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CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
3

4 SECURITIES AND EXCHANGE)
COMMISSION,)
5)
Plaintiff,)
6) 19 Civ. 9439 (PKC)
- against -)
7)
TELEGRAM GROUP INC. and)
8 TON ISSUER INC.,)
9 Defendants.)
_____)

10
11 **CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER**
12

13 Videotaped deposition of PAVEL DUROV (as
14 30(b)(6) corporate representative of Defendants and
15 also in his personal capacity), Volume 1, taken on
16 behalf of Plaintiff at Hadeef & Partners, LLC, Emaar
17 Square, Building 3, Level 5, Downtown Dubai, Dubai,
18 United Arab Emirates, beginning at 11:21 a.m. and
19 ending at 9:54 p.m., on Tuesday, January 7, 2020,
20 before LEAH WILLERSDORF, Member of the British
21 Institute of Verbatim Reporters, Accredited Verbatim
22 Reporter, Qualified Realtime Reporter - Level 2,
23 International Participating Member NCRA.
24

25 JOB No. 200107LWI

CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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4 SECURITIES AND EXCHANGE)
COMMISSION,)
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Plaintiff,)
6) 19 Civ. 9439 (PKC)
- against -)
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8 TON ISSUER INC.,)
9 Defendants.)
_____)

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11 **CONFIDENTIAL PURSUANT TO PROTECTIVE ORDER**
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13 Videotaped deposition of PAVEL DUROV (as
14 30(b)(6) corporate representative of Defendants and
15 also in his personal capacity), Volume 2, taken on
16 behalf of Plaintiff at Hadeef & Partners, LLC, Emaar
17 Square, Building 3, Level 5, Downtown Dubai, Dubai,
18 United Arab Emirates, beginning at 10:23 a.m. and
19 ending at 6:09 p.m., on Wednesday, January 8, 2020,
20 before LEAH WILLERSDORF, Member of the British
21 Institute of Verbatim Reporters, Accredited Verbatim
22 Reporter, Qualified Realtime Reporter - Level 2,
23 International Participating Member NCRA.

24
25 JOB No. 200108LWI

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11:52:40 1 platform.

11:52:40 2 BY MR. TENREIRO:

11:52:41 3 Q. A blogging platform?

11:52:44 4 A. Yes.

11:52:44 5 Q. And you're saying that is a part of
11:52:46 6 Messenger but could also be used independently of
11:52:49 7 Messenger; did I understand that correctly?

11:52:51 8 A. Correct. You don't have to be a user of
11:52:53 9 Telegram Messenger to use Telegraph.

11:52:55 10 Q. Okay. Other than Telegram Messenger and
11:52:56 11 Telegraph, in 2017 was Telegram Group Inc. offering
11:53:02 12 any other platforms or applications?

11:53:25 13 A. I'm not sure. It could have but I'm not
11:53:27 14 sure.

11:53:27 15 Q. Okay. And how many employees in 2017 did
11:53:39 16 Telegram Group Inc. have?

11:53:54 17 A. We had about 25 to 30 employees in the
11:54:01 18 core team. In addition, we used the services of
11:54:05 19 hundreds of independent contractors.

11:54:10 20 Q. And today, how many employees does
11:54:13 21 Telegram Group have?

11:54:17 22 A. I don't think those numbers changed
11:54:20 23 meaningfully.

11:54:20 24 Q. Okay. And the core -- I think what you
11:54:23 25 described as the core team of approximately 25, what

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11:54:27 1 do they do, generally speaking?

11:54:34 2 A. They write programming code.

11:54:37 3 Q. I'm sorry, they?

11:54:39 4 A. They write code.

11:54:40 5 Q. Programming code, okay.

11:54:41 6 Is this for Telegram Messenger and

11:54:43 7 Telegraph? Let's start with 2017. Is that the

11:54:47 8 programming code they were writing for -- I'm sorry,

11:54:49 9 that they were writing?

11:54:50 10 MR. DRYLEWSKI: Objection to form.

11:55:04 11 THE WITNESS: It depends on which part of

11:55:06 12 2017 we are talking about.

11:55:07 13 BY MR. TENREIRO:

11:55:07 14 Q. So let's talk about before the development

11:55:10 15 of the TON Blockchain.

11:55:13 16 A. Okay.

11:55:13 17 Q. Or the beginning of the development of the

11:55:15 18 TON Blockchain.

11:55:18 19 A. Yeah, I believe their efforts were mostly

11:55:20 20 focused on features, implementing features related

11:55:28 21 to Telegram Messenger, although we did have certain

11:55:37 22 experiments from time to time that not necessarily had

11:55:40 23 to do with Telegram Messenger directly.

11:55:43 24 Q. Okay. And today, this core team, what

11:55:47 25 applications or programs are they programming code

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11:55:52 1 for?

11:55:52 2 MR. DRYLEWSKI: Objection to form.

11:55:55 3 BY MR. TENREIRO:

11:55:56 4 Q. If any, I guess.

11:56:03 5 A. Those are the same applications, with the
11:56:06 6 addition of the work on the TON Blockchain.

11:56:10 7 Q. Okay. Let me just get some background
11:56:13 8 information on TON Issuer Inc. Again, what is
11:56:16 9 TON Issuer Inc.?

11:56:20 10 MR. DRYLEWSKI: And to the extent it's not
11:56:22 11 clear, I'm objecting to this line of questioning as
11:56:24 12 beyond the scope of the 30(b)(6) topics agreed and
11:56:27 13 narrowed by the parties.

11:56:28 14 MR. TENREIRO: Understood.

11:56:52 15 THE WITNESS: TON Issuer Inc. is a legal
11:56:57 16 entity created for the purpose of conducting the
11:57:17 17 private placement and issuing Grams at the time of
11:57:22 18 launch of the TON Blockchain.

11:57:26 19 BY MR. TENREIRO:

11:57:27 20 Q. And who owns TON Issuer Inc.? Is it
11:57:31 21 100 percent owned by Telegram Group Inc.?

11:57:33 22 A. It is.

11:57:38 23 Q. Does it have any employees separate than
11:57:41 24 the 25 or so core employees that Telegram Group Inc.
11:57:44 25 has, plus the contractors, or are they the same ones?

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11:58:04 1 A. I think there are certain employees that
11:58:08 2 have dual roles and act as employees of both Telegram
11:58:17 3 Group Inc. and -- or other Telegram-related entities,
11:58:23 4 such as Telegram FZ LLC --

11:58:32 5 (Reporter clarification.)

11:58:37 6 THE WITNESS: -- and the role in
11:58:43 7 TON Issuer Inc. in a different capacity, whether there
11:58:51 8 are any employees that TON Issuer Inc. employs that
11:58:58 9 are not at the same time, that do not have any role at
11:59:01 10 other Telegram-related entities? I'm not sure. There
11:59:08 11 could be but it would be very few people, if there are
11:59:14 12 any.

11:59:14 13 BY MR. TENREIRO:

11:59:15 14 Q. Okay. And what's your title at Telegram
11:59:18 15 Group Inc.?

11:59:18 16 MR. DRYLEWSKI: This is obviously
11:59:19 17 a question in his personal capacity.

11:59:21 18 MR. TENREIRO: Yes.

11:59:23 19 THE WITNESS: I believe I'm the director
11:59:24 20 of the company.

11:59:25 21 BY MR. TENREIRO:

11:59:25 22 Q. And who's the CEO?

11:59:33 23 A. I think that in the jurisdiction where
11:59:39 24 TON Issuer Inc. is incorporated, the term "CEO" may
11:59:43 25 not be necessarily applicable --

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11:59:46 1 Q. Sorry, I don't mean to interrupt you but
11:59:48 2 I'm just talking about Telegram Group Inc.

11:59:50 3 A. Ah, you were talking about Telegram
11:59:53 4 Group Inc.

11:59:53 5 Q. Yes.

11:59:54 6 A. I act as the CEO of Telegram Group Inc.

11:59:56 7 Q. Has that changed at any time since the
11:59:59 8 existence of Telegram Group Inc.? Has there been any
12:00:01 9 other CEO?

12:00:02 10 A. No, I don't think so.

12:00:02 11 Q. Okay. Now, you -- now, TON Issuer Inc.,
12:00:06 12 who is the CEO, if any?

12:00:15 13 A. Although, to supplement my previous
12:00:16 14 answer, I think I have to point out that Telegram
12:00:22 15 Group Inc. was -- I think it has been renamed at
12:00:26 16 a certain point in time. It had a different name
12:00:30 17 a few years ago, and before it got renamed to Telegram
12:00:36 18 Group Inc. it may have had a different director, but
12:00:41 19 at that point in time it was not related to the
12:00:43 20 operations of Telegram, so it may not be relevant.

12:00:47 21 I just want to clarify that.

12:00:52 22 Would you mind repeating your last
12:00:53 23 question?

12:00:54 24 BY MR. TENREIRO:

12:00:54 25 Q. Yes. But before I do so, just the last

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12:00:56 1 thing you said, it was not related to the operations
12:00:58 2 of Telegram, you mean Telegram Messenger?

12:00:59 3 A. Yes.

12:01:00 4 Q. Right, okay. I just want to be clear
12:01:03 5 because when I say "Telegram," I'm talking about the
12:01:06 6 companies, but you seem to say "Telegram" to relate to
12:01:10 7 Messenger and that's fine, I just want to make sure
12:01:12 8 we understand what we're saying.

12:01:13 9 When you talk about Telegram, are you
12:01:15 10 talking about Messenger? Is that how you think
12:01:18 11 about it?

12:01:20 12 A. Yeah, I use it in the same way a consumer
12:01:29 13 would use this name, and they would mainly refer to
12:01:35 14 the messaging application.

12:01:36 15 Q. As "Telegram"?

12:01:38 16 A. Yes.

12:01:38 17 Q. Right, okay. So my prior question was
12:01:43 18 TON Issuer Inc., who was the CEO today and who has it
12:01:46 19 been for its existence, if any?

12:01:50 20 A. I am the director of this company.
12:01:59 21 As I started to explain, I don't believe the term
12:02:06 22 "CEO" is necessarily applicable for the legal entities
12:02:13 23 incorporated in the jurisdiction where these companies
12:02:16 24 are incorporated.

12:02:21 25 But being the sole director is basically

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12:06:31 1 of these entities owned the IP for Telegram Messenger?

12:06:34 2 MR. DRYLEWSKI: Same objection; scope.

12:06:50 3 THE WITNESS: If I had to guess, at least
12:06:51 4 some of the IP may have been held by Telegram
12:06:56 5 Messenger LLP. That's the left bottom part.

12:07:00 6 BY MR. TENREIRO:

12:07:01 7 Q. A UK entity?

12:07:03 8 A. Yes.

12:07:03 9 Q. Okay. Just describe in your own words
12:07:07 10 what is Telegram Messenger. You have talked about it
12:07:11 11 a little bit more but just give me a general
12:07:14 12 description of it.

12:07:25 13 A. It is a social media application
12:07:28 14 supporting a wide range of use cases. It allows its
12:07:33 15 users to communicate privately and in groups to do
12:07:46 16 Voice over IP voice calls, to host large communities
12:07:52 17 and publish broadcasts. It also allows users to
12:08:11 18 create apps that are called bots. It also allows
12:08:17 19 users to run polls, to share videos and voice
12:08:32 20 messages, to view contents of certain URLs and news
12:08:39 21 stories in a private way without running the risk of
12:08:45 22 being surveilled.

12:08:51 23 There are -- there's a wide range of use
12:08:56 24 cases because Telegram is a multipurpose application.
25 ///

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12:11:06 1 the world as Telegram Messenger does are the messaging
12:11:13 2 apps owned by Facebook Corporation.

12:11:17 3 Q. WhatsApp?

12:11:20 4 A. WhatsApp and other services run by
12:11:23 5 Facebook, yeah.

12:11:25 6 Q. Okay. How many subscribers does Telegram
12:11:31 7 have today, approximately?

12:11:34 8 MR. DRYLEWSKI: Objection; scope.

12:11:42 9 THE WITNESS: "Subscribers" can be
12:11:47 10 a vaguely defined term, but if we use the metric that
12:11:53 11 is typically used in our industry, which is monthly
12:12:01 12 active users, I would say that Telegram has by now
12:12:09 13 about 300 million monthly active users.

12:12:13 14 BY MR. TENREIRO:

12:12:13 15 Q. What about at the end of 2017, how many
12:12:15 16 monthly active users did Telegram have?

12:12:18 17 MR. DRYLEWSKI: Objection; scope.

12:12:29 18 THE WITNESS: It's hard to tell. Based on
12:12:31 19 my recollection, it was somewhere around 180 million
12:12:36 20 users, depending on the month.

12:12:39 21 BY MR. TENREIRO:

12:12:39 22 Q. Okay. And who hosts the servers for
12:12:44 23 Telegram Messenger?

12:12:44 24 MR. DRYLEWSKI: Objection; scope.

12:12:57 25 THE WITNESS: Would you mind clarifying

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12:13:00 1 the question?

12:13:02 2 BY MR. TENREIRO:

12:13:03 3 Q. Who has control of the servers?

12:13:05 4 MR. DRYLEWSKI: Same objection.

12:13:16 5 THE WITNESS: Our team has full control
12:13:17 6 over the servers.

12:13:19 7 BY MR. TENREIRO:

12:13:19 8 Q. Okay. And Telegram Messenger, when did it
12:13:23 9 -- when did -- who created it? Who created that app?

12:13:38 10 A. It was created by a subset of the
12:13:44 11 engineers and managers that are still working at
12:13:48 12 Telegram.

12:13:49 13 Q. Does that include you?

12:13:50 14 A. Yes.

12:13:51 15 Q. Okay. Whose idea was it?

12:13:54 16 MR. DRYLEWSKI: Objection; form.

12:13:56 17 Objection; scope.

12:14:02 18 THE WITNESS: I believe it was my idea.

12:14:03 19 BY MR. TENREIRO:

12:14:04 20 Q. Okay. And when -- more or less, when was
12:14:08 21 it created?

12:14:17 22 A. I believe we started working on this
12:14:21 23 technology in early 2012 and we launched it publicly
12:14:34 24 somewhere around August 2013.

12:14:39 25 Q. From August 2013 approximately to today,

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12:18:52 1 MR. TENREIRO: Great.

12:18:53 2 MR. DRYLEWSKI: -- that we're going to hand
12:18:54 3 to the witness and to you, if there's no objection.

12:18:57 4 MR. TENREIRO: Why don't we just hold off
12:19:00 5 for a second. I'm going to go off this topic and when
12:19:03 6 I come back, you can, if that's okay?

12:19:05 7 MR. DRYLEWSKI: Fine.

12:19:05 8 BY MR. TENREIRO:

12:19:06 9 Q. Let me just take a step back before we get
12:19:08 10 into the breakdown, Mr. Durov.

12:19:10 11 Does Telegram charge its users for either
12:19:14 12 downloading or using the app in any way?

12:19:16 13 MR. DRYLEWSKI: Objection; scope.

12:19:17 14 THE WITNESS: It does not.

12:19:19 15 BY MR. TENREIRO:

12:19:20 16 Q. Has it ever?

12:19:20 17 MR. DRYLEWSKI: Same objection.

12:19:27 18 THE WITNESS: No.

12:19:27 19 BY MR. TENREIRO:

12:19:27 20 Q. Okay.

12:19:30 21 Up until the time -- from August 2013
12:19:33 22 until the time of the offering or the raising of funds
12:19:36 23 that's at issue in this litigation, how did
12:19:39 24 Telegram -- from what sources did Telegram fund its
12:19:41 25 operations?

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12:19:41 1 MR. DRYLEWSKI: Same objection.

12:19:59 2 THE WITNESS: The source was my personal
12:20:07 3 savings that resulted from the sale of the previous
12:20:13 4 company I started and eventually sold. That was the
12:20:21 5 largest social network on the post-Soviet space, and
12:20:28 6 I managed to sell it at the right time.

12:20:32 7 BY MR. TENREIRO:

12:20:33 8 Q. I might pronounce the name wrong and,
12:20:36 9 if so, I apologize. Is this VKontakte?

12:20:39 10 A. Yes. We can refer to it as VK.

12:20:41 11 Q. You refer to it as VK, okay.

12:20:44 12 A. Yes.

