Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.texas.gov

IN THE MATTER OF TEXITCOIN, MINETXC, BLOCKCHAIN MINT, AND ROBERT J. GRAY	§ § §	**Order No. ENF-26-CDO-1893**

EXPERT REPORT OF

ANDREW SOTAK, CPA

JULY 8, 2026

Table of Contents

I. Expert Disclosures 1

Nature of Assignment 1

Qualifications 1

Documents and Materials Considered 2

Disclosures and Compensation 2

Standards Governing My Work 2

II. Relevant Factual Background 3

A. Definitions 3

B. TEXITcoin Mining Mechanics 7

III. Opinions and Analysis 10

Opinion 1: TXC has the characteristics of a digital commodity. 10

Opinion 2: Mining Packages purchasers joined a mining pool. 14

Opinion 3: MineTXC performed the functions of a mining pool operator. 15

Opinion 4: Customers with sufficient hash rate were able to take physical possession of mining rigs instead of having MineTXC operate the mining rigs on their behalf, and in most cases chose not to take physical possession of the mining rigs. 17

Opinion 5: Respondents operated as advertised in several key operational areas. 18

Opinion 6: Based on U.S. Generally Accepted Accounting Principles, the Mining Packages offered by MineTXC would be classified as contracts with customers under ASC 606, *Revenue from Contracts with Customers*, rather than as Equity Securities under ASC 321 or Debt Securities under ASC 320. . 21

IV. Signature and Right to Modify 24

I. Expert Disclosures

Nature of Assignment

1. I have been retained by Quinn Emanuel Urquhart & Sullivan, LLP ("Counsel"), counsel for TEXITcoin, MineTXC, Blockchain Mint and Robert J. Gray (collectively, "Respondents"), in the matter of TEXITcoin, MineTXC, Blockchain Mint, and Robert J. Gray, Order No. ENF-26-CDO-1893 ("Order 1893") issued by the Texas State Securities Board ("TSSB"). I have been asked to prepare this expert report and provide expert testimony on issues related to crypto assets and crypto asset transactions.

2. Specifically, I have been asked to evaluate and provide my professional opinion on the following topics: (1) whether the cryptocurrency TXC has the characteristics of a digital commodity; (2) whether the Mining Packages operated as mining pools; (3) whether MineTXC performed the functions of a mining pool operator; (4) whether customers were able to take possession of mining rigs; (5) whether Respondents operated as advertised; and (6) whether Mining Packages offered by MineTXC would be classified as contracts with customers under ASC 606.

Qualifications

3. I am a Senior Managing Director at Ankura Consulting Group, LLC ("Ankura") specializing in forensic accounting, digital asset investigations, and blockchain analysis. I have more than 13 years of experience in forensic accounting, litigation consulting, and advisory services.

4. I am a Certified Public Accountant and a Certified Fraud Examiner, and I hold the crypto-specific certifications of Cryptocurrency Tracing Certified Examiner and Certified Cryptocurrency Forensic Investigator. I also hold an Economics of Blockchain and Digital Assets Certificate from the Wharton School.

5. I lead Ankura's Cryptocurrency Working Group and have extensive experience in investigating matters involving digital assets, blockchains, and cryptocurrencies, including matters where I was retained by the U.S. Department of Justice ("DOJ"), U.S. Securities and Exchange Commission ("SEC"), and a court-appointed Receiver in a matter brought by the U.S. Commodity Futures Trading Commission ("CFTC"). My work includes investigations involving centralized and decentralized cryptocurrency exchanges, blockchain networks, and blockchain protocols and platforms. I have performed detailed tracing analyses leading to the recovery of millions of USD in digital assets across multiple blockchains, DeFi smart contracts, and cryptocurrency exchanges.

6. A copy of my curriculum vitae is attached as ***Exhibit 1*** to this report.

7. Based on my knowledge, skills, experience, training, and education, I am qualified to provide expert opinions on the topics presented in this report.

Documents and Materials Considered

8. I, and Ankura staff members working under my direct supervision, considered the documents, public blockchain records and information, and other materials set forth in ***Exhibit 2*** to this report. The opinions and conclusions in this report are based on a review of the documents, blockchain records, and other materials I considered, as well as my knowledge, training, and experience.[1]

9. My opinions are based on information available to me as of the date of this report. It is possible that additional information may affect my opinions herein. I reserve the right, in the event further information becomes available, to modify or supplement my analysis and opinions.

Disclosures and Compensation

10. I understand that experts must make certain disclosures in accordance with 1 Tex. Admin. Code § 155.255(a)(5).

11. My business address is 485 Lexington Avenue, 10th Floor, New York, NY 10017. My business phone number is (646) 291-8587.

12. Ankura bills fees and expenses in this matter based on hourly rates and expenses incurred. Ankura is being compensated for my time at my typical rate of $1,150 per hour and for the time of other staff members assisting on this engagement at their typical hourly rates ranging from $450 to $775. No portion of this compensation is dependent on my opinions or testimony, or on the outcome of this matter.

Standards Governing My Work

13. I performed this engagement in accordance with the AICPA Statement on Standards for Forensic Services No. 1[2] and the AICPA Code of Professional Conduct.[3]

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[1] No restrictions were placed on the documents I was able to review and consider.
[2] AICPA Statement on Standards for Forensic Services No. 1 is also referred to in codified form as Forensic Services § 100 or FS § 100.
[3] As required by the AICPA Code of Professional Conduct under Section 0.300.050.01, "[a] member should maintain objectivity and be free of conflicts of interest in discharging professional responsibilities." Section

14. This report does not opine on, and should not be construed as expressing opinions on, matters of law. I am not a lawyer, and matters of law are outside of my expertise.

II. Relevant Factual Background

A. Definitions

15. **Blockchain**: A blockchain is a digital ledger of transactions.[4] Proof-of-work ("PoW") is a consensus mechanism used on many blockchains, including the Bitcoin blockchain, to validate "blocks" of transactions and create new blocks.[5] A block may be validated and added to the blockchain by network participants who solve a cryptographic puzzle.[6] A "Layer-1" blockchain refers to a primary blockchain network that processes and finalizes transactions on its own main chain, without relying on another blockchain.[7] A "Layer-2" blockchain allows developers to build applications on top of a separate blockchain.[8]

16. **Cryptocurrency Address**: A cryptocurrency address is an alphanumeric string from and to which cryptocurrencies can be sent, like a checking account. An address functions similar to an account number on a blockchain and may only be controlled by using a secret private key; only the person who knows or holds that private key can access or move the assets at that address. The address can be shared with other users of that blockchain, like an email address.[9]

17. **Proof-of-Work Mining**: Cryptocurrency PoW mining involves operating specialized computer hardware to add blocks to the blockchain.[10] Mining participants, known as "miners," contribute computational resources to a PoW blockchain network in order to validate and record transactions

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0.300.050.02 of the AICPA Code of Professional Conduct goes on to state that "[t]he principle of objectivity imposes the obligation to be impartial, intellectually honest, and free of conflicts of interest."

