

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
vs.	§	
	§	
ARISEBANK,	§	Civil Action No. 3:18-cv-0186-M
JARED RICE SR., and	§	
STANLEY FORD,	§	
	§	
Defendants.	§	
	§	

**RECEIVER’S BRIEF IN SUPPORT OF ITS MOTION FOR AN EXPEDITED ORDER
COMPELLING DEFENDANT JARED RICE SR. TO APPEAR AND SHOW CAUSE
WHY HE SHOULD NOT BE HELD IN CONTEMPT FOR FAILING TO COMPLY
WITH THE COURT’S ORDER APPOINTING RECEIVER**

In support of its Motion for an order compelling Mr. Rice to appear and show cause, the Receiver states the following:

FACTUAL BACKGROUND

Cryptocurrency transactions are markedly different than traditional financial transactions. First, unlike bank transfers which can take hours or days to process and complete, cryptocurrency transactions typically occur within seconds. Second, while personal information is linked to bank accounts and wire transfers, cryptocurrency transactions can be anonymous and frequently carry no personal information. Third, cryptocurrency operates outside the traditional regulatory framework, under which bank accounts, funds, and related assets can be frozen or seized.

On January 25, 2018, the Court entered the Order appointing Mark Rasmussen as Receiver for Defendant AriseBank and its affiliates. As this Court is aware, at the time this case was filed,

AriseBank was conducting an Initial Coin Offering and had publicly announced that it had raised contributions valued at over \$600 million. Under the Order, the Receiver has the power and duty to “use reasonable efforts to determine the nature, location, and value of all property interests of the Receivership Entities, including, but not limited to, [] digital currencies, virtual currencies, [and] cryptocurrencies.” Order at 3. To allow the Receiver to perform these duties, the Order directs the Receivership Entities and their officers to “preserve and turn over to the Receiver forthwith all paper and electronic information” relating to the Receivership Entities or Property. *Id.* at 4. This information includes “account passwords, encryption passwords, computer passwords, device PINs and passwords, [and] cryptographic keys.” *Id.* In addition to providing information, the Order mandates that Receivership Entities “assist the Receiver in fulfilling the Receiver’s duties and obligations” and “respond promptly and truthfully to all requests for information and documents from the Receiver.” *Id.* at 6.

On Friday, January 26, 2018, Mr. Rice was served with the SEC’s Complaint, the Court’s Temporary Restraining Order, and the Court’s Order Appointing Receiver at a residence in Wills Point, Texas. The Receiver was present at the vacation home occupied by Mr. Rice and other AriseBank personnel. At that time, the Receiver collected several electronic devices and other materials used by Mr. Rice in connection with the operation of AriseBank, including an Apple MacBook Pro laptop computer as well as certain credentials (usernames and passwords) used by Mr. Rice in connection with certain AriseBank websites, bank accounts, and cryptocurrency wallets.¹

On that same day, the Receiver also interviewed Mr. Rice, inquiring among other things about the location and identity of all cryptocurrency accounts and wallets owned or controlled by

¹ See Declaration of Mark Rasmussen.

Mr. Rice in connection with the operation of AriseBank. Although Mr. Rice disclosed certain information during that interview, he did not disclose the existence of a cryptocurrency account at the online cryptocurrency exchange coinexchange.io (“CoinExchange”).²

On Saturday, January 27, 2018, during the Receiver’s examination of Mr. Rice’s laptop, the Receiver’s counsel identified an account at CoinExchange in the name of jared@arisebank.com. Counsel were able to do this because the browser history in this laptop—which Mr. Rice identified as belonging to him—contained cached credentials allowing access to the CoinExchange site for viewing purposes. According to the information available using the laptop, the jared@arisebank.com account contained 75,539 PIVX coins. PIVX is a cryptocurrency that can be traded for Bitcoins and other cryptocurrencies and, ultimately, for dollars.³ As of the time of the preparation of this Motion, the market aggregator coinmarketcap.com values PIVX as trading for \$5.50 per coin. At that exchange rate, the 75,539 PIVX in the AriseBank account at CoinExchange would be worth \$415,464.50.

