IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

WIGBERTO LUGO-MENDER, as the duty appointed Trustee in the liquidation of EURO PACIFIC INTERNATIONAL BANK, INC., *Plaintiff*, v. **QENTA, INC.; PETER D. SCHIFF; BRENT DE JONG; ET AL.,** *Defendants.* **EURO PACIFIC FUNDS SCC LTD.; EURO PACIFIC SECURITIES, INC.; EURO PACIFIC CARD SERVICES LTD.; AND GLOBAL CORPORATE STAFFING LTD.** *Parties in Interest.*	**CIVIL NO.**: 25-1501 (PAD)

MOTION FOR SANCTIONS PURSUANT TO FED.R.CIV. P. 11

I. INTRODUCTION

This lawsuit is not just legally baseless, it is a flagrant abuse of judicial process, cloaked in the false legitimacy of regulatory oversight. The Trustee, a court-appointed fiduciary acting under the direct supervision of Puerto Rico's banking regulator, the Office of the Commissioner of Financial Institutions ("OCIF," based on its Spanish acronym), has weaponized his position to launch a defamatory and sanctionable attack against Defendant Peter D. Schiff. The egregious nature of this conduct cannot be overstated: the Trustee answers to the very agency tasked with safeguarding the integrity of the financial system, yet he has filed a Verified Complaint riddled with demonstrably false allegations, glaring omissions, and a reckless disregard for the truth. That OCIF, an institution entrusted with protecting depositors, has tacitly endorsed this litigation lends it an undeserved air of credibility that must be stripped away.

This is not a case of mistaken facts or good-faith error. The Trustee has been intimately involved in every step of EPB's liquidation, has received countless emails from Mr. Schiff offering assistance, and has witnessed firsthand Mr. Schiff's efforts to recover tens of millions in customer assets. Yet, instead of acting to prevent Defendants Qenta, Inc. ("Qenta") and Brent de Jong ("De Jong") from misappropriating over $30 million in customer assets, the Trustee has chosen to vilify the one individual who took legal action to protect EPB's depositors. The inclusion of Mr. Schiff in this lawsuit is not just unjustified, it is retaliatory, deceptive, and sanctionable under Rule 11.

This motion exposes how the Trustee falsely accused Mr. Schiff of conspiring with Qenta to defraud EPB's customers, despite lacking a single document, communication, or statement authored by Schiff to support that charge. The Trustee's deliberate omission of critical facts, including Mr. Schiff's legal action to recover $80 million in customer assets and his successful efforts to reclaim over $10 million in silver from Qenta, reveals an intentional attempt to mislead the Court. Similarly, legal theories advanced, under the Commodity Exchange Act and RICO, are not just weak; they are wholly unsupported by law and fact, failing even the most basic pleading standards.

Most troubling of all, this lawsuit was filed not to protect EPB's customers, but to retaliate against Mr. Schiff for his constitutionally protected advocacy and criticism of the Trustee's inaction. The Trustee's decision to include Mr. Schiff, despite knowing he played no role in any fraudulent scheme, is a transparent attempt to silence dissent and inflict reputational harm. That this conduct is being facilitated by OCIF, a governmental regulator entrusted with safeguarding the public interest, is a stunning breach of public trust. Rule 11 sanctions are not only warranted, but they are also essential to deter this abuse of process and restore integrity to these proceedings.

II. FACTUAL AND PROCEDURAL BACKGROUND

On January 28, 2016, Euro Pacific Intl. Bank, LTD. filed a petition with the OCIF to organize an International Financial Entity (IFE) under the name Euro Pacific Intl. Bank, LLC, as a subsidiary of the parent entity. (*See* Docket No. 1-2, pp. 1-12.) On February 25, 2016, OCIF issued a permit to Euro Pacific Intl. Bank, LLC to organize as an IFE, pursuant to the provisions of Law No. 273-2012. (*Id.*)

On December 14, 2016, Euro Pacific Intl. Bank, LLC notified OCIF that it would not commence operations as a subsidiary of Euro Pacific Intl. Bank, LTD. in the jurisdiction of St. Vincent and the Grenadines. The entity requested that the Permit be transferred entirely to Euro Pacific Intl. Bank, Inc. ("EPB") (*Id.*) On January 4, 2017, OCIF approved the transfer and granted the Permit to Euro Pacific Intl. Bank, Inc., under the same conditions and requirements as the original Permit. (*Id.*) Subsequently, on February 9, 2017, OCIF issued License No. IFE-33 to EPB, authorizing the commencement of operations as an IFE under Law No. 273-2012. (*Id.*)

On June 30, 2022, OCIF issued an Administrative Complaint and Order to Cease and Desist ("Querella y Orden de Cese y Desista," by its Spanish title) against EPB, whose sole shareholder was Peter D. Schiff. (*See Id.*, pp. 1-21.) On August 9, 2022, to avoid litigation on the Cease and Desist, OCIF and EPB entered into a Consent Order for Liquidation and Dissolution ("Consent Order"), under which EPB agreed to surrender its IFE license and voluntarily proceed with the liquidation of its operations. (*See Id.*, pp. 22-33.)

One of the prerequisites for proceeding with this voluntary liquidation was the appointment of Lugo-Mender as Trustee. OCIF appointed him to oversee the liquidation and granted him broad authority to act on behalf of the institution. The Trustee was mandated to, *inter alia*, immediately take possession of all assets, liabilities, books, records, documents, and files belonging to EPB. He

assumed the functions of the Board of Directors and was tasked with organizing the affairs of the institution to ensure the prompt completion of its dissolution and liquidation. (*See Id.*, pp. 18-20.) The Trustee was likewise authorized to act on behalf of EPB to dispose of, sell, and liquidate its assets, and to engage in any transactions necessary to complete the institution's dissolution and liquidation. This included obtaining all required approvals and authorizations from OCIF. (*See Id.*, p. 29.)

The Consent Order also required EPB to submit a Voluntary Liquidation Plan to OCIF within fifteen (15) days of executing the Liquidation Order. The plan had to be approved by both OCIF and the Trustee and align with the policy objectives of Act No. 273-2012, particularly ensuring the protection of client deposits. EPB was responsible for covering all costs associated with the liquidation. Notably, the plan would become effective **only upon written approval by the Trustee and OCIF**. (*See Id.*, p. 26.)[1]

Another integral part of EPB's liquidation was the execution of the Purchase and Assumption Agreement ("PAA"), dated September 30, 2022. Through the PAA, EPB agreed to sell and transfer specific assets and liabilities to Qenta and two of its subsidiaries, G-Commerce DMCC, and Responsible Gold Trading DMCC. (*See Id*., pp. 68-83.) The assets included cash and cash equivalents, precious metals, subsidiary shares, assumed contracts, IT equipment, and EPB's website domain. The liabilities assumed were those owed to "Eligible Customers," as defined in the agreement.

The liquidation process encountered significant delays, primarily due to complications involving EPB's correspondent bank, Novo Banco, in Portugal. As of November 2023, the Trustee

[1] The Trustee suggests the plan was "prepared by Schiff himself", without acknowledging that both he and OCIF extensively revised and ultimately authorized the plan. Yet another example of the Trustee's lack of candor.

acknowledged in a customer update that the release of funds held at correspondent banks remained a major obstacle.[2] He stated, "Any distributions to customers will commence once the Plan of Liquidation is filed by the undersigned with the Puerto Rico regulatory agency and approved by the Commissioner."

Further complicating matters, on July 11, 2025, Qenta formally notified the Trustee of its intention to terminate the PAA. In its letter, Qenta emphasized that the transaction never closed and confirmed that it had not assumed any liabilities or obligations of EPB. Qenta also stated that it would cease all activities related to EPB and requested that the Trustee take appropriate steps to protect EPB's assets and customers.

Qenta's attempt to return customer-owned gold at its 2022 valuation, approximately $20 million, is a central point of contention in this case. The Court may take judicial notice of the fact that, as of 2025, the same gold is worth nearly $50 million, meaning Qenta stands to retain a windfall of roughly $30 million if allowed to proceed under outdated valuations. This maneuver, which Qenta has framed as a good faith return of assets, is in fact an effort to capture the appreciation in value that rightfully belongs to EPB's customers. Similarly, Qenta previously attempted to retain customer-owned silver valued at $5 million in 2022, which has since appreciated to over $11 million, as well as retaining and liquidating over $10 million of mutual funds, while returning only about $6 million to customers, which was the value of those funds back in 2022.

In response to Qenta's outrageous proposal, Mr. Schiff filed an emergency motion in the U.S. District Court for the District of Puerto Rico seeking to prevent the dissipation of approximately $80 million in customer assets. Schiff alleged that Qenta had unlawfully retained

[2] *See*: https://epbprliquidation.com/november-15-2023-liquidation-process-update/

these assets after terminating the PAA and had attempted to claim half of EPB's precious metals through a "discount" scheme. He requested a freeze on the assets, a full accounting, and expedited discovery. Although the court denied the motion on procedural grounds—finding that Schiff lacked standing to seek relief against a non-party—the decision left open the possibility for the Trustee to pursue similar remedies. Undeterred, Schiff filed a Verified Petition for a Temporary Restraining Order ("TRO") and Preliminary Injunction in New York state court, where Judge Linda S. Jamieson granted the TRO, finding a likelihood of success on the merits. The case was later removed to federal court, where Judge Kevin Castel affirmed the TRO but ultimately vacated it, citing Schiff's lack of standing and noting that it was the Trustee who had standing to sue on behalf of EPB.[3]

Instead of efficiently stepping into Mr. Schiff's shoes and pursuing the return of customer funds in the proper forum, on September 16, 2025, the Trustee filed a Verified Complaint alleging that Mr. Schiff, along with Qenta and other defendants, engaged in a scheme to misappropriate approximately $50 million in customer assets from EPB during its liquidation. (*See* Docket No. 1.) The claims against Mr. Schiff include violations of the Commodity Exchange Act ("CEA"), 7 U.S.C. § 1 *et seq.*, and the Racketeer Influenced and Corrupt Organizations Act ("RICO"), 18 U.S.C. §1964, asserting that he knowingly facilitated the transfer of assets under false pretenses. (*See Id.*)

More specifically, the complaint alleges that Mr. Schiff, as the sole shareholder of EPB, "lent credibility to Qenta's narrative and knowingly advanced a fraudulent scheme while disregarding his fiduciary duties to the bank's customers." Docket No. 1, p.3. The Trustee alleges that on September 1, 2022, EPB submitted a Voluntary Liquidation Plan prepared by Schiff, which

[3] Mr. Schiff's litigation against Qenta is extensively discussed in Mr. Schiff's response to the Trustee's request for injunctive relief. (*See* Docket No. 14, Section II(B).)

outlined the framework for winding down the bank's operations. (*Id.*, ¶15). A week later, on September 8, 2022, Schiff announced that Qenta would act as the acquiring entity, referencing a welcome letter signed by Qenta executives, and describing Qenta as the most efficient and transparent option to manage the liquidation process for the benefit of depositors. (*Id.*, ¶17). On September 30, 2022, Schiff, on behalf of EPB, executed the PAA between EPB and Qenta (¶22).

