

MEMORANDUM TO THE FIELD

From: Office of Chief Executive Officer, Elepreneurs, U.S., LLC

Date: February 6, 2020

Re: Removal of Robert Oblon As An Officer and Director of Sharing Services Global Corporation for Gross Financial Misconduct

It has come to our attention that misinformation has been published about our Company, Sharing Services Global Corporation and its subsidiaries, Elevacity, U.S., LLC and Elepreneurs, U.S., LLC.

Although many rely on the internet for much, you cannot rely on it for the truth, especially when some bloggers (claiming to be investigators) publish amateur, self-serving, gossip and claim it is news.

Some of you have asked us regarding several points. We will do our best to answer those questions....

WHY ROBERT OBLON LEFT THE COMPANY

Robert Oblon was removed from the Board of Directors and stripped of his position of authority in the Company as a result of gross financial misconduct. He voluntarily resigned to avoid punitive legal actions arising from his malfeasance.

Does Robert Oblon own any shares of our stock?

No stock or ownership in the Company was “taken” from Oblon, even when he was removed from his positions of authority in Sharing Services. How is it possible for him to own no stock or have none taken from him? The answer is because Oblon never put his name on any share of stock in the Company. All of the shares he supposedly owns and those which he made representations that he owns are actually held by the Company known as Alchemist Holdings, LLC.

Robert claims he owns Alchemist, however, when Alchemist Holdings, LLC (“Alchemist”) was created, all formation and governance documents for Alchemist show Jordan Brock to be the sole owner of Alchemist. That issue is currently being litigated in Denton County, Texas between Brock and Oblon.¹ Sharing Services is not a party to the suit that will determine ownership of Alchemist.

¹ Cause No. *Oblon v Brock*; Cause No. 19-7298-367; *Oblon sued Brock and Sharing Services is not a party to the case.*

It is important to note Alchemist will not hold a majority interest in Sharing Services stock and therefore the owner of Alchemist will not acquire control of Sharing Services or Elepreneurs once the ownership is resolved. They will vote just like any other shareholder.

Also, as described further on page 6, various agreements are in place which control the voting of the SHRG Stock owned by Alchemist. Robert Oblon has further agreed in writing to honor those agreements.

OUR COMPANY'S STARTUP, LOSSES, AND MISMANAGEMENT BY OBLON

From February 2012 until December 2016, Robert borrowed money from people under the guise that he was starting new companies that would pay back the lender. Under the current management, the Company began evaluating these ventures, and underlying documents for purposes of evaluating any financial exposure it might have. Under these ventures, there is over \$1,200,000 of unpaid obligations of which approximately \$730,000 was owed to Jordan Brock's friends and family.

None of these debts are subject to payback by the Company because the money was not used by Sharing Services or any Company that became a part of Sharing Services. This money is owed by Robert Oblon, individually, because he signed these debt obligations promising to pay the money back.

Now let's look at a quick, but accurate, history of Oblon's involvement with Sharing Services.

Growth With Profit

First, a few things up front. We are a public Company and our financial records are available to the public. You can review them yourself. In the fall of 2016, an Officer of our Company introduced Robert and Jordan to Alternative Labs, a manufacturer in Florida. Thus, began our relationship with Kevin Thomas and in 2017, we began selling Elevate Coffee. Robert was CEO and managed the Company's growth from approximately December 2017 through January of 2019.

Revenues grew and for the 14 months he was at the helm, sales totaled \$63,246,510. By most measurements, this was impressive. Yet for the same time period, the operating profit was only \$226,604 or 0.35% of sales. During the time period of when the new management was established (Feb 2019 – present)² the sales in the next 9 months (Feb 2019 – Oct 2019) totaled \$103,401,251. Notably, this is a very healthy increase in the rate of growth of Company revenues. Another, even more significant difference is that during the 9 months of Allison as CEO, the gross profit percentage grew from 0.35% (under Robert) to 9.05% or \$9,353,100 (under Allison). Again, a huge difference.

Oblon's Poor Management and Use of Company Funds

² Kip Allison is the CEO of Elepreneurs U.S., LLC and the related subsidiaries and Keith Halls is the President of Elepreneurs U.S., LLC and the related subsidiaries.

