of either XRP or the XRP Ledger?

11 A. No. This time not. No.

12 Q. In paragraph 8 of Exhibit 1, your
13 opening report, you write that you are on --
14 you're an advisory board member of two funds, is
09:33:10 15 that right?

16 A. Yes, until 2017. Yes.

17 Q. I see. You're not currently a -- a
18 member?

19 A. No longer, no.

09:33:18 20 Q. I see.
21 When you were on the advisory board of
22 those two funds, did you have any role in funding
23 a company that had created its own blockchain?

24 A. Apologies. Which paragraph are you
09:33:28 25 referring to?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:33:31 1 Q. Paragraph 8.

2 A. Could you repeat the question, please?

3 Q. Sure.

4 When you were on the boards of those
09:33:38 5 funds in that capacity, did you have any role in
6 funding a company that had created its own
7 blockchain?

8 A. I'm on the advisory board of the funds
9 and the funds -- I'm going to have to go back over
09:33:54 10 which portfolio companies at that time were
11 actually financed by the fund. So I'm not exactly
12 clear on that question.

13 Q. You're not sure sitting here today?

14 A. I'm not sure sitting here today.

09:34:06 15 Q. Okay.

16 A. We have received many applications,
17 including from blockchain companies, of companies
18 that seek financing.

19 Q. Okay. When was bitcoin created?

09:34:23 20 A. Well, paper was published in 2008.

21 Q. When did you first learn of Ripple's
22 existence?

23 A. I'm not exactly sure. It was around the
24 time that I was serving -- during the period I was
09:34:52 25 serving on the fund and -- on the funds and we

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:34:57 1 received applications of blockchain companies and
2 start looking for blockchain companies that were
3 currently active in the market. I would say about
4 maybe a decade ago. Between five years and a
09:35:15 5 decade ago. Something like that.

6 Q. Was there any funding relationship
7 between either of the funds on which -- strike
8 that.

9 Was there any funding relationship
09:35:24 10 between the Wolverine Venture Fund and Lurie
11 Commercial -- Commercialization Fund and Ripple?

12 A. No.

13 Q. Okay. Do you own XRP?

14 A. I do not.

09:35:38 15 Q. Have you ever owned XRP?

16 A. No.

17 Q. Sitting here today, do you have any
18 plans to acquire XRP?

19 A. No.

09:35:55 20 Q. Prior to your retention in this case,
21 did you know anything about the SEC's case against
22 Ripple?

23 A. I was aware through media, media
24 disclosures and writeups and financial review and
09:36:18 25 sort of articles like that. Forbes. So I knew

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:36:22 1 about it, yes.

2 Q. Prior to your retention, had you ever
3 discussed this case with any Ripple employee?

4 A. Can you repeat that question?

09:36:30 5 Q. Sure.

6 Prior to your retention as an expert
7 witness in this case, had you ever discussed the
8 SEC's case against Ripple with any Ripple
9 employee?

09:36:37 10 A. No, I have not.

11 Q. Prior to your retention in this case,
12 had you ever met any of the lawyers representing
13 defendants in this case?

14 A. I have not.

09:36:47 15 Q. Okay. Are you charging defendants a fee
16 for your expert services in this case?

17 A. Yes.

18 Q. How much is your fee?

19 A. It's 750 an hour for preparation of
09:37:02 20 reports and 950 an hour for depositions.

21 Q. Is this your standard hourly fee for
22 expert services?

23 A. Yes.

24 Q. How much have you billed for your
09:37:12 25 services so far?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:37:22 1 A. I have to check the exact numbers, but I
2 believe it's around 250,000.

3 Q. Have you received any of your
4 compensation in XRP?

09:37:36 5 A. I have not.

6 Q. Do you have any plans to receive XRP as
7 compensation for your expert services in this
8 case?

9 A. No.

09:37:53 10 Q. Turning back to Exhibit 1, is Appendix B
11 to your report a list of materials you considered
12 in preparing your report in addition to those that
13 are cited in the body of your report?

14 A. Yes, it is.

09:38:10 15 Q. Did you personally review each of the
16 materials listed in Appendix B?

17 A. I did over the time of preparing for the
18 case, yes.

19 Q. Did defense counsel provide you with all
09:38:25 20 of the documents listed in Appendix B?

21 A. Not all the documents.

22 Q. Which were the documents that were --
23 that you obtained other than from defense counsel?

24 A. I'm not exactly sure, but there were
09:39:26 25 some documents that I pulled myself because they

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:39:29 1 were publicly available after reading some of the
2 reports, such as, for example, the Wells report.
3 I looked at some of those footnotes and pulled
4 those myself, but they're listed here as well.

09:39:42 5 Q. When you say "the Wells report," do you
6 mean the "In Re: Ripple Labs Inc. Wells
7 Submission on behalf of Ripple Labs Inc."?

8 A. I believe so.

9 Q. Which documents did you procure after
09:40:09 10 reading Ripple's Wells submission?

11 A. I cannot be certain of that.

12 Q. Do you recall any sitting here today?

13 A. It was one of the litigation materials,
14 but I do not recall.

09:40:27 15 Q. Okay. Turning to --

16 A. All that were requested by me from
17 counsel.

18 Q. Okay. Turning to Appendix C, you
19 received Appendix C, the list of XRP use cases,
09:40:48 20 from defense counsel, is that right?

21 A. I requested this list from counsel after
22 having seen reference to a comprehensive list of
23 use cases in some of the filings, including the
24 Wells filing, I believe. And I was aware of a
09:41:09 25 number of cases myself. So then I, yes, did

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:41:12 1 request from counsel whether they had this list
2 available or a list available that I could take a
3 look at.

4 Q. Okay.

09:41:23 5 A. And that's this list, Appendix C.

6 Q. That's Appendix C. Okay.

7 Did you make any changes to the XRP use
8 cases list that you received from defense counsel
9 before appending it to your report as Appendix C?

09:41:43 10 A. Is the question did I make changes to
11 Appendix C before I appended it to the report?

12 Q. Close.

13 You received at your request a list of
14 use cases from defense counsel.

09:41:54 15 A. Yes. Yes.

16 Q. After receiving that list but before
17 appending it to your report, did you make any
18 changes to the list?

19 A. I did not make changes to the list, no.

09:42:03 20 Q. Okay. What, if anything, did you do to
21 confirm the accuracy of the information supplied
22 on Appendix C?

23 A. This was part of my work and methodology
24 listed in Appendix D. So I looked at the

09:42:20 25 websites. I looked at -- double-checked what

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:42:28 1 industries these companies -- what does it say? --
2 category, I guess, that these various different
3 companies were assigned to. So I just did spot
4 checks on those.

09:42:39 5 Q. Did you look at the websites for each of
6 the entity names listed on Appendix C?

7 A. That was the work that I delegated to
8 the student I referred to earlier.

9 Q. Okay. What work did the student that
09:42:58 10 you referred to earlier do with respect to each of
11 the entries on Appendix C?

12 A. Well, the student was really involved in
13 the methodology to extracting from this list a
14 subset that is my Appendix D. So as part of
09:43:15 15 arriving at Appendix D, we had to actually do a
16 review of appendix -- and an analysis of Appendix
17 C.

18 Q. And what did that student's review and
19 analysis entail?

09:43:27 20 A. So that goes to the methodology that I
21 describe on page 64. So the student looked for
22 each of these companies, first at which of these
23 companies had received venture rounds. So we
24 checked each of the companies as to the
09:43:44 25 availability of information on each of these

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:43:47 1 companies in Crunchbase. Crunchbase is a public
2 database where one can search companies for
3 financing, type of financing and who finances the
4 company. We also get information there on
09:44:03 5 founding date.

6 I used founding date in my methodology
7 as a proxy for when venture investment was
8 received by these companies relative to when XRP
9 and XRPL technology was available.

09:44:22 10 So that's the kind of work that he did.
11 Looked at the websites, looked at the founding
12 dates, looked at the amount of the -- capital was
13 received by these companies. And that's where I
14 need to offer a correction on my page 64.

09:44:35 15 Q. How does the description of the
16 methodology that you just explained differ, if at
17 all, from your description on page 64?

18 A. So I want it to be clear. The
19 methodology has not changed. It's the description
09:44:53 20 of the methodology that is unclear. So --

21 Q. Can you explain to me what's unclear?

22 A. So -- yes. So the methodology
23 essentially went through three steps. The first
24 step was to go to Crunchbase and look for all the
09:45:10 25 equity investment that each of the companies on

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:45:12 1 the list of 660 had received and we used it as a
2 proxy for high-growth companies among that list of
3 660. And it's bullet number 1.

4 So bullet number 2 then, out of that
09:45:27 5 full list, I looked at when these companies were
6 founded, and that's what I state here, to see
7 whether the companies were founded before or after
8 Ripple was founded. But as you will see, my
9 methodology, and the result of my methodology is

09:45:44 10 Appendix D, I included companies that were founded
11 before Ripple was founded but actually received
12 their equity capital after Ripple was founded, and
13 that piece of information is not included in
14 bullet number 2. So when I talk about the
09:46:02 15 founding, to look at the before and after, it's
16 really about the financing after the founding of
17 Ripple.

18 And the third bullet is as is. It's
19 really only bullet number 2 in Appendix 4.

09:46:18 20 And, just to be clear, the methodology
21 is what the methodology is. It resulted in my
22 Appendix D as a result of analysis of Appendix C.
23 It's just that the description was not very clear.

24 Q. Okay. So the -- the piece of your
09:46:40 25 methodology that in your view wasn't clearly

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:46:42 1 described in your existing report, Exhibit 1, is
2 that on some occasions you included companies
3 within Appendix D that were founded prior to
4 Ripple's founding?

09:46:54 5 A. Yes.

6 Q. Okay.

7 A. But received equity capital after
8 Ripple's founding. And that is part of the title
9 of Appendix D.

09:47:11 10 Q. Who prepared Appendix D?

11 A. I did together with my student.

12 Q. Other than your student, did anyone else
13 assist you with preparing Appendix D?

14 A. No. I -- regarding Appendix D, I'd like
09:47:36 15 to make a correction there as well --

16 Q. Sure. Go ahead.

17 A. -- in light of the correction on page
18 64, paragraph 124. And the -- the title is really
19 about use cases receiving venture capital after
09:47:58 20 Ripple founding. So this "and founded" is not
21 necessary in this title.

22 Q. And in some cases it's inaccurate?

23 MR. WHITE: Objection to
24 form.

09:48:06 25 You can answer.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:48:10 1 A. It does not reflect the actual list of
2 companies that I extracted from the larger
3 database --

4 Q. Right.

09:48:16 5 A. -- which were founded before. So that's
6 why "and founded" is incorrect.

7 Q. I see.

8 How many of the companies listed on
9 Appendix D were founded before Ripple's founding?

09:48:35 10 A. I believe it was eight companies and
11 these are all with the founding date, which is the
12 last column in -- in this Appendix, in Appendix D.
13 Last column is the founding date of those
14 companies.

09:48:47 15 Q. I see.

16 A. So those that have founding dates before
17 2012. About eight companies.

18 Q. What's the meaning of the number to the
19 left of the date?

09:49:03 20 A. That's the aggregate equity capital that
21 these companies have received.

22 Q. In millions?

23 A. In millions. Sorry. Yes.

24 Q. What, if anything, did you do to confirm
09:49:14 25 the accuracy of the information in Appendix D?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:49:25 1 A. Appendix D was the result of my
2 analysis. So it was all based on the information
3 that was found on Crunchbase. However, I was
4 notified later on in Mr. [REDACTED] report that one
09:49:43 5 of the companies in here had -- we referred to the
6 wrong website and, so, therefore there was
7 confusion on the name.

8 So the correction to the list really
9 came after taking a look at Mr. [REDACTED] report and
09:50:02 10 when he referred to one company, namely STYRA
11 Technologies. It's on page -- I guess these pages
12 are not numbered. It's page 3 of Appendix D, sort
13 of in the upper half. STYRA Technologies is not
14 the correct company. It is not the correct
09:50:22 15 website and that is not the correct equity capital
16 to be used.

17 So this is -- this was an erroneous
18 inclusion in that list.

19 Q. And prior to including STYRA in your
09:50:35 20 Appendix D, did you visit STYRA's website as
21 listed in Appendix D?

22 A. As I mentioned earlier, I worked with my
23 student to look at these websites, yes.

24 Q. How many of the websites listed in
09:50:47 25 Appendix D did you personally visit, if any?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:50:59 1 A. As I said, this was a back-and-forth
2 between student and myself.

3 Q. Sitting here today, do you recall
4 visiting any of the websites that are listed on
09:51:07 5 Appendix D?

6 A. I did double-check after the STYRA issue
7 was pointed out. Double-checked again all the
8 websites of these companies.

9 Q. After you read Mr. [REDACTED] rebuttal
09:51:20 10 report?

11 A. I double-checked at that time, yes.

12 Q. Prior to submitting the -- the report in
13 the October of last year, which websites listed in
14 Appendix D did you visit personally, if any?

09:51:34 15 A. I did them together with my student.

16 Q. Does that mean that you -- you sat with
17 your student and looked at them together?

18 MR. WHITE: Objection; form.

19 You can answer.

09:51:47 20 A. We did not sit together. I asked him
21 to -- after he did all the Crunchbase analysis,
22 I -- I walked with him over the Crunchbase
23 analysis and how to do this. And then he came
24 back with a short list and then we started looking
09:52:00 25 at -- we con -- we double-checked the websites and

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:52:06 1 the information of that short list and --

2 Q. When you say "short list" -- sorry. Go
3 ahead.

4 A. The short list being the 91 companies
09:52:15 5 that resulted from the method -- from the
6 methodology I applied to the 660.

7 Q. So the short list is now Appendix D?

8 A. Yes. Appendix D is the list of equity
9 invested companies that have -- either founded
09:52:28 10 after or before Ripple, that have received equity
11 capital after the founding of Ripple.

12 Q. Okay. Setting apart anything --

13 A. Except for STYRA, of course.

14 Q. Thank you.

09:52:38 15 Setting apart anything that your student
16 may have done, what did you do to review any of
17 the websites that are listed on Appendix D?

18 A. I looked at the websites. Looked at
19 when -- how they used XRP and XRPL or XRPL; what
09:52:57 20 these companies did; what industry they were in;
21 how they were categorized. So generally what kind
22 of information was available on these companies.

23 I looked at media releases of these
24 companies. I cross-referenced all these companies
09:53:13 25 again with XRP and XRPL and see if there was any

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:53:18 1 release that would either confirm or not confirm,
2 but in this case it all confirmed the use, the use
3 of XRP and XRPL.

4 Q. And you personally did that for all 91?

09:53:31 5 A. I personally did that for all 91.

6 Q. How did you locate media releases with
7 respect to the XRP or the XRP Ledger for all 91?

8 A. There's sort of two parts to your
9 question. How do you check media releases? Many

09:53:47 10 of these companies actually have media buttons
11 that I can check.

12 And as far as the cross --
13 cross-referencing to XRP and XRPL, I did a search.

14 Q. A Google search?

09:54:02 15 A. A keyword search, yes.

16 Q. Okay.

17 A. And then looked at whatever business
18 websites or other credible websites came up.

19 Q. Okay. Turning to --

09:54:14 20 A. CoinDesk and as such.

21 Q. I'm sorry? What was that?

22 A. It's a list of -- these are references
23 such as Fortune and CoinDesk and crypto.com and,
24 you know, professional sites that would have

09:54:31 25 information on the use of XRP or XRPL by these

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:54:34 1 companies.

2 Q. Turning to Appendix E, was Appendix E
3 supplied by defense counsel?

4 A. Appendix E was requested by me. I was
09:54:57 5 aware, since I had been aware and was familiar
6 with Ripple or knew about Ripple, as I said, about
7 between five and ten years ago. I knew what they
8 were doing. I had seen media releases of this
9 company.

09:55:19 10 I was able to, as part of my report,
11 looking at equity investment in these companies
12 and I at one point requested whether my
13 knowledge -- I wanted to cross-reference whether
14 my knowledge and what was available about the
09:55:38 15 company was correct. So I requested this list and
16 then this list was provided by counsel.

17 Q. After you received the list that appears
18 at Appendix E to your report but before you
19 appended it to your report, did you make any
09:55:54 20 changes?

21 A. Can you repeat the question?

22 Q. Sure.

23 You received the materials that now
24 appear as Appendix E from --

09:56:20 25 A. Mm-hmm.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:56:20 1 Q. -- defense counsel, correct?

2 A. Yes.

3 Q. Okay. Before you appended those
4 materials as Appendix E to your report -- your
09:56:26 5 report, did you make any changes?

6 MR. WHITE: Objection to
7 form.

8 You can answer.

9 A. I don't think I did, no.

09:56:35 10 Q. What, if anything, did you do to confirm
11 the accuracy of the information in Appendix E?

12 A. I -- so Appendix E has a lot of
13 information. The subtitle of Appendix E is "Brief
14 Timeline of Products, Fundraising Rounds, and
09:56:54 15 Accolades." So the three elements of that.

16 Regarding everything that related to any
17 of these three, I had other sources of information
18 available as well, but in here I looked at all the
19 websites or all these web links that were
09:57:12 20 provided.

21 Q. And, again, you personally visited each
22 of these websites?

23 A. I personally visited each of these
24 websites.

09:57:28 25 Q. Did you take any other steps other than

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:57:29 1 visiting these websites to confirm the accuracy of
2 the information?

3 A. Yes. For example, fundraising rounds I
4 requested from counsel that I could see the
09:57:46 5 consolidated financial statements to
6 cross-reference the amount of equity capital that
7 was received, et cetera. Why it was received, any
8 other information.

9 So I did a lot of cross-referencing
09:58:01 10 between this and other sources of information
11 available to me. I went just also to Ripple's
12 site. I went to all the other media sites that
13 are footnoted in the -- in the document to make
14 sure that the information contained in here was
09:58:19 15 correct.

16 And, again, the intent was not, as I
17 stated in my report, where I take someone's
18 information and put it in a few charts, Chart 6
19 and Chart 7, to be illustrative of products and
09:58:37 20 accolades. Not a full and complete list.

21 Q. Which years of Ripple's consolidated
22 financial statements did you review?

23 A. I think we have to go back to materials
24 provided in Appendix B. I believe the first
09:59:13 25 Bates-identified documents are the consolidated

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

09:59:17 1 statements, but also -- let me refer to my report,
2 the table where I aggregate this information.
3 There's a footnote in the report that I also want
4 to refer to so...

09:59:46 5 Yeah. Table 3 on page 50 has the
6 footnote to -- to the links in Appendix E, I
7 guess. Appendix -- yeah, in Appendix E, and the
8 data came from the consolidated statements which I
9 think are all the Bates-numbered documents.

10:00:11 10 Q. I see.

11 A. So I seen every year, I believe. Yep.
12 2014, '15, '16, '17, through -- through 2020.

13 Q. Did you review the entirety of the
14 financial statements for the years listed in

10:00:26 15 Footnote 77?

16 A. I did, yes.

17 Q. Okay. Other than the materials that
18 we've already discussed in the appendices, did
19 defense counsel supply you with any other facts or
10:00:37 20 data that appears in your report?

21 A. Other than the footnotes and Appendix B,
22 no.

23 Q. When you say "other than the footnotes,"
24 do you mean that defense counsel supplied you with
10:00:51 25 the citations that appear in the footnotes in your

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:00:54 1 report?

2 MR. WHITE: Objection.

3 Calls --

4 A. Can you restate that question?

10:00:57 5 Q. Sure.

6 Can you identify me -- for me what facts
7 or data defense counsel supplied that we haven't
8 yet discussed today?

9 A. No, these were all mine.

10:01:08 10 Q. So to be clear, other than the
11 appendices that we've discussed --

12 A. Mm-hmm.

13 Q. -- there's nothing else in your report
14 in terms of facts or data that was supplied by
10:01:18 15 defense counsel?

16 A. No.

17 Q. In your report you cite press releases
18 by Ripple on occasion, correct?

19 A. In the report?

10:01:38 20 Q. Yes.

21 A. Yes. Where in the report are you
22 referring?

23 Q. I don't have a citation for you at the
24 ready.

10:01:48 25 Do you recall sitting here today whether

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:01:49 1 or not you cited Ripple press releases in the
2 report?

3 A. I do, yes.

4 Q. Okay. And did you?

10:02:00 5 A. Yes. Yes, I did. I'm sorry. Yes.

6 Q. And on occasion you referred to Ripple's
7 website as a source for your report, is that
8 correct?

9 A. Yes, I did.

10:02:11 10 Q. Okay. For any of these Ripple sources,
11 what, if anything, did you do to confirm the
12 accuracy of the information supplied in those
13 sources?

14 MR. WHITE: Objection.

10:02:27 15 A. Is your question specific to the Ripple
16 website?

17 Q. Specific to Ripple website or Ripple
18 press releases or any other Ripple-authored
19 source.

10:02:39 20 MR. WHITE: Same objection.

21 A. So I've been familiar with Ripple for a
22 long time and I'm also -- through the University
23 of Michigan we're a member of UBRI, Ripple's
24 University Blockchain Research Initiative, that

10:02:57 25 results in meetings. There was one in-person

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:03:00 1 meeting in Berkeley, UC Berkeley, and there have
2 been two online meetings. And so there's a lot of
3 information that comes out there that jives with
4 the information that is released on the website.

10:03:14 5 So it becomes sort of a cross-referencing between
6 multiple sources.

7 Q. Okay. Other than what you just
8 mentioned, did you take any affirmative steps to
9 confirm the accuracy of information authored by
10:03:26 10 Ripple that's cited in your report?

11 MR. WHITE: Objection; form.

12 A. Depends on which specific information
13 and reference you're referring to.

14 Q. Sitting here today, can you recall any
10:03:43 15 steps you took to confirm the accuracy of any
16 particular Ripple source cited in your report?

17 MR. WHITE: Objection; form.

18 A. Any Ripple source?

19 Q. Yes.

10:03:57 20 A. I cannot answer that question. Some I
21 did; some I did not further verify. There's many
22 pages on the websites. There's many documents
23 related to XRP and XRPL. There's many other
24 crypto sites that refer to it. And in some cases
10:04:19 25 I did cross-reference. We have to go to a

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:04:21 1 specific citation or footnote.

2 Q. Okay. Did you talk to any Ripple
3 employees in connection with the preparation of
4 your report?

10:04:27 5 A. No.

6 Q. Okay. Was there ever any occasion where
7 you copied language from a Ripple source directly
8 into your expert report?

9 A. What do you mean with "a Ripple source"?

10:04:45 10 Q. For instance, there's a -- say there's a
11 Ripple press release.

12 Did you ever copy language directly from
13 that press release into your report?

14 A. If and when I did, it would have been in
10:04:52 15 quotations.

16 Q. Okay. Setting aside Ripple sources, did
17 you ever copy language from any other source
18 directly into your report without quotations?

19 MR. WHITE: Objection to

10:05:00 20 form.

21 A. Not that I'm aware of, no.

22 Q. Okay. In preparing your opinion that's
23 set forth in Exhibit 1, did you consider any
24 sources that aren't cited in Exhibit 1?

10:05:24 25 A. Could you repeat that question?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:05:25 1 Q. Sure.

2 In preparing your expert opinion that's
3 set forth in Exhibit 1, did you consider any
4 sources that are not cited in Exhibit 1?

10:05:41 5 A. No.

6 Q. Okay.

7 A. Besides my overall knowledge in the
8 space and that helped me structure the report, but
9 I cited to any statement that was relevant in this
10 report.

10:05:53 10
11 Q. Okay. I'll just ask a narrowing
12 opinion.

13 In preparing your opinion set forth in
14 Exhibit 1, did you consider any websites where you
15 didn't cite the website in Exhibit 1?

10:06:02 16 A. I did not.

17 Q. Okay. Moving to Exhibit 2, your
18 rebuttal report, in preparing your opinions set
19 forth in Exhibit 2, did you consider any materials
20 that are not listed within Exhibit 2?

10:06:12 21 A. I only see the footnotes here. Are
22 there any other...?

23 Q. Right.

24 Were there any other sources that you
10:06:33 25 considered in preparing Exhibit 2 that are not

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:06:36 1 cited in any way in Exhibit 2?

2 A. No.

3 Q. No.

4 You cite a number of academic articles

10:06:46 5 in Exhibit 2?

6 MR. WHITE: Objection. Is

7 there a question?

8 A. Can you repeat the question?

9 Q. Sure.

10:06:55 10 You -- did you cite a number of academic
11 articles in Exhibit 2?

12 A. I do.

13 Q. Okay. Did defense counsel supply you
14 with any of the academic articles that you cite in
10:07:04 15 Exhibit 2?

16 MR. WHITE: You can answer

17 that yes or no.

18 A. No.

19 Q. Okay. Other than your own reports, have
10:07:12 20 you read any other expert reports in this case?

21 A. Yes.

22 Q. Which ones?

23 A. I have read Dr. [REDACTED] report and
24 then the rebuttal reports inasmuch as they cover
10:07:30 25 your question.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:07:31 1 Q. Have you read all of the rebuttal
2 reports from the SEC?

3 MR. WHITE: Objection.

4 A. I have read the rebuttal report from
10:07:40 5 Mr. [REDACTED] that is relevant to my original report.

6 Q. Did you read Mr. [REDACTED] opening report?

7 A. I did not.

8 Q. Okay. Did you read the entirety of
9 Mr. [REDACTED] rebuttal report?

10:07:55 10 A. I did.

11 Q. Are there any other expert reports that
12 you read that we haven't discussed yet?

13 A. There was an updated report by
14 Dr. [REDACTED] that I also read.

10:08:13 15 Q. Have you also reviewed Dr. [REDACTED]
16 deposition testimony in this case?

17 A. I have not.

18 Q. Other than the deposition testimony
19 that's listed in Appendix B to your Exhibit 1,
10:08:28 20 have you reviewed any other deposition testimony
21 in this case?

22 A. Sorry. I have to go and refer.

23 Q. Sure.

24 A. No, just David Schwartz and Asheesh
10:09:01 25 Birla.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:09:03 1 Q. Okay. Going back to Exhibit 2 for a
2 moment, did you read all of the academic papers
3 that you cited in Exhibit 2?

4 A. Exhibit -- what do you refer -- what is
10:09:18 5 Exhibit 2?

6 Q. Your rebuttal report is Exhibit 2.

7 A. Ah, yes. Okay.

8 Q. So the question is: Did you read all of
9 the academic papers that you cited in your
10:09:25 10 rebuttal report?

11 A. I did.

12 Q. Let's see. Let's turn back to Exhibit
13 1, paragraph 41, and Footnote 26.

14 Are you there, Professor?

10:09:53 15 A. Page 41?

16 Q. Paragraph 41.

17 A. Oh, paragraph 41.

18 Q. Page 19.

19 A. And you're referring to?

10:10:09 20 Q. Footnote 26.

21 A. Yes.

22 Q. In Footnote 26, you cite a number of
23 items on which you rely in addition to the sources
24 cited in your report, is that correct?

10:10:18 25 MR. WHITE: Objection.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:10:24 1 A. These are cited in my report.

2 Q. Right. Let me just read it. Footnote
3 26 states "In describing the XRP Ledger, XRP, and
4 Ripple throughout this report, in addition to the
10:10:34 5 cited sources, I am relying on..." and then the
6 sentence continues, correct?

7 A. Oh, yes.

8 Q. Okay. What of your "personal dealings
9 with Ripple in connection with UBRI and developing
10:10:44 10 the gift to the University of Michigan" did you --

11 THE REPORTER: Repeat.

12 MR. SYLVESTER: Sure.

13 Q. What of your "personal dealings with
14 Ripple in connection with UBRI and developing the
10:10:57 15 gift to the University of Michigan" did you rely
16 on in forming the opinions set forth in your
17 report?

18 A. Specific which knowledge?

19 Q. Yeah.

10:11:10 20 How did it inform your report?

21 MR. WHITE: Objection.

22 A. Well, I'm broadly familiar with the
23 company. I'm familiar with its arc of products
24 over time. I'm familiar with the application use
10:11:27 25 cases even before we started doing this report

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:11:30 1 that used XRP -- some use cases that used XRP or
2 XRPL.

3 I'm familiar with Xpring and RippleX,
4 again, through my engagements on UBRI.

10:11:50 5 I'm familiar with, of course,
6 conversations that I had with other UBRI members
7 from the 27 global universities that come together
8 at these conferences. So that sort of generally
9 informs the broad understanding of -- of -- of
10:12:12 10 technology, technology limitations, uses, business
11 models.

12 And then, of course, I cite specifically
13 to a case, a business case, Ripple -- the business
14 of crypto, which is one of the business cases that
10:12:30 15 I use in an entrepreneurial business development
16 course that I teach at the University of Michigan
17 to engineers and MBAs.

18 Q. What use cases for XRP or the XRP Ledger
19 were you familiar with prior to your engagement
10:12:44 20 with this case?

21 A. Are you asking for the names of the
22 companies?

23 Q. Whatever you would consider to be a use
24 case.

10:13:00 25 MR. WHITE: Objection. No

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:13:02 1 question.

2 A. So I was familiar with Ripple Net and
3 xCurrent and the xRapid, ODL, even though it all
4 went through iterations. I was familiar with, of
10:13:23 5 course, the exchanges, decentralized exchanges as
6 well as other exchanges that use XRP.

7 I am --

8 Q. Can you give me an example of
9 decentralized and other exchanges that use XRP?

10:13:42 10 A. Both buyers and sellers of XRP on
11 exchanges. On a -- not a specific exchange, but
12 Binance and others, Kraken and those.

13 Q. Okay. Turning back to Footnote 26, one
14 of the other items on which you relied in your
10:14:04 15 expert report is your experience as an expert in
16 blockchain technology, is that correct?

17 A. Yes.

18 Q. How did your experience as an expert in
19 blockchain technology inform your report?

10:14:22 20 A. Well, my expertise is mainly focused
21 around different application domains, the
22 disruptive potential of blockchain, blockchain
23 business -- the blockchain business case, business
24 cases. How different kinds of companies have
10:14:40 25 deployed blockchain, not just start-ups, but also

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:14:45 1 larger corporations such as IBM and others. How
2 they use blockchains as really more from on the
3 applied side rather than on the underlying
4 technical features side specifically.

10:15:04 5 So that sort of broad information is how
6 disruptive the technology is in the market. And
7 with "disruptive," I mean how disruptive the
8 future opportunities for growth are for blockchain
9 in the industry.

10:15:24 10 Q. Another item on which you relied
11 according to Footnote 26 is Ripple's Wells
12 submission.

13 Do you see that?

14 A. Yes.

10:15:32 15 Q. Do you have an understanding of what a
16 Wells submission is, what its purpose is?

17 A. I do not.

18 Q. Okay. What portion of Ripple's Wells
19 submission did you rely on in preparing your
10:15:47 20 report?

21 A. I read the entire submission to get a
22 sense of context, to get a sense of arguments, to
23 get a sense of kind of information that is
24 being -- that was in the early days of my
10:16:01 25 engagement in this case where I wanted to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:16:05 1 basically look at all types of reports that were
2 out there, filings, as well as depositions, to
3 inform myself as to what the context and various
4 different arguments were related to this case.

10:16:26 5 Q. When you say you wanted to get a sense
6 of the arguments related to this case, arguments
7 about what?

8 A. Well, I don't mean the -- the legal
9 arguments. I just want to see what are the
10:16:38 10 different positions, I guess, that -- that these
11 different reports, you know, display.

12 Q. The position of Ripple?

13 MR. WHITE: Objection. No
14 question.

10:16:54 15 A. The position of whomever the author was
16 of -- and authors were of the report.

17 Q. Do you know who authored Ripple's Wells
18 submission?

19 A. As I sit here, I cannot be sure, but I
10:17:12 20 believe it was on behalf of Ripple. I just --
21 that was immaterial to my review. My review was
22 what is the information that is out there relating
23 to this SEC case? Because all I knew at that time
24 was essentially all the media disclosures. So
10:17:29 25 very high level. I didn't know anything else

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:17:33 1 related to -- of course related to the specific
2 case. I wanted to read more about it.

3 Q. Did you do anything to verify the
4 accuracy of any information you learned from
10:17:42 5 reviewing Ripple's Wells submission?

6 A. I did not. I read it, again, to gain
7 insights.

8 Q. You mentioned earlier -- turning again
9 to Footnote 26, you mentioned earlier the business
10:18:10 10 case that you teach in your class.

11 Is that Ripple, the business of crypto?

12 A. Yes, it is.

13 Q. Okay. What information did you draw
14 from Ripple, the business of crypto, in forming
10:18:22 15 your opinions?

16 A. Well, this is one of a few FinTech or
17 financial technology cases that is available on --
18 in the Harvard Business School site, cases that I
19 use in my classes, that really talks about and --
10:18:40 20 and explains to the students sort of how digital
21 companies and early technology companies develop
22 their product strategy, their market strategy,
23 their market adoption. It's really more from that
24 perspective.

