

BuyersStrike!

It Was Dark Over Westphalia

Very Quick Take: Guess Who Won't Be Funding Cytodyn Again? (CYDY)

Remember the much hyped "institutional investor" that had been repeatedly financing everyone's favorite reverse-merger pink sheet Coronacrapper, **Cytodyn (CYDY)**? **John M. Fife** and his **Iliad Research and Trading** outfit. Fife is the gentleman who invested \$25mm for a \$28.5mm face value 10% convertible note (with full ratchet) just a month ago. Catch up on that [here \(https://buyersstrike.wordpress.com/2020/07/30/quick-take-who-is-funding-cytodyn-yet-again-cydy/\)](https://buyersstrike.wordpress.com/2020/07/30/quick-take-who-is-funding-cytodyn-yet-again-cydy/).

Sadly, we don't think he will be funding **Cytodyn** or any other crapco in the future. The case is US District Court N. IL.1:20-cv-05227.

[Download complaint here \(https://buyersstrike.files.wordpress.com/2020/09/sec-v-fife-1.pdf\)](https://buyersstrike.files.wordpress.com/2020/09/sec-v-fife-1.pdf) Download
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Posted in [Bad Directors](#), [Bio-Dreck](#), [Bucket Shops](#), [CoronaCrap](#), [Fail](#), [Reverse Mergers](#) on [September 3, 2020](#) by [BuyersStrike!](#). [9 Comments](#)

9 comments

1. Curious George says:

[September 3, 2020 at 10:45 pm](#)

Utterly shocking that it was Iliad... Curious though, in some roundabout way could this help CYDY shareholders with the current Iliad funding? Meaning could this pending case prevent / hinder Iliad's ability to convert existing CYDY debt to shares? Not sure how a pending case like this affects existing deals but it could only be described as ironic if SEC action actually helped them.

REPLY

1. BuyersStrike! says:

[September 3, 2020 at 11:27 pm](#)

Wow, ok, because I believe you are sincere and actually want to learn, I'll share some thoughts. Any shareholder who believes this is in any possible way "good" for Cytodyn has drunk some serious Jonestown-level kool aid. Nader is pretty slick, but he isn't Jim Jones slick.

Let me explain. Fife, under his various front companies, has been a red flag for ages. Professionals all know his game and what happens to the shares of the companies that he finances. [@AuspexResearch](#) on Twitter has been very vocal about Fife, if you only knew to connect the dots. Follow Auspex, research what he says and learn from it. Never think your stock is somehow different from any other Fife stock. Remember the most important maxim, Maxim 1.

There is nothing in the current case that suggests Iliad is blocked from doing anything, at the moment. Typically these cases take months to years to finally come to an end, and only then might an injunction be issued. In the meantime it is likely business as usual for Iliad.

As for Cytodyn, this shows that the only investor they have been able to raise money from over the last year or so has been a bottom of the barrel penny stock death spiral shop. They have not been able to raise any money from legitimate investors. Not a cent. What does that tell you about the company? The CFO? The CEO?

REPLY

1. Curious George says:

[September 3, 2020 at 5:40 pm](#)

Agreed. While I'm far from an expert, I have learned that Fife-funded companies make a lot of bagholders! CYDY clearly has problems when that's their primary source. But it's interesting to see the SEC step in now – just leaves me wondering if/when they'll stop them from continuing BAU with their portfolio.

Thanks for all the info – been fun to read and learn from your insights re CYDY.

2. Whats your short price? says:

[September 4, 2020 at 6:32 am](#)

Money is money bro. Cytodyn has money in the bank to take Leronlimab to market. Sounds like you are trying really hard to be a Citron wannabe. Good luck in your short endeavors.

REPLY

3. Fred Smoot says:

[September 4, 2020 at 1:43 pm](#)

Interesting. However, the complaint is that:

1) Fife et. al. arrange financing with convertible loans for less than the share value represented by the loan principal.

2) Fife et. al. Immediately convert the loan into newly issued shares and sell them on the open market for a profit, dragging down the share price and negatively impacting existing shareholders and reducing their value held in the company.

