

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported): **November 23, 2015**

**BMB MUNAI, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**001-33034**

(Commission File Number)

**30-0233726**

(IRS Employer  
Identification No.)

**324 South 400 West, Suite 150**

**Salt Lake City, Utah**

(Address of principal executive offices)

**84101**

(Zip code)

Registrant's telephone number, including area code:

**(801) 355-2227**

**N/A**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## EXPLANATORY NOTE

This report is being filed in connection with the initial closing of our acquisition of FFIN Securities, Inc. pursuant to the Acquisition Agreement, which is described herein.

Prior to our acquisition of FFIN, we were a shell company as that term is defined in Rule 12b-2 of the Exchange Act of 1934, as amended (the “Exchange Act”). For purposes of this report, we are providing certain information, consisting of the Items contained in this report under Form 8-K Item 2.01, that we would be required to disclose if we were a registrant filing a general form for registration of securities on Form 10 under the Exchange Act.

As used in the balance of this report:

- (1) The “Acquisition Agreement” refers to the Share Exchange and Acquisition Agreement dated November 23, 2015, between BMB Munai, Inc., and Timur Turlov, a copy of which is filed as an exhibit to this report and is incorporated herein by reference. This report contains only a brief description of the material terms of the Acquisition Agreement and does not purport to be a complete description of the rights and obligations of the parties thereunder. The foregoing description is qualified in its entirety by reference to the complete text of the Acquisition Agreement.
- (2) “We,” “us,” and “our” refer to the combined enterprises of BMB Munai, Inc., a Nevada corporation (“BMBM”), and its recently acquired, wholly owned subsidiary FFIN Securities, Inc., a Nevada corporation (“FFIN”), after giving effect to the initial closing of the Acquisition Agreement.
- (3) “Freedom RU” refers to Investment Company Freedom Finance LLC, located at 127051 Trubnaya St., 23/2, Moscow, Russia, a Russian limited company and the securities brokerage and financial services business conducted by it and, unless otherwise specifically indicated or contextually required, together with its wholly owned subsidiary, Freedom Finance JSC, a Kazakhstan joint stock company (“Freedom KZ”), and the securities brokerage and financial services business conducted by Freedom KZ. Freedom KZ is located at Al-Farabi 17, Multifunctional Centre Nurly Tau, Block 4Б, 17 Floor, Office 1704, Almaty City, 050059, Republic of Kazakhstan. We propose to acquire Freedom RU under a separate closing of the Acquisition Agreement.
- (4) “Freedom CY” refers to FFINEU Investments Limited, a Cyprus limited company located in Nicosia, Cyprus, Aglantzias, 15, 1<sup>st</sup> floor, Flat Office 101, Aglantzia, 2108, Nicosia, Cyprus and the securities brokerage and financial services business conducted by Freedom CY. We propose to acquire Freedom CY under a separate closing of the Acquisition Agreement.
- (5) “Freedom Companies” refers to Freedom RU, Freedom KZ, and Freedom CY collectively and the securities brokerage and investment services business conducted by each of them, in each case, unless otherwise specifically indicated or as is otherwise contextually required.

## ITEM 1.01—ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On November 23, 2015, BMBM and Timur Turlov entered into the Acquisition Agreement, by which BMBM acquired FFIN, in exchange for 224,551,913 shares of BMBM's common stock, which constituted approximately 80.1% of its 280,339,467 shares of issued and outstanding common stock after giving effect to such acquisition.

For further details about this transaction and BMBM and its future activities, see Item 2.01 and the balance of this report.

## ITEM 2.01—COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

Upon executing the Acquisition Agreement described in Item 1.01, BMBM acquired all of the issued and outstanding equity securities of FFIN. FFIN proposes to conduct business as a U.S. securities broker-dealer and proposes to file applications to become a member of the Financial Industry Regulatory Authority, Inc. ("FINRA") and a licensed securities broker-dealer with the United States Securities and Exchange Commission ("SEC") under the Exchange Act and the securities regulatory authorities of applicable states.

As a result of the execution of the Acquisition Agreement and the acquisition of FFIN, Mr. Turlov became BMBM's largest shareholder, and FFIN became a wholly owned subsidiary of BMBM. BMBM's ongoing operations will consist of the continuation of FFIN's business.

As part of the acquisition, Boris Cherdabayev and Valery Tolkachev resigned as directors, and Mr. Turlov was appointed as chairman and Arkady Rakhilkin, Mr. Turlov's designee, was appointed to our board of directors, joining our incumbent directors: Askar Tashtitov, Jason Kerr, and Leonard Stillman. Mr. Tashtitov resigned as the president of BMBM. The new board appointed Mr. Turlov as chief executive officer. The other officers remain unchanged. Following is the list of officers of BMBM:

<u>Name</u>	<u>Position</u>
Timur Turlov	Chief Executive Officer
Evgeniy Ler	Chief Financial Officer and Treasurer
Adam Cook	Secretary

The Acquisition Agreement also provides for the possible acquisitions of three other companies owned by Mr. Turlov in separate closings, as discussed below.

This transaction was the result of arm's-length negotiations. Before this transaction, there was no relationship between BMBM or its affiliates and Mr. Turlov and his affiliates.

## FORM 10 INFORMATION

### Special Note About Forward-Looking Information

Certain information included herein contains statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act, such as statements relating to our anticipated revenues, gross margin and operating results, estimates used in the preparation of our financial statements, future performance and operations, plans for future expansion, capital spending, sources of liquidity, and financing sources. Forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future, and accordingly, such results may differ from those expressed in any forward-looking statements made herein. These forward-looking statements can sometimes be recognized by the use of words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” and similar expressions. Such statements are subject to known and unknown risks, uncertainties, and other factors, including the meaningful and important risks and uncertainties discussed in this report. These forward-looking statements are based on the beliefs of management as well as assumptions made by and information currently available to management. These statements include, among other things:

- the ability of FFIN to become a member of FINRA and licensed with the SEC and state securities authorities to transact business as a registered securities broker-dealer in the United States;
- the ability of Freedom KZ to obtain necessary regulatory approvals to maintain their foreign licensing in connection with the transfer of ownership from the current owner to us;
- the ability of the Freedom Companies to prepare required financial statements in accordance with generally accepted accounting standards (GAAS) and generally accepted accounting practices (GAAP) in the United States;
- our ability to launch operations as a fully functioning securities broker-dealer able to serve our proposed customers;
- our ability to attract and retain key management and other properly licensed and experienced personnel to satisfy applicable regulatory standards;
- our financial performance, including our limited operating history;
- possible lack of interest by foreign investors to invest in securities of U.S. publicly traded companies;
- our ability to comply with the extensive and pervasive regulatory requirements in the various jurisdictions where we may operate; and
- the other factors contained in the section entitled “Risk Factors” in this report.

Although we have attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause the forward-looking statements not to come true as described in this report. These forward-looking statements are only predictions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially.

You should not rely on forward-looking statements as predictions of future events. While we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes any responsibility for the accuracy or completeness of these statements or undertakes any obligation to revise these forward-looking statements to reflect events or circumstances after the date on this report or to reflect the occurrence of unanticipated events.

## **FORM 10—ITEM 1. BUSINESS**

### **Overview**

BMB Munai, Inc. (BMBM) has been a Nevada corporation since 2004. Until 2011, its principal business activities focused on oil and natural gas exploration and production in the Republic of Kazakhstan through a wholly owned operating subsidiary, Emir Oil LLP. In September 2011, BMBM sold all of its interest in Emir Oil, including its right, title, and interest in and to the oil and gas licenses and licensed territory owned by Emir Oil, to an independent third party for cash of about \$170 million. The proceeds of the sale were used to, among other things, repay outstanding obligations, satisfy certain post-closing undertakings, meet ongoing expenses, and make two separate cash distributions totaling approximately \$74,750,000 to its stockholders.

Since the sale of its oil and gas operations and assets in September 2011, BMBM has investigated acquiring possible other assets and operations to provide potential value to its stockholders. During 2014, management initiated discussions with Mr. Turlov, who conducts securities brokerage and financial services businesses in Russia, Kazakhstan, and Cyprus through the Freedom Companies, about a possible combination of those businesses and a U.S. securities broker-dealer then being formed (FFIN) to build an international, broadly based brokerage and financial service firm. This integrated, international firm could offer the financial opportunities, relative stability, and comprehensive regulatory reputation of U.S. securities markets to meet the growing demand from an increasing number of investors in Russia and Kazakhstan.

We believe the Freedom Companies serve an emerging capitalistic and investing segment of the economies of Russia and Kazakhstan that is interested in saving, investing, and diversifying risk through foreign investment. Under the existing regulatory regimes in Russia and Kazakhstan, Freedom RU and Freedom KZ are limited in their ability to grant their customers access to the U.S. securities markets. Currently, therefore, Freedom RU and Freedom KZ introduce their customers that want to execute securities transactions in U.S. securities to an intermediary in Cyprus affiliated with Mr. Turlov that is operating pursuant to an informal interim licensing agreement. This intermediary, in turn, introduces these customers to a licensed U.S. clearing broker-dealer and FINRA member that executes the customers' orders and clears the transactions. At such time that Freedom CY activates its full license, which was issued in May 2015, customers using the services of the current Cyprus firm will be given the opportunity to open accounts through Freedom CY as well.

Mr. Turlov is seeking a more sustainable, long-term strategy to allow his customer base to participate in the U.S. markets because of what he perceives to be the growing disfavor of omnibus clearing accounts for foreign financial institutions among regulators and U.S. financial institutions as well as customer concerns that the Freedom Companies expose them to attendant political, regulatory, currency, banking, and economic risks and uncertainties in their respective countries of operation. To meet this perceived need, Mr. Turlov organized FFIN in August 2014 to serve primarily foreign clients referred from Freedom RU and Freedom KZ as part of a strategy to provide foreign customers with access to the U.S. securities markets within a single vertically integrated financial services firm. Mr. Turlov further believes that fully integrated transparent retail order execution may be a foundation for offering additional services and products in the future such as funds management and investment banking.

In order to execute retail orders, FFIN has entered into a clearing arrangement with Lek Securities Corporation (“Lek”), New York, New York, and London, United Kingdom, founded in 1990. Lek is an independent order execution and clearing firm that provides access to equities, options, fixed income, foreign exchanges, and futures markets. Lek will clear transactions on a fully disclosed basis on behalf of FFIN as an introducing broker. As a fully disclosed clearing firm and custodian, Lek will hold, transmit, and receive customer funds and securities and send confirmations and maintain account records on each customer separately. The clearing arrangement with Lek is subject to the approval of FFIN’s application to become a registered broker dealer.

From the outset, FFIN will maintain a minimum net capital pursuant to the net capital rule, plus a required 20% of the minimum amount, for a total required net capital of \$6,000. FFIN will hold no customer funds or securities. FFIN customers will transmit funds directly to Lek, which will be solely responsible for customer disbursements. Freedom RU and Freedom KZ currently clear all customer transactions through Cyprus intermediaries and Lek on a similar basis. FFIN will be compensated for executing customer orders through a traditional, transaction-based commission schedule.

FFIN will provide its services through our principal executive and operating office at 324 South 400 West, Suite 150, Salt Lake City, Utah 84101.

## **The Acquisitions**

### ***The Acquisition Agreement***

As noted, on November 23, 2015, BMBM and Mr. Turlov entered into the Acquisition Agreement, which provides for BMBM’s acquisition of FFIN and the possible acquisition of the Freedom Companies from Mr. Turlov for what will constitute 95% of BMBM’s outstanding common stock, after giving effect to all such acquisitions. In connection with signing the Acquisition Agreement, Mr. Turlov assumed control of the Company.

### ***Acquisition of FFIN***

Upon signing the Acquisition Agreement, BMBM acquired FFIN in exchange for 224,551,913 shares of BMBM’s common stock, which constituted approximately 80.1% of its 280,339,467 shares of common stock issued and outstanding after giving effect to such acquisition. As a result of the foregoing, Mr. Turlov became our largest shareholder and FFIN became our wholly owned subsidiary.

As part of the acquisition, Boris Cherdabayev and Valery Tolkachev resigned as directors, and Mr. Turlov was appointed as chairman and Arkady Rakhilkin, Mr. Turlov’s designee, was appointed to our board of directors, joining our incumbent directors: Askar Tashtitov, Jason Kerr, and Leonard Stillman. Mr. Tashtitov resigned as the Company’s president. The new board appointed Mr. Turlov as chief executive officer. The other officers remain unchanged. Following is the list of officers of BMBM:

<b><u>Name</u></b>	<b><u>Position</u></b>
Timur Turlov	Chief Executive Officer
Evgeniy Ler	Chief Financial Officer and Treasurer
Adam Cook	Secretary

Our board of directors has determined that the acquisition of FFIN was, and the acquisition of the Freedom Companies on the agreed terms will be, consistent with, and in furtherance of, our long-term business strategy; are fair to, and in the best interests of, us and our stockholders; and has approved and adopted the Acquisition Agreement, including the issuance of our common stock and the other transactions contemplated therein.

### *Acquisitions of the Freedom Companies*

The Acquisition Agreement also provides for our possible acquisition of the Freedom Companies (Freedom RU, including its subsidiary Freedom KZ, and Freedom CY) in separate closings. The acquisitions of Freedom RU and Freedom CY are separate transactions that are not interdependent, so we may acquire either, both, or none of such companies.

#### *Freedom RU and Freedom KZ*

We have agreed to issue shares of our common stock to Mr. Turlov, the sole owner of Freedom RU, to acquire Freedom RU and its subsidiary Freedom KZ for what would constitute about 13% of our outstanding stock, after such acquisition. In addition to the general conditions precedent to closing set forth in the Acquisition Agreement, our acquisition of Freedom RU is expressly conditioned on Freedom RU receiving approval from the National Bank of Kazakhstan of the change in ownership, direct or indirect, of 25% or greater of the ownership in Freedom KZ.

#### *Freedom CY*

We have agreed to issue shares to Mr. Turlov to acquire Freedom CY for what would constitute about 2% of our outstanding stock, after giving effect to such acquisition. Combining the shares to be issued to acquire Freedom CY with the shares Mr. Turlov would own after giving effect to the previous two acquisitions would increase his ownership of our common stock to approximately 95% of our issued and outstanding shares.

In addition to the satisfaction of general representations and warranties and conditions precedent, the completion of the acquisition of each of Freedom RU and Freedom CY is further dependent on the express conditions that:

- (a) The particular Freedom Company to be acquired completes and provides to us audited consolidated financial statements prepared in accordance with GAAP and GAAS, so that we can include such audited financial statements in our periodic reports filed with the SEC; and
- (b) If, at the time of the proposed closing, we do not have sufficient authorized but unissued shares to issue the number of shares as we agreed in the Acquisition Agreement, we effect a recapitalization consisting of: (i) a reverse split of our outstanding common stock in such amount as our board of directors may determine and (ii) an increase in the number of our authorized common stock in such amount as our board may determine. (See below.)

Completion of each acquisition is also conditioned on the continuing accuracy of the representations and warranties of the respective parties to the Acquisition Agreement, the satisfaction of certain conditions and other covenants, many of which may be waived by either party.

Mr. Turlov has agreed, either individually or through FFIN or one or more of the Freedom Companies, to bear all fees and expenses incurred by BMBM in connection with the preparation, negotiation, execution, and performance of the Acquisition Agreement and the consummation of the transactions contemplated in the Acquisition Agreement.

### ***Recapitalization***

We are authorized to issue 500,000,000 shares of common stock and have approximately 224.6 million shares outstanding. Under the Acquisition Agreement, we are obligated to issue sufficient shares to Mr. Turlov such that following the acquisitions of Freedom RU and Freedom CY, Mr. Turlov will own approximately 95% of the issued and outstanding common stock of the Company, which together with our currently outstanding stock, would exceed our authorized common stock. Therefore, if we do not have a sufficient number of authorized but unissued shares to issue the number of shares required under the Acquisition Agreement before the acquisition of either Freedom RU or Freedom CY, we have agreed to recapitalize BMBM by effecting a reverse split of our common stock and a change in our authorized common stock to such number of shares of common stock as our board of directors determines. After such reverse-split, the number of shares that we are obligated to issue to complete the proposed acquisitions will be appropriately reduced.

After giving effect to the acquisition of all of the Freedom Companies, which then would become our wholly owned direct or indirect subsidiaries, Mr. Turlov will own approximately 95% of our post-reverse-split shares then issued and outstanding.

### ***Timing and Sequence of the Acquisitions***

Periodic reporting requirements applicable to us require that we file, within four business days after the closing of each acquisition, a Current Report on Form 8-K containing audited financial statements prepared in accordance with GAAP and GAAS for the acquired company. The required financial statements have not been completed for Freedom RU, including its subsidiary Freedom KZ, or Freedom CY. Additionally, in order to have sufficient shares to complete the acquisitions on the agreed terms, we must complete a recapitalization to reverse-split our authorized shares of common stock and to increase the number of authorized but unissued shares.

In order to avoid unnecessary costs and delays, the Acquisition Agreement provides for the acquisition of FFIN upon execution and allows for sequential closings of the acquisitions of each of Freedom RU and Freedom CY, all as part of a single integrated plan. If, for any reason, one of the Freedom Companies is not acquired and the closings cannot be completed, there will be no change to the terms of any of the acquisitions that have already been consummated.

We may abandon the acquisition of either Freedom RU or Freedom CY if it is not completed by December 31, 2016. If we do not complete either of such acquisitions, we may nevertheless execute through FFIN securities transactions of the customers of such Freedom Companies not acquired under introducing, execution, clearing, and settlement arrangements common in the securities industry and at competitive rates. Any such arrangement would not be the result of arm's-length negotiations. The Acquisition Agreement does not grant to us any right or remedy to rescind our acquisition of FFIN if we do not complete the acquisition of the Freedom Companies because of their failure to provide required audited financial statements or meet other pre-closing conditions.



## ***Accounting and Tax Treatment***

The Acquisition Agreement is being treated as a reverse acquisition of BMBM, a public shell company, for financial accounting and reporting purposes. As such, FFIN is treated as the acquirer for accounting and financial reporting purposes and the subsequent closings of the Freedom Companies will be treated as acquisitions of entities under common control for accounting and financial reporting purposes. As a result, the historical financial statements reflected in our future financial statements will be those of FFIN, and following the subsequent closings, will include the Freedom Companies. Finally, our assets, liabilities, and results of operations will be consolidated with the assets, liabilities, and results of operations of FFIN, and following the subsequent closings, will include the Freedom Companies.

### **The Freedom Companies**

Since the organization of Freedom RU in 2010 and the acquisition of Freedom KZ in 2013, they have serviced a growing customer base with increasing amounts invested. As of December 31, 2014, Freedom RU and Freedom KZ together had approximately 27,800 total active customer accounts, with aggregate investment positions of approximately \$115 million. The customers of the Freedom Companies typically execute approximately 17,200 transactions per month, with an aggregate transaction value of over \$1.1 billion. The customers range from retail traders that frequently execute large transactions to relatively small, inactive accounts that hold securities positions long term. In the preceding year, approximately 80% or more of the aggregate trading dollar volume was generated by about two dozen margin day traders. The Freedom Companies' customers principally invest in exchange-traded securities. Therefore, in serving these customers, FFIN expects to execute customer transactions principally in exchange-listed and traded:

- corporate equity securities;
- corporate debt securities;
- mutual funds;
- U.S. government securities; and
- options.

For the year ended December 31, 2014, Freedom RU and its subsidiary Freedom KZ together had consolidated profits (unaudited, subject to adjustment) of approximately \$2.0 million on revenues of about \$5.9 million. As of December 31, 2014, the consolidated shareholders' equity of Freedom RU and Freedom KZ totaled approximately \$10.7 million. Collectively, Freedom RU and Freedom KZ together employ 17 executive and supervisory employees, 44 administrative and clerical employees, and 75 persons serving as customer representatives.

Freedom RU and Freedom KZ will supplement the transaction execution services currently provided through intermediaries by offering to direct their customer orders through FFIN for execution. We believe that the customers of Freedom RU and Freedom KZ, as prospective customers of FFIN, will view the United States as an attractive, economically sound, financially stable, and well-regulated securities market in which to invest. The recent strength of the U.S. dollar ("dollar") as compared to the Russian ruble and Kazakh tenge, both of which have fluctuated widely and declined in value substantially relative to the dollar in the past several months, appears to have heightened this interest, even though this currency exchange rate trend effectively reduced the amounts these customers are able to invest in U.S. dollar-denominated securities. Accordingly, combining these financial services businesses will provide vertically integrated, international financial services and will take advantage of our status as a publicly traded company with access to the securities markets in the United States.

### ***Freedom RU***

Freedom RU was organized in 2010 and provides financial services in the Russian Federation in accordance with the Russian government's open-ended licenses for brokerage, dealer, and depository operations and for activities in securities management. The Federal Financial Markets Service of Russia provides the governmental regulation of company operations and the protection of the interests of its customers.

### ***Freedom KZ***

Freedom KZ was acquired by Mr. Turlov in 2013 from unrelated parties. When Mr. Turlov acquired Freedom KZ, it was controlled by Korean nationals and principally facilitated Korean investment in Kazakhstan. It was not profitable. Freedom KZ provides professional services in the capital markets. Since 2006, Freedom KZ has been a professional participant of the Kazakhstan Stock Exchange, which enables it to manage investment portfolios for its clients. Freedom KZ is regulated by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan.

### ***Freedom CY***

Freedom CY was organized in August 2013, completed its regulatory licensing in May 2015, and is in the process of initiating activities pursuant to this license. Freedom CY will provide transaction handling and intermediary services to Freedom RU and Freedom KZ and is regulated by the Cyprus Securities and Exchange Commission. Before Freedom CY received its regulatory licensing and began operations, limited transaction intermediary services were provided to Freedom RU and Freedom KZ by another firm owned by Mr. Turlov that operates pursuant to an interim informal licensing exemption. Freedom CY is initiating its own operations without acquiring assets, operating capabilities, or employees of Mr. Turlov's separately owned intermediary. Freedom RU and Freedom KZ customers will be provided the opportunity to have their transactions executed, cleared, and settled through FFIN if and when FFIN completes federal and state registration and receives FINRA membership.

### **Customer Base and Marketing Plan**

We will focus our marketing efforts on offering and providing international customers with access to the stability and long-term growth opportunities offered by the U.S. investment markets, as well as the regulatory protections that extend to customers of U.S. broker-dealers, including security of customer funds. Our primary source of customer business will be the existing and expanding client base of the Freedom Companies. The Freedom Companies' representatives will become registered with FINRA as foreign associates of FFIN, which will compensate them through their individual employer. If in the course of providing services, a customer of a Freedom Company determines to invest in the U.S. markets, the foreign associates will help the customer open an account with FFIN to begin investing. We anticipate that these customers will be a mix of individual retail customers, including family or small business entities owned and controlled by individuals, family asset planning or holding companies, and private equity funds.

Additionally, we intend to send a communication to the customers of the Freedom Companies that currently trade in U.S. securities to notify them of the opportunity to become a customer of FFIN.

Outside of the business from the Freedom Companies, we may also market or advertise our services in the United States, but have not determined the scope or direction of that effort.

As our volume of customer order execution expands, we may develop and offer additional services and products, subject to applicable regulatory requirements.

## **Competition**

Since the base of our customers will be retail investors in Russia and Kazakhstan, our principal competitors will be in those countries, each of which has a vigorous and aggressive competitive investment and securities markets. There are both local and large financial services firms that offer an array of financial products and services in these countries. The financial service firms with which we compete for customers in Russia include JSC Brokerage House Otkrytiye, LLC Company BrokerCreditService, LLC KIT Finance, and FINAM Group and in Kazakhstan include JSC Halyk Finance, JSC Assyl Invest, and JSC Centras Securities.

We believe competition will be based principally on the level of our service, the convenience of our services, our ability to provide personalized service, and our charges to customers. Customer costs include transaction execution fees, commissions and charges as well as margin interest rates the Freedom Companies charge their customers investing on margin.

Many of the firms with which we will compete are larger, provide more diversified services and products, provide access to more international markets, and have greater management, technical, and financial resources. We cannot assure that we will be able to compete effectively.

## **Reports to Security Holders**

All materials we file with the SEC, including our annual reports, quarterly reports, current reports, proxy and information statements, and other information, are available at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public also may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

## **Regulation**

### *Overview*

Our proposed business and the securities industry in general are subject to extensive regulation in the United States at both the federal and state level, as well as by industry self-regulatory organizations ("SROs"). Our business and our customers will also be subject to regulation by various foreign governments and regulatory bodies.

In the United States, a number of federal and industry regulatory agencies are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. The SEC is the federal agency that is primarily responsible for the regulation of broker-dealers doing business in the United States. Broker-dealers are also subject to registration and regulation by state securities laws administered by regulators in those states in which such broker-dealers conduct business, which generally covers the states in which their customers reside. Industry SROs, each of which has authority over the firms that are its members, include FINRA, national securities exchanges such as the New York Stock Exchange on which securities are traded, the Depository Trust Corporation, commonly referred to as DTC, to facilitate transaction clearing, and other SROs.

Our wholly owned subsidiary FFIN plans to apply for registration as a broker-dealer with the SEC and in Utah, where its principal U.S. offices are located, and to become a member of FINRA.

If and when FFIN completes federal and state registration and FINRA membership, it will have overlapping schemes of regulation that will cover all aspects of its securities business. These regulations cover a broad range of matters, including:

- capital requirements;
- the use and safekeeping of customers' funds and securities;
- recordkeeping and reporting requirements;
- customer identity, clearance, and monitoring to identify and prevent money laundering;
- supervisory and organizational procedures intended to monitor and assure compliance with securities laws and to prevent improper trading practices;
- employee-related matters, including qualification and licensing of supervisory, sales, and operations personnel;
- transaction execution, clearance, and settlement procedures; and
- rules of FINRA designed to promote high standards of commercial honor and just and equitable principles of trade.

Applicable regulations address specific details concerning the relationship between broker-dealers and their customers. As a result, many aspects of the broker-dealer customer relationship are subject to regulation, including customer anti-money laundering monitoring and reporting, a firm's "know your customer" requirements, "suitability" determinations as to certain customer transactions, limitations in the amounts that may be charged to customers, timing of proprietary trading in relation to customers' trades, disclosures to customers, and other matters. Many of these provisions may impose special regulatory and compliance obligations on us because of our expected foreign customer base.

Violations of federal or state laws or regulations or rules of SROs could subject FFIN and its principals and other employees to disciplinary proceedings or civil or criminal liability, including revocation of licenses, censures, fines, disgorgement, or temporary suspension or permanent bar from the conduct of its or their activities. Any such proceeding could have a material adverse effect upon its and our business.

In addition to being regulated in the United States, our business will be subject to regulation by various foreign governments and regulatory bodies. If our acquisition of Freedom RU is completed, our activities through that entity, which is licensed in the Russian Federation to conduct open-ended brokerage, dealer, depository operations, and securities management, will be subject to regulation by the Central Bank of the Federation of Russia, which provides governmental regulation of company operations and protection of the interests of its customers. The acquisition of Freedom RU will also result in the acquisition of its wholly owned subsidiary, Freedom KZ. Freedom KZ provides professional

services in the capital markets of Kazakhstan and is a professional participant of the Kazakhstan Stock Exchange, which enables Freedom KZ to manage investment portfolios for its clients. Freedom KZ is regulated by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan. If our acquisition of Freedom CY is completed, our activities through that entity, which will be licensed in Cyprus, will be regulated by the Cyprus Securities and Exchange Commission. These authorities in Russia, Kazakhstan, and Cyprus enforce a comprehensive regulatory regime similar in nature and scope to the regulation of broker-dealers in the United States.

If in the future FFIN were to expand its planned initial activities to include funds management, investment banking, venture capital, or private equity activities, its regulation would increase. We currently do not plan to engage in activities that would make us subject to registration under or compliance with the Investment Advisers Act of 1940 or the Investment Company Act of 1940. To the extent that we operate in related areas in reliance on exemptions from these statutes, our failure to meet the requirements of any such exemptions could have a material adverse effect on the manner in which we conduct, or would like to conduct, our activities in order to service the expected demands of our customers or expand our operations.

Additional legislation and regulations, particularly those relating to the activities of a broker, changes in rules promulgated by the SEC or other U.S. or foreign governmental regulatory authorities and SROs, or changes in the interpretation or enforcement of existing laws and rules—not only the regulations applicable to FFIN and the Freedom Companies (if our acquisition of any of those companies is completed) as broker-dealers, but also regulations of general application—may adversely affect our manner of operation and profitability. For example, the volume or nature of customer interest in particular investment products could be affected by, among other things, existing and proposed tax legislation, foreign investor limitations or regulation, antiterrorism considerations, antitrust policy, and other governmental regulations and policies (including the interest rate policies of the Federal Reserve Board) and changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities generally.

### ***Net Capital Requirements***

As a broker-dealer registered with the SEC and a member firm of FINRA, FFIN will be subject to the capital requirements of the SEC and FINRA. These capital requirements specify minimum levels of capital computed in accordance with extensive regulatory requirements (“net capital”) that each firm is required to maintain and also limit the amount of leverage (i.e., aggregate indebtedness compared to capital). The matrix of computational requirements includes a myriad of details respecting how assets are valued, the items to be included in aggregate indebtedness, the obligation to segregate customer funds and securities, and other items.

Because FFIN will clear its transactions through a clearing firm and, therefore, will not receive or hold customer funds or securities, FFIN will be required to maintain net capital of only \$5,000 under SEC Rule 15c3-1(2)(vi). Additional SRO requirements require a broker-dealer to reduce its business if its net capital (after giving effect to certain adjustments) is less than 120% of its net capital minimum dollar amount, which in FFIN’s case would effectively increase its net capital requirement to \$6,000. In order to continue to be required only to maintain this minimal net capital, FFIN will be required to limit its activities. FFIN would have to increase its net capital substantially if it were to receive and hold customer funds or securities or expand its business to engage in activities for which additional capital is required.

“Net capital” is essentially defined as net worth (assets minus liabilities, as determined under generally accepted accounting principles), plus qualifying subordinated borrowings, less the value of all of a broker-dealer’s assets that are not readily convertible into cash (such as goodwill, furniture, prepaid expenses, unsecured receivables), and further reduced by certain percentages (commonly called “haircuts”) of the market value of a broker-dealer’s inventory of securities and other financial instruments.

Failure of a broker-dealer to maintain its minimum required capital would require it to cease executing customer transactions until it increased its net capital to the compliance level and could cause it to lose its membership in an SRO or its registration with the SEC, which could cause its liquidation. Further, the decline in a broker-dealer’s net capital below certain “early warning levels,” even though above minimum capital requirements, could trigger immediate obligations to notify regulatory authorities and cause material adverse consequences to the broker-dealer.

The SEC’s and FINRA’s capital rules also: (a) require that broker-dealers notify them before certain specified transactions that may impair net capital; (b) prohibit a broker-dealer from withdrawing or otherwise distributing equity capital or making related-party loans if they would impair net capital; and (iii) provide that the SEC and FINRA may prohibit withdrawals of capital from a broker-dealer or the repayment of subordinated loans if the SEC or FINRA believes such withdrawals would be detrimental to the financial integrity of the firm or would unduly jeopardize the broker-dealer’s ability to pay its customer claims or other liabilities.

Compliance with regulatory capital requirements could limit our expansion into activities and operations that require the intensive use of capital, such as underwriting and trading activities and financing of customer account balances. Net capital requirements also could restrict our ability to withdraw capital from our subsidiary broker-dealer, which in turn could limit our ability to transfer funds among our subsidiaries, pay dividends, repay debt, and redeem or purchase shares of our outstanding capital stock.

We believe that FFIN has net capital sufficient to meet the requirements of its currently planned operations.

### ***Anti-Money Laundering***

The U.S. Patriot Act of 2001, which expands the application of provisions of the Bank Secrecy Act, contains anti-money laundering and financial transparency rules that require that we implement and maintain a number of systems and procedures to ensure compliance with the statute. Substantive provisions of the Patriot Act specify standards that we must use to identify customers when accounts are opened and routinely thereafter and to monitor transaction and report suspicious activities. A growing anti-money laundering regulatory scheme outside the United States contains similar provisions. Our failure to comply with these provisions could have a material adverse effect on our business and expose us to possible sanctions, including substantial fines and penalties.

Our obligations respecting anti-money laundering will extend to our customers in Russia and Kazakhstan. Our clearing agreement with Lek provides for its collaboration in various aspects of our anti-money laundering compliance.

### ***Foreign Corrupt Practices Act***

The 1970 Foreign Corrupt Practices Act, or FCPA, broadly prohibits foreign bribery and mandates recordkeeping and accounting practices. The anti-bribery provisions make it illegal for us, either directly or through any subsidiary that we may acquire, to bribe any foreign official for the purpose of obtaining business. The term “public official” is defined broadly to include persons affiliated with government-sponsored or owned commercial enterprises as well as appointed or elected public officials. The recordkeeping provisions require that we make and maintain books that, in reasonable detail, reflect our transactions and dispositions of assets and devise and maintain a system of internal accounting controls that enables us to provide reasonable assurance that transactions are properly recorded in accordance with management’s authorizations, that transactions are recorded as necessary to permit the preparation of financial statements, that access to our funds and other assets is permitted only in accordance with management’s authorizations, and that the recorded accounts for assets are compared periodically with the existing assets to assure conformity.

The FCPA requires that we establish and maintain an effective compliance program, through the foreign employees of our foreign subsidiaries, to ensure compliance with U.S. law. Our failure to comply with the FCPA could result in substantial fines and other sanctions.

### ***Foreign Account Tax Compliance Act***

The 2010 Foreign Account Tax Compliance Act, or FATCA, was enacted in the United States to target non-compliance by U.S. taxpayers using foreign accounts. FATCA requires foreign financial institutions, such as the Freedom Companies, to report to the United States Internal Revenue Service (“IRS”) information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

The United States has entered into intergovernmental agreements with a number of countries establishing mutually agreed upon rules for the implementation of the data sharing requirements of FATCA. It has not, however, entered into such an agreement with Russia. As a result, Russia adopted legislation to allow financial institutions to share foreign taxpayer data with foreign tax authorities, such as the IRS, without breaching Russian data protection and confidentiality laws. The Russian legislation sets forth extensive rules relating to when and how the financial institution may gather and share foreign taxpayer information. The Russian legislation establishes extensive monitoring procedures requiring, among other things, the notification to various Russian state bodies by the financial institution of registration with a foreign tax authority, receipt of requests for foreign taxpayer data, and the delivery to Russian state bodies of foreign taxpayer data prior to delivery to a foreign tax authority. Under the legislation, Russian regulators retain the right to prohibit disclosure of foreign taxpayer information in certain instances. Failure to comply with the Russian legislation may result in monetary fines for the financial institution and its officers. Because of the lack of an agreement between the U.S. and Russia establishing mutually agreed upon guidelines for data sharing, inconsistencies in the two legal regimes exist, which can place a financial institution in Russia, such as Freedom RU, in the position of having to decide whether to comply with Russian legislation or with FATCA. For example, under Russian legislation, a financial institution may share foreign taxpayer data only with the consent of the foreign taxpayer, and even when consent is given, Russian regulators may, in certain circumstances, prohibit disclosure. There is no exemption for foreign financial institutions from the FATCA disclosure requirements. Similarly, FATCA generally requires the foreign financial institution to withhold 30% of designated payments, however, the Russian legislation does not grant financial institutions the authority to act as a withholding agent for a foreign tax authority. The Russian legislation does allow financial institutions to decline to provide services to foreign taxpayers.

Kazakhstan and the United States have entered an intergovernmental agreement containing provisions regulating the process for Kazakh financial institutions to collect information on U.S. taxpayer accounts and provide that information to the IRS. In general, the requirements of the agreement concern the analysis of new and existing customer accounts to identify U.S. taxpayers. The agreement requires Kazakh financial institutions to register with the IRS and define their status in accordance with FATCA. Financial institutions are obligated to identify their clients and analyze their products to identify the accounts of customers affected by FATCA and collect all necessary information to classify those accounts in compliance with the requirements of FATCA. After classifying the accounts, financial institutions will be obligated to regularly present information, including name, taxpayer identification number and account balance to the Kazakh tax authorities for transfer to the IRS.

Cyprus and the United States have entered an intergovernmental agreement which requires Cyprus financial institutions to determine accounts maintained by U.S. tax residents, comply with verification and enhanced due diligence procedures, and provide annual reporting on these accounts to the Cyprus tax authorities who subsequently will provide the reports to the IRS. In addition, Cyprus financial institutions are required to make necessary tax withholdings to be paid to the IRS. As a “Reporting Financial Institution” under the intergovernmental agreement, Freedom CY will be required to obtain required client documentation associated with the indicia of his, her or its U.S. tax residency status as well as all related account information in order to report accordingly.

The failure to comply with FATCA could result in economic and reputational consequences to Freedom RU, Freedom KZ, or Freedom CY as well as the imposition of sanctions or penalties including responsibility for the taxes on any funds distributed without the proper withholdings set aside.

## **Foreign Regulation**

### ***Russia***

Freedom RU provides professional services in the capital markets of the Russian Federation and is a professional participant of the Moscow and Saint Petersburg Stock Exchange. Freedom RU holds four licenses issued by the Federal Service for Financial Markets of the Russian Federation that allow it to provide brokerage, dealer, depository and securities management services in Russia. Freedom RU also provides foreign currency trading services.

In Russia, a number of federal and industry regulatory agencies are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. The Central Bank of the Federation of Russia (the “Central Bank”) is the principal financial market regulator responsible for the regulation of broker-dealers, depositories and securities managers doing business in Russia. Industry SROs, each of which has authority over the firms that are its members, include the Association of Securities Market Participants (“NAUFOR”), National Securities Market Association (“NFA”) national securities exchanges such as the Moscow Stock Exchange and the St. Petersburg Stock Exchange on which securities are traded, and other SROs.

Freedom RU is subject to overlapping schemes of regulation that govern all aspects of its securities business. The regulations cover a broad range of practices and procedures, including:

- capital requirements;
- the use and safekeeping of customers’ funds and securities;
- recordkeeping and reporting requirements;
- customer identity, clearance, and monitoring to identify and prevent money laundering;
- supervisory and organizational procedures intended to monitor and assure compliance with securities laws and to prevent improper trading practices;



- transaction execution, clearance, and settlement procedures;
- qualification of firm management; and
- risk detection, management and correction.

The Central Bank, NAUFOR and NFA regulations include rules governing practices and procedures addressing the relationship between broker dealers and their customers. As a result, many aspects of the broker dealer customer relationship are subject to regulation. These regulations include customer identification and due diligence procedures, collection of customer financial suitability documentation, anti-money laundering monitoring and reporting, customer fees, clearing, settlements, risk management and other matters.

Violations of securities laws and regulations by broker dealers and other securities industry fiduciaries in Russia can subject them to a broad range of disciplinary actions including remedial actions, imposition of fines and sanctions, removal from managerial positions, loss of licensing, and criminal proceedings.

#### *Capital Requirements*

The Central Bank establishes minimum net capital requirements for securities market participants including brokerages, dealers, depositories and securities managers. In the event the net capital of such service provider drops below the minimum requirement, it is obligated to notify the Central Bank, provide a plan to meet its minimum capital requirements and perform all actions necessary to bring it back into compliance with the net capital requirement. The minimum net capital requirement of Freedom RU to provide brokerage, dealer, depository, securities management and foreign currency trading services is approximately \$2,770,000, which it currently has.

In the event a broker dealer fails to maintain its minimum net capital, it must immediately notify the Central Bank. The Central Bank may take any of the following actions, (i) require the broker dealer to submit a detailed plan to increase its net capital to at least the minimum requirement, (ii) impose financial penalties in the event the broker dealer does not provide a detailed explanation as to the reasons for the decrease below the minimum requirement, (iii) cause the broker dealer to cease operations until it meets the minimum net capital requirement, (iv) suspend the broker dealer's licenses for a period of time, and (v) in case of failures, the Central Bank can withdraw licensure and disqualify the firm's management from working within the industry. This disqualification can be for up to a three-year period for the general director, controller and the head of the compliance department of the broker dealer.

Compliance with minimum capital requirements could limit Freedom RU's expansion into activities and operations that require the intensive use of capital. Minimum capital requirements could also restrict our ability to withdraw capital from Freedom RU, which in turn could limit our ability to transfer funds among our subsidiaries. Additionally, the failure of Freedom RU to maintain its minimum net capital requirement could result in penalties or other sanctions.

## *Anti-Money Laundering*

The law on the Prevention of Money Laundering and the Financing of Terrorism (“AML Law”) establishes laws designed to prevent money laundering activities and financing of terrorism. The AML Law is supported by recommendations, binding instructions and regulations of the Central Bank and other authorities. The AML Law requires institutions dealing with cash operations, including all kinds of financial institutions, including professional participants in the securities markets, to establish mandatory internal protocols to client and payment acceptance. In particular, regulated entities must perform due diligence procedures to ascertain the identity of the customer and monitor transactions for suspicious activity. Regulated entities must identify and report transactions falling within certain categories. If either party to such transactions is suspected of being connected to terrorist activity the transaction is subject to mandatory control regardless of the nature of the transaction.

The Central Bank may take preventative or enforcement measures against regulated financial institutions involved in transactions that infringe on anti-money laundering legislation. Preventative measures may include issuing an order to cease a violation and provide the Central Bank with a program for improvement and establishing additional monitoring measures. Enforcement measures may include the imposition of fines and withdrawal of licenses. The failure of Freedom RU to comply with the AML Law could subject it to material legal action, which could have a material adverse effect on our business and results of operations.

### ***Kazakhstan***

The acquisition of Freedom RU will also result in the acquisition of its wholly owned subsidiary, Freedom KZ. Freedom KZ provides professional services in the capital markets of Kazakhstan and is a professional participant of the Kazakhstan Stock Exchange, which enables Freedom KZ to manage investment portfolios for its clients. Freedom KZ is regulated by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan.

In Kazakhstan the National Bank of the Republic of Kazakhstan (the “NBK”) and the Kazakhstan Stock Exchange (the “KASE”) are the principal organizations tasked with safeguarding the stability of financial markets and financial institutions. The NBK and KASE are responsible for setting the standards for regulating the activities of financial institutions and participants in the financial services industry and for monitoring compliance. Settlement services for securities transactions are primarily governed by the rules and procedures of the Central Depository.

Freedom KZ is licensed to provide broker dealer services with the right to carry customer accounts and to provide investment portfolio management services. Freedom KZ has 13 offices located in 13 cities in Kazakhstan.

Freedom KZ is subject to overlapping schemes of regulation that govern all aspects of its securities business. The regulations cover a broad range of practices and procedures, including:

- capital requirements;
- the use and safekeeping of customers’ funds and securities;
- recordkeeping and reporting requirements;
- customer identity, clearance, and monitoring to identify and prevent money laundering;

- supervisory and organizational procedures intended to monitor and assure compliance with securities laws and to prevent improper trading practices;
- transaction execution, clearance, and settlement procedures;
- qualification of firm management; and
- risk detection, management and correction.

NBK and KASE regulations include rules governing practices and procedures addressing the relationship between broker dealers and their customers. As a result, many aspects of the broker dealer customer relationship are subject to regulation. These regulations include customer identification and due diligence procedures, collection of customer financial suitability documentation, anti-money laundering anti-terrorism funding monitoring and reporting, customer fees, clearing, settlements, and other matters.

The Republic of Kazakhstan has adopted extensive regulation regarding the responsibility for wrong doing by broker dealers and investment portfolio managers, ranging from disciplinary action to criminal punishments. Among the penalties available to the NBK in the event of wrong doing include cancellation of licenses, removal of management, monetary damages and criminal prosecution. The NBK may also impose remedial requirements, such as requiring the wrongdoer to provide a plan of remediation to ensure the wrong doing is prevented in the future. Action may be taken against the broker dealer, the management board of the broker dealer or both depending on the severity of the violation.

#### *Capital Requirements*

Kazakhstan regulation establishes minimum share capital requirements for broker dealers and investment portfolio managers. In the event the net capital of a broker dealer or investment portfolio manager falls below the requirement, it is obligated to notify the NBK, provide a plan to meet is minimum capital requirements and perform all actions to bring it back into compliance with the requirement. The minimum capital for broker dealers with a license to provide investment portfolio management services is currently approximately \$960,000. The net capital requirement must be calculated on a daily basis.

The failure of a broker dealer to maintain its minimum capital requirement could result in the NBK taking any of the following enforcement measures, (i) requiring a letter of commitment to comply, (ii) execution of a written agreement to comply; (iii) issue a warning; (iv) issue a written prescription to eliminate the violation; and (v) impose penalties. Enforcement measures may be imposed on the broker dealer or on top management of the broker dealer or both depending on the severity of the violation.

Compliance with minimum capital requirements could limit Freedom KZ's expansion into activities and operations that require the intensive use of capital. Minimum capital requirements could also restrict our ability to withdraw capital from Freedom KZ, which in turn could limit our ability to transfer funds among our subsidiaries. Additionally, if Freedom KZ falls below its minimum capital requirement the NBK could impose penalties or other sanctions on Freedom KZ.

### *Anti-Money Laundering*

The Law on Anti-Money Laundering and Combating of Terrorism Financing (“AML/CFT”) establishes laws designed to combat money laundering and funding of terrorist activities. By regulation adopted by the NBK, companies operating in the financial services industry in Kazakhstan are required to establish procedures designed to ensure, among other things, that the broker dealer:

- undertake adequate due diligence of its customers;
- perform financial monitoring of operations related to cash transfers and property;
- monitor transactions and reports suspicious activities to appropriate authorities; and
- provide periodic reporting to appropriate authorities.

