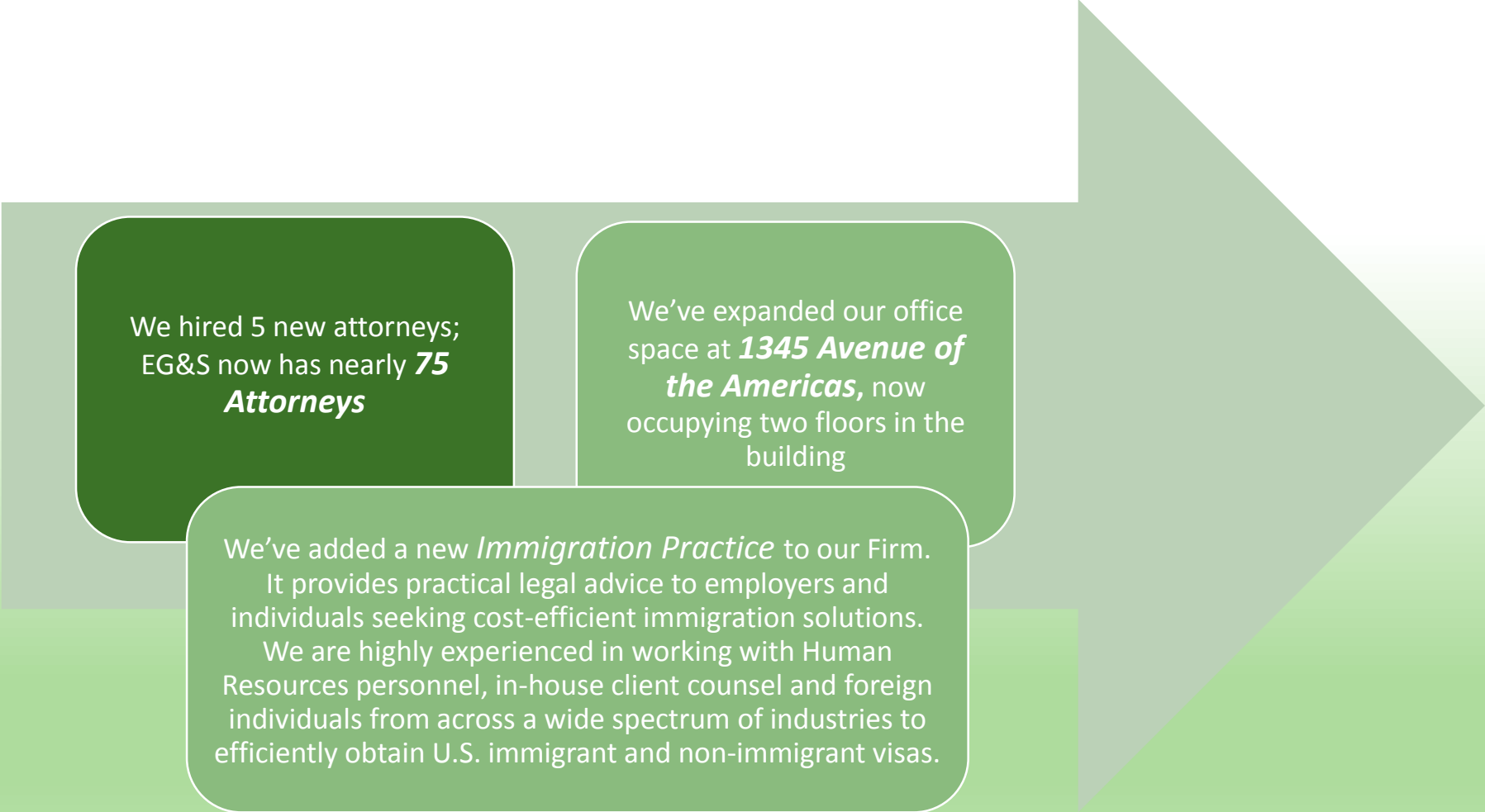


2016 Year End Review

CELEBRATING 25 YEARS OF SERVICE

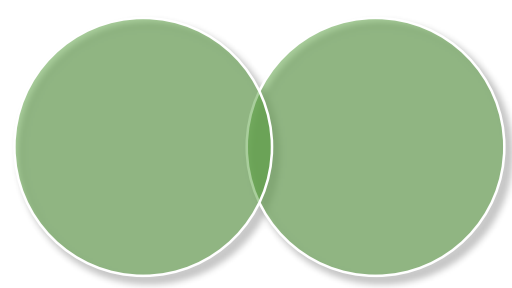
2016 was another year of significant events and milestones for Ellenoff Grossman & Schole LLP. We continued to grow our areas of practice, strengthening our existing lines of business and have the privilege of participating in ever increasing matters of complexity



We hired 5 new attorneys;
EG&S now has nearly **75 Attorneys**

We've expanded our office space at **1345 Avenue of the Americas**, now occupying two floors in the building

We've added a new *Immigration Practice* to our Firm. It provides practical legal advice to employers and individuals seeking cost-efficient immigration solutions. We are highly experienced in working with Human Resources personnel, in-house client counsel and foreign individuals from across a wide spectrum of industries to efficiently obtain U.S. immigrant and non-immigrant visas.



The Firm now has 11 distinct practice areas

Corporate/Securities:

The Firm's Corporate and Securities Practice Group is comprised of more than 30 professionals and is one of the leading practices in the U.S. focusing on smaller public and private companies and the investment banks and capital sources that focus on this segment of the market. The Firm routinely represents public companies (nearly 70) and their officers, directors and employees in matters related to ongoing compliance with SEC regulatory requirements (i.e., Forms 10-Ks, 10-Qs and 8-Ks). We are proud to represent capital market participants driven by the entrepreneurs who are intent to grow and finance their businesses. Increasingly, we are involved in a range of private equity and M&A assignments.

Real Estate:

The Firm has extensive experience in structuring, negotiating and documenting a variety of complex and sophisticated real estate transactions involving leasing, development, sales and acquisitions and financing.

