

Exhibit F

**PURSUANT TO THE RULES OF THE
AMERICAN ARBITRATION ASSOCIATION**

)	
IN THE MATTER OF THE)	
ARBITRATION BETWEEN:)	
)	
Southern Minerals Group, LLC)	
)	
Claimant,)	
)	
-and-)	AAA Case No. 01-19-0002-9998
)	
CV Investments LLC,)	
)	
Respondent.)	
)	

**VERIFIED STATEMENT OF
CLOVIS HOOPER**

My name is Clovis Hooper. I am the President of Claimant Southern Minerals Group, LLC (“SMG”). As President, and in coordination with Mr. John Peters – Managing Director of SMG’s ultimate parent company, Strategic Minerals plc (*see* Mr. Peters Verified Statement, also filed today) – I negotiated and executed the April 7, 2017 Magnetite Concentrates Purchase and Sale Agreement (“PSA”) between SMG and Respondent CV Investments LLC (“CVI”) (together, the “Parties”), and the subsequent “First Amendment” to the PSA, dated June 6, 2018.

The facts and contractual details as described in ¶¶ 3-5, 7-139 of the Demand for Arbitration that SMG filed on September 20, 2019 (“Demand”) are true and accurate to the best of my knowledge. Specifically, the Demand details the payments made and

amount of product purchased by CVI. Demand, ¶¶ 18-36. I maintain records with that information in the ordinary course of business, and the detailed spreadsheet of SMG's transactions with CVI under the PSA is attached hereto as Exhibit No. 1. To my knowledge, CVI has not disputed any of the facts regarding the payments made and amounts owed to SMG by CVI. Indeed, I understand that on February 20, 2020, SMG propounded an unrefuted Request for Admission, noting that as of March 1, 2020, CVI owed a liquidated damage amount of \$4,215,000. This figure represents only the liquidated amount of SMG's contract damages, and I provide further details of SMG's direct contractual damages below. Briefly summarized, the total amount of contract damages, liquidated and direct, is \$18.3 million as of March 1, 2020, exclusive of interest.

I. Background of SMG's Cobre Mine Operations

SMG has exclusive access to a magnetite stockpile and operates a magnetite sales and distribution business at the Cobre Mine, which is located about three (3) miles northeast of Bayard, New Mexico. Cobre Mine was employing six skilled and highly trained employees in the normal course of business. However, CVI's breach of the PSA has forced SMG to reduce its staffing to four people. Cobre Mine also owns or leases a variety of equipment to process, move and load the magnetite concentrate, including two 6.5 yard loaders, dozer, excavator, water truck, screening plant, service truck and additional support equipment. Likewise, Cobre Mine includes and maintains certain buildings, facilities and office space necessary for day-to-day operations at the facility. SMG is assisted in some of its ministerial operations by Strategic Minerals plc, of which

SMG is an indirect subsidiary, as explained by Mr. Peters in his Verified Statement.

SMG pays Strategic Minerals a quarterly management fee for those services.

II. SMG Transactions with CVI

CVI took its first shipment of magnetite concentrate in July 2017. Since then, CVI has taken 15 shipments of magnetite concentrate in varying amounts, as detailed in Exhibit 1, resulting in a total take of approximately 38,414 tons. All CVI shipments were made by truck as required under the PSA. However, CVI apparently had no named destination for the delivery of the magnetite concentrates at that point. Consequently, at CVI's request, I arranged for storage of the magnetite concentrates on a third-party property in New Mexico. I have had no further contact with CVI concerning this material.

CVI made 19 payments to SMG for magnetite between June 19, 2017 and October 31, 2018. For extended periods of time in 2018, CVI repeatedly fell behind in its payments owed to SMG. As described in the Demand, SMG and CVI agreed to the First Amendment to the PSA to provide some cash flow and storage relief to CVI by suspending its obligation to purchase 4,000 tons of concentrates per month for a year. Demand at ¶ 23. In return, CVI agreed to pay, on a quarterly basis, a security deposit against future sales for a substantially reduced amount than would have otherwise been due under the minimum requirement in the PSA, and then, beginning March 1, 2019, CVI's regular monthly obligations would resume.

The First Amendment also obligated CVI to pay SMG the \$371,404 then in arrears. As explained in the Demand, and confirmed here and Exhibit 1, CVI did not make those payments.

Ultimately, CVI did make some of the quarterly prepayments as required under the First Amendment and agreed to in October 2018 (Demand ¶¶ 33-37). However, CVI ceased all payments to SMG after October 2018, including failing to make the required quarterly payments under the First Amendment and failing to resume its regular monthly payments under the PSA in March 2019. By the start of 2019, CVI was \$375,000 in arrears (representing its missed quarterly payment). CVI's monthly obligations restarted as of March 1, 2019, and CVI has failed to make any of those required payments, which equal \$3,840,000 for the 12 months covering March 2019-February 2020. Consequently, as of March 2020, CVI's liquidated damages owed to SMG equaled \$4,215,000, exclusive of interest.

III. SMG's Contract Damages

In addition to the liquidated damages described above, CVI's breach of the PSA has resulted in SMG incurring direct and consequential damages. Exhibit 2 to my Verified Statement provides details of SMG's calculation of damages, and I provide an overview of the methodology we used to determine our damages below.

CVI's PSA represents a commitment to purchasing half of SMG's magnetite inventory. Moreover, as shown in Exhibit 2, the volume committed to, and resulting expected revenue from, CVI under the PSA far exceeds the volume purchased by, and revenue earned from, all other SMG customers combined. Thus, in 40 months, SMG

expected to realize a significant bulk of all available profits associated with our exclusive access to the magnetite stockpile. To determine the lost profits, the damages calculation has three critical analyses, which are detailed below.

The first analysis assumes that CVI performed as required under the PSA. SMG expected to realize over \$45.6 million in revenues among all customers during the approximately 8 years remaining of the PSA, starting from 2019. Of the \$45.6 million, SMG expected that CVI would account for \$28.9 million, or 63% of all revenues. As for expenses, during the same period, SMG has certain known and estimated unit costs for 19 cost centers detailed in Exhibit 2, page 2. To be conservative, SMG did not index the expenses over the relevant period, so SMG's calculation of \$21.1 million in expenses is likely the least amount of expenses that SMG might have incurred.

The first analysis shows that SMG expected to earn \$24.5 million of net profit over the balance of the PSA (excluding the 38,413 tons of magnetite ore that CVI has already taken). To determine the net present value ("NPV") of the expected profit, SMG applied a discount rate of 2%. The NPV calculation yields a current value of the profits of \$22.7 million.

SMG's second analysis assumes that CVI breached the PSA and made no further purchases from January 1, 2019 thru the remainder of the PSA. In this analysis, SMG's expected profits drop dramatically because SMG will likely have to extend its operating period over 20 years to sell the same volume of magnetite concentrate, and revenues are likewise impacted because certain customers pay less per ton than CVI. Critically, the extended period means SMG will incur many recurring and fixed expenses over the

period, with far less sales each year. Indeed, page 3 of Exhibit 2, provides details of the significant differences in expenses and revenues over the relevant period versus the first analysis. And SMG's calculation is again, very conservative, as SMG did not index the unit cost and recurring fixed costs over the 20-year period.

The second analysis shows that over the 20-year period, SMG would earn approximately \$41.2 million in revenues. SMG's calculations also show that it will incur approximately \$36.0 million in expenses over the same period. The second analysis shows that SMG expected to earn \$5.2 million of net profit over the 20-year period. Consistent with the first analysis, SMG applied a discount rate of 2% to determine the NPV of the expected profit. The NPV calculation yields a current value of the profits of \$4.4 million.


SMG's third analysis determines the differences between the first and second analyses. As shown on page 1 of Exhibit 2, the third analysis shows that the difference in the NPV of the expected profits between the first and second analysis is \$18.3 million. Thus, SMG submits that its total damages attributable to CVI's breach of the PSA is \$18.3 million. However, as \$4,215,000 of the damages is already a known and liquidated value, SMG requests that it be awarded \$14,090,599 in damages and \$4.215 million in liquidated damages.

I understand that punitive damages are also a possibility under New Mexico law. As President of SMG and a regular party to Mr. Peters' ongoing pursuit of CVI's Smith, I believe that CVI's intentional repeated nonperformance and misrepresentations severely harmed our operation at Cobre Mine, and as a result, all of our employees and

contractors. Thus, to the extent reasonable, SMG asks that the Arbitrator award it punitive damages as well.

VERIFICATION

Clovis Hooper states that he has read the foregoing Statement and knows the contents thereof; and that the same are true as stated, except as to those statements made on information and belief, and as to those, that he believes them to be true.

A handwritten signature in black ink that reads "Clovis Hooper". The signature is written in a cursive style with a large initial "C".

Clovis Hooper

Executed: March 20, 2020

CV Investments LLC
STATEMENT OF PICKED UP MAGNETITE

Date	Tons
TONS TAKEN 07/19-07/31/17	(2,976.95)
TONS TAKEN 08/01-08/03/17	(1,033.84)
TONS TAKEN 08/03-08/11/17	(3,999.82)
TONS TAKEN 08/12-08/29/17	(4,013.19)
TONS TAKEN 09/01-09/15/17	(1,051.43)
TONS TAKEN 09/16-09/30/17	(2,952.07)
TONS TAKEN 10/01-10/15/17	(4,770.93)
MAGNETITE TAKEN 10/16-10/31/17	(3,253.26)
MAGNETITE TAKEN 11/01-11/15/17	(1,957.11)
MAGNETITE TAKEN 11/16-11/30/17	(2,077.72)
MAGNETITE TAKEN 12/01-12/15/17	(2,632.37)
MAGNETITE TAKEN 12/16-12/31/17	(1,349.43)
MAGNETITE TAKEN 01/01-01/15/18	(2,962.76)
MAGNETITE TAKEN 01/16-01/31/18	(2,100.66)
MAGNETITE TAKEN 02/01-02/15/18	(1,282.11)
TOTAL	(38,413.65)

Summary of SMG Damages

		WITH CVI	WITHOUT CVI	Difference	Net
NPV	US\$	22,674,892	4,369,293	18,305,599	14,090,599
Discount Rate	%	2.00%	2.00%	0.00%	
Years of operation		8	20	(12)	
Sales	tons	649,656	710,521	(60,865)	
Revenue	US\$	45,649,226	41,224,500	4,424,727	
Expenses	US\$	(21,101,404)	(36,013,460)	14,912,056	
Pre Tax Profit		24,547,823	5,211,040	19,336,783	
Taxation	US\$	-	-	-	
Net Profit after tax	US\$	24,547,823	5,211,040	19,336,783	
Net Cashflow	US\$	24,667,823	5,331,040	19,336,783	
Detailed Totals					
Tons Sold	tons	649,656	710,521	(60,865)	
Revenue	US\$	45,649,226	41,224,500	4,424,727	
Expenses					
Equipment Fuel (Other)	US\$	(288,069)	(710,521)	422,452	
Equipment Fuel (CVI)	US\$	(72,317)	-	(72,317)	
Equipment Rental (Other)	US\$	(2,400,000)	(5,920,436)	3,520,436	
Equipment Rental (CVI)	US\$	(470,063)	-	(470,063)	
Freight on GCC Rio Grande	US\$	(590,931)	(1,435,836)	844,905	
Purchase Rights	US\$	(5,846,901)	(6,394,689)	547,788	
Production Costs Other	US\$	(720,000)	(1,776,131)	1,056,131	
Production Wages (Other)	US\$	(1,600,000)	(3,946,957)	2,346,957	
Production Wages (CVI)	US\$	(2,155,059)	-	(2,155,059)	
Management/Admin Wages (Other)	US\$	(440,000)	(1,085,413)	645,413	
Management/Admin Wages (CVI)	US\$	(470,063)	-	(470,063)	
Insurance	US\$	(376,000)	(927,535)	551,535	
Legal and Accounting	US\$	(40,000)	(98,674)	58,674	
SMG Management Costs	US\$	(1,480,000)	(3,650,935)	2,170,935	
Motor Vehicles	US\$	(264,000)	(651,248)	387,248	
Administration Other	US\$	(512,000)	(1,263,026)	751,026	
Travel and Entertainment	US\$	(56,000)	(138,144)	82,144	
Management Fee	US\$	(3,200,000)	(7,893,914)	4,693,914	
Depreciation	US\$	(120,000)	(120,000)	-	
Total Expenses		(21,101,404)	(36,013,460)	14,912,056	
Pre Tax Profit		24,547,823	5,211,040	19,336,783	

Exhibit G

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

DEFENDANTS

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Large table with categories: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, TORTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District (specify), 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

Brief description of cause:

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE

DOCKET NUMBER

DATE

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

)	
SOUTHERN MINERALS GROUP, LLC)	
)	
Applicant,)	
)	
and)	Case No. _____
)	
CV INVESTMENTS LLC)	
)	
Respondent.)	
)	

ORDER CONFIRMING ARBITRATION AWARD

Pursuant to its Petition for Order Confirming Arbitration Award (“Petition”), filed June 4, 2020, Applicant Southern Minerals Group, LLC has petitioned this Court for confirmation of the Final Award filed as Exhibit No. 1 to its Petition. This Court has jurisdiction over this matter under 28 U.S.C. § 1332(a)(1). Venue attaches under 9 U.S.C. § 9 and 28 U.S.C. § 1391.

Under 9 U.S.C. § 9, the Court must confirm the Final Award “unless the award is vacated, modified, or corrected” under §§ 10 and 11 of the Federal Arbitration Act, 9 U.S.C. §§ 10 and 11. The Final Award has not been vacated, modified, or corrected, so entry of an Order confirming the Final Award is appropriate.

It is **ORDERED** that Applicant’s petition is **GRANTED** and that the May 29, 2020 Final Award is confirmed; and

It is **FURTHER ORDERED** that Final Judgment is entered on the Award.

SO ORDERED this _____ day of June 2020.

United States District Judge

**UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

)	
SOUTHERN MINERALS GROUP, LLC)	
P.O. Box 535)	
Silver City, New Mexico 88062)	
)	
Applicant,)	
)	
and)	Case No. _____
)	
CV INVESTMENTS LLC)	
200 Four Falls Corp. Center, Suite 211)	
Conshohocken, Pennsylvania 19428)	
)	
Respondent.)	
)	

PETITION FOR ORDER CONFIRMING ARBITRATION AWARD

Pursuant to 9 U.S.C. §§ 9 and 13 (the Federal Arbitration Act, or “FAA”), Southern Minerals Group, LLC (“SMG”), respectfully petitions this Court for an Order confirming the May 29, 2020 Final Award of the Hon. Mark I. Bernstein (Ret.) (“Arbitrator”) in the matter of the arbitration between SMG and CV Investments LLC (“CVI”) (collectively with SMG, the “Parties”) (copy of the Final Award attached hereto as Exhibit No. 1). In support of this petition, SMG states the following:

THE PARTIES

1. SMG is a limited liability company organized under the laws of the State of Nevada with its principal place of business located near Bayard, New Mexico. SMG has as its sole member Ebony Iron Pty Ltd., a foreign corporation organized under the laws of the Commonwealth of Australia, with its principal place of business in Sydney, Australia. SMG operates a magnetite ore

sales operation within the Cobre Mine complex, which is located about three (3) miles northeast of Bayard, New Mexico. SMG's mailing address is P.O. Box 535 Silver City, New Mexico 88062.

2. CVI is a Pennsylvania limited liability company with its principal place of business located at 200 Four Falls Corp. Center, Suite 211, Conshohocken, Pennsylvania 19428. CVI and its related entities are owned, controlled and operated by Ms. Brenda Ann Smith ("Smith"). On August 27, 2019, Smith was arrested by the Federal Bureau of Investigation for allegedly operating a Ponzi scheme and was subsequently charged by the U.S. Attorney for the District of New Jersey with five (5) criminal counts, including four (4) counts of wire fraud and one (1) count of securities fraud. *See United States v. Smith*, Mag. No. 19-3377 (D.N.J. Aug. 27, 2019). Contemporaneously with the Department of Justice's action, the U.S. Securities and Exchange Commission ("SEC") filed a civil complaint in the U.S. District Court for the District of New Jersey against Smith and a number of her various corporate entities for violations of securities laws. *See SEC v. Smith, et al.*, Civ. A. No. 17213 (D.N.J. Aug. 27, 2019). On September 10, 2019, the District Court Judge issued an order freezing the assets and bank accounts of Smith and the various entities she controlled, including CVI. Smith remains incarcerated pending the outcome of her criminal proceeding but can, and did, accept service and filings at the correctional facility where she has been held throughout the arbitration and in the other suits lodged against her and various entities she controls.