According to the complaint, between September 28 and November 9, 2022, Schiff and Qenta issued various written communications to EPB customers indicating that the migration of accounts and assets was underway. (*Id.*,¶28). These communications were disseminated through the EPB website, which the pleading states remained under the control of Schiff and/or Qenta (¶28). By December 5, 2022, Qenta publicly acknowledged that the transfers were incomplete, which the complaint characterizes as a reversal of prior updates jointly communicated by Qenta and Schiff. (*Id.*, ¶31). The pleading further contends that Schiff, in his capacity as EPB sole shareholder, facilitated Qenta's assumption of certain responsibilities. (*Id.*, ¶39). Finally, the complaint alleges that Schiff and/or Qenta retained control over certain customer information obtained through EPB subsidiaries, limiting access to that data by the Trustee, customers, and regulators, and thereby complicating the liquidation process overseen by OCIF. (*Id.*, ¶41).

This, in substance, is the full extent of the allegations leveled against Mr. Schiff, and they are not only facially deficient but, in several instances, demonstrably false. For example, the so-called "joint statements" allegedly issued between September and November 2022 are publicly accessible through the bank's website, of which the Court may take judicial notice[4]. None of these

[4] *See*: https://europacbank.com/support/bank-liquidation-update-20220902/

https://europacbank.com/support/bank-liquidation-update-20220902/

https://europacbank.com/support/bank-liquidation-update-20220916/

statements were authored by Mr. Schiff, nor did Mr. Schiff have any input into any of these statements. Rather, the plain language of these notices reflects they were issued by Euro Pacific International Bank and/or Qenta. More importantly, the Trustee is aware that Mr. Schiff did not have access to the Euro Pacific Bank website until July 30, 2025, after Qenta terminated the PAA. Mr. Schiff was able to recover control of the website from Qenta only after threatening a lawsuit to compel Qenta to return the bank's website to Schiff control, which was a requirement of the PAA. The fact that the notices authored by Mr. Schiff are signed in his name is proof positive of this fact.

The allegations that Mr. Schiff withheld information from the Trustee are demonstrably false. Under the Consent Order and Liquidation Plan, the Trustee had full control over all the bank's systems and records. Mr. Schiff retained copies of certain records that OCIF required him to keep in his personal possession for three years, in accordance with the Liquidation Plan. At all times, Mr. Schiff reasonably assumed the Trustee had complete access to the original records. It was only around the time Qenta terminated the agreement that Mr. Schiff learned the Trustee claimed to be missing records. Surprised by this, Mr. Schiff immediately emailed the Trustee, offering to share any customer information he had. Importantly, Mr. Schiff never had access to the bank's systems, even before the Trustee assumed control, as he was a shareholder and director, not

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https://europacbank.com/support/bank-liquidation-update-20221021/

https://europacbank.com/support/migration-update-20221101/

https://europacbank.com/support/migration-liquidation-update_20221205/

an officer or employee. The records in his possession were static copies generated by bank staff under the Receiver's direction. Despite Mr. Schiff's outreach, the Trustee never responded to his email and instead filed this lawsuit, alleging, among other things, that Mr. Schiff had deprived him of essential bank information. Finally, and most importantly, the Trustee is fully aware that Mr. Schiff never conspired with Qenta or participated in any fraudulent scheme related to EPB. The inclusion of his name in this lawsuit is therefore sanctionable under Rule 11.

III. RULE 11 STANDARD

Rule 11(b) of the Federal Rules of Civil Procedure provides in pertinent part that **"**[b]y presenting to the court a pleading, written motion, or other paper ─whether by signing, filing, submitting, or later advocating it─ an attorney […] ***certifies*** that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances" that the filing "is not being presented for any improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation;" that "the claims, […] and other legal contentions are warranted by existing law;" and that "the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery[.]." Fed. R. Civ. P. 11(b)(1)-(b)(3). The rule requires litigants and their counsel "to conduct a reasonable inquiry into the facts and the law before signing" and filing a pleading with the Court and prohibits them from submitting any matter (1) that lacks evidentiary support; or (2) for an improper purpose. *Soler v. P.R. Tel. Co.*, 230 F. Supp. 2d 232, 237 (D.P.R. 2002); *Molina v. Casa La Roca, LLC*, 2022 U.S. Dist. LEXIS 2356, *6-7 (D.P.R. Jan. 3, 2022); *Cruz v. Savage*, 896 F.2d 626, 630 (1st Cir. 1990).

Sanctions may be imposed on any attorney, law firm, or party that is responsible for violations of this Rule. Fed. R. Civ. P. 11(c)(1); *Alston v. Spigel*, 993 F.3d 27, 34 (1st Cir. 2021)

(sanctions may be imposed "for advocating a frivolous position, pursuing an unfounded claim, or filing a lawsuit for some improper purpose"); *Cruz*, 896 F.2d at 630 ("The purpose of Rule 11 is to deter dilatory and abusive tactics in litigation and to streamline the litigation process by lessening frivolous claims or defenses.").

Whether the attorney breaches his or her duty under Rule 11 to conduct a reasonable inquiry into the facts and the law "depends on the objective reasonableness of the litigant's conduct under the totality of the circumstances." *CQ Int'l Co., Inc. v. Rochem Int'l, Inc., USA*, 659 F.3d 53, 62 (1st Cir. 2011). In determining whether a party has failed to comply with Rule 11, the Court may examine a number of factors, including "the complexity of the subject matter, the party's familiarity with it, the time available for inquiry, and the ease (or difficulty) of access to the requisite information." *Id.* at 62-63. The reasonable inquiry standard is an objective one, and bad faith is not necessary for finding a violation. *Lockheed Shipbuilding Co. v. Ins. Co. of N.A.*, 1993 WL 358442 at ** 4-5 (D.R.I. April 2, 1993); *See also Lancellotti v. Fay*, 909 F.2d 15, 19 (1st Cir. 1990) (applying Rule 11's reasonable inquiry clause, the Court observed that "a pure heart no longer excuses an empty head"). Only a finding of culpable carelessness is required. *Cruz*, 896 F.2d at 634; *Lancellotti v. Fay*, 909 F.2d 15, 18-19 (1st Cir. 1990) (Rule 11 sanctions may be imposed due to groundless but "sincere" pleadings as well as for pleadings that, though not meritless, have been filed in bad faith); *CO International Co. v. Rochem International, Inc., USA*, 659 F.3d 53, 60 (1st Cir. 2011); *Montoyo-Rivera v. Pall Life Scis. PR, LLC*, 245 F. Supp. 3d 337, 347 (D.P.R. 2017).

A Rule 11 sanction "usually serves two main purposes: deterrence and compensation." *Navarro-Ayala v. Nunez*, 968 F.2d 1421, 1426 (1st Cir. 1992). "Encompassed within these objectives are several related subsidiary goals, e.g., punishing litigation abuse and facilitating case

management." *Id.* (citation omitted); *See also*, *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 393 (1990) ("the central purpose of Rule 11 is to deter baseless filings"); *Cruz v. Savage*, 896 F.2d 626, 630 (1st Cir. 1990) ("The purpose of Rule 11 is to deter dilatory and abusive tactics in litigation and to streamline the litigation process by lessening frivolous claims or defenses").

The U.S. Supreme Court has noted that, under Rule 11(c)(4), District Courts may award attorneys' fees "directly resulting from" misrepresentations in pleadings. *Goodyear Tire & Rubber, Co. v. Haeger*, 137 S.Ct. 1178, 1186 n.5 (2017). "Ultimately, imposing sanctions under Rule 11 is committed to the sound discretion of the court." *Vrusho v. Creative Transp. Servs., Inc.*, 2013 WL 6909446, at *2 (D. Mass. Dec. 31, 2013).

A motion to sanction a litigant or his counsel for violating Rule 11 must be (1) made separately; (2) served to the opposing party prior to filing; and (3) filed only if the opposing party does not withdraw the challenged matter within 21 days after service. Fed. R. Civ. P. 11(c)(2).

IV. ARGUMENT

A. The Verified Complaint's allegations against Mr. Schiff are verifiably false.

Rule 11(b)(3) "forbids parties and their counsel from alleging factual contentions that lack evidentiary support." *Top Entm't Inc. v. Ortega*, 285 F.3d 115, 118 (1st Cir. 2002) (affirming imposition of sanctions for filing false allegations in a complaint); *Molina*, 2022 U.S. Dist. LEXIS 2356 at *9-11, *16-18 (awarding sanctions for filing motion based on false allegations). A party's legal counsel is obligated to evaluate the client's statements for accuracy. And if those contentions are facially implausible, as would be the case if they conflicted with prior sworn allegations and claims, the attorney must conduct a deeper investigation. *See*, *e.g.*, *Patsy's Brand, Inc. v. I.O.B. Realty, Inc.*, No. 98 CIV 10175(JSM), 2002 WL 59434, at *1 (S.D.N.Y. Jan. 16,2002) (imposing sanctions on attorneys who "simply closed their eyes to the overwhelming evidence that statements

in [their] client's affidavit were not true"). At bottom, an attorney's "[b]lind reliance on the client is seldom a sufficient inquiry" under Rule 11. *Childs v. State Farm Mut. Auto Ins.*, 29 F.3d 1018 (5th Cir. 1994)); *see also Carona v. Falcon Services Co.*, 72 F. Supp. 2d 731, 732-33 (S.D. Tex. 1999) (rejecting claim that defendants committed "an honest mistake" when they submitted inconsistent affidavits by the same individual regarding defendant's own principal place of business).

Given the resulting proliferation of civil RICO claims and the potential for frivolous suits in search of treble damages, courts are instructed to place greater responsibility on the bar to inquire into the factual and legal bases of potential claims or defenses prior to bringing such suit or risk sanctions for failing to do so. *Chapman & Cole v. Itel Container Int'l B.V.,* 865 F.2d 676, 685 (5th Cir.) (Citation omitted). Rule 11's deterrence value is particularly important in the RICO context, as the commencement of a civil RICO action has "an almost inevitable stigmatizing effect" on those named as defendants. *Katzman v. Victoria's Secret Catalogue*, 167 F.R.D. 649, 660–61 (S.D.N.Y. 1996)(Citations omitted.)

The Trustee's Verified Complaint against Mr. Schiff is sanctionable under Federal Rule of Civil Procedure 11. The Complaint's central allegation, that Mr. Schiff conspired with Qenta to defraud EPB's customers, is not only facially implausible, but demonstrably false. What is worse, the Trustee and his counsel know it to be false and have proceeded with this lawsuit regardless of that fact.

The Trustee's Verified Complaint accuses Mr. Schiff of having "lent credibility to Qenta's narrative and knowingly advanced a fraudulent scheme" (Docket No. 1, p. 3), yet fails to cite a single document, communication, or statement authored by Mr. Schiff to support this serious allegation. This reflects the Trustee's deliberate intention to induce the Court to error.

The Trustee further alleges that EPB submitted a Voluntary Liquidation Plan on September 1, 2022, prepared by Mr. Schiff (*Id.*, ¶15). What the Complaint omits, however, is that this plan was not only submitted with the knowledge of the regulators—it was ultimately approved by both OCIF and the Trustee himself. (*See* Docket No. 1-2, p. 26.) That approval undermines any claim that the plan was part of a fraudulent scheme.

The Complaint also claims that between September 28 and November 9, 2022, Schiff and Qenta issued communications to EPB customers regarding the migration of accounts and assets. (Id., ¶28.) Yet the public record, namely EPB's own website, shows that all such updates were issued by EPB or Qenta, not Mr. Schiff personally. The Trustee's assertion that the website remained under Schiff's control during this period is demonstrably false, and the Trustee knows it is false. Qenta had full control of EPB's domain from September 30, 2022[5], until late July 2025, when Mr. Schiff regained access.