The failure of Freedom KZ to comply with AML/CFT requirements could subject it to material sanctions, including penalties and fines, which could have a material adverse effect on our business and results of operations.

### *Cyprus*

Freedom CY has applied for and been granted licensure by the Cyprus Securities and Exchange (“CySEC”) to provide investment and ancillary services as a Cypriot Investment Firm (“CIF”). Freedom CY is currently putting in place the necessary infrastructure to activate its license. If our acquisition of Freedom CY is completed and Freedom CY’s license is activated, our activities through that entity will be regulated by and under the supervision CySEC, an independent public supervisory authority, responsible for the supervision of the investment services market and transactions in transferable securities carried out in the Republic of Cyprus. As a CIF, the activities of Freedom CY will be subject to various laws including the Cyprus Investment Act of 2002-2005, which provides the legal framework for the operation and supervision of CIFs, the rules and regulations of the Cyprus Stock Exchange and the Markets in Financial Instruments Directive II and Regulation (“MiFID”).

The MiFID is aimed at creating a single, more transparent market in financial services across all EU member states, to (i) improve the competitiveness and integration of EU financial markets by creating a single market for investment services and activities, (ii) ensure a high degree of harmonized protection for investors in financial instruments, (iii) increase market transparency, and (iv) promote easier cross border business. The MiFID allows registered investment firms to provide services throughout the EU on the basis of the home country supervision.

When Freedom CY’s license is activated, like FFIN and the other Freedom Companies, it will be subject to an overlapping scheme of regulation that will cover all aspects of its securities business. These regulations cover a broad range of matters, including:

- capital requirements;
- safekeeping of clients’ funds and assets;
- recordkeeping and reporting requirements;
- client identification, clearance and monitoring to identify and prevent money laundering and funding of terrorism and facilitate FATCA reporting;

- supervisory and organizational procedures intended to monitor and assure compliance with the relevant laws and regulations and to prevent improper trading practices;
- employee-related matters, including qualification and certification of personnel; and
- provision of investment and ancillary services, clearance, and settlement procedures.

Serious or systematic infringement of rules, regulations and directives of the laws, rules and regulations of Cyprus securities laws and/or the directives issued pursuant relevant EU regulations could subject Freedom CY, its principals and other employees to disciplinary proceedings or civil or criminal liability, including withdrawal of CySEC licensure, administrative fines, or temporary suspension or permanent bar from the performance of Freedom CY's business activities. Any such proceeding could have an adverse material effect upon business activity of Freedom CY and the Company.

### *Capital Requirements*

Freedom CY is subject to the capital requirements of the CRD IV package of the Capital Requirements Directives of the European Union. A CIF holding client assets or client financial instruments and providing any of the following services (i) receiving and transmitting orders, (ii) executing orders on behalf of clients; (iii) providing portfolio management; or (iv) providing investment advice, has a minimum initial capital requirement of approximately \$220,000. The minimum initial capital requirement for a CIF providing any of the above services without holding client assets or client financial instruments is approximately \$87,000, with some exceptions. As Freedom CY will hold client assets and client financial instruments, it is anticipated Freedom CY will have an initial minimum capital requirement of approximately \$220,000.

At all times Freedom CY's minimum net capital must meet or exceed certain target capital ratios. The capital ratio is calculated by totaling the firm's Basel III Tier 1 capital (the sum of its common shares, share surplus, retained earnings, accumulated other comprehensive income and other disclosed reserves and common shares issued by consolidated subsidiaries that meet the criteria for inclusion, subject to regulatory adjustments) and its Basel III Tier 2 capital (instruments that meet the criteria for Tier 2 capital that are not included in Tier 1 capital, share premium resulting from instruments included in Tier 2 capital, instruments issued by consolidated subsidiaries and held by third parties that are not included in Tier 1 capital and certain loan loss provisions, subject to regulatory adjustments applied in calculation of Tier 2 capital) divided by the sum of risk weighted exposures (including credit, currency and operational risk exposures. Currently, Freedom CY must maintain a minimum total capital ratio of 8% and a minimum total Tier 1 capital ratio of 6%

Cyprus securities rules require all CIFs to have processes in place to assess and maintain the minimum capital requirements on an ongoing basis. These processes are subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature of the activities of the CIF. If a CIF fails to maintain its minimum capital requirement, the CIF is required to timely notify the CySEC of such failure. CySEC may, at its discretion, set a deadline by which the CIF must remedy the situation. If a CIF violates the net capital requirements and the directives issued by the CySEC, the CySEC may, in its absolute discretion based on the gravity of the violation, impose measures, penalties and sanctions including, (i) withdrawal or suspension of CIF authorization, (ii) publicly censure the CIF and the individuals responsible, (iii) issue cease and desist orders against the CIF and the individuals committing such violations, (iv) temporarily ban the individuals responsible for the violation and members of the CIF's board of directors from exercising functions for a CIF, and (v) impose financial penalties upon the CIF and the individuals responsible for the violation.

Compliance with regulatory minimum capital requirements could limit Freedom CY's expansion into activities and operations that require the intensive use of capital, such as dealing on its own account or underwriting or placing securities. Minimum capital requirements also could restrict our ability to withdraw capital from Freedom CY, which in turn could limit our ability to transfer funds among our subsidiaries. Additionally, if Freedom CY falls below its minimum capital requirement the NBK could result in penalties or other sanctions.

#### *Investor Compensation Fund*

Pursuant to CySEC legislation, CIF's are required to register as members of the Investor Compensation Fund (the "ICF") for the protection of CIF clients, and must comply with the obligations of the ICF. The ICF was established to compensate CIF covered clients as to covered investment services and ancillary service. Payment of compensation by the ICF is subject to the existence of a well-founded claim by the client against a member of the Fund. The amount of compensation payable to each covered client is calculated in accordance with the legal and contractual terms governing the relationship of the covered client with the CIF, subject to the off-set rules applied for the calculations of claims. The maximum pay out by the ICF is approximately \$22,000.

#### *Anti-Money Laundering*

The Prevention and Suppression of Money Laundering and Terrorist Financing Law of 2007, imposes laws and regulations designed to prevent the use of the Cyprus financial system for the purpose of money laundering and terrorist financing. The law places special responsibilities on financial institutions, including CIFs, to implement and adhere to prescribed procedures for customer identification, record keeping and internal reporting and reporting of suspicious money laundering transactions. This law includes imposes requirements on such institutions to ensure that all employees are aware of their obligations under the law and receive adequate training designed to assist them in recognizing and reporting suspicious transactions. Freedom CY's failure to comply with these provisions could have a material adverse effect on its business and expose it to possible sanctions, including substantial fines and penalties. Freedom CY's obligations respecting anti-money laundering will extend to its customers in Russia and Kazakhstan.

#### **Employees**

We currently have two employees, including one full-time employee, a principal of FFIN, at our principal executive offices in Salt Lake City, Utah. FFIN will add employees as warranted if it obtains regulatory approval to engage in business as a securities broker-dealer.

### **FORM 10—ITEM 1A. RISK FACTORS**

*In addition to the negative implications of all information and financial data included in or referred to directly in this report, you should consider the following risk factors. This report contains forward-looking statements and information concerning us, our plans, and other future events. Those statements should be read together with the discussion of risk factors set forth below, because those risk factors could cause actual results to differ materially from such forward-looking statements.*

## Risks Related to Our Proposed Acquisitions

***We cannot assure when or whether our proposed acquisitions of Freedom RU, including its subsidiary Freedom KZ, which operate as securities broker-dealers in Russia and Kazakhstan, and Freedom CY, which operates as a broker-dealer in Cyprus, may be completed.***

The Acquisition Agreement under which we acquired FFIN and propose to acquire Freedom RU, including its subsidiary Freedom KZ, and Freedom CY, specifies that our acquisition of any individual Freedom Company will not be completed until it completes and provides audited financial statements prepared in accordance with GAAP and GAAS and the requirements of the SEC. The books and records of each of these companies have been maintained under accounting principles and regulatory requirements in their jurisdiction of organization, operation, and regulation that are materially different and perhaps less rigorous than GAAP and GAAS in the United States and SEC requirements. We cannot assure when or whether the Freedom Companies can meet these financial statement requirements. The acquisition of Freedom RU is further conditioned on the satisfaction of specified regulatory requirements in Kazakhstan applicable to Freedom KZ.

The completion of any acquisition is further dependent on us having a sufficient number of authorized but unissued shares to issue the amount of stock that we agreed to issue in the Acquisition Agreement. If, at the time of a proposed acquisition, we do have a sufficient number of authorized but unissued shares to complete the transaction, we have agreed to effect a recapitalization consisting of a reverse-split of our outstanding common stock and a change in the number of shares of common stock we are authorized to issue, in each case to such number as the board of directors may determine. Mr. Turlov, our principal stockholder, will have the power to authorize this action without the vote of any other stockholder, so approval of the recapitalization is assured. The acquisition of Freedom RU and its subsidiary Freedom KZ is separate from the acquisition of Freedom CY, so both, one, or neither of these acquisitions may be completed.

Each of the acquisitions is also subject to the satisfaction of a number of additional conditions that are beyond our control that may prevent, delay, or otherwise adversely affect the completion of one or both of the proposed acquisitions, including the continued accuracy of several representations and warranties, some of which may be waived. We cannot predict whether or when any of these conditions will be satisfied. Assuming the satisfaction of the conditions to the acquisitions, we expect, but cannot assure, the completion of both acquisitions before the end of 2016. Any of the acquisitions may be abandoned if not closed by that date.

***The percentage ownership of our stockholders in the Company has been reduced substantially as a result of our acquisition of FFIN and will be further substantially reduced as a result of the completion of the proposed acquisition.***

As a result of the acquisition of FFIN, stockholders that previously owned 100% of our outstanding stock the Company now own approximately 19.9% of our stock. If the proposed acquisitions of Freedom RU and Freedom CY are completed, the ownership of the stockholders that owned 100% of our outstanding stock before signing the Acquisition Agreement will own an aggregate of approximately 5% of our stock. We cannot assure that the value of the retained stock of the stockholders that owned 100% of our outstanding stock is or will be greater when their ownership is reduced to approximately 19.9% or 5% as a result on the transfer of assets and operations to the Company as consideration for the issuance of a controlling interest in the Company.

***The Acquisition Agreement restricts the conduct of our business before the completion of the acquisitions and limits our ability to pursue alternative acquisition, expansion, or diversification alternatives.***

The Acquisition Agreement restricts our ability to engage in activities or transactions outside the ordinary course of our business pending the completion of the acquisitions, December 31, 2016, or the consent of Mr. Turlov, which may be granted or withheld in his absolute discretion. These restrictions may prevent us from pursuing otherwise attractive business opportunities and making other changes to our business.

***Our failure to complete the proposed acquisitions could negatively impact the trading price for our common stock and our future business and financial results.***

If one or both acquisitions are not completed, the trading price for our common stock and our ongoing business may be adversely affected by several risks and consequences. For example, we may experience negative reactions from the financial markets about our ongoing viability and concerns that we may seek other activities and operations that may expose us to further risks. Further, while we are prohibited by the terms of the Acquisition Agreement from pursuing other opportunities, we may miss opportunities to expand or enter into new business or financial transactions that have attractive potential to provide value to our stockholders. We cannot assure that Mr. Turlov, whose consent is required in order to enter into a transaction other than in the ordinary course of business, would consent. He is under no obligation to do so.

***Timur Turlov will be subject to significant conflicts of interest in connection with the Acquisition Agreement.***

Timur Turlov will be required to make decisions about his performance under and compliance with the terms and conditions to which he is subject under the Acquisition Agreement while he is also our chairman, chief executive officer, and controlling stockholder and, therefore, has a fiduciary duty to us and our stockholders. Accordingly, he will be subject to substantial conflicts of interest in such matters. We have not adopted procedures to resolve these conflicts of interest in our favor. Further, we cannot assure that our intent to have all of our decisions respecting our performance under and compliance with the terms and conditions to which we are subject under the Acquisition Agreement determined by a majority of our disinterested, independent directors will eliminate all conflicts of interest to which such disinterested, independent directors may be subject.

#### **Risks Related to Our Pending Applications to Operate as a Securities Broker-Dealer**

***We cannot assure that FFIN will complete the required steps to become a U.S. securities broker-dealer.***

FFIN plans to apply to become a member of FINRA and to register as a broker-dealer with the SEC and applicable state authorities. Those applications, particularly the FINRA application, are technical and complicated and require substantial information about FFIN, our company, and our controlling stockholder and management. FFIN's application for FINRA membership must meet stringent requirements, and approval of its application is subject to substantial discretion. We cannot commence business until all applications are approved, and we cannot assure approval. FFIN's inability to complete the licensing and membership requirements to become a U.S. broker-dealer does not preclude us from completing the acquisitions of Freedom RU, Freedom KZ, and Freedom CY, but the inability to use FFIN to execute securities transactions in the United States on behalf of the customers of Freedom RU, Freedom KZ, and Freedom CY would have a material adverse effect on our business and results of operation.



***There is no arrangement for us to rescind the transaction through which we issued what is now 80.1% of our outstanding common stock in consideration of the acquisition of 100% ownership of FFIN if its applications to become a U.S. securities broker-dealer are not approved.***

Under the Acquisition Agreement, we issued 224,551,913 shares, or approximately 80.1% of our outstanding common stock, in consideration of our acquisition of 100% of the ownership of FFIN, which plans to file applications to become a U.S. securities broker-dealer. We cannot assure that FFIN can meet the applicable requirements or that FFIN will ever successfully complete the steps required to become a U.S. broker-dealer. If FFIN fails to become a U.S. broker-dealer, the foundation of our proposed international financial services firm will be substantially undermined and devalued. We cannot assure that we would be able to identify and implement alternative ways to serve international securities customers, including customers of the Freedom Companies. We do not have the right to rescind the acquisition of FFIN and recover the shares issued in the transaction if FFIN's efforts to become a U.S. broker-dealer are not successful, even though the value of FFIN to us would be reduced substantially.

***Regulatory authorities may impose substantial restrictions on the nature and extent of our proposed activities as a condition to approval of FFIN's FINRA membership application.***

FFIN's applications to regulatory authorities, particularly for membership in FINRA, will be subject to substantive review under a number of regulatory criteria. Pursuant to its discretion, FINRA typically imposes restrictions on the activities of new members to limit certain kinds or amounts of activities that may adversely impact a firm's financial integrity or expose its customers to risk. These restrictions may expire after a designated period or may be lifted after specified operating conditions are met. We cannot predict the nature of such new membership restrictions or the extent to which they will limit FFIN's proposed activities.

***We may need to change our proposed plan of operation, management and supervisory personnel and procedures, and operating systems in order to overcome objections from authorities.***

FFIN's new membership application to be filed for membership in FINRA includes detailed information about the manner in which FFIN proposes to conduct business; FFIN's management and supervisory personnel and procedures; transaction processing, recordkeeping, and reporting; satisfaction of monitoring and compliance requirements; administrative and customer relations protocols; and other matters. We may be required to change or supplement our current plans, arrangements, and personnel to overcome comments or objections on FFIN's application. These changes may cause delays or additional costs and may be inconsistent with our current business plan and overall strategy. We cannot predict the nature or extent of any conditions that may be imposed or their impact on our proposed activities.

#### **Risks Related to Effecting Securities Transactions for Foreign Customers**

***Our anti-money laundering obligations under the U.S. Patriot Act to monitor and report suspicious activity impose special compliance obligations, expose us to compliance risks, and may adversely affect our customer relations.***

Our anti-money laundering obligations under the U.S. Patriot Act require us to adopt and implement a comprehensive compliance policy that will require us to review the identity and conduct of our customers and the nature of their transactions with a view to determining whether they or their conduct is proscribed by law. Our efforts, in conjunction with our clearing firm, to obtain the required detailed information and documentation from our customers, particularly in Russia and Kazakhstan, may be inconsistent with cultural norms and may adversely affect our customer relationships. We will be obligated to report to federal officials our customers' suspicious activities, and our failure to do so timely, adequately, or accurately may expose us to sanctions.

***Our business will depend on the ability of our clearing firm, on our behalf, to receive and transmit funds internationally.***

Funds invested by our customers will be transmitted to our clearing firm and by it back to our customers through international banking electronic transfers, which can experience clerical and administrative mistakes, be subject to technical interruption, be delayed, or otherwise fail to work as planned. We will have no control over these funds transfers. Failures or substantial delays in funds transfers could impair our customer relationships.

***Our business may experience day-to-day operational delays and difficulties because of language differences.***

Most of our proposed customers in Russia and Kazakhstan do not speak English at all or sufficiently to execute securities transactions in English. Accordingly, we will depend on the local employees of the Freedom Companies to communicate and translate into English communications necessary to conduct business routinely and accurately. Errors in translation could result in errors in order execution, expose us to liability to customer losses, and impair our customer relationships.

***We must comply with the Foreign Corrupt Practices Act in our operations in Russia, Kazakhstan, and Cyprus.***

We will be required to conduct our activities in or related to Russia, Kazakhstan, and Cyprus in compliance with the FCPA and similar anti-bribery laws that generally prohibit companies and their intermediaries from making improper payments to foreign government officials for the purpose of obtaining or retaining business. Enforcement officials interpret the FCPA's prohibition on improper payments to government officials to apply to officials like those of the state-operated Federal Financial Markets Service of Russia, the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan, and the Cyprus Securities and Exchange Commission, the principal regulatory bodies that control and monitor our operations in those countries. While our employees and agents are required to acknowledge and comply with these laws, we cannot assure that our internal policies and procedures will always protect us from violations of these laws, despite our commitment to legal compliance and corporate ethics. The occurrence or allegation of these types of risks may expose us to fines and other sanctions and adversely affect our business, performance, prospects, value, financial condition, reputation, and results of operations.

***Foreign laws, regulations, and policies may be changed in ways that could adversely impact our business.***

Our proposed securities broker-dealer activities for customers in Russia and Kazakhstan are and will continue to be subject to ongoing uncertainties and risks, including:

- possible changes in government personnel, the development of new administrative policies, practices, and political conditions in Russia, Kazakhstan, or Cyprus that may affect the enforcement or administration of laws and regulations;

- possible changes to the laws, regulations, and policies applicable to our customers or us or the securities business generally;
- the potential adoption of entirely new regulatory regimes for foreign investment, the transfer of funds to or from foreign countries, and the permitted financial activities of residents;
- uncertainties as to whether the laws and regulations will be applicable in any particular circumstance;
- uncertainties as to whether we will be able to enforce our legal rights in Russia, Kazakhstan, or Cyprus;
- uncertainty as to whether we will be able to demonstrate, to the satisfaction of the applicable governing authorities, our compliance with governmental requirements;
- currency exchange rates, regulations, or limitations;
- political instability and possible changes in government;
- local and national tax requirements;
- expropriation or nationalization of private enterprises and other risks arising out of foreign government sovereignty over properties in Russia, Kazakhstan, or Cyprus; and
- possible significant delays in obtaining governmental authorizations, consents, or approvals of applicable requirements.

Our customers will be concentrated in Russia and Kazakhstan such that any impediment to their investments and other activities could have a material adverse effect on our business, financial condition, and results of operations.

***Russia, Kazakhstan, and Cyprus have changing regulatory regimes, regulatory policies, and interpretations.***

Russia, Kazakhstan, and Cyprus have regulatory regimes governing the operation of broker-dealers within those countries, the transfer of funds to and from such countries, and other aspects of the finance and investment industries. These provisions were promulgated during changing political circumstances, are continuing to change, and may be relatively untested, particularly insofar as they apply to foreign investments by residents. Therefore, there is little or no administrative or enforcement history or established practice that can aid us in evaluating how the regulatory regimes will affect our proposed operations. It is possible that those governmental policies will change or that new laws and regulations, administrative practices or policies, or interpretations of existing laws and regulations will materially and adversely affect our activities in Russia, Kazakhstan, or Cyprus. For example, certain of the laws of Russia and Kazakhstan may reflect reactions to international sanctions in response to Russian actions in Crimea and Ukraine. Further, since the history and practice of industry regulation is sparse, our activities may be particularly vulnerable to the decisions and positions of individuals, who may change, be subject to external pressures, or administer policies inconsistently. Internal bureaucratic politics may have unpredictable and negative consequences.

***The rate of privatization of industries in Kazakhstan could affect our business in that country.***

The expansion of Freedom KZ since its organization in 2006 has benefited from the privatization of industries and companies in that country, which has led to significant growth in investments by individuals, which in turn has increased the number of Freedom KZ's customer accounts. The Kazakh government has announced that it intends to continue privatization of companies in various industries in that country through public offerings of securities. Recently, Kazakhstan has engaged in initial public offerings to privatize companies in the oil and gas and energy distribution segments, and has announced plans for an initial public offering for the national railway company. We cannot assure that any continued privatization in Kazakhstan will result in increased customer accounts or securities transactions by persons in that country.

***The ongoing political and economic uncertainties affecting Russia and, to a lesser extent, Kazakhstan and collateral financial issues may adversely affect our proposed activities.***

Russia and, to a lesser extent, Kazakhstan continue to be impacted by changing policies that may reflect reactions to international sanctions against Russia in response to Russian actions in Crimea and Ukraine. Further, economic, domestic, and international political circumstances in the area may change. The economies of both Russia and Kazakhstan are substantially dependent on revenue from the production and sale of oil, which has declined substantially in price during the last several months. These factors may adversely impact the economic stability of these countries and, in turn, the investment practices of our customers or the regulatory policies affecting their investments.

***It may be difficult for us to enforce any civil liabilities against our customers that are outside the United States.***

We anticipate that initially almost all of our customers will be residents of countries outside of the United States and beyond the jurisdiction of U.S. courts. As a result, it may be difficult for us to enforce within the United States any claims or seek any remedies against such foreign persons, including claims, remedies, or judgments predicated upon the civil liability provisions of the securities laws of the United States or any state. Instead, we, or our subsidiaries, may as a practical matter be forced to rely on remedies under foreign laws as interpreted and enforced by foreign courts, which generally would not enforce U.S. securities or other laws or enforce or interpret contracts consistent with U.S. legal principles or precedent. Further, such foreign courts and laws in Russia and Kazakhstan are based on non-Western principles of jurisprudence and may not provide the same kinds of remedies, relief, or procedural safeguards that are familiar to U.S. or Western legal systems.

***International currency exchange rates will affect the investment practices of our customers.***

Our customers will seek to invest in U.S. securities in part to dampen the financial risk of domestic currency fluctuations and to invest in dollar-denominated securities. Even though our customers' investments are dollar-denominated, the funds available to customers to invest will depend on the rates at which the dollar is convertible into the currency of the country in which they reside—principally the Russian ruble and the Kazakh tenge. The values of the Russian ruble and Kazakh tenge have declined approximately 50% and 26%, respectively, as compared to the U.S. dollar since June 30, 2014. Declines in the value of the Russian ruble or the Kazakh tenge compared to the dollar correspondingly reduce the amounts that residents of those countries have to invest in the United States. Conversely, increases in the value of the Russian ruble and the Kazakh tenge relative to the dollar reduces the financial advantage of investing in U.S. securities. Customer expectations respecting applicable currency exchange rates may affect the timing, number, and amounts of customer transactions in U.S. securities. Accordingly, our business will be affected substantially by currency exchange rate fluctuations.

## Risks Related Generally to our Securities Business

***FFIN may face penalties or other sanctions that may be detrimental to our business if FFIN fails to comply with the comprehensive regulations administered by the SEC, state regulators, and FINRA.***

As a U.S. securities broker-dealer, FFIN will be subject to extensive regulation under both federal and state laws respecting almost all aspects of its business, including:

- customer accounts and customer transactions and interactions;
- sales methods;
- trade practices among broker-dealers;
- capital structure;
- recordkeeping;
- conduct of directors, officers, and employees; and
- supervision of employees.

The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets, rather than protection of creditors and stockholders of broker-dealers.

Uncertainty regarding the application of these laws and other regulations to FFIN's business may adversely affect the viability and profitability of our business. The SEC, FINRA, other self-regulatory organizations and state securities authorities can censure, fine, issue cease-and-desist orders, or suspend or expel a broker-dealer or any of its officers or employees. FFIN's ability to comply with all applicable laws and rules is largely dependent on its establishment, maintenance, and documentation of compliance procedures to ensure such compliance, as well as its ability to attract and retain qualified compliance personnel. FFIN could be subject to disciplinary or other actions due to claimed noncompliance in the future, and the imposition of any material penalties or orders on FFIN could have a material adverse effect on its business, operating results, and financial condition. In addition, it is possible that noncompliance could subject FFIN to future civil lawsuits, the outcome of which could harm our business. In addition, our mode of operation and profitability may be directly affected by additional legislation; changes in rules promulgated by the SEC, state regulators, FINRA, and other regulatory and self-regulatory organizations; and changes in the interpretation or enforcement of existing laws and rules.

***FFIN's failure to remain in compliance with the net capital rule would adversely affect its ability to continue to operate as a U.S. broker-dealer, which could be a material factor if FFIN's net capital requirement were to increase substantially above its current \$6,000 level.***

The SEC, FINRA, and various other regulatory agencies have stringent rules respecting the maintenance of specific levels of net capital by securities broker-dealers. Net capital is the net worth of a broker or dealer (assets minus liabilities), less certain deductions that result from excluding assets that are not readily convertible into cash and from conservatively valuing certain other assets, all as calculated pursuant to detailed and stringent requirements. Failure to maintain the required net capital may subject FFIN to suspension or revocation of registration by the SEC and suspension or expulsion from FINRA and other regulatory bodies and ultimately could require the firm's liquidation.

A change in the nature of FFIN's business activities, amendment of the net capital rules, the imposition of new rules, or any unusually large charge against net capital could limit those aspects of FFIN's contemplated operations that require the intensive use of capital. A significant operating loss or any unusually large charge against net capital could adversely affect FFIN's ability to operate and/or expand, which could have a material adverse effect on our business, financial condition, and operating results. We cannot assure that FFIN will not fall below minimum net capital requirements in the future.

***We may not be able to maintain a positive cash flow and profitability.***

Our ability to generate a positive cash flow and profitability depends on our ability to generate and maintain greater revenue while incurring reasonable expenses. This, in turn, depends, among other things, on:

- completion of our registration of FFIN as a U.S. broker-dealer;
- completion of our proposed acquisitions of Freedom RU and its Kazakhstan broker-dealer subsidiary and Freedom CY;
- integration of all of the activities of our combined subsidiaries and the broader development of an integrated, international securities brokerage and investment banking business;
- successful transition of the customers of the existing broker-dealers we acquire to effecting transactions through our U.S. broker-dealer;
- maintenance and increase of our customer base;
- management of the quality of our services;
- effective competition with existing and potential competitors;
- further development of our business activities;
- attraction and retention of qualified personnel;
- ability to limit operating costs;
- compliance with the regulatory regimes in each of the jurisdictions in which we operate; and
- maintenance of adequate working capital.

We may be unable to achieve profitability if we fail to do any of the foregoing. We cannot be certain that we will be able to generate a positive cash flow and profitability in the future. Our inability to generate profitability or positive cash flow could result in disappointing financial results, impede implementation of our growth strategy, or have an adverse impact on the trading price or volume of our common stock. Accordingly, we cannot assure that we will be able to generate the cash flow and profits necessary to sustain our business.

***Our financial results may fluctuate substantially from period to period, which may adversely affect our stock price.***

The Freedom Companies have experienced, and will likely experience in the future, significant periodic variations in revenue and results of operations. We expect the operations of FFIN, if licensed, will fluctuate similarly. These variations may be attributed in part to the fact that such operations are dependent on the vagaries of international economic and political conditions, over which we have no control. As a result, we are unlikely to achieve steady and predictable earnings on a quarterly basis, which could in turn adversely affect our stock price.

***It may be difficult for our stockholders to enforce any civil liabilities against us or our officers or directors, because many of our officers and operations are, and are expected to be, outside the United States.***

The assets of Freedom RU, Freedom KZ and Freedom CY, which we hope to acquire, are located outside the United States. Several of our directors and officers are nationals and/or residents of countries other than the United States, with all or a substantial portion of each person's assets located outside the United States. As a result, it may be difficult for investors to enforce within the United States any judgments obtained against us or our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state. Further, it may be difficult for investors to enforce in foreign countries judgments obtained in the United States.

***Pricing and other competitive pressures may impair the revenue and profitability of our brokerage business.***

We expect to derive a significant portion of our revenue from brokerage businesses serving customers in Russia and Kazakhstan. Investing by retail customers, particularly in U.S. securities, is an emerging market in those countries, and we expect to encounter intense price competition in this business as this industry matures with more competitive service providers. We believe we may experience competitive pressures in these and other areas as existing or new competitors seek to obtain market share by competing on the basis of price or service. In addition, our retail brokerage business will likely face pressure from larger competitors, which may be better able to offer a broader range of complementary products and services to retail brokerage clients in order to win their trading business. Our inability to compete effectively with our competitors in these areas would adversely affect our business, financial condition, and results of operations.

***Difficult market conditions could adversely affect our business in many ways.***

Volatile, down-trending, and negative market and economic conditions and geopolitical uncertainties are likely to adversely affect our business in many ways. Weakness in equity markets and diminished trading volume of securities could adversely impact our brokerage business, from which we expect to derive most of our revenue.

***Our operations and infrastructure may malfunction or fail.***

The international broker-dealer business is highly dependent on processing, on a daily basis, a large number of communications and increasingly complex transactions across diverse markets, in different languages. The financial, accounting, or other data processing systems we, or the firms that clear securities transactions on behalf of our customers, use may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communications services or our inability to occupy one or more of our buildings. The inability of our or our clearing firm's systems to accommodate an increasing volume of transactions could also constrain our ability to expand our businesses. If any of these systems do not operate properly or are disabled, or if there are other shortcomings or failures in our internal processes, personnel, or systems, we could suffer an impairment to our liquidity, financial loss, a disruption of our businesses, liability to clients, regulatory intervention, or reputation damage.

We also face the risk of operational failure of any of the exchanges, depositories, clearing houses, or other financial intermediaries we use to facilitate our securities transactions. Any such failure or termination could adversely affect our ability to effect transactions and to manage our exposure to risk.

Our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our business and the communities in which we and third parties with which we conduct business are located, including disruption involving electrical, communications, transportation, or other services, whether due to fire, other natural disaster, power or communications failure, act of terrorism, war, or otherwise. When and if our broker-dealer activities become fully operational, we will have employees in Moscow, Russia; Almaty, Kazakhstan; Nicosia, Cyprus; and Salt Lake City, Utah, who will need to work and communicate as an integrated team. If a disruption occurs in one location and our employees in that location are unable to communicate with or travel to other locations, our ability to service and interact with our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel. We do not maintain insurance policies to mitigate these risks because it may not be available or may be more expensive than the perceived benefit. Further, any insurance that we may purchase to mitigate certain of these risks may not cover our losses.

Our operations will rely on the secure processing, storage, and transmission of confidential and other information in our computer systems and networks. Our computer systems, software, and networks may be vulnerable to unauthorized access, computer viruses or other malicious code, and other events that could have a security impact. The occurrence of one or more of these events could: (a) jeopardize confidential and other information processed by, stored in, and transmitted through our computer systems and networks or the computer systems and networks of our customers or other third parties with which we conduct business; or (b) otherwise cause interruptions or malfunctions in our operations or the operations of our customers or third parties with which we conduct business. We may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

In addition to the risk of systems failures or interruption from benign but nevertheless disruptive causes, the systems we use and rely on will also be vulnerable to intentional unauthorized access, vandalism, software interruption, data corruption, or other mischief by unauthorized third parties, or “hackers.” Such efforts may be directed at us and our business specifically, which might disrupt our operations, or generally to broadly based, international financial, banking, and communications systems, which could disrupt broad segments of the financial and banking systems worldwide. Any such disruptions could adversely affect our business and results of operations.

***Our exposure to legal liability is significant, and damages that we may be required to pay and the reputational harm that could result from legal action against us could materially adversely affect our businesses.***

We face significant legal risks in our businesses, and in recent years, the volume of claims and amount of damages sought in litigation and regulatory proceedings against broker-dealers and other financial services firms have been increasing. These risks include potential liability under securities or other laws for materially false or misleading statements made in connection with securities transactions, the “suitability” of certain investments for specific customers, trading while in possession of material nonpublic information, and disputes over the terms and conditions of complex trading arrangements.



## Risks Related to Owning our Stock

***A significant percentage of our outstanding common stock is owned or controlled by Timur Turlov, whose interests may differ from those of other stockholders.***

Timur Turlov, our chairman and chief executive officer, owns approximately 80.1% of our outstanding common stock. Therefore, Mr. Turlov will be able to control all matters requiring approval by our stockholders, including the election of directors, the approval of our proposed recapitalization, and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control of us and might affect the market price of our common stock.

***Provisions of our organizational documents may discourage an acquisition of us.***

Our articles of incorporation authorize our board of directors to issue up to 20,000,000 shares of preferred stock, without approval from our stockholders. This means that our board of directors has the right, without stockholder approval, to fix the relative rights and preferences of the preferred stock. This could affect the rights of our common stockholders regarding, among other things, dividends and liquidation. We could also use the preferred stock to deter or delay a change in control of our Company that may be opposed by our management, even if the transaction might be favorable to our common stockholders.

***There is a limited trading market for our common stock.***

Although our common stock is currently quoted on the OTC Pink market our stock trades sporadically with very limited volume. We cannot assure that a more active trading market will develop even if FFIN becomes licensed as a U.S. broker-dealer and all proposed acquisitions are completed. Accordingly, our stockholders may not be able to sell our shares when they want or at the price they want.

***Penny stock regulations will impose certain restrictions on resales of our securities, which may cause an investor to lose some or all of its investment.***

The SEC has adopted regulations that generally define a “penny stock” to be any equity security that has a market price (as defined) of less than \$5.00 per share that is not traded on a national securities exchange or that has an exercise price of less than \$5.00 per share, subject to certain exceptions. As a result, our common stock is subject to rules that impose additional sales practice requirements on broker-dealers that sell these securities to persons other than established customers and accredited investors (generally those with assets in excess of \$1,000,000 or annual income exceeding \$200,000, or \$300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of these securities and have received the purchaser’s written consent to the transaction before the purchase. Further, if the price of the stock is below \$5.00 per share and the issuer does not have \$2.0 million or more net tangible assets or is not listed on a registered national securities exchange, sales of such stock in the secondary trading market are subject to certain additional rules promulgated by the SEC. These rules generally require, among other things, that brokers engaged in secondary trading of penny stocks provide customers with written disclosure documents, monthly statements of the market value of penny stocks, disclosure of the bid and asked prices, and disclosure of the compensation to the broker-dealer and the salesperson working for the broker-dealer in connection with the transaction. These rules and regulations may affect the ability of broker-dealers to sell our common stock, thereby effectively limiting the liquidity of our common stock. These rules may also adversely affect the ability of persons that acquire our common stock to resell their securities in any trading market that may exist at the time of an intended sale.

***We are a smaller reporting company, and the reduced reporting requirements applicable to smaller reporting companies may make our common stock less attractive to investors.***

We are a “smaller reporting company” as defined in Section 12 of the Exchange Act. For as long as we continue to be a smaller reporting company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not smaller reporting companies, including not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding nonbinding advisory votes on executive compensation, and stockholder approval of any golden parachute payments not previously approved. We could remain a smaller reporting company until the last day of the fiscal year when the aggregate worldwide market value of the voting and nonvoting common equity held by our nonaffiliates is \$75 million or more on the last business day of our most recently completed second fiscal quarter, but less than \$700 million. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

***We do not expect to pay any cash dividends in the foreseeable future.***

We intend to retain any future earnings to fund the operation and expansion of our business and, therefore, we do not anticipate paying cash dividends in the foreseeable future. Accordingly, our stockholders must rely on sales of their shares of common stock after price appreciation, which may never occur, as the only way to realize any future gains on an investment in our common stock.

## **FORM 10—ITEM 2. FINANCIAL INFORMATION: MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by, FFIN’s audited annual financial statements and the related notes thereto and FFIN’s unaudited interim financial statements and the related notes thereto, each of which appear elsewhere in this report. This discussion contains certain forward-looking statements that involve risks and uncertainties, as described under the heading “Special Note about Forward-Looking Information” in this report. Actual results could differ materially from those projected in the forward-looking statements. For additional information regarding these risks and uncertainties, please see the disclosure under the heading “Risk Factors” elsewhere in this report. Management’s discussion and analysis of financial condition and results of operations below is based upon only the financial performance of FFIN.*

*For information regarding BMBM’s financial results, you should refer to BMBM’s Annual Report on Form 10-K for the year ended March 31, 2015, filed with the SEC on June 29, 2015, and its Quarterly Report on Form 10-Q for the periods ended September 30, 2015, filed with the SEC on November 16, 2015, and the financial statements filed as an exhibit to this report.*

## Overview

Prior to closing the acquisition of FFIN, we were a shell company. Since closing an agreement to sell all our oil and natural gas exploration and production assets in September 2011 we have been working to complete the sale, wind down our operations in Kazakhstan and identify new business opportunities that might allow us to return additional value to our stockholders. We had no operating activities that were generating revenue and had been issued a “going concern” opinion by our independent registered public accounting firm.

On November 23, 2015, we entered into the Acquisition Agreement and closed on the acquisition of all of the issued and outstanding equity securities of FFIN. FFIN proposes to conduct business as a U.S. securities broker-dealer and proposes to file applications to become a member of FINRA and a licensed securities broker-dealer with the SEC and applicable state securities commissions.

The Acquisition Agreement also provides for us to acquire securities brokerage and financial services businesses in Russia, Kazakhstan, and Cyprus to build an international, broadly based brokerage and financial service firm. This integrated, international firm could offer the financial opportunities, relative stability, and comprehensive regulatory reputation of U.S. securities markets to meet the growing demand from an increasing number of investors in Russia and Kazakhstan.

Following the closing of the FFIN acquisition, FFIN plans to pursue the necessary licensing in the United States to undertake operations as a U.S. securities broker-dealer. It is anticipated we will close on the acquisitions of the brokerage and financial services businesses in Russia, Kazakhstan and Cyprus at such time as the closing conditions set forth in the Acquisition Agreement are satisfied, as described in more detail in *Form 10 – Item 1. Business* of this report.

## Limited Operating History

We have not generated any revenue from operations and there is limited historical information about us on which to base an evaluation of our performance. As noted in *Form 10 – Item 1. Business*, and *Form 10 – Item 1A. Risk Factors* before we can commence operations as a U.S. securities broker-dealer we must make application for licensure with the SEC, FINRA and applicable state securities commissions. There is no guarantee we will be successful in receiving the licenses necessary to carry out our proposed business operations. Moreover, there is no guarantee our current cash balance will be sufficient to fund our expenses and satisfy our net capital requirements through the application process and until such time as we can commence operations and generate revenue. While we anticipate we would be able to secure additional funding should it be required, we have no assurance of such. Further, even if additional funding is available to us, we have no assurance that it will be available to us on acceptable terms. Equity financing could result in additional dilution to existing shareholders.

## Results of Operations

*Three and six months ended September 30, 2015.*

### **Revenue**

We did not generate any revenue during the three or six months ended September 30, 2015.

### **Expenses**

*Operating expenses.* During the three and six months ended September 30, 2015 operating expenses included professional fees in amount of \$67,447 and \$155,045, general and administrative expenses in amount of \$64,957 and \$127,239 and depreciation expense in amount of \$894 and \$1,679, respectively. Professional services mainly included legal fees, consulting and accounting fees. General and administrative expenses comprised of payroll and related payments, rent expenses and office supplies.

*Loss from Operations.* During the three and six months ended September 30, 2015 we recognized losses from operations of \$133,298 and \$283,963, respectively.

*Total Other Income.* During the three months and the six months ended September 30, 2015 we recognized total other income of \$22 and \$43, respectively. Other income resulted from interest income on our cash balances.

*Net Loss.* For the reasons discussed above, during the three months ended September 30, 2015 we realized a net loss of \$133,581 or \$0.27 per share. During the six months ended September 30, 2015 we realized a net loss of \$284,325 or \$0.57 per share. Because we have no revenue, we expect to continue to realize net losses in upcoming fiscal periods until we start generating revenues from planned business activities and after we receive necessary regulatory approvals from FINRA.

### **Liquidity and Capital Resources**

We do not currently generate revenue and as noted above will be unable to generate revenue from our proposed business activities until such time as licensure is granted. Whether or when we will be granted licensure is beyond our control. If our existing cash assets are insufficient to satisfy our expenses while we move through the registration process, we may need to seek additional funding. We currently have no commitment for additional funding and there is no guarantee additional funding will be available, or if it is, that such funding will be available to us on acceptable terms..

### Cash Flows

During the six months ended September 30, 2015 cash was primarily used to pay for current expenses. See below for additional discussion and analysis of cash flow.

	<u>Six months ended September 30, 2015</u>
Net cash used in operating activities	\$ (288,541)
Net cash provided by investing activities	\$ (215)
Net cash used in financing activities	\$ -
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b><u>\$ (288,756)</u></b>

Our principal source of liquidity during the six months ended September 30, 2015 was cash and cash equivalents. At September 30, 2015 cash and cash equivalents totaled \$113,962.

### Contractual Obligations and Contingencies

The following is a summary of our material contractual commitments as of September 30, 2015:

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Office Lease	\$ 48,828	\$ 27,902	\$ 20,926	\$ -	\$ -
<b>Total</b>	<b>\$ 48,828</b>	<b>\$ 27,902</b>	<b>\$ 20,926</b>	<b>\$ -</b>	<b>\$ -</b>

### **Off-Balance Sheet Financing Arrangements**

As of September 30, 2015 we had no off-balance sheet financing arrangements.

### **Critical Accounting Policy and Estimates**

We believe that the following accounting policies are the most critical to aid you in fully understanding and evaluating this “Management Discussion and Analysis of Financial Condition and Results of Operations.”

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### **FORM 10—ITEM 3. PROPERTIES**

Our principal office, located at 324 South 400 West, Suite 150, Salt Lake City, UT 84101, contains approximately 1,760 square feet and is leased at \$2,325 per month (\$27,902 annually) under a lease agreement that expires June 30, 2017, with an unrelated person.

### **FORM 10—ITEM 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

At November 23, 2015, we had 280,339,467 shares of common stock issued and outstanding. The following table sets forth the outstanding shares of common stock owned of record or beneficially by each person that owned of record, or was known by us to own beneficially, more than 5% of our issued and outstanding stock, and the name and stock holdings of each director and nominee for director, and the stock holdings of all of the executive officers and directors as a group:

Name of Person or Group <sup>(1)</sup>	Nature of Ownership	Amount	Percent
<b>Principal Stockholders:</b>			
Timur Turlov <sup>(2)</sup>	Common Stock	224,551,913	80.1%
<b>Directors:</b>			
Timur Turlov <sup>(2)</sup>	Common Stock	224,551,913	80.1
Jason Kerr	Common Stock	--	--
Arkady Rakhilkin	Common Stock	--	--
Leonard M. Stillman	Common Stock	--	--
Askar Tashtitov	Common Stock	480,000	*
<b>All Executive Officers and Directors as a Group (6 persons):</b>			
	Common Stock	225,221,913	80.3%

\* Less than 1%.

(1) Unless otherwise indicated, the mailing address of each beneficial owner is c/o FFIN Securities, Inc., 324 South 400 West, Suite 150, Salt Lake City, Utah. The information provided in the table is based on our records, information filed with the SEC, and information provided to us, except where otherwise noted.

(2) As discussed in *Form 10 – Item 1, Acquisitions of the Freedom Companies*, in connection with the acquisitions of Freedom RU and Freedom CY, if completed, Mr. Turlov will be issued additional shares of common stock increasing his ownership in our then outstanding common stock by approximately an additional 13% and an additional 2%, respectively.

To our knowledge, there are no present arrangements or pledges of our securities, the operation of which may at a subsequent date result in a change in our control.

## FORM 10—ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

As part of the acquisition, Boris Cherdabayev and Valery Tolkachev resigned their positions as directors, and Mr. Turlov was appointed as chairman and Arkady Rakhilkin, Mr. Turlov's designee, was appointed to our board of directors. Mr. Tashtitov resigned his position as president. The new board then appointed officers. The following table sets forth the names, positions, and ages of our directors and executive officers. The directors listed below will serve for a period of three years and thereafter until their successors are elected and qualify. Officers are elected by the board of directors and serve at the discretion of the board of directors:

Name of Director or Executive Officer	Age	Positions with the Company	Director Since	Officer Since
Timur Turlov	27	Chief Executive Officer and Chairman	09/2015	09/2015
Jason M. Kerr	43	Director	05/2008	
Arkady Rakhilkin	46	Director	09/2015	
Leonard Stillman	72	Director	10/2006	
Askar Tashtitov	36	Director	05/2008	
Evgeniy Ler	32	Chief Financial Officer and Treasurer		04/2009

A brief description of the background and business experience of each individual follows.