12:20:44 13 Q. All right. So the proceeds from your sale
12:20:48 14 of VK is some of the funds that you used to fund the
12:20:53 15 operations of Telegram from August 2013, at least
12:20:57 16 until end of 2017; is that correct?

12:20:59 17 MR. DRYLEWSKI: Objection; scope.

12:21:21 18 THE WITNESS: Well, I definitely used
12:21:23 19 those funds to support the growth of our servers up
12:21:39 20 until 2018. I may have used some of the funds after
12:21:47 21 that, because typically I wouldn't separate my
12:22:07 22 personal savings from the needs of Telegram Messenger
12:22:10 23 in the sense of if I see that Telegram needs more
12:22:17 24 resources, I would happily invest more because
12:22:27 25 I'm a person that prefers not to own any real estate

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12:28:11 1 to understand a little bit. Because you said earlier
12:28:13 2 that it's possible you might have continued to spend
12:28:15 3 some of your own savings after the private placement
12:28:18 4 happened, so I just want to make sure I understand
12:28:20 5 exactly what the 218 million is.

12:28:22 6 A. Yeah.

12:28:23 7 Q. So the question is, is the 218 million all
12:28:26 8 of the expenditures that Telegram has had in that time
12:28:30 9 period, or is it only the amount that has been spent
12:28:34 10 from the private placement?

12:28:36 11 A. Ah, now I understand your question.
12:28:40 12 Those are all the expenditures. Those are all the
12:28:53 13 expenditures that we had.

12:28:54 14 Q. Those are all the expenditures, okay.
12:28:57 15 And is it your -- I'm sorry.

12:28:59 16 A. But I have maybe to clarify my last answer
12:29:02 17 a little bit. There may have been certain additional
12:29:10 18 expenses. For example, when I paid for the rental
12:29:27 19 costs or the travel costs for my team, I would
12:29:34 20 typically cover those from my personal accounts, but
12:29:41 21 those were related to Telegram, not to myself
12:29:43 22 personally, and in that sense there may have been
12:29:48 23 certain other expenses, but I think it would be fair
12:29:53 24 to say that the majority of expenses are stated here.

12:29:59 25 Q. Can you do better than "the majority"?

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12:30:03 1 Is it the overwhelming majority of expenses?

12:30:06 2 A. I would say it is the vast majority; it
12:30:10 3 should be way over 90 percent of expenses.

12:30:12 4 Q. Okay, thank you. And what I'm seeing --
12:30:18 5 what does "Equipment" mean? What does that refer to?

12:30:26 6 A. "Equipment" refers to the servers and
12:30:32 7 routers and other networking equipment that we would
12:30:37 8 buy to host the operations of both Telegram and TON.

12:30:53 9 Q. Do you use the same equipment to host the
12:31:00 10 operations of Telegram and TON, or is it separate
12:31:02 11 equipment?

12:31:19 12 A. We used most equipment -- we use --
12:31:22 13 I'm sorry. We use the same equipment in most cases.

12:31:24 14 Q. The same equipment, okay. And what's
12:31:27 15 "Traffic Hosting Fees"?

12:31:38 16 A. I think it's important to clarify that
12:31:41 17 unlike certain other internet services, Telegram
12:31:51 18 doesn't use -- or doesn't rely only on the help of
12:32:08 19 cloud-hosting platforms, such as AWS, to maintain its
12:32:17 20 operations, and, like, the vast majority of servers
12:32:26 21 that we use is owned by ourselves, and since we own
12:32:34 22 it, this equipment, ourselves we also have to pay to
12:32:44 23 internet providers, you know, providers of telecoms,
12:32:49 24 providers of connectivity to be able to make sure that
12:32:57 25 our servers are accessible by our users globally.

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12:33:03 1 Q. And so is that traffic hosting fees, just
12:33:06 2 to get an answer to my question?

12:33:07 3 A. Yes.

12:33:08 4 Q. Okay, thanks.

12:33:09 5 So what I'm seeing from page 1 is that
12:33:12 6 approximately 41 percent of costs were spent on
12:33:19 7 equipment between January 2018 and January 2019, and
12:33:23 8 then 38 percent in the next page, which you said is up
12:33:29 9 to November 2019, correct?

12:33:30 10 A. Yeah.

12:33:31 11 Q. Okay. So is it fair to say that
12:33:34 12 approximately 40 percent of the expenses of Telegram
12:33:37 13 are in equipment?

12:33:37 14 A. That is fair.

12:33:38 15 Q. Okay. And why have you never charged
12:33:41 16 users a fee for using Telegram?

12:33:44 17 MR. DRYLEWSKI: Objection; scope.

12:34:09 18 THE WITNESS: We have a very long-term
12:34:11 19 vision for Telegram and we have been focused on
12:34:14 20 growth, and the ways our service can be used by more
12:34:34 21 and more people, we thought that charging a fee could
12:34:39 22 have been detrimental to growth.

12:34:50 23 As you may know, none of the other
12:34:54 24 competing messaging apps are charging fees from their
12:34:58 25 users, with the exception of really small niche ones,

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12:35:05 1 and I would say it wouldn't be sensible, commercially
12:35:11 2 and strategically, to start charging users.

12:35:15 3 BY MR. TENREIRO:

12:35:15 4 Q. You would say it would or would not be?

12:35:18 5 MR. DRYLEWSKI: I think he said "would not
12:35:19 6 be."

12:35:20 7 MR. TENREIRO: Okay, because I saw
12:35:22 8 "would," that's why I was clarifying.

12:35:25 9 THE WITNESS: Thank you.

12:35:26 10 BY MR. TENREIRO:

12:35:26 11 Q. It would not be, okay.

12:35:29 12 Up until the end of December 2017, since
12:35:32 13 it was not charging fees, was Telegram generating any
12:35:36 14 other sources of revenue, such as ads or anything
12:35:39 15 else?

12:35:39 16 MR. DRYLEWSKI: Objection; scope.

12:35:52 17 THE WITNESS: We contemplated several
12:35:54 18 potential revenue streams for Telegram and we
12:35:58 19 considered that the ad-driven monetization could be
12:36:09 20 very profitable; however, since we are a small team
12:36:29 21 and limited in the resources that we have available
12:36:31 22 in terms of talent and time, we decided to focus on
12:36:44 23 other projects and return to these other potential
12:37:08 24 revenue streams -- I mean the consideration or the
12:37:11 25 implementation of those -- sometime later in the

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12:47:26 1 from the question whether you can ask the questions.

12:47:28 2 MR. TENREIRO: Our position is these
12:47:29 3 questions about the use of the private placement funds
12:47:31 4 are within the scope of 26 and 27, and within the
12:47:34 5 scope of what Judge Castel allowed us to ask yesterday
12:47:40 6 as a 30(b)(6) witness.

12:47:40 7 MR. DRYLEWSKI: We are going to reserve
12:47:41 8 our rights to object to that characterization.
12:47:44 9 But there is no need to bog this down. You can ask
12:47:48 10 the questions, the witness is going to answer them,
12:47:48 11 and if we have a dispute later about whether that was
12:47:50 12 within or without the scope of these topics, we can
12:47:53 13 discuss it then.

12:47:54 14 MR. TENREIRO: Fair enough.

12:47:55 15 BY MR. TENREIRO:

12:47:55 16 Q. Mr. Durov, so how much money has Telegram
12:47:59 17 spent since October -- since the letter to the
12:48:01 18 investors to today on equipment for the TON Blockchain
12:48:07 19 specifically?

12:48:08 20 MR. DRYLEWSKI: Objection; scope.

12:48:10 21 MR. TENREIRO: And, again, I disagree that
12:48:13 22 this is outside of the scope. This is squarely within
12:48:15 23 the scope of 26 and 27.

12:48:17 24 MR. DRYLEWSKI: Same response.

12:48:29 25 THE WITNESS: Well, due to the fact that

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12:48:31 1 we use the same equipment and same suppliers for
12:48:35 2 equipment for both Telegram Messenger and TON,
12:48:45 3 it's hard to make this distinction.

12:48:57 4 I would assume it's -- well, it's fair to
12:49:10 5 say that a substantial part of the equipment costs
12:49:29 6 supported Telegram Messenger because Telegram is a
12:49:44 7 large, popular service; however, we did use a lot of
12:49:52 8 equipment for TON, you know, to be able to stress-test
12:50:01 9 it properly and also in order to stress-test the new
12:50:23 10 applications for TON that we are currently working on.

12:50:28 11 BY MR. TENREIRO:

12:50:28 12 Q. How much money has been spent in equipment
12:50:31 13 since October 2019?

12:50:32 14 MR. DRYLEWSKI: And we'll just reserve our
12:50:35 15 respective rights on all of this, okay. I don't want
12:50:39 16 to bog you down.

12:50:40 17 MR. TENREIRO: Okay.

12:50:53 18 THE WITNESS: Well, my estimate would be
12:51:08 19 around -- somewhere around \$10 million about.

12:51:15 20 BY MR. TENREIRO:

12:51:15 21 Q. Okay. And if you wanted to -- I'm sorry.
12:51:18 22 Were you finished?

12:51:20 23 A. Or slightly less. I mean, I think it's
12:51:22 24 possible that we spent that amount of money.

12:51:23 25 Q. Okay. If you wanted to get not an

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12:58:33 1 expenses, so ...

12:58:34 2 Q. Okay. So the more substantial share is
12:58:38 3 the core team, what you've described as the core team?

12:58:40 4 A. Correct.

12:58:41 5 Q. Okay. But the core team also includes
12:58:44 6 coders and programmers, right?

12:58:47 7 A. That's right.

12:58:47 8 Q. Okay. And today, do the coders and
12:58:52 9 programmers work on both Telegram Messenger and
12:58:56 10 TON Blockchain, or do some do only one? How is that
12:59:00 11 broken up?

12:59:07 12 A. So the engineers we employ are high-scale,
12:59:13 13 multifaceted professionals that are used to work on
12:59:27 14 a wide range of tasks and projects, and I would say
12:59:37 15 that pretty much the entire team, the entire
12:59:45 16 engineering team, has been involved in the development
12:59:47 17 of TON and its applications.

12:59:53 18 Q. But also Telegram Messenger, at least at
12:59:56 19 various times; is that correct?

12:59:57 20 A. Yes.

12:59:57 21 Q. Okay. Let me just ask you one more before
13:00:04 22 we go off the record. The logo for Telegram is
13:00:08 23 a little paper airplane; is that correct?

13:00:11 24 A. That's right.

13:00:11 25 Q. Okay. And do you have copyright over that

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13:03:14 1 it's logical to assume that we have tried to register
13:03:24 2 the logo in most developed countries and significant
13:03:34 3 markets in order not to have bad actors trying to scam
13:03:42 4 users into believing they're downloading the messaging
13:03:52 5 app that we created.

13:03:55 6 MR. TENREIRO: Okay. Good time to go off?

13:03:57 7 MR. DRYLEWSKI: Yes.

13:03:57 8 MR. TENREIRO: Let's go off the record.

13:04:00 9 THE WITNESS: Okay, thank you.

13:04:01 10 THE VIDEOGRAPHER: We are going off the
13:04:02 11 record. The time is 1:03.

13:04:04 12 (Lunch break taken.)

13:53:32 13 THE VIDEOGRAPHER: We are back on record.
13:53:34 14 The time is 1:52.

13:53:36 15 MR. TENREIRO: Thank you.

13:53:37 16 BY MR. TENREIRO:

13:53:37 17 Q. Mr. Durov, at some point -- I'm sorry,
13:53:41 18 are you ready to proceed?

13:53:42 19 A. Yes.

13:53:42 20 Q. Okay, sorry.

13:53:44 21 At some point in 2017 and 2018, Telegram
13:53:47 22 raised funds from investors; is that correct?

13:53:49 23 A. Yes.

13:53:49 24 Q. And how much money was raised?

13:54:09 25 A. Well, as a result of the private placement

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13:54:12 1 conducted in 2018, we raised \$1.7 billion.

13:54:23 2 Q. And whose idea was it to raise funds from
13:54:26 3 investors?

13:54:37 4 A. I think it was my idea that I came to as
13:54:54 5 a result of discussions with my peers and other third
13:55:03 6 parties.

13:55:04 7 Q. Other? Third parties, okay.

13:55:09 8 A. Yes.

13:55:09 9 Q. Let me ask you just to go back on the
13:55:12 10 1.7 billion. How much of the 1.7 billion has Telegram
13:55:15 11 actually received from investors? Has it received all
13:55:18 12 of it?

13:55:18 13 A. Yes.

13:55:18 14 Q. Okay. And it received all of it in 2018;
13:55:21 15 is that correct?

13:55:21 16 A. Yes, I believe so.

13:55:22 17 Q. Okay. Since 2018, has Telegram raised any
13:55:28 18 other funds from investors?

13:55:32 19 MR. DRYLEWSKI: Objection; form.

13:55:33 20 Just to clarify, relating to TON?

13:55:38 21 MR. TENREIRO: In any form.

13:55:40 22 MR. DRYLEWSKI: Okay, thank you.

13:55:41 23 MR. TENREIRO: Thank you.

13:55:42 24 THE WITNESS: No, I don't think so.

25 ///

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13:55:44 1 BY MR. TENREIRO:

13:55:44 2 Q. Okay. I think you said it was your idea,
13:55:47 3 after consultation with advisors and third parties,
13:55:49 4 to raise the funds. Why did you want to raise funds
13:55:54 5 from investors?

13:55:56 6 MR. DRYLEWSKI: Objection; form.
13:55:58 7 Mischaracterizes the testimony; he didn't say
13:56:00 8 "advisors."

13:56:29 9 THE WITNESS: Our plan was to create
13:56:31 10 a scaleable, proof-of-stake blockchain network.
13:56:42 11 In a proof-of-stake blockchain architecture, it is
13:56:47 12 very important to have a lot of value locked in
13:56:52 13 validator stakes. In order to guarantee that this
13:56:59 14 value would be there, we would have to have some
13:57:09 15 people investing substantial amounts of funds in
13:57:20 16 exchange for Grams in the future, otherwise the
13:57:30 17 security and stability of the network would have been
13:57:35 18 affected because smaller amounts of value locked in
13:57:46 19 validator stakes could create an incentive for
13:57:51 20 potential validators to sign incorrect transactions,
13:57:55 21 particularly in cases where those transactions involve
13:58:01 22 large amounts of value.

13:58:05 23 MR. DRYLEWSKI: Just to check, are you all
13:58:06 24 right with this air that seems to have just gone on?

13:58:09 25 THE VIDEOGRAPHER: Yeah. I mean, we are

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13:58:11 1 fine but it is in the background. There's nothing
13:58:13 2 really we can do.

13:58:14 3 MR. DRYLEWSKI: Okay. I don't know if
13:58:15 4 there is anything we can do about it.

13:58:18 5 MS. CHARMANI: We checked and there's not.

13:58:20 6 MR. DRYLEWSKI: Sorry.

13:58:26 7 THE VIDEOGRAPHER: It just got louder.

13:58:28 8 BY MR. TENREIRO:

13:58:28 9 Q. So let me ask you why 1.7 billion as
13:58:34 10 opposed to some other amount?

13:58:48 11 A. Well, if the amount was to be too low,
13:58:55 12 as I was just explaining, this would lead to
13:59:06 13 a situation where the validators wouldn't have to
13:59:15 14 have -- to risk much when they validated transactions.
13:59:20 15 And in that sense, the larger the amount, the more
13:59:23 16 secure the network because it can allow for secure
13:59:33 17 transfer of larger amounts of value.

13:59:39 18 Q. So does this -- you talked about the
13:59:42 19 security and the stability of the -- when you said
13:59:44 20 "the network," are you referring to the TON
13:59:47 21 Blockchain?

13:59:47 22 A. Correct.

13:59:48 23 Q. Okay. So the security and stability of
13:59:50 24 the TON Blockchain, is it fair to say, would be
13:59:55 25 affected if you don't have a certain number of

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13:59:57 1 validators? Is that what you mean?

13:59:59 2 MR. DRYLEWSKI: Objection to form.

14:00:01 3 THE WITNESS: Not -- that was not exactly
14:00:06 4 what I was talking about. I was thinking more about
14:00:17 5 the aggregate value of all stakes deposited by all
14:00:22 6 validators regardless of the number of validators.