Finally, the Trustee alleges that Mr. Schiff and/or Qenta retained control over customer data, obstructing access by regulators and complicating the liquidation process. (Id., ¶41.) This claim is contradicted by the fact that the trustee was given complete control over all of the bank's systems and records on June 30, 2022, and by numerous emails in which Mr. Schiff explicitly offered to provide the Trustee with all information in his possession to assist in the liquidation. (*See* Exhibits 1, 2, and 3.) The only reason Mr. Schiff had copies of these records is that OCIF required that he keep them for three years, and the bank's staff, while under the Trustee' control, prepared the copies for Mr. Schiff pursuant to Schiff's request to comply with OCIF's requirement. Nothing prevented the Trustee from obtaining this information from the same source. The

[5] Control over the website passed on to Qenta upon execution of the PAA.

Trustee's failure to acknowledge these offers further illustrates the baseless nature of the allegations and supports the imposition of Rule 11 sanctions.

More egregiously, the Trustee's Verified Complaint omits the fact that Mr. Schiff filed suit against Qenta in New York state court seeking to enjoin the transfer or dissipation of approximately $80 million in EPB customer assets, including cash and precious metals.[6] This action by Mr. Schiff, taken after the Trustee ignored his pleas to join him in pursuit of Qenta,[7] plainly undermines the Trustee's entire theory of a conspiracy between Mr. Schiff and Qenta. The omission of these facts from the Verified Complaint is thus not accidental; it is a deliberate attempt to mislead the Court. Obviously, the fact that Mr. Schiff was the only party who took legal action to protect customer assets severely undercuts any theory that he was conspiring with Qenta. Thus, the Trustee deliberately omitted this fact from his complaint. The Trustee's failure to disclose this litigation, despite attaching hundreds of pages of exhibits to the Verified Complaint, underscores the deceptive nature of the pleading.

Likewise, the Trustee deliberately misled the Court by claiming he recovered over $10 million in customer-owned silver, despite knowing full well that it was Mr. Schiff who single-handedly secured the return of that silver from Qenta.[8] The Trustee made this false assertion because acknowledging the truth would unravel the central premise of his entire case. After all, it defies logic to suggest that Mr. Schiff was conspiring with Qenta to misappropriate customer assets while simultaneously going out of his way to recover $10 million worth of silver from Qenta's

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[6] *See generally* Docket No. 14, Section II(B); *see also* Docket No. 14, Exhibits 1-3.

[7] *See* Exhibits 4 and 5.

[8] See Docket Nos. 14-4, 14-5, and 14-6.

control and restore it to the bank. His actions are fundamentally incompatible with the Trustee's theory of conspiracy.

The Trustee's conduct is especially troubling given his dual role as a court-appointed fiduciary and a licensed attorney acting under the direct supervision of OCIF. Since the inception of the liquidation, the Trustee has been intimately involved in every aspect of the process, including the filing of the Verified Complaint. It is inconceivable that such a complaint, laden with factual misrepresentations and omissions, was filed without the express or tacit approval of OCIF and its Commissioner. That approval, whether explicit or implied, lends the Complaint an undeserved air of legitimacy and regulatory endorsement. OCIF's oversight is not passive. They are a knowing participant in this sanctionable conduct.

The Trustee has received, and been copied on, numerous emails from Mr. Schiff offering to provide all information in his possession to assist with the liquidation. He has witnessed Mr. Schiff's persistent follow-ups urging him to expedite the process, pressure Qenta, and ultimately sue Qenta to recover customer funds, all actions which he has offered to finance personally. The Trustee has also been copied on direct email exchanges between Mr. Schiff and Qenta, where both parties openly accuse each other of contributing to the collapse of the liquidation, undermining any suggestion of collusion. (*See* Exhibits 6, 7, 8, and 9.) What is perhaps most egregious is the fact that, in an August 9, 2025 email, Mr. Schiff laid out a clear roadmap for a legitimate claim against Qenta, detailing how customer assets were misrepresented and withheld in violation of public promises. Rather than pursuing this claim, the Trustee co-opted Mr. Schiff's analysis and twisted it into a conspiracy theory, casting Mr. Schiff as a co-conspirator in the very fraud he sought to expose. (*See* Exhibit 10.)

This is not a case where the Trustee suspects fraud but lacks proof. On the contrary, the Trustee knows there is no fraud involving Mr. Schiff. He has been read into every material development since day one. After three years of liquidation proceedings, thousands of emails, hundreds of documents, and countless meetings, not a single piece of evidence supports the existence of a fraudulent conspiracy. The inclusion of Mr. Schiff in the Verified Complaint is not a mistake; it is the product of a deliberate decision to proceed with a false narrative without regard to the consequences these actions may have on Mr. Schiff. Rule 11 sanctions against the Trustee and his counsel are not only appropriate, but they are also necessary to deter this abuse of process and restore integrity to the proceedings.

B. The Verified Complaint's legal theory is utterly baseless.[9]

Arguments within a filing should be "warranted by existing law or by a nonfrivolous argument for extending, modifying, or reversing existing law or for establishing new law." Fed. R. Civ. P. 11(b)(2). Attorneys who violate Rule 11(b) may face sanctions after being given notice and a reasonable opportunity to respond. Fed. R. Civ. P. 11(c)(1); *See also Figueroa-Rodriguez v. Lopez-Rivera*, 878 F.2d 1488, 1491 (1st Cir. 1988) (citation omitted) (Rule 11 incentivizes attorneys to act "in a manner bespeaking reasonable professionalism and consistent with the orderly functioning of the judicial system.").Where there is no reasonable basis for counsel to believe his client's claims are supported by the existing law, the court should impose sanctions. *Jones v. Sullivan*, 779 F. Supp. 1033, 1037 (W.D. Mo. 1991)(Citations omitted).Moreover, a belief, no matter how sincere, that the law supports the signer's position is not sufficient to satisfy the requirements of Rule 11. *Collin County, Texas v. Homeowners Ass'n for Values Essential to Neighborhoods (HAVEN),* 654 F.Supp. 943, 954 (N.D.Tex.1987). Where a reasonable amount of

[9] Mr. Schiff incorporates his *Motion to Dismiss the Verified Complaint* by reference for purposes of this argument.

research would have revealed that there was no legal foundation for the position taken, Rule 11 sanctions are appropriate. *In re Faires,* 123 B.R. 397, 404 (Bankr. D. Colo. 1991); *See* also *D'Orange v. Feely*, 877 F. Supp. 152, 161 (S.D.N.Y. 1995)(...there is very little room for doubt that had Plaintiff's counsel conducted any remotely reasonable inquiry regarding the RICO "pattern" requirement as interpreted in the Second Circuit, this action would never have been filed against the Crudo Defendants in a federal court.")

The Verified Complaint filed by the Trustee against Mr. Schiff is devoid of any legal or factual foundation and fails to satisfy the basic requirements of Rule 11(b)(2). As outlined in the *Motion to Dismiss*, the claims under the Commodity Exchange Act ("CEA") are legally unsupported, as Mr. Schiff is not alleged to have engaged in any of the four narrowly defined transactional categories that give rise to a private right of action under the statute. The Trustee's attempt to apply the CEA to custodial transfers of physical commodities during a liquidation process is plainly outside the scope of the law.

The RICO claims are equally frivolous. The Trustee fails to plead the existence of a cognizable enterprise, a pattern of racketeering activity, or fraud with the particularity required under Rule 9(b). The allegations against Mr. Schiff are speculative, conclusory, and demonstrably false. The Trustee does not identify a single misrepresentation made by Mr. Schiff, nor does he allege any conduct that could plausibly constitute wire fraud or financial institution fraud. Instead, the complaint attempts to recast routine business communications and post-liquidation correspondence as criminal acts. Accordingly, counsel for the Trustee should be sanctioned pursuant to Rule 11(b)(2). *See Hartz v. Friedman*, 919 F.2d 469, 474–75 (7th Cir. 1990) (Holding sanctions were warranted where "it [did] appear that counsel neglected to make reasonable inquiry into the applicable law before filing.")

C. Upon information and belief, the Verified Complaint was filed in retaliation for Mr. Schiff voicing his concerns about the stagnant liquidation of EPB.

Rule 11(b)(1) bars counsel from presenting any pleading with an "improper purpose, such as to harass, cause unnecessary delay, or needlessly increase the cost of litigation[.]" Courts typically infer the purpose of a filing from the consequences of the pleading. *See Bay State Towing Co. v. Barge Am. 21*, 899 F.2d 129, 132 (1st Cir. 1990) (record supported district court's conclusion that frivolous opposition to summary judgment motion was filed to delay proceedings). For instance, courts have inferred an intent to harass where the claim is frivolous and the situation indicates the filing party has some motive to harass, such as retaliation. *See e.g. Chaudry v. Gallerizzo*, 174 F.3d 394, 410-11 (4th Cir. 1999) (sanctions upheld where trial court determined that plaintiffs brought claims against debt collectors based on evidence that no "rational person" would have believed supported their claim).

The purpose of this lawsuit is not to recover assets for EPB or its customers, something the Trustee could have accomplished through a straightforward, low-cost path. Instead, this action appears designed to vilify Mr. Schiff in the eyes of EPB's customers and the public, while casting the Trustee as a hero despite his own gross negligence, dereliction of duty, and breach of fiduciary responsibility.

The Trustee himself acknowledges in his reply to Mr. Schiff's response to the motion requesting injunctive relief how central Mr. Schiff's reputation is to his livelihood. Specifically, the Trustee remarked that Mr. Schiff's response "is directed primarily at what seems to be a public effort to manage and protect his personal reputation and public image, a concern especially acute given his status as a known financial commentator, media personality, and public figure whose personal brand are built upon public trust and perception." Docket No. 25, p. 1. By asserting knowingly false and inflammatory RICO allegations, the Trustee sought to inflict reputational

harm that would alarm the thousands of customers who have entrusted their assets to Euro Pacific Asset Management—Mr. Schiff's other company, which shares branding with Euro Pacific Bank. The Trustee's actions are not only legally indefensible, but they are also transparently self-serving and harmful to the very individuals he is duty-bound to protect.

Moreover, upon information and belief, Mr. Schiff's inclusion in this lawsuit also appears to be retaliatory. After his New York lawsuit was dismissed for lack of standing, Mr. Schiff persistently contacted the Trustee, OCIF, and their respective counsel, urging them to take action to protect tens of millions of dollars in customer assets. (*See* Exhibit 11, 12, and 13.) While his communications were passionate and frequent, they were also constitutionally protected expressions concerning matters of public and financial importance. Nevertheless, the Trustee's counsel blocked Mr. Schiff's email[10], and OCIF's counsel issued a cease-and-desist letter in response to his outreach[11]. These facts strongly suggest that Mr. Schiff was named in this action not because of any legitimate legal claim, but as retribution for his persistent advocacy against the Trustee.

These circumstances, coupled with the demonstrably false claims brought against Mr. Schiff, strongly suggest that this lawsuit was not filed for any legitimate purpose, but rather as a retaliatory measure intended to silence him and to harm Mr. Schiff's reputation. The fact that this conduct is being promoted and facilitated by OCIF, a governmental regulatory agency entrusted with protecting financial consumers, is particularly troubling and striking. Sanctions are appropriate to deter this misuse of judicial process and to uphold the integrity of the proceedings.

