

## ***Inside Charge Enterprises: An FBI Sting Operation, Penny Stock Promotion, Money Laundering & A Plethora Of Fruitless Ventures***

- Charge Enterprises owns a portfolio of electric vehicle charging & telecom infrastructure businesses worth a market cap of roughly \$900M.
- Charge claims to be building a network of electric vehicle infrastructure. Records show they are building parking for Amazon vans.
- Our diligence reveals individuals associated with Charge appear to have a checkered history of alleged fraud, money laundering, and failed penny stock promotion.
- Our work unveils a transcript in which the CEO of Charge's predecessor company [GoIP Global] tries to bribe an undercover FBI agent in exchange for investment in GoIP.
- Before entering the EV business, GoIP transitioned from an energy tech business to growing cannabis. They told investors in 2019 it was acquiring a Kenyan cannabis license. The Kenyan government denied ever issuing them a license.
- We uncovered that Charge's founder previously plead guilty to money laundering, declared bankruptcy in 2017, and was involved in alleged pump & dumps.
- We closely examined each of Charge's five acquisitions and found striking problems with various transactions as outlined below.
- Charge's latest acquisition, EV Group Holdings LLC, has ties to an individual barred from the SEC due to purported fraudulent investment dealings in 2014 & later the primary recipient of alleged stolen investors funds.
- Charge's first foray into the EV space through the acquisition of GetCharged has largely been written off despite paying \$28M for it two years ago.
- Per our photographic evidence, GetCharged has removed its electric charging stations for e-scooters & e-bikes even though it promised in 2019 that it was building out a network of 3,000+ chargers.

- The company has now resorted to renting out phone charger stations. Import records show these can be bought off Alibaba's retail website.
- These charging stations are predominantly located in Boost Mobile stores; our research indicates they are unlikely to be used and do not exist [in some cases].
- Charge made their first acquisition [PTGi] for less than \$1M; we believe its revenue and razor thin margins are quickly deteriorating.
- Ironically, 85%+ (akin to \$451M) of Charge's annual revenue comes from this low calorie acquisition.
- The acquisition has allowed Charge to appear "undervalued" relative to EV peers from a revenue multiple standpoint.
- Based on these factors, we believe Charge Enterprises is overvalued and worth less than \$.15 a share, *implying downside greater than 95%*.

Charge Enterprises (NASDAQ: CRGE) is a portfolio company invested in the telecom & electric vehicle sectors. Charge labels themselves as delivering "*seamless end-to-end solutions for EV charging infrastructures and 5G wireless intelligent networks.*"

Our due diligence suggests Charge's prior attempt to establish a global network of e-bike & electric scooter chargers failed. Charge's pivot into distributing phone charger power banks strikes us as odd for a company valued at nearly \$900 million. Charge was able to effectively acquire a telecom company generating annual revenues north of \$400M for under \$900k, allowing their EV/Revenue multiple valuation to appear undervalued relative to peers. We believe Charge is grossly overvalued and tainted with traces of past failure.

*Initial Disclosure: After extensive research, we have taken a short position in Charge Enterprises, Inc. (NASDAQ:CRGE). This report represents our opinion, and we encourage every reader to conduct their own independent research. Please see our full disclaimer at the bottom of our report.*

## **The CEO Of Charge's Predecessor Company Previously Tried To Bribe An FBI Agent In An Undercover Sting Op**

Charge Enterprises (NASDAQ: CRGE) was originally founded in May 2003, as E Education Networks before changing the name to GoIP Global in 2005. Our story begins with Isaac Sutton, the former CEO of GoIP Global, who served at the helm up until April 30, 2020.

In 2006, undercover FBI agents met Sutton in typical South Florida fashion [in Miami on a yacht]. The two FBI agents posed as an investor & the other as a hedge-fund employee, UC-1 and UC-2 respectively. **The FBI agents recorded Sutton offering UC-2 a cash kickback if his hedge fund was to invest in GoIP. We've attached a partial transcript of the conversation below:**

UC-2: You guys throw a number at me and we'll see.

SUTTON: Are we talking about two million, a half a million? What are we talking about?

UC-2: I could get you a million and a half, no problem.

SUTTON: Okay. So we are talking about a million and a half... Um. How do we pay out? Let me ask you another question. How? What are you looking for in terms of money? Are you saying five percent? Ten percent? Are you saying you want fifty percent? I don't know.

UC-2: Well. I'm gonna want something for it. I am not going to put my clients...

SUTTON: Five percent?

UC-2: Five! You can tell my clients five, but you are going to have to pay me a lot more than that!

SUTTON: I'm just saying. What do you think?

### [Source](#)

The FBI agents constructed a deal with Sutton where the kickback is disguised as an invoice which UC-2 is a party to. Per the affidavit, GoIP agreed to disguise the cash kickback by paying \$317,250 for due diligence on patents, which was to be conducted by UC-2's brother. **During the sting operation, FBI agents UC-1 & UC-2 "made clear" to Sutton UC-2's brother "knew nothing about patents" and was a plumber, to which Sutton responded, "just put something down."** The [full affidavit in support of an arrest warrant](#) can be read here.

In 2009, GoIP signed a \$25M deal with DMI Manufacturing to "*exclusively distribute a patented high-tech Energy Bank Unit.*" Per the Pocono record, **the deal was [allegedly a ruse to artificially inflate GoIPs stock price](#); weeks after the deal was signed, GoIP broke the agreement.** The article noted "*GoIP CEO Ike Sutton did not return phone calls for comment*" and DMI's CEO called it a "*major fraud.*"

## GoIP Claimed To Obtain A Kenyan Cannabis License, The Kenyan Government Denied It Did So

In March 2019, GoIP announced its intention to grow and export cannabis in Kenya. A [press release by GoIP Global](#) announced they had obtained “*initial approval from the Ministry of Agriculture*” to grow cannabis. Furthermore, the Business Daily Africa stated GoIP Global “*is claiming to have obtained a license to cultivate marijuana on 500 acres of land in Kenya.*”

The article later [implies Sutton misled shareholders](#) about the aforementioned license stating:

***“The Kenyan government denied issuing such a license, warning that marijuana remains a prohibited plant in the country’s statutes. GoIP did not respond to our multiple requests for comment.”***

In January 2020, the company decided to abort their alleged cannabis business and enter the world of transportation. On April 30th, 2020, GoIP Global acquired Transworld Enterprises, Inc. Per a draft registration statement filed with the SEC, “*Transworld’s mission is to operate as a profitable holding company operating in a number of business segments, initially including transportation, simple technology services, consumer goods and active investments.*”

Transworld sought to acquire two Fedex transportation routes in June 2020, however the company later decided to “*no longer pursue this transaction.*” Over the years, GoIP has tried its hand at energy banks, marijuana, & Fedex routes. All three failed. Despite this, the company now finds itself revamped as an EV charging company called Charge.

## Charge’s Share Price 14x’ed In Two Years Following Investment From Its Self Proclaimed Founder (Who Previously Plead Guilty To Money Laundering)

The past two years for GoIP Global, now Charge Enterprises (NASDAQ: CRGE), has been nothing short of spectacular. In just two years, the company went from 0 to 188 full-time employees, the stock gained over 1400%, and it was uplisted to the NASDAQ in April.

In May & June of 2020, Kenneth Orr began acquiring a stake in GoIP Global via convertible notes. Per his [personal website](#), Orr considers himself to be a “*constructivist*” investor taking positions in companies he believes are undervalued. Orr dubs himself the founder of Charge Enterprises per his LinkedIn, yet the company’s “*About Page*” makes no mention of Orr.



