



Pareteum – The Sound of Silence

Management refuse to address business issues raised by Viceroy and Aurelius Value.

Important - Disclaimer on page 3.

On June 27, 2019, Pareteum issued a statement response to “Short Seller Attacks”, as follows:

Statement Regarding Ongoing Short Seller Attacks

June 27, 2019

We are aware of increased trading in Pareteum Corporation (Nasdaq: TEUM) stock and that certain short sellers have used questionable tactics including leveraging the media to misrepresent facts and make anonymous spurious claims against the company and its officers. Despite coordinated attacks designed only for the financial gain of these short sellers, we remain a dynamic and growing company that stands by the quality of the information reported in our most recent earnings announcements, including the guidance provided for 2019.

Pareteum Corporation categorically denies all allegations put forth in the short seller reports. Without giving credence to the reports in detail, we do state the allegations that Pareteum has breached U.S. sanctions against Iran are false. While Pareteum does not publicly comment on business relationships with its customers, it is committed to compliance with all applicable laws, including U.S. sanctions against countries such as Iran. We note that certain activities in Iran have been or are authorized under OFAC General License H (“GL-H”) and/or General License D-1 (“GL-D1”), and that there are longstanding U.S. policies supporting communications and Internet freedom in Iran. In view of the evolving regulatory environment in Iran, Pareteum frequently and carefully reviews its business dealings there and has engaged with the U.S. Office of Foreign Assets Control to tailor its activities and maintain strict compliance.

Everyone at Pareteum is fully dedicated to upholding the highest standards and reporting requirements of a public company. We look forward to sharing additional information about our growth and success in future earnings releases. We invite investors and media following our activities to sign up for e-mail alerts regarding any public statements and future earnings announcement dates by visiting our investor relations website at <https://investors.pareteum.com/home/default.aspx>.

Figure 1 Pareteum Statement dated June 27, 2019¹

Pareteum can continue to categorically deny "short seller attacks". This will not bring substance to contracts, magically collect skyrocketing receivables, or explain related party transactions.

Readers can find our full report in the following link:

<https://viceroyresearch.files.wordpress.com/2019/06/pareteum-26062019.pdf>

Pareteum has fallen on D-1 general exemption for non-commercial provision of telecommunication and internet services in Iran. This exemption explicitly does not include processing payments on behalf of Iranian businesses or domain hosting.

(b) This general license does not authorize:

(1) The exportation, reexportation, or provision, directly or indirectly, of the services, software, or hardware specified in paragraph (a) with knowledge or reason to know that such

¹ <https://investors.pareteum.com/home/default.aspx>



services, software, or hardware are intended for the Government of Iran, except for services or software specified in paragraph (a)(6).

(2) The exportation, reexportation, or provision, directly or indirectly, of the services, software, or hardware specified in paragraph (a) to any person whose property and interests in property are blocked pursuant to any part of 31 C.F.R. chapter V, other than persons whose property and interests in property are blocked solely pursuant to Executive Order 13599 as the Government of Iran.

(4) The exportation or reexportation, directly or indirectly, of web-hosting services that are for commercial endeavors or of domain name registration services.

(c) Effective February 7, 2014, transfers of funds from Iran or for or on behalf of a person in Iran in furtherance of an underlying transaction authorized by paragraph (a) may be processed by U.S. depository institutions and U.S. registered brokers or dealers in securities so long as they are consistent with 31 C.F.R. § 560.516.⁴

Figures 2, 3, 4, 5 - OFAC D-1 General Exemption²

It is further nonsensical to fall on this defence as Amin SMC does not even appear to be providing any telecommunication services. Despite this, Pareteum appears to be actively hosting payment gate and website on behalf of Amin.

Of notable concern, the Chairman of Amin SMC, Hamid Reza Amirinia, is also be the Chairman of an entity of OFAC's specific sanction list, The Centre for Innovation and Technology Cooperation, previously suspected of skirting sanctions with an Iranian government mandate and money laundering for the regime.

Pareteum has not responded regarding:

- Why it has received near-zero cash flows from its allegedly massive customer base & backlog, and why customers appear to not exist in substance.
- Why the revenues from its backlog do not match up with its revenues and have not for an extended period, let along cash collected.
- The justification for its loan to Yonder Mobile, operated by serially failed entrepreneur Adam Kidron.
- The explanation for related-party customers in the UK.
- The explanation for several customers either not operational or minor in stature – either way, financially unable to fulfil Pretium's multi-million dollar contracts.
- The employment of David Fondots, an individual arrested and charged with wire fraud by the FBI

Viceroy has further evidence of related party transactions between the company and apparent fake customers, paid in equity which we will make public in due time.

We stand by our report in its entirety; and reiterate our recommendation for shareholders to push for an investigation of management and their complicity in these events, in Edward "Ted" O'Donnell and Robert Harold "Hal" Turner.

² https://www.treasury.gov/resource-center/sanctions/Programs/Documents/iran_gld1.pdf



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Pareteum or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com

About Viceroy

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