*Timur Turlov.* Mr. Turlov graduated from Russia State Technic University (named after Tsialkovskiy) in 2009 with a Bachelor of Science degree in economics and management. Mr. Turlov has more than 10 years of experience in various areas in the international securities industry. Since July 2013 Mr. Turlov has served as the Advisor to the Chairman of the Board of Freedom Finance JSC. In that capacity, Mr. Turlov has been primarily responsible for strategic management, public and investor relations events, investment strategy, sales strategy and government relations. He has also served as the General Director of Investment Company Freedom Finance LLC. since August 2001. As the General Director, Mr. Turlov is responsible for establishing the company's strategic goals, including acquisition and retention of large clients, sales strategy and company development. From January 2013 through May 2012 Mr. Turlov served as the Chairman of the Board of Directors of Nomad Finance JSC where he oversaw business set up and acquisition of large clients. From May 2011 to December 2011 Mr. Turlov served as the General Director and Chief Accountant of Investment Company Duntorse LLC where he was tasked with overseeing business set up, operations with the firm's intermediary broker and sales. From July 2010 through August 2011, Mr. Turlov was employed as the Vice Director of the International Sales Department of Nettrade LLC. In this capacity, his major responsibilities including consulting to set up access to foreign markets, trading, back office and internal accounting functions. Mr. Turlov is not currently, and has not been in the past five years, a nominee or director of any other SEC registrant or registered investment company. In concluding that Mr. Turlov should serve as our chairman, we considered his in depth knowledge of the businesses of the Freedom Companies, his professional experience and his educational background in economics and management.

*Jason M. Kerr.* Mr. Kerr earned his Bachelor of Science degree in economics in 1995 and a Juris Doctorate in 1998 from the University of Utah, where he was named the William H. Leary Scholar. In 2011, Mr. Kerr founded the law firm Price, Parkinson & Kerr, where he practices commercial litigation. From 2006 to 2011, Mr. Kerr was the associate general counsel of Basic Research, LLC, concentrating in intellectual property litigation. Before joining Basic Research, Mr. Kerr was a partner with the law firm of Plant, Christensen & Kanell in Salt Lake City, Utah. Mr. Kerr was employed with Plant, Christensen & Kanell from 1996 through 2001 and from 2004 to 2006. From 2001 through 2004, Mr. Kerr was employed as a commercial litigator with the Las Vegas office of Lewis and Roca. Mr. Kerr became our director in May 2008. Mr. Kerr is not currently, and has not been in the past five years, a nominee or director of any other SEC registrant or registered investment company. In concluding that Mr. Kerr should serve as our director, we considered his educational background in economics and his professional experience as an attorney.

*Arkady Rakhilkin.* Mr. Rakhilkin earned his undergraduate degree in 1992 and post graduate degree in 1994 from Novosibirsk State Technical University both with an emphasis in applied mathematics. Mr. Rakhilkin also completed a course in effective management as part of an executive MBA program from Open University London. Mr. Rakhilkin has over 20 years of experience in the finance and banking industry. Mr. Rakhilkin has served as the Chairman of the Board of Directors of Freedom Finance JSC, and its predecessor, Seven Rivers Capital JSC since April 2008. Prior to that, he served as the Chairman of the Management Board of Seven Rivers Capital from November 2006 through April 2008. Mr. Rakhilkin's principal responsibilities included interaction with large clients, attraction of strategic partners, management of corporate finance, introduction of new information systems and sales of financing and underwriting services. Mr. Rakhilkin is not currently, and has not been in the past five years, a nominee or director of any other SEC registrant or registered investment company. In concluding that Mr. Rakhilkin should serve as a directors, we considered his extensive experience in the finance and banking industry, as well as his significant tenure and experience with Freedom Finance JSC.

*Leonard M. Stillman.* Mr. Stillman earned his Bachelor of Science degree in mathematics from Brigham Young University and Masters of Business Administration from the University of Utah. He began his career in 1963 with Sperry UNIVAC as a programmer developing trajectory analysis software for the Sergeant Missile system. Mr. Stillman spent many years as a designer and teacher of computer language classes at Brigham Young University, where he developed applications for the Administrative Department including the school's first automated teacher evaluation system. During that time, he was also a vice-president of Research and Development for Automated Industrial Data Systems, Inc. and the Owner of World Data Systems Company, which provided computerized payroll services for companies such as Boise Cascade. Mr. Stillman has over 40 years of extensive business expertise, including strategic planning, venture capital financing, budgeting, manufacturing planning, cost controls, personnel management, quality planning and management, and the development of standards, policies, and procedures. He has extensive skills in the design and development of computer software systems and computer evaluation. Mr. Stillman helped found Stillman George, Inc. in 1993 and founded Business Plan Tools, LLC in 2004. He was employed with Stillman George, Inc. until 2010, where his primary responsibilities included managing information, technical development, and financial analysis projects and development, as well as general company management and consulting activities. He is currently employed by Business Plan Tools, LLC, which provides cloud-based SaaS business planning software and consolidates a broad variety of skills from a growing group of business professionals to provide needed support in finance, marketing, management, sales, planning, product development, and more to businesses worldwide. Mr. Stillman is not currently, and has not been in the past five years, a director or nominee of any other SEC registrant or registered investment company. In concluding that Mr. Stillman should serve as a director, we considered his training in business management, strategic planning, corporate finance, and information management.

*Askar Tashtitov.* Mr. Tashtitov started with BMBM in 2004 and served as the president of BMBM from May 2006 to November 2015. He has served as a director since May 2008. Before joining BMBM, from 2002 to 2004, Mr. Tashtitov was employed by PA Government Services, Inc. as a management consultant specializing in oil and gas projects. Mr. Tashtitov earned a Bachelor of Arts degree from Yale University majoring in economics and history in 2002. Mr. Tashtitov passed the AICPA Uniform CPA Examination in 2006. Mr. Tashtitov is not, and has not been in the past five years, a director or nominee of any other SEC registrant or registered investment company. We considered Mr. Tashtitov's extensive experience in the public company arena, particularly his expertise in interfacing with equity and debt financing professionals, as well as his significant business management experience in concluding that he should serve as our director.

*Evgeniy Ler.* Mr. Ler started with BMBM in 2006. Before being appointed chief financial officer in April 2009, Mr. Ler served in other capacities with us, including finance manager and reporting manager. From September 2011 to December 2012, Mr. Ler also served as a Deputy Director for Emir Oil, LLP. Before joining BMBM, from 2002 to 2006, Mr. Ler was employed by Deloitte & Touche, where he held the position of senior auditor in Financial Services & Industries Group, Audit. In that position, he led large engagements for banks, financial institutions, and oil and gas companies. In 2003 Mr. Ler was awarded a Bachelor's degree in financial management from the Kazakh-American University located in Almaty, Kazakhstan. In 2008 Mr. Ler passed the AICPA Uniform CPA Examination and was awarded licensure as a CPA in November 2013. Mr. Ler has also completed trainings in London on financial reporting in accordance with IFRS and US GAAP and internal Deloitte trainings on audit, financial reporting, and due diligence.



### *Significant Employees and Consultants*

*Sean Lawson.* Mr. Lawson has 20 years of experiences in the securities brokerage industry. He currently holds Series 4, 7, 24, 53, 63, 65 and 99 licenses. Mr. Lawson has served as the Chief Compliance Officer of FFIN Securities since October 2014. In this capacity, initially Mr. Lawson will be principally responsible for guiding FFIN through the broker dealer registration process. If and when licensure is received, Mr. Lawson will be responsible to ensure the operations of FFIN are conducted in compliance with the laws, rules and regulations applicable to a broker dealer licensed in the United States. From August 2009 through March 2014 Mr. Lawson served as the President, Chief Compliance Officer and Chief Financial Officer of Vertical Capital Asset Management, LLC, an SEC registered investment advisory and Vertical Capital Securities, LLC., a FINRA registered managing broker dealer. Mr. Lawson created and formed these affiliated companies. Among other things, his principal responsibilities included due diligence and investment analysis on all products, ensuring written supervisory policies and procedures remained current, overseeing AML compliance, supervising and registration of all licensed personnel, working closely with FINOP and accounting personnel, and coordinating all regulatory and annual financial audits. Mr. Lawson graduated with a BBA in finance and a minor in economics from the University of New Mexico in 1994.

*Todd Groskreutz.* Mr. Groskreutz has 27 years of experience in the securities brokerage industry and currently holds Series 7, 24, 27 and 63 licenses. Mr. Groskreutz has served as the Operations Manager of FFIN Securities since April 2015. Mr. Groskreutz's primary initial efforts have been to assist FFIN as it undertakes the broker dealer registration process. If and when licensure is received, Mr. Groskreutz primary responsibility will be to oversee operations and assist in ensuring compliance with all applicable securities laws, rules and regulations. Prior to joining FFIN, Mr Groskreutz was employed with Alpine Securities Corporation, a self-clearing brokerage firm and boutique investment company. At Alpine Securities Mr. Groskreutz served as the Chief Financial Officer and Chief Operations Officer. His primary responsibilities included all accounting functions, compliance with SEC, FINRA and State regulations, customer services and operations department functions including supervision of customer cashiers, broker cashiers and back office manager, trade break and reconciliation, dividend and income processing, corporate actions and reorganizations, stock receipt and delivery and management of correspondent clearing firm relationships. Mr. Groskreutz also served on the executive committee responsible for all firm supervisory decisions. Mr. Groskreutz currently works for FFIN on a part-time basis. He also currently serves as the CFO and Finance Director for Odyssey House, a non-profit organization in Utah that provides comprehensive substance abuse treatment, prevention and mental health services. Mr. Groskreutz earned Bachelors of Science degrees in both Finance and Management from the University of Utah in 1985. He earned a Master of Business Administration from the University of Utah in 1990.

### **FORM 10—ITEM 6. EXECUTIVE COMPENSATION**

The table below summarizes compensation paid to or earned by all individuals serving as the principal executive officer of BMBM or acting in a similar capacity during the last two completed fiscal years regardless of compensation level and the individual serving as the principal executive officer of FFIN during the period from August 25, 2014 (inception) through March 31, 2015. No individual earned in excess of \$100,000 during the last completed fiscal year.

### Summary Compensation Table

Name and Principal Position		Salary (\$)	Bonus (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
<b>Askar Tashtitov</b>	2015	-0-	-0-	-0-	-0-	-0-
President (PEO) of BMBM	2014	-0-	-0-	-0-	168,000 <sup>(1)</sup>	168,000
<b>Timur Turlov</b>	2015	-0-	-0-	-0-	-0-	-0-
President (PEO) of FFIN						

<sup>(1)</sup> Compensation paid to Mr. Tashtitov by Lakeview pursuant to a Services Agreement with Lakeview to provide management, administrative and support personnel and services to the Company.

#### Employment Agreements

During the fiscal year ended March 31, 2015, Mr. Turlov provided services to FFIN and Mr. Tashtitov provided services to BMBM on an as needed basis and received no compensation for the services they provided. We do not have employment agreements with either Mr. Turlov or Mr. Tashtitov.

#### Outstanding Equity Awards at Fiscal Year-End

As of March 31, 2015 neither Mr. Turlov, nor Mr. Tashtitov held any outstanding stock options, unvested restricted stock grants or other shares of stock, units or other rights awarded under any equity incentive plan that had not vested or that had not been earned.

#### Compensation of Directors

##### *Director Fees*

During the fiscal year ended March 31, 2015 neither BMBM, nor FFIN compensated any members of their respective boards of directors for their board service. In connection with the acquisition of FFIN, the Company has agreed to pay a monthly director fee of \$500 per month to Mr. Kerr and Mr. Stillman. Mr. Rakhilkin is paid a monthly director fee of \$1,300 by Freedom KZ.

##### *Equity Compensation*

We do not currently have a fixed plan for the award of equity compensation to our directors. Equity compensation of directors, if any, is typically recommended by the compensation committee or management and is subject to approval of the full board of directors. Any equity grants to directors are to be granted at a price equal to the fair market value of our common stock on the date of the grant. We did not award any equity compensation to our directors during the year ended March 31, 2015.

### FORM 10—ITEM 7. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

#### Related Party Transactions

The disclosures set forth in this report in Item 2.01, Form 10—Item 1. Business and Form 10—Item 5. Directors and Executive Officers, Form 10—Item 10. Recent Sales of Unregistered Securities, Item 5.01 and Item 5.02 are incorporated by reference into this Form 10-Item 7. Certain Relationships and Related Transactions and Director Independence.

In December 2014 and March 2015 FFIN issued 100,000 shares and 400,000 share respectively to Mr. Turlov in exchange for capital contributions to FFIN of \$100,000 and \$400,000 respectively. At the times such contributions were made Mr. Turlov was the president, a director and the sole owner of FFIN.

During the period from August 25, 2014 (inception) to June 9, 2015 FFIN incurred legal expenses of \$56,098 from a legal firm where one of the members of the FFIN board of directors is employed. This individual resigned his position on the board of directors of FFIN on June 9, 2015.

In February 2012 BMBM entered into the Services Agreement with Lakeview which continued through December 2012. Pursuant to the Services Agreement, Lakeview provided BMBM with management, administrative and support personnel and services in furtherance of fulfilling its obligations pursuant to the Participation Interest Purchase Agreement regarding the sale of BMBM's wholly-owned subsidiary Emir Oil, LLP, and other activities, including the winding down of BMBM's representative office in Kazakhstan. Lakeview is a company controlled by former BMBM director Daymon Smith.

In exchange for the services under the Services Agreement, BMBM paid \$1,947,500 to Lakeview, which included anticipated out-of-pocket expenses required to perform the services through the term of the Agreement in the amount of \$1,900,000 and a management fee of \$47,500. Through March 31, 2013, Mr. Smith's total compensation in connection with the Services Agreement was \$47,500.

#### **Director Independence**

Our common stock is traded on the OTC Pink market and we are not subject to exchange listing requirements with respect to "independent" directors or composition of board committees. However we have chosen to use the definition of "independent director" in Section 803(A) of the NYSE MKT Company Guide to evaluate whether our directors are independent. Based upon the standards set forth in Section 803(A) of the NYSE MKT Company Guide, as of the date of this report, the board of directors has determined that following directors are independent: Jason Kerr, Arkady Rakhilkin and Leonard Stillman.

#### **FORM 10—ITEM 8. LEGAL PROCEEDINGS**

We are not aware of any legal proceedings contemplated by any governmental authority or any other party involving us or our properties. As of the date of this report, no director, officer, or affiliate is a party adverse to us in any legal proceeding or has an adverse interest to us in any legal proceedings. Management is not aware of any other legal proceedings pending or that have been threatened against us or our properties.

**FORM 10—ITEM 9. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S  
COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

The following table sets forth for the periods indicated the high and low bid prices for our common stock as quoted under the symbol “BMBM” on the Over-the-Counter Pink market for the fiscal year ending March 31, 2016, and for the fiscal years ended March 31, 2015 and 2014. These quotations were furnished to us by the OTC Markets Group, Inc. and reflect interdealer prices without retail mark-up, mark-down, or commission and may not necessarily represent actual transactions:

Fiscal Year Ending March 31,	<u>High</u>	<u>Low</u>
<b>2016:</b>		
Second Quarter	\$0.0037	\$0.002
First Quarter	0.0075	0.004
<b>2015:</b>		
Fourth Quarter	0.006	0.005
Third Quarter	0.007	0.004
Second Quarter	0.010	0.006
First Quarter	0.009	0.007
<b>2014:</b>		
Fourth Quarter	0.008	0.008
Third Quarter	0.013	0.013
Second Quarter	0.016	0.016
First Quarter	0.025	0.025

On November 20, 2015, the closing high and low bid price per share of our common stock on the Over-The-Counter Pink market was \$0.002 and \$0.0001, respectively.

**Holders**

As of November 23, 2015, we had approximately 366 shareholders of record holding 280,339,467 shares of our common stock. The number of record holders was determined from the records of our stock transfer agent and does not include beneficial owners of common stock whose shares are held in the names of various securities brokers, dealers, and registered clearing houses or agencies.

**Dividends**

We have not declared or paid a cash dividend on our common stock during the past two fiscal years. Our ability to pay dividends is subject to limitations imposed by Nevada law. Under Nevada law, dividends may be paid to the extent that a corporation’s assets exceed its liabilities and it is able to pay its debts as they become due in the usual course of business.

In connection with a sale of our wholly owned operating subsidiary, Emir Oil LLP, on October 24, 2011, we made an initial cash distribution to our stockholders in the amount of \$1.04 per share. On October 30, 2012, we made a second cash distribution in the amount of \$0.30 per share.

**Equity Compensation Plans**

The following table provides information respecting our compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)</b>	<b>Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))(c)</b>
Equity compensation plans approved by security holders	--	--	4,025,000
Equity compensation plans not approved by security holders	--	--	--
<b>Total</b>	<b>--</b>	<b>--</b>	<b>4,025,000</b>

#### **FORM 10—ITEM 10. RECENT SALES OF UNREGISTERED SECURITIES**

In connection with acquisition of FFIN pursuant to the Acquisition Agreement, on November 23, 2015, we issued 224,551,913 shares of our common stock to Timur Turlov in exchange for all of the issued and outstanding common stock of FFIN and the right to purchase the Freedom Companies on agreed terms. Before entering into this agreement, there was no material relationship between Mr. Turlov and the Freedom Companies, on the one hand, and us and our affiliates, on the other.

Our acquisition of FFIN and our proposed acquisition of the Freedom Companies are part of a plan to build a vertically integrated international financial services firm. We issued this common stock to Mr. Turlov in reliance on the exemptions from registration provided in Section 4(a)(2) of the Securities Act for transactions not involving any public offering and in Regulation S promulgated under the Securities Act for offers and sales made outside the United States without registration. Mr. Turlov represented that he was an “accredited investor” as defined in Rule 501(a) of Regulation D and acknowledged, in writing, that the securities must be acquired and held for investment. Mr. Turlov confirmed in writing that he is a non-U.S. person, as defined in Regulation S. All certificates evidencing the shares issued bear a restrictive legend. No underwriter participated in the offer and sale of these securities, and no commission or other remuneration was paid or given directly or indirectly in connection therewith.

#### **FORM 10—ITEM 11. DESCRIPTION OF REGISTRANT’S SECURITIES TO BE REGISTERED**

Our authorized capital stock consists of 500,000,000 shares of common stock, par value \$0.001 per share, and 20,000,000 shares of preferred stock, par value \$0.001 per share.

##### **Common Stock**

Of the authorized common stock, 280,339,467 shares are outstanding as November 23, 2015 after giving effect to the shares to be issued to Mr. Turlov as a result of the initial closing of the Acquisition Agreement. The holders of our common stock are entitled to receive dividends from our funds legally available therefor only when, as and if declared by our board, and are entitled to share ratably in all of our assets available for distribution to holders of our common stock upon the liquidation, dissolution or winding-up of our affairs. Holders of our common stock do not have any preemptive, subscription, redemption or conversion rights. Holders of our common stock are entitled to one vote per share on all matters which they are entitled to vote upon at meetings of stockholders or upon actions taken by written consent pursuant to Nevada corporate law. The holders of our common stock do not have cumulative voting rights, which means, that the holders of a plurality of the outstanding shares can elect all of our directors. All of the shares of our common stock currently issued and outstanding are fully-paid and nonassessable. No dividends have been paid to holders of our common stock since our incorporation, and no cash dividends are anticipated to be declared or paid in the reasonably foreseeable future.

In connection with the sale of our wholly owned subsidiary, Emir Oil, in September 2011, we made an initial cash distribution to our stockholders in the amount of \$1.04 per share. In October 2012, we made a second cash distribution to our stockholders in the amount of \$0.30 per share.

### **Preferred Stock**

We are currently authorized 20,000,000 shares of preferred stock, \$0.001 par value per share, with no shares issued or outstanding. No rights, privileges or preferences have been designated for our preferred stock. Our board of directors is authorized to divide our preferred stock into classes or series and to designate rights, privileges and preferences of any such class or series of preferred stock by resolution before its issuance.

On July 17, 2008 the BMBM shareholders approved the BMB Munai, Inc. 2009 Equity Incentive Plan ("2009 Plan") to provide a means whereby BMBM could attract and retain employees, directors, officers and others upon whom the responsibility for the successful administration, management, planning and/or organization of BMBM rests and to provide employees and other with additional incentive and reward opportunities designed to enhance the profitable growth of BMBM over the long term. The 2009 Plan permits the grant of incentive stock option, non-statutory options and restricted stock grants. 5,000,000 common shares are reserved for issuance under the 2009 Plan subject to adjustments for any stock splits, stock dividends or other specified adjustments which may take place in the future. As of November 23, 2015, 4,025,000 shares remain available for grant under the 2009 Plan. The 2009 Plan expires on May 13, 2018. Under the terms of the 2009 Plan, our board determines the terms of the awards made under the 2009 Plan, within the limits set forth in the 2009 Plan guidelines.

The foregoing is only a brief description of the material terms of the 2009 Plan, and does not purport to be a complete description of the 2009 Plan, and such description is qualified in its entirety by reference to the 2009 Plan, which was filed as an annex to the Revised Definitive Proxy Statement on Schedule 14A on June 23, 2008, and is incorporated herein by this reference.

### **Anti-Takeover Effects of Certain Provisions of our Charter Documents and Nevada Law**

#### ***Business Combination***

The "business combination" provisions of Sections 78.411 to 78.444, inclusive, of the Nevada Revised Statutes ("NRS"), generally prohibit a Nevada corporation with at least 200 stockholders from engaging in various "combination" transactions with any interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the transaction is approved by the board of directors before the date the interested stockholder obtained such status; and extends beyond the expiration of the three-year period, unless:

- the transaction was approved by the board of directors before the person becoming an interested stockholder or is later approved by a majority of the voting power held by disinterested stockholders, or
- if the consideration to be paid by the interested stockholder is at least equal to the highest of: (a) the highest price per share paid by the interested stockholder within the three years immediately preceding the date of the announcement of the combination or in the transaction in which it became an interested stockholder, whichever is higher, (b) the market value per share of common stock on the date of announcement of the combination and the date the interested stockholder acquired the shares, whichever is higher, or (c) for holders of preferred stock, the highest liquidation value of the preferred stock, if it is higher.

A “combination” is generally defined to include mergers or consolidations or any sale, lease exchange, mortgage, pledge, transfer, or other disposition, in one transaction or a series of transactions, with an “interested stockholder” having: (a) an aggregate market value equal to 5% or more of the aggregate market value of the assets of the corporation, (b) an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation, (c) 10% or more of the earning power or net income of the corporation, and (d) certain other transactions with an interested stockholder or an affiliate or associate of an interested stockholder.

In general, an “interested stockholder” is a person who, together with affiliates and associates, owns (or within three years, did own) 10% or more of a corporation’s voting stock. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire our Company even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

### ***Control Share Acquisition***

The “control share” provisions of Sections 78.378 to 78.3793, inclusive, of the NRS apply to “issuing corporations,” which are Nevada corporations with at least 200 stockholders, including at least 100 stockholders of record who are Nevada residents, and which conduct business directly or indirectly in Nevada. The control share statute prohibits an acquirer, under certain circumstances, from voting its shares of a target corporation’s stock after crossing certain ownership threshold percentages, unless the acquirer obtains approval of the target corporation’s disinterested stockholders. The statute specifies three thresholds: one-fifth or more but less than one-third, one-third but less than a majority, and a majority or more, of the outstanding voting power. Generally, once an acquirer crosses one of the above thresholds, those shares in an offer or acquisition and acquired within 90 days thereof become “control shares” and such control shares are deprived of the right to vote until disinterested stockholders restore the right. These provisions also provide that if control shares are accorded full voting rights and the acquiring person has acquired a majority or more of all voting power, all other stockholders who do not vote in favor of authorizing voting rights to the control shares are entitled to demand payment for the fair value of their shares in accordance with statutory procedures established for dissenters’ rights.

A corporation may elect to not be governed by, or “opt out” of, the control share provisions by making an election in its articles of incorporation or bylaws, provided that the opt-out election must be in place on the tenth day following the date an acquiring person has acquired a controlling interest, that is, crossing any of the three thresholds described above. The Company opted out of the “control share” provisions of the NRS at the time it was incorporated in Nevada.

## **FORM 10—ITEM 12. INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Nevada law and certain provisions of our bylaws under certain circumstances provide for indemnification of our officers, directors and controlling persons against liabilities which they may incur in such capacities. A summary of the circumstances in which such indemnification is provided for is contained herein, but this description is qualified in its entirety by reference to our bylaws and to the statutory provisions.

In general, any officer, director, employee or agent may be indemnified against expenses, fines, settlements or judgments arising in connection with a legal proceeding to which such person is a party, if that person's actions were in good faith, were believed to be in our best interest, and were not unlawful. Unless such person is successful upon the merits in such an action, indemnification may be awarded only after a determination by independent decision of our board, by legal counsel, or by a vote of the stockholders, that the applicable standard of conduct was met by the person to be indemnified.

The circumstances under which indemnification is granted in connection with an action brought on our behalf is generally the same as those set forth above; however, with respect to such actions, indemnification is granted only with respect to expenses actually incurred in connection with the defense or settlement of the action. In such actions, the person to be indemnified must have acted in good faith and in a manner believed to have been in our best interest, and have not been adjudged liable for negligence or misconduct.

Indemnification may also be granted pursuant to the terms of agreements which may be entered into in the future or pursuant to a vote of stockholders or directors. The statutory provision cited above also grants the power to us to purchase and maintain insurance which protects our officers and directors against any liabilities incurred in connection with their service in such a position, and such a policy may be obtained by us.

A stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions. At present, there is no pending litigation or proceeding involving any of our directors, officers or employees regarding which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, this indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

#### **FORM 10—ITEM 13. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements set forth in Item 9.01(a) and (b) of this report are incorporated by reference into this item.

#### **FORM 10—ITEM 14. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

The disclosures set forth in Item 4.01 of this report are incorporated by reference into this item.

#### **FORM 10—ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS**

The exhibits described in Item 9.01 of this report are incorporated by reference into this item.

#### **END FORM 10 INFORMATION**



#### ITEM 4.01—CHANGES IN REGISTRANT’S CERTIFYING ACCOUNTANT

The financial statements of FFIN, as of and for the period from August 25, 2014 (date of inception) through the fiscal year ended March 31, 2015, were audited by WSRP, LLC the independent registered public accounting firm of FFIN. Financial statements prepared by BMBM for fiscal years ended March 31, 2015 and 2014, were audited by Eide Bailly LLP, which statements were relied upon, in part in preparing the unaudited pro forma condensed combined financial statements annexed as an exhibit to this report.

As the result of the initial closing of the Acquisition Agreement, FFIN has become our subsidiary and, therefore, as of such date, the independent registered public accounting firm of FFIN, WSRP, LLC will continue to act as the auditor for BMBM and FFIN until its resignation or removal.

Pursuant to Item 304 of Regulation S-K under the Securities Act of 1933, as amended, and under the Securities Exchange Act of 1934, as amended, BMBM reports as follows:

- The dismissal of Eide Bailly, LLP, which took effect on November 23, 2015, and appointment of the new independent registered public accounting firm, WSRP, LLC which took effect on November 23, 2015, were related solely to the change of control of BMBM, resulting from our acquisition of FFIN, and was not related in any way to any disagreement with Eide Bailly, LLP.
- Eide Bailly, LLP’s report on the financial statements of BMBM, for the fiscal years ended March 31, 2015 and 2014, has not contained any adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principle, except for Eide Bailly, LLP’s audit reports dated June 29, 2015 and June 30, 2014, respectively contained an explanatory paragraph that cited certain conditions that raised substantial doubt about BMBM’s ability to continue as a going concern.
- The decision to use WSRP, LLC was approved by our board of directors and audit committee.
- During the fiscal years ended March 31, 2015 and March 31, 2014, and any subsequent interim period, neither BMBM nor, based on information, FFIN has had any disagreements with WSRP, LLC on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement(s), if not resolved to the satisfaction of the former accountant, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its report.

A copy of the disclosure made herein has been provided to Eide Bailly, LLP before the date of filing of this report with the SEC, and Eide Bailly LLP has been requested to furnish us with a copy of a letter addressed to the SEC stating that it agrees with the statements made by us in this Item 4.01 of this report. A copy of this letter dated November 23, 2015, is filed as an exhibit to this report.

As the result of the initial closing of the Acquisition Agreement, FFIN has become our subsidiary and, therefore, as of such date the independent registered public accounting firm of FFIN, WSRP, LLC will continue to act as the auditor for FFIN and BMBM until its resignation or removal. From inception in 2014 through the acquisition date and through the date of our appointment of WSPR, LLC neither BMBM nor FFIN consulted WSRP, LLC respecting the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on BMBM’s consolidated financial statements, or any other matter or reportable events listed in Items 304(a)(2)(i) and (ii) of Regulation S-K.

#### **ITEM 5.01—CHANGES IN CONTROL OF REGISTRANT**

The disclosures set forth in Item 2.01 of this report are incorporated by reference into this item.

In connection with the initial closing, BMBM acquired 100% of the issued and outstanding common stock of FFIN from Mr. Turlov in exchange for the issuance of 224,551,913 shares of common stock of BMBM. Following the initial closing, Mr. Turlov holds approximately 80.1% of our issued and outstanding common stock. Upon completion of the subsequent closings to acquire Freedom RU, Freedom KZ, and Freedom CY, Mr. Turlov will hold approximately 95% of our then issued and outstanding common stock.

#### **ITEM 5.02—DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS**

The disclosures set forth above in the Form 10—Item 1. Business, Form 10—Item 5. Directors and Executive Officers, Form 10—Item 6. Executive Compensation, and Form 10—Item 7. Certain Relationships and Related Transactions and Director Independence of this report are incorporated by reference into this Item 5.02.

#### **ITEM 5.06—CHANGE IN SHELL COMPANY STATUS**

As the result of the transaction effected by the initial closing of the Acquisition Agreement, as described above under Item 2.01 of this report, we are no longer a shell company as that term is defined in Rule 12b-2 of the Exchange Act. The disclosures in Item 2.01 and Form 10—Item 1. Business, under the heading “The Acquisition Agreement,” of this report are incorporated by reference into this Item 5.06.

## ITEM 9.01—FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial statements of business acquired:

FFIN's audited financial statements for the period from August 25, 2014 (inception) through March 31, 2015:

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FFIN's unaudited interim financial statements for the period ended September 30, 2015:

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(b) Pro Forma financial information:

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Combined Statement of Operations for the six months ended September 30, 2015	F-25
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(c) Shell company transactions: not required.

(d) Exhibits: The following are filed as exhibits to this report:

<b>Exhibit Number*</b>	<b>Title of Document</b>	<b>Location</b>
<b>Item 2.</b>	<b>Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession</b>	
2.01	Share Exchange and Acquisition Agreement between BMB Munai, Inc., and Timur Turlov dated November 23, 2015	This filing.
<b>Item 10.</b>	<b>Material Contracts</b>	
10.01	Standard Form Lease Agreement between ZAHA, LLC and FFIN Securities, Inc. dated December 9, 2014	This filing.
<b>Item 16.</b>	<b>Letter re: Change in Certifying Accountant</b>	
16.01	Letter to the Securities and Exchange Commission from Eide Bailly, LLP., dated November 23, 2015	This filing.
<b>Item 21.</b>	<b>Subsidiaries of the Registrant</b>	
21.01	Schedule of subsidiaries	This filing.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**BMB MUNAI, INC.**

Dated: November 23, 2015

By: /s/ Timur Turlov  
Timur Turlov, Chief Executive Officer

**FFIN SECURITIES, INC.**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
AND  
FINANCIAL STATEMENTS**

**For the Period August 25, 2014 (Inception) to March 31, 2015**

# FFIN SECURITIES, INC.

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**WSRP, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
& BUSINESS ADVISORS

www.WSRP.com

**Report of Independent Registered Public Accounting Firm**

Board of Directors and Stockholder  
FFIN Securities, Inc. Salt Lake City, Utah

We have audited the accompanying balance sheet of FFIN Securities, Inc. as of March 31, 2015 and the related statements of operations, stockholders' equity, and cash flows for the period August 25, 2014 (inception) to March 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FFIN Securities, Inc. at March 31, 2015, and the results of its operations and its cash flows for the period August 25, 2014 (inception) to March 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As indicated in Note 2, the ability of the Company to continue as a going concern is dependent upon, among other things, its ability to generate revenues, which it cannot do until the Company receives necessary regulatory approvals from FINRA. Uncertainty as to the outcome of these factors raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WSRP, LLC

WSRP, LLC

Salt Lake City, Utah  
September 23, 2015

SALT LAKE - 155 North 400 West, Suite 400 - Salt Lake City, Utah - 84103 - 801.328.2011 (office) - 801.328.2015 (fax)  
LEHI - 2989 West Maple Loop Drive, Suite 210 - Lehi, Utah - 84043 - 801.328.2011 (office) - 801.776.1551 (fax)  
LAS VEGAS - 1820 East Warm Springs Road, Suite 112 - Las Vegas, Nevada - 89119 - 702.451.3099 (office) - 702.568.5030 (fax)

Member: American Institute, Utah Association and Nevada Society of Certified Public Accountants



**FFIN SECURITIES, INC.**  
**BALANCE SHEET**  
**MARCH 31, 2015**

**ASSETS**

<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 402,718
Employee receivables	1,300
Prepaid expenses	483
<b>Total current assets</b>	<b>404,501</b>
<b>NON-CURRENT ASSETS</b>	
Fixed assets, net	8,537
<b>Total non-current assets</b>	<b>8,537</b>
<b>TOTAL ASSETS</b>	<b>\$ 413,038</b>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 46,632
Accrued payroll and other liabilities	4,700
State tax payable	100
Deferred tax liabilities	180
<b>Total current liabilities</b>	<b>51,612</b>
<b>NON-CURRENT LIABILITIES</b>	
Non-current deferred tax liabilities	60
<b>Total non-current liabilities</b>	<b>60</b>
<b>Total liabilities</b>	<b>51,672</b>
<b>STOCKHOLDER'S EQUITY</b>	
Common stock - \$0.001 par value; 100,000,000 shares authorized, 500,000 shares issued and outstanding	500
Preferred stock - \$0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding	-
Additional paid-in-capital	499,500
Accumulated deficit	(138,634)
<b>Total stockholder's equity</b>	<b>361,366</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 413,038</b>

The accompanying notes are an integral part of these financial statements.

**FFIN SECURITIES, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE PERIOD AUGUST 25, 2014 (INCEPTION) TO MARCH 31, 2015**

REVENUES	\$ -
OPERATING EXPENSES	
Professional fees	96,149
General and Administrative	41,869
Depreciation	278
Total Operating Expenses	138,296
OPERATING LOSS	(138,296)
OTHER INCOME	
Interest income	2
Total Other Income	2
NET LOSS BEFORE INCOME TAX EXPENSE	(138,294)
Income tax expense	(340)
<b>NET LOSS</b>	<b>\$ (138,634)</b>
Basic and diluted loss per common share	\$ (1.51)
Weighted average shares outstanding	91,743

The accompanying notes are an integral part of these financial statements.

**FFIN SECURITIES, INC.**  
**STATEMENT OF STOCKHOLDER'S EQUITY**  
**FOR THE PERIOD AUGUST 25, 2014 (INCEPTION) TO MARCH 31, 2015**

	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholder's Equity</b>
	<u>Shares</u>	<u>Amount</u>			
<b>Balance, August 25, 2014 (Inception)</b>	-	\$ -	\$ -	\$ -	\$ -
Shares issued for cash	500,000	500	499,500	-	500,000
Net loss	-	-	-	(138,634)	(138,634)
<b>Balance, March 31, 2015</b>	<u><b>500,000</b></u>	<u><b>\$ 500</b></u>	<u><b>\$ 499,500</b></u>	<u><b>\$ (138,634)</b></u>	<u><b>\$361,366</b></u>

The accompanying notes are an integral part of these financial statements.

**FFIN SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD AUGUST 25, 2014 (INCEPTION) TO MARCH 31, 2015**

<b>Cash flows from operating activities</b>	
Net loss	\$ (138,634)
Adjustments to reconcile net loss to cash used in operating activities:	
Depreciation expense	278
Deferred taxes	240
Changes in operating assets and liabilities:	
Employee receivables	(1,300)
Prepaid expenses	(483)
Accounts payable	46,632
Accrued payroll and other liabilities	4,700
State tax payable	100
Net cash used in operating activities	(88,467)
<b>Cash flows from investing activities</b>	
Purchase of fixed assets	(8,815)
Net cash used in investing activities	(8,815)
<b>Cash flows from financing activities</b>	
Proceeds from issuance of common stock	500,000
Net cash from financing activities	500,000
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>402,718</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 402,718</b>
<b>Supplemental disclosure of Cash Flows for:</b>	
Cash paid for interest	\$ -
Cash paid for income taxes	\$ -

The accompanying notes are an integral part of these financial statements.

**FFIN SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

**Note 1 – Organization and Description of Business**

**General**

FFIN Securities, Inc. (the “Company”) was incorporated in the state of Nevada on August 25, 2014 for the purpose of primarily serving brokerage clients referred from foreign brokerage firms under common ownership as part of a strategy to provide foreign customers with access to the U.S. securities markets. The Company intends to make application to the Financial Industry Regulatory Authority (“FINRA”), the U.S. Securities Exchange Commission (the “Commission”) and applicable state securities commissions to become a licensed broker dealer in the United States of America.

**Note 2 – Summary of Significant Accounting Policies**

**Accounting Principles**

The Company’s accounting policies conform to accounting principles generally accepted in the United States of America (GAAP)

**Going Concern**

The ability of the Company to continue as a going concern is dependent upon, among other things, its ability to generate revenues. The Company cannot engage in its planned business activities until such time as it receives necessary regulatory approvals from FINRA, the Commission and any applicable state securities commissions. The Company’s ability to obtain such approval is not guaranteed. If the Company does not receive the necessary approvals, it will be unable to generate revenue. Uncertainty as to the outcome of these factors raises substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

**Revenue and Expense Recognition**

Revenues and expenses from all securities transactions will be recorded on the trade date of the transaction. The Company does not participate in any proprietary securities transactions. At March 31, 2015 and at date of filing, the Company has not yet established an ongoing source of revenue sufficient to cover its operating costs as it pursues the FINRA application process to become a registered broker dealer in the United States.

**Cash and Cash Equivalents**

Cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase.

**Fixed Assets**

Fixed assets are carried at cost, net of accumulated depreciation. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three and seven years.

**Advertising Expense**

As of March 31, 2015 and the date of filing the Company has had no expenses related to advertising. The Company does not anticipate engaging in any advertising activities until after regulatory approval is received. At that point all costs associated with advertising will be expensed in the period incurred.

**Impairment of Long Lived Assets**

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. As of March 31, 2015, the Company has not recorded any charges for impairment of long-lived assets.

**Income Taxes**

The Company recognizes deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Income tax expense differs from amounts that would be calculated by applying the federal statutory rate because of the federal surtax, state income tax rates, certain nondeductible expenses and net operating loss carrybacks, if any.

The Company will include interest and penalties arising from the underpayment of income taxes in the statement of operations in the provision for income taxes. As of March 31, 2015 the Company had no accrued interest or penalties related to uncertain tax positions. Tax years that remain subject to examination are years 2015 and forward.

**Financial Instruments**

Financial instruments include employee receivables, prepaid expenses, accounts payable, and accrued expenses. Management estimates that the carrying amount of these financial instruments represents their fair values, which were determined by their near term nature or by comparable financial instruments' market value.

## Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers”. Revenue is an important number to users of financial statements in assessing an entity’s financial performance and position. Previous revenue recognition guidance in GAAP comprised broad revenue recognition concepts together with numerous revenue requirements for particular industries or transactions, which sometimes resulted in different accounting for economically similar transactions. Accordingly, the FASB and the International Accounting Standards Board (IASB) initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and IFRS that would:

1. Remove inconsistencies and weaknesses in revenue requirements.
2. Provide a more robust framework for addressing revenue issues.
3. Improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.
4. Provide more useful information to users of financial statements through improved disclosure requirements.
5. Simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer.

To meet these objectives, the FASB is amending the FASB Accounting Standards Codification (ASC) and creating a new Topic 606, “Revenue from Contracts with Customers”. The Company will be evaluating the impact of ASU 2014-09 as it pertains to the Company’s financial statements and other required disclosures on an ongoing basis until its eventual adoption and incorporation.

In June 2014, the FASB issued ASU 2014-10, “Development Stage Entities”. The amendments in this update remove the definition of a development stage entity from the Master Glossary of the ASC thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The Company has elected to early adopt ASU 2014-10. As a result, the Company has not included any references to the development stage.

## Note 3 – Cash

As of March 31, 2015, the cash balance totaled \$402,718.

The Company is exposed to concentrations of credit risk related to cash deposits. The Company maintains cash at a financial institution where the total cash balance is insured by the Federal Deposit Insurance Corporation (“FDIC”) up to its limit. At any given time, Company’s cash balance may exceed the balance insured by the FDIC. As of March 31, 2015, \$152,718 of the Company’s cash was in excess of FDIC limits.

#### Note 4 – Fixed Assets, Net

Fixed assets as of March 31, 2015 are as follows:

<b>Cost:</b>	
Computers and equipment	\$ 8,705
Furniture	110
	<u>8,815</u>
Less accumulated depreciation	(278)
	<u>8,537</u>
<b>Net book value</b>	<b><u>\$ 8,537</u></b>

#### Note 5 – Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

At March 31, 2015 the Company had a cumulative federal operating loss carry forward of \$138,976 which will begin to expire in 20 years.

Deferred tax assets are recognized to the extent that these assets are more likely than not to be realized. In making such a determination, management considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income and tax-planning.

The components of the provision for income tax expenses for the period ended March 31, 2015 are as follows:

<b>Current:</b>	
Federal	\$-
State	100
	<u>100</u>
<b>Deferred:</b>	
Federal	219
State	21
	<u>240</u>
Total provision for income taxes	<b><u>\$ 340</u></b>



Components of the net deferred tax asset, including a valuation allowance, at March 31, 2015 are as follows:

Deferred tax assets:	
Net operating loss carryforward	\$ 51,835
Less: Valuation allowance	<u>(51,835)</u>
<b>Net deferred tax asset</b>	<b><u>\$ -</u></b>

The valuation allowance for deferred tax assets as of March 31, 2015 was \$51,835. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment.

Components of net deferred tax liabilities are as follows at March 31, 2015:

	<b>As of March 31, 2015</b>
Deferred tax liabilities:	
Prepaid expenses	\$ (180)
Fixed assets	<u>(60)</u>
<b>Total deferred tax liabilities</b>	<b><u>\$ (240)</u></b>

The Company is subject to United States federal and state income taxes at an approximate rate of 34% and 3.3%, respectively. The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

Statutory rate	37.3%
Permanent differences	0.06%
Valuation allowance	<u>(37.48%)</u>
<b>Total</b>	<b><u>(0.25%)</u></b>

The components of income tax expense for the period from August 25, 2014 (Inception) to March 31, 2015 are as follows:

Current tax expense	\$ 100
Deferred tax expense	<u>240</u>
<b>Total income tax expense</b>	<b><u>\$ 340</u></b>

#### **Note 6 – Stockholder's equity**

On December 1, 2014 Company issued 100,000 shares to the sole owner in exchange for \$100,000.

On March 11, 2015 Company issued 400,000 shares to the sole owner in exchange for \$400,000.

#### **Note 7 – Related Party Transactions**

During the period from August 25, 2014 (Inception) to March 31, 2015 the Company received capital contributions from its sole owner in the amount of \$500,000.

During the period from August 25, 2014 (Inception) to March 31, 2015 the Company recorded legal expenses in amount of \$49,297 from a legal firm, where one of the Company's members of Board of Directors is employed.

#### **Note 8 – Lease Commitments**

The Company entered into a lease agreement on January 1, 2015 for office space that expires in 30 months. At March 31, 2015, the future minimum lease payments under the lease are as follows:

<b>Lease commitments</b>	
Fiscal year ended March 31, 2016	\$ 27,902
Fiscal year ended March 31, 2017	27,902
Fiscal year ended March 31, 2018	6,975
Total	<u>\$ 62,779</u>

The Company's rent expense for its office space was \$4,650 for the period ended March 31, 2015.

#### **Note 9 – Commitments and Contingent Liabilities**

The Company had no material commitments and contingencies as of March 31, 2015.

#### **Note 10 – Subsequent Events**

The Company evaluated all material events and transactions that occurred after March 31, 2015 through September 23, 2015, the date these financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events.

**FFIN SECURITIES, INC.**

**FINANCIAL STATEMENTS**

**For the three and six months ended September 30, 2015**

# FFIN SECURITIES, INC.

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**FFIN SECURITIES, INC.**  
**BALANCE SHEETS**

	<b>September 30. 2015 (Unaudited)</b>	<b>March 31, 2015</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 113,962	\$ 402,718
Employee receivables	1,300	1,300
Prepaid expenses	2,598	483
<b>Total current assets</b>	<b>117,860</b>	<b>404,501</b>
<b>NON-CURRENT ASSETS</b>		
Fixed assets, net	7,074	8,537
<b>Total non-current assets</b>	<b>7,074</b>	<b>8,537</b>
<b>TOTAL ASSETS</b>	<b>\$ 124,934</b>	<b>\$ 413,038</b>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 47,148	\$ 46,632
Accrued payroll and other liabilities	-	4,700
State tax payable	100	100
Deferred tax liabilities	483	180
<b>Total current liabilities</b>	<b>47,731</b>	<b>51,612</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current deferred tax liabilities	162	60
<b>Total non-current liabilities</b>	<b>162</b>	<b>60</b>
<b>Total liabilities</b>	<b>47,893</b>	<b>51,672</b>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock - \$0.001 par value; 100,000,000 shares authorized, 500,000 shares issued and outstanding	500	500
Preferred stock - \$0.001 par value; 10,000,000 shares authorized, no shares issued and outstanding	-	-
Additional paid-in-capital	499,500	499,500
Accumulated deficit	(422,959)	(138,634)
<b>Total stockholder's equity</b>	<b>77,041</b>	<b>361,366</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 124,934</b>	<b>\$ 413,038</b>

See accompanying notes to unaudited condensed financial statements.