**Kenneth Orr** · 3rd

Founder of Charge Enterprises Inc

Old Westbury, New York, United States · [Contact info](#)



**KORR Acquisitions Group,  
Inc.**



**Tufts University**

Source: Orr's LinkedIn

Little independent information is available online about Orr's investing track record, yet we did find this unique [message board post](#):

*"I think it is no coincidence that both JUMT and TCPS were pumped by the same person so close together and they both have the same dirty insider (Kenneth Orr) who faced both civil and criminal charges in connection with a stock-promotion scheme in which brokers were paid kickbacks for selling shares of certain companies that were vehicles for fraud."*

We can't speak to any possible "pumping" but for what it's worth JUMT has dropped 96% since Orr's investment. **The search query for TCPS share price isn't as easy as JUMT, returning the following error message on Seeking Alpha, "TCPS is defunct."**

In 1999, the SEC filed a civil complaint over allegations of Orr receiving undisclosed compensation for selling certain stocks. Orr did not admit wrongdoing but instead paid a civil penalty of \$55,000. **Additionally, [Orr plead guilty to one count of money laundering in 2002](#). As a result, [Orr was sentenced to three years of probation and forced to pay a \\$3,000 fine](#).**

Since Orr took a stake in Charge Enterprises, five acquisitions have been made (three of which we find glaring issues with). We offer a brief summary of these acquisitions below.

- PTGi International Carrier Services, Inc. "PTGi", [a global wholesale telecom provider](#), was acquired in October 2020 for \$892k; its revenue contributes to over 85% of Charge's top-line. Additionally, a "success fee" of \$505,000 was paid to KORR Value LP—an entity controlled by Kenneth Orr. **We believe PTGi's financial performance is in decline & operates on razor thin margins. It is our belief PTGi's high volume of revenue has led the company to be misleadingly overvalued.**
- GetCharged was acquired in October 2020 for \$28.2M in stock; the company was focused on building the "largest global network of charging & parking stations for micro

*mobility devices, electric scooters, and e-bikes.*” **\$27M of goodwill has been written off from GetCharged’s acquisition; our research leads us to believe GetCharged is a shell of its former self.**

- ANS Advanced Network “ANS” was acquired in May 2021 for an aggregate purchase price of \$19.8M; the company specializes in tower services, network infrastructure, and EV charging solutions.
- In December 2021, Charge acquired BW Electrical Services LLC in a deal worth \$18M. BW Electrical Services provides electrical contracting services for commercial businesses in New Jersey.
- EV Group Holdings “EV Depot” was acquired in January 2022 for 18.7M & “*is a group of companies focused on real estate solutions for commercial and fleet operators requiring parking, maintenance and EV charging depot resources.*” **We are of the opinion EV Group Holdings is one of the most appalling transactions we have come across. In the following section, we discuss the glaring issues we discovered via a simple Google search. Management’s diligence on this transaction is of extreme concern to us.**

## **Charge Recently Bought EV Group Holdings For \$18.7M: The Transaction Has Ties To An Alleged Fraudster Barred By The SEC & A Company That Cratered To Near Zero**

In January 2022, Charge acquired EV Group Holdings which is described in the [acquisition announcement](#) as a “*group of companies focused on national real estate assets and real estate solutions for commercial and fleet operators requiring parking, maintenance and EV charging depot resources.*”

The acquisition announcement highlights two of the three companies in EV Group’s portfolio. Performance Fleet Maintenance LLC, founded in 2019, “[began licensing parking facilities to one of the largest ecommerce companies](#) in the world, subsequently installing the initial phases of an EV depot charging ecosystem.” Secondly, EV Group “*launched EVDepot Inc. in 2021 to provide dedicated real estate for commercial and fleet parking, maintenance, and EV charging for the commercial, fleet, industrial and consumer industries.*”

The third company, Performance Fleet Maintenance USA LLC, [goes unmentioned in this acquisition announcement](#). The registered agent and former director of the LLC has been

involved in a litany of questionable dealings; most notably with an individual “*suspected of laundering drug proceeds on behalf of Colombian drug traffickers.*”

## **An EV Group Subsidiary Has Links To Accused Fraudster, Frank Mazzola, Who’s Home Address Was Used To File Performance Fleet Maintenance Paperwork**

Performance Fleet Maintenance was founded by Brendan Durkin who now serves as the president of EV Depot per Charge’s website. Prior to Performance Fleet Maintenance, Durkin worked at Amazon before becoming Managing Director of Operations at TLSS.

**Brendan Durkin**  
President, EV Depot at Charge Enterprises Inc (Symbol: CRGE)

17 followers

**Brendan hasn't posted lately**  
Brendan's recent posts and comments will be displayed here.

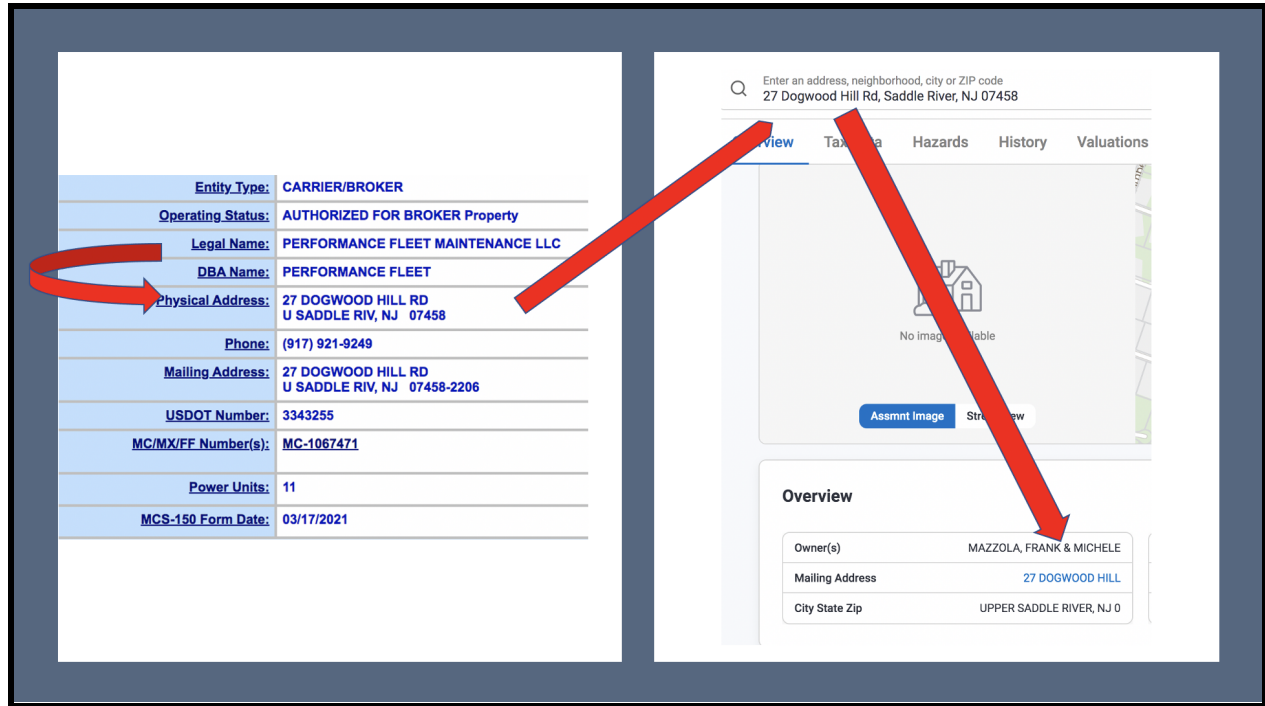
Show all activity →

### Experience

- President, EV Depot**  
Charge Enterprises Inc (Symbol: CRGE) · Full-time
- Founder**  
Adapa LLC · Full-time  
Apr 2021 - Jan 2022 · 10 mos  
New York City Metropolitan Area
- President**  
Performance Fleet Maintenance, LLC · Full-time  
Oct 2020 - Jan 2022 · 1 yr 4 mos  
New York City Metropolitan Area
- Managing Director, Operations**  
TLSS  
Sep 2019 - Oct 2020 · 1 yr 2 mos  
New York City Metropolitan Area

Source: Durkin LinkedIn

While looking into Performance Fleet Maintenance, we decided to pull any files they may have had with the Department of Transportation. By searching their Motor Carrier number [here](#) (which is 1067471), we saw the address on file was 27 Dogwood Hill Rd, U Saddle River NJ 07458.