14:00:27 7 BY MR. TENREIRO:

14:00:28 8 Q. Okay. So the number of -- so just to make
14:00:31 9 sure the record is clear, I can deposit stakes but not
14:00:34 10 actually be selected as a validator; is that correct?

14:00:37 11 A. That is also possible.

14:00:38 12 Q. Okay. So when you say -- so is it fair to
14:00:41 13 say, then, that the security and stability of the
14:00:44 14 network depends, at least in part, on there being
14:00:47 15 a lot of stakes deposited to act -- to potentially act
14:00:53 16 as validators; is that what you meant?

14:01:01 17 MR. DRYLEWSKI: Objection to form.

14:01:01 18 THE WITNESS: No. I meant that the
14:01:04 19 aggregate value of all stakes that were both deposited
14:01:10 20 and accepted in validation should be high enough for
14:01:15 21 the network to be able to process large transactions
14:01:21 22 securely.

14:01:22 23 BY MR. TENREIRO:

14:01:22 24 Q. Both the stakes that are both deposited
14:01:25 25 and accepted needs to be high enough; is that correct?

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14:01:28 1 A. Yes. Yes, because it is important to have
14:01:41 2 validators running the network that are risking
14:01:48 3 substantial amounts of value in case they decide
14:01:54 4 to act in bad faith.

14:01:57 5 Q. So if I -- what if I -- what if you sell
14:02:00 6 a certain number of Grams but none of the people to
14:02:03 7 whom you sold it decide to deposit them or stake them
14:02:09 8 in some way; would that achieve the security and
14:02:13 9 stability that you need for the TON Blockchain to
14:02:18 10 operate as you envisioned it?

14:02:20 11 MR. DRYLEWSKI: Objection to form.

14:02:21 12 And just to clarify for the record, are
14:02:22 13 you asking this in his 30(b)(6) capacity?

14:02:24 14 MR. TENREIRO: I am. I am asking about
14:02:25 15 the purpose of the offering and with the vision for
14:02:30 16 use of -- you know, of the offering.

14:02:34 17 THE WITNESS: Would you remind repeating
14:02:36 18 the question?

14:02:37 19 BY MR. TENREIRO:

14:02:37 20 Q. Yes. If you sold a certain number of
14:02:39 21 Grams but none of the people to whom you sold it to
14:02:42 22 actually deposited them, or otherwise staked them,
14:02:47 23 none of them did that, would that achieve the security
14:02:51 24 and stability that you envisioned for the TON
14:02:55 25 Blockchain when you conducted the offering?

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14:02:56 1 MR. DRYLEWSKI: Same objection.

14:03:01 2 THE WITNESS: Well, if we have to imagine
14:03:03 3 a hypothetical scenario under which no Gram-holders,
14:03:11 4 or future Gram-holders are willing to act as
14:03:17 5 validators, it would make the launch impossible.

14:03:23 6 BY MR. TENREIRO:

14:03:24 7 Q. Okay. And what number of separate
14:03:33 8 entities or individuals that are depositing or staking
14:03:38 9 their Grams and willing to act as validators in
14:03:44 10 your -- do you think you need to have so that you get
14:03:47 11 the security and stability for the network that you
14:03:50 12 envisioned?

14:03:51 13 MR. DRYLEWSKI: Objection to form, and
14:03:54 14 objection scope.

14:04:30 15 THE WITNESS: Well, so you're right that
14:04:33 16 in addition to the importance of having a substantial
14:04:40 17 amount of value locked in validator stakes, it is also
14:04:50 18 important to have a certain number of independent
14:04:53 19 validators running the network and signing the
14:05:03 20 transactions. What exact number is sufficient in this
14:05:11 21 regard is a, for the most part, theoretical and
14:05:18 22 philosophical question, and I think there have been a
14:05:22 23 lot of publications on that topic by the blockchain
14:05:32 24 community.

14:05:41 25 Purely theoretically, if you have to come

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14:05:44 1 up with the minimum -- minimal sufficient number of
14:05:52 2 validators to run a network like this and for the
14:05:56 3 network to still qualify as a decentralized network,
14:06:00 4 you would need at least several completely independent
14:06:03 5 validators. And the more validators you have, the
14:06:07 6 better.

14:06:12 7 BY MR. TENREIRO:

14:06:12 8 Q. Can you get any more specific than
14:06:14 9 "at least several"?

14:06:16 10 Or let me ask it this way: What's your
14:06:19 11 own personal view as to what, you know, a good
14:06:22 12 starting number would be? Just Mr. Durov's view.

14:06:58 13 A. If you look at some other blockchain
14:07:02 14 networks, you could see that they are able to maintain
14:07:12 15 decentralization even when the parties running the
14:07:21 16 networks -- in the case of Bitcoin, those are called
14:07:26 17 miners -- join their efforts into pools, and if you
14:07:39 18 look at the structure of these networks based on the
14:07:47 19 number of independent pools are out there, you will
14:07:51 20 see that there are several pools like that, the joint
14:08:05 21 efforts of which are sufficient to sign any new block
14:08:13 22 generated in the network.

14:08:17 23 If you look at some other networks, such
14:08:20 24 as the more recently launched EOS, I think they have
14:08:33 25 20-something validators in their delegated

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14:08:38 1 proof-of-stake network. So I think that in terms of
14:08:45 2 public perception and reputation in the community,
14:08:52 3 it would be good to have more than 20 validators at
14:08:56 4 launch.

14:08:57 5 Q. Is it fair to say that you were preparing
14:09:00 6 to launch the TON Blockchain at some point in October
14:09:05 7 of 2019 before this litigation began?

14:09:15 8 A. Did we -- sorry, can you repeat the
14:09:18 9 question?

14:09:19 10 Q. Yeah. Is it fair to say that Telegram was
14:09:22 11 preparing to launch the TON Blockchain at some point
14:09:25 12 in October 2019?

14:09:26 13 A. That's exactly true.

14:09:26 14 Q. And how many validators were you expecting
14:09:30 15 to have upon the launch at that point?

14:09:37 16 A. We were expecting to have more than
14:09:40 17 20 validators. I think we received interest from --
14:09:49 18 well, at least several validators -- potential
14:09:53 19 validators, it may be a dozen, and we were actively,
14:09:58 20 you know, processing such inquiries and requests for
14:10:05 21 validation in early October when this process was
14:10:10 22 interrupted by this started litigation.

14:10:14 23 Q. And so the -- what was the basis for your
14:10:17 24 expectation of how many validators you were going to
14:10:21 25 have?

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14:19:13 1 A. I remember them expressing an interest.
14:19:16 2 That's at least how I understand -- understood them,
14:19:19 3 yes.

14:19:19 4 Q. Okay. And in terms of the offering
14:19:22 5 process for the private placement, did Telegram have
14:19:26 6 any sort of policy about inquiring from potential
14:19:31 7 investors as to whether they had an intention or an
14:19:34 8 interest in acting as validators on the TON
14:19:38 9 Blockchain?

14:19:38 10 MR. DRYLEWSKI: Objection; scope.

14:19:41 11 MR. TENREIRO: So this is within the scope
14:19:42 12 of question -- you know, the manner in which the offer
14:19:44 13 was conducted, how the offer was conducted --

14:19:44 14 MR. DRYLEWSKI: Where is that?

14:19:51 15 MR. TENREIRO: -- were there scripts, what
14:19:53 16 criteria of reasons were used to decide.

14:19:55 17 MR. DRYLEWSKI: Which topic number?

14:19:57 18 MR. TENREIRO: The last page. I don't
14:19:58 19 know if you want to call that topic 32 or how you want
14:20:10 20 to refer to it.

14:20:11 21 MR. DRYLEWSKI: Objection withdrawn.
14:20:13 22 Thank you.

14:20:14 23 MR. TENREIRO: Okay.

14:20:24 24 THE WITNESS: We didn't have a specific
14:20:25 25 policy that would oblige our employees to ask these

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14:20:34 1 questions to investors or ask the investors to fill
14:20:40 2 out a form involving such questions; we preferred to
14:21:11 3 enter into purchase agreements with well-known,
14:21:23 4 sophisticated investors, many of whom had an
14:21:31 5 established name in the technology sector. We assumed
14:21:43 6 that -- given the fact that becoming a validator is
14:21:57 7 actually not unlike something as simple as setting up
14:22:03 8 a server in a data center in a secure way, we assumed
14:22:19 9 that a lot of our purchasers would be able to act as
14:22:33 10 validators if they chose to.

14:22:37 11 BY MR. TENREIRO:

14:22:37 12 Q. Thank you, Mr. Durov. I think the court
14:22:40 13 reporter -- I want to clarify the beginning of your
14:22:42 14 answer. I think she wrote down, "We did have
14:22:45 15 a specific policy that would oblige ..."

14:22:49 16 A. Ah, I'm sorry; we did not.

14:22:52 17 Q. You did not. Thank you.

14:22:58 18 So I started this line of question by
14:23:00 19 asking you why you did a public offering -- I'm sorry,
14:23:04 20 why you did a private placement in 2018, and I think
14:23:09 21 you discussed your need for people, and validators for
14:23:17 22 security and stability. Is that correct? Is that one
14:23:19 23 of the reasons why you raised funds from investors?

14:23:23 24 A. This is --

14:23:24 25 MR. DRYLEWSKI: Objection --

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14:26:48 1 had as a result of this opportunity cost could be at
14:26:56 2 least partially compensated by the funds that Telegram
14:27:06 3 Messenger could receive and spend in accordance -- as
14:27:19 4 a result of the private placement in accordance with
14:27:22 5 the Use of Funds section that we included in the
14:27:28 6 offering materials for private purchasers.

14:27:35 7 Q. Okay. So just to make sure I understand,
14:27:38 8 is it fair to say that one of the reasons you decided
14:27:40 9 to raise funds was to fund Telegram Messenger at some
14:27:42 10 point?

14:27:44 11 MR. DRYLEWSKI: Objection to form.

14:28:10 12 THE WITNESS: I think one of the reasons
14:28:12 13 why we thought it was appropriate to spend part of
14:28:18 14 the funds resulting from the private placement on
14:28:27 15 supporting Telegram was to compensate for the
14:28:30 16 opportunity costs that I just described.

14:28:51 17 It is also worth mentioning that at the
14:28:53 18 time of launch, the size and the public perception of
14:29:28 19 the Telegram brand could affect the perception of this
14:29:42 20 new decentralized network which has been built by the
14:29:47 21 same team. So you can say that if there are many
14:30:04 22 users who are happy with Telegram, those users would
14:30:19 23 likely be interested to see if they can find a project
14:30:33 24 developed by the same team interesting, even
14:30:39 25 recognizing the fact that this project will not be

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14:30:46 1 supported by the same team post launch.

14:30:57 2 In a similar manner, a large part of the
14:31:08 3 users that enjoyed the services of the first company
14:31:14 4 I built, VK, later decided to try Telegram, an
14:31:30 5 unrelated service that, however, has some of the same
14:31:36 6 people as its creators. So it would be fair to assume
14:31:50 7 that spending some of the funds on sustaining and
14:32:01 8 developing the Telegram brand would be -- spend some
14:32:17 9 of the funds for sending and developing the Telegram
14:32:21 10 brand pre-launch -- I mean before the launch of TON --
14:32:24 11 would be helpful for the successful launch of TON and
14:32:31 12 could promote the consumptive use of Grams indirectly.

14:32:35 13 BY MR. TENREIRO:

14:32:35 14 Q. Thank you. Sorry, I didn't mean to
14:32:39 15 imply -- just picking up on the earlier part of your
14:32:42 16 answer, I didn't mean to imply there was anything
14:32:45 17 inappropriate with using funds for Telegram. I'm just
14:32:47 18 trying to ask the basic question of why Telegram
14:32:50 19 raised funds in 2017.

14:32:52 20 So is it fair to say that one of the
14:32:54 21 reasons was to fund the operations of Telegram
14:32:58 22 Messenger? And I'll get to the other reasons.
14:33:01 23 I'm just trying to understand all of the reasons,
14:33:02 24 that's all.

14:33:07 25 A. I think we are risking confusing the

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14:33:11 1 reason and the consequence here because the reason
14:33:15 2 here was to create a new-generation blockchain
14:33:27 3 platform that our users asked us for, as we understood
14:33:31 4 their requests. When we started to think about this
14:33:37 5 idea, we realized that it should be a proof-of-stake
14:33:41 6 system if we want to achieve the usability and speed
14:33:47 7 that our users are accustomed to.

14:33:51 8 Based on that, we realized that we would
14:33:54 9 have to come up with a way of eventually distributing
14:34:04 10 Grams, and we decided to enter the purchase agreements
14:34:09 11 with private purchasers, in order to have a sufficient
14:34:24 12 amount of value locked in validator stakes in order
14:34:29 13 for this blockchain to be secure, and only after that,
14:34:37 14 realizing that we now have access to certain funds and
14:34:46 15 at the same time we are limited in our ability to
14:34:49 16 pursue alternative potential revenue streams, due
14:35:02 17 to the fact that we are busy building TON Blockchain,
14:35:07 18 we decided that we could use some of the funds for
14:35:15 19 some of the purposes that I described, and we made it
14:35:19 20 very clear to all the purchasers in the private
14:35:24 21 placement as to how we would be using the proceeds
14:35:28 22 from the offering.

14:35:32 23 Q. And going back to another part of your
14:35:34 24 earlier answer about how you thought -- I'm
14:35:38 25 paraphrasing here but please correct me at the end --

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14:35:42 1 how you thought that spending some funds on Messenger
14:35:46 2 might be beneficial to TON, you talked about an
14:35:51 3 analogy between VK and then people moving over from VK
14:35:55 4 to Messenger.

14:35:56 5 Do you recall that we just talked about
14:35:57 6 that a second ago?

14:35:59 7 A. Yes.

14:35:59 8 Q. Would you describe that as sort of like
14:36:01 9 brand development, I guess, or is that what you're
14:36:05 10 talking about there?

14:36:14 11 A. I'm talking primarily about credibility
14:36:17 12 and trust, because these things are very important in
14:36:26 13 the distributed-ledger community. I think it's
14:36:33 14 important to establish this trust by consistently
14:36:42 15 delivering high-quality products so that the new
14:37:13 16 decentralized network, at launch, could enjoy
14:37:21 17 a certain level of credibility and interest coming
14:37:28 18 from this community.

14:37:32 19 Q. The credibility based on you and your
14:37:36 20 team's past history of delivering good products;
14:37:41 21 is that fair to say?

14:37:45 22 A. I'm speaking more -- mainly about, for
14:37:48 23 example, things like the security of the TON
14:37:55 24 Blockchain post launch. It would be fair to assume
14:38:03 25 that some people would be reluctant to start

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14:38:13 1 transferring substantial amounts of funds using a new
14:38:17 2 network unless they have a certain level of confidence
14:38:29 3 that the original team of developers that created the
14:38:32 4 core code of this network is a group of talented
14:38:39 5 individuals that have a proven track record.

14:38:43 6 Q. Okay. So going back to the offering, what
14:38:50 7 are the dates of the offering? What were the dates of
14:38:53 8 the offering, the beginning and the end?

14:38:56 9 MR. DRYLEWSKI: Objection to form.
14:38:59 10 Calls for a legal conclusion.

14:39:15 11 THE WITNESS: I hope I had it with me
14:39:16 12 somewhere, but the top of my head, I can say that the
14:39:21 13 first round of the offering took place in January and
14:39:32 14 I believe my colleagues started to have certain
14:39:36 15 discussions with investors in early December.

14:39:41 16 BY MR. TENREIRO:

14:39:42 17 Q. Of? I'm sorry, of '17?

14:39:45 18 A. Yes.

14:39:46 19 Q. Okay.

14:39:47 20 A. It may have been a little earlier than
14:39:50 21 that but just preliminary discussions. The main work
14:39:58 22 started in December. It was concluded in January for
14:40:02 23 the first round.

14:40:20 24 The second round was completely signed,
14:40:32 25 I think, one and a half months later approximately,

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14:52:55 1 capacity as the corporate representative for Telegram,
14:52:57 2 is that the same basis for Telegram's understanding
14:52:59 3 that it had \$850 million in signed purchase
14:53:03 4 agreements, or is there something else?