At one time, Oblon was an Officer and a director of Sharing Services (Dec 2017 – Feb 2019). As a Board Member and an Officer, Oblon owed a fiduciary duty to the Company, to the shareholders and to the public. He was obligated to operate the Company lawfully and in accordance with all regulatory requirements for a public company. He did not. A fiduciary duty is the highest duty recognized by the law. It requires the Officer, a person entrusted with the property of others, to always exercise their business judgment for the benefit of the Company and never engage in self-dealing for his own benefit or profit. Unfortunately, many actions that Oblon took while an Officer of Sharing Services involved craven acts of self-dealing.

The minimal earnings under Oblon was directly attributable to poor decisions being made by Robert both as an Officer and Director of the Company. Oblon used his authority at Sharing Services to lease two luxury vehicles for his personal use. The cost of these two vehicles was in excess of \$350,000³.

Oblon also used Sharing Services cash to finance his personal spending including: charging personal travel to the Company, executing consulting contracts that yielded little to no value to the Company, purchasing furniture to be used in his private residence on a Company credit card⁴, and at one point attempting to rent an ocean side beach house in Malibu, California as the Company's "west coast office."

Due to this disturbing pattern, Robert Oblon was removed from his fiduciary position with the Company. We are also investigations whether any of these acts constituted potential self-dealing. Once that was accomplished, the Company became very profitable with ever increasing cash reserves that provide ongoing stability and opportunity for growth.

Ownership of Alchemist Holdings, LLC

Alchemist is a single member, limited liability Company whose formation documents, filed with the Delaware Secretary of State, identify Jordan Brock as the sole owner⁵. When Sharing Services issued stock to the original shareholders, the 65 million shares of SHRG Stock was registered to the entity Alchemist, not Oblon, at Jordan Brock's registered address.

³ Acceptable value for an Officer automobile is generally no higher than \$1,000 per month. Robert leased two cars for his personal benefit through the Company resulting in monthly lease payments in excess of \$5,000. In its lawsuit with Oblon, Sharing Services demanded Oblon to return the two cars, so that the Company might sell them. On January 29, 2020, Oblon was subpoenaed to appear in Court in Collin County and to bring the vehicles with him. Oblon refused to obey the subpoena so the Court issued an order for him to deliver the vehicles by 3:00 p.m. February 7th to Sharing Services.

⁴ More than \$30,000.00 was traced to his purchases at Nebraska Furniture.

⁵ Despite Robert's contentions in his pleadings in the lawsuit against Jordan Brock, no one has seen any document or evidence that Robert Oblon was ever the registered owner or a member of Alchemist Holdings, LLC since it was formed. The records maintained by the Delaware Secretary of State clearly show that Jordan Brock the owner of Alchemist Holdings, LLC.

Upon a complete review of the present and past registered shareholders of Sharing Services, at no time has Oblon been the registered owner of any stock in Sharing Services⁶. If you were a super sleuth internet blogger, trying to find out the true owner of Alchemist, wouldn't you verify if Oblon had at some time, in some way, held an ownership interest in Sharing Services, Elepreneurs, or Elevacity? By simply attempting to discover the "truth", one would have realized that 0 shares were owned by Oblon and that all public records reflect that Alchemist, the single largest shareholder of Sharing Services, is owned by Jordan Brock. When Sharing Services entered into a settlement agreement in July, 2019 with Oblon, he fully confessed in that document his fraudulent actions. He also further stated that he would abide by all documents executed by Alchemist, giving Sharing Services certain controls over the SHRG Stock held by Alchemist.

