

# **EXHIBIT A-88**

**BAM Management US Holdings Inc.**

Communication of Significant  
Deficiencies and Material Weaknesses  
In Internal Control and Other Matters

December 31, 2019



Armanino LLP  
50 West San Fernando Street  
Suite 500  
San Jose, CA 95113-2438  
408 200 6400 main  
408 200 6401 fax  
armaninoLLP.com



May 27, 2020

To the Board of Directors and Management of  
BAM Management US Holdings Inc.  
San Francisco, California

In planning and performing our audit of the consolidated financial statements of BAM Management US Holdings Inc. (the "Company") as of December 31, 2019 and for the period from February 4, 2019 (inception) through December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, during the course of our financial statement audit we may become aware of certain deficiencies in internal control. To the extent that such deficiencies rise to the level of a significant deficiency or material weakness, we are required to bring them to the attention of those charged with governance.

### ***Material Weaknesses***

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We identified certain deficiencies in internal controls that we believe constitute material weaknesses. See details in the attached **Appendix I**.

### ***Significant Deficiencies***

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We identified certain deficiencies in internal controls that we believe constitute significant deficiencies. See details in the attached **Appendix I**.



***Other Matters***

In addition, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated March 30, 2020 on the consolidated financial statements of BAM Management US Holdings Inc. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

Our comments are summarized in the attached **Appendix I**.

This report is intended solely for the information and use of the Board of Directors, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Armanino LLP*

Armanino<sup>LLP</sup>

## Schedule 1

	Area	Summary	Finding	Type	Level	Recommendation
1	General	Evidence of Review	The Company currently does not document review sufficient to meet ICoFR standards. Specific example areas include review/approval of manual journal entries, review/approval of monthly reconciliations and review/approval of monthly FS reporting package.	Control Design Gap	Significant Deficiency	To simplify the process, Armanino recommends the Company use a template for each key item that would document: - specific review procedures performed - estimates and judgements used (Management Review Control Considerations) - C&A procedures performed - a place for explicit signoff by preparer and reviewer.
2	General	Layers of Review	For many financial statement-related items, the Company relies on the Finance Manager to both prepare and post. This is a breakdown of segregation of duties.	Control Design Gap	Significant Deficiency	The Company may perform a risk assessment to determine high-risk items. For each high-risk item, the Company can think about employing a control to ensure proper review by an additional person. For lower risk items, the Company may implement a review process, but less frequent than high risk.
3	General	Policies	Management is still in process of formalizing accounting policies over 1) Cut-off 2) Exchange Rates 3) Digital Asset Reserve 4) Classification of Digital Assets	Other	Recommendation	To formerly adopt policies over Digital Asset and Revenue Recognition.
4	General	Disaster recovery/business continuity	There is currently no formalized plan in case of the event of a natural disaster which could impact business operations	Other	Recommendation	To formerly establish a disaster recovery or business continuity plan.
5	IT	Completeness and Accuracy	For many key spreadsheets, the Company does not perform completeness and accuracy procedures to ensure accuracy and proper cut off of the data. During the audit, we identified issues in data integrity, which resulted in incorrect financial reporting.	Control Design Gap	Significant Deficiency	As noted in item #1, Armanino recommends implemented a template to guide the Company to perform and document the necessary review procedures, including procedures performed to ensure completeness and accuracy. This usually includes including a screenshot of the parameters used to generate the report.  Additionally, the Company should gain an understanding of the logic used to extract data from various sources to ensure the underlying data itself is appropriate for reliability. We can provide a template.
6	Financial Reporting	Month End Close Checklist	The Company has not formalized a month-end checklist that highlights all activities needed to close the books.	Other	Other	Armanino recommends using a month-end checklist to manage the close process.
7	Digital Assets	Pricing Check	The Company currently relies on the pricing provided by it's own internal system for financial reporting purposes. This can lead to a "conflict" of interest that manifests as inflated YE or trading prices. The Company also has concentration risk by relying on a single pricing source.	Control Design Gap	Deficiency	Armanino recommends instituting a control to validate prices applied to digital assets at period end (perhaps on a quarterly basis) and for a revenue transactions by reconciling to a pricing aggregator (Ex. Exchange rates) or multiple 3rd parties.
8	Digital Assets	Segregation of Funds	The Company currently holds Company and Customer assets in the same wallets/addresses/environment.	Control Design Gap	Potential Material Weakness	Armanino recommends segregating Customer and Company funds. Specifically, Armanino <i>at least</i> recommends sweeping crypto earned as revenue to Binance.US specified addresses on a specified cadence to separate funds.
9	Financial Reporting	Reliance on Shanghai	The Company currently relies on the Shanghai Team to provide specific data points (marketing, and promo, mining fees, etc.). The Company does not know how the reports are generated and the source of the data.	Control Design Gap	Deficiency	The Company should develop a process whereby it can take ownership of all reporting relied on for the financial statements (including miner, promo, marketing, etc.). This way, the Company can validate completeness and accuracy of data relied upon and used to derive the financial statements. If this is not possible, Armanino then recommends instituting a control or process where Binance.US validates the complete and accuracy generation of the data relied upon.
10	Safeguarding of Assets	Bank Access	During the audit, Armanino observed that Susan (from Binance.com) is the approver on the Company's bank account.	Control Design Gap	Significant Deficiency	Armanino recommends handing over this power to someone in the C-suite at Binance.US.
11	IT	PnK and Tableau Decimals	Armanino noted the many reports in PnK and Tableau were cut off at 2 or 4 decimals. This causes rounded errors in financial statement compilation due to the amount of decimals inherent to cryptocurrency.	IT Systems Gap	Deficiency	Armanino recommends expanding the reports to show at least 8 decimals for each cell (with as many as 18 in some cases).
12	Digital Assets	Historical Balances	It was difficult and sometimes not possible to pull wallet balances en masse as of a historical point in time. This makes it very difficult to ensure the Company is full collateralized at specific points in time. Additionally, this should be provided by the custodian as part of the custodial agreement.	IT Systems Gap	Deficiency	Armanino recommends working with the custodian to provide the daily reconciliation and historical reporting functionality necessary for audit and operational purposes (as noted in the Wallet Custody Agreement).
13	Digital Assets	Contract/ Vendor Management	The Company does not have controls in place to ensure vendors (and the Company) are adhering to signed contracts. Specifically, the custodian was not providing the services noted on the Wallet Custody Agreement during the 2020 audit fieldwork.	Control Design Gap	Deficiency	Armanino recommends a periodic control to ensure compliance and adherence of contracts by vendors and by the Company.
14	Digital Assets	Unit Management	During the audit, Armanino noted initially that crypto units were not being tracked on a period-to-period basis. Crypto units are particularly important to track for accounting, financial reporting, and operational purposes.	Control Design Gap	Deficiency	Armanino recommends instituting a formal process to track crypto units held for each currency. The Company should institute periodic reconciliations to ensure units per the books tie and agree to the platform and wallet balances.
15	IT	Report Consolidation	Armanino observed that the total asset holding report was NOT net of miner, promo, or marketing fees. This creates additional steps to reconcile crypto unit and dollar balances during every period.	Other	Recommendation	Armanino recommends exploring if it is possible to integrate miner, promo, marketing, and other crypto unit "expenses" to be accounted for and reflected in the Total Assets Holding report.

