

1791 Management sends letter to Black Rifle Coffee Company (BRCC) demanding they brew up an "action plan" to address serious allegations of Corporate Governance failures and Code of Conduct violations

Las Vegas, NV, May 17, 2022

1791 Management LLC ("1791"), a West Coast Investment Firm sent a letter to Evan Hafer, Chairman and CEO of Black Rifle Coffee Company, the full text of which is below.

SENT VIA U.S. MAIL, ELECTRONIC MAIL

Mr. Evan Hafer, Chairman and CEO of Black Rifle Coffee Company
1144 S 500 W Salt Lake City, UT 84101
evan.hafer@blackriflecoffee.com
IR@BlackRifleCoffee.com

May 17, 2022

Dear Mr. Evan Hafer:

I regrettably must communicate with you via this public forum because as of recently, it appears you have decided to cease all communications with us.

1791 Management LLC ("1791") manages certain entities that hold Black Rifle Coffee Company's shares ("Black Rifle" or the "Company"). Please do not confuse our stake as a vote of confidence in the Company's Leadership. On the contrary, in just three months of being a public company, in our opinion you have caused significant harm to your shareholders and military veterans. It is our belief that you may be one of the most dangerous CEOs in America.

We have conducted a thorough review of your Company, including actions by management, and reviews of your SEC filings. Combining this with our numerous conversations with Black Rifle lawyers and executives, we have uncovered what we believe to be the most harrowing strategy to line your pockets at the expense of others (the "Investigation"). And YES, Chief Legal Counsel and Corporate Secretary **Mr. Andrew McCormick**, it was us on the phone as you cavalierly described what I would consider a plan to screw over your public shareholders, as set forth in more detail below. It is our conclusion that your profiteering at the expense of Americans under the guise of helping military veterans reveals your shameless disregard for our most honorable citizens. Furthermore, we believe your actions as CEO reveals a pattern of gross negligence and dereliction of duty that can expose the Company to a tsunami of litigation, which we believe your public shareholders deserve to be made aware of.

Are we really to believe that Black Rifle's recent meteoric stock price rise and ultimate collapse were just natural forces of the collective judgment of Black Rifle's business prospects? If so, we would like to note your stock was on the [Threshold Securities List](#) continuously from March 1, 2022, through May 9, 2022. Is it just a coincidence that the rise and collapse happened during this period? Not likely. We suspect the answer is obvious and is a result from your willful conduct designed to defraud investors by interfering with free market forces. It is our belief that you intentionally kept the available shares of Black Rifle stock artificially low, resulting in a "squeeze" so you could issue "exempted" stock to yourself during this period. The SEC has materials available that warn investors about schemes like what we believe happened here:

[“Fraudsters need to use some mechanism for issuing securities to themselves. Will often issue stock pursuant to an exemption to the SEC registration statements.”](#) We would not be surprised if the original idea came from your CFO, Greg Iverson, who was the subject of a securities fraud class action lawsuit alleging he participated in “artificially inflating” Overstock’s price while he was their CFO.

We believe your plan was designed to artificially inflate your stock price by keeping the availability of Black Rifle’s stock off the market. Since the public is likely not privy to the details regarding exactly how you may have accomplished this, I find it worthwhile to outline it here:

1. **March 3, 2022;** 15 business days after becoming a public company, we contend you breached your contract with the public by failing to file your S-1 that would have allowed additional shares on the market upon exercise of the Warrants. Per your Warrant Agreement, the Company agrees to file the S-1:
“in no event later than fifteen (15) Business Days after the closing of its initial Business Combination”
2. **March 14, 2022 through May 4, 2022;** Public investors had the contractual right to receive Black Rifle stock so long as you filed and made effective your S-1 (which you failed to get done during this period). In our communications with Black Rifle regarding this failure, your official response was that Black Rifle “was currently waiting on SEC comments and would make the S-1 effective as soon as possible.” In addition to documenting our communications with you, we have our own documented communications with the SEC that make us believe your statements were false.
3. **March 29, 2022; You Mr. Hafer, awarded yourself 2,106,629 shares of Black Rifle common units by filing an “Exempt Registration Statement” and making yourself a tidy \$42 million based on the \$19.76 open price. Does any of this sound familiar to the tactics used by “Fraudsters” pointed out by the SEC Mr. Hafer?**
4. **April 4, 2022;** Black Rifle announced the removal of the public’s right to exercise and receive stock. The pure brazenness of this announcement left me incredulous, as if appearing to breach your fiduciary duty by lying to investors about the S-1 wasn’t enough. I would deem this slamming the last nail in your shareholder’s coffin.
5. **April 19, 2022; You, Mr. Hafer, awarded yourself an ADDITIONAL 2,106,628 shares of Black Rifle common units by filing another “Exempt Registration Statement” and making yourself an additional \$47 million based on the \$22.24 open price.** P.S. – You may want to check the math on your calculation. According to Bloomberg’s VWAP calculation, it appears you only hit 12 days above \$20 dollars. I’m not sure you in fact hit your 20 days above \$20 dollars (see appendix below for more details).
6. **May 4, 2022;** The public’s right to get Black Rifle stock via their Warrants was officially removed by Black Rifle.
7. **May 5, 2022;** One day later, your S-1 became “EFFECTIVE.” It is hard to believe the “SEC finally responded with comments” just a single day too late for your public shareholders.

Just in case you hadn’t noticed Mr. Hafer, Black Rifle lost \$4.8 billion in value (from \$7.3 billion down to \$2.5 billion) over the three-month period that you made tens of millions off your own stock. I find it hard to believe you were looking out for your shareholders as you were raking in the money. My heart sincerely goes out to each of those that were not so fortunate.

On a deeply personal level, adding insult to injury, my own military veteran father is one of your victims. Unlike you though, he served his county with honor. He has a CIB and was awarded a Purple Heart, Bronze Star Medal, Army Commendation Medal, Air Medal, and lost his leg. After hearing your story about supporting veterans, he purchased Black Rifle stock and subsequently lost 60% of his value. Now he dubs you **“Crooked Hafer”** and would love nothing more than to see you exposed for the criminal he believes you to be. Odds are that any money Black Rifle donated to military veterans is much less than what they probably lost in your stock. Personally, I’d be fearful if I were you. Executives have gone to jail for breaking securities laws.

We demand you prepare an "action plan" to address what we view as serious violations of Black Rifle Coffee's own Conflict of Interest Section published in your Code of Ethics (https://d1io3yog0oux5.cloudfront.net/_7e67246ed2187c5d2bfa6b43434b1899/blackriflecoffee/db/2227/20698/file/Code+of+Ethics.pdf):

"Conflicts of interest also arise when an employee, officer or director (or a member of his or her family) receives improper personal benefits as a result of his or her position in the Company."

This appears to be exactly what happened here. Time is of the essence here Mr. Hafer. Each day you delay preparing such an action plan puts your public shareholders (veterans included) at risk of losing more money.

What I am about to say may seem a bit harsh, Mr. Hafer, but is said with some authority. If you don't plan on responding to my letter and/or promptly preparing an "action plan," then I believe it's best you wind down Black Rifle Coffee, return what public money is left on the Company's balance sheet, and retreat to whatever bunker you came out of to do what you do best – donate money to the Democratic Party and smear conservatives as racists. The irreparable damage I believe your greed likely caused shareholders will never be repaid. We and veterans like my father, former customers, and shareholders must hold you accountable for any further exploitation of Americans for your personal gain.

