

MOORE BARRISTERS
PROFESSIONAL CORPORATION

David C. Moore, B.Sc., LL.B.
Karen M. Mitchell, B.A., LL.B.
Kenneth G. G. Jones, LL.B.
Nicholas P. Reinkeluers, B.A., J.D.

Suite 1600
393 University Avenue
Toronto, Ontario
M5G 1E6
Tel: 416-581-1818
Fax: 416-581-1279

March 21, 2018

VIA Email to: boyd.rodgy@gmail.com

Mr. Roderick Boyd
Suthern Investigative Reporting Foundation
3819 Park Avenue
Wilmington, NC
28403

Dear Mr. Boyd,

We act as special litigation counsel to The Catalyst Capital Group Inc. (“Catalyst”) and Callidus Capital Corporation (“Callidus”).

This letter is a preliminary response to the contents of a March 13, 2018 email sent by Bruce Livesey to Dan Gagnier, in which Mr. Livesey stated that he is working on a story about Catalyst and Callidus for the Southern Investigative Reporting Foundation (“SIRF”).

Mr. Boyd, you should be aware that my clients believe that there are numerous persons who are antagonistic to them and who are intent on and actively engaged in continuing attempts to harm each of Catalyst, Callidus, and Newton Glassman. My clients further believe that several of these persons have been in contact with various news organizations to advance their agendas, and that they include persons who have been named or are referred to in legal proceedings commenced by Catalyst and/or Callidus.

As you are aware, Mr. Livesey is a freelance reporter. However, you may not be aware that he holds a well-known, openly expressed animus against Catalyst, Callidus, and Newton Glassman. This is evident from Mr. Livesey’s use of expletives and his circulation of totally unfounded allegations about Catalyst, Callidus and Glassman to anyone who will listen. These communications have been confirmed to Catalyst by sources who have direct knowledge of the verbal attacks Mr. Livesey has made against my clients.

In addition, my clients are in the possession of sworn testimony from one or more guarantors of Callidus’ debt, who Mr. Livesey has frequently contacted in an attempt to solicit criticism

adverse to my clients. In the course of these contacts—notwithstanding the pretense that he was operating as a responsible journalist—Mr. Livesey advised that he had been hired by West Face Inc.

Mr. Livesey's animus and agenda has included repeated attempts over the past 16 months to persuade over half a dozen media outlets to publish articles which were defamatory of Catalyst, Callidus, and Mr. Glassman. After due consideration, each of the above media outlets declined to publish the defamatory stories which Mr. Livesey was pitching.

Among other things, Mr. Livesey had also been the source of false allegations and rumors that Catalyst, Callidus and Mr. Glassman are guilty of misconduct and are under investigation for criminal wrongdoing by the authorities charged with the duty to deal with such matters. This is completely untrue.

In fact, not only have such authorities repeatedly and directly confirmed to my clients and their counsel that my clients are not under investigation, but also have advised that whatever allegations may have been conveyed to them, that they followed usual practice of conducting a preliminary review of any allegations of misconduct--whatever the source--and determined that nothing warranted the opening of any file or the commencement of any investigation.

Indeed, my clients and their counsel have been actively meeting with authorities and cooperating with an investigation of market manipulation in which the press had been used as a tool by the wrongdoers.

If you have not reviewed the litigation filed by Catalyst regarding the wolfpack conspirators and the litigation initiated in several jurisdictions to hold guarantors of debts owed to Callidus, you should do so, and your time and attention should be focused upon those details. Coordinated market manipulation in Canada should be of extreme interest to an organization dedicated to "the goal of providing in-depth financial investigative reporting for the common good" and one that is a member of, and follows the ethical standards of, the Society of Professional Journalists. (www.spj.org/pdf/spj-code-of-ethics.pdf).

Insofar as Mr. Livesey's proposed story relates to specific questions on Catalyst and Callidus as presented by Mr. Livesey, it should be concerning to you that the public record of disclosures by Callidus clearly show that Mr. Livesey's questions are riddled with inaccuracies, misunderstandings and purposeful fabrications.

In addition, many of the questions contained in Mr. Livesey's email relate to guarantors who are seeking to avoid their personal guarantee obligations and appear to be written as a platform to advance the interests of those guarantors. The *facts* relating to many of these matters—including

Callidus' positions—are detailed in publicly available Court filings in several jurisdictions. With the exception of the Emsco case (which is erroneously described by Livesey in his email), these issues remain before the Courts. Accordingly, Callidus considers it inappropriate to make any further comments beyond what has already been filed on the public record.

Although Catalyst is a private entity, recent disclosures on investments such as Gateway Casinos & Entertainment also demonstrate the bias and falsity implicit in many of Mr. Livesey's questions and show lack of understanding or purposeful effort on the part of Mr. Livesey to injure my clients.

Given the significant issues identified, we anticipate that you and SIRF will have concerns in publishing a story in line with Mr. Livesey's agenda (and the agenda of his sponsors, past or present) against my clients. Should the story nevertheless progress to publication, my clients intend to carefully review the contents of same, and wish to notify you that they will not hesitate to pursue all appropriate legal remedies available to them.

Yours very truly,

MOORE BARRISTERS

A handwritten signature in cursive script that reads "David Moore". The signature is written in black ink and is positioned below the firm name.

Per: David C. Moore