

BuyersStrike!

It Was Dark Over Westphalia

Quick Take Deja Vu: Guess Who Is Funding Cytodyn Yet Again, Again? (CYDY)

Early this morning, the 11th of November, everyone's favorite reverse-merger pink sheet Coronacraper, Cytodyn (CYDY), issued a press release ([here \(https://www.cytodyn.com/investors/news-events/press-releases/detail/455/cytodyn-completes-non-dilutive-28-5-million-convertible\)](https://www.cytodyn.com/investors/news-events/press-releases/detail/455/cytodyn-completes-non-dilutive-28-5-million-convertible)) eerily reminiscent of one from the end of July ([here \(https://www.cytodyn.com/investors/news-events/press-releases/detail/455/cytodyn-completes-non-dilutive-28-5-million-convertible\)](https://www.cytodyn.com/investors/news-events/press-releases/detail/455/cytodyn-completes-non-dilutive-28-5-million-convertible)) and the end of March ([here \(https://www.cytodyn.com/newsroom/press-releases/detail/403/cytodyn-completes-non-dilutive-15-million-convertible-note\)](https://www.cytodyn.com/newsroom/press-releases/detail/403/cytodyn-completes-non-dilutive-15-million-convertible-note)).

Here is the one from this morning:

CytoDyn Completes Second Non-dilutive \$28.5 Million Convertible Note Financing with Conversion Rate at \$10.00 Per Share Without Warrants to Help Expedite License Applications Here and Abroad and Successful COVID-19 Trials

November 11, 2020 6:00am EST

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VANCOUVER, Washington, Nov. 11, 2020 (GLOBE NEWSWIRE) -- **CytoDyn Inc. (OTC.QB: CYDY)**, ("CytoDyn" or the "Company"), a late-stage biotechnology company developing Ieronlimab (PRO 140), a CCR5 antagonist with the potential for multiple therapeutic indications, announced today it completed an additional non-dilutive convertible debt offering with an institutional investor, which provides \$25 million of immediately available capital. The note has a two-year maturity, bears interest at the rate of 10% per annum and is secured by all assets of the Company, excluding its intellectual property. The note may be converted at the option of the investor into shares of the Company's common stock at a conversion price of \$10.00 per share.

(https://buyersstrike.files.wordpress.com/2020/11/image_2020-11-11_070851.png).

Sounds AMAZING, right? Especially with the shares trading right around \$2.00. But this is **Cytodyn**, so naturally nothing is as it seems. Instead this press release, like the July and March press releases before it, appears to be quite misleading as to the true amount raised, the effective interest rate, the true dilutive nature of the financing, and the true effective conversion price. We won't know for sure, of course, until the company issues an 8k with the actual details.

Talk about deja vu. For the March deal we didn't get any real details until the 8k was filed on the 6th of April ([here \(https://www.cytodyn.com/investors/sec-filings/all-sec-filings/content/0001193125-20-099591/d914246d8k.htm?TB_iframe=true&height=auto&width=auto&preload=false\)](https://www.cytodyn.com/investors/sec-filings/all-sec-filings/content/0001193125-20-099591/d914246d8k.htm?TB_iframe=true&height=auto&width=auto&preload=false)). For the July deal we only had to wait 2 days, as the 8k was filed on the 31st of July (available [here \(https://www.cytodyn.com/investors/sec-filings/all-sec-filings/content/0001193125-20-206701/d948005d8k.htm?TB_iframe=true&height=auto&width=auto&preload=false\)](https://www.cytodyn.com/investors/sec-filings/all-sec-filings/content/0001193125-20-206701/d948005d8k.htm?TB_iframe=true&height=auto&width=auto&preload=false)).

Both of those 8ks revealed important information that the press release conveniently omitted. The "institutional investor" in both turned out to be **Iliad Research and Trading, LP**. This is one of many **John M. Fife** (<https://buyersstrike.wordpress.com/2020/09/03/very-quick-take-guess-who-wont-be-funding-cytodyn-again-cydy/>) entities (Iliad, St. George, Chicago Venture Partners, among others). Who is he? A one-time variable annuity trader (see [here \(https://www.sec.gov/litigation/litreleases/2007/lr19972.htm\)](https://www.sec.gov/litigation/litreleases/2007/lr19972.htm)) who moved into toxic financing of shady penny stocks.

