Block Transfer

99 Wall Street #4640
New York, NY 10005

May 08, 2025

Donna Gallagher
c/o U.S. Securities and Exchange Commission
100 Pearl Street, Suite 20-100
New York, NY 10004-2616

via secure email

Dear Ms. Gallagher,

BlockTrans Syndicate ("we", "Block Transfer", or "the Syndicate") encloses our examination response in subsequent pages and the `attachments` folder. This relates to an initial notice shared on 30 Apr 2025. The response glosses over some nuanced particulars such as individual issuer corporation documents or account-resolution technical schemes.

I understand presently that this is only the beginning of the correspondence from the Commission, and I am happy to share more nuanced documentation at any time. That said, I've tried to narrow the scope of this response to the statutory matters questioned, albeit with some pressing lingering questions. I've shared other legal discrepancies with staff through comments over the years, and we always appreciate your help.

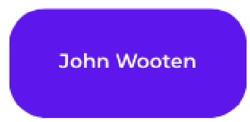
Hopefully, the documentation will speak for itself in terms of traditional transfer-agent recordkeeping items. But I have other governance concerns as the first transfer agent depository with native decentralized markets. We need more than just prompt records to protect the investing public, and I look forward to achieving excellence here together.

In good faith,
John Wooten
Chief Compliance Officer, Block Transfer

I. Organization chart indicating officials and clerical staff engaged in TA and related activities.

A. Complete Organization Chart

BlockTrans Syndicate
Full Organization Chart
8 May 2025



B. Additional Commentary Not Yet Shared

The Syndicate is a decentralized organization. Or at least, that's the vision I'm working on tirelessly every day. I have shared many of these thoughts before with staff, including the present examination team.

As briefly as due, I see material problems with centralized organizations as presently operating the diverse American securities markets.[1] I've designed the company around the principles of distributed blockchain communities themselves. I want our systems decentralized, and I believe in self-organization as a natural route to success.[2]

II. List of all current full-time and part-time employees, and those that have terminated employment within the past three years.

A. Current Team Members

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[1] The supplements briefly capture visual representations of my thoughts. While not entirely relevant here, they deeply influence my management of MNPI and engineering efforts.

[2] *See, e.g.*, a successful self-organizing centralized company which defined an industry, *avaliable at* https://ebsedu.org/blog/boss-less-management-a-peek-into-the-flat-hierarchy-of-valve ("there are no managers and you can decide which projects to work on") and https://reinventingorganizationswiki.com/en/cases/valve ("employees are not told what to do but rather are expected to work on what they believe to be of most value to the company.")

1. Full-Time

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2. Part-Time

N/A

C. Team Members Terminated

N/A

III. Copy of Form TA-1 and the latest amendment/supplement filed (Rule 17Ac2-1).

From TA-1 can be found in Ex. 3 Supplement #1. See also relevantly written discourse and phone conversations with staff at or about 27 July 2021, affirming that we were filing as a singular entity and would not begin acting as agent until the forthcoming notice of effectiveness.[3] The latest amendment/supplement can be found at Ex. 3 Supplement #2.

IV. Copy of current Form TA-2 (Rule 17Ac2-2).

See Ex. 4, which includes a wet signature added after the submission and response confirmation in accordance with a requirement notice in the EDGAR filing system not present in the statute.

V. Access to fingerprint files for required personnel (last three years) (Rule 17f-2). Include the list of persons not exempted from fingerprinting and the list of persons exempted from fingerprinting (Rule 17f-2 (e)).

See Ex. 5.

A. Persons Not Exempted

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[3] Lost in systems update of 2022. Ultiamtely, we took time to rpeapere compliance materials before onboaridng our first issuer to showcase onchain data to the Commsision in June 2023.

B. Persons Exempted

N/A

C. Questions on Cryptographic Applications

I have questions as to what constitutes a signatory requirement under 17 CFR § 240.17f-2. Namely, I have concerns as I plan for a distributed ownership and governance structure which statutorily does not require personal identification. I have presently interpreted this statute to apply to team members with medium-threshold signing keys on our "issuer" and "distributor."

