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FOR Plaintiff

UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

HOFMAN ET AL
Plaintiff,
V.
FIDELITY INVESTMENTS ET AL
Defendants.

Case No. 2:23-cv-00881-MCS-PVC
**Declaration of Richard Hofman re Newly
discovered evidence per Motion to Dismiss
of Finra**

Date: 4-17-2023
Time: 9AM
CTRM: 7c:

TO THE HONERABLE COURT & TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

DECLARATION OF RICHARD HOFMAN

1
2
3 I, Richard Hofman present this declaration in support of the opposition to Defendants'
4 motion to dismiss.. The following facts are true and correct.to the best of my own personal
5 knowledge. My expertise and knowledge on the claims herein are based on my own knowledge
6 and personal experiences, on my own interactions with Finra, my interactions with The House
7 Financial Services committee staff, Numerous communications with hundreds of MMAT &
8 MMTLP shareholders, communications from executives involved in the transaction, general
9 internet research, a review of SEC and Finra regs and other sources, the 3-16-2023 FAQ
10 distributed by Finra re MMTLP, as well as post 3-16-2023 communications re MMTLP spurred
11 by the content of the 3-16-2023 Finra FAQ. However. I am not a securities lawyer, nor have any
12 particular expertise in that area, nor do I handle cases in that area for others. As such, I am
13 basically in the position of a Pro Se.

14
15
16 1. Generally I would not file a declaration in response to a Motion to dismiss as the Motion
17 should really only look at the 4 corners of the complaint. However, with the vast Judicially
18 Noticed documents (Plaintiff objects to the RJN as improperly converting premature 12b6
19 motions into motions for summary judgment.) and in particular since Essential and Material new
20 evidence was discovered on 3-16-2023 and since, a declaration is warranted.

21
22 2.I did not file the instant action in Federal Court. It was removed here by one or two
23 Defendants.

24
25 3.Prior to the case being removed to Federal Court, I propounded written discovery to Fidelity in
26 the nature of a Request for production of documents as it relates to the MMTLP fiasco. If
27 Fidelity had complied with that discovery request, I would have much more factual knowledge
28

1 as to the underlying facts. Once the action was removed the discovery request no longer existed
2 and Defendant Fidelity has not responded to any subsequent informal discovery requests.
3

4 4. Prior to March 16, 2023, I asked all parties to produce the Blue Sheets (the official record that
5 establishes purchases and sales of MMTLP and to establish the true share count and actual
6 number of short shares). All Defendants have failed to produce any information.
7

8 5. Prior to March 16, 2023, I requested that all Defendants participate in a Rule 26 discovery
9 conference. Again all Defendants refused pending the hearing on the Motions to Dismiss.
10

11
12 6. I do not understand, therefore, how parties who are refusing to provide the detail that they
13 claim is lacking, can in good faith be bringing Motions to dismiss where there is no doubt that
14 there is continuing harm. As I have asserted, this is like a Res Ipsa Case. Plaintiff, and all
15 similarly situated have a symbol without a lawful identifier, not tradeable, with no stated cost
16 and no stated value. One does not have to be a brain surgeon to understand such a categorization
17 in my Fidelity account is just not right. It is an illusory asset. Something that as of now does not
18 exist. Obviously per the new admissions of Fidelity that nothing has been resolved and Finra
19 now admits that short shares are present in NB (a non-trading company) and additionally that
20 they made errors re the short share counts and in other regards. Furthermore that the real reason
21 for the U3 halt (the share price would be too high) has also been admitted by brokers. In light of
22 all of the above, what is appropriate is open discovery to find out what has really happened and
23 what I actually own.
24

25 7. With regard to the instant complaint, therefore, it was drafted on what facts were available but
26 clearly after a loss had been sustained (account at Fidelity shows a zero cost basis and balance re
27 NB). Defendants have stonewalled at all points commensurate with the drafting of the complaint.
28

1 New facts, providing more detail and constituting legal admissions and evidence of potential
2 crimes was recently provided by Finra, I'm sure inadvertently, on 3-16-2023 per a unilaterally
3 produced FAQ referencing the MMTLP situation for the first time in a purported substantive
4 manner. Although the Finra documents contain both deception and falsehoods, it does also
5 contain admissions of misconduct as well as other important data. A true and correct copy of the
6 3-16-2023 FAQ produced by Finra and publicly available is attached hereto as Exhibit 1 and
7 incorporated herein by reference.. This is part of the new matter.

8
9 8.. As a preliminary matter, and before addressing the new matter referenced in the FAQ, by
10 Finra imposing a U3 halt on 12/9, that establishes as a matter of fact that Finra and everyone
11 knew and had the expectation that MMTLP stock would trade after 12-8-2022. If it wasn't going
12 to trade after 12-8-2023, then Finra would not have had to intervene. Since 3-16-2023, I have
13 seen communications from parties involved in this transaction who not only acknowledged the
14 same but that referenced a close only status. Namely that everyone knew and it was disclosed
15 that on 12-9 & 12-12 that MMTLP would trade in a close only status and only short holders
16 (there were likely hundreds of millions of short shares as of that time, and at least 9 million
17 counterfeit shares As admitted by Finra in the FAQ) could buy to close.