JURISDICTION AND VENUE

3. This Court has subject matter jurisdiction over this matter under 28 U.S.C. § 1332(a)(1) (diversity). SMG and CVI are citizens of different States, and the amount in controversy, exclusive of interest and costs, exceeds the sum or value of \$75,000.

4. The Award arises under a contract involving interstate commerce and is subject to the Federal Arbitration Act (“FAA”), 9 U.S.C. § 1 *et seq.*

5. Under the FAA, unless the parties have agreed otherwise, venue is proper in the district where the award was made, or in any district proper under the general venue statute. *See, e.g., Cortez Byrd Chips, Inc. v. Bill Harbert Constr. Co.*, 529 U.S. 193, 195 (2000). The Parties’ Agreement does not include a forum selection clause for proceedings to confirm any arbitration awards thereunder. However, the arbitration took place in Philadelphia, Pennsylvania.

6. The Eastern District of Pennsylvania is also an appropriate venue because CVI is subject to personal jurisdiction here, and it is the district in which a substantial part of the events or omissions giving rise to the claim occurred. 28 U.S.C. § 1391(b).

THE SUBJECT ARBITRATION

7. SMG and CVI were parties to a Magnetite Concentrates Purchase and Sale Agreement (“PSA”) dated April 7, 2017, as amended by the First Amendment dated June 6, 2018, whereby CVI “agrees to purchase from Seller up to [] 400,000 tons of such magnetite concentrates for the price of \$80.00 per ton.” PSA § 2 (attached hereto as Exhibit No. 2); *see also* First Amendment to the PSA (“First Amendment”) (attached hereto as Exhibit No. 3).

8. The PSA provides that “any dispute or controversy arising out of or relating to this agreement or the interpretation thereof, shall be settled by arbitration, held in a mutually acceptable location to the parties, in accordance with the rules, then in effect, of the American Arbitration Association.” Ex. 2 at § 10.

9. SMG filed its Demand for Arbitration (“Demand”) with the American Arbitration Association (“AAA”) on September 20, 2019. The AAA docketed SMG’s Demand as AAA Case No. 01-19-0002-9998. SMG’s Demand sought an arbitral award against CVI:

- (i) finding CVI materially breached the PSA;
- (ii) finding CVI breached the implied covenant of good faith and fair dealing;
- (iii) finding SMG is entitled to damages, inclusive of interest, for liquidated amounts owned to SMG;
- (iv) finding SMG is entitled to lost profit damages;
- (v) finding SMG is entitled to punitive damages;
- (vi) awarding SMG its attorneys’ fees and costs, including but not limited to, all costs of the arbitration;
- (vii) awarding SMG any and all other relief determined appropriate by the Arbitrator.

10. On December 6, 2019, the AAA announced the appointment of the Hon. Mark I. Bernstein (Ret.) as the Arbitrator. At SMG’s request, and given CVI’s circumstances, the Arbitrator determined that a single arbitrator was sufficient for purposes of the arbitration, in accordance with the discretion afforded to him under the procedures for Large, Complex Commercial Disputes of the AAA Commercial Arbitration Rules as amended. American Arbitration Association, Commercial Arbitration Rules & Mediation Procedures (“AAA Rules”), Rule L-2(b) (2013).

11. On January 31, 2020, the Arbitrator established a schedule for the proceeding and determined that the proceeding would be adjudicated through written filings only.

12. In accordance with the Arbitrator's January 31 order, SMG propounded a limited set of Requests for Admissions, Interrogatories, and Requests for Production of Documents to CVI on February 20, 2020. SMG filed its Affirmative Case on March 20, 2020 and its Rebuttal on April 20, 2020. CVI made no responsive pleadings, nor did CVI respond to discovery requests despite being afforded additional time by the Arbitrator to do so. By order dated May 13, 2020, the Arbitrator closed the record in the case.

13. The Arbitrator issued his Final Award on May 29, 2020. *See* Exhibit No. 1. Therein, the Arbitrator found that “[a]ll required due process was afforded to both sides through the impartial application of the Arbitration Rules agreed to by the parties in their agreement.” *Id.* at 4. The Arbitrator further found that SMG is entitled to relief in its favor. Specifically, the arbitrator found that: (i) CVI materially breached the PSA; (ii) CVI breached the covenant of good faith and fair dealing; (iii) CVI's bad faith acts warranted punitive damages under New Mexico law; (iv) CVI's bad faith acts warranted the application of the maximum interest rate available under New Mexico law; and (v) CVI must bear the cost of the arbitration. *Id.* at 19-22. The Arbitrator awarded damages and costs as follows: (i) \$4,215,000 in liquidated damages as of March 1, 2020; (ii) \$14,090,599 in lost profits; (iii) \$3,600,000 in punitive damages; (iv) \$23,660 in arbitration costs; (v) prejudgment and post-judgment interest of 15% is applicable to the liquidated damages; and (vi) post-judgment interest of 15% is applicable to all other damages and costs. The Arbitrator declined to award attorneys' fees as requested by SMG.

14. The Final Award is a final award subject to confirmation in this Court. *Id.* at 23.

CONFIRMATION OF THE AWARD

15. The Court should confirm the Final Award under Section 9 of the FAA, 9 U.S.C. § 9, for the following reasons.

16. Under Section 9 of the FAA, application for confirmation of an award may be made to a court in which jurisdiction exists at any time within one year after the award is made. 9 U.S.C. § 9. Such an application must be granted “unless the award is vacated, modified, or corrected as prescribed in sections 10 and 11 of [9 U.S.C.]” *Id.*

17. The Parties have agreed to the application of the AAA Rules under the PSA. *See* Ex. 1 at § 10. Under AAA Rule R-52(c), “[p]arties to an arbitration under these rules shall be deemed to have consented that judgment upon the arbitration award may be entered in any federal or state court having jurisdiction thereof.”

18. Since the PSA does not include a forum selection clause, “application may be made to the United States court in and for the district within which such award was made.” 9 U.S.C. § 9. The Final Award was made in Philadelphia, Pennsylvania.

19. This Petition is made well within the one-year deadline, as the Final Award was made on May 29, 2020. Furthermore, no action has been taken to vacate, modify or correct the Final Award under Sections 10 or 11 of the FAA. 9 U.S.C. §§ 10, 11. Thus, the Final Award is ripe for confirmation by this Court.

20. Section 13 of the FAA directs that a judgment be entered on a confirmed award. 9 U.S.C. § 13. Such a judgment “shall be docketed as if it was rendered in an action.” *Id.*

21. SMG submits contemporaneously herewith a proposed Order Confirming Arbitration Award and entering judgment thereon.

WHEREFORE, SMG respectfully petitions this Court to enter an order confirming the Arbitrator's Final Award of May 29, 2020, and enter judgment thereon.

CLARK HILL PLC

Dated: June 5, 2020

/s/ Lisa Carney Eldridge
Lisa Carney Eldridge, Esquire (PA ID #62794)
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Philadelphia, PA 19103
Phone: (215) 640-8500
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leldridge@clarkhill.com

Of Counsel:

Dated: June 5, 2020

/s/ Daniel M. Jaffe
Daniel M. Jaffe, Esquire
A Rebecca Williams, Esquire
SLOVER & LOFTUS LLP
1224 17th St., N.W.
Washington, DC 20036
202-347-7170
dmj@sloverandloftus.com

* *Pro Hac Vice applications shall be submitted*

Attorneys for Southern Minerals Group, LLC

EXHIBIT 1

AMERICAN ARBITRATION ASSOCIATION

**Commercial Arbitration under AAA Commercial Rules and Mediation Procedures
Amended and effective October 1, 2013**

AAA Case 01-19-0002-9998

Southern Minerals Group, LLC

Represented by Daniel Jaffe, Esq. and A. Rebecca Williams of Slover & Loftus LLP

v.

CV Investments, LLC

ex parte

FINAL AWARD

I, THE UNDERSIGNED ARBITRATOR, having been designated in accordance with the arbitration agreement dated April 7, 2017 and entered into between Claimant, and Respondent, and having been duly sworn, and having duly reviewed the proofs and allegations of Southern Minerals Group, LLC, and CV Investments LLC having failed to submit proofs and allegations after due notice by mail in accordance with the Commercial arbitration Rules of the American Arbitration Association, hereby, AWARD as follows:

Decision and Opinion

An award is entered in favor of claimant Southern Minerals Group, LLC and against respondent CV Investments LLC in the amounts set forth below.

Procedure

Pursuant to the agreement between the parties dated April 7, 2017 as amended June 6, 2018, claimant filed this action on September 20, 2019. Apparently, respondent's principal had been indicted by Federal Authorities and at the time of filing its primary representative was incarcerated in Federal custody.

On December 4, 2019, Hon. Mark I. Bernstein (Ret.) was selected to be the AAA arbitrator for this matter under the Large Complex procedures of the Commercial Arbitration Rules as amended. Given the claim amount, the Procedures for Large, Complex Commercial Disputes specifies the number of arbitrators to be three. The parties' arbitration provision was silent as to the number of arbitrators. Pursuant to the applicable rules, expecting to be required to pay all costs of arbitration, petitioner requested that the number of arbitrators be reduced to a single arbitrator. According to the rules the first arbitrator determines whether to proceed with a single arbitrator or if three shall be appointed. Since Respondent's representative was only able to communicate via US Mail, it was directed that all communication was to be made in writing.

On, November 11, 2019, Brenda Smith, respondent's representative, submitted a handwritten letter request an indeterminate stay alleging an inability to respond because company records had been seized and had been retained by Federal authorities. Respondent offered no suggestion as to how or when this situation would change, such that the matter could resume. Most significantly, as claimant stated in their response there was no suggestion that Smith lacked sufficient knowledge to participate. Claimant further claimed that had this matter been amenable to court filing, a default judgment, unavailable in AAA arbitration,

would have been entered and claimant would earlier have had a judgment to collect upon if respondent did not participate.

Respondent requested a hearing by three arbitrators. Claimant responded that no right existed and since claimant would be paying for all costs of arbitration requested the matter be decided by one arbitrator in accord with the AAA rules. By Order dated December 14, the arbitrator ruled that one arbitrator would decide the matter and that the preliminary hearing would be held by written submission.

On January 8, 2020, the arbitrator received Claimant's written preliminary hearing statement and respondent's written letter which did not contain any substantive preliminary hearing statement and merely asked for a 6-month extension, but offered no explanation as to how anything would change 6 months hence. On January 9 claimant responded in writing to the requested extension. By Order dated January 31, 2020 the arbitrator ruled that this matter would proceed and set a schedule for discovery and hearing through written submissions. By submission dated March 20, 2020, as required by the January 8, 2020 Order, claimant submitted its affirmative case memorandum containing procedural background, statement of material facts, and memo of law. Attached thereto were the verified statements of John Peter and Clovis Hooper and a statement of damages.

Claimant also advised that by correspondence dated February 20, 2020 they had submitted Requests for Admissions, Interrogatories, and Requests for Production of Documents and had received no substantive responses but had received a handwritten letter dated March 20, 2020 which was attached.

Respondent's letter stated that although she was unable to retain papers but could have access to a thumb drive.

Accordingly, On April 8, the arbitrator Ordered a thumb drive be provided to respondent and that thereafter, respondent would have 10 days to respond to Claimants discovery requests, or the Request for Admissions would be deemed admitted.

On April 20 Claimant Southern Mineral Group, submitted a memorandum entitled "Rebuttal of Claimant" in which it pointed out that no substantive response whatever had been received from respondent as to the claim and renewed its request for damages.

Claimant sent a thumb drive to respondent on April 27. Since there has been no response by respondent, the Requests for Admissions are deemed admitted.

All required due process was afforded to both sides through the impartial application of the Arbitration Rules agreed to by the parties in their agreement. All reasonable accommodation was made for the parties. No in person or even telephonic conferences were required and all submissions could be made in writing. Handwritten submissions were accepted, considered, and evaluated. No substantive responses were ever received from respondent.

The record was properly closed on May 13, 2020.

Factual Findings

On April 7, 2017 Mr. Clovis Hooper, President of Claimant Southern Minerals Group, LLC (hereinafter SMG) negotiated a Magnetite Concentrates Purchase and Sale Agreement ("PSA") between SMG and Respondent CV Investments LLC ("CVI")

This agreement was subsequently amended on June 6, 2018. Under that agreement, CVI committed to purchasing 400,000 tons of magnetite from SMG at a price of \$80.00 per ton at a rate of 4,000 per month beginning in June 2017. This agreement was amended in mid-2018. However, beginning in October 31, 2018 CVI began a pattern of failure of performance followed by representations and promises which were never fulfilled. (see verified statements of Mr. John Peters and Clovis Hooper) CVI has made no payments to SMG since October 2018 (Request for Admission No. 1). CVI breached the PSA. (Request for Admission No. 3). CVI's Smith was arrested on August 27, 2019. As of March 1, 2020, SMG's liquidated damages are in the amount of \$4,215,000, exclusive of interest. (Request for Admission No. 2).

Mr. John Peters is the Managing Director of Strategic Minerals PLC, parent company of Southern Minerals Group, LLC ("SMG"). Together with SMG's President, Mr. Clovis Hooper, Mr. Peters negotiated with CVI the Magnetite Concentrates Purchase and Sale Agreement ("PSA") referred to above which was executed on April 7, 2017. This agreement was amended on June 6, 2018. CVI's sole representative was Ms. Brenda Smith ("Smith").

SMG has exclusive access to a magnetite stockpile and operates a magnetite sales operation from the Cobre Mine in New Mexico. SMG's access rights to the magnetite is limited to 800,000 tons. Pursuant to the PSA contract CVI was obligated to purchase 400,000 tons of concentrates with minimum monthly purchases of 4,000 tons. SMG committed access to those tons exclusively to CVI. This commitment by SMG amounted to 50% of its total access to magnetite. Throughout the term of the agreement SMG was able to provide the full 400,000

tons to CVI in accordance with the PSA's monthly purchase schedule. SMG's staffing and costs increased to accommodate the commitment to CVI. CVI took only a total of 38,414 tons of magnetite concentrate from the initiation of the PSA in June 2017. Most of this volume was taken in the first few months. All but one of the shipments was moved, at CVI's request, to property in New Mexico.

CVI defaulted on its required payments. By the end of 2017, CVI was \$642,000 in arrears. All CVI shipments were made by truck as required under the PSA. However, when CVI had no named destination for the delivery of the magnetite concentrates CVI requested storage in New Mexico. CVI made 19 payments to SMG for magnetite between June 19, 2017 and October 31, 2018. At various points in 2018, CVI paid some of its outstanding balance but \$371,000 was owing when the Parties negotiated the First Amendment in June 2018. SMG generously reduced the outstanding amount owed by over \$215,000, conditioned on CVI's payment of the reduced balance. That amended agreement required CVI to make quarterly deposits in lieu of taking the 4,000-ton minimum.

Despite assurances, CVI repeatedly failed to make these required payments. CVI's regular monthly obligations were to resume beginning March 1, 2019. The last CVI payment to SMG was in October 2018. Despite ceasing to make payments, CVI's Smith repeatedly assured SMG that CVI was about to sell a bond and receive a major infusion of cash. Smith reassured that SMG would be paid what was owed when that sale closed. CVI repeatedly claimed that the closing was delayed by forces outside its control. Smith continued her reassurances until August 2019 when she was arrested for allegedly engaging in a Ponzi scheme and CVI assets were seized. SMG's obligations under the PSA and CVI's excuses, delays and

diversions precluded SMG from pursuing other potential purchasers of the magnetite concentrate.

A detailed spreadsheet of SMG's transactions with CVI under the PSA was attached as Exhibit No. 1 to the statement of Mr. Hooper.

