

This document picks up at starting from the end of Casey Miles Narrative Part 1. Docx.

Up until that time, we were all licensed the same as large commercial distilleries and could only sell through wholesalers and established wholesalers didn't want to work with craft size distillers. We had no outlet to sell our products and our business was doomed. We found creative solutions like having cousins and friends get their wholesaler's license and help us to sell our products to local retailers. We were always focused on how we could operate successfully inside the law. We even invited ABC officers to speak at our guild meetings and provide their advice and perspective on how our small community could be successful. They had no experience with craft distillers and their advice of applying to established wholesalers ended up being of little use. The guild had to step in and help this business find success.

I started going to large chain retailers and asking if they would consider carrying local spirits and if so, how could we achieve that. They informed us that all the shelves were managed by Southern Wine & Spirits (SWS), a wholesaler in the industry, and that they even had SWS employees that had offices at the chain retailer's headquarters locations. The shelves were literally owned by a wholesaler that wouldn't carry small producers. We were informed that if we made our own shelves that they would put them in the spirits section of the stores. I immediately converted a 800sq.ft. warehouse that I had leased in the same business park into a wood shop and started building these shelves. I went through several iterations before a design was approved by a large chain retailer. There were many aspects like the 3" base on the bottom of the shelf so that it can be mopped under, the cut-away on the top of the shelf so that the customers can see the tops of the bottles from the side, a small lip on the front of the shelf so that bottles don't fall off, and other technical that had to be included in the construction of these shelves in order to be accepted. Once we had the design down, the shop pumped out about 6 shelves a day between me, my brother-in-law John, a few volunteer guild members, and even a college classmate Alex Zgurovsky and his father Michael, who was a leading scientist in Ukraine and the minister of Education for Ukraine for a few years. While they had little experience with hand tools, they were working with confidence in just a few short hours. We ended up making over 40 of these shelving units over the summer of 2016. Once we had headquarters approval, we went to each individual chain store in San Diego and spoke with the store manager and the alcohol buying manager. They were very receptive, loved the shelves, and we asked if we could send more local producers to help fill the shelves that we provided. The shelves were made of 14 pieces of fence board from Home Depot, every joint was wood glued, and air nailed for rigidity. They were all sanded to be a smooth and professional looking shelf. We even made custom-colored stencils of the brands of the stores we provided these to from Albertsons and Haggen to Countrywide Market and CVS. They were gorgeous and the stores were very welcoming to placing them. I maintained an online excel spreadsheet of each store, the manager's and buyer's names and contact info with a short note about if the other craft distilleries should contact them to get their products on these shelves. It was taking off like wildfire until one of the members, Ballast Point, in early 2017, copied the shelf design, had them manufactured in Mexico, took our database of locations, and started going to the locations a day before we did and installing their shelves instead of the guild shelves. They had teams of salesmen take all the remaining accounts before we could get a guild shelf installed for the community. This was an aggressive business move that Yousef from Ballast Point never explained himself for and it ultimately ended the shelf program. We had to find new and more creative means of survival.

In 2016, I attended the Wine & Spirits Wholesaler's of America conference in Las Vegas. Initially, I attended this event to get the member list of all retailers and wholesalers in America of distilled spirits to offer our products to them. I developed a new brand called America First in the spirits category, designed an over-the-top label that was all about America in an extreme way. There were monster trucks, tanks, sharks with lasers on their heads, jet fighters, explosions, miniguns, M16's, a huge American flag, a muscular man with the head of an eagle and an American flag tattoo on his chest all represented on the label. My booth looked like a political campaign with a back wall stating "Make Whiskey Great Again", "100% Russian Collusion Free", and "America First". It was all primarily red, white, and blue. I hired a booth girl in a red dress and wore an "America First" campaign button pin. I was in a blue suit with a red tie and we even went as far as to have a corrugated paperboard company make us a 6' model of President Trump's border wall and we put that between us and the neighbor booth that was selling tequila. It was an amazing booth. It attracted a buyer from Walmart, and we were encouraged to compete at the annual Open Call event for Walmart in Arkansas. We prepared, book our tickets, went to Arkansas, and won a 6-state contract. This was far more than I could produce, so I needed a co-packer to produce it for me. I had already done all of the COLA approvals, global supply chain, and approached Levecke in Mira Loma with the Walmart agreement in hand. They agreed to produce and support the Walmart agreement in the 6 listed states. I gave them the list of over 1k Walmart locations that I was approved to be carried in and they made deals with distributors in those areas to support my agreement. The first month, I made \$14k in sales. The next month it was \$6k, and went down from there as I would later find out that Levecke had begun replacing my product with a similar patriotic product that they filed under their name. I had put in a lot of work on America First, even offering the entire back panel of my bottle for free to a Veteran organization called Homes for Our Troops (HFOT) completely free in order to raise awareness for their cause. I was brought to tears at one of their key ceremonies where they presented a free home and land to a severely disabled post-911 veteran and his family. I felt I needed to do what I could to spread the word for HFOT. When Levecke began replacing my product on Walmart shelves with their own, they not only hurt my efforts but also the efforts of HFOT. I don't think they ever gave much concern to that. It was another lesson in cold business.