D. Mr. Schiff demands an order authorizing discovery and a hearing.

[10] *See* Exhibits 14 and 15.

[11] *See* Exhibit 16.

Although not the norm, hearings and discovery have been deemed appropriate where they aid the Court's evaluation of a motion for sanctions. *See Baker v. Alderman*, 158 F.3d 516, 525–526 (11th Cir. 1998) ("[A]lthough not mandated by Rule 11, [this court] considers it prudent for a district judge to hold a hearing before imposing sanctions."); *Sea Village Marina, LLC v. A 1980 Carlcraft Houseboat*, 2010 WL 338060, *6 (D.N.J. 2010)("There is insufficient information in the record upon which to determine whether a fraud has been perpetrated on the Court...The Court will therefore hold a hearing to determine whether Plaintiff or Plaintiff's counsel committed fraud on the Court, or violated any rules of procedure such as Fed. R. Civ. P. 11, and if so what response is appropriate."); and *Didie v. Howes*, 988 F.2d 1097, 1105 (11th Cir. 1993).

Mr. Schiff firmly believes that the Trustee and his counsel's conduct warrants sanctions under Rule 11(b)(2) and (b)(3). However, discovery and an evidentiary hearing are particularly necessary to aid the Court's responsible inquiry into whether the Verified Complaint was filed for an improper purpose, in violation of Rule 11(b)(1). As argued above, upon information and belief, Mr. Schiff's inclusion in this action was not based on any legitimate legal theory, but rather as retaliation for his constitutionally protected efforts to advocate for the protection of customer assets and for his well-deserved criticism of the Trustee and OCIF's inaction in light of Qenta's attempts to misappropriate customer-owned assets. Accordingly, the Court should permit discovery and hold a hearing to determine whether the Verified Complaint was filed in bad faith, and if so, impose appropriate sanctions to deter further abuse of the judicial process.

E. The Bank's customers should not have to fund the Trustee's payment of sanctions.

Mr. Schiff respectfully requests that the Court ensure the estate of Euro Pacific Bank is not held responsible for any sanctions resulting from the Trustee's misconduct. Any such sanctions should be imposed personally on the Trustee, not passed on to the bank. EPB's customers have

already endured significant harm, and they should not be made to suffer further due to the Trustee's actions. Moreover, allowing the Trustee to shift the financial consequences of his misconduct onto innocent depositors would undermine the very purpose of sanctions—to punish improper behavior and deter its recurrence. Accountability must rest with the individual who committed the misconduct, not with the victims of it.

V. CERTIFICATION OF COMPLIANCE WITH SAFE HARBOR PROVISION

When sanctions are sought via motion, Rule 11 requires the party seeking sanctions to provide notice of the motion and of the offending conduct or pleading prior to filing. This "safe harbor" provision allows the opposing party and its counsel to "stop-and-think", and to "privately withdraw a questionable contention without fear that the withdrawal will be viewed by the court as an admission of a Rule 11 violation." *Young v. City of Providence ex rel. Napolitano*, 404 F.3d 33, 39 (1st Cir. 2005) (citing Advisory Committee's Note to Fed.R.Civ.P. 11(b) and (c)).

In compliance with this so-called "safe harbor" provision, Mr. Schiff hereby certifies that, on October 15, 2025, he served a copy of this motion via email upon counsel for the Trustee, Eyck O. Lugo-Rivera.

WHEREFORE, Defendant Peter D. Schiff respectfully requests the Court impose sanctions upon the Trustee and his counsel, as requested above.

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, this 6th day of November 2025.

CERTIFICATE OF SERVICE: It is hereby certified that, on this same date, the instant document was electronically filed with the Clerk of the Court using the CM/ECF system which will automatically send notice of such filing to all attorneys of record.

DMR Law
Counsel for Defendant Peter D. Schiff
Capital Center Building
239 Arterial Hostos Avenue Suite 1101
San Juan, PR 00918
Tel. 787-331-9970

s/ Maria A. Dominguez
Maria A. Dominguez
USDC-PR No. 210908
m.dominguez@dmrpr.com

s/Javier F. Micheo-Marcial
Javier F. Micheo Marcial
USDC-PR No. 305310
j.micheo@dmrpr.com

Javier Micheo

From: bahdebing@yahoo.com
Sent: Friday, July 25, 2025 10:43 AM
To: Lcd. Wigberto Lugo Receiver EPB.
Cc: Javier Micheo
Subject: Euro Pacific Bank Customers.

Wigberto,

I have several spread sheets with me on my laptop. I have the following if you need it.

1. All the cash balances in all customer accounts (so that's Opt-Out and Opt-in.) So we know exactly what each customer had in local currency in their accounts when the bank went into receivership. We just need to covert all balances to USD as that's all the bank has now is USD. Then once we get all the cash from Qenta, we know how much each customer gets back. I can easily do that conversion if you give me the FX rates you got when you did it.

2. A list of all the customers who own gold and silver, and exactly how much metal each account holds.

3. A list of all the customers who hold the bank's mutual funds, and how many shares each customer owns.

There are just 209 customers who own silver. I created a spread sheet with all of those customers, the exact amount of silver each owns, and their email address. As soon as you accept control of the silver, we can verify the exact number of ounces in the Silver Bullion account. I can then compare it to the 243,218 ounces of silver my records indicate those 209 customers own. Hopefully it matches. If there is a shortage I will reduce each customer's holdings proportionately.

I will then email all 209 customers myself to let them know their silver is ready to be credited to their individual new accounts, along with the documents to open those accounts. If there is a reduction in holdings I will explain why.

I will take care of this all myself, as well as allocating the silver to each customer's new account. Within 30 days all 209 customers should have their silver safely deposited into their own accounts. Customers will have the option of selling the silver and having the proceeds returned to them by wire, or leaving their silver in their new account, which they can sell at any time at their sole discretion.

I will be able to do the same thing with the gold, once we are able to get it back. Customers own about $40 million of gold, verses just $10 million in silver. Qenta wanted to steal $25 million of that.

I really appreciate your allowing me to handle this. As I wrote the silver project is simple for me to compete will require minimal effort on your part. So this will be one less thing you have to worry about.

I will also take care of the mutual funds for you to. But in that case we need to close down the funds, liquidate the underlying positions, and wire each customer their cash. I have all the records I need to get this job done.

I am planning to file a TRO against Qenta today in NY state court. I will follow up with a request for arbitration in NYC. I will be seeking the return of all assets to the bank under your administration, plus indemnification damages from Qenta for my legal costs. Again, if you want the bank to join as a plaintiff let me know. I don't think you need to waste money filing another lawsuit. Plus, the Purchase and Assumption Agreement mandates NYC arbitration.

Basically all you will have to is distribute the cash to Opt-in and Opt-out customers. I think you have $48 million and Qenta has $19 million. So if we get that back, you'll have about $67 million. From the original Liquidation plan customer deposit liabilities were $66,747,758. So this seems about right.

Sincerely,

Peter Schiff

From: bahdebing@yahoo.com
To: Lcd. Wigberto Lugo Receiver EPB.
Cc: Javier Micheo
Subject: Customer owed silver.
Date: Monday, August 18, 2025 6:11:42 PM

Wiberto,

I now have a list of 91 customers who provided you with written instructions to transfer their silver to Schiff Gold.

Like the gold controlled by Qenta, that silver is not part of the liquidation you are managing. It is customer-owned, and those customers have now provided you with express written instructions on what to do with their silver, precisely as you advised them to do.

I have a spreadsheet prepared by the bank that lists each customer who owns silver and precisely how much each one owns. If you don't have access to it, I can provide it to you. How do you want to handle instructing Silver Bullion to transfer this silver to Schiff Gold's account? It's a very simple process. You can do it yourself, or delegate it to me. I can get the entire thing done in under an hour.

Let me know, as I don't want to keep these customers waiting any longer. It's been over three years, and it's about time they recovered access to the silver you already acknowledged they own and which is not a part of the bank liquidation you are managing.

Sincerely,

Peter Schiff

From: bahdebing@yahoo.com
To: Lcd. Wigberto Lugo Receiver EPB.
Cc: Javier Micheo
Subject: Customer cash.
Date: Tuesday, August 19, 2025 8:30:22 AM

Wigberto,

Also it has come to my attention that you never reconciled how much of the $19 million in cash that was sent to Qetna belongs to Opt-in or Opt-out customers. Nor do you know how much of the $50 million in cash that the bank holds belongs to Opt-in or Opt-out customers. Again, since the transaction was terminated prior to any Opt-in customers migrating to Qenta, there no longer are any Opt-in or Opt-out customers, there are just customers.

At a minimum you need to demand that Qenta return the entire $19 million in cash to the bank ASAP. Ideally you wail need to file an arbitration in NYC and move for a TRO, bacially doing exaclty what I did, to recover that $19 million. So you need to get a lawyer on this job ASAP. Once you have all $69 million, you can easilty return the depsoits to all customers.

Of course. I had alread paid for this action. Now the bank needs to pay to do what I already paid for. So the money I spent was a waste.

Again I have a complete list of every bank customer's cash balance and know exactly how much each one is owned. No one has to prove what they are owed, as the bank already have all of that information.

But at this point you have no idea if some of the $19 million Qetna holds belongs to the former Opt-out customers, or how much of the $50 million you hold belongs to the former Opt-in customers.

Qenta does not have $19 milion because the Opt-ins were owed $19 million. Qenta just had whatever funds the bank kept in its IB account. You had the rest. You needed to do a reconcilliation, but one was never done. That is another reason why you should have joined me in my lawsuit. How can you not demand Qetna return the bank's money when neither Qetna nor you even know which customers it belongs to!

The situation is a complete mess that can only be rectificed if Qenta returns the $19 million it has to the bank.

As far as the gold and mutual funds, if you are not going to try to recover those from the bank, the customer lawsuit wil work, as those assets are easilty identifiable to former Opt-in customers, as 100% of those assets are with Qenta. I have a complete list of all the customers gold and mutual fund holding. Qetna still holds the mutual funds. It;s the gold they sold, but that's $40 million, the biggest asset.

At least I was able to get the silver back from Qenta's control, and I can return all of that to customers in less than two weeks. All you have to do is authorize the tansfer with Silver Bullion.

Peter

Javier Micheo

From: bahdebing@yahoo.com
Sent: Monday, July 14, 2025 7:46 PM
To: Javier Micheo
Cc: Lcd. Wigberto Lugo Receiver EPB.
Subject: Re: Qenta's return of bank customer assets.
Attachments: EPB-Qenta Term Notice 071125.pdf; 2025.05.01 _Liquidation_Receiver_Trustee_Report_on_Work_Performed_Q1-2025_Executed.pdf; Exhibit_1 _-_EPIB_Cash_Position.pdf

Javier and Wigberto,

As I feared Qenta is trying to return the the cash value of the gold that was transferred to it by the bank. That is unacceptable, as the value of that gold has grown by $20 million since then. This is totally unacceptable. It is unjust enrichment on the part of Qenta. In fact, Qenta's primary motivation in cancelling the purchase transaction may be to reap this $20 million windfall.

We can not agree to accept this offer. We need to litigate this.

We need to set up a call ASAP. This has no relationship to the other matter to which Wigberto is a defendent.

Thanks,

Peter Schiff

On Monday, July 14, 2025 at 07:33:44 PM AST, Javier Micheo <j.micheo@dmrpr.com> wrote:

Get Outlook for iOS

_____

From: Wigberto Lugo <wigberto@lugomender.com>
Sent: Monday, July 14, 2025 6:42:16 PM
To: Javier Micheo <j.micheo@dmrpr.com>

Subject: RE: Qenta's return of bank customer assets.

