

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-17104

In the Matter of

**BioElectronics Corp.,
IBEX, LLC,
St. John's, LLC,
Andrew J. Whelan,
Kelly A. Whelan, CPA, and
Robert P. Bedwell, CPA,**

Respondents.

Rebuttal Expert Report of Benjamin A. Sacks
on behalf of
Plaintiff, Division of Enforcement
U.S. Securities and Exchange Commission

September 14, 2016

Table of Contents

I.	Introduction.....	2
II.	Summary of Opinions	3
III.	Statistical Significance Is Not Equivalent to Materiality.....	5
IV.	The Hills Report Fails to Include a Legitimate Curative Disclosure	6
V.	The Hills Report Uses the Wrong Event Window for BIEL’s FY2009 Form 10-K Filing – The Event Window is Only April 1, 2011	10
VI.	The Subsequent Dates Considered in the Hills Event Studies Are Not Relevant to Measuring the Price Impact of the Purported Bill and Hold Transactions.....	13
VII.	The CAAR Analysis Presented in the Hills Report is Not the Correct Tool to Analyze a Single Firm Event Study.....	13

Appendix A: List of Documents Relied Upon by Benjamin A. Sacks

Exhibits 1a-1e: Printouts of Investors Hub posts cited in report

Exhibit 2: Inactive Status of BioElectronics Annual Report 2010 on the OTC Markets website

I. Introduction

1. On August 26, 2016, I submitted an expert report (“First Sacks Report”) on behalf of the Plaintiff Division of Enforcement (“Division”). In that report I reviewed and responded to the Declaration of Vivian (Yue) Qin, dated May 24, 2016 (“Declaration”), and an event study described therein (the “Qin Event Study”) submitted by Respondents in support of their motion for summary disposition. In the First Sacks Report, I identified several errors in the Qin Event Study and concluded that when the most significant errors in the Qin Event Study are corrected, that study’s own result are consistent with a finding that the Purported Bill and Hold Transactions were material to investors. I also reviewed certain investor comments, which were likewise suggestive of materiality.¹
2. On August 26, 2016, shortly after I submitted the First Sacks Report, Respondents submitted a report by Robert Hills (the “Hills Report”), which describes a series of event studies that Mr. Hills was asked to run to attempt to determine whether there were any significant abnormal returns for BioElectronics’ (“BIEL”) stock associated with certain announcements found in BIEL’s financial statements.
3. The Hills Report considers the same event dates as the Qin Declaration, with the notable exception of April 12, 2011, which the Qin Declaration alleged was a “curative” disclosure date. The exclusion of April 12, 2011 from the Hills Report suggests that Mr. Hills independently reached the same conclusion as I did in the First Sacks Report – namely, that there was no disclosure of any kind – much less a “curative” disclosure – on April 12, 2011.²
4. I have been asked by the Division to review and respond to the Hills Report. I submit this Rebuttal Report to provide a summary of my expected testimony at trial regarding the Hills Report.
5. Based on my review and analysis to date, I find that although the Hills Report corrects some of the Qin Event Study’s errors, it does not correct, and instead repeats, the Qin Event Study’s most significant errors. The Hills Report also introduces a new technical flaw – namely, the inappropriate use of the CAAR metric – which renders a large portion of its results irrelevant.

¹ See *generally* First Sacks Report.

² See First Sacks Report, § VII.

II. Summary of Opinions

6. My key conclusions, each of which is further detailed in this Rebuttal Report, are as follows:
 - a. First, the Hills Report makes the same conceptual error as the Qin Declaration by treating statistical significance in an event study as equivalent to materiality. Specifically, the Hill Report asserts that information is material only if it causes a statistically significant price movement.³ This is simply not correct. Statistical significance of a price movement (in a properly designed event study) may, depending on the circumstances, be sufficient to establish the materiality of an event to investors. However, lack of statistical significance (even measured at the right event date) does not mean that the event is not material to investors.⁴
 - b. Second, as discussed in the First Sacks Report with regard to the Qin Declaration, the Hills Report fails to identify any legitimate curative disclosure date,⁵ which is fatal to the Hills event studies. This is because an event study most reliably measures the full price impact of a disclosure when there is a “curative disclosure” (a disclosure that corrects the false disclosure).⁶ Conversely, it is more difficult – and in most cases impossible – to accurately measure the impact of a fraudulent statement when it is first introduced to the market.⁷ Thus, like the Qin Declaration, the Hills Report does not – and cannot – measure the price impact of BIEL’s Purported Bill and Hold

³ See, e.g., Hills Report at p. 4 (“Only statistically significant values of CAR should be interpreted as indicating that the market found the information to contain new and material information.”)