After identifying the account, Receiver’s counsel asked Kroll to attempt to take possession of the amounts in the CoinExchange account by transferring them to a Receiver’s account. Kroll was unable to transfer the amount, however, because the cached credentials proved insufficient to allow a transfer. In fact, when Kroll attempted to log in to the account to make the transfer, the website responded that the cached password was invalid. According to Kroll, this could mean that the account owner *changed the password on Saturday, January 27th*. Late in the afternoon, Kroll attempted to reset the CoinExchange password to regain access, but was unable to do so because Mr. Rice’s computer stopped receiving email at jared@arisebank.com at around that time. Kroll

² *Id.*

³ *Id.*

thus could not receive the password-reset email. The reason for the email cutoff on Saturday, January 27th was a change in the mail-exchange setting for the “arisebank.com” internet name at AriseBank’s Dubai-based internet name server, which is under the control of Defendant Stanley Ford.⁴

Following this unsuccessful effort to take possession of the CoinExchange account, the Receiver employed a two-track approach. First, he made several efforts to reach Mr. Rice directly to ask him to provide access to the currency. Second, he sent an inquiry to CoinExchange seeking further information on the transactions in the account.

The efforts to reach Mr. Rice were not successful at first. At the interview on January 26, 2018, Mr. Rice had informed the Receiver that Mr. Rice intended to cooperate with the Receiver, and that Mr. Rice could be reached through his parents’ telephone number and address, which Mr. Rice provided. Beginning on Sunday, January 28, 2018, the Receiver placed several telephone calls to Mr. Rice’s parents’ telephone number as well as to a mobile telephone Mr. Rice had been known to use. The Receiver also sent direct messages to Mr. Rice on social-media platforms Facebook and Telegram. In addition, on Monday, January 29, 2018, the Receiver had a letter hand-delivered to Mr. Rice at his parents’ house.⁵ Mr. Rice finally returned the Receiver’s calls on Wednesday afternoon, January 31, 2018.⁶

As noted below, by the time Mr. Rice returned the Receiver’s calls, the Receiver had learned from CoinExchange that the PIVX had disappeared from the CoinExchange account.⁷ During this call and in a series of later calls with the Receiver, Mr. Rice denied taking the PIVX,

⁴ See Decl. of J. Andrew Valentine.

⁵ Ex. A to Decl. of Mark Rasmussen.

⁶ See Decl. of Mark Rasmussen.

⁷ Ex. B to Decl. of Mark Rasmussen.

but also provided confusing, contradictory, and misleading information about the CoinExchange account. Among other things, he asserted that the account did not belong to him. Then, he asserted that, if the account had belonged to him, he transferred ownership to Richard Smith, a broker involved in the purported deal to purchase an “FDIC-insured” bank. Finally, he claimed that many of his associates and friends at AriseBank and elsewhere had access to the account and that any of them could have withdrawn the money. At the end of the call, Mr. Rice said he would try to “find out” what had happened. In later calls with the Receiver, however, Mr. Rice claimed to have found out nothing about the PIVX withdrawal.⁸

The Receiver’s second approach was to seek information directly from CoinExchange about the transfer. Through separate emails dated January 31, 2018 and February 1, 2018, CoinExchange confirmed that the username on the account was “JaredRiceSr” and the email address was jared@arisebank.com. It also confirmed that the balance of the account was now zero. According to CoinExchange, the account had received two separate deposits of PIVX on January 22, 2018, for a total of 75,539 coins, but the entire balance had been withdrawn in a single transaction on Tuesday, January 30, 2018, at 10:47:24 p.m. CST (1-31-18, 4:47:24 UTC).⁹

In sum: (1) the jared@arisebank.com CoinExchange account received a total deposit of 75,539 PIVX coins on January 22, 2018; (2) the Receiver provided Mr. Rice with the Order Appointing Receiver on January 26, 2018; (3) the entirety of the CoinExchange account was withdrawn on January 30, 2018; and (4) Mr. Rice responded to the Receiver’s attempts at contact and denied knowledge of the account on January 31, 2018.

⁸ See Decl. of Mark Rasmussen.

⁹ Ex. B to Decl. of Mark Rasmussen.

