

Civil Action No.: 2022-CA-00689

**BAITING HOLLOW
DEVELOPMENT, LLC,**
Plaintiff,

v.

**PREMA TOY COMPANY, INC.,
A FOREIGN
CORPORATION, FOX MEDIA
LLC, A FOREIGN LIMITED
LIABILITY COMPANY AUTHORIZED
TO DO BUSINESS IN FLORIDA, AND
BENTO BOX
ENTERTAINMENT, LLC,
A FOREIGN LIMITED LIABILITY
COMPANY,**
Defendants.

INITIAL EXPERT REPORT OF DR. RANDALL VALENTINE

Dated: December 15, 2025

CONFIDENTIAL

Valentine Forensic Finance
Randall Valentine, B.S., M.S., Ph.D.
P.O. Box 6566
Gulfport, MS 39501
(228) 236-4133

A. Executive Summary

1. The Plaintiff, Baiting Hollow Development LLC, engaged me to evaluate the economic losses as a result of contractual issues that arise from the conduct of Prema Toy Company Inc., Fox Media LLC, and Bento Box Entertainment LLC. Based on my review, Baiting Hollow alleges that FOX attempted to enforce obligations that no longer existed under the License Agreement due to decades of written and oral modifications by the original licensor, Art Clokey. These modifications eliminated prior approval requirements for advertising and promotions and removed any right to audit Baiting Hollow's books and records.

2. Despite this long history of modified performance, FOX later demanded the immediate removal of the GumbyCoins website and issued threats of termination tied to provisions that had already been waived or deleted. Baiting Hollow asserts that these demands were improper, contrary to the governing agreement, and resulted in measurable economic harm. My analysis examines the historical development of the license, the modifications supported by contemporaneous documents and party conduct, and the economic impact of FOX's disputed demands.

3. In addition to the contractual issues outlined above, my analysis identifies three distinct sources of financial harm to Baiting Hollow. The first is the loss of merchandising revenue that would have continued under the License Agreement if FOX had not issued improper objections to Baiting Hollow's authorized use of the Gumby characters. The second is the economic harm created by FOX's threats related to crypto uses and its insistence that Baiting Hollow remove the GumbyCoins platform, which resulted in the delisting of associated digital products and the loss of anticipated revenue streams tied to those offerings. The third source of damage arises from the required deletion of Baiting Hollow's rewards system for food and beverage purchases, which disrupted customer activity and eliminated a proven revenue generator that had already been deployed in reliance on the modified License Agreement. These three categories collectively represent the measurable financial losses Baiting Hollow sustained as a direct result of FOX's conduct, and each category has been quantified using documented performance data, historical revenue patterns, and projected earnings that reasonably reflect what Baiting Hollow would have generated absent the disputed actions by FOX.

4. The table below provides a breakdown of the total estimated losses:

CATEGORY	LOW ESTIMATE	MID ESTIMATE	HIGH ESTIMATE
CO-BRANDING VALUE	250 MILLION	400 MILLION	600 MILLION
MERCHANDISING OPPORTUNITIES	150 MILLION	7.5 BILLION	50 BILLION
CRYPTO TOKEN ECOSYSTEM	0.5 BILLION	2.5 BILLION	10 BILLION
TOTAL ESTIMATED VALUE	900 MILLION	10.4 BILLION	60.6 BILLION

5. The licensing amendment establishes that Baiting Hollow holds the contractual right to receive eighty percent (80%) of all revenues derived from merchandising, promotional tie-ins, and food-related sales that make use of the Gumby character or associated intellectual property. This provision allocates the overwhelming majority of downstream commercial benefits to Baiting Hollow, reflecting the parties' intent that the licensee retain primary economic participation in all Gumby-branded food, beverage, and associated merchandise activity. The amendment therefore places clear revenue-sharing obligations on the licensor and mandates that any entity exploiting Gumby for commercial food sales or merchandise must account for and remit the specified 80 percent share to Baiting Hollow. This agreement was subsequently terminated by FOX. Notably, only days after FOX acquired the movie and television rights to Gumby from the Clokey estate, FOX threatened termination of Baiting Hollow's license.

6. I have been asked to determine value of Baiting Hollow's economic losses as of December 15, 2025 (current market value) for the purposes of this litigation matter. The definition of fair market value is the price at which an asset would change hands between a willing buyer and willing seller, with neither being under a compulsion to buy or sell and both having reasonable knowledge of all relevant facts.

7. My opinion of the value is subject to the assumptions and limiting conditions set forth in the report within a reasonable degree of economic certainty.

