

Baker Estate Update September 18, 2023

Investors in Advisors Equity:

At present, it appears that the Baker Estate is insolvent. The Personal Representative seems to have stopped administering the Estate, and the Estate attorney has also stopped doing much work to administer the Estate.

I am proceeding to continue to gather information from the Estate, but the lack of cooperation has made the process lengthy and cumbersome. In particular, I am trying to get the Estate to produce documents regarding the businesses owned by the Estate, as well as trying to get the Estate to produce an Estate Inventory, which is over 7 months tardy. We shall see what happens.

Andrew Zicklin runs a pre-IPO business known as MCPA. He has hired me to gather the information we have not received to date. I have done the following projects for Andrew Zicklin / MCPA to date:

- Sent a letter demanding the estate provide me information about the Estate. The Estate failed to respond. I filed a motion to compel a response. We eventually had a hearing before the judge, and the judge granted my motion, requiring the Estate's attorney to respond. He responded with three pieces of information: Advisor's Equity has no currently serving Manager, IAMC (which is supposed to be the Managing Member of Advisors Equity) has no currently serving Manager, and the Estate has taken no funds from any business bank account. This was a fair amount of work for a modest return, but this information was critical to know. The table is also set for how difficult the Estate's attorney has been to date.
- Sent the Estate a request for the production of documents. This went unanswered. I filed a motion to compel a response. The Judge has not ruled on this motion as of yet.
- I filed a motion to compel the Estate to file an inventory. This is set for hearing on October 2.

Mr. Zicklin and a few other investors have put several million dollars into Advisors Equity that was supposed to be invested in Space X. That investment was never made, and the investor cash should be sitting in bank accounts in the name of Advisors Equity.

As far as I know, the investment in Impossible Foods was made by Advisors Equity. This has not yet been confirmed, however. Because Impossible has not yet had its IPO, your stock should essentially just be sitting inside Advisors Equity, doing nothing but waiting. There is really nothing to do except wait until a liquidity event occurs. Hence the lack of real urgency to do much for the Impossible Foods investors for now. I have been recommending against taking any action for any investors who only invested in Impossible for this reason.

Mr. Zicklin and the other investors who attempted to invest in Space – X are motivated to obtain their cash. Accordingly, Mr. Zicklin is willing to take control of Advisors Equity, distribute the Space – X cash out to the investors, and then manage the Impossible Foods stock for the investors. Some investors might also have purchased stock in a business known as Nano – C, which will also be included.

There are two ways in which control can be obtained: through a purchase of a controlling interest in the Estate's business assets, or voting in a new manager of Advisors Equity, which is allowed under the operative documents.

The voting plan is a decent plan, but there is one issue with it. We do not have complete clarity over which entity Mr. Baker put the cash into. The Estate has so far refused to provide any information on this question. A review of the operative documents indicates that there is a possibility that some cash was wired into affiliated business structures controlled by Mr. Baker. I am not suggesting anything nefarious or improper were this to have happened, nor do we know whether this took place. Just that if the investors take control of Advisors Equity, that might not be the entity where all of the cash and stock is housed. If not, the new managers of Advisors Equity would need to attempt to obtain that cash and stock from entities where no one is currently running them. This might be a cumbersome and lengthy process, and litigation might be required.

A better plan would be for the investors to take control of all of the Estate's business interests, to be able to ensure that all of the assets are placed into the correct entity. The investors do not have a clear ability to take voting control of the other businesses (other than Advisors Equity) that might house investor assets, because the investors have not explicitly been issued membership interests in those other entities. We have little doubt that the investors would ultimately be able to recover from those other entities, if necessary, but that process will be more cumbersome.

Mr. Zicklin's plan at present is as follows.

- a. A motion is filed on Mr. Zicklin's behalf for him to buy the business assets of the Estate for \$1.
- b. That motion asks that I be appointed Administrator Ad Litem for the Estate, to essentially sell, on behalf of the Estate, the business assets to Mr. Zicklin for \$1. This will be a ministerial act – I will simply prepare and sign paperwork to transfer the business in accordance with a Court order, should the Court agree. We cannot rely on the Estate's attorney to do any additional work.
- c. The assets being transferred **ARE NOT** your membership interests in Advisors Equity. Only the nominal and controlling membership interests owned by the Estate are being transferred – but those are the special interests with control rights. Your ownership interest in Advisors Equity will be unchanged.
- d. Mr. Zicklin will step into the shoes of Mr. Baker, taking over his rights and responsibilities.

Should we determine that all assets are where they are supposed to be (inside Advisors Equity) before the above-mentioned plan is implemented, we might shift over to the voting plan, as it is not subject to Court approval.

Several of the other large investors have already committed to the approach described herein, and we believe we presently have the votes to put into place the voting plan to assume control. For the reasons stated herein, the purchase plan makes more sense for now, but will require Court approval. Should Court approval not be obtained, the voting plan will be implemented.

Mr. Zicklin is committed to respecting the rights of all investors and intends to treat all investors in the same manner as Mr. Baker was supposed to. Mr. Zicklin is currently in the pre-IPO business and has the unique ability to take control of Advisors Equity and to operate it properly.

Mr. Zicklin is looking forward to explaining to all of the investors his experience and expertise in the pre-IPO business and his plans for Advisors Equity.