ARGUMENT AND RELIEF REQUESTED

A. Mr. Rice's Denials of Responsibility for the CoinExchange Withdrawal Are Not Believable.

As noted above, Mr. Rice has denied responsibility for the CoinExchange withdrawal and has instead blamed numerous others, including Richard Smith, associates at AriseBank, and perhaps other friends or associates who purportedly had access credentials to the account. These denials are not believable.

- *First*, counsel was initially able to access the account *using Mr. Rice's personal laptop* and the cached credentials available in the browser history. This indicates that Mr. Rice had recently accessed the account using his computer in the days preceding the Receiver's appointment.
- *Second*, the account was opened in Mr. Rice's name—username "JaredRiceSr"—and with Mr. Rice's AriseBank email address, jared@arisebank.com.
- *Third*, the two deposits in Mr. Rice's CoinExchange account were very recent, occurring on January 22, 2018. It is extremely unlikely that Mr. Rice received those deposits but forgot about them or forgot about the account.
- *Fourth*, although Mr. Rice disclosed other information about his cryptocurrency holdings at the Receiver's initial interview, he failed to mention the CoinExchange account at all. The Receiver found out about the account only through investigation of Mr. Rice's computer the next day.
- *Fifth*, Mr. Rice did not return the Receiver's calls or messages until *after* the PIVX had been drained from the CoinExchange account.
- *Sixth*, Mr. Rice may have been specially motivated to conceal PIVX as opposed to other cryptocurrencies. The PIVX cryptocurrency is specifically designed to be untraceable and untrackable. Unlike Bitcoin, PIVX can be almost fully anonymous, making it impossible to track PIVX transfers on the blockchain from one address to the next.
- *Seventh*, Mr. Rice has made numerous other assertions that demonstrate lack of candor with the Receiver. Most prominently, despite Mr. Rice's public claims that the AriseBank ICO raised as much as \$600 million or more, Mr. Rice has been unable to account to the Receiver for these proceeds. At the initial interview, Mr. Rice claimed that he did not even know the precise amount of the proceeds—he claimed it "could be" as much as \$100 million—and that he, the CEO of AriseBank, had *no access* to the funds or the private keys. These assertions lack credibility.

B. Mr. Rice Should be Held in Contempt for Failing to Comply with the Court's Order.

This Court has the inherent authority to mandate compliance with its lawful orders by contempt. *Shillitani v. United States*, 384 U.S. 364, 370 (1966). An individual may be held in contempt when the individual “violates a definite and specific court order requiring him to perform or refrain from performing a particular act or acts with knowledge of that order.” *Whitfield v. Pennington*, 832 F.2d 909, 913 (5th Cir. 1987), *cert. denied*, 487 U.S. 1205 (1988) (internal citation omitted). The moving party has the burden of proving by clear and convincing evidence that: (1) the court order was effective; (2) the court order required specific conduct; and (3) the respondent failed to comply with the order. *Petroleos Mexicanos v. Crawford Enters., Inc.*, 826 F.2d 392, 401 (5th Cir. 1987).

The Receiver has met this burden here. First, the January 25, 2018 Order Appointing Receiver was in effect when served on Mr. Rice on January 26, 2018 and remains in effect. Second, the terms of the Order are unambiguous and prescribe specific conduct from AriseBank's officers and agents like Mr. Rice; these individuals must “preserve and turn over to the Receiver . . . electronic information . . . [including] account passwords, encryption passwords, computer passwords, device PINs and passwords, [and] cryptographic keys.” Order at 4. In addition, Mr. Rice is “required to assist the Receiver in fulfilling the Receiver's duties and obligations” and “must respond promptly and truthfully to all requests for information and documents from the Receiver.” *Id.* at 6. Third, Mr. Rice failed to comply with this requirement in two ways: (1) by concealing the CoinExchange account as an AriseBank asset; and (2) by emptying the CoinExchange account and failing to return the PIVX coin when notified. Importantly, the inquiry here is not whether Mr. Rice intended to violate the Order, but merely whether he complied with the Court's order. *See Jim Walter Res., Inc. v. Int'l Union, United Mine Workers of Am.*, 609 F.2d

165, 168 (5th Cir. 1980). Because intent and willfulness are not part of the inquiry, the Receiver need only show Mr. Rice did not act in accordance with the Order—a fact that cannot be disputed.