Under the amended agreement, CVI's monthly obligations restarted March 1, 2019. CVI failed to make any required payments, these required payments equaled \$3,840,000 for the 12 months between March 2019 and February 2020. Consequently, as of March 2020, CVI's liquidated damages owed to SMG equaled \$4,215,000, exclusive of interest. In addition to the liquidated damages CVI's breach of the PSA has resulted in SMG incurring direct and consequential damages. CVI's PSA represented a commitment to purchasing half of SMG's magnetite inventory. The volume committed to, and the expected revenue from, CVI under the PSA far exceeds the volume purchased by, and revenue earned from, all other SMG customers combined. Thus, in 40 months, SMG expected to realize significant profits associated with CVI exclusive access to their magnetite rights.

To determine lost profits, the damages calculation has three complementary analyses. The first analysis assumes that CVI performed as required under the PSA. SMG expected to realize over \$45.6 million in total revenues during the approximately 8 years of the PSA (2019 – 2027). Of that \$45.6 million, SMG expected that CVI purchases would account for \$28.9 million, or 63% of all revenues. During that same period, SMG has known and estimated unit costs. SMG's calculation of \$21.1 million in expenses is a conservative analysis representing the expenses that SMG might have incurred. Thus, SMG expected to

earn \$24.5 million of net profit over the balance of the PSA. To determine the net present value (“NPV”) of the expected profit, SMG applied a discount rate of 2%. The NPV calculation yields a current value of reasonably expected profits of **\$22.7** million.

SMG’s second analysis accurately assumes that CVI made no further purchases from January 1, 2019 thru the remainder of the PSA. In this analysis, SMG’s expected profits drop dramatically because SMG will likely have to extend its operating period by 20 years to sell the same volume of magnetite concentrate, and revenues are likewise impacted because certain customers pay less per ton than CVI. Critically, the extended period means SMG will incur additional recurring and fixed expenses with fewer sales. SMG’s calculation is again, very conservative. The second analysis shows that over the 20-year period, SMG would earn \$41.2 million in revenue and incur approximately \$36.0 million in expenses over the same period. The second analysis shows that SMG expected to earn \$5.2 million net profit over the 20-year period. Consistent with the first analysis, SMG applied a discount rate of 2% to determine the NPV of the expected profit. The NPV calculation yields a current value of **\$4.4** million.

SMG’s third analysis calculates the difference between these conservative analyses. The third analysis shows that the difference in the NPV of the expected profits between the first and second analysis is \$18.3 million. Thus, SMG submits that its total damages attributable to CVI’s breach of the PSA is \$18.3 million. However, as \$4,215,000 of the damages is already a known and liquidated value, SMG calculated it lost \$14,090,599 in profit damages and \$4,215,000 million in

liquidated damages. The arbitrator finds this analysis to be reasonable, conservative, and accurate.

Detailed Findings of Bad Faith

CV Investments LLC (“CVI”) is owned, controlled, and operated by Ms. Brenda Ann Smith. Ms. Smith stands charged by the U.S. Attorney for the District of New Jersey with five (5) criminal counts, including four (4) counts of wire fraud and one (1) count of securities fraud. On the same day as criminal charges were lodged, the U.S. Securities and Exchange Commission (“SEC”) filed a civil complaint in the U.S. District Court for the District of New Jersey against Smith and her various corporate entities for violations of securities laws. On September 10, 2019, the assets and bank accounts of several the named defendants were frozen.

SMG has the exclusive right to access approximately 800,000 tons of magnetite concentrates. Under the PSA, CVI was obligated to purchase 400,000 tons of such magnetite concentrates for the price of \$80.00 per ton with a required minimum of 4,000 tons per month beginning June 1, 2017. In return, SMG was required to “ensure that it does not undertake any activities that impact the Purchases [sic] rights to the magnetite concentrates.” Given commitments to other customers and local regulations, SMG was prohibited from providing more than 5,500 tons of magnetite concentrates per month to CVI. SMG requested, and CVI provided, “a deposit of \$10,000” to SMG. Likewise, SMG requested, and CVI provided, a “standby letter of credit in the amount of \$250,000.00 issued by a major US banking institution” or a cash deposit in the same amount to be held “in solicitor’s trust.”

CVI's monthly purchases of magnetite ore began June 1, 2017, and shipments of the material began on or around July 1, 2017. Between June 2017 and October 30, 2017, CVI met its contractual obligations under the PSA by purchasing the required minimum of 4,000 tons of magnetite ore each month and promptly paying for those purchases. Beginning with the SMG invoice dated October 31, 2017, CVI's payments fell into arrears. In January 2018, CVI paid its outstanding balance of \$642,572.80. Immediately following its January 2018 payment, CVI again fell into arrears, and by March 2018, CVI owed SMG \$521,404. In March 2018, CVI notified SMG that it was "unable to take delivery of the minimum volume" of the magnetite ore due to delays in "obtaining environmental approvals." To continue their contractual relationship the parties entered the First Amendment dated June 6, 2018. The First Amendment suspended CVI's obligation to purchase a minimum of 4,000 tons per month "for the period March 1, 2018 through May 31, 2018; provided, however, that such waiver is contingent on [CVI] meeting its obligations as otherwise required in the PSA and this Amendment." The referenced obligations included CVI paying the amount then in arrears, \$371,404, according to a detailed payment schedule. If CVI failed to meet that payment schedule it would "forgo[] any right to take the remaining balance of the Prepaid Quantity for the applicable calendar quarter" CVI agreed to "resume its obligation to undertake to purchase a minimum of 4,000 tons per month at \$80 per ton," beginning March 1, 2019. CVI failed to make the payments required.

On June 15, 2018, SMG invoiced CVI for the first quarterly prepayment of \$375,000 in accordance with Section 4 of the First Amendment. Payment was due June 25, 2018. On July 10, 2018, CVI paid that invoice. On September 1, 2018,

SMG invoiced CVI for the second quarterly Prepayment due September 11, 2018. CVI failed to make that payment.

On September 13, 2018, SMG provided notice to CVI that it must rectify its past due amounts of over \$600,000 otherwise SMG would consider CVI in default,

On Monday, October 8, 2018, SMG again wrote to CVI regarding the outstanding balance of \$371,404 and offered to reduce the outstanding balance by \$217,431.20 to reflect the 2,717.89 tons of the 4,000 ton minimum that CVI did not take physical delivery of in February 2018. This offer was contingent upon CVI paying the remaining balance in three installments and CVI release to the \$250,000 security deposit CVI had previously made. On October 11, 2018, CVI made a counteroffer that accepted the structure of SMG's proposal but extended the time for the installment payments. SMG agreed to CVI's counteroffer. Nonetheless, CVI failed to make the initial installment payment on the agreed upon due date of October 22, 2018 but did make two payments totaling \$53,972.80 on October 31, 2018. CVI subsequently missed the two remaining \$50,000 installment payments due November 5 and November 19, 2018. Likewise, CVI never paid the outstanding balance by December 11, 2018 as required.

CVI has not made any further payments to SMG. On December 29, 2018, SMG sought further payment, requesting that CVI pay its outstanding balance of \$475,000 before the end of 2018.

On December 29, 2018, CVI offered to pay the \$475,000 in the first week of January 2019. SMG suggested CVI agree to release to SMG \$100,000 from CVI's security deposit; pay the remaining \$375,000 owed to SMG in the first week of January 2019; and replenish the amount of the security deposit released to SMG.

On December 30, 2018, CVI agreed to SMG's proposal and consented to the \$100,000 transfer from the security deposit to SMG. CVI never paid the remaining \$375,000 due to SMG, nor did it ever replenish the deposit. Instead, CVI began a series stalling tactics.

January:

- On January 4, 2019, CVI's Smith stated that SMG should have the funds the "following week."
- On January 9, 2019, CVI's Smith stated that the funding should be approved "[b]y end of day tomorrow"
- On January 17, 2019, CVI's Smith claimed "3 deals to close today or tomorrow. My funds from deal payout within one week."
- On January 17, 2019, CVI's Smith claimed she has the "financial instrument in hand to fund."
- On January 22, 2019, Smith claimed that closing would occur the following day (January 23, 2019) and informed SMG's Peters that she sent him "a confidential copy" of the "actual financial instrument,". Nonetheless, no payment was forthcoming.

February:

- On February 8, 2019, Smith said that she "was just told my wire leaves at 9 am tomorrow London time. Of course, I have to wait for banks to open here. I fully expect to be able to send \$475,000 tomorrow. I will be happy to discuss future plans early next week."
- Yet again, on February 16, 2019, CVI's Smith claimed to "have taken control of the entire transaction and spent the day working out

details. I now have direct contact with the buyer of my bond and his banker. . . . I fully expect a wire on Monday and am not relying on anyone in between.” CVI’s Smith further assured SMG of CVI’s ability to secure funding for payment, stating “BTW [by the way], this is real, I will close” and blaming the delay on a number of things, including the time difference and that the “buyer trader was delayed in [the] subway.”

- On February 27, 2019, CVI’s Smith claimed that an “[i]nstrument [was] delivered last night at 22:00 by my trade desk.”

March:

- Beginning March 1, 2019, SMG resumed invoicing CVI for its monthly minimum purchases of 4,000 tons of magnetite concentrates, pursuant to Section 4(b)(ii) of the parties’ First Amendment. Yet on March 1, 2019 Smith claimed that the “buyer bank downloaded the message / instrument today. Waiting for buyer account to get credit for instrument and then funds are released. Unfortunately, I am told that could take up to 5 days from transmission which was Tuesday.”
- On March 8, 2019, SMG’s Peters notified CVI’s Smith that he needed to update his Board of Directors on the “expected timing of payment and plans to address the existing contract” On March 9, 2019, CVI’s Smith responded, “still not closed & no production,”
- On March 13, 2019, SMG’s Peters again inquired as to the timing of payment, to which CVI’s Smith again responded with the claim that she was “[t]rying to close this week.”

- On March 29, 2019, SMG requested an update from CVI's Smith by close of business regarding CVI's overdue payments, including a \$50,000 wire transfer that CVI supposedly sent to SMG the prior week.
- On March 30, 2019, CVI's Smith claimed her banker had moved their scheduled meeting, and she would have to confirm with him when her transactions would be final and would check on the "outgoing wire."

April

- On April 3, 2019, CVI's Smith again claimed her "banker delayed the meeting until April 8." And that she had "pending transactions that will close this month," but "do[es] not have substantial cash on hand until closing."
- On April 11, 2019, CVI's Smith stated that she did not "have the funds" to pay, but that the "funds are closing on Tuesday April 16."

May:

- On May 15, 2019, Smith, provided a purportedly "internally generated balance sheet" for CVI showing over \$59 million in assets.
- On May 21, 2019, CVI's Smith responded to an email from SMG's Peters requesting an update, again claiming that she "expect[ed] to receive funds by close of business" the next day. on
- May 23, 2019, SMG's Peters again asked CVI's Smith via text message if the bonds had settled. CVI's Smith claimed she "should have funds tomorrow." On that same day SMG's Peters asked CVI's Smith to

formally agree to undertake certain actions to avoid legal proceedings, as follows: I was able to get my UK Directors and Alan this morning and I have got them to agree that, provided, on behalf of CV Investments, you undertake to pay SMG, within two weeks, the \$375,000 December payment and top up the existing deposit with SMG by \$3,690,000 they will hold all actions for those two weeks. . . . Please provide, on behalf of CV Investments, agreement to these arrangements.” CVI’s Smith responded “Agreed. Thank you very much. Brenda.”.

- When SMG attempted to memorialize the parties’ new agreement in a Second Amendment to the PSA, CVI did not execute the Second Amendment, despite having already agreed to the terms. On May 25, 2019, SMG’s Peters again asked CVI’s Smith via text message if CVI had secured its funds yet. Responding that same day, CVI’s Smith again put off SMG’s Peters, claiming it would be “first thing Tuesday am [morning]”
- On May 29, 2019 , after the date CVI’s Smith claimed the funds would be available, SMG’s Peters asked CVI’s Smith via text message: “has Merrill released the funds” and, if not, “what are your expectations.” CVI’s Smith only responded with “tomorrow.”
- On May 30, 2019, SMG’s Peters asked CVI’s Smith to “please update the position with CVI.” CVI’s Smith responded that same day, stating “Not yet. Still working hard on it.”

June:

- On June 3, 2019, CVI's Smith emailed SMG's Peters that the funds would be available in two days, citing issues with the bankers.
- On June 6, 2019, CVI's Smith stated that the buyer "changed delivery," and it would "[p]robably" take an additional day. Later that day, CVI's Smith stated she had "tried to be direct [and] honest" and was "doing everything possible to fund by Friday".
- SMG's Peters then asked CVI's Smith if CVI could at least provide SMG with \$100,000 on Friday, June 7, 2019, along with supporting paperwork for the bond funds that Peters could show to SMG's Board of Directors. Id. CVI's Smith responded that it would provide SMG with the requested \$100,000 and paperwork by Friday June 7, 2019 but then failed to do so.
- On June 7, 2019, the supposed bond sale did not settle despite CVI's Smith claiming that the bankers were "working on it."
- On June 8, 2019, CVI's Smith claimed she was "[j]ust off [the] phone with [the] Buyer" and that they were working it, but there would be "[n]o wire today but it will go out Monday."
- On June 11, 2019, CVI's Smith again suggested that funds "may" be available "tomorrow" if the bankers can move the process along.
- On June 14, 2019, Peters sent Smith a text message requesting a telephone conference. Smith claimed she was sick. Later that day, when asked for an update on the bonds, Smith responded "[w]orking with bankers now".

- On June 20, 2019, Peters again asked Smith for an update, to which Smith responded “[t]rying to receive one transfer today. Still waiting on email from banker.”
- On June 23, 2019, Smith claimed she was “[w]aiting on confirmation of transfer.”
- On June 24, 2019 Smith did not respond to Peters request for status.
- On June 26, 2019, Peters asked Smith if CVI was “any firmer on timing of cash payment to SMG,” and was told “[e]xpect [F]riday”.
- On June 28, 2019, the new expected payment date, CVI failed to make payment.
- On June 30, 2019, CVI’s Smith said: “I can make that payment based on drawing down the bond,” .

July:

- On a July 13, 2019 telephone conference, Peters and Smith discussed an option, whereby CVI would borrow against a supposed LOC for ninety (90) days to pay SMG while CVI awaited its supposed bond settlement.
- On July 14, 2019, Peters asked CVI’s Smith whether CVI had considered the option, but CVI’s Smith did not answer the question and instead suggested she was “trying.”
- On July 14, 2019, Smith purported to send SMG details of the bond issuance.
- On July 18, 2019, alarmed by reports that FINRA had cited and subsequently barred Smith from “associating with any FINRA

member” for rules violations, Peters text messaged Smith asking about the matter. CVI’s Smith claimed the FINRA violations were not related to her trading and said she could “explain on [the] phone.”

- On July 24, 2019, Smith stated that she should have confirmation that the bond had settled that day.
- On July 26, 2019, Smith claimed her banker “says I will have bank statement showing 100 mm tomorrow & it will be available to disburse next Wednesday” (July 31, 2019).
- On July 27, 2019, Smith said: “I do not have statement yet. I give up. Sue me” . She later stated she was still waiting for an update from the banker, but funds should come through “this week for sure.”

August:

- Throughout the month of August 2019, the “deal” was supposedly imminent, but then CVI ceased all communication.
- On August 9, 2019, SMG’s Peters emailed Smith asking why she had “stopped communicating.” Smith responded, claiming that her “banker now says I should have some funds on Tuesday [August 13, 2019]. He says [C]credit Suisse is wrapping up monetization. Can we wait until Tuesday?”
- On August 14, 2019, Smith claimed: “I talked to my banker this morning and he said the ‘monetizer’ has accepted the instrument, Credit Suisse has completed their process and agreed to start disbursements. He says funding is imminent.” Despite these claims, no funds were ever disbursed to SMG.

- On August 16, 2019 Smith said she was waiting “for my banker to schedule.” And then said: “[t]urning phone off.”
- Throughout the remainder of August Peters and Smith exchanged several emails wherein Smith avoided a personal meeting or telephone conference and suggested instead “sue me or something.” And then suggested that her “usa [sic] banker says I am still getting [the] advance this week but I don’t have it yet.”
- On August 26, 2019, Smith assured that she would sign a note for \$4.065 million .
- On August 27, 2019, Smith was arrested by the FBI on charges that she had been running a Ponzi scheme. The federal indictment lodged against Smith and several of her corporate entities states that the behavior with CVI was done to many different victims.