18
19
20 9. When a short position is established a share is borrowed (through lending programs like at
21 fidelity and managed and facilitated by the DTCC) where shares are borrowed from long
22 shareholders, often without disclosure, and lent b brokers now in conflicted positions for what
23 would be considered usurious interest. However, as has occurred in the past, there is often
24 duplication in short positions as locators identify the same shares on multiple occasions or they
25 are disguised through other means, short positions are moved offshore (where they are not
26 counted) or trades are mislabeled, etc. Clearly as to MMTLP and Next Bridge Hydrocarbons
27 ("NB") no one has required the short positions to have to close out those positions and
28

1 recognize any gain and pay taxes, nor do any of the Defendants claim that such taxes were
2 recognized or paid..
3

4 10. So if a short position who has a gain does not have to close a position they do not recognize
5 the gain and are seemingly along with those facilitating that, are engaging in, conspiring too or
6 aiding and abetting tax evasion. Finra has admitted that short positions in MMTLP were not
7 closed out and were moved into NB—which even Finra admits cannot be currently traded. Thus,
8 Finra knew that at a minimum approximately 9.5 million short shares traded on 12-8-2023 which
9 positions could not have closed thereafter (as Finra halted trading) would never close. Moreover,
10 that those that had gains would not have to pay taxes justly due. We know that the shorts who
11 traded on 12-8-2023 had a taxable gain as the MMTLP stock, curiously shorted on the 8th,
12 started trading at around \$8.25 per share and ended at closing at \$2.89 per share. Further, the
13 shorting of NB stock (and MMTLP also) would deprive investors of the 1 to 1 transfer that was
14 promised and further serve to invalidly dilute their interests.
15

16
17 11. The trading on 12-8-2023 suggested that the fix was in and that Defendants and their cohorts,
18 co-conspirators, friends, business associates, or whatever they were, knew long prior to 12-8-
19 2023 that despite the law they would have to cover their short positions. There were even
20 public discussions of the presence of hundreds of millions of illegal short positions. So opening
21 additional short positions on 3-8-2023 would constitute a imprudently risky transaction that
22 would seemingly expose short positions to a ferocious squeeze. I know that prior to 3-8-2023, I
23 heard many long shareholders estimate, and it was communicated regularly and often, that
24 based on the perceived number of short shares, that the MMTLP stock price would exceed
25 \$1,000 per share on 3-9 & 3-12. Thus, it would make no sense for a short holder, with all of
26 that public information, to add to any short position on 3-8-2023 that could not be closed
27 on that date, unless Defendants communicated notice that they were going to halt MMTLP
28

1 trading prior to 3-8-2023 and shorts would not have to cover. It is the only conclusion that
2 makes sense.

3
4 13. Defendant Finra's suggestion at the time and after that it instituted the U3 halt to protect
5 investors is ludicrous. Why did Finra wait until 3-9-23 to impose the halt? Why if they were
6 protecting investors, did they wait until the after the stock had plummeted from \$8.25 And close
7 at \$2.89 to then issue the halt and then much later. If they really intended to protect investors
8 they would have intervened prior to the 8th and certainly if at all prior to the 9th (prior to the
9 short positions making out like bandits).

10
11 14. Since March 16, 2023, I have seen communications indicating that Finra did not halt trading
12 to protect investors but did it to protect their short position agents & co-conspirators because
13 post-closing in dark pool trading either later on the 8th or early on the 9th, pre halt, that MMTLP
14 was trading 100x what the prior closing price was. That would have amounted to a financial hit
15 of easily in excess of 50 billion dollars. So any claims that the halt was to protect investors and
16 not Defendants' insiders and friends is laughable but sad.

17
18 15. Since March 16, 2023, I have seen communications involving Fidelity where they as of 3-21-
19 2023, acknowledge the existence of short shares held by Fidelity in NB consistent with what
20 Finra has just admitted, that the matter of NB remains unresolved but that they could somehow
21 deal with the shorts. Counsel for Fidelity asserts that all is good and they did what they were
22 supposed to do. The admission by Fidelity directly communicating that the situation is
23 unresolved and fluid directly contradicts what Fidelity and all defendants are now exposing.

24
25
26 16. With regard to the FAQ publicly made available by Finra on 3-16-2023, the day after they
27 filed the Motion to dismiss in this matter, it further establishes that the U3 halt was corruptly
28

1 imposed to Benefit Broker Dealers (earning interest), Market makers and Naked Short sellers
2 and serve to harm retail investors.
3

4 17. Now addressing a few of the points raised in Exhibit 1 hereto-the supposed Finra response:
5

6
7 Point-1. That the trading halt was to protect investors made no sense. As stated
8 above, the only logical conclusion is that the shorts knew about the trading halt prior
9 to 12-8-2023 and it was to protect them and protect them from having to pay Federal
10 taxes while also generating large financial gains to the detriment of me and other
11 retail investors. These were not just new short positions as reflected in the
12 consecutive failures to deliver that were involved with MMTLP. Why were there
13 even short positions at all as of 12-2022 since they knew for months they would have
14 to be closed?. Clearly the buy to close option that everyone thought was happening,
15 would have resolved this matter without the necessity of any halt nor the continuing
16 mess that still exists almost 4 months later. Defendants, by relying on a trading halt,
17 that has gotten us nowhere as of today, acted corruptly and unlawfully with the sole
18 purpose of benefitting those short positions that most benefited Defendants..
19

20 Point 2. Although a complete mess remains unresolved more than 100 days after
21 12-8-2023, in point 2, Finra appears to assert that the reason it intervened was due to
22 settlement issues (despite the broker admission it was the high price generated just
23 prior to the halt in dark pool trading that would have cost defendants billions to
24 cover and harmed plaintiff and other retailers that was the real reason). However, if
25 it was **Buy to Close only** there would have been no settlement issues. The reference
26 to non DTC eligibility is a red herring. In the same paragraph they reference Broker
27 to Broker settlement directly contradicting themselves. Since Finra & the Dtcc were
28

1 involved with MMTLP for months if not years prior to 12-9-2023, why didn't they
2 act earlier? All that makes sense is that Defendants intentions and actions were only
3 to protect short positions holders from having to recognize gains and to keep them
4 from having to pay taxes on those gains..

5
6 Point-3. This deals with whether the trading halt has ended. Here Finra
7 acknowledges the first of a series of gaffes surprisingly only as to MMTLP and only
8 harming retail investors. Based on the proceedings in the Roza Tawil case previously
9 cited, this also could be a intentionally false statement. Finra asserts that on 12-9-
10 2022 it published that Finra's trading halt ended concurrently with the deletion of
11 the MMTLP symbol which occurred on 12-13-22. However, and this is a theme, due
12 to coding issues, it was not published on the Finra website until 2-26-2023.