Esteemed counselor, as we just discussed enclosed the communication received from Qentas and some other documents which may be relevant for any further discussion. I will just tell you that after been off grid since November, this communication was received last Friday. I am reviewing with the bank's legal team to respond and implement other remediation actions, including filing a complaint against several parties. As you can imagine, to try to unwind a sale transaction that occurred almost three years ago is not an easy task and, most important, there are obligations with third parties which need to be resolved as well.

Upon your review, please contact me at your convenience in case you want to discuss further. On a final note, Mr. Schiff has filed a complaint against different parties including me. While I know that you are not the attorney in that other matter, being the liquidation of the bank a core issue in the development of the complaint I understand that any communications from him should also be coordinated with his attorney.

Regards

Wigberto Lugo Mender, Esq. CPA

100 CARR 165 SUITE 501
Guaynabo, PR 00968-8052
Tel (787) 707-0404
Fax (787) 707-0412

-----Original Message-----
From: bahdebing@yahoo.com <bahdebing@yahoo.com>
Sent: Monday, July 14, 2025 4:22 PM
To: Wigberto Lugo <wigberto@lugomender.com>
Cc: Javier Micheo <javier.micheo@dmralaw.com>
Subject: Qenta's return of bank customer assets.

Wigberto,

We need to get the asset moved back to the bank from Qenta ASAP

Assets I know about.

Cash: $27 million in cash moved to Qenta from the bank's IB account.

Gold: 12,075.75 ounces of gold transferred from the bank's Silver Bullion account is Singapore to Qenta's Brinks account in Switzerland. Current value $40,450,000.
Bank Mutual funds and other cash still in IB account. value $11 million. We need to liquidate the mutual funds and get the cash. I have a guy who used to work for the bank that knows how to do that and can help.

Silver: I'm not sure how much is left, but I think it's still held at SB in Singapore. I'm waiting for confirmation.

This should total over $80 million dollars.

Subsidiaries: Qenta also owns the three subsidiaries. There is no point in Qenta transferring ownership back to the bank. It was quite a hassle transferring ownership to Qenta. Since the bank will just wind those companies down anyway, it's better if you let Qenta know that they can just wind them down on their end, which I think will be easier than transferring ownership back to the bank. They just need to work with you on liquidating all the mutual funds and then sending the proceeds and the rest of the cash (about $11 million total) to the bank.

I don't know how much cash you have that belongs to the banks customers. Please give me that figure so I know the total the bank will have once the assets from Qenta are returned.

In the even that Qenta is unable to return the assets that were transferred to it, we need to be prepared to take legal action against Qenta. I hope we don't have to do that, but if we do, time is of the essence. The correct jurisdiction would be an arbitration in NY, as that is what was mandated in the purchase and assumption agreement which will govern this dispute.

Peter Schiff

Javier Micheo

From: bahdebing@yahoo.com
Sent: Tuesday, July 15, 2025 9:58 AM
To: Lcd. Wigberto Lugo Receiver EPB.
Cc: Javier Micheo
Subject: Action in N.Y. court.

Wigberto,

We really need to coordinate a rapid response to what Qenta is trying to do. I want to file two actions right away. I have a local lawyer here in N.Y. that we can use. I am in N.Y. now, and will be here for the next few weeks. That is very helpful.

I want to file a TRO to enjoin Qenta from selling or moving any of the precious metals from their current locations in Switzerland or Singapore until the dispute is resolved. This is important to protect those assets, which belong to the bank now that Qenta has terminated the transaction.

Concurrent to that I want to file for arbitration in NYC, as required by the Purchase and Assumption Agreement.

Both of these actions should prevail. Qenta has no basis in law for what it is trying to do. Plus its a clear violation of the agreement, which it has now breached.

Please let me know today if you want to work with me on this. I have standing to initiate both actions on my own, but it would be better if you joined me on behalf of the bank. Also we need to move quickly, and I am already in NY and have a lawyer who will do this case for a reasonable $375 per hour. It an easy case to win, but the key is that we need to move quickly. I am wiling to split the cost of the case 50/50 with the bank. So that will reduce the cost to the bank of filing its own action.

Since timing is so important, if the you do not want to join me in this action on behalf of the bank, I will have no choice but to initiate it on my own.

Please reply to my email today to let me know if you want to be a party to the actions I plan to file and that you will not agree to accept Qenta's terms.

Brent is trying to steal tens of millions from the bank's customers. I will not allow that to happen. I found Qenta as the buyer, so feel morally responsible to prevent this crime from happening. You also have a fiduciary duty to hep me protect bank customers, regardless of the other lawsuit we are involved in. By the way, the NY attorney I am using has nothing to do with that action.

Thanks for you help,

Peter Schiff

From: Peter Schiff
To: Mariame McIntosh
Cc: Javier Micheo; Brent De Jong; Carlos Garduno
Subject: Re: Progress
Date: Monday, July 10, 2023 9:16:37 AM

Thanks,

Brent any update?

Doesn't anyone have any idea what is happening with the opt out customer's funds? Soon it will be 13 months with no access to their money.

I read a post online by a bank customer that read he had accounts with other offshore banks that failed due to legitimate solvency issues. But at no time did he ever lose any access to his deposits, as regulators made sure to allow the insolvent bank to merge with another institution.

What has happened to EBP is unprecedented and should be a major embarrassment for OCIF. There really is no legitimate excuse for what is happening.

Peter.

Sent from my iPhone

> On Jul 10, 2023, at 3:02 PM, Mariame McIntosh <mariame.mcintosh@qenta.com> wrote:
>
> Hi Peter, Brent is best positioned to update on this as he manages the Treasury/Funds flow/Finance activities related to this transaction. However, I understand Brent and team are working to open a bank account for subsidiary EPS which would be last critical step required for migration.
>
> Warm regards,
> Mariame
>
> -----Original Message-----
> From: Peter Schiff <bahdebing@yahoo.com>
> Sent: Monday, July 10, 2023 3:37 AM
> To: Mariame McIntosh <mariame.mcintosh@qenta.com>
> Cc: Javier Micheo <javier.micheo@dmralaw.com>; Brent De Jong <brent.dejong@qenta.com>; Carlos Garduno <carlos.garduno@qenta.com>
> Subject: Progress
>
> Mariame,
>
> What is the statutes of retuning costumer funds or completing a migration to Qenta? Has there been any progress?
>
> Peter
>
> Sent from my iPhone
> Please do not print this email unless it is necessary. Every unprinted email helps the environment.
>
> Qenta Inc. is a comprehensive financial services & technology platform offering asset tokenization, cashless payments, and capital & risk management solutions, uniquely positioned to serve emerging markets. By reducing friction and delivering better access to financial products and services Qenta Inc. aims to create borderless and democratized financial ecosystems to elevate global businesses and citizens. Please visit our website www.qenta.com for more information.

>
>

From: bahdebing@yahoo.com
To: Carlos Garduno; Brent De Jong
Cc: Lcd. Wigberto Lugo Receiver EPB.; Javier Micheo; Eyck O. Lugo Rivera; Martín Pirillo; Walfish, Daniel
Subject: Re: Your email to the receiver.
Date: Tuesday, July 15, 2025 12:02:10 AM

Brent,

What are you talking about?

First of all, if the receiver is paying less than what customers are owed its because of how much money Qenta is refusing to return. But the capital structure is irrelevent to my involvement, which is governed by the terms of the Purchase and Assumption Agreement, which I sign. The receiver did not sign the agreement. The Receiver's role was to approve the agreement that I signed on behalf of the bank and myself as the bank's sole shareholder. I am a party to the agreement that you have just terminated, and I have a standing to bring an action in NY for damages on behalf of myself or the bank.

Second, what do you mean "assume the cost of the $500K?" The only $500K was your initial payment for the bank's assets. That will be returned to Qenta assuming Qenta first return all the assets it received from the bank. Those assets have a current market value of over $80 million. Yet you are offering to return just $38 million. That is not taking the high ground, retuning what you received and walking away. That's running away with a $40 million dollar windfall on the lowest ground possible.

You received precious metals which you still own which have a current market value of over $50 million. Yet you want to return just $25 million. There is about $11 million in the IB account, mostly appreciated mutual funds, but you do not want to return any of that money. Then on top of that, you want the bank to pay you an additional $5 million termination fee. This is outrageous.

Also, how can you claim that you are not seeking damages, when you are seeking to extract over $40 million in assets from the bank? How is that not damages? Are you suggesting that you would seek damages in addition to that windfall? Damages for what? If you walk away from this deal on your proposed terms, it would be the best deal Qenta ever made.

Also, how can you claim you have losses. If you walk away with $40 million of the bank's customers money, you don't have any losses. You have a huge gain. Now if you actually do take the high road, and really return what you received, and you end up losing money as a result of trying to complete the deal, that's not a loss that you can recover from the bank's customers. It was a business risk you took.

Also, it's clear that terminating the deal as your proposed, allowing Qenta to walk away with a $40 windfall, is a much better outcome for Qenta than completing the purchase, which is likely the real reason you have terminated it.

Peter

On Monday, July 14, 2025 at 11:30:43 PM AST, Brent De Jong <brent.dejong@qenta.com> wrote:

Peter,

I assume that the receiver has the legal authority to manage the bank with which we did the transaction, not you. You informed us last week that the Receiver is paying less than the full amount to the depositors. Therefore, I would presume the receiver`s authority not only comes by appointment, but also by respect for the capital structure. Being negative you are no longer part of those decisions. We are under an order from the receiver not to talk to you. We need to be lifted from that order to talk further.

If the receiver wants us to assume the cost of the $500k - as Carlos stated, we would be prepared to talk with the receiver. You have asked us to join the lawsuit against the government and the Receiver is giving us orders in preperation of a lawsuit for some 6+ months. We have chosen the high ground to return what we have received and walk away. Our losses are far greater than what we put in the letter. So far, we are not seeking damages.

Brent

_____

From: bahdebing@yahoo.com <bahdebing@yahoo.com>
Sent: Monday, July 14, 2025 10:00 PM
To: Carlos Garduno <carlos.garduno@qenta.com>
Cc: Lcd. Wigberto Lugo Receiver EPB. <wigberto@lugomender.com>; Javier Micheo <javier.micheo@dmralaw.com>; Eyck O. Lugo Rivera <elugo@edgelegal.com>; Martín Pirillo <mpirillo@pirillolaw.com>; Walfish, Daniel <dwalfish@katskykorins.com>; Brent De Jong <brent.dejong@qenta.com>
Subject: Re: Your email to the receiver.

Carlos,

I am a party to the transaction, so I still have standing to enforce its terms in a NY arbitration. Plus my reputation is at stake if bank's customers become subject to the heavy losses you are seeking to impose on them.

Given that you have terminated the transaction (albeit in a way not authorized by the agreement, but which I will accept anyway, as I have now been forwarded a copy), what you are asking of the bank in return is completely unacceptable.

First, all the Purchase and Assumption Agreement provides in the event of termination is for the return of the $500K initial payment. It does not authorize you to charge a termination fee, much less one as outrageous as $5 million. Yes, there is an indemnification clause, but it does not cover the type of expenses that you claim Qenta incurred in pursuit of the transaction. Also, to unilaterally terminated, there must be a breach. You have alleged breach, but breach has not been proven. But for the sake of this email, let's assume that you could prove breech in an NY arbitration. All that would mean is that you are entitled to terminate the purchase, and have your $500K purchase price returned.