Litigation:

The Firm's litigation expertise is extremely broad, including sophisticated corporate and securities-related litigation, contract and commercial disputes, real estate litigation, securities arbitrations, consumer credit and banking law, construction matters, employment law and executive compensation disputes, accounting and other professional malpractice matters as well as art and intellectual property litigation. Members of the Firm also have sub-specialties in defending securities enforcement actions and investigations.

Broker –Dealer Regulation:

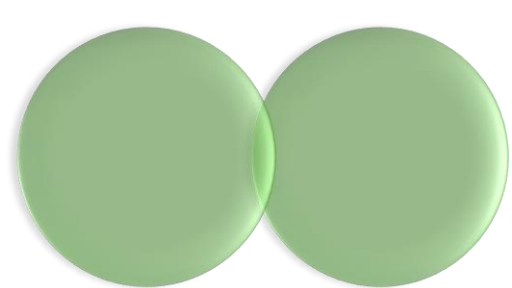
Our Broker-Dealer Regulation Practice Group provides comprehensive legal services to a wide range of domestic and international broker-dealers, including full service and boutique firms, dual registered broker-dealer/investment advisers, introducing brokers, clearing firms, independent research providers and placement agents.

Labor and Employment:

The Firm is experienced in assisting its clients in the United States and around the world to ensure they are in compliance with all applicable labor and employment laws. Working on its own and in tandem with our other practice groups, our clients routinely rely on our Labor and Employment Practice Group for a broad range of labor and employment needs, including drafting and negotiating employment contracts, employee handbooks, employee policies and the labor aspects of corporate transactions.

Employee Benefits and Executive Compensation:

We represent businesses in the design and maintenance of their complex employee benefits and executive compensation environment programs and arrangements to ensure compliance with the changing rules under the applicable tax, pension, employment, and securities laws. We have extensive experience working with all types of employee benefit and compensation programs and arrangements.



