

THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE)
COMMISSION,)
)
PLAINTIFF,)
)
v.)
)
PATRICK O. HOWARD; HOWARD)
CAPITAL HOLDINGS, LLC; AND)
OPTIMAL ECONOMICS CAPITAL)
PARTNERS, LLC,)
)
DEFENDANTS.)

Civil Action No. 3:17-cv-00420-L

**APPENDIX IN SUPPORT OF PATRICK O. HOWARD'S REPLY TO RECEIVER'S
RESPONSE IN OPPOSITION TO HOWARD'S MOTION TO STRIKE, MOTION FOR
EXPEDITED DISCOVERY, AND MOTION TO SEAL**

AFFIDAVIT OF PATRICK O. HOWARD

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Patrick O. Howard, known to me to be the person whose name is subscribed to the foregoing instrument, and after being placed under oath, stated as follows:

1. My name is Patrick O. Howard and I am over 18 years of age and competent to make this affidavit.

2. On or about February 14, 2017, I became aware of the above-numbered proceeding and the Court's appointment of Craig Stokley ("Mr. Stokley") as Receiver over Optimal Economics Capital Partners, LLC ("Optimal Economics"), Howard Capital Holdings, LLC, and myself. Based on my review of the Securities and Exchange Commission's ("SEC") Complaint

and the Court's Order Appointing Receiver, it was my understanding that Mr. Stokley was appointed to manage Optimal Economics for the benefit of its investors and to attempt to maximize the investors' return.

3. On or about February 15, 2017, I along with several other employees of Optimal Economics, including Dovile Soblinskas ("Ms. Soblinskas"), met with Mr. Stokley regarding the operations of Optimal Economics. These conversations included a review of the then-existing status of all of Optimal Economics' investments in its various portfolio companies.

4. Over the course of these conversations, I interpreted Mr. Stokley's comments as evidence that he seemed interested in near-term liquidation of Optimal Economics' assets rather than holding them long-term to maximize potentially greater value for its investors. For instance, I remember that Mr. Stokley characterized Optimal Economics' investments as "worthless" and "valueless" several times during our February 15, 2017 meeting. I offered my assistance to Mr. Stokley during our in-person meetings on February 15 and February 16, 2017 to help familiarize him with Optimal Economics' operations and investments. He has not taken me up on the offer since then.

5. On or about the afternoon of Thursday, February 16, 2017, I spoke with Ms. Soblinskas, Ms. Tracy Alexander ("Ms. Alexander"), and Ms. Cristina Cason ("Ms. Cason") following their meeting with Mr. Stokley earlier that day. According to them, Mr. Stokley asked them to review the SEC's Complaint in this matter and provide, to Mr. Stokley, a "defense" to the SEC's allegations. They said that he was going to review their "defense" and would determine whether or not they were "guilty."

6. On or about February 16, 2017, I also learned from Ms. Soblinskas and Ms. Cason that Mr. Stokley had told them that I was facing "prison" and could potentially be "homeless." I

understood this to mean that Mr. Stokley believed there was potential for a separate criminal proceeding against me. Based on Mr. Stokley's comments that others might be "guilty," I thought Ms. Soblinskas, Ms. Alexander, Ms. Cason and I might be in the same or similar position.

7. On or about February 21, 2017, I separately spoke with Ms. Alexander and Ms. Cason (Ms. Soblinskas was not at this meeting because she was out of town). Ms. Alexander told me, as did Ms. Cason, that Mr. Stokley did not see any value in Optimal Economics' investments, and that he felt she, Ms. Soblinskas and Ms. Cason were "guilty." Mr. Stokley told Ms. Cason and Ms. Alexander that he thought they should get lawyers because they could end up going to jail. I believed, based on the Receiver's statements, that the Receiver intended to pursue litigation against me and one or all of Ms. Soblinskas, Ms. Cason and Ms. Alexander.

8. Following my own conversations with Mr. Stokley on February 15 and 16, 2017, as well as my subsequent conversations with Ms. Alexander, Ms. Soblinskas, and Ms. Cason about their own meetings with Mr. Stokley on February 17 and 20, 2017 (Ms. Soblinskas was not present for the February 20, 2017 meeting), I became very nervous that Mr. Stokley intended to move forward with a complete and hasty liquidation of all of Optimal Economics' investments and assets, with the result that that he would only recover mere pennies-on-the-dollar for Optimal Economics' investors.

