

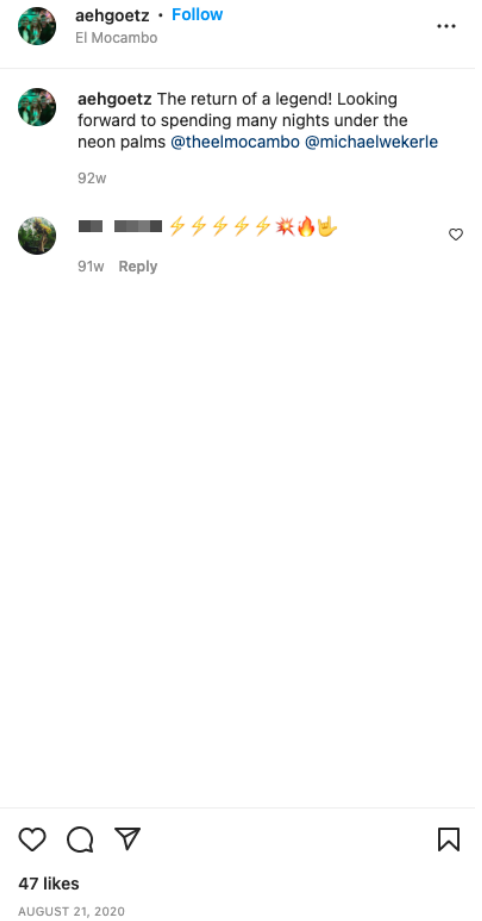


PRIVATE DEBT FUNDS

Waygar Capital: another Ninepoint Master of Risk?

An overview of the Ninepoint Canadian Senior Debt Fund featuring Michael Wekerle and El Mocambo

OPM / JUN 1, 2022 / 12 MIN READ



Issuer 10: A US Defence Company - 18% of Portfolio

Since its inception, the Waygar fund has advertised a willingness to finance the Defence & Security industry. As early as September 2017, Ramesh Kashyap of Ninepoint told Bloomberg that the Waygar fund *"will focus one-third of its business on lending to the defence sector."*

In a communication to investors discussing April 2019 events, Wayne Ehgoetz, wrote:

*"Loan 10 is a \$13MM credit facility that has the ability to increase by an additional \$10mm, to a **Virginia based company specializing in a broad range of defense products and risk management services.** The company is the **sole provider for military distribution for 12 countries.** The company **has secured prime US government contracts to supply defense***

products, training and risk consulting services over the next few years. Our loan is secured by take or pay purchase orders with international orders supported by a letter of credit that provides 100% coverage on our principal along with accrued fees. Total LTV including boot collateral of existing accounts receivable is ~62%. Projected annual IRR on this loan is ~13.2%.

Boot collateral refers to secondary assets that are used as additional loan security, including trademarks and patents.

According to Virginia State's Uniform Commercial Code (UCC) database, in April 2019, Waygar as agent placed a lien on Pacem Defense LLC and its parent company, Pacem Solution International LLC.

SCC-BLENKING OFFICE
UCC

2019 APR 17 PM 6:25

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
<input type="checkbox"/> Please Return To Tiana Fair
CT CORPORATION
208 S. LaSalle Street Suite 814
<input type="checkbox"/> Chicago, IL 60604

190417 6635-3

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME					
Pacem Defense LLC					
OR	1b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2941 Fairview Park Drive		Falls Church	VA	22042	USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME					
Waygar Capital Inc., as Agent					
OR	3b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
372 Bay Street, Suite 901		Toronto	ON	M5H 2W9	Canada

4. COLLATERAL: This financing statement covers the following collateral:

All right, title and interest in and to all personal property and fixtures of the Debtor, whether now owned or existing or hereafter created, acquired or arising.

As well, in April 2019, Amtec Less Lethal Systems, Inc, a company previously acquired by Pacem, assigned some patents to Waygar Capital as Agent for Ninepoint Canadian Senior Debt Master Fund.