Practice Areas Continued

Intellectual Property:

The Firm is experienced in securing the value of the intellectual property created and acquired by its clients in the United States and around the world. Working on its own and in tandem with our other practice groups, our clients routinely rely on our Intellectual Property Practice Group for a broad range of intellectual property needs, including drafting and negotiating brand name licenses, software and non-disclosure agreements; recovering domain names from cybersquatters; and stopping misappropriation of their works.

Tax:

Our tax practice is an integral part of the Firm's transaction-oriented practice, and extends to a broad spectrum of federal, state and international tax planning. Clients benefitting from our tax experience include private and publicly-held corporations, institutional investors and lenders, venture capital and real estate partnerships and limited liability companies, foreign investors, joint ventures, exempt organizations and individuals.

Estate Planning:

Our Firm provides comprehensive estate planning, ranging from simple wills to complex and sophisticated trust arrangements. We offer advice with respect to gifts and charitable contributions, succession plans for family businesses, provisions for handicapped relatives, retirement benefit realization, asset protection and various healthcare documents. In addition to estate planning, we are active in all aspects of administration for estates and trusts of all sizes.

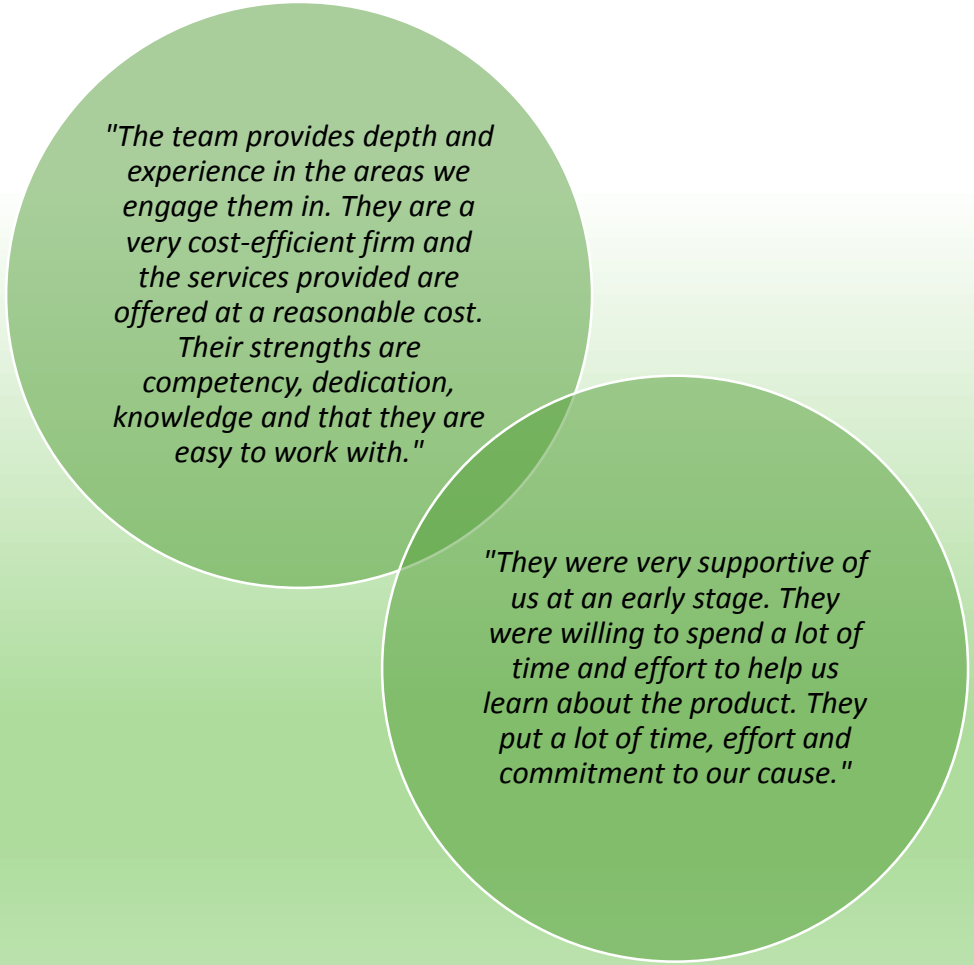
Corporate Restructuring and Bankruptcy:

In today's complex business environment, experience in corporate restructuring, bankruptcy and creditors' rights has taken on a significant role in corporate transactions. Whether a client wishes to buy substantially all or parts of a company in or on the verge of bankruptcy or dispose of all or parts of its assets or restructure its operations, EG&S has the experience to accomplish such goals in an efficient manner at reasonable rates.