13 Apparently in the Tawil action in Federal Court in Florida, the timing of this
14 publication became an issue, and counsel for Finra had to defend against claims of
15 misconduct related to misrepresentations regarding the deletion date and the seeming
16 alteration of evidence while the Tawil case was and is pending.. The late publication
17 of the deletion notice was seemingly an attempt to cover up for further Finra
18 misconduct.

19
20 Point 3 regarding the so called coincidental timing of the deletion alteration, it seems
21 at best internally inconsistent and more likely unbelievable. How on 12-9-2022
22 could Finra publish something that would not occur until 12-13-2022? The assertion
23 on 12-9 that Finra published something that did not occur until the 13th makes no
24 sense. **Especially when it did not actually appear until Feb. 2023 and seemingly**
25 **to cover for a Court gaffe in Florida.** Moreover, Defendant admits, without proof
26 of cancellation, that Finra delisted MMTLP prematurely (prior to any cancellation of
27 shares). All of this suspicious and suspect behavior creates more suspect credibility.
28

1 Why would anyone find anything Finra says credible if their expressed intentions
2 are incredible and beyond belief?

3
4 Point 4-How were the MMTLP shares able to be traded- Defendant deceptively asks.
5 -Defendant refers to a S3 registration form permitting the trading of MMTLP. What
6 TRCH filed was a shelf S3 for all purposes not for MMTLP. For MMTLP to trade
7 there would need to be further registration activity as well assignment of a Cusip no.
8

9
10 Then it gets into the 2021 trading of MMTLP. Finra acknowledges that it assigned
11 the MMTLP symbol for trading by a broker dealer. What they deceptively omit, is
12 that Finra approved the trading of two market makers (suspected to be GST and Ari
13 Rubenstein & Canaccord but is unknown without discovery) without approval of
14 any authorized person, without a valid and now missing 211 FORM, based on
15 outdated documents with inaccurate information that Defendants have refused to
16 make available. They let shorts from TRCH pile into MMTLP to hide them and so
17 that no taxable gain would ever have to be reported. Now they have admitted that
18 they have let the shorts pile into NB with no possibility of shorts having to cover.
19 Were members of Finra privately improperly compensated for the activities they
20 undertook? We will not know that without the discovery that all defendants have
21 attempted to block since the outset of this matter.
22

23 Point 5-Did Finra cancel MMTLP. Finra asserts that-without proof, that MMAT
24 cancelled the MMTLP shares on 12-14-2023 and that before the deletion of shares
25 (and therefore improper and premature nor verified -also recall that the deletion was
26 seemingly “actually” published months later to protect Finra counsel in an action in
27
28

1 Florida) Finra purportedly deleted the symbol. The published date of the actual
2 deletion directly contradicts Finra's assertions.

3
4 Finra then admits it prepared both the 12-6 & 12-8 Corporate action notices
5 changing the word deletion to Cancellation and that it was their Corporate Action
6 notices. This provides further evidence that as of 12-6 at latest (however the
7 prospectus was final on November 25, 2022 so their knowledge of the MMTLP
8 stock issues was well prior to 12-9) when they declared an extraordinary event to
9 protect their cronies from losing billions while evading taxes while pretending that
10 this MMTLP thing was new to them they knew and controlled what was going on in
11 concert with the other Defendants. In fact, Finra's representative and agent, with the
12 initials C.L. completely took charge of the handling and wording of the Corporate
13 action notices (This was learned by plaintiff after 3-16-2023). Since Finra admits to
14 controlling the Corporate Action notices and if we believe their "story" about the
15 settlement issue, they could have extended deletion, cancellation and settlement
16 dates by 2 days per a new Corporate action and shorts would have been able to
17 close. However, the easy way for Finra to have handled it and to not clearly favor
18 the short hedge funds and brokers who would be responsible for the loss, would have
19 just made it Buy to Close. Doing it the illogical and convoluted way they engineered
20 only protects naked shorters, illicit Market makers and the Broker-Dealers and all
21 defendants, or so they thought.

22
23
24 Point 6-What happens to Investors if they did not sell MMTLP prior to the halt?
25 Finra deceptively asserts that investors are entitled to NB shares (1 to 1). However,
26 Finra has already admitted in this document that short positions were carried over to
27 NB (thereby admitting dilution and no 1 to 1 transfer as required) and that none of
28 the Defendants who were involved in the process in any way did anything to stop it.

1 Point 7-What would have happened if trades had been executed after the 8th? Finra
2 falsely asserts that the transactions could not be timely settled. However ,as has been
3 a practice, the security could be made Buy to Close only and that would have
4 eliminated any settlement issues. As a more complex alternative, as Finra admits
5 having generated the Corporate action notices, they could have generated a
6 Corporate action notice extending the settlement, deletion and cancellation dates by
7 2 days. The way all Defendants elected to handle this matter only served to benefit
8 short interests and harm Plaintiff.

9
10 Point 8-Public Data Short sale activity. –Finra admits to inaccuracies in the numbers
11 reflected of short shares but admits to the existence of short shares in MMTLP in
12 November 2022. Then Finra admits that due to another coding error, that the naked
13 shorting evidenced by weeks of continuing failures to deliver were in error due to a
14 coding issue but admitted that it did meet the qualitative criteria to be considered as
15 such. Finra’s admission of another purported error, coincidentally just on the
16 MMTLP short positions , again, and besides the seeming convenience of coding
17 issues, investors, such as Plaintiff reasonably rely on this materially false
18 information that Finra and others put out in making investment decisions. I certainly
19 did. This appears to be tantamount to an admission of securities fraud.

20
21 Point 9-What happens if Short Positions were not closed out—Recall in all of the
22 Motions now before the Court filed on or about 3-15-2023 (coincidentally) one day
23 prior to the FAQ, there were absolute and unqualified denials of the existence of
24 short positions. Now, in the FAQ, not only is there not a denial but Finra discloses
25 that short positions from MMTLP would just be moved over to NB. This confirms
26 that contrary to a 1 to 1 transfer from MMTLP to NB, that same could not have
27
28

1 occurred since short shares would dilute that 1 to 1 split. Obviously since Finra
2 halted trading, the short positions could never cover.