In this Settlement Agreement, Oblon further confessed to a wide range of improper conduct:

1. CLAIMS OF SHRG AGAINST OBLON.

1.1. INVESTMENTS CLAIMS; CONTESTED TRANSACTIONS.

*1.1.1 SHRG has asserted that Oblon fraudulently and wrongfully solicited and induced SHRG distributors ("**Distributors**") to enter into various investments leveraging the reputation, gravitas and corporate status of SHRG (the "**Investments**").*

*1.1.2 SHRG has also asserted that Oblon has caused SHRG to enter into a series of transactions with various entities which have resulted in financial loss to the Company as well as exposing the Company to regulatory and legal liability (the "**Contested Transactions**").*

*1.1.3 A schedule of the: (i) Investments, including the amount of debt Oblon solicited and received from SHRG Distributors and (ii) the Contested Transactions, are set on **Exhibit "A"**.*

*1.2. MCA DEBT. SHRG has also asserted that Oblon, acting without the knowledge, authority or consent of SHRG; improperly: (i) caused SHRG along with some of its Subsidiaries to incur debt arising out of a series of Merchant Cash Advance loan transactions while acting in concert with Alchemist Holdings, LLC and its key principal, Jordan Brock (the "**MCA Debt**") and (ii) utilized SHRG funds and credit for his personal benefit the source of which were the funds of the MCA Debt, in the estimated minimum amount of \$1,000,000.00.*

*1.3. PERSONAL BENEFITS DEBT. SHRG has also asserted that Oblon, acting without the knowledge, consent or authority of SHRG; further wrongfully appropriated funds of SHRG (including unauthorized charges incurred on one or more SHRG AMEX credit cards), which amount is (estimated to be in excess of \$250,000.00) (the "**Personal Benefits Debt**").*

⁶ All registered owners of shares of Sharing Services is maintained by a third-party contractor who verifies that the owner and the owners address of every share of Company stock is registered and recorded.

1.4. DEFINITION OF CLAIMS. As used in this Agreement, the term "Claims" shall mean all matters described in Sections 1.1, 1.2 and 1.3, above.

2. AGREEMENTS OF OBLON REGARDING THE CLAIMS.

Oblon hereby confesses:

- (i) *to the conduct described in Sections 1.1, 1.2 and 1.3 above;*
- (ii) *that he intentionally withheld information from SHRG and its Board of Directors regarding the actions and transactions described in Sections 1.1, 1.2, 1.3 above; and*
- (iii) *that he benefitted to a material financial degree from such wrongful conduct, at the risk and expense of SHRG and its subsidiaries.*

In Summary:

Oblon unequivocally confesses in writing to fraudulently and wrongfully soliciting distributors to invest in stock; using Company revenues to obtain cash advances he used for his personal benefit; engaging in a series of Company investments that resulted in significant losses; and wrongfully appropriating Company funds for his personal use and benefit.

DISCOVERY OF LOAN SHARKS AND MILLIONS OF DOLLARS SPENT

In mid-2018, Robert found a home valued at over \$1,000,000.00 that he wanted to buy. Robert had creditor judgments and no financial credit and therefore could not borrow money. The only income he had was the monthly contactor salary from Sharing Services. No conventional lender would loan Robert money. To avoid a loan, he requested that Brock, who had excellent credit, buy the house for him through Alchemist.

Robert's solution (through Alchemist) was called a Merchant Cash Advance (MCA) loan. The interest rate on the loans was as high as 80%. Sharing Services accounts and assets (in excess of \$7,000,000) were illegally pledged on these agreements which placed the Company in severe financial jeopardy. But Robert wanted the million-dollar home for himself, far more than he wanted a profitable, long-lasting Company for the shareholders, distributors, employees, and vendors.

The merchant cash advance money was paid to Alchemist (over \$2,000,000) and the repayments were to be made by Alchemist. Alchemist did initially make these **daily** repayments, which at one point were in excess of \$40,000 until Alchemist ran out of money.

Sharing Services discovered the scheme when, on January 16, 2019, one of the MCA loans was called and its operating bank accounts were swept of over \$600,000.00⁷.

This shocking event compelled SHRG to commence an investigation that uncovered not only the MCA cash advance loans, but also the extensive financial impropriety previously discussed. The investigation exposed Robert's malfeasance. Once the Company discovered the fraud⁸ and self-dealing actions, it was required to remove Robert Oblon from the Board and eliminate any authority he previously held to transact business for the Company.

The Company was able to negotiate the discharge of these loans on terms and in a manner which was favorable to the Company. Settlement Agreements were executed with each of these MCA Lenders and those matters were resolved before severe damage could result to the Company.