## Schedule I

	Area	Summary	Finding	Type	Level	Recommendation
16	IT	Report Timing	During the audit, Armanino observed that the timing of reports was often times asynchronous. This causes issues reconciling data because it is not comparing data points as of the same point in time.	Control Design Gap	Deficiency	Armanino recommends performing an exercise and documenting exactly how the timing for each data source lines up and how they should be used to support the financial statements. Sources in-scope should include PnK, Tableau, Historical wallet balances reports, etc.
17	Digital Assets	Passive Crypto Income	The Company was not accounting for NeoGas and VeTHo earned passively by holding NEO and VTH. <i>Not in scope for FY 2019</i>	Control Design Gap	Deficiency	The Company should track and account for all passive crypto applied to addresses owned by the Company. The Company should probably create relevant financial statement accounts and JE/Recon procedures.
18	ITGC	General	Armanino noted a general lack of IT formalized controls during the audit, specifically as it relates to change management, AWS controls, etc.	Control Design Gap	Significant Deficiency	The Company should document the IT controls it currently has in place and address gaps as necessary. This document can take the form of an RCM and/or flowcharts/narratives.
19	Vendor Controls	Custodian Controls	During the audit, Armanino noted a lack of documented controls and overall transparency at the custodian. Binance.us may not be aware of financial or operational risks that exist related to the custodian.	Control Design Gap	Significant Deficiency	The Company should document the controls for processes it relies upon the custodian to perform. The Company should periodically inquire and test the controls to ensure the processes at the custodian are functioning as intended and are reliable for operational and financial reporting purposes.
20	Financial Reporting	Cash Reconciliations	Armanino noted the lack of formal reconciliation process to reconcile cash on platform (what's allocated to customers and Company), charge backs, customer funds payable, and customer funds receivable.	Control Design Gap	Material Weakness	Armanino recommends formalizing the reconciliation process for these 2 areas, utilizing templates (#1) and other feedback (#2, #3) that are generally applicable to all recons to be performed monthly.
21	Revenue	Custom Fees	Armanino noted some users of the platform, such as market makers are granted favorable discounts on fees, etc. There was no formal documentation regarding the terms and fee structure granted to these users outside the scope of the "normal" onboarding process. This may lead to issues in knowing what fees are correct when performing account checks, and lack of visibility as to what inputs may drive revenue.	Control Design Gap	Deficiency	Armanino recommends instituting a control that accounts for all fee agreements outside of the normal onboarding process. These terms should be documented, reviewed, tracked and approved.
22	Financial Reporting	Intercompany Transactions	Armanino noted some expenses were not properly recorded as intercompany transactions within a specific entity.	Other	Recommendation	Armanino recommends to establish an expense coding review prior to entering into the ERP system to ensure expenses are properly allocated between the entities.
23	Financial Reporting	Transaction losses	Armanino noted the Company has not establish a policy for transaction losses (Ex. Chargeback loss)	Other	Recommendation	Armanino recommends to establish a quarterly analysis to assess the impact of non-recoverable chargeback to help management assess the amount to be recorded as reserve at year end.
24	Operations	Personnel	The finance team is relatively small at this point, making segregation of duties, layers of review, etc. more difficult.	Control Design Gap	Material Weakness	Armanino recommends a strong foundation of segregated duties, Armanino recommends hiring a staff/senior level personnel to act as a preparer for many JE's, reconciliations, etc. The Finance Manager can act as a reviewer and the CFO can maintain a focus on financial statement review, high-risk areas, strategy, oversight,