However, in this case, the contract conversion rate is 50% HIGHER than the current stock price, and the shareholders have already agreed to the devaluation potential at a much lower price, so the conversion of the loan would actually represent an increase on their existing investment. If there were a direct conversion of the loan at the current terms, Fife et. al. would essentially become angel investors who paid a 50% premium to invest in the company.

If the share price were to rise such that the conversion would represent a significant profit for Fife et. al., the shareholders who agreed to the issuance of the shares would have already captured a greater than 50% return on their initial investment, and therefore the resultant devaluation would still leave them ahead on net terms.

The only shareholders who could potentially be negatively impacted by this convertible loan would be shareholders who purchased shares AFTER the increase in value, who saw those shares devalued by the conversion and therefore directly lost asset value. However, those shareholders have all of the current financial obligations of the company available and are responsible for doing proper research before making any investment.

REPLY

1. [BuyersStrike!](#) says:

[September 4, 2020 at 2:00 pm](#)

Fred, you are making a very common mistake. You are looking at, and believing, the stated conversion price, not the **effective** conversion price. Do you believe that in the most recent deal the company raised \$28.5mm (as the misleading headline on their press release suggested)? Or do you understand that they only raised \$25mm but **owe Fife 28.5mm**?

Now do you believe the conversion price is actually \$10? If he converted the whole note tomorrow, he would get 2.85mm shares, except he only paid 25mm for the note. So the effective conversion price is actually \$8.77 (\$25mm he paid / 2.85mm shares he gets). Do you see how Cytodyn's press release is misleading. But that is just what is in the press release. To see the real details you need to read the filings. When you do you will find that the Iliad notes all contain what is known as a **Full Ratchet**. This basically means that if the company issues any stock at a lower price, Fife's note immediately reprices at the new, lower, rate. The amount of shares he gets goes up, and the price per share goes down. The stated price, and the effective price at the time of the deal, may not (and usually are not) the real price at the time of conversion. The price can change downwards for many reasons. And the company will never issue a press release to correct the misperceptions planted into the minds of their shareholders. The \$5mm Fife invested into Cytodyn last year? He ended up getting an **additional \$22.5mm worth of stock** thanks to such provisions, and the company NEVER issued any press releases. You have to read the filings. Carefully.

Cytodyn's press releases about the various financings with Iliad get inexperienced retail investors to believe the company is both getting more money and at a higher price, for less shares, than is true. Just more bullshit from con artists and the bottom rung "financiers" who enable them.

REPLY

1. Fred Smoot says:

[September 4, 2020 at 2:18 pm](#)

I'm sorry, but your assumption that I can't do math or read filings is completely false. The current share price on is 4.08. If I could find an investor willing to buy 2.85mm shares at 8.77 in a private deal, I would be quite happy, as I could then sell him those shares and buy replacements myself at a much > 50% return (although the public purchase action would be likely to drive the price closer to the private price). Nowhere in my response did I indicate that I thought the share price paid on the conversion was \$10.00. OH!, but wait, maybe you are referring to the share price on the date the deal was made -- that was really where the ripoff occurred. The share price on that date was 4.93. Once again, what a ripoff -- Fife (potentially) bought 2.85 million shares of a stock worth 4.93 for 8.77 each. (using your calculations). Hey, that comes out to about a 50% premium per share paid (my original statement).

The problem is, you are writing this analysis indicating that (as may well be the case) some investors do not fully understand the financial implications of the deal. However, to imply from that that therefore the deal is illicit, underhanded, or represents some sort of con is irresponsible. appears to demonstrate a deliberate intent to deceive and quite frankly, an actionable misrepresentation of the facts which were clearly presented.

[Fred, you conveniently forget about the full ratchet and other anti-dilution provisions that give Fife the ability to reprice the deal at more favorable terms. Do you see that explained anywhere in Cytodyn's press releases? Of course not. Fife is not buying shares at 10, or even 8.77, he is buying a **note** that converts into shares at some price in the future, which at the moment the deal was made was \$8.77 (effectively) but can be adjusted downwards. -- Editor]

4. Pingback: [Quick Take Deja Vu: Guess Who Is Funding Cytodyn Yet Again, Again? \(CYDY\) | BuyersStrike!](#)

5. Pingback: [What Did Cytodyne Bury In the Mid-December S3 Filing? \(CYDY\) | BuyersStrike!](#)

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