⁴ See, e.g., Alon Brav and J.B. Heaton, “Event Studies in Securities Litigation: Low Power, Confounding Effects, and Bias,” [prepared for 21st Annual Institute for Law and Economic Policy Conference: new Directions for Corporate and Securities Litigation (co-sponsored by Washington University Law Review and Institute for Law and Economics Policy)], March 30, 2015. Specifically, at p. 5 the authors note “Courts err because of a mistaken premise that statistical insignificance indicates the probable absence of a price impact. Overreliance on statistical significance without consideration of statistical power “leads to a decision-making regime in which the probability of an incorrect exoneration far exceeds the probability of an incorrect condemnation.”; and “It is crucial to understand that statistical significance is simply describing a set of returns that would be unusual to observe if there was no price impact. Lack of statistical significance does not tell us that it is more probable than not that there was no price impact” (p. 11); see also the example at pp. 17-18 which concludes by observing that a price reaction that was not statistically significant was still economically significant.

⁵ See First Sacks Report, ¶¶ 12-14.

⁶ See First Sacks Report, § IV.

⁷ See *id.*

disclosure in its FY2009 Form 10-K against what prices would have been if BIEL had made a truthful disclosure instead.

- c. Third, the Hills Report fails to properly examine the timeline of news and events around each of the alleged event dates used to determine appropriate event windows. In particular, like the Qin Event Study, the Hills Report uses inappropriate event windows for testing the price impact of BIEL's FY2009 Form 10-K filing. For the reasons set forth in the First Sacks Report, the correct window for testing the price impact of BIEL's FY2009 Form 10-K filing is a single day – April 1, 2010.⁸ BIEL filed its Form 10-K too late in the day on March 31st for the market to react before the close. The Hills Report anchors its 5-day, 3-day, 2-day, and 1-day windows to March 31, 2010. Accordingly, these windows - regardless of length - are incorrect.
- d. Fourth, for the same reasons that I explained in the First Sacks Report, the additional event dates of May 12, 2010, August 16, 2010, and November 16, 2010 used in the Hills Report are irrelevant to evaluating the materiality of the Purported Bill and Hold Transactions.⁹ Like the Qin Declaration, the Hills Report presents no evidence that there was any genuine news concerning the Purported Bill and Hold Transactions in BIEL's SEC filings on those dates. The First Sacks Report demonstrated that the filings on those dates merely reiterated essentially the same information about the Purported Bill and Hold Transactions that had been disclosed in BIEL's FY2009 Form 10-K filing.¹⁰ As such, there is no reason to expect a price reaction related to the Purported Bill and Hold Transactions on these subsequent dates. The Hills Report's event study analyses of these dates are irrelevant.
- e. Fifth, the Hills Report introduces an additional measure – the Cumulative Average Abnormal Return (“CAAR”) – in its results without defining it or explaining why this measure is relevant to the question being analyzed. In fact, it is not. Under standard definitions, CAAR measures the average response across different firms to a similar type of event. As such, it is not clear why the Hills Report would consider this measure at all in the current context – nor how Mr. Hills even calculates a CAAR. There is only one firm under consideration here – BIEL. It is difficult to see how the Hills Report's CAAR results have any bearing on the question of materiality.
- f. Finally, to determine whether an event study could be done for BIEL to measure the price impact of the Purported Bill and Hold Transactions, I searched for a legitimate

⁸ See First Sacks Report, § V.A.

⁹ See First Sacks Report, § VI.

¹⁰ See First Sacks Report, Table 1.

curative disclosure on dates other than those considered by the Qin Declaration or the Hills Report. I determined that no such valid curative disclosure occurred. After market close on April 18, 2011, BIEL filed Form 15-12G to give notice that it was suspending its duty to file audited financials with the SEC (*i.e.*, that BIEL would no longer provide audited results in 10-K and 10-Q filings). Following this announcement, BIEL's share price dropped 34.4% the next trading day. On May 16, 2011, BIEL posted its unaudited financial reports for the year ending 2010 and its first quarter results for 2011 on the OTC Markets website, one of which contained a belated correction regarding the Purported Bill and Hold Transactions. Although I have not done an event study to assess the market's reaction to BIEL's posting of its unaudited financial reports in May 2011, I would not be surprised to see little reaction. Following BIEL's filing of its Form 15-12G, the market likely lost faith in the reliability of BIEL's prior financial statements, including its FY2009 Form 10-K. In other words, the market price drop in response to BIEL's announcement on April 18, 2011 that it was ending its reporting obligations likely already represented the market's generalized reaction to an expectation that BIEL's financials were not reliable.

7. Between the date of this Rebuttal Report and trial, I may identify additional technical problems and errors in the Hills Report, as to which I may be asked to testify.

III. Statistical Significance Is Not Equivalent to Materiality

8. Like the Qin Declaration, the Hills Report equates the materiality (or lack thereof) of the Purported Bill and Hold Transactions with a finding of statistically significant abnormal returns on the alleged event dates. Finding none, the Hills Report concludes that investors did not find BIEL's disclosures concerning the Purported Bill and Hold Transactions material. This reasoning is based on the erroneous premise that materiality – as it has been defined for me by counsel¹¹ – means statistically significant price movement. This error negates all of the Hills Report's conclusions regarding materiality.
9. A price movement in an event study is typically considered “statistically significant” if it is larger than twice the “standard deviation” – a statistical measure of the average price change expected in the same period of time absent any material firm-specific news.¹² For example, suppose a stock has a standard deviation of 5%, meaning that on an “average” day it will go up or down 5% even after accounting for moves in the broader market. For

¹¹ See First Sacks Report, footnote 1.