Source: DOT, NJ Property Records, And Our Analysis

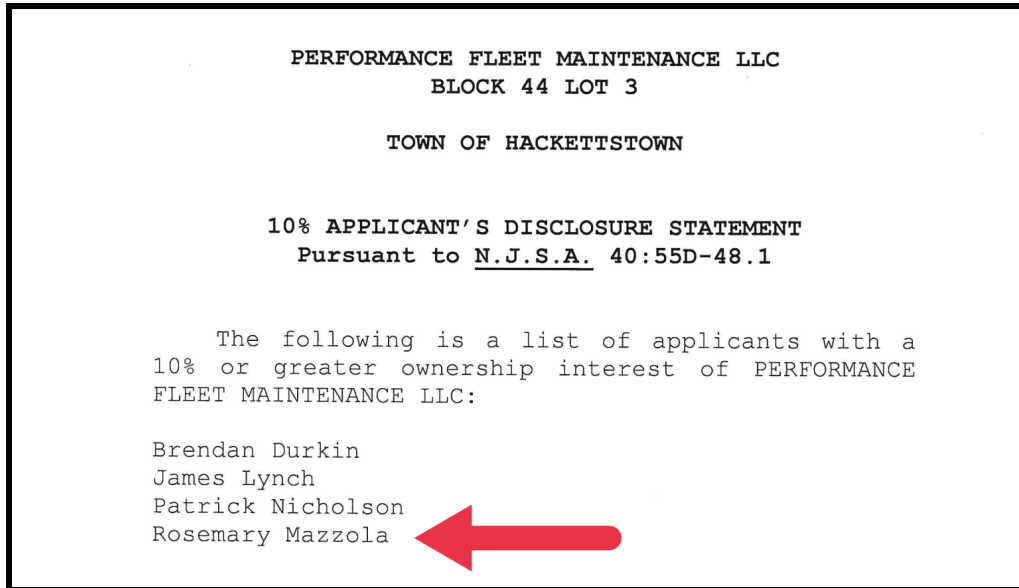
The address ties back to the personal residence of Frank Mazzola, per NJ property records. Furthermore, Mazzola’s name & mother’s name, Rosemary Mazzola, are mentioned in the [footnotes of the purchase agreement](#) between Charge & EV Group Holdings.

Item 9.01 Financial Statements and Exhibits.	
(d) Exhibits. The following exhibits are filed with this Current Report on Form 8-K:	
Exhibit No.	Description
10.1*	<a href="#">Agreement and Plan of Merger by and between Charge Infrastructure, Inc., Mergeco, Inc., EV Group Holdings LLC, Rosemary Mazzola, Frank Mazzola, Brendan Durkin, James S. Lynch, and Patrick Nicholson dated January 14, 2022</a>
99.1	<a href="#">Press Release dated January 20, 2022</a>

Source: Charge 8-K

Yet, Mazzola nor his mother are listed as receiving any compensation from the acquisition. However, Frank’s mother, Rosemary, is listed as [owning more than 10% of Performance Fleet Maintenance](#) as of 11/22/21, per a development application filed by the company.





Source: Performance Fleet Maintenance Filing

This seemed odd so we asked ourselves, who is Frank Mazzola? A 2013 **Business Insider** article lures us in with first-class clickbait reading, “[The Shocking Case Of Frank Mazzola: Accused Of Fraud, He’s Still Peddling Pre-IPO Twitter Stock.](#)” Per the SEC’s complaint against Mazzola and his firm, Felix Investments LLC, it states:

*“Defendants misled investors about the compensation they earned, engaged in undisclosed self-dealing adverse to the funds and the funds’ investors, lied about the amount of stock the funds actually held, and freely misstated material facts about the companies in which the funds were investing to attract potential investors.”*

Mazzola & Felix Investments agreed to pay a [half-million dollars with Mazzola being barred from the securities industry.](#)

## An Alleged Ponzi-Like Theft Paid Mazzola Handsomely

Two years later, Mazzola once again found himself entangled with the SEC, **except this time it was his uncle John Bivona running an alleged ponzi like scheme to defraud investors.** [Per an SEC press release](#), Bivona siphoned off \$5.7M in funds in which the “lion’s share” went to pay for “**Mazzola’s credit card bills, income taxes, a car loan, attorney fees, and the mortgage on a Jersey Shore vacation home.**”

## From Alleged Fraud To A Failed Amazon Prime Delivery Business

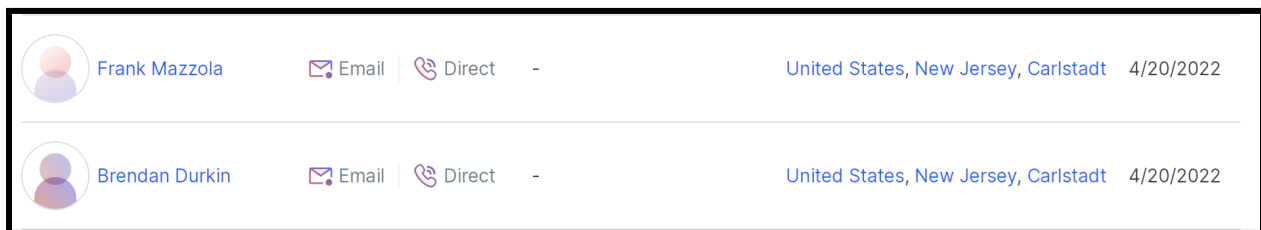
In September 2018, yet another [Business Insider article](#) was released profiling Frank Mazzola. The article focused not on fraud allegations, but rather the poor treatment of Amazon Prime Delivery workers at Mazzola's company, Prime EFS.

**Business Insider described Prime EFS as “one of the companies that drivers complained the most about” where “employees described a litany of bizarre pay practices.”** Per the Insider article:

*“Frank didn't always give me pay stubs and money never added up,” one former Prime EFS employee, Josh Salgado, said. “After I confronted him about the money missing ... the next day he called me and he said: “Don't come into work. We're going to let you go.””*

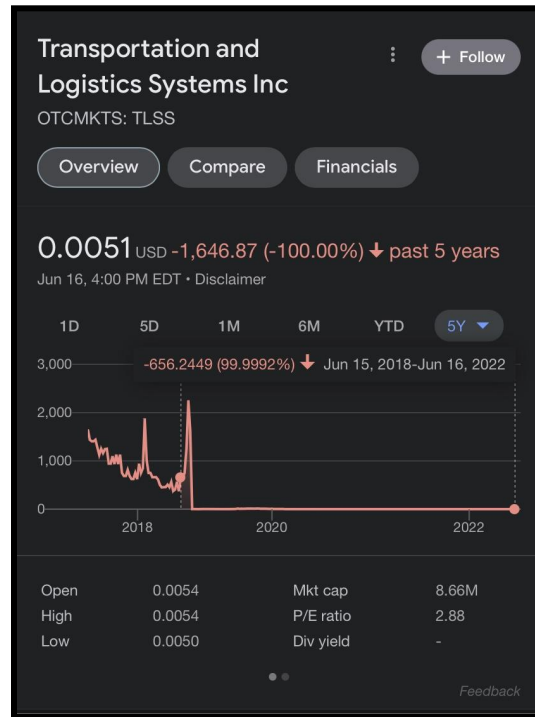
*A former Prime EFS manager, who asked to remain anonymous for fear of retaliation, said Mazzola did not pay drivers on time and “if somebody messes up or anything happens to a van, or a guy didn't show up to work ... he wouldn't pay him for a week.”*

Prior to the Business Insider labor expose, [Prime EFS was acquired on June 13th, 2018](#) by Transportation & Logistics Systems, Inc aka “TLS.” The company would form [Shypdirect LLC in July 2018](#) to expand TLS's Amazon delivery operations. **Per Zoom Info, Frank Mazzola & Brendan Durkin are both listed as employees of Shypdirect, a subsidiary of TLS.** Furthermore, Durkin's linkedin indicates he worked as the Managing Director of Operations at TLSS from September 2019 to October 2020. **The ticker symbol of TLS is “TLSS” leading us to believe Mazzola & Durkin may have previously crossed paths professionally.**



Source: Zoom Info Shypdirect

**Amazon would later terminate its agreement with Shypdirect and choose to “[not renew](#)” its [agreement with Prime EFS](#). Since TLSS acquired Mazzola's Prime EFS in June 2018, their stock price has been annihilated.**



Source: Google Finance

## Beyond The Ponzi: The Former Director Of An EV Group Subsidiary Has Ties To Frank Mazzola And Did Business With A Cocaine Smuggler Moonlighting As A Money Launderer