3
4 Finra, seeming to think that incompetence insulates them & implicitly admits that in
5 the Corporate Action Notices they were incompetent in not specifically using the
6 language to compel short positions to close or extinguish any obligations associated
7 with the short positions. Besides evidencing another example of the regulators not
8 doing their jobs, like all other “errors” uniquely committed by Finra as to the
9 MMTLP matter, their “mistakes” coincidentally only benefited short position
10 holders, Market makers and Broker Dealers. Retail investors relied on the
11 pronouncements of regulators. Now to tell retail to take a hike, as Finra seemingly
12 does in its FAQ, despite its admitted incompetence and seeming criminal maneuvers
13 and fraud is not fair, appropriate nor just.. **That position in fact taken by**
14 **Defendants is justification for the Court to order that discovery move forward.**

15
16
17 Fidelity, related to this point 9, and directly contradictory to what is claimed by
18 Defendant Fidelity in its instant moving papers, on or about 3-21-2023 Fidelity not
19 only did not deny it has short NB shares it is holding, but suggested that it did hold
20 such shares, would attempt to resolve those positions at some point but that the
21 situation regarding MMTLP to NB was currently unsettled and that they would not
22 address it otherwise. This confirms that what Finra suggested in Point 9 about the
23 transfer from MMTLP to NB of counterfeit short positions did occur. This does not
24 even discuss the issue of the naked shorts.

25
26 Additionally, why did the Broker-Dealers and DTCC, as in all proper transactions,
27 not facilitate a new Corporate Action with Finra in this matter. We know that DTCC
28

1 was directly involved in meetings regarding the MMTLP/NB matter with issuers the
2 week of December 6, 2022 and attended meetings regarding the Corporate action
3 notice that Finra refused to attend on or about December 8, 2022. It did not make
4 sense that Finra through C.L. (Learned by plaintiff since 3-16-2023) suddenly hid
5 and failed to engage just prior to the U3 halt. **The fact that Finra failed to attend**
6 **the meeting early on the 8th is evidence that this scheme was in motion long**
7 **before the halt was placed.**

8
9 Note, it makes no sense per the circumstances that Finra claims arose at the very last
10 minute justifying a U3 halt only benefitting Finra's cronies, since Finra and the other
11 defendants was aware of this for years. If Defendants intended to serve the public
12 interest it would have been easily taken care of in a fair manner. When taken with
13 the illogical and excessive shorting on 12-8-2023, one can only conclude that this
14 was not only intentional misconduct but criminal misconduct.

15
16 All parties have now confirmed that short positions in NB cannot close (All agree
17 NB cannot currently trade no matter whether it is publicly reporting private or
18 Public). All Defendants who participated in the process, as now confirmed and
19 explained by Defendant Finra in it FAQ of 3-16-2023, therefore knew that as to short
20 positions opened on 12-8-2023 where the stock price crashed from \$8.25 to \$2.88
21 due to illogical shorting of the MMTLP shares, since NB could not trade, and since
22 Defendants elected not to have short positions close as of 3-27-2023, **Short holders**
23 **have not paid the taxes due from those gains and will not because they will**
24 **never be forced to close their position because NB will not trade** (The prospectus
25 and prior corporate filings reinforce that NB like MMTLP itself was never intended
26 to trade). So this appears to be Conspiracy to commit tax evasion, aiding and
27 abetting tax evasion and other crimes (possible money laundering). This criminal
28

1 misconduct appears to be separate and apart from Securities Fraud also occasioned
2 obviously herein. Again, as of 3-21-2023, Fidelity, contrary to what they are
3 asserting herein, stated that this is an ongoing event and nothing has been settled.
4

5 Much of this is new matter arising from both the 3-16-2023 Finra FAQ as well as
6 new communications and admissions by Fidelity on 3-21-2023 as well as the 3-21-
7 2023 other communication where the reason for the halt—in essence the dark pool
8 preview too high a price for shorts to have to pay- all are new material facts that
9 support Plaintiff's claims and could be added to the complaint if needed. However,
10 especially with these new disclosures and admissions, it is obvious that Defendants
11 are on sufficient notice of Plaintiff's claims and that their claimed ignorance in their
12 moving papers is no more than a ruse. **How can NB even operate and govern**
13 **themselves, hold meetings, etc. if they cannot tell how many shareholders or**
14 **outstanding shares there are?** How would they even be able to distribute dividends
15 (likely to come from its oil and gas assets).
16

17
18 Point 10—What Should Investors do if they have not received Next Bridge Shares-
19 Basically their answer, do not bother us get it from your brokers. The language used
20 by Finra, that accounts should reflect the position in NB as opposed you have a
21 position in NB is intentionally vague. Since Finra has admitted that short positions
22 exist in NB and Fidelity has confirmed it, then by definition investors could not have
23 received what they paid for.
24

25 Point 11-Are NB shares Tradeable—Finra confirms the 11-18-2022 S-1 and
26 prospectus suggesting that NB is an independent public reporting company (but
27 selectively and suspiciously leaves out the language that NB was not expected to
28

1 trade and that everything disclosed by NB suggested that it was intended to be
2 private (but public reporting). In new matter, however, despite the fact that NB
3 clearly indicated no intention to trade NB, **Finra admits that NB is not currently a**
4 **tradeable security.** In essence Finra is asserting the nonsensical claim that with the
5 right steps any company can be traded. However, it admits that certainly as to 3-16-
6 2023 NB was not tradeable. Therefore, shorts sellers cannot lawfully close out their
7 positions and as such possess counterfeit positions. Naked short sellers, prior to 3-8-
8 2023, are not even addressed.

