

1 HOLLAND & KNIGHT LLP  
2 Kristina S. Azlin (SBN 235238)  
3 kristina.azlin@hklaw.com  
4 400 South Hope Street, 8th Floor  
5 Los Angeles, California 90071  
6 Telephone 213.896.2400  
7 Facsimile 213.896.2450

8 Jose A. Casal (*pro hac vice*)  
9 jose.casal@hklaw.com  
10 701 Brickell Avenue. Suite 3300  
11 Miami, Florida 33131  
12 Telephone 305.789.7736

13 *Attorneys for Josias Dewey, Court-appointed*  
14 *Receiver for Receivership Entities*

15 **UNITED STATES DISTRICT COURT**  
16 **CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION**

17 **SECURITIES AND EXCHANGE**  
18 **COMMISSION,**

19 **Plaintiff,**

20 **vs.**

21 **TITANIUM BLOCKCHAIN**  
22 **INFRASTRUCTURE SERVICES,**  
23 **INC.; EHI INTERNETWORK AND**  
24 **SYSTEMS MANAGEMENT, INC.**  
25 **aka EHI-INSM, INC.; and MICHAEL**  
26 **ALAN STOLLERY aka MICHAEL**  
27 **STOLLAIRE,**

28 **Defendants.**

Case No. 18-cv-4315 DSF (JPRx)

**DECLARATION OF RECEIVER,**  
**JOSIAS N. DEWEY, IN SUPPORT OF**  
**REPLY TO DISTRIBUTION**  
**MOTION**

Date: January 30, 2023  
Time: 1:30 p.m.  
Ctrm: 7D  
Judge: Hon. Dale S. Fischer

Holland & Knight LLP  
400 South Hope Street, 8th Floor  
Los Angeles, CA 90071  
Tel: 213.896.2400  
Fax: 213.896.2450

**DECLARATION OF JOSIAS N. DEWEY**

I, Josias N Dewey, declare pursuant to 28 U.S.C. § 1746 as follows:

1. I am an attorney admitted to practice law by the State Bar of Florida. I am a partner at Holland & Knight LLP (“H&K”). I make this Declaration in support of the Receiver’s Reply to the Distribution Motion (Dkt. 119 and hereinafter “Reply”). I have personal knowledge of each of the matters set forth below, and, if called as a witness, I could and would competently testify to the facts stated therein.

2. I serve as the Court-appointed Receiver (the “Receiver”) for the estate of Defendant Titanium Blockchain Infrastructure Services, Inc. and its subsidiaries and/or affiliates (collectively, the “Receivership Entities”).

3. To date, the Receivership Entities have received more than one thousand claim submissions—of which, 672 Claimants received Allowed Amounts and 63 Claimants submitted objections.

4. Of the 63 objections, 62 have been successfully resolved without Court intervention, and their deadlines to file an objection with the Court have expired.

5. Ming Zheng (“Zheng”) is a Claimant of the Receivership Entities, identified by Claim #1000177, and is the sole remaining objector.

6. On October 25, 2022, the Receivership<sup>1</sup> sent Zheng an email with a Claim Determination, stating an Allowed Amount for \$15,763.52. This Claim Determination is attached as **Exhibit 1**.

7. On October 26, 2022, Zheng responded to the email, requesting an explanation as to how the Receivership arrived at the stated Allowed Amount.

8. On two separate occasions, Zheng’s Allowed Amount was recalculated

<sup>1</sup> The “Receivership” shall include acts taken by the Receiver himself and acts taken by his Released Professionals. As defined by the Distribution Plan, the “Released Professionals” include, but are not limited to, his legal counsel (H&K) and claims administrator (RCB Fund Services LLC).

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1 and confirmed to be correct.

2 9. The Receivership also replied to Zheng that same day—explaining the  
3 different categories of eligible claimants and detailing the loss calculation methodology  
4 approved by the Court. The email described how the Claims Process Motion and  
5 Distribution Plan distinguish between Initial Coin Offering (“ICO”) purchasers and  
6 secondary market purchasers. The email explained how token sales are treated  
7 distinctly under each situation. This rationale was then applied to Zheng’s specific  
8 transactions, citing the individual tokens purchases and sales attributed to Zheng’s  
9 wallet addresses and corresponding exchange records.

10 10. Just over an hour after sending this email, on October 26, 2022, Zheng  
11 responded. Zheng contended that the ICO tokens were never sold before March 16,  
12 2018, and that instead, they were sent to an exchange.

13 11. On October 27, 2022, the Receivership sent Zheng an email explaining  
14 that the relevant cutoff date is not March 2018, but May 29, 2018. Additionally, Zheng  
15 was directed to transactions in January 2018 and April 2018, where Zheng sold  
16 specified amounts of BAR and TBAR, respectively.