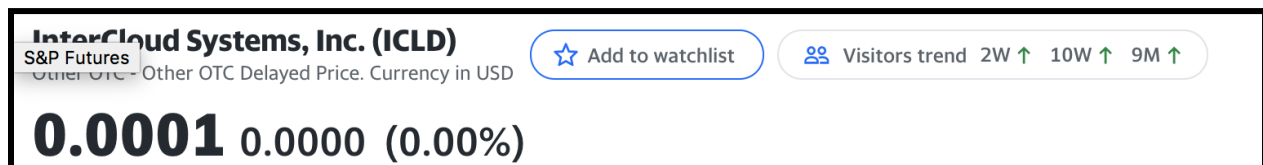
[Buried in the purchase agreement of EV Group](#) is the acquisition of Performance Fleet Maintenance USA, Inc—a Florida corporation. The **former [CEO, CFO, and sole director](#) of TLS, [then called PetroTerra](#), is Lawrence Sands. Sands previously served as the sole director of Performance Fleet Maintenance USA. Sands company, SCS LLC, currently serves as the company's registered agent. A [Reddit post speculates](#) an investor of TLS (John DeNobile, who happens to be Mazzola's neighbor) introduced Frank Mazzola to Lawrence Sands who assisted with the acquisition of Prime EFS.**

Whether Sands & Mazzola have a professional relationship remains unclear. Yet, it strikes us as an extreme coincidence that Sands was originally listed as the Director of Performance Fleet Maintenance USA & Sand's company, SCS LLC, was chosen to serve as the registered agent.

Sands had previously served as a VP of Intercloud from 2010 to 2014 & was said to be the board's secretary. Financial investigative journalist, Roddy Boyd, previously wrote a [piece detailing Sands involvement with InterCloud](#). The Observer also penned [an article](#) detailing the fishy past of InterCloud's officers. A few tidbits from the two articles:

- Sands “resigned as a lawyer in New York State in June 2000 in front of a full-bore state bar review for misconduct involving a client’s escrow account.”
- “While working at the Lexus dealership, Sands was named CEO of Paivis Corp., a publicly traded telecom services firm in late 2008. The company proceeded to dump tens of millions of shares on the market—at prices as low as \$0.0003 per share. The SEC revoked the registration of the company’s shares in fall 2009.”
- Sands allegedly worked at BMW for nine months after signing on to InterCloud as senior vice president in January 2010.
- Most notably, “[Orlando] Birbragher was paid \$240,000 in shares in InterCloud predecessor Genesis Group” during Sands tenure. Sands had even served as the signatory on an unrelated deal for Birbragher.
- Birbragher’s resume reads like a triple threat Tony Montana. He previously had stints as a cocaine smuggler, gun runner, and a “particularly talented money launderer” per a DEA special agent. Additionally, Birbragher “served a 35-month prison sentence [for running Pharmacom](#).”

Intercloud is now worth almost [nothing—quite literally](#).



Source: Yahoo Finance

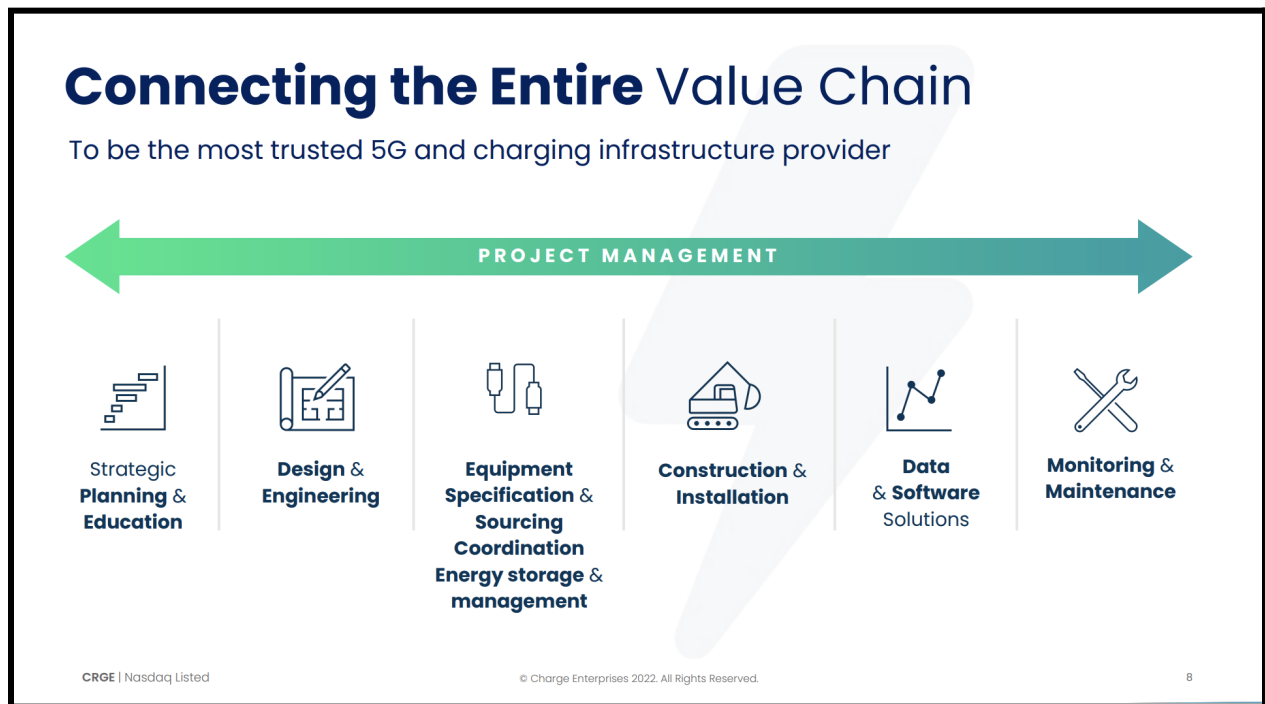
Sands is no longer listed as the officer/director of Performance Fleet Maintenance USA. **However, Sands' company, SCS LLC, is still listed as the registered agent. SCS LLC only serves as the registered agent of three other companies per Florida state records. Brendan Durkin, the president of EV Group, is now listed as the officer/director in charge of Performance Fleet Maintenance USA.**

Out of any registered agent in the US, Performance Fleet Maintenance USA opted to choose Lawrence Sands. Sands previously serving as the CEO, CFO, and sole director of the company that would eventually acquire Mazzola's Prime EFS raises unanswered questions.

## Charge Talks About An End-To-End Solution For EV Charging; The Only End We Could Find Is A Dirt Parking Lot For Amazon Vans

Per [Charge’s recent investor presentation](#), its mission is to “*To educate and be the trusted resource for seamless end-to-end solutions for wireless data transmission and EV charging infrastructure.*”

The investor presentation touches not on EV chargers installed but rather the opportunity to “*move and connect people.*” We attached this slide from Charge’s presentation to give better insight into what it is attempting to achieve.



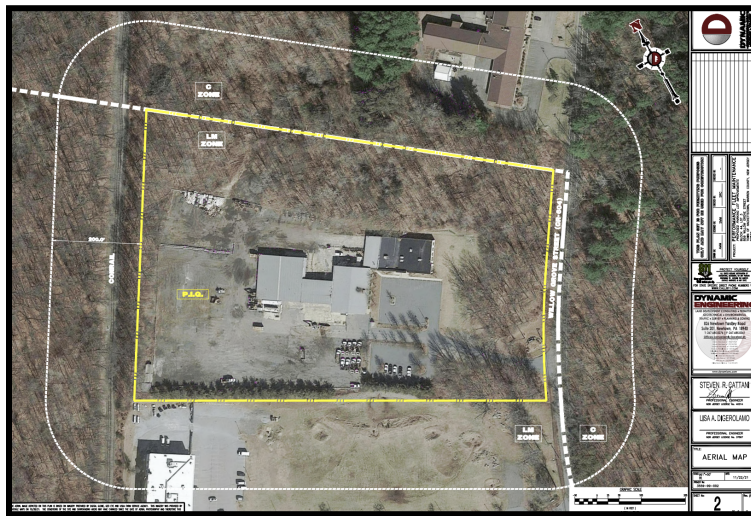
Source: Charge’s H.C. Wainwright Global Investment Conference Presentation

The slide deck is quite impressive which had us wondering one question: where are the EV chargers?