¹² This is the basis of the 95% confidence level in statistical hypothesis tests.

this stock, any price movement greater than twice this amount – so greater than 10% - will count as “statistically significant.” Any stock price movement less than 10% will be “statistically insignificant.” Hence, the event study will label any event that causes a price reaction of 5%, 7%, or even 9%, as “statistically insignificant.” However, investors would almost certainly consider a 5% price change to be material – as this may be a substantial fraction of a company’s expected return over an entire year.

10. As this example shows, and as is documented in the economic literature, a lack of statistical significance does not mean an event is not material.¹³ The Hills Report contains no analysis of materiality other than its event studies. Hence, there is no basis for the Hills Report’s conclusion that “investors did not consider the information released during the four specific events to be material in nature.”¹⁴
11. As detailed in the First Sacks Report, there is a 10.0% increase in BIEL’s share price on April 1st, the first day that the market had an opportunity to react to BIEL’s description of the Purported Bill and Hold Transactions in its FY2009 Form 10-K.¹⁵ This is consistent with the Purported Bill and Hold Transactions having been material to investors.¹⁶ Further, the fact that the inclusion of revenue from the Purported Bill and Hold Transactions in BIEL’s FY2009 Form 10-K increased its reported revenues for 2009 by 47% over what reported revenues would have been absent the Purported Bill and Hold Transactions, almost certainly made the Purported Bill and Hold Transactions material to investors.¹⁷

IV. The Hills Report Fails to Include a Legitimate Curative Disclosure

12. In contrast with the Qin Declaration, which suggested the filing of a non-existent Annual Report on April 12, 2011 as a curative disclosure, the Hills Report does not identify any curative disclosure date.¹⁸ As I noted in the First Sacks Report, an event study most reliably measures the full price impact of a disclosure when there is a “curative disclosure” – a disclosure that corrects the false disclosure.¹⁹ Conversely, it is more

¹³ See, e.g., Brav and Heaton (2015).

¹⁴ See Hills Report, p. 8.

¹⁵ See First Sacks Report, § V.A.

¹⁶ See First Sacks Report, § V.B.

¹⁷ See First Sacks Report, ¶ 42 and Figure 6.

¹⁸ See First Sacks Report, ¶ 9.

¹⁹ See First Sacks Report, § IV.

difficult – and in most cases impossible – to accurately measure the impact of a fraudulent statement when it is first introduced to the market. Thus, the Hills Report, like the Qin Event Study, cannot measure the price impact of BIEL’s disclosure of the Purported Bill and Hold Transactions against what prices would have been if BIEL had made a truthful disclosure instead.

13. As noted in the First Sacks Report, BIEL filed a Form 15-12G at 4:31p.m. on April 18, 2011, in which it gave notice that BIEL had suspended its duty to file audited financial reports with the SEC. In my opinion, BIEL’s suspension of its reporting obligations caused the market to question the reliability and utility of BIEL’s previously reported financials. This likely would have undermined investor trust in any later-produced unaudited financials. Again, market chatter from Investors Hub supports this premise.

14. On April 18, 2011 at 5:08p.m., “N_B” posts a link to the Form 15-12G filed by BioElectronics:

What is this?

http://sec.gov/Archives/edgar/data/1320869/000114420411022766/v218996_1512g.htm²⁰

15. The first response to “N_B”’s post is submitted by “MOTD1” shortly thereafter, at 5:15p.m. on April 18, 2011:

It means Andy has decided to stop telling us what is going on and would prefer to do things as he sees fit and tell us what he sees fit , IF he see fit! NOT GOOD!²¹

16. The second response to “N_B”’s post is submitted by “kidnova” at 5:19p.m. on April 18, 2011:

It means that full transparency and a movement to OTCBB won't be happening any time in the near future.²²

17. The following day, on April 19, 2011 at 12:16p.m., “GhostCat” posts:

Reporting or posting, shipping or sales, there is a difference. If BIEL reports their numbers (to the SEC for example) they have to be able to prove they are accurate. If they post them on their web site, they can be questioned and no answers given. Will they be honest? How can

²⁰ http://investorshub.advfn.com/boards/read_msg.aspx?message_id=62204658

²¹ http://investorshub.advfn.com/boards/read_msg.aspx?message_id=62204886

²² http://investorshub.advfn.com/boards/read_msg.aspx?message_id=62205014

you tell? We post information here, but don't count on it to always be accurate. Shipping product isn't the same as sales. Yes, it was sold to a distributor and that looks great, one time. Instead of product sitting in BIEL's warehouse, it's sitting in the distributor's. Sales are what count. Distributor will reorder product IF there are sales, otherwise they still have whatever they originally bought and don't want or need more. I read here and on other boards that this news can have a positive spin, i.e. a buyout. I truly hope so. I have no faith in Andy as a manager nor as a source of information. I won't call Andy, I do not trust him! I use this product and it does work. I'm in the opinion it's the only thing working at BIEL.²³