FOR VALUE RECEIVED, CYTODYN INC., a Delaware corporation ("Borrower"), promises to pay to ILIAD RESEARCH AND TRADING, L.P., a Utah limited partnership, or its successors or assigns ("Lender"), \$28,500,000.00 and any interest, fees, charges, and late fees on the date that is twenty-four (24) months after the Purchase Price Date (the "Maturity Date") in accordance with the terms set forth herein and to pay interest on the Outstanding Balance at the rate of ten percent (10%) per annum from the Purchase Price Date until the same is paid in full. This Secured Convertible Promissory Note (this "Note") is issued and made effective as of July 29, 2020 (the "Effective Date"). This Note is issued pursuant to that certain Securities Purchase Agreement dated July 29, 2020, as the same may be amended from time to time, by and between Borrower and Lender (the "Purchase Agreement"). All interest calculations hereunder shall be computed on the basis of a 360-day year comprised of twelve (12) thirty (30) day months, shall compound daily and shall be payable in accordance with the terms of this Note. Certain capitalized terms used herein are defined in Attachment 1 attached hereto and incorporated herein by this reference.

This Note carries an OID of \$3,400,000.00. In addition, Borrower agrees to pay \$100,000.00 to Lender to cover Lender's legal fees, accounting costs, due diligence, monitoring and other transaction costs incurred in connection with the purchase and sale of this Note (the "Transaction Expense Amount"), all of which amount is included in the initial principal balance of this Note. The purchase price for this Note shall be \$25,000,000.00 (the "Purchase Price"), computed as follows: \$28,500,000.00 original principal balance, less the OID, less the Transaction Expense Amount. The Purchase Price shall be payable by Lender to Borrower by wire transfer of immediately available funds.

(https://buyersstrike.files.wordpress.com/2020/11/image_2020-11-11_071746.png)

And while the headline screams a top-line number of \$28.5mm, the actual amount of money raised by the company was only \$25mm.

The next red flag is that although the press release claimed it was a \$28.5mm note convertible at \$10, bearing interest at 10%, but these are misleading. As the company only received \$25mm, a discount of 12.25%. This means that Fife invested \$25mm but will receive at maturity the face value (\$28.5mm) in addition to annual 10% interest on the face value. The effective interest rate is actually 11.4%.

And the \$10 conversion price?

The note is convertible into 2.85mm shares at \$10.50 per share. But as Iliad only paid \$25mm for the note, the effective conversion price is actually \$25/2.85 = \$8.77 per share.

Finally, for all the claims about this being a non-dilutive financing, the 8ks from April and July are clear that in addition to "standard anti-dilution" the note also features a "full-ratchet." A full-ratchet means that if the company raises money in the future at a lower price than given to Iliad, the conversion price is reset to the new, lower, amount. We suppose one could argue that Cytodyn isn't lying, that the deal is certainly non-dilutive, but only to Iliad!

7. Rights Upon Issuance of Securities.

7.1. Subsequent Equity Sales. Except with respect to Excluded Securities, if Borrower or any subsidiary thereof, as applicable, at any time this Note is outstanding, shall sell, issue or grant any Common Stock, option to purchase Common Stock, right to reprice, preferred shares convertible into Common Stock, or debt, warrants, options or other instruments or securities to Lender or any third party

which are convertible into or exercisable or exchangeable for shares of Common Stock (collectively, the "Equity Securities") in any new offering where Borrower sells securities that have registration rights, are registered or become registered under the Securities Act, at an effective price per share less than the then effective Conversion Price (such issuance is referred to herein as a "Dilutive Issuance"), then, the Conversion Price shall be automatically reduced and only reduced to equal such lower effective price per share. If the holder of any Equity Securities so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options, or rights per share which are issued in connection with such Dilutive Issuance, be entitled to receive shares of Common Stock at an effective price per share that is less than the Conversion Price, such issuance shall be deemed to have occurred for less than the Conversion Price on the date of such Dilutive Issuance, and the then effective Conversion Price shall be reduced and only reduced to equal such lower effective price per share. Such

(https://buyersstrike.files.wordpress.com/2020/11/image_2020-11-11_072920.png)

Not being big on coincidences here at BuyersStrike! HQ, we took a look at the unusual volume in Cytodyn shares on the 9th and 10th of November, 6.3mm and 11.1mm shares versus around 2mm shares a day on average the previous week:

Cytodyn Inc		High
Range	05/11/2020 - 11/10/2020	Low
Market	Last Price	Average
View	Volume	Net Ch
	Price Table	
Date	Last Price	Volume
Fr 11/13/20		
Th 11/12/20		
We 11/11/20		
Tu 11/10/20	2.02	11,157,286
Mo 11/09/20	2.09	6,364,672
Fr 11/06/20	2.54	2,379,140
Th 11/05/20	2.65	1,875,607
We 11/04/20	2.70	1,711,661
Tu 11/03/20	2.67	2,233,996
Mo 11/02/20	2.60	2,626,424

(https://buyersstrike.files.wordpress.com/2020/11/image_2020-11-11_073301.png)

Which may not be that unusual by itself, but what about the odd increase in shares outstanding as seen on Otcmarkets.com (<https://www.otcmarkets.com/stock/CYDY/security>)?