Because all three prongs have been satisfied, this Court should hold Mr. Rice in contempt.

C. The Fifth Amendment Does Not Relieve Mr. Rice of His Requirement to Comply with the Court’s Order.

Mr. Rice’s failure to comply with the Order cannot be justified by invoking the Fifth Amendment’s privilege against self-incrimination. First, under established Supreme Court precedent, the production of evidence is not protected if the act of production is non-testimonial. What is sought here—the return of 75,539 PIVX—is non-testimonial because returning assets rightfully belonging to the Receivership Estate does not “explicitly or implicitly . . . relate a factual assertion or disclose information” about the cryptocurrency itself. *See Doe v. United States*, 487 U.S. 201, 210 (1988). Indeed, because CoinExchange transactions are anonymous, returning the PIVX coin to the CoinExchange account does not reveal anything about how the coin was obtained, what it was used for, or even names of persons involved with the transaction. However, by failing to return the PIVX coin, by denying knowledge of the emptying of the CoinExchange account registered to jared@arisebank.com, and by failing to disclose the account’s very existence, Mr. Rice stands in violation of the Court’s Order.

Second, even if the Court found Mr. Rice’s production of this information to be testimonial, the “foregone conclusion” principle would act as an exception to the Fifth Amendment. This exception applies when the government is already aware of the existence, location, and nature of the evidence sought, and the government knows the defendant possesses the evidence. *Fisher v. United States*, 425 U.S. 391, 411 (1976). Here, by providing access to the CoinExchange account or securing the return of PIVX belonging to the Receivership Estate, Mr. Rice adds nothing to information already known by the SEC or the Receiver. Indeed, the Receiver

already knows that (1) Mr. Rice used CoinExchange; (2) the account was registered to jared@arisebank.com; (3) the account contained 75,539 PIVX coins; and (4) 75,539 PIVX was removed from the account on January 30, 2018. See *United States v. Apple Mac Pro Computer*, 851 F.3d 238, 248 (3d Cir. 2017) (finding that “any testimonial component of the production of decrypted devices added little or nothing to the information already obtained by the Government” where government executed a search warrant and knew type of content on encrypted devices).

Furthermore, Mr. Rice cannot use the Fifth Amendment here to shield him from producing evidence as to why he cannot comply with the Order. The Supreme Court in *United States v. Rylander* expressly held that a defendant in a contempt proceeding who asserts an inability to comply with an order “has a burden of production” to “come forward with evidence in support of” his claim. 460 U.S. 752, 757, 761 (1983). The Supreme Court went on to state that invoking the Fifth Amendment privilege “may be an adequate reason for the court’s not compelling [the defendant] to respond to cross-examination at the contempt hearing, but the claim of privilege is not a substitute for relevant evidence.” *Id.* at 761. Here, Mr. Rice has not provided the Receiver the access and information required under the Order. He must explain his failure to comply.

D. The Court Should Detain Mr. Rice Until the Receiver Can Verify Compliance with the Court’s Order.

Courts may fashion remedies as they see fit for instances of civil contempt, including incarceration, until the respondent complies with the order. *In re Dinnan*, 625 F.2d 1146, 1149 (5th Cir. 1980) (“A fixed term of imprisonment, with the proviso that the contemnor will be released if he complies with the court order, is a proper penalty for civil contempt . . .”). In a prior SEC receivership matter in the Fifth Circuit, the Court of Appeals found that incarceration was an appropriate sanction for a defendant’s refusal to return assets to the receivership estate. *In re Ramirez*, 605 F. App’x 361 (5th Cir. Mar. 30, 2015). In *Ramirez*, the receiver presented

evidence to the district court that the defendant received \$500,000 but never deposited that money into any of the bank accounts reviewed by the Receiver. *Id.* at 362. The district court issued a turnover order requiring the defendant to return the money, as well a show-cause order for failure to comply with the court's mandate. *Id.* When the defendant "declined to return the asset or reveal where it had gone," the district court held the defendant in contempt and in jail for 30 days. *Id.* The Fifth Circuit upheld the district court's actions.