18. And shortly after, at 12:21p.m. on April 19, 2011, “was-pennygold” posts:

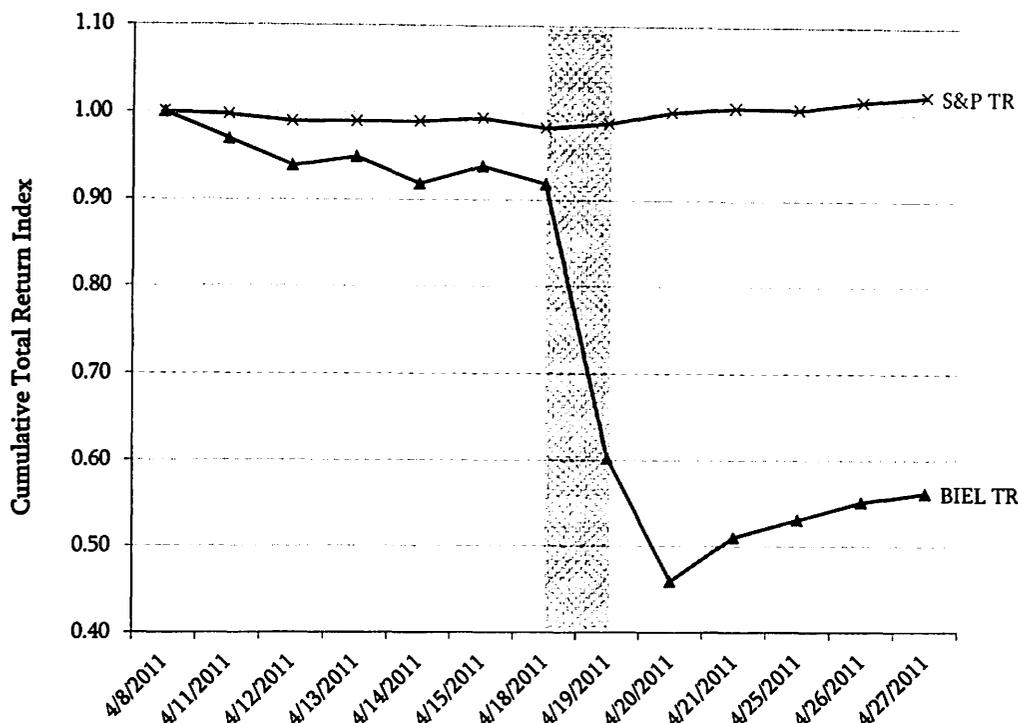
Simple, BIEL has decided to take a giant step backward and become just another non-reporting PINK POS and now the vultures are playing with bystanders in hopes to pounce on any new prey. That's about it. Call 'em as I see 'em. (Oh, non-reporting just means that any news or financials from now on will not be subject to any SEC audits); so let the BS increase!²⁴

19. Figure 1 below recreates Figure 5 in the First Sacks Report, which looked at BIEL's price movements around the April 18, 2011 filing of the Form 15-12G, along with the S&P Total Return Index. The only difference from the figure in the First Sacks Report is that Figure 1 below rescales the chart for both lines to 1.0 as of April 8, 2011, for ease of comparison.

²³ http://investorshub.advfn.com/boards/read_msg.aspx?message_id=62232957

²⁴ http://investorshub.advfn.com/boards/read_msg.aspx?message_id=62233258

Figure 1: 4:31p.m. filing of Form 15-12G on April 18, 2011 (charts scaled to 1.0)



Source: Bloomberg, L.P. Only trading days are shown.

20. Figure 1 makes clear that BIEL’s decision to suspend its financial reporting obligations on April 18, 2011 was unexpected and had a profoundly negative impact on the market’s view of the company, as the share price fell about 34.4% in just one day. BIEL’s Form 15-12G filing would likely also raise substantial questions about the reliability of the financial reports previously filed by the Company.

21. Although BIEL ultimately never filed a FY2010 Form 10-K, it did post unaudited financials on the OTC Markets website on May 16, 2011.²⁵ These unaudited financials included unaudited 2010 year-end financials, as well as a restatement of 2009 revenues, which removed the Purported Bill and Hold Transactions. This restatement was accompanied by a note that effectively recognized the improper inclusion of the Purported Bill and Hold Transactions in 2009 sales. As such, I considered whether May 16, 2011 could be viewed as a potential curative disclosure date.

²⁵ See DX13. Interestingly, this document is now labeled “Inactive” on the OTC website.

22. Had BIEL never filed its Form 15-12G on April 18, 2011, it might, in my opinion, be worth conducting an event study to determine whether the market reacted to the filing of the unaudited financial reports, including the new information concerning the Purported Bill and Hold Transactions, on May 16, 2011. However, by the time BIEL posted its unaudited financials on May 16, 2011 the impact of any correction of BIEL's incorrect reporting regarding the Purported Bill and Hold Transactions likely would have largely already occurred.
23. As shown in Figure 1, above, on April 19, 2011, the market appears to have priced in a general suspicion that BIEL's previous financials were meaningfully inaccurate. Any market reaction on May 16, 2011 would then be largely washed out by the general notion that the prior financials contained meaningful inaccuracies. Hence, in my opinion, the May 16, 2011 disclosure is not a valid curative disclosure, and May 16, 2011 is not a valid event date, as the market had already reacted to the most essential part of the news otherwise disclosed on that day.

