

Declaration of Matthew Beville

Ex. 10

EXHIBIT A

CONFIDENTIAL

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
FOR THE DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	Case No.:
v.)	1:23-cv-01599-ABJ
)	
BINANCE HOLDINGS LIMITED, BAM)	
TRADING SERVICES INC., BAM)	
MANAGEMENT US HOLDINGS INC., and)	
CHANGPENG ZHAO,)	
)	
Defendants.)	
)	

** CONFIDENTIAL **

REMOTE VIDEOTAPED DEPOSITION OF
TAO ZHANG
AUGUST 31, 2023

Reported by:
BRIDGET LOMBARDOZZI,
CSR, RMR, CRR
Job No. 230831BLO

CONFIDENTIAL

14:12:51 1 position, you get a pay raise, and you move
14:12:55 2 offices. Correct?

14:13:10 3 A. Yes.

14:13:11 4 Q. How, if at all, did your day-to-day
14:13:14 5 responsibilities change at that point in July
14:13:17 6 2021?

14:14:08 7 A. So there were more responsibilities in
14:14:10 8 my everyday responsibilities after July, because
14:14:15 9 prior to that I was only responsible for the fiat
14:14:19 10 reconciliation. But after July, the transfer to
14:14:28 11 Binance.US, I -- I began to be more involved in
14:14:30 12 the cryptocurrency clearing work and also the
14:14:38 13 overall clearing responsibilities for the platform
14:14:41 14 Binance.US.

14:14:56 15 Q. When did you move [REDACTED] ?

14:15:03 16 A. April 2023.

14:15:12 17 Q. So in July 2021, it sounds like your
14:15:14 18 responsibilities grew substantially.

14:15:20 19 Did you have any experience with
14:15:21 20 cryptocurrencies before that point?

14:15:24 21 MR. LAROCHE: Objection to
14:15:24 22 form.

14:16:08 23 A. I did, but before the change I was only
14:16:16 24 responsible for some of the clearing work for
14:16:22 25 cryptocurrencies, not all of them. But then after

CONFIDENTIAL

16:06:15 1 can also provide a total amount for an individual
16:06:20 2 address. So if we needed, they could provide us
16:06:25 3 with the detailed addresses and then we can
16:06:30 4 manually verify on blockchain to see if those
16:06:36 5 specific addresses have that specific amount.

16:06:45 6 Q. Who were you referring to when you say
16:06:50 7 [REDACTED]?

16:07:05 8 A. I refer to the BHL [REDACTED] when I
16:07:09 9 was saying [REDACTED]

16:07:23 10 Q. And that's different from [REDACTED]
[REDACTED] [REDACTED]?

16:07:34 12 A. Correct, they are different.

16:07:38 13 Q. Who do you deal with on the [REDACTED]
[REDACTED] [REDACTED]

16:07:59 15 A. I do not know the specific names because
16:08:04 16 they're -- they are anonymous in [REDACTED].

16:08:15 17 Q. So you have a [REDACTED]
[REDACTED] from BHL where the individuals are anonymous?

16:08:40 19 A. Yes.

16:08:50 20 [REDACTED] [REDACTED]

16:08:51 21 MR. LAROCHE: He's saying --
16:09:00 22 just -- just to be clear, are you
16:09:02 23 saying [REDACTED]
16:09:04 24 of people that happens regularly or
16:09:06 25 just generally [REDACTED]

CONFIDENTIAL

16:09:10 1

[REDACTED] you're talking about?

16:09:12 2

MR. MURPHY: I mean the

16:09:14 3

[REDACTED]

16:09:19 4

MR. MENDRO: Objection to

16:09:19 5

form.

16:09:35 6

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

[REDACTED] [REDACTED]

[REDACTED]

CONFIDENTIAL

[REDACTED]

[REDACTED]

CONFIDENTIAL

16:19:11 1 we notice that the transfer has been successful.
16:19:17 2 It has been transferred to the hot wallet from the
16:19:20 3 deposit wallet.

16:19:25 4 Q. Oh, so this was a transfer going from
16:19:28 5 the hot wallet to the deposit wallet?