Immigration:

The Immigration Practice Group is dedicated to providing effective counsel to clients navigating the complex and rapidly changing landscape of immigration laws in the U.S. We are highly experienced in working with Human Resources personnel, in-house client counsel and foreign individuals from across a wide spectrum of industries to efficiently obtain U.S. immigrant and non-immigrant visas. Working on our own or in cooperation with our other practice groups, our clients benefit from our expertise to ensure they are in compliance with all applicable immigration laws. We provide clients seeking investment/establishment of companies in the U.S., transfer of employees to the U.S. from foreign affiliates, or the hiring and placement of highly-skilled foreign employees with cost-effective and realistic legal solutions.

We continue our unique positioning in a variety of alternative finance programs, including SPACs, SPAC M&A, PIPEs, Registered Directs and Crowdfunding. We were once again ranked in Chambers USA as a "Highly Regarded" law firm for our Corporate/M&A experience. Chambers USA selectively ranks the leading firms and lawyers in an extensive range of practice areas throughout the U.S. The research is in-depth and client focused and the guide is read by industry-leading companies and organizations. Our clients were quoted as saying that EG&S' strength is:



"The team provides depth and experience in the areas we engage them in. They are a very cost-efficient firm and the services provided are offered at a reasonable cost. Their strengths are competency, dedication, knowledge and that they are easy to work with."

"They were very supportive of us at an early stage. They were willing to spend a lot of time and effort to help us learn about the product. They put a lot of time, effort and commitment to our cause."

Below are some highlights (by practice area) of 2016:

Corporate and Securities: Aggregate financing activity exceeded \$1,000,000,000

EG&S completed:

- ❖ 38 Registered Directs
- ❖ 28 PIPEs

- ❖ 7 Underwritten Public Offerings
- ❖ 6 SPACquisitions
- ❖ 5 SPAC IPOs

- ❖ 3 Private Equity/M&A deals
- ❖ 2 Fund Formation

Sample Corporate Representative Transactions



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graph TD; A[Sample Corporate Representative Transactions] --> B[Hennessy Capital Acquisition Corp. II announced that they have entered into a definitive merger agreement with Daseke Inc. The transaction was valued at $626,000,000. EG&S acted as co-counsel to Hennessy.]; B --> C[Stellar Acquisition III, a Greek blank check company, announced the closing of its initial public offering in the amount of $65,000,000. EG&S acted as counsel to Stellar.]; C --> D[Histogenics Corporation announced the closing of their PIPE offering in the amount of $30,000,000. EG&S acted as counsel to the Placement Agent.]; D --> E[Origo Acquisition Corporation announced that it has signed its business combination with Aina Le'a, Inc., a residential and commercial real estate developer of distinctive master-planned communities in Hawaii. EG&S acted as counsel to Origo.];
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Hennessy Capital Acquisition Corp. II announced that they have entered into a definitive merger agreement with Daseke Inc. The transaction was valued at \$626,000,000. EG&S acted as co-counsel to Hennessy.

Stellar Acquisition III, a Greek blank check company, announced the closing of its initial public offering in the amount of \$65,000,000. EG&S acted as counsel to Stellar.

Histogenics Corporation announced the closing of their PIPE offering in the amount of \$30,000,000. EG&S acted as counsel to the Placement Agent.

Origo Acquisition Corporation announced that it has signed its business combination with Aina Le'a, Inc., a residential and commercial real estate developer of distinctive master-planned communities in Hawaii. EG&S acted as counsel to Origo.