The circumstances here strikingly resemble *Ramirez* and should accordingly dictate a similar outcome. First, like the defendant in *Ramirez* who never disclosed the missing \$500,000, Mr. Rice never told the SEC or the Receiver about the existence of a CoinExchange account containing sizeable funds belonging to the Receivership Estate. Second, Mr. Rice has refused to cooperate by either returning the asset or revealing its current location. Mr. Rice's denial of any knowledge of the account, the funds in the account, or access credentials is hardly believable, considering the registered name, the amount of PIVX stored, and the suspicious withdrawal on January 30th. For these reasons, the Court should follow the course laid out in *Ramirez* and impose a coercive sanction that physically restrains Mr. Rice until he complies with the Court's Order.

CONCLUSION

For the reasons set forth, the Receiver requests that this Motion be granted and that this Court order (1) Mr. Rice to return the PIVX removed from the CoinExchange account; and (2) Mr. Rice to show cause as to why he has not complied with the Order Appointing Receiver.

Dated: February 2, 2018

Respectfully submitted,

/s/ James Cox

James A. Cox

Texas Bar No. 04946560

jacox@jonesday.com

Richard J. Johnson

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JONES DAY

2727 North Harwood Street

Dallas, TX 75201

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COUNSEL FOR COURT-APPOINTED
RECEIVER

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on February 2, 2018, the foregoing document was submitted to the clerk of the Court for the U.S. District Court, Northern District of Texas, and served on counsel for the SEC through the electronic service system. A copy was served by email on counsel for Jared Rice.

/s/ James Cox

James A. Cox

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,	§	
	§	
Plaintiff,	§	
	§	
vs.	§	
	§	
ARISEBANK,	§	Civil Action No. 3:18-cv-0186-M
JARED RICE SR., and	§	
STANLEY FORD,	§	
	§	
Defendants.	§	
	§	

DECLARATION OF MARK RASMUSSEN, COURT-APPOINTED RECEIVER

1. I am an attorney and partner at the law firm of Jones Day and the Court-appointed Receiver for AriseBank and its affiliates in the above-captioned matter.

2. The information set forth in this Declaration is true and accurate and, except where noted, based on my personal knowledge.

3. In the early afternoon of Friday, January 26, 2018, the day after I was appointed as Receiver in this matter, I arrived at a vacation home in Wills Point, Texas that was occupied by Mr. Rice and other AriseBank personnel. When I arrived, I noted the presence of agents from the Federal Bureau of Investigation, who had already secured the premises and were in the process of executing a search warrant in connection with a potential criminal matter.

Representatives of the SEC were also present.

4. As Receiver, it was my duty at the vacation home to begin the process of collecting assets and information about AriseBank and its affiliates. Accordingly, at that time,

with the assistance of my forensic consultants from Kroll, I took possession of several electronic devices and other materials used by Mr. Rice in connection with the operation of AriseBank, including an Apple MacBook Pro laptop computer identified by Mr. Rice as his personal laptop used in connection with his work for AriseBank. I noted that the information on the laptop included certain credentials (usernames and passwords) used by Mr. Rice in connection with certain AriseBank websites, bank accounts, and cryptocurrency wallets.

5. On the same day, I also interviewed Mr. Rice, inquiring among other things about the location and identity of all cryptocurrency accounts and wallets owned or controlled by Mr. Rice in connection with the operation of AriseBank. Using the credentials on the laptop or provided by Mr. Rice that day, the Kroll consultants were able to transfer certain cryptocurrency in identified wallets and accounts to wallets that I established as Receiver. We did not transfer any funds from a cryptocurrency exchange at coinexchange.io (“CoinExchange”) that day because Mr. Rice never mentioned it or provided any credentials.

6. The next day, Saturday, January 27, 2018, I asked counsel at Jones Day to continue the examination of Mr. Rice’s laptop to try to identify additional assets of the Receivership estate. I was informed that an account in the name of jared@arisebank.com had been located at CoinExchange, containing 75,539 PIVX coins. I then asked the Kroll consultants to attempt to take possession of the amounts in the CoinExchange account by transferring them to a Receiver’s account. I was informed, however, that Kroll had been unable to transfer the amount because the cached credentials proved insufficient to allow a transfer.