10:18:54 25 So I wanted to understand what was the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:18:57 1 value proposition that -- I wanted to understand.
2 I mean I teach what's the value proposition that
3 Ripple put out there and how -- sort of what is
4 the arc of different products that result in sort
10:19:12 5 of moving towards that market.

6 Q. Do you know whether anyone at Ripple
7 contributed content to that business case?

8 A. I will have to check the business case,
9 but I would not be surprised, given my knowledge
10:19:33 10 of how business cases are written, that there
11 would be interviews with people from Ripple.

12 Q. Do you know whether anyone at Ripple
13 approved the statements in the business case?

14 A. I do not know what -- as I'm sitting
10:19:52 15 here now.

16 Q. Okay. Would that sort of review and
17 approval by a company that was the subject of a
18 business case be standard operating procedure?

19 MR. WHITE: Objection; form
10:20:06 20 and foundation.

21 A. I'm not sure what the Harvard Business
22 School's rules are regarding the degree of
23 affirmation or confirmation or sign-off.

24 Q. Did you ever learn -- go ahead. Sorry.

10:20:23 25 A. So the case is exemplary of many other

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:20:27 1 digital finance cases that I teach in that class
2 and they all follow that same arc in business
3 development iterations and product iterations over
4 time. So as the students become more interested
10:20:38 5 in financial technology and blockchain, I wanted
6 to bring in financial technology cases to sort of
7 illustrate that this is generally how digital
8 industries develop.

9 Q. Did you at any point ever learn that any
10:20:53 10 of the information included within that case study
11 was inaccurate?

12 MR. WHITE: Objection; form.

13 A. Sorry. Could you repeat that question,
14 please?

10:21:12 15 Q. Sure.
16 Have you ever learned that any of the
17 information included within the case study
18 referenced in Footnote 26 was inaccurate?

19 MR. WHITE: Objection; form.

10:21:30 20 A. So did I verify that or did I learn
21 about it? So what was your question?

22 Q. The latter.

23 Just have you ever discovered or learned
24 at any point in time that there's any information
10:21:42 25 that's within that case study that turned out to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:21:44 1 be inaccurate?

2 MR. WHITE: Objection; form.

3 A. The only thing I can speak to is that
4 they highlight the MoneyGram collaboration,

10:21:52 5 partnership in the business case --

6 Q. Mm-hmm.

7 A. -- as written up. And I learned after
8 that the MoneyGram partnership I believe was

9 either on hiatus or discontinued. I'm not sure

10:22:07 10 exactly what was -- what was happening there. But

11 that wouldn't make it inaccurate. It's just that

12 one partner that adopted the product may have made

13 a decision as to whether or not they liked it or

14 didn't like it.

10:22:21 15 This is, again, part of the overall

16 adoption process. You test out the market. So I

17 don't think the question is about accurate or

18 inaccurate necessarily. It's about does the -- do

19 the conditions change?

10:22:43 20 Q. Right. But just setting aside changed

21 market conditions --

22 A. Mm-hmm.

23 Q. -- is there anything else in the report

24 that sitting here today you think is inaccurate?

10:22:53 25 A. I would have to go back over that report

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:22:55 1 in the context of what I know now since being
2 engaged whether or not anything that I read in
3 that case I would deem to be inaccurate. I don't
4 know.

10:23:16 5 Q. Turning back to Exhibit 2, paragraph 2,
6 it says that you've been asked to evaluate the
7 methodology and conclusions set forth in that
8 report, referencing Dr. [REDACTED] report, is that
9 right?

10:23:34 10 A. Yes, that's what it states in this
11 paragraph.

12 Q. Okay. Are you rebutting any expert's
13 opinion in this case other than Dr. [REDACTED]
14 opinion?

10:23:46 15 A. My focus was on Dr. [REDACTED] report.

16 Q. Regardless of your focus, is there any
17 other expert opinion that you're rebutting in this
18 case other than Dr. [REDACTED] opinion?

19 A. No.

10:24:02 20 Q. Okay. Do you know Dr. [REDACTED]

21 A. Personally? No, I do not.

22 Q. Prior to this case, had you ever heard
23 of him?

24 A. I had not.

10:24:17 25 Q. Prior to your retention in this case,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:24:19 1 did you have any familiarity with his work?

2 A. Prior to retention in this case?

3 Q. Mm-hmm.

4 A. No.

10:24:30 5 Q. Okay. Did you review the portions of
6 Dr. [REDACTED] report that set forth his
7 qualifications in his CV?

8 A. Yes, I did.

9 Q. Do you believe that Dr. [REDACTED] is
10:24:39 10 qualified to offer an expert opinion on the topic
11 of decentralization?

12 MR. WHITE: Objection; form
13 and calls for a legal conclusion.

14 A. When you refer to the "topic," what do
10:24:52 15 you mean specifically?

16 Q. Well, in Dr. [REDACTED] report, he sets
17 forth his opinion on the decentralization of the
18 XRP Ledger, correct?

19 A. Yes.

10:25:04 20 MR. WHITE: Objection; form.

21 Q. And he also in his report compares the
22 decentralization of the XRP Ledger with the
23 bitcoin and Ethereum ledgers, correct?

24 THE REPORTER: Slow down,
10:25:11 25 please. "He also in is report...?"

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:25:12 1 Q. Compares the decentralization of the XRP
2 Ledger with the bitcoin and Ethereum ledgers,
3 correct?

4 MR. WHITE: Objection; form.

10:25:21 5 A. That is what his opinion -- his opinion
6 is based on that compare -- his methodology is --
7 he uses a methodology to make that comparison,
8 yes.

9 Q. And in so doing, he's offering an
10:25:34 10 opinion broadly on the topic of decentralization,
11 correct?

12 MR. WHITE: Objection; form.

13 A. He is offering an opinion on that,
14 that's correct.

10:25:41 15 Q. Okay. So based on your review of
16 Dr. [REDACTED] qualifications and his CV, do you
17 believe that he's qualified to offer an opinion on
18 the topic of decentralization?

19 MR. WHITE: Objection; form,
10:25:53 20 calls for a legal conclusion.

21 Q. You can answer.

22 A. He is qualified. I agree he is
23 qualified to form an opinion. The question is
24 whether the approach and the methodology that he
10:26:07 25 uses is one that is established in the literature.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:26:16 1 Q. Prior to your retention as an expert
2 witness in this case, had you ever met anyone who
3 worked at Ripple?

4 A. Prior to my retention? Yes.

10:26:25 5 Q. Who?

6 A. Asheesh Birla.

7 Q. Anyone else?

8 A. And then Lauren Weymouth.

9 Q. Anyone else?

10:26:44 10 MR. WHITE: Objection; form.

11 A. There are people that speak at these
12 UBRI conferences and I meet them from far away,
13 but I don't really have a one-on-one conversation
14 with them.

10:27:00 15 Q. Who falls within that category?

16 A. Example, David Schwartz and Chris
17 Larsen. He opens the conference. He opened one
18 of the conferences.

19 Q. How about Mr. Garlinghouse?

10:27:21 20 MR. WHITE: Objection; form.

21 A. I don't know him.

22 Q. Have you ever heard him speak?

23 A. No.

24 Q. And you've never had a one-on-one
10:27:42 25 conversation with either Mr. Schwartz or

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:27:46 1 Mr. Larsen?

2 MR. WHITE: Objection; form.

3 A. I have not.

4 Q. Okay. When did you meet Mr. Birla?

10:27:58 5 Approximately is fine.

6 A. I believe that must have been 2018
7 sometime.

8 Q. How did you meet him?

9 A. He was -- I was introduced to him
10:28:13 10 through the Business Engagement Office of the
11 University of Michigan. Companies such as Ripple
12 that have alumni of the University of Michigan
13 will reach out to the Business Engagement Office
14 to set up partnerships or gift agreements or
10:28:31 15 things like that.

16 And through the initial context that
17 Mr. Birla made with the Business Engagement
18 Office, I received a call to say that Ripple was
19 interested in finding out what the University of
10:28:45 20 Michigan was doing with respect to blockchain and
21 cryptocurrencies and that resulted in a first --
22 first a call and then a meeting at one of the --
23 during one of the football games, I believe.

24 Q. Why did the Business Engagement Office
10:29:07 25 of the University of Michigan reach out to you?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:29:10 1 MR. WHITE: Objection;
2 foundation.

3 A. I had at that time -- so this was --
4 we're talking 2018. In 2016, '16/'17, I started
10:29:25 5 the Center for Infrastructure Finance at the
6 University of Michigan. And some of the people at
7 the Business Engagement Office that I know knew
8 that I was interested in decentralized
9 technologies and blockchain as part of that
10:29:37 10 center. So they reached out to several people
11 across the university.

12 MR. WHITE: Ms. Sylvester,
13 sorry, we've been going for about an
14 hour and twenty. Would now be a good
10:29:52 15 time for a break?

16 MR. SYLVESTER: Sure. Fine
17 by me.

18 MR. WHITE: Okay.

19 THE VIDEOGRAPHER: We'll go
10:29:56 20 off the record. The time is 10:31.

21 (Whereupon, a recess is
22 taken.)

23 THE VIDEOGRAPHER: We'll go
24 back on the record. The time is
10:47:33 25 10:48.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:47:35 1 BY MR. SYLVESTER:

2 Q. Professor, when was the last time that
3 you spoke with Mr. Birla?

4 A. I don't recall exactly. Since
10:47:50 5 Ms. Weymouth took over from him in her role as
6 director of UBRI. I believe I refer to that in my
7 expert report, when she took over. She took over
8 in August 2018.

9 Q. And what is her role at UBRI?

10:48:14 10 A. She is the Director of University
11 Partnerships.

12 Q. And what's the nature of your
13 communications with her in that role?

14 A. She will -- she will contact all the
10:48:45 15 UBRI leads on occasion and then it's usually about
16 an update on their software or an invitation to
17 participate in meetings or in hackathons or things
18 like -- things of the like.

19 Q. What exactly is UBRI?

10:49:10 20 A. UBRI is a name, University Research
21 Partnership, that is intended to -- intended to
22 sort of expand the knowledge in blockchains and
23 financial technology and to prepare the next
24 generation of, sort of, employees in the FinTech
10:49:35 25 space at various different universities.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:49:39 1 So it really is a gifting program to
2 stimulate innovation -- sorry, to stimulate
3 innovation at universities.

4 Q. UBRI is a gifting program, is that
10:49:51 5 right?

6 MR. WHITE: Objection; form.

7 A. It is a partnership program and the way
8 they work with universities is through gifts.

9 Q. UBRI gives gifts to universities.

10:50:01 10 MR. WHITE: Objection. No
11 question.

12 A. That I'm going to have to double-check
13 how the gift arrangement, as in the legal gift
14 arrangement, is structured, which I do not get
10:50:14 15 involved in. But it is a -- it is designated as
16 being a gift under a corporate gifting of the
17 university. So, therefore, it's not a contract.

18 Q. When you said "the gift" in your answer,
19 do you mean the gift given to the University of
10:50:33 20 Michigan?

21 A. Yes.

22 Q. Okay. And Ripple funds UBRI, is that
23 right?

24 A. Actually, I am not privy to that
10:50:47 25 information, on how UBRI is funded.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:50:51 1 Q. Okay. Can you look --

2 A. But it being a partnership program --

3 MR. WHITE: Let the witness
4 finish his answer -- sorry, finish his
10:50:55 5 answer.

6 MR. SYLVESTER: Please do.

7 A. No, that's okay.

8 I don't know how it is funded.

9 Q. Okay. Can we look at paragraph 12 of
10:51:02 10 your report?

11 A. Yes.

12 Q. So the first sentence says "Ripple Labs
13 Inc. (Ripple) funds what is known as the
14 University Blockchain Research Initiative (UBRI)"?

10:51:21 15 A. Yes.

16 Q. What's the basis for that statement?

17 A. When I say it funds it, it's actually
18 operated out of Ripple. It's part of Ripple, but
19 I -- it does not refer to the actual sourcing of
10:51:36 20 the funding, which I do not know and I'm not
21 familiar with.

22 Q. Why did you choose the word "funds"?

23 A. I mainly did it based on assumption
24 because it's part of Ripple and, therefore, I
10:51:55 25 would assume it is Ripple-backed.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:51:59 1 Q. Sitting here today, do you know whether
2 or not it's Ripple-backed?

3 MR. WHITE: Objection to
4 form.

10:52:08 5 A. As I answered earlier, I am not familiar
6 with the actual agreements between Ripple and
7 UBRI, the UBRI program.

8 Q. What was your --

9 A. The corp -- corporate agreements, that
10:52:20 10 is.

11 Q. Sure.

12 What was your involvement with the
13 University of Michigan's participation in UBRI, if
14 any?

10:52:35 15 A. I am one of the three university leads
16 to operationalize the gift.

17 Was that your question?

18 Q. Can you explain what you mean by
19 "operationalize the gift"?

10:52:53 20 A. Yeah. So when a -- a corporate funder
21 engages with the university, the university,
22 through its Business Engagement Office, will reach
23 out to who they think are relevant faculty
24 members/professors at the university and they
10:53:10 25 identified three key members. Over time. This

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:53:13 1 was iterative. One in engineering, that is
2 myself. Then a person in the business -- the Ross
3 School of Business and a person in the Ford School
4 for Public Policy.

10:53:26 5 And they then leave it up to the three
6 of us to develop a program that would meet the
7 spirit of the gift, but we do not have any
8 contractual obligations to -- Ripple cannot
9 interfere in what it is that we actually do with
10:53:46 10 the funding once it releases UBRI and comes to the
11 university.

12 Q. And, Professor, we've been speaking of
13 "the gift."

14 Is this the gift referenced in paragraph
10:53:56 15 13 of your expert report?

16 A. Yes, it is.

17 Q. Okay. You're the director of the Center
18 for Smart Infrastructure Finance?

19 A. That's correct, yes.

10:54:08 20 Q. And that center co-founded the
21 University of Michigan FinTech Collaboratory?

22 MR. WHITE: Objection. No --
23 no question.

24 Q. Go ahead.

10:54:18 25 A. Okay. Yes, the center is one of the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:54:25 1 three co-founders of the FinTech Collaboratory.

2 Q. And according to paragraph 12, the
3 FinTech Collaboratory -- strike that.

4 According to paragraph 12, the FinTech
10:54:37 5 Collaboratory is funded in part by a gift from
6 UBRI, is that right?

7 A. Yes. Which statement are you referring
8 to?

9 Q. Paragraph 12, the third sentence.

10:54:49 10 A. Yes. Yes.

11 Q. Okay. What portion of the FinTech
12 Collaboratory's budget is -- constitutes that gift
13 from UBRI?

14 MR. WHITE: Objection; form.

10:55:02 15 A. So the FinTech Collaboratory isn't
16 really an entity. It's an integration of three
17 centers. And these -- the Ripple gift comes in to
18 these three centers, each of whom have plenty of
19 other funding from other sources.

10:55:20 20 Q. Okay. Does -- does the FinTech
21 Collaboratory have a budget?

22 A. That would be the Ripple gift.

23 Q. The Ripple gift is the FinTech
24 Collaboratory's budget?

10:55:36 25 A. That then trickles down into the three

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:55:38 1 partners: In engineering, in the business school,
2 and in Ford School for Public Policy. And these
3 three partners actually have to find -- or
4 actually are funded otherwise as well. So

10:55:48 5 basically it's part of the funding of the three
6 core members of the FinTech Collaboratory.

7 Q. And who are the three core members of
8 the FinTech Collaboratory?

9 A. So it is the Center for Infrastructure
10:55:59 10 Finance; it is the Ford School for Public Policy
11 Center on Finance, Law, and Policy; and it is the
12 FinTech Initiative at the Ross School of Business.

13 Q. Have you seen the original gift
14 agreement referenced in paragraph 13?

10:56:19 15 A. I have seen it, yes.

16 Q. Do you have it?

17 MR. WHITE: Objection to
18 form.

19 Q. Is it within your files?

10:56:33 20 A. It's probably somewhere on my computer.

21 Q. Did you review that in connection with
22 preparing your report?

23 A. No.

24 Q. Was there a second gift agreement for
10:56:57 25 the gift extended in April of 2021 as referenced

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:57:01 1 in paragraph 13?

2 A. Yes.

3 Q. And do you have access to that gift
4 agreement as well?

10:57:15 5 MR. WHITE: Objection; form.

6 A. I have access to the check.

7 Q. Are the funds from the gift extension
8 referenced in paragraph 13 allocated in the same
9 way as the initial gift?

10:57:36 10 MR. WHITE: Objection; form.

11 A. No. So it depends on the needs and the
12 needs of the individual partners of the center.

13 Q. How is -- sorry. Go ahead.

14 MR. WHITE: Please finish

10:57:48 15 your answer.

16 A. It depends on the needs, the
17 programmatic needs, I guess, of the different
18 members of the Collaboratory.

19 Q. The gift extension that started in April
10:58:00 20 of 2021 is ongoing for two years from April 2021?
21 Am I reading that correctly?

22 A. Yes, but I am not sure when the gift was
23 actually committed to the university. It was sort
24 of -- there was an agreement and then there was a
10:58:22 25 commitment of the gift as in when it's actually

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

10:58:26 1 coming to the university. So I don't know when
2 it's coming to the -- or when -- when it came to
3 the university.

4 Q. Do you know how the funds as part of the
10:58:36 5 gift extension have been allocated to date?

6 A. To date? I would have to take a look.

7 Q. Have part of -- strike that.

8 Has any part of the gift extension been
9 allocated to the FinTech Collaboratory?

10:58:56 10 A. It all went to the FinTech
11 Collaboratory, but the allocation as to the three
12 parties of the FinTech Collaboratory changes. And
13 from my recollection, the gift extension was
14 mainly allocated to the business school and the
10:59:14 15 School for Public Policy.

16 Q. As -- as part of your role at the
17 University of Michigan, do you conduct research?

18 A. Yes. I lead a research group, yes.

19 Q. And is any of that research group's
10:59:39 20 funding funded by the UBRI gifts we've been
21 discussing?

22 A. Some of it.

23 Q. What percentage?

24 A. When you refer to "percentage," do you
10:59:57 25 refer to the percentage of the center's budget,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:00:00 1 how much of that is Ripple, how much of that is
2 UBRI funds?

3 Q. I'm focusing just on the research group
4 that you supervised.

11:00:09 5 A. Okay.

6 Q. How much of that research group's
7 funding comes from the UBRI gifts we've been
8 discussing?

9 A. Maybe about 10 or 15 percent.

11:00:22 10 Q. Has there been any change or update to
11 Ripple's gift to the University of Michigan since
12 you submitted your report in October of 2021?

13 MR. WHITE: Objection; form.

14 A. Can you restate that question?

11:00:41 15 Q. Sure.

16 Has there been any change or update to
17 Ripple's gift to the University of Michigan since
18 your report was submitted in October of 2021?

19 A. You're referring to Exhibit 1?

11:00:50 20 Q. Yes.

21 MR. WHITE: Objection.

22 Objection to form of the last
23 question.

24 THE WITNESS: Okay. Sorry.

11:00:53 25 MR. WHITE: You can answer.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:00:55 1 A. No.

2 Q. Are you familiar with the concept of a
3 validator node that runs on the XRP Ledger?

4 A. Yes.

11:01:08 5 Q. Okay. Does the University of Michigan
6 run a validator node on the XRP Ledger?

7 A. It does not.

8 Q. Has it ever?

9 A. Not that I know of. It's part of the
11:01:36 10 restrictions of the gift agreement.

11 Q. I see.

12 Can we turn to the end of paragraph 12?

13 The last sentence of paragraph 12 says "As part of
14 UBRI, the University of Michigan maintains a
11:01:55 15 validator node on the XRP Ledger (which I describe
16 in greater detail below), but the University of
17 Michigan has not actively participated in voting
18 on the XRP Ledger because of university policies
19 governing services under corporate gift
11:02:10 20 agreements."

21 Do you see that?

22 A. Yes.

23 Q. Okay. What does "maintains a node" --
24 sorry. Strike that.

11:02:17 25 What does "maintains a validator node on

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:02:20 1 the XRP Ledger" mean?

2 A. I would say we have the nodes or we are
3 a node, but we're -- it's inactive. We don't get
4 involved in any verification of transactions or
11:02:31 5 anything. It's not active.

6 Q. So the -- the node maintained by the
7 University of Michigan on the XRP Ledger does not
8 validate transactions?

9 MR. WHITE: Objection. No
11:02:43 10 question.

11 Q. Go ahead.

12 A. It -- it does not validate transactions.

13 Q. Okay.

14 A. And the maintenance part relates to that
11:02:52 15 we do get the updates on the protocols and
16 whatnot, that we get things to download, but we
17 actually do not validate.

18 Q. Did anyone at Ripple ever ask anyone at
19 the University of Michigan to run a validator node
11:03:09 20 on the XRP Ledger?

21 MR. WHITE: Objection;
22 foundation.

23 A. As part of the negotiations around the
24 gift agreement, Ripple stated that they would like
11:03:25 25 the University of Michigan to become an active

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:03:29 1 validator node on the network. And the university
2 said that that could not be part of the agreement.
3 However -- because of policies that I cite to
4 later, standard practice policies and gift
11:03:42 5 acceptance; however, if researches would choose to
6 maintain it or -- out of their -- out of their
7 funds, they could, but it's -- so Ripple only
8 asked at the time that we negotiated the gift
9 agreement.

11:04:12 10 Q. What was the policy that prohibited the
11 University of Michigan from being able to run a
12 validator node on the XRP Ledger?

13 A. So I refer to page 7 in my report where
14 I refer to that standard practice guide and
11:04:41 15 policies. And this is the way I understand it,
16 but I did not get involved in the negotiations
17 between the university and UBRI. That the
18 expectation of running a validator node under a
19 gift agreement would constitute a contractual
11:05:00 20 expectation which cannot be done under a gift
21 agreement.

22 Q. A contractual expectation between what
23 parties?

24 A. Between -- between Ripple and -- and the
11:05:15 25 University of Michigan.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:05:20 1 Q. Who was involved, if you know, in the
2 negotiations between Ripple and the University of
3 Michigan around the gift arrangement?

4 MR. WHITE: Objection; form.

11:05:33 5 A. I do not know the names, but this goes
6 to the Office of the Vice President for Research.

7 Q. Do you know who was involved on the
8 Ripple end?

9 MR. WHITE: Objection; form.

11:05:51 10 A. I do not know who was involved on the
11 Ripple end in the negotiations. I know who my
12 contact person is, but I don't know if that person
13 is involved in the actual negotiations of gift
14 agreements.

11:06:03 15 Q. That's Ms. Weymouth?

16 MR. WHITE: Objection. No
17 question.

18 Q. You can answer.

19 A. After August 2018, yes.

11:06:11 20 Q. And what -- you state in paragraph 15
21 that your "communications with Ms. Weymouth have
22 pertained to the use of the gift funds at the
23 University of Michigan and our participation in
24 the annual UBRI conference."

11:06:35 25 A. Yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:06:40 1 Q. Why were you speaking with Ms. Weymouth
2 about the use of the gift funds at the University
3 of Michigan?

4 A. Because she is the administrator and
11:06:53 5 director of university relationships. And she
6 will occasionally check in with the universities
7 that have received gifts. And she said, "So how
8 are you doing? What are you doing with this?"
9 It's sort of a -- part of a regular check-in to
11:07:16 10 maintain the relationship.

11 Q. So as part of the check-in, you explain
12 to her how the university is using the gift funds.

13 MR. WHITE: Objection. No
14 question.

11:07:23 15 A. Yes.

16 Q. Have you ever spoken at any of the UBRI
17 conferences?

18 A. Yes.

19 Q. Which ones?

11:07:34 20 A. I spoke at the -- the 2020 conference
21 and --

22 Q. What was the top -- sorry. Go ahead.

23 A. And that was on tokenization of
24 infrastructure finance. And my students, some of
11:07:55 25 my students, have spoken at the 2019 in-person

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:07:58 1 conference at UC Berkeley.

2 Q. What was the topic of your students'
3 presentation at the 2019 UBRI conference?

4 A. The development of a blockchain
11:08:12 5 application for -- to track opioid prescriptions.

6 Q. Did that blockchain application involve
7 the use of the XRP Ledger?

8 A. It did not.

9 Q. Did the topic of your speech involve the
11:08:43 10 use of XRP or the XRP Ledger.

11 A. It referred to the opportunity, future
12 opportunity, of the XRP Ledger. The topic is
13 really about tokenization of infrastructure, of
14 debt and equity financing of infrastructure. And
11:09:08 15 we talked about the globalization of financing of
16 infrastructure and, then, therefore, where the
17 opportunity might be for a Ripple -- for an XRP
18 application.

19 Q. Is the tokenization of financing
11:09:22 20 infrastructure a topic that you researched?

21 A. Yes.

22 Q. And is it a topic that you research as
23 part of the FinTech Collaboratory group?

24 A. In part, yes.

11:09:45 25 Q. Have you developed any applications

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:09:46 1 regarding -- strike that.

2 Have you developed any applications on
3 the XRP Ledger as part of your research at the
4 University of Michigan?

11:09:58 5 A. Not to date.

6 Q. Have you developed any applications
7 using XRP as part of your research at the
8 University of Michigan?

9 A. Not to date.

11:10:09 10 Q. Are you working on any -- strike that.

11 Are you researching any projects in
12 which either the XRP Ledger or XRP will be used
13 currently?

14 A. Personally, I am not, but

11:10:24 15 Blockchain@Michigan, which is a computer science
16 business student hub that focuses on decentralized
17 applications on the blockchain, is -- one of the
18 ledgers that they're exploring is XRPL.

19 Q. Is Blockchain@Michigan funded at all by
11:10:46 20 UBRI?

21 A. Their administrative structure has some
22 funding through UBRI as part of the Collaboratory.

23 Q. Are you personal friends with any
24 current or former Ripple employee?

11:11:10 25 A. No.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:11:10 1 Q. Do you have a professional relationship
2 with any current or former Ripple employee?

3 A. I would say that Asheesh Birla and
4 Lauren Weymouth are the two people I have
11:11:23 5 professional -- professional relationships with.

6 Q. Do you have any role with respect to the
7 University of Michigan's running -- sorry. Strike
8 that.

9 Do you have any role with respect to the
11:11:34 10 University of Michigan's maintenance of the node
11 on the XRP Ledger?

12 A. Sorry. Can you repeat that question?

13 Q. Sure.

14 Do you personally have any role with
11:11:46 15 respect to the University of Michigan's
16 maintenance of the node on the XRP Ledger?

17 A. Depends how you define "personally."
18 One of the staff members in the department
19 receives the pings from Ripple and updates on the
11:12:06 20 software required, but that's it. It's basically
21 just to keep it up-to-date, but I don't personally
22 get involved in that.

23 Q. Can we turn to page 7 of your Appendix
24 A?

11:12:41 25 A. I have it.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:12:42 1 Q. Okay. So under the "Research Grants and
2 Contracts" section, the last entry is "Ripple."

3 Do you see that?

4 A. Yes.

11:12:49 5 Q. Is this the \$1 million gift that we've
6 been discussing that's set forth in your report
7 around paragraph 12 or 13?

8 A. Yes.

9 Q. Okay. Can you explain what PL and 2
11:13:03 10 co-PLs mean?

11 A. Oh, it's the -- "PI" stands for
12 principal investigator and co-PI, co-principal
13 investigators, but essentially the three of us are
14 at the same level. So it's one person designated
11:13:17 15 in engineering, myself; one person designated in
16 the business school; and one person designated in
17 the School for Public Policy.

18 Q. And what does that term "principal
19 investigator" mean?

11:13:31 20 A. Sort of the lead. The lead. In the
21 context of a research grant, say from the National
22 Science Foundation or -- or anything like that, in
23 that context you're the one that's actually
24 leading and directing the research. In this case
11:13:46 25 it's basically the three of us that are

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:13:48 1 collaborating in the Collaboratory.

2 Q. Okay. Do you have the same status with
3 respect to the subsequent \$250,000 gift from UBRI?

4 A. We have maintained that relationship
11:14:01 5 among the three co-PIs. That's right.

6 Q. Do you have an understanding of why it
7 was that Ripple wanted the University of Michigan
8 to run a validator node on the XRP Ledger?

9 A. Why they wanted that to be part of the
11:14:52 10 gift?

11 Q. Yes.

12 A. No, I'm not sure.

13 Q. Have you ever had any discussions with
14 anyone at the University of Michigan with respect
11:15:07 15 to Ripple's request that the University of
16 Michigan run a validator node on the XRP Ledger?

17 A. No. So once the decision was made
18 higher up that we couldn't do it as part of the
19 gift, that discussion was stopped. But every

11:15:29 20 university has their own policy around that.

21 Q. Setting aside the University of
22 Michigan's maintenance of a node on the XRP
23 Ledger, have you ever run any kind of node on the
24 XRP Ledger?

11:15:44 25 A. I have not.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:15:45 1 Q. Okay. Have you ever run any kind of
2 node for any blockchain?

3 A. Personally I have not, no.

4 Q. Okay. Let's turn to paragraph 19 of
11:16:01 5 your Exhibit 1, which was Opinion 1.

6 A. Page 19 of Exhibit 1?

7 Q. Sorry. Page 8, paragraph 19 of Exhibit
8 1.

9 A. Okay. Yes.

11:16:22 10 Q. Okay. And your first opinion is listed
11 here as "The XRP Ledger and its native currency,
12 XRP, represented an important innovation in
13 blockchain technology."

14 Do you see that?

11:16:30 15 A. Yes, I do.

16 Q. What criteria did you use to determine
17 whether XRP and the XRP Ledger represented an
18 important innovation in blockchain technology?

19 A. Going back to my background as a advisor
11:16:52 20 for venture capital firms where we look at new
21 technologies that come to market, we look at
22 innovation from the perspective of is -- is this
23 technology an improvement over, and a significant
24 improvement over, existing technologies and in
11:17:15 25 what capacity?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:17:17 1 And my aspects that I looked at were
2 speed, cost, environmental costs, security.
3 Issues like that.

4 And I referred to the incumbent
11:17:35 5 technology or compared to the incumbent
6 technology.

7 THE REPORTER: Income?

8 THE WITNESS: Incumbent.

9 THE REPORTER: Thank you.

11:17:42 10 THE WITNESS: Existing.

11 Q. And is it your opinion that the XRP
12 Ledger is superior on the metrics of speed, cost,
13 environmental costs, and security to preexisting
14 blockchains?

11:17:56 15 MR. WHITE: Objection to
16 form.

17 A. There was a lot of information packed in
18 that question. Can you be more specific?

19 Q. Sure.

11:18:08 20 You -- my understanding of your previous
21 response when I asked what criteria you used to
22 determine whether something was an important
23 innovation with respect to XRP and the XRP Ledger,
24 the metrics that you mentioned were speed, costs,
11:18:26 25 environmental costs, and security, is that right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:18:28 1 Did I understand you correctly?

2 A. Those are among the ones that I looked
3 at, yes.

4 Q. Okay. So I'm asking if it's your
11:18:35 5 opinion that the XRP Ledger is superior to
6 preexisting blockchains with respect to the
7 metrics of speed, cost, environmental costs, and
8 security.

9 MR. WHITE: Objection to
11:18:41 10 form.

11 A. The transaction speed is faster than the
12 incumbent technology at that time when it came up,
13 which was bitcoin. The cost of a transaction was
14 lower. Again, in the proposition. The
11:19:07 15 environmental cost was lower just because of the
16 type of consensus mechanism that they were using.
17 And then the security features were different from
18 what they were for the incumbent technology that
19 led me to conclude security -- improved security.

11:19:31 20 Q. What were the features of the XRP Ledger
21 versus incumbent technology that in your view led
22 to improved security?

23 A. I'm mainly referring to the different
24 consensus mechanisms that the XRPL was use -- uses
11:20:06 25 to validate transactions.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:20:07 1 Q. Okay. Does that mean that it's your
2 view that the XRP Ledger's consensus -- consen --
3 strike that.

4 Is it your view that the XRP Ledger's
11:20:15 5 consensus mechanism is more secure than bitcoin's
6 consensus mechanism?

7 MR. WHITE: Objection; form.

8 A. It's not necessarily kind of a binary
9 decision. It's -- it's a different kind of
11:20:32 10 security mechanism and validation mechanism that
11 would avoid 51 percent of tax, for example. And,
12 so, I was looking from that perspective.

13 Q. Okay. Let's turn to the next page,
14 paragraph 20, your Opinion 2.

11:21:07 15 A. Paragraph or page?

16 Q. Page 9, paragraph 20.

17 A. Okay.

18 Q. Opinion 2 reads "Ripple's iterative
19 development of its business model and products is
11:21:17 20 consistent with start-up practices in
21 high-technology industries."