[4] CoinMarketCap, "Blockchain," *Glossary*, https://coinmarketcap.com/academy/glossary/blockchain (last visited July 6, 2026).

[5] CoinMarketCap, "Proof-of-Work (PoW)," *Glossary*, https://coinmarketcap.com/academy/glossary/proof-of-work-pow (last visited July 6, 2026).

[6] CoinMarketCap, "Block," *Glossary*, https://coinmarketcap.com/academy/glossary/block (last visited July 6, 2026).

[7] CoinMarketCap, "Layer-1," *Glossary*, https://coinmarketcap.com/academy/glossary/layer-1-blockchain (last visited July 6, 2026).

[8] CoinMarketCap, "Layer-2," *Glossary*, https://coinmarketcap.com/academy/glossary/layer-2 (last visited July 6, 2026).

[9] River, "Address," *Glossary*, https://river.com/learn/terms/a/address-bitcoin (last visited July 6, 2026).

[10] CoinMarketCap, "Proof-of-Work (PoW)," *Glossary*, https://coinmarketcap.com/academy/glossary/proof-of-work-pow (last visited July 6, 2026).

in new blocks that are added to the network's ledger.[11] When a new block is added, block subsidies (defined below) are released to miners in return for providing validation and recording services.[12]

18. **Mining Rig**: A mining rig is physical computer hardware that is specially designed for mining crypto assets on a PoW blockchain.[13] The mining rigs used by the Respondents are specialized hardware known as Application-Specific Integrated Circuits ("ASICs").[14]

19. **Hash Power**: Hash power is the computational power of a mining rig.[15] Often described as a "rate," it is the number of cryptographic hash values a mining rig can calculate in a given time period, usually denominated as hashes per second.[16] Put simply, it is the speed at which a cryptocurrency mining device performs hashing computations.[17]

20. **Block Subsidy**: A block subsidy is a newly created, or minted, amount of a crypto asset generated in a new block in the blockchain and is delivered to the miners responsible for creating that new block.[18]

21. **Transaction Fees**: Blockchain networks typically charge a processing fee for each transaction. Transaction fees are paid by the initiator of a transaction, generally using the blockchain's native crypto asset, to the miner who confirms the transaction on the blockchain by adding a new block. Transaction fees vary based on the number of transactions pending confirmation on the blockchain at a given time, and users may be given the option to pay a higher transaction fee in order to have their transaction confirmed more quickly.[19]

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[11] River, "Mining," *Glossary*, https://river.com/learn/terms/m/mining (last visited July 6, 2026).
[12] CoinMarketCap, "Block Reward," *Glossary*, https://coinmarketcap.com/academy/glossary/block-reward (last visited July 6, 2026).
[13] CoinMarketCap, "Mining Rig," *Glossary*, https://coinmarketcap.com/academy/glossary/mining-rig (last visited July 6, 2026).
[14] CoinMarketCap, "ASIC," *Glossary*, https://coinmarketcap.com/academy/glossary/asic (last visited July 6, 2026).
[15] CoinMarketCap, "Hash Power / Hash Rate," *Glossary*, https://coinmarketcap.com/academy/glossary/hash-power-hash-rate (last visited July 6, 2026).
[16] National Institute of Standards and Technology, "Hash rate", *Computer Security Resource Center Glossary*, https://csrc.nist.gov/glossary/term/hash_rate (last visited June 8, 2026).
[17] CoinMarketCap, "Hash Power / Hash Rate," *Glossary*, https://coinmarketcap.com/academy/glossary/hash-power-hash-rate (last visited July 6, 2026).
[18] River, "Block Subsidy," *Glossary*, https://river.com/learn/terms/b/block-subsidy (last visited July 6, 2026).
[19] CoinMarketCap, "Transaction Fee," *Glossary*, https://coinmarketcap.com/academy/glossary/transaction-fee (last visited July 6, 2026).

22. **Block Reward**: A block reward is the number of coins a miner earns for successfully producing a new block. It is the sum of the newly minted block subsidy and the transaction fees from the transactions included in that block. It is what miners earn for the mining work performed.[20]

23. **Mining Pool**: Mining rigs are frequently combined into a "pool" in order to increase the collective computing power and/or to share costs associated with mining. Although computational resources are pooled, each miner in the pool performs mining work by contributing their own computational resources to the pool. Mining pools can be physical (where mining rigs are operated from one or more common locations), digital, or a combination. Mining pool participants typically agree in advance how they will share both the costs of mining and operation, and the block rewards earned by the pool's participants.[21]

24. **Pool Operator**: Mining pools are run by a pool operator. A pool operator typically performs administrative and coordinating functions, such as coordinating miners' computational resources, monitoring and maintaining the pool's mining hardware rigs and associated software, paying common costs such as electricity, overseeing security, and facilitating rewards to miners' designated wallets.[22]

25. **TEXITcoin Blockchain**: TEXITcoin is a Layer-1 blockchain that uses a PoW consensus mechanism,[23] similar to the Bitcoin or Litecoin blockchains. The TEXITcoin blockchain is widely accessible to the public and anyone can broadcast transactions on the TEXITcoin blockchain with a TEXITcoin address as long as they hold TXC in the address to pay transaction fees. [24]

26. **TXC**: The native cryptocurrency asset (or "token") of the TEXITcoin blockchain is TXC. TXC is used on the TEXITcoin blockchain as a reward for miners for creating new blocks and to pay transaction fees required to execute transactions on the TEXITcoin blockchain.[25] TXC may be

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[20] CoinMarketCap, "Block Reward," *Glossary*, https://coinmarketcap.com/academy/glossary/block-reward (last visited July 6, 2026).
[21] CoinMarketCap, "Mining Pool," *Glossary*, https://coinmarketcap.com/academy/glossary/mining-pool (last visited July 6, 2026).
[22] SEC, "Statement on Certain Proof-of-Work Mining Activities," *U.S. Securities and Exchange Commission*, https://www.sec.gov/newsroom/speeches-statements/statement-certain-proof-work-mining-activities-032025 (last visited July 6, 2026).
[23] TEXITcoin, "Home," https://texitcoin.org (last visited June 8, 2026).
[24] TEXITcoin, "Ecosystem," https://texitcoin.org/#ecosystem (last visited June 8, 2026).
[25] *TEXITcoin Whitepaper: A Peer-to-Peer Layer 1 Currency for an Independent Texas*, https://texitcoin.org/whitepaper.

obtained in three principal ways: (1) directly from a current holder of TXC; (2) through purchase on a third-party exchange; or (3) by mining TXC through purchase of a Mining Package.