## EV Group Holdings Is Building A Parking Lot For Amazon Vans; City Filings Show The Lot Is Yet Be Built

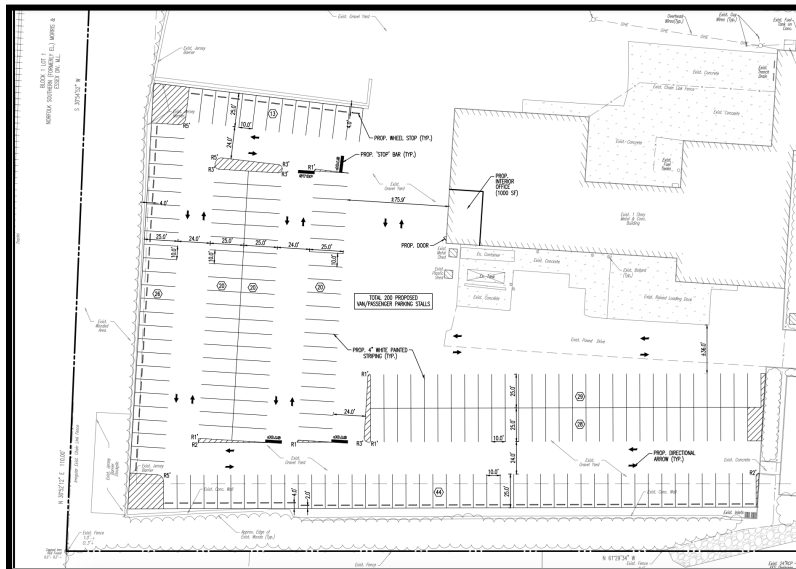
Per development applications filed with the City of Hackettstown in New Jersey, Performance Fleet Maintenance has sought to build “a parking area for 200 vans and passenger vehicles to be used in connection with Amazon deliveries.”

As of 10/28/21, the proposed site of the project is predominately dirt.



Source: Sat. Image Taken 10/28/21; Found in Performance Fleet Maintenance Site Plan

Based on Performance Fleet Maintenance filing’s, we would assume the 200 parking spaces would be outfitted with EV Chargers. Yet, while looking through the proposed site plan, we believe there is no indication EV chargers will be installed.



Source: City of Hackettstown Database

Little transparency is given into EV Group's financial performance. **Our analysis of their infrastructure revenue stream shows it is plausible ANS & BW Electrical are generating the bulk of the revenue at an estimated \$18.9M this quarter; the infrastructure division as a whole earned \$19.6M.**

BW Electrical	\$ 18,000,000.00
ANS	\$ 19,798,324.00
<i>Total Value</i>	<i>\$ 37,798,324.00</i>
<hr/>	
EBITDA Sales Multiple	5x
EBITDA	\$ 7,559,664.80
EBITDA Margin	10%
<hr/>	
Revenue	\$ 75,596,648.00
Quarterly Revenue Proj.	\$ 18,899,162.00

Source: Backed In Revenue Projection

Based on our analysis, we believe EV Group Holdings contributed 700k in revenue towards last quarter's earnings. Following our research into EV Group, we wanted to better determine how Charge's previous electric charging initiatives panned out.

## Charge Acquired GetCharged Inc. for \$28.2M In August 2020; Two Years Later They've Written Off \$27.3M In GoodWill

On September 25th 2020, Transworld acquired GetCharged for 60M shares of stock, the equivalent of \$28M. [At the helm of GetCharged](#), was Andrew Fox, a serial internet entrepreneur who now serves as the CEO of Charge Enterprises.

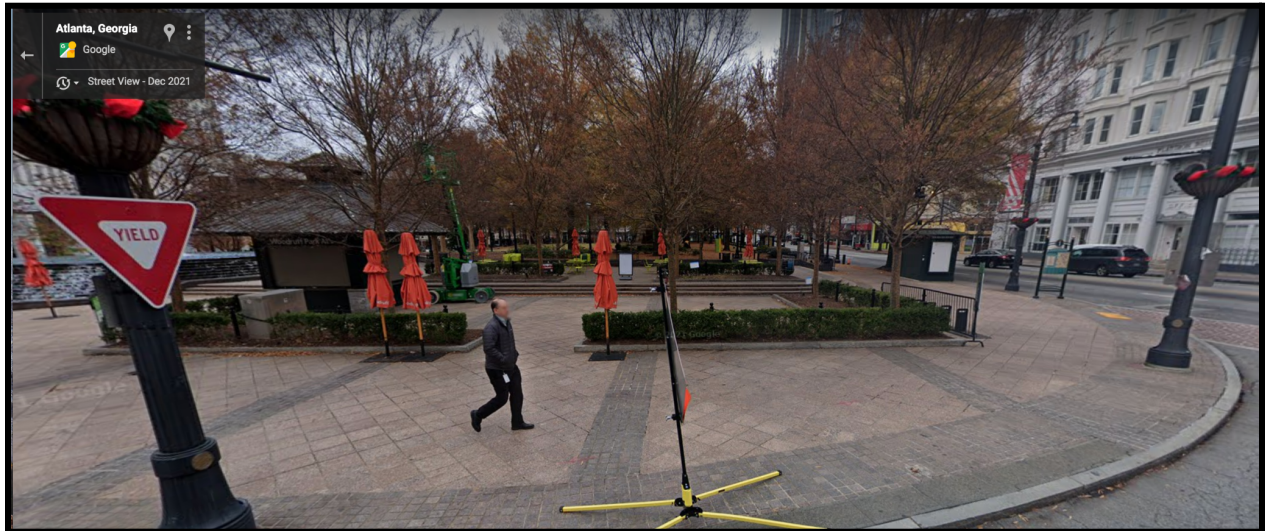
Per the [acquisition announcement](#) of GetCharged, it appears Fox was critically focused on micro mobility. In the company's own words, *"Charge is a micromobility company dedicated to building the largest network of electric charging, storage, and service stations for e-bikes and e-scooters."*

Nowhere on Charge's website does it list where active e-bike or e-scooter chargers may be.

The first Charge installation site in Atlanta no longer exists per Google Street View.



Source: [Charge's 1st Charging Station In The Country](#); 7/3/19



Source: Google Street View; Captured 12/2021. Charge scooters should've been dead ahead

We're not entirely sure what to make of this. Given the significant goodwill impairment and our due diligence, our hunch is GetCharged's business model may be a thing of the past. Presuming GetCharged is kaput, it's a cautionary tale to not believe everything you read in a press release. The company previously claimed to have [secured 3,000 charging locations](#) in 2019, yet they couldn't even get the first one off the ground. Despite setbacks in the e-bike and scooter charging department, Charge has made a bold pivot into rentable phone chargers ie. power banks.



# Beyond Charging E-Scooters & E-Bikes: Charge Now Offers Phone Charging Stations They May Have Bought Off Alibaba

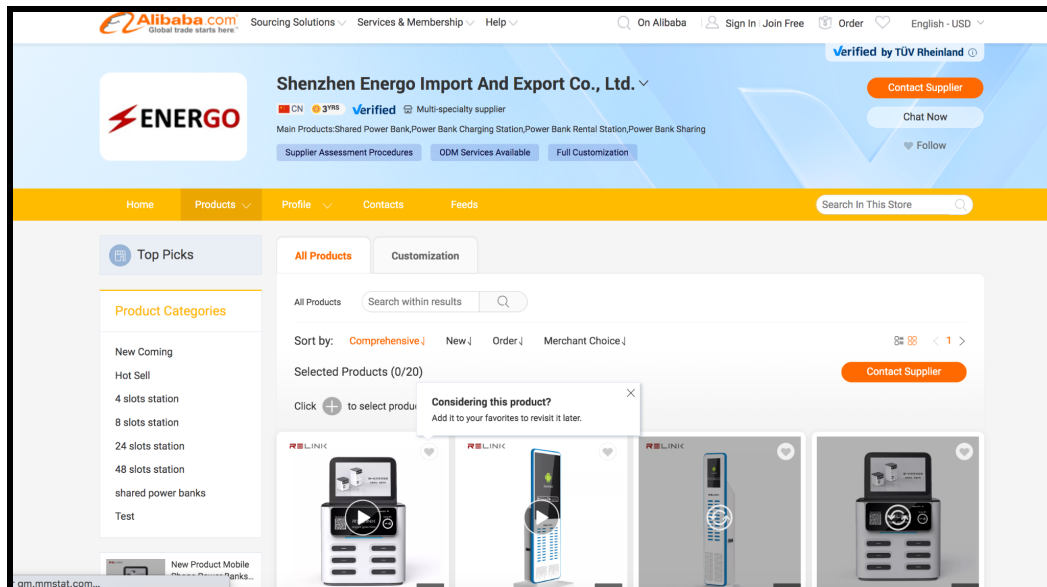
Going beyond just e-scooter & e-bike charging, Charge has expanded into “*personal charging powerbanks.*” For those unfamiliar with the term, Charge’s power banks allow people to charge their phone for a small fee.