22 Do you see that?

23 A. Yes.

24 Q. Okay. And then at the very last
11:21:24 25 sentence of that paragraph, you reference "market

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:21:28 1 demand."

2 Do you see that sentence?

3 A. The last sentence of that -- yes.

4 Market demand, yes.

11:21:39 5 Q. What steps, if any, did you take to
6 ascertain what market demand for Ripple products
7 existed over the years?

8 MR. WHITE: Objection to
9 form.

11:21:51 10 A. That was not the analysis that I did.
11 The analysis I -- I mean, what I opined on in
12 this -- in Opinion 2 is that Ripple, like other
13 digital companies, develops different products,
14 improvements on technology, to ultimately --
11:22:18 15 develops marketing -- marketing strategies to
16 actually position its technologies for broad
17 adoption by the market.

18 But I -- this statement does not say
19 whether they actually satisfy market demand. That
11:22:32 20 is not what I intended with this sentence here.

21 Q. And it wasn't part of your, sort of,
22 methodology to examine whether there was, in fact,
23 any market demand for any Ripple product.

24 MR. WHITE: Objection; form

11:22:50 25 and no question.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:22:53 1 A. Ripple had a value proposition and part
2 of its value proposition was to make international
3 settlements easier, faster, and cheaper. And it's
4 sort of a -- a business hypothesis or a market
11:23:09 5 that they're going to. The question is, what is
6 the path to market to go from where you are with
7 your technology to servicing that ultimate market
8 that you want to -- or one of these markets that
9 you want to serve?

11:23:24 10 In fact, most of these technology
11 start-up companies don't really even know
12 necessarily what ultimately will become the
13 beachhead market or the growth market that their
14 technology will be -- will be deployed in nor what
11:23:36 15 the ultimate product will be.

16 So it's very hard to actually do that
17 analysis as -- as you're inquiring about.

18 Q. You just said most of the start-up
19 companies don't even necessarily know what
11:23:52 20 ultimately will become their beachhead market --

21 A. Mm-hmm.

22 Q. -- or -- I'm paraphrasing now -- what
23 product will ultimately be successful, is that
24 right?

11:24:01 25 A. Or which products, yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:24:01 1 MR. WHITE: Objection; form.

2 Q. Is that true with Ripple as well?

3 MR. WHITE: Objection; form.

4 A. Well, if you look over the -- the arc of
11:24:13 5 products that Ripple has developed since its
6 inception and tested with different market
7 participants from the Ripple corridor all way
8 through to now Ripple Net, it is essentially a
9 trial and error kind of process. And you'll find
11:24:32 10 out over time if one has an open source ledger in
11 which applications can be built, then what the
12 ultimate use cases will become.

13 So that -- I would argue that they're
14 still moving in that direction where they
11:24:44 15 originally intended to move, but the diversity of
16 use cases, as I outline later on, are examples of
17 how third parties just use it for uses that are
18 originally not intended by -- by Ripple.

19 Q. Let's go to same page, paragraph 21.
11:25:15 20 Opinion 3 says "The XRP Ledger and its native
21 currency, XRP, have commercial utility that third
22 parties have leveraged in the creation or
23 advancement of their business models,
24 demonstrating the decentralized nature of the XRP
11:25:30 25 Ledger."

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:25:31 1 Do you see that?

2 A. Yes, I see that.

3 Q. How in your view does third-party
4 leveraging of XRP demonstrate the decentralized
11:25:39 5 nature of the XRP Ledger?

6 A. Well, the way in the context of my
7 experience, again, of -- of advising companies,
8 including blockchain companies, is when one has an
9 open source platform on which applications can be
11:26:03 10 built without a centralized authority to approve
11 transactions, that in the sort of -- the current
12 vernacular of both the academic and the business
13 use of the word "decentralized," it constitutes as
14 being a decentralized application.

11:26:37 15 Q. Let me ask a clarifying question. You
16 concluded that answer by referencing a
17 decentralized application.

18 Are you talking about the XRP Ledger
19 when you use the word "application" or something
11:26:46 20 else?

21 A. I'm sorry. I didn't mean to say
22 application. The decentralized nature of the
23 Ledger.

24 Q. Okay. So when you say "the
11:26:54 25 decentralized nature" of the XRP Ledger, are you

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:26:57 1 offering an opinion that the XRP Ledger is, in
2 fact, decentralized?

3 A. In the context of how currently the word
4 "decentralized" is used in the business literature
11:27:13 5 and actually even in the academic literature --
6 look at the MIT Digital Asset Lab -- it's still
7 not even clear what the actual definition is of
8 decentralized.

9 So in the way we're using it in that
11:27:28 10 vernacular, yes.

11 Q. What is the definition of
12 decentralized -- decentralization used in that
13 vernacular?

14 A. There is no definition. It is really
11:27:41 15 more of an understanding and an expectation.

16 Q. Can you describe the understanding and
17 expectation that is called forth by the use of the
18 word "decentralization"?

19 MR. WHITE: Objection; form.

11:28:06 20 A. Well, again, in that same context, from
21 the perspective of the blockchain being
22 permissionless, being open source and, therefore,
23 accessible to third-party developers, having no
24 central authority that verifies transactions, that
11:28:31 25 validates transactions, sort of constitutes that.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:28:35 1 It is not a definition. It is a -- a working
2 understanding of decentralization as used in these
3 contexts.

4 Q. When you say "as used in these
11:28:50 5 contexts," which contexts are you referring to?

6 A. I mean in the venture capital investment
7 context, in the business context, business
8 literature context, and in other academic lenses
9 on, for example, as I said, just MIT digital
11:29:13 10 currency initiative. They say, look, we don't
11 really even know, we have to contextualize what we
12 mean by decentralization, so, therefore, we can't
13 adopt a definition of what it is. So we'll use a
14 working knowledge of what we think it is.

11:29:30 15 Q. Mm-hmm.

16 Is -- so the general understanding of
17 what decentralization means in your view, in the
18 context you just described, is a blockchain that's
19 permissionless, open source, accessible to
11:29:45 20 third-party developers, and has no central
21 authority that verifies transactions?

22 MR. WHITE: Objection. No
23 question.

24 A. These are some broad characteristics
11:29:57 25 that we use in sort of the -- the business

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:30:02 1 vernacular, yes.

2 Q. And are those the characteristics that
3 you're referring to when you use the words
4 "decentralized nature of the XRP Ledger" in
11:30:10 5 paragraph 21?

6 A. In that nondefinitional descriptive
7 understanding, that's what I did there, yes.

8 Q. Are there any academic publications that
9 endorse the general understanding of
11:30:33 10 decentralization as you just described it?

11 A. Well, in recent years, the scientific
12 literature has sort of moved into a direction of
13 trying to understand how decentralization should
14 be understood, how it should be measured, how it
11:30:53 15 should be defined. There's lots of working
16 definitions out there, but there's no governing
17 definitions -- governing definition at this point.

18 So there is no academic -- if that's
19 what you're asking -- paper that states this
11:31:04 20 working definition is the going definition. It
21 is -- it is an understanding. It's not a
22 definition.

23 Q. What's the distinction in your mind
24 between an understanding and a definition?

11:31:18 25 A. It is a -- sort of a working knowledge

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:31:22 1 of how people in general talk about a topic versus
2 how academicians in the scientific literature
3 would try to define a term and develop metrics and
4 tools to measure those metrics. So that's sort of
11:31:44 5 the difference. So the working level
6 understanding versus the academic definitional
7 approach.

8 Q. How is the existence of third-party
9 applications on a blockchain related to the
11:32:06 10 concept of decentralization of that blockchain, if
11 it is?

12 A. Well, again, sort of referring back to
13 my earlier answer, it goes to it being broadly
14 available to a large community of developers and
11:32:27 15 their users. That becomes an element of a
16 decentralized system in this nondefinitional
17 fashion, nondefinitional nature.

18 Q. In paragraph -- both paragraphs 21 and
19 22, you reference "Ripple's vision." Do you see
11:33:10 20 that? It's the second sentence of paragraph 21
21 and also the second sentence of paragraph 22.

22 A. Yes.

23 Q. How do you know what Ripple's vision is
24 or was?

11:33:21 25 MR. WHITE: Objection; form.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:33:29 1 A. There's no firsthand knowledge, but I
2 used it from my working knowledge of Ripple, as
3 well as reading the business cases, as well as all
4 the publications in the business literature,
11:33:47 5 financial magazines, crypto magazines, of what the
6 aspirations were of what they sought to achieve.
7 So that was the vision.

8 Q. Are all those publications that you just
9 referenced cited in your report?

11:34:00 10 A. Yes, they are.

11 Q. Okay. You mentioned earlier that you
12 reviewed Ripple's financial statements for, I
13 believe, the years 2014 through 2020, is that
14 correct?

11:34:26 15 A. Yes, I did.

16 Q. You're aware that the vast majority of
17 Ripple's revenues over the years have come from
18 sales of XRP?

19 MR. WHITE: Objection; form.

11:34:36 20 A. I have seen the P & L statement, profit
21 and loss statements, within that, yes.

22 Q. Okay.

23 A. I'm referring to that.

24 Q. So you would agree with me that the vast
11:34:49 25 majority of Ripple's revenues have come from XRP

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:34:52 1 sales over the years?

2 MR. WHITE: Objection; form,
3 foundation.

4 A. I'm going to have to look at a specific
11:34:59 5 financial statement to actually verify my answer
6 to your question.

7 Q. Okay. Sitting here today, you can't
8 recall?

9 MR. WHITE: Objection; form.

11:35:08 10 A. It's been a while since I've read them
11 and it depends on what year you're talking about.
12 I don't recall.

13 Q. Okay. Professor, we talked a little
14 earlier about consensus.

11:35:22 15 What is consensus? What does that term
16 mean?

17 A. Consensus is a -- a set -- is a set of
18 different mechanisms where different validators on
19 a -- on a network decide as to whether or not to
11:35:42 20 move the Ledger forward and add a block to the
21 chain. And so there's different kinds of
22 consensus mechanisms where proof of work and proof
23 of stake and federated consensus mechanism that
24 Ripple has to actually make that final encrypted
11:36:03 25 decision to move the Ledger forward.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:36:06 1 Q. Do you consider yourself an expert in
2 consensus?

3 A. Good enough working knowledge of it,
4 yes.

11:36:15 5 Q. That wasn't quite my question.
6 Do you consider yourself an expert in
7 consensus?

8 A. How do you define "expert"?

9 Q. I'm asking what you consider yourself,
11:36:26 10 sir. So do you consider yourself an expert in
11 consensus?

12 A. Yes.

13 Q. What is the relationship, if any,
14 between consensus and the question of the extent
11:36:37 15 to which a blockchain is decentralized?

16 MR. WHITE: Objection; form.

17 A. Can you repeat that question, please?

18 Q. Sure.

19 What is the relationship, if any,
11:36:55 20 between consensus and the question of the extent
21 to which a blockchain is decentralized?

22 MR. WHITE: Objection; form.

23 A. It's -- the way I understand it, it's
24 all about sufficient number of validators agreeing
11:37:09 25 on moving the blockchain forward. And that's part

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:37:15 1 of consensus mechanism. It's a consensus among
2 validators.

3 Q. And how is that related to the concept
4 of decentralization?

11:37:32 5 A. In that there is no single central
6 authority making that decision, but independent
7 nodes that do not -- validator nodes that do not
8 trust each other achieving a path forward on the
9 blockchain.

11:37:52 10 Q. Have you reviewed the paper entitled
11 "The Ripple Protocol Consensus Algorithm" authored
12 by David Schwartz, Noah Youngs, and Arthur Britto?

13 A. It sounds familiar, but I would have to
14 take a look at that.

11:38:08 15 Q. Are you familiar with the term "Sybil
16 attack"?

17 A. I've read about Sybil attack.

18 Q. What is Sybil attack?

19 A. As I'm sitting here, I cannot define it
11:38:24 20 for you.

21 Q. Let me pose a hypothetical regarding the
22 application of consensus using an example of
23 something other than a blockchain. Okay?

24 A. So what's the hypothetical?

11:38:45 25 Q. The hypothetical is let's suppose

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:38:47 1 there's a rocket and the rocket's direction is
2 controlled by a navigation system. Okay?

3 MR. WHITE: Objection; form.

4 A. Mm-hmm.

11:38:53 5 Q. Okay. Let's say the rocket has a single
6 navigation system to control its navigation.

7 A. Mm-hmm.

8 MR. WHITE: Objection, form,
9 to that last question.

11:39:02 10 Q. Is this a centralized system?

11 MR. WHITE: Objection; form.

12 A. I find the analogy hard to reconcile
13 with my notion of decentralized.

14 Q. I'm sorry. I didn't quite understand
11:39:26 15 your answer.

16 Would you say that is a centralized
17 system?

18 MR. WHITE: Same form
19 objection.

11:39:31 20 A. What I say is that I have a hard time
21 reconciling your example, your hypothetical, with
22 the decision as to whether or not centralized, not
23 centralized.

24 Q. Are you saying that my hypothetical
11:39:43 25 doesn't provide enough information for you to know

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:39:45 1 whether or not the system is centralized or
2 decentralized?

3 MR. WHITE: Objection;
4 mischaracterizes testimony.

11:39:49 5 A. That is not what I said. I was not
6 looking for more information. I was just trying
7 to find the context of your hypothetical to
8 actually try to answer my question -- to answer
9 your question.

11:40:01 10 Q. Okay. So can you answer the question as
11 to whether or not that's a centralized system?

12 MR. WHITE: Objection; form.

13 A. Can you repeat your system?

14 Q. Sure.

11:40:12 15 So there's a rocket.

16 A. Mm-hmm.

17 Q. It has a navigation system. It's
18 controlled by one single navigation system.

19 A. Mm-hmm.

11:40:18 20 MR. WHITE: Objection to form
21 to this -- continue.

22 MR. SYLVESTER: I have to
23 finish. Thank you.

24 MR. WHITE: I understand.

11:40:23 25 MR. SYLVESTER: Thank you.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:40:23 1 Q. Is this a centralized system?

2 MR. WHITE: Objection to
3 form.

4 A. Given the narrowness of the information,
11:40:34 5 the limited information that you're providing me,
6 I would say there's a single point of failure.

7 Q. So does that mean the system is
8 centralized?

9 A. I've never thought about centralization
11:40:49 10 in that context so I can't answer your question.

11 Q. Okay. Generally, if there's a single
12 point of failure in a system, does that mean the
13 system is centralized?

14 MR. WHITE: Objection; form.

11:41:01 15 A. In a nondefinitional way, I mean, I
16 would say yes.

17 Q. Let's say -- we're still with the
18 rocket. Let's say instead of having one
19 navigation system, it has two: A primary
11:41:19 20 navigation system and a secondary navigation
21 system.

22 A. Mm-hmm.

23 MR. WHITE: Objection to --
24 sorry.

11:41:23 25 Q. Is that a centralized system?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:41:24 1 MR. WHITE: Objection to
2 form.

3 A. It depends how these two navigation
4 systems come to a decision.

11:41:38 5 Q. How does it depend? Can you explain
6 your answer?

7 MR. WHITE: Objection to
8 form.

9 A. I was saying -- oh, yes. Do the two --
11:41:52 10 you said guidance systems? What did you call
11 them?

12 Q. Navigation systems.

13 A. Navigation systems.

14 -- whether they depend on one another or
11:42:00 15 not.

16 Q. Okay. Let's say the system is
17 designed -- two navigation systems. It's -- it's
18 designed -- the navigation systems are designed to
19 take the navigation data from the primary and, if
11:42:10 20 that one fails, then the secondary system.

21 Is that -- is that system centralized?

22 MR. WHITE: Objection; form.

23 A. I don't think there was enough of a
24 decision to actually -- enough of a definition
11:42:25 25 around centralization as to whether or not that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:42:28 1 would be centralized or not.

2 Q. I just want to make sure I understand
3 your answer.

4 It's not that the hypothetical doesn't
11:42:34 5 have enough information. It's that the concept of
6 centralization isn't sufficiently defined to
7 answer, correct?

8 A. To be able to answer that question, yes.

9 MR. WHITE: Objection; form.

11:42:45 10 Q. Let's say instead a rocket has three
11 navigation systems and its navigation is
12 controlled by majority voting.

13 Are you familiar with the majority
14 voting system?

11:42:56 15 A. Yes.

16 MR. WHITE: Objection to
17 form.

18 Q. Let's say in this hypothetical with
19 three navigation systems one of those systems
11:43:05 20 fails. It just simply ceases to operate.

21 What impact would that have on the
22 rocket?

23 MR. WHITE: Objection; form,
24 and relevance of a rocket analogy to
11:43:15 25 blockchain.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:43:26 1 A. So you have three navigation systems and
2 there's majority voting in these navigation
3 systems and one navigation system falls out or
4 fails. And then the question is?

11:43:48 5 Q. How would that affect the system's
6 ability to operate?

7 MR. WHITE: Objection; form.

8 A. Again, given the limiting parameters of
9 this hypothetical, those two remaining guidance
11:44:10 10 systems are still -- I'm not sure how you're
11 drawing the analogy there, but -- to centralized
12 operation. So there is no longer -- if there's
13 only two left, there is no longer a majority in
14 your hypothetical. And if there's no longer a
11:44:54 15 majority, then those decisions can't be -- the
16 system fails, I guess.

17 Q. Okay. Let's say we have the three --
18 three navigation systems, majority voting. Let's
19 say two of the navigation systems simply fail.

11:45:10 20 Is that system centralized?

21 MR. WHITE: Objection; form.

22 A. If they have no fail-safes, no backup
23 mechanisms? I think I -- there's just not enough
24 information to actually make a decision on
11:45:26 25 centralization.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:45:28 1 Q. Okay. Let's say instead of -- same --
2 same rocket, same three navigation systems, same
3 majority voting. Let's say instead of two of the
4 systems simply failing they're taken over by the
11:45:39 5 enemy, by a malicious actor.

6 MR. WHITE: No -- sorry.

7 Q. Is that system centralized?

8 MR. WHITE: Objection; form.

9 A. I have -- so what are the parameters
11:45:54 10 again?

11 Q. The rocket has three navigation systems;
12 they majority vote on navigation; a malicious
13 actor takes over two of the voting systems.

14 Is that system centralized?

11:46:06 15 MR. WHITE: Objection; form.

16 A. Based on the information you're giving
17 me and the analogy you're making or the -- the
18 hypothetical you're providing me, it was still
19 decentralized -- is it centralized? Is that your
11:46:31 20 question?

21 Q. Yes.

22 A. No.

23 Q. Why not?

24 A. Because the original design was still
11:46:39 25 three.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:46:45 1 Q. Is the system in my hypothetical
2 controlled by one authority?

3 MR. WHITE: Objection to
4 form.

11:46:58 5 A. After two are hijacked, or whatever you
6 said --

7 MR. WHITE: Objection to
8 form.

9 A. -- there's one left, but the rule of the
11:47:07 10 system was majority -- I don't know. I'm kind of
11 getting lost in the -- in the analogy here.

12 Q. Okay. Did you want me to repeat the
13 question or -- would that be helpful?

14 A. Were the same conditions still the same
11:47:29 15 in that analogy as in majority voting?

16 Q. Three navigation systems, majority
17 voting, malicious actor takes over two.

18 Is that a centralized system?

19 MR. WHITE: Objection to
11:47:38 20 form.

21 A. It would violate the majority protocol.

22 Q. Is it -- understanding your -- your
23 response, is that -- is that meant to be a
24 response to the question of whether or not it's a
11:48:02 25 centralized system?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

11:48:04 1 A. I can't answer whether that's a
2 centralized system.

3 Q. Okay. How might -- so we have a rocket
4 with three navigation systems. How might we make
11:48:13 5 the rocket --

6 THE REPORTER: Repeat.

7 MR. SYLVESTER: Yes.

8 Q. We have a knock -- a rocket with three
9 navigation systems, majority voting.

11:48:20 10 How might we make the rocket's
11 navigation system more resilient from attack?

12 MR. WHITE: Objection to

13 form; calls for speculation.

14 A. Not being a rocket scientist, I mean, I
11:48:34 15 wouldn't -- I wouldn't know.

16 Q. Let's switch to a blockchain on that
17 analogy then. Let's take a --

18 A. Before you go there, can I go to the
19 restroom, please?

11:48:42 20 Q. Yeah. Absolutely. Let's take a break.

21 THE VIDEOGRAPHER: Going off

22 the record. The time is 11:50.

23 (Whereupon, a recess is taken.)

24 THE VIDEOGRAPHER: We'll go

12:04:17 25 back on the record. The time is

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:04:19 1 12:05.

2 BY MR. SYLVESTER:

3 Q. Professor, before I believe that you
4 testified that you're familiar with the Byzantine
12:04:27 5 generals problem, is that right?

6 A. As a -- at a high level, yes.

7 Q. Can you describe what that is?

8 A. It's basically where multiple -- I guess
9 we can put it in the context of nodes, in the
12:04:47 10 context of generals, that have to make a decision
11 as to whether or not to take a certain action. In
12 this case, for example, the action would be for
13 the blockchain to move forward, but not all of
14 the -- all of the generals actually have the same
12:05:04 15 opinion of what they should be doing.

16 And then the -- the -- the problem is
17 then how does one arrive at a consensus to move
18 forward even independent of what -- of the
19 majority to move forward independent of the ones
12:05:21 20 that are not part of the majority will be doing.

21 So the Byzantine problem is often put in
22 the context of -- of fault tolerance of a
23 blockchain where, since all the nodes of the
24 validators are untrusting of one another, the
12:05:41 25 question then is when transactions need to be

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:05:46 1 validated, we need to sort of get to a majority
2 vote or arrive at a consensus. That's what a
3 Byzantine problem is. And how do we communicate,
4 I guess, how we move forward with a majority of
12:06:03 5 generals or a majority of nodes.

6 Q. Professor, do you know how the XRP
7 Ledger consensus mechanism works?

8 A. Yes.

9 Q. Can you describe how the XRP Ledger
12:06:19 10 consensus mechanism works?

11 A. The Ledger -- and, again, I'm not going
12 to go too deep into this, but the Ledger has
13 unique node lists of multiple validators that will
14 ultimately -- will decide on whether or not a
12:06:48 15 transaction will -- well, first, there's the
16 verification of the transaction, then there's the
17 communication of the verification of the
18 transactions, and then there is the majority vote
19 on the -- any of the unique node lists that makes
12:07:05 20 then a decision as to whether or not there is
21 liveness on the blockchain as the transactions
22 move forward.

23 Q. What's the role of the unique node list
24 in validation on the XRP Ledger?

12:07:23 25 A. Ultimately they make the decision as to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:07:27 1 whether or not the transaction was -- the Ledger
2 moves forward.

3 Q. The validators on the unique node list
4 ultimately make that decision?

12:07:38 5 MR. WHITE: Objection. No
6 question.

7 A. Unique node list make that -- makes that
8 decision, yes.

9 Q. Yeah. What I'm trying to draw the
12:07:50 10 distinction is, is it the list itself making the
11 decision or is it the validators on the list
12 making the decision?

13 A. I'm going to have to think about that.

14 So for consensus to -- to achieve
12:08:12 15 consensus, the validators in the unique node lists
16 have to agree, or 80 percent of them have to
17 agree, as to whether to move the transaction
18 forward.

19 Q. You testified earlier that one of the
12:08:33 20 improvements of the XRP Ledger is speed, is that
21 correct?

22 A. Yes.

23 Q. Is there any relationship between the
24 XRP Ledger's consensus mechanism and its speed?

12:08:43 25 MR. WHITE: Objection; form.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:08:50 1 A. That is the information that I've taken
2 from what is provided on the various citations
3 that I've cited in my report, yes.

4 Q. Okay. So I think what you're saying is
12:09:02 5 it's not your expert opinion that the XRP Ledger
6 is faster, but you've gathered from the sources
7 you've reviewed that the XRP Ledger is, in fact,
8 faster?

9 A. It is my --

12:09:11 10 MR. WHITE: Objection to
11 form.

12 A. -- expert opinion in the comparison of
13 the XRP Ledger and bitcoin, Ethereum, that the
14 information that is available based on the type of
12:09:24 15 consensus mechanism that is being used, proof of
16 work or federate consensus, that the federate
17 consensus mechanism is, in fact, faster than the
18 two other ones.

19 Q. Do you know why it's faster than the two
12:09:37 20 other ones?

21 A. We --

22 MR. WHITE: Objection to
23 form.

24 Go ahead.

12:09:46 25 A. In the context of bitcoin, for example,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:09:50 1 because there is no mining mechanism involved as
2 in their consensus program, there is no
3 requirement for six -- for agreement, I guess,
4 among the -- for establishment, I guess, for one
12:10:08 5 miner to be the fastest one to actually move a
6 transaction forward. So the mining mechanism
7 takes longer to allow a transaction to move
8 forward, whereas the voting mechanism on this dUNL
9 is a faster mechanism.

12:10:27 10 Q. What about the speed of the XRP Ledger
11 compared to the Ethereum blockchain?

12 MR. WHITE: Same objection.

13 A. Again, I'm going to refer to my report
14 where the information, I guess, in the comparison
12:10:43 15 of the speed and time, and Ethereum is also a
16 proof of work mechanism, though it's moving
17 towards proof of stake, that the time it takes to
18 ultimately validate and move a transaction forward
19 takes longer than -- than XRP. It's not a voting
12:11:01 20 mechanism. It's a mining mechanism.

21 Q. Is the XRP Ledger's consensus mechanism
22 faster than a proof of stake consensus mechanism?

23 MR. WHITE: Objection; form.

24 A. I have not made that comparison.

12:11:17 25 Q. Do you know?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:11:17 1 MR. WHITE: Objection to
2 form.

3 A. I do not know. And when I -- the
4 opinion in my report on the innovation of the XRP
12:11:29 5 Ledger over what existed at that time in the
6 industry, that there was no Ethereum or proof of
7 stake mechanism out there at that time. Was the
8 second Ledger and so I could only compare it to
9 blockchain -- only compare it to bitcoin. But I
12:11:49 10 know from the literature, and I've cited to it,
11 that the Ethereum transactions are slower, but I
12 don't know about proof of stake.

13 Q. Okay. When was the XRP Ledger launched?

14 MR. WHITE: Objection; form.

12:12:09 15 A. What do you mean with the word
16 "launched"?

17 Q. When did it come into existence?

18 A. So that is also ambiguous. When was it
19 developed or when was it made public?

12:12:26 20 Q. Let's start with when was it developed?

21 A. I don't know the exact time of that, but
22 it was obviously developed before it was publicly
23 released.

24 Q. Who developed it?

12:12:36 25 A. The names of the people that developed

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:12:46 1 it?

2 Q. Sure, if you know.

3 A. I believe it was in the Coinbase. Not
4 Coinbase. What am I saying? OpenCoin. Sorry.

12:12:59 5 Q. Yeah, I meant the people who actually
6 coded the XRP Ledger.

7 Do you know?

8 A. Oh, you mean the people. I believe
9 David Schwartz was involved. Arthur Britto was
10 involved. And I forgot who the third person was.

11 Q. Okay.

12 A. Jim. I forgot his last name.

13 Q. And when was the XRP Ledger made
14 available to the public?

12:13:33 15 A. I don't know what the actual time was or
16 date was when it was released to the public, but
17 it was clearly after the development in -- maybe
18 2013, in that order, based on my reading of the --
19 of David Schwartz's deposition. I believe he
12:13:53 20 makes reference to that date, late 2012/early
21 2013.

22 Q. Who controlled the validators on the UNL
23 at the time of XRP Ledger's public launch?

24 MR. WHITE: Objection; form.

12:14:21 25 A. I'm going to need to refer to other

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:14:23 1 documents that would have that information in it.

2 Q. You're not sure sitting here today?

3 MR. WHITE: Same objection.

4 A. Ripple definitely controlled some
12:14:37 5 validators, but I don't know who controlled which
6 validator.

7 Q. I'm talking, just to be clear, at the --
8 at the start when the XRP Ledger was made public.

9 At that point in time, do you know who
12:14:47 10 controlled the validators?

11 MR. WHITE: Objection; form.

12 A. Again, I'm going to have to refer to a
13 document that refers to that date and that
14 information.

12:14:56 15 Q. And -- and that's because you don't
16 know.

17 MR. WHITE: Objection to form
18 and no question.

19 A. I'm not sure, but from what I've read,
12:15:06 20 again, from David Schwartz's deposition, that
21 Ripple controlled some of the validators.

22 Q. Did Ripple control all of the validators
23 at that time?

24 MR. WHITE: Objection; form.

12:15:18 25 A. I do not recall. I'm going to have to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:15:20 1 refer to that deposition or other reports.

2 Q. Assuming that at the public launch of
3 the XRP Ledger, Ripple controlled all of the
4 validators on the UNL, would that make the XRP
12:15:38 5 Ledger at that point in time centralized?

6 MR. WHITE: Objection; form.

7 A. Well, you're calling for my analysis of
8 what is centralized and I am -- there's too many
9 complexities, as I mentioned earlier, involved in
12:15:57 10 what the definition is of centralized and
11 decentralized.

12 Q. Right. Well, I'll ask you just to apply
13 the general understanding that you described for
14 us earlier.

12:16:04 15 MR. WHITE: Objection. No
16 question.

17 Q. Do you understand what I mean or no?

18 A. Can you repeat that question?

19 Q. Sure.

12:16:15 20 Earlier, when we were discussing
21 paragraph 21 of your report where you describe the
22 decentralized nature of the XRP Ledger, you gave
23 me your general understanding of what
24 decentralized meant.

12:16:24 25 Do you recall that?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:16:26 1 A. In that context, yes.

2 Q. In that context.

3 So I'm asking you to apply that general
4 understanding as you articulated it to this
12:16:32 5 context that I am asking you about, which is a
6 circumstance in which Ripple controls all of the
7 validators on the UNL.

8 In that circumstance, applying your
9 general understanding, would that make the XRP
12:16:44 10 Ledger centralized?

11 MR. WHITE: Objection; form.

12 A. Well, again, calls for between us a
13 common understanding of what the definition is of
14 decentralized. So at that time -- or when I used
12:17:01 15 "decentralized," I'm not defining centralized to
16 decentralized. But the way I stated my
17 understanding of -- the business level
18 understanding of centralized and decentralized was
19 that there were more aspects, I guess, to the XRPL
12:17:24 20 when it was released to the public in that it was
21 open. It -- it -- it allowed for third-party
22 contracts.

23 And then this question of, well, if
24 there was central authority that authorizes all
12:17:46 25 transactions.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:17:47 1 Q. Right.

2 So even if there was a central authority
3 that was required to authorize all transactions,
4 in your view such a system could still be
12:17:55 5 decentralized?

6 MR. WHITE: Objection; form
7 and no question.

8 A. It could be because there are many
9 layers to the structure of a blockchain or there
12:18:07 10 are many layers to the structure of a blockchain.
11 There's the validation layers, there's the
12 governance layers, there's the network layers of a
13 blockchain. And, therefore, whether one decides
14 whether something is centralized or not depends on
12:18:23 15 how you query the entire structure of the
16 blockchain and not just the -- in your narrow
17 example in 2013, when it was first released,
18 making the assumptions that you are making is just
19 one aspect of the centralization question and
12:18:41 20 discussion.

21 Q. Okay. Can every block in every
22 transaction that ever occurred on the XRP Ledger
23 be viewed by anyone today?

24 MR. WHITE: Objection; form.

12:19:01 25 A. If you're referring to permissionless

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:19:05 1 blockchains, that's the intent. As a node on the
2 blockchain, as the University of Michigan is, we
3 have a -- a shadow ledger and I can see all
4 transactions in the blockchain.

12:19:23 5 Q. And are you -- is the University of
6 Michigan able to view through its node all
7 transactions on the XRP Ledger from its public
8 launch until the present time?

9 MR. WHITE: Objection to
12:19:33 10 form.

11 A. It is my understanding that if we wanted
12 to, we would be able to.

13 Q. Are you aware that the XRP Ledger halted
14 in November of 2021?

12:20:04 15 MR. WHITE: Objection; form.

16 A. No.

17 Q. Okay. Let's look at Exhibit 23.

18 (Whereupon, exhibit is
19 received and marked SEC Adriaens
12:20:13 20 Exhibit 23 for identification.)

21 BY MR. SYLVESTER:

22 Q. So Exhibit 23, Professor, is the
23 printout from the website -- I won't read the
24 entire URL as it appears at the bottom of the
12:20:36 25 document, but it's from xrplf.org.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:20:41 1 Are you familiar with xrplf.org?

2 A. I've seen it, yes.

3 Q. Okay.

4 A. Seen reference to it.

12:20:49 5 Q. Is xrplf.org among the sources that you
6 cite in your expert report?