While the co-packing as a service business wouldn't ultimately become a reality for CalSpirits, it did introduce me to co-packing and I knew that was the future for CalSpirits. I began opening my distillery as a co-packer and the first incubator in the industry having people from as far as the port of Pittsburgh to as close as San Diego come, train, produce their products, and learn the industry at CalSpirits. I trained many companies from Grey Whale Gin to Skrewball Whiskey on how to file formulas, labels, source inputs, produce products, and get into distribution. In 2017, my entire shop ended up being dedicated to developing and producing Skrewball Whiskey. Steven Yeng and I worked for over 18 months getting his formula right, labels approved, and producing over 18 shipping containers of Skrewball. We helped him find his first distributor, Admiral Beverage in Arizona, and when his production requirements exceeded my small 2k sq.ft. warehouse, I introduced him to Levecke for large scale co-packing. I informed Steven of how to protect his business with them after having learned it the hard way with America First. Skrewball went on to become one of the great rising stars in America, it was brought on by a branding house named Infinium that was connected to Young's Distribution and that grew them big enough to be bought by

Pernod Ricard for over \$200m. Steven remains a good friend of mine and has helped me out financially when I needed it as well as made some high level introductions for my own brands.

In 2018, I was determined to become a co-packer the same size and scale as Levecke. I brought on 3 business partners, signed a lease on a 10k sq.ft. facility in Poway, CA and bought a canning line to produce cocktails in cans and other beverages in a 12oz can. I, once again, had to do all the Tenant Improvements (TI's), find the right machines, install them, get them working, and build all the support systems like glycol chilling loops, steam boilers, and more. I ran the PVC, ABC, and copper piping myself. I filled out the permits applications, worked with the city inspectors, transferred the licensing from the old address, and found co-packing customers to fill the lines. I hired my first employee in November of 2018 and he was the batching manager. I trained him in how to create and blend commercial products. We would soon hire an operations manager and an engineer while using temp staff for the labor of putting the finished cans in cartons, stacking them on pallets, and general warehouse labor. We quickly filled our production capacity in 2019. During this time, we expended to 20k sq.ft. and then up to 30k sq.ft. The business was growing fast!