Per Charge’s latest 10-K, they seek to provide a “*network of personal charging power banks situated in bars, restaurants, transit hubs, and sporting arenas.*” They classify building out the network of power banks as one of their three focal points for their infrastructure plan.

Charge’s import records show orders from Shenzhen Energo Import & Export company. **Shenzhen appears to sell their power banks on Alibaba’s retail website.**

Date	2021-11-17
Shipper Name	Shenzhen Energo Import And Export C 
Shipper Address	802 NO.279 HUAWANG RD LANGKOU COMMUNITY DALANG ST LONGHUA DI STRICT SHENZHEN CN
Consignee Name	Charge Enterprises Inc 
Consignee Address	ADDRESS: 1900 THE EXCHANGE ATLANTA, GA 30339 BLDG 400 RECEIVER: ANDREW PRESSLER
Notify Party Name	Charge Enterprises Inc
Notify Party Address	1900 THE EXCHANGE, ATLANTA, GA 303, 39 BUILDING 400, SUITE 410, .
Weight	782
Weight Unit	KG
Weight in KG	782.0
Quantity	80 
Quantity Unit	CTN
Shipment Origin	China
Details	782.0 kg From port: Hong Kong, Hong Kong To port: Service Port-Atlanta, Atlanta, Georgia Via port: New York, New York
Place of Receipt	Hong Kong
Foreign Port of Lading	Hong Kong, Hong Kong
U.S. Port of Unlading	New York, New York
U.S. Destination Port	Service Port-Atlanta, Atlanta, Georgia
Commodity	POWER SUPPLY
Container	TLLU4539419
Marks Description	CHGMODEL NO.: PB-B08CASE NO: 1/1QTY/CASE: 56 CTNSMADE IN CHINA 

Source: [Panjiva](#)



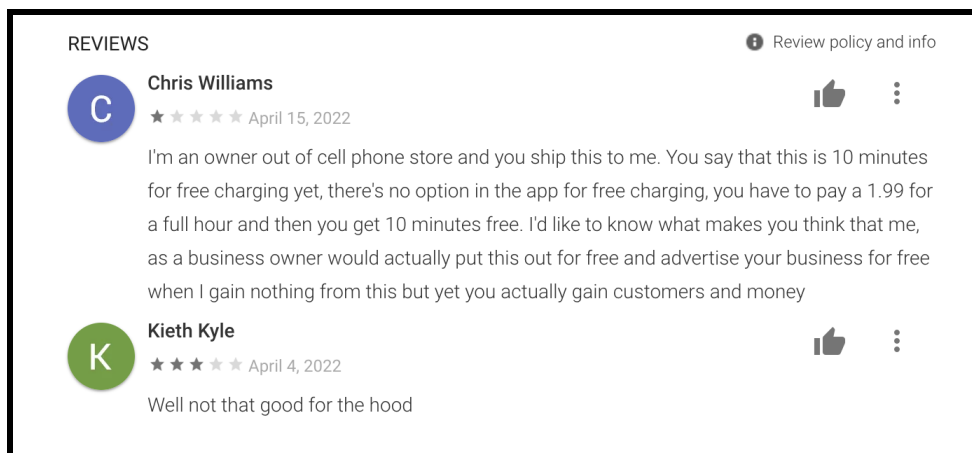
Source: [Shenzhen Alibaba Website](#)

**Charge has an app showing where every one of Charge’s power banks is located. Per Charge’s app, they claim to have roughly 300 (298 by our count) power bank locations across the United States. The odd thing is...206 are located at Boost Mobile. Yes, we’re talking about the cellphone store [who pays to charge their phone in a cell phone store].**

In Charge’s latest 10-Q, it mentions bars, restaurants, transit hubs, and sporting arenas as possible locations for its power bank infrastructure. Instead, almost 70% of Charge’s “active” power banks are inside of a cell phone store. We went and interviewed Boost Mobile employees where Charge claimed to have power banks to gain better context; the results were perplexing.

We spoke to one Boost Mobile employee in Arizona who said a charger showed up unannounced. To his knowledge, it is yet to be used. We spoke to a Boost Mobile employee in Atlanta which the employee said verbatim, “*No we don’t have them here and my boss manages 10 stores and none of them have it either.*” This struck us as odd considering all the power banks were shipped to Atlanta. Yet, the Boost Mobile stores we spoke to in Atlanta did not have them & Boost employees had never heard of the company before.

A google review says Charge shipped a power bank to a cell phone store owner; our diligence indicates instances of power banks randomly being shipped to Boost Mobile stores unannounced. We have been unable to speak with anyone at Boost Mobile’s corporate office, yet we note Charge has yet to issue a press release on a possible partnership. Meanwhile, Charge was quick to announce a power bank partnership with a California tennis tournament back in August 2021.



Source: Google Reviews

## Charge’s First Acquisition Bought A Low Margin Declining Business That’s Barely Break-Even; We Are Left Wondering Why

Per Charge’s most recent quarter, the company derived 88% of its revenue from PTGi. As a brief refresher, PTGi operates a global telecom network, an extremely low-margin one at that. In the past quarter, PTGi derived \$1.4M of gross profit off \$143M of their revenues.

**Historically, PTGi has been a low gross margin business—the quarter ending March 31, 2021 managed to post a slightly better gross margin of 1.45%. As shown below, PTGi’s gross margins have dwindled in size over the past decade.**

PTGi Historicals (In \$ Thousands)												
Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	178,739.0	411,983.0	302,959.0	230,686.0	161,953.0	460,355.0	735,043.0	701,898.0	793,600.0	696,100.0	545,501.0	452,767.0
YoY Growth		130%	-26%	-24%	-30%	184%	60%	-5%	13%	-12%	-22%	-17%
Cost of Revenue	(168,698.0)	(389,412.0)	(285,631.0)	(220,315.0)	(154,346.0)	(451,697.0)	(721,219.0)	(685,936.0)	(779,100.0)	(684,900.0)	(538,019.0)	(447,157.0)
Gross Profit	10,041.0	22,571.0	17,328.0	10,371.0	7,607.0	8,658.0	13,824.0	15,962.0	14,500.0	11,200.0	7,482.0	5,610.0
GP Margin	5.62%	5.48%	5.72%	4.50%	4.70%	1.88%	1.88%	2.27%	1.83%	1.61%	1.37%	1.24%
<b>OPEX</b>												
SG&A	\$ (25,557.00)	\$ (42,299.00)	\$ (45,202.00)	\$ (16,272.00)	\$ (8,788.00)	\$ (6,769.00)	\$ (8,280.00)	\$ (9,034.00)	\$ (9,400.00)	\$ (8,200.00)	\$ (1,012.00)	\$ (1,884.00)
Depreciation & Amortization	\$ (380.00)	\$ (6,636.00)	\$ (3,204.00)	\$ (12,029.00)	\$ (528.00)	\$ (417.00)	\$ (507.00)	\$ (371.00)	\$ (300.00)	\$ (300.00)	\$ -	\$ -
Other Operating Expenses	\$ -	\$ (14,803.00)	\$ (20,818.00)	\$ (2,107.00)	\$ (131.00)	\$ (1,234.00)	\$ (887.00)	\$ (198.00)	\$ -	\$ (4,500.00)	\$ (5,368.00)	\$ (1,850.00)
Total OPEX	\$ (25,937.00)	\$ (63,738.00)	\$ (69,224.00)	\$ (30,408.00)	\$ (9,447.00)	\$ (8,420.00)	\$ (9,674.00)	\$ (9,603.00)	\$ (9,700.00)	\$ (13,000.00)	\$ (6,380.00)	\$ (3,734.00)
Operating Income	\$ (15,896.00)	\$ (41,167.00)	\$ (51,896.00)	\$ (20,037.00)	\$ (1,840.00)	\$ 238.00	\$ 4,150.00	\$ 6,359.00	\$ 4,800.00	\$ (1,800.00)	\$ 1,102.00	\$ 1,876.00