14:53:28 5 A. Internally, everybody in the team who was
14:53:33 6 related to the private placement had the understanding
14:53:35 7 of the importance of being able to say how many
14:54:00 8 purchase agreements we have signed by the other
14:54:03 9 parties, and for what amount these agreements -- and
14:54:35 10 for what amount these agreements translate to, so
14:54:47 11 I remember it was clearly understood by everybody
14:54:58 12 involved.

14:54:59 13 THE COURT REPORTER: Sorry, it was or
14:55:01 14 wasn't?

14:55:01 15 MR. DRYLEWSKI: I think he said "was."

14:55:01 16 THE WITNESS: Was.

14:55:03 17 THE COURT REPORTER: Thanks.

14:55:03 18 BY MR. TENREIRO:

14:55:03 19 Q. And when you said everybody in the team
14:55:07 20 was related to the private placement, can you just
14:55:08 21 tell me who those people are, that team?

14:55:12 22 A. Yeah. At that point those were Ilia,
14:55:15 23 Shyam and John.

14:55:18 24 Q. Ilia, Shyam and John, okay.

14:55:20 25 Is it fair to say that as of March 2018,

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14:55:29 1 as at the end of March 2018, Telegram had not actually
14:55:32 2 received \$850 million from the Stage A purchasers?

14:55:49 3 A. Yes. As I said, some of the purchasers
14:55:51 4 took time in transferring funds, but at that point it
14:56:05 5 seemed natural because some of them would have
14:56:11 6 problems with -- or additional questions coming from
14:56:16 7 their banks, some of them would refer to other reasons
14:56:21 8 why it would take additional time, and given the fact
14:56:32 9 that we believed we had credible funds and individuals
14:56:47 10 sign those agreements, we had no grounds to believe
14:56:51 11 that they would act to breach the agreements,
14:56:54 12 particularly after having successfully, quickly,
14:57:03 13 concluding the first stage of the private placement
14:57:06 14 where also some of the purchasers might have taken
14:57:14 15 a couple of additional weeks to transfer, but
14:57:22 16 eventually did transfer in a reasonable time frame.

14:57:29 17 So based on our experience, we believed
14:57:31 18 that having all those purchase agreements signed by
14:57:33 19 the purchasers means that we have the comfort of
14:57:44 20 knowing those funds will eventually be transferred, or
14:57:48 21 would eventually be transferred.

14:57:55 22 Those are legally binding agreements and
14:58:01 23 if we decided to do so, we could try to start
14:58:16 24 a litigation with each of the purchasers that failed
14:58:20 25 to meet their obligations, and that was something

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14:58:23 1 I considered at that point in time; however, we
14:58:38 2 decided that it would be easy and beneficial, more
14:58:46 3 beneficial, for all parties involved for us just to
14:58:49 4 give them additional time. After that time is up,
14:58:58 5 give the same opportunity to certain other purchasers.

14:59:03 6 Q. Okay. Of the 850 million that had been
14:59:06 7 signed by the end of March 2018, how much had Telegram
14:59:12 8 actually received by the end of March of 2018?

14:59:32 9 A. It's hard to say. We could have missed
14:59:42 10 a couple of hundred, maximum 300, million. I believe
14:59:46 11 you have all the records, the banking records, that
14:59:49 12 correspond to the incoming payments, so I think it
14:59:55 13 could be restored.

14:59:57 14 Q. It could be, I'm sorry, what?

15:00:00 15 A. Restored. Sorry.

15:00:01 16 Q. Restored, okay.

15:00:03 17 Okay. So the banking records, you're
15:00:05 18 saying, would reflect how much had come in by the end
15:00:08 19 of March of 2018?

15:00:09 20 A. Yeah.

15:00:09 21 Q. But is it fair to say that Telegram, even
15:00:12 22 though it hadn't received the funds from the purchase
15:00:14 23 agreements, considered the transaction completed
15:00:18 24 because the purchase agreement had been signed by
15:00:21 25 these individuals?

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15:00:21 1 MR. DRYLEWSKI: Objection to form.

15:00:43 2 THE WITNESS: In my business experience,
15:00:45 3 when you enter into an agreement with a credible
15:00:49 4 party, it sometimes takes more time than expected to
15:00:54 5 actually transfer funds. Particularly in such a novel
15:01:04 6 area here, which is blockchain related, one could
15:01:15 7 expect for bank transfers to take more time than it
15:01:21 8 usually does. That is why we had no reason to believe
15:01:29 9 that those purchasers who didn't transfer the amounts
15:01:40 10 that they owed us in March would fail to transfer
15:01:52 11 those funds later that year.

15:01:58 12 It is also possible that some of those
15:01:59 13 purchasers could have eventually transferred the funds
15:02:09 14 at a very late date, but we didn't want for this
15:02:21 15 process to drag for a longer time than is necessary.

15:02:29 16 BY MR. TENREIRO:

15:02:30 17 Q. Right. I'm sorry, are you finished?

15:02:32 18 A. Yeah.

15:02:33 19 Q. Okay.

15:02:33 20 A. So we offered some of those purchasers
15:02:36 21 eventually to cancel those purchase agreements.

15:02:38 22 Q. Right. So just setting aside for a second
15:02:41 23 whether you thought that people would or would not
15:02:46 24 pay, I think I'm trying to ask a slightly different
15:02:48 25 question.

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15:02:50 1 On March 29, 2018, when you signed and
15:02:53 2 filled out Exhibit 42, and on page 5 you wrote that
15:03:00 3 850 million had been sold and that 0 remaining to be
15:03:03 4 sold --

15:03:04 5 A. Mmm-hmm.

15:03:04 6 Q. -- at that time is it fair to say that
15:03:07 7 Telegram understood that because it had signed and
15:03:12 8 countersigned 850 million worth of purchase
15:03:15 9 agreements, that at that time that's what you viewed
15:03:17 10 as the amount of transactions you had already entered
15:03:20 11 into?

15:03:21 12 A. Yes.

15:03:23 13 MR. DRYLEWSKI: Objection to form.

15:03:23 14 BY MR. TENREIRO:

15:03:23 15 Q. And that was --

15:03:24 16 A. Could you repeat the question? Maybe
15:03:26 17 I misunderstood.

15:03:28 18 Q. Sure. Is it fair to say that at the time
15:03:30 19 that you filled out and signed the form in Exhibit 42,
15:03:35 20 which is March 29, 2018, Telegram understood that it
15:03:38 21 had entered into transactions for \$850 million?

15:03:56 22 A. Yes, we had purchase agreements for
15:04:00 23 \$850 million signed by both sides --

15:04:02 24 Q. Right.

15:04:03 25 A. -- that is correct.

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15:04:03 1 Q. And is it also correct that even though
15:04:06 2 you had not received the funds for all of them, you
15:04:08 3 understood that you had an agreement for that amount
15:04:12 4 of money already in place, a legal -- I think you
15:04:16 5 called it a legally binding agreement. Is that
15:04:19 6 correct?

15:04:19 7 A. That was our understanding, that those
15:04:25 8 parties owed us those amounts according to the
15:04:28 9 purchase agreements.

15:04:29 10 Q. Okay.

15:04:58 11 MR. DRYLEWSKI: While we're marking an
15:05:00 12 exhibit, can I get the time on the record, please?

15:05:03 13 THE VIDEOGRAPHER: 2:52.

15:05:05 14 MR. DRYLEWSKI: Thank you.

15:05:08 15 MR. TENREIRO: That's how long we've gone
15:05:10 16 on?

15:05:10 17 THE VIDEOGRAPHER: Yes.

15:05:10 18 MR. TENREIRO: Got it.

15:05:11 19 So this will be Exhibit 43. It's a
15:05:16 20 purchase agreement and a cover page.

15:05:16 21 THE WITNESS: Should I take it?

15:05:16 22 MR. TENREIRO: She needs to mark it first.

15:05:46 23 (Exhibit 43 marked for identification.)

15:05:55 24 MR. DRYLEWSKI: Please feel free to take
15:05:57 25 your time and read the entire document. If there's

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15:23:41 1 I think I first may have heard about it
15:23:43 2 somewhere in 2017.

15:23:44 3 BY MR. TENREIRO:

15:23:44 4 Q. Okay. And just for the record, what do
15:23:46 5 you understand -- I'm not asking you for legal
15:23:48 6 conclusions or anything like that, but if you had to
15:23:51 7 explain it in your own words, what do you understand
15:23:53 8 the DAO Report to be?

15:23:55 9 MR. DRYLEWSKI: Objection to form.

15:24:32 10 THE WITNESS: My understanding at the time
15:24:34 11 was that this DAO Report was related to a certain
15:24:43 12 token or blockchain-related offering that may have not
15:24:54 13 been done in accordance to all applicable laws and
15:24:59 14 regulations in the United States.

15:25:02 15 BY MR. TENREIRO:

15:25:03 16 Q. And -- okay.

15:25:06 17 Now, Mr. Durov, we were discussing the
15:25:09 18 structuring of the offering -- of the private
15:25:10 19 placement, the pre-sale and the Stage A. Do you
15:25:13 20 recall discussing that with me a few moments ago?

15:25:17 21 A. Pre-sale and Stage A?

15:25:19 22 Q. Right.

15:25:20 23 A. Yeah, we discussed that.

15:25:22 24 Q. Okay. Was there a point in time when you
15:25:24 25 were considering raising funds that you considered

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15:25:29 1 a different structure? And by this I just mean
15:25:32 2 Telegram. Was there a point in time in which Telegram
15:25:35 3 considered some other structure rather than what
15:25:37 4 actually happened, which was pre-sale plus Stage A?

15:26:02 5 A. Yes. I think at some early stages we
15:26:07 6 thought that a public offering, at least in certain
15:26:25 7 jurisdictions, could also be part of the process.

15:26:34 8 Q. Public offering of what?

15:26:55 9 A. This is a very good question that, after
15:27:06 10 being carefully studied and explored by us, eventually
15:27:09 11 led us to not engage in any public offering of that
15:27:17 12 kind, because we believed, at least as far as the
15:27:33 13 United States jurisdiction is concerned, that a public
15:27:41 14 offering of a right to receive Grams in the future
15:27:47 15 could be treated as an unregistered security.
15:28:13 16 And while there were several players in the market at
15:28:27 17 that time that were credible, or at least projected
15:28:31 18 a very credible image that have engaged in these kind
15:28:40 19 of activities, at least outside of the United States,
15:28:50 20 it was not fully clear how this -- how such an
15:29:01 21 offering could be implemented practically across all
15:29:07 22 jurisdictions in a way that would avoid us to decrease
15:29:18 23 complexity and unnecessary risks.

15:29:28 24 This is why we eventually gave up the idea
15:29:32 25 to conduct a public offering of interest in Grams.

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15:29:44 1 Q. When you were considering the public
15:29:47 2 offering, I think you mentioned of a right to receive
15:29:51 3 Grams in the future; is that correct?

15:29:55 4 A. I believe that's what I said, yes.

15:29:57 5 Q. Okay. So can you explain what you meant
15:29:59 6 by that, when you -- so my question is, when you were
15:30:03 7 considering the public offering, contemplating
15:30:06 8 entering into purchase agreements such as the one
15:30:10 9 we just saw in Exhibit 41 -- sorry, it wasn't 41. 43.
15:30:24 10 Yeah, that's that one.

15:30:25 11 A. Okay.

15:30:25 12 Q. Sorry, let me start again.

15:30:27 13 When you were considering the public
15:30:29 14 option, was Telegram considering entering into
15:30:31 15 purchase agreements with members of the public such as
15:30:33 16 the one in Exhibit 43?

15:30:40 17 A. This was a very early stage and we --
15:30:47 18 I don't believe we thought it through down to,
15:31:00 19 you know, the tiniest detail. We knew, based on what
15:31:16 20 we saw at the market at that time, that there were
15:31:22 21 certain companies that seemed to be credible and
15:31:29 22 seemed to have attracted interest from institutional
15:31:36 23 investors that were either contemplating a public
15:31:40 24 offering or having done a public offering of that
15:31:49 25 kind. At first we thought that might be a path

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15:36:16 1 MR. TENREIRO: Yes, of course.

15:36:17 2 BY MR. TENREIRO:

15:36:18 3 Q. To the extent Telegram had any desire to
15:36:20 4 raise funds, did the purpose of that fundraise change
15:36:26 5 in any way as the potential ways in which Telegram was
15:36:31 6 going to do it change?

15:36:33 7 MR. DRYLEWSKI: Objection to form.

15:36:48 8 THE WITNESS: I'm very sorry but I find it
15:36:53 9 very hard to grasp the question.

15:36:54 10 BY MR. TENREIRO:

15:36:54 11 Q. Fair enough. Let's break it down.

15:36:56 12 When you were doing the fundraising in
15:36:58 13 connection with Grams, there was -- at some point you
15:37:01 14 thought about maybe doing a public offering and you
15:37:03 15 settled on a private placement; is that correct?

15:37:07 16 MR. DRYLEWSKI: Objection; form,
15:37:12 17 mischaracterizes the testimony.

15:37:38 18 THE WITNESS: I'm sorry. Was this
15:37:41 19 a summary of what I just said or ...

15:37:44 20 BY MR. TENREIRO:

15:37:44 21 Q. No, no, I was asking -- let's just start
15:37:47 22 again.

15:37:48 23 So in connection with the raising of funds
15:37:51 24 for the TON Blockchain, you did a private placement
15:37:57 25 but you also considered at some point doing

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15:37:59 1 potentially a public offering of some nature; is that
15:38:07 2 correct?

15:38:07 3 A. Yes, we --

15:38:09 4 Q. Okay. And --

15:38:10 5 A. We did consider a public offering at
15:38:14 6 earlier stages, yes.

15:38:15 7 Q. Right. And was the purpose of the public
15:38:16 8 offering the same purpose than that of the private
15:38:19 9 placement which you eventually conducted, i.e., to
15:38:23 10 raise funds for the TON Blockchain, and other
15:38:27 11 corporate purposes?

15:38:42 12 A. Yeah, I think that these are the same --
15:38:48 13 more or less the same reasons. In addition to those,
15:39:04 14 it has been noted that some members of the blockchain
15:39:10 15 community considered public distribution of tokens of
15:39:17 16 any kind a means to ensure a more democratic way to
15:39:37 17 distribute tokens. I think this is -- this was a
15:39:44 18 popular theory among certain circles.

15:40:00 19 I think we were aware of this theory at
15:40:08 20 that point and it may have contributed to, you know,
15:40:15 21 our intention to do things in a way that would be
15:40:30 22 accepted by the blockchain community as reasonable and
15:40:38 23 in line with the ethos of the decentralized
15:40:49 24 philosophy.

15:40:49 25 Q. And the blockchain -- is it fair to say

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15:48:44 1 offers and considered raising funds via selling
15:48:48 2 equity, as you write in this email? Is that statement
15:48:50 3 true?

15:49:01 4 A. I think we considered a number of
15:49:03 5 potential scenarios and selling equity was, among
15:49:14 6 these scenarios, was not our top option when it came
15:49:27 7 to raising funds. The main option that we have been
15:49:39 8 exploring -- were exploring at the time was a number
15:49:47 9 of monetization strategies for Telegram.

15:49:52 10 Q. Why was selling equity not your top
15:49:55 11 option?

15:50:16 12 A. Because we were concerned that selling
15:50:25 13 equity could affect the company's integrity and its
15:50:30 14 values, and change the company's ethos and what it
15:50:46 15 stands for.

15:50:51 16 Q. Okay. If I could please direct your
15:50:54 17 attention to the third page. At the bottom, the Bates
15:50:57 18 number is 11-40 and it's an email from you on
15:51:04 19 January 16, 2018, "Subject: Re: Update on the
15:51:12 20 Telegram/TON Sale."

15:51:17 21 Do you see that?

15:51:18 22 A. Yeah.

15:51:18 23 Q. Okay. And then you say -- towards the
15:51:19 24 middle of this page, it says:

15:51:20 25 "This is the letter and and a course of

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16:00:55 1 subsequent Gram; is that how the formula worked?

16:00:58 2 A. Each subsequent Gram was slightly more
16:01:01 3 expensive than the previous one; however, this was not
16:01:07 4 relevant within one stage of the private placement
16:01:24 5 because each purchaser in the same stage of the
16:01:30 6 private placement would have exactly the same price
16:01:33 7 per Gram.