Conclusions:

The arbitrator draws no conclusion from the unproven allegations of the indictment. A defendant has a presumption of innocence and no conclusion can be drawn from the allegations. It is clear however, that CVI cannot now and will not in the future fulfill the requirements of the PSA.

From the submissions that form the record in this claim including the uncontested Demand for Arbitration and the exhibits attached thereto, affirmed in the statements of Mr. Peters and Hooper, the additional information provided by those statements, the unanswered and therefore admitted Request for Admissions, it is clear that CVI entered into a binding agreement, subsequently

amended, made substantial reassurances and additional promises over an eight month period and materially breached that contract, the PSA. CVI made no payments to SMG under the PSA after October 2018. Agreed upon purchases were not made. Neither was the balance due of \$375,000 ever paid. Under the PSA and CVI's written assurances of payment, the amount of \$4,215,000 is owing as of March 1, 2020. SMG is entitled to liquidated damages in the amount of \$4,215,000. SMG is also entitled to lost profits in the amount of as set forth in exhibit 2 of Mr. Hooper's verified statement.

That verified statement explained in detail the methodology used to calculate loss. Mr. Hooper reasonably calculated the net profits expected if CVI had fulfilled its agreement over the 8 years remaining to the PSA. This lost profit was 22.7 Million dollars . He then calculated the profits expected from the sale of the same quantity of magnetite over a longer period given the failure of CVI to fulfill its agreement. This would yield 5.2 million in profits, a mitigating factor in the damages calculation. Subtracting the profits reasonably expected over the longer period due to the failure from the expected profit if the contract had been fulfilled resulted in a total profit loss of \$14,090,599. Within the amount of this loss is the lost profit as of March 1, 2020 which had already been calculated and awarded as liquidated damages. Subtracting the award for liquidated damages yields a net future loss of profit at \$14,090,599. In all these calculations the profit analysis had been reduced by a reasonable 2% discount rate. Mr. Hooper conservatively estimated the damages which "arise naturally and necessarily" from the breach in accordance with New Mexico Law,

Law

The agreement requires that the law of New Mexico apply. Under New Mexico law the claim has been timely presented. NMSA 1978 §37-1-3(A) provides for a 6-year statute of limitations for contractual claims. Damages recoverable and proven herein are the damages which “arise naturally and necessarily” from the breach in accordance with New Mexico Law (*Sunnyland Farms, Inc. v Cent. N.M. Elec. Co-op Inc.*, 301 P. 3rd 387 (N.M.2013)).

Under New Mexico Law, punitive Damages are recoverable “for breach of contract whenever defendant’s conduct was malicious, fraudulent, oppressive, or committed recklessly with a wanton disregard for the plaintiff’s rights.” The defendant repeatedly made false reassurances about imminent performance, and intentionally misled the plaintiff about its intention and ability to perform. As detailed above, there can be no question that the continual bogus reassurances and purportedly detailed explanations of the imminent receipt of funds to pay the debt owed, were both malicious and “committed recklessly with a wanton disregard for the plaintiff’s rights”. Accordingly, punitive damages are warranted and awarded.

The purpose of punitive damages is to punish the defendant and deter others from similar conduct. The compensatory award entered herein, if collected, shall make plaintiff whole and shall allow plaintiff to recover profits reasonably but conservatively expected under the contract. Accordingly, to punish this bad faith behavior and to deter others from similar conduct, in addition to the compensatory award and in accord with New Mexico law, the arbitrator awards punitive damages in the amount of \$3,600,000.

New Mexico law permits pre and post-judgment interest (NMSA 1978 §2004. Accordingly, pre-judgment interest on the liquidated damages awards of \$4,215,000 is ordered. Post-Judgment interest is awarded from the date of entry of judgment. Since judgment is awarded based on the bad faith and intentional acts of defendant, interest is by law to be computed in the amount of 15% per annum.

Since SMG has been forced to bear all costs of this arbitration, and CVI has not participated in any meaningful way other than to request extensions, costs are awarded to plaintiff. New Mexico law does not permit the award of attorney fees except where the behavior of the defendant occurs “before the court or in direct defiance of the court’s authority”(see state ex rel. N.M. State Highway and Transp. Dep’t v. Baca 896 P.2d 1148 (1995), there is no authority to award attorney fees for private contractual claims even where defendant has acted in bad faith and even where the intent of the bad faith actions were intended to defer and dissuade resort to legal (or AAA arbitration) action.

Judgement and Decision

The arbitrator awards Claimant SMG against respondent CVI the following amounts:

Liquidated damages: \$4,215,000

Lost Profit: \$14,090,599

Punitive Damages: \$3,600,000

Prejudgment Interest at 15% on liquidated damages of \$4,215,000

Post judgment Interest at 15%

Costs: The Administrative fees and expenses of the AAA totaling \$12,200.00 are to be borne \$12,200.00 by CV Investments, LLC. The Compensation and expenses of Arbitrator totaling \$11,460.00 are to be borne \$11,460.00 by CV Investments, LLC. Therefore, CV Investments, LLC has to pay Southern Minerals Group, LLC, an amount of \$23,660.00.

This Final Award is in full and complete settlement and satisfaction of any and all claims that were submitted to the jurisdiction of this Arbitrator in connection with the present dispute. All claims, arguments or issues not specifically addressed in this Final Award and not reserved for further disposition, are rejected and denied with prejudice.

By the Arbitrator:

Dated: May 29, 2020



Hon. Mark I. Bernstein (Ret)

Sole Arbitrator

I, Hon. Mark I. Bernstein (Ret), do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed the foregoing instrument, which is the Decision and Final Award in this Arbitration.



Hon. Mark I. Bernstein (Ret) Sole Arbitrator

EXHIBIT 2

Magnetite Concentrates Purchase and Sale Agreement

Southern Minerals Group, LLC of P. O. Box 535 Silver City, NM 88062 as “**Seller**,” and
CV Investments LLC 200
Four Falls Corp. Ctr. Suite 211, Conshohocken, PA 19428 and affiliates as “**Purchaser**,” agree as follows:

1. Seller has the exclusive right to access approximately 800,000 tons of magnetite concentrates (this is an estimate of the size and should not be relied upon as a definition of resource), a treated by-product of copper mining and milling operations conducted at the Mine site formerly operated by Freeport-McMoRan located in Grant County, New Mexico, and has in place contracts or purchase orders to sell approximately one-half of that inventory to other purchasers. The Seller will ensure that it does not undertake any activities that impact on the Purchaser's rights to the magnetite concentrates. Should, for any reason, the Seller's right to access this material be terminated, then on the day that access is terminated this Agreement will terminate, without further recourse to Purchaser and Seller other than amounts already outstanding or breaches of Agreement occurring up to that date.

2. Seller hereby agrees to sell to Purchaser and Purchaser hereby agrees to purchase from Seller up to of 400,000 tons of such magnetite concentrates for the price of \$80.00 per ton.

These prices include Seller loading the concentrates into Purchaser's trucks with Seller's equipment and equipment operators, and Seller shall bear all costs associated with such loading operations. The Purchaser undertakes to purchase a minimum of 4,000 tons per month from

~~commencement of this Agreement;~~ June 1, 2017. *BS CH*

3. Purchaser shall provide the trucks and truck operators to haul the concentrates and shall bear all costs associated with such hauling operations. The Purchaser shall ensure that representatives of the Purchaser (including truck drivers) shall conduct its activities in a good and professional manner and in accordance with the reasonable directions (if any) given to it by the Seller from time to time.

4. Seller shall maintain accurate certified weighing facilities and will weigh the Purchaser's trucks on entrance and exit, unloaded and loaded, and provide the net weights of each load to Purchaser as each loaded truck exits the site, and provide appropriate Material Safety Data Sheets. The Seller shall not be liable for loss or damage suffered or incurred by the Purchaser due to any failure or interruption of equipment due to the need for repair or alteration or breakdown but, the Seller will assist the Purchaser in minimizing any losses that the Purchaser may incur.

5. Purchaser shall:

(i) provide a deposit of \$10,000 to the Southern Minerals Group, LLC bank account within one business day of signing of this Agreement, *as advised.* *BS CH*

(ii) Prior to commencement of this Agreement, but not greater than seven days from signing of this Agreement, the Purchaser shall provide the Seller with a standby letter of credit in the amount of \$250,000.00 issued by a major US banking institution authorizing the seller to draw against it in the event Purchaser fails to timely pay any invoice in full or provide, in solicitor's trust, a deposit of \$250,000 with instructions that this is to be released to SMG on the provision by SMG that there has been a default on payment under the Agreement. This notification is to be given at SMG's sole discretion and the solicitor has to be irrevocably instructed to act on any such notice.

(iii) make payment for all concentrates purchased on a monthly basis within ten days after being presented with an invoice from Seller.

6. Purchaser acknowledges and is aware that local governmental regulations limit the total tonnage of concentrates that may be removed from the mine site to 11,000 tons per month, and that Seller's other existing commitments presently utilize up to approximately one-half of that amount, leaving only approximately 5,500 tons per month now available to Purchaser. Seller agrees to inform Purchaser if and when other purchasers fail to purchase their entire committed amount so as to allow Purchaser the opportunity to acquire a larger amount in any particular month.

7. Seller warrants and covenants to and with Purchaser that it can provide good and marketable title to the subject concentrates, that they are by-products of lawful mining operations, have been properly severed from the realty from which they came, are free and clear of any liens or claims of any kind or nature, and will be free and clear of any liens or claims of any kind or nature when conveyed to Purchaser.

8.1 If a Force Majeure Event affecting a Party precludes that party ("Precluded Party") partially or wholly from complying with its Obligations (except its payment obligations) under this Agreement then:

(a) as soon as reasonably practicable after that Force Majeure Event arises, the Precluded Party must notify the other Party of

- (i) the Force Majeure Event;
- (ii) which obligations the Precluded Party is precluded from performing ("Affected Obligations");
- (iii) the extent to which the Force Majeure Event or its consequences preclude the Precluded Party from performing the Affected Obligations ("Precluded Extent"); and
- (iv) the expected duration of the delay arising directly out of the Force Majeure Event or in consequence of it;

(b) the Affected Obligations will, to the Precluded Extent, be suspended for the duration of the actual delay arising directly out of the Force Majeure Event ("Actual Delay"); and

(c) the other Party's Obligations which are dependent on the Affected Obligations will be suspended until the Precluded Party resumes performance.

8.2 The Precluded Party must, as soon as reasonably practicable after cessation of a Force Majeure Event, resume performance of the Affected Obligations and must use reasonable

endeavour to overcome or settle the dispute as possible, but "reasonable endeavours" does not require a Party to pay money in an attempt to overcome the event or to settle any industrial dispute against its wishes.

9. To prevent possible confusion Seller and Purchaser agree that this Agreement is to be applied in accordance with the laws of the State of New Mexico other than its conflicts of laws principles.

10. Parties agree that any dispute or controversy arising out of or relating to this agreement or the interpretation thereof, shall be settled by arbitration, held in a mutually acceptable location to the parties, in accordance with the rules, then in effect, of the American Arbitration Association.

11. Either Party may assign this agreement, upon written notice, provided such assignment is to a commonly controlled affiliate.

12. Either Party may terminate this Agreement on a serious breach of Agreement after giving 30 days notice ("Notice Period") to the other Party to rectify the breach and that breach is not rectified within the Notice Period. The termination of this Agreement shall not affect the rights of the aggrieved party in seeking damages in relation to the Agreement being terminated.

13. Southern Mineral Group, and its affiliates agree not to use the name CV Investments in any public media without Purchasers written permission unless required by law, ASCH

Seller and Purchaser have executed this Agreement effective as of the 7 day of April, 2017. CH HB

Southern Minerals Group, LLC

CV Investments LLC

By: Clovis Hooper
Clovis Hooper,
President
Southern Minerals Group LLC

By: Brenda Smith
Brenda Smith,
Managing Member
CV Investments LLC

EXHIBIT 3

**FIRST AMENDMENT TO
MAGNETITE CONCENTRATES PURCHASE AND SALE AGREEMENT**

This First Amendment ("Amendment") to Magnetite Concentrates Purchase and Sale Agreement is made as of this sixth day of June 2018, among **Southern Minerals Group, LLC**, P.O. Box 535 Silver City, **NM** 88062 ("**Seller**") and **CV Investments, LLC** and affiliates, 200 Four Falls Corp. Ctr. Suite 211, Conshohocken, PA 19428.

WHEREAS, Seller and Purchaser are parties to that certain Magnetite Concentrates Purchase and Sale Agreement dated April 7, 2017 ("PSA"), providing for the sale of magnetite concentrates, a treated by-product of copper mining and milling operations conducted at a mine in Grant County, New Mexico; and

WHEREAS, Shipments of magnetite concentrates began on or around July 1, 2017 in accordance with the PSA; and

WHEREAS, the Purchaser has notified the Seller that it is unable to take delivery of the minimum volume of 4,000 tons per month required under Section 2 of the PSA due to delays in the Purchaser obtaining environmental approvals; and

WHEREAS, Seller and Purchaser desire to revise the Purchaser's volume obligation under the PSA as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises, mutual covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Seller and Purchaser agree as follows:

1. Seller waives Purchaser's obligation under Section 2 of the SA to purchase a minimum of 4,000 tons a month for the period March 1, 2018 through May 31, 2018; provided, however, that such waiver is contingent on Purchaser meeting its obligations as otherwise required in the PSA and this Amendment.
2. Purchaser agrees to pay Seller the "Outstanding Amount" under the PSA of \$521,404 as of March 31, 2018 in accordance with the following schedule:

CVI Investments Outstanding Amount Payment Schedule		
Monday , 20 April 2018	\$50,000	Paid
Monday, 4 May 2018	\$50,000	Paid
Monday, 18 May 2018	\$50,000	Paid
Monday, 1 June 2018	\$50,000	
Monday, 15 June 2018	\$50,000	
Monday, 29 June 2018	\$50,000	
Monday, 13 July 2018	\$50,000	
Monday, 27 July 2018	\$50,000	
Monday, 10 August 2018	\$50,000	
Monday, 24 August 2018	\$71,404	
Total	\$521,404	

3. Upon Purchaser's full payment of the Outstanding Amount, Purchaser shall be entitled to 2,717.89 tons for which Purchaser was invoiced in February 2018 and which Purchaser has not yet taken delivery. Purchaser's option to take 2,717.89 tons shall expire on November 30, 2018 and no refund shall issue if the material is not taken by that date.
4. Section 2 of the PSA is amended as follows :
 - a. The last sentence of Section 2 is deleted in its entirety and replaced as follows:
 - i. "The Purchaser undertakes to purchase a minimum of 4,000 tons per month from June 1, 2017 to February 28, 2018."
 - b. The following new paragraphs are added to the end of Section 2:
 - i. "Prepayment Period (June 1, 2018 - February 1, 2019): On June 15, 2018, September 1, 2018, and December 1, 2018 Seller will invoice Purchaser in advance for 4,685.50 tons per quarter ("Prepaid Quantity") and the Purchaser will pay a non-refundable amount of \$375,000 ("Prepayment") in relation to sales for that quarter (the Prepayment is in addition to the payments made in satisfaction of the Outstanding Amount under Section 2 of this Amendment) in accordance with the terms of the PSA. If Purchaser does not take the Prepaid Quantity within 12 months of the invoice date, Purchaser forgoes any right to take the remaining balance of the Prepaid Quantity for the applicable calendar quarter and Seller retains all prepayments made by Purchaser. If Purchaser ships

4,000 or more tons in any month during the Prepayment Period or there after then the "Outstanding Prepayment" which is the sum of all Prepayments made by Purchaser less the value of any material delivered, shall be reduced by a maximum of \$125,000 in that month and the Purchaser will be deemed to have been delivered 1,562.50 tons of material."

ii. "Beginning on March 1, 2019, Purchaser shall resume its obligation to undertake to purchase a minimum of 4,000 tons per month at \$80 per ton."