Very truly yours,

Jonathan Wallentine

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NOV 2, 2021 | SEC

Black Rifle Coffee and SilverBox entered into a business combination agreement

https://www.sec.gov/ix?doc=/Archives/edgar/data/0001836707/000110465921132680/tm2131550d1_8k.htm

NOV 29, 2021 | PR Newswire

M&A PC law firm announced an investigation of the SilverBox merger

<https://www.prnewswire.com/news-releases/urgent-the-ma-firm-is-investigating-the-merger-of-silverbox-engaged-merger-corp-i--sbea-301433301.html>

JAN 13, 2022 | Business Wire

SilverBox announced effectiveness of registration statement and special meeting

<https://www.businesswire.com/news/home/20220113005537/en/>

JAN 26, 2022 | Business Wire

SilverBox reminds stockholders to vote FOR the business combination with Black Rifle

<https://www.businesswire.com/news/home/20220126005379/en/SilverBox-Engaged-Merger-Corp-I-Reminds-Stockholders-to-Vote-FOR-the-Business-Combination-with-Black-Rifle-Coffee-Company-at-Next-Week%E2%80%99s-Special-Meeting>

FEB 9, 2022 | SEC

Closing date of Black Rifle Coffee and SilverBox business combination

https://www.sec.gov/ix?doc=/Archives/edgar/data/0001891101/000110465922019525/tm223251d1_8k.htm

MAR 29, 2022 | SEC

The *First Tier Vesting Event* occurred, 694,062 shares of Class A common stock, 9,926,563 Common Units and 9,926,563 shares of Class B were issued to the inside holders

“First Tier Vesting Event” means the first day on which the VWAP of the Class A Common Stock is greater than or equal to \$15.00 over any 20 trading days within any 30 trading day period commencing at any time on or after the Closing Date; provided that, the reference to \$15.00 shall be decreased by the aggregate per share amount of dividends actually paid in respect of a share of Class A Common Stock following the effective date of the LLC Agreement.

https://www.sec.gov/Archives/edgar/data/0001891101/000189110122000004/xslFormDX01/primary_doc.xml

APR 4, 2022 | Yahoo Finance

BRCC announces redemption of all warrants at 5PM PT on May 4, 2022

“...the Company cannot give any assurances that the SEC will declare it effective prior to the Redemption Date. To the extent the registration statement is declared effective by the SEC prior to the Redemption Date, the Company will inform Warrant holders of the procedure to exercise their Warrants for cash and receive shares of Class A Common Stock in exchange for payment in cash of the \$11.50 per Warrant exercise price.”

<https://www.yahoo.com/now/brc-inc-announces-redemption-outstanding-200500254.html>

APR 19, 2022 | Business Wire

BRCC announced “Redemption Fair Market Value” of its outstanding Warrants

<https://www.businesswire.com/news/home/20220419006099/en/BRC-Inc.-Announces-%E2%80%9CRedemption-Fair-Market-Value%E2%80%9D-in-Connection-With-Redemption-of-its-Outstanding-Warrants>

APR 19, 2022 | SEC

BRCC filed first S-1/A

https://www.sec.gov/Archives/edgar/data/0001891101/000110465922047007/tm223264-3_s1a.htm

APR 19, 2022 | SEC

The *Second Tier Vesting Event* occurred, 694,063 shares of Class A common stock, 9,926,562 Common Units and 9,926,562 shares of Class B were issued to the inside holders.

“Second Tier Vesting Event” means the first day on which the VWAP of the Class A Common Stock is greater than or equal to \$20.00 over any 20 trading days within any 30 trading day period commencing at any time on or after the Closing Date; provided that, the reference to \$20.00 shall be decreased by the aggregate per share amount of dividends actually paid in respect of a share of Class A Common Stock following the effective date of the LLC Agreement.

https://www.sec.gov/Archives/edgar/data/0001891101/000189110122000005/xslFormDX01/primary_doc.xml

MAY 4, 2022 | SEC

Last day to exercise BRCC Warrants and subsequently removed from NYSE

https://www.sec.gov/Archives/edgar/data/0001891101/000087666122000393/xslF25X02/primary_doc.xml

May 5, 2022 | SEC

BRCC S-1 becomes effective after delisting Warrants

https://www.sec.gov/Archives/edgar/data/0001891101/999999999522001311/xslEFFECTX01/primary_doc.xml

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