

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF FLORIDA ORLANDO DIVISION**

ERIC DE FORD, et al.,      )  
Plaintiffs,      )      Case No:  
v.      )      6:22-cv-652-PGB-DCI  
JAMES KOUTOULAS, et al.,      )  
Defendants.      )      CLASS ACTION

**EXPERT REBUTTAL DECLARATION OF PHILP WERLAU**

I, Philip Werlau, declare as follows:

**I. BACKGROUND AND QUALIFICATIONS**

1. My qualifications are detailed in my original expert report submitted in this case.
2. I have conducted a detailed analysis of the rebuttal report filed by Defendant James Koutoulas and will address its critiques strictly from the perspective of a blockchain, cryptocurrency, and forensic analyst.
3. If called as a witness, I could and would testify to the truth of the following facts and opinions under oath.

**II. OPINIONS IN RESPONSE TO REBUTTAL CLAIMS**

**A. Wallet Attribution**

4. Mr. Koutoulas, without evidence, challenges the attribution of certain

wallets to him personally, asserting they belong to the LGBCoin Foundation or other individuals.

5. Given the lack of effective regulation and oversight in cryptocurrency markets, as well as the perceived anonymity of those markets, it is common for individuals and entities to use unregistered wallets to transfer money and conceal their activities on the blockchain. This is especially true where the individual desires privacy whether due to their own preferences or to conceal criminal or fraudulent activities.

6. The wallet attribution in my original report is based on established and verifiable forensic techniques commonly used by cryptocurrency and blockchain analysts, including:

- a. ***Funding Trails***: Forensic analysis seeking to attribute wallets to individuals or organizations track the initial funding to known or linked addresses. The funding trails in my report were appropriately attributed.
- b. ***ENS Domain Registrations***: An individual or entity can register a wallet with the Ethereum Name Service (“ENS”), a protocol for human-readable crypto addresses and decentralized domain names. Wallets registered with the service such as jameskoutoulas.eth strongly suggest ownership or control.

- c. ***Transactional Behavior:*** Transactions on the blockchain show identifiable patterns, especially with large sales and withdrawals that reduce existing liquidity pools. Large token sales and withdrawals align with insider profit-taking patterns.
- d. ***Text Message Evidence:*** The attribution of certain wallets to Mr. Koutoulas is further supported by text messages obtained in discovery. These messages explicitly demonstrate that Mr. Koutoulas had control over the disputed wallets, as they contain clear references to transactions executed from these wallets under his direction or authority.

7. My methodology does not assume legal ownership but identifies wallets under transactional control based on on-chain evidence. This technique is commonly used in the cryptocurrency markets due to the frequent use of “dummy” wallets by individuals engaged in crimes or fraud.

8. Wallets attributed in my analysis are reproducible using publicly available tools such as Etherscan. No proprietary tools are required to reproduce this analysis. My findings remain unchallenged by any specific counter-analysis detailed in Mr. Koutoulas’ report.

## **B. Profit and Loss Calculations**

9. Rebuttal Claim: Mr. Koutoulas argues he suffered a personal loss of

80.64 WETH and that liquidity activities were misattributed to him.

10. The profit and loss calculations in my report are based on:

- a. ***Swap Transactions***: WETH received from selling LGB tokens into the pool.
- b. ***Liquidity Activities***: Deposits, withdrawals, and accrued fees were analyzed to quantify net gains or losses.
- c. ***Historical Pricing***: WETH was valued using CoinGecko API prices at the time of each transaction.

11. If liquidity activities were Foundation-controlled, this can be evidenced through clear documentation of Foundation wallets and their relationship to Mr. Koutoulas.

12. Without such evidence, the on-chain data reflects substantial profits realized through wallets attributed to Mr. Koutoulas. Mr. Koutoulas' report does not provide counter-analysis of a type commonly used by cryptocurrency analysts to detail his assertions of losses.

## **C. Use of Proprietary Tools**

13. Rebuttal Claim: Mr. Koutoulas challenges the transparency and validity of the CISO tool.

14. CISO is a proprietary blockchain analysis tool used for fund flow analysis.

15. Proprietary tools are standard in blockchain forensics and investigations (e.g., Chainalysis and Elliptic tools) and are widely accepted in regulatory and legal proceedings.

16. Transparency: While the internal algorithms are proprietary, the results produced are reproducible using publicly accessible blockchain data. All findings can be independently verified via tools like Etherscan. All of the analysis in my original report relies on data that can be independently reproduced with public tools.

17. All findings produced by CISO and included in the merit report were verified using Etherscan.

18. Mr. Koutoulas does not provide specific evidence of inaccuracies in the CISO outputs or any divergence between those results and the results obtained by publicly available tools. Without such evidence, there is no basis to believe the tool's results are invalid.

#### **D. Class Member Identification**

19. Rebuttal Claim: Mr. Koutoulas claims class member identification included airdropped tokens or irrelevant entities.

20. The class member identification process excluded airdropped wallets and focused on:

a. ***Swap Participants***: Wallets that purchased LGB using WETH were

included.

- b. *Liquidity Providers*: Wallets contributing liquidity were separately analyzed.

21. Airdropped wallets were excluded by identifying transactions with no WETH outflows, ensuring only economic harm from token purchases or liquidity contributions was included.

22. Mr. Koutoulas' report provides no evidence demonstrating improper inclusion of airdropped wallets or other irrelevant entities.

## **E. External Factors**

23. Rebuttal Claim: Mr. Koutoulas attributes LGBCoin's collapse to NASCAR sponsorship revocation and breaches by third parties.

24. While external factors may have influenced the market, my original report focuses strictly on on-chain evidence of:

- a. Insider token sales.
- b. Liquidity withdrawals that directly depleted liquidity and contributed to class member losses.

25. Documented profit-taking behaviors remain independent of external market events. My role is to quantify these activities based on forensic blockchain analysis, not assess external causation or legal liability.

## **III. CONCLUSION**

26. The methodology applied in my original report is sound, transparent, and verifiable, using techniques that are commonly used in the field of blockchain forensic analysis, relying on:

27. Publicly available blockchain data (e.g., via Alchemy, Etherscan).

28. Robust forensic techniques: Wallet attribution, funding trails, and profit/loss analysis.

29. Reproducible results: All conclusions can be cross-verified with publicly accessible tools.

30. Mr. Koutoulas' rebuttal fails to provide specific counter-evidence, such as transaction-level analyses or alternative profit calculations. The rebuttal also fails to provide a counter-analysis using commonly accepted blockchain forensic techniques. In the field of blockchain forensic analysis, assertions without supporting evidence are given minimal or no weight in drawing conclusions.

31. Until verifiable counter-analysis is provided, my findings remain:

a. Insider wallets realized substantial profits totaling 1109.141 WETH or \$4,149,765.37.

b. Class members incurred significant economic losses of 5,905.512 WETH or \$21,306,432.12.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on January 2, 2025, in Miami, Florida.



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Philip Werlau