5. Section 1 of the PSA is amended as follows:


a. The last sentence of Section 1 is deleted in its entirety and replaced as follows:

i. "Should, for any reason, Seller's right to access this material is terminated, then on the day that access to the material is terminated this Agreement will terminate without further recourse to Purchaser and Seller. Upon termination, Seller has no obligation to refund any Outstanding Prepayment Amount, nor provide any additional material, nor provide material that the Purchaser has paid for but has not yet been delivered."

The Seller and the Purchaser have executed this First Amendment to the Magnetite Concentrates Purchase and Sale Agreement effective as of the sixth day of June, 2018.

Southern Minerals Group LLC

CV Investments LLC


Clovis Hooper
President Southern Minerals
Group LLC


Brenda Smith
Managing Member CV Investments
LLC

Exhibit H

SEC v. BRENDA SMITH, et al., Civ. No. 2:19-cv-17213 (D.N.J.)

CREDITOR CLAIM FORM

Name of Creditor: William McCormack

**Name and Address Where Notices Should be Sent: c/o Robert V Cornish Jr.,
1701 Pennsylvania Ave NW, Suite 200, Washington, DC 20006**

Email Address: rcornish@rcornishlaw.com

Telephone No.: 307-264-0535

Date(s) of Claim: 10/19 through 3/22

Amount of Claim: 668,000.50, 408,000.50 of which are legal fees for which McCormack is entitled to indemnification under Michigan law. \$260,000 is unpaid commissions wrongfully handled or misappropriated by Brenda Smith

Please attach copies of all invoices relating to your claim. Do not send original documents. Copies of the documents provided to the Receiver will not be returned to the creditor. You must maintain the original documents as the Receiver may ultimately request them for verification.

\$	23,312.50
\$	9,466.09
\$	1,585.00
\$	1,800.00
\$	900.00
\$	2,927.11
\$	59.50
\$	15,226.50
\$	59.50
\$	59.50
\$	4,348.06
\$	34,285.00
\$	3,000.00
\$	59.50
\$	3,248.56
\$	595.00
\$	932.50
\$	595.00
\$	59.50
\$	2,023.00
\$	37,706.00
\$	5,532.12
\$	5,323.50
\$	21,633.17
\$	80.58
\$	2,261.00
\$	297.50
\$	30,217.58
\$	121.14
\$	1,428.00
\$	6,426.00
\$	23,944.23
\$	4,581.50
\$	20,015.63
\$	14,524.39

\$	2,082.50
\$	9,949.02
\$	10,276.80
\$	12,870.00
\$	13,367.00
\$	7,741.70
\$	10,311.50
\$	44,655.32
\$	5,295.50
\$	1,963.50
\$	10,853.50
\$	408,000.50

Total - 408,000.50

Exhibit I



LAW OFFICES OF
ROBERT V. CORNISH, JR., P.C.

680 South Cache Street, Suite 100
Jackson, WY 83001
Office: (307) 264-0535
Fax: (571) 290-6052
rcornish@rcornishlaw.com

June 22, 2022

VIA E-MAIL

Andrew S. Gallinaro, Esq.
Conrad O'Brien PC
Center Square, West Tower
1500 Market Street, Suite 3900
Philadelphia, PA 19102-2100

Re: Broad Reach Receivership Claims of William McCormack

Dear Andrew,

We have examined the materials regarding the preliminary denial of the claims of William McCormack against the Receivership Estate. Our examination included (a) review of legal bills, (b) review of applicable law on indemnity and (c) examination of banking and other records relating to commissions generated but not paid to McCormack.

I. LEGAL FEES

a. Description of Services to be Indemnified

As a preliminary matter, we are happy to share unredacted bills for legal expenses so long as we have a confidentiality order in place or some mechanism for in camera inspection.

I have represented McCormack since this matter came to a head in September 2019 through the Surefire lawsuit. He has expended extensive fees defending that action (the "PA Litigation") which has absolutely no merit whatsoever. Namely, we have obtained the PHLX guest entry/exit records for the time periods during which Surefire's personnel supposedly visited McCormack on the trading floor. There are no records of any such meetings taking place or any records of Surefire's personnel visiting McCormack. Indemnity in such a case would indeed be proper. The expenses referred to as Surefire expenses on my bills, those of Anderson Kill and BCP in Canada (in connection with Surefire's standing and corporate status) are those for that matter. In fact, costs continue to accrue in this matter given Surefire's reticence in dismissing McCormack. We are thus faced with conducting discovery and depositions in both the US and Canada, and we intend to continue to apply for indemnity from the Estate so long as this case remains active. We also maintain our appeal to the 3rd Circuit on the Section 1782 request for McCormack's putative action in Canada against various parties.

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Andrew Gallinaro, Esq.
June 22, 2022

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Second, McCormack's costs for "SEC & DOJ Matters" relate specifically to his production of over 340,000 pages of documents in his possession that were provided in imitable form to the SEC in Philadelphia, as well as preparation and attendance at meetings with the SEC and the FBI. McCormack has cooperated at all times with these authorities, and his expenditure of legal fees is as such that indemnity would be proper.

Thirdly, McCormack's costs for "FINRA Arbitration" – the Alpha matter - relates to the FINRA arbitration now stayed in which he was wrongfully named. In that case, the Claimant received over 90% of their funds back after threatening McCormack with legal action after the arrest of Brenda Smith. The Claimant is now inexplicably suing McCormack for the 10% they did not receive despite McCormack's non-involvement in the matter other than being there after Brenda Smith's arrest. There are generally no motions to dismiss in FINRA arbitration, meaning McCormack must defend the claim. The costs of defending this baseless claim can and should be indemnified by the Receivership Estate. There are no assurances that the claim will remain stayed.

In addition, McCormack's "FINRA Investigation" costs relate to his defense of the allegations lodged by NASDAQ that he improperly facilitated the opening of the Broad Reach account at CV Brokerage by allowing it to be handled as a "give up" account to ICBC. McCormack opened this account on the advice of James Delaney of ICBC and instruction of Brenda Smith, and that is recited in the AWC to which McCormack agreed. Those legal costs in defending the action and producing documents are in excess of \$97,000 and should be indemnified. McCormack has filed a FINRA arbitration against Delaney for his legal fees and related damages related to the wrongful advice he was given, and will submit to offset of any amounts obtained in that action.

Further, McCormack's "White Collar Defense" costs relate to assorted costs for legal counsel incurred following the FBI/SEC interview, as well as preliminary discussions with NASDAQ on the matters which ultimately led to the AWC.

b. McCormack is entitled to common law indemnity on his legal fees to date relating to CV Brokerage matters

In the context of common law indemnity, the Pennsylvania Supreme Court has spoken of requiring (1) some legal obligation that compels indemnification, and (2) damages occasioned by the initial negligence of the party that owes indemnity. *Builders Supply Co. v. McCabe*, 77 A.2d 368, 370 (Pa. 1951). See also *Morris v. Lenihan*, 192 F.R.D. 484, 489 (E.D. Pa. 2000) (explaining that common law indemnification is appropriate when a defendant's liability "arises not out of his own conduct, but out of [1] a relationship that legally compels the defendant to pay for [2] the act or omission of a third party."). The classic example of such a legal relationship is that of principal and agent, employer and employee. *City of Wilkes-Barre v. Kaminski Bros.*, 804 A.2d 89, 92 (Pa. Commw. Ct. 2002).

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June 22, 2022

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McCormack satisfies both requirements in Pennsylvania for common law indemnity:

- A. McCormack can easily show that there is a legal relationship between himself (as an employee/agent) and Brenda Smith/CV Brokerage as an (employer/ principal);
- B. Damages have been shown by McCormack for legal fees incurred that were created by the fault of Brenda Smith/CV Brokerage.

Furthermore, indemnity is a fault-shifting mechanism that comes into play when a defendant held liable by operation of law seeks to recover from a defendant whose conduct actually caused the loss. *See Kaminski Bros., supra*. Further, there is no allegation or claim anywhere in the universe of McCormack legal matters that allege with any credibility that McCormack is an intentional tortfeasor not entitled to indemnity, including the Surefire action. *See Canavin v. Naik*, 648 F. Supp 268, 269 (E.D. Pa. 1986) (common law indemnity in Pennsylvania unavailable to an intentional tortfeasor because it would permit them to escape their own deliberate acts).

Finally, McCormack following Brenda Smith's arrest effectively served as an interim officer in charge of CV Brokerage, albeit in the wreckage left from the Broad Reach fraud in July – September 2019. The Surefire action was instituted while McCormack was serving in that capacity. The Alpha action was filed in connection with McCormack's conduct *after* Brenda Smith's arrest. McCormack as the only officer of CV Brokerage following Brenda Smith's arrest would under virtually any circumstances lead him to be entitled to indemnity from CV Brokerage. It should be noted that McCormack specifically did not seek to use funds of CV Brokerage to pay any of his legal expenses although he arguably had a right to do so, and did not waive his rights in any way to do so.

c. McCormack is entitled to indemnity for the legal fee award in his arbitration against Eric Seeley

We find the Receiver's arguments in denying McCormack's indemnity claims to be unavailing and request the opportunity to further explain our factual and legal positions. But in addition, McCormack amends his claims before the Receiver to also include the legal fee award against him in the arbitration he undertook in connection with the theft of his business in the final days of CV Brokerage. The FINRA arbitration Panel inexplicably determined, in excess of its powers, that McCormack's claims for business theft belonged to CV Brokerage and were thus a receivership asset. That determination is currently being litigated in federal court in New Jersey as a related case to the Receivership. In the event that the Court does not vacate that award, McCormack makes claim for fees that he must pay pursuant to that award. You have already been provided a copy of that document.

Andrew Gallinaro, Esq.
June 22, 2022

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II. COMMISSIONS

McCormack has retained Mr. Henry Ferguson of HRF Financial Consultants (resume attached) to review bank records and other matters related to the retention of commissions. Such commissions, given Mr. Ferguson's report, appear to have been frittered away by Brenda Smith through bank accounts of CV Brokerage and Awootten Consulting. Those commissions are in excess of \$750,000 as are shown on the report attached to this letter.

In connection with this investigation, Mr. Ferguson reviewed billing statements and spreadsheet records maintained by McCormack which were part of the SEC's production made by McCormack in 2019. Those records specifically show for each month the amount of commissions that were charged to clients of McCormack, the portion owed to McCormack and the portion retained by CV Brokerage. The subject commissions wrongfully retained and misused by Brenda Smith appear to be between April 2017 – October 2017. While these commissions were earned by McCormack, they were not paid to him under his agreement with CV Brokerage and Brenda Smith, which was an 85/15 split as shown on the spreadsheets. While one may be tempted to argue that there is no written contract between CV Brokerage and McCormack, contracts for commissions for business course of dealings are routinely recognized in Pennsylvania.

Under Pennsylvania law, "an implied-in-fact contract is a true contract arising from mutual agreement and intent to promise, but where the agreement and promise have not been verbally expressed. The agreement is inferred from the conduct of the parties." *In re Penn Cent. Transp. Co.*, 831 F.2d 1221, 1228 (3d Cir. 1987) (citations omitted). The comment to Section 4 of the Restatement (Second) of Contracts, adopted in Pennsylvania, explains: Contracts are often spoken of as express or implied. The distinction involves, however, no difference in legal effect, but lies merely in the mode of manifesting assent. Just as assent may be manifested by words or other conduct, sometimes including silence, so intention to make a promise may be manifested in language or by implication from other circumstances, including course of dealing or usage of trade or course of performance. *See also Rissi v. Cappella*, 918 A.2d 131, 140 (Pa. Super. 2007) (implied contracts arise under circumstances which, according to the ordinary course of dealing and the common understanding of men, show a mutual intention to contract).

For these reasons, the 85/15 commission split as evidenced in the documents stands as a valid agreement for McCormack's payout from CV Brokerage. And as shown by Mr. Ferguson, those commissions were funneled by Brenda Smith and never paid. In particular, we note that Alvarez & Marshall did not review these records along with the payout sheets McCormack produced in 2019. We invite the Receiver to review the attached records and the 2017 bank statements in his possession to discuss further.

CONCLUSION

McCormack renews his previous claims for indemnity and payment of commissions from the estate, and further amends those claims to include (a) unpaid commissions in excess of

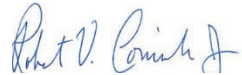
Andrew Gallinaro, Esq.
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\$750,000 as shown on Mr. Ferguson's report and (b) legal costs awarded against McCormack in the Seeley arbitration.

Again, we welcome the opportunity to resolve these matters in an amicable matter. We look forward to further discussions.

Very truly yours,

A handwritten signature in blue ink that reads "Robert V. Cornish, Jr." in a cursive script.

Robert V. Cornish, Jr.

Encs.

Expert Report of Henry R Ferguson

Bill McCormick Awooton PNC Account # 5873

HRFerguson Financial Consultants, LLC (HRFFC) is a compliance and litigation consulting firm in the financial and securities business for over 40 years. Henry Ferguson has been retained in hundreds of cases to conduct forensic accounting in securities cases. Mr. Ferguson has testified in 187 cases in most arbitration forums, state and federal court, and SEC and CFTC Administrative Proceedings. He has been retained by the SEC in two securities cases. Additionally, his consulting assignments has included two Bernie Madoff cases, as a consulting expert in the SEC v. Enron, SEC v. Goldman Sachs on insider trading in Govt Bonds as well as others. He has an RIA series 65 and a Commodity Series 3. Mr. Ferguson is also a Certified Anti-Money Laundering Specialist (CAMS) and a FINRA and NFA Arbitrator.

HRFFC have been retained by counsel on behalf of Bill McCormack to review and give an opinion regarding commissions due to McCormick during the designated time period relative to the Awooton account from May 1, 2017 thru July 31,2020.

Necessary documents reviewed were:

Bank Account Statements including Awooton and CV Brokerage Inc # [REDACTED]-2682

Spreadsheets (monthly) entitled "Bill McCormick Invoice Totals"

Various Deposit slips and checks by account deposited into CV Brokerage #2682

Receiver's Preliminary analysis.

Other documents

Monthly Spreadsheets

The monthly spreadsheets provided were for the months of June thru Nov 2017. The spreadsheets provided a summary of commissions owed by each account for the month and a total. It also included monthly expenses, net brokerage income and the profit due to CVI (15%) and McCormick (85%) of the net brokerage income. (Exhibit A) is a summary of the spreadsheets.

Total commissions due to McCormick were \$1,068,760. However, the last deposit was in Oct and November was not paid. McCormick was due approximately \$746,852 thru Oct.

Deposit Slips

Clients were sent Invoices with wire instructions to be sent to CV Brokerage, Inc. account # [REDACTED]-2682, Routing # 031-000-053 at PNC Bank. However, most of the clients paid by check and they were deposited by Conestoga Partners Holdings LP into the CV Brokerage account. The deposits are identified as Remote Capture 1 on the bank statements. The checks were accumulated for different periods of time and were not deposited individually.

From June thru Nov 2017, total Receipts from customers of McCormick deposited in the CV Brokerage account totaled \$1,201,643.71 (checks only). After approximate expenses of \$264,837.68, (see exhibit A) net commissions were \$936,806.03. McCormick's 85% equals \$796,285.13.

See (Exhibit B)

Wired funds have as yet not been identified from customers and possibly add to commissions paid.

Conclusion

It is my conclusion Bill McCormick is entitled to all deposits in the Awooton account of \$776,244.45 as identified by the Receiver. These Deposits were made from various accounts apparently to reimburse McCormick for his invoiced commissions as identified. I am unaware of any payments made to McCormick for commissions during this identified period except in the Awooton account.

Expert deserves the right to amend the above report based on review of additional documents reviewed.