Sample Corporate Representative Transactions continued

Empire Resorts, Inc. announced the closing of their rights offering in the amount of \$290,000,000. EG&S acted as counsel to Empire.

KLR Energy Acquisition Corp., a special purpose acquisition corporation, announced the closing of its initial public offering in the amount of \$80,000,000. EG&S acted as counsel to KLR.

Synthesis Energy Systems Inc. announced the closing of their At the Market facility in the amount of \$20,000,000. EG&S acted as counsel to the Placement Agent.

Stemcells, Inc. announced the closing of their Underwritten offering in the amount of \$8,000,100. EG&S acted as counsel to the Underwriter.

Vascular Biogenics Ltd. announced the closing of their Registered Direct offering in the amount of \$23,975,000. EG&S acted as counsel to the Placement Agent.

Real Estate

In 2016, EGS' real estate practice group assisted their clients in a steady flow of leasing, real estate acquisitions and development, and mortgage financing transactions. As in past years, our real estate clients acted as debt and equity investors in a wide variety of transactions, and our practice group facilitated in these matters, as business-minded and cost-effective legal advisors. General descriptions of these representations are set forth below.

- Counsel to landlords and tenants for leases in large scale retail shopping and entertainment centers, retail condominium units, office complexes, national and regional retailers and hospitals/medical groups. The leasing transactions demised space ranging from 1,000 to 90,000 square feet and involved big box retail, NYC storefronts, theaters, restaurants and grocery markets, and ground leases in connection with retail development deals.
- Loan origination counsel in connection with our lending clients' numerous commercial mortgage loan closings, involving all types of real property, including multi-family, office and retail properties. Our legal team facilitated these closings by focusing on meeting clients' timing expectations, efficiently negotiating loan documents, collecting, reviewing and clearing due diligence items, understanding and adapting to secondary market requirements and staying organized and completing funding requirements in a timely manner.
- Counsel to real estate developers, owners and investors in connection with a variety of projects, including large retail shopping centers, and office buildings and complexes in New York City and the surrounding tri-state area, and luxury residential properties throughout New York City. Our advice in these transactions involved joint venture agreements, CMBS and portfolio mortgage loan and mezzanine loan financings, construction financings, construction contracts, access and easement agreements, development rights and development agreements, leasing, trademark licensing, and employment contracts.
- Counsel to institutional and closely held investors in connection with single property and multi-property portfolio acquisitions and sales of commercial real estate in New York and nationwide. Asset classes included office buildings, hotels, multi-family and retail shopping centers. Acquisitions were accomplished either directly through subsidiaries or through joint venture agreements with third parties. We provided counsel not only on real estate issues, but also on the joint venture agreements, corporate structuring, tax and related issues.
- Provided general real estate and real estate finance advice to various successful CrowdFunding companies that raised funds to invest in commercial real estate, augmenting our corporate practice group's extensive activities in the CrowdFunding arena.

Litigation

The Firm successfully represented an international wireless communications company in a lawsuit over a failed merger. Members and associates of the Firm secured judgment in the client's favor

- Represented a Manhattan restaurant in the defense and settlement of a Federal Lawsuit alleging accessibility violations under the Americans With Disabilities Act
- Represented the sellers of a West Village residential building against a buyer which filed a lawsuit in the Supreme Court seeking to rescind the contract based upon an alleged title deficiency and recovery of its contract deposit of \$830,000. As a result of the defenses and counterclaims interposed by the Firm in the lawsuit, the buyer withdrew its action, abandoned the contract, and the Firm's clients retained \$730,000 (88%) of the contract deposit and the ability to re-market their valuable property while avoiding the expense of protracted litigation
- While representing a major restaurant group in multiple actions involving intellectual property and shareholder rights, EG&S secured injunctive relief against several of the client's former business partners who had illegally entered and locked the client out of its commercial leasehold
- Represented a Shelter Island property owner in a three party dispute over rights to a dock shared by three adjacent properties which had resulted in several lawsuits in Supreme Court, Suffolk County. The protracted dispute and litigation was successfully settled on terms favorable to the Firm's client
- After two years of protracted litigation attempting to enforce the terms of an asset-purchase agreement and promissory note, EG&S won summary judgment in the client's favor on all but one cause of action, including an award of attorneys' fees and the dismissal of six motions brought by the client's adversaries. The remaining cause of action is proceeding to trial under favorable terms, and the Firm is engaging in aggressive pre-trial practice on the client's behalf
- Counseled a retailer of electronic accessories through a winding down process involving the negotiation and surrender of commercial leases for the client's stores in a number of different shopping malls in several states, employee termination and corporate tasks