But if the purchase is terminated, and you are to be returned the $500K you paid, you must also return the assets you received from the bank. Those assets included gold and silver bullion, as well as mutual funds, that have all appreciated substantially in value since they were transferred into your custody, to hold for Opt-in customers. So you must return the ounces of gold and silver and the mutual fund shares that you received, not the dollar values of those assets on the dates that you received them.

All of the gold is with Brinks in Switzerland. All of the silver is still with Silver Bullion in Singapore. The Mutual fund shares are still with International Brokers. Nothing has been sold. All of these assets must be returned to the bank in kind, as they were originally received by Qenta, and as you assured clients they would be in your recent emails and on the bank's website. You can not just pay the bank cash, especially if you want to value those assets at their Sept. 2022 prices. That would unjustly enrich Qenta by over $30 million.

I don't even undestand how you can even ask to keep a $30 million windfall, then charge the bank an extra $5 million on top for letting you reap it. Had the gold and silver gone down in value, you would not be offering to return the original dollar value of the metal and eat the loss. You would return the metal in kind.

I am happy to have a discussion on how you can best return all the assets that where transferred to you from the bank. Both sides experienced unexpected costs, mostly due to actions beyond their control, (the Portugese government, and OCIF to name just two.) The bank had to pay its own unanticipated costs and Qenta does too.

This deal has not worked out well for either side. That's just a cost of doing business. You took a business risk in buying the bank's assets. Sometime risks don't pay off and the risk takers lose money. But a bad outcome does not entitle Qenta to a $30 million dollar windfall. The bank's customers must come first. The deal you proposed puts them last. They can not be forced to suffer any more losses merely to unjustly enrich Qenta.

Let's try to reach an agreement soon to avoid protracted litigation in arbitration. I think its an easy case for the bank to win, its just that the arbitration process itself is typically very slow.

Sincerely,

Peter Schiff

On Monday, July 14, 2025 at 10:03:24 PM AST, Carlos Garduno <carlos.garduno@qenta.com> wrote:

Peter -

We had engaged with Wigberto as the only manager of the bank since his appointment as Receiver (Sindico) in the June 2022 cease and desist order and, based on his instructions and the communication from his counsel from last February, it is our understanding that all communications should go through counsel.

Having said that, our door is always open to constructive dialogue amongst the relevant parties.

CG

-----Original Message-----
From: bahdebing@yahoo.com <bahdebing@yahoo.com>
Sent: Monday, July 14, 2025 7:10 PM
To: Brent De Jong <brent.dejong@qenta.com>
Cc: Carlos Garduno <carlos.garduno@qenta.com>; Lcd. Wigberto Lugo Receiver EPB. <wigberto@lugomender.com>; Javier Micheo <javier.micheo@dmralaw.com>
Subject: Your email to the receiver.

Brent,

The receiver send me a copy of what you sent him. No wonder you did not send it to me too.

I can't believe that you are tying to get away with keeping over $20 million in gains on the gold that was transferred to you in good faith by the bank. On top of that, you are asking for additional compensation for the extra work that you supposedly did.

This is a non-starter. I have no problem with the bank paying you for any extra work that you did, provided that you can document that work, and that it's offset by the interest that you earned on the $27 million that was transferred to you from IB over two years ago.

I have informed the receiver that signing your deal would constitute gross negligence on his part and provide an unjust enrichment to Qenta at the expense of the bank and its customers, especially the Opt-in customers who transferred their gold to you based on written assurances made by Qenta that their gold would be held for them and not sold.

Also, your most recent email to Opt-In customers, read that you would be returning assets "as they were originally received." That means if you receive 12,000 ounces of gold you must return 12,000 ounces of gold. You can not return the cash equivalent of what those 12,000 ounces of gold where worth when you received the gold three years ago.

So if you want to terminate the purchase and assumption agreement without arbitration in N.Y., we need to work something out ASAP, or we will have no choice but to initiate that arbitration proceeding ourselves.

I suggest that we all get on a call to do that.

Peter Schiff

Javier Micheo

From: bahdebing@yahoo.com
Sent: Sunday, August 17, 2025 10:38 AM
To: legalnotices@qenta.com
Cc: Brent De Jong; Carlos Garduno; Lcd. Wigberto Lugo Receiver EPB.; Javier Micheo
Subject: Misleading and Deceptive Communications to Euro Pacific Bank Customers

Dear Qenta,

I have reviewed the email you sent to former Euro Pacific Bank opt-in customers regarding the alleged "potential offer to purchase claims." The statements made in that communication are both misleading and deceptive, and I must insist that you immediately cease distributing them.

False implication of Receiver support. Your email states that "the receiver [is] indicating that opt-in claimants should engage directly with Qenta Inc." This is inaccurate. The Receiver has directed Qenta to hold assets until customers instruct you directly. He has never authorized you to arrange "claim sales" or negotiate discounted settlements on behalf of customers.

Misrepresentation of the liquidation process. Your email suggests the process is "hindered by limited support from the receiver" and "unsettled due to the absence of key conditions." This wrongly portrays the Receiver as an obstacle and mischaracterizes the fact that the Receiver has rejected Qenta's attempts to retain gains or impose discounts on customer assets.

Pressure tactics and concealment. By presenting an undisclosed "potential offer" conditioned on execution of a confidentiality agreement, you are withholding material information while pressuring customers to commit without transparency. Customers are entitled to their assets in full, not to be forced into secretive arrangements that reduce their recovery.

Conflict of interest. Nowhere in your email do you disclose that Qenta stands to directly benefit by pocketing appreciation in customer assets or keeping forfeited amounts from cash deposits. Failing to disclose this conflict while presenting the arrangement as a solution is misleading.

Your conduct creates the fasle impression that customers must accept less than 100% of what they are owed in order to achieve "certainty" and "reduce delays." In fact, these assets remain customer property, not Qenta's, and any attempt to condition their return on acceptance of a discount is contrary to law and to the Receiver's explicit instructions.

Accordingly, I demand that Qenta:

Immediately cease and desist from sending misleading communications to customers.

Correct the record with all recipients by clarifying that customers retain ownership of their assets and are entitled to 100% of their value.

Confirm in writing by Monday that you will refrain from further misrepresentation.

If you continue this course of conduct, it will serve as further evidence of Qenta's bad faith in any future legal proceedings.

Sincerely,

Peter Schiff

Javier Micheo

From: bahdebing@yahoo.com
Sent: Sunday, August 17, 2025 6:45 PM
To: andrew.almajose@qecosystem.com
Cc: legalnotices@qenta.com; Brent De Jong; Carlos Garduno; Javier Micheo; Lcd. Wigberto Lugo Receiver EPB.
Subject: Immediate Cease and Desist – Deceptive Communications

Dear Qenta Team,

I am extremely concerned that, despite my prior written notice, you continue sending misleading emails to Euro Pacific Bank customers, most recently on August 17, 2025. These messages again solicit Non-Disclosure Agreements under the pretense of introducing "potential buyers" of customer claims, while withholding basic information about the supposed offers.

As I made clear previously, such communications are deceptive and prejudicial to customers' rights. You cannot simultaneously refuse to return assets directly to the customers who own them, while soliciting those same customers to sell their claims at a discount to an unidentified third party. The Receiver has instructed you to continue holding custody until customers issue their own instructions. Your persistence in pushing these offers directly contradicts that mandate.

This conduct must stop immediately. Continuing to send such communications after notice further exposes Qenta to liability for unfair and deceptive practices, unjust enrichment, and possible misrepresentation to customers.

If I see further dissemination of these solicitations, I will be forced to notify both the court and the appropriate regulatory authorities of your actions and disregard of prior warnings.

I urge you to reconsider your position and comply with the Receiver's instructions by facilitating customer directions, not obstructing them.

Sincerely,

Peter Schiff
Sole Shareholder, Euro Pacific Bank

From: bahdebing@yahoo.com
To: Lcd. Wigberto Lugo Receiver EPB.
Cc: Javier Micheo
Subject: Either Qenta committed fraud or the transaction never closed.
Date: Saturday, August 9, 2025 3:05:14 PM

Wigberto,

To pursuade customers to Opt-in, Qenta and the bank made the following represtations to bank customers on the bank's website and in emails to bank customers. The bank made its representations based on what Qenta told me it was going to do.

Bank on website and in email to all customers:

"Once your funds are transferred, they will be immediately available to spend or withdraw. If the acquiring financial institution does not meet your needs, you can transfer your balance to an alternative financial institution.

Qenta in their welcome email send to customers on Sept 8, 2022; in "Our Mission" it stated:

"After September 29, 2022, remaining customer assets will be held by Qenta subsidiaries but you will have full and ongoing access to your deposits, precious metals holdings, mutual funds and brokerage accounts."
and:
"...we believe the benefits of joining the Qenta family are:
1. Safe and secure custody of your assets;"

And in September 30, 2022 the bank sent an update to Opt-out customers.

"Precious Metals Account holdings will be transferred to Qenta's management on September 30, 2022.
In addition, one of Qenta's key retail products is a Responsible Gold (https://www.responsiblegold.com/) savings product that gives customers a title of ownership to gold that can be accessed through a digital wallet for convenience, liquidity and flexibility. Qenta also works with businesses to simplify their complex payment needs via smart contracts."

All of the representations made to customers were that Qenta would be holding their assets, including precious metals and mutual funds, in their own accounts, giving them immediate access to sell those assets and withdraw funds at their discretion.

This was not impacted by the Novo delays, as those representations related to the assets successfully transferred to Qenta, not to any of the cash held by Novo.

But Qenta never set up the promised customer accounts, and never gave customers the ability to access their assets. The question is why. Either Qenta never actually assumed customer liabilities as it was waiting for regulatory approval, or it never inteneded to make those assets available to customers, in which case it's fraud.

Giving Qenta the benefit of the doubt, Qenta never made the assets available to customers because the initial closing never occured to due lack of regulaory approval and the inability of Qenta to assume the customer's liabilities that were tied to those assets. But regardless of whether its the fialure of the transaction to close or fraud, all the assets need to go back to the bank.

Sincerley,

Peter Schiff

Javier Micheo

From: bahdebing@yahoo.com
Sent: Wednesday, August 13, 2025 9:59 PM
To: Lcd. Wigberto Lugo Receiver EPB.
Cc: Javier Micheo
Subject: Dropping my lawsuit agaisnt you.

Wigberto,

I don't know if its too late, but if you can file an arbitration in NY on behalf of the bank, and file a TRO in aid of arbitration in Federal Court, just like I did, you will win, and in return I will drop you from my current lawsuit agaisnt OCIF and the IRS.

I really can't beleive I have to do this just to get you to do your job. But in all honesty I have never seen anything like what you are doing. In fact, none of the lawyers I have spoken to can believe it either.

Yes, Brent is a crook. But you are allowing him to steal from the very people you have been paid to protect the last three years. So in my mind what you are doing is even worse. It would have been so simple for you to have prevented this theft, and to have safgarded the assets for customers, who you have a fiduciary duty to protect. Your job as receiver is to maximijnze the bank's assets for customers and crediotrs. Instead, you walked away from $80 million,, which is 60% of the bank's estate.. This is not just direlcition of duty or gross neglegence. I think its something far worse than that. If any customer chooses to sue you they will win.