Exhibit A**Bill McCormick Invoice Totals**

End of Month	Gross Brokerage Revenue	Expenses	Net Brokerage	Profit Due CVI 15%	Profit Due McCormick 85%
Jun-17	\$ 248,370.38	\$ (44,195.76)	\$ 204,174.62	\$ 30,626.19	\$ 173,548.43
Jul-17	\$ 131,146.19	\$ (43,619.65)	\$ 87,526.54	\$ 13,128.98	\$ 74,397.56
Aug-17	\$ 321,120.71	\$ (44,585.17)	\$ 276,535.54	\$ 41,480.33	\$ 235,055.21
Sep-17	\$ 189,543.98	\$ (48,059.46)	\$ 141,484.52	\$ 21,222.68	\$ 120,261.84
Oct-17	\$ 209,889.89	\$ (40,961.08)	\$ 168,928.81	\$ 25,339.32	\$ 143,589.49
Nov-17	\$ 422,131.63	\$ (43,416.56)	\$ 378,715.07	\$ 56,807.26	\$ 321,907.81
Total	\$ 1,522,202.78	\$ (264,837.68)	\$ 1,257,365.10	\$ 188,604.76	\$ 1,068,760.34

Exhibit 2

CV Brokerage Inc

Account # [REDACTED]-2682

End of Month	Date	Remote Deposits	Month Total	Verified Remote Capture
4/28/2017				
	4/3/2017	\$ 6,790.00		No
	4/17/2018	\$ 9,077.50		No
	4/18/2017	\$ 35,983.22	\$ 51,850.72	No
5/31/2017				
	5/8/2017	\$ 47,567.47		No
	5/9/2017	\$ 27,567.47		No
	5/30/2017	\$ 43,744.20	\$ 118,879.14	Yes
6/30/2017				
	6/1/2017	\$ 9,543.25		No
	6/19/2017	\$ 123,514.57		Yes
	6/22/2017	\$ 64,524.78		Yes
	6/26/2017	\$ 76,563.75	\$ 274,146.35	Yes
7/31/2017				
	7/7/2017	\$ 17,284.30		No
	7/12/2017	\$ 29,708.75		Yes
	7/20/2017	\$ 12,425.55		No
	7/21/2017	\$ 19,447.80		??
	7/31/2017	\$ 32,873.30		Yes
	7/31/2017	\$ 7,102.50	\$ 118,842.20	Yes
8/31/2017				
	8/9/2017	\$ 32,211.80		No
	8/14/2017	\$ 4,367.00		Yes
	8/15/2017	\$ 6,977.00		Yes
	8/15/2017	\$ 5,940.00		Yes

	8/23/2017	\$	23,463.00			Yes
	8/28/2017	\$	36,905.09			No
	8/30/2017	\$	3,307.60	\$	113,171.49	Yes
9/29/2017						
	9/18/2017	\$	55,930.35			Yes
	9/18/2017	\$	65,561.75			Yes
	9/28/2017	\$	139,867.75	\$	261,359.85	Yes
10/31/2017						
	10/2/2017	\$	67,304.75			Yes
	10/10/2017	\$	15,772.65			No
	10/18/2017	\$	30,829.98			Yes
	10/23/2017	\$	3,540.00			Yes
	10/30/2017	\$	54,591.10	\$	172,038.48	Yes
11/30/2017						
	11/3/2017	\$	33,542.48			Yes
	11/20/2017	\$	57,813.00	\$	91,355.48	Yes
Total				\$	1,201,643.71	

5-17 Employee Payouts								
Total Due Bmack	\$248,077.82							
		Bonus	Expenses	Payout				
Saad	\$5,000.00	\$5,000.00	\$-	\$10,000.00				
Nicole	\$5,000.00	\$-	\$-	\$5,000.00				
Andy	\$(750.00)	\$5,000.00		\$4,250.00				
Jimmy	\$3,000.00	\$6,000.00	\$-	\$9,000.00				
David	\$4,000.00	\$2,000.00	\$-	\$6,000.00				
Dale	\$3,000.00	\$5,000.00	\$-	\$8,000.00				
Izzy	\$-	\$-	\$-	\$-				
Erik	\$5,000.00	\$25,000.00	\$-	\$30,000.00				
Hassan	\$3,000.00	\$1,500.00	\$-	\$4,500.00				
Total Employee Payout	\$76,750.00							
Trading Post Profit	\$171,327.82							
Bill McCormack	\$85,663.91	\$87,163.91	**adjustment for last month	Hassan				
Scott Koppenheffer	\$85,663.91	\$84,163.91						

Opp Co	\$-
Somerset	\$-
Englander	\$-
	\$-
Expenses	
Phone	\$100.00
Booth Fee	\$650.00
Seat Fee	\$345.00
Pivot	\$155.00
	\$1,250.00
Total Due	\$(1,250.00)

Bill McCormack Invoice Totals			
July 2017			
Brokerage Revenue		85% / 15%	15% / 85%
Arsenal		\$14,456.40	
BGC		\$762.30	
Bluefin		\$16,298.25	
Cold Point		\$11,118.44	
CTC		\$262.50	
Curnon		\$13,944.00	
Cutler		\$259.50	
DAF		\$5,540.00	
Depaola Trading		\$408.55	
Dynamex		\$12,415.50	
Elevation		\$202.60	
Englander		\$6,658.75	
Fours Capital		\$850.00	
Garwood		\$402.50	
Hap		\$3,500.00	
Hard 8		\$375.00	
ID		\$50.00	
Jane Street		\$1,297.00	
Keystone		\$787.50	
Largo		\$163.75	
Marathon		\$400.00	
Monadnock		\$1,537.50	
OTCEX		\$418.25	
Sea Otter		\$9,575.00	
Summit		\$5,680.00	
Sumo		\$3,800.00	
Sunrise		\$400.00	
TMC		\$9,510.00	
Tungsten		\$5,575.00	
Two Rivers		\$1,950.00	
Walleye		\$1,500.00	
Wolverine		\$319.00	
<i>Adjustments (Dyna Jun)</i>		\$728.90	

Total Brokerage Revenue		\$131,146.19	\$0.00	
Expenses				
Amazon (Printer Ink)		\$119.99	(Paid)	
APEX Montly		\$15,000.00		
Cloud 9		\$293.44		
Comcast		\$311.60		
Compass		\$-		
DePaola		\$-		
Employee Salaries		\$16,000.00		
LEK		\$-		
Line Systems, Inc.		\$1,189.22		
Livevol		\$648.00		
Nadaq/OMX		\$9,438.00		
NYSE Group		\$219.40		
Options Px Rpt		\$50.00		
Pivot		\$250.00		
Smarsh		\$100.00		
Expense Totals		-\$43,619.65	\$0.00	
Net Brokerage Income (Prior to Commission)		\$87,526.54	\$0.00	
Profit Due To CVI		\$13,128.98		
Profit Due to McCormack		\$74,397.56		
Clerk Reimbursement		\$16,000.00		
PHLX Wire Due		\$90,397.56		

6-17 Employee Payouts						
Total Due Brmack	\$189,548.43					
		Bonus	Expenses	Payout		
Saad	\$5,000.00	\$4,000.00	\$-	\$9,000.00		
Nicole	\$5,000.00	\$-	\$-	\$5,000.00		
Andy	\$800.00	\$7,000.00		\$7,800.00		
Jimmy	\$3,000.00	\$4,000.00	\$-	\$7,000.00		
David	\$4,000.00	\$10,000.00	\$-	\$14,000.00		
Dale	\$3,000.00	\$-	\$-	\$3,000.00		
Izzy	\$-	\$378.12	\$-	\$378.12		
Erik	\$5,000.00	\$20,000.00	\$-	\$25,000.00		
Hassan	\$3,000.00	\$1,500.00	\$-	\$4,500.00		
Total Employee Payout	\$75,678.12					
Trading Post Profit	\$113,870.31					
		Adjusted Payout				
Bill McCormack	\$56,935.16	\$57,535.16				
CV	\$56,935.16	\$56,335.16				

Opp Co	\$-
Somerset	\$-
Englander	\$-
	\$-
Expenses	
Phone	\$100.00
Booth Fee	\$650.00
Seat Fee	\$345.00
Pivot	\$155.00
	\$1,250.00
Total Due	\$(1,250.00)

Bill McCormack Invoice Totals			
Sept 2017			
Brokerage Revenue		85% / 15%	15% / 85%
Access		\$2,103.50	
Arsenal		\$16,575.10	
BGC		\$261.60	
Bluefin		\$37,109.50	
Cold Point		\$14,213.00	
CTC		\$6.00	
Curnon		\$20,025.00	
Cutler		\$60.00	
CV NY Desk		\$3,645.60	
DAF		\$9,450.00	
Depaola Trading		\$767.88	
Dynamex		\$8,481.30	
Elevation		\$45.00	
Fours Capital		\$100.00	
Garwood		\$922.25	
Hap		\$5,900.00	
Hard 8		\$3,540.00	
ID		\$6.00	
Instinet		\$450.00	
Marathon		\$3,185.00	
Monadnock		\$1,100.00	
OTCEX		\$157.50	
Sea Otter		\$18,200.00	
Summit		\$7,960.00	
Sumo		\$5,950.00	
TMC		\$15,215.00	
Tungsten		\$9,365.00	
Two Rivers		\$5,750.00	
<i>Adjustments(TMC Jun Jul)</i>		<i>\$(515.00)</i>	
<i>Adjustments(TMC Aug)</i>		<i>\$(320.00)</i>	
<i>Adjustments (First Derivatives)</i>		<i>\$(165.25)</i>	
<i>Adjustments</i>		<i>\$-</i>	

Total Brokerage Revenue			\$189,543.98	\$0.00		
Expenses						
APEX Montly			\$15,000.00			
Cloud 9			\$293.44			
Comcast			\$151.05			
Compass			\$-			
DePaola			\$-			
Employee Salaries			\$16,000.00			
LEK			\$-			
Line Systems, Inc.			\$1,189.22			
Livevol			\$648.00			
Nadaq/OMX			\$10,298.00			
NYSE Group			\$219.40			
Office Supplies			\$135.35			
Options Px Rpt			\$50.00			
Pivot			\$250.00			
Pivot (yearly)			\$3,725.00	*** Paid in Aug		
Smash			\$100.00			
Expense Totals			-\$48,059.46	\$0.00		
Net Brokerage Income (Prior to Commission)			\$141,484.52	\$0.00		
Profit Due To CVI			\$21,222.68			
Profit Due to McCormack			\$120,261.84			
Clerk Reimbursement			\$16,000.00			
PHLX Wire Due			\$136,261.84			

7-17 Employee Payouts						
Total Due Bmack	\$90,397.56					
		Bonus	Expenses	Payout		
Saad	\$5,000.00	\$1,500.00	\$-	\$6,500.00		
Nicole	\$5,000.00	\$-	\$-	\$5,000.00		
Andy	\$3,330.00	\$3,500.00		\$6,830.00		
Jimmy	\$3,000.00	\$2,000.00	\$-	\$5,000.00		
David	\$-	\$-	\$-	\$-		
Billy	\$1,000.00	\$-	\$-	\$1,000.00		
Izzy	\$-	\$-	\$-	\$-		
Erik	\$5,000.00	\$5,000.00	\$-	\$10,000.00		
Hassan	\$3,000.00	\$1,500.00	\$-	\$4,500.00		
Total Employee Payout	\$38,830.00					
Trading Post Profit	\$51,567.56					
		Adjusted Payout				
Bill McCormack	\$25,783.78	\$27,283.78				
CV	\$25,783.78	\$24,283.78				

Opp Co	\$-
Somerset	\$-
Englander	\$-
	\$-
Expenses	
Phone	\$100.00
Booth Fee	\$650.00
Seat Fee	\$345.00
Pivot	\$155.00
	\$1,250.00
Total Due	\$(1,250.00)

Bill McCormack Invoice Totals			
Aug 2017			
Brokerage Revenue		85% / 15%	15% / 85%
Access		\$2,506.10	
Akuna		\$3,125.00	
Arsenal		\$30,327.50	
Belvedere		\$1,000.00	
BGC		\$2,389.33	
Bluefin		\$45,723.75	
Cold Point		\$27,818.50	
Consolidated		\$150.00	
Curnon		\$34,641.75	
Cutler		\$1,881.50	
CV NY Desk		\$424.60	
DAF		\$18,605.50	
Depaola Trading		\$6,829.98	
Dynamex		\$12,968.90	
Fours Capital		\$2,615.00	
Garwood		\$126.50	
GFI		\$26.00	
Hap		\$11,000.00	
Hard 8		\$930.00	
Keystone		\$1,350.00	
Largo		\$453.00	
Marathon		\$429.00	
OTCEX		\$110.50	
Polaris		\$100.00	
Sea Otter		\$30,250.00	
Simplex		\$294.50	
Summit		\$18,000.00	
Sumo		\$11,225.00	
Sunrise		\$400.00	
TMC		\$29,790.00	
Trinity		\$141.70	
Tungsten		\$18,537.50	
Two Rivers		\$9,900.00	
Volant		\$100.00	

<i>Adjustments (Keystone Jul)</i>		\$ (737.50)		
<i>Adjustments (Elevations Jun)</i>		\$ (15.05)		
<i>Adjustments (Lightspeed Mar)</i>		\$ (27.60)		
<i>Adjustments (Dynamex Jul)</i>		\$ (65.00)		
<i>Adjustments (DAF Jul)</i>		\$ (100.00)		
<i>Adjustments (Bluefin Jun and Jul)</i>		\$ (1,175.00)		
<i>Adjustments (Curnon Jun and July)</i>		\$ (375.00)		
<i>Adjustments (CTC Jun and July)</i>		\$ (256.25)		
<i>Adjustments (Simplex Apr)</i>		\$ (175.00)		
<i>Adjustments (OTCEX Jul)</i>		\$ (124.00)		
Total Brokerage Revenue		\$321,120.71	\$0.00	
<u>Expenses</u>				
APEX Montly		\$15,000.00		
Cloud 9		\$325.00		
Comcast		\$160.55	PAID	
Compass		\$-		
DePaola		\$-		
Employee Salaries		\$16,000.00		
LEK		\$450.00		
Line Systems, Inc.		\$1,189.22		
Livevol		\$648.00		
Nadaq/OMX		\$9,868.00		
NYSE Group		\$219.40		
Options Px Rpt		\$50.00		
Pivot		\$250.00		
Smash		\$100.00		
Trinity		\$325.00		
Expense Totals		-\$44,585.17	\$0.00	
Net Brokerage Income (Prior to Commission)		\$276,535.54	\$0.00	
Profit Due To CVI		\$41,480.33		
Profit Due to McCormack		\$235,055.21		
Clerk Reimbursement		\$16,000.00		
PHLX Wire Due		\$251,055.21		

Bill McCormack Invoice Totals			
Nov 2017			
Brokerage Revenue		85% / 15%	15% / 85%
Access		\$2,333.00	
Akuna		\$750.00	
Arsenal		\$27,692.00	
BGC		\$106.13	
Bluefin		\$76,325.75	
CMT E-S		\$1,100.00	
Cold Point		\$29,069.90	
Curnon		\$34,900.00	
Cutler		\$4,796.00	
CV NY Desk		\$2,838.90	
DAF		\$24,580.00	
Depaola Trading		\$815.55	
Dynamex		\$15,777.30	
Elevation		\$68.20	
Garwood		\$1,326.90	
Geneva		\$175.00	
Hap		\$20,404.00	
Hard 8		\$3,100.00	
Instinet		\$425.00	
Jane Street		\$674.50	
Keystone		\$1,760.00	
Marathon		\$1,750.00	
Monadnock		\$5,400.00	
OTCEX		\$50.00	
Sea Otter		\$45,012.50	
Simplex		\$175.00	
Summit		\$24,120.00	
Sumo		\$23,275.00	
Sunrise		\$1,100.00	
TMC		\$38,842.00	
Trinity		\$1,599.90	
Tungsten		\$24,790.00	
Two Rivers		\$12,400.00	
<i>Adjustment (Marathon Oct)</i>		<i>\$(75.00)</i>	

<i>Adjustment (OTCEX Oct)</i>			\$(170.00)		
<i>Adjustment (Garwood Oct)</i>			\$(36.00)		
<i>Adjustment (Hard 8 Apr)</i>			\$(750.00)		
<i>Adjustment (Four Capital Feb)</i>			\$(1,500.00)		
<i>Adjustment (Two Rivers Oct)</i>			\$(600.00)		
<i>Adjustment (Bluefin Oct)</i>			\$(960.00)		
<i>Adjustment (Dyna Oct)</i>			\$(1,310.00)		
Total Brokerage Revenue			\$422,131.53	\$0.00	
<u>Expenses</u>					
APEX Montly			\$15,000.00		
Cloud 9			\$293.44		
Comcast			\$-		
Compass			\$-		
DePaola			\$137.50		
Employee Salaries			\$16,000.00		
FOG			\$150.25		
Line Systems, Inc.			\$699.97	** Balance Due \$4,433.59	
Livevol			\$648.00		
Nadaq/OMX			\$9,868.00		
NYSE Group			\$219.40		
Office Supplies			\$-		
Options Px Rpt			\$50.00		
Pivot			\$250.00		
Smarsh			\$100.00		
Expense Totals			-\$43,416.56	\$0.00	
Net Brokerage Income (Prior to Commission)			\$378,714.97	\$0.00	
Profit Due To CVI			\$56,807.25		
Profit Due to McCormack			\$321,907.72		
Clerk Reimbursement			\$16,000.00		
PHLX Wire Due			\$337,907.72		

Bill McCormack Invoice Totals			
May 2017			
Brokerage Revenue		85% / 15%	15% / 85%
Arsenal		\$26,806.80	
Bedrock		\$82.50	
BGC		\$2,378.74	
Blue Fin		\$57,620.00	
CMT (E-S)		\$112.50	
Cold Point		\$24,237.80	
CTC		\$144.25	
Curnon		\$45,600.25	
Cutler		\$3,629.50	
DePaola		\$871.18	
Dynamex		\$13,544.95	
Elevation		\$15.05	
Equitech		\$250.00	
First Derivatives		\$10.50	
Garwood		\$888.25	
Geneva		\$700.00	
Hap Trading		\$12,250.00	
Hard 8 Trading		\$5,909.00	
Integral Derivatives		\$100.00	
IMC		\$500.00	
Largo		\$60.50	
Marathon		\$473.00	
Monadnock		\$2,025.00	
OTCEX		\$1,310.15	
RBC Capital		\$475.00	
Sea Otter		\$33,725.00	
Simplex		\$1,575.00	
Spot		\$350.00	
Summit		\$20,205.00	
Sumo		\$13,250.00	
Sunrise		\$760.00	
TA-18		\$400.00	
TMC		\$34,899.75	
Two Rivers		\$10,050.00	
Volant		\$425.00	
Walleye Trading		\$1,000.00	

Wolverine			\$411.60	
Adjustments			\$-	
Adjustments			\$-	
Total Brokerage Revenue			\$317,046.27	\$0.00
Expenses				
APEX Montly			-\$15,000.00	
Cloud 9			-\$293.44	
Compass			\$0.00	
DePaola			-\$100.48	
Employee Salaries			-\$16,000.00	
LEK			-\$225.00	
Line Systems, Inc.			-\$1,189.22	
Livevol			-\$648.00	
Nadaq/OMX			-\$9,938.00	
NYSE Group			-\$219.40	
Options Px Rpt			-\$50.00	
Pivot			-\$250.00	
Smarsh			-\$100.00	
Xfinity			\$0.00	
Expense Totals			-\$44,013.54	\$0.00
Net Brokerage Income (Prior to Commission)			\$273,032.73	\$0.00
Profit Due To CVI			\$40,954.91	
Profit Due to McCormack			\$232,077.82	
Clerk Reimbursement			\$16,000.00	
PHLX Wire Due			\$248,077.82	

Bill McCormack Invoice Totals			
June 2017			
Brokerage Revenue		85% / 15%	15% / 85%
Arsenal		\$20,753.30	
BGC		\$1,260.23	
Blue Fin		\$47,140.00	
Cold Point		\$19,447.80	
CTC		\$350.00	
Curnon		\$28,171.75	
Cutler		\$4,716.00	
Daf		\$2,312.75	
DePaola		\$3,500.55	
Dynamex		\$14,845.90	
Elevation		\$235.00	
Englander		\$2,436.00	
First Derivatives		\$165.25	
Fours Capital		\$2,750.00	
Garwood		\$1,501.50	
Geneva		\$375.00	
Hap Trading		\$9,250.00	
Hard 8 Trading		\$1,510.00	
IMC		\$750.00	
Keystone		\$150.00	
Marathon		\$1,225.00	
Monadnock		\$650.00	
OTCEX		\$545.50	
Peak 6		\$65.00	
RBC Capital		\$25.00	
Sea Otter		\$27,350.00	
Simplex		\$242.50	
Spot		\$50.00	
Summit		\$11,900.00	
Sumo		\$9,975.00	
Sunrise		\$1,740.00	
TMC		\$24,533.00	
TMT		\$100.00	
Tungsten		\$3,105.00	

Two Rivers		\$5,700.00		
Walleye Trading		\$2,500.00		
Wolverine Asset Management		\$370.00		
<i>Adjustments (Curnon May)</i>		<i>\$(687.50)</i>		
<i>Adjustments (TMC May)</i>		<i>\$(887.50)</i>		
<i>Adjustments (Bluefin May)</i>		<i>\$(980.00)</i>		
<i>Adjustments (Hap Apr)</i>		<i>\$(500.00)</i>		
<i>Adjustments (Dyna May)</i>		<i>\$(140.15)</i>		
<i>Adjustments (CTC Apr)</i>		<i>\$(92.50)</i>		
<i>Adjustments (Sumo Apr)</i>		<i>\$(39.00)</i>		
Total Brokerage Revenue		\$248,370.38	\$0.00	
<u>Expenses</u>				
APEX Montly		\$15,000.00		
Cloud 9		\$293.44		
Comcast		\$311.60		
Compass		\$-		
DePaola		\$41.10		
Employee Salaries		\$16,000.00		
LEK		\$225.00		
Line Systems, Inc.		\$1,189.22		
Livevol		\$648.00		
Nadaq/OMX		\$9,868.00		
NYSE Group		\$219.40		
Options Px Rpt		\$50.00		
Pivot		\$250.00		
Smarsh		\$100.00		
Expense Totals		-\$44,195.76	\$0.00	
Net Brokerage Income (Prior to Commission)		\$204,174.62	\$0.00	
Profit Due To CVI		\$30,626.19		
Profit Due to McCormack		\$173,548.43		
Clerk Reimbursement		\$16,000.00		
PHLX Wire Due		\$189,548.43		

8-17 Employee Payouts				
	Total Due Bmack	Bonus	Expenses	Payout
	\$251,055.21			
Saad	\$5,000.00	\$5,000.00	\$-	\$10,000.00
Nicole	\$5,000.00	\$-	\$-	\$5,000.00
Andy	\$3,330.00	\$8,000.00		\$11,330.00
Jimmy	\$3,000.00	\$5,500.00	\$-	\$8,500.00
David	\$-	\$-	\$-	\$-
Billy	\$3,000.00	\$2,000.00	\$-	\$5,000.00
Izzy	\$-	\$-	\$-	\$-
Erik	\$5,000.00	\$27,000.00	\$-	\$32,000.00
Hassan	\$3,000.00	\$2,000.00	\$-	\$5,000.00
Total Employee Payout	\$76,830.00			
Trading Post Profit	\$174,225.21			
		Adjusted Payout		
Bill McCormack	\$87,112.61	\$91,112.61		
CV	\$87,112.61	\$83,112.61		

Opp Co	\$-
Somerset	\$-
Englander	\$-
	\$-
Expenses	
Phone	\$100.00
Booth Fee	\$650.00
Seat Fee	\$345.00
Pivot	\$155.00
	\$1,250.00
Total Due	\$(1,250.00)



CV BROKERAGE INC

*200 Four Falls, Suite 211
 1001 Conshohocken State Rd.
 West Conshohocken, PA 19428*

Brokerage Invoice

Bill To:
 Legal Entity Name: **Curnon Trading**
 Legal Entity Address:
 City, State, Zip:

Invoice Date: **04/30/2017**
 Invoice Period: **April 2017**

Total Due: **\$7,279.25**

Contact Information

Billing Contact: **Nicole McCormack**
 Email: nmccormack@cvinv.com
 Telephone Number: **609-617-3778**

Please Remit Payment To

Name: **CV Brokerage, Inc**
 Attention: **Brenda Smith**
 Address: **200 Four Falls, Suite 211 - 1001 Conshohocken St. Rd. - West Conshohocken, PA 19428**

ACH / Wire Instructions

Account Title: **CV Brokerage, Inc**
 Account Number: XXXXXXXXXX
 ABA Routing Number: XXXXXXXXXX
 Bank Name: **PNC Bank**
 Bank Address: **1000 Westlakes Dr., West Conshohocken, PA 19428**

Date	B/S	QTY	Code	Year	Month	Strike	P/C	Prem	Comm
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5-Apr	B	20	T	2017	Apr 7th	40.00	c	1.680	25.000
5-Apr	B	7	DRI	2017	Apr	65.00	c	18.900	25.000
5-Apr	B	2	TD	2017	Apr	45.00	c	5.200	25.000
5-Apr	B	17	VZ	2017	Apr 7th	47.00	c	2.400	25.000
5-Apr	B	4	LNC	2017	Apr	47.50	c	17.700	25.000
5-Apr	B	2	PLCE	2017	Apr	85.00	c	24.800	25.000
6-Apr	B	32	T	2017	Apr 7th	41.00	p	0.180	0.250
6-Apr	B	7	VZ	2017	Apr 7th	48.50	p	0.300	0.250
6-Apr	B	20	T	2017	Apr	40.00	p	0.120	0.250
6-Apr	B	10	VZ	2017	Apr	47.00	p	0.240	0.250
7-Apr	B	8	AMT	2017	Apr 13th	117.00	c	5.000	25.000
7-Apr	B	7	ORCL	2017	Apr 13th	42.00	c	2.300	25.000
7-Apr	B	2	VEDL	2017	Apr	15.00	c	1.800	25.000
7-Apr	B	4	T	2017	May	39.00	p	0.290	0.250
7-Apr	B	4	T	2017	Jun	37.00	p	0.200	0.250
7-Apr	B	28	T	2019	Jan	33.00	c	8.100	0.250
10-Apr	B	5	ORCL	2017	Apr	41.00	p	0.020	0.250
10-Apr	B	8	ABBV	2017	Apr	60.00	c	5.250	25.000
10-Apr	B	2	ABT	2017	May	35.00	c	8.700	25.000
10-Apr	B	4	ACN	2017	May	110.00	c	7.900	25.000
10-Apr	B	5	AET	2017	Apr	105.00	c	24.300	25.000
10-Apr	B	5	BPT	2017	Apr	17.50	c	6.600	25.000
10-Apr	B	3	PDCO	2017	Apr	38.00	c	6.500	25.000
10-Apr	B	2	SBS	2017	Apr	7.50	c	2.900	25.000
10-Apr	B	2	ABT	2017	Apr	60.00	c	8.700	20.000
11-Apr	B	3	PNC	2017	May	92.50	c	25.400	25.000
11-Apr	B	3	T	2017	Apr	38.00	p	0.030	0.250
12-Apr	B	2	BAP	2017	Apr	150.00	c	8.600	25.000
13-Apr	B	200	ABT	2017	Aug	35.00	p	0.250	0.250
13-Apr	B	8	VEDL	2017	Apr	15.00	p	0.350	0.250
13-Apr	B	4	CLX	2017	Apr	115.00	c	TY	25.000
17-Apr	B	3	ABB	2017	Apr	22.00	c	0.800	25.000
17-Apr	B	3	CODI	2017	Apr	15.00	c	2.100	25.000
17-Apr	B	3	F	2018	Jan	4.75	c	6.450	25.000
18-Apr	B	5	ABB	2017	Apr	22.00	c	0.450	0.250
18-Apr	B	3	APA	2017	Apr	46.00	c	5.200	25.000
18-Apr	B	7	CVS	2017	Apr	70.00	c	7.900	25.000
18-Apr	B	3	DLNG	2017	Apr	15.00	c	2.800	25.000
18-Apr	B	4	GOV	2017	Apr	17.50	c	5.200	25.000
18-Apr	B	3	SNH	2017	Apr	20.00	c	2.450	25.000
18-Apr	B	14	PG	2017	Apr	77.50	c	13.200	25.000
18-Apr	B	2	PNR	2017	Apr	60.00	c	3.000	25.000
18-Apr	B	7	CVS	2017	Apr	70.00	c	8.250	20.000
19-Apr	B	100	PG	2017	Apr	89.00	p	0.060	0.250
19-Apr	S	6	DLNG	2017	Apr	17.50	c	0.150	0.250
19-Apr	B	21	CVS	2017	Apr	75.00	p	0.020	0.250
19-Apr	B	100	PG	2017	Apr	89.00	p	0.070	0.250
19-Apr	B	16	CAT	2017	Apr	80.00	c	14.500	25.000

500.00	Ed
175.00	Ed
50.00	Ed
425.00	Ed
100.00	Ed
50.00	Ed
8.00	Ed
1.75	Ed
5.00	Ed
2.50	Ed
200.00	Ed
175.00	Ed
50.00	Ed
1.00	Ed
1.00	Ed
7.00	Ed
1.25	Ed
200.00	Ed
50.00	Ed
100.00	Ed
125.00	Ed
125.00	Ed
75.00	Ed
50.00	Ed
40.00	Ed
75.00	Ed
0.75	Ed
50.00	Ed
50.00	Ed
2.00	Ed
100.00	Ed
75.00	Ed
75.00	Ed
75.00	Ed
1.25	Ed
75.00	Ed
175.00	Ed
75.00	Ed
100.00	Ed
75.00	Ed
350.00	Ed
50.00	Ed
140.00	Ed
25.00	Ed
1.50	Ed
5.25	Ed
25.00	Ed
400.00	Ed

20-Apr	B	4	CAT	2017	May	80.00	p	0.210	0.250
20-Apr	B	10	ABBV	2017	May	57.50	p	0.290	0.250
20-Apr	B	1	GOV	2017	Jun	20.00	p	0.200	0.250
20-Apr	B	3	RY	2017	Apr	65.00	c	5.900	25.000
21-Apr	S	100	PG	2017	Apr	89.00	p	0.150	0.250
21-Apr	B	3	RACE	2017	May	50.00	c	21.000	25.000
21-Apr	B	8	VALE	2017	Jun	6.00	c	2.850	25.000
24-Apr	B	4	T	2017	May	39.00	c	1.350	0.250
24-Apr	B	21	VALE	2017	Jun	7.00	p	0.120	0.250
24-Apr	B	13	ABT	2017	Aug	35.00	p	0.140	0.250
24-Apr	B	87	ABT	2017	Aug	35.00	p	0.150	0.250
25-Apr	B	8	EPD	2017	Jun	26.00	c	1.950	25.000
25-Apr	B	2	MSB	2017	May	15.00	c	1.900	25.000
25-Apr	B	3	TEP	2017	May	42.50	c	10.400	25.000
25-Apr	B	2	AGNC	2017	May	20.00	c	0.900	20.000
25-Apr	B	3	PSEC	2017	May	8.00	c	1.300	25.000
26-Apr	B	8	TXN	2017	Apr 28th	78.00	c	3.150	25.000
26-Apr	B	30	BX	2017	Apr 28th	29.00	c	2.010	25.000
26-Apr	B	5	MS	2017	Apr 28th	41.00	c	3.700	25.000
26-Apr	B	3	OHI	2017	Jun	25.00	c	9.400	25.000
26-Apr	B	3	PAA	2017	May	28.00	c	2.400	25.000
27-Apr	B	7	BX	2017	Apr 28th	30.50	p	0.110	0.250
27-Apr	B	9	BX	2017	May	30.50	p	0.270	0.250
27-Apr	B	6	BX	2017	May 5th	30.00	p	0.140	0.250
27-Apr	B	2	BX	2017	May	28.00	p	0.050	0.250
27-Apr	B	55	BX	2017	Jun	28.00	p	0.180	0.250
27-Apr	B	3	PAA	2017	May	28.00	p	0.350	0.250
27-Apr	B	2	TXN	2017	May	75.00	p	0.120	0.250
27-Apr	B	2	ASML	2017	May	120.00	c	12.700	25.000
27-Apr	B	2	SPH	2017	May	25.00	c	1.800	25.000
27-Apr	B	2	USAC	2017	Jun	15.00	c	2.500	25.000
28-Apr	B	10	BUD	2017	May	100.00	c	13.000	25.000
28-Apr	B	5	HYG	2017	Jun	86.00	c	2.150	25.000
28-Apr	B	2	BUD	2017	May	100.00	c	18.200	20.000
28-Apr	B	5	HYG	2017	Jun	86.00	c	2.100	20.000