V. The Hills Report Uses the Wrong Event Window for BIEL's FY2009 Form 10-K Filing – The Event Window is Only April 1, 2011

24. Like the Qin Declaration, the Hills Report also uses March 31, 2010, the date of BIEL's initial disclosure of the Purported Bill and Hold Transactions in its FY2009 Form 10-K, as an event date. The Hills Report also makes essentially the same mistake as the Qin Declaration by statistically testing the impact of the disclosure of the Purported Bill and Hold Transactions using event windows centered around March 31, 2010, not April 1, 2010.²⁶
25. As noted in the First Sacks Report, BIEL's FY2009 Form 10-K was not filed until the end of the trading day – essentially at the close of March 31, 2010 trading, since OTC markets see little trading after 4 p.m. when other major markets like the NYSE and NASDAQ close.²⁷ So one would expect the bulk of any price response to the Purported Bill and Hold Transactions to occur on April 1, 2010, not March 31, 2010.²⁸

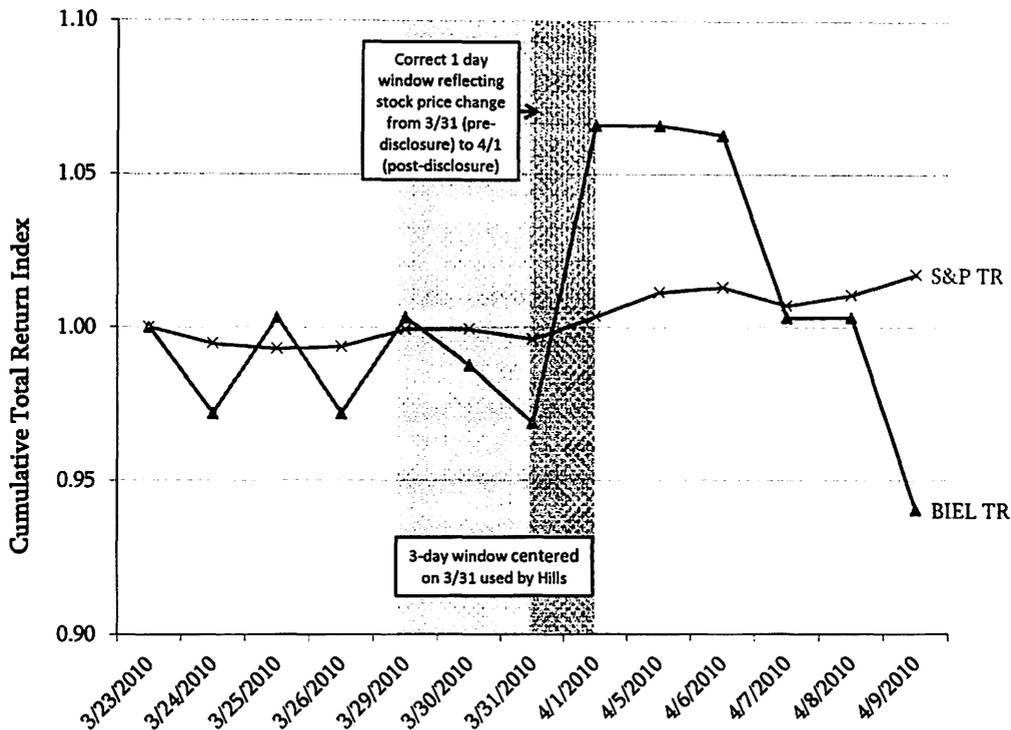
²⁶ The Hills report states that it performed “[s]econdary analyses using single-day event windows, 2-day windows (event date and following day), and 5-day windows (centered around event date)...” (Hills Report, p. 4, footnote 2.) However, the Hills Report does not present any results from these analyses, except to say that they were consistent with his 3-day window results (Hills Report, p. 7).

²⁷ See First Sacks Report, ¶¶ 25-26.

²⁸ See First Sacks Report, §V.A, especially Figure 1 showing the market's April 1, 2010 reaction to BIEL's FY2009 Form 10-K filing.

26. Figure 2 below presents a similar chart to Figure 1 in the First Sacks Report, showing the behavior of BIEL's price and the S&P Total Return Index (a proxy for the market) around the March 31, 2010 filing. The new figure is adjusted to highlight the Hills Report's 3-day window, as opposed to the Qin Declaration's 11-day window. Again, for ease of comparison, I index both BIEL's and the S&P Total Return line to 1.0 as of March 23, 2010.

Figure 2: The market reacts to the release of the BIEL 2009 10-K filing on April 1, 2010 (charts scaled to 1.0)



Source: Bloomberg, L.P. Only trading days are shown.