**FFIN SECURITIES, INC.**  
**STATEMENTS OF OPERATIONS (Unaudited)**

	<b>For three months ended September 30, 2015</b>	<b>For six months ended September 30, 2015</b>
REVENUES	\$ -	\$ -
OPERATING EXPENSES		
Professional fees	67,447	155,045
General and administrative	64,957	127,239
Depreciation	894	1,679
Total Operating Expenses	133,298	283,963
OPERATING LOSS	(133,298)	(283,963)
OTHER INCOME		
Interest income	22	43
Total Other Income	22	43
NET LOSS BEFORE INCOME TAX EXPENSE	(133,276)	(283,920)
Income tax expense	(305)	(405)
<b>NET LOSS</b>	<b>\$ (133,581)</b>	<b>\$ (284,325)</b>
Basic and diluted loss per common share	\$ (0.27)	\$ (0.57)
Weighted average shares outstanding	500,000	500,000

See accompanying notes to unaudited condensed financial statements.

**FFIN SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015 (Unaudited)**

**Cash flows from operating activities**

Net loss	\$ (284,325)
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Adjustments to reconcile net loss to cash used in operating activities:

Depreciation expense	1,679
Deferred tax liabilities	405

Changes in operating assets and liabilities:

Prepaid expenses	(2,115)
Accounts payable	515
Accrued payroll and other liabilities	(4,700)

Net cash used in operating activities	(288,541)
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**Cash flows from investing activities**

Purchase of fixed assets	(215)
--------------------------	-------

Net cash used in investing activities	(215)
---------------------------------------	-------

<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(288,756)</b>
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<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>402,718</b>
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<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 113,962</b>
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**Supplemental disclosure of Cash Flows for:**

Cash paid for interest	\$ -
Cash paid for income taxes	\$ -

See accompanying notes to unaudited condensed financial statements.

**FFIN SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2015**

**Note 1 – Organization and Description of Business**

**General**

FFIN Securities, Inc. (the “Company”) was incorporated in the state of Nevada on August 25, 2014 for the purpose of primarily serving brokerage clients referred from foreign brokerage firms under common ownership as part of a strategy to provide foreign customers with access to the U.S. securities markets. The Company intends to make application to the Financial Industry Regulatory Authority (“FINRA”), the U.S. Securities Exchange Commission (the “Commission”) and applicable state securities commissions to become a licensed broker dealer in the United States of America.

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In our opinion, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending March 31, 2016. These unaudited financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended March 31, 2015, included elsewhere in this Form 8-K.

**Note 2 – Summary of Significant Accounting Policies**

**Accounting Principles**

The Company’s accounting policies conform to accounting principles generally accepted in the United States of America (GAAP).

**Going Concern**

The ability of the Company to continue as a going concern is dependent upon, among other things, its ability to generate revenues. The Company cannot engage in its planned business activities until such time as it receives necessary regulatory approvals from FINRA, the Commission and any applicable state securities commissions. The Company’s ability to obtain such approval is not guaranteed. If the Company does not receive the necessary approvals, it will be unable to generate revenue. Uncertainty as to the outcome of these factors raises substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.



## **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

## **Revenue and Expense Recognition**

Revenues and expenses from all securities transactions will be recorded on the trade date of the transaction. The Company does not participate in any proprietary securities transactions. For the three and six months ended September 30, 2015, the Company has not yet established an ongoing source of revenue sufficient to cover its operating costs as it pursues the FINRA application process to become a registered broker dealer in the United States.

## **Cash and Cash Equivalents**

Cash equivalents are generally comprised of certain highly liquid investments with maturities of three months or less at the date of purchase.

## **Fixed Assets**

Fixed assets are carried at cost, net of accumulated depreciation. Maintenance, repairs, and minor renewals are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three and seven years.

## **Advertising Expense**

For the three and six months ended September 30, 2015 the Company has had no expenses related to advertising. The Company does not anticipate engaging in any advertising activities until after regulatory approval is received. At that point all costs associated with advertising will be expensed in the period incurred.

## **Impairment of Long Lived Assets**

In accordance with the accounting guidance for the impairment or disposal of long-lived assets, the Company periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair values are reduced for the cost of disposal. As of June 30, 2015 and March 31, 2015 the Company has not recorded any charges for impairment of long-lived assets.

## **Income Taxes**

The Company recognizes deferred tax liabilities and assets based on the difference between the financial statements and tax basis of assets and liabilities using the enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Income tax expense differs from amounts that would be calculated by applying the federal statutory rate because of the federal surtax, state income tax rates, certain nondeductible expenses and net operating loss carrybacks, if any.

The Company will include interest and penalties arising from the underpayment of income taxes in the statement of operations in the provision for income taxes. As of September 30, 2015 and March 31, 2015 the Company had no accrued interest or penalties related to uncertain tax positions. Tax years that remain subject to examination are years 2015 and forward.

## Financial Instruments

Financial instruments include employee receivables, prepaid expenses, accounts payable, and accrued expenses. Management estimates that the carrying amount of these financial instruments represents their fair values, which were determined by their near term nature or by comparable financial instruments' market value.

## Recent Accounting Pronouncements

In May 2014 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue from Contracts with Customers". Revenue is an important number to users of financial statements in assessing an entity's financial performance and position. Previous revenue recognition guidance in GAAP comprised broad revenue recognition concepts together with numerous revenue requirements for particular industries or transactions, which sometimes resulted in different accounting for economically similar transactions. Accordingly, the FASB and the International Accounting Standards Board (IASB) initiated a joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for GAAP and IFRS that would:

1. Remove inconsistencies and weaknesses in revenue requirements.
2. Provide a more robust framework for addressing revenue issues.
3. Improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.
4. Provide more useful information to users of financial statements through improved disclosure requirements.
5. Simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer.

To meet these objectives, the FASB is amending the FASB Accounting Standards Codification (ASC) and creating a new Topic 606, "Revenue from Contracts with Customers". The Company will be evaluating the impact of ASU 2014-09 as it pertains to the Company's financial statements and other required disclosures on an ongoing basis until its eventual adoption and incorporation.

In June 2014 the FASB issued ASU 2014-10, "Development Stage Entities". The amendments in this update remove the definition of a development stage entity from the Master Glossary of the ASC thereby removing the financial reporting distinction between development stage entities and other reporting entities from U.S. GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information in the statements of income, cash flows, and shareholder equity, (2) label the financial statements as those of a development stage entity, (3) disclose a description of the development stage activities in which the entity is engaged, and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The Company has elected to early adopt ASU 2014-10. As a result, the Company has not included any references to the development stage.

## Note 3 – Cash

As of September 30, 2015 and March 31, 2015 the cash balance totaled \$113,962 and \$402,718, respectively.

The Company is exposed to concentrations of credit risk related to cash deposits. The Company maintains cash at a financial institution where the total cash balance is insured by the Federal Deposit Insurance Corporation ("FDIC") up to its limit. At any given time, Company's cash balance may exceed the balance insured by the FDIC. As of September 30, 2015 and March 31, 2015, \$0 and \$152,718, respectively of the Company's cash was in excess of FDIC limits.

**Note 4 – Stockholder’s equity**

For the three and six months ended September 30, 2015 there were no equity transactions

**Note 5 – Related Party Transactions**

During the three and six months ended September 30, 2015 the Company recorded legal expenses in amount of \$56,098 from a legal firm, where one of the Company’s members of Board of Directors is employed. On June 9, 2015 this individual left the Board of Directors.

**Note 6 – Lease Commitments**

The Company entered into a lease agreement on January 1, 2015 for office space that expires in 30 months. At September 30, 2015 the future minimum lease payments under the lease are as follows:

**Lease commitments**

Fiscal year ended March 31, 2016	\$ 13,951
Fiscal year ended March 31, 2017	27,902
Fiscal year ended March 31, 2018	6,975
Total	<u>\$ 48,828</u>

The Company’s rent expense for its office space was \$6,975 and \$13,950 for the three and six months ended September 30, 2015, respectively.

**Note 7 – Commitments and Contingent Liabilities**

The Company had no material commitments and contingencies as of September 30, 2015.

**Note 8 – Subsequent Events**

The Company evaluated all material events and transactions that occurred after September 30, 2015 through November 13, 2015, the date these financial statements were available to be issued. During this period, the Company did not have any material recognizable subsequent events.

**BMB Munai, Inc.**  
**Pro Forma Combined Financial Statements**

**At September 30, 2015 and**

**For the Six Months Ended September 30, 2015 and  
the Year Ended March 31, 2015**

**(Unaudited)**

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BMB Munai, Inc.  
**UNAUDITED PRO FORMA COMBINED BALANCE SHEET**  
As of September 30, 2015

	FFIN Securities Inc. September 30, 2015	BMB Munai Inc. September 30, 2015	Pro-Forma Recapitalization Adjustments	Pro-Forma Consolidated September 30, 2015
<b><u>ASSETS</u></b>				
<b><u>Current Assets</u></b>				
Cash	\$ 113,962	\$ 8,591,537		\$ 8,705,499
Employee receivables	1,300	-		1,300
Prepaid expenses	2,598	-		2,598
Total current assets	117,861	8,591,537		8,709,397
Fixed assets, net	7,074	-		7,074
Total assets	<u>\$ 124,934</u>	<u>\$ 8,591,537</u>		<u>\$ 8,716,471</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</u></b>				
<b><u>Current Liabilities</u></b>				
Accounts payable	\$ 47,148	\$ 139,238		\$ 186,386
Deferred consulting and distribution payments		8,533,566		8,533,566
State tax payable	100	-		100
Deferred tax liabilities	483	-		483
Total current liabilities	47,731	8,672,804		8,720,535
<b><u>Non-Current Liabilities</u></b>				
Non-current deferred tax liabilities	162	-		162
Total non-current liabilities	162	-		162
Total liabilities	<u>\$ 47,893</u>	<u>\$ 8,672,804</u>		<u>\$ 8,720,697</u>
<b><u>Commitments and Contingencies</u></b>				
	-	-		-
<b><u>Stockholders' Equity (Deficit)</u></b>				
Preferred stock	-	-	-	-
Common stock	500	55,788	224,052	280,340
Additional paid in capital	499,500	89,363,319	(89,724,426)	138,393
Accumulated deficit	(422,959)	(89,500,374)	89,500,374	(422,959)
Total stockholders' equity (deficit)	<u>77,041</u>	<u>(81,267)</u>		<u>(4,226)</u>
Total liabilities and stockholders' equity (deficit)	<u>\$124,934</u>	<u>\$8,591,537</u>		<u>\$8,716,471</u>

See notes to the unaudited pro forma combined financial statements

BMB Munai, Inc.  
**UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS**  
For the Six Months Ended September 30, 2015

	<b>FFIN Securities Inc. April 1, 2015 to September 30, 2015</b>	<b>BMB Munai Inc. April 1, 2015 to September 30, 2015</b>	<b>Pro-Forma Recapitalization Adjustments</b>	<b>Total April 1, 2015 to September 30, 2015</b>
<b><u>Revenue</u></b>				
Net revenue	\$ -	\$ -		\$ -
<b><u>Expenses</u></b>				
Professional services	155,045	-	(78,951) c	76,094
General and administrative	127,239	45,148		172,387
Depreciation	1,679	-		1,679
Total operating expenses	283,963	45,148		250,160
Operating loss	(283,963)	(45,148)		(250,160)
<b><u>Other income (expense)</u></b>				
Interest income	43	1,965		2,008
Total other expenses	43	1,965		2,008
Income tax expense	(405)	0		(405)
Net loss	<u>\$ (284,325)</u>	<u>\$ (43,183)</u>	78,951 c	<u>\$ (248,557)</u>
<b>Number of shares issued and outstanding</b>				
				280,339,467
Net loss per share - basic and diluted				0.00

See notes to the unaudited pro forma combined financial statements

BMB Munai, Inc.  
 UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS  
 For the Year Ended March 31, 2015

	<b>FFIN Securities Inc. August 25, 2014 (inception) to March 31, 2015</b>	<b>BMB Munai Inc. April 1, 2014 to March 31, 2015</b>	<b>Pro-Forma Recapitalization Adjustments</b>	<b>Total April 1, 2014 to March 31, 2015</b>
<b><u>Revenue</u></b>				
Net revenue	\$ -	\$ -		\$ -
<b><u>Expenses</u></b>				
Professional services	96,149	-	(27,200) c	68,949
General and administrative	41,869	80,410		122,279
Depreciation	278	-		278
Total operating expenses	<u>138,296</u>	<u>80,410</u>		<u>191,506</u>
Operating loss	(138,296)	(80,410)		(191,506)
<b><u>Other income (expense)</u></b>				
Interest income	2	6,819		6,821
Total other expenses	<u>2</u>	<u>6,819</u>		<u>6,821</u>
Income tax (expense)/benefit	<u>(340)</u>	<u>54,804</u>		<u>54,464</u>
Net loss	<u><u>\$ (138,634)</u></u>	<u><u>\$ (18,787)</u></u>	27,200 c	<u><u>\$ (130,221)</u></u>
Number of shares issued and outstanding				280,339,467
Net loss per share - basic and diluted				0.00

See notes to the unaudited pro forma combined financial statements

**BMB Munai, Inc.**  
**UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed combined financial statements give effect to the reverse merger transaction (the “**Transaction**”) between **BMB Munai, Inc.** (the “**Company**”) and **FFIN Securities, Inc.** (“**FFIN**”). On November 23, 2015, the Company entered into a Share Exchange and Acquisition Agreement (the “**Acquisition Agreement**”) with FFIN and its sole stockholder pursuant to which the Company agreed to acquire all of the outstanding securities of FFIN from FFIN’s sole stockholder. As a result of the closing of the Acquisition Agreement on November 23, 2015, being the same date as execution of the agreement, FFIN became a wholly-owned subsidiary of the Company and the Company adopted the business of FFIN.

As the sole stockholder of FFIN obtained voting and operating control of the Company as a result of the closing of the Transaction, and the Company was a “shell company” prior to the closing of the Transaction, the Transaction has been accounted for as a “reverse merger” recapitalization of the Company, with FFIN deemed to be the accounting acquirer for accounting purposes. Accordingly, FFIN’s assets, liabilities and results of operations will become the historical financial statements of the Company, and the Company’s assets, liabilities and results of operations will be consolidated with FFIN’s effective as of November 23, 2015. No step-up in basis or intangible assets or goodwill was recorded in connection with the Transaction.

The unaudited pro forma condensed combined balance sheet as of September 30, 2015 is presented as if the acquisition of FFIN had occurred on September 30, 2015.

The unaudited pro forma condensed combined statements of operations for the six months ended September 30, 2015 and year ended March 31, 2015 are presented as if the acquisition of FFIN had occurred on April 1, 2015 and 2014 and were carried forward through each of the aforementioned periods presented.

The unaudited pro forma financial statements include certain adjustments that are directly attributable to the Transaction, which are expected to have a continuing impact on FFIN, and are factually supportable, as summarized in the accompanying notes.



**BMB Munai, Inc.**  
**NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**

**1. BASIS OF PRO FORMA PRESENTATION**

On November 23, 2015, the Company completed the acquisition of FFIN pursuant to the terms of the Share Exchange and Acquisition Agreement dated November 23, 2015 between the Company and Timur Turlov, the sole stockholder of FFIN. In connection with the closing, the Company acquired all 500,000 issued and outstanding shares of common stock in the capital of FFIN from FFIN's sole stockholder in consideration for the issuance of an aggregate of 224,551,913 shares of the Company's common stock. The shares of the Company's common stock issued to the former FFIN stockholder represented approximately 80.1% of the Company's issued and outstanding shares of common stock, on an undiluted basis, at the time of closing of the Transaction.

The Company has determined to treat the acquisition of FFIN as a reverse merger and recapitalization, with FFIN as the acquirer for accounting purposes. Consequently, for future financial periods, the assets and liabilities and the historical operations that will be reflected in the Company's financial statements for periods ended prior to the closing of the Transaction will be those of FFIN.

As FFIN was deemed to be the acquirer in the Transaction for accounting purposes under recapitalization accounting, these pro forma financial statements are presented as a continuation of FFIN. The equity of FFIN is presented as the equity of the combined company and the capital stock account of FFIN is adjusted to reflect the par value of the issued and outstanding common stock of the Company, being the legal acquirer, after giving effect to the number of shares issued in connection with the Transaction and the concurrent financing. Shares retained by the Company are reflected as an issuance as of the acquisition date for the historical amount of the net assets of the acquired entity.

The unaudited pro forma condensed combined balance sheet as of September 30, 2015, and the unaudited pro forma condensed combined statements of operations for the six months ended September 30, 2015, and for the year ended March 31, 2015, are based on the historical financial statements of the Company and FFIN after giving effect to the closing of the Transaction and of a financing that was undertaken by the Company concurrently with the Transaction, and the assumptions, reclassifications and adjustments described herein.

These unaudited pro forma financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP") and are expressed in US dollars. They have been compiled using the significant accounting policies as set out in the audited financial statements of FFIN for the year ended March 31, 2015. Based on the review of the accounting policies of FFIN and the Company, there are no material accounting differences between the accounting policies of FFIN and the Company.

It is management's opinion that these pro forma financial statements include all adjustments necessary for the fair presentation, in all material respects, of the proposed transaction described above in accordance with US GAAP applied on a basis consistent with the Company's accounting policies.

The unaudited pro forma condensed combined financial information is not intended to represent or be indicative of the Company's consolidated results of operations or financial position that would have been reported had the FFIN acquisition been completed as of the dates presented, and should not be taken as a representation of the Company's future consolidated results of operations or financial position. The unaudited pro forma combined financial information does not reflect any operating efficiencies and/or cost savings that the Company may achieve with respect to the combined companies.

The unaudited pro forma condensed combined financial statements, including the notes thereto, are qualified in their entirety by reference to, and should be read in conjunction with: (i) the Company's audited annual financial statements for the years ended March 31, 2015 and 2014, as contained in the Company's annual report on Form 10-K for the fiscal year ended March 31, 2015, and unaudited interim condensed financial statements for the six months ended September 30, 2015 and 2014, as contained in the Company's quarterly report on Form 10-Q for the period ended September 30, 2015, and (ii) FFIN's audited financial statements for the period August 25, 2014 (inception) to March 31, 2015, and unaudited interim condensed consolidated financial statements of FFIN for the six months ended September 30, 2015, as included elsewhere in this Form 8-K.

## 2. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

- a. The historical capital stock account of FFIN immediately prior to the reverse acquisition being carried forward and adjusted to reflect the par value of the outstanding stock of BMBM, including the number of shares issued in the Transaction. The corresponding offset being added to additional paid-in capital.
- b. Adjustment to eliminate the accumulated deficit of BMBM. The corresponding offset being added to additional paid-in capital.
- c. The adjustment reflects the Company's direct incremental costs associated with the Transaction.

## 3. PRO FORMA SHARE CAPITAL

Pro forma shares of the Company's common stock as at September 30, 2015 have been determined as follows:

	Number of Shares	Par Value	Additional Paid-in Capital
	280,339,467	\$.001	\$ 138,393

## 4. PRO FORMA LOSS PER SHARE

Pro-forma basic and diluted loss per share for the year ended March 31, 2015 and the six months ended September 30, 2015 have been calculated based on the weighted average number of shares of the Company's common stock outstanding plus the shares of the Company's common stock to be issued and cancelled in connection with the Transaction.

	Year Ended March 31, 2015
<i>Basic pro forma loss per share computation</i>	
<i>Numerator:</i>	
Pro forma net loss available to stockholders	\$ (130,221)
<i>Denominator:</i>	
Weighted average issued and outstanding shares of common stock	
Shares of common stock issued to FFIN stockholder per Acquisition Agreement	224,551,913
Shares of common stock issued pursuant to terms of concurrent financing	55,787,554
Less: Shares cancelled upon close of Acquisition Agreement	-
Pro forma weighted average shares outstanding	280,339,467
Basic pro forma loss per share	(0.00)

Six Months Ended  
September 30,  
2015

*Basic pro forma loss per share computation*

*Numerator:*

Pro forma net loss available to stockholders \$ (248,557)

*Denominator:*

Weighted average issued and outstanding shares of common stock

Shares of common stock issued to FFIN stockholder per Acquisition Agreement 224,551,913

Shares of common stock issued pursuant to terms of concurrent financing 55,787,554

Less: Shares cancelled upon close of Acquisition Agreement -

Pro forma weighted average shares outstanding 280,339,467

Basic pro forma loss per share (0.00)

## EXHIBIT INDEX

<b>Exhibit No.</b>	<b>Title of Document</b>
2.01	Share Exchange and Acquisition Agreement between BMB Munai, Inc. and Timur Turlov dated November 23, 2015
10.01	Standard Form Lease Agreement between ZAHA, LLC and FFIN Securities, Inc. dated December 9, 2014
16.01	Letter to the Securities and Exchange Commission from Eide Bailly, LLP., dated November [ ], 2015
21.01	Schedule of Subsidiaries

**SHARE EXCHANGE AND  
ACQUISITION AGREEMENT**

**by and between  
BMB Munai, Inc.,  
and  
Timur Turlov**

**Dated November 23, 2015**

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## SHARE EXCHANGE AND ACQUISITION AGREEMENT

THIS SHARE EXCHANGE AND ACQUISITION AGREEMENT ("Agreement") is made as of November 23, 2015, by and between BMB MUNAI, INC., a Nevada corporation ("Company"), and TIMUR TURLOV, an individual ("Shareholder"). The Company and Shareholder may sometimes hereinafter be collectively referred to as the "parties" and individually as a "party."

### Recitals

A. The Company is a publicly owned corporation with a class of Equity Securities registered under Section 12(g) of the Securities Exchange Act of 1934, as amended ("Exchange Act"). The common stock of the Company is quoted on the OTC Pink marketplace of the OTC Markets Group under the symbol "BMBM."

B. Shareholder is an individual and citizen of the Russian Federation.

C. Shareholder owns 100% of the outstanding equity interest of FFIN Securities, Inc., a Nevada corporation ("FFIN"). FFIN plans to pursue a New Member Application with the Financial Industry Regulatory Authority, Inc. ("FINRA"), and a Form BD with the U.S. Securities and Exchange Commission ("SEC") to apply for licensure to transact business as a registered securities broker-dealer in the United States of America. FFIN intends to serve primarily foreign clients referred from foreign brokerage firms owned by Shareholder as part of a strategy to provide foreign customers with direct access to the U.S. securities markets.

D. Shareholder owns 100% of the outstanding equity interest of Investment Company Freedom Finance LLC, a Russian limited liability company ("Freedom RU"). Freedom RU provides financial services in the Russian Federation in accordance with the Russian government's open-ended licenses for brokerage, dealer, and depository operations and for activities in securities management. The Federal Financial Markets Service of Russia provides governmental regulation of company operations and protection of the interests of its customers. Freedom RU has a wholly owned Subsidiary, Freedom Finance JSC, a Kazakhstan joint stock company ("Freedom KZ"). Freedom KZ provides professional services in the capital markets of Kazakhstan and is a professional participant of the Kazakhstani Stock Exchange, which enables it to manage investment portfolios for its clients. Freedom KZ is regulated by the Committee for the Control and Supervision of the Financial Market and Financial Organizations of the National Bank of the Republic of Kazakhstan. The Company's acquisition of Freedom RU will result in the acquisition of Freedom KZ.

E. Freedom RU and Freedom KZ will introduce customers that execute trades in U.S.-traded securities to FFINEU Investments Limited, a Cyprus limited liability company ("Freedom CY"). Shareholder owns 100% of the outstanding equity interest of Freedom CY. Freedom CY has applied for and been granted licensure by the Cyprus Securities and Exchange Commission. Freedom CY is currently in the process of implementing the necessary systems and infrastructure to activate its licensure in Cyprus.

F. Freedom RU and Freedom KZ serve an emerging capitalistic and investing segment of the economies of Russia and Kazakhstan that is interested in saving, investing, and particularly, diversifying its risk through foreign investment. Currently, Freedom RU and Freedom KZ introduce their customers that want to execute securities transactions in U.S. securities to an intermediary company in Cyprus, which in turn introduces these customers to a licensed U.S. clearing broker-dealer and FINRA member that executes the customers' orders and clears the transactions. Freedom RU and Freedom KZ desire to supplement the transaction execution services currently provided through an intermediary by directing their customer orders through FFIN and Freedom CY for execution.

Shareholder believes the customers of Freedom RU and Freedom KZ, and the prospective customers of FFIN and Freedom CY, will view the United States as an attractive, economically sound, financially stable, and well-regulated securities market in which to invest. The recent strength of the dollar as compared to the Russian ruble and Kazakh tenge, both of which have recently declined in value substantially relative to the U.S. dollar, has heightened this interest. Accordingly, Shareholder desires to consolidate his financial services businesses into the Company in order to provide integrated, international financial services and to take advantage of the Company's status as a publicly traded company with access to the securities markets in the United States.

G. Shareholder and the Company desire to exchange all of the issued and outstanding Equity Securities of FFIN, Freedom RU, and Freedom CY (individually, an "FFIN Company," and collectively and together with their respective Subsidiaries, the "FFIN Companies") held by Shareholder for common stock of the Company (the "Acquisitions") on the terms set forth in this Agreement.

H. The Company's board of directors has determined that the Acquisitions are consistent with, and in furtherance of, its long-term business strategy and are fair to, and in the best interests of, the Company and its stockholders. Accordingly, the board has approved and adopted this Agreement, including the issuance of the Company's common stock and the other transactions contemplated hereby. The parties desired to complete all of the proposed Acquisitions simultaneously with the execution of this Agreement. However, the SEC periodic reporting requirements applicable to the Company require that it file, within four business days after the closing of each Acquisition, a Current Report on Form 8-K containing Audited Financial Statements for the acquired company. The required financial statements have not been completed for Freedom RU or Freedom CY as of the execution of this Agreement. Additionally, in order to have sufficient shares to complete all Acquisitions on the agreed terms, the Company must complete a recapitalization to reverse-split its authorized shares of common stock and to increase the number of authorized but unissued shares. In order to avoid unnecessary costs and delays, this Agreement contemplates the Acquisitions of all of the FFIN Companies, but allows for sequential Closings of each of the Acquisitions as each of the aforementioned steps are completed. Despite the several Closings, the parties intend that the Acquisitions qualify as a reorganization and tax-free exchange under Section 368(a)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code"), and as a single, unified nontaxable transaction under the provisions of Section 351 of the Code. The parties also acknowledge that if, for any reason, one or all of the subsequent Closings cannot be completed, the failure to close any single Acquisition will not result in the rescission of, or any change to the terms of, any of the Acquisitions that have already been consummated.

#### **Agreement**

In consideration of the foregoing and the representations, warranties, covenants, and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

### **ARTICLE 1 PLAN OF EXCHANGE; CLOSINGS**

#### **1.1 Share Exchange**

Subject to the terms and conditions of this Agreement, and in reliance upon the representations, warranties, and covenants contained in this Agreement, Shareholder shall exchange 100% of the issued and outstanding Equity Securities of the FFIN Companies for an aggregate 95% of the issued and outstanding common stock of the Company (the "Company Shares"). The Company shall acquire the Equity Securities of the FFIN Companies from Shareholder, and Shareholder shall transfer the Equity Securities of the FFIN Companies to the Company, free and clear of any Encumbrance, and Shareholder shall receive the Company Shares, free and clear of any Encumbrance.

## 1.2 Closings

(a) The Acquisitions will take place sequentially in three increments, subject to satisfying the conditions precedent to each such increment, as follows:

(i) The Acquisition of FFIN will be the first Closing. Contemporaneously with the execution of this Agreement, Shareholder is delivering to the Company all of the issued and outstanding Equity Securities of FFIN in exchange for the issuance to Shareholder of 224,551,913 shares of the Company's common stock (the "FFIN Closing"), which, after giving effect to such issuance, shall make Shareholder the holder of 80.1% of the issued and outstanding common stock of the Company.

(ii) The Acquisition of Freedom RU, including indirectly the acquisition of its subsidiary Freedom KZ, will be a separate Closing. Subject to the performance, satisfaction, or waiver of the special covenants and conditions set forth in Section 1.3 and the general covenants and conditions set forth in Articles 2, 3, and 4, at the second Closing, Shareholder shall deliver to the Company 100% of the outstanding Equity Securities of Freedom RU in exchange for the issuance to Shareholder of shares of the Company's common stock (the "Freedom RU Closing"), which, immediately after giving effect to such issuance, shall make Shareholder the holder of 93% of the issued and outstanding common stock of the Company.

(iii) The Acquisition of Freedom CY will be a separate Closing. Subject to the performance, satisfaction, or waiver of the special covenants and conditions set forth in Section 1.3 and the general covenants and conditions set forth in Articles 2, 3, and 4, at the third Closing, Shareholder shall deliver to the Company 100% of the outstanding Equity Securities in Freedom CY in exchange for the issuance to Shareholder of shares of the Company's common stock (the "Freedom CY Closing"), which, immediately after giving effect to such issuance, shall make Shareholder the holder of 95% of the issued and outstanding common stock of the Company.

(b) The Freedom RU Closing and the Freedom CY Closing shall each take place on such date or time, and at such place or by electronic exchange of documents, as the Company and Shareholder may agree (each, a "Closing Date"), *provided* that on or before the date of each Closing all conditions set forth in Section 1.3 and Articles 2, 3, and 4 shall have been satisfied or waived. Each Closing will be deemed to be effective as of the close of business on the respective Closing Date for tax and accounting purposes.

(c) Following completion of all Closings, Shareholder shall own 95% of the issued and outstanding shares of common stock of the Company, and the Company shall own 100% of the Equity Securities of each of the FFIN Companies and, indirectly, their respective Subsidiaries.

### 1.3 Special Pre-Closing Covenants and Conditions

In addition to the general covenants and conditions set forth in Articles 2, 3, and 4, the Freedom RU Closing and the Freedom CY Closing shall be subject to the performance, satisfaction, or waiver of the following special covenants and conditions:

(a) (i) In order to satisfy its SEC periodic reporting obligations to file specified current information immediately following the Freedom RU Closing, the Company requires that the Freedom RU Closing be conditioned on Freedom RU's completion of consolidated Audited Financial Statements and unaudited Interim Financial Statements, as of and for the periods specified in Form 8-K under the Exchange Act and Regulation S-X, "Form and Content of and Requirements for Financial Statements" and the other applicable rules, regulations, policies, and interpretations of the SEC relating thereto, GAAP, and GAAS (the "SEC Requirements"), including the report of an independent registered public accounting firm thereon, together with such information as may be required pursuant to the SEC Requirements (the "Required Financials"). Therefore, at the earliest practicable date, Freedom RU shall use commercially reasonable efforts, from and after the date of this Agreement through the Freedom RU Closing Date, to engage accountants and auditors, provide them with information, and generally cooperate to assure the completion of Freedom RU's Required Financials. Freedom RU shall collaborate with the Company in the preparation and completion of the Required Financials so as to facilitate form and presentation compatibility of the Required Financials with the historical financial statements of the Company included in its SEC Filings. Immediately following the completion of the Required Financials, Shareholder shall cause Freedom RU, at its cost, to deliver a copy thereof to the Company and shall provide, or cause to be provided, such accounting and auditing assistance and cooperation as reasonably shall be required to enable the Company to complete required Pro Forma Financial Information for inclusion in the Company's SEC reports. Within 10 days after Shareholder delivers Freedom RU's Required Financials to the Company, it shall notify Shareholder whether or not the tendered Required Financials comply, in its good faith judgment upon the advice of its registered public accounting firm and outside legal counsel, with the requirements set forth herein. If the Company advises that Freedom RU's Required Financials meet the requirements set forth herein, the parties shall proceed to close the Freedom RU Acquisition at the earliest mutually convenient practicable date. If the Company advises Shareholder that Freedom RU's Required Financials do not meet the applicable requirements, Shareholder shall cause Freedom RU to cooperate with the Company to meet such requirements.

(ii) The change in ultimate beneficial ownership of Freedom KZ from Shareholder (through Freedom RU) to the Company may subject Freedom KZ to certain regulatory requirements from which it is currently exempt in the Republic of Kazakhstan. Prior to the Freedom RU Closing, Shareholder shall cause Freedom KZ to become compliant with, or to be granted exemption from, such regulatory requirements by the National Bank of Kazakhstan and any other applicable Governmental Body, and shall deliver to the Company such documentation evidencing compliance or exemption as the Company deems appropriate to allow the Company to acquire and own the Equity Securities of Freedom RU and to carry on the businesses of Freedom RU and Freedom KZ.

(b) (i) In order to satisfy its SEC periodic reporting obligations to file specified current information immediately following the Freedom CY Closing, the Company requires that the Freedom CY Closing be conditioned on Freedom CY's completion of Required Financials. Therefore, at the earliest practicable date, Freedom CY shall use commercially reasonable efforts, from and after the date of this Agreement through the Freedom CY Closing Date, to engage accountants and auditors, provide them with information, and in general, cooperate to assure the completion of the Required Financials. Freedom CY shall collaborate with the Company in the preparation and completion of the Required Financials so as to facilitate the form and presentation compatibility of Freedom CY's Required Financials with the historical financial statements of the Company included in its SEC Filings. Immediately following the completion of the Required Financials, Shareholder shall cause Freedom CY, at its cost, to deliver a copy thereof to the Company and shall provide, or cause to be provided, such accounting and auditing assistance and cooperation as reasonably shall be required to enable the Company to complete required Pro Forma Financial Information for inclusion in the Company's SEC reports. Within 10 days after Shareholder delivers the Freedom CY Required Financials to the Company, it shall notify Shareholder whether or not the tendered Required Financials comply, in its good faith judgment upon the advice of its registered public accounting firm and outside legal counsel, with the requirements set forth herein. If the Company advises Shareholder that Freedom CY's Required Financials do not meet the applicable requirements, Shareholder shall cause Freedom CY to cooperate with the Company to meet such requirements.

(ii) At such time as the Company may deem appropriate, it shall submit to its stockholders for consideration, with the recommendation of its board of directors that the stockholders approve, a recapitalization of its currently authorized shares of common stock and an increase to the number of its authorized post-reverse-split shares of common stock in such amounts as the board of directors may then determine (the "Recapitalization") to assure that the Company has a sufficient number of authorized but unissued shares to effect the Freedom RU Closing or the Freedom CY Closing, as the case may be, contemplated in this Agreement and to continue its activities. In order to obtain this approval, the Company shall submit the Recapitalization for consideration by its stockholders in accordance with its articles of incorporation, bylaws, and applicable law, either by majority written Consent followed by required notice of action to its stockholders or at a duly constituted special or annual meeting of stockholders, in each case subject to satisfying the proxy or consent solicitation provisions of Section 14 of the Exchange Act and the regulations promulgated thereunder.

(iii) If, as, and when the Company advises that Freedom CY's Required Financials meet the requirements set forth herein and it has completed its Recapitalization, the parties shall proceed to close the Freedom CY Acquisition at the earliest, mutually convenient, and practicable date.

(c) Shareholder shall cause Freedom RU, pending the Freedom RU Closing or the termination of this Agreement, and Freedom CY, pending the Freedom CY Closing or the termination of this Agreement, to deal exclusively with the Company as set forth in Section 4.6.

## 1.4 Closing Obligations

- (a) At or before each Closing:
- (i) Shareholder shall deliver to the Company respecting the FFIN Company being acquired:
- (1) the Required Financials set forth in Section 2.1, which shall be acceptable to the Company, its independent registered public accounting firm, and its legal counsel in their sole discretion;
- (2) evidence of receipt of all required Governmental Authorizations set forth in Section 2.2 in a form acceptable to the Company and its legal counsel;
- (3) certificates or other legally enforceable documentation representing the Equity Securities of the FFIN Company then being acquired, endorsed in blank (or accompanied by stock powers executed in blank), and otherwise in proper form for transfer;
- (4) the Organizational Documents of the FFIN Company then being acquired, as filed with any Governmental Body in connection with its organization, duly certified as of a recent date by the Secretary of State or other appropriate authority of the jurisdiction of its incorporation or organization, together with a certificate dated as of the applicable Closing Date from a duly authorized officer of the FFIN Company then being acquired to the effect that no amendments to such Organizational Documents have been filed since the date certified by the Secretary of State or other appropriate authority;
- (5) the Organizational Documents of the FFIN Company then being acquired, not filed with a Governmental Body in connection with its organization, certified as of the applicable Closing Date by a duly authorized officer of the FFIN Company then being acquired;
- (6) certificates or other evidence of its valid existence dated as of a date not more than five days before the applicable Closing Date as to the good standing of the FFIN Company then being acquired issued by the appropriate Governmental Body of the jurisdiction of the particular FFIN Company's organization and each jurisdiction in which the FFIN Company then being acquired is licensed or qualified to do business as a foreign entity as specified in Schedule 7.1;
- (7) a release in the form of Exhibit A executed by Shareholder; and
- (8) the certificate referred to in Section 2.5.
- (ii) The Company shall deliver to Shareholder:
- (1) a certificate or certificates representing the Company Shares to be issued in connection with each Closing, duly issued in Shareholder's name; and

(2) the certificate referred to in Section 3.3.

(b) In connection with or as promptly as practicable following the FFIN Closing, Boris Cherdabayev and Valery Tolkachev will resign from the Company's board of directors; Askar Tashtitov will resign as President of the Company, but will continue to serve on the board of directors and shall have appointed or will appoint Timur Turlov as Chairman of the board of directors and as Chief Executive Officer; and will appoint Arkadiy Rahilkin to the Company's board of directors.. Jason Kerr, Leonard Stillman and Askar Tashtitov will continue to serve as members of the board of directors. Evgeniy Ler will continue to serve as the Company's Chief Financial Officer and Treasurer and Adam Cook will continue to serve as the Company's Secretary.

### **1.5 Each Closing Independent**

Each Closing shall be independent of, and not contingent upon, the completion of any other Closing, so that the FFIN Closing shall not be affected by whether or not the Freedom RU Closing or the Freedom CY Closing occurs. Similarly, the Freedom RU Closing shall not be affected by whether or not the Freedom CY Closing has been effected and the Freedom CY Closing shall not be affected by whether or not the Freedom RU Closing has been effected. Additionally, if for any reason, one or all of the Closings cannot be completed, the failure to close will not have any unwinding effect or any bearing on the Acquisitions that have already taken place.

## **ARTICLE 2 CONDITIONS PRECEDENT TO THE COMPANY'S OBLIGATION TO CLOSE**

In addition to the special pre-Closing covenants and conditions set forth in Section 1.3, the Company's obligations to exchange the Company Shares for the Equity Securities of the each of the FFIN Companies at its particular Closing and to take the other actions required pursuant to this Agreement to be taken by the Company at any Closing, are subject to the satisfaction, at or before such Closing, of each of the following conditions (any of which may be waived in whole or in part by the Company).

### **2.1 Delivery of Required Financials**

Shareholder shall have delivered to the Company the Required Financials and such additional financial information respecting the FFIN Company being acquired, as requested by the Company, to allow for the preparation of the pro forma financial information as the Company may be required to disclose by SEC Requirements ("Pro Forma Financial Information").

### **2.2 Governmental Authorizations**

Shareholder will have received such Governmental Authorizations as are necessary or that the Company considers desirable, including compliance with the requirements of Section 1.3(a)(ii) of this Agreement, to allow Shareholder to transfer and the Company to acquire and own the Equity Securities of the FFIN Companies and for the FFIN Companies and the Company to own and operate the business of the particular FFIN Company being acquired from and after any Closing.

### **2.3 Accuracy of Shareholder's Representations**

(a) Subject to Section 2.3(b), each of Shareholder's representations and warranties in this Agreement will have been accurate in all material respects as of the date of this Agreement and will be accurate in all material respects as of each Closing Date as if then made, without giving effect to any supplement to Shareholder's disclosure schedules.



(b) Each of Shareholder's representations and warranties in Sections 7.2(a), 7.3, 7.4, 7.12, and 7.30, and each of the representations and warranties in this Agreement that contains an express materiality qualification, will have been accurate in all respects as of the date of this Agreement and will be accurate in all respects as of each Closing Date as if then made, without giving effect to any supplement to Shareholder's disclosure schedules.

## **2.4 Shareholder's Performance**

The covenants and obligations that Shareholder is required to perform or to comply with pursuant to this Agreement at or before any Closing will have been duly performed and complied with in all material respects.

## **2.5 Bring-Down Certificate**

The Company will have received a certificate executed by Shareholder confirming: (a) the accuracy of his representations and warranties as of the date of this Agreement and as of any Closing Date in accordance with Section 2.3; and (b) the performance of and compliance with his covenants and obligations to be performed or complied with at or before any Closing in accordance with Section 2.4.

## **2.6 Consents**

Each of the Consents identified in Schedule 2.6 (the "Material Consents") (as defined below) will have been obtained in form and substance satisfactory to the Company and will be in full force and effect. Copies of the Material Consents will have been delivered to the Company.

## **2.7 Additional Documents**

Each of the items to be delivered pursuant to Section 1.4(a)(i) and such other documents as the Company may reasonably request, each in form and substance satisfactory to the Company and, if necessary, executed by Shareholder or the relevant FFIN Company then being acquired, will have been delivered (or tendered subject only to Closing) to the Company, for the purpose of:

- (a) evidencing the accuracy of any of Shareholder's representations and warranties;
- (b) evidencing the performance by Shareholder of, or the compliance by Shareholder with, any covenant or obligation required to be performed or complied with by Shareholder;
- (c) evidencing the satisfaction of any condition referred to in this Article 2; or
- (d) otherwise facilitating the consummation or completion of the Acquisitions.

## **2.8 No Proceedings**

Since the date of this Agreement, there will not have been commenced or threatened against the Company, or against any Related Person of the Company, any Proceeding: (a) involving any challenge to, or seeking relief (monetary or otherwise) in connection with, the Acquisitions; or (b) that could have the effect of preventing, delaying, making illegal, imposing limitations or conditions on, or otherwise interfering with, the Acquisitions.

## **2.9 No Claim Regarding Stock Ownership**

There will not have been made or threatened by any Third Party any claim asserting that such Third Party: (a) is the holder or the beneficial owner of any Equity Security of the FFIN Company being acquired; or (b) is entitled to all or any portion of the Company Shares.

## **2.10 No Conflict**

Neither the consummation of the Acquisition of the FFIN Company being acquired nor performance under this Agreement will, directly or indirectly (with or without notice or lapse of time), contravene, conflict with or violate, or cause the Company or any Related Person of the Company to suffer any adverse consequence under: (a) any applicable Legal Requirement or Order; or (b) any Legal Requirement or Order that has been published, introduced, or otherwise proposed by or before any Governmental Body.

## **2.11 No Material Adverse Effect**

Since the date of this Agreement, no FFIN Company will have suffered any Material Adverse Effect and no event will have occurred, and no circumstance will exist, that could result in a Material Adverse Effect.

# **ARTICLE 3 CONDITIONS PRECEDENT TO SHAREHOLDER'S OBLIGATION TO CLOSE**

In addition to the special pre-Closing covenants and conditions set forth in Section 1.3, Shareholder's obligations to deliver the Equity Securities of the each of the FFIN Companies at its particular Closing, and to take the other actions required pursuant to this Agreement to be taken by Shareholder at any Closing, are subject to the satisfaction, at or before such Closing, of each of the following conditions (any of which may be waived in whole or in part by Shareholder):

## **3.1 Accuracy of Company Representations**

Each of the Company's representations and warranties in this Agreement will have been accurate in all material respects as of the date of this Agreement and will be accurate in all material respects as of each Closing Date as if then made.

## **3.2 Company Performance**

The covenants and obligations that the Company is required to perform or to comply with pursuant to this Agreement at or before a Closing will have been duly performed and complied with in all material respects.

## **3.3 Bring-Down Certificate**

Shareholder will have received a certificate executed by the Company confirming: (a) the accuracy of its representations and warranties as of the date of this Agreement and as of the Closing Date in accordance with Section 3.1; and (b) the performance of and compliance with its covenants and obligations to be performed or complied with at or before the Closing in accordance with Section 3.2

### **3.4 Consents**

Each of the Consents identified in Schedule 3.4 will have been obtained in form and substance satisfactory to Shareholder and will be in full force and effect. Copies of such Consents will have been delivered to Shareholder.

### **3.5 Additional Documents**

Each of the items to be delivered pursuant to Section 1.4(a)(ii) and such other documents as Shareholder may reasonably request, each in form and substance reasonably satisfactory to Shareholder and, if necessary, executed by the Company, will have been delivered (or tendered subject only to Closing) to Shareholder, for the purpose of:

- (a) evidencing the accuracy of any of the Company's representations and warranties;
- (b) evidencing the performance by the Company of, or the compliance by the Company with, any covenant or obligation required to be performed or complied with by the Company;
- (c) evidencing the satisfaction of any condition referred to in this Article 3; or
- (d) otherwise facilitating the consummation of the Acquisitions.

### **3.6 No Legal Prohibition**

There will not be in effect any Legal Requirement or Order that prohibits the sale of the Equity Securities of the particular FFIN Company by Shareholder to the Company or the consummation of the particular Acquisition.

## **ARTICLE 4 PRE-CLOSING COVENANTS OF SHAREHOLDER**

The following covenants are in addition to the special pre-closing covenants and conditions set forth in Section 1.3.

### **4.1 Access and Investigation**

Before each Closing Date, and upon reasonable notice from the Company, Shareholder shall, and shall cause the particular FFIN Company to be acquired to: (a) afford the Company and its Related Parties (collectively, "Company Representatives") full and free access, during regular business hours, to the particular FFIN Company's personnel, assets, Contracts, and Records; (b) furnish the Company Representatives with copies of all such Contracts and Records as the Company may reasonably request; (c) furnish the Company Representatives with such additional financial, operating, and other relevant data and information as the Company may reasonably request; and (d) otherwise cooperate and assist, to the extent reasonably requested by the Company, with the Company's investigation of the business, condition (financial or otherwise), assets, results of operations, or prospects of the FFIN Company then being acquired.