7 A. I'm going to have to check that. I
8 don't recall.

9 Q. Okay. So I take it -- let me ask the
12:21:10 10 question.

11 Have you seen this document before
12 today?

13 A. I have not.

14 Q. Okay. Take a minute to review it and
12:21:15 15 then I'll ask questions. Let me know when you're
16 ready.

17 (Pause)

18 A. I've had a chance to look through this
19 document.

12:22:28 20 Q. Okay. Great.

21 As you can see, the document describes a
22 network halt on November 3rd, 2021. And one of
23 the items, number 3, says "In the wake of quorum
24 loss, the system behaved as expected, valuing
12:22:46 25 safety over liveness. The halt was the correct

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:22:48 1 response."

2 Do you see that?

3 A. I see that.

4 Q. What does the phrase "quorum loss" mean

12:22:53 5 there?

6 MR. WHITE: Objection;

7 foundation.

8 A. I would have to speculate because I

9 don't know, but the general use of the word

12:23:07 10 "quorum" means that it is a majority.

11 Q. And does that have any relationship with

12 the way in which the XRP Ledger -- the way in

13 which the XRP Ledger's consensus mechanism works?

14 MR. WHITE: Objection; form

12:23:28 15 and foundation.

16 A. I don't have enough information

17 regarding this halt. I haven't done any analysis

18 on this to try to understand, a better

19 understanding of underlying theories behind these

12:23:45 20 top line statements.

21 Q. Okay. Do you understand the phrase "the

22 system behaved as expected, valuing safety over

23 liveness"?

24 A. Yes.

12:23:54 25 Q. What does that mean?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:23:54 1 MR. WHITE: Objection.

2 A. So liveness means good things happen,
3 forward -- forward movement of the -- of the
4 blockchain. And safety is -- bad things can
12:24:16 5 happen. And so basically it says the system
6 behaved in a valued -- sort of protecting against
7 bad things that could happen rather than moving
8 the server forward.

9 But, again, that's just my analysis of
12:24:34 10 the language, the statement as -- as -- as
11 presented here. I really don't know more than
12 that.

13 Q. Okay. Do you know if the XRP Ledger is
14 designed to halt if a certain number of validators
12:24:45 15 on Ripple's UNL stop validating transactions?

16 MR. WHITE: Objection; form.

17 A. I would have to speculate and go back to
18 the workings of the XRPL on that.

19 Q. So you're not sure sitting here today,
12:25:09 20 is that right?

21 MR. WHITE: Same objection.

22 A. So what is the question again?

23 Q. Is the XRP Ledger designed to halt if a
24 certain number of validators on Ripple's UNL
12:25:21 25 stopped validating transactions?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:25:23 1 MR. WHITE: Objection.

2 A. I would have to look at the information
3 that I provided in my report, if at all, regarding
4 that issue.

12:25:37 5 Q. Okay. So I just -- is your answer that
6 the answer is in your report, but you don't know
7 right now or --

8 MR. WHITE: Objection.

9 A. I cannot be certain, so I would have to
12:25:46 10 refer to my report.

11 Q. Okay. And do you believe the answer to
12 that question is in your report?

13 A. I have a discussion around safety and
14 liveness and I'm going to have to look back at
12:26:00 15 that section around safety and liveness in my
16 report.

17 Q. Okay.

18 (Pause)

19 A. Sir, what was your question again?

12:27:19 20 Q. Sure.

21 Is the XRP Ledger designed to halt if a
22 certain number of validators on Ripple's UNL stop
23 validating transactions?

24 MR. WHITE: Objection.

12:27:30 25 A. Is it designed to halt? I can answer

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:27:43 1 this more broadly that if validation protocol is
2 violated, that a blockchain would not move
3 forward.

4 Q. Right. And I'm asking a specific
12:27:51 5 question about the XRP Ledger's validation
6 protocol.

7 A. Mm-hmm.

8 Q. So is the XRP Ledger's validation
9 protocol designed such that the XRP Ledger will
12:28:04 10 halt if a certain number of validators on Ripple's
11 UNL stop validating transaction?

12 MR. WHITE: Objection.

13 A. I'll have to verify what the conditions
14 are under which the Ledger will halt.

12:28:15 15 Q. Okay. So you don't know either way
16 sitting here today?

17 A. Yes. No. Sorry. I -- I do not -- that
18 was a double negation there.

19 Q. Yes.

12:28:23 20 A. I do not know. I'll have to verify
21 that.

22 Q. Okay. Let's turn to page 12 of your
23 report, your Exhibit 1, paragraph 27. And I'm
24 looking at the top, point 1.

12:28:41 25 A. Uh-huh.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:28:41 1 Q. Do you see where it says "Distributed
2 (Decentralized) Database"?

3 A. Yes.

4 Q. And that heading is followed by three
12:28:50 5 sentences.

6 Do you see that?

7 A. Yes.

8 Q. Do those three sentences describe a
9 database that is both distributed and
12:28:52 10 decentralized?

11 THE REPORTER: Repeat.

12 MR. SYLVESTER: Sure.

13 Q. Do those three sentences describe a
14 database that is both distributed and
12:29:01 15 decentralized?

16 A. The description here is pretty limited
17 when it comes to distributed and decentralized.

18 But, yes, each party in a blockchain has access to
19 the entire database that is part of being
12:29:32 20 distributed. There's no single party that

21 controls the data. That is one of the metrics
22 related to decentralization as to the validation

23 layer, but if you're asking does that describe
24 distributed and decentralized, if -- at a very

12:30:03 25 high level it talks to the elements of distributed

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:30:04 1 and decentralized.

2 Q. Okay. And did you -- strike that.

3 Did you create this description of
4 distributed or decentralized database or did you
12:30:20 5 draw it from another source?

6 A. Well, there's no citation here so this
7 would be from the working knowledge around
8 distributed and decentralized. My working
9 knowledge based on my experience on the -- the
12:30:45 10 boards of the venture funds.

11 Q. Okay. In general, in your report, when
12 you drew a definition or a description from
13 another source, was it your practice to cite that
14 source?

12:31:05 15 A. Yes.

16 Q. Okay. One of the aspects of
17 decentralization described here is no single party
18 controls the data or information.

19 Do you see that?

12:31:26 20 A. Yes.

21 Q. In your view, is a system centralized if
22 a single party does control the data or
23 information?

24 MR. WHITE: Objection; form.

12:31:41 25 A. Depends how you -- how one defines the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:31:42 1 system. Because a -- a blockchain system has
2 multiple layers and each of these layers have to
3 be queried for centralized or decentralized.

4 Q. Okay. Narrowing just to the blockchain
12:31:55 5 context and the consensus mechanism, if a single
6 party controls the consensus mechanism, is the
7 blockchain decentralized?

8 MR. WHITE: Objection to
9 form.

12:32:07 10 A. The consensus mechanism or the protocol,
11 the validation protocol?

12 Q. Either. We can answer them one at a
13 time if you want. Let's start with consensus
14 mechanism.

12:32:25 15 If a single party controls the consensus
16 mechanism in a blockchain, is the blockchain
17 decentralized?

18 MR. WHITE: Objection to
19 form.

12:32:35 20 A. I cannot answer that question.

21 Q. Why is that?

22 A. Because the blockchain has more than
23 just a consensus mechanism associated with it.

24 Q. Okay. I'm going to ask the same
12:32:45 25 question the other way you put it.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:32:48 1 In -- in the context of a blockchain, if
2 a single party controls the validation protocol,
3 is the blockchain decentralized?

4 MR. WHITE: Objection to
12:32:56 5 form.

6 A. The same answer because a blockchain is
7 more than a consensus mechanism.

8 Q. Okay. Have you read the -- strike that.
9 Let's go to paragraph 32, which is on
12:33:17 10 page 15.

11 Have you read the white paper under
12 the -- published under the pseudonym Satoshi
13 Nakamoto referenced in paragraph 32?

14 A. At some point in time I have, yes.

12:33:42 15 Q. When did you first read it?

16 A. I don't exactly know, but this was
17 between five and ten years ago, when I first got
18 into blockchain.

19 Q. Have you read it more recently?

12:34:04 20 A. I have not.

21 Q. Okay. The first sentence of paragraph
22 32, you describe -- strike that.

23 The first sentence of paragraph 32 is
24 "Blockchain technology enables (among other
12:34:17 25 things) a novel medium of exchange known as

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:34:20 1 cryptocurrency."

2 Do you see that?

3 A. I see that.

4 Q. Are you offering any opinions in this
12:34:24 5 case as to whether or not any cryptocurrency is a
6 generally accepted medium of exchange?

7 A. Can you repeat that question?

8 Q. Sure.

9 Are you offering any opinions in this
12:34:40 10 case as to whether any cryptocurrency is a
11 generally accepted medium of exchange?

12 MR. WHITE: Objection to
13 form.

14 A. I don't think that is explicit in my
12:34:48 15 opinions here, no.

16 Q. Okay. Let's go to the first sentence of
17 paragraph 33. "The primary purpose of bitcoin was
18 to securely store value in a public,
19 decentralized, and self-sustained system."

12:35:03 20 Do you see that?

21 A. Yes.

22 Q. What's your -- what's your basis for
23 that statement?

24 A. Just drawing on the general knowledge of
12:35:15 25 what the purpose and the objective was of bitcoin.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:35:19 1 Q. And how did you obtain that general
2 knowledge?

3 A. Conversational discussions, working
4 knowledge in the financial technology space. No
12:35:31 5 specific reference.

6 Q. Okay. Further down in the paragraph, do
7 you see where it says "When a user sends bitcoin,
8 the transaction is bundled in a block with 1,000
9 to 2,500 other transactions and published to the
12:35:44 10 network"?

11 A. I see that.

12 Q. What's your basis for that statement?

13 A. This is something I read probably on the
14 specifics of how transactions were bundled.

12:36:03 15 Q. Is there any reason why there's not a
16 source cited for that statement?

17 MR. WHITE: Objection to
18 form.

19 A. It may have been not specific to this
12:36:14 20 sentence, but around bitcoin I have a number of
21 citations. So, no, I didn't specifically cite
22 this, but this information is available in other
23 references. It's in my report -- I mean it's in
24 the citations in my report, but I wouldn't be able
12:36:32 25 to point to the specific citation that actually

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:36:34 1 says this.

2 Q. Okay. Let's go to paragraph 38. The
3 bottom of -- the bottom of paragraph 38, so it's
4 actually on page 18. The last sentence says

12:36:52 5 "Ether follows the same principles as bitcoin in
6 that its rewards and distribution are regulated on
7 a yearly basis."

8 Do you see that?

9 A. Right above paragraph 39?

12:37:04 10 Q. That's right, yes.

11 A. Yes.

12 Q. What's your basis for that statement?

13 A. Again, information from the literature
14 on Ethereum.

12:37:11 15 Q. And which literature on Ethereum?

16 A. I don't know if it was from bitcoin.com.

17 One of the citations that I have in -- in my
18 report referred to that on a comparison of
19 different -- I think it had to do with the

12:37:27 20 different consensus mechanisms and the rewards of
21 the different consensus mechanisms.

22 Q. And do you recall which -- which article
23 you cited in your report has this proposition?

24 A. I do not, but as I indicated, I think it

12:37:54 25 is related to the different consensus methods that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:38:01 1 at one point I describe. I'd have to go back and
2 see which of the cited references, cited
3 footnotes, actually gets -- has this information.

4 Q. Is -- is there any reason that you
12:38:15 5 didn't drop a footnote after this sentence here at
6 the end of paragraph 38?

7 MR. WHITE: Objection to
8 form.

9 A. I assume it to be common knowledge in
12:38:24 10 the industry and I didn't -- it was not material
11 to my opinion.

12 Q. Did you only include in your citations
13 sources that were material to your expert opinion?

14 MR. WHITE: Objection; form.

12:38:53 15 A. I would say that I provided citations
16 when the -- when I relied further on that
17 information to come to an opinion. And if I did
18 not rely on those -- that specific statement, then
19 I didn't include the reference even if that
12:39:13 20 reference was readily obtained from other
21 references that I cited.

22 Q. Okay. Viewing your report as a whole,
23 divorced from this paragraph 38, are there sources
24 that you reviewed but that you didn't cite in your
12:39:24 25 report because you did not rely on them?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:39:26 1 MR. WHITE: Objection; form.

2 A. Not that I recall, no.

3 Q. Okay. In paragraph 39, the next
4 paragraph, there's a number of statements about
12:39:38 5 energy consumption.

6 A. Yes.

7 Q. There's -- just to take one as an
8 example, this -- "This is roughly equivalent to
9 the annual energy draw of countries like
12:39:50 10 Bangladesh and Chile."

11 Do you see that?

12 A. Yes, I see that.

13 Q. Where -- what are your bases for the
14 statements that you make in paragraph 39 regarding
12:40:00 15 the energy consumption of various countries?

16 MR. WHITE: Objection; form.

17 A. It's illustrative of the differences in
18 energy use between different currencies.

19 Q. Sure, but what was your source of that
12:40:19 20 information?

21 MR. WHITE: Objection; form.

22 A. I know that on the energy -- let's see.
23 Twenty-three. So you're specifically referring to
24 the specific sentence regarding Bangladesh and
12:40:42 25 Chile?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:40:44 1 Q. There -- there's that sentence. The
2 next sentence refers to consumption of American
3 and Nigerian citizens. There's a sentence after
4 that about the average U.S. household's energy
12:40:54 5 consumption.

6 Just for any of these assertions, what
7 was your source?

8 MR. WHITE: Objection; form.

9 A. I'm going to have to look back at that.
12:41:11 10 And during the drafting of the report, later on in
11 the report, I also again talk about the energy
12 aspects of blockchains and there are citations
13 there. So they may have been there instead of
14 over here. I mean, I'm not entirely sure.

12:41:25 15 But even using this information is
16 not -- it's illustrative and it's not salient to
17 the opinion. What is salient to the opinion is
18 how much energy is being used, not whether or
19 not -- how it compares to energy consumption of
12:41:43 20 Bangladesh and Chile.

21 Q. Mm-hmm.

22 But sitting here today, you're not sure
23 from what source you drew that information
24 regarding energy consumption in paragraph 39, is
12:41:51 25 that right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:41:52 1 MR. WHITE: Objection to
2 form.

3 A. I'm going to have to -- sorry.
4 I'm going to have to go back over the
12:41:57 5 later citations and see if it was in there.

6 Q. Okay. Turning -- I'd like you to take a
7 look at, as a whole, paragraphs 41, 42, 43, 44,
8 45, 46, 47. It's just a few pages of your report.

9 A. Mm-hmm.

12:42:26 10 Q. I see a citation after the first
11 sentence of paragraph 41, and then I see another
12 one at the very end of paragraph 48, but I don't
13 see any intermediate citations.

14 So my question for you is just why did
12:42:46 15 you opt not to specifically cite the sources of
16 the information in those intermediate paragraphs
17 between 41 and 48?

18 MR. WHITE: Objection; form.

19 A. If you're asking was there a conscious
12:43:01 20 decision to not cite this? No, there was not.

21 Q. Okay. So why was it that you opted not
22 to provide citations to the individual
23 propositions within those paragraphs?

24 A. A lot of this information that is
12:43:21 25 presented in these paragraphs actually draws on

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:43:32 1 both my own knowledge of the Ledger, engagement
2 with Ripple, as well as references on the bottom,
3 whatever citations on the bottom of page 19 that
4 sort of state -- or refer to the text that I'm
12:43:54 5 writing here.

6 I -- also, again, if you recall, I do
7 talk about the product arc later on and some of
8 the aspects that may refer to that and then come
9 back over here.

12:44:09 10 So it's -- it's, I mean, overall
11 knowledge that I've gained from my -- essentially
12 my ten years of working in the blockchain space,
13 financial technology companies, familiarity with
14 Ripple. So there was no conscious decisions to
12:44:27 15 opt to cite to or not cite to.

16 Q. Okay. Let's -- let's focus on paragraph
17 43, "Decentralized Validation."

18 Do you see that?

19 A. Yes.

12:44:40 20 Q. For the statements in that paragraph,
21 what were your sources, if any, that informed the
22 statements in paragraph 43?

23 MR. WHITE: Objection to
24 form.

12:44:52 25 A. Well, if you look at these statements,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:44:55 1 they're really very high-level statements about
2 essentially what -- how decentralized validation
3 is used in the context of -- as I referred to
4 earlier, of both the business literature, the
12:45:15 5 investor conversations, and even the academic
6 literature, not necessarily being clear.

7 So I just sort of provide high-level
8 statements here, not definitional statements. And
9 because they were not definitional statements, I
12:45:29 10 guess I must not have cited to them. They're just
11 high-level elements.

12 Q. Okay. Did you draft paragraph 43?

13 MR. WHITE: Objection.

14 I'm going to instruct you not
12:45:41 15 to answer on the same basis discussed
16 earlier today.

17 Q. What is the difference, if any, between
18 your description of decentralization in paragraph
19 43 and the definition of decentralization that
12:46:06 20 requires that no single authority is fully trusted
21 by all?

22 A. So you're referring to paragraph 43 and
23 what?

24 Q. There's a -- I want you to assume that
12:46:28 25 one definition of decentralization requires that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:46:30 1 no single authority is trusted by all. That's one
2 possible definition.

3 And what I'm asking is, sir, what's the
4 difference between that definition and your
12:46:37 5 description of decentralization in paragraph 43,
6 if there is one?

7 MR. WHITE: Objection; form.

8 A. This is in the same high-level con --
9 used in the same high-level context.

12:46:52 10 Q. I'm -- can you say more? What do you
11 mean by "used in the same high-level context"?

12 MR. WHITE: Objection; form.

13 A. So you're asking me to compare what I
14 say in paragraph 43 to what? To another
12:47:06 15 definition?

16 Q. Yes.

17 A. So where did you get that other -- where
18 does the other definition come from?

19 Q. Well, I mean, it comes from Troncoso,
12:47:13 20 but it kind of doesn't matter. Assume it's a
21 definition.

22 MR. WHITE: Objection. No
23 question.

24 A. I -- I was not aware --

12:47:20 25 Q. Okay. So --

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:47:20 1 A. -- where you were citing.

2 Q. Okay. So there's a definition that
3 something is decentralized if no single authority
4 is fully trusted by all. Let's just assume that's
12:47:32 5 the definition.

6 A. It's a definition.

7 Q. Yes, exactly.

8 Is there any difference between that
9 definition and the description you set forth of
12:47:39 10 decentralized validation in paragraph 43?

11 MR. WHITE: Objection to
12 form.

13 A. I have not done that analysis and that
14 was not the intent of this opinion to define
12:47:56 15 decentralization.

16 Q. Okay. In the middle of paragraph 43,
17 you write "Decentralized networks strive to reduce
18 the level of trust (and thus dependence) that
19 participants must place in each other and deter
12:48:08 20 their ability to exert authority or control over
21 one another in ways that degrade the functionality
22 of the network."

23 Do you see that?

24 A. I see that.

12:48:16 25 Q. Okay. You write "decentralized networks

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:48:20 1 strive to."

2 Who or what is doing the striving?

3 MR. WHITE: Objection; form.

4 A. Who or what is doing the striving?

12:48:35 5 Q. Mm-hmm. Yes.

6 MR. WHITE: Same objection.

7 A. I think here I referred to the design of
8 decentralized networks and any design tries to
9 achieve a certain objective.

12:48:50 10 Q. Okay. Let me ask a question about the
11 last sentence of paragraph 43. You write "In
12 other words, the purpose of decentralized
13 validation is to avoid one party having outsized
14 control over one another to make a network
15 decision (to validate a transaction)."

16 Do you see that?

17 A. I see that.

18 Q. Okay. If one party must be trusted to
19 validate a transaction, is it fair to say that
12:49:36 20 that party has outsized control over others to
21 validate the transaction?

22 MR. WHITE: Objection; form.

23 A. Can you rephrase that question, please?

24 Q. Sure. Or I'll try to.

12:49:54 25 Let's assume that one party is in

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:49:58 1 control of transaction validation.

2 My question is, is it fair to say that
3 that party has outsized control over other parties
4 in making a network decision; i.e., validating
12:50:14 5 transactions?

6 MR. WHITE: Object to form;
7 incomplete hypothetical.

8 A. Sorry. I'm going to ask you to read --
9 I'm going to ask you to repeat it again because
12:50:42 10 I'm trying to read it in this sentence.

11 Q. Sure.

12 So the way I understand the sentence
13 is -- well, let me just read it again. You write
14 "The purpose of decentralized validation is to
12:50:56 15 avoid one party having outsized control over one
16 another to make a network decision (to validate a
17 transaction)."

18 And so my question is, if one party has
19 the authority or must be trusted to validate a
12:51:06 20 transaction, does that party have outsized control
21 over others?

22 MR. WHITE: Objection to
23 form; incomplete hypothetical.

24 A. In a generic sense, just like this is a
12:51:17 25 generic statement, that would be the implication,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:51:19 1 yes.

2 Q. Okay. I want to show you what's been
3 marked PA 24.

4 (Whereupon, exhibit is
12:51:26 5 received and marked SEC Adriaens
6 Exhibit 24 for identification.)

7 BY MR. SYLVESTER:

8 Q. Here you go.

9 So PA 24 has a URL at the bottom, but I
12:51:44 10 can tell you that it's from Amazon.com. And I'd
11 like you to read the first two sentences under the
12 first question "What is decentralization?"

13 Do you see that?

14 A. Yes.

12:52:04 15 Q. Okay. Can you read those aloud, please?

16 A. "In blockchain, decentralization refers
17 to the transfer of control and decision-making
18 from a centralized authority (individual,
19 organization, or group thereof) to a distributed
12:52:24 20 network. Decentralized networks strive to reduce
21 the level of trust that participants must place in
22 one another, and deter their ability to exert
23 authority or control over one another in ways that
24 degrade the functionality of the network."

12:52:41 25 Q. Okay. So have you seen this document

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:52:42 1 before, this Amazon page?

2 A. No.

3 Q. Okay. Can you explain why the first two
4 sentences of your paragraph 43 are almost word for
12:52:55 5 word the text of this Amazon page?

6 THE REPORTER: The last part.

7 Are almost word for word...?

8 MR. SYLVESTER: The text of
9 this Amazon page.

12:53:12 10 A. Well, I am -- I don't know where -- as I
11 said, I've never seen this document. I don't know
12 where the language in this document was taken
13 from, whether that is originally from Amazon or
14 came from another reference. And I do not recall
12:53:36 15 at this point where and how through the literature
16 I arrived at the structure of the sentence.

17 Q. Did you copy the first two sentences --
18 sorry. Strike that.

19 Did you copy the text from this page in
12:53:57 20 Exhibit 24 into the first two sentences of your
21 expert report?

22 A. I did not.

23 Q. Did anyone else?

24 MR. WHITE: Objection.

12:54:08 25 I'm instructing you to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:54:10 1 exclude from your answer any
2 communications with counsel.

3 A. Sorry. What was your question?

4 Q. Did anyone else copy the text from the
12:54:20 5 Amazon web page at Exhibit 24 into your report at
6 paragraph 43?

7 MR. WHITE: Same objection
8 and instruction.

9 A. That is outside of my knowledge. I
12:54:29 10 wouldn't know.

11 Q. You wouldn't know.

12 MR. WHITE: Same objection
13 and instruction.

14 A. I didn't -- how we arrived -- how I
12:54:39 15 arrived at the sentence structure and where it
16 came from relative to the other documents that I
17 cited. It's not clear what the reference or the
18 relationship is between the Amazon document and
19 the two sentences there and where this was derived
12:54:54 20 from, from other sources that I did cite.

21 Q. You would agree with me, though, that
22 it's an almost word-for-word recreation of the
23 Amazon document in your expert report?

24 A. It is very close, yes.

12:55:09 25 Q. And sitting here today, you're not sure

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:55:11 1 why?

2 A. That's correct. I don't know.

3 Q. Okay. Let's move on to paragraph 44.

4 The first sentence is "Since there is no central
12:55:24 5 authority present to validate and verify the
6 transactions, and every transaction in a
7 blockchain is considered completely secured and
8 verified, consensus protocols are a core part of
9 any blockchain network."

12:55:33 10 A. Yes.

11 Q. What's your source for that statement?

12 A. That is sort of a general statement
13 around how blockchains are designed.

14 Q. Okay. You say "considered completely
12:55:57 15 secured and verified."

16 Do you see that?

17 A. Yes.

18 Q. Considered by what or by whom?

19 A. It would be through the validation
12:56:14 20 mech -- the consensus mechanism.

21 Q. Okay. And -- and you go on to define
22 consensus mechanism in the next sentence, is that
23 right?

24 A. There are four consensus protocols or a
12:56:26 25 core part, right.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:56:27 1 Q. Okay. And you go on to define consensus
2 mechanism in the next sentence, is that right?

3 A. Yes.

4 Q. What source did you rely on, if any, for
12:56:41 5 your definition of consensus mechanism?

6 A. Again, I'm going to have to refer to
7 some of my earlier citations from which I referred
8 for many aspects or components of my report. I --
9 I don't know.

12:57:02 10 Q. Okay. This isn't -- strike that.
11 You did not create the definition of
12 consensus mechanism described in paragraph 44, is
13 that right?

14 A. It's a description, a description that's
12:57:17 15 out there.

16 Q. Okay. Paragraph 45 you write that
17 the -- second sentence. "The Ledger is
18 standardized with regard to protocols (objectives
19 in the consensus algorithm) and acceptance of
12:57:31 20 validators on to the network, and it is
21 decentralized with respect to how transactions are
22 validated."

23 Do you see that?

24 A. Yes.

12:57:40 25 Q. Okay. What does "standardized with

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:57:41 1 regard to protocols (objectives in the consensus
2 algorithm)" mean?

3 A. Well, every consensus mechanism on a
4 blockchain has a consensus -- has a protocol that
12:58:01 5 is the standard how the blockchain is supposed to
6 operate and how it's supposed to validate
7 transactions.

8 Q. What does the word "standardized" mean
9 in describing that -- those protocols?

12:58:23 10 A. The protocol is essentially the
11 governing document of how the blockchain operates.

12 Q. Is that the underlying code of the XRP
13 Ledger?

14 MR. WHITE: Objection to
12:58:29 15 form.

16 A. You could refer to it as that, yes.

17 Q. Okay. You describe Ripple's release of
18 a recommended UNL in paragraph 45.

19 Do you see that?

12:58:55 20 A. In 45?

21 Q. Yes.

22 A. Okay.

23 Q. What is the process for the placement of
24 validators onto Ripple's UNL, if you know?

12:59:12 25 A. Well, if validator nodes are active,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

12:59:19 1 they can be added to a UNL pending approval of the
2 other validators within that UNL.

3 We're talking in general about UNLs?

4 Q. No, just Ripple's UNL.

12:59:33 5 What's the process for the selection of
6 validators that are placed onto Ripple's UNL?

7 A. It is my understanding that Ripple has
8 to approve of those validators.

9 Q. And do you know what metrics, if any,
12:59:50 10 Ripple applies to its approval process for
11 validators to be placed on its UNL?

12 A. I don't know specifically. I know more
13 generally that a validator has to be trusted; has
14 to be active and online; has to be -- has to have
13:00:11 15 participated on the Ledger. So sort of a -- a
16 history, I guess, of that particular node or --
17 but I don't know exactly what the criteria are.
18 These are just some features, I guess, associated
19 with those nodes.

13:00:39 20 Q. When you say -- I'm repeating your
21 testimony as I understand it. "I don't know
22 specifically. I know more generally that a
23 validator has to be trusted; has to be active and
24 online; has to be -- has to have participated on
13:00:51 25 the Ledger."

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

13:00:53 1 In that sentence is it trusted by
2 Ripple?

3 A. I'm sorry. I misstated. It doesn't
4 have to be trusted. It has to be -- there has to
13:01:01 5 be historical evidence of that particular
6 validator to be an active validator, have -- is
7 online a lot of the time, has participated in
8 prior transactions. So some history of that.

9 That would make it into the -- you're
13:01:21 10 specifically referring to a dUNL. But I don't
11 know about the actual protocol and how they select
12 them. I just know some of the characteristics
13 because they referred to that in the Schwartz
14 document.

13:01:32 15 Q. Is it fair to say that if Ripple selects
16 validators for inclusion on Ripple's UNL, that
17 Ripple trusts those validators?

18 A. I did not opine on that.

19 Q. What -- let me ask you this.

13:01:48 20 In paragraph 45 you say "In addition,
21 Ripple releases a recommended unique node list
22 (UNL) of trusted and verified" validate --
23 "validators."

24 A. Mm-hmm.

13:01:57 25 Q. Do you see that?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

13:01:58 1 A. Yes.

2 Q. Trusted by whom?

3 A. I would assume that would be by the
4 other validators on the UNL as well as by Ripple

13:02:14 5 because they published that dUNL.

6 Q. Okay.

7 A. In fact, I'm speculating there. I don't
8 know what the actual process is.

9 Q. I'm not sure I understand.

13:02:33 10 When you use the word "trusted" in this
11 sentence in your report, who was doing the
12 trusting?

13 A. The intent of the sentence was not to be
14 that specific around who is doing the trusting.

13:02:50 15 It's basically reliable validators. That's really
16 the intent of the statement.

17 Q. Okay. So fair to say that in Ripple's
18 view, Ripple includes validators on its list that
19 Ripple views as reliable?

13:03:04 20 MR. WHITE: Objection; form,
21 foundation.

22 A. That would be the intent of the
23 sentence, but, as I said, I don't really know the
24 actual protocol that Ripple used to select the
13:03:18 25 validator -- validators.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

13:03:21 1 Q. Okay. The last couple of sentences of
2 paragraph 45, "XRP Ledger users are not required
3 to use these validators for transactions." I'll
4 stop there.

13:03:32 5 Do you see that?

6 A. Yes.

7 Q. With -- is the reference -- strike that.

8 Is the phrase "these validators" a
9 reference to the validators that are listed on

13:03:45 10 Ripple's UNL?

11 A. You know, that's a little confusing
12 here.

13 Sorry, what was your question?

14 Q. Is the phrase "these validators" that
13:04:14 15 appears in the second-to-last sentence of
16 paragraph 45 a reference to the validators that
17 are listed on Ripple's UNL?

18 A. Yes. It says essentially that the XRP
19 Ledger users are not required to use the dUNL for
13:04:31 20 transactions --

21 Q. Okay.

22 A. -- to validate transactions. That was
23 the intent of the sentence.

24 Q. Okay. If nodes do not use the
13:04:50 25 validators on Ripple's UNL, are there any risks to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

13:04:57 1 the nodes who opt not to use that UNL?

2 MR. WHITE: Objection; form.

3 A. It is my understanding there are other
4 UNLs available and other UNLs in the future that
13:05:11 5 could be created.

6 Q. Focusing just on the present, what's
7 your understanding about the degree of overlap in
8 the lists among the various UNLs that Ripple
9 publishes?

13:05:28 10 MR. WHITE: Objection to
11 form.

12 A. It seems like there were multiple
13 questions in that question. Part of it is, are
14 there other UNLs?

13:05:47 15 Q. That's a fair point.
16 Ripple publishes its own UNL, correct?

17 A. Yes.

18 Q. Okay. In the current iteration of the
19 Ripple code, is Ripple's UNL the only Ripple UNL
13:05:59 20 available?

21 A. No.

22 Q. Okay.

23 THE REPORTER: I'm sorry?

24 THE WITNESS: No. Sorry.

13:06:04 25 THE REPORTER: Thank you.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

13:06:04 1 Q. There are other UNLs that are currently
2 listed in the Ripple-D code, is that right?

3 A. There's other UNLs available, yes.

4 Q. Okay. Focusing just on the UNLs that
13:06:17 5 are listed in the Ripple-D code, are you aware of
6 the extent of the overlap of the validator lists
7 among those UNLs with Ripple's UNL?

8 A. Am I aware there's overlap?

9 Q. I'm asking if you know whether or not
13:06:32 10 there's overlap.

11 A. By reading some of the documents that
12 I'm citing to, I'm aware that there is some
13 overlap.

14 Q. But is it a perfect overlap between the
13:06:47 15 lists?

16 MR. WHITE: Objection to
17 form.

18 A. I do not have that information here as
19 I'm sitting here.

13:06:53 20 Q. Okay.

21 MR. SYLVESTER: Should we
22 break for lunch? We're right about
23 one. Does that work for you?

24 MS. ZORNBERG: Sure.

13:07:04 25 MR. WHITE: Yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

13:07:04 1

MR. SYLVESTER: Okay.

2

THE VIDEOGRAPHER: Going off

3

the record. The time is 1:08.

4

(Whereupon, a luncheon recess

13:07:09 5

is taken.)