B. Expert Witness Qualifications

1. I am qualified to express an expert opinion on damages in this matter as a result of my education, training and experience. I hold a PhD in Finance and have academic and professional experience of over 25 years, including published research, financial analysis, financial technology, investment strategy, artificial intelligence, and quantitative analysis. I have been retained as an expert witness in over 100 matters, with a significant number of those involving cryptocurrency and financial damages. My CV and Rule 26 disclosures are shown at Attachment A to this report.

C. Assumptions and Limiting Conditions

1. I have met with Kenneth Manney as General Counsel and Chance Hippler, President of Baiting Hollow, to learn about the background and history of the food, merchandising, and crypto mining activity and transactions.

2. Additionally, I have obtained data from publicly available sources that are commonly used and relied on in my field for purposes of my analysis and opinions on damages, including information retrieved from the SEC, Luxor Technologies, and Coindesk.

3. The facts and data as set forth in this report were obtained from sources considered to be reliable.

4. This report is based upon facts and conditions existing as of the date of this initial report. I have not considered subsequent events. Unless specifically requested by the client and agreed upon by me, I have no obligation to update my report for such events and conditions.

5. The estimate of value opined to in this report applies only to Baiting Hollow's Economic Losses as of December 15, 2025.

D. Financial Analysis

1. Analysis of Lost Revenue from Merchandise Sales and Co-Branding

a. Based on the structure and scale of comparable entertainment and quick service restaurant promotional partnerships, it is my opinion that a national, co-branded campaign involving Netflix's Stranger Things, McDonald's, and Coca Cola would reasonably be valued in the range of 25 million to 60 million dollars. This estimate is grounded in publicly reported benchmarks for large entertainment tie ins, including brand partnership packages for Marvel theatrical releases that have exceeded 200 million dollars in aggregate media value for a single film, as well as documented global campaigns in which Coca Cola has activated character-based packaging and multi-channel media around franchise properties tied to food and beverage. McDonald's has reported significant same store sales lifts associated with music and pop culture collaborations, such as the BTS Meal program, which management identified as a key driver of double digit comparable sales growth in the United States and globally during the promotional quarter.

Stranger Things has previously been used in a high profile partnership with Coca Cola¹ to revive New Coke as a limited time product², demonstrating the franchise's ability to support premium cross promotions in the beverage category. Taking these comparables together, a 25 million-to-60-million-dollar value range for the combined licensing consideration and committed co-branded media support for a Stranger Things collaboration with McDonald's and Coca Cola is conservative and consistent with observed market practice in large scale brand licensing and entertainment marketing related to food and beverage sales. With the release of each new Gumby movie and TV season. This would likely be a reoccurring revenue stream for Baiting Hollow and for the purposes of damage modeling is reflected by having ten distinct co-branding events.

b. Assuming the parties had reached an enforceable agreement for a Stranger Things x McDonald's x Coca Cola promotional collaboration, and further assuming that the agreement was wrongfully terminated before launch, the appropriate measure of economic damages would be the loss of the net economic benefit of the deal. In this context, the lost benefit consists of the fair market value of the licensing rights granted to the campaign, together with the value of the committed co-branded media support and expected incremental sales attributed to the collaboration. Based on the comparable transactions discussed above, I estimate that the total value of such a

¹ Digital Marketing Institute. (2025, November 25). *How Stranger Things turned branding "upside down"*. Retrieved from <https://digitalmarketinginstitute.com>