27. As with the Qin Declaration, although the Hills Report hypothesizes the possibility of leakage of information in the FY2009 Form 10-K filing, it presents no evidence that there was any. Indeed, the price movements observed prior to April 1, 2010 – when BIEL was dropping in price – contradict the notion that there was leakage. Moreover, the review of investor posts detailed in the First Sacks Report does not suggest any leakage of information.²⁹

²⁹ See First Sacks Report, ¶¶ 44-47.

28. In academic event studies, researchers are typically looking for the price impact of a type of event that can be measured using multiple firms which possibly experience their own version of that event multiple times. An example might be to study how accounting restatements impact price. An academic study could then identify multiple instances of accounting restatements across multiple firms, and measure returns on those dates. Since those studies can include hundreds of such events, a researcher typically will not carefully analyze whether or not there is evidence of leakage before each of those events. Instead, they include a day prior to the event to allow for the possibility that price impacts start occurring just prior to the announcements, and include an extra day after the event to allow for the possibility that the impact may occur over more than one day. Doing this reduces the statistical power of the event study – *i.e.*, the ability of the study to find a statistically significant price impact when there is one – but because these academic studies cover many firms, their power is typically high and the reduction is slight.³⁰
29. With a litigation event study, however, the situation is completely different. There is typically a single firm and few (typically, one to three) – events to consider. Rather than making assumptions, one can instead analyze all dates for leakage or for a multi-day response. In the case of BIEL’s FY2009 Form 10-K filing, there is no evidence that there was any leakage. Figure 2 above also strongly suggests that the impact only occurred on the first trading date after the filing occurred – April 1, 2010.³¹ Further, a single-firm event study, such as the one here and in most litigation, typically has low statistical power, and the reduction in power caused by including additional extraneous days is substantial.³²
30. It is not possible to tell from the Hills Report what Mr. Hills estimates BIEL’s abnormal return to be on April 1, 2010, because the Hills Report does not include this specific information. As I showed in my discussion of the same problem with the Qin Event Study, however, correctly restricting the analysis to the April 1, 2010 price reaction upends the finding of a lack of a statistically significant price impact that results from using an inappropriately large event window. Further, the observed return of 10.0% on April 1, 2010 is consistent with the materiality of the Purported Bill and Hold Transactions that were reported in BIEL’s FY2009 Form 10-K.

³⁰ *See, e.g.*, Brav and Heaton (2015).

³¹ The First Sacks Report also noted evidence that BIEL was a highly traded stock in the relevant period and it reflected information quickly. *See* First Sacks Report, § V.A.

³² *See, e.g.*, Brav and Heaton (2015).

VI. The Subsequent Dates Considered in the Hills Event Studies Are Not Relevant to Measuring the Price Impact of the Purported Bill and Hold Transactions

31. The Hills Report also includes an event study analysis of BIEL's returns around May 12, 2010, August 16, 2010, and November 16, 2010 – citing these as additional dates where information concerning the Purported Bill and Hold Transactions was revealed.³³ As I demonstrated in the First Sacks Report, the problem with these dates is that no significant new information relating to the Purported Bill and Hold Transactions was revealed on these dates.³⁴ Table 1 in the First Sacks Report shows that the only information concerning the Purported Bill and Hold Transactions on these subsequent dates was to let investors know that no significant change had occurred. As such, I see no reason to expect any price response to these alleged events.
32. Since there is no genuine news relating to the Purported Bill and Hold Transactions on these subsequent dates, they are irrelevant and only serve to create an unfounded impression that the market continually “failed” to respond to “news” concerning the Purported Bill and Hold Transactions.

VII. The CAAR Analysis Presented in the Hills Report is Not the Correct Tool to Analyze a Single Firm Event Study

33. In footnote 3 and in its “Results” section, the Hills Report introduces a new metric – Cumulative Average Abnormal Returns (CAAR) – without any definition or explanation of why it is relevant here. The Hills Report only defines and discusses the Cumulative Abnormal Return (“CAR”) in its “Abnormal Return Models” section. However, the use of the CAAR metric is entirely unconventional in the present circumstances. As such, it is difficult to evaluate what the Hills Report's CAAR calculations actually mean, or why they should be given any consideration.
34. In standard usage, CAAR is used when a class of events is being investigated across multiple firms. Specifically, if there are N different firms being considered with firm i 's event CAR denoted as CAR_i , then the CAAR across firms is defined as:³⁵

³³ See Hills Report, p. 3.

³⁴ See First Sacks Report, § VI.

³⁵ See, e.g., Chapter 4.4.3 in Campbell, J. Y., Lo, A. W., & MacKinlay, A. C. (1997). *The Econometrics of Financial Markets*. Princeton, NJ: Princeton University Press.

$$CAAR = \frac{CAR_1 + CAR_2 + \dots + CAR_N}{N}$$

35. Here, there is only one firm being considered – BIEL. It is therefore unclear what the Hills Report is actually calculating with its CAAR – or why the t-statistic it reports in its test “H0: CAR = CAAR” is ever different from 0.³⁶ Without further explanation, these additional test results in the Hills Report appear entirely irrelevant.



