

# **EXHIBIT 7**

**From:** Roger Ver  
**To:** Lawyer 1  
**Cc:** Return Preparer 1, Employee 1  
**Subject:** Re: Bitcoin valuation  
**Date:** Thursday, August 6, 2015 9:03:42 PM  
**Attachments:** [PGP MIME Versions Identification.pgp](#)  
[encrypted.asc](#)

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Hi Lawyer 1,

Bitcoin doesn't work like normal bank accounts.

There is no official name associated as the registered owner of a Bitcoin wallet.

You can see for yourself how easy it is to make one by installing an app called LUXSTACK on your iPhone or Android.

You will instantly have a Bitcoin wallet, but it didn't require your name, email, tax ID, or anything else.

It just works, and it works the same for everyone on the planet regardless of age, or nationality.

No one, including the IRS can freeze your bitcoin account or seize your bitcoins.  
It is really a world changing technology.

The shorter answer to question #1 is that all the bitcoins from MemoryDealers / Bitcoinstore are held in Bitcoin wallets that only I am able to access.

I think the smart tax strategy would be for them to have been transferred to my personal ownership whenever it would have been cheapest to have done so from a tax perspective.

For question #2, I built Bitcoinstore in 2012.  
I don't know when Memorydealers became an S corp.

Thank you,

Roger Ver

> On Aug 7, 2015, at 12:39 AM, Lawyer 1 wrote:

>

> Dear Roger,

>  
> Who owns the BTC that were originally acquired through  
> www.bitcoinstore.com? You directly or MemoryDealers?  
>  
> If you own the BTC directly:  
> 1. How did you come to possess the BTC?  
> 2. When did MemoryDealers elect S corp status, and when was  
> www.bitcoinstore.com built?

>  
> Best regards,

>  
> Lawyer 1

> Law Firm 1

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> On 2015-08-05 23:28 , Roger Ver wrote:  
>> Hello Lawyer 1,  
>>  
>> Bitcoinstore.com <<http://Bitcoinstore.com>> was the first website in the  
>> world to sell a wide range of products for Bitcoin.  
>>  
>> The customers from around the world, would place their order and pay in  
>> bitcoin.  
>>  
>> Memorydealers would buy the product with USD that would be drop shipped  
>> to the customer from Ingram Micro.  
>>  
>> Memorydealers kept as many of the bitcoins as possible.  
>> \_\_\_\_\_  
>> I made a flow chart to show this:  
>>  
>> If you need any additional clarification, please let me know.  
>>  
>> Roger Ver  
>>  
>>  
>>

>>> On Aug 6, 2015, at 7:20 AM, **Lawyer 1**

wrote:

>>>

>>> Dear Roger,

>>>

>>> I'd like to ask whether we have the facts correct on how you came to own

>>> Bitcoins through www.bitcoinstore.com <<http://www.bitcoinstore.com>>

>>>

>>> My understanding is as follows:

>>> www.bitcoinstore.com <<http://www.bitcoinstore.com>> was a website that

>>> belonged to MemoryDealers. It

>>> was used to acquire bitcoins. Whenever it bought bitcoins, the cost of

>>> the bitcoins was documented as the cost of inventory. I will call this

>>> number x.

>>>

>>> You would then take bitcoins from www.bitcoinstore.com

>>> <<http://www.bitcoinstore.com>>. This was

>>> documented as a loan from www.bitcoinstore.com

>>> <<http://www.bitcoinstore.com>> to you. The value of the

>>> loan was x.

>>>

>>> When your cash allowed, you repaid x in cash and kept the bitcoins.

>>>

>>> Is this a correct description of how you came to possess bitcoins

>>> through www.bitcoinstore.com <<http://www.bitcoinstore.com>>? Please

>>> correct anything that seems

>>> incorrect to you.

>>>

>>> Best regards,

>>>

>>> **Lawyer 1**

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>>> On 2015-08-03 20:41 , Roger Ver wrote:

>>> > Hi **Return Preparer**,

>>> >

> > > Please see my answers inline below.

> > >

> > > On Aug 4, 2015, at 4:04 AM, Return Preparer 1

**Return Preparer 1** wrote:

> > > >

> > > >

> > > > Roger,

> > > >

> > > > One item I'm not sure how to handle yet is the valuation and basis for  
> > > > bitcoins you owned at expatriation date. Looking back through some  
> > > > emails we had traded on this a while back, the two main issues seem  
> > > to be:

> > > >

> > > > 1. The value was very volatile at the time you expatriated, making it  
> > > > difficult to determine a FMV as of 2/4/2014.