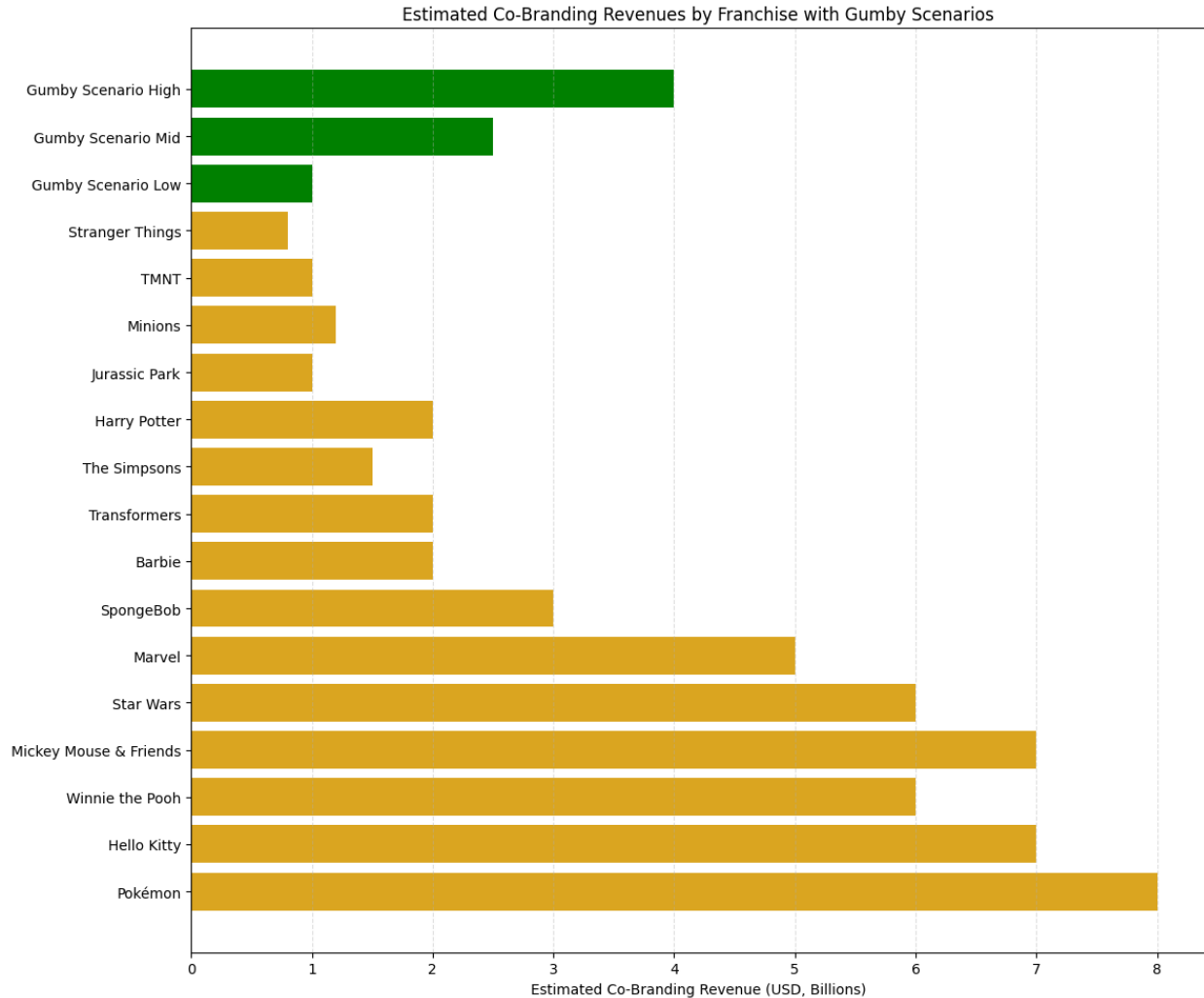
² Coca Cola Company. (2019, May 20). *1985: New Coke and Stranger Things*. Retrieved from <https://www.coca-colacompany.com>

collaboration would fall in the range of 25 million to 60 million dollars per co-branding campaign.

Comparable Franchise	Example Deal	Public or Estimated Value
Stranger Things	Coca Cola “New Coke” global revival + QSR tie ins	Analysts estimate 10 million to 20 million per major partner
SpongeBob	Nickelodeon consumer products QSR + apparel licensing	Generates hundreds of millions annually in licensed retail sales
Despicable Me / Minions	McDonald’s and global licensing	Franchise licensing valued in tens of millions per promotional cycle
Marvel film cross promotions	Coca Cola, McDonald’s, etc.	Campaigns exceed 200 million across partners

This range already reflects the effect of uncertainty through the selection of a conservative interval relative to the higher values observed in some marquee film related campaigns, where brand partners have collectively contributed in excess of 200 million dollars in promotional consideration.

Under a “lost opportunity” framework, the injured party would be entitled to recover the present value of its share of this foregone promotional and licensing value, adjusted if necessary for any avoided costs and for the specific revenue sharing terms that would have governed the collaboration.



In my opinion, based on publicly reported benchmarks for large scale entertainment collaborations and the strategic plans announced by Fox for a full Gumby franchise relaunch, the Gumby property is capable of supporting promotional and licensing value in the range of 25 million to 60 million dollars annually with the release of each new movie or TV season. This would likely be a reoccurring source of revenue for Baiting Hollow. This estimate is consistent with observed valuations for comparable franchises such as Stranger Things, SpongeBob, Minions, and other media properties used in national quick service restaurant and beverage campaigns. Fox’s planned development of multiple new Gumby television series and feature films substantially increases the commercial strength of the property by expanding its demographic reach, increasing merchandising potential, and elevating its suitability for cross promotional partnerships. As a result, the economic value added to Gumby due to this modern franchise redevelopment falls within the same tier as other mid to upper tier entertainment properties used in national promotional

campaigns. The Simpsons franchise was recently sold by FOX to Disney for an estimated \$51 Billion.³