So rather than lose lots of lawsuits that are filed agaisnt you, why not just win one lawsuit that you file agaisnt Qenta. The way to win is not to file in Puerto Rico, but to file in NY just like I did, as that is what is required by the Purchase and Assumption Agreement. The only reason I had to do it myself was that you refused to step up and do it with me.

Sincerely,

Peter Schiff

Javier Micheo

From: bahdebing@yahoo.com
Sent: Wednesday, August 20, 2025 5:21 AM
To: Heriberto Lopez
Cc: Javier Micheo
Subject: The Reciever's gross neglegence and OCIF's failure to supervise

Mr. Lopez,

I understand that you represent OCIF. Your client's failure to properly supervise the Receiver it appointed has resulted in a dereliction of fiduciary duty. Worse, the Receiver's actions are preventing me, or anyone else, from stepping in to fulfill those responsibilities.

The former OCIF Commissioner placed my bank into Receivership without valid cause. She rejected qualified buyers willing to inject additional capital to further protect customers. At the time, the bank was fully solvent: it had no debt, no outstanding loans, and no overdue liabilities. In fact, it held approximately two million dollars more in cash than it owed to depositors and other creditors. Nonetheless, as a favor to the IRS, the Commissioner forced the bank into Receivership to enable the J5 to claim credit for shutting it down as part of its campaign against tax evasion and money laundering.

In doing so, the Commissioner sacrificed the interests of customers, who faced no risk prior to Receivership. The Receiver appointed to protect those customers over three years ago has now become their greatest threat. OCIF must either direct the Receiver to perform his duties properly or replace him with someone who will. Initially I offered to liquidate the bank myself at no cost, but the Commissioner rejected my offer because the IRS wanted the Receivership maintained for publicity purposes.

At this stage, there are no longer any "Opt-in" customers under the Purchase and Assumption Agreement, as Qenta terminated that agreement before onboarding a single customer. Customers did not consent to a situation in which Qenta holds their assets in its own account, demands payment of half their deposits to release any funds, or, in the case of smaller accounts, simply keeps their money. The Receiver has allowed this to happen while disclaiming responsibility, and a federal judge has ruled that only the Receiver has standing to act. If I cannot protect customer assets and the Receiver refuses to do so, the obligation falls squarely on OCIF.

Yet OCIF has taken no action, leaving in place a negligent and conflicted Receiver who is preventing any party from safeguarding customer assets or maximizing their recovery. The Commissioner removed the bank from my control under the pretense that Receivership was necessary to protect customers. In reality, customers required no protection until Receivership was imposed. Now they require protection from the Receiver himself, who has abdicated his duty.

I urge OCIF to fulfill its responsibility and direct the Receiver to act in the best interests of customers, or to appoint a replacement who will. Failure to do so will not only expose OCIF to potential liability for customer losses but also further damage the reputation of OCIF and Puerto Rico's banking system by allowing this injustice to continue under its authority.

Sincerely,

Peter Schiff
Sole Shareholder of Euro Pacific Bank

Javier Micheo

From: bahdebing@yahoo.com
Sent: Sunday, August 24, 2025 8:39 AM
To: monicar@ocif.pr.gov
Cc: Javier Micheo
Subject: Urgent Request to Replace Receiver of Euro Pacific Bank

Dear Commissioner Rodríguez,

I am writing again to express my grave concern over the continued dereliction of duty by Mr. Wigberto Lugo, the court-appointed Receiver of Euro Pacific Bank. While you did not appoint Mr. Lugo—that decision was made by your predecessor—you do have the authority to correct what has become a costly and damaging mistake.

As you know, Euro Pacific Bank transferred cash, precious metals, and mutual funds to Qenta under a Purchase and Assumption Agreement ("PAA"). Customers who "opted in" were promised as a condition precedent to gain their consent, that these assets would be allocated to individual accounts at Qenta, under their control, with immediate access. That never occurred. Qenta never opened accounts, never onboarded customers, and never provided access to their assets. Furthermore, under the PAA, no Initial Closing could occur unless all regulatory approvals were obtained and customer liabilities assumed. Qenta has admitted those conditions were never met. Therefore, Qenta never gained title to the assets, which remain property of Euro Pacific Bank and should still be under the Receiver's protection.

For more than three years customers have been waiting without access to their deposits, metals, or mutual funds. Until July 11, 2024, Mr. Lugo maintained the position that the PAA transaction, though greatly delayed, would ultimately close and the customers would receive their assets. But on July 11th, Qenta terminated the PAA. From that moment forward it became undeniable that the transaction had failed, that Qenta would not be assuming customer liabilities, and that the assets were effectively being held hostage. At that point, Mr. Lugo had an immediate obligation to act to recover the assets. Instead, he disclaimed responsibility, telling customers to hire their own lawyers and sue Qenta individually.

When I attempted to recover the assets on behalf of the bank myself, both a state judge and a federal judge found that the bank was likely to prevail. The federal judge vacated the TRO only because he determined that the Receiver—not I—must bring the action. Yet despite knowing that only he has the authority, Mr. Lugo has refused. Qenta has exploited his inaction to enrich itself, offering some customers 35 cents on the dollar and others nothing at all, while likely having already liquidated much of the property to fund its operations.

This refusal to act cannot be excused as an oversight. I have repeatedly emailed Mr. Lugo urging him to fulfill his duty, and my attorney, Javier Micheo, has done the same. He has been on notice that he alone has the authority to act, yet he continues to disclaim responsibility. That is not mere negligence—it rises to gross negligence or worse, which no indemnification can shield. If customers pursue claims for their losses, Mr. Lugo may face personal liability for breach of fiduciary duty, misrepresentation, and dereliction of duty.

The harm to customers grows by the day. Unless you replace Mr. Lugo with a Receiver willing to fulfill the basic duties of the role, customers risk losing even more—and OCIF risks being seen as complicit in allowing a fiduciary failure to persist.

I respectfully urge you to exercise your authority to remove Mr. Lugo and appoint a new Receiver who will act decisively to recover customer assets from Qenta and bring this matter to a just resolution.

Sincerely,

Peter Schiff

Sole Shareholder, Euro Pacific Bank

From: Eyck O. Lugo Rivera
To: bahdebing@yahoo.com
Cc: Adriana Vega Hernández; Anna Caban; Javier Micheo; ismaeltorres2002@yahoo.com
Subject: RE: Euro Pacific International Bank, Inc.
Date: Thursday, July 17, 2025 2:41:58 PM
Attachments: image001.png

Dear Mr. Schiff:

We categorically reject and deny all insinuations and accusations in your most recent email regarding the Trustee, Mr. Wigberto Lugo-Mender, and our firm. Your statements are as baseless as they are inappropriate.

Our prior letter was abundantly clear. It requires no further explanation or justification. The need for that letter has only been reinforced by your conduct since receiving it --including continued harassment, unfounded allegations, and unreasonable demands.

Let me be clear: this ends now. Neither we nor any member of our staff will tolerate ongoing harassment, bad-faith accusations, or pressure campaigns. If you have any relevant and constructive information to convey to us, you must do so through legal counsel. We will not respond to further direct emails from you, and we will not be asking again. If necessary, we will block your e-mail address from our server.

Govern yourself accordingly.

Sincerely,

EDGE LEGAL

Eyck O. Lugo-Rivera, Esq.

252 Ponce de León Avenue, Citi Tower, 12th Floor, San Juan, PR 00918
E elugo@edgelegal.com **T** 787.522.2016 **F** 787.522.2010 **W** www.edgelegal.com

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Mr. Rivera,

Yesterday I ask you for any examples of false or inaccurate information I have shared or false statements that I have made. I also shared with you a public statement I intend to make on social media regarding the situation. I asked you to correct any inaccuracies. I can not ask Wigberto as you instructed me not to contact him.

It's just too bad Wigberto didn't contact me over a year ago when it should have been obvious to him that Qenta was in breech of the agreement and was incapable of onboarding the customers. Had he informed me I would have insisted he take action against Qenta on his own. I think his failure to do so is a breach of his fiduciary duty and negligence. He basically abdicated his responsible to customers, yet continued to pay himself handsomely given his access to the bank's checking account. Can you tell me if he has an insurance policy that might cover the losses that have already resulted from his actions and failures?

In the meantime, if I do not get any information from you by the end of business today, pointing out what information or statements I have made or that I have indicated to you that I intend to make, are inaccurate or untrue, I will assume that all of those statements and information are true and accurate, and proceed accordingly.

Sincerely,

Peter Schiff

On Wednesday, July 16, 2025 at 04:00:05 PM AST, bahdebing@yahoo.com <bahdebing@yahoo.com> wrote:

One more thing.

The trustee informed one of the bank's customers by email that he does not consider the $50 million dollars of precious metals owned by the bank, but currently in Qenta's custody, to be "part of the liquidation process that he is undertaking."

Can you clarify that statement. It certainly implies that he is not concerned about the single largest asset owned by the bank. Now that the sale to Qenta has been terminated, all of the bank's assets are his responsibility to safeguard. I would like an assurance from you that he understands this.

Also, if Wigberto takes any action that results in the dissipation of this key asset, will your firm indemnify the bank's customers or me from any resulting losses?

Also, Qenta is demanding completely unreasonable and outrageous terms for the return of the bank's assets that it is legally obligation to return unconditionally. Not only does Qenta want Wigberto to agree to accept just 50 cents on the dollar, but Qenta wants to impose a five million dollar termination penalty. Wigberto advised that same customer that his legal team was advising him of how to move forward with Qenta's request. I assume you are part of that team.

Please tell me what your strategy is with respect to this request. I assume that you have read the emails I sent to your client. The reason I sent him so many is that I kept updating him with new information as I learned it.

No one has more to lose than I do for any bad decisions that Wigberto makes. So you can't blame me for trying my best to prevent him from making them.

Peter Schiff

On Wednesday, July 16, 2025 at 03:29:49 PM AST, bahdebing@yahoo.com <bahdebing@yahoo.com> wrote:

I have received you email.

The information I have shared with Wigberto is extremely valuable and I wish he had engaged me. However I will stop sending him any more of my thoughts on this important matter. I have removed his email address from this reply.

However, it is my intention to inform the public about what is going on, including bank customers. However, I do not wish to share any inaccurate information, and to my knowledge I have not done so. But since your letter alleges that I have shared inaccurate information, please specify the specific information that I shared that you claim to be inaccurate.

This is very important to me, as I not only have a moral obligation to my customers, but if Wigberto makes a deal with Qenta that in any way resembles what has been proposed, it could expose me to personal liability.

Also, my intention is to share the following statement with the public to apprise them of what is going on. Please review it carefully and let me know what information you believe to be inaccurate. I would like to publish this today, and was about to do so before I received your email.

On Sept. 20, 2022, Qenta, along with its affiliates G-Commerce DMCC and Responsible Gold Trading, entered into a Purchase and Assumption Agreement with Peter Schiff, representing both Euro Pacific Intl. Bank and himself. Before the transaction could be completed, Qenta unilaterally terminated the agreement on July 11th 2025.

Under the terms of the agreement, Qenta had paid a $500,000 deposit toward a $1.25 million purchase price. Upon termination, both parties were required to unwind the transaction: the bank to return the $500,000 deposit, and Qenta to return the assets and liabilities it had received from the bank.