16:01:34 8 Q. Right. So you guessed my next question.
16:01:38 9 In each of the two stages, pre-sale and Stage A, every
16:01:42 10 purchaser paid the same amount per each Gram that they
16:01:46 11 bought; is that correct?

16:01:50 12 A. Yes.

16:01:52 13 Q. So the formula, right, is a set of
16:01:56 14 variables; you can input the number of Grams and you
16:01:59 15 get the price, or you can put in the price and you get
16:02:02 16 the number of Grams? Is that fair to say?

16:02:14 17 A. All the formula does is -- I'm sorry, to
16:02:43 18 be sure I accurately respond to your question, could
16:02:45 19 you repeat it?

16:02:46 20 Q. Yeah. Let me try it in another way.

16:02:49 21 When Telegram was setting the price at
16:02:51 22 which, let's just say, the pre-sale investors were
16:02:54 23 going to pay per Gram, how does one go about doing
16:02:57 24 that?

16:03:02 25 A. So using this formula, we would calculate

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16:03:08 1 the aggregate value of all the Grams sold in the
16:03:18 2 offering, in this stage of the private placement.
16:03:29 3 Then we would divide this sum of value of all Grams by
16:03:39 4 the number of Grams sold. That's how we would obtain
16:03:44 5 the average price per Gram within a stage in the
16:03:51 6 offering.

16:03:51 7 Q. So it's just an average?

16:03:53 8 A. Yes.

16:03:53 9 Q. And so if -- I guess my question is what
16:03:59 10 comes first, the amount of the offering or the price
16:04:01 11 of the Grams?

16:04:34 12 A. I think the primary consideration was the
16:04:40 13 volume of the stage of the offering we were
16:04:46 14 contemplating, and, based on that, we would be able
16:04:54 15 to understand how many Grams would be sold during that
16:05:02 16 stage and then calculate the average price per Gram.

16:05:08 17 Q. Okay. Now, the language that's after "End
16:05:11 18 of quote," can you please read it to yourself?

16:05:19 19 A. Starting with "Kindly also"?

16:05:22 20 Q. Yes.

16:05:22 21 A. "Kindly also have a look..."

16:05:25 22 Q. Oh, read it to yourself.

16:05:41 23 A. Ah. Yes.

16:05:41 24 Q. Okay. Are the statements there true;
16:05:44 25 the counsel you got was that making the sale

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16:20:24 1 it's Mr. [REDACTED]. Can you just tell me who Mr. [REDACTED]
16:20:27 2 is?

16:20:39 3 A. Mr. [REDACTED] is a prominent investor in tech
16:20:45 4 company -- companies, and my personal friend for over
16:20:54 5 ten years.

16:20:58 6 Q. Okay. Do you see your statement, which
16:21:01 7 appears to be on 14 August 2017 at 5:31, where you --
16:21:07 8 well, at 5:28 he mentions something about:

16:21:10 9 "... would you be open to putting
16:21:12 10 25 [million] worth of shares ... in exchange for
16:21:17 11 becoming a 25 [million] shareholder [in some other
16:21:22 12 entity that's redacted]?"

16:21:28 13 You say:

16:21:30 14 "Thanks for the trust! At this point
16:21:30 15 Telegram needs cash to keep buying more servers, but
16:21:31 16 I can start considering such ideas after we solve our
16:21:31 17 cash requirements."

16:21:32 18 Do you see that?

16:21:33 19 A. Yes.

16:21:34 20 Q. Was that statement true; that as of
16:21:38 21 14 August 2017 Telegram needed cash to keep buying
16:21:42 22 more servers? Was that true?

16:22:02 23 A. It is true that Telegram needed resources
16:22:04 24 to fund its growth. This has always been the case.

16:22:07 25 Q. Okay. And "the servers" refers to -- is

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16:22:13 1 that another way of saying "equipment," something we
16:22:15 2 had been discussing earlier, or something else?

16:22:26 3 A. Yes, servers are part of the equipment
16:22:32 4 expense category.

16:22:33 5 Q. Right. On the next page, please, there
16:22:37 6 appears to be a 3 September 2017 conversation. You'll
16:22:42 7 see the reference to September 3 at the bottom of
16:22:44 8 page 1. And then on the next page, at 11:02, you say:

16:22:55 9 [REDACTED] sounds like a great guy, but I've
16:22:55 10 decided against doing calls/meetings the rest of this
16:22:55 11 year. We're likely to abandon our immediate plans to
16:22:58 12 attract VC's capital unless somebody throws some
16:23:05 13 insane offer our way."

16:23:07 14 Do you see that?

16:23:07 15 A. Yeah.

16:23:08 16 Q. Can you explain what you meant at that
16:23:10 17 point in time, "immediate plans to attract VC's
16:23:14 18 capital"? What plans were those, or what were you
16:23:18 19 talking about?

16:23:21 20 A. I think in the context of this discussion,
16:23:46 21 and then also relevant to the previous question you
16:23:50 22 have asked me, it is important to note that [REDACTED]
16:24:01 23 is and was my personal friend, and the way I am
16:24:05 24 responding to his offers is a polite way intended not
16:24:13 25 to sound disrespectful or ungrateful. This is why in

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16:30:45 1 "Wouldn't it be fun to be in other's
16:30:48 2 companies. Alternative could also do \$25 million in
16:30:53 3 [REDACTED] for \$25 million of Telegram."

16:30:56 4 MR. TENREIRO: Okay. Thanks, Alex.

16:30:58 5 BY MR. TENREIRO:

16:31:00 6 Q. All right. So, Mr. Durov, I think -- just
16:31:02 7 to see if I can summarize your answer, I think you're
16:31:04 8 saying to me that Telegram needing cash to keep buying
16:31:08 9 more servers was one of the reasons you were
16:31:10 10 declining, but the other reason, which you don't
16:31:12 11 necessarily state because you're being polite, is you
16:31:16 12 don't like to invest in other companies other than
16:31:18 13 your own?

16:31:25 14 A. Yeah, the main reason is I never invest
16:31:32 15 in the -- I may have misunderstood his offer at that
16:31:36 16 specific moment in time and just assumed he was
16:31:39 17 inviting me to invest \$25 million, or something like
16:31:43 18 that. It's hard to say because it was more than two
16:31:48 19 years ago.

16:31:48 20 Q. Right. But independently of investing in
16:31:51 21 his company, you agree that Telegram at that point
16:31:57 22 needed cash to keep buying servers, I think you said,
16:32:02 23 that that's always been the case?

16:32:03 24 A. Yes.

16:32:03 25 Q. Okay. Then on the next page, where you

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16:48:00 1 A. Okay. Mmm-hmm.

16:48:01 2 Q. There is a part that says "30 October
16:48:05 3 2017."

16:48:07 4 A. Mmm-hmm.

16:48:07 5 Q. There's a statement from Mr. [REDACTED], and
16:48:11 6 then you say:

16:48:13 7 "It should work. There are no IR people
16:48:15 8 in my team, just myself. Of course, I can bring along
16:48:19 9 a dude who is willing to help investors (ex COO of VK,
16:48:24 10 founded Blackmoon, raised 30 [million] for
16:48:27 11 Blackmooncrypto last month)."

16:48:30 12 Do you see that?

16:48:30 13 A. Yeah.

16:48:31 14 Q. Can you tell me who that "dude" is?

16:48:50 15 A. I was trying to describe Ilia --

16:49:02 16 Q. Okay.

16:49:03 17 A. -- and his accomplishments to the extent
16:49:09 18 that I understand them.

16:49:10 19 Q. Right. I just wanted to make sure of
16:49:14 20 that. So it was Mr. Perekopsky who you are referring
16:49:18 21 to there?

16:49:19 22 A. Yes. I was talking about him, although
16:49:25 23 I may have been confused about his exact track record,
16:49:33 24 but he was definitely ex COO of VK.

16:49:39 25 Q. And what were you confused about?

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16:49:41 1 A. I mean, there's -- his involvement with
16:49:55 2 the company Blackmoon, or it is Blackmoon Capital, or
16:50:02 3 something like that, I'm not certain, and there is
16:50:04 4 also Blackmoon Crypto in which my understanding is he
16:50:15 5 was playing a more passive role and acted maybe as an
16:50:21 6 advisor or like a person publicly supporting that
16:50:34 7 project.

16:50:41 8 As I realized later, his involvement with
16:50:44 9 Blackmoon Crypto was limited and it wouldn't be
16:50:49 10 accurate probably to say that he could take the credit
16:50:52 11 for raising 30 million for Blackmoon Crypto.

16:51:00 12 Q. What was the source of your confusion back
16:51:02 13 then?

16:51:07 14 A. I'm not 100 percent certain I was
16:51:10 15 confused. I may have been trying to show [REDACTED]
16:51:32 16 that Ilia had certain experience, at least at some
16:51:44 17 level of depth, in relation to blockchain. That is
16:51:54 18 why I could have mentioned that he raise 30 million
16:52:04 19 for Blackmoon Crypto, although it is obvious that now
16:52:10 20 that there are other -- and there were other members
16:52:15 21 in that team that were more instrumental to the
16:52:19 22 success of that project.

16:52:29 23 Q. Okay. Going back to Exhibit 21, the
16:52:33 24 two-page document that we were talking about --

16:52:36 25 MR. DRYLEWSKI: Are you done with this

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17:07:17 1 Q. And is it fair to say that Mr. Perekopsky
17:07:21 2 and Mr. Hyman obtained consent from Telegram to use
17:07:25 3 the marketing materials such as the one on Exhibit 22,
17:07:31 4 which was the two-page teaser?

17:07:43 5 A. They probably did that or tried to do
17:07:45 6 that.

17:07:46 7 Q. Okay. Do you have any reason to believe
17:07:47 8 that Telegram did not give its consent to the use of
17:07:51 9 Exhibit 22?

17:07:52 10 MR. DRYLEWSKI: Objection to form.

17:08:07 11 To clarify that, are you saying consent
17:08:09 12 pursuant to this agreement?

17:08:10 13 MR. TENREIRO: Any consent.

17:08:11 14 MR. DRYLEWSKI: Thank you.

17:08:22 15 THE WITNESS: It's part -- it was a long
17:08:24 16 time ago, but it must be said that this two-pager
17:08:32 17 reflects our thinking and plans at a certain point in
17:08:41 18 time in late 2017, so I can't say it contains any
17:08:49 19 information which, at the time, could have been
17:09:13 20 regarded as false.

17:09:14 21 MR. TENREIRO: Okay. I'm going to ask
17:09:16 22 the court reporter to mark the next three exhibits,
17:09:18 23 please.

17:09:19 24 (Exhibit 47 marked for identification.)

17:09:21 25 (Exhibit 48 marked for identification.)

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17:09:26 1 MR. DRYLEWSKI: It's been 15 minutes since
17:09:28 2 we talked about taking a break.

17:09:30 3 MR. TENREIRO: Let me just mark these.
17:09:33 4 You said 15 to 20. I just want to see if we can get
17:09:36 5 these out of the way.

17:09:37 6 MR. DRYLEWSKI: Sure.

17:09:37 7 Is that okay?

17:09:38 8 THE WITNESS: Sure.

17:10:09 9 (Exhibit 49 marked for identification.)

17:10:11 10 BY MR. TENREIRO:

17:10:12 11 Q. The only question I have, and of course
17:10:13 12 take your time to look at these, is, as you'll see,
17:10:16 13 Exhibits 47, 48 and 49 are three primers: one of them
17:10:22 14 says "Primer," that's 47; 48 says "Pre-sale Primer"
17:10:30 15 and it's dated January 18, '18; and "Stage A Primer,"
17:10:34 16 which is Exhibit 49, says 21 February 2018.

17:10:37 17 My question is can you tell me the date of
17:10:40 18 Exhibit 47, the primer? It's not dated so I'm trying
17:10:45 19 to figure out the date.

17:11:28 20 Or maybe the question is do you know if
17:11:29 21 this one came before the pre-sale primer or after the
17:11:35 22 Stage A primer? Can you approximate that at least?

17:12:03 23 A. If I have to guess, I think it's a
17:12:07 24 version, an early version that came before pre-sale
17:12:10 25 primer, and we iterated, you know, work on the primer

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17:12:26 1 and we had hundreds, if not thousands, of versions; so
17:12:29 2 it's hard to tell which exactly is that.

17:12:31 3 Q. Right. But as the corporate
17:12:33 4 representative for Telegram, though, if I wanted to
17:12:36 5 find out the date of this document, which is
17:12:38 6 Exhibit 47, is there another person that might have
17:12:41 7 knowledge, or is there something you could refer to to
17:12:44 8 get a more exact date?

17:12:58 9 A. The problem is we had hundreds of
17:13:01 10 different versions and they could differ from each
17:13:04 11 other by one or two words, and so without thoroughly
17:13:09 12 analyzing this document word by word and comparing it
17:13:17 13 with the versions, it's extremely difficult to point
17:13:23 14 a moment in time when it was relevant, but it was
17:13:26 15 definitely before the pre-sale primer.

17:13:29 16 Q. Okay, thank you. I appreciate that.
17:13:31 17 So is it fair to say that these primers
17:13:34 18 were used by Telegram in connection with the offer and
17:13:37 19 sale of Grams that we're discussing today?

17:13:45 20 MR. DRYLEWSKI: Objection to form.

17:13:55 21 THE WITNESS: I can confirm with a high
17:13:57 22 degree of certainty that we used the Exhibit 48 and
17:14:01 23 Exhibit 49 during the private placement, although,
17:14:15 24 to be fully certain, again I would have to analyze it
17:14:18 25 word by word.

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17:17:17 1 MR. DRYLEWSKI: Sure.

17:17:17 2 THE VIDEOGRAPHER: We are going off the
17:17:18 3 record. The time is 5:16.

17:17:24 4 (Off the record.)

17:37:14 5 (Exhibit 50 marked for identification.)

17:37:14 6 THE VIDEOGRAPHER: We are back on record.
17:37:15 7 The time is 5:36.

17:37:22 8 BY MR. TENREIRO:

17:37:23 9 Q. Mr. Durov, here is Exhibit 50, which the
17:37:27 10 court reporter marked during the break. Please just
17:37:30 11 -- my question is if you recognize this document and,
17:37:34 12 if so, please tell me what it is.

17:37:37 13 The Bates number is 12-15925.

17:38:14 14 Do you recognize it?

17:38:16 15 A. Yes.

17:38:16 16 Q. What is the document?

17:38:29 17 A. I think this is a document that gives an
17:38:36 18 overview of Telegram's history and business activity
17:38:47 19 and, from what I can tell, may have been included in
17:38:53 20 the briefing pack that we would share with banking
17:38:59 21 institutions in order to expand our banking
17:39:02 22 relationships.

17:39:02 23 Q. Okay. Do you know who prepared the
17:39:07 24 document?

17:39:10 25 A. Did I prepare it?

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17:39:13 1 Q. No. Do you know who prepared it?

17:39:17 2 A. Well, I did, yeah.

17:39:18 3 Q. You did, okay.

17:39:18 4 A. Yeah.

17:39:19 5 Q. And in terms of -- again, I don't have

17:39:21 6 a date. I don't mean to, you know, sort of put you on

17:39:25 7 a memory test. Just if you can tell me what the date

17:39:29 8 is approximately of this document, can you do that?

17:40:08 9 Can I direct you to page 6 of 8, if that

17:40:12 10 helps.

17:40:13 11 A. 6.

17:40:15 12 Q. At the top.

17:40:17 13 A. Ah, yes.

17:40:56 14 If I had to guess, this document was

17:41:00 15 drafted somewhere in late 2018 or early 2019.

17:41:07 16 Q. Okay. And as far as you know, are the

17:41:09 17 statements in this document correct?

17:41:12 18 MR. DRYLEWSKI: You want him to verify

17:41:14 19 every statement in the document?

17:41:15 20 MR. TENREIRO: Well, I'm just saying

17:41:18 21 generally speaking. I'm not -- he prepared it and

17:41:20 22 used it for banking relationships, I think he can

17:41:23 23 testify generally if his understanding is that the

17:41:25 24 statements are true.

17:41:28 25 THE WITNESS: Since this document was

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17:43:22 1 to contact anyone at the SEC?

17:43:44 2 MR. DRYLEWSKI: Objection; form.

17:43:52 3 THE WITNESS: You mean before which date?

17:43:55 4 BY MR. TENREIRO:

17:43:56 5 Q. Before the date of -- when you began the
17:43:59 6 private placement.