In March of 2020, I heard on the radio a pandemic spreading from China to the US. I went into the office that day and presented the idea of making hand sanitizers to the partners. At the time, we already had an industrial license to sell Ethanol into the trades and were doing a small amount of business with CBD extractors that used ethanol as a solvent. I explained that 70% of hand and surface sanitizer is ethanol. We had access to large suppliers and that this pandemic was going to hit the US in a big way. I informed them that in times of crisis, many businesses chose to shudder the doors and hunker down to weather out the storm. They were in favor of that approach. I told them that the few who leaned into the crisis and took advantage of opportunities came out the other side as juggernauts. They said, "Ok Mr. Science, go ahead and figure out how to make hand gel and we'll discuss it." I immediately hit YouTube and Google for recipes and methods for making hand sanitizer. They were all fake and garbage. It wasn't until I contacted Astroglide, the manufacturer of an adult lubrication product that they informed me how to use carbomers and pH balancers to form a smooth gel. I ordered the ingredients on Amazon and used a hand-held shear mixer to make my first batches. It was perfect. It was clean and was 70% by volume a denatured Ethanol registered as 3A in the Code of Federal Regulations (CFR) that was approved for the use. I showed it to my business partners and they said I was approved to buy large tanks and shear mixers to begin making the product. I would go on to make totes and totes of this product, even buying 2x 7k gallon plastic tanks to make tanker size amounts of product. CalSpirits went on to make about \$14m in hand and surface sanitizer in 2020. Considering in 2018, we made \$350k in top line revenue, \$6m in 2019, and we cleared \$18m in 2020, we were a rocket ship. We signed a lease on a 100k sq.ft. facility in San Marcos, CA filed the DBA "Multipack" and started looking for investors to help grow our business even faster. We found Jumana Capital in Texas, and they bought in \$10m for 20% of the company in 2021. In 2020, we had restructured the company's ownership to be each of the partner's self-owned pass-through S-corps, mine was called Miles Professional Services, in which I am the sole member, so it wasn't too difficult to add Jumana as Claramond Multipack Holdings and the 4 of the previous owners at 25% made room for all of us to be at 20%. In 2022, I discovered that some of the partners had been dealing Ethanol outside the company for personal gain and had deliberately not paid taxes on about \$240k of product sold and I couldn't be a part of that. I filed a lawsuit for breach of fiduciary duty, fraud, and other charges in August of 2022, left the

company, and began consulting on my own under Miles Professional Services. I had a pretty good workload of clients and was making over \$6k per month while consulting. The remaining members of Multipack compelled me to agree to arbitration instead of trial and arbitration begins on December 9th, 2024. As of the writing of this, it is October 20th, 2024. We are finally close to closing this chapter and moving on. I am now looking for regular jobs that pay around \$100k in the San Diego area. I have hundreds of job applications out and am getting few hits. It is a very difficult job market. I have even applied to be a San Diego Police Officer at 47 years old and am scheduled to take the fitness exam in 2 weeks to qualify for the police academy at Miramar for the March 142nd academy class. I'm a mason and involved in the Peace Officer's group at the local Al Bahr shrine and have a meeting with a few retired officers who put in over 30 years with the SDPD to talk about if this is a wise move or not at my age, experience, and education level. Honestly, I just need an income. I've been searching for jobs for over 3 months with no real leads while I continue to do consulting work for a few clients just to bring in a few thousand dollars each month and not to have any gaps in employment. My wife got a job as the protocol officer at the NAVY Information Warfare Center downtown San Diego, and she loves it. Her steady income is what is paying the bills right now.

During the time from when I left Multipack in July of 2022 and now, Not only have I been consulting for Miles Professional Services, but I was hired on as the CEO for one of my consulting clients, Square House. In September of 2022, Square House offered me 5% equity and \$10k a month to help them secure a warehouse, get licensed and permitted, and begin selling their products, which were cocktails in 100ml clear pouches inside of decorated chipboard sleeves. They were 5 to a box and could be a variety of cocktails or all 5 of the same cocktail. After we signed the lease on a 3k sq.ft. warehouse, they decided that they wanted to be co-packers as well. They wanted to grow quickly and sell the company. We signed a lease on a 14k sq.ft. warehouse, bought 2 automated bottling lines, and began negotiations with the North American Spirits Company (NASCO) in August of 2023. This due diligence and negotiating resulted in an MOU, and LOI, and many emails about how they were going to buy Square House for \$6.5m and produce their own products at the warehouse. They encouraged us to stop taking on new co-packing clients because they weren't interested in co-packing after they bought the company. They pulled out of negotiations in May of 2024 and the damage they did to Square House ended up collapsing the company. While it was no fault of mine, I don't like to focus on Square House a lot because of how it ended.

Additionally, I don't want to talk about how I am in litigation with my previous business partners at Multipack because I fear it could scare potential employers.

The services I provide to my clients as a consultant for Miles Professional Services are primarily in the areas of compliance, license updates and amendments, operations efficiency, global supply chain, product development, finding wholesalers, how to grow your company and find more customers, and how to package up a company for investment or sale. Typically, my services rank in that order from most time spent to least time spent. I currently have 3 paying contracts that provide me about \$5k per month but I am winding this business down in favor of a regular job. I'm hoping for something in local or Federal government or at a government contractor like Northrop Grumman, Raytheon, or similar.