Labor and Employment

Successfully handled matters for **over 200 different clients**, including numerous discrimination and wage/hour litigations, employment contracts, compliance projects (including employee handbooks) and DOL audits. Some highlights:

Advised clients regarding tip pooling, sharing and distribution programs across all restaurants/bars and locations and prepared written programs

Advised several public companies and a not-for-profit in mergers regarding executive employment terms and compensation issues

Advised clients regarding dozens of FMLA and/or disability leave management and reasonable accommodation issues

Advised retail client with operations in more than 25 states regarding an omnibus paid time off policy compliant in each state

Negotiated favorable severance package for unionized public employee in settlement of a whistleblower retaliation arbitration

Secured dismissal of age discrimination complaints from the NYS DHR and unfair labor practice charges alleging discrimination based on union activity brought by two employees of a parking garage

Intellectual Property

Adversarial Matters

Represented organic foods company in mediation with competitor over use of trademark and obtained favorable result.

Represented leading publisher of psychological assessment tests in copyright dispute with well know fashion magazine publisher.

Represented well-established children's daycare company in trademark dispute with competitor and obtained favorable result.

Represented various clients in opposition and cancellation proceedings before the Trademark Trial and Appeal Board of the U.S. Trademark Office and successfully negotiated settlements in the same.

Represented marketing and advertising firm in trademark litigation against Dow Jones Industrial Average company.

Represented client in connection with financial services software license dispute and successfully negotiated license agreement to resolve the dispute.

Trademark Prosecution

Represented numerous clients in assessing the business risks of adopting, using, and applying to register new trademarks, including searching and preparing opinions on the same and advising on filing strategies.

Assisted clients in obtaining over 30 U.S. trademark registrations and filing over 50 new U.S. trademark applications.

Patent Prosecution

Prosecuted patents and advised clients on patent portfolio development and other intellectual property matters in a wide variety of industries and technologies, including software, financial services, wearable technology, smart RFID tags, and smart home technology.