> > > >

> > > > 2. Bitcoins were acquired at different times and there are no records  
> > > > of the purchase prices, so basis is unknown.

> > > >

> > > >

> > > > For issue # 1, you and I had traded emails on 16 January of this year,  
> > > > where you were discussing different dates and the value of bitcoins as  
> > > > of a few different dates. That email showed the FMV of bitcoins on 04  
> > > > Feb 2014 at \$800.

> > > >

> > > > â€¢ Do you think this is a reasonable value?

> > > > It depends. If I only had a few bitcoins, then it would be reasonable.

> > > > Because I have enough bitcoins to substantially move the market, it  
> > > > isn't reasonable.

> > > > If I were to have sold all of my Bitcoins on Feb 4th, 2014 it would have  
> > > > crashed the market to well under \$100 per bitcoin, and my net per  
> > > > bitcoin would be no where near \$800 each.

> > > >

> > > > â€¢ Do you remember where this came from?

> > > > <http://bitcoincharts.com/charts/bitstampUSD#rg1460ztgSzm1g10zm2g25zv>

> > > > â€¢ Do you know of any conflicting information about the value on that  
> > > > date that could affect our ability to use that number as FMV?

> > > > The Bitcoin market was very thin at that time, and a few hundred  
> > > > thousand dollars worth would move the market substantially.

> > > >



> > > >

> > > > For the second issue, we will need to either assign \$0 basis to the  
> > > > bitcoins or figure out a way of approximating it. My initial thoughts  
> > > > on approximating basis:

> > > >

> > > > â€œ Do you remember if all or most of your bitcoins were acquired at  
> > > > roughly the same time?

> > > > Iâ€™ve been acquiring as many Bitcoins as possible since Feb 2011  
> > > > continuing to this very day.

> > > > The cheapest ones were close to \$1 each, but I acquired lots more as  
> > > > payment at \$1000+ each.

> > > > The average cost is somewhere between those numbers, but certainly  
> > > > closer to \$1 than to \$1000.

> > > > If I had to guess, I would think in the \$50 to \$100 range.

> > > > Based on inventory purchases for goods sold through Bitcoinstore.com

> > > > <<http://Bitcoinstore.com>>

> > > > <<http://Bitcoinstore.com>>, we know that at least \$2,127,454

> > > > Another several hundred thousand was spent building Bitcoinstore.com

> > > > <<http://Bitcoinstore.com>>

> > > > <<http://Bitcoinstore.com>> that I think could be justified as counting  
> > > > towards the cost basis of the Bitcoins acquired through it.

> > > > \$320,000 was paid to [REDACTED] for Bitcoins.

> > > > \$100,000 to [REDACTED] for Bitcoins.

> > > > (Sorry that isnâ€™t much help)

> > > > â€œ Were they purchased or mined, or some mix of the two?

> > > > Lots of them were purchased with dollars.

> > > > Lots of them were mined.

> > > > Lots of them were paid by customers in exchange for goods.

> > > > Lots of them were used to pay vendors in exchange for goods or services.

> > > > â€œ If purchased, do you remember which account or accounts you would  
> > > > have transferred money from?

> > > > â€œ Perhaps if we can reconcile

> > > > I think an attempt at a reconciliation would take a team of a dozen  
> > > > people close to a year.

> > > > <outgoing dollar amounts from bank statements> with

> > > > <number of bitcoins owned as of expatriation date> - [<investments in

> > > > bitcoin startups> + <reasonable allowance for bitcoins spent on

> > > > personal expenses> + <any other significant bitcoin outflows>],

> > > > that could potentially give us a reasonable approximation of your

> > > > basis per bitcoin.

> > > >

>>>>

>>>> What do you think? Will any of this give us an inroad to the

>>>> information we need for the tax returns? Any other important

>>>> considerations I did not mention here?

>>>> I think the safest way to calculate this would be to use the total 24

>>>> hour trade volume for all the bitcoins in the world on that day on the

>>>> largest exchange.

>>>> According

>>>> to

>>> <http://bitcoincharts.com/charts/bitstampUSD#rg60zczsg2014-02-04zeg2014-02-04ztgSz1g10zm2g25zvzcy>

>>>> 23,000 BTC were traded @ about \$800 each.

>>>> That would be \$18,400,000 USD

>>>>

>>>> Assuming the most any single trader could be of the daily volume is 50%,

>>>> that would give a maximum valuation of \$9,200,000 USD.

>>>>

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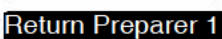
>>>> Thank you,

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