9. On or about February 21, 2017, I met with Optimal Economics investors for the first time since Mr. Stokley was named as receiver. I was contacted by Shawn Armstrong, and then met with Mr. Armstrong, a long-time personal friend, and his co-worker (and co-investor) Walter Toler. During our meeting, Mr. Toler informed me that he called Mr. Stokley and that based on his call with Mr. Stokley, he was afraid that Mr. Stokley was going to liquidate the portfolio.

10. On or about March 4, 2017, I met with Ms. Soblinskas for the first time since we had both talked to Mr. Stokley on February 15, 2017. In the intervening two weeks, Ms. Soblinskas had been on vacation and we had not been in much contact. We discussed Mr. Stokley's statements to her, Ms. Cason, and Ms. Alexander on February 17, 2017 and Mr. Stokley's comments to Ms. Cason and Ms. Alexander on February 20, 2017. During this meeting, we also discussed protecting the investors. Ms. Soblinskas asked me to put her in touch with any attorneys my counsel could recommend who could help the investors. As a result of her request, and believing that we were acting with a common interest to protect the investors, and because Mr. Stokley suggested we get lawyers, I forwarded her the email communication from Mr. McCarthy to me that Mr. Stokley filed in this case. Relatedly, because Mr. Stokley had characterized me and others as "guilty" and warned Ms. Cason and Ms. Alexander to obtain lawyers, and because I had discussed these statements with Ms. Soblinskas, we feared we could face additional court proceedings. As a result of our conversations during that meeting, I believed we shared a common goal of doing whatever we could to protect the interests of the investors, up to and including seeking court intervention to protect investors and ourselves.

11. From March 3, 2017 through April 8, 2017, Ms. Soblinskas and I met a number of times and, when not meeting in-person, communicated electronically regarding the common purpose of protecting the investors and ourselves. We also discussed the benefit of allowing the investments to run their course, which could produce more value for investors. If the investors had a better return, it would be more likely both Ms. Soblinskas and I would avoid or have fewer lawsuits filed against us in the future. As a result, I believed that our communications regarding our shared interests were privileged. I never planned to disclose them to anyone but my personal

attorneys, nor did I expect Ms. Soblinskas to do so. I certainly never gave her permission to disclose our communications.

12. On or about March 21, 2017, I met with Ms. Soblinskas and Ms. Horne following their meeting with Mr. Stokley. During this meeting, Ms. Soblinskas was very animated and very upset as Mr. Stokley had told her that “he would be happy to get 5% of the investments back” and, in her view, seemed determined to liquidate Optimal Economics holdings as quickly as possible. Ms. Soblinskas was adamant that we had to do something to ensure the investors’ interests were fully considered by Mr. Stokley. Ms. Soblinskas also told me that she intended to contact the investors to inform them of the Receiver, as Mr. Stokley had told her and Ms. Horne (also present at this meeting with Mr. Stokley) that they could communicate with the investors as long as they were told Optimal Economics was in receivership. At the end of our meeting, Ms. Soblinskas indicated that she and Ms. Horne planned to put together a communication to the investors informing them of the situation.

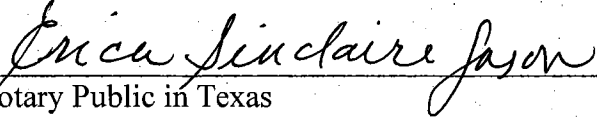
13. On or about March 28, 2017, I met with Ms. Soblinskas, Mr. Howell, and another individual. In the course of our discussions, I understood that Mr. Howell was speaking to Ms. Soblinskas in connection with our common interest.

14. On or about April 5, 2017, I and Ms. Soblinskas met with investors Greg and Mary Ellen Alexander. The Alexanders contacted me regarding their investment via electronic communication and cellular telephone. During that meeting, Ms. Soblinskas and I told them that Optimal Economics was in Receivership. They asked why they had not heard anything before this meeting, which Ms. Soblinskas stated was a big problem and an impetus for what we were doing. She said that before her March 21, 2017 meeting with Mr. Stokley, she did not think she could contact investors. However, Mr. Stokley indicated that it was okay for her to speak with investors.

FURTHER AFFIANT SAYETH NOT.
Signed: 
PATRICK O. HOWARD, AFFIANT

Date: 7/14/17

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 14th day of July, 2017.


Notary Public in Texas

My Commission Expires: 10/23/2019