## 4.2 Operation of the Businesses of the FFIN Companies

Before each Closing Date, Shareholder shall, and shall cause the particular FFIN Company to be acquired to:

- (a) conduct the business of such FFIN Company only in the Ordinary Course of Business;
- (b) use their best efforts to preserve intact the current business organization of the particular FFIN Company to be acquired; keep available the services of the officers, employees, and agents of the particular FFIN Company to be acquired; and maintain its relations and goodwill with suppliers, customers, landlords, creditors, employees, agents, and others having business relationships with the particular FFIN Company to be acquired;
- (c) confer with the Company before implementing material operational decisions;
- (d) report to the Company at such times as the Company may reasonably request concerning the status of the business, condition (financial or otherwise), assets, results of operations, or prospects of the particular FFIN Company to be acquired;
- (e) make no material changes in management personnel of the particular FFIN Company to be acquired;
- (f) maintain the assets owned or used by the particular FFIN Company to be acquired in a state of repair and condition that complies with Legal Requirements and Contracts and is consistent with the requirements and normal conduct of its business;
- (g) keep in full force and effect, without amendment, all material Governmental Authorizations and other rights relating to the business of the particular FFIN Company to be acquired;
- (h) comply with all Legal Requirements applicable to, and all Applicable Contracts of, the particular FFIN Company to be acquired;
- (i) continue in full force and effect the insurance coverage under the policies set forth in Schedule 7.18 or substantially equivalent policies;
- (j) except as required to comply with ERISA or to maintain qualification under Section 401(a) of the Code, not amend, modify, or terminate any Benefit Plan and, except as required under the provisions of any Benefit Plan, not make any contributions to or respecting any Benefit Plan;
- (k) maintain all records of the particular FFIN Company to be acquired consistent with past practice; and
- (l) take no action, or fail to take any reasonable action within its control, as a result of which any of the changes or events listed in Section 7.16 would be likely to occur.

#### **4.3 Filings and Notifications; Cooperation**

As promptly as practicable after the date of this Agreement, and in any event within the applicable period prescribed by Legal Requirement, Shareholder shall, and shall cause the particular FFIN Company to be acquired and each of its Related Persons to, make all filings and notifications required by Legal Requirements to be made by them in connection with the Acquisitions. Shareholder shall, and shall cause the particular FFIN Company to be acquired and each of its Related Persons to, cooperate with the Company Representatives: (a) respecting all filings and notifications that the Company elects to make or shall be required by Legal Requirements to make in connection with the Acquisitions; (b) in identifying and obtaining the Governmental Authorizations required by the Company to own and operate the particular FFIN Company to be acquired from and after the applicable Closing Date; and (c) in obtaining all Consents identified in Schedule 3.4.

#### **4.4 Notice**

(a) Before each Closing Date, Shareholder shall promptly provide notice to the Company of any Breach of any representation or warranty of Shareholder or any fact or circumstance that would, or would reasonably be likely to, cause or constitute a Breach of any representation or warranty, had that representation or warranty been made as of the time of the occurrence of such fact or circumstance. Should any such Breach relate to Shareholder's disclosure schedules, Shareholder shall promptly deliver to the Company a supplement to its disclosure schedules. No such notice or delivery will be deemed to have cured any Breach of any representation or warranty or affect any right or remedy of the Company under this Agreement.

(b) Before each Closing Date, Shareholder shall promptly provide notice to the Company of any Breach of any covenant of Shareholder in this Article 4 or any fact or circumstance that could make the satisfaction of any condition in Article 2 impossible or unlikely, and of all corrective actions undertaken, or to be undertaken, by Shareholder with respect thereto. No such notice will be deemed to have cured any Breach of any covenant or affect any right or remedy of the Company under this Agreement.

#### **4.5 Payment of Indebtedness by or to Related Persons**

All indebtedness owed by Shareholder or any Related Person of Shareholder to any particular FFIN Company to be acquired shall be paid in full before any Closing, and Shareholder and each Related Person of Shareholder shall execute and deliver to the Company a release in the form of Exhibit A.

#### **4.6 Exclusive Dealing**

Until this Agreement shall have been terminated pursuant to Section 9.1, Shareholder shall not, and Shareholder shall cause the FFIN Companies and their respective Related Parties not to, directly or indirectly, solicit, initiate, encourage, or entertain any inquiries or proposals from, discuss or negotiate with, provide any nonpublic information to, or consider the merits of any inquiries or proposals from any Person (other than the Company) relating to any business combination transaction involving Shareholder or any of the FFIN Companies, however structured, including the sale of the business or assets (other than in the Ordinary Course of Business) of any of the FFIN Companies or any Equity Security of any of the FFIN Companies, or any merger, consolidation, or similar transaction or arrangement. Shareholder shall notify the Company of any inquiry or proposal within 24 hours of receipt thereof by Shareholder or any FFIN Company, or any of their respective Related Parties. The Company would not have entered into this Agreement without this special covenant by shareholder.

#### **4.7 Best Efforts**

Shareholder shall use his best efforts to cause the conditions in Section 1.3 and Article 2 to be satisfied.

### **ARTICLE 5 COVENANTS OF THE COMPANY BEFORE EACH CLOSING DATE**

The following covenants are in addition to the special pre-closing covenants and conditions set forth in Section 1.3(b)(ii).

#### **5.1 Filings and Notifications; Cooperation**

As promptly as practicable after the date of this Agreement, and in any event within the applicable period prescribed by Legal Requirements, the Company shall, and shall cause each of its Related Persons to, make all filings and notifications required by Legal Requirements to be made by them in connection with the Acquisitions. The Company shall, and shall cause each of its Related Persons to, cooperate with Shareholder, the FFIN Companies, and their respective Related Persons: (a) respecting all filings and notifications that Shareholder, any FFIN Company, or their respective Related Persons shall be required by Legal Requirements to make in connection with the Acquisitions; and (b) in obtaining all Material Consents; *provided, however*, that the Company shall not be required to dispose of or make any change to its business, expend any material funds, or incur any other material obligation in order to comply with this Section 5.1.

#### **5.2 Notice**

(a) Before each Closing Date, the Company shall promptly provide notice to Shareholder of any Breach of any representation or warranty of the Company or any fact or circumstance that would, or would reasonably be likely to, cause or constitute a Breach of any representation or warranty had that representation or warranty been made as of the time of the occurrence of such fact or circumstance. No such notice will be deemed to have cured any Breach of any representation or warranty or affect any right or remedy of Shareholder under this Agreement.

(b) Before each Closing Date, the Company shall provide notice to Shareholder of any Breach of any covenant of the Company in this Article 5 or any fact or circumstance that could make the satisfaction of any condition in Article 3 impossible or unlikely and of all corrective actions undertaken, or to be undertaken, by the Company with respect thereto. No such notice will be deemed to have cured any Breach of any covenant or affect any right or remedy of Shareholder under this Agreement.

#### **5.3 Best Efforts**

The Company shall use its best efforts to cause the conditions in Section 1.3(b)(ii) and Article 3 to be satisfied; *provided, however*, that the Company shall not be required to dispose of or make any change to its business, expend any material funds, or incur any other material obligation in order to comply with this Section 5.3.

## **5.4 No Dilution**

Except as contemplated in this Agreement, the Company shall neither effect nor fix any record date for any stock split, stock dividend, reverse stock split, recapitalization, or similar change in the Company's common stock between the date of this Agreement and the completion of the Acquisitions, other than the corporate actions set forth in Section 1.3(b)(ii) or as otherwise authorized by Shareholder.

## **ARTICLE 6 POST-CLOSING COVENANTS**

### **6.1 Cooperation and Proceedings; Access to Records**

(a) After each Closing, Shareholder shall cooperate with the Company and its counsel and make himself and his Related Parties available to the Company and the FFIN Companies in connection with the institution or defense of any Proceeding, whether existing, threatened, or anticipated, involving or relating to the Acquisitions, the Company, Shareholder, or any FFIN Company, including providing testimony, Records, and other information.

(b) Each of Shareholder and the Company will make available to the other any Records in the nonrequesting party's custody or control for the purpose of preparing any financial statement, including pro forma information, or Tax Return or preparing for or defending any tax-related examination of the requesting party or any FFIN Company by any Governmental Body. The party requesting such Records will reimburse the nonrequesting party for the reasonable out-of-pocket costs and expenses incurred by the nonrequesting party. The nonrequesting party will afford access to such Records during normal business hours, upon reasonable advance notice given by the requesting party, and subject to such reasonable limitations as the nonrequesting party may impose to delete competitively sensitive or privileged information.

### **6.2 Noncompetition, Nonsolicitation, and Nondisparagement**

(a) Commencing on the date of the FFIN Closing and for a period of two years after the last to occur of the Freedom RU Closing Date or the Freedom CY Closing Date:

(i) Shareholder shall not, except through the Company or any FFIN Company to be acquired or acquired, directly or indirectly, engage, invest in, own, manage, operate, finance, control, advise, render services to, guarantee the obligations of, be employed by, be associated with, or in any manner be connected with any Person that competes with any business that the FFIN Company to be acquired or acquired conducts without the written Consent of the Company.

(ii) Shareholder shall not, directly or indirectly: (1) cause, induce, or attempt to cause or induce any employee, agent, or independent contractor of any FFIN Company to terminate such relationship; (2) in any way interfere with the relationship between any FFIN Company and any of its employees, agents, or independent contractors; or (3) hire, retain, employ, or otherwise engage or attempt to hire, retain, employ, or otherwise engage as an employee, independent contractor, or otherwise, any employee, agent, or independent contractor of any FFIN Company with any Person that competes with any business that any FFIN Company conducts.

(iii) Shareholder shall not, directly or indirectly: (1) solicit, induce, or otherwise cause, or attempt to solicit, induce, or otherwise cause, any customer, supplier, licensor, licensee, or any prospective customer, supplier, licensor, or licensee that has been contacted or targeted for contact by any FFIN Company on or before any Closing Date, or any other Person engaged in a business relationship with any FFIN Company, to terminate, curtail, or otherwise detrimentally modify its relationship with any FFIN Company; or (2) engage in business with a competitor of any FFIN Company; or (3) interfere in any way with the relationship between any FFIN Company and its customers, suppliers, licensors, licensees, or prospective customers, suppliers, licensors, or licensees, or any other Person engaged in a business relationship with any FFIN Company.

(b) Shareholder shall not make any disparaging statement, either orally or in writing, regarding the Company, the FFIN Companies, the business, products, or services thereof, or any of their respective stockholders, directors, officers, employees, or agents.

(c) Shareholder agrees that this Section 6.2 is reasonable and necessary to protect and preserve the legitimate business interests and the value of the Equity Securities of the Company and the FFIN Companies and to prevent an unfair advantage from being conferred on Shareholder.

(d) If any provision of this Section 6.2 is held to be excessively broad, that provision shall be modified, by limiting and reducing it, so as to be enforceable to the extent allowed by applicable Legal Requirements.

(e) Shareholder acknowledges that any Breach of this Section 6.2 would result in serious and irreparable injury to the Company, the Company could not be adequately compensated by monetary damages alone, and the Company's remedy at law would not be adequate. Therefore, Shareholder acknowledges and agrees that, in the event of a Breach by Shareholder of this Section 6.2, the Company shall be entitled, in addition to any other remedy at law or in equity to which the Company may be entitled, to equitable relief against Shareholder, including temporary restraining orders and preliminary and permanent injunctions, or other remedies of similar effect to restrain Shareholder from such Breach and to compel compliance with the obligations of Shareholder, and Shareholder waives the posting of a bond or undertaking as a condition to such relief.

### **6.3 Confidentiality**

(a) As used in this Section 6.3, the term "Confidential Information" includes any of the following information held, used by, or relating to any FFIN Company:

(i) all information that is a trade secret;

(ii) all information concerning proceeds and services, marketing materials, analytical algorithms, business relations, research, trading or order execution practices and protocols, operating methods or routines, clearing and transaction processes, strategic partners or relationships;

(iii) all information concerning the business and affairs of any FFIN Company, including historical and current financial statements; financial projections and budgets; Tax Returns and accountants' materials; historical, current, and projected sales; capital spending budgets and plans; business, strategic, marketing, and advertising plans; publications; client, customer, and prospect lists, files, and contact information;



current and anticipated customer requirements; price lists; market studies; Contracts; the names and backgrounds of key personnel; and personnel training techniques and materials, however documented. Confidential Information shall not be deemed “generally available to the public” merely because it is included or incorporated in more general information that is publicly available or because it combines features that individually may be publicly available; and

(iv) the term Confidential Information does not include information that (i) is or becomes generally available to the public other than as a result of a disclosure by a receiving Party or any of its representatives in breach of this Agreement, (ii) was within such receiving Party’s possession prior to its being furnished to such receiving Party by or on behalf of the disclosing Party (including without limitation general knowledge of the securities brokerage industry), provided that the source of such information was not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the disclosing Party or the Company with respect to such information, or (iii) is or becomes available to the receiving Party from a source other than the disclosing Party or its representatives, provided that such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the disclosing Party or the Company with respect to such information.

(b) Shareholder acknowledges the confidential and proprietary nature of the Confidential Information and agrees that he shall, except to the extent required to fulfill his duties in the course of his employment with the Company or any FFIN Company, from and after any Closing: (i) keep the Confidential Information confidential and deliver promptly to the Company, or immediately destroy at the Company’s option, all embodiments and copies of the Confidential Information that are in Shareholder’s possession; (ii) not use the Confidential Information for any reason or purpose; and (iii) without limiting the foregoing, not disclose the Confidential Information to any Person, except with the Company’s Consent.

(c) If Shareholder becomes compelled in any Proceeding to make any disclosure that is prohibited by this Section 6.3, Shareholder shall, to the extent legally permissible, provide the Company with prompt notice of such compulsion so that the Company may seek an appropriate protective order or other appropriate remedy or waive compliance with the provisions of this Section 6.3. In the absence of a protective order or other remedy, Shareholder may disclose that portion (and only that portion) of the Confidential Information that, based upon the opinion of Shareholder’s counsel, Shareholder is legally compelled to disclose; *provided, however*, that Shareholder shall use his best efforts to obtain written assurance that any Person to whom any Confidential Information is so disclosed shall accord confidential treatment to such Confidential Information.

(d) Nothing in this Section 6.3 will diminish the protections and benefits under applicable Legal Requirements to which any trade secret of any FFIN Company is entitled. If any information that an FFIN Company asserts to be a trade secret under applicable Legal Requirements is found by a court of competent jurisdiction not to be a trade secret, such information will nonetheless be considered Confidential Information of that FFIN Company for purposes of this Section 6.3.

#### **6.4 Customer and Other Business Relationships**

(a) After any Closing, Shareholder shall cooperate with the Company and the FFIN Company acquired in their efforts to continue and maintain for the benefit of the Company and such FFIN Company those business relationships of such FFIN Company and of Shareholder relating to the business of the FFIN Company acquired, including relationships with any customers, suppliers, licensors, licensees, lessors, employees, regulatory authorities, and others. Shareholder shall refer to the Company and such FFIN Company all inquiries and communications received by Shareholder relating to any FFIN Company after any Closing.

(b) After any Closing, Shareholder shall not take any action, either directly or indirectly, that could diminish the value of the Company or the FFIN Company acquired or interfere with the business of the Company or the FFIN Company acquired.

#### **6.5 Segregation and Distribution of Deferred Distribution Funds**

As of the date of the FFIN Closing, the Company will have established segregated custodial bank accounts holding the Deferred Distribution Funds belonging to certain designated Company stockholders listed in Schedule 6.5 pursuant to two cash distributions declared by the Company in October 2011 and October 2012. Shareholder hereby covenants to cause the Company to abide by and perform all of its obligations under the terms and conditions of the Paying Agent Agreements between the Company and OTC Stock Transfer to ensure distribution of the Deferred Distribution Funds only to Persons designated in Schedule 6.5 or their legally entitled heirs or assigns.

### **ARTICLE 7 REPRESENTATIONS AND WARRANTIES OF SHAREHOLDER**

Except as expressly set forth in the disclosure schedules delivered by Shareholder to the Company on the date of this Agreement ("Shareholder Schedules"), which shall be deemed to qualify or provide disclosure in response to: (a) the section or subsection of this Article 7 that specifically corresponds to the disclosure schedule in which any such disclosure is set forth; and (b) any other section or subsection of this Article 7 solely to the extent that it is readily apparent from the text of such disclosure (without reference to the underlying documents referenced therein and without assuming any knowledge of the matters disclosed) that such disclosure is applicable to such other section or subsection of this Article 7, *provided* that the mere inclusion of an item in the disclosure schedule as an exception to a representation or warranty is not deemed an admission that such item represents a material exception or material fact, event, or circumstance or that such item has had, would have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, Shareholder represents and warrants to the Company as follows:

#### **7.1 Organization and Good Standing**

(a) For each FFIN Company, Schedule 7.1 lists: (i) its legal name; (ii) its type of legal entity; (iii) its jurisdiction of organization; and (iv) each jurisdiction in which it is qualified to do business as a foreign entity. Each FFIN Company is duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization (to the extent these concepts are applicable to entities organized in such jurisdiction), with full power and authority to conduct its business as it is being conducted, to own or use its assets, and to perform all its obligations under this Agreement and Applicable Contracts. Each FFIN Company is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction that requires such qualification.

(b) Shareholder has delivered to the Company copies of the Organizational Documents of each FFIN Company. No FFIN Company is in default under, or in violation of any of, its Organizational Documents.

(c) No FFIN Company has conducted business under or otherwise used, for any purpose or in any jurisdiction, any legal, fictitious, assumed, or trade name other than the names listed in Schedule 7.1.

## **7.2 Enforceability and Authority; No Conflict**

(a) This Agreement has been duly executed and delivered by Shareholder and constitutes the legal, valid, and binding obligation of Shareholder, enforceable against him in accordance with its terms, except to the extent that such enforceability: (i) may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting or relating to creditors' rights generally; and (ii) is subject to rules of law governing specific performance, injunctive relief, and other equitable remedies and general principles of equity. Shareholder has the absolute and unrestricted right, power, authority, and capacity to execute, deliver, and perform his obligations under this Agreement.

(b) Except as set forth in Schedule 7.2(b), neither the execution and delivery of this Agreement nor the consummation or performance of the Acquisitions will, directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or violate any Organizational Document of any FFIN Company or any resolution adopted by the board of directors or similar governing body or the Equity Securities holders (or Persons exercising similar authority) of any FFIN Company;

(ii) contravene, conflict with, violate, or give any Governmental Body or other Person the right to challenge the Acquisitions or to exercise any remedy or obtain any relief under any Legal Requirement or any Order to which any FFIN Company or Shareholder, or any assets owned or used by any FFIN Company, could be subject;

(iii) contravene, conflict with, violate, result in the loss of any benefit to which any FFIN Company is entitled under, or give any Governmental Body the right to revoke, suspend, cancel, terminate, or modify any Governmental Authorization held by any FFIN Company or that otherwise relates to the business of, or any assets owned or used by, any FFIN Company;

(iv) cause the Company or any FFIN Company to become subject to, or to become liable for payment of, any Tax;

(v) cause any assets owned or used by any FFIN Company to be reassessed or revalued by any Governmental Body;

(vi) Breach; give any Person the right to declare a default, exercise any remedy, or obtain any additional rights under; accelerate the maturity, performance of, or payment under, or cancel, terminate, or modify any Applicable Contract or any Contract to which Shareholder or any FFIN Company is a party;

(vii) result in the imposition or creation of any Encumbrance upon, or respecting, any assets owned or used by any FFIN Company; or

(viii) result in or give any other Person the right or option to cause or declare: (1) a loss of any Intellectual Property; (2) the release, disclosure, or delivery of any Intellectual Property by or to any Person; or (3) the grant, assignment, or transfer to any other Person of any license, Encumbrance, or other right or interest under, to, or in any Intellectual Property.

(c) Except as set forth in Schedule 7.2(c), neither Shareholder nor any FFIN Company is or shall be required to give notice to, or obtain Consent from, any Person in connection with the execution and delivery of this Agreement or the consummation of the Acquisitions.

### **7.3 Capitalization of FFIN Companies**

(a) The capitalization of each FFIN Company is as set forth below:

(i) The authorized Equity Securities of FFIN consist of 10,000,000 authorized shares of preferred stock, \$0.001 par value per share, of which no shares are issued or outstanding, and 100,000,000 authorized shares of common stock, \$0.001 par value per share, of which 500,000 shares are issued and outstanding.

(ii) The authorized Equity Securities of Freedom RU consist of membership interests, 100% of which are held by Shareholder.

(iii) The authorized Equity Securities of Freedom CY consist of 250,000 authorized shares of stock, nominal value 1 Euro per share, of which 25,000 shares are issued and outstanding.

Shareholder is the owner (of record and beneficially) of all of the issued and outstanding Equity Securities of each of the FFIN Companies, free and clear of all Encumbrances, including any restriction on the right of Shareholder to transfer the Equity Securities of any FFIN Company to the Company pursuant to this Agreement. The assignments, endorsements, stock powers, or other instruments of transfer to be delivered by Shareholder to the Company at each Closing will be sufficient to transfer Shareholder's entire interest in the Equity Securities of the FFIN Company being acquired to the Company. Upon transfer to the Company of the certificates or other documentation representing and evidencing the Equity Securities of the FFIN Company being acquired, the Company will receive good title to the Equity Securities of such FFIN Company, free and clear of all Encumbrances.

(b) Schedule 7.3(b) lists for each Subsidiary of each FFIN Company, its authorized Equity Securities, the number and type of Equity Securities issued and outstanding, and the identity of each owner (of record and beneficially) of such Equity Securities, and number of shares held by each holder. All outstanding Equity Securities of each Subsidiary are owned of record and beneficially by one or more of the FFIN Companies as specified on Schedule 7.3(b), free and clear of all Encumbrances.

(c) All the outstanding Equity Securities of each FFIN Company and Subsidiary have been duly authorized and validly issued and are fully paid and nonassessable. Except as set forth in Schedule 7.3(c), there are no stockholders agreements or other Contracts relating to any Equity Security of any FFIN Company or any Subsidiary, including the sale, voting, or transfer thereof. No outstanding Equity Security or other security of any FFIN Company was issued in violation of the Securities Act or any other Legal Requirement. No FFIN Company or any Subsidiary has any outstanding subscription, option, warrant, call or exchange right, convertible security, Contract, or other obligations in effect giving any Person (other than another FFIN Company) the right to acquire (whether by preemptive rights or otherwise) any Equity Security of any FFIN Company or any Subsidiary.

(d) No FFIN Company or Subsidiary owns, or is a party to or bound by any Contract to acquire, any Equity Security or other security of any Person or any direct or indirect equity or ownership interest in any other business. No FFIN Company or Subsidiary is obligated to provide funds to, or make any investment (whether in the form of a loan, capital contribution, or otherwise) in, any other Person.

#### **7.4 Financial Statements**

Shareholder has delivered for FFIN, and shall deliver for Freedom RU and Freedom CY, the Required Financials as set forth in Section 1.3. All of such Required Financials: (a) fairly present the consolidated financial condition and the results of operations, changes in stockholders' equity, and cash flows of each FFIN Company and its Subsidiaries as at the respective dates of, and for the periods referred to in, the Required Financials; and (b) were prepared in accordance with SEC Requirements, except that unaudited financial statements may be subject to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, be material) and the absence of notes (that, if presented, would not differ materially from those included in the Audited Financial Statements). No financial statements of any Person other than the FFIN Companies are required by GAAP or SEC Requirements to be included or reflected in the Required Financials or the Pro Forma Financial Information. The Required Financials were prepared from, and are consistent with, the accounting Records of the particular FFIN Company. Shareholder has also delivered to the Company copies of all letters from any independent registered public accounting firm of each FFIN Company to the respective boards of directors and audit committees thereof, or Persons charged with similar responsibility therefor, during the 36 months before the date of this Agreement, together with copies of all responses thereto.

#### **7.5 Books and Records**

(a) The books of account and other Records of each FFIN Company, all of which have been made available to the Company, are complete and correct, represent actual, bona fide transactions, and have been maintained in accordance with sound business and accounting practices that reasonably assure that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken respecting any differences.

(b) The minute books of each FFIN Company contain complete and correct Records of all meetings held, and actions taken by written Consent, of the holders of voting securities, the board of directors or Persons exercising similar authority, and committees of the board of directors or such Persons of such FFIN Company, and no meeting of any such holders, board of directors, Persons, or committee has been held, and no other action

has been taken, for which minutes or other evidence of action has not been prepared and is not contained in such minute books. Each FFIN Company has at all times maintained complete and correct Records of all issuances and transfers of its Equity Securities. At each Closing, all the minute book and Records of the respective FFIN Company will be in the possession of Shareholder at the Closing location.

## **7.6 Real and Personal Property**

( a ) Schedule 7.6(a) lists all real estate owned (the “Ow ned Real Property”), by each FFIN Company, including the legal description, street address, any tax parcel identification number of each property, and the name of the FFIN Company that owns such property. Shareholder has delivered to the Company copies of the deeds and other instruments by which any FFIN Company acquired the Ow ned Real Property and copies of all title insurance policies, opinions, abstracts, and surveys in the possession of Shareholder or any FFIN Company relating to the Ow ned Real Property.

( b ) Schedule 7.6(b) lists all real estate leased as a lessee, sublessee, or assignee (the “Leased Real Property,” and together with the Ow ned Real Property, the “Real Property”), by any FFIN Company, including a description of the premises leased and the name of the FFIN Company that leases the same. All FFIN Company Leased Real Property is leased pursuant to valid written leases listed in Schedule 7.17(a). Such leases contain the entire agreement between the landlord of each of the leased premises and the FFIN Company, and there is no other Contract between the landlord and any FFIN Company affecting such Leased Real Property. No FFIN Company leases Real Property as a lessor or sublessor.

(c) The Ow ned Real Property and the interests in the FFIN Company Leased Real Property are held by the respective FFIN Companies, free and clear of all Encumbrances, variances, or limitations of any nature, other than Permitted Encumbrances set forth in Schedule 7.6(c). All buildings, plants, and structures owned by any FFIN Company lie wholly within the boundaries of the Real Property in question and do not encroach upon the property of, or otherwise conflict with the property rights of, any other Person. There are no buildings, structures, fixtures, or other improvements primarily situated on adjoining property that encroach on any part of the Real Property. Each parcel of Real Property abuts on, and has direct vehicular access to, a public road or has access to a public road via a permanent, irrevocable, appurtenant easement benefiting such Real Property and constituting a part thereof. Certificates of occupancy are in full force and effect for each location of Real Property, and the uses thereof being made by the FFIN Companies do not violate any applicable zoning, subdivision, land use, or other Legal Requirement. No Third Party has a right to acquire any interest in the Ow ned Real Property or in the interests in the FFIN Company Leased Real Property. There is no existing or proposed plan to modify or realign any street or highway or any existing or proposed eminent domain proceeding that would result in the taking of all or any part of any parcel of Real Property or that would prevent or hinder the continued use of any such parcel as used by the FFIN Companies. None of the Real Property is located within a flood plain for flood insurance purposes.

(d) The FFIN Companies own all tangible personal property reflected as owned in the balance sheet of the Interim Financial Statements (other than inventory sold since the date of the Interim Financial Statements in the Ordinary Course of Business), free and clear of all Encumbrances, other than Permitted Encumbrances set forth in Schedule 7.6(c). All the tangible personal property purchased or otherwise acquired by the FFIN Companies

since the date of the Interim Financial Statements (other than inventory acquired and sold since the date of the Interim Financial Statements in the Ordinary Course of Business) is owned by the FFIN Companies, free and clear of all Encumbrances, other than Permitted Encumbrances as set forth in Schedule 7.6(c). A copy of the fixed asset register of each FFIN Company has been delivered to the Company, which contains a complete and correct list of the fixed assets of the applicable FFIN Company as of the date specified.

#### **7.7 Condition and Sufficiency of Assets**

(a) The buildings, plants, structures, and equipment owned or leased by the FFIN Companies are structurally sound, in good operating condition and repair, and adequate for the uses to which they are being put, and none of such buildings, plants, structures, or equipment is in need of maintenance or repairs other than ordinary, routine maintenance that is not material in nature or cost.

(b) The assets owned and leased by each FFIN Company constitute all the assets used in connection with its business and necessary for it to continue to conduct its business following the Closing as it is being conducted.

#### **7.8 Accounts Receivable**

All accounts receivable of each FFIN Company, whether or not reflected on the balance sheet of the Interim Financial Statements, represent valid obligations arising from sales actually made or services actually performed in the Ordinary Course of Business. The accounts receivable of each FFIN Company are current and collectible net of the reserve shown on the balance sheet of the Interim Financial Statements (which reserve is adequate and calculated consistent with past practice in the preparation of the financial statements). Subject to such reserve, each of the accounts receivable either has been or will be collected in full, without any setoff, expense, or other reduction, within 90 days after the day on which it first becomes due and payable. There is no contest, claim, defense, or right of setoff, other than returns in the Ordinary Course of Business, for any account receivable. Schedule 7.8 lists and sets forth the aging of all accounts receivable as of the date of the Interim Financial Statements.

#### **7.9 Inventories**

Except as set forth in Schedule 7.9, all inventories of each FFIN Company, whether or not reflected on the Required Financials, and the inventories of securities (other than securities in transit) are located in financially responsible banks or other custodians in accordance with standard commercial and financial entity practice in such FFIN Company's jurisdiction of operation. All inventories are valued at the lower of cost or market consistent with past practice used in the preparation of the Required Financials. The reserve for market concentration, limitations on liquidity, restrictions, and other limitation is adequate and calculated consistent with past practice. Inventories that were purchased after the date of the balance sheet in the Interim Financial Statements were purchased in the Ordinary Course of Business at a cost not exceeding market prices prevailing at the time of purchase. The quantities of each item of inventory are not excessive, but are reasonable for the continued operation of each FFIN Company in the Ordinary Course of Business.

#### **7.10 No Undisclosed Liabilities**

Except as set forth in Schedule 7.10, no FFIN Company has any liability or obligation of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise) other than liabilities or obligations to the extent shown on the balance sheet of the Interim Financial Statements and current liabilities incurred in the Ordinary Course of Business since the date of the Interim Financial Statements.

## 7.11 Taxes

(a) Each FFIN Company has duly and timely filed, or caused to be timely filed, with the appropriate Tax Authority all Tax Returns required to be filed by or for it. All such Tax Returns are correct and complete in all material respects. All Taxes due and owing by any FFIN Company (whether or not shown as due on any Tax Return) have been timely paid. No FFIN Company is currently the beneficiary of any extension of time within which to file any Tax Return, and no extension has been requested. No claim has ever been made by a Tax Authority in a jurisdiction where an FFIN Company does not file a Tax Return that such FFIN Company is or may be subject to taxation by that Tax Authority. No FFIN Company has ever had any nexus with any jurisdiction where such FFIN Company does not file a Tax Return that could reasonably be expected to subject it to Tax in such jurisdiction. Each FFIN Company has prepared and kept complete, accurate, and up-to-date Records in relation to Tax as required by any Legal Requirement and to enable it to deliver correct and complete Tax Returns (together with all attachments thereto as required by any Legal Requirement) and to calculate any present or, so far as possible, future Tax liability of each FFIN Company or the entitlement of each FFIN Company to claim any relief from Tax liabilities.

(b) The unpaid Taxes of any FFIN Company did not, as of the Interim Financial Statements date, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet of the Interim Financial Statements (rather than in any notes thereto). Since the Interim Financial Statements date, no FFIN Company has incurred any liability for Taxes outside the Ordinary Course of Business.

(c) No deficiencies for Taxes for any FFIN Company has been claimed, proposed, or assessed by any Governmental Body. There are no pending or threatened audits, assessments, or other actions for or relating to any liability for Taxes of any FFIN Company. There are no matters under discussion with any Governmental Body, or known to any FFIN Company, for Taxes that are likely to result in an additional liability for Taxes of any FFIN Company. No issues relating to Taxes of any FFIN Company were raised by any relevant Governmental Body in any completed audit or examination that would reasonably be expected to result in a material amount of Taxes in a later taxable period.

(d) No FFIN Company (or any predecessor of an FFIN Company) has waived any statute of limitations for Taxes or agreed to any extension of time for a Tax assessment or deficiency, and no request been made in writing for any such extension or waiver. No power of attorney for any Taxes of any FFIN Company has been executed or filed with any Governmental Body.

(e) There are no Encumbrances for Taxes upon any property or asset of any FFIN Company.

(f) Each FFIN Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, and stockholders of such FFIN Company or other Person. Each FFIN Company has properly classified all individuals providing services to it as employees or nonemployees for all relevant purposes.



(g) Each FFIN Company has delivered or made available to the Company complete and accurate copies of all Tax Returns of such FFIN Company (and any predecessor of the FFIN Company) for all taxable years from and after 2012, including, promptly upon their availability, for the most recent taxable year, and complete and accurate copies of all audit or examination reports and statements of deficiencies assessed against or agreed to by any FFIN Company (or any predecessors of any FFIN Company) from and after 2012.

(h) No FFIN Company is or ever has never been a party to or bound by any Tax indemnity agreement, Tax-sharing agreement, Tax allocation agreement, or similar arrangement or Contract, and after the applicable Closing Date, no FFIN Company shall be bound by any such agreement, arrangement, or Contract or have any liability thereunder.

(i) No FFIN Company has engaged in a trade or business, had a permanent establishment (within the meaning of an applicable Tax treaty), owned any property in, or otherwise become subject to a Tax jurisdiction in a country other than the country of its formation. No entity classification election pursuant to United States Treasury Regulations Section 301.7701-3 has ever been filed for an FFIN Company.

(j) No FFIN Company has any liability for any Taxes of any other Person. No FFIN Company has ever been a member of any consolidated, combined, affiliated, aggregate, or unitary group of Persons for any Tax purpose.

(k) No FFIN Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or any portion thereof) ending after the applicable Closing Date as a result of any installment sale or other transaction on or before the applicable Closing Date, any accounting method change or agreement with any Governmental Body, any prepaid amount received on or before the Closing, or for any other reason.

#### **7.12 No Material Adverse Effect**

Since the date of the balance sheet included in the Interim Financial Statements, no FFIN Company has suffered any Material Adverse Effect and no event has occurred, and no circumstance exists, that can reasonably be expected to result in a Material Adverse Effect.

#### **7.13 Employee Benefits**

(a) Except as set forth on Schedule 7.13(a), no Benefit Plans exist or have existed. No FFIN Company has made an offer or proposal to its employees regarding any Benefit Plans. Each FFIN Company has made available to the Company true and complete copies of: (i) each written Benefit Plan (including any amendments thereto) and descriptions of all material terms of any such plan that are not in writing; and (ii) copies of each contract, filing, Report, communication, and other document relating to any Benefit Plan. No FFIN Company has made any plan or commitment to create any additional Benefit Plan or modify or change any existing Benefit Plan.

(b) No FFIN Company maintains, sponsors, contributes to, participates in, or has any liability (actual or contingent) for any plan, program, or arrangement providing compensation or benefits to employees or service providers in the Russian Federation, the Republic of Kazakhstan, Cyprus, or the United States or that is subject to ERISA or the Legal Requirements of the Russian Federation, Republic of Kazakhstan, Cyprus, or the United States. No FFIN Company nor any ERISA affiliate of an FFIN Company has incurred any obligation or liability for or under any employee benefit plan, program, or arrangement (including any agreement, program, policy, or other arrangement under which any current or former employee, director, or consultant has any present or future right to benefits) that has created or will create any obligation for, or has resulted in or will result in any liability to, the Company, except to the extent that the Company expressly assumes such obligation or liability pursuant to this Agreement.

(c) Shareholder has made available to the Company a correct and complete list of all current employees of each FFIN Company, setting forth the individual's name, position, date of hire, years of credited service, annual base compensation, annual bonus opportunity, and severance payments arising under the Legal Requirements of the Russian Federation, the Republic of Kazakhstan, Cyprus, or the United States and the applicable employment contract in the event of such employee's termination in 2015.

(d) For each Benefit Plan: (i) such Benefit Plan has been operated and administered in compliance with its terms and all applicable Legal Requirements; (ii) there are no pending or threatened claims against, by or on behalf of any Benefit Plan or the assets, fiduciaries, or administrators thereof (other than routine claims for benefits); and (iii) all contributions, premiums, and expenses to or for such Benefit Plan have been timely paid in full or, to the extent not yet due, have been adequately accrued on the Required Financials.

(e) For any Benefit Plan, no event has occurred and, to Shareholder's Knowledge, there exists no condition or set of circumstances in connection with which any FFIN Company would be subject to any material liability (other than for routine benefit liabilities) under the terms of, or for, any such Benefit Plan or Legal Requirements.

(f) No: (i) FFIN Company respecting any Benefit Plan; (ii) Benefit Plan; or (iii) fiduciary of any Benefit Plan, in any case, is the subject of an audit or investigation by any Governmental Body, nor is any such audit or investigation pending or, to Shareholder's Knowledge, threatened.

(g) Schedule 7.13(g) sets forth any indebtedness owed by any current or former employee, consultant, or director of any FFIN Company to such FFIN Company.

(h) Neither the execution and delivery of this Agreement nor the consummation of the Acquisitions, either alone or in combination with another event (whether contingent or otherwise), will: (i) entitle any current or former employee, consultant, or director of any FFIN Company to any payment; (ii) increase the amount of compensation or benefits due to any employee, consultant, or director; (iii) accelerate the vesting, funding, or time of payment of any compensation, equity award, or other benefit; or (iv) create or require the creation of any Benefit Plan.

(i) Each individual providing services to an FFIN Company has been properly classified by such entity as an employee or a nonemployee service provider and as exempt or nonexempt for each such entity for all purposes under applicable Legal Requirements and the Benefit Plans.

#### **7.14 Compliance with Legal Requirements; Governmental Authorizations**

(a) Except as set forth in Schedule 7.14(a):

(i) each FFIN Company has, at all times, been in compliance with each Legal Requirement that is or was applicable to it or the conduct of its business or the ownership or use of any of its assets;

(ii) no event has occurred or circumstance exists that (with or without notice or lapse of time) could: (1) constitute or result in a violation by any FFIN Company of, or a failure on the part of any FFIN Company to comply with, any Legal Requirement; or (2) give rise to any obligation on the part of any FFIN Company to undertake, or to bear all or any portion of the cost of, any remedial action;

(iii) no FFIN Company has received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, or potential: (1) violation of, or failure to comply with, any Legal Requirement; or (2) obligation on the part of any FFIN Company to undertake, or to bear all or any portion of the cost of, any remedial action; and

(iv) no proposed Legal Requirement could have an adverse consequence on any FFIN Company or could require an expenditure of \$10,000 or more by any FFIN Company to comply with such Legal Requirement.

( b ) Schedule 7.14(b) lists each Governmental Authorization that is held by any FFIN Company or that otherwise relates to the business of, or to any assets owned or used by, any FFIN Company. Each Governmental Authorization listed in Schedule 7.14(b) is valid and in full force and effect. Except as set forth in Schedule 7.14(b):

(i) each FFIN Company has at all times been in compliance with each Governmental Authorization;

(ii) no event has occurred or circumstance exists that could (with or without notice or lapse of time): (1) constitute or result, directly or indirectly, in a violation of, or a failure on the part of any FFIN Company to comply with, any Governmental Authorization listed in Schedule 7.14(b); or (2) result, directly or indirectly, in the revocation, suspension, cancellation, termination, or modification of any Governmental Authorization;

(iii) no FFIN Company has received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, or potential: (1) violation of, or failure to comply with, any Governmental Authorization; or (2) revocation, suspension, cancellation, termination, or modification of any Governmental Authorization; and

(iv) all applications and other filings required to have been made for the maintenance, renewal, or reissuance of the Governmental Authorizations listed in Schedule 7.14(b) have been duly filed on a timely basis with the appropriate Governmental Bodies.

(c) The Governmental Authorizations listed in Schedule 7.14(b) constitute all Governmental Authorizations necessary to permit each FFIN Company lawfully to continue to conduct its business in the manner in which it conducts such business and to own and use its assets in the manner in which it owns and uses such assets.

## **7.15 Legal Proceedings; Orders**

(a) Except as set forth in Schedule 7.15(a), since January 1, 2013, there has not been, and there is not pending or, to Shareholder's Knowledge, threatened, any Proceeding:

- (i) by or against any FFIN Company or that otherwise relates to or could affect the business of, or any assets owned or used by, any FFIN Company;
- (ii) by or against Shareholder that relates to the Equity Securities of any FFIN Company; or
- (iii) that challenges, or that could have the effect of preventing, delaying, making illegal, imposing limitations or conditions on, or otherwise interfering with, any Acquisition.

To Shareholder's Knowledge, no event has occurred or circumstance exists that could give rise to or serve as a basis for the commencement of any such Proceeding. Shareholder has delivered to the Company copies of all pleadings, correspondence, and other documents relating to each pending or threatened Proceeding listed in Schedule 7.15(a). None of the pending or threatened Proceedings listed in Schedule 7.15(a), individually or in the aggregate, will or could reasonably be expected to result in an adverse consequence to any FFIN Company or in any FFIN Company incurring Losses of \$10,000 or more or being subjected to any Order.

(b) Except as set forth in Schedule 7.15(b):

(i) there is no Order to which any FFIN Company, or any assets owned or used by any FFIN Company, is subject; and

(ii) Shareholder is not subject to any Order that relates to the business of, or any assets owned or used by, any FFIN Company.

(c) Except as set forth in Schedule 7.15(c):

(i) each FFIN Company has at all times been in compliance with each Order to which it, or any assets owned or used by it, is or has been subject;

(ii) no event has occurred or circumstance exists that could constitute or result in (with or without notice or lapse of time) a violation of, or failure to comply with, any Order to which: (1) any FFIN Company, or any assets owned or used by any FFIN Company, is subject; or (2) Shareholder is subject that relates to the business of, or any assets owned or used by, any FFIN Company; and

(iii) no FFIN Company or Shareholder has, at any time, received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, or potential violation of, or failure to comply with, any Order to which: (1) any FFIN Company, or any assets owned or used by any FFIN Company, is subject; or (2) Shareholder is subject that relates to the business of, or any assets owned or used by, any FFIN Company.

#### **7.16 Absence of Certain Changes and Events**

Except as set forth in Schedule 7.16, since the date of the balance sheet included in the Interim Financial Statements, each FFIN Company has conducted its business only in the Ordinary Course of Business, and there has not been any:

- (a) issuance of or change in the authorized or issued Equity Securities of any FFIN Company; purchase, redemption, retirement, or other acquisition by any FFIN Company of any Equity Security of any FFIN Company; or declaration or payment of any dividend or other distribution or payment for the Equity Securities of any FFIN Company;
- (b) amendment to the Organizational Documents of any FFIN Company;
- (c) other than any payments by an FFIN Company of bonuses, salaries, benefits, or other compensation in the Ordinary Course of Business, payment increase or decrease by any FFIN Company of any bonus, salary, benefit, or other compensation to any equity holder, director, manager, officer, employee, or consultant or entry into or amendment of any employment, severance, bonus, retirement, loan, or other Contract with any equity holder, director, manager, officer, employee, or consultant;
- (d) adoption of, amendment to, or material increase or decrease in the payments to or benefits under any Benefit Plan;
- (e) Loss of any asset owned or used by any FFIN Company, whether or not covered by insurance;
- (f) entry into, modification, termination or expiration of, or receipt of notice of termination of any Applicable Contract listed in Schedule 7.17(a);
- (g) sale (other than sales of inventory in the Ordinary Course of Business), lease, other disposition of, or imposition of an Encumbrance on, any asset owned or used by any FFIN Company;
- (h) release or waiver of any claim or right of any FFIN Company with a value in excess of \$10,000;
- (i) change in the accounting methods used by any FFIN Company;
- (j) capital expenditure (or series of related capital expenditures) by any FFIN Company either involving more than \$10,000 or outside the Ordinary Course of Business;
- (k) capital investment in, loan to, or acquisition of the securities or assets of any Person (or series of related capital investments, loans, and acquisitions) by any FFIN Company, either involving more than \$10,000 or outside the Ordinary Course of Business, or acquisition (by merger, exchange, consolidation, acquisition of Equity Securities or assets, or otherwise) of any Person by any FFIN Company;
- (l) note, bond, debenture, or other indebtedness for borrowed money issued, created, incurred, assumed, or guaranteed (including advances on existing credit facilities) involving more than \$5,000 individually or \$10,000 in the aggregate by any FFIN Company;
- (m) Contract by any FFIN Company or Shareholder to do any of the foregoing; or
- (n) other material occurrence, event, action, failure to act, or transaction outside the Ordinary Course of Business involving any FFIN Company.