VI. Written inquiry logs and responses, including records of telephone responses (Rule 17Ad-5).

We have had material written communciation though our investor search efforts. However, we have only had one instance of outreach under the Rule. I've included this communication as Ex. 6, but quite frankly, it does not materially fall under the log classification content scope.

Genrally, we've only had two numbers text our support phone, and both were spam. Additioanlyl, nobody has called the support line during operating phone hours to request investor support. I made the public instructions shared with the issuer to promoited distribution autonomous.[4]

VII. Appointment and/or termination documentation or other contract/document concerning the services the TA entity performs (or did perform) for each issuer (Rule 17Ad-6(a)(8)).

Ex. 7 shows he appointment documentation in conctract forum for the single issuer serviced.

VIII. List of issues for which services are rendered that indicates for each issue: CUSIP numbers, number of shares/bonds outstanding and/or authorized, approximate dollar value of outstanding shares, number of shares/bonds out-of-proof and number of securityholders (Rule 17Ad-10).

A. CUSIP Identification

[4] *See* new investor account "beta" instructions, *avaliable at* https://blocktransfer.com/.well-known/beta.pdf.

I do not support the use of CUSIPs as an identification framework. They are a central remnant of financial systems dominated by rent-seeking organizations.[5] While I appreciate that certain migrating issuers will have legacy CUSIP identifiers, our systems only use CIK references.[6]

These systems are entirely open-source, allowing market participants to "trust but verify" our technical implementations.[7] The Python Horizon implementation is the most relevant repository to this discussion.[8] Generally, I strive for clear, understandable, and accessible information so that investors receive easy access to the disclosures they need.

B. Approximating Small-Cap Value

While I appreciate that the IRS favors accountant 409A valuations, I tend to believe markets themselves best value issues when given adequate public information. We originally intended to support this price discovery with ongoing public disclosure mandates.[9] However, the issuer was

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[5] In the sense that issuers need to seek approval from a numbering agency and pay registration fees to "validate" bona fide securities duly authorized under state charter. Additionally, they are not very durable identification tools in modern technical systems, given their ability to change during certain corporate actions which do not affect the claims, rights, or nature of an issue.

[6] *See* remarks on data immutability, investor protectionm, and entity accountability, *avaliable at* https://www.sec.gov/comments/s7-15-23/s71523-301019-767522.pdf#page=4 n.5. Staff can see this design choice in public-facing token materials which are named by {{CIK}} and {{class}}.

[7] This has the added benefit of fostering community amongst our users and public developers, as further detailed briefly in comments on ledgering community, *avaliable at* https://www.sec.gov/comments/sr-occ-2024-001/srocc2024001-474471-1355754.pdf#page=50 § III.B.1.c. I incorporated these sentiments into much of my documentation work this last year, aimed at providing staff with a comprehensive disclosure of our systems. While I've made public strides in protocol-level documentation, I do need to publish more organizational information.

[8] *See* https://github.com/blocktransfer/py-TAD3-horizon. Staff can find material common infrastructure around querying against serviced CIKs. These identifiers connect to our key network asset release file details, *infra* note 27.

[9] *See* Ex. 7 § 3, prescribing regular performance materials based on 17 CFR § 240.15c2-11.

unable to produce recent statements given inadequate operations before capital fundraising.[10]

Notwithstanding, I believe in markets' ability to crowdsource value "for all businesses."[11] I see the services we offer as a fundamental link to the capital markets, even for early companies. This is Laylor's position, as there has been no secondary trading or priced stock placement yet.

C. Out-of-Proof Questions

1. CSD Positions

There are certain potential issuers who've had challenges with naked shorting. How might staff recommend handling more withdrawals from DTC than shares allocated to Cede?