16:19:50 6 A. From the point of view of the
16:19:53 7 blockchain, it is a transfer from the deposit
16:19:58 8 address to a hot wallet.

16:20:09 9 Q. How should it normally work in this
16:20:14 10 instance? So what would normally cause the assets
16:20:25 11 above a certain threshold to transfer from the
16:20:29 12 deposit wallet to the hot wallet?

16:20:33 13 MR. LAROCHE: Objection to
16:20:33 14 form.

16:20:36 15 A. Normally, as I said, there is a
16:21:25 16 threshold. So when the amount reaches the
16:21:30 17 threshold in the deposit address, it automatically
16:21:35 18 transfers into the hot wallet. There is no
16:21:42 19 interference needed.

16:21:47 20 Q. And do you know the software or program
16:21:53 21 that accomplishes that in the normal instance?

16:22:10 22 A. I don't know.

16:22:22 23 Q. Can you explain to me how the reports
16:22:24 24 from the big data team relate to the data that is
16:22:32 25 on the PNK database?

CONFIDENTIAL

16:31:32 1
16:40:59 2
16:40:59 3
16:41:00 4
16:41:00 5
16:41:10 6

is 4:31 p.m. Off the record.
(Whereupon, a recess is
taken.)
THE VIDEOGRAPHER: The time
is 4:40 p.m. Back on the record.

BY MR. MURPHY:

[REDACTED]

CONFIDENTIAL

17:03:59 1 Sigmachain about this?

17:04:13 2 A. Yes.

17:04:15 3 Q. Who at Sigmachain did you talk to?

17:04:51 4 A. Sorry, I don't know how to spell the
17:04:54 5 name. So aside from communicating with
17:04:57 6 Sigmachain, I also communicated with the manager
17:05:01 7 of the clearing team from the main platform.

17:05:12 8 Q. Sorry. So just so I understand, there's
17:05:14 9 a person that you communicated with from
17:05:17 10 Sigmachain, but you don't know how to spell the
17:05:20 11 name?

17:05:34 12 A. Correct. I for -- I forgot how to spell
17:05:36 13 the name.

17:05:37 14 Q. Do you know roughly how you would say
17:05:39 15 the name?

17:06:01 16 A. I forget. I need to check the record to
17:06:04 17 remember that.

17:06:06 18 Q. And what would the record be that you
17:06:08 19 would check?

17:06:20 20 A. Just the name. I need to see the name
17:06:23 21 so that I can remember it.

[REDACTED]

CONFIDENTIAL

[REDACTED]

[REDACTED]

17:09:28 20
17:09:30 21
17:09:36 22
17:09:36 23
17:09:36 24
17:09:59 25

Q. And so the last communication you had about the Sigmachain shortfall was last month I think you said?

MR. LAROCHE: Objection to form.

A. Yes, there was communication last month.

CONFIDENTIAL

18:19:11 1 Trading?

18:19:31 2 A. My understanding is for BAM Trading as
18:19:34 3 well because she's also [REDACTED] at this
18:19:36 4 moment.

18:19:42 5 Q. Did you get another pay raise to come to
18:19:44 6 [REDACTED]?

18:20:04 7 A. It is the portion that I'm getting from
18:20:07 8 [REDACTED] that is the raise.

18:20:12 9 Q. So your pay doubled again, if I'm
18:20:15 10 understanding you correctly?

18:20:18 11 MR. LAROCHE: Objection.

18:20:38 12 A. Yeah. If you're talking by comparing
18:20:41 13 the number, yes.

18:20:43 14 Q. So you continued to get whatever pay you
18:20:45 15 had been getting -- well, sorry. Strike that.

18:20:51 16 Before you came to [REDACTED], you were
18:20:54 17 getting paid by Boran?

18:21:05 18 A. Yes.

18:21:07 19 Q. And that salary was roughly double what
18:21:12 20 you had been being paid when you were back at BHL.
18:21:17 21 Correct?

18:21:29 22 A. Yes.