**7.17 Contracts**

- (a) Schedule 7.17(a) lists, and Shareholder has delivered to the Company a copy of, each Applicable Contract:
- (i) involving the performance of services, delivery of goods or materials, or payments by one or more FFIN Companies of an amount or value in excess of \$10,000;
  - (ii) that was not entered into in the Ordinary Course of Business;
  - (iii) affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in, any Real Property or personal property (except personal property leases and installment and conditional sales agreements having a value per item or aggregate payments of less than \$10,000 and with remaining terms of less than one year);
  - (iv) respecting Intellectual Property, including Contracts with current or former employees, consultants, or contractors regarding the ownership, use, protection, or nondisclosure of any of the Intellectual Property;
  - (v) with any labor union or other employee representative of a group of employees relating to wages, hours, or other conditions of employment;
  - (vi) involving any joint venture, partnership, or limited liability company agreement involving a sharing of profits, Losses, costs, Taxes, or other liabilities by any FFIN Company with any other Person;
  - (vii) containing covenants that in any way purport to restrict the right or freedom of any FFIN Company or any other Person for the benefit of any FFIN Company to: (1) engage in any business activity; (2) engage in any line of business or compete with any Person; or (3) solicit any Person to enter into a business or employment relationship or enter into such a relationship with any Person;
  - (viii) providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;
  - (ix) containing an effective power of attorney granted by any FFIN Company;
  - (x) containing or providing for an express undertaking by any FFIN Company to be responsible for consequential, special, or liquidated damages or penalties or to indemnify any other party;
  - (xi) for capital expenditures in excess of \$10,000;
  - (xii) involving the settlement, release, compromise, or waiver of any material rights, claims, obligations, duties, or liabilities;
  - (xiii) relating to indebtedness of any FFIN Company in excess of \$10,000;
  - (xiv) relating to the employment of any employee of any FFIN Company;

(xv) relating to a distributor, reseller, original equipment manufacturer, dealer, manufacturer's representative, broker, finder, sales agency, advertising agency, manufacturing, assembly, or product design and development relationship with an FFIN Company;

(xvi) under which any FFIN Company has loaned to, made an investment in, or guaranteed the obligations of any Person in excess of \$10,000;

(xvii) relating to any bond or letter of credit;

(xviii) containing any obligation of confidentiality or nondisclosure between any FFIN Company and any other Person for the benefit of any FFIN Company or such other Person; and

(xix) constituting an amendment, supplement, or modification (whether oral or written) for any of the foregoing.

(b) Except as set forth in Schedule 7.17(b):

(i) each Applicable Contract listed in Schedule 7.17(a) is in full force and effect and is valid and enforceable in accordance with its terms;

(ii) the completion or performance of each Applicable Contract for the sale of goods or services by an FFIN Company listed in Schedule 7.17(a) will not result in less than normal profit margins to such FFIN Company; and

(iii) the completion or performance of each Applicable Contract listed in Schedule 7.17(a) will not result in an adverse consequence to any FFIN Company.

(c) Except as set forth in Schedule 7.17(c):

(i) each FFIN Company has been in compliance with each Applicable Contract since the effective date of such Applicable Contract;

(ii) each other Person that has any obligation or liability under any Applicable Contract has been in compliance with such Applicable Contract since the effective date of such Applicable Contract;

(iii) no event has occurred or circumstance exists that (with or without notice or lapse of time) could result in a Breach of; give any FFIN Company or other Person the right to declare a default or exercise any remedy under; accelerate the maturity or performance of or payment under; or cancel, terminate, or modify any Applicable Contract;

(iv) no event has occurred or circumstance exists under or by virtue of any Applicable Contract that (with or without notice or lapse of time) would cause the creation of any Encumbrance affecting any assets owned or used by any FFIN Company; and

(v) no FFIN Company has given to, or received from, any other Person any notice or other communication (whether oral or written) regarding any actual, alleged, or potential Breach of any Applicable Contract.

(d) There is no renegotiation of, attempt to renegotiate, or outstanding rights to renegotiate any Applicable Contract with any Person, and no Person has made written demand for such renegotiation.

(e) Each Applicable Contract relating to the sale, design, manufacture, or provision of products or services by an FFIN Company has been entered into in the Ordinary Course of Business and without the commission of any act, alone or in concert with any other Person, or any consideration having been paid or promised in violation of any Legal Requirement.

#### **7.18 Insurance**

Schedule 7.18 contains a correct and complete list of each material insurance policy owned by, or maintained for the benefit of, each FFIN Company. No FFIN Company is in material default under any insurance policy. All premiums due have been paid on the insurance policies, and no FFIN Company has received any written notice of cancellation of any insurance policy or written notice for any refusal of coverage thereunder. No FFIN Company has a self-insurance or co-insurance program. All such policies provide adequate coverage with reputable insurers for all normal risks incident to each FFIN Company's assets, properties, and business operations and are in character and amount at least equivalent to that carried by Persons engaged in a business subject to the same or similar risks, perils, or hazards and in the same industry. Each FFIN Company has, at all times, had the benefit of insurance coverage that was required by applicable Legal Requirements.

#### **7.19 Environmental Matters**

Except as set forth in Schedule 7.19:

(a) Each FFIN Company has, at all times, complied with all Environmental Laws.

(b) Neither Shareholder nor any FFIN Company or any other Person for whose conduct any of them is or could be held responsible has received any Order, notice, or other communication (written or oral) relating to any actual, alleged, or potential violation of, or failure to comply with, any Environmental Law or any actual or potential Environmental, Health, and Safety Liability.

(c) There are no pending or, to Shareholder's Knowledge, threatened claims or Encumbrances resulting from any Environmental, Health, and Safety Liability or arising under or pursuant to any Environmental Law respecting or affecting any of the Facilities or any other asset owned or used by any FFIN Company or in which it has or had an interest.

(d) Neither Shareholder nor any FFIN Company, or any other Person for whose conduct any of them is or could be held responsible, has any Environmental, Health, and Safety Liability, and no event has occurred or circumstance exists that (with or without notice or lapse of time) could result in Shareholder, any FFIN Company, or any other Person for whose conduct any of them is or could be held responsible: (i) having any Environmental, Health, and Safety Liability; or (ii) violating any Environmental Law.



(e) There is no Hazardous Material present on or under the Facilities or, to Shareholder's Knowledge, any geographically, geologically, hydraulically or hydro-geologically Adjoining Property. Neither Shareholder nor any FFIN Company or any other Person for whose conduct any of them is or could be held responsible, or, to Shareholder's Knowledge, any other Person, has permitted or conducted, or is aware of, any Hazardous Activity conducted respecting the Facilities or any other asset in which any FFIN Company has or had an interest.

(f) None of the Facilities and, to Shareholder's Knowledge, no Adjoining Property contains any above-ground or underground storage tanks or landfills, surface impoundments, or disposal areas.

(g) Shareholder has delivered to the Company copies of all reports, studies, analyses, or tests initiated by or on behalf of or in the possession of Shareholder or any FFIN Company pertaining to the environmental condition of, and Hazardous Material or Hazardous Activity in, on, or under, the Facilities or any Adjoining Property or concerning compliance by any FFIN Company or any other Person for whose conduct any of them is or could be held responsible with Environmental Laws.

## **7.20 Employees and Consultants**

(a) Schedule 7.20(a) lists, for each employee of each FFIN Company, including each employee on leave of absence or layoff status, the following: (i) employer; (ii) name; (iii) job title; (iv) date of hire or commencement of employment; (v) details of leave of absence or layoff; (vi) rate of compensation, including bonus arrangement; (vii) any change in compensation or bonus since March 31, 2015; (viii) vacation, sick time, and personal leave accrued as of March 31, 2015; and (ix) service credited for purposes of vesting and eligibility to participate under any Benefit Plan.

( b ) Schedule 7.20(b) lists, for every independent contractor, consultant, or sales agent of each FFIN Company, the following: (i) name; (ii) responsibilities; (iii) date of engagement; and (iv) compensation. Each independent contractor, consultant, or sales agent qualifies as an independent contractor in relation to its or his employer for purposes of all applicable Legal Requirements, including those relating to Taxes, insurance, and employee benefits.

(c) Except as set forth in Schedule 7.20(c), to Shareholder's Knowledge: (i) no director, officer, or other key employee of any FFIN Company intends to terminate his or her employment; and (ii) no independent contractor, consultant, or sales agent intends to terminate his or her arrangement.

(d) Schedule 7.20(d) lists, for each retired employee or director of any FFIN Company, or their dependents, receiving benefits or scheduled to receive benefits from any FFIN Company in the future, the following: (i) name; (ii) pension benefits; (iii) pension option election; (iv) retiree medical insurance coverage; (v) retiree life insurance coverage; and (v) other benefits.

( e ) Schedule 7.20(e) states the number of employees terminated or laid off by any FFIN Company since March 31, 2015, and for each employee of an FFIN Company who has been terminated or laid off, or whose hours of work have been reduced by more than 50% by an FFIN Company in the six months before the date of this Agreement, lists: (i) the date of such termination, layoff, or reduction in hours; (ii) the reason for such termination, layoff, or reduction in hours; and (iii) the location to which the employee was assigned.

(f) No FFIN Company has violated the Worker Adjustment and Retraining Notification Act or any similar state or local Legal Requirement.

(g) To Shareholder's Knowledge, no director, officer, employee, agent, consultant, or independent contractor of any FFIN Company is bound by any Contract or subject to any Order that purports to limit the ability of such director, officer, employee, agent, consultant, or independent contractor to: (i) engage in or continue or perform any conduct, activity, duties, or practice relating to the business of any FFIN Company; or (ii) assign to any FFIN Company any rights to any invention, improvement, or discovery. No former or current employee of any FFIN Company is a party to, or is otherwise bound by, any Contract that in any way adversely affected, affects, or could affect the ability of any FFIN Company to continue to conduct its business as conducted.

## **7.21 Labor Disputes; Compliance**

(a) Each FFIN Company has, at all times, complied with all Legal Requirements relating to employment practices, terms, and conditions of employment, equal employment opportunity, nondiscrimination, sexual harassment, immigration, wages, hours, benefits, collective bargaining and similar requirements, the payment of Taxes, and Occupational Safety and Health Law. No FFIN Company is liable for the payment of any Taxes or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements.

(b) Except as set forth in Schedule 7.21(b):

(i) no FFIN Company is or has been a party to any collective bargaining agreement or other labor contract;

(ii) since March 31, 2015, there has not been, there is not pending or existing, and, to Shareholder's Knowledge, there is not threatened, any strike, slowdown, picketing, work stoppage, employee grievance process, organizational activity, or other labor dispute involving any FFIN Company;

(iii) to Shareholder's Knowledge, no event has occurred or circumstance exists that could provide the basis for any work stoppage or other labor dispute;

(iv) since March 31, 2015, there has not been, and there is not pending or, to Shareholder's Knowledge, threatened against or affecting any FFIN Company, any Proceeding relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint filed with the National Labor Relations Board or any comparable Governmental Body;

(v) no application or petition for an election or for certification of a collective bargaining agent is pending;

(vi) since March 31, 2015, there has not been, and there is not pending or, to Shareholder's Knowledge, threatened, any lockout of any employees by any FFIN Company; and

(vii) since March 31, 2015, there has not been, and there is not pending or, to Shareholder's Knowledge, threatened, against any FFIN Company any charge of discrimination or sexual harassment filed with the Equal Employment Opportunity Commission or similar Governmental Body, and no event has occurred or circumstances exist that could provide the basis for any such charge.

## **7.22 Intellectual Property**

Each FFIN Company owns or possesses valid rights to use all Intellectual Property necessary to conduct its business as currently conducted. During the past two years, no FFIN Company has received any written complaint, demand, or notice alleging that it has infringed upon or misappropriated any Intellectual Property right of any Third Party in connection with the operation of its business. To Shareholder's Knowledge, no Third Party is currently infringing or misappropriating Intellectual Property owned by any FFIN Company. Schedule 7.22 lists all Intellectual Property of each FFIN Company.

## **7.23 Money Laundering**

The operations of each FFIN Company are and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements. To Shareholder's Knowledge, all operations have been compliant with all Legal Requirements that prevent the transfer of illicit earnings or funds that are the product of illegal activities (the "Money Laundering Laws"), and no Proceeding involving any FFIN Company respecting the Money Laundering Laws is pending or, to Shareholder's Knowledge, threatened.

## **7.24 Office of Foreign Assets Control and European Union Sanctions Restrictions**

No FFIN Company or, to Shareholder's Knowledge, affiliate, director, officer, employee, agent, or other Person acting on behalf of any FFIN Company and included on Schedule 7.24 is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"). To Shareholder's Knowledge, no FFIN Company has, directly or indirectly, loaned, contributed, or otherwise made available any funds or entered any transaction that would violate any OFAC sanction or similar sanctions enforced by the European Union.

## **7.25 Relationships with Related Persons**

Neither Shareholder nor any Related Person of Shareholder or any FFIN Company is, or since March 31, 2013 has been, the owner (of record or beneficially) of any Equity Security or any other financial or profit interest in a Person that has: (a) had business dealings or a material financial interest in any transaction with any FFIN Company; or (b) engaged in competition with any FFIN Company, other than ownership of less than 1% of the outstanding Equity Security of a Person that is listed on any national or regional securities exchange. Except as set forth in Schedule 7.25, neither Shareholder nor any Related Person of Shareholder or any FFIN Company is a party to any Applicable Contract with, or has any claim or right against, any FFIN Company.

## **7.26 Securities Law Matters**

(a) The Company Shares to be acquired by Shareholder will be acquired for investment for Shareholder's own account and not with a view to the distribution thereof within the meaning of Section 2(a)(11) of the Securities Act. Shareholder understands that the Company Shares have not been, and will not be, registered under the Securities Act by reason of (i) specific exemptions from the registration provisions of the Securities Act, which depends upon, among other things, the bona fide nature of the investment intent and accuracy of Shareholder's representations as expressed in this Agreement and (ii) the provisions of Regulation S promulgated under the Securities Act.

(b) Shareholder has received all the information he considers necessary or appropriate for deciding whether to acquire the Company Shares. Shareholder has reviewed the SEC Filings of the Company. Shareholder has been given the opportunity to obtain any information or documents relating to, and ask questions and receive answers about, the Company, the Company Shares, and the business and financial condition of the Company, that he deems necessary to evaluate the merits and risks associated with his investment in the Company Shares and to verify the information received.

(c) Shareholder has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of his investment in the Company and has the capacity to protect his own interests. Shareholder is able to bear the economic risks of his investment in the Company Shares for an indefinite period of time, including the risk of a complete loss of his investment in the Company Shares.

(d) Shareholder understands that the Company Shares are characterized as “restricted securities,” as defined in Rule 144 promulgated under the Securities Act, because they are being acquired from the Company in a transaction not involving any public offering and that, under the Securities Act, the Company Shares may be resold without registration under the Securities Act only in certain limited circumstances. Shareholder acknowledges that the Company Shares must be held indefinitely unless subsequently registered under the Securities Act and under applicable state securities laws or an exemption from such registration is available. Shareholder is aware that the provisions of Regulation S and Rule 144 promulgated under the Securities Act, which permit limited resale of shares acquired in a private placement, are subject to the satisfaction of certain conditions, including, among other things, the rules relating to restrictions on the sale of stock of “shell companies” as defined in Rule 144, the availability of certain current public information about the Company, and the applicable holding periods before resales of the Company Shares can occur.

(e) Shareholder agrees to resell the Company Shares only pursuant to registration of the Company Shares under the Securities Act and any applicable state securities registration requirement, or pursuant to an exemption from registration under the Securities Act and any applicable state securities laws.

(f) Shareholder understands that the Company Shares and any securities issued in respect thereof or exchanged therefor will bear, substantially, one or more of the following restrictive legends:

**The securities represented hereby have not been registered under the United States Securities Act of 1933, as amended, and may not be sold, transferred, assigned, or hypothecated unless: (a) there is an effective registration statement under the Securities Act covering such securities; (b) the sale is made in accordance with the provisions of Regulation S under the Securities Act; or (c) the issuer receives an opinion of counsel for the holder of the securities reasonably satisfactory to the issuer stating that such sale is exempt from the registration and prospectus delivery requirements of the Securities Act.**

**The securities represented hereby have been issued pursuant to Regulation S as an exemption to the registration provisions under the Securities Act of 1933, as amended (the “Securities Act”), and are “restricted securities” within the meaning of Rule 144 promulgated under the Securities Act. The securities have been acquired for investment and may not be offered, sold or transferred in the U.S. or to U.S. persons (as defined in Regulation S) without complying with Regulation S, the registration requirements of the Securities Act, Rule 144, or another exemption from the registration requirements of the Securities Act.**

Any legend required by the securities laws of any other jurisdiction, foreign or domestic, to the extent such laws are applicable to the shares represented by the certificate shall also be affixed to the certificate.

(g) Shareholder is not a “U.S. person” as such term is defined in Rule 902(k) under the Securities Act.

(h) At the time this Agreement was executed, and at the time of each Closing, Shareholder was, or will be, outside the United States.

(i) Shareholder has not engaged, and does not intend to engage, in any “directed selling efforts,” as such term is defined in Rule 902(c) under the Securities Act, in connection with the Company Shares.

(j) Shareholder is not a U.S. person, as that term is defined under Regulation S, and is not purchasing the Common Stock on behalf of any U.S. person. Under Regulation S, a U.S. person means:

- (1) any natural person resident in the United States;
- (2) any partnership or corporation organized or incorporated under the laws of the United States;
- (3) any estate of which any executor or administrator is a U.S. person;
- (4) any agency or branch of a foreign entity located in the United States;
- (5) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (6) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or (if an individual) resident in the United States; and
- (7) any partnership or corporation if (A) organized or incorporated under the laws of any foreign jurisdiction; and (B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501 of Regulation D) that are not natural persons, estates, or trusts.

(k) Shareholder was outside of the United States as of the date of execution and delivery of this Agreement. No offer to purchase the Common Stock was made in the United States.

(l) Shareholder acknowledges that the Company is relying on the terms and provisions governing offers and sales made outside the United States pursuant to Rules 901 through 905 of Regulation S and the Preliminary Notes thereto, which govern this transaction.

## **7.27 Customers and Suppliers**

Schedule 7.27 lists, for the years ending March 31, 2015 and 2014, and the interim period from March 31, 2015, until the Closing of the respective FFIN Company then being acquired, the names of the respective customers that, in the aggregate, represented 10% or more of the total revenue of the FFIN Company being acquired in terms of dollar value of products or services sold by the FFIN Company being acquired (“Major Customers”). Schedule 7.27 also lists for each such year, the names of any suppliers or service providers upon whom the FFIN Company being acquired was substantially dependent (“Major Suppliers”). Except as set forth in Schedule 7.27, no Major Customer or Major Supplier has given notice (written or oral) terminating, canceling, reducing the volume under, or renegotiating the pricing terms or any other material terms of any Applicable Contract or relationship with the FFIN Company being acquired, or threatening to take any of such actions, and to Shareholder’s Knowledge, no Major Customer or Major Supplier intends to do so.

## **7.28 Insider Trading**

Shareholder certifies and confirms that he has not personally, nor through any Third Party, purchased or caused to be purchased in the public marketplace any publicly traded shares of the Company. Shareholder further certifies and confirms that he has not communicated the nature of the Acquisitions, is not aware of any disclosure of nonpublic information regarding the Company or the Acquisitions, and is not a party to any insider trading in the Company’s common stock. Shareholder further certifies and confirms that he has not “tipped” any Related Persons or Third Parties regarding the Acquisitions and/or advised any Persons to purchase, sell, or otherwise trade shares of the Company’s common stock in the marketplace.

## **7.29 Brokers or Finders**

Neither Shareholder nor any FFIN Company, and none of their respective Related Parties, has incurred any obligation or liability, contingent or otherwise, for any brokerage or finder’s fee, agent’s commission, or other similar payment in connection with this Agreement or the Acquisitions.

## **7.30 Disclosure**

No representation, warranty, or other statement made by Shareholder in this Agreement, Shareholder’s disclosure schedules, any supplement to Shareholder’s disclosure schedules, the certificate delivered pursuant to Section 2.5, or otherwise in connection with the Acquisitions contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

# **ARTICLE 8 REPRESENTATIONS AND WARRANTIES OF THE COMPANY**

Except as: (a) expressly set forth in the disclosure schedules delivered by the Company to Shareholder on the date of this Agreement (the “Company Schedules”), which shall be deemed to qualify or provide disclosure in response to: (i) the section or subsection of this Article 8 that specifically corresponds to the disclosure schedule in which any such disclosure is set forth; and (ii) any other section or subsection of this Article 8 solely to the extent that it is readily apparent from the text of such disclosure (without reference to the underlying documents referenced therein and without assuming any knowledge of the matters disclosed) that such disclosure is applicable to such other section or subsection of this Article 8 (*provided* that the mere inclusion of an item in the disclosure

schedule as an exception to a representation or warranty is not deemed an admission that such item represents a material exception or material fact, event, or circumstance or that such item has had, would have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect); or (b) as disclosed in the SEC Filings (other than any information in the “Risk Factors” or “Forward-Looking Statements” sections of such SEC Filings or other forward-looking statements in such SEC Filings), the Company represents and warrants to Shareholder as follows:

### **8.1 Organization and Good Standing**

The Company is a corporation duly organized, validly existing, and in good standing under the laws of the state of Nevada.

### **8.2 Enforceability and Authority; No Conflict**

(a) The Company has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action, and no other action on the part of the Company is necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution, and delivery thereof by Shareholder, constitutes the legal, valid, and binding obligation of the Company enforceable against the Company in accordance with its terms, except that: (i) such enforcement may be subject to applicable bankruptcy, insolvency, or other similar laws, now or hereafter in effect affecting creditors’ rights generally; and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(b) Except as set forth in Schedule 8.2(b), neither the execution and delivery of this Agreement nor the consummation of the Acquisitions will directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with, or violate any Organizational Document of the Company or any resolution adopted by the board of directors or the stockholders of the Company;

(ii) contravene, conflict with, violate, give any Governmental Body or other Person the right to challenge the Acquisitions, or exercise any remedy or obtain any relief under any Legal Requirement or any Order to which the Company, or any assets owned or used by the Company, is subject; or

(iii) Breach; give any Person the right to declare a default, exercise any remedy, or obtain any additional rights under; accelerate the maturity or performance or payment under; or cancel, terminate, or modify any Contract to which the Company is a party.

(c) Except as set forth in Schedule 8.2(c), the Company is not required to give notice to or obtain Consent from any Person in connection with the execution and delivery of this Agreement or the consummation of the Acquisitions.

### **8.3 Capitalization of the Company**

(a) The authorized Equity Securities of the Company consist of 20,000,000 authorized shares of preferred stock, \$0.001 par value per share, of which no shares are issued or outstanding, and 500,000,000 authorized shares of common stock, \$0.001 par value per share, of which 55,787,554 shares are issued and outstanding. Upon the issuance to Shareholder of certificates representing the Company Shares, Shareholder shall hold good title to the Company Shares, free and clear of all Encumbrances.

(b) There are no existing convertible securities, options, warrants, calls, or commitments of any character relating to the authorized and unissued capital stock of the Company, except as contemplated by this Agreement or as set forth in Schedule 8.3(b) or the Company's filings with the SEC on EDGAR (the "SEC Filings"), which can be found at [www.sec.gov](http://www.sec.gov).

### **8.4 Financial Statements**

The Company has delivered or shall deliver to Shareholder its Audited Financial Statements for the fiscal years ended March 31, 2015 and 2014, Interim Financial Statements for the latest completed fiscal period, and Pro Forma Financial Information, that: (a) fairly present the consolidated financial condition and the results of operations, changes in stockholders' equity, and cash flows of the Company as at the respective dates of, and for the periods referred to therein; and (b) were prepared in accordance with GAAP and GAAS. No financial statements of any Person other than the Company are required by GAAP to be included or reflected in the above-referenced financial statements and financial information. The Audited Financial Statements for the fiscal years ended March 31, 2015 and 2014, Interim Financial Statements for the latest completed fiscal period, and Pro Forma Financial Information were prepared from, and are consistent with, the accounting Records of the Company. The Company has also delivered to Shareholder copies of all letters from the independent registered public accounting firm of the Company to its board of directors or audit committee thereof, during the 36 months before the date of this Agreement, together with copies of all responses thereto.

### **8.5 Books and Records**

(a) The Company's books of account and other Records, all of which have been made available to Shareholder, are complete and correct, represent actual, bona fide transactions, and have been maintained in accordance with sound business practices and the requirements of Section 13(b)(2) of the Exchange Act. The Company has implemented and maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) sufficient to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and Pro Forma Financial Information for external purposes in accordance with GAAP and GAAS, including that: (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken respecting any differences.

(b) The Company's minute book contains complete and correct Records of all meetings held, and actions taken by written Consent, of the holders of voting securities, the board of directors, and committees of the board of directors of the Company, and no meeting of the board of directors or a committee of the board has been held, and no other action has been taken, for which minutes or other evidence of action have not been prepared and are not contained in such minute books. The Company has, at all times, maintained complete and correct Records of all issuances and transfers of its capital stock. At the FFIN Closing, all such minute books and Records of the Company will be in the possession of the Company at the Closing location.



## **8.6 Real and Personal Property**

(a) As of the date of the FFIN Closing, the Company has no Owned Real Property.

(b) Schedule 8.6(b) lists all Leased Real Property of the Company, including a description of the premises leased. Except as listed in Schedule 8.6(b), all Company Leased Real Property is leased pursuant to valid written leases listed in Schedule 8.17(a). Such leases contain the entire agreement between the landlord of each of the leased premises and the Company, and there is no other Contract between the landlord and the Company affecting such Company Leased Real Property. The Company leases no Real Property as a lessor or sub-lessor.

(c) The Company's interest in the Company Leased Real Property is held by the Company, free and clear of all Encumbrances, variances, or limitations of any nature, other than Permitted Encumbrances and as set forth in Schedule 8.6(c).

(d) The Company owns no buildings, plants, or structures. Certificates of occupancy are in full force and effect for each location of Company Leased Real Property, and the Company's use thereof does not violate any applicable zoning, subdivision, land use, or other Legal Requirements. No Third Party has a right to acquire the Company's interest in the Company Leased Real Property. There is no existing or proposed plan to modify or realign any street or highway or any existing or proposed eminent domain proceeding that would result in the taking of all or any part of any parcel of the Company Leased Real Property or that would prevent or hinder the continued use of any such parcel as used by the Company. None of the Company Leased Real Property is located within a flood plain for flood insurance purposes.

(e) The Company owns all tangible personal property reflected as owned in the Audited Financial Statements (other than inventory sold since the Interim Financial Statements date in the Ordinary Course of Business), free and clear of all Encumbrances, other than Permitted Encumbrances and as set forth in Schedule 8.6(c). All the tangible personal property purchased or otherwise acquired by the Company since the Interim Financial Statements date (other than inventory acquired and sold since the Interim Financial Statements date in the Ordinary Course of Business) is owned by the Company, free and clear of all Encumbrances, other than Permitted Encumbrances and as set forth in Schedule 8.6(c). A copy of the fixed asset register of the Company has been delivered to Shareholder. Each such register contains a complete and correct list of the fixed assets of the Company as of the date specified.

## **8.7 Condition and Sufficiency of Assets**

The buildings, plants, structures, and equipment owned or leased by the Company are structurally sound, in good operating condition and repair, and adequate for the uses to which they are being put, and none of such buildings, plants, structures, or equipment is in need of maintenance or repairs other than ordinary, routine maintenance that is not material in nature or cost.

## **8.8 Accounts Receivable**

As of the Interim Financial Statements date, the Company had no accounts receivable. Because the Company is not currently engaged in active operations, it does not anticipate having any accounts receivable before the Closing.

## **8.9 Inventories**

As of the Interim Financial Statements date, the Company has no inventory. Because the Company is not currently engaged in active operations, it does not anticipate having any inventory before the Closing.

## **8.10 No Undisclosed Liabilities**

Except as set forth in Schedule 8.10, the Company has no liability or obligation of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise) other than liabilities or obligations to the extent shown on the balance sheet of its Interim Financial Statements and current liabilities incurred in the Ordinary Course of Business since the Interim Financial Statements date.

## **8.11 Taxes**

(a) Except as set forth in Schedule 8.11(a), the Company has duly and timely filed, or caused to be timely filed, with the appropriate Tax Authority all Tax Returns required to be filed by or for it. All such Tax Returns are correct and complete in all material respects. All Taxes due and owing by the Company (whether or not shown as due on any Tax Return) have been timely paid. The Company is not currently the beneficiary of any extension of time within which to file any Tax Return, and no extension has been requested. Except as set forth in Schedule 8.11(a), no claim has ever been made by a Tax Authority in a jurisdiction where the Company does not file a Tax Return that the Company is or may be subject to taxation by that jurisdiction. The Company has never had any nexus with any jurisdiction where the Company does not file a Tax Return that could reasonably be expected to subject it to Tax in such jurisdiction. The Company has prepared and kept complete, accurate, and up-to-date records in relation to Tax as required by any Legal Requirement and to enable it to deliver correct and complete Tax Returns (together with all attachments thereto as required by any Legal Requirement) and to calculate any present or, so far as possible, future Tax liability of the Company or the entitlement of the Company to claim any relief from Tax liabilities.

(b) The unpaid Taxes of the Company did not, as of the Interim Financial Statements date, exceed the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet of its Interim Financial Statements (rather than in any notes thereto). Since the Interim Financial Statements date, the Company has not incurred any liability for Taxes outside the Ordinary Course of Business or otherwise inconsistent with past custom and practice.

(c) Except as set forth in Schedule 8.11(c), no deficiencies for Taxes for the Company has been claimed, proposed, or assessed by any Governmental Body. There are no pending or threatened audits, assessments, or other actions for or relating to any liability for Taxes of the Company. There are no matters under discussion with any Governmental Body, or known to the Company, for Taxes that are likely to result in an additional liability for Taxes of the Company. Except as set forth in Schedule 8.11(c), no issues relating to Taxes of the Company were raised by any relevant Governmental Body in any completed audit or examination that would reasonably be expected to result in a material amount of Taxes in a later taxable period.

(d) The Company (or any predecessor of the Company) has not waived any statute of limitations for Taxes or agreed to any extension of time for a Tax assessment or deficiency, and no request has been made in writing for any such extension or waiver. Except as set forth in Schedule 8.11(d), no power of attorney for any Taxes of the Company has been executed or filed with any Governmental Body.

(e) There are no Encumbrances for Taxes upon any property or asset of the Company.

(f) The Company has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, and stockholder of the Company. The Company has properly classified all individuals providing services to it as employees or nonemployees for all relevant purposes.

(g) The Company has delivered or made available to Shareholder complete and accurate copies of all Tax Returns of the Company (and any predecessor of the Company) for all taxable years from and after 2012, including, promptly upon their availability, for the most recent taxable year, and complete and accurate copies of all audit or examination reports and statements of deficiencies assessed against or agreed to by the Company (or any predecessors of the Company) from and after 2012.

(h) The Company is not and never has been, a party to or bound by any Tax indemnity agreement, Tax-sharing agreement, Tax allocation agreement, or similar arrangement or Contract, and after the applicable Closing Date, the Company shall not be bound by any such agreement, arrangement or Contract or have any liability thereunder.

(i) Except as listed in Schedule 8.11(i), the Company has not engaged in a trade or business, had a permanent establishment (within the meaning of an applicable Tax treaty), owned any property in, or otherwise become subject to Tax jurisdiction in a country other than the country of its formation. Except as listed in Schedule 8.11(i) no entity classification election pursuant to United States Treasury Regulations Section 301.7701-3 has ever been filed for the Company.

(j) The Company has no liability for any Taxes of any other Person. The Company has not been a member of any consolidated, combined, affiliated, aggregate or unitary group of Persons for any Tax purpose.

(k) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or any portion thereof) ending after the applicable Closing Date as a result of any installment sale or other transaction on or before the applicable Closing Date, any accounting method change or agreement with any Governmental Body, any prepaid amount received on or before the Closing, or for any other reason.

#### **8.12 No Material Adverse Effect**

Except as set forth in the SEC Filings, the Company has not suffered any Material Adverse Effect, and no event has occurred, and no circumstance exists, that can reasonably be expected to result in a Material Adverse Effect.

### **8.13 Employee Benefits**

(a) The Company has no, and has not had since December 31, 2013, employees and has made no offer or proposal regarding any Benefit Plans. The Company has not made any plan or commitment to create any additional Benefit Plan or modify or change any existing Benefit Plan.

(b) The Company does not maintain, sponsor, contribute to, participate in, or have any liability (actual or contingent) for any plan, program, or arrangement providing compensation or benefits to employees or service providers in the Republic of Kazakhstan or the United States or which is subject to ERISA or the Legal Requirements of the Republic of Kazakhstan or the United States. Neither the Company nor any ERISA affiliate of the Company has incurred any obligation or liability for or under any employee benefit plan, program, or arrangement (including any agreement, program, policy, or other arrangement under which any current or former employee, director, or consultant has any present or future right to benefits) that has created or will create any obligation for, or has resulted in or will result in any liability to, Shareholder, except to the extent that Shareholder expressly assumes such obligation or liability pursuant to this Agreement.

(c) No event has occurred and, to the Company's Knowledge, there exists no condition or set of circumstances in connection with which the Company would be subject to any material liability (other than for routine benefit liabilities) under the terms of, or for, any Benefit Plan or Legal Requirement.

(d) Neither the Company, respecting any Benefit Plan, nor any Benefit Plan or fiduciary of any Benefit Plan, in any case, is the subject of an audit or investigation by any Governmental Body, and no such audit or investigation is pending or, to the Company's Knowledge, threatened.

( e ) Schedule 8.13(e) sets forth any indebtedness owed by any current or former employee or consultant to the Company.

(f) Neither the execution and delivery of this Agreement nor the consummation of the Acquisitions, either alone or in combination with another event (whether contingent or otherwise) will: (i) entitle any current or former employee, consultant, or director of the Company to any payment; (ii) increase the amount of compensation or benefits due to any employee, consultant, or director; (iii) accelerate the vesting, funding, or time of payment of any compensation, equity award, or other benefit; or (iv) create or require the creation of any Benefit Plan.

(g) Each individual providing services to the Company has been properly classified by it as an employee or a nonemployee service provider and as exempt or nonexempt for all purposes under applicable Governmental Regulation.

### **8.14 Compliance with Legal Requirements; Governmental Authorizations**

Except as set forth in Schedule 8.14:

(a) the Company has, at all times, been in compliance with each Legal Requirement that is or was applicable to it or the conduct of its business or the ownership or use of any of its assets;

(b) no event has occurred or circumstance exists that (with or without notice or lapse of time) could: (i) constitute or result in a violation by the Company of, or a failure on the part of the Company to comply with, any Legal Requirement; or (ii) give rise to any obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action;

(c) the Company has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, or potential: (i) violation of, or failure to comply with, any Legal Requirement; or (ii) obligation on the part of the Company to undertake, or to bear all or any portion of the cost of, any remedial action; and

(d) no proposed Legal Requirement could have an adverse consequence on the Company or could require an expenditure of \$10,000 or more by the Company to comply with such Legal Requirement.

#### **8.15 Legal Proceedings; Orders**

(a) Except as set forth in Schedule 8.15(a), since January 1, 2013, there has not been, and there is not pending or, to Company's Knowledge, threatened, any Proceeding:

(i) by or against the Company; or

(ii) that challenges or could have the effect of preventing, delaying, making illegal, imposing limitations or conditions on, or otherwise interfering with the Acquisitions.

To the Company's Knowledge, no event has occurred or circumstance exists that could give rise to or serve as a basis for the commencement of any such Proceeding.

(b) Except as set forth in Schedule 8.15(b), there is no Order to which the Company is subject.

#### **8.16 Absence of Certain Changes and Events**

Except as set forth in Schedule 8.16, since the Interim Financial Statements date, the Company has conducted its business only in the Ordinary Course of Business, and there has not been any:

(a) issuance or change in the authorized or issued capital stock of the Company; purchase, redemption, retirement, or other acquisition by the Company of its capital stock; or declaration or payment of any dividend or other distribution or payment for any capital stock of the Company;

(b) amendment to the Organizational Documents of the Company;

(c) payment increase or decrease by the Company of any bonus, salary, benefit, or other compensation to any holder of Company capital stock, director, manager, officer, employee, or consultant or entry into or amendment of any employment, severance, bonus, retirement, loan, or other Contract with any holder of Company capital stock, director, manager, officer, employee, or consultant;

(d) adoption of benefits under any Benefit Plan;

- (e) Loss of any asset owned or used by the Company, whether or not covered by insurance;
- (f) entry into, modification, termination or expiration of, or receipt of notice of termination of any Applicable Contract listed in Schedule 8.17(a);
- (g) sale (other than sales of inventory in the Ordinary Course of Business), lease, other disposition of, or imposition of an Encumbrance on any asset owned or used by the Company;
- (h) release or waiver of any claim or right of the Company with a value in excess of \$10,000;
- (i) change in the accounting methods used by the Company;
- (j) capital expenditure (or series of related capital expenditures) by the Company either involving more than \$10,000 or outside the Ordinary Course of Business;
- (k) capital investment in, loan to, or acquisition of the securities or assets of any Person (or series of related capital investments, loans, and acquisitions) by the Company, either involving more than \$10,000 or outside the Ordinary Course of Business, or acquisition (by merger, exchange, consolidation, acquisition of Equity Securities or assets, or otherwise) of any Person by the Company;
- (l) note, bond, debenture, or other indebtedness for borrowed money issued, created, incurred, assumed, or guaranteed (including advances on existing credit facilities) involving more than \$5,000 individually or \$10,000 in the aggregate by the Company;
- (m) Contract by the Company to do any of the foregoing; or
- (n) other material occurrence, event, action, failure to act, or transaction outside the Ordinary Course of Business involving the Company.

#### **8.17 Contracts**

- (a) Schedule 8.17(a) lists, and the Company has delivered to Shareholder a copy of, each Applicable Contract:
  - (i) involving the performance of services, delivery of goods or materials, or payments by the Company of an amount or value in excess of \$10,000;
  - (ii) that was not entered into in the Ordinary Course of Business;
  - (iii) affecting the ownership of, leasing of, title to, use of, or any leasehold or other interest in any real or personal property (except personal property leases and installment and conditional sales agreements having a value per item or aggregate payments of less than \$10,000 and with remaining terms of less than one year);
  - (iv) respecting Intellectual Property, including Contracts with current or former employees, consultants, or contractors regarding the ownership, use, protection, or nondisclosure of any of the Intellectual Property;

(v) with any labor union or other employee representative of a group of employees relating to wages, hours, or other conditions of employment;

(vi) involving any joint venture, partnership, or limited liability company agreement involving a sharing of profits, losses, costs, Taxes, or other liabilities by the Company with any other Person;

(vii) containing covenants that in any way purport to restrict the right or freedom of the Company or any other Person to: (1) engage in any business activity; (2) engage in any line of business or compete with any Person; or (3) solicit any Person to enter into a business or employment relationship or enter into such a relationship with any Person;

(viii) providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;

(ix) containing an effective power of attorney granted by the Company;

(x) containing or providing for an express undertaking by the Company to be responsible for consequential, special, or liquidated damages or penalties or to indemnify any other party;

(xi) for capital expenditures in excess of \$10,000;

(xii) involving the settlement, release, compromise, or waiver of any material rights, claims, obligations, duties, or liabilities;

(xiii) relating to indebtedness of the Company in excess of \$10,000;

(xiv) relating to the employment of any employee of the Company;

(xv) relating to a distributor, reseller, original equipment manufacturer, dealer, manufacturer's representative, broker, finder, sales agency, advertising agency, manufacturing, assembly, or product design and development relationship with the Company;

(xvi) under which the Company has loaned to, or made an investment in, or guaranteed the obligations of, any Person in excess of \$10,000;

(xvii) relating to any bond or letter of credit;

(xviii) containing any obligation of confidentiality or nondisclosure between the Company and any other Person for the benefit of the Company or such other Person; and

(xix) constituting an amendment, supplement, or modification (whether oral or written) for any of the foregoing.

(b) Except as set forth in Schedule 8.17(b):

(i) each Applicable Contract listed in Schedule 8.17(a) is in full force and effect and is valid and enforceable in accordance with its terms;

(ii) the completion or performance of each Applicable Contract for the sale of goods or services by the Company listed in Schedule 8.17(a) will not result in less than normal profit margins to the Company; and

(iii) the completion or performance of each Applicable Contract listed in Schedule 8.17(a) will not result in an adverse consequence to the Company.

(c) Except as set forth in Schedule 8.17(c):

(i) the Company has been in compliance with each Applicable Contract since the effective date of such Applicable Contract;

(ii) each other Person that has any obligation or liability under any Applicable Contract has been in compliance with such Applicable Contract since the effective date of such Applicable Contract;

(iii) no event has occurred or circumstance exists that (with or without notice or lapse of time) could result in a Breach of; give the Company or any other Person the right to declare a default or exercise any remedy under; accelerate the maturity or performance of or payment under; or cancel, terminate, or modify any Applicable Contract;

(iv) no event has occurred or circumstance exists under or by virtue of any Applicable Contract that (with or without notice or lapse of time) would cause the creation of any Encumbrance affecting any assets owned or used by the Company; and

(v) the Company has not given to, or received from, any other Person any notice or other communication (whether oral or written) regarding any actual, alleged, or potential Breach of any Applicable Contract.

(d) There is no renegotiation of, attempt to renegotiate, or outstanding rights to renegotiate any Applicable Contract with any Person, and no Person has made written demand for such renegotiation.

(e) Each Applicable Contract relating to the sale, design, manufacture, or provision of products or services by the Company has been entered into in the Ordinary Course of Business and without the commission of any act, alone or in concert with any other Person, or any consideration having been paid or promised in violation of any Legal Requirement

#### **8.18 Insurance**

Schedule 8.18 contains a correct and complete list of each material insurance policy owned by, or maintained for the benefit of, the Company. The Company is not in material default under any insurance policy. All premiums due have been paid on such insurance policies, and the Company has not received any written notice of cancellation of any insurance policy or written notice respecting any refusal of coverage thereunder. The Company does not have a self-insurance or co-insurance program. All policies provide adequate coverage with reputable insurers for all normal risks incident to the Company's assets, properties, and business operations and are in character and amount at least equivalent to that carried by Persons engaged in a business subject to the same or similar risks, perils, or hazards and in the same industry. The Company has, at all times, had the benefit of insurance coverage that was required by applicable Legal Requirements.



## **8.19 Environmental Matters**

Except as set forth in Schedule 8.19:

- (a) The Company has, at all times, complied with all Environmental Laws.
- (b) Neither the Company nor any other Person for whose conduct the Company is or could be held responsible has received any Order, notice, or other communication (written or oral) relating to any actual, alleged, or potential violation of, or failure to comply with, any Environmental Law or any actual or potential Environmental, Health, and Safety Liability.
- (c) There are no pending or, to Company's Knowledge, threatened claims or Encumbrances resulting from any Environmental, Health, and Safety Liability or arising under or pursuant to any Environmental Law respecting or affecting any of the Facilities or any other asset owned or used by the Company or in which it has or had an interest.
- (d) Neither the Company nor any other Person for whose conduct the Company is or could be held responsible has any Environmental, Health, and Safety Liability, and no event has occurred or circumstance exists that (with or without notice or lapse of time) could result in the Company or any other Person for whose conduct it is or could be held responsible: (i) having any Environmental, Health, and Safety Liability; or (ii) violating any Environmental Law.
- (e) None of the Facilities and, to Company's Knowledge, no Adjoining Property, contains any above-ground or underground storage tanks or landfills, surface impoundments, or disposal areas.
- (f) The Company has delivered to Shareholder copies of all reports, studies, analyses, or tests initiated by or on behalf of, or in the possession of, the Company concerning compliance by the Company or any other Person for whose conduct it is or could be held responsible, with Environmental Laws.

## **8.20 Employees and Consultants**

- (a) The Company does not have any employees.
- (b) Schedule 8.20(b) lists the following information for every independent contractor, consultant, or sales agent of the Company: (i) name; (ii) responsibilities; (iii) date of engagement; and (iv) compensation. Each independent contractor, consultant, or sales agent qualifies as an independent contractor in relation to the Company for purposes of all applicable Legal Requirements, including those relating to Taxes, insurance, and employee benefits.
- (c) Except as set forth in Schedule 8.20(c), there are no retired employees or directors of the Company, or their dependents, receiving benefits or scheduled to receive benefits from the Company in the future.
- (d) Schedule 8.20(d) states the number of employees terminated or laid off by the Company since March 31, 2015. The Company has not terminated or laid any employee in the six months before the date of this Agreement.
- (e) The Company has not violated the Worker Adjustment and Retraining Notification Act or any similar state or local Legal Requirement.

(f) To Company's Knowledge, no director, officer, employee, agent, consultant, or independent contractor of the Company is bound by any Contract or subject to any Order that purports to limit the ability of such director, officer, employee, agent, consultant, or independent contractor: (i) to engage in or continue or perform any conduct, activity, duties, or practice relating to the business of the Company; or (ii) to assign to the Company any rights to any invention, improvement, or discovery.

#### **8.21 Labor Disputes; Compliance**

(a) The Company has, at all times, complied with all Legal Requirements relating to employment practices, terms, and conditions of employment, equal employment opportunity, nondiscrimination, sexual harassment, immigration, wages, hours, benefits, collective bargaining and similar requirements, the payment of Taxes, and occupational safety and health. The Company is not liable for the payment of any Taxes or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements.

(b) Except as set forth in Schedule 8.21(b):

(i) the Company is not now, nor has it been, a party to any collective bargaining agreement or other labor contract;

(ii) since March 31, 2015, no employee grievance process, organizational activity, or other labor dispute involving the Company exists, is pending, or to Company's Knowledge, is threatened;

(iii) to Company's Knowledge, no event has occurred or circumstance exists that could provide the basis for any work stoppage or other labor dispute;

(iv) since March 31, 2015, no Proceeding relating to the alleged violation of any Legal Requirement pertaining to labor relations or employment matters, including any charge or complaint filed with the National Labor Relations Board or any comparable Governmental Body, is pending or, to Company's Knowledge, threatened against or affecting the Company;

(v) no application or petition for an election or for certification of a collective bargaining agent is pending; and

(vi) since March 31, 2015, no charge of discrimination or sexual harassment filed with the Equal Employment Opportunity Commission or similar Governmental Body exists, is pending, or to Company's Knowledge, threatened, against the Company, and no event has occurred or circumstances exist that could provide the basis for any such charge.