27. **Mining Package**: A Mining Package was a one-time purchase from MineTXC of a fixed amount of hash power that is deployed to mine TXC on the TEXITcoin blockchain. In exchange for an upfront purchase or commission, the holder is entitled to a daily pro rata allocation of the TXC mined by the mining pool.[26] The pro rata allocation is calculated based on the purchaser's proportional allocation of the pool's total hash power, and is delivered directly into the holder's own cryptocurrency address.[27] MineTXC operated mining rigs on behalf of the Mining Package holders or, if sufficient hash power was acquired, the holders could opt to run mining rigs provided by MineTXC on their own. Entitlement to TXC mining rewards was proportional to the amount of hash power acquired, independent of whether a miner elected to operate their own mining rig.

28. **MineTXC**: MineTXC is the exclusive mining partner of TEXITcoin.[28] MineTXC offered Mining Packages and operated mining rigs on behalf of holders. I understand that, until the issuance of the instant Emergency Cease and Desist Order, MineTXC offered "Mining Packages" for purchase to prospective customers.[29]

29. **Blockchain Mint**: Blockchain Mint manufactures and distributes cold-storage coins for TEXITcoin and MineTXC.[30] Blockchain Mint also is the provider of the wallet software made available to TEXITcoin users to conduct transactions on the TEXITcoin blockchain and view TXC balances on addresses.[31] It is my understanding that Blockchain Mint also ran back-office operations for MineTXC.

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[26] Texas State Securities Board, *Emergency Cease and Desist Order*, In the Matter of TEXITcoin, MineTXC, Blockchain Mint, and Robert J. Gray, Order No. ENF-26-CDO-1893 (February 11, 2026) p.2.
[27] MineTXC, "How to Calculate your Daily Reward," https://help.minetxc.com/how-to-calculate-your-daily-reward/ (last visited July 6, 2026).
[28] Texas State Securities Board, *Emergency Cease and Desist Order*, In the Matter of TEXITcoin, MineTXC, Blockchain Mint, and Robert J. Gray, Order No. ENF-26-CDO-1893 (February 11, 2026) p.1.
[29] Texas State Securities Board, *Emergency Cease and Desist Order*, In the Matter of TEXITcoin, MineTXC, Blockchain Mint, and Robert J. Gray, Order No. ENF-26-CDO-1893 (February 11, 2026) pp.2-3.
[30] Blockchain Mint, "TEXITcoin Cold Storage Wallet," https://blockchainmint.com/product/texitcoin-cold-storage-wallet (last visited July 6, 2026).
[31] MineTXC, "How to Use the Blockchain Mint App," https://help.minetxc.com/how-to-use-the-blockchain-mint-app (last visited July 6, 2026).

B. TEXITcoin Mining Mechanics

30. This section describes how new TXC is mined, how it is earned, and how a participant could acquire the ability to earn TXC by purchasing a Mining Package or earning hash power through commissions or rewards.

31. As described above, miners contribute computational resources to validate transactions in a block and add that block to the network's shared ledger. In return for performing that work, the miner receives a reward consisting of their pro-rata allocation of newly created TXC (the block subsidy), together with the fees attached to the transactions included in the block (together, the block reward).

32. Blockchain networks may be open and widely accessible to join or use or may be closed to a defined set of users. The TEXITcoin blockchain is widely accessible to the public, and anyone can broadcast a transaction to the network with a TEXITcoin address holding TXC to cover transaction fees.

33. TEXITcoin's accessibility is comparable to other blockchains that are considered permissionless despite practical barriers to entry. For example, Bitcoin is widely considered a permissionless network, but an individual cannot profitably mine Bitcoin without expensive, specialized hardware operated at scale, and an individual miner must combine computing power with others by joining a mining pool to have a realistic prospect of earning rewards. Ethereum, likewise a widely used network commonly considered to be permissionless, requires a participant to commit 32 ETH, or roughly ~$56,000 at current prices, to validate transactions directly.[32]

34. Participation in TXC mining was widely accessible through the Mining Packages. Rather than sourcing, operating, and maintaining mining hardware, a participant could take part in the network's mining by acquiring a defined amount of hash power from MineTXC. In exchange for a one-time payment, the purchaser became entitled to a daily allocation of the TXC mined by the pool, sized to the purchaser's proportional allocation of MineTXC's total allocated hash power and delivered each day into the purchaser's own digital cryptocurrency address.[33] Mining Package holders could also obtain additional hash power through rewards or commissions offered by

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[32] Ethereum, "What is Staking?" https://ethereum.org/staking (last visited July 6, 2026).
[33] MineTXC, "How to Calculate your Daily Reward," https://help.minetxc.com/how-to-calculate-your-daily-reward (last visited July 6, 2026).

MineTXC. MineTXC offered Mining Packages at various levels of hash power, summarized in the table below.

35. Each Mining Package provided the holder with a different amount of hash power that the holder contributed to the network. The hash power offerings of these packages included 100 mega hashes/second ("MH/s") for $995, 300 MH/s for $2,985, or 900 MH/s for $8,955.[34] Holders of the Mining Packages could acquire any combination of these packages, meaning a single initial purchase of ~$3,980 would contribute 400 MH/s to the network. The table below summarizes the full distribution of individual Mining Package allocations of hash power.[35]

Approx. Mining Package Value	# of Hash Allocations	% of Total	Cum. % of Total
$1,000	48,188	67.8%	67.8%
$2,000	4,698	6.6%	74.4%
$3,000	9,829	13.8%	88.2%
$4,000	638	0.9%	89.1%
$5,000	2,192	3.1%	92.2%
$6,000	461	0.6%	92.9%
$7,000	70	0.1%	93.0%
$8,000	425	0.6%	93.6%
$9,000	4,577	6.4%	100.0%
Total	**71,078**	**100.0%**	**100.0%**

36. It is my understanding that a participant who acquired a sufficient amount of hash power could elect to receive a physical mining rig and operate it at home, contributing that hardware's hash power to the network directly.

37. In some cases, buyers of the Mining Packages were offered promotions (*e.g.*, buy-one, get-one).[36] The purchase price for these promotions was often the next closest round dollar amount. As an example, a buyer may have purchased 200 MH/s under a buy-one, get-one free promotion for $1,000 instead of 100 MH/s for $995. Additionally, certain participants were eligible for