2. Elected "Burning"

The nature of distributed ledgers allows investors to "destroy" their shares by sending them back to our issuing account. How might staff handle the self-elimination of shares?[12]

D. Serviced Issues

1. Laylor Corporation

- No CUSIP numbers
- Share information: (*see also infra* § XI)
    - 100,000,000 common shares authorized, from Articles of Incorporation
    - 80,900,000 shares duly issued and outstanding (no other stock classes)
        - No approximate dollar value (see *see supra* § VIII.B)

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[10] *See* public remarks regarding the issuer's "lack of funds" to maintain accounting services, much less compile investor review documents, *avaliable at* https://www.blocktransfer.com/blog/post/introducing-transfer-agent-depository. Given this lack of explicit financial information, I presume investors haven't looked far into their public operating projects. Perhaps a general lack of share transfers here stems from an initial annual P&L of heavy initial investments.

[11] *Id.* By definition, this includes micro-issuers with limited public information. These firms still have the same strict insider and manipulation oversight applied to all Syndicate issuers. We expand opportunity from the boardrooms of Sand Hill when opening any equity markets.

[12] Ignoring treasury stock.

- None out-of-proof.

- 18 securityholders[13]

IX. Schedule of unposted debits or credits to the master securityholder file or subsidiary files for more than five business days, prepared pursuant to Rule 17Ad-10(a) for securities transferred, purchased, redeemed or issued.

We have not had such discrepancies. Notwithstanding, I would like to ask about staff thoughts on our policy of buying in fractional shares created in reverse splits, without issuer payments:[14]

> Stellar maintains balances with precision up to seven decimal places, as do our internal accounting controls for complex restricted securities or those not yet claimed on the ledger. We require all issuers to support these share denominations. In the event of a reverse split with resulting balances denominated by a mantissa over seven decimal places, we round shares up to the nearest ten millionth (e.g. 23.05947001 shares after a reverse split rounds to 23.0594701 shares). Upon consummated a reverse split, we will notify the SEC if any such rounded amounts exceed thresholds defined in SEC Rule 17Ad-11, which hsa not yet occured in the ordinary course of executing reverse splits. Notwithstanding any material record differences, we will purchase the total amount of shares granted via round-ups immediately following a reverse split in the open market (0.00000009 shares in this example). After such acquisition, we will cancel such shares. We complete this process at no extra cost to issuers or users.

X. Current Master Securityholder file for each issue serviced (Rule 17Ad-10(b)).

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[13] And pending an intention of issuance to one "investor" (without contribution basis). Neither the issuer nor the investor have confirmed their personal information, as further explored *infra* § XVI.

[14] *See* policy applied to all signatures, *avaliable at* https://blocktransfer.com/compliance/user/transfer-standards. *See also* comprehensive user terms, *avaliable at* https://blocktransfer.com/terms. This scenario presumes the success of upcoming stablecoin legislation.

Ex. 10 is the current MSF for the issue detailed *supra* § VIII.D.1. This comes from a reconciliation of confirmed issuances with securityholder positions maintained on a distributed ledger.[15]

XI. Control book for each issue serviced (Rule 17Ad-10(e)).

This reponse will relay numbers in the scope of our single issuer client.[16]

A. Shares Outstanding

80,900,000.0000000

B. Shares Authorized

100,000,000

XII. Copy of last annual study evaluation of internal accounting control performed by an independent auditor (Rule 17Ad-13).

We are still an exempt transfer agent pursuant to Rule 17Ad-4(b), as communicated in 2022.

XIII. Copies of internal audit or other reports submitted to senior management pertaining to transfer agent activities.

N/A

XIV. Copy of written standards and procedures for the acceptance of signature guarantees and file of rejected guarantees (Rule 17Ad-15(c)).

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[15] *See* security maintained in native-token form where investor accounts are public keys, *avaliable at* https://stellar.expert/explorer/public/asset/1984803ORD-GDRM3MK6KMHSYIT4E2AG2S2LWTDBJNYXE4H72C7YTTRWOWX5ZBECFWO7-2. The Syndicate maintains an internal database mapping public keys holding shares to personal information. Investors can update their personal details or signing keys, and the AWS instance tracks these changes.

[16] *See* corporation information on our disclosure platform, *avaliable at* https://www.issuers.info/1984803. Shares outstanding employs the open-source endpoint which pulls from Stellar, *avaliable at* https://api.blocktransfer.com/assets/1984803ORD/outstanding.