#### **8.22 Intellectual Property**

The Company owns or possesses no Intellectual Property. During the past two years, the Company has not received any written complaint, demand, or notice alleging that the Company has infringed upon or misappropriated any Intellectual Property right of any Third Party.

### **8.23 Compliance with the Foreign Corrupt Practices Act and Export Control and Antiboycott Laws**

Neither the Company nor any representative of the Company in its capacity as such has violated the Foreign Corrupt Practices Act or the anticorruption laws of any jurisdiction where the Company has done business. The Company has, at all times, complied with all Legal Requirements relating to export control and trade sanctions or embargoes. The Company has not violated the antiboycott prohibitions contained in 50 U.S.C. Sections 2401 *et seq.* or taken any action that can be penalized under Section 999 of the Code.

### **8.24 Money Laundering**

The Company's operations were and have been conducted at all times in material compliance with applicable financial recordkeeping and reporting requirements. To Company's Knowledge, all operations were compliant with all Money Laundering Laws, and no Proceeding involving the Company respecting the Money Laundering Laws is pending or, to Company's Knowledge, threatened.

### **8.25 Office of Foreign Assets Control and European Union Sanctions Restrictions**

Neither the Company nor, to the Company's Knowledge any shareholder, affiliate, director, officer, employee, agent, or other Person acting on behalf of the Company and included on Schedule 8.25 is currently subject to any U.S. sanctions administered by OFAC. To the Company's Knowledge, it has not directly or indirectly loaned, contributed, or otherwise made available any funds or entered any transaction that would violate any OFAC sanction or similar sanctions enforced by the European Union.

### **8.26 Relationships with Related Persons**

No Related Person of the Company has, or since March 31, 2013 has had, any interest in any asset owned or used by any FFIN Company. Neither the Company nor any Related Person of the Company is, or since March 31, 2013 has been, a Related Party of or the owner (of record or beneficially) of any Equity Security or any other financial or profit interest in, a Person that has: (a) had business dealings or a material financial interest in any transaction with any FFIN Company; or (b) engaged in competition with any FFIN Company, other than ownership of less than 1% of the outstanding capital stock of a Person that is listed on any national or regional securities exchange. Except as set forth in Schedule 8.26, neither the Company nor any Related Person of the Company is a party to any Applicable Contract with, or has any claim or right against, any FFIN Company.

### **8.27 Securities Law Matters**

The Company is acquiring the Equity Securities of the FFIN Companies for its own account and not with a view to their distribution within the meaning of Section 2(a)(11) of the Securities Act.

### **8.28 SEC Filings**

The SEC Filings of the Company conformed in all material respects to the requirements of the Securities Act and the Exchange Act, as applicable, and none of such documents contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

## **8.29 Customers and Suppliers**

The Company has had no Major Customers or Major Suppliers during each of the two years ending March 31, 2015, or during the interim period from March 31, 2015, until the Closing.

## **8.30 Brokers or Finders**

Neither the Company nor any of its Related Parties has incurred any obligation or liability, contingent or otherwise, for any brokerage or finder's fee, agent's commission, or other similar payment in connection with this Agreement or the Acquisitions.

# **ARTICLE 9 Termination**

## **9.1 Termination Events**

Subject to Section 9.2, by notice given before or at the Freedom RU Closing or the Freedom CY Closing, any uncompleted Acquisition pursuant to this Agreement may be terminated as follows:

- (a) by mutual Consent of the Company and Shareholder;
- (b) by the Company if a material Breach of any provision of this Agreement has been committed by Shareholder;
- (c) by Shareholder if a material Breach of any provision of this Agreement has been committed by the Company;
- (d) by the Company if satisfaction of any condition in Article 2 by December 31, 2016, or such later date as the parties may agree upon (the "End Date"), becomes impossible (other than through the failure of the Company to comply with its obligations under this Agreement);
- (e) by Shareholder if satisfaction of any condition in Article 3 by the End Date becomes impossible (other than through the failure of Shareholder to comply with his obligations under this Agreement);
- (f) by the Company if the Freedom CY Closing has not occurred on or before the End Date, unless the Company is in material Breach of this Agreement; or
- (g) by Shareholder if the Freedom CY Closing has not occurred on or before the End Date, unless Shareholder is in material Breach of this Agreement.

## **9.2 Effect of Termination**

Each party's right of termination under Section 9.1 is in addition to any other right it or he may have under this Agreement (including under Section 11.15) or otherwise, and the exercise of a party's right of termination will not constitute an election of remedies. If this Agreement is terminated pursuant to Section 9.1, this Agreement will be of no further force or effect; *provided, however*, that: (a) this Section 9.2 and Article 11 will survive the termination of this Agreement and will remain in full force and effect; and (b) the termination of this Agreement will not relieve any party from any liability for any Breach of this Agreement occurring prior to termination.

**ARTICLE 10**  
**Indemnification; Payment; Reimbursement; Remedies**

**10.1 Survival; Remedies**

(a) All representations, warranties, covenants, and obligations in this Agreement, the disclosure schedules, the supplements to the disclosure schedules, and any certificate, document, or other writing delivered pursuant to this Agreement will survive each Closing and the consummation of the Acquisitions.

(b) The right to indemnification, payment, reimbursement, or other remedy based upon any representation, warranty, covenant, or obligation will not be affected by any investigation (including any environmental investigation or assessment) conducted or any Knowledge acquired at any time, whether before or after the execution and delivery of this Agreement or any Closing Date, respecting the accuracy or inaccuracy of, or compliance with, such representation, warranty, covenant, or obligation.

(c) The waiver of any condition relating to any representation, warranty, covenant, or obligation will not affect the right to indemnification, payment, reimbursement, or other remedy based upon such representation, warranty, covenant, or obligation.

**10.2 Indemnification, Payment, and Reimbursement by Shareholder**

Shareholder shall indemnify and hold harmless the Company, the FFIN Companies, and their respective Subsidiaries and Related Persons (collectively, the “Company Indemnified Persons”) from, and shall pay to the Company Indemnified Persons the amount of, or reimburse the Company Indemnified Persons for, any Loss that the Company Indemnified Persons or any of them may suffer, sustain, or become subject to as a result of, in connection with, or relating to:

(a) any Breach of any representation or warranty made by Shareholder in: (i) this Agreement or Shareholder’s disclosure schedules (after giving effect to any supplement to Shareholder’s disclosure schedules as provided in Section 11.3 respecting the FFIN Company, to be acquired in the Freedom RU Closing or the Freedom CY Closing); (ii) any supplement to Shareholder’s disclosure schedules; (iii) the certificate delivered pursuant to Section 2.5 (after giving effect to the words “in all material respects” in Section 2.3(a)); or (iv) any other certificate, document, or other writing delivered by Shareholder pursuant to this Agreement;

(b) any Breach of any covenant or obligation of Shareholder in this Agreement or in any certificate, document, or other writing delivered by Shareholder pursuant to this Agreement;

(c) any claim by any Person for brokerage or finder’s fees or commissions or similar payments based upon any agreement or understanding made, or alleged to have been made, by any such Person with Shareholder or any FFIN Company (or any Person acting on their behalf) in connection with the Acquisitions;

(d) (i) any Taxes of any FFIN Company not reflected on the balance sheet relating to periods on or before the Freedom CY Closing Date; and (ii) any liability of any FFIN Company for Taxes of any other Person, as a transferee or successor, by Contract or otherwise;

(e) any services provided by any FFIN Company, in whole or in part, before the Freedom CY Closing Date;

(f) any claim arising out of or relating to any Environmental, Health or Safety Liability;

(g) the use of the Deferred Distribution Funds for any purpose other than payment of unclaimed distributions to the Company stockholders entitled to such Deferred Distribution Funds; or

(h) any matter disclosed in Schedule 10.2(h).

### **10.3 Indemnification, Payment, and Reimbursement by the Company**

The Company shall indemnify and hold harmless Shareholder from, and shall pay to Shareholder the amount of, or reimburse Shareholder for, any Loss that Shareholder may suffer, sustain, or become subject to as a result of, in connection with, or relating to:

(a) any Breach of any representation or warranty made by the Company in: (i) this Agreement; (ii) the certificate delivered pursuant to Section 3.3; or (iii) in any other certificate, document, or other writing delivered by the Company pursuant to this Agreement;

(b) any Breach of any covenant or obligation of the Company in this Agreement or in any certificate, document, or other writing delivered by the Company pursuant to this Agreement; or

(c) any claim by any Person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding made, or alleged to have been made, by any such Person with the Company (or any Person acting on its behalf) in connection with the Acquisitions.

### **10.4 Time Limitations**

(a) If any Closing occurs, Shareholder shall have liability under Section 10.2(a) for any Breach of a representation or warranty (other than those in Sections 7.1, 7.2, 7.3, 7.11, 7.13, 7.19, 7.25, or 7.29, as to which a claim may be made at any time), only if on or before the date that is three years after the such Closing Date, the Company notifies Shareholder of a claim, specifying the factual basis of the claim in reasonable detail to the extent known by the Company.

(b) If any Closing occurs, the Company shall have liability under Section 10.3(a) for any Breach of a representation or warranty (other than those in Sections 8.1, 8.2, 8.3, 8.11, 8.13, 8.19, 8.26 or 8.30, as to which a claim may be made at any time), only if on or before the date that is three years after such Closing Date, Shareholder notifies the Company of a claim specifying the factual basis of the claim in reasonable detail to the extent known by Shareholder.

## 10.5 Certain Limitations on Amount

(a) If a Closing occurs, Shareholder shall have no liability for claims under Section 10.2(a) until the aggregate of all Losses suffered by all the Company Indemnified Persons for such claims exceeds \$25,000; *provided, however*, that if the aggregate of all such Losses exceeds \$25,000, Shareholder shall be liable for all such Losses. However, this Section 10.5(a) will not apply to any Breach of which Shareholder has Knowledge at any time at or before the date on which such representation and warranty was made or to any Breach of any representation or warranty in Section 7.1, 7.2, 7.3, 7.11, 7.13, 7.19, 7.25, or 7.29.

(b) If a Closing occurs, the Company shall have no liability for claims under Section 10.3(a) until the aggregate of all Losses suffered by all Shareholder Indemnified Persons for such claims exceeds \$25,000; *provided, however*, that if the total of all such Losses exceeds \$25,000, the Company shall be liable for all such Losses. However, this Section 10.5(b) will not apply to any Breach of which the Company has Knowledge at any time at or before the date on which such representation and warranty was made or to any Breach of any representation or warranty in Section 8.1, 8.2, 8.11, 8.13, 8.19, 8.26 or 8.30.

## 10.6 Third-Party Claims

(a) A Person benefited by Sections 10.2 and 10.3 (an “Indemnified Person”) shall give notice of the assertion of a Third-Party Claim to Shareholder or the Company (an “Indemnifying Person”), as the case may be; *provided, however*, that no failure or delay on the part of an Indemnified Person in notifying an Indemnifying Person will relieve the Indemnifying Person from any obligation under this Article 10 except to the extent that the failure or delay materially prejudices the defense of the Third-Party Claim by the Indemnifying Person.

(b) (i) Except as provided in Section 10.6(c), the Indemnifying Person may elect to assume the defense of the Third-Party Claim with counsel satisfactory to the Indemnified Person by: (1) giving notice to the Indemnified Person of its or his election to assume the defense of the Third-Party Claim; and (2) giving the Indemnified Person evidence acceptable to the Indemnified Person that the Indemnifying Person has adequate financial resources to defend against the Third-Party Claim and fulfill its or his obligations under this Article 10, in each case no later than 10 days after the Indemnified Person gives notice of the assertion of a Third-Party Claim under Section 10.6(a).

(ii) If the Indemnifying Person elects to assume the defense of a Third-Party Claim:

(1) it shall diligently conduct the defense and, so long as it diligently conducts the defense, shall not be liable to the Indemnified Person for any Indemnified Person’s fees or expenses subsequently incurred in connection with the defense of the Third-Party Claim other than reasonable costs of investigation;

(2) the election will conclusively establish for purposes of this Agreement that the Indemnified Person is entitled to relief under this Agreement for any Loss arising, directly or indirectly, from or in connection with the Third-Party Claim (subject to the provisions of Section 10.5);

(3) no compromise or settlement of such Third-Party Claim may be effected by the Indemnifying Person without the Indemnified Person's Consent unless: (A) there is no finding or admission of any violation by the Indemnified Person of any Legal Requirement or any rights of any Person; (B) the Indemnified Person receives a full release of and from any other claims that may be made against the Indemnified Person by the Third Party bringing the Third-Party Claim; and (C) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person; and (D) the Indemnifying Person shall have no liability for any compromise or settlement of such claims effected without its or his Consent.

(iii) If the Indemnifying Person does not assume the defense of a Third-Party Claim in the manner and within the period provided in Section 10.6(b)(i) or if the Indemnifying Person does not diligently conduct the defense of a Third-Party Claim, the Indemnified Person may conduct the defense of the Third-Party Claim at the expense of the Indemnifying Person, and the Indemnifying Person shall be bound by any determination resulting from such Third-Party Claim or any compromise or settlement effected by the Indemnified Person.

(c) Notwithstanding the foregoing, if an Indemnified Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or any Related Party other than as a result of monetary damages for which it would be entitled to relief under this Agreement, the Indemnified Person may, by notice to the Indemnifying Person, assume the exclusive right to defend, compromise, or settle such Third-Party Claim.

(d) Notwithstanding the provisions of Section 11.12, Shareholder consents to the nonexclusive jurisdiction of any court in which a Proceeding is brought against any Indemnified Person for purposes of determining any claim that an Indemnified Person may have under this Agreement for such Proceeding or the matters alleged therein.

(e) For any Third-Party Claim subject to this Article 10:

(i) any Indemnified Person and any Indemnifying Person, as the case may be, shall keep the other Person fully informed of the status of such Third-Party Claim and any related Proceeding at all stages thereof when such Person is not represented by its or his own counsel; and



(ii) both the Indemnified Person and the Indemnifying Person, as the case may be, shall render to each other such assistance as they may reasonably require of each other and shall cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third-Party Claim.

(f) In addition to Section 6.3, for any Third-Party Claim subject to this Article 10, the parties shall cooperate in a manner to preserve in full (to the extent possible) the confidentiality of all Confidential Information and the attorney-client and work-product privileges. In connection therewith, each party agrees that:

(i) it shall use its or his best efforts for any Third-Party Claim in which it has assumed or participated in the defense to avoid production of Confidential Information (consistent with applicable law and rules of procedure); and

(ii) all communications between any party and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

(g) Any claim under this Article 10 for any matter involving a Third-Party Claim shall be indemnified, paid, or reimbursed promptly. If the Indemnified Person shall for any reason assume the defense of a Third-Party Claim, the Indemnifying Person shall reimburse the Indemnified Person on a monthly basis for the costs of investigation and the reasonable fees and expenses of counsel retained by the Indemnified Person.

#### **10.7 Other Claims**

A claim under this Article 10 for any matter not involving a Third-Party Claim may be made by notice to Shareholder or the Company, as the case may be, and shall be indemnified, paid, or reimbursed promptly after such notice.

#### **10.8 Strict Liability or Indemnatee Negligence**

**The provisions in this Article 10 shall be enforceable regardless of whether the liability is based upon past, present, or future acts, claims, or Legal Requirements (including any past, present, or future Environmental Law, Occupational Safety and Health Law, products liability, securities, or other Legal Requirement) and regardless of whether any Person (including the Person from whom relief is sought) alleges or proves the sole, concurrent, contributory, or comparative negligence of the Person seeking relief, or the sole or concurrent strict liability imposed upon the Person seeking relief.**

### **ARTICLE 11 MISCELLANEOUS**

#### **11.1 Expenses**

(a) Except as otherwise provided in this Agreement or the other documents to be delivered pursuant to this Agreement, Shareholder either individually or through one or more of the FFIN Companies will bear all fees and expenses incurred in connection with the preparation, negotiation, execution, and performance of this Agreement and the consummation of the Acquisitions, including all fees and expenses of any Related Parties. The obligation of Shareholder to bear the fees and expenses will be subject to any rights of Shareholder arising from a Breach of this Agreement by the Company.

(b) All stamp, documentary, and other transfer Taxes incurred in connection with this Agreement, whether pertaining to the Equity Securities or any assets and properties of the FFIN Companies, will be paid by Shareholder. Shareholder will, at his own expense, file all necessary Tax Returns and other documentation for all such Taxes.

#### **11.2 Public Announcements**

Notwithstanding any confidentiality obligation to which the Company is subject, any public announcement, including any press release; communication to employees, customers, suppliers, or others having dealings with the FFIN Companies; or similar publicity respecting this Agreement or the Acquisitions will be issued at such time, in such manner, and containing such content as the Company determines in its sole discretion.

### **11.3 Disclosure Schedules**

(a) In the event of any inconsistency between the statements in this Agreement and those in the disclosure schedule (other than an exception expressly set forth as such in the a disclosure schedule respecting a specifically identified representation or warranty), the statements in this Agreement will control.

(b) Notwithstanding anything to the contrary contained in the disclosure schedules or any supplement to the disclosure schedules, the statements in the disclosure schedules, and those in any supplement thereto, relate only to the provisions in the sections of this Agreement to which they expressly relate and not to any other provision in this Agreement.

(c) At least ten days prior to the anticipated date of each of the Freedom RU Closing and the Freedom CY Closing, Shareholder shall revise, supplement, and amend the Shareholder Schedules respecting the FFIN Company to be acquired on the Freedom RU Closing or the Freedom CY Closing, as the case may be, and deliver a copy of such revised, supplemented, and amended Shareholder Schedules to the Company. The Company shall not be obligated to complete the Freedom RU Closing or the Freedom CY Closing, as the case may be, if the revised, supplemented, and amended Stockholder Schedules respecting the FFIN Company to be acquired on the Freedom RU Closing or the Freedom CY Closing, as the case may be, contains any disclosure or information that would constitute, in the Company's reasonable, good faith judgment, a failure of Shareholder to meet the conditions set forth in Section 2.3.

### **11.4 Nature of Shareholder's Obligations**

Shareholder shall cause each FFIN Company to take, or refrain from taking, all actions as may be necessary or appropriate to implement this Agreement.

### **11.5 Further Assurances**

The parties will execute and deliver to each other such other documents and do such other acts and things as a party may reasonably request for the purpose of carrying out the intent of this Agreement, the Acquisitions, and the documents to be delivered pursuant to this Agreement.

### **11.6 Entire Agreement**

This Agreement supersedes all prior agreements, whether written or oral, between the parties respecting its subject matter (including any letter of intent and, upon the Closing, any confidentiality obligation to which the Company is subject) and constitutes (along with the disclosure schedules, the exhibits, and the other documents to be delivered pursuant to this Agreement) a complete and exclusive statement of the terms of the agreement between the parties respecting the subject matter of this Agreement.

### **11.7 Modification**

This Agreement may only be amended, supplemented, or otherwise modified by a writing executed by the Company and Shareholder.

#### **11.8 Assignments and Successors**

No party may assign any of its or his rights or delegate any of its or his obligations under this Agreement without the prior Consent of the other party, except that the Company may assign any of its rights and delegate any of its obligations under this Agreement to any Subsidiary of the Company and, after the Closing, to the purchaser of all or a substantial part of the equity securities or business of the applicable FFIN Company. Any purported assignment of rights or delegation of obligations in violation of this Section 11.8 will be void. Subject to the foregoing, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the heirs, executors, administrators, legal representatives, successors, and permitted assigns of the parties.

#### **11.9 No Third-Party Rights**

Other than the Indemnified Persons and the parties, no Person will have any legal or equitable right, remedy, or claim under or respecting this Agreement. This Agreement may not be amended or terminated, and no provision of this Agreement may be waived, without the Consent of each party to the Agreement.

#### **11.10 Remedies Cumulative**

The rights and remedies of the parties are cumulative and not alternative.

#### **11.11 Governing Law**

All matters relating to or arising out of this Agreement or the Acquisitions and the rights of the parties (whether sounding in contract, tort, or otherwise) will be governed by and construed and interpreted under the laws of the state of Nevada, without regard to conflicts of laws principles that would require the application of any other law.

#### **11.12 Jurisdiction; Service of Process**

Except as otherwise provided in this Agreement, any Proceeding arising out of or relating to this Agreement or the Acquisitions shall be brought in the courts of the state of Utah, county of Salt Lake, or, if it has or can acquire jurisdiction, in the United States District Court, for the District of Utah, and each party irrevocably submits to the exclusive jurisdiction of each such court in any such Proceeding, waives any objection it or he may now or hereafter have to venue or to convenience of forum, agrees that all claims for such Proceeding shall be heard and determined only in any such court, and agrees not to bring any Proceeding arising out of or relating to this Agreement or the Acquisitions in any other court. Each party acknowledges and agrees that this Section 11.12 constitutes a voluntary and bargained-for agreement between the parties. Process in any Proceeding referred to in the first sentence of this section or in Section 10.6(d) may be served on any party anywhere in the world, including by sending or delivering a copy of the process to the party to be served at the address and in the manner provided for the giving of notices in Section 11.17. Nothing in this Section 11.12 will affect the right of any party to serve legal process in any other manner permitted by law or at equity.

#### **11.13 Waiver of Jury Trial**

Each party knowingly, voluntarily, and intentionally, waives its or his right to trial by jury in any Proceeding arising out of or relating to this Agreement or the Acquisitions, whether sounding in contract, tort, or otherwise.

#### **11.14 Attorneys' Fees**

In the event any Proceeding is brought respecting this Agreement or any of the documents referred to in this Agreement, the prevailing party will be entitled to recover reasonable attorneys' fees and other costs incurred in such Proceeding, in addition to any relief to which such party may be entitled.

#### **11.15 Enforcement of Agreement**

Shareholder acknowledges and agrees that the Company would be irreparably harmed if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any Breach of this Agreement by Shareholder could not be adequately compensated in all cases by monetary damages alone. Accordingly, Shareholder agrees that, in addition to any other right or remedy to which the Company may be entitled at law or in equity, the Company shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to obtain temporary, preliminary, and permanent injunctive relief to prevent Breaches or threatened Breaches, without posting any bond or giving any other undertaking.

#### **11.16 No Waiver**

Neither any failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege. To the maximum extent permitted by applicable Legal Requirement: (a) no claim or right arising out of this Agreement or any of the documents referred to in this Agreement can be waived by a party, in whole or in part, unless made in a writing signed by such party; (b) a waiver given by a party will only be applicable to the specific instance for which it is given; and (c) no notice to or demand on a party will: (i) waive or otherwise affect any obligation of that party; or (ii) affect the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

#### **11.17 Notices**

All notices and other communications required or permitted by this Agreement shall be in writing and will be effective, and any applicable period shall commence, when: (a) delivered by hand or a nationally recognized overnight courier service (costs prepaid) addressed to the following addresses; or (b) transmitted electronically to the following email addresses, and receipt is confirmed by the recipient; in each case marked to the attention of the Person (by name or title) designated below (or to such other address, email address, or Person as a party may designate by notice to the other parties):

Shareholder:

Timur Turlov  
Tugolukova St. 10, Ap. 4  
Moscow Region, Lobnya, Russia  
E-mail address:

with a copy to:

Kruse Landa Maycock & Ricks, LLC  
Attention: James Kruse, Esq.  
136 East South Temple, 21st Floor  
Salt Lake City, Utah 84111  
Email address: jkruse@klmrlaw.com

the Company:

BMB Munai, Inc.  
Attention: Adam Cook  
324 South 400 West, Suite 250  
Salt Lake City Utah 84101  
Email address:

with a copy to:

Poulton & Yordan  
Attention: Ronald L. Poulton, Esq.  
324 South 400 West, Suite 250  
Salt Lake City Utah 84101  
Email address: rp@poulton-yordan.com

#### **11.18 Severability**

If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

#### **11.19 Time of Essence**

With regard to all dates and periods set forth or referred to in this Agreement, time is of the essence.

#### **11.20 Counterparts and Electronic Signatures**

(a) This Agreement and other documents to be delivered pursuant to this Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement or document, and will be effective when counterparts have been signed by each of the parties and delivered to the other parties.

(b) A manual signature on this Agreement or other documents to be delivered pursuant to this Agreement, an image of which shall have been transmitted electronically, will constitute an original signature for all purposes. The delivery of copies of this Agreement or other documents to be delivered pursuant to this Agreement, including executed signature pages where required, by electronic transmission will constitute effective delivery of this Agreement or such other document for all purposes.

**ARTICLE 12**  
**DEFINITIONS AND USAGE**

**12.1. Definitions**

For purposes of this Agreement, the following terms have the meanings specified or referred to in this Section 12.1:

“Acquisitions”—as defined in the Recitals of this Agreement.

“Adjoining Property”—geographically, geologically, hydraulically, or hydrogeologically adjoining property.

“Agreement”—as defined in the first paragraph of this Agreement.

“Applicable Contract”—any Contract: (a) under which any FFIN Company has or could acquire any rights; (b) under which any FFIN Company has or could become subject to any obligation or liability; or (c) by which any FFIN Company or any assets owned or used by it is or could become bound.

“Audited Financial Statements”—audited financial statements, including the balance sheet and the related statements of operations, stockholders’ equity (deficit), and cash flows, as of and for the periods specified, prepared in accordance with GAAP or GAAS consistently applied throughout the periods involved, except as explained in the notes to such financial statements.

“Benefit Plan”—each plan, policy, program, practice, agreement, understanding, or arrangement (whether written or oral): (a) that provides compensation or other benefits to any current or former employee, officer, director, or consultant (or to any dependent or beneficiary thereof) of an FFIN Company, or in which any such individual participates or is eligible to participate; (b) that is sponsored, maintained, or contributed to or required to be contributed to by an FFIN Company; or (c) under which an FFIN Company has or may have any obligation or liability, whether actual or contingent.

“Breach”—any breach of, or any inaccuracy in, any representation or warranty; breach of, or failure to perform or comply with, any covenant or obligation in the Contract in question; or any event that with the passing of time or the giving of notice, or both, would constitute a breach, inaccuracy, or failure.

“Closing”—the FFIN Closing, the Freedom RU Closing and the Freedom CY Closing, individually or collectively.

“Closing Date”—the date on which a Closing occurs.

“Code”—the Internal Revenue Code of 1986, as amended.

“Company”—as defined in the first paragraph of this Agreement.

“Company’s Knowledge”—Knowledge of the Company.

“Company Indemnified Persons”—as defined in Section 10.2.

“Company Representatives”—as defined in Section 4.1.

“Company Schedule”—as defined in Article 8.

“Company Shares”—as defined in Section 1.1.

“Confidential Information”—as defined in Section 6.3(a).

“Consent”—any approval, consent, ratification, waiver, or other authorization.

“Contract”—any agreement, contract, lease, consensual obligation, promise, commitment, or undertaking (whether written or oral and whether express or implied), whether or not legally binding.

“Deferred Distribution Funds”—\$8,533,566 held in established segregated custodial bank accounts belonging to certain Company stockholders designated in Schedule 6.5.

“Encumbrance”—any charge, claim, community or other marital property interest, condition, equitable interest, lien, option, pledge, security interest, mortgage, right of way, easement, encroachment, servitude, right of first option, right of first refusal, or similar restriction, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership.

“End Date”—as defined in Section 9.1(d).

“Environment”—soil, land surface and subsurface strata, surface waters (including navigable and nonnavigable inland and ocean waters), groundwaters, drinking water supply, stream sediments, ambient air (indoor air), plant and animal life, and any other environmental medium or natural resource.

“Environmental, Health, and Safety Liability”—any Loss, obligation, or other responsibility resulting from or arising under an Environmental Law or an Occupational Safety and Health Law.

“Environmental Law”—any Legal Requirement that provides for or relates to:

(a) advising appropriate authorities, employees, or the public respecting the use of any Hazardous Material; the Release or Threat of Release of Hazardous Material; violation of discharge or emission limits or other prohibitions or any Hazardous Activity or any activity, such as resource extraction or construction, that could have a significant effect on the Environment;

(b) preventing or reducing to acceptable levels the Release of Hazardous Material into the Environment;

(c) reducing the quantities, or minimizing or controlling the hazardous characteristics, of Hazardous Material that are generated;

(d) assuring that products are designed, formulated, packaged, and used so that they do not present an unreasonable risk to human health or the Environment when used or disposed of;

- (e) protecting the Environment;
- (f) reducing the risks involved in the transportation of Hazardous Material;
- (g) the cleanup of Hazardous Material that has been Released, preventing its Release, or addressing the Threat of Release or paying the costs of such actions; or
- (h) making a Person compensate any other Person for damage done to its health or property or the Environment or permitting self-appointed representatives of the public interest to recover for injuries done to public assets or resources.

“Equity Securities”—for any Person: (a) any capital stock or similar security; (b) any security convertible into or exchangeable for any security described in clause (a); (c) any option, warrant, or other right to purchase or otherwise acquire any security described in clauses (a), (b), or (c); and (d) any “equity security” within the meaning of the Exchange Act.

“ERISA”—the Employee Retirement Income Security Act of 1974, as amended.

“Exchange Act”—the Securities Exchange Act of 1934, as amended.

“Facilities”—any buildings, plants, structures, or equipment (including motor vehicles and rolling stock) owned or operated, or formerly owned or operated, by any FFIN Company.

“FFIN”—FFIN Securities, Inc., a Nevada corporation.

“FFIN Closing”—as defined in Section 1.2(a)(i).

“FFIN Companies”—FFIN, Freedom, and Freedom CY and their respective Subsidiaries, collectively, and “FFIN Company” means any one of the FFIN Companies.

“Freedom CY”—FFINEU Investments Limited, a Cyprus limited liability company.

“Freedom CY Closing”—as defined in Section 1.2(a)(iii)

“FINRA”—as defined in the Recitals.

“Freedom KZ”—Freedom Finance of Kazakhstan JSC, a Kazakhstan joint stock company.

“Freedom RU”—Investment Company Freedom Finance LLC, a Russian limited company. Unless the context otherwise requires, the term “Freedom RU” includes its wholly owned subsidiary Freedom KZ.

“Freedom RU Closing”—as defined in Section 1.2(a)(ii).

“GAAP”—generally accepted accounting principles in the United States.

“GAAS”—generally accepted accounting standards in the United States.

“Governmental Authorization”—any: (a) Consent, license, registration required by memberships, or permit issued, granted, given, or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement; or (b) right under any Contract with any Governmental Body.



“Governmental Body”—any:

- (a) nation, state, county, city, town, borough, village, district, or other jurisdiction;
- (b) federal, state, local, municipal, foreign, multinational, or other government;
- (c) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal, or other entity exercising governmental or quasi-governmental powers);
- (d) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power, whether local, national, or international; or
- (e) official of any of the foregoing.

“Hazardous Activity”—the distribution, generation, handling, importing, management, manufacturing, processing, production, refinement, Release, storage, transfer, transportation, treatment, or use of Hazardous Material and any other act, business, operation, or activity that increases the danger or poses a risk of harm to the Environment.

“Hazardous Material”—any substance, material, or waste that is or will foreseeably be regulated by any Governmental Body, as well as any material, substance, or waste that is defined or classified as a “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” “pollutant,” “restricted hazardous waste,” “contaminant,” “toxic waste,” “pollutant,” or “toxic substance” under any provision of Environmental Law, including petroleum, petroleum products, asbestos, presumed asbestos-containing material or asbestos-containing material, urea formaldehyde, or polychlorinated biphenyls.

“Indemnified Person”—as defined in Section 10.6(a).

“Indemnifying Person”—as defined in Section 10.6(a).

“Intellectual Property”—all intellectual property or other proprietary rights of every kind, foreign or domestic, including patents, inventions (whether or not patentable), processes, methodologies, products, technologies, discoveries, copyrightable and copyrighted works (whether or not registered), apparatus, trade secrets, trademarks and service marks (whether or not registered), domain names, trade names, know-how, trade dress, customer lists, confidential marketing and customer information, confidential technical information, software, and documentation related thereto and any registrations or applications for registration of any of the foregoing.

“Interim Financial Statements”—unaudited quarterly financial statements, including the balance sheet and the related statements of operations, stockholders’ equity (deficit), and cash flows, as of and for the periods specified, prepared in accordance with SEC Requirements consistently applied throughout the periods involved, except as explained in the notes to such financial statements.

“Knowledge”—

(a) An individual will be deemed to have Knowledge of a particular fact or other matter if:

(i) that individual is actually aware of that fact or matter; or

(ii) a prudent individual could be expected to discover or otherwise become aware of that fact or matter in the course of conducting a reasonably comprehensive investigation regarding the accuracy of any representation or warranty in this Agreement.

(b) A Person (other than an individual) will be deemed to have Knowledge of a particular fact or other matter if any individual who is serving, or who has at any time served, as a director, officer, partner, manager, executor, or trustee of that Person (or in any similar capacity) has, or at any time had, Knowledge of that fact or other matter (as set forth in clauses (a)(i) and (ii) above).

“Leased Real Property”—as defined in Section 7.6(b).

“Legal Requirement”—any constitution, law, ordinance, principle of common law, code, rule, regulation, statute, act, treaty, or order of general applicability of any Governmental Body, including rules and regulations promulgated thereunder.

“Loss”—any cost, loss, liability, obligation, claim, cause of action, damage, deficiency, expense (including costs of investigation and defense and reasonable attorneys’ fees), fine, penalty, judgment, award, assessment, or diminution of value.

“Major Suppliers”—as defined in Section 7.27.

“Major Customers”—as defined in Section 7.27.

“Material Adverse Effect”—any event, change, development, or occurrence that, individually or together with any other event, change, development, or occurrence, is materially adverse to a Person’s business, condition (financial or otherwise), assets, results of operations, or prospects.

“Material Consents”—as defined in Section 2.6.

“Money Laundering Laws”—as defined in Section 7.23

“Occupational Safety and Health Law”—any Legal Requirement designed to promote safe and healthful working conditions and to reduce occupational safety and health hazards, including the Occupational Safety and Health Act, and any program, whether governmental or private (such as those promulgated or sponsored by industry associations and insurance companies), designed to promote safe and healthful working conditions.

“OFAC”—as defined in Section 7.24.

“Order”—any order, injunction, judgment, decree, ruling, assessment, or arbitration award of any Governmental Body or arbitrator.

“Ordinary Course of Business”—an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action:

(a) is consistent in nature, scope, and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person; and

(b) does not require authorization by the board of directors of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature.

“Organizational Documents”—(a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the certificate of formation or organization and limited liability company agreement, operating agreement, or like agreement of a limited liability company; (c) the partnership agreement and any statement of partnership of a general partnership; (d) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (e) any charter, agreement, or similar document adopted or filed in connection with the creation, formation, or organization of a Person; and (f) any amendment to or restatement of any of the foregoing.

“Owned Real Property”—as defined in Section 7.6(a).

“Permitted Encumbrances”—(a) Encumbrances for Taxes and other governmental charges and assessments (except assessments for public improvements levied, pending, or deferred against Owned Real Property) that are not yet due and payable; (b) Encumbrances of carriers, warehousemen, mechanics, and materialmen and other like Encumbrances arising in the Ordinary Course of Business (provided lien statements have not been filed or such Encumbrances otherwise perfected); (c) statutory Encumbrances in favor of lessors arising in connection with any property leased to any FFIN Company; and (d) Encumbrances disclosed in the financial statements.

“Person”—an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, joint stock company, trust, unincorporated association, joint venture, other entity, or a Governmental Body.

“Proceeding”—any action, arbitration, mediation, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, judicial, or investigative) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

“Pro Forma Financial Information”—as defined in Section 2.1.

“Real Property”—as defined in Section 7.6(b).

“Recapitalization”—as defined in Section 1.3(b)(ii).

“Records”—information that is inscribed on a tangible medium or that is stored in an electronic or other medium.

“Related Person”—

- (a) For an individual:
  - (i) each other member of such individual’s family;
  - (ii) any Person that is directly or indirectly controlled by such individual or any one or more members of such individual’s family;
  - (iii) any Person in which members of such individual’s family hold (individually or in the aggregate) a material interest; and
  - (iv) any Person for which one or more members of such individual’s family serves as a director, officer, partner, manager, executor, or trustee (or in a similar capacity).
- (b) For a Person other than an individual:
  - (i) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with, such specified Person;
  - (ii) any Person that holds a material interest in such specified Person;
  - (iii) each Person that serves as a director, officer, partner, manager, executor, or trustee of such specified Person (or in a similar capacity);
  - (iv) any Person in which such specified Person holds a material interest; and
  - (v) any Person for which such specified Person serves as a general partner, manager, or a trustee (or in a similar capacity).
- (c) For purposes of this definition:
  - (i) “control” (including “controlling,” “controlled by,” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise, and shall be construed as such term is used in the rules promulgated under the Exchange Act;
  - (ii) the “family” of an individual includes: (1) the individual; (2) the individual’s spouse; (3) any other natural person who is related to the individual or the individual’s spouse within the second degree; and (4) any other natural person who resides with such individual; and
  - (iii) “material interest” means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Exchange Act) of voting securities or other voting interests representing at least 10% of the outstanding voting power of a Person or Equity Securities representing at least 10% of the outstanding equity interests in a Person.

“Release”—any release, spill, emission, leaking, pumping, pouring, dumping, emptying, injection, deposit, disposal, discharge, dispersal, leaching, or migration on or into the Environment or into or out of any property.

“Required Financials”—as defined in Section 1.3(a).

“Representative”—with respect to a particular Person, includes any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, or legal counsel of such Person.

“SEC”—as defined in the Recitals.

“SEC Filings”—as defined in Section 8.3(b).

“SEC Requirements”—as defined in Section 1.3(a)(i).

“Securities Act”—the Securities Act of 1933, as amended.

“Shareholder”—as defined in the first paragraph of this Agreement.

“Shareholder’s Knowledge”—Knowledge of Shareholder or any FFIN Company.

“Shareholder Schedules”—as defined in Article 7.

“Subsidiary”—any Person of which securities or other interests having the power to elect a majority of that Person’s board of directors or similar governing body, or otherwise having the power to direct the business and policies of that Person (other than Equity Securities or other interests having such power only upon the happening of a contingency that has not occurred) are held by another Person or one or more of its Subsidiaries.

“Tax”—any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees’ income withholding, foreign or domestic withholding, Social Security, unemployment, disability, real property, personal property, sales, use, transfer, value-added, concession, alternative, add-on minimum, and other tax, fee, assessment, levy, tariff, charge, or duty of any kind whatsoever, including any interest, penalty, addition, or additional amount thereon imposed, assessed, or collected by or under the authority of any Governmental Body or payable under any tax-sharing agreement or any other Contract.

“Tax Authority”—any Governmental Body having or purporting to exercise jurisdiction for any Tax.

“Tax Return”—any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of or compliance with any Legal Requirement relating to any Tax.

“Third Party”—a Person that is not an FFIN Company or a party to this Agreement.

“Third-Party Claim”—any claim against any Indemnified Person by a Third Party, whether or not involving a Proceeding.

“Threat of Release”—a reasonable possibility of a Release that could require action (including triggering notification or reporting under Environmental Law) in order to prevent or mitigate damage to the Environment that could result from such Release.

## **12.2 Usage**

(a) In this Agreement, unless expressly stated otherwise:

(i) the singular includes the plural and vice versa;

(ii) reference to any Person includes that Person’s successors and assigns, if applicable, but only if such successors and assigns are permitted by this Agreement, and reference to a Person in a particular capacity excludes that Person in any other capacity;

(iii) reference to a gender includes the other gender;

(iv) reference to any agreement, document, or instrument means that agreement, document, or instrument as amended or modified and in effect from time to time in accordance with its terms;

(v) reference to any Legal Requirement means that Legal Requirement as from time to time in effect, including any amendment, modification, codification, replacement, or reenactment of such Legal Requirement;

(vi) reference to any section or other provision of any Legal Requirement means that provision of such Legal Requirement as from time to time in effect, including any amendment, modification, codification, replacement, or reenactment of that section or other provision;

(vii) “hereunder,” “hereof,” “hereto,” and words of similar import refer to this Agreement as a whole and not to any particular article, section, or other provision of this Agreement;

(viii) “including” (and with correlative meaning “include”) means that the items listed are illustrative, without any implication that all or even most of the components are mentioned;

(ix) “or” is used in the inclusive sense of “and/or”;

(x) “any” means “any and all”;

(xi) for the determination of any period, “from” means “from and including” and “to” means “to but excluding”;

(xii) a reference to a document, instrument, or agreement also refers to all addenda, exhibits, or schedules thereto;

(xiii) a reference to a “copy” or “copies” of any document, instrument, or agreement means a copy or copies that are complete and correct; and

(xiv) a reference to a list, or any like compilation (whether in the disclosure schedules or elsewhere), means that the item referred to is complete and correct.

(b) Unless otherwise specified in this Agreement, all accounting terms used in this Agreement will be interpreted, and all accounting determinations under this Agreement will be made, in accordance with GAAP.

(c) This Agreement was negotiated by the parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party as having been drafted by it will not apply to any construction or interpretation of this Agreement.

(d) The headings contained in this Agreement are for convenience of reference only, shall not be deemed to be part of this Agreement, and shall not be referred to in connection with the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first written above.

**COMPANY:**

**SHAREHOLDER:**

**BMB MUNAI, INC.**

By: /s/ Askar Tashtitov

/s/ Timur Turlov

Name: Askar Tashtitov

**TIMUR TURLOV**

Title: President

## DISCLOSURE SCHEDULES

<b>Schedule 2.6</b>	<b>Material Consents</b>
<b>Schedule 3.4</b>	<b>Consents</b>
<b>Schedule 6.5</b>	<b>Deferred Distribution Funds</b>
<b>Schedule 7.1</b>	<b>FFIN Companies Organization and Good Standing</b>
<b>Schedule 7.2(b)</b>	<b>No Conflict</b>
<b>Schedule 7.2(c)</b>	<b>Required Notice or Consent</b>
<b>Schedule 7.3(b)</b>	<b>Subsidiary Capitalization</b>
<b>Schedule 7.3(c)</b>	<b>Stockholders Agreements or other Contracts Relating to Equity Securities</b>
<b>Schedule 7.6(a)</b>	<b>FFIN Companies Owned Real Property</b>
<b>Schedule 7.6(b)</b>	<b>FFIN Companies Leased Real Property</b>
<b>Schedule 7.6(c)</b>	<b>Permitted Encumbrances</b>
<b>Schedule 7.8</b>	<b>Accounts Receivable</b>
<b>Schedule 7.9</b>	<b>Inventories</b>
<b>Schedule 7.10</b>	<b>Undisclosed Liabilities</b>
<b>Schedule 7.13(a)</b>	<b>Benefit Plans</b>
<b>Schedule 7.13(g)</b>	<b>Employee Indebtedness</b>
<b>Schedule 7.14(a)</b>	<b>Compliance with Legal Requirements</b>
<b>Schedule 7.14(b)</b>	<b>Governmental Authorization</b>
<b>Schedule 7.15(a)</b>	<b>Legal Proceedings</b>
<b>Schedule 7.15(b)</b>	<b>Orders</b>
<b>Schedule 7.15(c)</b>	<b>Noncompliance with Orders</b>
<b>Schedule 7.16</b>	<b>Certain Changes and Events</b>
<b>Schedule 7.17(a)</b>	<b>Applicable Contracts</b>
<b>Schedule 7.17(b)</b>	<b>Contract Deficiencies</b>
<b>Schedule 7.17(c)</b>	<b>Compliance with Applicable Contracts</b>
<b>Schedule 7.18</b>	<b>Insurance</b>
<b>Schedule 7.19</b>	<b>Environmental Matters</b>
<b>Schedule 7.20(a)</b>	<b>Employees of FFIN Companies</b>
<b>Schedule 7.20(b)</b>	<b>Independent Contractors of FFIN Companies</b>
<b>Schedule 7.20(c)</b>	<b>Termination Notices</b>
<b>Schedule 7.20(d)</b>	<b>Retiree Benefits</b>
<b>Schedule 7.20(e)</b>	<b>Terminated Employees</b>
<b>Schedule 7.21(b)</b>	<b>Labor Contracts</b>



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<b>Schedule 7.22</b>	<b>FFIN Companies Intellectual Property</b>
<b>Schedule 7.24</b>	<b>FFIN Companies Covered Affiliates</b>
<b>Schedule 7.25</b>	<b>Relationships with Related Persons</b>
<b>Schedule 7.27</b>	<b>Customers and Suppliers</b>
<b>Schedule 8.2(b)</b>	<b>No Conflict</b>
<b>Schedule 8.2(c)</b>	<b>Required Notice or Consent</b>
<b>Schedule 8.3(b)</b>	<b>Convertible Securities, Options, Warrants, etc.</b>
<b>Schedule 8.6(b)</b>	<b>Company Leased Real Property</b>
<b>Schedule 8.6(c)</b>	<b>Company Permitted Encumbrances</b>
<b>Schedule 8.10</b>	<b>Undisclosed Liabilities</b>
<b>Schedule 8.11(a)</b>	<b>Tax Returns and Claims</b>
<b>Schedule 8.11(c)</b>	<b>Tax Deficiencies</b>
<b>Schedule 8.11(d)</b>	<b>Power of Attorney for Taxes</b>
<b>Schedule 8.11(i)</b>	<b>U.S. Treasury Classification Election</b>
<b>Schedule 8.13(e)</b>	<b>Company Employee Indebtedness</b>
<b>Schedule 8.14</b>	<b>Compliance with Legal Requirements</b>
<b>Schedule 8.15(a)</b>	<b>Legal Proceedings</b>
<b>Schedule 8.15(b)</b>	<b>Orders</b>
<b>Schedule 8.16</b>	<b>Certain Changes and Events</b>
<b>Schedule 8.17(a)</b>	<b>Applicable Contracts</b>
<b>Schedule 8.17(b)</b>	<b>Contract Deficiencies</b>
<b>Schedule 8.17(c)</b>	<b>Compliance with Applicable Contracts</b>
<b>Schedule 8.18</b>	<b>Insurance</b>
<b>Schedule 8.19</b>	<b>Environmental Matters</b>
<b>Schedule 8.20(b)</b>	<b>Independent Contractors of Company</b>
<b>Schedule 8.20(c)</b>	<b>Retiree Benefits</b>
<b>Schedule 8.20(d)</b>	<b>Terminated Employees</b>
<b>Schedule 8.21(b)</b>	<b>Labor Contracts</b>
<b>Schedule 8.25</b>	<b>Company Covered Affiliates</b>
<b>Schedule 8.26</b>	<b>Relationships with Related Persons</b>

## **SHAREHOLDER RELEASE**

This Shareholder Release (“Release”) is made as of November 23, 2015 by Timur Turlov (“Shareholder”). This Release is referred to in Section 1.4(a)(i)(7) of the Share Exchange and Acquisition Agreement (the “Acquisition Agreement”), dated November 23, 2015, between BMB Munai, Inc., a Nevada corporation (the “Company”) and Shareholder. Capitalized terms used in this Release without definition have the respective meanings given to them in the Acquisition Agreement.