Benjamin A. Sacks

September 14, 2016

³⁶ See table headers in the Hills Report, pp. 6-7.

Appendix A:
List of Documents Relied Upon by
Benjamin A. Sacks

Date of Document	Document Description
Expert Reports	
05/24/16	Declaration of Yue Qin
08/26/16	Expert Report of Robert Hills
08/26/16	Expert Report of Benjamin A. Sacks
Articles & Books	
1997	Chapter 4 in Campbell, J. Y., Lo, A. W., and A. C. MacKinlay. <i>The Econometrics of Financial Markets</i> . Princeton: Princeton University Press, 1997.
03/30/15	Brav, Alon and J.B. Heaton. "Event Studies in Securities Litigation: Low Power, Confounding Effects, and Bias." Paper prepared for 21st Annual Institute for Law and Economic Policy Conference: New Directions for Corporate and Securities Litigation (co-sponsored by Washington University Law Review and Institute for Law and Economic Policy). March 30, 2015.
Public Filings	
03/31/10	BioElectronics Corporation. Form 10-K for the Fiscal Year Ended December 31, 2009. SEC EDGAR. Accessed August 1, 2016. https://www.sec.gov/Archives/edgar/data/1320869/000114420410017432/v179172_10k.htm .
05/12/10	BioElectronics Corporation. Form 10-Q for the Quarter Ended March 31, 2010. SEC EDGAR. Accessed August 1, 2016. https://www.sec.gov/Archives/edgar/data/1320869/000114420410026456/v184536_10q.htm .
08/16/10	BioElectronics Corporation. Form 10-Q for the Quarter Ended June 30, 2010. SEC EDGAR. Accessed August 1, 2016. https://www.sec.gov/Archives/edgar/data/1320869/000114420410044566/v194029_10q.htm .
11/15/10	BioElectronics Corporation. Form 10-Q for the Quarter Ended September 30, 2010. SEC EDGAR. Accessed August 1, 2016. https://www.sec.gov/Archives/edgar/data/1320869/000114420410061137/v202807_10q.htm .
04/18/11	BioElectronics Corporation. Form 15-12G filed on April 18, 2011. SEC EDGAR. Accessed August 26, 2016. https://www.sec.gov/Archives/edgar/data/1320869/000114420411022766/v218996_1512g.htm .
05/16/11	BioElectronics Financial Statements for the Period from April 10, 2000 (Inception) to December 31, 2010 (Unaudited). [Exhibit DX13]
Message Board Posts	
04/18/11	N_B. Post #13761. <i>Investors Hub</i> . April 18, 2011 (5:08p.m.). [Exhibit 1a to this report]
04/18/11	MOTD1. Post #13763. <i>Investors Hub</i> . April 18, 2011 (5:15p.m.). [Exhibit 1b to this report]
04/18/11	kidnova. Post #13764. <i>Investors Hub</i> . April 18, 2011 (5:19p.m.). [Exhibit 1c to this report]
04/19/11	GhostCat. Post #13862. <i>Investors Hub</i> . April 19, 2011 (12:16p.m.). [Exhibit 1d to this report]
04/19/11	was-pennygold. Post #13864. <i>Investors Hub</i> . April 19, 2011 (12:21p.m.). [Exhibit 1e to this report]
Other Documents	
09/14/16	OTC Markets. "OTC Disclosure & News Service." Accessed September 14, 2016. http://www.otcmarkets.com/stock/BIEL/filings . [Exhibit 2 to this report]
Data	
08/08/16	BIEL U.S. Equity PX_LAST. Accessed August 8, 2016. Bloomberg LP.
08/08/16	SPX Index PX_LAST. Accessed August 8, 2016. Bloomberg LP.

Exhibit 1:

Printouts of Investors Hub posts cited
in report

N B

Monday, 04/18/11
05:08:14 PM

Re: amax7 post#
13760

Post # 13761
of84035

What is this?

http://sec.gov/Archives/edgar/data/1320869/000114420411022766/v218996_1512g.htm

Seize Opportunity. Trade at E*TRADE.

MOTD1

Monday, 04/18/11
05:15:09 PM

Re: N_B post#
13762

Post # 13763

of84037

It means Andy has decided to stop telling us what is going on and would prefer to do things as he sees fit and tell us what he sees fit , IF he see fit! NOT GOOD!

kidnova

Monday, 04/18/11
05:19:41 PM

Re: N_B post#
13762

Post # 13764
of 84038

It means that full transparency and a movement to OTCBB won't be happening any time in the near future.

GhostCat

Tuesday, 04/19/11
12:16:45 PM

**Re: kidnova post#
13858**

Post # 13862
of84039

Reporting or posting, shipping or sales, there is a difference. If BIEL reports their numbers (to the SEC for example) they have to be able to prove they are accurate. If they post them on their web site, they can be questioned and no answers given. Will they be honest? How can you tell? We **post** information here, but don't count on it to always be accurate.

Shipping product isn't the same as sales. Yes, it was sold to a distributor and that looks great, one time. Instead of product sitting in BIEL's warehouse, it's sitting in the distributor's. Sales are what count. Distributor will reorder product IF there are sales, otherwise they still have whatever they originally bought and don't want or need more.