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

13:07:09 1 A F T E R N O O N S E S S I O N
2 THE VIDEOGRAPHER: We'll go
3 back on the record. The time is 2:11.
4 BY MR. SYLVESTER:
14:09:54 5 Q. Professor, I'd like to start with
6 paragraph 46 on page 21 of your Exhibit 1.
7 A. Okay.
8 Q. The first sentence of that paragraph is
9 "The XRP Ledger's consensus protocol breaks up the
14:10:12 10 common notion of a shared set of validator nodes."
11 Do you see that?
12 A. Yes.
13 Q. What do you mean here by "a shared set
14 of validator nodes"?
14:10:48 15 A. As I understand in my writing, I
16 intended that to mean that every node can choose
17 who they -- can choose the UNL that they work
18 with.
19 Q. And that's reflected in the next
14:11:02 20 sentence, "Rather, it lets every node declare
21 other nodes it subjectively trusts in a UNL"?
22 A. Yes.
23 MR. WHITE: Objection. No
24 question.
14:11:14 25 Q. Okay. If a node departs from the Ripple

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:11:16 1 UNL and instead creates its own list of validators
2 it subjectively trusts, what, if anything, will
3 ensure that it remains on the XRP Ledger and does
4 not fork?

14:11:28 5 MR. WHITE: Objection; form.

6 A. I don't think I'm prepared to answer
7 that question. As I indicated this morning, my
8 knowledge on blockchain and consensus and the
9 features are at the business implementation and
10 business development level. And some of the
11 technical aspects and underlying code and
12 protocol, issues like what you're referring to
13 right now, I cannot -- I cannot directly answer.
14 I do not have that level of expertise.

14:12:17 15 Q. Okay. And when you say you cannot
16 answer, is it because you don't know?

17 MR. WHITE: Objection; form.

18 A. I do not have that expertise.

19 Q. Okay. Let's look at paragraph 47 of
14:12:33 20 your report. The first two sentences say "Not all
21 XRP Ledger validators participate in the consensus
22 process all the time. In fact, a smaller subset
23 of validators consistently is responsible for
24 approval of transactions, and serves three
14:12:47 25 functions," and the sentence continues, but my

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:12:51 1 question is about the approval of transactions.

2 Is the smaller subset of validators that
3 is consistently responsible for approving
4 transactions the validators that are listed on

14:13:01 5 Ripple's UNL?

6 MR. WHITE: Objection; form.

7 A. I don't think there's anything in this
8 paragraph that refers to Ripple's UNL.

9 Q. Right. I understand that, sir. I
14:13:20 10 meant -- I'm asking if that's -- if that's an
11 accurate statement.

12 So you write "a smaller subset of
13 validators consistently is responsible for
14 approval of transactions."

14:13:30 15 A. Uh-huh.

16 Q. What is that "smaller subset"?

17 A. Again, I think that asks to a level of
18 technical knowledge that I cannot respond to.

19 Q. But you wrote this, right?

14:13:45 20 A. Yes.

21 Q. So what was your basis at the time of
22 writing for your understanding that a smaller
23 subset of validators consistently is responsible
24 for approval of transactions?

14:13:56 25 A. As a matter of -- the intent was to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:14:00 1 write these paragraphs, as I indicate at the
2 beginning in paragraph 41, as sort of an overview
3 of the XRP Ledger based on the references cited in
4 26 and it states sort of as a matter of knowledge
14:14:21 5 that is out there rather than as an analysis. It
6 was also not materially analysis to -- material to
7 my analysis and opinions.

8 Q. Sitting here today, do you know whether
9 or not it's true that a smaller subset of
14:14:34 10 validators consistently is responsible for
11 approval of transactions?

12 A. I have no reason to disagree with that.

13 Q. I'm asking if you affirmatively agree.

14 Do -- do you -- do you have a basis to
14:14:57 15 believe it's true?

16 MR. WHITE: Objection to
17 form.

18 A. Not beyond the information that I've
19 gathered, but not from my own practical knowledge.

14:15:07 20 Q. Okay. And -- and what is the -- what is
21 the source for this sentence in paragraph 47?

22 A. Again, I refer you back to the citation
23 26 which is for present purposes going forward.

24 And a lot of this actually refers to various
14:15:26 25 different sources consulted in 26, which was a lot

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:15:28 1 of sources including a lot of Ripple -- Ripple
2 sources, Ripple website information.

3 Q. Do you know which of those sources cited
4 in 26 support the proposition that a smaller
14:15:42 5 subset of validators consistently is responsible
6 for approval of transactions?

7 A. I don't know and I will have to review
8 some of these websites.

9 Q. Did you write paragraph 47?

14:16:20 10 MR. WHITE: Objection. I'm
11 going to instruct the witness not to
12 answer for the reasons previously
13 stated.

14 MR. SYLVESTER: And what are
14:16:28 15 the reasons previously stated?

16 MR. WHITE: That the drafting
17 process is protected by the work
18 product privilege.

19 MR. SYLVESTER: Okay.

14:16:37 20 BY MR. SYLVESTER:

21 Q. I want to show you what's been marked
22 Exhibit 22, please.

23 (Whereupon, exhibit is received
24 and marked SEC Adriaens Exhibit 22
14:17:05 25 for identification.)

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:17:19 1 MR. SYLVESTER: Great. So
2 here you go.

3 BY MR. SYLVESTER:

4 Q. So Exhibit 22 is a printout from a
14:17:29 5 website, that appears at the bottom of the
6 document, from xrpl.org.

7 A. Uh-huh.

8 Q. Professor, you did cite xrpl.org as one
9 of your sources in -- in your report, correct?

14:17:45 10 A. I do cite that in Footnote 26, yes.

11 Q. Okay. The portion of this -- well, let
12 me ask you this: Have you seen this -- this
13 publication on xrpl.org prior to today?

14 A. As I mentioned, I did look at xrpl.org.

14:18:05 15 Q. Mm-hmm.

16 A. And this may or may not have been, I
17 guess, the information that -- that I've seen.

18 Q. Okay. Let me ask a better question.

19 If you turn to the second page, do you
14:18:19 20 see where it says "Validator Overlap
21 Requirements"?

22 A. Yes.

23 Q. Have you -- have you read this section
24 about validator overlap requirements on xrpl.org?

14:18:45 25 A. If this is what was the link, xrpl.org,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:18:48 1 then I have read it.

2 Q. Does it look familiar to you sitting
3 here today?

4 A. I cannot be certain.

14:18:58 5 Q. Okay. If you wouldn't mind taking a
6 moment just to review those few paragraphs under
7 "Validator Overlap Requirements," I just have a
8 few questions.

9 (Pause)

14:20:17 10 A. I've read it.

11 Q. Okay. Let's start here.

12 Did you disagree with anything that you
13 read in the three paragraphs under "Validator
14 Overlap Requirements"?

14:20:24 15 MR. WHITE: Object to form.

16 A. I do not have the technical background
17 to either agree or disagree. It's just stated
18 as -- as written.

19 Q. Okay. Do you see where it says --
14:20:51 20 strike that.

21 If a validator selects a UNL that
22 overlaps less than 90 percent with other UNLs,
23 what risk does that pose?

24 MR. WHITE: Objection; form,
14:21:03 25 calls for speculation.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:21:12 1 A. You're asking me to do a technical
2 analysis that I am not qualified to do based on
3 this information.

4 Q. Okay. Separate and apart from this
14:21:23 5 document -- I just want to make sure I understand
6 your answer -- you're not able to answer the
7 question if a validator selects a UNL that is --
8 that overlaps less than 90 percent with other
9 UNLs, what risk that poses, is that right?

14:21:37 10 MR. WHITE: Objection; form.

11 A. I don't have the background to answer
12 that question.

13 Q. Okay. Do you have -- do you see the
14 reference in Exhibit 22, at the bottom of that
14:21:52 15 section where it says "If your chosen set of
16 validators does not have enough overlap with
17 others, your server may diverge from the rest of
18 the network and you could lose money by taking
19 action based on your server's divergent state."

14:22:07 20 Do you see that?

21 A. No.

22 Q. No? Okay.

23 A. Are -- are you referring to this?

24 Q. Yes.

14:22:11 25 A. Okay.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:22:11 1 Q. So Exhibit 22.

2 A. Yes.

3 Q. The third paragraph under "Validator
4 Overlap Requirements."

14:22:15 5 A. Yes.

6 Q. And then the last sentence of that third
7 paragraph.

8 A. A chosen set of validators.

9 Q. That's right.

14:22:27 10 A. Okay. I'm sorry, your question was?

11 Q. My question is, do you know how it is
12 that one could lose money by taking action based
13 on one server's divergent state?

14 MR. WHITE: Objection; form.

14:22:52 15 A. I do not have enough information to
16 actually make that -- to explain that.

17 Q. Okay. Let's go back to your report,
18 Exhibit 1, paragraph 48, which is on page 22.

19 A. Yes.

14:23:16 20 Q. The first sentence of that paragraph is
21 "The features of decentralized validation and the
22 XRP Ledger's consensus protocol enabled an
23 increase in the speed with which it can validity
24 transactions, and make settlement of the

14:23:30 25 transaction faster than traditional payment

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:23:32 1 rails."

2 What's the basis for that statement?

3 A. This is information that is based on the
4 citation, I believe Citation Number 27 and, again,
14:23:54 5 was part of my providing -- providing background
6 on the XRP and XRPL.

7 Q. Do you --

8 A. Not an analysis.

9 Q. I see.

14:24:03 10 Do you know how fast transactions
11 settled via traditional payment rails?

12 A. Depends which payment rails we consider.

13 Q. Okay. I'm trying to determine the basis
14 for your statement that the speed of the XRP
14:24:23 15 Ledger is faster than traditional payment rails.
16 So I'd like to know, what -- what are the
17 traditional payment rails that you're referring to
18 here? How fast do they settle transactions?

19 MR. WHITE: Objection; form.

14:24:41 20 A. I don't have information on how many
21 seconds or microseconds or whatever time it would
22 take.

23 Q. Is -- is this statement, the first
24 sentence of paragraph 48, something that you drew
14:24:52 25 from a source that you read in preparing your

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:24:55 1 report?

2 A. I believe so, yes. Either it's going to
3 be based on Footnote 26 or on the difference
4 between XRP and other cryptocurrencies, 27, which
14:25:14 5 makes reference to the speed of transactions.

6 Q. Okay. Paragraph 49 on page 23, about
7 four lines down, there's a sentence that says --
8 that starts "To prevent malicious activity..."

9 Do you see that?

14:25:42 10 A. Yes.

11 Q. Okay. So my question is, does a
12 validator on the XRP Ledger have to take any
13 affirmative steps to create a Unique Node List?

14 MR. WHITE: Objection to

14:25:54 15 form.

16 A. I am not prepared to respond to the
17 technical requirements of a validator and the
18 Unique Node List.

19 Q. And, so, it's fair to say you don't know
14:26:11 20 sitting here today?

21 MR. WHITE: Objection; form.

22 A. I don't know beyond the information
23 that's available publicly.

24 Q. I'm sorry, what do you mean by the
14:26:24 25 information "available publicly"?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:26:26 1 A. That's available based on the citations
2 I've used earlier. It's descriptive of the
3 process, not an analysis of the process.

4 Q. Okay. Do you see where it says, in the
14:26:44 5 same paragraph, 49, "Each XRP Ledger validator
6 must maintain and have approved a list of trusted
7 servers"?

8 A. I'm not sure where you are.

9 Q. Oh, it's the same sentence that starts
14:26:58 10 with "To prevent malicious activity..."

11 A. Yes.

12 Q. Do you know if bitcoin also has the same
13 requirement, that nodes must have a list of
14 trusted servers?

14:27:25 15 A. Bitcoin works through miners, as far as
16 I understand.

17 Q. And does that process entail having a
18 list of trusted servers?

19 A. They're competing servers.

14:27:37 20 Q. So is that a no, it does not?

21 MR. WHITE: Objection; form.

22 A. I am not sure in terms of the use of
23 this language, but I understand that process to be
24 a mining process as opposed to a federated
14:27:52 25 consensus process.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:28:08 1 Q. Going down to paragraph 50, the first
2 sentence, second clause, says that "the system
3 only makes forward progress when a super-majority
4 of the validators each node trusts agree on the
14:28:21 5 state of the Ledger."

6 Do you see that?

7 A. Yes.

8 Q. What is this super-majority? What --
9 what percentage must agree?

14:28:41 10 A. Based on the information that I have
11 read, I believe it's on the order of 80 percent.

12 Q. Can 20 percent of faulty nodes on
13 Ripple's UNL halt the XRP Ledger?

14 MR. WHITE: Objection; form.

14:29:03 15 A. Are you specifically asking about the
16 dUNL?

17 Q. Yes. I'll repeat it, but, yes.

18 Can -- can 20 percent of faulty nodes on
19 Ripple's dUNL halt the XRP Ledger?

14:29:15 20 MR. WHITE: Same objection.

21 A. I would need more information. I think
22 that is unclear since there are multiple UNLs
23 available and we don't know who actually uses the
24 dUNL, so...

14:29:42 25 Technically, in the protocol, the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:29:45 1 implications of the 20 percent that you're
2 mentioning, I cannot do an analysis on that based
3 on where I'm sitting right now.

4 Q. When you say "in the protocol," what do
14:29:58 5 you mean by "protocol"?

6 A. The consensus protocol. The code.

7 Q. Okay. Skipping back to paragraph 49,
8 right after the sentence that we were just looking
9 at that starts with "To prevent malicious
14:30:24 10 activity," there's a sentence that says "The
11 network is designed to rely on trusted validator
12 parties that grow organically, while pushing out
13 dishonest nodes."

14 Do you see that?

14:30:35 15 A. I see that.

16 Q. Okay. How does the group of trusted
17 validators on the XRP Ledger grow organically?

18 A. Because new validators become part of
19 the network. How do new validators become part of
14:30:54 20 the network? Is that part of what you're asking?

21 Q. I'm asking what you meant when you wrote
22 that trusted validator parties grow organically.

23 A. Again, I used it in the context of the
24 information that I reviewed on the XRP Ledger.

14:31:09 25 Q. Okay. But do you have a meaning of what

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:31:11 1 the phrase grow -- I'm confused because I don't
2 know what the meaning of "grow organically" is.
3 So what did you mean by "grow organically"?

4 A. That new parties -- individuals,
14:31:23 5 universities, companies, whatever it might be --
6 become validators in the network.

7 Q. And --

8 A. That's organically.

9 Q. How is that organic?

14:31:37 10 A. Organic as opposed to -- in the commonly
11 used meaning of the term "organic" as opposed to
12 sort of directed new validators. So these sort of
13 pop out independent of Ripple, independent of some
14 of the other validators. So organic growth of a
14:32:03 15 network.

16 Q. And how about the concluding part,
17 "While pushing out dishonest nodes"? How are
18 dishonest nodes pushed out of the XRP network?

19 A. Again, this kind of goes to technical
14:32:20 20 aspects of the operation of the ledger. I believe
21 there was a voting process involved and I can't
22 comment beyond that.

23 Q. Okay. So this sentence is -- is
24 something that you obtained from reviewing from
14:32:34 25 another source?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:32:36 1 A. Yeah.

2 Q. That's fair?

3 A. To -- to provide general context and
4 overview, yes.

14:32:42 5 Q. Okay. Can you -- sorry, strike that.

6 The last sentence of paragraph -- strike
7 that.

8 The second-to-last sentence of paragraph
9 49 that starts with "However," do you see that?

14:33:21 10 A. Yes.

11 Q. I read the sentence to mean that one of
12 the vulnerabilities of the XRP Ledger is that it
13 requires an a priori agreement on common trusted
14 nodes with the UNL, is that correct?

14:33:38 15 MR. WHITE: Objection; form.

16 A. That's what the sentence says.

17 Q. Okay. Is that "a priori agreement on
18 common trusted nodes" a reference to a UNL?

19 A. Sorry. What is your question again?

14:34:10 20 Q. Is your reference to an "a priori
21 agreement on trusted nodes" a reference to a UNL?

22 A. Let me reread that sentence to remind me
23 of the intent.

24 (Pause)

14:34:50 25 A. This actually goes to a very technical

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:34:52 1 aspect of the protocol conditions --

2 Q. Mm-hmm.

3 A. -- that I'm not prepared to discuss or
4 analyze or interpret.

14:35:03 5 Q. Is it a technical aspect that you
6 understand?

7 A. At a level of -- high level of
8 understanding, yes.

9 Q. Okay. But at your high level of
14:35:19 10 understanding, why is an a priori agreement on
11 common trusted nodes a vulnerability of the XRP
12 Ledger?

13 MR. WHITE: Objection; form.

14 A. I'll have to take a look at the context
14:35:42 15 of the reference from which I pulled this
16 information.

17 Q. And what's that reference?

18 A. I believe it was one of the references
19 cited in 26 on XRP, XRPL.

14:35:53 20 Q. Sitting here today, do you know which of
21 the references in 26 is the source from which you
22 drew this sentence in paragraph 49?

23 A. Given the context of the paragraph, it's
24 probably one of the latter ones, XRPL overview.

14:36:21 25 It's all securities so I'm going to have to go

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:36:24 1 back to that reference.

2 Q. I'm sorry, what was the last thing you
3 said, the last sentence?

4 A. You said 49, right? In 49 -- paragraph
14:36:38 5 49, the sentence that you're referring to, what
6 makes XRP Ledger attractive for speed, et cetera,
7 is under the improved security subset on page 22.
8 So I'll have to go back to the reference that
9 discusses improved security to get that context
14:36:57 10 again.

11 Q. I see.

12 And just to be clear, this whole section
13 of improved security, this is not your expert
14 opinion. This is information that you drew from
14:37:10 15 sources you reviewed, is that right?

16 A. Information I drew from resources I
17 reviewed and were used in the context of
18 formulating the opinion on whether XRPL and XRP
19 aren't innovation of the existing blockchains.

14:37:32 20 Q. Okay.

21 A. Blockchain. There was only one at that
22 time.

23 Q. And to the extent the sources of
24 information you reviewed were Ripple or Ripple
14:37:44 25 affiliates, did you take any steps to verify the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:37:46 1 veracity of that information that you then
2 included in your report?

3 MR. WHITE: Objection to
4 form.

14:38:02 5 A. Are you referring specifically to
6 this -- to this statement in paragraph 49?

7 Q. Let's start with that statement in
8 paragraph 49, sure.

9 A. I did not verify it independently.

14:38:17 10 Q. Okay. Now, backing up from paragraph
11 49, to the extent that there are any statements in
12 your report where -- that don't represent your
13 expert opinion and are, rather, just drawn from
14 sources of information from Ripple or Ripple
14:38:31 15 affiliates, did you take any steps to verify the
16 veracity of that information before including it
17 in your report?

18 A. Well, I didn't only look at 26. There's
19 other references that refer to comparison of
14:38:47 20 ledgers or statements, statements on CoinDesk and
21 whatnot that I've referenced earlier that speak to
22 this, but I did not specifically cite to here. To
23 see whether those same statements are made in
24 those same documents.

14:39:08 25 Q. Right. I'm asking more of a

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:39:10 1 methodological question.

2 A. Oh, okay.

3 Q. So, for instance, let's use this
4 improved security paragraph as an example. So
14:39:16 5 from the improved security paragraph, my
6 understanding of what you've told us is that this
7 is not your expert opinion. This is a -- a
8 summary or a recitation of information that you've
9 reviewed --

14:39:26 10 A. Background.

11 Q. -- from other sources.

12 A. Yes, background information.

13 MR. WHITE: Objection; form.

14 Q. To the extent that at any point in your
14:39:33 15 report, paragraph 49 or elsewhere, to the extent
16 that the information that you incorporated in your
17 report was coming straight from a Ripple source,
18 did you take any steps to verify from an
19 independent source that that information was true?

14:39:54 20 A. Well, as I mentioned, there are other
21 sources that refer -- now you specifically talk
22 about security. But those statements that came
23 from Ripple, if these statements also were
24 amplified elsewhere, I kept them in. If there was
14:40:07 25 a contradiction, I may have highlighted that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:40:13 1 contradiction.

2 Q. Okay. So, again, I just want to get to
3 a methodological question. One approach that you
4 might have taken would be to just accept as true
14:40:22 5 whatever is stated in Ripple sources. Another
6 approach you might have taken is to not accept as
7 true anything that was stated in Ripple sources.
8 A third approach you might take is taking Ripple
9 sources and, if it's a Ripple-only source for that
14:40:35 10 information, trying to find an independent source
11 to verify the veracity of the Ripple source.

12 Do you understand the three scenarios
13 I'm setting out?

14 A. Sort of.

14:40:43 15 Q. Okay. Did -- did you do the third
16 thing? If -- if you were -- for instance, with --
17 going back to 49, when you're making a statement
18 in your report about improved security, did you --
19 did you search for any other independent source of
14:40:59 20 information about improved security of the XRP
21 Ledger independent of Ripple?

22 MR. WHITE: Objection; form.

23 A. In the context of this opinion, I was
24 not asked to render an opinion on the security of
14:41:11 25 the XRP Ledger. I basically took the information

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:41:16 1 that was available and in aggregate used it in my
2 opinion on the innovation of Ripple -- of -- of
3 XRP and XRPL over the existing blockchain.

4 Q. I hear you, but I -- I'm not sure
14:41:31 5 you're -- with all due respect, I'm just not sure
6 you're answering my question. And -- and, again,
7 I'm just asking a question as to your method.
8 Let's keep it to paragraph 49.

9 For paragraph 49, you make a series of
14:41:44 10 statements about improved security. I understand
11 from what you've said that you've drawn these
12 statements from other sources. They're not your
13 expert opinion. Correct?

14 A. Mm-hmm.

14:41:53 15 Q. Okay. When you drew -- if you -- with
16 respect to 49, if any of the facts in 49 come from
17 Ripple sources, did you make any efforts to verify
18 the veracity of those facts in 49 from sources
19 independent of Ripple?

14:42:10 20 A. I did not.

21 Q. Okay. Were there other occasions in
22 your report where you drew from -- strike that.

23 Were there other occasions in your
24 report where you set out in your report facts that
14:42:25 25 you obtained from your review of Ripple sources

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:42:27 1 and did not take any steps to independ --
2 independently verify the veracity of those facts?

3 A. Is your question were there other places
4 where I did not do that?

14:42:39 5 Q. Yes, exactly.

6 A. You'd have to go to very specific
7 places. So my -- what I was -- what I set to do
8 is to compare what was available about Ripple,
9 whether disclosed by Ripple or other parties,
10 relative to what the incumbent technology is.

11 That was actually the -- the objective of my -- of
12 my opinion, is to compare new versus incumbent and
13 take whatever aggregate information that I had to
14 actually compare these two.

14:43:13 15 Q. Okay. So from your perspective, you
16 didn't draw a distinction between whether or not
17 you learned information from a Ripple source or
18 from a non-Ripple source?

19 MR. WHITE: Objection; form.

14:43:22 20 A. Not necessarily, no.

21 Q. Okay. How -- how is a reader of your
22 report able to ascertain what portions of your
23 report are recitations of facts drawn from other
24 sources versus what portions of your report are
14:43:45 25 your expert opinion?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:43:45 1 MR. WHITE: Objection; form.

2 A. Well, when I have citations to sources,
3 then that is not my own original, I guess,
4 opinion. It's just, using those sources, I have
14:44:14 5 to come to a conclusion: How did the aggregate of
6 these sources and of that information gained from
7 these sources stack up against what the incumbent
8 technology is? Which is kind of how we do,
9 generally, a business analysis for innovative
14:44:32 10 companies relative to companies that are already
11 in the market.

12 Q. Right.

13 I -- I guess what I'm trying to
14 determine is for something like -- focusing on the
14:44:43 15 example of 49, improved -- improved security --

16 A. Mm-hmm.

17 Q. -- how can the reader of your report
18 tell whether or not you, as an expert, are opining
19 that the XRP Ledger constitutes a ledger with
14:44:56 20 improved security over preexisting technology
21 versus your adopting others' views that that's the
22 case?

23 MR. WHITE: Objection; form.

24 A. Because the information is presented
14:45:17 25 regarding what the incumbent technology, bitcoin,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:45:21 1 does or has or its speeds or its energy use or its
2 cost relative to what we know about the XRPL.

3 Now, when I cite, for example, that it
4 takes three to five seconds or four seconds on
14:45:40 5 average to, you know, validate a transaction, that
6 isn't only based on the Ripple source. If I've
7 seen it elsewhere, then, you know, I'm comfortable
8 with that information.

9 Q. Okay. I hear you, but I'm -- I'm still
14:45:58 10 struggling with how is a reader of your report
11 able to differentiate between when you, an expert
12 retained to provide expert witness services, are
13 expressing your expert opinion versus when you're
14 reciting the fact -- facts or information as
14:46:18 15 stated from other sources? Is there a way to do
16 that reading your opinion?

17 MR. WHITE: Objection; form.

18 A. What the reader will read is how the
19 XRPL compares to bitcoin. And that is the level
14:46:44 20 of information that is necessary in my expert
21 opinion as long as the information is derived from
22 credible sources.

23 Q. And how do we know that the information
24 is derived from credible sources without specific
14:47:00 25 citations, say, within paragraph 49?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:47:03 1 MR. WHITE: Objection to
2 form.

3 A. This paragraph 49 is really a
4 descriptive overview of the security features. It
14:47:22 5 is not an independent validation of the security
6 features.

7 Q. It's not your independent expert --

8 A. It is not my --

9 (Indiscernible cross talk;
14:47:32 10 reporter requests one speaker.)

11 THE WITNESS: Sorry.

12 Q. Shall I finish? Is that okay?

13 A. Yeah. I think you were paraphrasing me,
14 but I don't know who was...

14:47:45 15 Q. Actually, strike that.

16 Did you have an answer you wanted to
17 provide me? I don't want to cut you off.

18 A. I provided aggregated information that
19 was available, whether from Ripple sources or from
14:48:00 20 other sources, brought it together in this section
21 where I was -- where I was asked to provide an
22 opinion on whether XRP or XRPL was an innovation
23 over bitcoin. And is -- or a better bitcoin.

24 And I used a number of features, looked
14:48:24 25 at a number of features. I looked at speed. Did

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:48:27 1 I independently verify the speed? I did not
2 independently verify the speed. I looked at
3 environmental -- environment -- energy use. I
4 looked at cost. At least cost as reported. And I
14:48:45 5 looked at the security aspects. But I did not --
6 as being four sort of aspects that XR -- that
7 Ripple with XRP and XRPL brought to the table.
8 And that's how I did the comparison. But I didn't
9 do an independent analysis of that. I just
14:49:13 10 aggregated the information in a different way to
11 allow us to compare between two blockchains.

12 And some of that is done in Table 1,
13 looking at features and attributes. It's
14 different ways of presenting information that is
14:49:30 15 already out there to compare. Is blockchain --
16 from a business perspective analysis. This is not
17 a technical analysis. It's an evaluation as a
18 business. With the technology and products, did
19 the company present -- was XRPL an improvement
14:49:58 20 over existing blockchains?

21 Q. Okay. Prior to your engagement in this
22 case, had you ever made any statement regarding
23 the topic of decentralization as applied to the
24 XRP Ledger?

14:50:29 25 A. No.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:50:29 1 Q. Okay. Prior to your engagement in this
2 case, had you ever considered the question of
3 whether and to what extent the XRP Ledger was
4 decentralized?

14:50:45 5 A. No. It was more about whether
6 blockchains were decentralized.

7 Q. Prior to your engagement in this case,
8 had you ever compared the relative
9 decentralization of the XRP Ledger and bitcoin?

14:50:58 10 A. Sorry, can you repeat that question?

11 Q. Sure.

12 Prior to your engagement in this case,
13 had you ever compared the relative
14 decentralization of the XRP Ledger and bitcoin?

14:51:09 15 A. No. And I didn't do it in my engagement
16 either.

17 Q. Okay. Prior to your engagement in this
18 case, had you ever compared the decentralization
19 of the XRP Ledger to any other blockchain?

14:51:25 20 A. I had not and there was also not
21 directly a way to do that.

22 Q. Is it your view that there's no way to
23 compare the decentralization of the XRP Ledger to
24 any blockchain?

14:51:45 25 A. That is my position in my rebuttal

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:51:50 1 report.

2 Q. Prior to your engagement in this case,
3 had you ever read any statement about the
4 centralization or decentralization of the XRP
14:52:06 5 Ledger?

6 A. I probably read it on websites, as in
7 crypto websites.

8 Q. And what was it that you read?

9 A. Well, there's all sorts of discussion
14:52:24 10 forums on CoinDesk and, you know, crypto.com sites
11 and whatnot on decentralization. So that's sort
12 of the level of, you know, knowledge and
13 information that I looked at.

14 Q. Did you read any articles specific to
14:52:41 15 the topic of the decentralization of the XRP
16 Ledger?

17 A. Articles? Do you mean any information
18 that is available online?

19 Q. I do.

14:52:57 20 A. I probably did, yes.

21 Q. And what was -- what was the -- strike
22 that.

23 Did the articles that you read take the
24 position that the XRP Ledger was or was not
14:53:10 25 decentralized?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:53:13 1 A. Before this case, at that time I wasn't
2 looking at this from that perspective. I was
3 looking from the perspective of being on the
4 advisory board of a fund and having to evaluate a
14:53:23 5 bunch of different FinTech companies and looking
6 at, you know, what do we know about FinTech
7 companies, the blockchains they operate on. You
8 know, what's being said about centralization and
9 decentralization. More at that level, not
14:53:38 10 specific to XRP or specific to...

11 So I didn't really take a position.

12 Q. Prior to your engagement in this case,
13 were you aware of any statements by Ripple about
14 the centralization or decentralization of the XRP
14:53:56 15 Ledger?

16 A. Prior to the case?

17 Q. Prior to your engagement in this case.

18 A. I didn't follow that level of detail,
19 no.

14:54:26 20 Q. Let's go to your rebuttal report,
21 Exhibit 2, please. Going to paragraph 36, which
22 is on page 20 and 21. And I'm looking just at the
23 last sentence of paragraph 36, which says "Each of
24 these features of the XRP Ledger offer
14:55:18 25 incentives - for example, to payment processors

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:55:20 1 who want to ensure their transactions clear more
2 quickly and cheaply than on the bitcoin or
3 Ethereum blockchains and therefore have an
4 incentive to ensure the XRP Ledger continues to
14:55:28 5 exist."

6 Do you see that?

7 A. I see that.

8 Q. Is this sentence an example of
9 information that you sourced from elsewhere or is
14:55:35 10 this your expert opinion?

11 MR. WHITE: Objection; form.

12 A. So we have to go back to the purpose of
13 the rebuttal report, in which case I wear my
14 academic hat because this is a discussion in the
14:56:07 15 scientific literature as to what the meaning of
16 decentralization -- what the definition is, how
17 you measure it, or what the metrics are that would
18 describe it. How you measure it. How -- what the
19 purpose is or what the role is of incentives,
14:56:30 20 whether incentives need to be economic incentives
21 or not economic incentives.

22 And I read all the papers that I
23 sourced, all the papers that are cited on that and
24 understood from, I believe in this case, the --
14:56:45 25 starting with the -- was that the side paper?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:56:50 1 Let's see. I'll have to reread this paragraph, by
2 the way.

3 Even when you look at the Troncoso
4 papers, some of the other papers for discussion,
14:57:30 5 there was discussion around -- this was specific
6 around incentives, right. This paragraph that
7 you're referring to is a paragraph around
8 incentives. And my opinion on Dr. [REDACTED]
9 report as to whether these incentives and protocol
14:57:52 10 incentives are necessary to build a successful
11 decentralized system.

12 So I set out to test that assertion by
13 reading papers in the academic literature. And
14 based on these papers in the academic literature
14:58:07 15 that say it doesn't have to be one in protocol
16 incentive and it doesn't necessarily need to be an
17 economic incentive. The -- so that's a big part
18 that led into this sentence.

19 Second, practically, I'm advisor to a
14:58:27 20 blockchain company called Blockchain Triangle that
21 operates on a -- on a blockchain. And working
22 with them, the question is, also, do participants
23 need to be economically incentivized, as I said?
24 Now it's all about risk management. So they want
14:58:43 25 to keep a blockchain live for risk management or

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:58:50 1 reputational reasons.

2 The University of Michigan, as I
3 mentioned to you earlier, we actively -- we do not
4 actively run a node. We're not paid to run a
14:59:01 5 node. We're not compensated to run a node. We're
6 actually not running it. But the research that is
7 happening on the XRP and XRPL might incentivize
8 some of the researchers that are working in the
9 space to actually fund and be active on the
14:59:18 10 operations of the validator node. So that's what
11 I'm saying. It doesn't have to be a strictly
12 protocol economic incentive.

13 Q. Do you -- sorry, go ahead.

14 A. Yeah. Sorry.

14:59:32 15 Q. You said the University of Michigan is
16 no longer running a node on the XRP Ledger, is
17 that right?

18 A. We maintain the node. We do not
19 actively participate in the validation process.

14:59:45 20 Q. I see.