A. Written Procedures

See public policy, *avaliable at* https://blocktransfer.com/compliance/signature-guarantees.[17]

B. Rejected Signatures

There have been no rejected guarantees evidenced through on-chain failed transfer transactions.

XV. Copy of all notices from an issuer terminating transfer agent services and the company's appointment documentation from an issuer during the last 12 months (Rule 17Ad-16).

N/A

XVI. File of lost securityholder searches (Rule 17Ad-17(a)(1)). Include reporting requirements of Form TA-2, Questions 11(a) and 11(b).

See search efforts across years in Ex. 16. Supplement #3 is our search efforts from 16 Apr 2024. Supplement #4 is from 23 Nov 2024, which includes a non-identifying response from the issuer.[18]

XVII. Copies of any written policies, procedures, guides, manuals, or other written documents related to compliance with Rule 17Ad-17 (Lost Securityholders and Unresponsive Payees).

A. Non-Reporting Issuer Treatment

We touch a much lower bar of the market in supporting small American businesses by offering

[17] *See also* revision history, *avaliable at* https://github.com/blocktransfer/website/commits/main/compliance/signature-guarantees.html.

[18] I added the source as RocketReach while preparing this documentation, as there was not an identified service provider in my documentation. I do recall using the platform to identify these investors at this time. After much searching, it was the best service I could find that collected public information associated with emails, and thus I was impressed with the new city-specifics.

subsidized services.[19] Some of our prospective clients have years of experience complying with Exchange Act § 12 or 15(d) reporting.[20] But others don't, and they're used to a more relaxed "cap-table management" experience.

1. Legacy Expectations v. Federal Minimums

First and foremost, I deeply share the Commission's concern over lost securityholders. From the investor's point of view, we need common unclaimed property treatment to protect property dispersed among a litany of agents who could disappear. But when these rightful principles combine with self-custodial wallets, policies get a bit more nuanced.

I've expressed public opinions on this before and discussed implications extensively with the "investor community" (as in WhyDRS).[21] The challenge arose very quickly with this first issuer. They only identified their original investors by name and email, as shown in Ex. 17 supplement #1.

This is a common practice among early-stage companies, as I understand it. In examining the industry years back, I recall platforms which didn't even have a default field for physical address. Accordingly, this puts us in a pickle given the non-requirement of explicit personal information under the recordkeeping rules.

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[19] *See* our intentions to subsidize small-business growth, *available at* https://blocktransfer.com/.well-known/deck.pdf#page=12. If we can nurture early innovations, then I see us rejuvenating public markets, which works its way into pricing *infra* § XXII. Namely, surely staff understand that higher general industry margins come from larger issuers, but every company has to start somewhere.

[20] In general, as communicated across staff interactions, we have tapered desired growth up to now to get things right. This is just such a complicated mess to untangle and make work for the investor and issuer again, as shown in staff work, available at https://www.sec.gov/comments/sr-occ-2025-801/srocc2025801-598095-1737722.pdf#page=53. With some of these review items cleared up, I find it prudent to expand our services to small-cap firms, funding new development.

[21] *See, e.g.*, public statements about forcing holdings into custodial businesses akin to the problamaic clearing-member banks of NSCC, *avaliable at* https://x.com/JFWooten4/status/1907819464277602414. Generally, it ought be simple to ensure activity at scaler, but today this can be more challenging with a limited selection of Stellar-TAD issues. I built the stechnology around oversight of deep individual control, so that trades are free.

I've only examined the challenge at the Federal level, as I want a standardized system. Given the value of LAYLOR, I have not examined intimately South Carolina's escheatment laws. We made efforts in Ex. 16 supplement #2 which ascertained 63% of missing addresses.

Along these lines, I specifically priced their contract (Ex. 7) to exclusively cover anticipated searching costs. *See infra* § XVIII for difficulties and costs. Are physical addresses still relevant for a transfer agent which does not offer hard certificates?