9
10 This admission by Finra that NB is not tradable (Fidelity has confirmed this to
11 plaintiff) is new matter, an admission of culpability and potential criminal
12 wrongdoing again supporting tax evasion, aiding and abetting tax evasion and
13 similar misconduct. It has devalued and harmed plaintiff's interests and of all retail
14 investors. It has also harmed all citizens of this country by denying the US the tax
15 revenue it needs, especially now where there appears to be a financial liquidity
16 crisis.

17
18 Moreover, we know that at a minimum that on 3-8-2023 at closing, there were
19 almost 10 million new short positions that could not have been closed—those traded
20 that very day. That is in addition to the hundreds of millions of illegal short shares
21 that are believed to exist but hidden by Defendants.

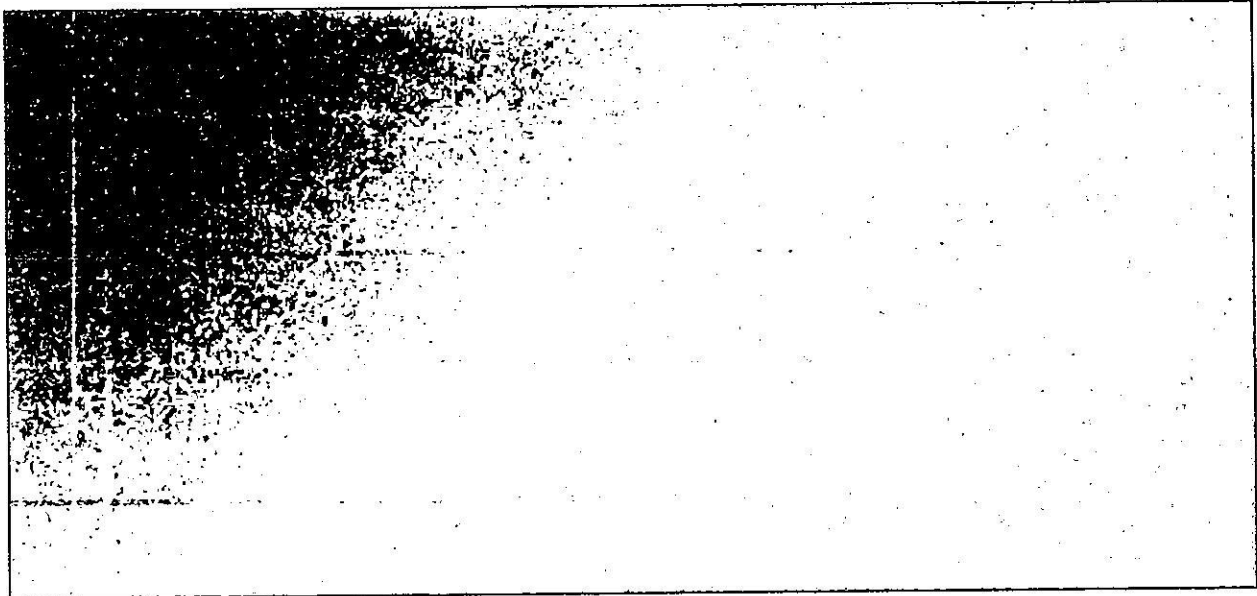
22
23
24 Again, the Act Speaks for itself, investors paid monies for securities or for the option
25 to sell securities, and as of today, as admitted by Fidelity, and despite Defendants
26 basically asserting all was well as of 12-9-2023, something is rotten in the cupboard
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The above is true and correct under penalty of perjury under the laws of the State of California executed this 27th day of March, 2023 at Agoura Hills, Ca BY

RICHARD HOFMAN

EX 1



FINRA has received a number of questions relating to a corporate action and trading halt in the Series A Preferred Shares of Meta Materials, Inc. (Meta Materials) that traded under the symbol MMTLP. This *Investor Insights* article provides general information about how corporate actions and trading halts are processed as well as specific information related to MMTLP.

Corporate Actions—FINRA's Role

A corporate action occurs when a company makes a change that has or could have an impact on its stock and shareholders. Corporate actions include issuing a dividend, engaging in a stock split, or effecting a merger.

When a company decides to engage in a corporate action that affects a security listed on a national securities exchange, the company must provide notice to the listing exchange and comply with all applicable listing standards and rules of the exchange concerning that security. In contrast, when a company decides to engage in a corporate action that affects an unlisted security that trades in the over-the-counter (OTC) market, federal law requires that the company submit notice of the

corporate action to FINRA, and FINRA reviews the submission and publishes a notification about the corporate action to the marketplace (unless the submission is deemed deficient by FINRA). This function helps to keep investors and the market informed of corporate actions affecting OTC securities and of relevant dates.

A company can have both listed and unlisted securities, so different rules can apply to the same company depending on which security is the subject of a corporate action. In any event, FINRA does not initiate, approve, or conduct the underlying corporate action that the company is making, and the company itself is responsible for making sure the corporate action complies with all applicable laws and regulations.

FINRA regulates broker-dealers that facilitate investor access to the securities markets, including the OTC market. However, unlike securities exchanges that list securities, FINRA does not establish listing standards or otherwise regulate the companies that issue OTC securities.

The MMTLP Corporate Action

Meta Materials' Series A Preferred Shares were issued in connection with the June 2021 merger between Torchlight Energy Resources and Metamaterial Inc. While the company that resulted from the merger—Meta Materials—had common stock that became listed on Nasdaq, the Series A Preferred Shares were unlisted. These unlisted shares were freely tradeable under federal law and began trading in the OTC market under the symbol MMTLP (further discussion below).

On July 15, 2022, the company filed a Form S-1 registration statement with the Securities and Exchange Commission (SEC) to register the common stock of Next Bridge Hydrocarbons, Inc. (Next Bridge), which at that time was a wholly owned subsidiary of Meta Materials. As disclosed in the registration statement, Meta Materials would distribute to MMTLP shareholders one share of Next Bridge common stock per one share of MMTLP held, and would cancel the Series A Preferred Shares trading under the symbol MMTLP. According to the Form S-1 filed, immediately after the corporate action, Next Bridge would be an independent public reporting company. After several amendments, the registration statement for the Next Bridge shares became effective on November 18, 2022.