7. Following this unsuccessful effort to take possession of the CoinExchange account, I followed a two-track approach. First, I made several efforts to reach Mr. Rice directly to ask him

to provide access to the currency. Second, I sent an email to CoinExchange seeking further information on the transactions in the account.

8. At first, my efforts to reach Mr. Rice were not successful. At the interview on January 26, 2018, Mr. Rice had told me that he intended to cooperate with my responsibilities as Receiver, and he also told me that that I could best reach him through his parents' telephone number and address, which Mr. Rice provided. Beginning on Sunday, January 28, 2018, I placed several telephone calls to Mr. Rice's parents' telephone number as well as to a mobile telephone I understood Mr. Rice had been known to use. I also directed counsel to send direct messages to Mr. Rice on social-media platforms including Facebook and Telegram. Finally, on Monday, January 29, 2018, I had a letter hand-delivered to Mr. Rice at his parents' house. A true and correct copy of that letter is attached hereto as Exhibit A.

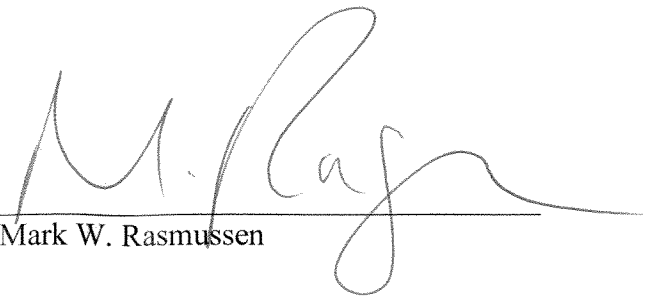
9. All of these efforts were unsuccessful until Wednesday, January 31, 2018, when Mr. Rice finally returned my calls. By the time Mr. Rice returned my calls, however, I had already learned from CoinExchange, as I describe below, that the PIVX had disappeared from the CoinExchange account. In that first call with Mr. Rice, and in a series of later calls, Mr. Rice repeatedly denied taking the PIVX, but he also provided confusing, contradictory, and misleading information about the CoinExchange account. Among other things, he asserted that the account did not belong to him. He asserted that, if the account had belonged to him, he transferred ownership to Richard Smith, a broker involved in the purported deal to purchase an "FDIC-insured" bank. Finally, he claimed that many of his associates and friends at AriseBank and elsewhere had access to the account and any of them could have withdrawn the money. At the end of the call, Mr. Rice did say he would to try to "find out" what had happened, but he has never provided me with any further information as to what happened to the PIVX in the account.

10. My second approach was to seek information directly from CoinExchange about the transfer. Through separate emails dated January 31, 2018 and February 1, 2018, CoinExchange confirmed that the username on the account was “JaredRiceSr” and the email address was jared@arisebank.com. A true and correct copy of those emails is attached hereto as Exhibit B. CoinExchange also confirmed that the balance of the account was now zero. According to CoinExchange, the account had received two separate deposits of PIVX on January 22, 2018, for a total of 75,539 coins, but the entire balance had been withdrawn in a single transaction on Tuesday, January 30, 2018, at 10:47:24 p.m. CST (1-31-18, 4:47:24 UTC). Ex. B.

11. In the course of several conversations, Mr. Rice has made additional claims to me that, in my view, demonstrate an overall lack of candor. Most prominent is what he said when I asked him in the initial interview about his public claim that the AriseBank ICO raised as much as \$600 million or more. He told me that he did not know how much was actually collected, although he seemed to suggest it could be as much as \$100 million. More strikingly, he asserted that he had no access to the funds or the private keys controlling them.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: February 2, 2018
Dallas, Texas



Mark W. Rasmussen

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on February 2, 2018, the foregoing document was submitted to the clerk of the Court for the U.S. District Court, Northern District of Texas, and served on counsel for the SEC through the electronic service system. A copy was served by email on counsel for Jared Rice.