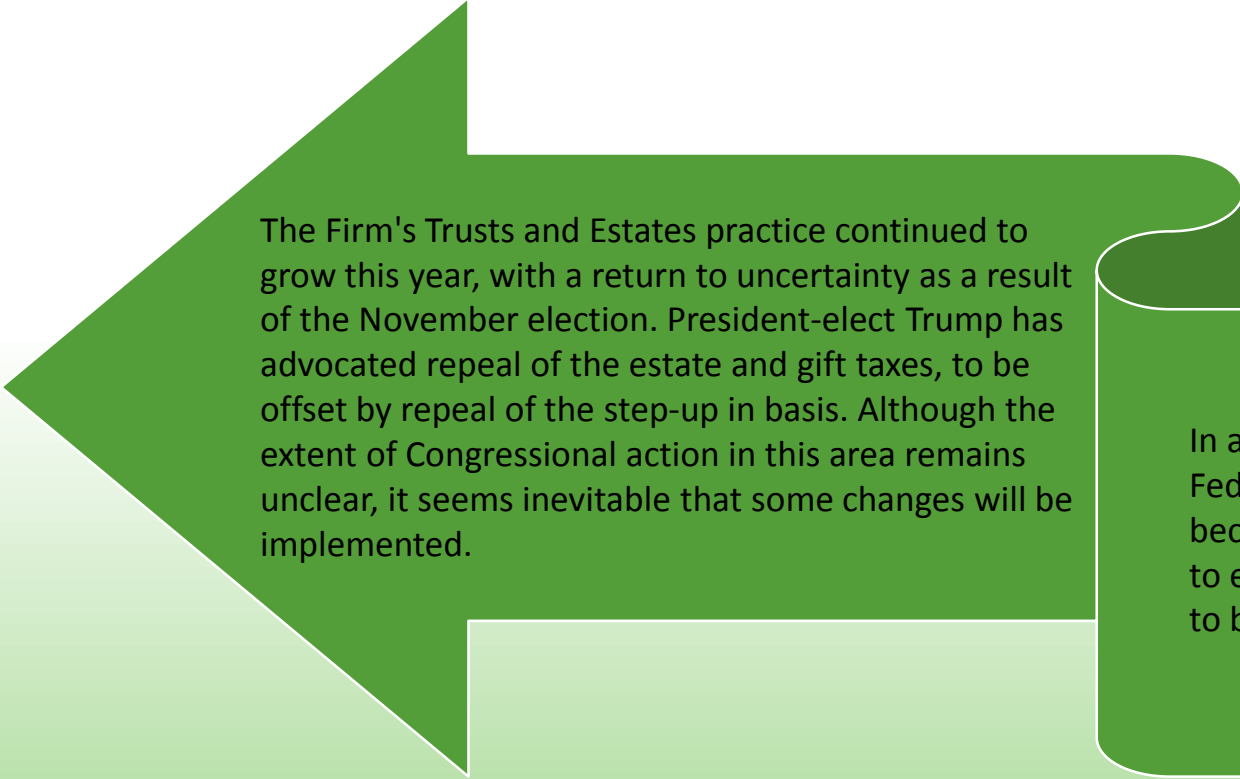
Due Diligence and Strategic Advice

Conducted patent and other intellectual property due diligence in connection with securities offerings, merger and acquisitions, and loan transactions and provided strategic patent and intellectual property advice involving a wide variety of industries and technologies, including pharmaceuticals, biotechnology, medical devices, software, consumer products, and hoverboards.

