

Dear Juror(s),

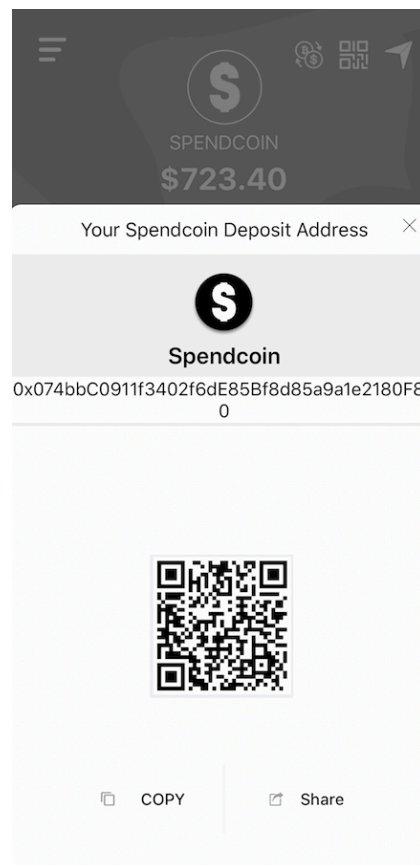
Thank you for your inquiry on this case. The problem here is the Challenger is misinformed and has a misconception of the actually proprietary infrastructure of the Spend Wallet system. To help inform the Challenger and the Jurors of the infrastructure I will go step by step on why this Challenger is wrong, and that Spendcoin should receive a badge as we now have over 10%+ in circulating supply.

First, it's important to note that all rewards paid on the Spend Wallet are off-chain to the users. The users are credited in their purchases directly to their Spend Wallet.

Second, all funds that are held on the Spend Wallet are also held on Bittrex Exchange. Spend uses Bittrex as a Custodian and all digital assets that are transferred to the Spend Wallet, including Spendcoins, are transferred to Bittrex automatically.

Here is example:

1. Here is the Spend Wallet Deposit Address:



2. Here is the on-chain transfer of Spendcoins to this Deposit Address:

Overview Event Logs (1) State Changes **New** Comments

Transaction Hash: [0x3bdc0b15f58130c9af49eed97a34a2585088374429a39ed5f98f874867b61a86](#)

Status: Success

Block: [7996006](#) 105 Block Confirmations

Timestamp: 25 mins ago (Jun-20-2019 03:54:33 PM +UTC)

From: [0x15e9e6ee389316e78ddc45951356403dd7456234](#)

To: Contract [0xdd460bbd9f79847ea08681563e8a9696867210c](#) (Spendcoin Token)

Tokens Transferred: From [0x15e9e6ee389316e78ddc45951356403dd7456234](#) To [0x074bbc0911f340...](#) For 1,230.340843 (\$40.67) **SPND**

Value: 0 Ether (\$0.00)

Transaction Fee: 0.00073464 Ether (\$0.20)

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3. Here is the on-chain transfer of those Spendcoins to one of custodian addresses of Spend:

Overview Event Logs (1) State Changes **New** Comments

Transaction Hash: [0x1b4ea1f342a89b2e85c98f7b153262046c065a388e96df4bdf1031603016cf6b](#)

Status: Success

Block: [7996023](#) 88 Block Confirmations

Timestamp: 21 mins ago (Jun-20-2019 03:58:46 PM +UTC)

From: [0x074bbc0911f3402f6de85bf8d85a9a1e2180f840](#)

To: Contract [0xdd460bbd9f79847ea08681563e8a9696867210c](#) (Spendcoin Token)

Tokens Transferred: From [0x074bbc0911f340...](#) To [0x722eb42b1dee98...](#) For 1,230.340843 (\$40.67) **SPND**

Value: 0 Ether (\$0.00)

Transaction Fee: 0.0010866 Ether (\$0.29)

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#### 4. Here is the transfer from the Custodian Deposit Address to Bittrex:

Overview
Event Logs (2)
State Changes New
Comments

Transaction Hash: 0x617d926923d2d09bda4a7786acf3d2f138b75bd5ddb6ad12a42a4355b5ebb06b

Status: Success

Block: 7996044 71 Block Confirmations

Timestamp: 16 mins ago (Jun-20-2019 04:03:49 PM +UTC)

From: 0xfbb1b73c4f0bda4f67dca266ce6ef42f520fbb98 (Bittrex 1)

To: Contract 0x722eb42b1dee988634f9d55222bc90dacc60eb45

Tokens Transferred: ▶ From 0x722eb42b1dee98... To 0xfbb1b73c4f0bda4... For 1,230.340843 (\$40.67) SPND

Value: 0 Ether (\$0.00)

Transaction Fee: 0.00184074 Ether (\$0.50)

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#### 5. Here is the complete flow:

Txn Hash	Age	From	To	Quantity
0x617d926923d2d0...	59 secs ago	0x722eb42b1dee98...	→ Bittrex 1	1,230.340843
0x1b4ea1f342a89b...	6 mins ago	0x074bbc0911f340...	→ 0x722eb42b1dee98...	1,230.340843
0x3bdc0b15f58130...	10 mins ago	0x15e9e6ee389316...	→ 0x074bbc0911f340...	1,230.340843

So as you can clearly see from this example, all Spendcoin (as well as other digital assets) are held in Bittrex exchange for us to utilize our Spend Authorization Engine for real-time digital asset conversions to fiat and for custodianship in a secure exchange. Spendcoin has a USD market in Bittrex which shows the high level of work between Spend and Bittrex as they do not list many altcoins pairs in their USD fiat markets.

This alone answer the mere question of distribution pattern on why all funds go to Bittrex.

Now to the second point, why the large transfers to Bittrex. The Proof-of-Purchase rewards are all done off-chain. Once the amounts are totaled up, Spend will transfer the amount due in the AP (accounts payable) to the users and distributes them to the custodian address as they are

useable. This doesn't happen for every transaction as it would be unsafe to have the cold wallet address connected online with that large amount of Spendcoin in it.

**In sum, Spendcoin through Proof-of-Purchase Rewards (which is our whole ecosystem) meets the requirements of 10%+.** The circulating count reflects correctly for CoinMarketCap who take serious note and have their own verification methods:

Market Cap	Volume (24h)	Circulating Supply	Total Supply
\$11,506,355 USD 1,236 BTC 42,966 ETH	\$3,632,136 USD 390.08 BTC 13,563 ETH	352,116,078 SPND	2,000,000,000 SPND

The Challenger has conveyed a series of misrepresentations to the Jurors. These are highly speculative and have no bare-bone to their allegations. Now I will refute, with facts, each of the issues the challenger is disputing: