

Paycheck Protection Program Relief, Intended As A Lifeline For Small Businesses, Benefitted Entities Utilizing “Shell Companies” – Firms With No Or Nominal Operations That Frequently Had Large Amounts Of Cash On Their Balance Sheet.

SUMMARY: The (Paycheck Protection Program (PPP) was designed to offer a lifeline to small businesses struggling during the COVID-19 pandemic. Yet some of the funds have gone to large corporations, and of those large corporations, funding has sometimes worked its way through “shell companies.” Shell corporations have “no or nominal operations” and are limited to cash assets, usually existing for the purpose of facilitating mergers and related business deals. Shell companies have also been linked to illicit activity, such as tax avoidance.

Sometimes these funds went directly into the accounts of shell corporations, without a merger plan in place. At least two companies disclosed such loans in SEC filings:

- **Wright Investors’ Service Holdings** was a shell company, following the sale of a wholly owned subsidiary to a financial firm in 2018. Yet despite “no or nominal operations” at the company, it received a \$53,000 PPP loan just before reporting over \$7 million in cash and cash equivalents on hand.
- **RMG Acquisition Corporation** was a shell company, and per its own SEC filings, all operations within the company had only been in regard to its creation and a search for a potential merger partner. Despite this, the firm received \$41,666 in PPP funding just after reporting over \$234 million in cash and restricted cash equivalents on their balance sheet.

Additionally, despite the Paycheck Protection Program’s intent to service companies without connection to capital markets, firms receiving PPP relief went on to utilize shell companies for profitable mergers or large cash infusions and one even faced subsequent accusations of improper firings:

- Shell company **Tortoise Acquisition Corp.** (TortoiseCorp)— with “no operations and nominal assets”—disclosed a \$900,000 ppp loan for a company with which it was about to merge, Hyliion. The merger stood to turn Hyliion’s CEO into a billionaire, and give \$450 million in equity value to Tortoise.
- Pensare Acquisition Corp. entered into a merger with IT firm Computex in April 2020, becoming **American Virtual Cloud Technologies, Inc.** The same week as the merger, the firm received \$4.1 million in PPP loans – at a time frame close enough that Treasury Department lists Computex as receiving the loan, while AVCT’s SEC filings says it went to them. The merger was valued at \$65 million, despite PPP’s focus on companies without access to credit markets and AVCT having over \$1.8 million in cash and cash held in trust escrow.
- **Graf Industrial Corp.** was a shell company utilized by the firm Velodyne LiDAR for a “reverse merger,” purchasing Graf to become a public company. The merger filing disclosed Velodyne received \$5 to \$10 million in PPP funding, part of the \$200 million total cash expected to be held with Velodyne by the end of the process. Yet at the same time the loan was received, the company faced a lawsuit alleging that their cutting of 140 jobs – with one day’s notice – was improper, and that the company had used COVID-19 as a cover for job cuts. In June 2020, Graf Industrial also reported having \$577,044 in cash and nearly \$250 million in investments held in a trust account as of March 31, 2020.

- **Fortress Value Acquisition** was a “blank check” shell company, who disclosed that their future merger client, MP Materials, received \$3.4 million in PPP funding. The MP Materials merger was valued at \$1.5 billion – and Fortress Value Acquisition was sponsored by Fortress Investment Group, an international investment firm with over \$45.5 billion in assets. Fortress Investment Group was owned by Softbank – whose CEO Masa Son had appeared numerous times with President Trump, and who had provided loans and discussed startup funding with Jared Kushner.
- **Opes Acquisition Corp.**, a shell corporation that was, until recently, headquartered in Mexico City, noted that a company they planned to merge with – BurgerFi – received \$2.2 million in PPP funding. BurgerFi had stated the \$100 million deal to go public enabled them to be more aggressive with partnerships and suppliers.

This report only discusses loans which were disclosed publicly via SEC filings. The lack of administrative transparency on loans under \$150k means more shell company loans may exist within the undisclosed data.

The Paycheck Protection Program (PPP) Was Intended To Help Small Businesses With Limited Access To Capital, While Shell Companies Were Entities With “No Or Nominal Assets” Which Were Used As Tools In Corporate Mergers And Similar Transactions

The Paycheck Protection Program (PPP) Was Intended To Offer Forgivable Loans To Small Businesses That Don’t Have Easy Access To Capital During The Coronavirus Pandemic.

The Paycheck Protection Program (PPP) Was Intended To Help Keep Workers Employed During The Pandemic, Offering Forgivable Loans To Employers Who Used The Program’s Loans To Maintain Payroll. “The Paycheck Protection Program was designed to help small business weather the coronavirus pandemic while keeping their workers employed. But government data suggests that hundreds of thousands of businesses across the country got access to funds without indicating how many jobs would be saved. [...] The loans distributed through the program were partially or fully forgivable depending on how much of the proceeds were used to keep employees on payroll.” [MarketWatch, [07/09/20](#)]

The U.S. Small Business Administration (SBA) Has Closed The PPP To “Big Public Companies ‘With Substantial Market Value And Access To Capital Markets.’” “[...] [T]he SBA has worked to close that loophole, saying that big public companies “with substantial market value and access to capital markets” don’t qualify for the program.” [CNBC, [07/06/20](#)]

Shell Companies, Which Must Identify Themselves On SEC Filings, Have “No Or Nominal Assets” And Hold Only Cash Or Cash Equivalents

The Securities Act And The Exchange Act Define A Shell Company As One That Has No Assets Or Few Assets That Are Solely Cash Or Cash Equivalents. “Shell Company [...] As defined in Rule 405 under the Securities Act and Rule 12b-2 under the Exchange Act, a company (other than an issuer of asset-backed securities) with no or nominal operations that has any one of the following:

- No or nominal assets.
- Assets consisting solely of cash and cash equivalents.
- Assets consisting of any amount of cash and cash equivalents and nominal other assets.”

[Thomson Reuters, accessed [07/15/20](#)]

The Securities And Exchange Commission’s (SEC) Annual 10-K Reports Require Companies To Specify Whether Or Not They Are A Shell Company. “Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No ” [SEC, accessed [06/15/20](#)]

Shell Corporations, Which Don’t Have Active Business Operations Or Notable Assets, Are Sometimes Illegitimately Used To Disguise Ownership Or Avoid Taxes.

Shell Corporations Do Not Have “Active Business Operations Or Significant Assets” And Are Sometimes Used For Illegitimate Purposes, Such As Disguising Their Owners. “A shell corporation is a corporation without active business operations or significant assets. These types of corporations are not all necessarily illegal, but they are sometimes used illegitimately, such as to disguise business ownership from law enforcement or the public.” [Investopedia, [03/21/19](#)]

Sometimes “Shell Corporations Act As Tax Avoidance Vehicles For Legitimate Businesses.” “Shell corporations are used by large well-known public companies, shady business dealers and private individuals alike. For example, in addition to the legal reasons above, shell corporations act as tax avoidance vehicles for legitimate businesses, as is the case with Apple’s corporate entities based in the United Kingdom. They are also used to obtain different forms of financing.” [Investopedia, [03/21/19](#)]

Two Shell Companies With No Planned Mergers Received PPP Loans, Despite Minimal Operations – And Similarly Sized Loans To Such Firms May Not Be Revealed Due To Limitations On Data Transparency From The Administration

Wright Investors Service Holdings—A Shell Company Since The Buyout Of A Subsidiary In April 2018—Disclosed Taking A \$53,000 PPP Loan Despite Having “No Or Nominal Operations” And Over \$7 Million in Cash And Cash Equivalents On Hand.

Wright Investors Service Holdings Received A \$53,000 Forgivable PPP Loan

Wright Investors Service Holdings, Inc. Indicated It Was A Shell Company. “Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No ” [SEC EDGAR – Wright Investors Service Holdings, Inc. 10-Q, [8/13/20](#)]

May 1, 2020: Wright Investors Service Holdings, Inc. Received A \$53,000 Forgivable PPP Loan. “On May 1, 2020, the Company received \$53,000 from Fieldpoint Private Bank pursuant to the Paycheck Protection Program (the ‘PPP Loan’) of the Coronavirus Aid, Relief, and Economic Security Act (the ‘CARES Act’).” [SEC EDGAR – Wright Investors Service Holdings, Inc. 10-Q, [8/13/20](#)]

NOTE: Because of the amount of the Wright Investors Service Holdings loan, information on the PPP loan was not provided in Treasury’s release of PPP info.

Wright Investors Service Holdings Was A Shell Company, Following The Sale Of A Subsidiary To Khandwala Capitol Management In April 2018

Wright Investors Service Was Sold To Khandwala Capital Management. “Khandwala Capital Management (KCM) is pleased to announce the buyout of Wright Investors’ Service, a leading provider of investment and financial services worldwide. KCM is a company principally owned and controlled by Amit S. Khandwala. Mr. Khandwala is a 30-year veteran of Wright and will become the company’s chairman while continuing in his role

as chief executive officer and chief investment officer.” [Wright Investors’ Service, Inc. – Press Release, [9/04/18](#)]

July 2018: Wright Investors Service Holdings Completed The Sale, For \$6 Million, Of Subsidiary Winthrop Corporation To Khandwala Capital Management. “On April 11, 2018, the Board of Directors of the Company voted to enter into an Agreement providing for the sale of The Winthrop Corporation (‘Winthrop’), to Khandwala Capital Management, Inc., a company principally owned and controlled by Amit S. Khandwala, the Co-Chief Executive Officer and Chief Investment Officer of Winthrop, prior to the Sale, for \$6,000,000, subject to certain adjustments for intercompany accounts at closing (the ‘Sale’). The Sale was approved by the Company’s stockholders on July 16, 2018 at the annual stockholders meeting, and the Sale was completed on July 17, 2018. The Company received \$6,000,000 in cash as well as \$173,000 from Winthrop for repayment of the intercompany balance between the Company and Winthrop.” [SEC EDGAR – Wright Investors Service Holdings, Inc. 10-K, [3/30/20](#)]

Wright Investors Service Holdings Had “No Or Nominal Operations” – Yet Paid Listed Executives Nearly \$360,000 In 2019

Wright Investors Service Holdings Was Defined As A Shell Company, As They Had “No Or Nominal Operations.” “The Company has no or nominal operations. As a result, the Company is a ‘shell company’, as defined in Rule 405 of the Securities Act of 1933, as amended, or the Securities Act, and Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act.” [SEC EDGAR – Wright Investors Service Holdings, Inc. 10-Q, [8/13/20](#)]

At The End Of 2019, The Company Had Only 2 Full-Time Employees, Whose Total Compensation Totaled \$359,776. “The Company has 2 full-time employees as of December 31, 2019.” [SEC EDGAR – Wright Investors’ Service Holdings, Inc. Form 10-K, [03/30/20](#)] Details can be found in the below table:

NAME	PRINCIPAL POSITION	SALARY	ALL OTHER COMPENSATION	TOTAL
Harvey P. Eisen	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	\$230,000	\$0	\$230,000
Harold D. Kahn	Acting Chief Financial Officer and Acting Principal Accounting Officer	\$124,000	\$5,776	\$129,776
TOTAL				\$359,776

[SEC EDGAR – Wright Investors’ Service Holdings, Inc. Form 10-K, [04/28/20](#)]

Less Than 2 Weeks After Receiving Its PPP Loan, Wright Investors Service Holdings Reported Having Over \$7 Million In Cash And Cash Equivalents As Of March 31, 2020.

May 13, 2020: Wright Investors Service Holdings Reported Having \$7,051,000 In Cash And Cash Equivalents As Of March 31, 2020, While Adding That Its “Working Capital Is Sufficient To Support Its Operating Requirements Through June 30, 2021.” “At March 31, 2020, the Company had cash and cash equivalents totaling \$7,051,000, which it intends to use to acquire interests in one or more operating businesses, to fund the Company’s general and administrative expenses, and the directors will also consider alternatives for distributing some or all of its cash and cash equivalents to stockholders. The Company believes that its working capital is sufficient to support its operating requirements through June 30, 2021.” [SEC EDGAR – Wright Investors Service Holdings, Inc. 10-Q, [5/13/20](#)]

RMG Acquisition Corporation – A Shell Company With No Operations Beyond Searching For A “Business Combination” – Received \$41,666 From PPP While Having Over \$234 Million In Cash And Restricted Cash Equivalents.

RMG Acquisition Corporation Received \$41,666 In PPP Funding

June 24, 2020: Per Their SEC Filings, RMG Acquisition Corporation Received \$41,666 In Funding From The Paycheck Protection Program. “On June 24, 2020, the Company received loan proceeds in the amount of \$41,666 under the Paycheck Protection Program (‘PPP Note’) from Canandaigua National Bank & Trust (‘Lender’). The PPP Note was established as part of the Coronavirus Aid, Relief, and Economic Security Act (‘CARES Act’), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business.” [SEC – RMG Acquisition Corporation 10-Q, [8/6/20](#)]

NOTE: Because of the amount of the Wright Investors Service Holdings loan, information on the PPP loan was not provided in Treasury’s release of PPP info.

RMG Had No Operations Beyond Its Own Creation And A “Search For A Target For A Business Combination” – And Had Generated No Revenues To Date

From RMG’s Inception Through June 30, 2020, All Company Activity At RMG Was Related To The Company’s Formation, Preparing For An IPO, And “The Search For A Target For A Business Combination.” “All activity for the period from October 22, 2018 (date of inception) through June 30, 2020 relates to the Company’s formation, the preparation for the initial public offering (‘Initial Public Offering’), and since the Initial Public Offering, the search for a target for a Business Combination.” [SEC – RMG Acquisition Corporation 10-Q, [8/6/20](#)]

RMG Said They Would Not Be Generating Revenues “Until The Closing And Completion” Of A Business Combination, And That They Had Not Engaged In Any Operations Nor Generated Any Revenues To Date. “Our entire activity since inception was in preparation for our initial public offering, and since such offering, our activity has been limited to the search for a prospective initial business combination, and we will not be generating any operating revenues until the closing and completion of our initial business combination. We have neither engaged in any operations nor generated any revenues to date.” [SEC – RMG Acquisition Corporation 10-Q, [8/6/20](#)]

Just Over A Month Before Receiving Its PPP Loan, RMG Acquisition Corporation Reported Having Over \$234 Million In Cash And Restricted Cash Equivalents As Of March 31, 2020.

May 11, 2020: RMG Acquisition Corporation Reported Having \$234,931,220 In Cash And Restricted Cash Equivalents As Of March 31, 2020. [SEC – RMG Acquisition Corporation 10-Q, [5/11/20](#)]

The following table provides a reconciliation of cash and cash equivalents reported within the financial statements:

	March 31, 2020	December 31, 2019
Cash	\$ 846,031	\$ 1,175,207
Restricted cash equivalents held in Trust Account	234,085,189	233,232,730
Total cash and restricted cash equivalents held in Trust Account shown in the statement of cash flows	<u>\$ 234,931,220</u>	<u>\$ 234,407,937</u>

[SEC – RMG Acquisition Corporation 10-Q, [5/11/20](#)]

Information On These Loans Were Made Available Via SEC Disclosures – In A Continued Pattern Of Lack Of Transparency, The Treasury Department Did Not Include These Loans On Their Official Dataset, Which Included About 14-Percent Of PPP Borrowers

The Trump Administration Announced Company Information On PPP Loans Of \$150,000 Or More Would Be Released. “Bowling to bipartisan pressure in Congress, the Trump administration said it would release the names of borrowers who received Paycheck Protection Program loans of \$150,000 or more, accounting for about 75% of funds lent through the program. The Treasury Department and Small Business Administration said Friday they would disclose business names, addresses, demographic data, number of jobs supported and other details.” [Wall Street Journal, [6/20/20](#)]

Though The Transparency Compromise Covered 75-Percent Of Funds, It Only Covered 14-Percent Of All Borrowers. “Bowling to bipartisan pressure in Congress, the Trump administration said it would release the names of borrowers who received Paycheck Protection Program loans of \$150,000 or more, accounting for about 75% of funds lent through the program. [...] Of the roughly 4.6 million borrowers in the program, about 86% took out loans worth less than \$150,000, according to data released by the SBA.” [Wall Street Journal, [6/20/20](#)]

Shell Company Tortoise Acquisition Corp. Disclosed A \$900,000 PPP Loan For A Company, Hyliion, With Which It Was About To Merge – And The Merger Stood To Make Hyliion’s Founder A Billionaire

Shell Company Tortoise Acquisition Corp. (TortoiseCorp)—With “No Operations And Nominal Assets”—Disclosed A \$900,000 PPP Loan To Hyliion Inc., A Company Which It Was Planning To Merge With.

Tortoise Acquisition Corp. (TortoiseCorp) Is A Shell Company With “No Operations And Nominal Assets Consisting Solely Of Cash And/Or Cash Equivalents.” “TortoiseCorp is a blank check company incorporated on November 7, 2018 as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. TortoiseCorp has neither engaged in any operations nor generated any revenue to date. Based on its business activities, it is a ‘shell company’ as defined in the Exchange Act because it has no operations and nominal assets consisting solely of cash and/or cash equivalents.” [SEC EDGAR – Tortoise Acquisition Corp. Schedule 14A, [07/10/20](#)]

- **Tortoise Acquisition Corp. Is Also Known As TortoiseCorp.** “You are cordially invited to attend the special meeting (the ‘special meeting’) of stockholders of Tortoise Acquisition Corp. (‘TortoiseCorp,’ ‘we,’ ‘our,’ ‘us’ or the ‘Company’) [...]” [SEC EDGAR – Tortoise Acquisition Corp. Schedule 14A, [07/10/20](#)]

July 10, 2020: TortoiseCorp. Disclosed That A \$900,000 PPP Loan Went To Hyliion Inc., A Company With Which TortoiseCorp Was Planning On Merging. “On May 8, 2020, Hyliion received loan proceeds in the amount of \$0.9 million under the Paycheck Protection Program (the “PPP”). [...] Hyliion intends to use the PPP loan proceeds for purposes consistent with the provisions of the PPP and that such usage will meet the criteria established for forgiveness of the loan.” [SEC EDGAR – Tortoise Acquisition Corp. Schedule 14A, [07/10/20](#)]

- **In The Same Filing, TortoiseCorp Was Planning A “Special Meeting Of Stockholders” To Consider And Vote On The Hyliion Inc. Merger.** “Proxy Statement For Special Meeting Of Stockholders Of Tortoise Acquisition Corp. [...] To consider and vote upon a proposal to (a) approve and adopt the Business Combination Agreement and Plan of Reorganization, dated as of June 18, 2020 (the “Business Combination Agreement”), among TortoiseCorp, SHLL Merger Sub Inc., a Delaware corporation and a wholly owned subsidiary of TortoiseCorp (“Merger Sub”), and Hyliion Inc., a Delaware corporation (“Hyliion”) [...]” [SEC EDGAR – Tortoise Acquisition Corp. Schedule 14A, [07/10/20](#)]

June 19, 2020: TortoiseCorp Announced Plans To Pursue A Reverse Merger With Hyliion, A Hybrid-Electric Company. “Shares of Tortoise Acquisition ([NYSE:SHLL](#)) are on quite a run. The stock ended Friday’s session up 41.2% on the day -- and up 140% since the morning of June 19, when it announced plans to merge with a company called Hyliion.” [Motley Fool, [06/28/20](#)]

- **Hyliion Develops “Electric And Hybrid Powertrains For Heavy Trucks.”** “Hyliion, founded a few years ago by Thomas Healy, is creating electric and hybrid powertrains for heavy trucks. CEO Healy, a former auto racer and Carnegie-Mellon-trained engineer, saw an opportunity to apply hybrid-electric technology to existing Class 8 (tractor-trailer) trucks in a cost-effective way.” Motley Fool, [06/28/20](#)

- **The Deal Was A Reverse Merger, In Which TortoiseCo Would Merge Into Hyliion.** “It's similar to the Nikola-VectoIQ deal in that it's a so-called ‘reverse merger’: Tortoise will merge with Hyliion, the merged company will be named Hyliion, and the former Tortoise shares will trade under a new ticker, HYLN.” [Motley Fool, [06/28/20](#)]

The TortoiseCorp And Hyliion Merger Was Expected To Produce \$560 Million In Cash, Turn Hyliion’s CEO Thomas Healy Into A Billionaire, And Create \$450 Million In Equity For Tortoise

Following The Reverse Merger, The Combined Companies Were Expected To Have \$560 Million In Cash. “In another feature similar to the Nikola deal, independent investors will put in cash (\$325 million, in this case) via a private investment -- called a ‘PIPE,’ for ‘private investment in public equity’ -- as part of the deal. In this case, however, there's no money coming out of the deal -- it's all going to fund Hyliion. All existing investors in Hyliion will ‘roll over’ their investments into the new company. Tortoise is adding another \$235 million to the \$325 million provided by the PIPE, so the merged company will have a total of \$560 million in cash after the deal closes.” [Motley Fool, [06/28/20](#)]

Bloomberg: Thomas Healy Stood To Become A Billionaire Upon The Completion Of Tortoise’s Merger With Hyliion. “Yet this week another Texas-based truck electrification business, whose founder is even younger than Nikola’s, is poised to go public. And once again a special-purpose acquisition vehicle (or SPAC) is in the driving seat and making piles of money. Hyliion Inc.’s 28-year-old chief executive officer, Thomas Healy, will become a paper billionaire — a fact that’s sure to capture plenty of attention — as long as the shareholders of cash shell Tortoise Acquisition Corp. vote on Monday in favor of a merger with his company.” [Bloomberg – Chris Bryant, [9/28/20](#)]

Bloomberg: Hyliion Stood To Receive “Roughly \$450 Million In Equity Value” From The Hyliion Merger. “Considering the limited financial risk involved, the riches Tortoise’s creators are poised to reap are every bit as astonishing as Healy’s. Based on regulatory filings, I calculate the sponsor has sunk less than \$7 million of its money into the SPAC and yet it will receive roughly \$450 million in equity value from Hyliion. To put that in context, this is about 80% of the \$560 million cash proceeds Hyliion gets by merging with Tortoise.” [Bloomberg – Chris Bryant, [9/28/20](#)]

American Virtual Cloud Technologies Inc. Received \$4.1 Million In PPP Relief The Same Week It Combined With IT Firm Computex In A \$65 Million Merger

American Virtual Cloud Technologies Was A Shell Company Known As “Pensare Acquisition Corp.” Until A Merger - Valued At \$65 Million – In April 2020

At The End Of March, Pensare Acquisition Corp. Only Had Three Executive Officers, Who Were Not Obligated To Work A Specific Number Of Hours. “As of March 31, 2020, we had three executive officers. These individuals are not obligated to devote any specific number of hours to our matters and intend to devote only as much time as they deem necessary to our affairs. The amount of time they will devote in any time period will vary based on whether a target business has been selected for the business combination and the stage of the business combination process the company is in.” [SEC EDGAR – American Virtual Cloud Technologies, Inc. Form 10-K, [06/29/20](#)]

April 7, 2020: Pensare Acquisition Corp., Ceased Being A Shell Company, As It Completed A Merger With The IT Company Computex And Changed Its Name To American Virtual Cloud Technologies, Inc. “On April 7, 2020, we consummated the transaction pursuant to the Agreement pursuant to which Computex merged with and into Merger Sub (the ‘Merger’), with Merger Sub surviving the Merger as a wholly owned

subsidiary of the Company. In connection with the Closing, the Company changed its name from ‘Pensare Acquisition Corp.’ to ‘American Virtual Cloud Technologies, Inc.’ and Merger Sub changed its name from ‘Tango Merger Sub Corp.’ to ‘Stratos Management Systems, Inc.’ As a result of the consummation of the Merger, the Company ceased to be a shell company, as defined in Rule 12b-2 of the Exchange Act, as of the Closing Date.” [SEC EDGAR – American Virtual Cloud Technologies, Inc. Form 10-K, [06/29/20](#)]

American Virtual Cloud Technologies’ Merger Appears To Have Been Valued At \$65 Million. “On April 3, 2020, the Company, Merger Sub, Holdings, and Computex entered into Amendment No. 2, which provided for, among other things: (i) changing the aggregate merger consideration payable to \$65 million (subject to adjustment based on Computex’s working capital and net debt at closing), consisting of \$20 million of units of the Company, shares of Pensare’s common stock, and the assumption of Computex’s indebtedness.” [Securities and Exchange Commission, American Virtual Cloud Technologies, Inc. Form 10-K, [6/29/20](#)]

American Virtual Cloud Technologies, Inc. Received \$4.1 Million In PPP Relief The Same Week The Merger Was Completed, With Treasury Data Listing The Money Going To Computex – As of March 31, 2020, American Virtual Cloud Technologies, Inc. Had Over \$1.8 Million In Cash And Cash Held In Trust Escrow.

April 2020: On SEC Filings, American Virtual Cloud Technologies, Inc. Stated They Received A \$4.1 Million PPP Loan. “The Company obtained a PPP loan in the amount of \$4.1 million in April 2020 and presently anticipates meeting the PPP requirements for the loan to be forgiven in total. Additionally, the Company obtained \$1.2 million of insurance premium financing in May 2020, payable in nine equal monthly instalments through February 2021.” [SEC EDGAR – American Virtual Cloud Technologies, Inc. Form 10-K, [06/29/20](#)]

April 11, 2020: Treasury Department Data On PPP Loans Showed Computex, Inc. Received Between \$2 To \$5 Million In PPP Funding. [U.S. Small Business Administration, accessed [08/31/20](#)]

June 29, 2020: American Virtual Cloud Technologies Reported Having \$1,878,543 In Cash And Cash Held In Trust Escrow As Of March 31, 2020. [SEC EDGAR – American Virtual Cloud Technologies, Inc. Form 10-K, [6/29/20](#)]

AMERICAN VIRTUAL CLOUD TECHNOLOGIES, INC.
(FORMERLY KNOWN AS PENSARE ACQUISITION CORPORATION)
STATEMENTS OF CASH FLOWS

	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Change in Cash and Cash Held in Trust Escrow	1,743,278	(347,411)
Cash and Cash Held in Trust Escrow - Beginning	135,265	482,676
Cash and Cash Held in Trust Escrow – Ending	<u>\$ 1,878,543</u>	<u>\$ 135,265</u>

[SEC EDGAR – American Virtual Cloud Technologies, Inc. Form 10-K, [6/29/20](#)]

Shell Company Graf Industrial Corp. Was Utilized By A Private Firm Looking To Become Public, And That Had Received \$5-\$10 Million In PPP Relief –The Company Now Faces A Lawsuit, Alleging “Improper” Job Cuts In The Wake Of The PPP Loan

March 2020: Graf Industrial Corp. Was A Shell Company With No Operations, No Revenue, And Just Two Executives Who Had No Required Hours

Graf Industrial Corp. Is A “Blank Check Company” That “Neither Engaged In Any Operations Nor Generated Any Revenue” As Of March 10, 2020. “We are a blank check company incorporated on June 26, 2018 as a Delaware corporation for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses (the “business combination”). We have reviewed, and continue to review, a number of opportunities to enter into a business combination, but we are not able to determine at this time whether we will complete a business combination with any of the target businesses that we have reviewed or with any other target business. We also have neither engaged in any operations nor generated any revenue to date. Based on our business activities, the Company is a ‘shell company’ as defined under the Exchange Act of 1934 (the ‘Exchange Act’) because we have no operations and nominal assets consisting almost entirely of cash.” [SEC EDGAR – Graf Industrial Corp. Form 10-K, [03/10/20](#)]

Graf Industrial Corp. Has Disclosed That It Is A Shell Company. “Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No ” [SEC EDGAR – Graf Industrial Corp. Form 10-K, [03/10/20](#)]

Graf Industrial Corp. Has “Two Executive Officers” Who Are “Not Obligated To Devote Any Specific Number Of Hours To Our Matters.” “We currently have two executive officers. These individuals are not obligated to devote any specific number of hours to our matters but they intend to devote as much of their time as they deem necessary to our affairs until we have completed our initial business combination. [...] We do not intend to have any full-time employees prior to the completion of our initial business combination.” [SEC EDGAR – Graf Industrial Corp. Form 10-K, [03/10/20](#)]

March 2020: Graf Disclosed It Was Merging With Velodyne LiDAR Inc, A \$5 To \$10 Million PPP Recipient, And That The Merger Would Leave The Company With \$200 Million In Cash...

July 2, 2020: Graf Industrial Corp. Disclosed That A Company It Was Merging With Velodyne LiDAR Inc., A Company That Received A \$5-\$10 Million PPP Loan On April 8, 2020. “‘PPP Loan’ means the loan received by the Company on April 8, 2020 under the PPP.” [SEC EDGAR – Graf Industrial Corp. Exhibit 2.1, [07/02/20](#)]

- **“The Company” In Graf Industrial’s Filing Was Velodyne LiDAR, Inc.** “Velodyne LiDAR, Inc. as the Company” [SEC EDGAR – Graf Industrial Corp. Exhibit 2.1, [07/02/20](#)]
- **Early April 2020: Velodyne LiDAR Inc. Received A \$5–\$10 Million PPP Loan.** “Velodyne Lidar Inc., the autonomous vehicle sensor valued by investors at about \$1.8 billion, was approved for a loan worth between \$5 million and \$10 million from the federal government’s Paycheck Protection Program (PPP) in early April.” [Silicon Valley Business Journal, [07/06/20](#)]

Late June / Early July 2020: Velodyne Announced It Was Proceeding With A Reverse Merger With Graf Industrial Corp. “Velodyne last week announced plans to go public in coming weeks through a reverse merger with Houston-based Graf Industrial Corp. Graf is a ‘blank check’ company that raised \$225 million in October 2018 in order to help a company like Velodyne go public without doing a traditional IPO.” [Silicon Valley Business Journal, [07/06/20](#)]

- **Reverse Mergers Enabled Private Companies To Become Public By Purchasing Control Of A Public Company.** “Many companies perform reverse mergers, also known as reverse takeovers, as opposed to other, more traditional forms of raising capital. A reverse merger is when a private company becomes a public company by purchasing control of the public company. The shareholders of the private company

usually receive large amounts of ownership in the public company and control of its board of directors.”
 [Investopedia, [5/6/20](#)]

The Merger Was Expected To “Leave Velodyne With Approximately \$200 Million Of Cash On Its Balance Sheet.” “Transaction supported by a \$150 million committed PIPE and is expected to leave Velodyne with approximately \$200 million of cash on its balance sheet.” [PR Newswire, [07/02/20](#)]

May 11, 2020: Graf Industrial Reported Having \$577,044 In Cash And \$249,560,868 In Investments Held In A Trust Account As Of March 31, 2020. [SEC EDGAR – Graf Industrial Corp. Form 10-Q, [05/11/20](#)]

**GRAF INDUSTRIAL CORP.
 CONDENSED BALANCE SHEETS**

	<u>March 31, 2020</u> (Unaudited)	<u>December 31, 2019</u>
Assets:		
Current assets:		
Cash	\$ 577,044	\$ 698,322
Prepaid expenses	82,500	29,467
Total current assets	659,544	727,789
Investments held in Trust Account	249,560,868	248,988,147
Total Assets	\$ 250,220,412	\$ 249,715,936

[SEC EDGAR – Graf Industrial Corp. Form 10-Q, [05/11/20](#)]

...And Now Faces A Lawsuit Alleging “Improperly” Cutting 140 Jobs And Using COVID-19 As An Excuse, Around The Time It Took Its \$5–\$10 Million PPP Loan.

April 2020: Velodyne Lidar Faced A Lawsuit Alleging The Company Had Used COVID-19 As An Excuse To Go Through With Already Planned Outsourcing, A Claim The Company Denies. “Velodyne Lidar Inc. was accused in a lawsuit filed Friday of cutting 140 jobs improperly with only one day’s notice and using the COVID-19 pandemic as cover for shifting jobs overseas. [...] Velodyne said in a written notice that the job cuts were due to the pandemic, according to the lawsuit, but it ‘had already begun transferring production jobs overseas beginning in the summer of 2019 and had planned to continue doing so prior to the outbreak of COVID-19.’” [Silicon Valley Business Journal, [4/4/20](#)]

Velodyne LiDAR Inc. Received Its \$5–\$10 Million PPP Loan In The Same Timeframe It Was Accused Of Improperly Cutting 140 Jobs. “Velodyne Lidar Inc., the autonomous vehicle sensor valued by investors at about \$1.8 billion, was approved for a loan worth between \$5 million and \$10 million from the federal government’s Paycheck Protection Program (PPP) in early April. That is about the same time that the San Jose company was accused in a lawsuit of cutting 140 jobs improperly with only one day’s notice and using the Covid-19 pandemic as a cover for shifting jobs overseas.” [Silicon Valley Business Journal, [07/06/20](#)]

Mexican Shell Company Opes Acquisition Corps. Announced A Company It Planned To Merge With, BurgerFi, Had Received \$2.2 Million In PPP Funding

Mexican Shell Company Opes Acquisition Corp. Reported Their Future Merger Partner, BurgerFi, Received \$2.2 Million In PPP Funding

Opes Disclosed Merger Partner BurgerFi Received \$2.2 Million In PPP Funding. “In May 2020, [BurgerFi] entered into a note with Pilot Bank, under the Paycheck Protection Program (‘PPP’) of the CARES Act pursuant to which bank agreed to make a loan to us in the amount of approximately \$2.2 million. The PPP

Loan matures in May 2022, bears interest at a rate of 1.0% per annum and requires no payments during the first six months from the date of the loan.” [SEC – Opes Acquisition Corp. PREM14A, [9/25/20](#)]

- **Until Earlier This Year, Opes Acquisition Listed Its Corporate Headquarters In Mexico City, Mexico.** [SEC – Opes Acquisition Corp. PREM14A, [9/25/20](#)]

Opes Planned To Merge With BurgerFi In A \$100 Million Deal

Opes Acquisition Corp. Intended To Acquire BurgerFi In A \$100 Million Deal, With The Deal Expected To Be Finalized By The End Of October. “Miami-based Opes Acquisition Corp. (Nasdaq: OPES), a blank-check company that intends to acquire BurgerFi, originally aimed to close the \$100 million deal by the end of September. Making that deadline seems unlikely. Opes stated in a U.S. Securities and Exchange Commission filing that it is requesting approval from its stockholders to extend the deadline by which the company must finalize a business merger. A representative for North Palm Beach-based BurgerFi said that, should the extension be granted, both companies now expect the deal to close by the end of October.” [Triangle Business Journal, [9/8/20](#)]

BurgerFi’s President Touted The Benefits Of Going Public, Specifically The Ability To Become A “Bit More Aggressive” On Suppliers And Partnerships. “What are the benefits of going public? GUZZETTA: First, our ability to leverage our buying power. As a public company, we can get a little bit more aggressive when it comes to suppliers, our vendors and our partnerships.” [Restaurant Dive, [7/14/20](#)]

“Blank Check” Company Fortress Value Acquisition Corp – Connected To An Investment Firm Owned By Softbank, Which Is Led By Trump Ally Masa Son – Announced A Merger With A Firm That Had Received \$3.4 Million In PPP Funding.

Shell Company Fortress Value Acquisition Corp Disclosed A Rare Earth Mining Company They Were Planning To Merge With Had Received \$3.4 Million In PPP Funding.

July 15, 2020: MP Materials, Owner Of Rare Earth Mining Site Mountain Pass, Announced An Agreement To Merge With Fortress Value Acquisition Corp., Sponsored By An Affiliate Of Fortress Investment Group LLC. “MP Materials, owner and operator of Mountain Pass, the only rare earth mining and processing site of scale in North America, today announced a definitive agreement to merge with Fortress Value Acquisition Corp. (NYSE: FVAC), a special purpose acquisition company sponsored by an affiliate of Fortress Investment Group LLC (‘Fortress’).” [MP Materials via BusinessWire – Press Release, [7/15/20](#)]

The Combined Entity Of MP Materials And Fortress Value Acquisition Corp. Was Valued At \$1.5 Billion. “US-based rare earth miner MP Materials has signed a merger agreement with Fortress Value Acquisition, a special purpose acquisition company sponsored by an affiliate of Fortress Investment Group, to create a combined entity valued at \$1.5bn. The combined company, which will be named MP Materials Corp. upon completion of the deal, will have more than \$500m in net cash to fund future growth strategy.” [NS Energy, [7/16/20](#)]

April 16, 2020: Fortress Value Acquisition Corp. Said “We Obtained” \$3.4 Million In PPP Funding. “On April 16, 2020, we obtained a loan of \$3.4 million pursuant to the Paycheck Protection Program (the ‘PPP’) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.” [SEC – Fortress Value Acquisition Corp. S-4, [8/26/20](#)]

- **In The Same Document, It Is Clarified That MP Materials Was The Entity That Received \$3.4 Million In PPP Funding.** “On April 16, 2020, MPMO obtained a loan of approximately \$3.4 million pursuant to the

Paycheck Protection Program (the 'PPP') under Division A, Title I of the CARES Act, which was enacted on March 27, 2020." [SEC – Fortress Value Acquisition Corp. S-4, [8/26/20](#)]

On Its Website, Fortress Value Acquisition Corp. Described Itself As A “Blank Check Company” Formed For A Merger Or Related Business Purpose. “Fortress Value Acquisition Corp. is a newly incorporated blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.” [Fortress Value Acquisition Corp – “About,” accessed [9/1/20](#)]

Fortress Value Acquisition Corp. Had “\$25,000 In Cash And A Working Capital Deficiency Of \$521,634” Just Over 2 Weeks Before MP Materials Received Its PPP Loan.

June 9, 2020: Fortress Value Acquisition Corp. Reported Having “\$25,000 In Cash And A Working Capital Deficiency Of \$521,634” As Of March 31, 2020. “As indicated in the accompanying unaudited condensed financial statements, as of March 31, 2020, we had \$25,000 in cash and a working capital deficiency of \$521,634. Further, we have incurred and expect to continue to incur significant costs in pursuit of our financing and acquisition plans.” [SEC EDGAR – Fortress Value Acquisition Corp., Form 10-Q, [6/09/20](#)]

The Shell Company Was Sponsored Through An Affiliate Of Fortress Investment Group, An Investment Firm With Over \$45.5 Billion In Assets

Fortress Value Acquisition Corp. Was “Sponsored” By An Affiliate Of Fortress Investment Group LLC. “Fortress Value Acquisition Corp. is a newly incorporated blank check company formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. [...] Our sponsor is Fortress Acquisition Sponsor LLC, an affiliate of Fortress Investment Group LLC ('Fortress')." [Fortress Value Acquisition Corp – “About,” accessed [9/1/20](#)]

Fortress Investment Group Described Itself As A “Highly Diversified Global Investment Manager” With Approximately \$45.5 Billion In Assets Representing Over 1,700 Institutional Clients. “Fortress Investment Group LLC is a leading, highly diversified global investment manager with approximately \$45.5 billion(1) of assets under management as of June 30, 2020. Founded in 1998, Fortress manages assets on behalf of over 1,700 institutional clients and private investors worldwide across a range of credit and real estate, private equity and permanent capital investment strategies.” [Fortress Investment Group, accessed [9/1/20](#)]

Fortress Investment Group Was Owned By Softbank, Which Has Had Business Connections To Jared Kushner And Whose CEO Has Repeatedly Appeared With Donald Trump

Softbank Purchased Fortress Investment Group For \$3.3 Billion

February 2017: Softbank Entered Into A Definitive Merger Agreement To Purchase Fortress Investment Group For Approximately \$3.3 Billion In Cash. “SoftBank Group Corp. ('SoftBank' or 'SBG') and Fortress Investment Group LLC (NYSE:FIG) ('Fortress') today announced that they have entered into a definitive merger agreement under which SoftBank will acquire Fortress for approximately \$3.3 billion in cash.” [Fortress Investment Group – Press Release, [2/14/17](#)]

Masa Son Met With Trump And Addressed The Media With Him During The Presidential Transition, And Later Appeared With Trump At An Event In Wisconsin

Softbank CEO Masa Son Appeared With Trump And Addressed The Media At Trump Tower During The Transition Period. “SoftBank CEO Masayoshi Son pledged to invest \$50 billion in the U.S. and create 50,000

new jobs after a meeting with President-elect Donald Trump. They addressed the media at Trump Tower in New York on Tuesday. [...] Masayoshi Son, the brash billionaire who controls Sprint Corp., said Tuesday he would invest \$50 billion in the U.S. and create 50,000 new jobs, following a 45-minute private meeting with President-elect Donald Trump.” [Wall Street Journal, [12/7/16](#)]

June 2018: Masa Son Was Brought On Stage By Donald Trump During An Economic Event, Where Son Spoke. “Trump to SoftBank Group CEO Masayoshi Son: ‘Masa are you back there? Come. Come... Come on up here Masa if you can understand what I’m saying. Come here.’” [Twitter - @thecontemptor, [6/28/18](#)]
(VIDEO)

Softbank Companies (Including Fortress Investment Group) Have Been Involved With Loans And Purchases Involving Companies Linked To Jared Kushner

October 2017: Softbank’s Fortress Investment Group Lent \$57 Million To Kushner Companies For A Long-Delayed Development Site In Jersey City. “While under contract to be acquired by spendy Japanese investment machine SoftBank, Fortress Investment Group lent \$57 million in pre-construction financing to Kushner Companies for its long-delayed development site at One Journal Square in Jersey City. Barron’s reported that the loan was made in October 2017, after Kushner Companies had borrowed \$22 million in short-term bridge financing from Santander Bank in 2016 and \$22 million from Ladder Capital Finance — President Trump’s second-biggest lender — in 2014.” [The Real Deal, [1/23/18](#)]

Startup Company Cadre, Co-Founded And Partly Owned By Jared Kushner, Sought Investment From SoftBank Vision Fund, Which Gets Much Of Its Funding From The Saudi Arabian Government. “Cadre, a real estate technology startup co-founded and partly owned by White House senior adviser Jared Kushner, is seeking an investment of at least \$100 million from a private fund that receives much of its capital from the governments of Saudi Arabia and the United Arab Emirates, according to people familiar with the discussions. A top executive of Cadre, the people said, has met privately in recent months with representatives of the SoftBank Vision Fund, a technology investment vehicle that gets almost half of its \$100 billion from the Saudi government’s Public Investment Fund.” [Chicago Tribune, [5/22/20](#)]