17:44:13 7 A. By beginning the private placement, do you
17:44:15 8 mean our first interactions with potential purchasers?

17:44:18 9 Q. Yes.

17:44:41 10 A. I think at that period in time we were
17:44:46 11 still in the process of finalizing the contours of the
17:44:50 12 private placement and we were doing a lot of research
17:45:01 13 and exploratory work, so we didn't -- so I don't
17:45:08 14 believe we reached out to the Securities and Exchange
17:45:21 15 Commission at that point, as we thought it was too
17:45:27 16 early due to the fact that we didn't know specifically
17:45:37 17 what we would be doing.

17:45:41 18 Q. Okay. And how about before you signed the
17:45:46 19 first purchase agreement?

17:45:48 20 I believe you, Mr. Durov, kind of signed
17:45:53 21 all the purchase agreements; is that correct?

17:45:55 22 A. Yes.

17:45:56 23 Q. Okay. So before you, Mr. Durov, signed
17:45:58 24 the first purchase agreement, did you or anyone else
17:46:00 25 at Telegram reach out to the SEC with respect to the

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17:46:37 1 private placement?

17:46:37 2 A. I don't think we reached out to the SEC
17:46:40 3 before I signed the first purchase agreement. The way
17:46:44 4 we designed it is, the private placement, was that we
17:46:59 5 reserved a lot of flexibility to how the project and
17:47:10 6 its parts could look like, and this flexibility is
17:47:17 7 reflected in the purchase agreements and its
17:47:20 8 appendices.

17:47:36 9 That gave us a comfort of knowing that
17:47:44 10 we would be able to change certain, if not all,
17:47:49 11 aspects of what we're trying to build based on the
17:47:59 12 feedback that we could receive from the regulators,
17:48:04 13 including the SEC, in the following months.

17:48:08 14 Q. So is it fair to say the answer to my
17:48:10 15 question is no, you do not?

17:48:13 16 A. No; that was the first sentence,
17:48:17 17 I believe.

17:48:17 18 Q. Okay. Now, in terms of the remainder of
17:48:21 19 your answer and the flexibility, is it fair to say
17:48:24 20 that you today still retain that flexibility to
17:48:46 21 change ...

17:48:48 22 Right. Is it fair to say that -- so you
17:48:48 23 said the way you designed it was that you had
17:48:52 24 flexibility to change some features of the project.
17:49:03 25 Is it fair to say that you, to this day, retain that

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17:49:06 1 flexibility to change features of how a project might
17:49:11 2 look like in the future?

17:49:12 3 A. That's correct.

17:49:12 4 Q. I mean, just as one example, I think at
17:49:15 5 some point originally there was at least the idea
17:49:17 6 conveyed to investors that TON Wallet might be
17:49:23 7 integrated into Messenger, but in Exhibit 38, which we
17:49:27 8 began the morning with, which was the statement that
17:49:29 9 you posted yesterday, there is a statement that TON
17:49:35 10 Wallet will no longer be integrated into Messenger;
17:49:38 11 is that correct?

17:49:38 12 MR. DRYLEWSKI: Objection to form.
17:49:40 13 Objection to the characterization of the document.

17:49:45 14 THE WITNESS: I believe in that
17:49:46 15 announcement we made clear that the Wallet would not
17:49:51 16 be integrated into the Messenger applications at
17:49:55 17 launch.

17:49:56 18 BY MR. TENREIRO:

17:49:56 19 Q. Right.

17:50:05 20 A. And we reserved the right to do that
17:50:08 21 later, subject to regulatory approval.

17:50:10 22 Q. Right. Thank you. Thanks for clarifying.

17:50:13 23 "Telegram may integrate the TON Wallet
17:50:15 24 application with the Telegram Messenger service in the
17:50:17 25 future, to the extent permitted under applicable law

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17:50:20 1 and governmental authorities."

17:50:22 2 I just read that from Exhibit 38.

17:50:25 3 A. Yeah.

17:50:25 4 Q. Is that what you were referring to?

17:50:27 5 A. Correct.

17:50:27 6 Q. Okay. So that's one example of where you
17:50:30 7 retained flexibility, and retain flexibility today,
17:50:33 8 in terms of how you structure the TON Blockchain and
17:50:37 9 surrounding ecosystem? Is that one example?

17:50:41 10 A. That's one example. The other, I think,
17:50:54 11 even more relevant example is when we received
17:50:56 12 feedback from the SEC in relation to the contemplated
17:51:10 13 Gram-buying function of the TON Foundation that may be
17:51:17 14 established in the future, and we understood that the
17:51:27 15 SEC was concerned with that function, and although we
17:51:40 16 might not fully -- might not have fully understood or
17:51:48 17 agreed with that view, we instantly changed our plans,
17:52:09 18 and at a certain point in time later informed all the
17:52:13 19 private placement purchasers about this change.

17:52:16 20 Q. Thank you. And is another example of
17:52:19 21 where you have some flexibility the existence of or
17:52:24 22 the parameters for functioning of the TON Foundation?
17:52:27 23 Is that another example?

17:52:29 24 A. Yes. I believe that flexibility is
17:52:34 25 allowed for in the risk factors of appendix to the

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17:52:46 1 primer. I just wanted to use this example to
17:52:49 2 demonstrate our ability to react to input from
17:52:57 3 regulators.

17:52:58 4 Q. Right. No, fair enough. And I'm just --
17:53:00 5 I appreciate that. I'm just now trying to get a sense
17:53:04 6 more broadly of what flexibility and where there is
17:53:08 7 flexibility.

17:53:09 8 So I think we talked about the integration
17:53:11 9 of the TON Wallet, we talked about the buying --
17:53:16 10 formally the buying function, the existence of the
17:53:18 11 TON Foundation, and so is the -- do you retain
17:53:22 12 flexibility, for example, as to whether Telegram --
17:53:25 13 I'm sorry, as to the amount of Grams, after launch,
17:53:31 14 that Telegram and/or yourself might retain? Is there
17:53:35 15 flexibility on that point as well?

17:53:57 16 A. I believe so, although I don't remember
17:54:00 17 ourselves planning to have Telegram as a holder of
17:54:15 18 Grams post launch.

17:54:17 19 Q. You mean it would be the TON Foundation or
17:54:19 20 the TON Reserve if there were Grams left; is that what
17:54:23 21 you mean?

17:54:24 22 A. Yes, a function should go to a distinct,
17:54:40 23 separate, not-for-profit entity, TON Foundation.

17:54:50 24 Q. Right. And I think that -- I believe,
17:54:51 25 correct me if I am wrong, that the plan has been that

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20:44:51 1 payments to people hired to do finders' fees, or
20:44:53 2 entities hired to do finders' fees?

20:44:55 3 MR. DRYLEWSKI: Sorry, just so the record
20:44:57 4 is clear, the "yes" in the last question was no, you
20:44:59 5 would not characterize them in that way; is that
20:45:02 6 right?

20:45:04 7 THE WITNESS: Yeah, can we repeat this
20:45:06 8 last question?

20:45:06 9 MR. DRYLEWSKI: Yeah, sorry, I just want
20:45:07 10 to make sure the record is clear.

20:45:09 11 MR. TENREIRO: That's how I understood it
20:45:11 12 but let's try again.

20:45:12 13 BY MR. TENREIRO:

20:45:12 14 Q. The payments that we discussed earlier to
20:45:14 15 entities such as Da Vinci or Gem Limited, which had
20:45:20 16 directors in common with investors, you would not
20:45:23 17 characterize those payments as payments to investors;
20:45:27 18 am I correct?

20:45:30 19 A. You're correct, I would not characterize
20:45:32 20 these payments as payments to investors.

20:45:38 21 Q. Okay. You would -- and then I was going
20:45:40 22 to follow up and say you would characterize those as
20:45:43 23 payments to people making finders' fees; is that
20:45:47 24 correct?

20:45:47 25 MR. DRYLEWSKI: Objection to form.

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20:45:48 1 BY MR. TENREIRO:

20:45:49 2 Q. To entities making finders' fees.

20:45:52 3 MR. DRYLEWSKI: Still objection to form.

20:45:53 4 MR. TENREIRO: What's your objection?

20:45:55 5 MR. DRYLEWSKI: "Entities making finder
20:45:57 6 fees."

20:45:58 7 BY MR. TENREIRO:

20:45:58 8 Q. Okay. You would characterize those as
20:45:59 9 payments to entities with respect to finders' fees?

20:46:19 10 A. Correct.

20:46:21 11 MR. TENREIRO: Okay. Let's take a look at
20:46:22 12 what was marked as Exhibit 63, TLGRM-14-12081, which
20:46:28 13 are certain versions of [REDACTED] bank records
20:46:32 14 that you've produced.

20:46:33 15 (Exhibit 63 marked for identification.)

20:46:51 16 THE WITNESS: Okay.

20:46:51 17 BY MR. TENREIRO:

20:46:52 18 Q. So if you take a look at -- starting on
20:46:55 19 page 13 of 62, it says it at the top -- actually,
20:47:10 20 I'm sorry. Go to page 16 of 62. If you'd please go
20:47:16 21 to 16.

20:47:16 22 A. 16.

20:47:27 23 Q. Do you see there, on May 4, 2018, there's
20:47:31 24 a credit into Telegram of slightly over \$14 million
20:47:35 25 from Disruptive Era Fund SP of ITI Funds?

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10:28:16 1 MR. DRYLEWSKI: Objection to form.

10:28:18 2 Do you mean Telegram's testing? Because
10:28:20 3 there's also a testnet, I just want to be clear.

10:28:25 4 MR. TENREIRO: Telegram's testing,
10:28:27 5 mmm-hmm.

10:28:28 6 MR. DRYLEWSKI: Okay.

10:28:29 7 Objection to form. Objection to
10:28:34 8 foundation.

10:28:57 9 THE WITNESS: We consider the testing of
10:29:06 10 the core components of the TON network to be complete;
10:29:21 11 however, certain additional functionality of TON, that
10:29:35 12 would be nice to have, but that would not be necessary
10:29:42 13 for the launch. It's still required and that is the
10:29:57 14 kind of testing that we are focused on right now.

10:30:04 15 BY MR. TENREIRO:

10:30:04 16 Q. So let me take it in steps. Some of the
10:30:06 17 functionality that would be nice to have but not
10:30:08 18 required, can you be more specific about what you
10:30:11 19 mean, what functionalities?

10:30:14 20 MR. DRYLEWSKI: And just for the record,
10:30:15 21 about which topic are we in right now?

10:30:18 22 MR. TENREIRO: I think this is -- hold on
10:30:20 23 a second.

10:30:31 24 MR. DRYLEWSKI: I'll answer my own
10:30:33 25 question. Is it 13?

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10:30:34 1 MR. TENREIRO: I think so. I just have to
10:30:36 2 get to it. Yeah, 13, exactly.

10:30:38 3 MR. DRYLEWSKI: Okay. Thank you.

10:30:52 4 THE WITNESS: The functionality that
10:30:54 5 would be nice to have but is not necessary for the
10:31:00 6 launch includes such components as TON VPN, TON
10:31:21 7 Storage and TON Proxy.

10:31:24 8 BY MR. TENREIRO:

10:31:25 9 Q. So those are components that are still
10:31:27 10 being developed or tested; is that correct?

10:31:32 11 A. These components are still being refined
10:31:34 12 and tested.

10:31:35 13 Q. Okay. And in terms of the funds, from the
10:31:44 14 beginning of the private placement to today, how much
10:31:49 15 has Telegram spent on developing the TON Blockchain?
10:31:53 16 How much money?

10:32:34 17 A. I think, as I pointed out yesterday,
10:32:41 18 there's distinction between funds spent on developing
10:32:54 19 TON and funds spent on supporting Telegram Messenger.
10:33:08 20 It was not entirely possible to achieve due to the
10:33:12 21 fact that the same equipment and the same team could
10:33:24 22 have been employed for both purposes. And internally,
10:33:44 23 because of the nature of the Use of Funds section
10:33:55 24 included in the offering materials, and -- we didn't
10:34:15 25 see any reason to add complexity by differentiating

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10:34:25 1 between those kinds of expenses.

10:34:28 2 Q. How about your time working for Telegram
10:34:33 3 since the beginning of the private placement, how have
10:34:37 4 you divided your time, like percentage-wise, between
10:34:42 5 work you're doing for Telegram Messenger and work
10:34:45 6 you're doing for developing the TON Blockchain?

10:34:47 7 MR. DRYLEWSKI: This is his --

10:34:49 8 MR. TENREIRO: Pavel Durov, yes.

10:34:50 9 MR. DRYLEWSKI: -- personal capacity?

10:34:53 10 Thank you.

10:35:11 11 THE WITNESS: It's hard to say because it
10:35:14 12 depends on the specific periods of time throughout the
10:35:20 13 last two and a half years. I can say that I started
10:35:35 14 to spend significantly more time on work-related
10:35:49 15 processes, both TON and Telegram related, since we
10:36:04 16 started the TON project.

10:36:24 17 Certain activities that took a significant
10:36:31 18 amount of my time and energy were TON related. Among
10:36:47 19 those activities that not only consumed a lot of time
10:36:57 20 but also were unusual for me and demanding, in terms
10:37:18 21 of energy and effort, were almost constant interaction
10:37:35 22 with various legal counsel and advisors,
10:37:48 23 representatives of financial institutions and,
10:38:04 24 to a certain extent, dealing with investors.

10:38:18 25 This comes on top of my involvement in the

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10:38:31 1 development process of TON, and all of these
10:38:39 2 activities that I just mentioned, constant
10:38:44 3 interactions with lawyers, advisors, with bankers and
10:38:48 4 investors, were purely, or, for the most part,
10:38:58 5 TON related. This is why I consider a very
10:39:10 6 significant part of my energy to have been spent on
10:39:21 7 TON-related workstreams.

10:39:25 8 BY MR. TENREIRO:

10:39:25 9 Q. TON-related?

10:39:27 10 A. Workstreams.

10:39:28 11 MR. DRYLEWSKI: Workstreams.

10:39:29 12 MR. TENREIRO: Workstreams, okay.

10:39:29 13 BY MR. TENREIRO:

10:39:30 14 Q. The TON Wallet is an application that
10:39:33 15 might be used in connection with the TON Blockchain,
10:39:36 16 correct? That are interacting with the TON
10:39:41 17 Blockchain?

10:39:41 18 A. Yes.

10:39:41 19 Q. And that's an application that Telegram
10:39:43 20 has developed?

10:39:53 21 A. Yes.

10:39:54 22 Q. And am I correct in understanding from
10:39:56 23 your testimony that after the launch of the
10:39:59 24 TON Blockchain, Telegram will expend no efforts or
10:40:04 25 expenses with respect to the TON Wallet application,

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10:40:07 1 for example to fix bugs or anything of that nature,
10:40:10 2 or host it on your servers?

10:40:13 3 MR. DRYLEWSKI: Objection to form.

10:40:26 4 THE WITNESS: It is worth noting that
10:40:28 5 TON Wallet is just one of the potential
10:40:40 6 implementations of a smart contract and client-side
10:40:54 7 user interface required for users to be able to
10:41:09 8 transfer Grams to each other post launch.

10:41:18 9 There are other, as far as I know,
10:41:28 10 implementations that were built and are maintained by
10:41:37 11 third-party developers; however, it is fair to say
10:41:49 12 that at this moment in time the TON Wallet
10:42:03 13 implementation built by our team is the most advanced
10:42:08 14 and user-friendly.

10:42:34 15 If Telegram decides to integrate
10:42:41 16 TON Wallet into Telegram Messenger in the future,
10:42:53 17 subject to regulatory approval, we may fix certain
10:43:16 18 security issues if we are ever alerted to any, or
10:43:26 19 if we ever uncover any in the Telegram Messenger
10:43:34 20 application that would, at that moment in time,
10:43:38 21 include TON Wallet as part of it.

10:43:45 22 BY MR. TENREIRO:

10:43:45 23 Q. So are you saying that if you do not
10:43:47 24 integrate TON Wallet into Telegram Messenger, Telegram
10:43:50 25 is going to walk away from TON Wallet and not make any

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11:00:37 1 BY MR. TENREIRO:

11:00:37 2 Q. And after the launch of the
11:00:41 3 TON Blockchain, Telegram would continue to develop
11:00:46 4 Messenger and try to grow Messenger; is that right?