17 12. On November 2, 2022, Zheng responded with additional questions. Again,  
18 Zheng made a general request as to how the Allowed Amount was calculated. Zheng  
19 also questioned why exchange trading records were necessary for this process.

20 13. On November 9, 2022, the Receivership again explained the calculation.  
21 Zheng was also informed that exchange records are necessary for those Claimants that  
22 purchased tokens on the secondary markets because those transactions are not visible  
23 on the public blockchain. Therefore, in order to properly confirm these transactions,  
24 the Claimants must support their claim with such records.

25 14. On December 16, 2022, Zheng repeated the same questions from the prior  
26 communication, which were again responded to on December 23, 2022. Realizing that  
27 Zheng may be failing to understand my responses and the complex nature of the claim  
28 calculations, the Receivership requested that Zheng submit an excel file supporting the

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1 loss amount Zheng believes to be correct.

2 15. The following day, Zheng sent an email ignoring my request and asking  
3 additional questions about the conversion price applied to the ICO address.

4 16. On January 3, 2023, the Receivership sent Zheng an email identifying the  
5 unit prices attributed to the ICO purchases and explaining how secondary market  
6 purchases relied on the per unit prices included in the exchange documents that Zheng  
7 provided. For a second time, the Receivership requested that Zheng provide an excel  
8 calculation to support the alleged loss amount.

9 17. That same day, on January 3, 2023, Zheng sent an email with more  
10 repeated questions. The Receivership responded that same day, explaining that there  
11 must be a miscommunication because these questions were previously addressed and  
12 answered. The Receivership then proceeded to explain my answers again, and for a  
13 third time, requested an excel document supporting Zheng's alleged loss.

14 18. A few hours later, Zheng responded, arguing that the ICO tokens were  
15 never sold, that my loss calculations do not add up, and that he is owed certain TBAR  
16 tokens that were never airdropped to him. Zheng also included an excel spreadsheet  
17 explaining some of the transactions.

18 19. On January 4, 2023, the Receivership again responded to each of Zheng's  
19 question in detail. The Receivership also recalculated Zheng's loss and compared it to  
20 Zheng's spreadsheet. In the response, the Receivership noted how Zheng's excel  
21 spreadsheet failed to account for certain exchange transactions and that Zheng did not  
22 properly disallow tokens.

23 20. Throughout January 4, 2023 to January 5, 2023, Zheng sent three more  
24 emails, accusing the Receivership of evading questions. Zheng also submitted a more  
25 detailed excel spreadsheet. For a fourth time, the Receivership recalculated the loss and  
26 compared it Zheng's spreadsheet, which claimed a loss amount approximately  
27 \$15,000.00 greater than the Receivership's calculation. Again, the Receivership  
28 confirmed that the Allowed Amount stated in Zheng's Claim Determination was

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1 correct.

2 21. On January 7, 2023, Zheng sent an email to the Court, attached hereto as  
3 **Exhibit 2**, and copied, *inter alia*, the Receivership Entities' email address.

4 22. On January 9, 2023, the Receivership requested a teleconference with  
5 Zheng in the hopes of resolving any outstanding confusion.

6 23. Zheng responded about eight hours later, declining the request and stating  
7 that “[t]his is not a negotiation!” Zheng then demanded that the loss calculation be  
8 revised pursuant to Section 3.1 of the Distribution Plan.

9 24. That same day, the Receivership responded—agreeing that the loss must  
10 be completed in accordance with the Distribution Plan and explaining that the  
11 Receivership has conducted multiple manual reviews pursuant to this Plan. The  
12 Receivership again suggested that a teleconference might be helpful to resolve this  
13 dispute.

14 25. About an hour later, Zheng again declined the request and asked that the  
15 Receivership continue to respond via email.

16 26. Later that same afternoon, the Receivership restated via email that the  
17 Allowed Amount in Zheng's Claim Determination is correct and that the calculation  
18 has been explained several times. The Receivership further restated its willingness to  
19 address Zheng's questions via teleconference, but otherwise, the Receivership would  
20 be addressing Zheng's allegations to the Court.

21 27. Zheng responded a few hours later, again asking that the Receivership  
22 not evade questions, but failing to agree to any teleconference.

23 I declare under penalty of perjury under the laws of the United States of America  
24 that the foregoing is true and correct.

