

## Update to TechShop, Inc. Stakeholders (from Doug Busch)

A few days ago I posted a fairly detailed explanation of the circumstances leading to TechShop, Inc's closure and subsequent decision to work with Dan Rasure, rather than file Chapter 7 bankruptcy. Since then, a lot has happened. As you may have seen, yesterday the TechShop, Inc. board ended the MoU we had established with Mr. Rasure. I want to update the stakeholder community.

As a reminder, I am an independent Director on the board of TechShop, Inc., one of the earliest and larger individual investors, and an active maker.

When we started discussions with Mr. Rasure, we made it very clear that the company had no cash left, and we could not pay for fundamental services needed to plan for and execute the deal he proposed. At that time, our only option was to file Chapter 7 bankruptcy and let the court appointed Trustee deal with financial and legal details. Consequently, after some tense negotiation, we agreed that Mr. Rasure's new company would make direct payments to various service providers to enable the deal to be completed, and to prevent some adverse events from happening. This included: keeping TechShop, Inc's cloud services contract in force, so that email and other systems would stay alive; paying for necessary legal services to write and review sale documents; and paying the healthcare insurance bill for all TechShop employees, to ensure coverage was in place through the end of November for care already received. Mr. Rasure's team did make those payments. They also made some very limited arrangements to hire a few former employees as temporary contractors to do specific tasks. (Note that there were no agreements with executives of the company- no one in senior management or the board has been paid by anyone as part of this process.) The payments were a small fraction of the \$200,000 max commitment for wind down expenses that was part of the MOU.

We were advised by our attorneys that we have an obligation to have 'reasonable assurance' that anyone we sell assets to has the capability to execute the commitments made. This includes seeing evidence that the buyer has sufficient capital to get started operating the business, that they have a management team that can start the operation, and that they have a company structure ('legal entities') established. We requested that information from Mr. Rasure prior to signing the MoU.

To date, we have not received the information required. At about the same time we ended the MoU, he provided a document showing access to some capital, although in the opinion of the board it is insufficient to get the business restarted. We have not received any information regarding team members that would be involved in day to day operations; so far the only individual we have had any communication with is Mr. Rasure, despite our efforts to contact individuals he identified as his Board. We have not seen any documents describing the legal structure of his company, or its ownership. Mr. Rasure has also been very reluctant to engage other resources that are needed to do an orderly wind down of TechShop, Inc, including our accountants and finance team.

The TechShop, Inc. team has provided all of the information required and legally allowed. We have provided full financial data. We provided a draft sales agreement to Mr. Rasure for review, but have not received any comments or feedback. We also expedited closure of the deal by getting approval from 51% of our Series A and B shareholders to waive a required notification period. Mr. Rasure has requested member contact information; unfortunately, we are legally not allowed to transfer this information, but we have proposed effective ways for his team to engage members. We have done everything we can to move this deal forward.

We don't wish to cast any aspersions on Mr. Rasure's intentions or ability to run a 'TechShop 2.0' business. He has to make decisions about how to proceed with this deal in his best interest. However, given the lack of clarity on some really basic and critical aspects of the deal, we decided we needed to consider other alternatives.

In the past few days, we have been approached by other parties who have an interest in reopening one or several locations. We are entertaining discussions with them. We will continue to talk to Mr. Rasure as he moves forward. We also have to keep the possibility of filing Chapter 7 as an alternative, if none of the other options materialize.

There have been comments in social media about the motivations and actions of the senior management and board of TechShop, Inc. in this process. I completely understand the emotion of this situation, and the impact it has had on people's personal finances, their businesses, and their livelihoods. I need to say that throughout this unfortunate and difficult process, the decisions and actions of the board have been driven exclusively by what we believe will produce the best outcome for all of the stakeholders, exclusive of us personally. The Board and senior management team will get no financial benefit from any decision we make- the senior management team stopped getting paid well before other employees saw any impact, there are no severance payments being made, as an investor I'm losing everything I put in, just like all other investors. Several of us have written substantial personal checks to help get to a better outcome. We have been working uncompensated to drive this to a positive conclusion. The lowest risk and impact for us as directors and officers would have been to simply file Chapter 7, but when we saw the possibility of a better outcome we decided without flinching to take on additional risk and uncompensated work to try to make it happen. This is what responsible people do; we can do no less.