

# Stockholder Group Issues Statement to Evercel, Inc. Stockholders: Focus on the Important Opportunity to Transform the Board at Evercel's Upcoming Annual Meeting

*Cautions Stockholders Against Letting Management Divert Attention Away from the Issues  
Plaguing the Company*

*Urges Stockholders to Vote on the BLUE Proxy Card in FAVOR of All Three of the  
Stockholder Group's Proposals to Improve the Company's Transparency, Liquidity and  
Performance*

NEW YORK, New York, September 29, 2021—James D. Gerson and Richard A. Krantz (collectively, the “Stockholder Group” or “we”), the collective owners of approximately 12.0% of the outstanding voting stock of Evercel, Inc. [OTC Pink: EVRC] (“Evercel” or the “Company”), today issued the following statement in response to the Company’s recent letter to stockholders:

Dear Fellow Stockholders:

We are writing to you today to correct the Company’s recent misstatements concerning our business proposals and nominations to be considered at the Company’s annual meeting of stockholders scheduled to be held virtually at 10:00 a.m. Eastern Time on Thursday, October 7, 2021 (the “Annual Meeting”).

Please do not be misled by the Company’s mud-slinging efforts – ***this campaign is not about James Gerson, who is not a nominee and is not seeking to take control of the Company. This campaign is about improving the Company’s transparency, liquidity and performance by adding three new independent directors to the Board who will actively oversee and hold CEO, Daniel Allen, and other management, accountable for the Company’s lack of transparency and languishing performance.***

Here are the facts:

- **Mr. Gerson agreed to voluntarily resign from the Board in connection with the Company’s agreement to finally hold the Annual Meeting by October 7, 2021.** Contrary to the Company’s recent letter, Mr. Gerson was not forced to resign from the Board. Rather, Mr. Krantz had to take the extraordinary step of filing a lawsuit in Delaware court as a stockholder to compel the Company to hold an annual meeting, as it had failed to schedule one for over 13 months, as required by Delaware law. As part of the resolution and withdrawal of that lawsuit, the Company agreed to hold the Annual Meeting on October 7, 2021 and Mr. Gerson voluntarily agreed to step down from the Board in an effort to ensure the Annual Meeting would be held for the benefit of all stockholders.

- **Mr. Gerson is not the cause of the delay in issuing the Company’s 2021 audited financials.** Rather, Mr. Gerson and Mr. Krantz tried to raise significant concerns to their fellow Board members regarding the completeness of the Company’s financial disclosures. Specifically, the Stockholder Group questioned the lack of transparency relating to the looming right an entity controlled by Mr. Allen has to put a significant amount of shares to the Company at fair market value. Rather than meaningfully respond to these concerns, the Company has apparently chosen to try to demean and retaliate against Mr. Gerson for simply trying to carry out his fiduciary duties as a director.
  
- **It is completely disingenuous to try to claim that Mr. Gerson, a single director, has controlled the Company and should be blamed for the Company’s dismal performance, given Mr. Allen’s long tenure as CEO and significant related party transactions.** We note the following:
  - Mr. Allen and several of his companies are deeply intertwined with Evercel and its assets. Mr. Allen owns and runs Corona Park Investment Partners, LLC (“CPIP”), which in turn owns a majority interest in MMXIV, and both have entered into several related party transactions with Evercel portfolio companies. For example, Printronix, an Evercel portfolio company, incurred ***approximately \$987,000 and \$953,000*** for management advisory services provided by CPIP, MMXIV and Pioneer Holding Corporation (the “Consulting Group”) and reimbursable expenses in fiscal 2020 and 2019, respectively. The Consulting Group consistently earned these high fees despite ***the Company’s comprehensive net income dropping an incredible ~92%, from \$14.3 million in 2019 to \$1.1 million in 2020.***<sup>1</sup>
  
  - Mr. Allen also has significant ties to almost every company owned or managed by Evercel – CPIP holds a minority interest in Evercel Holdings, LLC, SHSP Holdings, LLC, Paper Ventures LLC, and Current Technologies LLC, all affiliates of Evercel. Given these significant interconnections, including the looming put right described above, we have deep concerns that Mr. Allen’s interests are increasingly diverging from those of all other Evercel stockholders.
  
- **We believe the Company has grossly exaggerated its recent strategic efforts.** The Company touts that it has applied for listing on the OTCQX market and authorized a \$20 million share repurchase program – however, we believe these actions are merely performative and will not, in our view, increase liquidity if the Board fails to address its larger problems – namely, its lack of transparency and need to align management pay with performance. **Further, how can the Company be uplisted to the OTCQX or**

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<sup>1</sup> As reported in Evercel’s 2020 financial statements.

**participate in a share repurchase program when its 2021 audited financials have not yet been released?** Despite Mr. Allen’s statements on the March 1, 2021 stockholder call that “the Board will continue to evaluate the benefits and costs associated with register[ing]”<sup>2</sup> the Company with the SEC, we find it highly unlikely that Mr. Allen would in fact complete the registration process, when the SEC requires significant detailed disclosure surrounding his executive compensation and increased transparency surrounding his related party transactions. While the share repurchase program, if even implemented, may produce short-term liquidity, the Stockholder Group believes the Company should instead use this cash for strategic transactions and organic growth under the oversight of new independent directors, which we believe can return significantly more value to stockholders in the long-term. We believe the addition of our three nominees will accelerate Evercel’s transformation to a transparent publicly traded company that seeks to maximize value for all stockholders.

We have no desire to engage in a public back and forth. **To put it simply, our campaign is focused on enhancing the Board with truly independent directors who will actively manage a CEO who has been able to control the Company without effective oversight for far too many years.** We want to add new Board members who will ask the right questions and possess the independence and skillset to move Evercel in the right direction.

We urge you to vote on the **BLUE** proxy card today to amend the Bylaws, allow stockholders to expand the Board and elect our slate of three highly-qualified and independent Directors to help ensure the Company is on the path to increased management oversight and transparency.

**VOTE FOR TRANSPARENCY, VOTE FOR LIQUIDITY, VOTE FOR PERFORMANCE**

**VOTE THE BLUE PROXY CARD NOW**

**PLEASE VOTE FOR THE BYLAW RESTORATION PROPOSAL, THE BYLAW AMENDMENT PROPOSAL AND FOR THE ELECTION OF ALL OF THE STOCKHOLDER GROUP’S NOMINEES ON THE BLUE PROXY CARD BY INTERNET OR TELEPHONE TODAY**

If you have any questions or need help voting your shares, please contact Saratoga Proxy Consulting LLC at (888) 368-0379 or email [info@saratogaproxy.com](mailto:info@saratogaproxy.com).

Voting is Quick & Easy!

- 1) Only your latest dated vote counts. If you have already voted Evercel’s white proxy card or provided your vote to their proxy solicitor over the phone, a later-dated vote on the BLUE card will revoke your prior vote.
- 2) Since time is short before the October 7th Annual Meeting, please vote by Internet or Telephone. You will need your control number which appears on your BLUE proxy card and/or

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<sup>2</sup> Transcript of March 1, 2021 stockholder call.

BLUE voting instruction form. Please follow the instructions located on your BLUE proxy card and/or BLUE voting instruction form.

3) Please vote each and every **BLUE** voting form you receive since you may hold shares in more than one account. Do not vote any white voting form from Evercel, even as a protest vote.

**Sources:**

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