/s/ James Cox

James A. Cox

EXHIBIT A

JONES DAY

2727 NORTH HARWOOD STREET • DALLAS, TEXAS 75201.1515
TELEPHONE: +1 214.220.3939 • FACSIMILE: +1 214.969.5100

(214) 969-4892
MRASMUSSEN@JONESDAY.COM

January 29, 2018

Via Hand Delivery

Jared Rice Sr.
C/o Michael and Trudye Rice
8342 Bocowood Dr.
Dallas, TX 75228

Re: Coinexchange.io Account

Dear Mr. Rice:

We have identified an AriseBank-related account at the coinexchange.io cryptocurrency exchange in the name of jared@arisebank.com, which contains over 75,000 in PIVX coin. This account, like other assets the receivership has already collected, is part of the receivership estate and we intend to take possession of it. The passwords and access information you provided to us on January 26, 2018, however, were not sufficient to grant us access. Therefore, pursuant to the Receivership Order, including but not limited to paragraphs 8, 12, 13, 14, and 15 of the Order, we request your immediate cooperation in securing and transferring these assets to a Receivership account. We also request your immediate cooperation in identifying all additional cryptocurrency accounts and wallets associated with AriseBank and AriseCoin that contain any assets that have not already been transferred to Receivership accounts.

It is urgent that I speak with you. I have already tried to contact you by phone, Facebook and email. Please get in touch with me immediately to discuss this matter.

Very truly yours,


Mark W. Rasmussen

Enclosures

EXHIBIT B

From: CoinExchange.io ethought <ethought@coinexchange.io>

Date: Thursday, Feb 01, 2018, 6:35 AM
Case 3:18-cv-00186-M Document 26-1 Filed 02/02/18 Page 10 of 12 PageID 775

To: Rasmussen, Mark W. <mrasmussen@jonesday.com>

Subject: Re: AriseBank account with Coinexchange.io

Hi -

Here are the two deposits (time is UTC time):

4022146 PIVX 70000.00000000 DE7ZtXmMqPWjHmX49ccmc3RmF7dA9SWn5F fb742687b53bcab8dbb8237

4021826 PIVX 5539.00000000 DE7ZtXmMqPWjHmX49ccmc3RmF7dA9SWn5F 54afed421015e7733fbefc9d

And the one withdrawal:

PIVX DGdr9sfwndzn24PTXmnChezGoXjtFFrmpy 75539.00000000 0.20000000 75538.8000
d4d88bee767e22063e7eb58d3eef6bd6fc2a61db336c79e5a2a71ee4a39bb6db

I hope that helps.

Regards

ethought

On Thu, Feb 1, 2018 at 6:47 AM, Rasmussen, Mark W. <mrasmussen@jonesday.com> wrote:

Thank you. Can you provide additional details about the value and timing of the deposits and withdrawal? What day and time were the deposits made? How much was made each time? What kind of currency was deposited? What day and time was the withdrawal? To which address were the withdrawn funds sent? Feel free to call me if you have further questions.

Mark W. Rasmussen
JONES DAY® - One Firm WorldwideSM
2727 North Harwood Street | Dallas, TX 75201
Office 214.969.4892 | Fax 214.969.5100

From: CoinExchange.io ethought [mailto:ethought@coinexchange.io]
Sent: Wednesday, January 31, 2018 2:14 PM
To: Rasmussen, Mark W. <mras mussen@jonesday.com>
Subject: AriseBank account with Coinexchange.io

Hi -

I have immediately looked into any accounts containing AriseBank in the email address.

There was only one I could find.

username: JaredRiceSr

email: jared@arisebank.com

balance: 0

There were two deposits and subsequently 1 withdrawal for the full balance around 16 hours ago.

Let me know if you need any further details.

Regards

ethought

Reference Email:

Dear Madam or Sir,

Attached please find an order entered by the United States District Court for the Northern District of Texas on January 25, 2018, freezing the assets of defendants AriseBank, Jared Rice Sr., and Stanley Ford, and a separate order appointing a receiver with respect to the assets of AriseBank and its affiliates. As the court-appointed receiver, I have reason to believe that there are one or more accounts relating to AriseBank, including but not limited to an account in the name of jared@arisebank.com, that contain cryptocurrency or other assets that are now part of the receivership estate. Therefore, I ask your cooperation and compliance with the orders in (1) immediately freezing activity in such accounts; (2) providing information to me identifying all such accounts; and (3) cooperating with the transfer of all assets in such accounts to the receivership.