B. Written Policies and Procedures

Ex. 16 traverses diverse outreach methods to ascertain addresses.[22] I attempted all communications with the Rule as my guideline.[23] I started a procedure document for others, but it does not have material information.[24]

XVIII. A list of all database search companies used to locate lost securityholders.

I've searched extensively for providers ssatisfing the statuory data requirements. But present operating tools proved these inviable options.[25] Notwithstanding, present search efforts without written contracts worked well.

XIX. A copy of the written contract with each database search company.

N/A

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[22] *See, e.g.*, Manually texting back and forth with the issuer to reach an investor listed on the initial capitalization table by first name only (no email or personal details). After attaining their phone number, I called to confirm their email address, but failed to ascertain a physical address (Ex. 16 supplement #1). *Compare* with automated efforts in an email campaign for issuer revocations (Ex. 16 supplement #2, documents #2–4).

[23] Especially the alternating requirement for a complete U.S.-address search. *See infra* § XVIII.

[24] The work from November last year scarcely comments on needs in notation form. I want to incorporate it into current open-sourcing efforts *supra* note 4. Clarity on staff interpretations of digital communications would help cement different policy ideas.

[25] *See, e.g.*, large minimum contract periods in both Ex. 18 supplements.

XX. List of all current or past civil litigation(s) within the prior two years. Access to litigation files.

N/A

XXI. Complaint file for the period of January 1, 2023 to April 30, 2025.

Similar to *supra* § VI, we have received no complaints durring the above period.

XXII. Schedule of fees (for full and partial services).

See public fee schedule detailing all existing charges, *avaliable at* https://blocktransfer.com/compliance/tad3/fees.[26]

XXIII. Copy of TA's fidelity bond.

While I appreciate that industry programs like FAST value this insurance, I see it as a relic of rubber stamps.[27] That, or the DTC's antiquated direct file-transfer interfaces for agents. We do not have a policy given the increased security of cryptographic transfers with elliptic curves.[28]

XXIV. Copy of contingency plan for maintenance of TA records and resumption of TA activities.

See Ex. 24, detailing the key recovery schema for such signing secrets, as customary for wallets.

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[26] *See also* past revision history, *avaliable at* https://github.com/blocktransfer/website/commits/main/compliance/tad3/fees.html. Generally, I am continually working out how to offer services at the slim margins of a responsible public utility. Our first deployments help gauge how much help larger issuers will need off chain.

[27] *See also* post detailing more on this thought process, *avaliable at* https://www.blocktransfer.com/blog/post/medallion-signature-guarantee-stamps ("One significant issue that quickly came to light was the startling frequency with which medallion stamps are lost or stolen").

[28] *See, e.g.*, key Syndicate identification represented through established through on-chain identifiers such as `GDRM...`, *avaliable at* https://blocktransfer.com/.well-known/stellar.toml.

XXV. Copies of bank statements and reconciliations for dividend/interest disbursement, paying agent activities; documentation related to the last dividend/interest disbursement.

N/A[29]

XXVI. Copy of written supervisory procedures and/or operations manual.

I am not familiar with the statute under which the Commission requires such a document. Notwithstanding, it is again my general intent to further document how a decentralized institution will grow with much control distributed to developers. *See also generally* https://wooten.link/nonprofit, proposing a "governing body of a... DRS system."

XXVII. Description of Registrant's Anti-Money Laundering policies and procedures including Office of Foreign Asset Control (OFAC) searches (www.treas.gov/ofac).

See https://blocktransfer.com/compliance/user/aml-policy. I have concerns about OFAC oversight of SEC-regulated agents given limited treatment documentation. I understand how this oversight regime might have made sense back in the days of bank transfer agents, but not today.

Especially given our use of decentralized exchange, I asked staff about this in a 23 Sep 2024 meeting. We have a unique capability to tightly regulate our own assets, but existing agent securities laws generally allow for indemnification back to the issuer. I don't think this is a strong framework to build a more accessible TA-DRS.

[29] We do have an old policy docuemnt, *avaliable at* https://blocktransfer.com/compliance/user/flow-of-funds. However, this has not been in use since the end of my search for banking partners in early 2024. I have described this intimately in other documents, so I will leave the relevant takeaway here: we are not processing fiat for accounts.