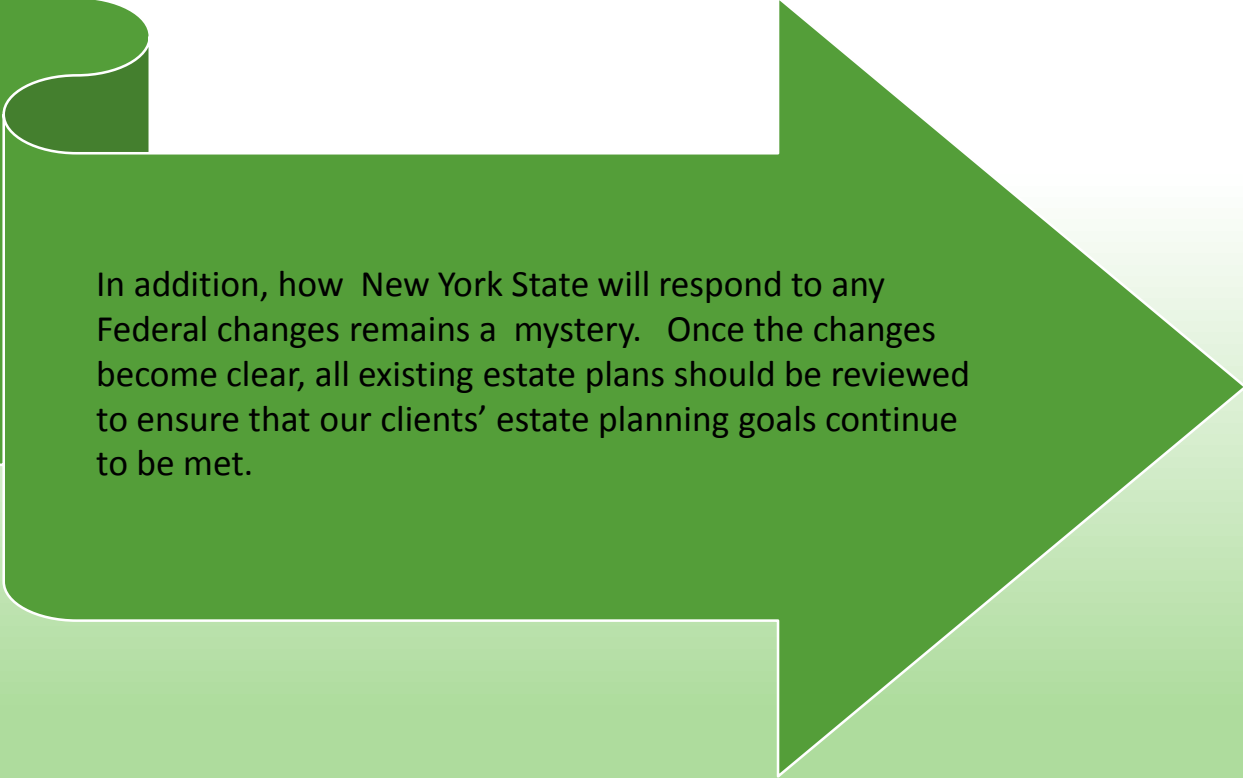
Licensing

Successfully negotiated software license agreement for data visualization software. Negotiated collaboration agreement with university on behalf of pharmaceutical development and company to conduct clinical trials for cancer drugs.

Trusts & Estates



The Firm's Trusts and Estates practice continued to grow this year, with a return to uncertainty as a result of the November election. President-elect Trump has advocated repeal of the estate and gift taxes, to be offset by repeal of the step-up in basis. Although the extent of Congressional action in this area remains unclear, it seems inevitable that some changes will be implemented.



In addition, how New York State will respond to any Federal changes remains a mystery. Once the changes become clear, all existing estate plans should be reviewed to ensure that our clients' estate planning goals continue to be met.

Employee Benefits and Executive Compensation

Advised plan sponsors and fiduciary clients on Internal Revenue Code and ERISA compliance matters arising under qualified retirement plans and non-qualified deferred compensation arrangements

Advised on and implemented corrections of operational defects under IRS's Employee Plans Compliance Resolution System


Assisted clients on compliance with regulatory complexities under the Patient Protection and Affordable Care Act

Achieved successful resolutions on behalf of both plan sponsors and participants of qualified plan disputes administratively, as well as in the U.S. Federal District and Tax Courts

Represented clients in successful resolutions of IRS and DOL plan audits


Assisted firm attorneys with employee benefit and executive compensation matters arising in M&A transactions, securities offerings, and employment matters

Broker Dealer Regulation



Partners Bill Peterson and Adrienne Ward with Regulatory Compliance Services did a half day seminar Anti Money Laundering Developments for BDs and RIAs in New York March 30 2016, which was repeated as a one hour Webinar on May 31 2017. Bill also presented on SEC Rule 15c3-5 at a Bloomberg roundtable for its introducing brokers on May 11, 2016; and was a panelist on a November 2016 American Bar Association NY roundtable on FINRA and NYSE Market Regulation Hot Issues that included the FINRA and NYSE heads of enforcement and surveillance.

EG&S advised four Funding Portals through the SEC registration and FINRA approval process – including StartEngine that went live upon the launch of Regulation Crowdfunding, Republic run by Kendrick Nguyen, former General Counsel of AngelList, and First Democracy VC which is affiliated with IndieGoGo and MicroVentures. The team continues to guide broker dealers and funding platforms on JOBS Act initiatives and compliance as the sale of securities by startup, early stage and small cap companies increasingly moves online to reach broader audiences.



We'd like to take this opportunity to thank our clients and friends for helping us to achieve these and other successes in the past year. We look forward to working with you in 2017. Also, we encourage you to visit our website (www.egsllp.com) to familiarize yourselves with the new faces in the Firm, access key resources and to learn more about our range of practice areas and expertise. If you have any questions or comments, please feel free to call us.

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