21 And that's true today?

22 A. That is true today.

23 Q. Okay. I want to focus you back on the
24 last sentence of paragraph 36.

14:59:55 25 A. Mm-hmm.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

14:59:55 1 Q. Do you know whether payment processors
2 clear transactions on the XRP Ledger?

3 A. I think you'll have to be more specific
4 as in which payment processor.

15:00:17 5 Q. Well, that's actually my question to
6 you, Professor. So I'm trying to find the basis
7 for this assertion that "for example, to payment
8 processors who want to ensure their transactions
9 clear more quickly and cheaply than on the bitcoin
15:00:31 10 or Ethereum blockchains."

11 What payment processors are you
12 referring to in your rebuttal report?

13 A. It's more of a general statement here.

14 Q. What's the basis for -- I'm sorry. Go
15:00:45 15 ahead.

16 A. I was done.

17 Q. Oh, okay.

18 What's the basis for the statement that
19 "payment processors who want to ensure their
15:00:57 20 transactions clear more quickly and cheaply than
21 on bitcoin or Ethereum" have an incentive to use
22 the XRP Ledger?

23 A. I believe it's in the context of the
24 fact that they need XRP to clear their
15:01:44 25 transactions.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:01:46 1 Q. Okay. But how do you know that?

2 A. Based on some of the examples that I
3 looked at at -- at the end of my first report.

4 Q. If you look at the paragraph 36 of your
15:02:00 5 rebuttal report, you can see there's -- there's
6 not a footnote to that sentence and -- and that's
7 why I'm inquiring.

8 What's -- what's the source of that
9 information?

15:02:38 10 A. You're right, there is no source cited
11 here and that's sloppy. I didn't refer back to my
12 first report where I identified some of the use
13 cases, some of whom were payment processors.

14 Q. I see.

15:02:58 15 A. And I did not carry that over.

16 Q. And which -- which payment processors
17 from your first report are you referring back to
18 at the end of paragraph 36 of your rebuttal
19 report?

15:03:13 20 A. I did not refer back to a specific
21 payment processor, but just payment processor as
22 an exemplar on a use case.

23 Q. I see.

24 Do you know whether payment processors
15:03:22 25 use the -- the XRP Ledger to clear their

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:03:23 1 transactions today?
2 A. If they accept XRP?
3 Q. Okay. But do you -- I'm sorry, maybe --
4 A. Are you looking for names or --
15:03:51 5 Q. Yeah. Let's just start with yes or no.
6 Do you know whether payment processors
7 use the Ledger, the XRP Ledger, to clear their
8 transactions today?
9 A. I'm going to have to check into that.
15:04:05 10 Q. Okay. So that means you're not sure one
11 way or the other sitting here today?
12 A. I'm clearly not certain --
13 Q. Okay.
14 A. -- whether they use the XRP or the XRPL,
15:04:16 15 yeah.
16 Q. Can we look at Exhibit 3, please?
17 (Whereupon, exhibit is
18 received and marked SEC Adriaens
19 Exhibit 3 for identification.)
15:04:32 20 MR. SYLVESTER: Thank you
21 very much.
22 BY MR. SYLVESTER:
23 Q. Exhibit 3, Professor, is Dr. [REDACTED]
24 report dated October 4th, 2021. And my question
15:04:48 25 for you is going to be on page 26 of his report.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:04:54 1 A. Page 26?

2 Q. Yes.

3 On page 26, do you see that Figure 1,
4 which is entitled "Ripple validators and

15:05:12 5 validators operated by entities funded by Ripple,
6 given as a fraction of the dUNL membership over
7 time"?

8 A. I see that.

9 Q. I believe you -- you did not comment on
15:05:26 10 this figure in your rebuttal report, is that
11 correct?

12 A. I would have to check.

13 (Pause)

14 A. I finally found the link here. Sorry.

15:07:17 15 I believe I did not specifically cite
16 Figure 1 in my rebuttal report.

17 Q. Okay. And sitting here today, do you
18 have any reason to dispute the data that's
19 displayed in Figure 1?

15:07:28 20 MR. WHITE: Objection; form.

21 A. I have not verified these data, so I
22 wouldn't know.

23 Q. Right. I'm not asking you to
24 affirmatively agree with the data. I'm asking if

15:07:46 25 you have any reason to dispute the data displayed

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:07:48 1 in Figure 1.

2 MR. WHITE: Objection; asked
3 and answered.

4 A. I don't really have the technical
15:07:58 5 background to assess whether or not this is
6 correct or not.

7 Q. Okay. If -- let me pose a hypothetical
8 then.

9 Let's say there was a period where
15:08:14 10 Ripple controlled 100 percent of the validators
11 that were on Ripple's UNL.

12 Did Ripple then, as a practical matter,
13 control the validation of the transactions on the
14 XRP Ledger?

15:08:24 15 MR. WHITE: Objection; form.

16 A. It's a hypothetical, of course, so one
17 would have to speculate.

18 Q. You're permitted to speculate.

19 A. Under those conditions and not knowing
15:08:45 20 anything else, they would control -- what was the
21 question again? Do they --

22 Q. I -- sorry. Go ahead. Did you want me
23 to reask it?

24 A. Oh, yeah, if you could reask it.

15:09:03 25 Q. Of course.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:09:03 1 The hypothetical is, let's say there was
2 a period where Ripple controlled 100 percent of
3 the validators that were on Ripple's UNL.

4 Did Ripple, then, as a practical matter,
15:09:11 5 control the validation of the transactions on the
6 XRP Ledger?

7 A. I don't know what the meaning of
8 "control" is in this hypothetical and how that
9 would be impacted by the protocol, the validation
15:09:29 10 protocol, so it would be hard for me to give a
11 yes-or-no answer to that.

12 Q. Let's assume that the XRP Ledger for
13 this hypothetical works the way it works as you
14 described earlier, that it's 80 percent majority
15:09:46 15 voting.

16 A. Mm-hmm.

17 Q. And Ripple controls 100 percent of the
18 validators.

19 So under those circumstances, does
15:09:53 20 Ripple, as a practical matter, control the
21 validation of transactions on the XRP Ledger?

22 MR. WHITE: Objection; form,
23 calls for speculation.

24 A. Do you also assume -- I mean, what are
15:10:05 25 the other assumptions in that? Are there other

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:10:08 1 UNLs?

2 Q. Let's say that's the UNL that the nodes
3 are -- have selected as the UNL they use.

4 MR. WHITE: Objection.

15:10:25 5 A. So you're assuming there's only one UNL
6 and Ripple controls 100 percent of all the
7 validators in the UNL?

8 Q. That's exactly right.

9 A. As a hypothetical.

15:10:35 10 Q. That's -- that's correct. That's my
11 hypo.

12 Under those circumstances, does Ripple,
13 as a practical matter, control the validation of
14 transactions on the XRP Ledger?

15:10:43 15 MR. WHITE: Objection to
16 form; calls for speculation.

17 A. Of course my answer would be
18 speculative, but it would appear yes, while
19 knowing that that is not the case.

15:11:02 20 Q. What do you mean, "while knowing that is
21 not the case"?

22 A. You're referring to 100 percent control
23 and there being only one UNL.

24 Q. Those are the terms of my hypothetical,
15:11:12 25 that's right.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:11:14 1 A. Those are the terms of your
2 hypothetical. Okay.

3 Q. Let's go to your original report again.
4 Let's start with Appendix C.

15:11:57 5 MR. WHITE: If we're moving,
6 going to a new topic, would now be a
7 good time for a break?

8 MR. SYLVESTER: Sure. That's
9 fine.

15:12:03 10 MR. WHITE: All right.

11 THE VIDEOGRAPHER: Off the
12 record. The time is 3:13.

13 (Whereupon, a recess is taken.)

14 THE VIDEOGRAPHER: We'll go

15:36:43 15 back on the record. The time is 3:38.

16 BY MR. SYLVESTER:

17 Q. Professor, let's turn to page 8 of your
18 expert report, Exhibit 1.

19 A. Page 8?

15:37:02 20 Q. Yes.

21 A. Okay.

22 Q. Paragraph 19 where it says "Opinion 1."
23 Do you see that?

24 A. Yes.

15:37:07 25 Q. And your opinion here is "The XRP Ledger

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:37:10 1 and its native currency, XRP, represented an
2 important innovation in blockchain technology."

3 Do you see that?

4 A. Yes.

15:37:17 5 Q. Before the break we were talking about
6 various aspects of the XRP Ledger as to which you
7 gathered information from sources --

8 A. Mm-hmm.

9 Q. -- such as speed, cost, environmental
15:37:32 10 impact, security.

11 Do you recall that conversation?

12 A. Yes, I do.

13 Q. Okay. My question is, are those the
14 factors that you considered when you concluded for
15:37:43 15 your Opinion 1 that the XRP Ledger in its nature
16 currency, XRP, represented an important innovation
17 in blockchain technology?

18 A. These were factors I considered, yes.

19 Q. Okay. And as to -- strike that.

15:38:05 20 As to those factors -- the speed of the
21 Ledger, the cost of transactions, the
22 environmental impact of the Ledger and the
23 relative -- the security of the Ledger, of the XRP
24 Ledger, versus other blockchains -- those are all
15:38:17 25 topics on which you don't have your own

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:38:22 1 independent expert opinion but, rather, read the
2 sources cited in your report and have recited what
3 you read, is that right?

4 MR. WHITE: Objection; form.

15:38:34 5 A. Yes. I aggregated information that was
6 available on the XRPL, yeah.

7 Q. As to any of those factors -- speed,
8 cost, environmental impact, security of the XRP
9 Ledger -- was there ever any dispute in the
10 sources that you reviewed? For instance, was
11 there any article that said, well, actually, the
12 XRP Ledger is less secure than bitcoin?

13 MR. WHITE: Objection; form.

14 A. Oh, okay. Was there any -- sorry, what
15 was the question?

16 Q. Was there any dispute among the sources
17 as to any of these factors? And my example was --
18 was, did you ever look at a source that said,
19 well, the XRP Ledger is actually less secure than
20 bitcoin?

21 MR. WHITE: Objection; form.

22 A. Specifically on security, I believe
23 there is the paper of Chase and MacBrough,
24 nonpeer-reviewed paper, I believe, that refers to
15:39:36 25 that. But, again, I did not do an independent

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:39:39 1 analysis as to which assertion was the correct
2 assertion. When I look at important innovations,
3 we look at a new product that comes in the market,
4 in what extent and in what characteristics is it
15:39:57 5 superior to existing products.

6 So from a -- a VC/business analyst, you
7 very often look at a -- sort of a commonly used,
8 how should I say, metric in discussions among
9 venture capitalists is, oh, can we achieve a 5 or
15:40:14 10 a 10x improvement?

11 I do not cite a 5 or 10x. It's just
12 sort of a common way of looking at this. Is it
13 five times faster? ten times faster? Order of
14 magnitude is always an important sort of metric in
15:40:28 15 the business community, in the venture community,
16 and I looked at it more from that perspective.

17 Of course on securities, we can't talk
18 about order of magnitude. It's not a -- can't be
19 metricized. In fact, it can't even -- can't even
15:40:40 20 be well measured.

21 And, so, yes, I was aware of Chase and
22 MacBrough paper.

23 Q. And the Chase MacBrough paper expresses
24 the opinion that the XRP Ledger is actually less
15:40:54 25 secure than bitcoin, is that right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:40:57 1 A. To my recollection -- and, again, I'm
2 not a technical expert in analyzing security
3 issues on blockchains -- it was that there are
4 conditions under which there might be problems
15:41:12 5 with the server -- with the -- with the
6 blockchain. Sorry.

7 Q. So in -- in reaching the conclusion
8 within your paragraph 49 that the XRP Ledger
9 represented improved security, how was it that you
15:41:28 10 chose to disregard the concerns set forth in the
11 Chase MacBrough paper?

12 MR. WHITE: Objection; form.

13 A. Well, at the time when the XRP Ledger
14 was introduced in the market, there was only
15:41:49 15 bitcoin and there had been some issues with
16 exchanges, with an exchange Mt. Gox, I believe, or
17 around that time. There had been issues with 51
18 percent of tax. And the argument was, at least in
19 some of the readings that I did, that the
15:42:06 20 federated consensus mechanism that Ripple
21 deployed -- that -- sorry, that XRP uses is less,
22 I guess, vulnerable to that type of attack. And I
23 used that.

24 And the other one, Chase and MacBrough
15:42:36 25 paper, I used a little more as context to know

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:42:44 1 about it.

2 THE REPORTER: I used the?

3 THE WITNESS: Sorry.

4 A. The Chase and MacBrough paper, I used
15:42:44 5 that more as background to know about the
6 concerns.

7 I, actually, want to go back to the
8 discussion we had before our break. One of the
9 lines that you asked, where you asked me what's
15:42:54 10 the citation to that regarding the a priori
11 agreements --

12 Q. Mm-hmm.

13 A. -- in the security, I did not
14 double-check it, but thinking about it, that might
15:43:07 15 have been the Chase and MacBrough or related to
16 that paper.

17 Q. Okay.

18 A. So I did take it into account in my
19 considerations.

15:43:17 20 Q. And -- and how -- do I understand
21 correctly that the Chase MacBrough paper outlined
22 weaknesses in security of the XRP Ledger?

23 MR. WHITE: Objection to
24 form.

15:43:34 25 A. Again, I'm not a -- it's a very highly

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:43:36 1 technical paper and I -- I do not have that level
2 of technical background to do that kind of
3 analysis. But reading the conclusions of that
4 paper, they argued that under certain conditions,
15:43:45 5 there might be security issues or problems with
6 the Ledger. But I cannot independently verify
7 that, so I decided to look at what most sites and
8 most reports around the XRPL we're talking about,
9 which was that it did appear to not have that
15:44:06 10 vulnerability, that 51 percent tax as sort of an
11 added security as a different consensus metric.
12 Different consensus method.

13 But, again, we have to look at not each
14 of them separately. It's really the aggregate.
15:44:24 15 Again, when we discuss where the innovations are,
16 we write reports where innovations are with new
17 companies, digital companies, FinTech or
18 otherwise. We discuss what is -- what the current
19 baseline is in the market and what these new
15:44:40 20 companies are capable of achieving relative to
21 that and, therefore, what their potential market
22 opportunity is.

23 And I looked at a subset of features
24 that have come up in these discussions like the
15:44:53 25 ones you just iterated.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:44:54 1 Q. Was your -- was the Chase MacBrough
2 paper part of that baseline of the market views on
3 how secure the XRP Ledger was vis-a-vis other
4 blockchains?

15:45:10 5 A. Well, the Chase and MacBrough, I forgot
6 where that is published -- was published. I'm
7 going to have to look that up relative to the
8 innovation that existed at the time when the XRP
9 Ledger was introduced to the market. So probably
15:45:25 10 I did not take it explicitly into consideration.
11 As I said, it isn't just about security. It's
12 about all -- the aggregate of all of these
13 benefits.

14 Q. Setting aside the Chase MacBrough paper,
15:45:38 15 were there other instances where a source that you
16 read expressed the view that on any of the factors
17 you listed -- speed, cost, environmental impact or
18 security -- the XRP Ledger was actually inferior
19 to other blockchains?

15:46:06 20 A. You mean on speed, cost, and energy
21 benefits? It was inferior to other blockchains?

22 Q. Yes.

23 A. I have not come across a reference that
24 would state that.

15:46:17 25 Q. How did you select the sources that you

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:46:19 1 reviewed to inform your views about what the
2 market opinion was about the speed, cost,
3 environmental impact, or security of the XRP
4 Ledger?

15:46:35 5 A. Keyword searches. Use cases I looked at
6 that selected the XRP or XRPL, for example,
7 because of their environmental -- its
8 environmental benefits or costs. So we have -- I
9 mean, there were -- it's not academic literature.

15:46:58 10 In that case it is information that is out there
11 in the cryptosphere. And overwhelmingly what I
12 came across were these benefits.

13 Q. When you say "keyword searches," do you
14 mean Google searches?

15:47:13 15 A. Yes, among others. Google searches,
16 Ripple reports, Insights, crypto.com. You know,
17 those types of websites that evaluate and look at
18 cryptocurrencies and blockchains. CoinDesk,
19 Medium.

15:47:34 20 Q. Did you make any attempt to seek out
21 sources on these topics that might have been
22 skeptical of Ripple or XRP Ledger?

23 MR. WHITE: Objection to
24 form.

15:47:49 25 A. I would have assumed that negative

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:47:53 1 reports would have come out with the same
2 searches.

3 Q. With the keyword searches?

4 A. Yes.

15:47:59 5 Q. Okay. Understood.

6 But just to make sure I understand the
7 answer to my question, did you -- did you take any
8 affirmative steps to try to seek out sources that
9 might have been skeptical about these features
10 about the XRP Ledger?

11 MR. WHITE: Objection; form.

12 A. I wouldn't know how to go about doing
13 that. When I look at sources that say how this
14 XRPL compared to other blockchains -- I mean, in
15 this case, it would have been just bitcoin, right,
16 because that was the only one that was antecedent.

17 There was nothing that came -- that came
18 up, I guess, that would refer to that negative
19 effect.

15:48:41 20 Q. Okay. Let's go to your Appendix C,
21 please.

22 Professor, do you know who created this
23 list that appears as Appendix C?

24 A. It was -- I requested the lists, as I
15:49:13 25 mentioned earlier, that was referred to in the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:49:16 1 Wells report that I referred earlier. I had
2 information myself of radio news cases and I
3 requested from counsel whether there is a list,
4 either the list that was referred to in the Wells
15:49:31 5 report or otherwise, available for me to take a
6 look at.

7 Q. Okay. But do you know who -- who
8 actually drafted this list?

9 A. No.

15:49:46 10 Q. Column 2 on the list says "Category."
11 Do you see that?

12 A. Yes.

13 Q. Is that the category of company that's
14 listed under the "Entity Name" column?

15:50:00 15 A. Yes. Sometimes we call category primary
16 use case. That's how I refer to it in -- in -- in
17 my report. It's sort of the industry or the use
18 case that gets that.

19 Q. That -- that was my question about
15:50:15 20 actually the distinction between the category of
21 company and the use case. And why this brings to
22 mind is on the very top of the second page of
23 Appendix C --

24 A. Mm-hmm.

15:50:27 25 Q. -- I'm sorry, I don't know how to

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:50:28 1 pronounce the name. It looks like Beliani.

2 Do you see that?

3 A. I'm sorry, where?

4 Q. The very top of the second page of

15:50:37 5 Appendix C.

6 A. Beliani, yeah.

7 Q. Okay. And do you see how the category
8 listed is "Furniture"?

9 A. Yes.

15:50:46 10 Q. So, clearly, I think we can agree that
11 XRP can't be used as furniture?

12 MR. WHITE: Objection; form.

13 A. Of course not.

14 Q. The Ledger can't be used as furniture?

15:50:54 15 A. No.

16 Q. Okay. So --

17 A. It's the market. It's -- essentially
18 the category is the market. What is the market
19 you're trying to attract, that the use case tries
15:51:05 20 to address?

21 Q. Okay. So I -- what should I take from
22 the designation of furniture for the Beliani
23 entry?

24 A. Purchasing. It's an e-commerce company,
15:51:19 25 I believe. I haven't looked at this one recently,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:51:21 1 but what -- what I would take away -- I'm going to
2 have to look at it again -- is that one could
3 purchase furniture with XRP in the context of this
4 use case.

15:51:34 5 Q. Okay. And is it -- is that connection
6 that you just made, that one could purchase
7 furniture from Beliani using XRP, is that set out
8 anywhere in your report?

9 A. No, that is based on going on to the
15:51:56 10 website of those -- of that company.

11 Q. Okay. I have one question about the
12 relationship between Appendix C and Appendix D.

13 A. Yes.

14 Q. So if you look at Appendix D, there's a
15:52:13 15 second column that's unlabeled.

16 Do you see that?

17 A. Yes.

18 Q. It just starts with "uConektPAY," the
19 first entry.

15:52:21 20 Is that second column in Appendix D a
21 copy of the category listed in Appendix C?

22 A. That would be the category or the -- the
23 market, yeah.

24 Q. Okay.

15:52:30 25 A. Yeah.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:52:30 1 Q. But I guess what I'm trying to say is
2 did -- did you copy over the category listed in
3 Appendix C into the second column of Appendix D?

4 A. I believe so, but I first did go to the
15:52:54 5 website of that company to see whether they were
6 actually in that industry or in that category.

7 Q. Okay. Going back to Appendix C -- and
8 we'll get to your work that Appendix D represents,
9 but I just want to focus on C.

15:53:21 10 In order for a company to be included on
11 this list of use cases, does there have to be a
12 use for XRP or the XRP Ledger that actually exists
13 in the world or is it possible that some of these
14 use cases are theoretical or in development?

15:53:39 15 A. For this list?

16 Q. For Appendix C.

17 A. I went in with the assumption when I
18 initially received it that they were use cases,
19 either current or may have had or -- or
15:53:56 20 potentially they're exchanges; had XRP -- use of
21 XRP or XRPL. But my analysis was done then on
22 analyzing these use cases.

23 Q. Okay.

24 A. Assuming this to be true, then let's go
15:54:12 25 validate and verify that in my own analysis.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:54:18 1 Q. Did counsel ask you to assume that this
2 list of use cases in Appendix C was a list of
3 genuine use cases for XRP or the XRP Ledger?

4 A. They didn't have me assume anything.

15:54:34 5 Q. Okay. When you say "I went in with the
6 assumption when I initially received it that they
7 were use cases, current or potentially if they're
8 exchanges," that was just an assumption you
9 generated on your own?

15:54:45 10 A. A starting -- that's right. Starting
11 assumption. Starting hypothesis I was going to be
12 testing, yes.

13 Q. Okay. And then some subset of Appendix
14 C is also listed in Appendix D, is that right?

15:55:01 15 A. Sorry, a subset of?

16 Q. Of C.

17 A. Is in D.

18 Q. Okay.

19 A. Yes.

15:55:08 20 Q. So if we just focus on the Appendix C
21 and we carve out anything that's listed on
22 Appendix D, did you take any steps to verify
23 whether those use cases that appear only on
24 Appendix C actually were genuine use cases for XRP
15:55:27 25 or the XRP Ledger?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:55:34 1 A. So your question is, did I look at the
2 use cases that remained after I extracted Appendix
3 D from Appendix C?

4 Q. Right. I think I understood your
15:55:44 5 testimony earlier to be that you took a number of
6 steps to --

7 A. Yes.

8 Q. -- examine the use cases with respect to
9 D.

15:55:50 10 A. Mm-hmm.

11 Q. So I'm saying if you take out the -- the
12 companies listed on D from C, did you do any
13 independent analysis of the remaining companies on
14 C?

15:56:02 15 A. I did not.

16 Q. Okay.

17 A. Which meant that either -- that they
18 could still -- that they could also be use cases
19 that were nonequity investment use cases.

15:56:18 20 Q. Sure. You just don't know one way or --
21 sorry.

22 A. Yes.

23 Q. You just don't know one way or the other
24 because you didn't look into it, is that right?

15:56:25 25 A. I didn't validate or verify each of the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:56:28 1 companies with respect to the use, XRP or XRPL.

2 Q. Okay. Let's turn to paragraph 124 of
3 your Exhibit 1. That's page 64.

4 A. Sorry, where are we looking?

15:56:59 5 Q. Page 64 of your opening report.

6 A. Yes.

7 Q. Okay. So in paragraph 124, the first
8 bullet, the last sentence, you say "I rely on
9 Crunchbase because it is a leading firm that, in
10 my experience as an expert in this space, is a
11 reliable source of information regarding whether
12 particularly innovative firms received equity
13 funding."

14 A. Right.

15:57:26 15 Q. Do you see that?

16 A. Yes.

17 Q. Okay. Is it a generally accepted view
18 in your field that Crunchbase is a reliable source
19 of information regarding whether particularly
20 innovative firms received equity funding?

21 MR. WHITE: Objection; form.

22 A. Crunchbase is a reliable database to
23 find equity funding on companies and the implicit
24 assumption for equity financing of companies is
15:58:02 25 that they're reviewed and, sort of, verified in

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:58:07 1 the market to have innovative value propositions.

2 So that's why I conflated these two concepts.

3 Crunchbase probably doesn't say

4 particularly innovative firms receive equity

15:58:19 5 funding, define that here. They probably don't

6 say it like that. This is my own wording.

7 Q. In your last answer when you say you

8 conflated the two concepts, you mean you conflated

9 the concepts of particularly innovative firms with

15:58:31 10 firms that received equity funding?

11 A. Right. So companies that receive equity

12 funding often are viewed as being companies with

13 substantial growth potential and market traction

14 in the industry or in the markets that they're

15:58:46 15 trying to address.

16 Q. Okay. So let's move on to the second

17 bullet.

18 So will you walk me through, again, what

19 steps exactly you took with respect to any dates

15:58:59 20 to arrive at the subset of companies on Appendix

21 C?

22 A. Right. So, again, going back over Step

23 Number 1, having been given a list of 660, I --

24 and not having had the time to look at each of the

15:59:16 25 660 separately, I said let's look at those that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

15:59:20 1 are considered by the industry with sort of a
2 market validation of equity financing. So at
3 least I have a subset of those.

4 So then I looked at that subset. And I
15:59:34 5 said, okay, now the question is, did that subset
6 of growth companies with at least market indices
7 that they are growth companies, what -- did they
8 have access or when would they have access to XRP
9 or XRPL? And they couldn't have had access to XRP
15:59:56 10 or XRPL -- XRPL until after 2013, roughly.

11 And that's why I used the founding date
12 of Ripple as a cutoff. I said, okay, let's look
13 first at all the companies founded after 20 --
14 2013 and having received equity financing.

16:00:21 15 Because in those equity comp -- those
16 equity-financed companies had access to -- or let
17 me -- at that time XRP and XRPL were in the
18 market.

19 The second step, then, was -- because
16:00:38 20 that filters out a subset of companies. Actually
21 filters out -- let's see. 153 companies were
22 founded after -- so 153 companies were founded
23 after Ripple, Ripple's incorporation. I guess
24 they used 2012, not 2013. Of those founded after
16:00:58 25 Ripple's incorporation, instead of 91 use cases,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:01:02 1 it's actually 83. I think that was the other
2 modification we talked about this morning. It's
3 83 use cases had equity investment data of those
4 companies founded after 2012.

16:01:16 5 Then I looked at all the remaining
6 companies that had equity financing that were
7 older than Ripple, incorporated before Ripple, but
8 where the equity financing didn't happen until
9 after the founding date of Ripple. So only --
16:01:33 10 that's -- and that's about eight companies.

11 So basically now we have 83 plus 8 is 91
12 use cases. 91 use cases are 83 companies with
13 equity -- that were founded after Ripple's
14 founding and received equity financing, and the
16:01:52 15 additional eight are companies founded before
16 Ripple that received equity financing after
17 Ripple's founding.

18 And that's the total -- the list
19 total -- that's the methodology I applied and
16:02:05 20 that's the list that is in Appendix D.

21 Q. Okay. I think I followed that.

22 Whenever you used the phrase "equity
23 funding" in that answer, you're referring to your
24 use of Crunchbase to see which companies received
16:02:22 25 equity funding, that's correct?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:02:24 1 A. That's correct, yes.

2 Q. Okay. Did you -- as to any of the 91
3 companies, did you make any attempt to ascertain
4 whether or not the equity funding the companies
16:02:42 5 received had anything to do with the company's
6 engagement with XRP or the XRP Ledger?

7 A. No, that was not material to my
8 analysis. I wanted to find high-growth companies
9 that are after 2012, of being the cutoff date,
16:03:08 10 using either XRP or XRPL. But it is not material
11 whether they got the financing because of XRP or
12 XRPL. What I want to find is fast-growing
13 companies in the market that are using XRP or
14 XRPL, which even by itself is a validation of XRP
16:03:28 15 and XRPL as a useful currency in the market and
16 technology in the market.

17 Q. So in your view, it would not be more
18 persuasive to demonstrate that the company
19 received funding because of some use of XRP or the
16:03:48 20 XRP Ledger?

21 MR. WHITE: Objection; form.

22 No question. Mischaracterizes
23 testimony.

24 A. It -- it is impossible to ascertain that
16:04:02 25 relationship or correlation, but also was not

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:04:05 1 material to my analysis. So my analysis was, can
2 you identify high-growth companies or companies
3 that are viewed to be high growth with a market
4 presence in different industry sectors that use
16:04:20 5 XRP or XRPL?

6 And the fact that they continued to get
7 equity funding after the founding of Ripple and,
8 therefore, and the availability of XRP and XRPL in
9 the market, is an indicator of broad market
16:04:40 10 adoption.

11 Q. Okay. You said it's impossible to
12 ascertain any relationship or correlation between
13 the funding received by these companies and their
14 engagement with XRP or the XRP Ledger, is that
16:05:02 15 right?

16 A. The problem is that we would be looking
17 at a causality which is -- yes, based on my
18 experience, venture funds looking at equity
19 finance companies, very difficult to ascertain.

16:05:23 20 Q. Okay. I understand you said it's very
21 difficult, but did you try?

22 A. It was not material to my analysis.

23 Q. And so because it was not material to
24 your analysis, you didn't take any steps to try to
16:05:46 25 find any link between the funding and the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:05:48 1 company's use of XRP or the XRP Ledger, is that
2 fair?

3 A. That's fair.

4 Q. Okay. Would you agree that if companies
16:06:05 5 were funded prior to any engagement with XRP or
6 the XRP Ledger, that engagement could not have
7 been a factor in receipt of the funding?

8 A. Can you rephrase that? I'm not sure I
9 understand.

16:06:22 10 Q. Sure.

11 Let's use a hypothetical. Let's say a
12 company was -- received equity funding in 2014 and
13 that company didn't have anything to do with XRP
14 or the XRP Ledger until 2018.

16:06:36 15 I think under your rubric, that company
16 would be included within Appendix D, is that
17 right?

18 MR. WHITE: Objection; form.

19 A. It would -- sorry.

16:06:46 20 MR. WHITE: Go ahead.

21 A. It would be.

22 Q. Okay. And so I'm just saying in that
23 circumstance, in that hypothetical, there's no
24 basis to conclude that the funding in 2014 had
16:06:56 25 anything to do what -- whatsoever with the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:06:58 1 company's use of XRP or XRP Ledger in 2018?

2 MR. WHITE: Objection to
3 form.

4 A. Again, which is -- which is not material
16:07:06 5 to my analysis. The analysis, do high-growth
6 companies use XRP as part of -- do they leverage
7 XRP or XRPL as part of their business model? Even
8 if they used 15 or 20 other currencies and one of
9 them happens to be XRP, it doesn't matter. It is
16:07:28 10 a high-growth company and, therefore, becomes a
11 validation of the use of XRP in the market.

12 Q. Okay. So the --

13 A. The funding time point in the --
14 adoption time point of that company of XRP or XRPL
16:07:42 15 are not material to this -- to this process.

16 Q. I -- I'm sorry. Go ahead.

17 A. Yes.

18 Q. I totally hear you that it's not
19 material, but I just want to see if you agree with
16:07:56 20 my hypothetical.

21 So the company's funded in 2014, nothing
22 to do with the XRP Ledger or XRP until 2018. We
23 can both agree that the funding itself had nothing
24 to do with any connection between the company and
16:08:10 25 XRP and the XRP Ledger?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:08:11 1 MR. WHITE: Objection to
2 form.

3 A. The funding of that company had nothing
4 to do with the XRP or XRPL Ledger.

16:08:25 5 Q. Okay.

6 A. However, that company did decide to use
7 the XRP or XRPL Ledger and, therefore, it did
8 become relevant.

9 Q. If you're just looking at the
16:08:36 10 high-growth company measure, not tied to the
11 timing of any use of XRP or the XRP Ledger, then
12 why did you exclude the pre-2013 companies?

13 A. I did not exclude the pre-2013
14 companies.

16:09:00 15 Q. I see. I -- I thought that was a step
16 that we discussed. Maybe I misunderstood --

17 A. No, that was the -- that was the
18 inaccuracy in bullet number 2.

19 Q. I see.

16:09:13 20 A. So it's the companies founded after 2013
21 that received equity financing -- really the
22 operational variable is, when did companies that
23 have equity financing have access to XRP and XRPL?

24 So, basically, I looked also at
16:09:29 25 companies that were founded before 2013 that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:09:33 1 received their equity finance, their growth
2 financing, after 2013. So I have both before and
3 after.

4 And, again, this was just -- this --
16:09:43 5 this whole equity financing piece, this step
6 number 1, was really just to come up with an
7 illustrative spectrum of companies that, based on
8 my experience in the industry, would be viewed as
9 being a relevant subset of companies. I didn't
16:10:02 10 look at IBM, for example. Didn't look at -- there
11 are lots of big corporates that use blockchain and
12 potentially use XRP. So I just used the subset --
13 used this subset to come up with an illustrative
14 use case -- set of use cases.