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Dated: January 13, 2023

Respectfully submitted,

  
\_\_\_\_\_  
Josias N. Dewey

*Court-appointed Receiver for  
Receivership Entities*

Holland & Knight LLP  
400 South Hope Street, 8th Floor  
Los Angeles, CA 90071  
Tel: 213.896.2400  
Fax: 213.896.2450

# Exhibit 1

**IN THE UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF  
CALIFORNIA – WESTERN DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

Case No. 18-cv-4315 DSF (JPRx)

TITANIUM BLOCKCHAIN INFRASTRUCTURE  
SERVICES, INC.; EHI INTERNETWORK AND  
SYSTEMS MANAGEMENT, INC. aka EHI-INSM,  
INC.; AND MICHAEL ALAN STOLLERY aka  
MICHAEL STOLLAIRE,

Defendants.

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**SECOND REVISED NOTICE OF DETERMINATION**

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October 25, 2022

MING ZHENG

[REDACTED], PEOPLES REPUBLIC OF CHINA

Dear Claimant:

**PLEASE READ THIS NOTICE CAREFULLY.**

This Second Revised Notice of Determination has been generated in response to your objection. This Second Revised Notice of Determination voids any prior Notice of Determination associated with these Claim Numbers and/or Wallet Addresses. This Second Revised Notice of Determination is your official claim determination, subject to any conditions contained herein.

The Court Appointed Receiver in the above-referenced matter, Josias N. Dewey, has made the following determination (the “Determination”) regarding your claim designated as:

Claim Numbers 1000177

Wallet Address [REDACTED]

Wallet Address [REDACTED]



**Allow**

Your Claim has been allowed. We have calculated the U.S. Dollar value of your loss to equal \$15,763.52.

Allowance Notice: Please note that the actual amount distributed to you may be less or more than the amount of your allowed claim. It may be less in the event that the total amount available for distribution to creditors is less than the total amount of allowed claims. Alternatively, in the event the amount available for distribution to creditors exceeds the total amount of allowed claims, some claimants may receive additional amounts, representing appreciation in certain receivership assets recovered by the Receiver.

The exact methodology for determining distributions for allowed claims is set forth in the Receiver's Distribution Plan, which was approved by the Court on May 9, 2022. A copy of the Distribution Plan can be found in the Court Filings hyperlink located at <https://tbis.io/>.]

**PLEASE TAKE NOTICE:** Generally, the amount of loss allowed (or not allowed) represents the USD value of BAR or TBAR on the day the tokens were purchased, less any subsequent sales. For purchases made directly through the ICO contract, the ETH value invested into BAR is converted to its USD equivalent at the market prices on the day of purchase. There are three classes of eligible purchasers:

- 1) those who purchased BAR or TBAR directly from TBIS;
- 2) those who purchased BAR from third parties prior to February 22, 2018, held that BAR through February 22, 2018, received TBAR from TBIS by virtue of their BAR holdings, and held that TBAR through May 29, 2018; and
- 3) those who purchased TBAR from third parties prior to May 29, 2018 and held that TBAR through May 29, 2018.

The Receiver took the sum of USD invested into such eligible purchases and subtracted the Claimant's proceeds from the sale of BAR or TBAR. Importantly, any transfers from your claimed addresses to other addresses prior to February 22, 2018 (for BAR) or May 29, 2018 (for TBAR) were presumed to be sales unless you showed you controlled the transferee addresses.

**PLEASE TAKE FURTHER NOTICE:** If you disagree with this Determination, you have the right to file an objection and have the Court decide whether the Determination is correct. To exercise this right, you must first serve, but not file with the Court, a written objection to the Receiver's determination in accordance with the instructions herein. You must serve the objection on the Receiver, by e-mail, to [tbisobjections@hkllaw.com](mailto:tbisobjections@hkllaw.com) within **THIRTY (30) days** of the date of this Notice of Determination. The objection shall include:

- a) the claim number;

- b) a detailed statement of the reasons for your objection to the Receiver's determination;
- c) copies of any document or other writing upon which you rely;
- d) your mailing, phone, and email contact information; and
- e) if your objection relates to tokens purchased or transferred from an exchange, please include your transaction or account records report from each exchange and identify each address under your control.

Objections not timely served shall be deemed waived and overruled without the need for further order of the Court or action by the Receiver.

**PLEASE TAKE FURTHER NOTICE:** You are required to work in good faith with the Receiver to attempt to resolve your objection before submitting the objection to the Court for determination.