Shareholder acknowledges and agrees that execution and delivery of this Release is a condition to closing the Acquisition Agreement and that the Company is relying on this Release in consummating the transactions contemplated by the Acquisition Agreement.

Shareholder, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, in order to induce the Company to consummate the Acquisition Agreement, agrees as follows:

Shareholder, for himself and on behalf of each of his Related Persons, hereby unconditionally and irrevocably releases and forever discharges the Company and each of its officers, directors, controlling shareholders and assigns (individually, a “Releasee” and collectively, “Releasees”) from any and all claims, counterclaims, setoffs, demands, Proceedings, causes of action, Orders, obligations, contracts, agreements, debts, damages, and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and in equity (collectively, “Claims”), which Shareholder or his Related Persons now has, has ever had, or may hereafter have against the respective Releasees arising contemporaneously with or prior to the last Closing Date to occur or on account of or arising out of any matter, cause, or event occurring contemporaneously with or prior to the last Closing Date to occur, including any right to indemnification, reimbursement from, or payment, whether pursuant to their respective Organizational Documents, contract, or otherwise and whether or not relating to Claims pending on, or asserted after, the final Closing Date (collectively, the “Released Claims”); provided, however, that nothing contained in this Release will operate to release any obligation of the Company arising under the Acquisition Agreement or any agreement or instrument being executed and delivered pursuant to the Acquisition Agreement.

Shareholder represents and warrants to each Releasee that he has not transferred, assigned, or otherwise disposed of any part of or interest in any Released Claim.

Shareholder hereby irrevocably covenants not to, directly or indirectly, assert any claim or demand, or commence, institute, or voluntarily aid in any way, or cause to be commenced or instituted, any Proceeding of any kind against any Releasee based upon any Released Claim.

Without in any way limiting any rights and remedies otherwise available to any Releasee, Shareholder, shall indemnify and hold harmless each Releasee from and against and shall pay to each Releasee the amount of, or reimburse each Releasee for, all loss, liability, claim, damage (including incidental and consequential damages), or expense (including costs of investigation and defense and reasonable attorneys’ and accountants’ fees), whether or not involving third-party claims, arising directly or indirectly from or in connection with (a) the assertion by or on behalf of Shareholder or any of his Related Persons of any Released Claim, and (b) the assertion by any third party of any claim or demand against any Releasee which claim or demand arises directly or indirectly from, or in connection with, any assertion by or on behalf of Shareholder or any of his Related Persons against such third party of any Released Claim.

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Shareholder acknowledges and agrees that the execution of this Release does not constitute in any manner whatsoever an admission of liability on the part of any Releasee for any Released Claim, and that such liability is specifically denied.

Shareholder agrees to (a) execute and deliver such other documents, and (b) do such other acts and things, as the Company may reasonably request for the purpose of carrying out the intent of this Release.

This Release may not be amended, supplemented, or otherwise modified except in a writing signed by the person against whose interest such change will operate.

All matters relating to or arising out of this Release will be governed by and construed and interpreted under the laws of the state of Utah, without regard to conflicts of laws principles that would require the application of any other law.

If any provision of this Release is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Release will remain in full force and effect. Any provision of this Release held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Release as of the date first written above.

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Timur Turlov

## STANDARD FORM LEASE AGREEMENT

### OFFICE FORM - FULL SERVICE LEASE

THIS LEASE AGREEMENT (the "Lease") is made and entered into as of this 9<sup>th</sup> day of December, 2014 by and between ZAHA, LLC (the "Landlord"), and FFIN Securities, Inc. (the "Tenant").

For and in consideration of the rent to be paid by Tenant and of the covenants and agreements herein set forth to be kept and performed by Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, the Leased Premises (as hereinafter defined) and certain other areas, rights and privileges for the term, at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

#### I. PREMISES

1.1 Description of Premises. Landlord does hereby demise, lease and let unto Tenant, and Tenant does hereby take and receive from Landlord the following:

- (a) That certain floor area containing approximately 1,691 square feet (the "Leased Premises") on the first floor of the office building (the "Building") located at approximately 324 South 400 West, City of Salt Lake, Utah as crosshatched Exhibit "A".
- (b) The non-exclusive right to Tenant's Proportionate Share of the Common Areas (as defined in Section 18.1 below).
- (c) Such non-exclusive rights-of-way, easements and similar rights with respect to the Building and Property (as hereinafter defined) as may be reasonably necessary for ingress to, and egress from, the Leased Premises and the Common Areas.
- (d) Two parking spaces provided in the parking lot contiguous to the Building, and such spaces shall be signed by Landlord as the reserved parking spaces of Tenant.

1.2 Work Improvement. The obligations of Landlord and Tenant to perform the work and supply the necessary materials and labor to prepare the Leased Premises for occupancy are described in detail on Exhibit "B". Landlord and Tenant shall expend all funds and do all acts required of them as described on Exhibit "B" and shall perform or have the work performed promptly and diligently in a first class and workmanlike manner.

1.3 Changes to Building. Landlord hereby reserves the right at any time and from time to time to make changes, alterations or additions to the Building or to the Property; provided, however, that Landlord will use commercially reasonable efforts not to interfere with Tenant's access to the Leased Premises. Tenant shall not in such event claim or be allowed any damages for injury or inconvenience occasioned thereby and shall not be entitled to terminate this Lease, provided that rent payable hereunder shall abate on a pro-rata basis if all or a portion of the leased premises are rendered unusable during said construction.

## **II. TERM**

2.1 Length of Term. The term of this Lease shall be for a period of thirty (30) months plus the partial calendar month, if any, occurring after the Commencement Date (as hereinafter defined) if the Commencement Date occurs other than on the first day of a calendar month.

2.2 Commencement Date; Obligation to Pay Rent. The term of this Lease and Tenant's obligation to pay rent hereunder shall commence on January 1, 2015 or, if later, five days after receipt by Tenant of written notice sent certified mail by Landlord or Landlord's supervising contractor, stating that Landlord's construction obligations respecting the Leased Premises have been fulfilled and/or that the Leased Premises are ready for occupancy and/or performance of Tenant's work.

Except for the return of any money deposited with Landlord by Tenant, Landlord shall not have any liability to Tenant arising out of the failure of the Commencement Date to occur.

## **III. BASIC RENTAL PAYMENT**

3.1 Basic Annual Rent. Tenant agrees to pay to Landlord as basic annual rent (the "Basic Rent") at such place as Landlord may designate without prior demand therefore and without any deduction or offset whatsoever, the sum of Twenty-Seven Thousand, Nine Hundred, One and 50/100 Dollars (\$27,901.50) each full year of the lease term. Said rental amount shall be paid in equal monthly installments of Two Thousand, Three Hundred, Twenty-Five and 13/100 Dollars (\$2,325.13) during each full month of the lease term. Said Basic Rent shall be due and payable on the first day of each month.

(a) If any payment is not made by the fifth day following the due date of the payment, then on the sixth day following the due date of the payment there shall be added to the payment an amount equal to ten (10%) percent of the payment as an agreed late charge.

3.2 Additional Monetary Obligations. Tenant shall also pay as rent (in addition to the Basic Rent) all other sums of money as shall become due and payable by Tenant to Landlord under this Lease. Landlord shall have the same remedies in the case of a default in the payment of said other sums of money as are available to Landlord in the case of a default in the payment of one or more installments of Basic Rent.

#### IV. ADDITIONAL RENT

4.1 In addition to the Basic Rent, in each applicable year the Tenant shall pay the Landlord "Additional Rent" on a monthly basis with Basic Rent payments, its proportionate share, (calculated by dividing the square footage of the Leased Premises by the total leasable square footage in the Building (excluding the basement)) of the increase in the Building's Operating Costs (as defined in Section 4.2 below). Such costs shall be computed as follows:

- (a) The base year of Operating Costs shall be the calendar year of 2014.
- (b) The comparison year shall be the next calendar year following the base year and each subsequent calendar year.
- (c) Landlord will furnish Tenant within 60 days of the end of the comparison year a statement indicating the base year Operating Costs, the comparison year Operating Costs, and the increase, if any, from base year to comparison year.
- (d) In the event the above comparison yields an increase, Tenant will be given an invoice requiring a lump sum payment within 60 days for Tenant's share of the increase prorated for the number of months Tenant's lease year coincides with the comparison year. In addition, the Tenant's monthly rent shall be adjusted to reflect Landlord's estimate of Operating Costs for the following year.
- (e) When an increase in rent attributable to Landlord's estimate of Operating Costs is greater than Tenant's share of the actual increased Operating Costs, Landlord will refund such excess in a lump sum within 60 days after having determined the overpayment by Tenant. Notwithstanding this paragraph, in no case shall the total rent paid in any year be reduced by such refund or otherwise below the Basic Rent.

4.2 Operating Costs shall mean all actual costs and expenses incurred by Landlord in connection with the ownership, operation, management and maintenance of the Building, including, but not limited to, all real and personal property taxes and assessments, except those to be paid by Tenant on its own personal property and leasehold improvements, and any tax or assessment levied or charged in lieu thereof; snow removal, trash removal, utilities, supplies, insurance, license, permit and inspection fees, cost of services of independent contractors, property management fees, cost of compensation (including employment taxes and fringe benefits) connected with the day-to-day operation and maintenance of the Building (including janitorial services, gardening, security, parking, elevator, painting, plumbing, electrical, carpentry, heating, ventilation, air conditioning, window washing and signing), but excluding persons performing services not uniformly available to or performed for substantially all building tenants; and rental expense or a reasonable allowance for depreciation of personal property used in the maintenance, operation and repair of the Building. The foregoing notwithstanding, Operating Costs shall not include depreciation on the Building or amounts paid toward principal or interest of liens of Landlord. In no event shall the amount of Tenant's share of Operating Costs increase in an amount greater than 5% of its share of the previous year's Operating Costs.

## V. SECURITY DEPOSIT

5.1 Deposit. Tenant has deposited with Landlord the sum of Two Thousand, Three Hundred, Twenty-Five and 13/100 Dollars (\$2,325.13) as security for the performance by Tenant of all of the terms, covenants, and conditions required to be performed by it hereunder. Such sum shall be returned to Tenant after the expiration of the term of this Lease and delivery of possession of the Leased Premises to Landlord if at such time Tenant has performed all such terms, covenants and conditions of this Lease. Prior to the time when Tenant is entitled to any return of the security deposit, Landlord may intermingle such deposit with its own funds and use such sum for such purposes as Landlord may determine.

5.2 Default. In the event of default by Tenant in respect to any of its obligations under this Lease, including, but not limited to, the payment of Basic Rent or Additional Rent, Landlord may use, apply, or retain all or any part of the security deposit for the payment of any unpaid Basic Rent or Additional Rent, or for any other amount which Landlord may be required to expend by reason of the default of the Tenant, including any damages or deficiency in the reletting of the Leased Premises, regardless of whether or not the accrual of such damages or deficiency occurs before or after an eviction. Tenant shall, upon five (5) days written demand, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount.

## VI. USE

6.1 Use of Leased Premises. The Leased Premises shall be used and occupied by Tenant for general office purposes only and for no other purpose whatsoever without the prior written consent of Landlord.

6.2 Prohibition of Certain Activities or Uses. The Tenant shall not do or permit anything to be done in or about, or bring or keep anything in the Leased Premises which is prohibited by this Lease or which will in any way:

- (a) Adversely affect any fire, liability or other insurance policy carried with respect to the Building or any of the contents of the Building (except with Landlord's express written permission, which will not be unreasonably withheld, but which may be contingent upon Tenant's agreement to bear any additional costs, expenses or liability for risks that may be involved).
- (b) Obstruct or interfere with any right of any other tenant or occupant of the Building or injure or annoy such persons.
- (c) Conflict with or violate any law, statute, ordinance, rule, regulation or requirement of any governmental unit, agency or authority (whether existing now or enacted in the future, known or unknown, foreseen or unforeseen).



(d) Overload the floors or otherwise damage the structural soundness of the Leased Premises, or Building, or any part thereof.

6.3 Affirmative Obligations With Respect to Use. Tenant will at its sole cost and expense comply with all governmental laws, ordinances, regulations, and requirements, of any lawful governmental body of authorities having jurisdiction over the Leased Premises which are now in force or which hereafter may be in force; keep the Leased Premises in a clean, neat and orderly condition, free of objectionable noise, odors, or nuisance; in all respects and at all times fully comply with all health and policy regulations; and not suffer, permit, or commit any waste.

6.4 Suitability. Tenant does not acknowledge that except as expressly set forth in this Lease, Landlord nor has any other person made any representation or warranty with respect to the Leased Premises or any other portion of the Building or Improvements. Specifically, but not in limitation of the foregoing, no representation has been made or relied on with respect to the suitability of the Leased Premises or any other portion of the Building or Improvements for the conduct of Tenant's business. By executing this lease the Tenant waives any claim that the Leased Premises, Building and Improvements are in unsatisfactory condition.

6.5 Taxes. Tenant shall pay all taxes, assessments, charges, and fees which during the term hereof may be imposed, assessed or levied by any governmental or public authority against or upon Tenant for Tenant's use of the Leased Premises or any personal property or fixture kept or installed therein by Tenant and on the value of leasehold improvements to the extent that the same exceed Building allowances.

6.6 Hazardous Waste. Tenant agrees not to keep or use or permit to be kept or used on the Leased Premises any hazardous substance, hazardous waste or hazardous material, as defined under any "Environmental Law" (defined as all federal, state and local laws, ordinances or regulations), except for such amounts as are the lawful activities of Tenant that are part of the ordinary course of Tenant's business in accordance with the permitted use as provided in this Lease.

6.7 Rules and Regulations. Tenant shall comply with all the rules and regulations attached to this Lease as Exhibit "C" and any other such rules as the Landlord may implement to insure the rights of building tenants.

## **VII. UTILITIES AND SERVICE**

7.1 Obligations of Landlord. During the term of this Lease the Landlord agrees to cause to be furnished to the Leased Premises during customary business hours and during generally recognized business days the following utilities and services:

(a) Electricity, water, gas and sewer service.

(b) Telephone connection, but not telephone stations and equipment (it being expressly understood and agreed that Tenant shall be responsible for the ordering and installation of telephone lines and equipment which pertain to the Leased Premises).

(c) Heat and air-conditioning to such extent and to such levels as, in Landlord's judgment, is reasonably required for the comfortable use and occupancy of the Leased Premises subject however to any limitations imposed by any government agency. The parties agree and understand that the Landlord will provide heat and air-conditioning at least Monday through Friday from 5:00 a.m. to 7:00 p.m. and Saturday and Sunday from 8:00 a.m. to 2:00 p.m.

(d) Janitorial. It is agreed that janitorial service to the Leased Premises shall be provided twice per week for common areas and once per week for Tenant's space.

(e) Security (including lighting for common halls, stairways, entries and restrooms) to such extent as is usual and customary in similar buildings in Salt Lake County, Utah.

(f) Snow removal service.

(g) Landscaping and grounds keeping service.

7.2 Tenant's Obligations. Tenant shall arrange for and shall pay the entire cost and expense of all telephone stations, equipment and usage; electric light bulbs (but not fluorescent bulbs used in fixtures originally installed in the Leased Premises); and all other materials and services not expressly required to be provided and paid for by Landlord under Section 7.1 above.

7.3 Additional Limitations.

(a) Tenant will not, without the written consent of Landlord: (1) use any apparatus or device on the Leased Premises (including, but without limitation thereto, electric data processing machines, punch card machines or machines using current in excess of 110 volts) which will in any way or to any extent increase the amount of electricity or water designated in Section 7.1 above; or (2) connect with electric current or water pipes, except through those now-existing in the Leased Premises, any apparatus or device for the purposes of using electric current or water.

(b) If Tenant shall require water, electric current or natural gas in excess of that usually furnished or supplied for use of the Leased Premises, Tenant shall first procure the consent of Landlord for the use thereof, which consent Landlord may in its sole discretion refuse. If consent is given, Landlord may cause a water meter, electric current meter or natural gas meter to be installed in the Leased Premises to measure the amount of water, electric current, or natural gas consumed for any such other use. The cost of such meters and of installation, maintenance, and repair thereof shall be paid for by Tenant; and Tenant agrees to pay Landlord promptly upon demand for all such water, electric current, or natural gas consumed as shown by said meters at the rates charged for such services plus any additional expense incurred in keeping account of the water, electricity or natural gas so consumed.

(c) If heat generating machines or devices are used in the Leased Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to install additional or supplementary air conditioning units for the Leased Premises; and the entire cost of installing, operating, maintaining and repairing the same shall be paid by Tenant to Landlord promptly upon demand by Landlord.

7.4 Limitation of Landlord's Liability. Landlord shall not be liable for, and Tenant shall not be entitled to terminate this Lease or effectuate any abatement or reduction of rent by reason of, Landlord's failure to provide or furnish any of the foregoing utilities or services if such failure was reasonably beyond the control of Landlord. In no event shall Landlord be liable for loss or injury to persons or property, however, arising, occurring in connection with, or attributable to any failure to furnish such utilities or services even if within the control of Landlord, although Tenant shall have the right to terminate this Lease in the event Landlord fails to furnish such utilities or services when the ability to do is within the control of Landlord.

## **VIII. MAINTENANCE AND REPAIRS; ALTERATIONS, ACCESS**

8.1 Maintenance and Repairs by Landlord. Landlord shall maintain in good order, condition and repair the Building except the Leased Premises and those other portions of the Building leased, rented or otherwise occupied by persons not affiliated with the Landlord. Landlord shall supply and pay for normal janitorial and cleaning services as specified within this Lease to keep the Leased Premises and the Building and Improvements in a clean, sanitary and orderly condition, the cost and expense of which shall be included in Operating Costs.

8.2 Maintenance and Repairs by Tenant. Tenant, at Tenant's sole cost and expense and without prior demand, shall maintain the Leased Premises in good order, condition and repair, reasonable wear and tear excepted.

8.3 Alterations. Except as set forth on Exhibit "B" attached hereto, Tenant shall not make or cause to be made any alterations, additions or improvements or install or cause to be installed any fixtures, signs, floor coverings, interior or exterior lighting, plumbing fixtures, or shades or awnings, or make any other changes to the Leased Premises without first obtaining Landlord's written approval, which approval shall not be unreasonably withheld. Tenant shall present to the Landlord plans and specifications for such work at the time approval is sought. In the event Landlord consents to the making of any alterations, additions, or improvements to the Leased Premises by Tenant, the same shall be made by Tenant at Tenant's sole cost and expense. All such work with respect to any alterations, additions, and changes shall be done in a first-class and workmanlike manner and diligently completed so that, except as absolutely necessary during the course of such work, the

Leased Premises shall at all times be a complete operating unit. Any such alterations, additions, or changes shall be performed and done strictly in accordance with all laws and ordinances relating thereto. In performing the work or any such alterations, additions, or changes, Tenant shall have the same performed in such a manner as not to obstruct access to any portion of the Building. Any alterations, additions, or improvements to or of the Leased Premises, including, but not limited to, wall covering, paneling, and built-in cabinet work shall at once become a part of the realty and shall be surrendered with the Leased Premises unless Landlord otherwise elects in writing not less than thirty (30) days prior to the end of the term hereof. If Landlord so elects, Tenant shall remove such items prior to the end of the term hereof, and shall be responsible for the repair of any damage to the Leased Premises caused by such removal.

8.4 Landlord's Access to Leased Premises. Landlord shall have the right to place, maintain, and repair all utility equipment of any kind in, upon, and under the Leased Premises as may be necessary for the servicing of the Leased Premises and other portion of the Building. Landlord shall also have the right to enter the Leased Premises during regular business hours to inspect it; to show it to prospective purchasers, mortgagees, tenants, and lessees; and to make such repairs, additions, alterations, or improvements as Landlord may deem desirable. Landlord shall be allowed to take all material upon said Leased Premises that may be required therefore without the same constituting an actual or constructive eviction of Tenant in whole or in part. The rents reserved herein shall in no way abate while said work is in progress by reason of loss or interruption of Tenant's business or otherwise, and Tenant shall have no claim for damages. During the four (4) months prior to expiration of this Lease or of any renewal term, Landlord may place upon the Leased Premises "To Let" signs which Tenant shall permit to remain thereon.

## **IX. ASSIGNMENT AND SUBLETTING**

9.1 Condition for Assignment and Subletting. Tenant shall not transfer, assign, mortgage or hypothecate this Lease, in whole or in part, or permit the use of the Leased Premises by any person or persons other than Tenant, or sublet the Leased Premises, or any part thereof, without the prior written consent of Landlord in each instance. Such prohibition against assigning or subletting shall include any assignment or subletting by operation of law. Any transfer of this Lease from the Tenant by merger, consolidation, transfer of assets, or liquidation shall constitute an assignment for purposes of this Lease. Notwithstanding the foregoing, Landlord shall not unreasonably withhold its approval of an assignment or sublease.

9.2 Consent Required. Any assignment or subletting without Landlord's consent shall be void, and shall constitute a default hereunder which, at the option of Landlord, shall result in the termination of this Lease or exercise of Landlord's other remedies hereunder. Consent to any assignment or subletting shall not operate as a waiver of the necessity for consent to any subsequent assignment or subletting, and the terms of such consent shall be binding upon any person holding by, under, or through Tenant.

9.3 Landlord's Right in Event of Assignment. If this Lease is assigned or if the Leased Premises or any portion thereof is sublet or occupied by any person other than the Tenant, Landlord may collect rent and other charges from such assignee or other party and apply the amount collected to the rent and other charges reserved hereunder. However, such collection shall not constitute consent or waiver of the necessity of consent to such assignment, subleasing, or other transfer; and it shall not constitute the recognition of such assignee, sublessee, or other party as the Tenant hereunder or a release of Tenant from the further performances of all the covenants and obligations of Tenant herein contained. In the event that Landlord shall consent to a sublease or assignment hereunder, Tenant shall pay to Landlord reasonable fees, not to exceed \$500.00 incurred in connection with processing of documents necessary to the giving of such consent.

## **X. INDEMNITY**

10.1 Indemnification by Tenant. Tenant shall indemnify Landlord and save it harmless from and against any and all suits, actions, damages, claims, liability and expense in connection with loss of life, bodily or personal injury, or property damage arising from or out of any occurrence in, upon, at or from the Leased Premises, or the occupancy or use by Tenant of Leased Premises or any part thereof, or occasioned wholly or in part by any act or omission of Tenant, its agents, contractors, employees, servants, invitees, licensees, or concessionaires.

10.2 Release of Landlord. Except for Landlord's negligence, Landlord shall not be responsible or liable at any time for any loss or damage to Tenant's personal property or to Tenant's business. Tenant shall store its property in and shall use and enjoy the Leased Premises and all other portions of the Building and Improvements at its own risk, and hereby releases Landlord, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury, or property damage.

10.3 Litigation. In case Landlord, without fault on its part, shall be made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold Landlord harmless and shall pay all Landlord's costs, expenses, and reasonable attorney's fees.

## **XI. INSURANCE**

11.1 Liability Insurance and Indemnity. Tenant shall, during all terms hereof, keep in full force and effect a policy of public bodily injury and property damage liability insurance with respect to the Premises, with a combined single limit of not less than One Million Dollars (\$1,000,000.00) per occurrence. The policy shall name Landlord and any other persons, firms or corporations designated by Landlord and Tenant as an additional insured party, and shall contain a clause that the insurer will not cancel or change the insurance without first giving Landlord ten (10) days prior written notice. Such insurance shall include an endorsement permitting Landlord to recover damage suffered due to act or omission of Tenant, notwithstanding being named as an additional "Insured Party" in such policies. Such insurance may be furnished by Tenant under any blanket policy carried by it or under a separate policy therefor. The insurance shall be with an insurance company approved by Landlord, which approval shall not be unreasonably withheld, and a copy of the paid-up policy evidencing such insurance or a certificate of insurer certifying to the issuance of such policy shall be delivered to Landlord. If Tenant fails to provide such insurance, Landlord may do so and charge same to Tenant.

#### 11.2 Fire and Casualty Insurance.

(a) Subject to the provisions of this Section 11.2, Landlord shall secure, pay for, and at all times during the terms hereof maintain, insurance providing coverage upon the Building improvements in an amount equal to the full insurable value thereof (as determined by Landlord) and insuring against the perils of fire, extended coverage, vandalism, and malicious mischief. All insurance required hereunder shall be written by reputable, responsible companies licensed in the State of Utah. Tenant shall have the right, at its request at any reasonable time, to be furnished with copies of the insurance policies then in force pursuant to this Section, together with evidence that the premiums therefor have been paid.

(b) Tenant agrees to maintain at its own expense such fire and casualty insurance coverage as Tenant may desire or require in respect to Tenant's personal property, equipment, furniture, fixtures or inventory, and losses due business interruption, and Landlord shall have no obligation in respect to such insurance or losses. All property kept or stored on the Leased Premises by Tenant or with Tenant's permission shall be so done at Tenant's sole risk and Tenant shall indemnify Landlord against and hold it harmless from any claims arising out of loss or damage to same.

(c) Tenant will not permit said Leased Premises to be used for any purpose which would render the insurance thereon void or cause cancellation thereof or increase the insurance risk or increase the insurance premiums in effect just prior to the commencement of this Lease. Tenant agrees to pay as Additional Rent the total amount of any increase in the insurance premium of Landlord over that in effect prior to the commencement of this Lease resulting directly from Tenant's use of the Leased Premises as documented by the insurer. If Tenant installs any electrical or other equipment which overloads the lines in the Premises, Tenant shall at its own expense make whatever changes are necessary to comply with the requirements of Landlord's insurance.

11.3 Waiver of Subrogation. Each party hereto does hereby release and discharge the other party hereto and any officer, agent, employee or representative of such party, of and from any liability whatsoever hereafter arising from loss, damage or injury caused by fire or other casualty for which insurance (permitting waiver of liability and containing a waiver of subrogation) is carried by the injured party at the time of such loss, damage or injury to the extent of any recovery by the injured party under such insurance.

#### **XII. CONDEMNATION - DESTRUCTION BY FIRE OR CASUALTY**

12.1 Destruction. In the event the Leased Premises or the Building are damaged by fire or other perils covered by extended coverage insurance and Landlord receives sufficient proceeds to cover the cost of replacing the damage and said proceeds are made available by Landlord's mortgagee (if any), then Landlord agrees to promptly repair the same, and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate reduction of the rent while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs materially interferes with the business

carried on by the Tenant in the Leased Premises. If the damage is due to the fault or neglect of Tenant or its employees, there shall be no abatement of rent. Notwithstanding anything to the contrary contained in this Article XII, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises when the damage resulting from any casualty covered under this Section either destroys twenty five percent (25%) of the Building or occurs during the last twelve (12) months of the Lease Term or any extension thereof, and under either of such circumstances, Landlord shall have the right to terminate this Lease without liability or its part. In any event, Landlord will notify Tenant within sixty (60) days of the date of the casualty whether Landlord intends to repair the Building. If, however, Landlord reasonably anticipates that the repairs will not be completed within six (6) months of the date of the casualty, it shall inform Tenant in writing, and Tenant shall have the right to terminate this Lease by written notice within thirty (30) days of receipt of Landlord's notice. Landlord shall not be required to repair any damage by fire or other cause, or to make any repairs or replacements of any panels, decoration, office fixtures, railings, floor covering, partitions, or any other property installed in the Leased Premises by Tenant. The Tenant shall not be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Leased Premises, Tenant's personal property or any inconvenience or annoyance occasioned by such damages from Landlord for loss or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration, except in the event such damages, result from Landlord's negligence or willful misconduct.

12.2 Condemnation. If all or a substantial portion of the Leased Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, either party hereto shall have the right, at its option, to terminate this Lease and Landlord shall be entitled to any and all income, rent, award, or any interest therein which may be paid or made in connection with such public or quasi-public use or purpose and Tenant shall have no claim against Landlord for the value of any unexpired portion of the Lease Term. If any part of the property which includes the Building (the "Property") is so taken or appropriated which, in Landlord's judgment, materially interferes with the ability to operate the Building or a substantial portion thereof, Landlord shall have the right, at its option, to terminate this Lease and shall be entitled to the entire award as above provided. If a portion of the Leased Premises or the Property is taken and neither party terminates this Lease as herein provided, the rent thereafter to be paid shall be equitably reduced.

### **XIII. LANDLORD'S RIGHTS TO CURE**

13.1 General Right. In the event of breach, default, or noncompliance hereunder by Landlord, Tenant shall, before exercising any right or remedy available to it, give Landlord written notice of the claimed breach, default, or noncompliance. If prior to its giving such notice Tenant has been notified in writing (by Notice of Assignment of Rents and Leases or otherwise) of the address of a lender which has furnished any financing to Landlord, concurrently with giving the aforesaid notice to Landlord, Tenant shall, by registered mail, transmit a copy thereof to such lender. For the thirty (30) days following the giving of the notice required by the foregoing portion of this Section (or such longer period of time as may be reasonably required to cure a matter which, due to its nature, cannot reasonably be rectified within thirty (30) days), Landlord shall have the right to cure the breach, default, or noncompliance involved.

If Landlord has failed to cure a default within said period, any such lender shall have an additional thirty (30) days within which to cure the same or, if such default cannot be cured within that period, such additional time as may be necessary if within such thirty (30) day period said lender has commenced and is diligently pursuing the actions or remedies necessary to cure the breach, default, or noncompliance involved (including, but not limited to, commencement and prosecution of proceedings to foreclose or otherwise exercise its rights under its mortgage or other security instrument, if necessary to effect such cure), in which event this Lease shall not be terminated by Tenant so long as such actions or remedies are being diligently pursued by said lender.

13.2 Mechanic's Lien. Should any mechanic's or other lien be filed against the Leased Premises or any part thereof by reason of Tenant's acts or omissions or because of a claim against Tenant, Tenant shall cause the same to be canceled and discharged of record by bond or otherwise within ten (10) days after notice by Landlord. If Tenant does not so comply with this provision, the Landlord may cause the lien to be removed and apply the cost thereof and any expenses associated with the removal, including reasonable attorney's fees, to be added as additional rent under this Lease.

#### **XIV. DEFAULT**

14.1 Default by Tenant. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- (a) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder within a period of ten (10) days after the same is due and payable.
- (b) The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by the Tenant, other than to make the payments set out in subsection (a) above, where such failure shall continue for a period of thirty (30) days after written notice thereof to Tenant by Landlord; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.
- (c) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant of a petition to have Tenant adjudged bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of the petition filed against Tenant, the same is dismissed within 60 days); or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where such seizure is not discharged in 30 days.



(d) The failure of the Tenant to keep the Leased Premises or the Property free of liens as required by this Lease.

14.2 Landlord's Right to Re-enter and Relet Premises. In the event of any default or breach by Tenant, Landlord may elect to re-enter the Leased Premises, as herein provided, or take possession pursuant to legal proceedings or pursuant to any notice provided for by law, and Landlord may either terminate this Lease or it may from time to time, without terminating this Lease, make such alterations and repairs as may be necessary in order to relet the Leased Premises and relet said Leased Premises or any part thereof for such term or terms (which may be for a term extending beyond the Lease Term) and at such rental or rentals and upon such other terms and conditions as Landlord, in its sole discretion, may deem advisable. Upon each such reletting, all rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting, including brokerage fees and attorney's fees, and to costs of such alterations and repair; third, to the payment of rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of further rent as the same may become due and payable hereunder. If rentals received from such reletting during any month are less than that to be paid during that month by Tenant hereunder, Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly or at such greater intervals as Landlord may see fit; or Landlord may institute action for the whole of such deficiency immediately upon effecting any letting or reletting and shall not thereafter be precluded from further like action in the event such letting or reletting shall not embrace the whole unexpired portion of the Lease Term. No such re-entry or taking possession of said Leased Premises by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to Tenant, or unless the termination thereof is decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach. Should Landlord at any time terminate this Lease for any breach, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such breach, including the costs of recovering the Leased Premises and reasonable attorney's fees, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to rent reserved in this Lease for the remainder of the Lease Term over the then reasonable rental value of the Leased Premises for the remainder of the Lease Term, all of which amount shall be immediately due and payable by Tenant.

14.3 Other Rights and Remedies of Landlord. Each of the remedies set out in Section 14.2 and elsewhere in this Lease may be exercised jointly or severally with any of the remedies provided by this Lease or by law, at the option of the Landlord or any receiver or trustee; and any remedy election may be abandoned or terminated and may be resumed after such abandonment or termination, at the option of the Landlord or receiver or trustee. The rights and remedies herein set forth and granted to Landlord shall be cumulative and in addition to any and all other rights and remedies provided and given to Landlord under applicable law. The use of any one or more of the rights and remedies herein enumerated shall not be an election of remedies; nor, in such event, shall Landlord be barred or estopped from using or asserting any other or different or concurrent or cumulative right or remedy at the same or any other or different time or place.

## **XV. PROVISIONS APPLICABLE AT TERMINATION OF LEASE**

15.1 Surrender of Premises. At the expiration of this Lease, Tenant shall surrender the Leased Premises in the same condition as they were in upon delivery of possession thereto under this Lease, normal wear and tear accepted, and shall deliver all keys to Landlord. Before surrendering the Leased Premises, Tenant shall remove all of its personal property and trade fixtures and such property, and Tenant shall be responsible for all costs, expenses and damages incurred in the removal thereof.

If Tenant fails to remove its personal property and fixtures upon the expiration of this Lease, the same subject to being deemed abandoned under applicable law, and upon compliance by Landlord with such law would become the property of Landlord.

15.2 Holding Over. Any holding over after the expiration of the term hereof or of any renewal term shall be construed to be a tenancy from month to month at 150% of the rent herein specified (pro-rated on a monthly basis) and shall otherwise be on the terms herein specified so far as possible.

## **XVI. ATTORNEYS' FEES**

16.1 Attorneys' Fees. In case of a default by either party in its performance of its obligations of this Lease, the defaulting party shall pay all costs incurred in enforcing this Lease, or any other right arising out of such default, whether by suit or otherwise, including reasonable attorneys' fees.

16.2 Mediation and Arbitration. If any dispute or claim in law or equity arises out of this Lease, Tenant and Landlord agree in good faith to attempt to settle such dispute or claim by mediation under the Commercial Mediation rules of the American Arbitration Association. If such mediation is not successful in resolving such dispute or claim, then such dispute or claim shall be decided by neutral binding arbitration before a single arbitrator in accordance with the Commercial Arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The foregoing requirement shall not apply to a suit by Landlord under Utah's "unlawful detainer" statute seeking, among other things, the eviction of Tenant.

## **XVII. ESTOPPEL CERTIFICATE**

17.1 Landlord's Right to Estoppel Certificate. Tenant shall, within fifteen (15) days after Landlord's request, execute and deliver to Landlord a written declaration in recordable form ratifying this Lease and certifying: (1) the Commencement Date and term hereof; (2) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (3) that all conditions under this Lease to be performed by Landlord have been satisfied, to the extent such is true; (4) that there are no defenses or offsets against the enforcement of this Lease by the Landlord, or stating those claimed by Tenant; (5) the amount of advance rent, if any, (or none if such is the case) paid by Tenant; (6) the date to which rent has been paid; (7) the amount of security deposited with Landlord; and (8) such other information as Landlord may reasonably request. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon such declaration.

17.2 Effect of Failure to Provide Estoppel Certificate. If Tenant fails to furnish any Estoppel Certificate within fifteen (15) days after request therefore, it shall be conclusively presumed that:

- (a) This Lease is in full force and effect without modification in accordance with the terms set forth in the request;
- (b) There are no breaches or defaults on the part of the Landlord; and
- (c) No more than one (1) month's rent has been paid in advance.

#### **XVIII. COMMON AREAS**

18.1 Definition of Common Areas. "Common Areas" means all area, spaces, equipment and special services provided for the joint or common use and benefit of the tenants or occupants of the Building and Property or portions thereof, and their employees, agents, servants, patients, customers and other invitees (collectively referred to herein as "Occupants") including without limitation, access roads, driveways, retaining walls, landscaped area, service ways, loading docks, pedestrian walks, courts, stairs, ramps, and sidewalks, common corridors, rooms and restrooms, air-conditioning, fan, janitorial, electrical and telephone rooms or closets, and all other areas within the Building which are not specified for exclusive use or occupancy by Landlord or any Tenant (whether or not they are leased or occupied).

18.2 License to Use Common Areas. The Common Areas shall be available for the common use of all Occupants. All common areas shall be subject to the exclusive control and management of Landlord. Landlord shall have the right to construct, maintain, and operate lighting and other facilities on all improvements; to police the same; to change the area, level, location, and arrangement of parking areas and other facilities; to restrict parking by tenants, their officers, agents, and employees; to close all or any portion of said areas or facilities to such extent as may be legally sufficient to prevent a dedication thereof or the accrual of any right to any person or the public therein; and to close temporarily all or any portion of the parking areas or facilities to discourage non-occupant parking. Landlord shall operate and maintain the Common Areas in such manner as Landlord in its discretion shall determine, shall have full right and authority to employ and discharge all personnel with respect thereto, and shall have the right, through reasonable rules, regulations, and/or restrictive covenants promulgated by it from time to time, to control use and operation of the Common Areas in order that the same may occur in a proper and orderly fashion.

18.3 Parking. Automobiles of Tenant and all Occupants (as defined above) associated with Tenant shall be parked only within parking areas not otherwise reserved by Landlord and specifically designated for use by any other tenant and/or the Occupants associated with said other tenant or tenants. Landlord or its agents shall, without any liability to Tenant or its Occupants, have the right to cause to be removed any automobile that may be wrongfully parked in a prohibited or reserved parking area, and Tenant agrees to indemnify, defend and hold Landlord harmless from and against any and all claims, losses, demands, damages and liabilities asserted or arising with respect to or in connection with any such removal of an automobile. Tenant shall from time to time, upon request of Landlord, supply Landlord with a list of license plate numbers of all automobiles owned by Tenant or its day-to-day Occupants.

#### **XIX. SIGNS, AWNINGS, AND CANOPIES**

Tenant shall not place or suffer to be placed or maintained on any exterior door, wall, or window of the Leased Premises, or elsewhere in the Building, any sign, awning, marquee, decoration, lettering, attachment, or canopy, or advertising matter or other thing of any kind, and will not place or maintain any decoration, lettering, or advertising matter on the glass or any window or door of the Leased Premises without first obtaining Landlord's written approval, which approval shall not be reasonably withheld.

Tenant further agrees to maintain such sign, awning, canopy, decoration, lettering, advertising matter, or other things as may be approved in good condition and repair at all times. Landlord may at Tenant's cost, and without liability to Tenant, enter the Leased Premises and remove any item erected in violation of this Section. Landlord may establish rules and regulations governing the size, type, and design of all signs, decorations, etc., and Tenant agrees to abide thereby.

#### **XX. MISCELLANEOUS PROVISIONS**

20.1 No Partnership. Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of its business or otherwise.

20.2 Force Majeure. Landlord shall be excused for the period of any delay in the performance of any obligations hereunder when prevented from so doing by cause or causes beyond Landlord's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or service, or acts of God.

20.3 No Waiver. Failure of Landlord to insist upon the strict performance of any provision or to exercise any option hereunder shall not be deemed a waiver of such breach. No provision of this Lease shall be deemed to have been waived unless such waiver is in writing signed by Landlord.

20.4 Notices. Any notice, demand, request, or other instrument which may be or is required to be given under this Lease shall be delivered in person, overnight by a nationally recognized courier, or sent by United States certified or registered mail, postage prepaid and shall be addressed (a) if to Landlord, at the place specified below, and (b) if to Tenant, either at the Leased Premises or the address for Tenant specified below. Either party may designate such other address as shall be given by written notice.

LANDLORD: Zaha c/o Joel Hall  
1137 Robyn Way  
Farmington, Utah 84025

TENANT: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

20.5 Captions, Attachments, Defined Terms. The captions to the sections of this Lease are for convenience of reference only and shall not be deemed relevant in resolving questions of construction or interpretation under this Lease.

20.6 Recording. Tenant shall not record this Lease or a memorandum thereof without the written consent of Landlord.

20.7 Partial Invalidity. If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision shall not be affected thereby and each provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

20.8 Subordination. Tenant acknowledges and agrees that this Lease is subordinate to any ground lease, deed of trust or mortgage encumbering the Property, any advances made on the security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. However, Tenant's right to quiet possession of the Leased Premises during the Lease Term shall not be disturbed if Tenant pays the rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any ground Landlord, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

20.9 Attornment. If Landlord's interest in the Property is acquired by any ground Landlord, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Property and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Property upon the transfer of Landlord's interest.

20.10 Signing of Documents. Tenant shall sign and deliver any reasonable instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. Such subordination and attornment documents may contain such provisions as are customarily required by any ground Landlord, beneficiary under a deed of trust or mortgagee. If Tenant fails to do so within ten (10) days after written request, Tenant hereby makes, constitutes and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver any such instrument or document.

20.11 Tenant's Financial Condition. Within ten (10) days after written request from Landlord, Tenant shall deliver to Landlord such financial statements as are reasonably required by Landlord to verify the net worth of Tenant, or any assignee, subtenant, or guarantor of Tenant. In addition, Tenant shall deliver to any lender designated by Landlord any financial statements required by such lender to facilitate the financing or refinancing of the Property. Tenant represents and warrants to Landlord that each such financial statement is a true and accurate statement as of the date of such statement. All financial statements shall be confidential and shall be used only for the purposes set forth herein.

20.12 Quiet Enjoyment. Tenant, upon payment of the rent and the performance of the terms of this Lease, shall, at all times during the lease term and during any extension thereof, peacefully and quietly enjoy the leased property without any disturbance from the Landlord or from any person claiming by, through or under the Landlord, except as otherwise herein provided.

20.13 Landlord's Lien. Tenant hereby grants to Landlord a lien upon the improvements, trade fixtures and furnishings of Tenant to secure full and faithful performance of all of the terms of this Lease.

20.14 Agency Disclosure. At the signing of this Agreement, the listing agent, Phillip Eilers of Commerce RE Solutions represents the Landlord and Sean Lawson of FFIN Securities, Inc. represents the Tenant. Landlord and Tenant confirm that prior to signing this Lease, written disclosure of the agency relationship(s) was provided to them.

- ☐ Landlord's initials
- ☐ Tenant's initials

20.15 Attachments. The following, by reference hereto, are a part of this Lease:

- Exhibit "A" - Floor Plan
- Exhibit "B" - Tenant Improvements
- Exhibit "C" - Rules and Regulations
- Exhibit "D" - Lease Guaranty

20.16 Entire Agreement. This Lease Agreement constitutes the entire agreement and understanding between the parties hereto and supersedes all prior discussions, understandings and agreements. Except as otherwise provided herein, this Lease may not be altered or amended except by subsequent written agreement executed by all of the parties hereto. Each party represents and warrants to the other that the signers of this Lease are authorized to do pursuant to all necessary corporate, company or partnership action.

20.17 Governing Law. This Lease shall be governed by and construed under the laws of the State of Utah.

LANDLORD:

TENANT:

By: /s/ Brandon Zangg  
Its: Owner

By: /s/ Sean Lawson  
Its: Chief Compliance Officer



**Exhibit 16.01**

November 23, 2015

Securities and Exchange Commission  
100 F Street  
Washington, DC 20549

Ladies and Gentlemen:

On November 23, 2015, we were dismissed as the independent registered public accounting firm for BMB Munai, Inc. (the Company).

We have read the Company's disclosure set forth in Item 4.01, "Changes in Registrant's Independent Registered Public Accounting Firm" of the Company's Current Report on Form 8-K, and are in agreement with the disclosures in the Current Report, insofar as they pertain to our firm. We have not been requested to, nor are we providing any representations related to the other disclosures included in this Form 8-K.

Sincerely,

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Eide Bailly LLP

[www.eidebailly.com](http://www.eidebailly.com)

800 Nicollet Mall, Ste. 1300 | Minneapolis, MN 55402-7033 | T 612.253.6500 | F 612.253.6600 | EOE





**Subsidiaries of BMB Munai, Inc.**  
**as of November 23, 2015**

<b><u>Subsidiary</u></b>	<b><u>Jurisdiction</u></b>
FFIN Securities, Inc.	Nevada (USA)