Source: Our Analysis Of PTGi’s Financials

**Charge only paid \$892,000 for the company in October 2020; perhaps a minuscule price to pay to add hundreds of millions of dollars in revenue annually.**

Realizing Charge acquired PTGi from another publicly traded company (NASDAQ:VATE), we were able to see PTGi's historically limited operating income. **Furthermore, its gross margins continue to shrink on an annualized basis—declining from 2.3% in 2017 to 1.2% in 2021. Factoring in operating expenses, the business made \$583,000 in net income for the quarter.**

It's worth noting both the telecom & infrastructure financial segments for Charge omitted stock based compensation. **Rather, they assigned the \$10.7M of stock compensation in the past quarter to their “Non-operating Corporate Segment”, which ultimately resulted in a net loss of \$13M for the quarter. Maxim's sell side report notes the company trades at an unreasonably cheap 2022 revenue multiple of 1.3x compared to its peer group at 4.8x.**

- **Trading at an EV/revenue multiple of 1.3x our 2022 revenue forecast compared to a peer group average of 4.8x, we initiate coverage with a Buy rating and \$8 price target, which represents 2.9x our 2023 revenue estimate.**

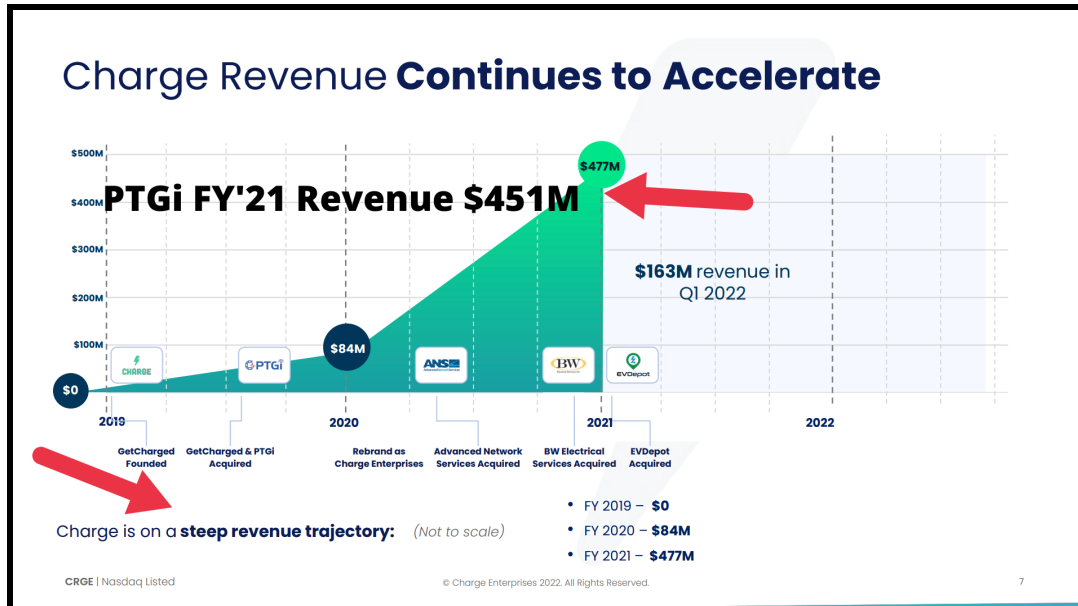
Source: Maxim Group Equity Research Initiation

Furthermore, Maxim's report states:

*“CRGE indicated in its last 10-K filing that the telecommunications business may continue to have lower revenue due competition from new technologies such as WhatsApp, Skype, and FaceTime, as well as due to price competition from other telecommunications network companies. We forecast growing revenue and higher margins in CRGE's infrastructure businesses will offset the impact to total results from lower telecommunications revenue.”*

Charge's acquisition of PTGi heavily grew its top line. Coincidentally, Charge would trade at a lower revenue multiple compared to its peers in the EV charging space making Charge seem relatively cheap. **Stripping away PTGi's revenue from Charge would result in a much less attractive revenue multiple.**

**Charge Paid \$892k For \$451M Of Revenue In FY '21;  
Management Now Advertises These Revenues As A “Steep”  
Trajectory**



Source: Charge Investor Presentation With Our Annotations Added

Charge’s investor deck tells a story of a “steep revenue trajectory.” There’s little mention Charge derived 94% of their FY '21 revenue from PTGi, a barely profitable business. As PTGi’s revenue fades, we believe Charge’s revenue trajectory will begin to flatline with little prospect of reaching profitability. Beyond PTGi’s financial issues, they were previously subject to a robocall investigation by the FTC.

## An FTC Letter Gives Greater Context Into PTGi’s Business

An investigation by the FTC sheds some light on PTGi’s business practices. Verbatim from the [FTC letter](#) is as follows:

*“Investigations conducted by our agencies, in conjunction with the USTelecom Industry Traceback Group, revealed that PTGi is a gateway voice provider for apparently fraudulent COVID-19 robocalls originating from a Germany-based wholesale provider, which your company refused to identify by name. We note that your company’s refusal to disclose to the Industry Traceback Group the name of the wholesale provider makes it difficult for U.S. network providers to protect themselves against illegal robocall traffic from that entity.”*

Furthermore, FTC highlighted these “fraudulent Covid-19 robocalls” in the letter:

*“These unwanted robocalls include messages alleging that recipients have been charged \$399 for tech support services but may receive a refund by responding to the robocall. They also include robocalls falsely claiming to come from the United States Social Security Administration*

*threatening cutoff of SSA benefits. This activity has the potential to inflict severe harm on consumers.”*

## **The Co-Owner Of A Marina With Jeffrey Epstein Recently Became An Investor In Charge Enterprises**

In 2022, Charge entered into a \$10M financing agreement with an affiliate of Island Capital Group. Island Capital Group is led by real estate mogul Andrew Farkas. Andrew Fox, CEO of Charge, [commented on the deal saying](#), “*We are delighted to expand our relationship with Island Capital, an esteemed innovator, with a strong investment platform, featuring highly strategic real estate relationships.*”

Farkas & Jeffrey Epstein previously co-owned a marina in St. Thomas. [The Miami Herald](#) wrote on the matter stating:

*“Farkas purchased it in January 2007, and documents obtained by Bloomberg from an unrelated lawsuit showed that later that same year Epstein took a 50 percent stake. That was around the time that the FBI had drafted a 53-page indictment naming Epstein. That indictment was shelved in favor of an arrangement that Epstein would plead to minor solicitation charges in state court. The secretive deal, highlighted last November in a Miami Herald investigative series, Perversion of Justice, allowed Epstein to serve just 13 months in a Palm Beach County jail.”*


The extent of Farkas involvement with Epstein is not entirely known, although [this twitter thread](#) presents a story of interesting speculation. We do find it odd Farkas agreed to purchase 1.43M shares at a fair market price of \$7 per share—to our knowledge, shares traded right around the \$7 mark at the time of this agreement.