16:10:25 15 Q. This method where you observed equity
16 financing of specific high-growth companies on
17 Crunchbase to evaluate the use case of a digital
18 asset, which you did in your report, have you ever
19 employed that methodology anyplace else other than
16:10:48 20 in your expert report in this case?

21 A. Yes. We do these on the funds as well,
22 the Lurie Venture Fund, the Lurie
23 Commercialization Fund. FinTech group funds which
24 I am involved in but did not talk about in this --
16:11:03 25 this report.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:11:06 1 There's always lots of applications of
2 companies wanting to, of course, get equity
3 financing. And one of the triaging that we do is
4 look at what do we know about these companies?

16:11:18 5 What do we know about similar companies in this
6 space? How are they funded? How were they
7 financed? To sort of figure out is there a
8 similar company like the company we're looking at
9 on Crunchbase that is equity financed.

16:11:32 10 So, yes, we look at that as a triaging
11 mechanism.

12 Q. That -- that makes sense to me, but I'm
13 asking a little bit of a different question.

14 When evaluating in terms of the
16:11:41 15 viability of a digital asset --

16 A. Mm-hmm.

17 Q. -- which it seems the -- strike that.

18 Have you ever in your -- outside of the
19 context of the report of this case, evaluated the
16:11:52 20 viability of a digital asset or a blockchain by
21 observing equity investment in companies unrelated
22 to that digital asset or to that blockchain?

23 MR. WHITE: Objection; form.

24 A. That's a specific hypothetical that I
16:12:13 25 have not -- that specific structuring, I guess, of

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:12:16 1 the question. I have not.

2 Q. Okay. When you -- when you composed the
3 list that -- of 91 companies that appears in
4 Exhibit -- Appendix D, did you take into account
16:12:31 5 whether any of those companies received funding
6 from Ripple?

7 A. Did I take it into account? I did for
8 those where I had that information available.

9 Q. And are there any -- any companies on
16:13:02 10 your list of 91 in Appendix D that did, in fact,
11 receive funding from Ripple?

12 A. I believe there are. These are --
13 definitely Coil is definitely one of them. I
14 don't know if STYRA is on here. Yes, where was --
16:13:38 15 yes, Coil is here.

16 So, actually, Crunchbase does provide
17 information when you search who the financiers are
18 behind each round. And so I would know that.

19 Q. Okay. Can we turn to page 9 of your
16:14:00 20 report, Exhibit 1?

21 A. I'm sorry, page 9?

22 Q. Page 9, paragraph 21.

23 A. Oh, okay.

24 Q. Do you see where it says "Opinion 3"?

16:14:19 25 A. Yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:14:19 1 Q. Okay. So I just want to focus on the
2 first clause of Opinion 3. "The XRP Ledger and
3 its native currency, XRP, have commercial utility
4 that third parties have leveraged in the creation
16:14:33 5 or advancement of their business models."

6 Do you see that?

7 A. Yes.

8 Q. Is your work as described on Appendix
9 D -- strike that.

16:14:43 10 Does your work encapsulated by Appendix
11 D have any relationship to this Opinion 3 that I
12 just read?

13 MR. WHITE: Objection; form.

14 A. Yes.

16:15:03 15 Q. Okay. Can you explain to me how the
16 methodology that you described demonstrates that
17 any of the companies listed in Appendix D
18 leveraged XRP or the XRP Ledger in the creation or
19 advancement of their business models?

16:15:22 20 A. If they use it as a payment mechanism.
21 If they use it as a way to conduct e --
22 e-commerce. If they list XRP in their exchange.
23 If they -- any of the activities that any of the
24 companies in Appendix D undertake that uses XRP or
16:15:45 25 XRPL, in my view, leverages or uses XRP or XRPL in

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:15:51 1 their business model.

2 Q. Okay. So if a retail online seller
3 accepts 100 different digital assets for payment,
4 one of them is XRP, in your view, that would be a
16:16:07 5 good example of a business that leveraged XRP in
6 the creation or advancement of that company's
7 business model?

8 MR. WHITE: Objection; form.

9 A. Yes. They use it as part of their
16:16:24 10 business. And business model is not necessarily
11 the same as revenue model. There's a lot of
12 discussion around that, but the business model is
13 how they conduct their business.

14 Q. Okay. So the -- the sort of phrase --
16:16:40 15 strike that.

16 The phrase "creation or advancement of
17 their business models" in your Opinion 3
18 encompasses any contact whatsoever between XRP or
19 the XRP Ledger and the company's businesses listed
16:16:59 20 in Appendix D.

21 Is that fair?

22 A. That's fair. And it kind of ties back
23 to a statement that I make earlier in my report on
24 what constitutes successful currency. And it is a
16:17:23 25 currency that is viewed to be one that is

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:17:25 1 broadly -- I'm going to have to check where --
2 where that is.

3 All right. On page 26, paragraph 57.
4 So for currencies to be useful and be successful,
16:17:46 5 the usability and breadth of applicability of that
6 particular cryptocurrency in any market so that
7 people feel comfortable using it anywhere is --
8 becomes a very important driver for the market
9 access and the utility of that currency. And,
16:18:03 10 therefore, if a Korean supermarket uses, in your
11 example, 50 cryptocurrencies, one of which is XRP,
12 then that is a validation of the currency and is
13 a -- it's part of the business model of that
14 Korean supermarket.

16:18:29 15 Q. Okay. Are you offering any opinion in
16 this case about whether XRP is or is not a
17 currency?

18 A. No, I'm not.

19 Q. Okay. The paragraph 57 that you pointed
16:18:46 20 me to, that doesn't have any citations that I can
21 see, at least not on page 26. I do see one at the
22 very end on page 27.

23 Are the -- the bullets -- the first four
24 bullets on page 26 -- value proposition, usability
16:19:06 25 and breadth of applicability, design, and

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:19:09 1 liquidity -- are those your expert opinion or is
2 this a case of sort of information aggregation
3 from other sources?

4 A. It's information aggregation from other
16:19:22 5 sources.

6 Q. Okay.

7 A. Including -- including many of the ones
8 that are cited on the bottom of page 27.

9 Q. Okay. Going back to the discussion we
16:19:43 10 were just having about your Opinion 3 --

11 A. What page?

12 Q. Let's see.

13 A. Nine?

14 Q. Page 9.

16:19:55 15 If a company accepts XRP, but no one
16 ever actually pays for anything with XRP, in your
17 view, is that company's business model -- strike
18 that.

19 If a company accepts XRP, but no one
16:20:13 20 actually ever pays for anything in XRP, does XRP
21 advance the -- have any involvement in the
22 creation or advancement of that company's business
23 model?

24 MR. WHITE: Objection to
16:20:23 25 form.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:20:27 1 A. In the context of my analysis, if the
2 company offers it, even if the customers don't use
3 it, it's still -- or initially don't use it, it is
4 still part of the business model of that company
16:20:39 5 that offers it.

6 Q. Okay. With respect to the companies
7 that are listed on Appendix D, did you take any
8 steps to determine whether or not for companies
9 that accept XRP as payment anyone actually pays
16:20:56 10 for goods and services with XRP?

11 A. So is your question did I check the
12 revenue, essentially, of each of these companies
13 to see if they -- whether -- to see if there were
14 any transactions in XRP?

16:21:22 15 Q. My question's a bit broader in that it's
16 did you take any steps at all to determine whether
17 or not any company listed on Appendix D as
18 accepting XRP actually in the course of its
19 business receives payment in XRP?

16:21:36 20 MR. WHITE: Objection; form.

21 A. Not as part of this analysis, no.

22 Q. When you say "this analysis," do you
23 mean your expert report?

24 A. Not as part -- yes, not as part of the
16:21:52 25 expert report.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:22:02 1 Q. Okay.

2 A. It also includes, say, a company that
3 used to use XRP and, for example, no longer uses
4 XRP because of, for example, the -- you know, the
16:22:13 5 current litigation that's underway. It still was
6 an XRP use case. But if a company that was equity
7 financed but -- in 2013, let's say, went bankrupt
8 in 2018, but during that time used XRP, it's also
9 a use case.

16:22:37 10 Q. Okay. I think what you're saying --
11 strike that.

12 So Appendix D is not intended to be a
13 snapshot of the current ways XRP or the XRP Ledger
14 are actually used in the world.

16:22:48 15 MR. WHITE: Objection. No
16 question.

17 A. Is your question it's not a snapshot?

18 Q. That's right.

19 A. Or it is a snapshot?

16:22:58 20 Q. It's not. I'm ask -- let me ask it
21 again.

22 A. Okay.

23 Q. Was it -- was it your intention with
24 Appendix D to create a snapshot of the current
16:23:07 25 ways XRP or the XRP Ledger are actually used in

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:23:10 1 the world as of the time of your report?

2 A. As a proxy for "being used in the
3 world," it means do these companies in Appendix D
4 either use XRP or XRPL? It was a snapshot. Just
16:23:26 5 that the companies offer the opportunity is not
6 necessarily whether the users use it.

7 Q. Okay.

8 A. That's, I think, where you're making the
9 distinction.

16:23:41 10 Q. And there was one other distinction I
11 think you drew which is that there could be cases
12 or maybe there -- strike that.

13 There are cases, if I understand your
14 testimony correctly, on Appendix D, where the
16:23:54 15 company once had some connection to XRP or the XRP
16 Ledger but no longer does.

17 MR. WHITE: Objection. No
18 question.

19 A. Right. But, again, it really doesn't
16:24:07 20 change the opinion. The diversity of use cases
21 where XRP or XRPL is being used as part of the
22 business model of these companies, whether it's
23 91, 90, 89, or even let's take off -- you want to
24 take off all the ones from before 2013, 83 is
16:24:31 25 still a substantial set of use cases.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:24:33 1 And I didn't -- it's, again, just
2 illustrative of the equity financed use cases.
3 And to your earlier point, all the other companies
4 that are currently on the -- that are on that list
16:24:44 5 of 660, even though I did not analyze these
6 companies, it might very well be there's a lot of
7 use cases on there as well.

8 And, in fact, since I submitted the
9 report in October, just because of, you know, the
16:25:02 10 way I follow the industry, there's at least a half
11 dozen more use cases that I've become aware of
12 that use XRP or XRPL.

13 So it's a constantly evolving industry
14 with new use cases being built that cannot be
16:25:17 15 anticipated at any given point in time. So it is
16 a snapshot in time.

17 Q. I guess with my question I was trying to
18 draw the distinction between a use case and a use
19 that exists in the world at the time of your
16:25:28 20 report.

21 So, for instance, using something you
22 testified about, if a company once accepted XRP as
23 payment but no longer does, that's, in your view,
24 still a use case that's -- that's included in
16:25:42 25 Appendix D, is that right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:25:42 1 MR. WHITE: Objection; asked
2 and answered.

3 A. Of course, that particular use case that
4 I brought up, I think I -- I don't know where I
16:25:54 5 included it. Maybe I didn't include it yet.

6 The change happened later. So that's --
7 that's why I did the snapshot in time. You have
8 to keep looking at are these companies still
9 accepting?

16:26:08 10 But as -- as of the time, 20 --
11 whatever, October 4th, I believe? Yes, October
12 4th, or the last time I checked the list before we
13 submitted the report, these companies were still
14 using XRP or XRPL.

16:26:24 15 Some companies were acquired. I
16 think it was -- I forgot what the names of that
17 company now. Harbor, I believe. So Wallet was
18 acquired by another company. And that's fine. I
19 mean, it's -- it's part of the evolving industry
16:26:47 20 over time. There was acquisitions. There was
21 bankruptcies. There are different use cases that
22 evolve and develop. And I just wanted to
23 illustrate that using a subset of companies from
24 the list of 660.

16:27:01 25 Q. Okay. Let's go to page 64, paragraph

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:27:03 1 124.

2 A. Yes.

3 Q. The last bullet says "Third, I examined
4 the applications for the remaining use cases."

16:27:16 5 What does the word "applications" mean
6 in that sentence?

7 A. "Applications"? Seems like an odd word
8 here.

9 Basically this is I examined all the
16:28:07 10 remaining use cases after Step 1 and Step 2.

11 Q. Okay. Is that --

12 A. I'm not sure what -- how the word
13 "applications" and why the word "applications" is
14 in here.

16:28:19 15 Q. Did -- did you put the word
16 "applications" in your report?

17 A. It may have been a carryover on one of
18 the iterations.

19 MR. WHITE: Objection.

16:28:28 20 I'm going to instruct you not
21 to disclose the substance of
22 communications with counsel.

23 A. But Bullet Number 3 is clearly about the
24 91 companies that resulted from Step 1 and Step 2.

16:28:47 25 Q. Okay. So setting aside the word

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:28:53 1 "applications," taking the sentence in total, "I
2 examined the applications for the remaining use
3 cases," what -- what exactly did that entail?
4 What steps did you take?

16:29:14 5 A. Well, I went on the website of each of
6 these companies and I looked at, one, what kind of
7 company it was, how they were using XRP or XRPL,
8 and essentially what they were doing. So -- so
9 what markets were they serving?

16:29:37 10 Q. Okay. For each of the 91 companies
11 listed in your Appendix D, were you able to
12 determine from your review of the company's
13 website how the company was using XRP or XRPL?

16:29:53 14 A. In terms of availability and in terms of
15 media statements that the company made or in terms
16 of keyword searches between XRP, XRPL, and the
17 name of the company, I wanted to verify whether
18 they were still using and whether they were using
19 and how they were using XRP or XRPL.

16:30:15 20 Q. Okay. I think I understand your answer
21 to mean that to determine how the companies listed
22 on Appendix D were using XRP or XRPL, you went to
23 the company's website and then, at least on some
24 occasions, also did Google searches.

16:30:31 25 Does that sound right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:30:32 1 A. As well as media releases on these
2 company sites, yes.

3 Q. When you say the "media releases on the
4 company sites," you mean that company's website,
16:30:41 5 right?

6 A. That company's websites, yes.

7 Q. Okay. Other than Google searches and
8 review of the company's websites, did you take any
9 other steps to examine the applications for the
16:30:53 10 remaining use cases?

11 A. I -- other than that, no.

12 Q. Okay.

13 A. So then I developed descriptions of how
14 these companies were using the XRP or XRPL.

16:31:03 15 Q. And when you say you "developed
16 descriptions of how the companies were using XRP
17 or XRPL," where are those descriptions?

18 A. They start at paragraph 126 -- no, 128.
19 So I just illustrated a few of these companies,
16:31:25 20 not all 91 of them, but a few of these companies,
21 how they were using it just to illustrate the
22 spectrum.

23 Q. It looks like, if I'm counting
24 correctly, this is a description of six companies,
16:31:45 25 is that right?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:31:48 1 A. Six companies representing 91 companies
2 or 90 companies if you take STYRA out.

3 Q. Okay. Sorry.

4 Is there any part of your report,
16:32:01 5 setting aside the six companies that are discussed
6 in paragraphs 128 through 133, that describes the
7 use of XRP or the XRP Ledger by the remaining
8 companies on Appendix D?

9 A. No. I just illustrated a subset of
16:32:25 10 companies in each industry.

11 Q. Okay.

12 A. In each market.

13 Q. Are there any other steps that you took
14 with respect to your preparation of Appendix D or
16:32:42 15 your examination of the use cases reflected in
16 Appendix D that we have not already discussed?

17 A. I don't think so. Except for, of
18 course, assembling all of the information on the
19 capital invested and aggregating the information
16:33:18 20 of what industries these 91 -- or 90 companies
21 represented. And, again, it was just meant to be
22 an illustrative set of use cases.

23 Q. How did you select the illustrative set
24 of use cases in paragraphs 128 to 133?

16:34:05 25 A. Based on more -- the level of detail of

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:34:08 1 information that I could find on that company's
2 use of XRP or XRPL.

3 Q. Okay. So fair to say that these six
4 companies are the companies that you were able to
16:34:20 5 find the most detail about their use of XRP or XRP
6 Ledger?

7 A. I think that's a mis -- that's not what
8 I said, "the most" information. Actually, I want
9 to double-check something here.

16:34:40 10 I believe one of the other pieces of
11 information that I considered is the value of the
12 company if they had their own coin and we knew
13 something about their coin market cap or whether
14 they were -- had large financing rounds just to
16:35:28 15 illustrate some of the bigger companies or the
16 companies with more -- higher financing rounds.

17 Q. Your answer reflects other factors that
18 you took into consideration when selecting the six
19 to highlight in paragraphs 128 to 133, is that
16:35:45 20 right?

21 A. Yes.

22 Q. Okay. Can we look at 132, paragraph
23 132, page 68? The last two lines on the page have
24 a single full sentence. It says "Data443 chose to
16:36:09 25 work with Ripple's technology because the XRP

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:36:12 1 Ledger is enterprise-focused with a level of
2 maturity and capability in the blockchain realm."

3 Do you see that?

4 A. Yes.

16:36:20 5 Q. How do you know why Data443 chose to
6 work with Ripple's technology?

7 A. That was based on Data443's own media
8 disclosure as cited below.

9 Q. Okay. The phrase "Ripple's technology"
16:36:41 10 in that sentence, what is it that you're referring
11 to?

12 A. Actually, I mean here the -- it's a
13 misstatement. The XRP Ledger.

14 Q. So for the purposes of this sentence,
16:36:50 15 "Ripple's technology," the reference is to the XRP
16 Ledger?

17 A. It is the XRP Ledger, yes.

18 Q. Okay. Going back to Appendix D, we
19 discussed that the second column is a carryover
16:37:18 20 from Appendix C.

21 Do you recall that?

22 A. Yes.

23 Q. Did you -- did you rely on the category
24 in Appendix D that counsel provided in Appendix C?

16:37:42 25 A. If it is a carryover, yes, it came from

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:37:45 1 that table.

2 Q. Okay.

3 A. And I do recall making some adjustments
4 with some of these companies, but -- after looking
16:38:00 5 at their websites, but I don't recall which ones.
6 I'm going to have to cross-reference that.

7 Q. You recall making adjustments to the
8 second column of Appendix D, is that right?

9 A. For some of the companies, yes, but I
16:38:10 10 forgot which ones.

11 Q. Okay.

12 A. The challenge with categorization is
13 that there is no standard. Different exchanges
14 use different methods. And -- and Consensus
16:38:25 15 itself and other management consulting groups,
16 they all have different categorizations, so...

17 Q. Okay.

18 A. I tried to cross-verify.

19 Q. Let's look back at paragraph 57.

16:38:50 20 A. Paragraph 57?

21 Q. Mm-hmm. I'd like to focus on the "Value
22 Proposition" bullet.

23 A. Yes.

24 Q. Can you read the "Value Proposition"
16:39:11 25 bullet into the record, please?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:39:14 1 A. "A cryptocurrency is more likely to
2 achieve wide adoption if it solves a
3 well-understood problem and is coupled to a
4 transparent business model, so the marketplace
16:39:25 5 understands how the cryptocurrency is used and how
6 it creates value."

7 Q. In the context of that sentence, what's
8 a "transparent business model"?

9 A. When it's -- transparent business model
16:39:47 10 is business model that is well understood by
11 outsiders how a company generates revenue and how
12 it sets up partnerships.

13 Q. In your view, if a company was touting
14 acceptance of a product, but was not disclosing to
16:40:01 15 the market that it was also heavily subsidizing
16 users to use that product, is that a transparent
17 business model?

18 MR. WHITE: Objection; form.

19 A. Can you restate that question?

16:40:17 20 Q. Sure.

21 MR. SYLVESTER: Actually,
22 Bridget, would you mind reading that
23 back?

24 (Whereupon, the record was
16:40:22 25 read back.)

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:40:40 1 MR. WHITE: Same objection.

2 A. This is a hypothetical. I would need to
3 know more information about that.

4 Q. What would --

16:40:49 5 A. More context.

6 Q. What would you need to know?

7 A. Well, transparency, there's no binary in
8 transparency of a business model. It's a -- it's
9 a spectrum, I guess, of what is being disclosed to
16:41:09 10 the market. Public companies disclose their
11 business model; private companies, you know, are
12 less open about their business model. Sometimes
13 it's obvious; sometimes it's not obvious.

14 So I would need to know what is the
16:41:28 15 company? What were they disclosing? What were
16 they holding back? Did they call it transparent
17 themselves, what they were doing, or were they --
18 was the media telling -- telling the world that
19 this was a transparent business model?

16:41:46 20 So it's hard to assess that.

21 Q. Why is it that private companies are
22 less open about their business model?

23 MR. WHITE: Objection; form.

24 A. Excuse me.

16:42:09 25 So private companies, particularly

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:42:11 1 equity investable companies -- and I'm wearing my
2 hat as a -- as an investor in venture funds --
3 initially are, one, not even clear -- they know
4 what -- potentially what their value proposition
16:42:24 5 is, but they're not clear how they're going to be
6 making money, how they're going to be generating
7 revenue.

8 And so the transparency of a business
9 model can only be so transparent as to even what
16:42:38 10 the company knows itself. It doesn't want to get
11 pinned down out -- on the outside, I guess, as in
12 this is your business model or this is not part of
13 your business model.

14 It maintains flexibility as the
16:42:51 15 investors, the private investors, negotiate the
16 growth and the change and the product development
17 within that company.

18 So that's why it's -- usually or often
19 the business model isn't -- it's only partially
16:43:08 20 known.

21 MR. WHITE: Mark, would now
22 be an okay time for a break?

23 MR. SYLVESTER: Yeah, fine.

24 Sure.

16:43:12 25 MR. WHITE: Okay.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

16:43:13 1 THE VIDEOGRAPHER: Off the
2 record. The time is 4:44.

3 (Whereupon, a recess is taken.)

4 THE VIDEOGRAPHER: We'll go
17:02:56 5 back on the record. The time is 5:04.

6 BY MR. SYLVESTER:

7 Q. Professor, I want to make sure I
8 understand your rubric for inclusion of companies
9 on Appendix D, so I'm going to go back to a hypo.

17:03:12 10 Let's assume there's a company that
11 accepts XRP as payment for its goods, but, in
12 fact, no one has ever paid for any of that
13 company's goods in XRP.

14 Would that company, using your
17:03:29 15 methodology, be included on Appendix D?

16 MR. WHITE: Objection; form.

17 A. So XRP is available, but it's -- or it's
18 possible to pay in XRP, but nobody actually pays
19 in XRP? Is that --

17:03:47 20 Q. Exactly right.

21 A. Well, from -- again, from the business
22 analysis perspective, it is still part of -- it is
23 still a use case.

24 Q. Okay.

17:03:59 25 A. Because, again, we're taking a snapshot

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:04:02 1 in time and we have to figure out has it never
2 used XRP -- I'm sorry, have people never paid in
3 XRP? Is it at an inception point? So everything
4 is a snapshot in time in use and growth.

17:04:19 5 Q. Okay. So I think I understand your
6 answer to be that hypothetical company would be
7 included on Appendix B -- sorry, Appendix D, as in
8 dog, using your rubric?

9 A. It would be.

17:04:30 10 MR. WHITE: Objection.

11 THE WITNESS: I'm sorry.

12 MR. WHITE: You can proceed.

13 Q. So going back to page 9 of your expert
14 report, paragraph 21, could you explain to me --
17:04:47 15 again, sticking with the hypo that I just used --
16 how XRP in that case could arguably be part of the
17 creation or advancement of the business model of
18 that company?

19 MR. WHITE: Objection;

17:05:02 20 incomplete hypothetical.

21 A. Well, of course, you're asking me to
22 speculate on a hypothetical use case --

23 Q. Yes.

24 A. -- that is an extreme, you know, tail of
17:05:22 25 a spectrum of use. In that case the argument

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:05:27 1 would be harder to make, but, regardless, it is
2 still -- the company still made the decision to
3 allow payment in XRP; i.e., the company actually
4 trusts XRP and payments in XRP enough for them to
17:05:45 5 include it in their business model.

6 Q. Would you say the -- in that
7 circumstance of the hypothetical that I described
8 that the company's acceptance of XRP advances that
9 company's business model?

17:06:24 10 A. Well, from the company's expect -- we
11 can't -- of course, it's a hypothetical, so we
12 can't really know why that company decided that
13 they were going to include XRP as a possible
14 payment mechanism. But, clearly, the company must
17:06:40 15 have made some decision that we're not privy to as
16 to why they decided to allow payment in a certain
17 set of currencies that would advance their
18 business model and access in the market.

19 Q. Are there any companies on your Appendix
17:06:57 20 D that accept XRP as payment but as to which
21 nobody has ever paid in XRP?

22 A. I did not do that analysis. And, one,
23 it would be very difficult to do that kind of
24 analysis, if not impossible.

17:07:27 25 Q. I want to return to the issue of

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:07:30 1 Ripple's UNL.

2 If a hacker hacked into Ripple's website
3 and replaced Ripple's genuine UNL with a list of
4 50 malicious nodes, what would be the effect on

17:07:49 5 the XRP Ledger?

6 MR. WHITE: Objection; calls
7 for speculation.

8 A. That is speculative and I don't know if
9 Ripple or the Ledger protocol has ever considered
17:08:08 10 such a case, so I cannot comment or opine on what
11 the implications of that would be.

12 Q. Let's turn to paragraph 58 of your
13 report, which is page 27.

14 Do you see Table 1 there on page 27?

17:08:46 15 A. Yes, I do.

16 Q. And Table 1's labeled "Comparison of
17 Features/Attributes of Top Successful
18 Cryptocurrencies."

19 Do you see that?

17:08:55 20 A. Yes, I did. Yes, I do.

21 Q. Is this table your expert opinion as to
22 these features of these cryptocurrencies or is
23 this an occasion of an aggregation of information
24 from sources you reviewed in preparing your

17:09:10 25 report?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:09:15 1 A. This table is a result of a combination
2 of both. I, first, on page 26, laid out some of
3 these characteristics that are brought up in the
4 industry as features, as possible features.

17:09:31 5 There's no absolute comparison, but what are
6 example features. So those are the attributes
7 that was aggregated from the literature.

8 Then I decided to apply these to
9 bitcoin, Ethereum or bitcoin, Ether and XRP. And
17:09:52 10 for that I ended up using the references that are
11 cited on the bottom of that page to fill in what
12 is where.

13 Q. Okay. With respect to security risk for
14 XRP Ledger/XRP, what's written there is "potential
17:10:15 15 vulnerability from attacks on specific nodes due
16 to openness and liquidity of system."

17 Do you see that?

18 A. Yes.

19 Q. What does that -- what -- sorry. Strike
17:10:24 20 that.

21 What does "potential vulnerability from
22 attacks on specific nodes due to openness and
23 liquidity of system" mean?

24 A. I did not do an independent analysis of
17:10:37 25 what that meant. It's -- it's information that I

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:10:38 1 took from MIT Technology review when I looked for
2 where the potential risks were that are being
3 talked about, I guess, on the various, you know,
4 networks and in the cryptosphere and did it each
17:10:58 5 for, again, not complete, but examples of security
6 risks for the three currencies.

7 Q. Sitting here today, do -- do you have an
8 understanding of -- of the potential vulnerability
9 being described in that cell of Table 1?

17:11:23 10 A. I have no technical understanding of
11 what that would mean in the context of the Ledger
12 protocol.

13 Q. Do you know what kind of security risk
14 it describes?

17:11:45 15 A. Malicious impacts on specific nodes.

16 Q. How --

17 A. Attacks -- I guess attacks on specific
18 nodes.

19 Q. How about the portion "due to openness
17:11:59 20 and liquidity of system"? Do you know what that
21 means?

22 A. Not on a technical level, no.

23 Q. Do you know at a nontechnical level?

24 A. I'm not going to comment to that until
17:12:26 25 or unless I've had a chance to review the MIT

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:12:28 1 Technology review paper to, again, look at the
2 context in which they use that particular
3 statement.

4 Q. Okay. The category of liquidity under
17:12:46 5 "Attributes," do you see that?

6 A. Yes.

7 Q. What does liquidity mean in this
8 context?

9 A. A high -- sorry. High-trading volumes
17:13:02 10 and, therefore, availability on the market.

11 Q. And how did you determine that all three
12 of these digital assets have high-trading volumes?

13 A. Based on information that's available on
14 various different sites and how much is being
17:13:27 15 traded on a daily basis and -- for all three of
16 these currencies, in addition to others, as I list
17 in other -- where is it? -- in Chart 4 gives us
18 information on liquidity. But "high" is not a
19 numeric designation, of course.

17:13:59 20 Q. Let's look at paragraph 60 on the next
21 page. Looking at the third sentence, it says
22 "Much like bitcoin became the digital peer-to-peer
23 money transfer standard, XRP became the digital
24 standard for currency exchange, asset settlement
17:14:18 25 and remittances."

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:14:20 1 Do you see that?
2 MR. WHITE: Objection;
3 misstates the document.
4 MR. SYLVESTER: Does it?
17:14:23 5 MR. WHITE: Yes.
6 THE WITNESS: Actually, I
7 state "a digital standard."
8 MR. SYLVESTER: Thank you for
9 the correction, both of you.
17:14:28 10 BY MR. SYLVESTER:
11 Q. My question is whether or not that
12 sentence, with the correction from counsel and
13 from yourself, is that your expert opinion or is
14 that something that you drew from one of the
17:14:43 15 sources that you reviewed in preparation of your
16 report?
17 A. It is drawn from sources in my report.
18 Q. Okay. And I see that there's not a
19 footnote here.
17:14:56 20 Sitting here today, do you know where
21 you drew that information that we just read
22 together?
23 A. I'm going to have to look that up. I
24 don't know right off --
17:15:24 25 Q. Okay.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:15:24 1 A. -- as I'm sitting here.

2 Q. The next sentence that begins "Usability
3 and standardization," do you see that?

4 A. Yes.

17:15:38 5 Q. Take your time to read it, obviously,
6 but is that also a case of -- strike that.

7 Is that sentence your expert opinion or
8 is that an example of information that you drew
9 from other sources in preparation of your report?

17:15:55 10 A. The information that we need, custodial
11 and noncustodial actors, or specifically this
12 sentence?

13 Q. The entire sentence.

14 A. Okay. That's how I understand -- what I
17:16:07 15 understand custodial actors to be. So it was my
16 own kind of statement.

17 Q. Okay. Do all cryptocurrencies in your
18 view need to have institutional investors such as
19 hedge funds regardless of their use cases?

17:16:33 20 MR. WHITE: Objection; form,
21 calls for speculation.

22 A. Can you repeat the question, please?

23 Q. Sure.

24 Do all cryptocurrencies need to have
17:16:50 25 institutional investors such as hedge funds

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:16:53 1 regardless of their use cases?

2 A. It is -- it is speculative. I will turn
3 it around in that having institutional investors
4 that move a lot of assets on exchanges creates
17:17:11 5 liquidity. So it's sort of the other way around,
6 so...

7 Q. Let me read the sentence and -- and see
8 if we can come to a common understanding. So it
9 says -- your sentence says "Usability and
17:17:31 10 standardization require the cryptocurrency to have
11 well-functioning custodial actors, including
12 exchanges, institutional investors such as hedge
13 funds, and e-commerce with viable scalable use
14 cases."

17:17:41 15 A. Uh-huh.

16 Q. So I'm just picking out the requirement
17 of "institutional investors such as hedge funds"
18 and asking is it the case that all
19 cryptocurrencies need to have institutional
17:17:51 20 investors such as hedge funds in order to be
21 usable?

22 A. It would help in creating liquidity
23 depending on what the cryptocurrency --
24 cryptocurrency's use case is. AND you're asking
17:18:08 25 about all. There's now nine -- twelve thousand

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:18:13 1 cryptocurrencies, so I am not sure which
2 cryptocurrencies would benefit from that.

3 Q. Okay. Let's go to 63, please, on the
4 next page. Paragraph 63. This paragraph states
17:18:39 5 "The importance of liquidity and trading volume on
6 exchanges cannot be overstated. Liquidity
7 attracts users and is a key underpinning of the
8 value of a cryptocurrency."

9 Do you see that?

17:18:50 10 A. I see that.

11 Q. Okay. Is that your expert opinion or is
12 that information that you drew from other sources
13 in the course of preparing your report?

14 A. That is my opinion or information that
17:19:08 15 I've -- sorry. How did you differentiate? Is it
16 your opinion or is it -- would you repeat that?

17 Q. Absolutely.

18 Is paragraph 63 your expert opinion in
19 this case that you applied your expertise to and
17:19:22 20 your methodology as set forth in the report?

21 That's one option. The other option is, or is it
22 information that you drew from any of the sources
23 that you reviewed in preparing your report?

24 A. This is what I applied my expert opinion
17:19:36 25 to.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:19:38 1 Q. Okay. Can you explain to me what -- how
2 you applied your expertise to generate the opinion
3 set forth in paragraph 63?