Qenta acknowledged receiving and currently holding over $19 million in cash and approximately $58 million in non-cash assets, including over $50 million in physical precious metals, the balance in shares of mutual funds. Despite this, it has refused to return those assets. Instead, Qenta offered to liquidate the assets and remit proceeds based on their value as of Sept. 30, 2022—not their current market value—but only subject to the additional condition that the bank agree to a further $13 million discount, which includes a $5 million arbitrary termination payment, $400K to wind up three companies it also acquired as part of the agreement, the retention of $500K to offset the purchase payment, and retaining about $7 million of mutual funds.

All told, Qenta seeks to retain approximately $40 million of the bank's assets, despite terminating the agreement and being entitled to only the return of its $500,000 payment. If the receiver accepts these terms, instead of having about $125 million in cash to distribute to the bank's customers, he will have just $85 million, with the biggest losers being customers who held their deposits in precious metals.

Qenta is using its own delays and unsupported claims to justify this unjust enrichment. If the bank's receiver refuses to agree, Qenta will continue to hold the bank's assets hostage, further delaying the liquidation process and the long-overdue return of customer funds.

Moreover, G-Commerce DMCC, the entity designated to onboard the bank's customers and to assume their deposit obligations in cash and precious metals, allowed its business license to expire in

Oct. 2023 and is now winding down operations. This renders it incapable of performing its obligations under the agreement—constituting a material breach of the warranties and representations it made at the time of signing.

If Qenta believes it suffered damages due to actions by the Receiver or OCIF, the agreement requires that such disputes be resolved through arbitration in New York City. However, the facts clearly show that Qenta—not the bank—breached the agreement and is liable to indemnify the bank for losses.

On Wednesday, July 16, 2025 at 02:29:48 PM AST, Eyck O. Lugo Rivera <elugo@edgelegal.com> wrote:

Dear Mr. Schiff:

Enclosed please find correspondence addressed to your attention sent in connection with the above-referenced matter.

Cordially,

Eyck O. Lugo-Rivera, Esq.

252 Ponce de León Avenue, Citi Tower, 12th Floor, San Juan, PR 00918

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From: Eyck O. Lugo Rivera
To: Javier Micheo; ismaeltorres2002@yahoo.com
Cc: Adriana Vega Hernández; Wigberto Lugo; Mylen Guarde
Subject: RE: Urgent Call Request – EPB Liquidation / P&S Agreement Termination with Qenta
Date: Wednesday, July 23, 2025 11:03:11 AM
Attachments: image001.png

Dear counsel,

As you are aware, our office has repeatedly requested that Mr. Schiff refrain from communicating directly with us in connection with this matter and instead channel any relevant communications through counsel. Not only does our office represent Atty. Lugo-Mender in a contentious matter commenced by Mr. Schiff that currently pending before the U.S. District Court, but the volume of e-mail communications received from Mr. Shiff (oftentimes drafted in a threatening tone) made this situation particularly untenable. Unfortunately, to this day, we are still receiving e-mails from Mr. Schiff.

As previously advised to Mr. Schiff, I instructed our IT department to block his email address from our server. I have now been informed that the block is in place. Accordingly, our office will no longer receive any email communications from Mr. Schiff. Should he attempt to send further emails to any address within our domain, he will receive an automated notice informing him that his address has been administratively blocked.

This step was necessary not only to adhere to relevant ethical obligations, but also to protect our staff from continued harassment and disruption.

That said, our office, as well as the undersigned, remain fully available to communicate with you directly, in your capacity as counsel for Mr. Schiff, as necessary.

Cordially,

EDGE LEGAL

Eyck O. Lugo-Rivera, Esq.

252 Ponce de León Avenue, Citi Tower, 12th Floor, San Juan, PR 00918
E elugo@edgelegal.com **T** 787.522.2016 **F** 787.522.2010 **W** www.edgelegal.com

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From: Eyck O. Lugo Rivera
Sent: Tuesday, July 22, 2025 6:50 PM
To: Javier Micheo <j.micheo@dmrpr.com>
Cc: Adriana Vega Hernández <avh@edgelegal.com>; Wigberto Lugo <trustee@europacbank.com>; Heriberto Lopez <hlopez@hlopezlaw.com>; Wigberto Lugo <wigberto@lugomender.com>; ismaeltorres2002@yahoo.com
Subject: RE: Urgent Call Request – EPB Liquidation / P&S Agreement Termination with Qenta

Dear counsel,

The Trustee's recently published notice simply recommends that customers seek independent legal advice and determine for themselves what claims they may wish to pursue. This guidance is both reasonable and necessary given the evolving situation.

Qenta, not the Trustee, has been in possession of the precious metals inventory for almost three years. The last information received by the Trustee from Qentas (partial and incomplete as of August 2024) suggests that Qenta may have disposed of 80,076 ounces of gold and 3,606 ounces of silver. An important fact being disregarded by your client is that on EPB's customer agreement documents, this inventory is property of the customers, not the bank.

Custody and handling of these assets fall outside the Trustee's purview. Accordingly, the Trustee has had no visibility into any transactions Qenta may have conducted over the past three years in connection with these customer accounts. In this regard, our client also advises us that, after September 2022, Qentas has not provided any information on the "Opt-In" customers.

Affected customers have the option to file a claim following the OCIF

guidelines. The Trustee will closely monitor how this claims process develops in light of this new position by Qentas.

I will attempt to arrange a meeting between the Trustee and counsel for this Thursday afternoon, after 2:00pm. Please let me know your availability for Thursday afternoon. Atty. Torres is also welcome to participate if he is available.

Cordially,

Eyck O. Lugo-Rivera, Esq.

252 Ponce de León Avenue, Citi Tower, 12th Floor, San Juan, PR 00918
E elugo@edgelegal.com **T** 787.522.2016 **F** 787.522.2010 **W** www.edgelegal.com

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From: Javier Micheo <j.micheo@dmrpr.com>
Sent: Tuesday, July 22, 2025 4:52 PM
To: Wigberto Lugo <wigberto@lugomender.com>; Heriberto Lopez <hlopez@hlopezlaw.com>; Wigberto Lugo <trustee@europacbank.com>
Cc: Eyck O. Lugo Rivera <elugo@edgelegal.com>; Adriana Vega Hernández <avh@edgelegal.com>
Subject: RE: Urgent Call Request – EPB Liquidation / P&S Agreement Termination with Qenta

I saw the response. I think it deviates from the language of the P&S Agreement and am concerned of the fallout of this response. I am also concerned about information I received regarding an email to opt-in customers that urges them to retain counsel to sue Qenta, as if the Receiver is disclaiming any responsibility to act in their interest. Please let me know when we

can speak.

Javier F. Micheo Marcial, Esq., DMR Law LLC
Capital Center
Suite 1101
Avenida Arterial Hostos
San Juan, PR 00918
Tel: (787) 331-9970
Cel: (786) 710-8138
j.micheo@dmrpr.com | www.dmrpr.com

From: Wigberto Lugo <wigberto@lugomender.com>
Sent: Monday, July 21, 2025 9:06 AM
To: Javier Micheo <j.micheo@dmrpr.com>; Heriberto Lopez <hlopez@hlopezlaw.com>; Wigberto Lugo <trustee@europacbank.com>
Cc: Eyck O. Lugo Rivera <elugo@edgelegal.com>; Adriana Vega Hernández <avh@edgelegal.com>
Subject: RE: Urgent Call Request – EPB Liquidation / P&S Agreement Termination with Qenta

Counselor Micheo, copying the attorneys appointed for this matter, please be informed that we are currently finishing EPB's response to Qenta's notice and expect to have this delivered later today. You will be copied on the response which should shed our position.

I defer to the group as to their availability for meeting this afternoon.

Wigberto Lugo Mender, Esq. CPA
100 CARR 165 SUITE 501
Guaynabo, PR 00968-8052
Tel (787) 707-0404
Fax (787) 707-0412

From: Javier Micheo <j.micheo@dmrpr.com>
Sent: Monday, July 21, 2025 8:24 AM
To: Heriberto Lopez <hlopez@hlopezlaw.com>; Wigberto Lugo <trustee@europacbank.com>; Wigberto Lugo <wigberto@lugomender.com>
Subject: Urgent Call Request – EPB Liquidation / P&S Agreement Termination with Qenta

Wigberto/Heriberto-

I hope this message finds you well.

I'm writing to request a call with urgency to discuss the current status and next steps in the matter of EPB's liquidation and the termination of the Purchase & Sale Agreement with Qenta, Inc. I am available all day and would appreciate your earliest availability.

Time is truly of the essence. Mr. Schiff, as EPB's shareholder, is increasingly concerned, anxious, and—frankly—angry about the state of affairs. His recent communications reflect this. While his methods and tone may at times be misguided, the substance of his concerns is entirely valid.

He remains tied to a bank whose liquidation has stalled. Customers continue to demand answers. Meanwhile, Qenta is attempting to unjustly enrich itself by claiming the benefit of asset appreciation that never rightfully belonged to it. Understandably, Mr. Schiff fears he will be left bearing the burden of liability.

This situation requires strategic and organized action to avoid a breakdown that could tarnish not only Mr. Schiff's position, but also the reputations of OCIF, the Receiver, and EPB itself.

Please let me know a time this afternoon that works for you both.

Best,
Javier

H. LOPEZ LAW

August 25, 2025

Via Email

Javier Micheo
DMR Law LLC
Capital Center
Suite 1101, Avenida Arterial Hostos
San Juan, PR 00918

Re: Unauthorized Direct Communications and Improper Client Outreach by Mr. Peter Schiff

Dear Mr. Micheo:

I am writing to address a matter of serious concern regarding your client, Mr. Peter Schiff. As you are aware, I represent the Office of the Commissioner of Financial Institutions ("OCIF") in the receivership proceedings concerning Euro Pacific Bank. Despite your representation, Mr. Schiff has repeatedly chosen to bypass established channels of communication and has sent direct emails both to me in my role as counsel of record and to the Commissioner of Financial Institutions, even copying you while excluding me from the distribution.

This practice is improper and inconsistent with the professional standards that govern ongoing litigation and regulatory proceedings. When a party is represented by counsel, all communications should be directed through that party's attorney of record, not through direct correspondence with opposing counsel or the agency head. Continued disregard for this protocol raises the risk of confusion, creates an uneven record, and may be construed as an attempt to exert undue influence outside the bounds of proper advocacy.

Even more troubling, dozens of emails were received today directly by the Commissioner from Euro Pacific Bank clients. The timing makes clear that this outreach was likely precipitated by Mr. Schiff himself, who appears to be disclosing the Commissioner's contact information and encouraging clients to pressure her directly. Such conduct is highly inappropriate. It amounts to organizing *ex parte* pressure on a regulatory decision-maker, creating the appearance of an orchestrated campaign to influence official action outside the established legal process. It also risks harassment of the Commissioner in her official capacity and further prejudices the orderly administration of the receivership.

Accordingly, I must request that you instruct your client to immediately cease (i) all direct communications with me or with the Commissioner regarding these matters, and (ii) any effort to solicit, encourage, or facilitate client communications with the Commissioner. Going forward, any correspondence, advocacy, or requests from Mr. Schiff should be transmitted exclusively through you, as his counsel of record.

Please treat this letter as a formal demand to put an end to this conduct. Should it continue, I will have no choice but to seek appropriate remedies, including raising the matter with the relevant judicial or regulatory authorities, to safeguard the integrity of the proceedings.

I trust you will take immediate steps to ensure your client's compliance.

Sincerely,

Heriberto López, Esq.