11:01:06 5 MR. DRYLEWSKI: Objection to scope.

11:01:07 6 THE WITNESS: Our vision for Telegram
11:01:10 7 Messenger is to provide the best customer experience.
11:01:29 8 In messaging and other related areas, user growth
11:01:35 9 comes as an inevitable byproduct of that vision.
11:01:46 10 It is our current plan to continue improving and
11:02:05 11 expanding the services provided by Telegram
11:02:15 12 Messenger's -- Messenger to its users.

11:02:17 13 BY MR. TENREIRO:

11:02:18 14 Q. And sitting here today, upon the launch of
11:02:21 15 the TON Blockchain, what percentage of the 5 billion
11:02:25 16 Grams to be issued will Telegram or its employees
11:02:28 17 hold?

11:03:55 18 A. The exact number of Grams, if any,
11:04:05 19 is still being discussed and refined. When we started
11:04:13 20 thinking about this distribution in late 2017,
11:04:28 21 we looked at the distribution of tokens in similar
11:05:17 22 blockchain projects at the time and, based on what
11:05:26 23 we saw in those other projects, we thought it would be
11:05:42 24 appropriate to consider distributing 4 percent of the
11:05:55 25 5 billion Grams that would be issued at launch as

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11:37:30 1 questions but the answer continues to be we're still
11:37:34 2 evaluating, so --

11:37:35 3 MR. DRYLEWSKI: I didn't hear that with
11:37:37 4 respect to the question you just asked.

11:37:38 5 MR. TENREIRO: Well, with respect to the
11:37:40 6 other things it's been that, so I'm not sure that
11:37:42 7 that's going to do it. I'm not sure what the
11:37:45 8 hesitation is on the percentage that has been sold.

11:37:48 9 MR. DRYLEWSKI: It's not a hesitation.
11:37:49 10 It's making sure -- he just wants to be accurate.
11:37:51 11 He is speaking on behalf of the company right now.

11:37:53 12 Let's take a very quick break and we will
11:37:56 13 get you the answer you need.

11:37:58 14 MR. TENREIRO: Go ahead.

11:37:59 15 THE VIDEOGRAPHER: We are going off the
11:38:00 16 record. The time is 11:37.

11:38:03 17 (Off the record.)

11:44:11 18 THE VIDEOGRAPHER: We are back on record.
11:44:12 19 The time is 11:44.

11:44:14 20 BY MR. TENREIRO:

11:44:14 21 Q. Okay. Mr. Durov, what percentage of Grams
11:44:18 22 were sold -- of the 5 billion that were contemplated
11:44:21 23 to be issued, what percentage were sold in the private
11:44:24 24 placement?

11:44:24 25 A. 58 percent.

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11:44:25 1 Q. Okay. And the remaining 42 percent,
11:44:30 2 who currently, as we sit here today, will have the
11:44:34 3 authority to decide what to do and how to allocate the
11:44:38 4 remainder of the 42 percent?

11:45:06 5 A. The creators of the network will be
11:45:09 6 responsible for the distribution mechanism at launch.

11:45:21 7 Q. So the creators of the network, you mean
11:45:26 8 Telegram?

11:45:26 9 A. Yes.

11:45:26 10 Q. Okay. And moving on to a separate topic
11:45:31 11 or, I guess, just moving on from this line of
11:45:33 12 questioning, I think yesterday we talked about whether
11:45:38 13 Telegram or its employees may take part in voting or
11:45:42 14 validation. Do you recall generally we talked about
11:45:45 15 that a little bit?

11:45:45 16 A. Yes.

11:45:46 17 Q. And I think you said in your public notice
11:45:49 18 of the 6th, which I think was Monday, and if you want
11:45:53 19 to refer to it, it's Exhibit 38, but you said,
11:45:58 20 you know, Telegram and its employees --
11:46:00 21 I'm paraphrasing -- will not take part in voting or
11:46:02 22 validating in connection with the TON Blockchain.
11:46:05 23 This voluntary decision was made in order to avoid any
11:46:07 24 perception that Telegram or its employees can or will
11:46:10 25 exercise control over the TON Blockchain following its

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11:46:13 1 launch.

11:46:15 2 Does that sound more or less like what you
11:46:18 3 said?

11:46:18 4 A. Yes.

11:46:18 5 Q. Okay. Now, at some point, though, prior,
11:46:22 6 Telegram's employees were -- it was contemplated that
11:46:27 7 they could participate in validating up to a certain
11:46:31 8 percentage of Grams available; is that not correct?

11:46:43 9 MR. DRYLEWSKI: Sorry, could I have that
11:46:44 10 question read back. I want to know if I need to
11:46:47 11 object.

11:47:01 12 (Whereupon, the record was read back by
11:47:02 13 the court reporter.)

11:47:02 14 MR. DRYLEWSKI: Okay. I wanted to know if
11:47:04 15 you said "disclosed" or "contemplated." I do not
11:47:08 16 object.

11:47:48 17 THE WITNESS: If I remember it right, when
11:48:10 18 we were drafting our plans in relation to the
11:48:12 19 distribution of Grams -- and those plans were drafted
11:48:20 20 in, I believe, 2017, or started to be drafted in
11:48:27 21 2017 -- we didn't specifically emphasize in those
11:48:52 22 plans that we would limit the holders of this
11:49:13 23 hypothetical 4 percent from participating in
11:49:22 24 validation.

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12:01:29 1 Europe and Asia.

12:01:30 2 BY MR. TENREIRO:

12:01:30 3 Q. Okay. The line that's -- speaking of,
12:01:32 4 when was the last time you were in the United States?

12:01:38 5 MR. DRYLEWSKI: That's obviously not
12:01:39 6 a 30(b)(6) question, right?

12:01:41 7 MR. TENREIRO: Yes.

12:01:43 8 THE WITNESS: I believe it was 2016.

12:01:45 9 BY MR. TENREIRO:

12:01:45 10 Q. Okay. And you had a trip planned to the
12:01:47 11 US sometime in late 2017/early 2018 that you had to
12:01:52 12 cancel. Do you recall that? Or do you --
12:01:57 13 perhaps it may be better to say you were contemplating
12:01:59 14 traveling to the United States based on some of the
12:02:02 15 messages in the chats that you've produced.

12:02:05 16 Do you recall that?

12:02:10 17 A. I was considering the possibility to
12:02:12 18 travel to the United States in late 2017.

12:02:16 19 Q. And why haven't you?

12:02:35 20 A. Primarily, due to the changes in my
12:02:45 21 schedule and the fact that there didn't seem to be
12:03:07 22 a reason for me to go to the United States other than
12:03:13 23 catching up with friends.

12:03:16 24 Q. Back to Exhibit 41. The line that says
12:03:21 25 "Colocation" --

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12:03:24 1 A. Yes.

12:03:24 2 Q. -- what is that, just explain in your own
12:03:42 3 words, please?

12:03:42 4 A. Colocation means expenses related to
12:03:56 5 paying for renting space in data centers to host the
12:04:15 6 server and networking equipment.

12:04:18 7 Q. And how many such data centers do you have
12:04:21 8 relationships with?

12:04:23 9 MR. DRYLEWSKI: Objection; scope.

12:04:31 10 MR. TENREIRO: So this relates to the Use
12:04:33 11 of Funds but I note your objection.

12:04:37 12 THE WITNESS: Just a few of them. A small
12:04:40 13 number.

12:04:40 14 BY MR. TENREIRO:

12:04:41 15 Q. So less than ten?

12:04:42 16 A. Yes.

12:04:42 17 Q. Okay. All right. We can set that aside.
12:04:50 18 Oh, and I think you said that you recently -- or
12:04:52 19 Telegram recently established a banking relationship
12:04:55 20 with [REDACTED]

12:04:58 21 [REDACTED]. Is that
12:05:03 22 accurate?

12:05:04 23 A. I am not certain of the status of our
12:05:07 24 current relationship with [REDACTED]. I am aware
12:05:17 25 that the process of establishing a relationship has

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12:06:52 1 question.

12:06:52 2 MR. TENREIRO: Well, I mean, Telegram
12:06:54 3 obviously had a role.

12:06:57 4 THE WITNESS: Yes, I had some degree of
12:07:03 5 involvement in that process.

12:07:04 6 BY MR. TENREIRO:

12:07:04 7 Q. Okay. And what factors did you consider
12:07:12 8 in terms of deciding how much to allocate -- so let me
12:07:16 9 strike that.

12:07:17 10 What factors did Telegram consider
12:07:18 11 in terms of deciding, just for that pre-sale round,
12:07:23 12 you know, how much to allocate to which investor?

12:08:05 13 A. We looked at factors such as reputation
12:08:11 14 and sophistication of potential purchasers as well as
12:08:16 15 their experience in technology-related investments.

12:08:27 16 Q. Anything else?

12:08:41 17 A. Those were the main factors but,
12:08:50 18 of course, if I had a personal relationship with
12:08:59 19 an investor that happened to, at the same time, have
12:09:07 20 established a good reputation and brand, meaning
12:09:22 21 personal brand or the brand of the fund, that would
12:09:27 22 also be a factor because I could have the comfort of
12:09:59 23 knowing these people also as human beings as opposed
12:10:08 24 to businessmen.

12:10:11 25 MR. TENREIRO: Sure. Let's just look real

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12:29:32 1 what you ...

12:29:33 2 BY MR. TENREIRO:

12:29:33 3 Q. Yes. What part of my question is
12:29:36 4 confusing you?

12:29:44 5 A. What exactly do you mean by restricting
12:30:08 6 the Grams to be resold, because I believe this is
12:30:20 7 exactly what is put into the purchase agreements and
12:30:23 8 related materials.

12:30:25 9 Q. When the initial purchasers receive --
12:30:31 10 let's talk about initial purchasers, for example, in
12:30:34 11 Stage A. When they receive their Grams upon launch,
12:30:37 12 will they be able to transfer those Grams for any
12:30:40 13 purpose whatsoever, including selling them to third
12:30:43 14 parties, as currently -- as the plans are currently
12:30:53 15 contemplated?

12:30:54 16 A. Does this question relate to Stage A or
12:30:57 17 pre --

12:30:58 18 Q. Stage A.

12:30:59 19 A. Stage A?

12:31:00 20 Q. Mmm-hmm.

12:31:09 21 A. I believe that Stage A investors, once and
12:31:15 22 if they are issued Grams, are free to spend these
12:31:35 23 Grams in any way they deem necessary.

12:31:46 24 Q. Okay. And my question is why did
12:31:49 25 Telegram -- why hasn't Telegram contemplated

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12:54:30 1 BY MR. TENREIRO:

12:54:30 2 Q. Okay. And in terms of the costs -- so did
12:54:35 3 you -- did Telegram have sort of a policy in place of
12:54:42 4 asking -- and I understand that there were some
12:54:44 5 representations in the purchase agreements about
12:54:47 6 intentions, but was there -- there's nothing in the
12:54:50 7 purchase agreement that requires the purchaser
12:54:55 8 to commit themselves to act as validators, correct?

12:55:00 9 A. That is correct.

12:55:00 10 Q. Okay. So, therefore, was there any sort
12:55:04 11 of practice that Telegram had, or some directive by
12:55:07 12 the company to the employees, that were marketing the
12:55:11 13 offering, the private placement, to ask potential
12:55:14 14 investors whether they planned to -- regardless of
12:55:17 15 whether they could afford it, but whether they planned
12:55:20 16 to, you know, have a continual commitment to
12:55:23 17 100 percent uptime, for example?

12:55:41 18 A. As a matter of policy, Telegram employees
12:55:43 19 were not obliged to ask potential purchasers whether
12:55:51 20 they would like to commit to becoming validators
12:56:00 21 post-launch. It is worth adding in this context that
12:56:19 22 a continual commitment to 100 percent uptime for
12:56:28 23 validators is something that validators are expected
12:56:42 24 to naturally be interested in having, because this
12:56:50 25 100 percent uptime would allow them to maximize the

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12:57:04 1 number of Grams they may be able to earn by signing
12:57:25 2 a larger number of transactions and validator --
12:57:34 3 larger number of new blocks in the network. So they
12:57:43 4 were intended to be commercially incentivized to have
12:57:56 5 this commitment, and in that context I don't believe
12:58:11 6 that insistence on such a continual commitment to
12:58:16 7 100 percent uptime would be relevant or significant.

12:58:19 8 Q. What percentage of Telegram's investors in
12:58:22 9 the private placement have ever acted as validators
12:58:24 10 for blocks on other blockchains?

12:58:33 11 MR. DRYLEWSKI: Objection; scope.

12:58:37 12 MR. TENREIRO: Let me strike that and
12:58:41 13 rephrase it.

12:58:41 14 BY MR. TENREIRO:

12:58:41 15 Q. In the private placement process, did
12:58:44 16 Telegram compile -- I'm sorry, compile a list of how
12:58:50 17 many of the investors that signed up had acted as
12:58:53 18 validators with respect to other blockchains?

12:59:03 19 A. I don't believe our employees compiled
12:59:06 20 such a list during the private placement process.

12:59:13 21 Q. Did they do so at any time?

12:59:22 22 A. I'm not certain but it would be logical
12:59:32 23 to assume that as the planned date of the launch of
12:59:42 24 the TON Blockchain was approaching, our employees
12:59:55 25 could at least have a certain list of investors in

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13:00:20 1 their mind who would be -- who had expressed interest
13:00:26 2 in validation.

13:00:36 3 I am not aware of any written list because
13:00:41 4 my understanding is a big part of such discussions
13:00:49 5 took place over the phone or in person, but as
13:01:01 6 we discussed yesterday, based on the interest for
13:01:14 7 validation expressed by a number of Stage A
13:01:27 8 purchasers, we didn't expect any difficulty with
13:01:51 9 regards to a potential lack of the necessary number of
13:02:08 10 validators at launch.

13:02:13 11 Q. So my question, though, was whether
13:02:17 12 Telegram made a list of which of its investors had
13:02:21 13 acted as validators with respect to their blockchains.
13:02:24 14 I think you said, "I don't think we made such a list
13:02:28 15 during the private placement."

13:02:29 16 And my question was, did you make such
13:02:32 17 a list at any other time? That's all.

13:02:40 18 A. I don't think we made this list at any
13:02:43 19 other time but I'm not certain. To clarify, you mean
13:02:50 20 investors that expressed interest in validating TON
13:02:57 21 specifically or other blockchain?

13:02:59 22 Q. I'm asking about, there's the universe of
13:03:02 23 Telegram's private placement investors, all of them,
13:03:05 24 and -- I am going to get to the interest in TON in
13:03:08 25 a second.

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13:03:08 1 A. Ah, okay.

13:03:08 2 Q. Right now I'm just asking which of
13:03:11 3 those -- does Telegram know which of those investors
13:03:13 4 have ever acted as validators with respect to other
13:03:17 5 blockchains? That's my question.

13:03:20 6 MR. DRYLEWSKI: Objection --

13:03:20 7 BY MR. TENREIRO:

13:03:21 8 Q. And really I'm asking for a percentage.
13:03:23 9 I mean, does Telegram know the proportion of them?

13:03:25 10 MR. DRYLEWSKI: Objection; scope.

13:03:36 11 THE WITNESS: I'm sorry, I'd like to
13:03:38 12 clarify that. If your previous questions were only --
13:03:44 13 also related to experience of the purchasers
13:03:54 14 in relation to other blockchain network, I may have
13:04:01 15 misunderstood the question and answered a different
13:04:04 16 question.

13:04:26 17 We didn't put together a separate list of
13:04:33 18 the purchasers who we would assume have experience in
13:04:44 19 validating other networks, although it was obvious
13:04:59 20 that certain investors who had experience in --
13:05:17 21 who had previous experience in investing into
13:05:24 22 blockchain projects, such as, for example, Micky Malka
13:05:27 23 that we have discussed earlier, might, with a high
13:05:39 24 degree of probability, have experience in these
13:05:45 25 processes of validation or at least were closely

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13:05:59 1 affiliated with parties that had experience in such
13:06:11 2 processes.

13:06:18 3 However, if you want a yes or no answer,
13:06:20 4 we did not put together such a list.