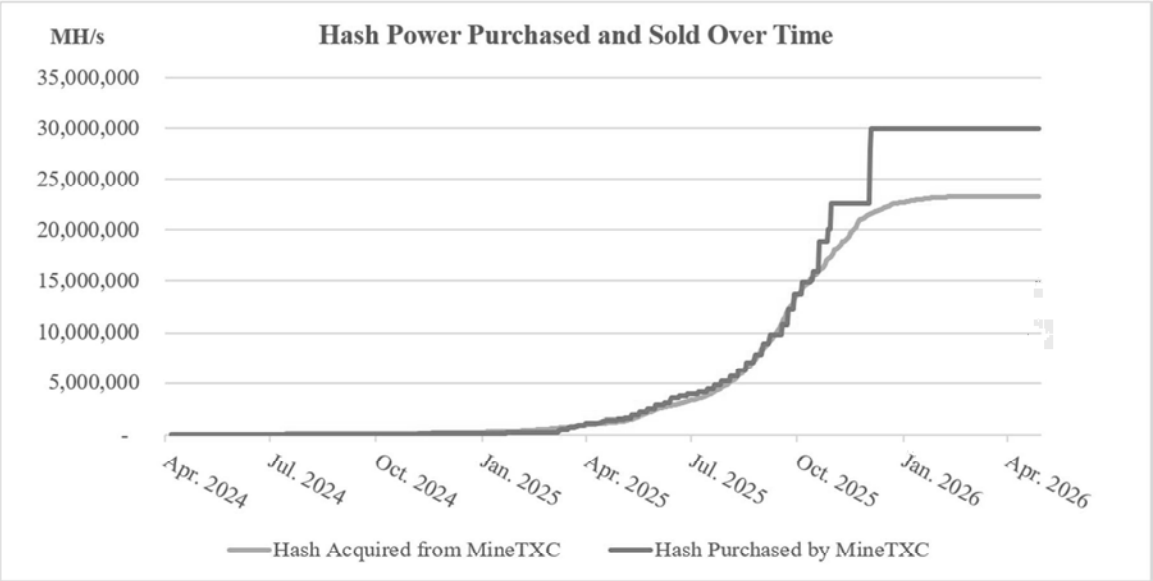
[34] Texas State Securities Board, *Emergency Cease and Desist Order*, In the Matter of TEXITcoin, MineTXC, Blockchain Mint, and Robert J. Gray, Order No. ENF-26-CDO-1893 (February 11, 2026); In some cases, buyers purchased these mining packages for the closest round dollar figure (*i.e.*, an individual may have bought 100 MH/s for $1,000 instead of $995).
[35] Detailed Sales Info for AS.xlsx.
[36] MineTXC, "Rapid Rewards," https://help.minetxc.com/rapid-rewards (last visited July 6, 2026).

commissions based on other individuals they referred to participate in the mining pool.[37] It is my understanding that these individuals could opt to receive these commissions in the form of hash power allocated to their MineTXC account. As such, participants in the mining pool acquired hash power either by purchasing the hash power directly from MineTXC or by receiving an allocation of hash power from commissions and other promotions.

38. Once the user had purchased a Mining Package or acquired hash power through promotions or commissions, that user (now a "miner") was entitled to their daily pro-rata allocation of TXC block rewards earned from the mining pool, based on their allocation of total network hash power acquired by users. As an example, if a user purchased a package for 100 MH/s, and the total network hash power acquired by all users was 1,000 MH/s, then the user would be entitled to 10% of the block rewards earned on a given day through mining activities on the TEXITcoin blockchain. Block rewards were distributed to miners in the pool daily primarily from one of three addresses that generated blocks and collected block rewards over time.

39. As hash power was acquired by participants in the mining pool, MineTXC acquired additional mining rigs, increasing the total potential hash power for the pool. The table below presents the hash power acquired by participants over time (based on internal MineTXC sales data) and the hash power acquired by MineTXC based on their order data for mining rigs.[38]

[37] MineTXC, "Understanding Commission Potential," https://help.minetxc.com/understanding-commission-potential (last visited July 6, 2026).
[38] Detailed Sales Info for AS.xlsx; 14750-00001_L0007_00000001 - mining rigs purchased.xlsx.



40. MineTXC, as a pool operator, primarily utilized Bitmain L9 mining rigs, which account for over 95% of their current total potential hash power.[39] The chart below shows the mining rigs purchased historically by MineTXC along with the total potential hash rate advertised for those mining rigs.[40]

Mining Rig	Avg. Hash Rate of One Mining Rig (GH/s)	Qty. of Miners	Total Potential Hash Power (GH/s)
Bitmain L9	16.5	1,721	28,415
Elphapex DG1 Home	2.1	460	966
Goldshell Mini Doge III	0.7	411	288
Bitmain L7	9.5	25	238
Fluminer L1	5.3	1	5
Total		**2,618**	**29,912**

III. Opinions and Analysis

Opinion 1: TXC has the characteristics of a digital commodity.

41. It is my opinion that TXC possesses the essential hallmarks of a digital commodity, similar to BTC (the native token of the Bitcoin blockchain) and LTC (the native token of the Litecoin blockchain).

[39] 14750-00001_L0007_00000001 - mining rigs purchased.xlsx.
[40] 14750-00001_L0007_00000001 - mining rigs purchased.xlsx.

42. The SEC issued Interpretative Guidance on March 2026 related to "Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets" ("SEC's 2026 Crypto Guidance").[41] This guidance includes several statements and definitions regarding the characteristics of digital commodities that are consistent with the characteristics of TXC.

43. The SEC's 2026 Crypto Guidance states that, "For purposes of this release, we are using the term "commodity" in an economic and commercial sense (*i.e.*, assets that are fungible, have utility, and whose value is determined by supply and demand)."[42] The SEC's 2026 Crypto Guidance defines fungible as "interchangeable, which means that they are identical and of equal value and substitutable for one another."[43] TXC is a fungible asset, as no individual TXC token has any rights, obligations, or value different from another TXC token. Additionally, TXC has utility as the native asset of the TEXITcoin blockchain that is required to transact on-chain. Finally, the price of a TXC token is determined by supply and demand and is traded on various decentralized and centralized exchanges.[44]

44. The SEC's 2026 Crypto Guidance also states that:

> A digital commodity is a crypto asset that is intrinsically linked to and derives its value from the programmatic operation of a crypto system that is "functional", as well as supply and demand dynamics, rather than from the expectation of profits from the essential managerial efforts of others.[45]

45. The SEC's 2026 Crypto Guidance also provides that:

> For purposes of this release, a crypto system is "functional" if the system's native crypto asset can be used on the system in accordance with the programmatic utility

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[41] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

[42] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

[43] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

[44] Per Coinmarketcap.com, TXC is traded on eight centralized and decentralized crypto asset exchanges, including BitMart, XT.com, Uniswap, and Dex-Trade, among others. CoinMarketCap, *TXC*, https://coinmarketcap.com/currencies/texitcoin (last visited July 6, 2026).

[45] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

> of the system. The term "native" in the context of a crypto asset refers to a crypto asset generated for use on a particular crypto system.[46]

46. Consistent with this description, TXC is intrinsically linked to the TEXITcoin blockchain: TXC is the native crypto asset of the blockchain, and it is created as a reward for miners when they mine a new block and it is required to pay transaction fees on the TEXITcoin blockchain. Additionally, the TEXITcoin blockchain is "functional" under the SEC's 2026 Crypto Guidance, as the TEXITcoin blockchain's native crypto asset (TXC) can be (and is required to be) used on the blockchain in accordance with the programmatic utility of the system, which is a "Peer-to-Peer Layer 1 Currency."[47]

47. The SEC's 2026 Crypto Guidance further states that:

> A digital commodity does not have intrinsic economic properties or rights, such as generating a passive yield or conveying rights to future income, profits, or assets of a business enterprise or other entity, promisor, or obligor, but may have certain other rights (as discussed below).[48]

48. TXC does not entitle holders to future income or any other asset. Additionally, TXC does not entitle holders of TXC to any share of a company or underlying asset. TXC is necessary to transact on the TEXITcoin blockchain and is paid to miners with transaction fees and block subsidies and provides holders with no other intrinsic economic properties or rights.