**We find this financial arrangement peculiar because in December 2020, Charge executed a private placement for 8.7M shares at a conversion price of \$0.25. The shares were trading at \$1.60 on the day of the private placement—representing a significant discount & drawing questions from the SEC in a [correspondence letter](#).**

## **Two of Charge’s Board Members Are Tied To Isaac Sutton & Penny Stock Promotion**

Beyond acquisitions, three board members of Charge Enterprises have ties to another of Orr’s investments, Optimus Healthcare Services Inc—an over the counter (OTC) \$70M company. A trio of three: Philip Scala, James Murphy, & Justin Deutsch serve on both Charge’s & Optimus’s

Board. Optimus's valuation has surged since Orr took a position in the company back in December 2020. After Orr established a stake in Optimus, Marc Weiner was appointed the CEO of Optimus Health Care Services. Coincidentally, Orr had owed Weiner \$150k from his bankruptcy filing in 2017.

13	Marc Wiener		7100-000	150,000.00	150,000.00	150,000.00	3,178.61
14	Cori Orr		7100-000	N/A	516,000.00	0.00	0.00
NOTFILED	JPM Chase		7100-000	2,174.09	N/A	N/A	0.00
NOTFILED	Law Office of Lawrence Lambert, Esq.		7100-000	unknown	N/A	N/A	0.00
NOTFILED	JPM Chase		7100-000	2,221.15	N/A	N/A	0.00
NOTFILED	Ira Sorkin		7100-000	9,000.00	N/A	N/A	0.00

Source: Kenneth Orr Bankruptcy Documentation

To greater interest, Philip Scala serves as the Interim COO of Canbiola Inc (OTC: CANB) with James Murphy serving on the board. The dynamic duo has been involved with the company since the fall of 2019. **An SEC filing shows Isaac Sutton inked a [hemp processing deal with Canbiola in May 2020](#) through his company Mediуса Group LLC. Furthermore, Canbiola was subject to an inquiry from the [OTC Market Groups regarding stock promotion in 2020](#). Despite doing a deal with Sutton & paid promotion, Canbiola's share price has plummeted by 90%+ since Scala & Murphy's involvement with the company.**

## We Believe Charge Is Worth Pennies On The Dollar Relative To Its Market Cap

Charge's rate of return on its investments is nothing short of world class. Charge spent roughly \$85.5M in cash & stock to acquire a series of businesses that has given them a market cap of nearly \$900 million. Given GetCharged's goodwill & fixed asset write off of \$28.8M, we benchmark the "fair" value of Charge's portfolio at \$57M. Relative to Charge's ~\$900M market cap, investors are paying roughly a 16x premium on the fair value of Charge's portfolio.

PTGI	\$	892,000.00
GetCharged	\$	28,200,000.00
BW Electrical	\$	18,000,000.00
ANS	\$	19,798,324.00
EV Group Holdings	\$	18,700,000.00
<hr/>		
<i>Total Cost</i>	\$	<i>85,590,324.00</i>
GetCharged Write Off	\$	(28,800,000.00)
Portfolio Fair Value	\$	56,790,324.00

Source: Our Analysis

However, we believe Charge's portfolio of companies is worth less than \$57M. PTGi's financial performance continues to deteriorate. Declining margins and revenue are leading us to believe its fair value is less than \$1M. **GetCharged effectively resorted to peddling power banks at Boost Mobile. If power banks were truly lucrative, we think Boost Mobile would directly buy them from the Alibaba retailer instead.** BW Electrical & ANS both appear to be legitimate transactions. We believe their combined value is worth roughly \$40M. **Finally, EV Group Holdings is building an Amazon van parking lot with little visibility into their EV charger installation profits. In our opinion, EV Group is probably worth closer to zero than the \$18M price tag Charge paid. We believe Charge's portfolio is worth roughly \$45M.** Our opinion of Charge's portfolio value has led us on a venture to deduce exactly how many shares are outstanding.

Charge Enterprises, Inc.	
Description	Shares
Basic Shares	199,667,365
Diluted Shares	110,070,460
In-the-Money Convertible Debt	-
In-the-Money Convertible Preferred	64,658,805
Series B Convertible Preferred Stock	2,395,105
Charge Enterprises, Inc. 6.000% Series C	62,263,700
Stock Compensation	45,411,655
Stock Options and Warrants	45,411,655
2020 Omnibus Equity Incentive Plan	29,653,658
Long Term Incentive Plan	15,757,997
Fully Diluted Shares Outstanding	309,737,825

Source: FactSet ECS, FactSet Reference Data

Source: FactSet



**Fundamentally speaking, Charge is subject to share dilution that could impact the valuation of the company.** Taking Charge's current share price \$4.58 & multiplying it by 309M shares outstanding, we arrive at a valuation of roughly \$1.4B. Given we benchmark Charge's portfolio value at \$45M, we deduce shares should trade at .15 cents a share with an implied downside greater than 95%.

## **Why We Believe Charge's Business Is Exceedingly Overvalued**

Kenneth Orr took a historically mundane company, GoIP Global, & tried to turn it into something special. **To be blunt, we believe GoIP Global was a dumpster fire in need of saving. The CEO of GoIP, Isaac Sutton, got caught with his pants down on three separate occasions with the FBI, the Kenyan government, & DMI Manufacturing.** Orr's run-in with the SEC appears relatively minor; although questionable past investments and taking a success fee akin to 56% of the PTGi acquisition price seem unconventional.

The acquisition of EV Group brings a plethora of red flags. Performance Fleet Maintenance, is "[\*licensing parking facilities to one of the largest ecommerce companies in the world\*](#)", presumably Amazon. Yet, Amazon did not renew its contracts with both Prime EFS & Shypdirect under the reigns of Frank Mazzola. Meanwhile, Brendan Durkin, the now president of EVDepot, had a front row seat to TLSS's collapse. Additionally, we believe he was able to watch the death spiral of Shypdirect & Prime EFS first hand. Then there's Lawrence Sands, who previously ran the company that acquired Mazzola's Prime EFS and did a stock deal with an alleged money launderer for Colombian drug traffickers.

Next, there's Charge's power bank business, where they have placed roughly 70% of their active power banks at Boost Mobile. The bigger issue is some of these power banks don't exist where Charge's app says they do. Additionally, most traces of GetCharged's active operation appear expunged. The goodwill impairment of \$27.3M may have been its incognito funeral.

Finally, paying \$892,000 for a company (PTGi) that exponentially increases your top-line revenue is a next level IQ move. Investors appear to be getting a great deal on an EV charging infrastructure play from a revenue multiple standpoint. Yet, 85%+ of Charge's revenue is derived from an exceptionally thin margin telecom business. Investors should be asking not what Charge's revenue multiple is, but rather how much revenue EV Group generates.

We believe in the coming months, Charge investors will begin to value the business from a different lens than they do today. Less emphasis will be placed on revenue multiples, rather more on gross profit, EV Depot's revenue & the number of weekly EV charger installations. We

believe CRGE has at least 95% downside; and do not plan on revising our share price target of \$0.15 until we see greater transparency from management into its questionable past and ever changing line of business ventures.

**Legal Disclosure:** *Use of Peabody Street Research's research is at your own risk. In no event should Peabody Street Research or any affiliated party be liable for any direct or indirect trading losses caused by any information on this site. You further agree to do your own research and due diligence, consult your own financial, legal, and tax advisors before making any investment decision with respect to transacting in any securities covered herein. You should assume that Peabody Street Research (possibly along with or through our members, partners, affiliates, employees, and/or consultants) along with our clients and/or investors has a short position in any securities covered herein. Following publication of any research, we intend to continue transacting in the securities covered herein, and we may be long, short, or neutral at any time hereafter regardless of our initial recommendation, conclusions, or opinions. Research is not investment advice nor a recommendation or solicitation to buy securities. To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the securities covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. However, such information is presented "as is," without warranty of any kind – whether express or implied. Peabody Street Research makes no representation, express or implied, as to the accuracy, timeliness, or completeness of any such information or with regard to the results to be obtained from its use. Research may contain forward-looking statements, estimates, projections, and opinions with respect to among other things, certain accounting, legal, and regulatory issues the issuer faces and the potential impact of those issues on its future business, financial condition, and results of operations, as well as more generally, the issuer's anticipated operating performance, access to capital markets, market conditions, assets, and liabilities. Such statements, estimates, projections, and opinions may prove to be substantially inaccurate and are inherently subject to significant risks and uncertainties beyond Peabody Street Research's control. All expressions of opinion are subject to change without notice, and Peabody Street Research does not undertake to update or supplement this report or any of the information contained herein.*