On November 23, 2022, Meta Materials issued an announcement regarding the Next Bridge / MMTLP corporate action, stating that each holder of its Series A Preferred Shares—MMTLP—as of December 12, 2022, would become entitled to receive one share of the common stock of Next Bridge for every one share of MMTLP held. Meta Materials also stated that the Next Bridge shares would be distributed to MMTLP shareholders on December 14, 2022, at which time all MMTLP shares would be automatically cancelled and MMTLP holders would cease to have any rights with respect to those shares. In addition, the company stated that the Next Bridge shares received in the distribution would not be eligible for electronic transfer through The Depository Trust Company (DTC) (or through any other established clearing corporation).

As required by federal law, Meta Materials also notified FINRA of the Next Bridge / MMTLP corporate action. Consistent with the information provided by Meta Materials, on December 6 and 8, 2022, FINRA provided public notice of the corporate action on FINRA's website. FINRA's corporate action notice stated that the Next Bridge shares would be distributed to those MMTLP shareholders with settled positions as of December 12, 2022, and further clarified that any purchasers after December 8, 2022, (*i.e.*, those with trades due to settle on or after December 13, 2022) would not be entitled to receive Next Bridge shares in the corporate action distribution. FINRA's corporate action notice also stated that the MMTLP symbol would be deleted effective December 13, 2022 (*i.e.*, when an issuer cancels shares, FINRA will likewise delete the symbol; see the company's announcement stating that the MMTLP shares were to be cancelled as of the December 14, 2022, distribution date of the Next Bridge shares).

On December 9, 2022, FINRA halted trading in MMTLP. One of FINRA's roles in regulating the activities of broker-dealers trading OTC equity securities is exercising the authority to require such firms to halt quoting and trading activities when FINRA determines that doing so is necessary to protect investors and the public interest. Since imposing the halt, FINRA has received questions regarding the MMTLP trading halt and its impact on investors. Below are answers to some questions FINRA has received.

1. Why did FINRA halt trading in MMTLP?

FINRA is permitted under its rules to impose a quoting and trading halt in an OTC equity security where FINRA determines that an extraordinary event has occurred or is ongoing that has had a material effect on the market for the security or has caused or has the potential to cause major disruption to the marketplace or significant uncertainty in the settlement and clearance process. FINRA made such a determination for MMTLP and halted trading on December 9.

Among FINRA's concerns were the facts that, after December 12, the MMTLP shares would cease to be DTC-eligible; MMTLP shares would be cancelled at the time of the distribution (*i.e.*, December 14); and Next Bridge common stock was not expected to be DTC-eligible—raising uncertainty regarding how transactions executed after December 8 would settle in an orderly manner in relation to these dates. Had MMTLP continued trading after December 8, there was the possibility that investors buying MMTLP during that time period may not have realized that those shares were about to be cancelled by Meta Materials, that they may not receive MMTLP shares before they were cancelled, and that they would not be recorded on December 12 as MMTLP holders eligible to receive Next Bridge common stock in the distribution.

(close position only) 12-9/12-12

2. Why did FINRA halt trading on December 9 if shareholders as of December 12 were entitled to receive the Next Bridge distribution?

FINRA halted trading in MMTLP on Friday, December 9, because securities transactions typically must settle within two business days in accordance with SEC rules. This means that trades in MMTLP executed on December 8 typically would settle on December 12, while trades executed on December 9 or December 12 typically would not settle until after December 12. This is important because a seller ceases to be a holder of shares and a purchaser becomes a holder of shares only after a transaction settles. Therefore, for purposes of the Next Bridge / MMTLP corporate action, only those trades in MMTLP that were executed on or before December 8 typically would have settled in time to establish the purchaser as a new holder of the shares as of December 12.

In addition, after December 12, the MMTLP shares would no longer be DTC-eligible (and the Next Bridge shares were not expected to be DTC-eligible). This means that after December 12, any unsettled trades in MMTLP would have needed to be

handled through broker-to-broker processes outside of DTC. Thus, there was uncertainty about whether trades executed *after* December 8 would settle in an orderly manner, including whether they would settle before the MMTLP shares were cancelled on December 14.

In other words, for trades in MMTLP executed after December 8, the seller of MMTLP shares would still have been recorded as the holder eligible to receive Next Bridge shares as part of the corporate action distribution, and the buyer would not be recorded as eligible to receive Next Bridge shares in the distribution. Moreover, the buyer would have purchased shares that would be cancelled on December 14, and there was uncertainty as to whether these trades would be settled in an orderly manner before the cancellation date. *See also* Question # 7 below.

3. Has the MMTLP trading halt ended?

Yes. As stated in the MMTLP trading halt notice published on December 9, the MMTLP halt ended concurrent with FINRA's deletion of the MMTLP symbol, which occurred on December 13, 2022. FINRA's website was updated on February 16, 2023, to reflect the December 13 end of the trading halt (this update occurred later than normal due to a coding issue introduced in connection with a system migration). The MMTLP shares were cancelled by the issuer on December 14 and therefore it has not been possible to trade them since that time, irrespective of the halt status displayed on FINRA's website.

4. How were MMTLP shares publicly quoted and traded in the first place?

The answer to the question of whether a security is freely tradeable is determined by the application of federal law, including any applicable SEC rules. In this case, the issuer filed with the SEC a Form S-3 registration statement for the offering of MMTLP shares and obtained a CUSIP number. Thus, the registered MMTLP shares were freely tradable and were not subject to public trading limitations. Where a security is freely tradeable, a public market for the security may develop—as it did with MMTLP.

FINRA does not approve a company's issuance of securities or approve or determine when broker-dealers or customers may begin trading those securities. However, once a broker-dealer executes a transaction in an unlisted security, the

firm is required by FINRA rules to report the executed transaction to FINRA. And where a symbol does not yet exist for the security, the broker-dealer must request a symbol from FINRA. Because the Series A Preferred Shares had a CUSIP number, FINRA assigned the MMTLP symbol in 2021 upon request by a broker-dealer to facilitate electronic reporting of an executed transaction that occurred in the security.