18:21:29 23 Q. And when you moved to [REDACTED] you
18:21:35 24 continued getting that payment from Boran and
18:21:40 25 started getting another payment of roughly the

CONFIDENTIAL

18:21:44 1 same amount from BAM Trading?

18:22:11 2 A. Yes.

18:22:12 3 Q. Is any of this salary paid in crypto?

18:22:25 4 A. No.

18:22:25 5 Q. Okay. You understand that BAM Trading
18:22:38 6 and BAM Management have financial statements that
18:22:42 7 are audited by a -- an external auditor?

18:22:47 8 MR. LAROCHE: Objection to
18:22:47 9 form.

18:23:24 10 A. What I know is that we are being
18:23:28 11 audited, but I don't know what is -- is this
18:23:34 12 financial statement referring to.

18:23:49 13 Q. When you say that you know that "we are
18:23:53 14 being audited," you mean that BAM Trading has
18:23:57 15 hired an auditor that is not part of BAM Trading.
18:24:00 16 It's part of another auditing firm. Right?

18:24:03 17 MR. LAROCHE: Objection.

18:24:27 18 A. Yes. I know the -- the one I know of is
18:24:34 19 an external auditing firm.

18:24:41 20 Q. You're familiar with the auditing firm
18:24:45 21 FGМК?

18:24:54 22 A. Yes, I -- I do.

18:24:56 23 Q. And you've interacted with them as part
18:24:58 24 of their audit. Correct?

18:25:08 25 A. Yes.

CONFIDENTIAL

20:38:41 1 A. Yes. From my -- my understanding that's
20:38:44 2 it, but this requirement was brought up by the
20:38:49 3 security team and I was just trying to pass the
20:38:54 4 information.

20:39:02 5 Q. Who do you mean -- who do you mean by
20:39:04 6 "the security team"?

20:39:10 7 A. It's still this Erik.

20:39:14 8 Q. And did Erik tell you why he wanted
20:39:17 9 another person to be added as an initiator?

20:39:36 10 A. It's also because that I needed a
20:39:38 11 backup.

20:39:41 12 Q. Was there a specific person you were
20:39:44 13 asking [REDACTED] to add?

20:40:07 14 A. No. We haven't decided who the person
20:40:13 15 is. We needed to inform, make sure that [REDACTED] is
20:40:20 16 aware and agrees to adding the person, and then we
20:40:27 17 intended to discuss who that person is later on.

20:40:33 18 Q. Do you think it requires [REDACTED]
20:40:35 19 approval to decide who would be the new initiator?

20:40:39 20 MR. LAROCHE: Objection to
20:40:39 21 form.

20:41:11 22 A. I'm not sure if you can say that, but I
20:41:14 23 know that it's only [REDACTED] who can add a new
20:41:20 24 initiator.

20:41:24 25 Q. And apologies if you've already said

CONFIDENTIAL

20:41:26 1 this, but do you know if [REDACTED] can add additional
20:41:29 2 shardholders?

20:41:47 3 A. I don't know.

20:41:48 4 Q. Do you have any sense of what other
20:41:51 5 capabilities [REDACTED] has as the administrator of the
20:41:55 6 TSS protocol?

20:42:12 7 A. I don't know.

20:42:25 8 Q. Do you know if [REDACTED] has any other ability
20:42:27 9 to transfer crypto assets of customers of the
20:42:35 10 Binance.US platform today?

20:42:38 11 MR. LAROCHE: Objection to
20:42:38 12 form; lack of foundation.

20:43:10 13 A. I don't think that [REDACTED] has the
20:43:14 14 authority to transfer the assets of the customers.

20:43:20 15 Q. So just to be clear, I'll -- I'll just
20:43:23 16 ask it again to address any objection in the
20:43:25 17 question.

20:43:27 18 Do you believe that [REDACTED] has any
20:43:30 19 ability to transfer any crypto assets of customers
20:43:37 20 of the .US platform as things stand today?

20:44:18 21 A. No, I don't think that [REDACTED] has this
20:44:22 22 ability.

20:44:28 23 MR. MURPHY: Okay, Mr. Zhang.
20:44:29 24 I think that's all I have for today.
20:44:32 25 I want to thank you. I know it's an