4 A. It sort of goes back to the statements
17:19:57 5 that I made earlier in the report regarding --
6 regarding some of the characteristics of
7 successful currencies, successful
8 cryptocurrencies, and including the table that we
9 discussed, Table 1 that we discussed.

17:20:12 10 That broad availability and
11 liquidity of a currency, of a cryptocurrency, in
12 an ecosystem that can readily access this -- this
13 currency for all sorts of applications is -- sort
14 of a more high-level statement, is important to
17:20:36 15 attract users of the cryptocurrency. It's really
16 a high-level statement more so than and derives
17 from my earlier statements in my report.

18 Q. You say in 63 that liquidity "is a key
19 underpinning of the value of a cryptocurrency," is
17:20:57 20 that right?

21 A. Yes.

22 Q. Is price one way to measure a
23 cryptocurrency's value?

24 MR. WHITE: Objection.

17:21:09 25 A. It is, but what -- what I intended here

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:21:12 1 with "value of a cryptocurrency" is the utility of
2 the cryptocurrency. Value as in utility.

3 Q. In general, all other things equal, if
4 an asset becomes more liquid, what effect does
17:21:32 5 that have on the asset's price?

6 MR. WHITE: Objection; calls
7 for speculation.

8 A. I think I would have to speculate. I
9 don't think there is a unique answer to that of
17:21:53 10 how liquidity is directly correlated to price.

11 Q. Okay. You write that "The importance of
12 liquidity and trading volume on exchanges cannot
13 be overstated."

14 Do you see that?

17:22:11 15 A. Yes.

16 Q. Given the importance of listing on
17 exchanges to the value of a cryptocurrency, in
18 your view would the holders of a cryptocurrency
19 find it important if a company said they were
17:22:25 20 trying to obtain listings for that
21 cryptocurrency?

22 MR. WHITE: Objection; calls
23 for speculation.

24 A. Was your question users? Sorry, can you
17:22:36 25 repeat -- repeat the question?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:22:40 1 Q. It was holders, but I'll repeat the
2 whole thing.

3 A. Holders. Okay.

4 Q. Given the importance of listing on
17:22:48 5 exchanges to the value of cryptocurrency -- as set
6 forth in your paragraph 63 -- in your view would
7 the holders of a cryptocurrency find it important
8 if a company said they were trying to obtain
9 listings for that cryptocurrency?

17:22:58 10 MR. WHITE: Same objection.

11 A. From an investment perspective that may
12 be important, but I wouldn't speculate on that. I
13 don't know.

14 Q. What do you mean by "from an investment
17:23:19 15 perspective that may be important"?

16 MR. WHITE: Objection --

17 A. What do you mean with holders of
18 cryptocurrencies? Owners in their wallets, or
19 what do you mean by "holders"?

17:23:37 20 Q. By holder I meant owner, right.

21 MR. WHITE: Same objection to
22 this line of questioning.

23 Q. The question was what do you mean by
24 your testimony "from an investment perspective
17:23:47 25 that may be important"?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:23:50 1 A. I'm going to rephrase that. It depends
2 on what --

3 MS. ZORNBERG: Hold on.

4 THE WITNESS: Sorry.

17:23:53 5 MR. WHITE: I believe the
6 court reporter only read back part of
7 the statement, so if we could
8 please -- let's go -- let's go back.
9 Let's see.

17:24:14 10 Please reread your full
11 question as fully stated.

12 MR. SYLVESTER: You want me
13 to reread my entire full question? I
14 was asking him about his testimony.

17:24:23 15 MR. WHITE: Yes.

16 THE WITNESS: And I want to
17 strike my answer, if that is possible,
18 or modify my answer.

19 BY MR. SYLVESTER:

17:24:31 20 Q. You can always modify your answer.

21 A. Okay. I want to modify my answer.

22 Q. You're welcome to. Please, go ahead.

23 A. That it depends on what the objective is
24 of the holder of a crypto asset.

17:24:43 25 Q. Okay. If the holder of a crypto asset

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:24:45 1 has an investment objective, then in that case
2 would that cryptocurrency holder find it important
3 if the company said they were trying to obtain
4 listings for that cryptocurrency?

17:24:55 5 MR. WHITE: Objection; calls
6 for speculation.

7 A. Again, I would need more context, and I
8 cannot answer that question with a yes or no.

9 Q. Okay. Let's turn to page 31, paragraph
17:25:20 10 69.

11 A. Yes, I have it.

12 Q. Okay. My -- my question on that is just
13 what source you used to -- strike that.

14 What's the basis for the facts set forth
17:25:45 15 in paragraph 69?

16 A. That was a follow-up on the citations
17 that I cited in -- in 68 on how the crypto space
18 is developing, institutional -- is developing,
19 institutional investors are getting involved. So

17:26:14 20 within these documents they provided more
21 information on the breadth of the investment space
22 in cryptocurrency.

23 Q. When you say "these documents," which
24 documents are you referring to?

17:26:22 25 A. I'm sorry. I meant the citations.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:26:26 1 Citation 41. Citation 41 and 42, which I cited in
2 the previous paragraph. It was from those same
3 citations.

4 Q. Okay. The very last sentence of
17:26:43 5 paragraph 70 says "Although individual purchasers
6 made up just 36 percent of the exchange's volume
7 during the quarter ending December 31, more than
8 90 percent of Coinbase's revenue came from retail
9 trades."

17:26:56 10 Do you see that?

11 A. I see that.

12 Q. Was that fact drawn from the article
13 referenced at Footnote 43?

14 A. I believe so, yes.

17:27:09 15 Q. Okay. Other than the reference at
16 Footnote 43, do you have any other basis to
17 believe that that 36 percent or 90 percent figure
18 are accurate?

19 A. I didn't do any independent analysis of
17:27:22 20 that.

21 Q. Okay.

22 A. Again, it's a snapshot in time.

23 Q. In paragraph 71, in the first sentence,
24 you write "In summary, increased involvement of
17:27:32 25 institutional and retail users benefits the

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:27:34 1 liquidity of cryptocurrencies on exchanges and, in
2 turn, increases business opportunities for new
3 start-ups and corporate use cases."

4 Do you see that?

17:27:41 5 A. Yes.

6 Q. Okay. In the context of benefiting
7 liquidity of cryptocurrencies on exchanges, does
8 "involvement" in your first sentence mean trading?

9 MR. WHITE: Objection; form.

17:28:07 10 A. I'm going to have to reread the previous
11 paragraphs because this is a summary of the
12 previous paragraphs, but trading definitely is
13 part of it.

14 I don't think there was any -- looking
17:28:41 15 back at these paragraphs, a specific meaning to
16 "involvement" or "engagement" in.

17 Q. But you said trading is part of it, is
18 that right?

19 A. Yes. I think, again, it refers to
17:28:58 20 Footnote 41, talking about institutional investors
21 getting -- are getting involved. So the use of
22 "involve" includes trading.

23 Q. Okay. How does trading -- strike that.

24 How does increased trading by
17:29:19 25 institutional or retail investors increase

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:29:22 1 business opportunities for new start-ups and
2 corporate use cases?

3 A. The more -- the more liquid and
4 available a cryptocurrency is in the market, the
17:29:42 5 more likely businesses might use that currency,
6 for example, as a payment mechanism for their
7 businesses. That's really what it means.

8 Q. In the second paragraph of -- strike
9 that.

17:30:10 10 In the second sentence of paragraph 71,
11 you write "It is important to a given
12 cryptocurrency that both institutional and retail
13 market participants can take advantage of the
14 benefit of liquidity, which is one of the key
17:30:22 15 value propositions of integrating such a
16 cryptocurrency in current and new use case
17 applications."

18 Do you see that?

19 A. I see that.

17:30:30 20 Q. How is it that a retail market
21 participant can take advantage of the benefit of
22 liquidity?

23 A. Well, increasingly retail market
24 participants are participating in various
17:30:52 25 exchanges, as I noted in paragraph 70. Buy-sell

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:31:03 1 opportunities. I don't know if I need to say
2 anything beyond that.

3 Q. When you say "retail market participants
4 are participating in various exchanges," you mean
17:31:17 5 trading on those exchanges, is that right?

6 MR. WHITE: Objection; form.

7 A. In the context of this sentence,
8 "institutional and retail market participants" is
9 not only the institutional retail -- I mean going
17:31:37 10 to the previous sentence. And not only
11 institutional and retail investors but, also,
12 large and small companies.

13 So "market participants" is a pretty
14 broad umbrella or participant in the market.

17:32:01 15 Q. Okay. Let's go to paragraph 101,
16 please. That is on page 46.

17 A. Okay.

18 Q. Okay. So near the bottom of the
19 paragraph, you write "Ripple sought to reduce
17:32:28 20 these friction costs by enabling participants to
21 message, clear, and settle transactions at low
22 cost and high speed."

23 Do you see that?

24 A. I see that.

17:32:39 25 Q. What steps did Ripple take to accomplish

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:32:42 1 the ends you describe in this paragraph?

2 MR. WHITE: Objection; form.

3 A. Well, it goes back to the vision of the
4 company and the products that it would release on
17:33:18 5 the market to -- it says "sought to reduce." So
6 it is really working towards that process if you
7 look at the product arc of -- of Ripple, where it
8 seeks to develop software that allows -- that
9 would allow banks to reduce or to message, clear,
17:33:47 10 and settle transactions at low cost and high
11 speed. It goes back to the products that Ripple
12 develops.

13 Q. The last sentence of paragraph 101 says
14 "With the Internet of Value, a value transaction
17:34:03 15 such as a foreign currency payment can happen
16 instantly, just as how people have been sharing
17 words, images, and videos online for decades."

18 Do you see that?

19 A. Yes.

17:34:13 20 Q. Is that sentence your expert opinion?

21 A. That sentence has been used very
22 colloquially in the -- in the crypto industry and
23 at meetings, my UBRI meetings, and other
24 conversations that we've had in the context of --
17:34:41 25 of the FinTech Collaboratory.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:34:44 1 Q. When you say "it's been used
2 colloquially at UBRI meetings," who is it that has
3 used this -- this sentence in the past?

4 A. I don't know specifically about a -- a
17:34:58 5 "who," but it was -- I'm not sure who initially
6 promoted it, but it became sort of a, I guess, a
7 statement or a value proposition or a vision that
8 people in the industry were starting to use, but I
9 forgot who actually originally made the statement
17:35:24 10 of Internet of Value. It's become a verbiage, a
11 term, of the blockchain era.

12 Q. If this is a statement from someone else
13 in the marketplace, is there a reason why you
14 didn't cite it?

17:35:38 15 MR. WHITE: Objection.

16 A. It would have been -- there's no reason
17 why it was not cited. I mean, it's sort of a
18 general statement around this whole Internet of
19 Value. It would have been a personal
17:36:17 20 communication or...

21 Q. What do you mean by "a personal
22 communication"?

23 A. Well, I mean, I spend my life day in and
24 day out in this industry. So there's a lot of
17:36:35 25 terms in the context of expert opinion that aren't

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:36:38 1 necessarily cited to a specific citation, but are
2 sort of part of the vernacular in the industry.
3 But it has come up at these UBRI meetings, as I
4 mentioned, when the group of 27 universities meet
17:36:51 5 and then I don't know how -- how it came about.

6 And I apologize that there's no specific
7 citation, but I -- I wouldn't know which one to
8 cite.

9 Q. Did you write that last sentence of
17:37:11 10 paragraph 101?

11 MR. WHITE: Objection.

12 I'm going to instruct you not
13 to answer on the basis of the work product
14 privilege.

17:37:20 15 Q. Okay. Paragraph 102 -- actually, let's
16 move -- let's move to paragraph 110, please. That
17 is on page 51. The first sentence of paragraph
18 110 is "Separate from its equity investment, I
19 understand that Ripple distributed XRP to an array
17:37:46 20 of counterparties with the goal of increasing
21 liquidity in the market."

22 Do you see that?

23 A. Yes.

24 Q. Okay. My first question is, does the
17:37:54 25 word "distributed" encompass Ripple's sale of XRP?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:38:07 1 A. Excuse me.
2 Does it encompass sales?
3 Q. Yes.
4 A. Yes.
17:38:18 5 Q. The citation for that first sentence is
6 the -- is Ripple's Wells submission.
7 Do you see that, Footnote 79?
8 A. Yes.
9 Q. What was it about the Wells submission
17:38:28 10 that you relied on for the text of that sentence?
11 A. Sorry, what is the -- can you rephrase
12 that question?
13 Q. Sure.
14 What -- what was it that you learned
17:38:52 15 from or drew from the Wells submission that
16 informed the text of the first sentence of
17 paragraph 110?
18 MR. WHITE: Objection. You
19 can show him the Wells.
17:39:01 20 A. It -- from my reading of the Wells. I
21 mean, I guess that's where I got the information.
22 Q. Separate from your review of the Wells
23 submission, did you have an understanding that
24 Ripple sold XRP?
17:39:23 25 A. Yes.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:39:24 1 Q. How did you acquire that understanding?

2 A. I looked at the consolidated financial
3 statements of Ripple.

4 Q. And those demonstrated that Ripple sold
17:39:33 5 XRP?

6 A. Yes. Those are the XRP information on
7 the sales of XRP.

8 Q. You write in the second sentence of 110,
9 "Such distributions are fully consistent with the
17:40:07 10 methods of product adoption of high-technology
11 companies identified above and the milestone
12 expectations of Ripple's equity investments."

13 Do you see that?

14 A. Yes.

17:40:19 15 Q. How was it in your view that Ripple's
16 sales of XRP were consistent with the methods of
17 product adoption of high-technology companies?

18 A. Well, digital companies and other
19 companies, but companies like Ripple, that sell
17:40:39 20 software on the market that depends on, in this
21 case, XRP to function is consistent with what
22 these start-up companies do or start-up companies
23 try to do with new products that they sell in the
24 market. They drive -- they try to drive market
17:41:06 25 adoption. They try to get more people to use

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:41:08 1 these products. But the product cannot be used
2 without the availability of liquidity in this case
3 in the market.

4 So, therefore, what Ripple did is they
17:41:25 5 undertook a -- what we call a penetration pricing
6 strategy to sell part of its technology, often at
7 a discount, as I talk about later on, in the
8 market to various different parties to allow the
9 markets to better use the software, the different
17:41:50 10 products that Ripple was releasing in the market.

11 Q. What software does Ripple sell that
12 requires XRP to function?

13 A. Well, ODL, On-Demand Liquidity, which I
14 guess was the former, I guess, xRapid. But
17:42:15 15 essentially any transactions that need to happen
16 on exchanges require the fee that is paid in -- in
17 XRP as well. There's multiple products that
18 existed out in the market that require the
19 availability of XRP for market participants to use
17:42:42 20 those products. So payment processors, yeah.

21 Q. Focusing on ODL, does -- does ODL
22 require the availability of liquidity in the
23 market to function?

24 MR. WHITE: Objection; form.

17:43:04 25 A. Well, specific, you know, payment rails,

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:43:07 1 I guess, between different countries. I mean,
2 yes, they require that.

3 Q. What -- what do you know about how
4 Ripple's ODL product works?

17:43:19 5 MR. WHITE: Objection; vague.

6 A. XRP functions at the level -- that I
7 understand it, XRP functions as a bridge currency
8 between one fiat currency and another fiat
9 currency.

17:43:36 10 Q. Do you know who Ripple's customers are
11 that purchase the ODL product from Ripple?

12 A. Who the current buyers are, what the
13 current -- yeah, current market is?

14 Q. Yes.

17:44:07 15 A. I believe it's mainly payment
16 processors.

17 Q. What's an example --

18 A. Large industrials. Some banks, I
19 believe. But, anyhow, I don't have the full list.

17:44:19 20 I have to check. I have to look that up.

21 Q. To your knowledge, do individual retail
22 users use Ripple's ODL product?

23 A. Not to my knowledge.

24 Q. Would Ripple's sales to individual --

17:44:45 25 strike that.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:44:45 1 Would Ripple's sales of XRP to
2 individual users promote the adoption of ODL as a
3 successful product?

4 MR. WHITE: Objection; calls
17:44:56 5 for speculation.

6 A. I mean, there's too much -- too many
7 uncertainties and context missing to be able to
8 respond to that with a yes or no.

9 Q. Given what you know about the ODL
17:45:22 10 product, is it safe to say that Ripple's sales of
11 XRP to individual users were not in connection
12 with promoting adoption of the ODL product?

13 MR. WHITE: Objection; form.

14 A. I'm not sure I understand your question.
17:45:42 15 Could you rephrase that, please?

16 Q. Sure.

17 I think we've established that
18 individuals do not use ODL, is that right?

19 A. That's not my understanding, sir.

17:45:55 20 Q. Okay. So if an individual purchases
21 XRP, it's not for the purpose of using ODL, right?

22 MR. WHITE: Objection; form.

23 A. That's not my understanding.

24 Q. I can't tell if you're agreeing or
17:46:05 25 disagreeing. I'm sorry.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:46:06 1 A. That's not my understanding. Sorry.
2 No.

3 Q. It's probably because I'm asking the
4 question poorly.

17:46:15 5 You would agree that if an individual
6 purchases XRP, that individual is not purchasing
7 the XRP for the purpose of using ODL, is that
8 right?

9 MR. WHITE: Objection.

17:46:29 10 A. It's my understanding that it's only
11 large corporates and institutionals, but I would
12 have to review that.

13 Q. Okay. Let's move to paragraph 120,
14 please. That's on page 59. The first sentence of
17:47:00 15 120 says "During its product development, Ripple
16 has enabled several important use cases related to
17 payment services, cross-currency settlements, and
18 FX (foreign exchange) solutions."

19 Do you see that?

17:47:12 20 A. Yes.

21 Q. In the context of this sentence, does
22 "enabled" mean that Ripple developed these use
23 cases?

24 MR. WHITE: Objection; form.

17:47:37 25 A. Based on the ones that I list below, I

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:47:45 1 guess ripple designed these products.

2 Q. Moving to the bullet that starts "ODL"
3 on page 60, do you see that?

4 A. Yes.

17:48:03 5 Q. It says "ODL, formerly known as xRapid,
6 is a liquidity solution for banks that uses XRP as
7 a bridge currency," and then continues.

8 Do you see that?

9 A. Yes.

17:48:15 10 Q. Do any banks currently use ODL today?

11 MR. WHITE: Objection;

12 foundation.

13 A. I have to defer to -- or refer to the
14 deposition by Dr. Birla -- or Mr. Birla, I'm not
17:48:42 15 sure -- who said that -- I think he indicated that
16 ODL was currently not used by banks.

17 Q. Okay. Moving to the last bullet on page
18 60, you write "Ripple products also make use of
19 ILP, an open protocol suite for sending payments
17:48:57 20 across different ledgers, most often cited by
21 third-party developers as a key differentiator for
22 adopting XRP or use of the XRP Ledger."

23 Do you see that?

24 A. I see that.

17:49:08 25 Q. Okay. Who are the third-party

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:49:12 1 developers that you're referencing in this
2 sentence?

3 A. Third-party use case developers.

4 Q. And who are they? Who are you
17:49:28 5 describing in this sentence?

6 MR. WHITE: Objection; form.

7 A. These are not individuals. These are
8 companies that have adopted XRP or used the XRP
9 Ledger because ILP allows them to cross over
17:49:51 10 between multiple different ledgers and even
11 between regular bank accounts and ledgers.

12 Q. Right. I'm trying to get at which
13 third-party developers have made the claim --

14 A. Oh.

17:50:03 15 Q. -- as expressed in your first sentence.

16 A. I am going to have to check my Footnote
17 92 and 93 to make reference to that statement.

18 Q. Sitting here today, do you know whether
19 or not the references cited in Footnotes 92 or 93
17:50:48 20 support the statement that "ILP is most often
21 cited by third-party developers as a key
22 differentiator for adopting XRP or the use of the
23 XRP Ledger"?

24 A. I do not know which of these two
17:51:02 25 references would have that specific statement in

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:51:05 1 it.

2 Q. Are you certain that one of them does?

3 A. I would have to --

4 MR. WHITE: Objection.

17:51:12 5 A. I would have to look back at these
6 footnotes to -- to check that.

7 Q. Let's turn to paragraph 123 on page 63.

8 The second sentence starts with "Aside from

9 multiple e-commerce companies using the XRP Ledger

17:51:41 10 because of its speed and cost benefits..."

11 Do you see that?

12 A. Yes.

13 Q. Which e-commerce companies use the XRP

14 Ledger?

17:52:04 15 A. Well, many of the e-commerce companies
16 are listed on the -- both Appendix C and Appendix
17 D., and any company that accepts XRP for its, you
18 know, product sales.

19 Q. Okay. So to make sure I understand the

17:52:27 20 sentence, when you say "multiple e-commerce

21 companies use the XRP Ledger because of its speed

22 and cost benefits," you're referring to e-commerce

23 companies that accept XRP as payment, is that

24 right?

17:52:46 25 A. Yes. This is -- 120 -- paragraph 123 is

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:52:48 1 a setup for paragraph 124, which refers to "these
2 use cases." So it's connected between two -- for
3 example, the example of furniture that you brought
4 up earlier would be an example.

17:53:07 5 Q. Going back to paragraph 123, how do you
6 know that these e-commerce companies are using the
7 XRP Ledger because of its speed and cost benefits?

8 A. This goes back to some of the previous
9 citations related to some of the companies I
17:53:56 10 listed before, as well as other readings on
11 companies where there are specific quotations from
12 business owners saying "I like it because of
13 speed."

14 Q. Which companies are you --

17:54:09 15 A. For example, TapJets mentioned that
16 because of speed, but I did not cite specifically
17 to the statement of the business owner of TapJets
18 who actually said that. That's an omission on my
19 behalf. I apologize.

17:54:25 20 Q. Aside from the TapJets statement that
21 you just described, were there other occasions
22 where you were able to determine that e-commerce
23 companies had elected to use the XRP Ledger
24 because of its speed and cost benefits?

17:54:42 25 A. There are other quotes that I've come

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:54:44 1 across in my research, yes.

2 Q. Are those incorporated in your report
3 anywhere?

4 A. I'm going to have to check which of
17:54:58 5 these use cases those were. I apologize that I
6 did not cite specifically those, to those
7 companies and those business owners who explicitly
8 stated that.

9 Q. Okay. Let's turn to paragraph 33,
17:55:23 10 please.

11 A. Sorry, paragraph?

12 Q. Thirty-three on page 16.

13 The sentence near the end of the
14 paragraph starts "When a user sends bitcoin, the
17:55:49 15 transaction is bundled in a block with 1,000" to
16 20 -- strike that.

17 Let's move to paragraph 35. The last
18 sentence of paragraph 35 says "Current estimates
19 suggest there are over 700,000 blocks on the
17:56:03 20 bitcoin blockchain."

21 Do you see that?

22 A. I see that.

23 Q. What's your source for that statement?

24 A. It's probably one of the ones that was
17:56:19 25 cited earlier such as 20, but I did not

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:56:23 1 specifically cite to that.

2 Q. Do you know sitting here today what
3 source you used to come up with that sentence in
4 paragraph 35?

17:56:37 5 A. I am not sure.

6 Q. Okay.

7 A. But I'm assuming that where it came from
8 was cited in one of the earliest -- earlier
9 references when I described bitcoin.

17:56:49 10 Q. Okay. The same question for paragraph
11 38 on page 18. About the center of that paragraph
12 it reads "By design, the rewards halves after
13 210,000 new blocks, or about every four years,
14 until reaching the maximum supply of 21 million
17:57:15 15 coins. In May 2020, the block reward was halved
16 for a third time to 6.25 BTC."

17 Do you see that?

18 A. I see that.

19 Q. What was your source for that
17:57:25 20 information?

21 A. I'm going to have to look back at where
22 that came from.

23 Q. Sitting here today, you're not sure what
24 source you used?

17:57:43 25 A. Which source are the ones that I -- that

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:57:45 1 I cited, I don't know. Don't know, no.

2 Q. Let's look at paragraph 46 on page 22.
3 This is in reference to the XRP Ledger. The last
4 sentence says "The number of validators has grown
17:58:09 5 to 150 around the world, including clients, users,
6 and company servers; notable validators include
7 Microsoft and Massachusetts Institute of
8 Technology."

9 Do you see that?

17:58:22 10 A. On the top of 22?

11 Q. Yes.

12 A. Yes.

13 Q. What is your source for that
14 information?

17:58:36 15 A. I believe it's both information based on
16 the -- my Reference 26, information that's
17 available on Ripple sites. And since MIT is one
18 of the -- one of the UBRI universities, it's one
19 of -- one of our colleagues in the partnership.
17:58:59 20 So I knew -- I knew about that one.

21 Q. Okay.

22 MR. SYLVESTER: I would like
23 to take a brief break and then we can
24 wrap this up if that sounds all right.

17:59:09 25 THE VIDEOGRAPHER: Going off

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

17:59:09 1 the record. The time is 6 p.m.

2 (Whereupon, a recess is
3 taken.)

4 THE VIDEOGRAPHER: We'll go
18:12:31 5 back on the record. The time is 6:13.

6 BY MR. SYLVESTER:

7 Q. Professor, how did you come to be
8 retained as an expert in this case?

9 A. I initially received a call from
18:12:44 10 counsel. I --

11 MR. WHITE: I caution you not
12 to disclose the substance of
13 conversations with counsel.

14 THE WITNESS: All right.

18:12:57 15 A. I received a -- a call; we had a
16 discussion. They disappeared and came back at one
17 point and said "We'd like to retain you."

18 Q. Which counsel reached out to you?

19 A. I believe it was Michael Kellogg.

18:13:17 20 Q. When was that initial -- sorry. Go
21 ahead.

22 A. At least the firm, but I don't know who
23 it was within the firm.

24 Q. When was that initial call?

18:13:30 25 A. Would have been April 2021.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

18:13:32 1 Q. Okay. Did you do anything today to
2 prepare for your deposition? Strike that. Taking
3 out "today."

4 Did you do anything to prepare for your
18:13:43 5 deposition today?

6 A. Oh. Yes.

7 Q. What did you do?

8 A. I reread all the reports, my reports,
9 rebuttal reports, filings, depositions. So did a
18:14:00 10 reread of all of the materials and we had a couple
11 preparation sessions.

12 Q. Who participated in your preparation
13 sessions?

14 A. It was counsel at Debevoise, Kellogg
18:14:20 15 Hansen. And I forgot the other counsel.

16 Q. About how long did you spend in
17 preparation with counsel prior to your
18 deposition?

19 A. As in hours?

18:14:38 20 Q. Yes.

21 A. In total, probably two days.

22 Q. Two eight-hour days?

23 A. Two half days and one full day. So
24 three separate meetings.

18:14:52 25 Q. Other than counsel, did anyone else

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

18:14:54 1 assist with your preparation for your deposition
2 today?

3 A. No.

4 MR. SYLVESTER: That's all
18:15:00 5 the questions I have.

6 Thank you.

7 THE WITNESS: Thank you.

8 MR. WHITE: So we will have
9 some redirect and we can go now if you
18:15:08 10 want.

11 MR. SYLVESTER: Go ahead.

12 MR. WHITE: Do we want to
13 switch?

14 MR. SYLVESTER: I'm
18:15:14 15 comfortable here, but if you'd like to
16 switch, that's fine by me.

17 MS. ZORNBERG: I think you
18 should switch because it's video.

19 MR. WHITE: Because of video,
18:15:20 20 yeah. Go off the video.

21 THE VIDEOGRAPHER: Going off
22 the record. The time is 6:16.

23 (Pause)

24 THE VIDEOGRAPHER: We'll go
18:16:28 25 back on the record. The time is 6:17.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

18:16:31 1 CROSS-EXAMINATION

2 BY MR. WHITE:

3 Q. Dr. Adriaens, earlier today you were
4 asked about some language in paragraph 43 of your
18:16:39 5 report that is similar to language in another
6 source that was marked as Exhibit PA 24.

7 Do you recall that line of testimony?

8 A. Yes, I do.

9 Q. Would you focus with me on the two
18:16:53 10 sentences you were asked about in that paragraph,
11 which is the first two sentences of paragraph 43?
12 Do you view the statements made in those sentences
13 to be in any way controversial?

14 MR. SYLVESTER: Object to
18:17:09 15 form.

16 A. No, I do not. I think they're very
17 high-level descriptions.

18 Q. Since reviewing Exhibit PA 24 earlier
19 today, have you looked into whether -- into
18:17:21 20 whether Exhibit PA 24 is the only source that uses
21 that language?

22 A. Yes. After I was asked by SEC counsel
23 regarding these two sentences, I decided to take
24 advantage of one of our breaks to do a search on
18:17:42 25 the exact statements, a basic Google search. And

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

18:17:51 1 I found that these exact sentences -- or these
2 sentence -- these sentences, give or take one word
3 or two, did actually appear in a lot of crypto
4 sites, such as Medium, in book chapters, and
18:18:10 5 other -- other places.

6 Q. Was it ever your intention to take
7 language from some particular source and not
8 provide a citation?

9 A. No, it was never my intention to not
18:18:26 10 cite if this was identical to something that we
11 find somewhere else.

12 Q. Let me shift to another topic.

13 You recall that Mr. Sylvester spent
14 quite some time today questioning you about
18:18:41 15 back -- background factors set forth in Part 2 of
16 your report.

17 Do you recall that testimony?

18 MR. SYLVESTER: Object to
19 form.

18:18:46 20 A. Yes.

21 Q. Look with me at paragraph 23 of your
22 report. Let me know when you're there.

23 A. I'm there.

24 Q. Do you see there that you characterize
18:18:58 25 Part 2 as "background"?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

18:19:04 1 MR. SYLVESTER: Object to
2 form.

3 A. Yes.

4 Q. Are you a technical expert in the
18:19:07 5 operational details of how the XRP Ledger or other
6 blockchains work?

7 No. As I stated or testified earlier in the -- today's
8 deposition, my background is in the business analytics,
9 business development, and business applications of the
18:19:28 10 blockchain and digital currencies.

11 Q. And that's the expertise you brought to
12 bear in this case, correct?

13 MR. SYLVESTER: Object to
14 form.

18:19:36 15 A. That's the expertise I brought to bear.

16 Q. Look with me now at paragraphs 19
17 through 21. Let me know when you've had a chance
18 to review them.

19 A. Yes.

18:19:51 20 Q. Those paragraphs summarize the opinions
21 that you've offered in this case, correct?

22 A. Yes, they do.

23 Q. Is expertise in the technical details of
24 how XRP Ledger validation works necessary for any
18:20:07 25 of the opinions that you've offered?

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

18:20:09 1 A. No, it isn't.

2 MR. WHITE: That's all the
3 questioning I have subject to any
4 further questioning. I will request
18:20:16 5 to read and sign and designate the
6 transcript confidential.

7 MR. SYLVESTER: I don't have
8 anything. Thanks.

9 THE VIDEOGRAPHER: That
18:20:21 10 concludes today's deposition. The
11 time is 6:21.

12 (Whereupon, the deposition
13 was concluded at 6:21 p.m.)
14

16:56:00 15
16
17
18
19
20
21
22
23
24
25

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1 STATE OF NEW YORK)
2) ss:
3 COUNTY OF NEW YORK)

4 I hereby certify that the witness in the
5 foregoing deposition, DR. PETER ADRIAENS was by me duly
6 sworn to testify to the truth, the whole truth and
7 nothing but the truth, in the within-entitled cause; that
8 said deposition was taken at the time and place herein
9 named; and that the deposition is a true record of the
10 witness's testimony as reported by me, a duly certified
11 shorthand reporter and a disinterested person, and was
12 thereafter transcribed into typewriting by computer.

13 I further certify that I am not interested in
14 the outcome of the said action, nor connected with nor
15 related to any of the parties in said action, nor to
16 their respective counsel.

17 IN WITNESS WHEREOF, I have hereunto set my hand
18 this 10th day of February 2022.

19 Reading and Signing was:

20 requested waived not requested.

21
22
23
24
25



BRIDGET LOMBARDOZZI, CSR, RMR, CRR

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

CERTIFICATE OF WITNESS

I, PETER ADRIAENS, do hereby declare under penalty of perjury that I have read the entire foregoing transcript of my deposition testimony, or the same has been read to me, and certify that it is a true, correct and complete transcript of my testimony given on February 8, 2022, save and except for changes and/or corrections, if any, as indicated by me on the attached Errata Sheet, with the understanding that I offer these changes and/or corrections as if still under oath.

_____ I have made corrections to my deposition.

_____ I have NOT made any changes to my deposition.

Signed: _____
PETER ADRIAENS

Dated this _____ day of _____ of 20____.

CONFIDENTIAL SUBJECT TO PROTECTIVE ORDER

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ERRATA SHEET

Deposition of: PETER ADRIAENS
Date taken: FEBRUARY 8, 2022
Case: SEC v. RIPPLE LABS, INC., et al.

PAGE LINE

_____ CHANGE : _____
_____ REASON: _____

Signed _____
Dated _____