The Investigation

Outside counsel was retained by Sharing Services to aide in the investigation. The highest-level remaining Company Officers were advised to form a Task Force Team to investigate the financial fraud. Keith Halls, JT Thatch and I were placed in the committee with General Counsel, Cathy McCain, advising and steering the investigation. The Committee acquired a copy of all the cash advance documents and conducted interviews with Jordan Brock and Robert Oblon. The committee acquired the bank records of Alchemist and begin to determine the full extent of these loan transactions and how those funds were ultimately used.

This investigation led to a number of shocking discoveries concerning the use of the MCA funds including the forensic tracing of approximately \$1,000,000 into accounts controlled by Robert Oblon, personally.

Eventually, the Task Force negotiated a favorable settlement with the MCA Lenders resulting in Sharing Services repayment of the MCA debt incurred by Alchemist. In settlement and restitution for Sharing Services covering these debts, Alchemist and Brock entered into a series of agreements with Sharing Services to make Sharing Services whole under a restitution formula providing for the surrender of SHRG Stock owned by Alchemist.

All of this was documented in extensive, complex legal documents secured by a lien on the Stock of SHRG held by Alchemist. As an additional measure, the SHRG Stock was subjected to a Voting Trust Agreement, which ensured that the Stock would be voted in a manner in the best interest of the Company and shareholders. To ensure further integrity in this process, the trustee of the Voting Trust entered into, at the same time, a Voting Control Agreement in favor of the Board to protect from any possible abuse of power by the Trustee of the Voting Trust. In the previously noted

⁷ As part of the paperwork, the Cash Advance lenders had a confession of judgment, so that if a daily amount went unpaid or any other aspect of the loan went into default, the loan sharks could simply present the confession of judgment to a bank were the Company accounts were held and the funds would be surrendered.

⁸ January to February 2019.

settlement Agreement between Oblon and SHRG, in July 2019, Oblon agreed unequivocally to honor and abide by all the documents.

Is Sharing Services Financially Strong Today?

Despite the problems which Oblon has caused, the Company has emerged strong. In fact, the Company is much stronger today than it was with Oblon at the helm. Being a public Company, we can only share with you what has already been shared and reported publicly.

| <u>Oblon as CEO</u> | | <u>Allison as CEO</u> | |
|-------------------------------|---------------------|----------------------------------|---------------------|
| For the period of | | For the period of | |
| December 2017 to January 2019 | | February 2019 to October of 2019 | |
| Total Income | \$65,246,510 | | \$103,401,251 |
| Cost of Sales | <u>\$22,172,785</u> | | <u>\$29,707,498</u> |
| Gross Profit | \$43,073,725 | | \$73,693,753 |
| Commissions | \$31,292,171 | | \$48,787,467 |
| Other Expenses | <u>\$11,554,950</u> | | <u>\$15,553,186</u> |
| Total Expenses | <u>\$42,847,121</u> | | <u>\$64,340,653</u> |
| Net Ordinary Income | \$ <u>226,604</u> | | <u>\$ 9,353,100</u> |

As of October 31, 2019⁹

| | |
|----------------------|---------------------|
| Cash in the bank | <u>\$12,789,974</u> |
| Customers enrolled | 410,000 (Rounded) |
| Elepreneurs enrolled | 42,500 (Rounded) |

We are strong. In reality, we keep 4 million in cash reserves at our merchant processor, just in case there is need for it. Such management is conservative and prudent.

We are accumulating cash and assets. Do we have debt? Of course. But our debt is fully managed and our debt service obligations are adequately funded and fully compliant with the terms of those debt instruments.

Is the Company involved in lots and lots of lawsuits?

No. Of the few remaining lawsuits we are in, they are against Robert Oblon or in cleaning up the problems he caused.

Would I ask my Mom and Dad to join?

⁹ This is the date the Company's last published financials were filed.

Well, they aren't salespeople, but of course I would! We have an environment of sharing the products and the story. We are stronger today than ever and our future is bright. We look forward to continuing to grow with you by our side.

Additional information may be provided as the Company determines it necessary.