Please get in touch with me right away to discuss these matters. Thank you for your cooperation.

Sincerely,

Mark

Mark W. Rasmussen
JONES DAY® - One Firm WorldwideSM
2727 North Harwood Street | Dallas, TX 75201
Office 214.969.4892 | Fax 214.969.5100

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**ARISEBANK,
JARED RICE SR., and
STANLEY FORD,**

Defendants.

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Civil Action No. 3:18-cv-0186-M

DECLARATION OF J. ANDREW VALENTINE

1. I am Associate Managing Director of Cyber Security and Investigations for Kroll, the appointed forensic consultants to the Receiver in this matter. At Kroll, I work in the field of digital forensics and cybersecurity. I have many years of experience in managing forensic and data breach investigations in the United States and internationally, including collaboration with multijurisdictional law enforcement agencies. I have authored or co-authored numerous articles and books on the subjects of data breach, digital forensics, and computer crime. Prior to joining Kroll, I was Managing Principal/Team Lead within the Forensics and Incident Response Team within Verizon/Cybertrust Inc. I started my career as a Cyber Security Analyst with the Florida Department of Law Enforcement's Computer Crime Center.

2. The statements in this Declaration are true and correct and, except where noted, within my personal knowledge.

3. On Friday, January 26, 2018, I was present at a vacation home in Wills Point, Texas occupied by Mr. Rice and other AriseBank personnel. When I arrived, the Federal Bureau of Investigation was in the process of conducting a search. My duties as consultant to the Receiver were to assist in collecting assets and information about AriseBank and its affiliates.

4. On that day, we were able to take possession of several electronic devices and other materials used by Mr. Rice in connection with the operation of AriseBank, including an Apple MacBook Pro laptop computer. The laptop included certain credentials (usernames and passwords) used by Mr. Rice in connection with certain AriseBank websites, bank accounts, and cryptocurrency wallets. Using the credentials on the laptop or provided by Mr. Rice that day, we were able to transfer certain cryptocurrency in identified wallets and accounts to wallets that had been established for the Receiver. I did not know about or transfer funds that day, however, from any accounts at coinexchange.io ("CoinExchange").

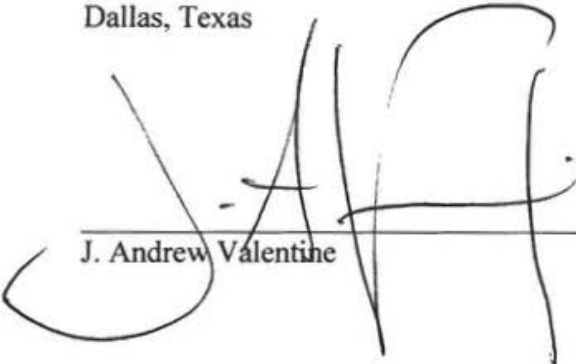
5. The next day, Saturday, January 27, 2018, I was informed that counsel at Jones Day were able to use the laptop to access an account in the name of jared@arisebank.com (username: JaredRiceSr) at CoinExchange containing 75,539 PIVX coins. I then attempted to take possession of the amounts in the CoinExchange account by transferring them to a Receiver's account. We were unable to do so, however, because we did not have the password for the account and the cached credentials proved insufficient to allow a transfer. Around that time (approximately 5:30 pm Central time), the laptop's ability to access the CoinExchange site at all was cut off. Cached credentials which were used to access the account earlier that day ceased working around 5:30 pm Central time. This could be the result of a password change unknown to Jones Day.

6. We attempted to reset the CoinExchange password, but we were unable to accomplish this task because the laptop did not receive any password-reset emails from the site. About 5:30 p.m. that day, we noticed that the laptop had stopped receiving any new emails directed to the address, jared@arisebank.com. I later discovered the reason for this email cutoff: someone with access to aeserver.com, the Dubai-based Domain Name System provider for arisebank.com, changed the email exchange provider for all addresses at arisebank.com from Google to another provider.

7. I declare under penalty of perjury that the foregoing is true and correct.

Dated: February 2, 2018

Dallas, Texas



J. Andrew Valentine