49. The SEC's 2026 Crypto Guidance states that:

> A digital commodity is necessary to participate in or use certain aspects of an associated functional crypto system. The programmed purpose of a digital commodity is to facilitate and incentivize the validation, ordering, and confirmation of transactions on the associated functional crypto system, serve as a mechanism to maintain the functioning and/or security of the associated functional crypto system, and foster network effects.[49]

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[46] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

[47] *TEXITcoin Whitepaper: A Peer-to-Peer Layer 1 Currency for an Independent Texas*, https://texitcoin.org/whitepaper.

[48] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

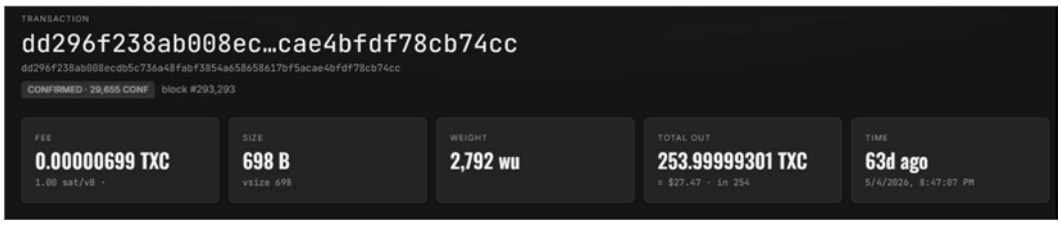
[49] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

50. TXC is required to conduct on-chain activities on the TEXITcoin blockchain. It is the asset distributed to miners as a block reward to "facilitate and incentivize the validation, ordering, and confirmation of transactions" on the TEXITcoin blockchain.[50] Mined TXC is then systematically distributed to Mining Package holders to incentivize their participation in the TEXITcoin community, fostering network effects of the TEXITcoin blockchain.

51. The SEC's 2026 Crypto Guidance further states that:

> Further, a functional crypto system may require users to pay transaction (or "gas") fees in the system's native digital commodity. These gas fees—in addition to units of the digital commodity newly generated by the protocol—typically are used as an incentive mechanism to reward participation in and use of the associated functional crypto system.[51]

52. As described above, transaction fees are included in block rewards (along with block subsidies) that are paid in TXC to miners on the TEXITcoin blockchain. See the image below for an example transaction hash from the TEXITcoin blockchain showing transaction fees denominated in TXC.[52]



53. Lastly, the SEC's 2026 Crypto Guidance lists several cryptocurrencies as examples of digital commodities that are not securities. These examples include LTC and DOGE, which are digital commodities that are native assets on blockchains using PoW, similar to TXC.[53] TXC uses the same Scrypt hashing algorithm as LTC and DOGE, and the three blockchains' consensus mechanisms are similar enough that you can "merge mine" LTC and DOGE with TXC, meaning the same hash

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[50] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

[51] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

[52] TEXITcoin Mempool Explorer, https://mempool.texitcoin.org/tx/dd296f238ab008ecdb5c736a48fabf3854a658658617bf5acae4bfdf78cb74cc (last visited July 7, 2026).

[53] SEC, "Digital Commodity," *Glossary*, https://www.sec.gov/resources-small-businesses/glossary#Digital-commodity (last visited July 6, 2026).

power can be used to mine on all three blockchains simultaneously as they share the same hashing algorithm.

54. Accordingly, based on the SEC's 2026 Crypto Guidance outlined above, it is my opinion that TXC possesses the characteristics of a digital commodity as defined by the SEC, not a security.

Opinion 2: Mining Packages purchasers joined a mining pool.

55. It is my opinion that purchasers of the Mining Packages opted into a mining pool operated by MineTXC.

56. According to the SEC's 2026 Crypto Guidance:

> In addition to self (or solo) mining, miners can join "mining pools," which allow miners to combine their computational resources to increase their chances of successfully validating transactions and mining new blocks on the PoW Network. There are several types of mining pools, each with differing methods of operation and reward distribution. For example… in a "proportional" model, miners receive rewards proportional to the amount of work they contribute to successfully mine a block. There also may be hybrid pools that offer a combination of different operational and payout methods.[54]

57. Mining Package purchasers combined their computational resources (their acquired hash power) to mine new blocks on the TEXITcoin blockchain, consistent with the description in the SEC's 2026 Crypto Guidance.

58. Additionally, the mining pool operated by MineTXC had a "proportional" model for reward distributions, where miners receive rewards proportional to the amount of hash power they acquire and contribute to the pool to mine a block.[55] Again, this is consistent with the SEC's 2026 Crypto Guidance.

59. The SEC's 2026 Crypto Guidance states that its interpretation of Covered Protocol Mining Activities[56] addresses only mining activities undertaken in connection with self or solo mining and mining pools, described as follows:

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[54] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

[55] MineTXC, "How to Calculate your Daily Reward," https://help.minetxc.com/how-to-calculate-your-daily-reward (last visited July 6, 2026).

[56] "Covered Protocol Mining Activities" refers to the activities addressed in the SEC's 2026 Crypto Guidance involving mining digital commodities on proof-of-work networks, including self/solo mining and mining-pool activity.

> Self (or Solo) Mining, which involves a miner mining digital commodities using its own computational resources. The miner may work alone or together with others to operate a node and mine digital commodities.
>
> Mining Pool, which involves miners combining their computational resources with other miners to increase their chances of successfully validating transactions and mining new blocks on the PoW Network. Reward payments may flow from the PoW Network directly to the miners or indirectly to them through the pool operator.[57]

60. The MineTXC mining pool fits this description because participants combined computational resources in the form of acquired hash power contributed to the pool to validate transactions and mine new blocks, and reward payments were distributed to miners through the pool operator.

61. The Mining Packages also share many of the same characteristics of how other digital commodities are mined, such as Bitcoin or Litecoin. While the technical mechanics of how TXC is mined may differ slightly from mining a different digital commodity in a mining pool, the ultimate result is functionally similar. Once blocks in a Bitcoin or Litecoin mining pool are successfully mined by the pool, the pool operator distributes block rewards to miners in the pool, typically pro rata to the hash power contributed by the miner. The pool operator incurs common costs related to running the pool, and those costs are typically deducted from distributions or charged as a monthly fee. MineTXC operates similarly but uses a portion of the one-time Mining Package proceeds to cover common costs and conducts merge mining of LTC and DOGE to offset other costs associated with operation.

Opinion 3: MineTXC performed the functions of a mining pool operator.

