Exhibit B

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF ARKANSAS
CENTRAL DIVISION

Eric Greathouse, et al., Plaintiffs, v. Capital Plus Financial, LLC, et al., Defendants.	Case No. 4:21-cv-01243-BRW

Declaration of Lawrence J. Lederer in Opposition to Defendants' Motion to Dismiss and in Support of Plaintiffs' Request for Jurisdictional Discovery

I, Lawrence J. Lederer, state the following:

1. I am a partner of Bailey & Glasser LLP and counsel for the Plaintiffs.[1]

2. I submit this declaration in support of Plaintiffs' opposition to Defendants' motion to dismiss (Doc. No. 44), and in further support of Plaintiffs' request for jurisdictional discovery.

3. Plaintiffs' Amended Complaint alleges that defendant CPF failed to fund the SBA-approved PPP loans of Plaintiffs and other similarly situated PPP borrowers. Doc. No. 31 ¶ 12. Plaintiffs' Amended Complaint also alleges that CPF's publicly traded corporate parent, defendant Crossroads, controlled and directed CPF's PPP lending activities and was CPF's alter ego and caused CPF to upstream to Crossroads and Crossroads's senior leadership millions of dollars in PPP loan processing fees. *Id*., ¶¶ 7, 14, 38, 78-88, 90-91.

[1] All capitalized terms not otherwise defined in this declaration have the meaning set forth in Plaintiffs' brief in opposition to Defendants' motion to dismiss filed simultaneously herewith.

4. With respect to jurisdiction, Plaintiffs further allege that Defendants purposefully availed themselves of, and benefitted directly from, substantial business in Arkansas at all times relevant relating to the claims at issue (*id.*, ¶ 24); that CPF's PPP activities in Arkansas included entering into PPP loan agreements, underwriting and reviewing PPP loans, and obtaining PPP loan processing fees on PPP loan contracts of plaintiff Greathouse and thousands of other PPP borrowers located in Arkansas and the other states and territories within the coverage area of the SBA's LRSC (*id.*, ¶¶ 25 - 36); that jurisdictional discovery "will provide additional evidence regarding" Defendants' PPP contacts in Arkansas (*id.*, ¶ 37); and that jurisdictional discovery will "further support Plaintiffs' allegations that the Court's exercise of personal jurisdiction over both Defendants in this case is fair." *Id.*, n.1. Plaintiffs' Amended Complaint also identified the specific categories of jurisdictional discovery Plaintiffs would seek. *Id.*

5. Defendants' PPP lending activities extended nationwide. Crossroads's January 11, 2021 press release "*Capital Plus Financial Partners with Blueacorn to Expedite PPP Loan Relief to Small Businesses*" stated as follows: "Crossroads Systems, Inc. (OTCQB: CRSS) ('Crossroads' or the 'Company'), a holding company focused on investing in businesses that promote economic vitality and community development, *through* its wholly owned subsidiary Capital Plus Financial ('CPF'), today announced that it is continuing to address potential barriers to accessing capital for minority and underserved communities by partnering with Blueacorn to provide a simple and efficient platform for small businesses *across the country* to apply for first and second draw Paycheck Protection Program ('PPP') loans via the Small Business Administration ('SBA')." *See* https://capitalplusfin.com/2021/01/11/capital-plus-financial-partners-with-blueacorn-to-expedite-ppp-loan-relief-to-small-businesses/ (emphasis added).

6. As Plaintiffs' Amended Complaint also alleges (Doc. No. 31 ¶ 78), SBA data show that, in 2021, CPF committed to fund 472,036 PPP loans totaling over $7.5 billion in loan proceeds -- the second highest number of PPP loans by any lender in 2021, and more than the total number of PPP loans made in 2021 by Bank of America, PNC Bank, TD Bank and Wells Fargo *combined*. *See* Paycheck Protection Program (PPP) Report: Approvals through 05/31/2021, at p. 7, available at https://www.sba.gov/sites/default/files/2021-06/PPP_Report_Public_210531-508.pdf (last accessed Sept. 21, 2021).

7. According to the SBA's website, the LRSC covers 24 states, the District of Columbia, Puerto Rico and the US Virgin Islands; services the SBA's commercial loans; handles questions regarding aspects of PPP lending; and includes and covers Texas-based qualified PPP and other SBA-approved lenders, including CPF. Doc. No. 31 ¶¶ 32-36. *See also* https://www.sba.gov/content/mission-clsc-ar (stating that "[o]ur area covers 24 states, the District of Columbia as well as Puerto Rico and the US Virgin Islands"); https://www.sba.gov/sites/default/files/2021-02/Procedural%20Notice%205000-20091%20-%202nd%20Updated%20PPP%20Processing%20Fee%20and%201502%20Reporting-508.pdf at p. 6 ("Questions on voluntary termination can be emailed to: For the Fresno Servicing Center: fsc.servicing@sba.gov; for the Little Rock Servicing Center: lrsc.servicing@sba.gov.").[2]

8. Of the 472,036 total PPP loans and over $7.5 billion in total loan proceeds CPF committed to fund, the SBA data reportedly show that CPF committed to fund a total of 231,268 such PPP loans totaling $3,684,000,149 in PPP loan proceeds to PPP borrowers within the

[2] Although the SBA's mission statement on its website refers to 24 states within the LRSC's coverage area, the SBA's map identifying the states within the LRSC's coverage area actually includes 25 states. *See* https://advocacy.sba.gov/regional-advocates/ (visited May 18, 2022).

LRSC's coverage areas alone.[3] I believe that jurisdictional discovery regarding those loans will show that Defendants had additional contacts in Arkansas regarding the PPP lending at issue in this case, including with the LRSC.

9. In particular, the following are reportedly the PPP loans and loan amount totals for the areas covered by the LRSC according to the SBA data:

State/Territory	Total Loans	Initial Approval Amount
Alabama	8,125	$127,050,413.00
Arkansas	2,804[4]	$41,228,234.00
Connecticut	1,172	$15,659,522.00
D.C.	1,132	$17,082,738.00
Delaware	956	$14,272,882.00
Florida	39,214	$523,121,264.80
Georgia	45,711	$736,218,443.30
Kentucky	1,710	$21,227,900.00
Louisiana	16,109	$266,068,997.00
Maryland	6,181	$88,562,398.00
Massachusetts	2,982	$38,268,519.00
Mississippi	7,313	$117,126,746.00
New Hampshire	178	$2,098,709.00
New Jersey	5,699	$79,502,438.50
New Mexico	453	$4,809,711.00
New York	14,827	$198,983,838.10
North Carolina	7,971	$105,467,080.00
Oklahoma	1,304	$15,788,400.00
Pennsylvania	8,470	$123,427,411.00
Puerto Rico	10	$122,443.00
Rhode Island	450	$5,186,651.00
South Carolina	7,157	$107,258,947.30

[3] Those amounts are computed based on the 25 states and three territories identified in the SBA's map as being within the LRSC's coverage areas. *See* https://advocacy.sba.gov/regional-advocates/ (visited May 18, 2022).

[4] Plaintiffs' Amended Complaint (Doc No. 31 at ¶ 26) alleged that "CPF committed to fund at least 2,578 separate SBA-approved PPP loans in 2021 for qualified borrowers residing in the State of Arkansas, for total PPP loan proceeds of at least $38,715,478.00." Those amounts were based on the PPP loan data as of March 2022. The current PPP loan amounts are based on SBA PPP data as of May 18, 2022. See PPP FOIA - Dataset - U.S. Small Business Administration (SBA) | Open Data (visited May 16-18, 2022).

State/Territory	Total Loans	Initial Approval Amount
Tennessee	8,617	$132,424,050.00
Texas	37,800	$839,918,339.20
U.S. Virgin Islands	5	$58,229.00
Vermont	54	$488,827.00
Virginia	4,594	$59,471,064.10
West Virginia	270	$3,105,954.00
Totals	**231,268**	**$3,684,000,149.00**

10. Although many facts are therefore already known concerning Defendants' PPP lending activities including the numbers and amount of PPP loans defendant CPF committed to fund to borrowers in Arkansas and within the coverage areas of the LRSC that Plaintiffs maintain alone render it fair for the Court to exercise jurisdiction over both Defendants, Plaintiffs' jurisdictional allegations in their Amended Complaint are based exclusively on publicly available information. There has been no discovery in this litigation to date, as Defendants have twice sought to stay discovery pending the Court's ruling on Defendants' motion to dismiss. *See* Doc. Nos. 26, 37.

11. Accordingly, if the Court has any doubt it may properly exercise personal jurisdiction over both Defendants, Plaintiffs respectfully request a reasonable opportunity to take jurisdictional discovery to further explore Defendants' PPP lending activities in Arkansas, particularly concerning their, or CPF's, communications with PPP applicants and borrowers in Arkansas, and with the LRSC concerning other applicants and borrowers within the coverage areas of the LRSC. The specific jurisdictional discovery Plaintiffs seek is identified below.