Outstanding Shares 583,534,134 11/09/2020

(https://buyersstrike.files.wordpress.com/2020/11/image_2020-11-11_073618.png)

583.5mm shares as of November 9th, compared with 579.4mm as reported (<https://twitter.com/Bulllltalk/status/1325882536669614082>), as of November 6th. Where did those 4.1mm shares come from? And to whom did they go?

As for what we don't know, and likely will not know about this November deal, until the 8k is finally filed, here are our **BuyersStrike!** HQ predictions for the truth about this new **CYDY** deal:

The investor will be **Iliad**, or another **Fife** entity.

The "non-dilutive" deal will, in fact, be **highly dilutive**, just like the March and July deals.

And, those **4.1mm mystery shares** that were issued sometime between November 6th and November 9th? Our prediction: **Inducement** to someone, most likely **Iliad**, and most likely the big seller on the 9th and 10th.

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Posted in [Bad Directors](#), [Bio-Dreck](#), [CoronaCrap](#), [Reverse Mergers](#) on [November 11, 2020](#) by [BuyersStrike!](#) [6 Comments](#)

6 comments

1. **Jason** says:

[November 13, 2020 at 4:01 am](#)

you truly are a moron. keep lying all you want, buyers strike is the worst press out there, you're the laughing stock of twitter daily, nobody respects you and when cytodyn gets approved you're gonna get short squeezed like never before. can't wait!!!!

[Hi Jason, exactly what do you believe is untrue? Why do you think "Cytodyn" will get approved? And for what? For a NASDAQ listing? Or do you mean Cytodyn's drug? What do you think that will be approved for? Covid? HIV? Cancer? And exactly when do you think it will be approved? – Editor]

[REPLY](#)

1. **Jason** says:

[January 6, 2021 at 7:52 am](#)

It's gonna get approved for covid first, then HIV next and then for cancer, why? Because there is hundreds of stories of lives being saved out there, trials have never been halted, nothing has been rejected, their halted all the time and they're allowed to continue, also you're connected to companies who stand to lose a lot of money by Leronlimab being approved, it's disgusting that you would rather short this stock and call it loserlimab instead of supporting it and letting it save thousands more lives and make yourself some honest money supporting a good company. Instead you lie and make things up, you call nadar a felon for doing practically nothing 20 years ago. You're writing hit piece every few days now and have now lost all respect from anyone and can't even scare weak hands anymore. It's getting pathetic now and a huge waste of peoples time. Grow up man, the worlds already a mess and these guys wanna help, I'm sure you made enough already like move onto something else that is actually a scam.

[Jason aka Byrd, Expanded Access Program requests – rejected. BLA filing – rejected. BTD applications (there have been at least 2 so far) – rejected. Proven lives saved – 0 (stories don't count). EUA for M/M – rejected. It will likely never be approved for Covid, and chances for an EUA for Covid are virtually zero due to the requirements set down in Section 564 of the FD&C Act. – Editor]

[REPLY](#)

2. Pingback: [Sunday Funday – What Else Doesn't Cytodyn Want Investors To Learn? \(CYDY\) | BuyersStrike!](#)

3. **TaraDoleman** says:

[December 22, 2020 at 5:55 pm](#)

Your horrible lack of journalistic skills are laughable. Maybe you should write comedy instead. You tried it but your lies are weak. Cytodyn will prevail and I can't wait.

[We agree, Cytodyn will prevail in fleecing retail morons. Now, can you point to a single error of fact? Of course not. – Editor]

[REPLY](#)

4. **Hiding on the Backstreets** says:

[January 2, 2021 at 4:09 pm](#)

Thank you for the research. I am reading al of your CytoDyn articles and you have opened my eyes. Shareholders should be scared shitless. There is still time to get out (not much). this stock is a religion and I have awoken to the dogma.

it's comical that most of the comments on the articles amount to ad hominem attacks rather than factual refutation. Hmmmm....paid pumpers?

[REPLY](#)

1. **BuyersStrike!** says:

[January 2, 2021 at 5:03 pm](#)

Thank you for the kind words. You are correct about this being a religion, that is why the [number one book I recommend](#) is not about investing, per se, rather it is a study of cults and how they behave AFTER their prophecies fail. Cytodyn is a perfect example. You are doubtless correct about the angry commenters. Not one has been able to point to a single error of fact, they have only ad hominem attacks. The company has hired tons of paid pumpers. Some [more odious](#) than others.

[REPLY](#)

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