This trade reporting process is separate from the process by which a broker-dealer begins quoting a security in compliance with SEC Rule 15c2-11. Rule 15c2-11 requires a broker-dealer, prior to quoting a security on its own behalf, to review specified information about the company that issued the security (unless an exception applies). In some cases, a broker-dealer also must file a form with FINRA—a Form 211. In this case, FINRA did not receive a Form 211. Instead, broker-dealers relied on an exception to SEC Rule 15c2-11 that permits broker-dealers to publish a quotation for unsolicited customer orders.

5. Did FINRA cancel the MMTLP shares? Did FINRA delete the MMTLP symbol?

FINRA did not cancel the MMTLP shares. The issuer, Meta Materials, cancelled the shares effective December 14. In fact, FINRA does not and cannot cancel any securities that are issued by a company—this was an action of the issuer. However, just as FINRA assigns symbols to unlisted securities, FINRA also can unassign or “delete” a symbol, for example, where it is no longer needed to quote or trade a security. In this case, FINRA deleted the MMTLP symbol on December 13 in light of the imminent cancellation of the shares as announced by the company in connection with the Next Bridge / MMTLP corporate action.

On December 8, FINRA amended its original December 6 corporate action announcement to clarify, among other things, that it would be deleting the MMTLP symbol on December 13 rather than cancelling the shares (because the issuer itself was responsible for cancelling the Series A Preferred Shares). Because the MMTLP shares have been cancelled by the issuer, they can no longer be traded, and the symbol can no longer be reinstated.

6. What happened to investors who did not sell their MMTLP shares prior to the trading halt?

Investors who had settled positions in MMTLP on December 12 were holders entitled to receive shares of Next Bridge as part the Next Bridge / MMTLP corporate action. Thus, applying the standard settlement cycle of T+2, an investor who did not sell MMTLP by December 8 would receive Next Bridge shares in the distribution—and this would be the case even had FINRA not halted trading on December 9.

As described in the Next Bridge prospectus filed with the SEC, Next Bridge anticipated that the distribution process for the Next Bridge shares would take about two weeks and would be effected by its transfer agent, American Stock Transfer & Trust Company LLC. Transfer agents work for securities issuers to record changes of securities ownership, maintain security holder records, cancel and issue certificates, and distribute dividends. SEC rules and regulations include registration and other requirements for registered transfer agents. FINRA does not regulate transfer agents and does not have a role in distributing securities as part of a corporate action.

See also Question #10 regarding what investors should do if they have not received their Next Bridge shares and Question #11 regarding whether the Next Bridge shares are tradeable.

7. What would have happened to any trades executed after December 8 had FINRA not halted trading in MMTLP?

As mentioned above, applying the T+2 settlement cycle, trades executed after December 8 would not have settled in time for the purchaser to become a holder of the MMTLP shares by December 12. Any trades in MMTLP not settled by December 12 would have needed to be resolved through broker-to-broker processes outside of DTC. There also was concern that the MMTLP shares may have been cancelled by the issuer before broker-to-broker settlement occurred. In addition, there was the potential for confusion and disagreement in the settlement process among the parties with respect to which security should be delivered to the buyer. For example, an investor entering a buy order in MMTLP on or after December 9 may not have understood that they would not be a holder entitled to receive the Next Bridge shares in the corporate action distribution (because the seller of MMTLP shares during that time period would have received Next Bridge shares as part of

the distribution), and that the MMTLP shares purchased would imminently be cancelled.

8. Is there public data concerning short sale activity in MMTLP?

Yes, there are several data sets published by FINRA and the SEC about short sale activity that include data for MMTLP.

Short Interest Data: "Short interest" in a security is a snapshot of the total open short positions existing on the books and records of broker-dealers for that security on a given settlement date. FINRA's short interest reports reflect short positions held both in customer and proprietary accounts and are published twice each month. FINRA published short interest reports for MMTLP from October 15, 2021, through November 30, 2022 (the last short interest reporting settlement date available for MMTLP). These reports are available on [FINRA's website](#). Short interest reports for Next Bridge are not available on FINRA's website because firms report short interest by security symbol and Next Bridge does not have a symbol. FINRA is considering how it might enhance the usefulness of the short interest information available to investors, which could include changes to the content and frequency of the short interest reporting.

Short Sale Volume: FINRA also publishes [daily short sale volume data](#) by security for OTC equity securities. Importantly, while the two data sets are related in that short sale volume activity may ultimately result in a reportable short interest position, they are not the same. In fact, a particular short sale will not necessarily result in a short position that is later reported in FINRA's short interest report. For example, while the total short sale volume for transactions in MMTLP that settled from November 16, 2022, through November 30, 2022, was 7,413,679 shares, the published short interest for MMTLP on settlement date November 30, 2022, was 4,658,068 shares.

Differences in the two data sets are expected and occur for a variety of reasons; for example, where a short sale has been covered (either on the same day or at another time prior to the short interest reporting settlement date), which means that there is no longer a short position to report as short interest by the reporting settlement date. As another example, the daily short sale volume may reflect the execution of a short sale transaction by a firm solely to facilitate an immediate

execution of a customer long sale, such that the short sale does not and was not intended to result in a short position. FINRA encourages investors to review information on the differences between these data sets. Importantly, the daily short sale volume does not equate to an end-of-day short position and should not be confused with short interest.

Fails-to-Deliver: The SEC publishes data on the total quantity of “fails-to-deliver” per security as of each reporting settlement date. As the SEC has explained, a fail-to-deliver can occur as the result of either a long or a short sale. For example, a fail-to-deliver can result from a “naked” short sale—where the seller does not borrow or arrange to borrow shares in time to make delivery to the buyer within the standard settlement period. A fail-to-deliver also may result from a long sale where there was a delay in the delivery of shares within the standard settlement period.