PATENT COLLATERAL AGREEMENT

This 15th day of April, 2019, AMTEC LESS LETHAL SYSTEMS, INC., a Wisconsin corporation (“Debtor”) with its principal place of business and mailing address at 2941 Fairview Park Drive, Falls Church, Virginia 22042, in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, assigns, mortgages and pledges to WAYGAR CAPITAL INC., AS AGENT FOR NINEPOINT CANADIAN SENIOR DEBT MASTER FUND L.P., with its mailing address at 372 Bay Street, Suite 901 Toronto, Ontario, M5H 2W9, and its successors and assigns (“Secured Party”), and grants to Secured Party a continuing security interest in and to all of the right, title and interest of such Debtor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (the “Patent Collateral”):

Pacem’s Executive Chairman and co-founder is Cory Mills. His wife, also a cofounder, acts as Executive Vice Chairman. Mills, a combat veteran, explains that he “*came home and started a company making riot control munitions for law enforcement.*”

According to a Politico article titled “GOP hopeful sold tear gas used on Black Lives Matter protesters,” Cory Mills is a wealthy candidate running for Congress in this year’s mid-term elections. He made his ostensible fortune by “*selling tear gas that was used against Black Lives Matter demonstrators and purchasing a company that sold rubber bullets to Hong Kong to crack down on protesters.*”

Politico describes how Mills is funding his campaign “*mostly with money he earned through the company.*” As of 2021 US\$641.5k in campaign funding comes from Mills’ personal loans.

The article also reports that US Congressmen initiated an inquiry requesting information about the safety of tear gas products manufactured by Pacem. As part of the process, Pacem disclosed a list of all entities within the US to which they sold tear gas products. From 2018 until 2021, they sold US\$ 1.28 million in tear gas products to law enforcement entities, distributors and corrections facilities.

Mills was not happy about the Politico article. Weeks after the publication, he published an ad suggesting he’d tear-gas the liberal media.

According to Waygar, the borrower had "prime US government contracts to supply defense products, training and risk consulting services over the next few years." US Government contracts tend to be a matter of public record. We found several contracts awarded to Pacem and its subsidiaries, but none of them for seven figures. Politico reported contracts with DOJ, Federal Bureau of Prisons and the Department of Homeland Security, totalling more than US\$680k in 2020, and US\$360k in 2021.

Waygar also told investors that the borrower "is the sole provider for military distribution for 12 countries." Politico states that "according to Mill's former LinkedIn profile, which was recently taken down," Pacem Solutions is registered to work in Pakistan, UAE, Iraq, Kenya, Malaysia and Kuwait, while it has provided "support and advisory" services in Ukraine, Democratic Republic of Congo, and the Kurdish region.

As reported to investors Waygar's exposure to Issuer 10, has increased by 200% in the last two years. The borrower's business must be booming.

	Amount Outstanding (\$C) to Issuer 10 as reported by Waygar to investors
2020 March	20.6m
2020 June	22.5m
2020 Dec.	28.2m
2021 June	41.9m
2021 Dec.	53.9m
2022 March	63.4m

We also wonder: if the business was booming, why didn't Issuer 10 go to a bank for the new debt? For some reason, Issuer 10 is willing to leave money on the table. Even after three years, they prefer to obtain credit from Ninepoint at a double-digit interest rate. Those dumb banks are missing out on another gem.

On June 15, 2021, the IRS placed a Tax Lien for US\$ 111,815.29 of unpaid taxes from Pacem Solution International LLC. The lien was discharged on September 21, 2021. Then again, on

February 24, 2022, the IRS placed another lien for US\$ 592,278. Let's hope Pacem doesn't manage the business the way they manage their tax liabilities.

Cory Mills, you won't be surprised to learn, is a strong Trump supporter, including buying into the election fraud conspiracy theory.



Cory Mills 
@CoryMillsFL



Americans deserve to know with full transparency the extent of fraud that was committed against our democracy.

A loan that even David Sharpe was not willing to underwrite.

Back in 2018, Ninepoint and Waygar received some criticism on their lending practices, from none other than David Sharpe. In the letter sent to Ninepoint's Co-CEO James Fox, in May 2018, Sharpe said:

"It is our understanding that the Waygar Loan was extended to the Eastway Group, a borrower that does not have the cash flow required to service a loan of this size, without having in place customary asset based lending reporting requirements and industry standards covenants."

Of course, Sharpe considered Waygar competition, so this statement has to be taken with a grain of salt.