I read here and on other boards that this news can have a positive spin, i.e. a buyout. I truly hope so. I have no faith in Andy as a manager nor as a source of information. I won't call Andy, I do not trust him!

I use this product and it does work. I'm in the opinion it's the only thing working at BIEL.

was-pennygold

Tuesday, 04/19/11
12:21:18 PM

Re: JustWait post#
13852

Post # 13864

of 84039

Simple, BIEL has decided to take a giant step backward and become just another non-reporting PINK POS and now the vultures are playing with bystanders in hopes to pounce on any new prey. That's about it. Call 'em as I see 'em. (Oh, non-reporting just means that any news or financials from now on will not be subject to any SEC audits); so let the BS increase!

Exhibit 2:

Inactive Status of BioElectronics
Annual Report 2010 on the
OTC Markets website

Home Marketplaces Market Activity News Services Research Learn

Enter Symbol/Company Name

Company Directory | Stock Screener

OTC Market Totals **9,680** Securities **\$341.4M** Dollar Volume **2.3B** Share Volume **40,956** Trades

- Quote
- Charts
- Company Profile
- News
- Financials
- Filings and Disclosure
- Short Sales
- Insider Disclosure
- Research Reports
- Videos and Presentations

BIEL **BioElectronics Corp.**



Common Stock
Alternative Reporting

OTC Pink Current Information

0.0007 0.0001 (12.50%) at 11:04:00 EST Real-Time Best Bid & Ask **0.0006 / 0.0007 (1 x 1)** [Why is size 1?](#)



[Open an Account](#)

[Open an Account](#)

OTC Disclosure & News Service

View:	<input checked="" type="radio"/> All	<input type="radio"/> Active	<input type="radio"/> Inactive
Publish Date	Report Title	Period End Date	Status
Aug 31, 2011	Attorney Letter with Respect to Current Information - BIEL OTCMarkets 2011 Q2 Rept Info Op Ltr 110830 v2	Jun 30, 2011	Active
Aug 30, 2011	Quarterly Report - BIEL Quarter Two Financial Report Ending June 30, 2011	Jun 30, 2011	Active
Jul 13, 2011	Attorney Letter with Respect to Current Information - BIEL OTCMarkets 2010 Ann Rept Info Op Ltr 110713 v1	Dec 31, 2010	Active
Jul 7, 2011	Annual Report - BIEL - ISSUER INFORMATION AND DISCLOSURE STATEMENT Annual 2010 7-7-11	Dec 31, 2010	Active
Jun 17, 2011	Attorney Letter with Respect to Current Information - Attorney Letter for Quarterly Report Ending March 31, 2011	Mar 31, 2011	Active
Jun 17, 2011	Attorney Letter with Respect to Current Information - Attorney Letter for Annual Report 2010	Dec 31, 2010	Inactive
Jun 17, 2011	Attorney Letter with Respect to Current Information	Dec 31, 2010	Inactive
Jun 17, 2011	Quarterly Report - BioElectronics 2011 Quarterly Report Ending March 31, 2011	Mar 31, 2011	Active
Jun 17, 2011	Annual Report - BioElectronics 2010 Annual Report	Dec 31, 2010	Inactive
Jun 10, 2011	Attorney Letter with Respect to Current Information - BIEL 2010 Annual Report - Attorney Letter	Dec 31, 2010	Inactive
Jun 10, 2011	Attorney Letter with Respect to Current Information - BIEL Q1 2011 Attorney Letter	Mar 31, 2011	Inactive
Jun 8, 2011	Annual Report - BioElectronics 2010 Annual Disclosure Statment 123111	Dec 31, 2010	Inactive
May 27, 2011	Quarterly Report - BioElectronics Q1 2011 Financial Report	Mar 31, 2011	Inactive
May 26, 2011	Attorney Letter with Respect to Current Information - BIEL OTCMarkets Q1 2011 Info Op Letter	Mar 31, 2011	Inactive
May 26, 2011	Attorney Letter with Respect to Current Information - BIEL OTCMarkets 2010 Ann Report Info Op Letter	Dec 31, 2010	Inactive
May 16, 2011	Quarterly Report - BioElectronics Corporation Quarterly Report Ending 3-31-11	Mar 31, 2011	Inactive
May 16, 2011	Annual Report - BioElectronics Corporation Annual Report 2010	Dec 31, 2010	Inactive
Nov 16, 2010	Quarterly Report - Form 10-Q - September 30, 2010	Sept 30, 2010	Active
Aug 16, 2010	Semi-Annual Report - Form 10-Q Quarterly Report for the Period Ended 06-30-2010	Jun 30, 2010	Active
May 12, 2010	Quarterly Report - Form 10-Q Quarterly Report for the Period Ended 03-31-10	Mar 31, 2010	Active

Results Per Page ▾

< prev 1 2 3 **4** 5 6 next >

INTRODUCING
E-TRADE
Adaptive
Portfolio
E-TRADE Capital Management LLC