1.00	Ed
2.50	Ed
0.25	Ed
75.00	Ed
25.00	Ed
75.00	Ed
200.00	Ed
1.00	Ed
5.25	Ed
3.25	Ed
21.75	Ed
200.00	Ed
50.00	Ed
75.00	Ed
40.00	Ed
75.00	Ed
200.00	Ed
750.00	Ed
125.00	Ed
75.00	Ed
75.00	Ed
1.75	Ed
2.25	Ed
1.50	Ed
0.50	Ed
13.75	Ed
0.75	Ed
0.50	Ed
50.00	Ed
50.00	Ed
50.00	Ed
250.00	Ed
125.00	Ed
40.00	Ed
100.00	Ed



CV BROKERAGE INC

200 Four Falls, Suite 211
 1001 Conshohocken State Rd.
 West Conshohocken, PA 19428

Brokerage Invoice

Bill To:
 Legal Entity Name: **Curnon**
 Legal Entity Address:
 City, State, Zip:

Invoice Date: 5/31/2017
 Invoice Period: May 2017

Total Due: \$45,600.25

45,600.25
 <687.50>

 44,912.75

Contact Information

Billing Contact: **Eric Seeley**
 Email: eseeley@cvinv.com
 Telephone Number: 215-568-9860

Please Remit Payment To

Name: **CV Brokerage, Inc**
 Attention: **Brenda Smith**
 Address: 200 Four Falls, Suite 211 - 1001 Conshohocken St. Rd. - West Conshohocken, PA 19428

ACH / Wire Instructions

Account Title: **CV Brokerage, Inc**
 Account Number: [REDACTED]
 ABA Routing Number: [REDACTED]
 Bank Name: **PNC Bank**
 Bank Address: 1000 Westlakes Dr., West Conshohocken, PA 19428

	<u>Charged</u>	<u>Rate</u>	<u>DIFF</u>
May 10 AAPL May 12 Reversal	437.50	125	312.50
May 18 PRJ May 110 Reversal	500.00	125	375.00
			<hr style="border: 1px solid black;"/> 687.50



CV BROKERAGE INC

200 Four Falls, Suite 211
1001 Conshohocken State Rd.
West Conshohocken, PA 19428

Brokerage Invoice

Bill To:
Legal Entity Name: **Curnon**
Legal Entity Address:
City, State, Zip:

Invoice Date: **7/31/2017**
Invoice Period: **July 2017**

Total Due: **\$13,944.00**

Contact Information

Billing Contact: **Eric Seeley**
Email: eseeley@cvinv.com
Telephone Number: **215-568-9860**

double charged:
<125.00> 7/19 CVS Reversal
<125.00> 7/26 BX Reversal
\$ 13,694.00

Please Remit Payment To

Name: **CV Brokerage, Inc**
Attention: **Brenda Smith**
Address: **200 Four Falls, Suite 211 - 1001 Conshohocken St. Rd. - West Conshohocken**

ACH / Wire Instructions

Account Title: **CV Brokerage, Inc**
Account Number: XXXXXXXXXX



CV BROKERAGE INC

200 Four Falls, Suite 211
1001 Conshohocken State Rd.
West Conshohocken, PA 19428

Brokerage Invoice

Bill To:
Legal Entity Name: **Curnon**
Legal Entity Address:
City, State, Zip:

Invoice Date: **6/30/2017**
Invoice Period: **June 2017**

*billed double
GRW Key/con 6/14*

Total Due: **\$28,171.75**

*↑
- 125.00*

\$28,046.75

Contact Information

Billing Contact: **Eric Seeley**
Email: eseeley@cvinv.com
Telephone Number: **215-568-9860**

Please Remit Payment To

Name: **CV Brokerage, Inc**
Attention: **Brenda Smith**
Address: **200 Four Falls, Suite 211 - 1001 Conshohocken St. Rd. - West Conshohocken, PA 19428**

ACH / Wire Instructions

Account Title: **CV Brokerage, Inc**
Account Number: **[REDACTED]**
ABA Routing Number: **[REDACTED]**
Bank Name: **PNC Bank**
Bank Address: **1000 Westlakes Dr., West Conshohocken, PA 19428**

Bill McCormack Invoice Totals			
Aug 2017			
<u>Brokerage Revenue</u>		85% / 15%	15% / 85%
Access		\$2,506.10	
Akuna		\$3,125.00	
Arsenal		\$30,327.50	
Belvedere		\$1,000.00	
BGC		\$2,389.33	
Bluefin		\$45,723.75	
Cold Point		\$27,818.50	
Consolidated		\$150.00	
Curnon		\$34,641.75	
Cutler		\$1,881.50	
CV NY Desk		\$424.60	
DAF		\$18,605.50	
Depaola Trading		\$6,829.98	
Dynamex		\$12,968.90	
Fours Capital		\$2,615.00	
Garwood		\$126.50	
GFI		\$26.00	
Hap		\$11,000.00	
Hard 8		\$930.00	
Keystone		\$1,350.00	
Largo		\$453.00	
Marathon		\$429.00	
OTCEX		\$110.50	
Polaris		\$100.00	
Sea Otter		\$30,250.00	
Simplex		\$294.50	
Summit		\$18,000.00	
Sumo		\$11,225.00	
Sunrise		\$400.00	
TMC		\$29,790.00	
Trinity		\$141.70	
Tungsten		\$18,537.50	
Two Rivers		\$9,900.00	
Volant		\$100.00	
<i>Adjustments (Keystone Jul)</i>		<i>\$(737.50)</i>	
<i>Adjustments (Elevations Jun)</i>		<i>\$(15.05)</i>	

<i>Adjustments (Lightspeed Mar)</i>		\$(27.60)		
<i>Adjustments (Dynamex Jul)</i>		\$(65.00)		
<i>Adjustments (DAF Jul)</i>		\$(100.00)		
<i>Adjustments (Bluefin Jun and Jul)</i>		\$(1,175.00)		
<i>Adjustments (Curnon Jun and July)</i>		\$(375.00)		
<i>Adjustments (CTC Jun and July)</i>		\$(256.25)		
<i>Adjustments (Simplex Apr)</i>		\$(175.00)		
<i>Adjustments (OTCEX Jul)</i>		\$(124.00)		
Total Brokerage Revenue		\$321,120.71	\$0.00	
Expenses				
APEX Montly		\$15,000.00		
Cloud 9		\$325.00		
Comcast		\$160.55	PAID	
Compass		\$-		
DePaola		\$-		
Employee Salaries		\$16,000.00		
LEK		\$450.00		
Line Systems, Inc.		\$1,189.22		
Livevol		\$648.00		
Nadaq/OMX		\$9,868.00		
NYSE Group		\$219.40		
Options Px Rpt		\$50.00		
Pivot		\$250.00		
Smarsh		\$100.00		
Trinity		\$325.00		
Expense Totals		-\$44,585.17	\$0.00	
Net Brokerage Income (Prior to Commission)		\$276,535.54	\$0.00	
Profit Due To CVI		\$41,480.33		
Profit Due to McCormack		\$235,055.21		
Clerk Reimbursement		\$16,000.00		
PHLX Wire Due		\$251,055.21		

Bill McCormack Invoice Totals			
Oct 2017			
Brokerage Revenue		85% / 15%	15% / 85%
Access		\$581.25	
Akuna		\$375.00	
Arsenal		\$15,450.30	
BGC		\$500.88	
Bluefin		\$32,515.00	
Cold Point		\$16,774.70	
Curnon		\$13,035.00	
Cutler		\$339.00	
CV NY Desk		\$6,911.10	
DAF		\$9,305.00	
Depaola Trading		\$907.76	
Dynamex		\$10,542.50	
Elevation		\$210.30	
Garwood		\$3,013.00	
Hap		\$6,300.00	
Hard 8		\$1,125.00	
ID		\$175.00	
Instinet		\$350.00	
Keystone		\$1,200.00	
Marathon		\$6,815.00	
Monadnock		\$12,850.00	
OTCEX		\$235.00	
Sea Otter		\$16,725.00	
Summit		\$8,820.00	
Sumo		\$8,800.00	
Sunrise		\$133.00	
TMC		\$18,125.00	
Trinity		\$410.00	
Tungsten		\$9,265.00	
Two Rivers		\$8,600.00	
<i>Adjustments(Depaola Aug)</i>		<i>\$(50.00)</i>	
<i>Adjustment (Dynamex Sept)</i>		<i>\$(422.90)</i>	
<i>Adjustments (GFI Aug)</i>		<i>\$(26.00)</i>	
<i>Adjustments</i>		<i>\$-</i>	

Total Brokerage Revenue			\$209,889.89	\$0.00		
Expenses						
APEX Montly			\$15,000.00			
Cloud 9			\$293.44			
Comcast			\$-			
Compass			\$-			
DePaola			\$6.25			
Employee Salaries			\$16,000.00			
FOG Equities LLC			\$300.00			
LEK			\$-			
Line Systems, Inc.			\$1,189.22			
Livevol			\$648.00			
Nadaq/OMX			\$9,868.00			
Nasdaq Credit			\$(3,010.00)			
NYSE Group			\$219.40			
Office Supplies			\$46.77			
Options Px Rpt			\$50.00			
Pivot			\$250.00			
Smarsh			\$100.00			
Expense Totals			-\$40,961.08	\$0.00		
Net Brokerage Income (Prior to Commission)			\$168,928.81	\$0.00		
Profit Due To CVI			\$25,339.32			
Profit Due to McCormack			\$143,589.49			
Clerk Reimbursement			\$16,000.00			
PHLX Wire Due			\$159,589.49			

Henry R. Ferguson, CAMS

HRFerguson Financial Consultants, LLC

hrffin@gmail.com

PROFESSIONAL EXPERIENCE

Sept 2020 – Present

Wyoming Deposit & Transfer (WDT) – Advisor

Wyoming Deposit & Transfer (WDT) was recently awarded a Bank Charter (the 3rd in Wyoming) as a Special Purpose Depository Institution for Digital Assets by the Wyoming Division of Banking. The Bank Charter enables WDT to provide commercial banking together with custodial services for a wide range of tokenized assets, digital and fiat currencies. My Advisory role has concentrated in several significant areas including BSA, KYC, and AML, as well as others.

1984 – Present

H.R. Ferguson Financial Consultants LLC – President

Provides consultation and expert testimony in Court or Arbitration on behalf of broker-dealers, investment advisers and financial institutions in areas of litigation, compliance, sales and product knowledge. Product expertise includes securities, financial derivatives including stock options, financial futures, options, foreign exchange, and other capital market instruments. Additionally, Mr. Ferguson is a Certified Anti-Money Laundering Specialist (CAMS) and has consulted on several AML cases.

March 2017 — June 2021

Capital Forensics, Inc. — Director

Capital Forensics provides expert analysis and expert testimony in securities and ERISA related matters. To date, Capital Forensics has been retained by respondents and claimants as either a consultant or expert in legal matters with issues that include: churning, compliance, ERISA, employment, fiduciary duty, annuities and life insurance, limited partnerships, market manipulation, options, over-concentration, suitability, supervision, unit trusts, and damages.

Henry R. Ferguson, CAMS

HRFerguson Financial Consultants, LLC

hrffin@gmail.com

January 2000 - March 2010

Ferguson Kern LLC (Formerly Ferguson Pollack Kern Consulting, LLC) - Managing Partner
Managing Director and founder of litigation consulting partnership. Provided consultation and expert testimony in areas of litigation, arbitration and mediation of disputes involving broker-dealers and investment advisors. Also, provided assistance in the area of continuing education programs directed to broker-dealers and investment advisors.

1983 -1984

New York Futures Exchange - Vice President, Market Development
Designed and executed national marketing and advertising campaign for the then newly created New York Futures Exchange. Created educational and marketing materials and presented seminars on futures and options for financial consultants, investment associations and individual investors. Made guest appearances on televised financial programs and at international investment conferences.

1980 -1983

Oppenheimer & Co., NYC - Vice President & Manager Options / Index Futures Department
Managed options and futures trading desk and supervised trading activities of trading staff. Also, responsible for devising and executing daily strategies on stock equity options and index futures for customer portfolios and the firm's capital account. Conducted in-house seminars to qualify investment professionals for a variety of regulatory examinations.

1978 -1980

Blythe Eastman Dillon & Co., NYC - Vice President & Manager Options / Trading
Managed options trading desk. Responsible for education and training of the firm's investment professionals regarding security and option knowledge. Promoted and supervised a discretionary Money Management department for high net-worth individuals and institutional clients.

Henry R. Ferguson, CAMS

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hrffin@gmail.com

1977-1978

Dean Witter & Co, NYC - Associate Product Manager Option Department
Developed marketing program for national sales force. Provided education and training for Account Executives in options and securities markets. Presented public seminars nationally on the benefits of options as a derivate and hedging technique.

1972 -1977

Sutro & Co., San Francisco, CA - Registered Rep and Associate Director of Options
Department Responsible for customer accounts and trading desk. Provided training and education of Registered Representatives. Co-founder of the Listed Options Department.

Other Affiliations & Experience

ACAMS (Association of Certified Anti-Money Laundering Specialists)

Arbitrator (FINRA Disputes Resolution)

Arbitrator (National Futures Association)

Series 65 (Uniform Investment Adviser Law (RIA)

Series 3 (National Commodities Futures Contracts

SIFMA Compliance and Legal Division

- Member since 1985 - 2021

New York Institute of Finance

- Instructor securities courses: Equities, Equity Options, Futures, & Futures Options.
-

Henry R. Ferguson, CAMS

HRFerguson Financial Consultants, LLC

hrffin@gmail.com

- American Institute of Banking, NYC & Boston - Presented numerous investment courses on Securities, Futures, Options, Mutual Funds, Fixed Income Investments, & Other Capital Markets Products

New York Futures Exchange

- Member 1980-1998

Florida County Court Certified Mediation Training

Florida Notary Public

Previous Security Registration

- Registered Representative Series 7
- Registered Options Principal Series 3 • General Securities Principal Series 24
- Options Principal Floor Trader CFTC
- NCFE Series 3
- Interest Rate Options Series
- USALE Series 63
- Branch Office Manager

Education

Bachelors of Science & Business Administration California State University Hayward, CA

Securities Litigation Consulting

Since 1985, we have provided expert consultation and independent expert testimony for clients including law firms, broker-dealers, investment advisers, financial firms, regulatory agencies and individuals. In addition to expert litigation consulting and testimony, we have been retained by financial firms to conduct internal investigations; We also have testified in

Henry R. Ferguson, CAMS

HRFerguson Financial Consultants, LLC

hrffin@gmail.com

Disciplinary Proceedings at the New York Stock Exchange, National Association of Securities Dealers and the Securities and Exchange Commission.

Qualified as an Expert Before the Following Forums:

- Federal Court NYC
- State Court, Florida
- State Court, Massachusetts • State Court, Pennsylvania
- CFTC/SEC
- NASD / FINRA
- NYSE
- NFA
- PSE
- PHLX
- AAA

Qualified as an Expert in the Following Areas:

- Churning
- Excessive Trading
- Damages
- Margins and Margin Liquidations
- Mutual Funding Switching
- Suitability
- Supervision
- Unauthorized Trading
- Anti-Money Laundering

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Product Areas Qualified as Expert

- Anti-Money Laundering
- Alternative Investments and Private Placements
- Asset Allocation
- Debt Securities
- Equity Securities
- Equity / Index Options
- Futures / Forwards and Options
- Municipal Securities
- Mutual Funds
- Ponzi Schemes
- Structured Products

Local Organizations:

- The Rotary Club of Boca Raton — President, (2017-2018)
 - RCBR Executive Board Member (2015-2019)
 - RCBR Scholarship Fund Board-Member (2015-2019)
 - Toastmasters International — Distinguished Toast Master (2017)
 - Toastmasters District 47 Division C Director (2015-2016)
 - Landmark Forum - Graduate
-