Among other things, SEC Regulation SHO imposes close-out requirements for fails-to-deliver in equity securities. These requirements include close-outs of fails-to-deliver in threshold securities. A “threshold security” is a security that meets defined criteria designed to address concerns regarding large and persistent failures to deliver and potentially abusive “naked” short selling. Regulation SHO’s threshold security criteria include quantitative standards that apply to the securities of issuers that are SEC-reporting companies. FINRA has a separate rule, with a different quantitative threshold, for the securities of issuers that are not SEC-reporting companies.

Due to a systems coding issue, FINRA incorrectly classified MMTLP as the security of a non-SEC-reporting company and, as a result, incorrectly published its “Threshold Securities List” showing that MMTLP met the FINRA threshold standard from October 22, 2021, through January 4, 2022, and from October 17, 2022, through December 13, 2022. While MMTLP did meet the quantitative criteria under FINRA Rule 4320, it was subject to the Regulation SHO standard instead because MMTLP was issued by an SEC-reporting company. Since it began trading in October 2021, MMTLP did not have fails-to-deliver of the size or duration that would have rendered it a threshold security under Regulation SHO, and it was therefore an error to publish it on the Threshold Securities List. FINRA has now removed MMTLP from the Threshold Securities List.

9. What happens if short positions in MMTLP were not closed out before FINRA halted trading?

Broker-dealers have operational conventions in place for adjusting short positions following a corporate action. In this instance, FINRA understands that firms have adjusted short positions in MMTLP to reflect an equal size short position in Next Bridge (*i.e.*, an account with a short position of 100 shares of MMTLP now reflects a short position of 100 shares of Next Bridge). In other words, the corporate action did not compel short positions to be closed or extinguish any obligations associated with outstanding short positions.

10. What should investors do if they believe they have not received their Next Bridge shares?

If you held a settled position in MMTLP on December 12, 2022, your account should reflect your position in Next Bridge. Your broker-dealer is required to maintain possession or control of your shares in compliance with federal law. You also may request a transfer of shares from the broker-dealer's name to your name; however, this transfer may take time to achieve and your broker-dealer or the transfer agent may charge a fee for this service. If you believe that your shares are not properly reflected in your account or your broker-dealer has not been willing to transfer your shares pursuant to your instructions, you should contact your broker-dealer to understand the status of your Next Bridge shares.

Your broker-dealer may reflect your Next Bridge shares in your account using a numeric or alphanumeric identifier. Different firms may use different identifiers because an official CUSIP number, which is an identifier assigned by CUSIP Global Services at the request of the issuer—not FINRA— has not, to date, been assigned to Next Bridge common stock. The absence of an official CUSIP number does not affect the status of the Next Bridge shares reflected in your account. If you believe that your broker-dealer has not provided a satisfactory explanation to your questions, you may submit an investor complaint to FINRA.

11. Are the Next Bridge shares tradeable?

As discussed above, Next Bridge filed a Form S-1 registration statement with the SEC to register 165,523,363 shares of common stock, which became effective on

November 18, 2022. According to the prospectus, Next Bridge is an independent public reporting company. The registered shares are freely tradeable under federal law.

As of the date of this article, the Next Bridge shares neither have a CUSIP number nor a security symbol. If Next Bridge were to obtain a CUSIP number, that would facilitate secondary market trading. Broker-dealers would be able to request that FINRA assign a symbol to the Next Bridge shares in connection with quoting and trading activity (where such request is consistent with FINRA rules and policies and with federal law). However, even without a CUSIP number, any trades in Next Bridge shares executed by a broker-dealer must be reported by the firm to FINRA for regulatory purposes through a file submission process.

As part of its mission, FINRA provides resources on its website to assist retail investors through the investment process. As relevant to the questions around trading in MMTLP, FINRA has published Investor Insight articles addressing short interest and short sale volume data, as well as corporate actions and the mechanics and risks of trading OTC securities. Visit FINRA's For Investors webpage for more information.

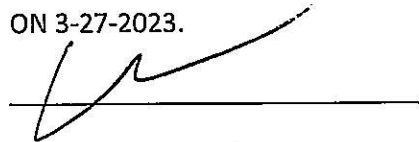
CERTIFICATION OF WORD COUNT & PROOF OF SERVICE VIA email

I, HEREBY CERTIFY THAT ON THIS 27th day of March 2023, the foregoing document was electronically filed with the clerk of Court via the CN/ECT system, which will send notification of and the filing to all counsel of record.

WORD COUNT-

Pursuant to local rules, I hereby certify that the foregoing document contains 4547 words per the Microsoft Word system used in preparation of this document.

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT. THIS CERTIFICATION IS EXECUTED IN AGOURA HILLS, CALIFORNIA, ON 3-27-2023.

A handwritten signature in black ink, appearing to read 'Richard Hofman', is written over a horizontal line.

RICHARD HOFMAN

PROOF OF SERVICE VIA mail and email

I, THE UNDERSIGNED, DECLARE THAT I AM OVER THE AGE OF 18 AND AM NOT A PARTY TO THIS ACTION.
I WORK AT 29219 CANWOOD ST, SUITE 101 AGOURA HILLS, CA 91301

ON THE DATE BELOW I SERVED A COPY, WITH ALL EXHIBITS, OF THE FOLLOWING DOCUMENT(S):
DECLARATION RE MOTION TO DISMISS FINRA

Greenberg Glusker

LORI WERDERITCH ESQ via email

2049 Century Park East, Suite 2600

LA, Calif 90067

MORGAN LEWIS

C/O JOSEPH FLOREN

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PROSKAUR


C/O KELLY M. CURTIS

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BY EMAILING THE REFERENCED DOCUMENTS TO EACH PARTY AT THE INDICATED ADDRESS ON ³ 12/1/2023

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT. THIS DECLARATION IS EXECUTED IN AGOURA HILLS, CALIFORNIA, ON 3/25/2023.



A handwritten signature in black ink, appearing to read 'Eric Adler', is written over a horizontal line.

ERIC ADLER