12. Defendants filed a declaration dated February 24, 2022 of their dual CFO, Farzana Giga, with their original motion to dismiss. Doc. No. 24-1. Plaintiffs filed their Amended Complaint on March 28, 2022 that alleges new facts regarding jurisdiction. Doc. No. 31 ¶¶ 23-38. By Order on March 29, 2022, the Court directed Plaintiffs to file an addendum

setting out what exactly was amended in the new pleading. Doc. No. 32. On March 31, 2022, Plaintiffs filed their addendum. Doc. No. 33. Plaintiffs' addendum also attached a redline comparing Plaintiffs' Amended Complaint to the original complaint. Doc. No. 33-1. Despite conceding in their brief that Plaintiffs' Amended Complaint "does offer some jurisdictional allegations" (Doc. No. 45, at 14) and devoting an over two-page section to them titled "**Jurisdictional Allegations *Added in* the Amended Complaint**" (*id*., at 20-22) (emphasis added), Defendants did not seek to update, supplement or file another declaration of Ms. Giga addressing any of Plaintiffs' newly added jurisdictional allegations. Instead, Defendants filed the same declaration of Ms. Giga dated February 24, 2022 with their pending motion to dismiss. Doc. No. 44-1.

13. Specifically, Plaintiffs seek the following discovery:

a. that Defendants produce their written communications (including but not limited to electronically stored information, or "ESI") that they sent to, and received from, PPP applicants and SBA-approved borrowers located in a) Arkansas, and b) the areas covered by the SBA's LRSC;[5]

[5] Plaintiffs understand that this category of information likely involves a significant number of documents and ESI. But that is because of the large scope and amount of CPF's PPP lending at issue and the requirements governing PPP lenders to maintain PPP records. Plaintiffs are amenable to compromising the discovery in this category assuming they are not prejudiced in doing so.

For example, Defendants could produce the requested written communications for a much smaller group of 500 SBA-approved PPP borrowers within Arkansas, and 500 additional SBA-approved PPP borrowers within other coverage areas of the SBA's LRSC, *provided that,* in exchange, Plaintiffs and not Defendants randomly select each such loan from the publicly available SBA PPP loan data. Plaintiffs can easily do this by SBA loan number. Random selection of each such PPP loan would ensure representativeness and fairness to all parties. Defendants have an informational advantage regarding what is and is not in their, or CPF's, own loan files and Defendants therefore should not be permitted to self-select which limited files they produce. For those same reasons, Plaintiffs seek all written communications they sent to and received from PPP applicants in Arkansas whose loans were not approved by the SBA.

b. that Defendants produce their written communications including but not limited to ESI that they sent to, and received from, the SBA's LRSC regarding PPP lending;

c. that Defendants produce their loan underwriting and review files for a) all PPP applicants and borrowers located in Arkansas, whether SBA-approved or not; and b) the areas covered by the LRSC for SBA-approved PPP borrowers to the extent not already produced per ¶ 13(a) above;[6]

d. that Defendants produce all contractual or other agreements Crossroads and/or CPF entered into with Blue Acorn PPP, LLC ("Blueacorn"), Oto Analytics Inc. d/b/a Womply ("Womply"), any of their affiliates, and any other entity that assisted CPF in PPP lending regarding Plaintiffs' contentions that their PPP contacts in Arkansas should be imputed to Defendants;[7]

e. that Defendants identify the total number of SBA-approved PPP loans CPF agreed to fund but failed to fund, and the total loan amounts, for all putative members of the proposed class located in a) Arkansas, b) the areas covered by the SBA's LRSC, and c) nationwide, throughout the United States and its territories; and

f. that Defendants produce Ms. Giga for deposition, and any other witness(es) Defendants may deem necessary, to testify concerning the foregoing specific topics and, in the case of Ms. Giga, the topics set forth in her declaration (Doc. No. 44-1).

14. I believe that jurisdictional discovery will provide further evidence of Defendants' contacts with Arkansas concerning the claims at issue.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.

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[6] Plaintiffs are also willing to compromise and limit the amount of underwriting files Defendants produce as to SBA-approved borrowers within the LRSC coverage areas beyond Arkansas to 500 additional SBA-approved PPP borrowers, again *provided that* they are randomly selected by Plaintiffs.

[7] Plaintiffs reserve the right to seek discovery from Blueacorn, Womply and other entities acting on behalf of, or in conjunction with, Defendants for PPP lending, including their communications, contacts and solicitations to PPP applicants and borrowers in Arkansas and with the LRSC.

DONE AND EXECUTED this 23rd day of May, 2022.

Lawrence J. Lederer