**PLEASE TAKE FURTHER NOTICE:** If you and the Receiver are unable to resolve your objection, you shall file the written objection to the Receiver's Notice of Determination with the Court in accordance with the instructions herein. You must file the objection with the Court within **SIXTY (60) days** of the date of the Receiver's Notice of Determination. The objection shall include:

- i) the claim number;
- ii) a detailed statement of the reasons for your objection to the Receiver's Notice of Determination;
- iii) copies of any document or other writing upon which you rely;
- iv) your mailing, phone, and email contact information; and
- v) a certification that you have conferred in good faith with the Receiver in an effort to resolve the objection without the need for a ruling from the Court. Objections not timely filed with the Court shall be deemed waived and overruled without the need for further order of the Court or action by the Receiver.

**PLEASE TAKE FURTHER NOTICE:** The Receiver shall, within **SIXTY (60) days** of the date on which you file with the Court a written objection to the Receiver's Notice of Determination, move the Court to uphold the Receiver's determination of the Claim, and serve a copy of the motion on you or your counsel. If within **SIXTY (60) days** of the date that you file a written objection, the Receiver does not file a motion to uphold the determination, you may then move the Court for a decision on your objection to the Notice of Determination. Notwithstanding the procedures outlined herein, you and the Receiver may stipulate to informally resolve the dispute and may extend by agreement without leave of Court the deadline for either party to file a motion to have the Court rule on the objection and determination.

**PLEASE TAKE FURTHER NOTICE:** Prior to the Receiver's filing of a motion to uphold his determination, or your allowed motion for ruling on your objection, no discovery or other motion practice shall occur regarding the Receiver's Notice of Determination or facts giving rise to such determination unless you first seek and obtain leave of Court, upon a showing of good cause and substantial need to pursue such motion practice or discovery. Filing of such a motion for leave shall not suspend or extend any deadlines set forth in the Bar

Date Order.

**PLEASE TAKE FURTHER NOTICE:** If your claim is Allowed, it is subject to further review (and potential objection) by the Receiver and subject to the terms and conditions of a Court approved distribution plan, including but not limited to the manner in which accounts will be aggregated and treated, as applicable.

Josias N. Dewey, Receiver

# Exhibit 2

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**From:** Ming Zheng <[zheng-ming@hotmail.com](mailto:zheng-ming@hotmail.com)>

**Sent:** Saturday, January 7, 2023 12:05 AM

**To:** [Renee\\_Fisher@caed.uscourts.gov](mailto:Renee_Fisher@caed.uscourts.gov); [millerdou@sec.gov](mailto:millerdou@sec.gov); [browndav@sec.gov](mailto:browndav@sec.gov); Azlin, Kristina S (LAX - X52547) <[Kristina.Azlin@hklaw.com](mailto:Kristina.Azlin@hklaw.com)>; Casal, Jose (MIA - X27713) <[Jose.Casal@hklaw.com](mailto:Jose.Casal@hklaw.com)>; Stone, Samuel J (LAX - X52489) <[Sam.Stone@hklaw.com](mailto:Sam.Stone@hklaw.com)>; [tbisobjections@hklaw.com](mailto:tbisobjections@hklaw.com)

**Subject:** Objection to TBIS Receiver's calculation of allowed amount in violation of Section 3.1 of the PLAN, Case No. 2:18-cv-04315-DSF-JPR, Claim 1000177

*[External email]*

**Hon. Dale S. Fischer,  
Attorneys for the SEC,  
Attorneys for Josias Dewey,**

**TBIS Receiver consistently evade claimant's questions and deliberately disregard the FIFO rule as stipulated in Section 3.1 of the Distribution Plan in blatant violation of court-approved procedures.**

**Details of my own loss calculation vis-à-vis TBIS Receiver's calculation are attached herein for your reference.**

**Please advise appropriate steps to follow for efficiency and fair and reasonable recovery for the claimant given the circumstances of similarly-situated disputed claims.**



**PROOF OF SERVICE**

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 400 S. Hope Street, 8<sup>th</sup> Floor, Los Angeles, CA 90071.

On **January 13, 2023**, I served the document described as the Receiver’s **DECLARATION OF RECEIVER, JOSIAS N. DEWEY, IN SUPPORT OF REPLY TO DISTRIBUTION MOTION** on the interested parties in this action as follows:

**[X] (BY Electronic Transfer to the CM/ECF System)** In accordance with Federal Rules of Civil Procedure 5(d)(3) and Local Rule 5-4, I uploaded via electronic transfer a true and correct copy scanned into an electronic file in Adobe “pdf” format of the above-listed document(s) to the U.S. District Court Central District of California’s Electronic Case Filing (CM/ECF) system on this date.

I declare under penalty of perjury under the laws of the United States of America that the above is true and correct.

Executed on **January 13, 2023**, Los Angeles, California.

/s/Kristina S. Azlin  
Kristina S. Azlin (SBN 235238)

Holland & Knight LLP  
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