13:06:23 5 BY MR. TENREIRO:

13:06:23 6 Q. Thank you. As part of the KYC process,
13:06:30 7 Telegram collected information -- did Telegram collect
13:06:32 8 information, for example, to the extent that the
13:06:34 9 investor was like a fund, collect information about
13:06:38 10 fund-formation documents?

13:06:45 11 MR. DRYLEWSKI: Objection; form, scope.

13:07:04 12 THE WITNESS: I believe that this is one
13:07:05 13 of the types of documents that could have been
13:07:10 14 included in certain cases.

13:07:13 15 BY MR. TENREIRO:

13:07:13 16 Q. And did Telegram have any sort of policy
13:07:17 17 or directive to the people reviewing KYC documents
13:07:21 18 to be on the look-out for whether funds-formation
13:07:27 19 documents permitted it to engage in validation
13:07:33 20 activities or whether the fund-formation documents in
13:07:33 21 any way might affect the ability of a fund to engage
13:07:33 22 in such activities?

13:07:43 23 (Reporter clarification.)

13:07:43 24 MR. DRYLEWSKI: If you wouldn't mind
13:07:44 25 starting over.

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13:29:55 1 validator elections. This ...

13:30:02 2 BY MR. TENREIRO:

13:30:02 3 Q. Oh, but not the test. I mean for the
13:30:05 4 actual blockchain you'll need 100,000?

13:30:16 5 A. Well, this threshold may be different,
13:30:23 6 the actual blockchain, but we don't expect it to be
13:30:39 7 significantly different from the setting currently
13:30:45 8 used in the testnet.

13:30:47 9 Q. Okay. So 5 billion Grams and 10 percent
13:30:54 10 restriction and 100,000, that means there could be,
13:30:58 11 at most, 5,000 validators, right?

13:31:00 12 MR. DRYLEWSKI: Objection; scope.

13:31:19 13 THE WITNESS: As I just mentioned,
13:31:21 14 the 10 percent and 100,000 Grams limitation are
13:31:29 15 configuration parameters that validators decide on
13:31:35 16 by majority in their vote, and so it is difficult to
13:31:43 17 predict how many validators can work at the same time
13:31:57 18 in TON post-launch since those parameters are likely
13:32:08 19 to be changing -- changing.

13:32:17 20 BY MR. TENREIRO:

13:32:17 21 Q. Does that conclude your answer?

13:32:18 22 A. Yes.

13:32:20 23 Q. Okay.

13:32:21 24 (Exhibit 72 marked for identification.)

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16:21:16 1 And then at 7:41 a.m., John Hyman forwards or copies
16:21:21 2 a message by someone elsewhere where it says:

16:21:25 3 "Lots of people running around today
16:21:26 4 looking for allocations - looks like you denied all of
16:21:31 5 [New York] and some others on a KYC basis. All of
16:21:34 6 that demand flowing in to the secondary market. Some
16:21:37 7 willing to pay up to \$1."

16:21:42 8 Next message:

16:21:44 9 "Update on grey market."

16:21:46 10 Do you see that, that I just read?

16:21:46 11 A. Yes.

16:21:46 12 Q. Mr. Durov, do you know why Mr. Hyman was
16:21:50 13 updating the TON Presale group on the gray market?

16:22:02 14 A. My understanding is that Mr. Hyman was not
16:22:09 15 happy with potential activities in the gray market for
16:22:20 16 a variety of reasons, and he was alerting the team
16:22:36 17 to recent rumors from the market in order for us to be
16:22:46 18 able to assess those rumors, and, if there is any
16:22:59 19 actionable pieces of information, act on it.

16:23:10 20 Q. Have you heard of an entity called Gram
16:23:15 21 Asia?

16:23:17 22 A. I --

16:23:17 23 MR. DRYLEWSKI: Are you asking him
16:23:18 24 personally?

16:23:19 25 MR. TENREIRO: No, does Telegram know of

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16:23:21 1 an entity called Gram Asia.

16:23:32 2 THE WITNESS: I don't think we have
16:23:36 3 Gram Asia as a party in any of the agreements we may
16:23:43 4 have entered into.

16:23:47 5 BY MR. TENREIRO:

16:23:48 6 Q. So the question was if you know them?

16:23:50 7 A. Well, in my personal capacity, I heard
16:23:59 8 about Gram Asia from press reports somewhere in the
16:24:10 9 last couple of years.

16:24:11 10 Q. About what? What about Gram Asia did you
16:24:14 11 hear about?

16:24:20 12 A. There were certain confusing press reports
16:24:31 13 claiming that some cryptocurrency exchange in Japan
16:24:34 14 started to sell Grams, and we were worried that this
16:24:50 15 was an attempt to scam consumers into believing
16:24:57 16 they're buying real Grams. I believe Gram Asia was
16:25:04 17 mentioned in connection to this alleged Gram sale.

16:25:20 18 Q. And is that cryptocurrency trading
16:25:27 19 platform called Liquid?

16:25:29 20 A. Yes, I believe so.

16:25:32 21 (Reporter clarification.)

16:25:35 22 BY MR. TENREIRO:

16:25:36 23 Q. You know what The Shard in London is,
16:25:40 24 right?

16:25:40 25 A. Shard, yes.

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16:25:42 1 Q. Sometimes you and your team had meetings
16:25:44 2 there or near there with respect to TON or Grams?

16:25:48 3 MR. DRYLEWSKI: I'm sorry, what was the
16:25:49 4 name?

16:25:50 5 MR. TENREIRO: The Shard, the building.

16:25:54 6 MR. DRYLEWSKI: Yes.

16:25:54 7 THE WITNESS: Yeah. Yes, I believe we
16:25:56 8 used facilities in The Shard for some meetings.

16:26:03 9 BY MR. TENREIRO:

16:26:04 10 Q. Do you know who Mike Kaymaori is?

16:26:19 11 A. I'm not sure I'm acquainted to this person
16:26:23 12 but for the last couple of years I met a lot of --
16:26:27 13 I was introduced to a lot of people, but from the top
16:26:29 14 of my head, I don't recognize that name.

16:26:32 15 Q. What about Katsuno Konno, K-o-n-n-o?

16:26:51 16 A. Again, I'm afraid my memory for Asian
16:26:55 17 names is not really good.

16:27:11 18 Q. Did Telegram, meaning through its
16:27:14 19 representatives, meet with representatives from Liquid
16:27:18 20 in London in October of 2018?

16:28:02 21 A. I'm not certain. We did have some
16:28:06 22 investor-related meetings at that period of time.
16:28:21 23 Some of the investors wanted to be helpful and may
16:28:26 24 have introduced us to other parties during such
16:28:32 25 meetings. I think there was at least one meeting

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16:28:50 1 in London I can remember that I was a participant of
16:29:02 2 where we would meet with some Asian investors or
16:29:22 3 entrepreneurs.

16:29:27 4 Q. And you don't remember a meeting between
16:29:31 5 Telegram and Katsuno Konno specifically is what you're
16:29:34 6 saying?

16:29:35 7 MR. DRYLEWSKI: Objection; form.

16:29:37 8 THE WITNESS: I mean, unfortunately
16:29:39 9 I don't recognize that name. I may have been briefly
16:29:45 10 introduced to somebody by that name, but given the
16:29:50 11 fact that I don't recognize it, it must be a single
16:29:58 12 instance when I --

16:29:59 13 MR. DRYLEWSKI: Was the question when he
16:30:00 14 personally ever met --

16:30:01 15 MR. TENREIRO: Yeah, he. Oh, no, no,
16:30:02 16 I'm sorry, I was asking about the company.

16:30:05 17 MR. DRYLEWSKI: So anyone from Telegram?

16:30:06 18 MR. TENREIRO: I mean Telegram through its
16:30:08 19 agents is what I was talking about.

16:30:09 20 MR. DRYLEWSKI: Okay.

16:30:11 21 BY MR. TENREIRO:

16:30:12 22 Q. So did Telegram meet with any
16:30:18 23 representative of Liquid about their sale of Grams?

16:30:23 24 MR. DRYLEWSKI: Objection; scope.

16:30:27 25 THE WITNESS: Could you repeat your

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16:30:28 1 question?

16:30:29 2 BY MR. TENREIRO:

16:30:30 3 Q. Did Telegram meet with any representative
16:30:32 4 from Liquid with respect to their sale of Grams?

16:30:35 5 A. No --

16:30:35 6 MR. DRYLEWSKI: Same objection.

16:30:37 7 THE WITNESS: -- definitely no. Not only
16:30:50 8 it hasn't been discussed in any meeting that I was
16:30:53 9 present at, I highly doubt that any of my colleagues
16:30:56 10 would support any such discussion due to the clear
16:31:10 11 understanding that Grams cannot be resold pre-launch,
16:31:27 12 and if any discussion took place related to the sale
16:31:31 13 of Grams, if any, it must, in that case, have been
16:31:47 14 related to other matters, such as, for example,
16:32:04 15 regulatory status of Grams post-launch in certain
16:32:09 16 jurisdictions or potential listing of Grams on certain
16:32:17 17 exchanges post-launch.

16:32:27 18 I'm not aware of any meeting where
16:32:39 19 anything involving the potential resale of Grams
16:32:48 20 pre-launch took place as something that we would
16:32:59 21 approve of.

16:33:01 22 BY MR. TENREIRO:

16:33:02 23 Q. What was Telegram's reaction to learning
16:33:04 24 about what was potentially happening with Gram Asia
16:33:10 25 and Liquid?

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17:03:07 1 MR. DRYLEWSKI: Understood.

17:03:08 2 MR. TENREIRO: -- and I'm really just
17:03:09 3 showing it to him for context.

17:03:10 4 MR. DRYLEWSKI: Okay.

17:03:11 5 BY MR. TENREIRO:

17:03:12 6 Q. Really, the question is, did Telegram have
17:03:16 7 any sort of policy or practice about whether it would
17:03:19 8 provide financial information, you know,
17:03:23 9 or financials, to potential and actual investors in
17:03:25 10 the private placement? That's all.

17:03:37 11 A. Our general policy with regards to
17:03:39 12 disclosing financial and other information to the
17:03:53 13 purchasers was that we wanted each purchaser to have
17:04:29 14 a similar level of knowledge in relation to the status
17:04:37 15 of the project and in relation to Telegram.

17:04:56 16 We didn't want, as a matter of policy,
17:04:59 17 to have one or a few specific investors have more
17:05:13 18 information, or significantly more information from us
17:05:19 19 than all the other purchasers. This, I believe, was
17:05:30 20 one of our guidelines.

17:05:34 21 Q. So what about just providing all the
17:05:36 22 investors the financials; why was that not Telegram's
17:05:44 23 policy?

17:05:54 24 A. Due to the fact that such reports were not
17:06:13 25 included as obligatory in the purchase agreements and

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17:06:23 1 could create, at the same time, additional burden in
17:06:32 2 our small team, and also due to the, as we perceived
17:06:41 3 it, low relevance of such financial statements, we,
17:07:02 4 as a general matter, did not send regular updates to
17:07:11 5 the purchasers disclosing the financial details of the
17:07:32 6 company, focusing instead on the updates related to
17:07:43 7 the development status of the TON Blockchain which
17:07:49 8 we considered to be much more relevant for investors
17:08:03 9 as it could affect the timelines and development
17:08:10 10 roadmaps that, in turn, could be important for
17:08:26 11 purchasers to be able to plan their activities.

17:08:47 12 However, I believe that in October last
17:08:50 13 year we disclosed certain financial information to the
17:08:58 14 purchasers as well as our planned costs for the next
17:09:18 15 several months.

17:09:19 16 Q. After the launch of the TON Blockchain ...

17:09:23 17 MR. TENREIRO: Actually, before I forget,
17:09:26 18 we want some sort of representation or request on
17:09:29 19 Exhibit 77, the jurisdiction and the basis for the
17:09:31 20 redaction, the one about the IEO. We have already
17:09:38 21 requested an unredacted version and we got it back
17:09:40 22 just the same.

17:09:42 23 MS. CHARMANI: Okay.

17:09:45 24 MR. TENREIRO: If I'm wrong, let me know.
17:09:49 25 Okay, sorry. Let me go back to the

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17:09:51 1 question which was -- we can set all those exhibits
17:09:54 2 aside if you don't mind.

17:09:55 3 MR. DRYLEWSKI: Just so I can respond on
17:09:57 4 the record --

17:09:57 5 MR. TENREIRO: Yeah, go ahead.

17:09:58 6 MR. DRYLEWSKI: -- we will take your
17:09:59 7 request under consideration and, as we have with all
17:10:02 8 such requests, consider them and are happy to meet and
17:10:05 9 confer with you on them.

17:10:06 10 MR. TENREIRO: Okay.

17:10:09 11 BY MR. TENREIRO:

17:10:09 12 Q. What about any policy that Telegram might
17:10:14 13 have had with respect to disclosure of user growth or
17:10:22 14 user base for Messenger itself, did Telegram have any
17:10:26 15 such policy about what information, if any, it would
17:10:29 16 disclose to private placement purchasers?

17:11:04 17 A. From time to time we posted public
17:11:07 18 announcements related to Telegram growth and features,
17:11:19 19 both on the Telegram official website and in other
17:11:23 20 channels, such as my personal Telegram channel.
17:11:38 21 We did not inform -- we did not inform the purchasers
17:11:53 22 separately on the changes in the popularity of
17:12:11 23 Telegram applications among users; however, it must be
17:12:18 24 noted that to a certain degree this information
17:12:33 25 related to growth and app downloads could be obtained

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17:12:47 1 from other sources publicly available for anybody.

17:12:58 2 Q. And a moment or two ago you mentioned that
17:13:01 3 in October, Telegram disclosed certain financial
17:13:06 4 information. Was that information emailed directly
17:13:10 5 to the private placement purchasers, or how was it
17:13:17 6 disclosed to them?

17:13:21 7 A. Yes, I believe it was part of the update
17:13:24 8 we sent to all of the purchasers by email.

17:13:27 9 Q. And is there is any current plan in place
17:13:33 10 by Telegram in terms of what sort of financial
17:13:37 11 information about itself it might disclose after the
17:13:41 12 launch of the TON Blockchain?

17:14:01 13 A. In our view, Telegram's obligations under
17:14:09 14 the purchase agreement, for the most part, will be met
17:14:32 15 at the time of launch, meaning that after the launch
17:14:36 16 of the TON Blockchain, Telegram will no longer be
17:14:39 17 actively developing TON and, as such, it is not
17:15:08 18 obvious why purchasers who have received Grams in the
17:15:14 19 event of a successful launch of the TON Blockchain
17:15:23 20 would need any information --

17:15:23 21 Q. So -- I'm sorry.

17:15:34 22 A. -- from Telegram Messenger other than the
17:15:41 23 information that will be already available from public
17:15:45 24 sources.

17:15:46 25 Q. Sorry. So my question was not about plans

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17:15:50 1 to provide it to initial purchasers, but, simply,
17:15:53 2 provide it in general just to the public. Are there
17:15:58 3 any plans? Okay.

17:16:14 4 A. I think that throughout its history
17:16:17 5 Telegram has been consistently updating the public on
17:16:26 6 its development, the milestones and user metrics it
17:16:35 7 reached, and its new features and plans. I don't see
17:16:50 8 any reason why we would discontinue this practice
17:16:56 9 after the launch of the TON Blockchain.

17:17:00 10 Q. But what about financial information about
17:17:03 11 Telegram's operations; is there any plan to provide
17:17:09 12 that to the general public after the launch of the
17:17:13 13 TON Blockchain?

17:18:01 14 A. I must say that such plans have not been
17:18:05 15 discussed or I'm not aware of such discussions.
17:18:20 16 Being a private company, it would be unusual for
17:18:37 17 Telegram to start publishing its financial statements
17:18:52 18 and I struggle to grasp the relevance it may have for
17:19:03 19 the general public; however, as everything we do, this
17:19:14 20 aspect may be reassessed in the future if we receive
17:19:41 21 any new information that would be sufficient to change
17:19:52 22 our views on this.

17:20:03 23 MR. TENREIRO: Let's look at Exhibit 79,
17:20:07 24 please.

17:20:08 25 MR. DRYLEWSKI: There's about 20 minutes

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I, the undersigned, an Accredited Verbatim Reporter in the United Kingdom, do hereby certify:

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I further certify that I am neither financially interested in the action nor a relative or employee of any attorney or any of the parties.

IN WITNESS WHEREOF, I have this date subscribed my name.

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