62. The SEC's 2026 Crypto Guidance describes the role of a mining pool operator as follows:

> In addition to self (or solo) mining, miners can join "mining pools," which allow miners to combine their computational resources to increase their chances of successfully validating transactions and mining new blocks on the PoW Network. . . . A pool operator typically is responsible for coordinating the miners' computational resources, maintaining the pool's mining hardware and software, overseeing the pool's security measures to protect against theft and cyberattacks, and ensuring that the miners are paid their rewards. In return, the pool operator charges a fee that is deducted from the rewards earned by the mining pool. Reward payouts vary among pools, although rewards often are distributed across the

[57] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.

> mining pool in proportion to the amount of computational resources that each miner contributes to the pool.[58]

63. It is my opinion that MineTXC performed the functions of a mining pool operator as described in the SEC's 2026 Crypto Guidance.

64. MineTXC was responsible for coordinating the miners' computational resources. It purchased and maintained ASICs, mostly Bitmain Antminer L9s, for the mining pool. For miners who wished to mine at home, MineTXC purchased and had ASICs delivered to miners to participate in the pool. It is my understanding that these home miners were also contributing hash power to MineTXC's mining pool.

65. MineTXC maintained the mining pool's hardware and software, including the payment of utilities. MineTXC invested in building and installing highly advanced mining sites across Texas, including in McKinney, Mansfield, Conroe and Victoria.[59] These high-power sites utilize immersion cooling systems and other advanced technologies to efficiently mine TXC.[60]

66. MineTXC also oversaw the pool's security measures—both physical and digital—to protect against theft and cyberattacks. It is my understanding that MineTXC hired guards and deployed other measures to ensure that the mining sites were secure.

67. MineTXC further ensured that miners were allocated their daily pro rata rewards of TXC that was mined by the pool and sent to the miner's designated address. I have also observed on-chain transactions consistent with these daily distributions, which were executed by the primary mining addresses and sent to numerous individual recipient addresses. MineTXC provided users access to an automated portal which allowed miners to select the wallet to which their rewards would be delivered in proportion to the amount of hash power they owned.[61]

68. In exchange for performing these services, the "fee" charged by MineTXC was functionally built into the initial one-time cost of purchasing the Mining Package.

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[58] Statement on the Application of Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets (March 23, 2026), https://www.sec.gov/files/rules/interp/2026/33-11412.pdf.
[59] TEXITcoin, "The Mine," https://texitcoin.org/mine (last visited July 6, 2026).
[60] TEXITcoin, "The Mine," https://texitcoin.org/mine (last visited July 6, 2026).
[61] MineTXC, "Attention new Miner: START HERE!," https://help.minetxc.com/attention-new-miner-start-here (last visited July 6, 2026).

<u>Opinion 4:</u> Customers with sufficient hash rate were able to take physical possession of mining rigs instead of having MineTXC operate the mining rigs on their behalf, and in most cases chose not to take physical possession of the mining rigs.

69. The Mining Packages allowed buyers to participate in mining TXC in a meaningful way without having to outlay the full cost of buying their own mining rig or having to deal with the operational challenges that arise from running their own mining rig (technical expertise, downtime, electrical costs, etc.).

70. Several thousand individuals acquired enough potential hash power from MineTXC over time that would have been equal to the output generated by some home mining hardware. As an example, a Mini DOGE III mining rig manufactured by Goldshell advertises that it generates 700 MH/s.[62] It is my understanding that individuals who had acquired at least 700 MH/s in the MineTXC pool were offered a Mini DOGE III or DG HOME 1 mining rig to run at home as part of the mining pool.

71. I have been provided with data from MineTXC showing 91 users at most that opted into receiving a Mini DOGE III miner, and an additional 143 users at most that opted into receiving a DG HOME 1 Miner.[63] The table below presents the number of users that qualified for the offer through acquiring a sufficient amount of hash power, and the number of those users that opted into the home mining hardware offer.

Home Mining Rig	MH/s[64]	# of Qualified Participants[65]	# of Miners Opting for Home Mining Rig	Opt-in %
Mini DOGE III	700	9,399	91	0.97%
DG HOME 1	2,100	1,540	143	9.29%

72. The fact that only approximately 10% of users who qualified for a DG HOME 1 miner, and less than 1% of users who qualified for a Mini DOGE III miner, opted to receive a home mining rig

[62] Goldshell, Goldshell Mini DOGE III, https://www.goldshell.com/product/goldshell-mini-doge-iii/ (last visited July 6, 2026).
[63] 14750-00001_L0006_00000001 - self mining customers.xlsx.
[64] Goldshell, Goldshell Mini DOGE III, https://www.goldshell.com/product/goldshell-mini-doge-iii/ (last visited July 6, 2026); ElphaPex, Product Detail, https://www.elphapex.com/product-detail/31 (last visited July 6, 2026).
[65] The number of qualified participants in this chart represents the usernames who acquired at least 700 MH/s or 2,100 MH/s respectively based on MineTXC's internal sales data (Detailed Sales Info for AS.xlsx).

suggests that MineTXC participants generally preferred the Mining Package model over operating mining rigs themselves.

Opinion 5: Respondents operated as advertised in several key operational areas.

73. The Respondents made a number of claims in marketing collateral and on their websites. The Respondents operated as advertised in a number of critical areas, including stated tokenomics, mining distribution mechanics, and the purchase and sale of hash power.

74. First, the MineTXC website explains on the help page of their website how to calculate daily mining reward distributions.[66] Specifically, the website claims that all miners are paid their distribution daily, just after midnight UTC.[67] Additionally, this help page on the website explains to participants how to calculate their portion of total mining rewards (which is effectively just the total daily rewards earned multiplied by the ratio of their acquired hash power to total network hash power) will be calculated.[68]

75. In order to assess the accuracy of the claims above regarding mining reward distributions, I have analyzed the on-chain block reward distribution transactions, as well as the corresponding distribution transactions of mining rewards to individual miners. As of the end of July 5, 2026 (in UTC), there have been 322,168 blocks mined on the TEXITcoin blockchain.[69]

