

If raising money from new investors to pay old investors,
then EIC (TSX:EIF) is a Ponzi Scheme

REAL free cash flow	2012	2013	2014	2015	2016	H1 '17	Cumul.
Cash from operations	-21	-6	100	107	137	44	361
Capex	-63	-80	-84	-154	-265	-167	-813
Free Cash Flow (FCF)	-84	-86	16	-47	-128	-123	-452
Dividends	-33	-36	-37	-45	-56	-33	-240

- EIF has increased its debt load by \$462 million and issued over \$230 million of shares to fund its \$700 million deficit
- Ongoing payment of dividends by EIF also appears to be an illegal violation of the Canada Business Corporations Act

EIF Has Paid Out More Than It Has Ever Earned

Cumulative Net Income \$247.6mm
 < Cumulative Dividends Paid \$290.6mm

Exchange Income Corporation
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (in thousands of Canadian dollars)

As at	December 31 2016	December 31 2015
EQUITY		
SHARE CAPITAL (Note 13)	463,603	425,561
CONVERTIBLE DEBENTURES - Equity Component (Note 12)	11,245	11,200
CONTRIBUTED SURPLUS	3,478	1,788
DEFERRED SHARE PLAN	7,207	5,123
RETAINED EARNINGS		
Cumulative Earnings	247,586	186,491
Cumulative Dividends (Note 14)	(290,631)	(234,300)
	(43,045)	(47,809)
ACCUMULATED OTHER COMPREHENSIVE INCOME	43,649	50,755
	486,137	446,618
	\$ 1,424,532	\$ 1,229,056

Trevor Johnson of National Bank meet Henry Blodget formerly of Merrill Lynch

Trevor (*in public*): “ We calculate a sub-50% normalized payout ratio and anticipate management will remain committed to returning additional capital back to shareholders later this year via another dividend increase ... Our unchanged \$45 target price implies ... an Outperform rating. ”

Trevor (*in private*): “ It’s a \$10 stock. They are fucked if they lose access to capital. ”

“ The regulators charged that, among other things, Blodget, of New York City, issued fraudulent research under Merrill Lynch's name, as well as research in which he expressed views that were inconsistent with privately expressed negative views. ”

The Securities and Exchange Commission, NASD and the New York Stock Exchange Permanently Bar Henry Blodget From the Securities Industry and Require \$4 Million Payment

FOR IMMEDIATE RELEASE
2003-56



EIF management and Trevor think it's a game, but playing games with peoples' lives is wrong



Trevor Johnson
National Bank

Trevor: “ My bank makes so much money on this stock. They want every single broker to recall their margin account. What’s happened is that they sent an internal memo to all the brokers ... They don’t want to see it in the margin account. ”

Speaker 1: “ ... so that's the brokers in all the cities in Canada, all the retail brokers? ”

Trevor: “ All National Bankers. ... ”

Speaker 1: “ ... But when they do that, it causes the other banks to do the same, right? ”

Trevor: “ A little bit, it's all gaming the system. ”



EIF's tone at the top pressures maintenance to cut corners on safety and cover it up

“ What was asked of me in the meeting was to **create plausible deniability** when creating task cards, to allow aircraft to be released when required for our operations, **even when an aircraft is unsafe for flight**. ... In all three of these scenarios there were no reports of safety issues. This has become a norm in our department, a general feeling of complacency that has gone on for far too long. **Our management team has cultivated this** through personal attacks, discreditation, and punishment for following rules when it causes an operational delay. ”

– EIF former

EIC are crooks

Good day sir. I am an ex crew chief of 15+ years who quit due to not wanting to comply with illegal activity. I fully agree with your news about Perimeter Airlines and EIC. I have actual email conversations between the Director of Maintenance and Production Manager about buying hobby shop parts to get an aircraft repaired. Not sure how to forward the email to you. Do you have an email address?

Use dividend money to fix planes & save lives. Why cover it up and corner the stock instead?



1. Top customer MKO Grand Chief (Sheila) North Wilson publicly stated, “Perimeter Aviation said **it was the airline's errors, not weather**, that contributed to the delays and cancellations.”

2. CEO Mike Pyle: “Inclement **weather** was more acute for Perimeter during the busy Christmas season, which resulted in flight delays and cancellations.”

3. Pyle: “And I'd like to clarify that that's simply **cancellations from weather**. That's not anything related to our capacity or mechanical issues or those sorts of things, simply from weather.”

If EIF and National Bank sold shares to the public at \$42 with an expected 75% loss while lying about business problems and cornering the stock, then that's known as **securities fraud** in the US

With planes crashing in Manitoba, Why buy R1, a company in Miami?

- EIF acquired RegionalOne (R1), a plane chop shop
- Announced Feb 28, 2013, EIF paid \$90m for R1
- Five days later, EIF notified regulators that their auditor Deloitte & Touche had resigned
- One R1 division is headquartered at a liquor store
- Supplies most of EIF EBITDA and all EIF “growth”
- R1 buys planes and books them as capital assets
- At the end of the quarter, R1 swaps the newer, more valuable engines onto the airlines’ planes
- The result is PP&E >\$350m overvalued vs. market
- R1 CEO Doron Mukhtar changed name to Doron Marom?
R1 CFO Kurt Brulisauer went to Embry-Riddle Aeronautical University and PotomacState College of West VA?