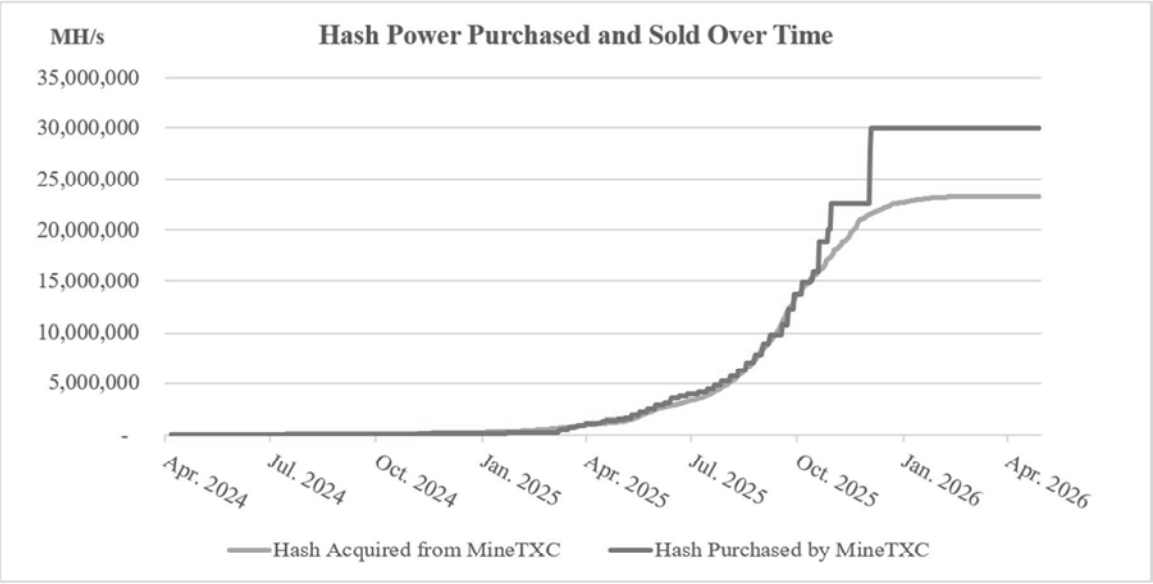
76. I have observed historical transactions executed on the TEXITcoin blockchain daily around 01:00 AM UTC where TXC is sent from the TEXITcoin mining addresses (addresses that receive newly minted TXC as blocks are validated and added to the blockchain) to numerous individual addresses that I understand to be the pro-rata distributions of mining rewards to users that acquired potential hash power. An example is transaction hash

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[66] MineTXC, "How to Calculate your Daily Reward", https://help.minetxc.com/how-to-calculate-your-daily-reward (last visited July 6, 2026).
[67] MineTXC, "How to Calculate your Daily Reward", https://help.minetxc.com/how-to-calculate-your-daily-reward (last visited July 6, 2026).
[68] MineTXC, "How to Calculate your Daily Reward", https://help.minetxc.com/how-to-calculate-your-daily-reward (last visited July 6, 2026).
[69] TEXITcoin Explorer, https://explorer.texitcoin.org/block/e63b67330a4ed3c217cbae1cf9cc3e5c9b59a8b9bebd9c4090ba583f64f0ed76 (last visited July 6, 2026).

031a9392a5aca4b8b95b6b0fffdfbc5b3348c44ce9661105d72a198ba43468a6, executed on May 30, 2026 at 00:48 UTC, in which approximately 360.90 TXC is sent to 150 addresses.[70]

77. Second, MineTXC data indicates over 71,078 instances in which hash power has been allocated to users (i.e., the purchase of hash power directly or the allocation of hash power via bonuses, referrals, and promotions).[71] As potential hash power was allocated to users, MineTXC methodically ordered mining rigs with sufficient potential hash power to match the amount of hash power acquired by users. The chart below presents the hash power allocated by MineTXC to customers compared to the total potential hash power available from mining rigs that MineTXC ordered.[72]



78. As shown in the chart above, MineTXC consistently ordered new mining rigs with sufficient hash power to meet the growing demand for hash power that was acquired and allocated to users. Moreover, MineTXC now has ordered significantly more hash power (29.9 TH/s) than customers have acquired (23.3 TH/s).

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[70] TEXITcoin Explorer, https://explorer.texitcoin.org/tx/031a9392a5aca4b8b95b6b0fffdfbc5b3348c44ce9661105d72a198ba43468a6 (last visited July 6, 2026); Note that the transaction hash has a total input of 508 TXC and 151 outputs, however, one output of 147.10 TXC goes back to the mining address (TdaxfTr1sBjoPNbZLSWpaXxSc6bxJsNyc2) as change.

[71] Detailed Sales Info for AS.xlsx.

[72] Detailed Sales Info for AS.xlsx; 14750-00001_L0007_00000001 - mining rigs purchased.xlsx.

79. Third, Mining Package holders received what they were entitled to from each purchase or allocation from MineTXC. Mining Package holders acquired a certain amount of hash power from MineTXC with each allocation. MineTXC operated the mining pool with hash power acquired by Mining Package holders and acquired block rewards denominated in TXC, as described above. MineTXC subsequently distributed mined TXC pro-rata to Mining Package holders consistent with the example transaction hash described above.

80. The value of the TXC block rewards and the corresponding pro-rata TXC distributions to Mining Package holders can be determined based on the US dollar value of TXC on the day of the distribution. TXC reached its all-time high daily closing price of $6.35 on September 18, 2025.[73] Following a broader crypto market selloff beginning in October 2025 after Bitcoin hit an all-time high of $126,198 on October 6, 2025,[74] the price of TXC closed at $0.74 on February 10, 2026.[75] On February 11, 2026, the TSSB issued Order 1893, and by the close of February 12, 2026, the price of TXC was $0.29.[76] The closing price of TXC on July 6, 2026 was $0.11.[77]

81. The TEXITcoin blockchain has largely operated as advertised since the genesis block was mined on January 26, 2024. The TEXITcoin white paper states that the block time target is ~3 minutes, that the block subsidy is 254 TXC, the halving interval is 695,662, and that there was no pre-mine of TXC tokens.[78] I have extracted and analyzed all blockchain data through block 294142 on May 6, 2026, and 254 TXC had been mined in each of those blocks. From block 1 to block 294142 (from January 26, 2024 to May 6, 2026), the average time per block was 4.09 minutes, and for the current main miner (from February 26, 2026 through May 6, 2026) the average block time was 3.5 minutes. Additionally, I have seen no evidence of a "pre-mine" of TXC or any minting/allocation of TXC to

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[73] Yahoo Finance, "TEXITcoin USD (TXC32744-USD) Historical Data," https://finance.yahoo.com/quote/TXC32744-USD/history/?period1=1729728000&period2=1783450958 (last visited July 7, 2026).
[74] Yahoo Finance, "Bitcoin USD (BTC-USD) Historical Data," https://finance.yahoo.com/quote/BTC-USD/history/?period1=1625684744&period2=1783451135 (last visited July 7, 2026).
[75] Yahoo Finance, "TEXITcoin USD (TXC32744-USD) Historical Data," https://finance.yahoo.com/quote/TXC32744-USD/history/?period1=1729728000&period2=1783450958 (last visited July 7, 2026).
[76] Yahoo Finance, "TEXITcoin USD (TXC32744-USD) Historical Data," https://finance.yahoo.com/quote/TXC32744-USD/history/?period1=1729728000&period2=1783450958 (last visited July 7, 2026).
[77] Yahoo Finance, "TEXITcoin USD (TXC32744-USD) Historical Data," https://finance.yahoo.com/quote/TXC32744-USD/history/?period1=1729728000&period2=1783450958 (last visited July 7, 2026).
[78] *TEXITcoin Whitepaper: A Peer-to-Peer Layer 1 Currency for an Independent Texas*, https://texitcoin.org/whitepaper.

any individuals. All TXC that has ever been minted has occurred as part of the normal PoW issuance schedule outlined in the TXC whitepaper.

82. There is also significant, decentralized adoption of TXC. There are over 50,039 unique usernames in the MineTXC sales data. As of May 6, 2026, there are over 80,000 unique TXC addresses that have ever received a distribution from the MineTXC mining pool. As of May 6, 2026, there have been 213,007 transactions on the TEXITcoin blockchain outside of the distribution of mining rewards to participants in the MineTXC pool.

<u>Opinion 6:</u> Based on U.S. Generally Accepted Accounting Principles, the Mining Packages offered by MineTXC would be classified as contracts with customers under ASC 606, *Revenue from Contracts with Customers*, rather than as Equity Securities under ASC 321 or Debt Securities under ASC 320.

83. In considering the accounting treatment for the Mining Package sales transactions under U.S. GAAP, [79] the sale of Mining Packages would be subject to the ASC 606[80] accounting standard for the recognition of revenue from contracts with customers. Mining Package purchasers are not buying equity interests in the mining operation.

84. Under ASC 606, an "entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services."[81] The revenue recognition process under ASC 606 is as follows:[82]

i. Identify the contract with a customer

ii. Identify the performance obligations in the contract

iii. Determine the transaction price

iv. Allocate the transaction price to the performance obligations in the contract

v. Recognize revenue when (or as) the entity satisfies a performance obligation

[79] United States Generally Accepted Accounting Principles.
[80] Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 606: Revenue from Contracts with Customers.
[81] FASB ASC 606-10-05-3.
[82] FASB ASC 606-10-05-4.

85. Under ASC 606, a contract is an agreement between two or more parties that creates enforceable rights and obligations.[83] In order for ASC 606 to apply, the following criteria must be met related to the contract:[84]

i. The parties to the contract have approved the contract (in writing, orally, or in accordance with other customary business practices) and are committed to performing their respective obligations.

ii. Each party's rights regarding the goods or services to be transferred can be identified.

iii. The payment terms for the goods or services to be transferred can be identified.

iv. The contract has commercial substance (i.e., risk, timing, or amount of future cash flows is expected to change as a result of the contract).

v. It is probable that the entity will collect substantially all of the consideration to which it will be entitled in exchange for the goods or services to be transferred to the customer.

86. When a Mining Package is purchased by a customer of MineTXC, a contract is entered into in which the customer provides consideration in the form of crypto assets, fiat currency, or precious metals in exchange for the right to receive a certain amount of the potential hash power (and pro-rata allocation of associated block rewards) in the MineTXC mining pool.

87. These contracts meet the criteria for a relevant contract under ASC 606. First, the parties enter into a contract via an initial purchase by the customer. Second, each party can identify their rights to the goods or services transferred, as MineTXC is entitled to the initial consideration of crypto assets, fiat currency, or precious metals and the Mining Package purchaser is entitled to their purchased hash power (and pro-rata allocation of associated block rewards) in perpetuity. Third, the payment terms are clear and straightforward as it is a one-time payment by the Mining Package purchaser. Fourth, the contract impacts the timing and amount of MineTXC's future cash flows and as a result has commercial substance. Finally, it is probable that MineTXC will collect substantially all of the consideration given that the consideration given by the Mining Package purchaser is paid upfront in a one-time fee. As such, Mining Package purchases represent contracts with customers under ASC 606.

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[83] FASB ASC 606-10-05-4.
[84] FASB ASC 606-10-25-1.

88. The second step in the revenue recognition process under ASC 606 is to identify the performance obligation(s) created once the customer remits payment and the contract is entered into. Once payment is received, MineTXC is obligated to purchase, deploy, and maintain 100 MH/s of potential hash power in the MineTXC TEXITcoin mining pool and to compute and remit distributions of TXC mined in the MineTXC pool to Mining Package purchasers based on their pro-rata allocation of total potential hash power. Since the service is delivered continuously, it qualifies as a series of distinct services and is treated as a single performance obligation under ASC 606-10-25-14(b) and 25-15.[85]

89. The third step is to determine the transaction price. Mining Packages are sold at approximately $1,000 per 100 MH/s of potential hash power. This $1,000 per 100 MH/s of potential hash power would be the total revenue related to the contract with the customer.

90. The fourth step is to allocate the transaction price between the performance obligations of the contract. Since there is a single performance obligation, no allocation would be necessary in this context.

91. The fifth and final step is to recognize the revenue for the contract with the customer as the performance obligation is satisfied. Once the customer is added to the distribution calculation and begins receiving their allocated, pro-rata allocation of the TXC mined in the MineTXC pool, the performance obligation is being satisfied, and revenue can begin to be recognized.

92. Under ASC 606, the sale of Mining Packages would be recorded as follows:

When Customer Payment is Received

Debit		Payment Received from Customer
	Credit	Refund Liability

At the End of the Refund Period

Debit		Refund Liability
	Credit	Revenue/Deferred Revenue

[85] ASC 606-10-25-14(b) and 606-10-25-15.

93. The proper accounting treatment of the Mining Package sales under U.S. GAAP would not involve any equity accounts and would not involve the recording of any securities being issued by the seller of the Mining Packages.

94. The subsequent distributions of TXC mined in the MineTXC pool to Mining Package purchasers represent the ongoing performance obligation of the Mining Package sales. The TXC that is mined is the property of the Mining Package purchasers from the moment that the TXC is minted and added to the mining pool address on the TEXITcoin blockchain.

95. MineTXC has no discretion over the amount of mined TXC allocated (as the distribution is determined by the formula) and MineTXC has no entitlement to retain any of the mined TXC to be remitted to Mining Package purchasers. The mining pool address that receives the TXC with each block mined serves as a temporary pass-through for the property of the customers until the distribution is formulaically calculated and distributed at the end of each day. As such, under U.S. GAAP, the mining of TXC and the distribution of TXC to users that acquired potential hash power would be recorded as follows:

When TXC is Mined

Debit	Crypto Assets Held for Customers	
Credit		Obligation to Deliver Crypto Assets

When TXC is Distributed to Customers

Debit	Obligation to Deliver Crypto Assets	
Credit		Crypto Assets Held for Customers

96. Under U.S. GAAP, the components of the Mining Package sales fit squarely in the accounting treatment under ASC 606. As such, these transactions would not be recorded from an accounting standpoint as securities issued nor would they be recorded as equity on the balance sheet of the seller of the Mining Packages at the time of the sales.

IV. Signature and Right to Modify

97. My opinions are based upon information available to me as of the date of this report. It is possible that additional information may affect my opinions herein. I reserve the right, in the event further information becomes available, to modify or supplement my analysis and opinions.

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Signed this 8th day of July 2026 in New York City, N.Y.



Andrew Sotak, CPA