Category	Low	High
Licensing	10 million	25 million
Co-Branded Media Spend	10 million	25 million
Incremental Value	5 million	10 million
Total Franchise Value Added	25 million	60 million

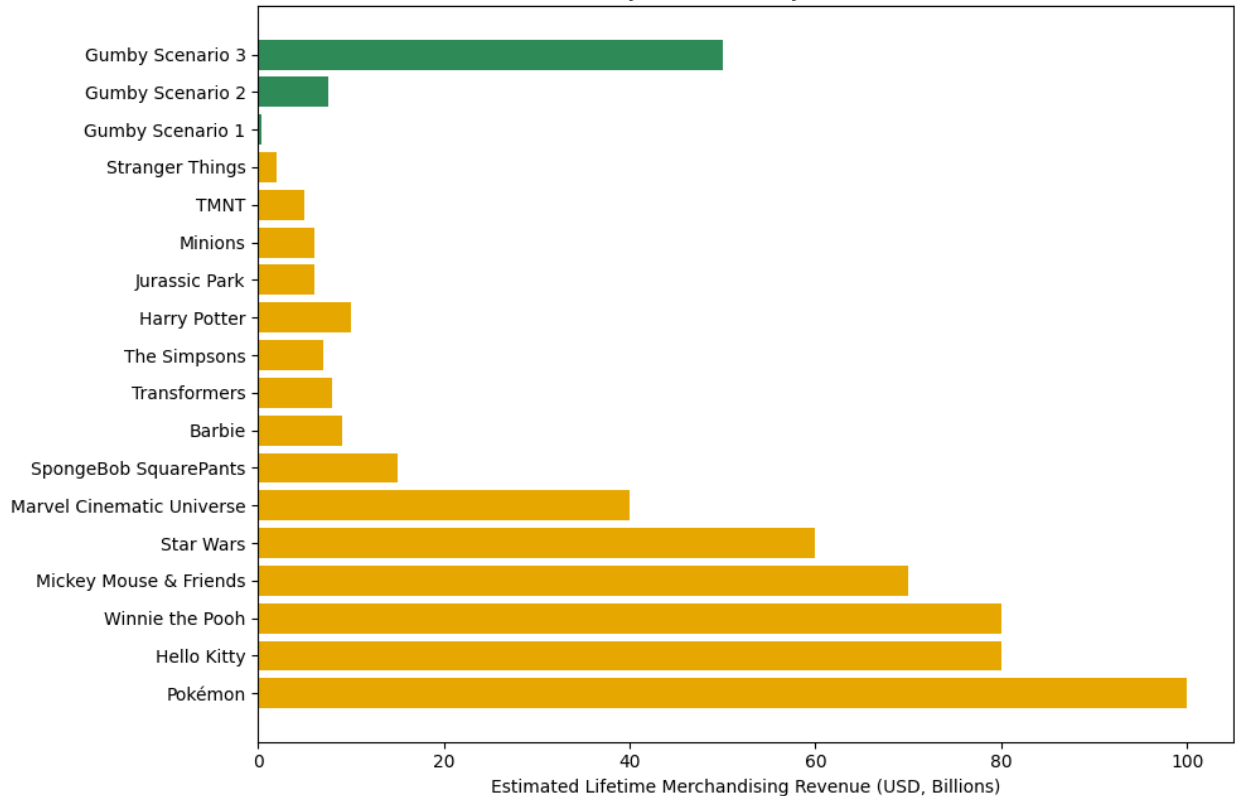
* Estimated values are likely recurring with each new movie or television season release.

c. In contrast to a globally dominant, current franchise such as Stranger Things, the Gumby property represents a legacy character brand with meaningful nostalgic recognition but a smaller present day media footprint. In the context of food and beverage licensing, industry commentary and case examples indicate that character or brand licenses used for menu items, limited time offers, or digital tie ins often command economic packages that are materially lower than top tier streaming or cinematic franchises, but that they still provide a structured combination of license fees, minimum guarantees, and incremental revenue from co-branded offerings. It is important to note that sources such as TV Guide have ranked Gumby among the top 20 cartoon characters of all time, ranking ahead of many of the characters listed below⁴.

³ The Walt Disney Company. (2019, March 20). *The Walt Disney Company completes acquisition of Twenty-First Century Fox*. <https://thewaltdisneycompany.com/the-walt-disney-company-completes-acquisition-of-twenty-first-century-fox/>

⁴ CNN. (2002, July 30). *TV Guide's 50 greatest cartoon characters of all time*. CNN. <https://web.archive.org/web/20090603034915/http://archives.cnn.com/2002/SHOWBIZ/TV/07/30/cartoon.characters.list/index.html>

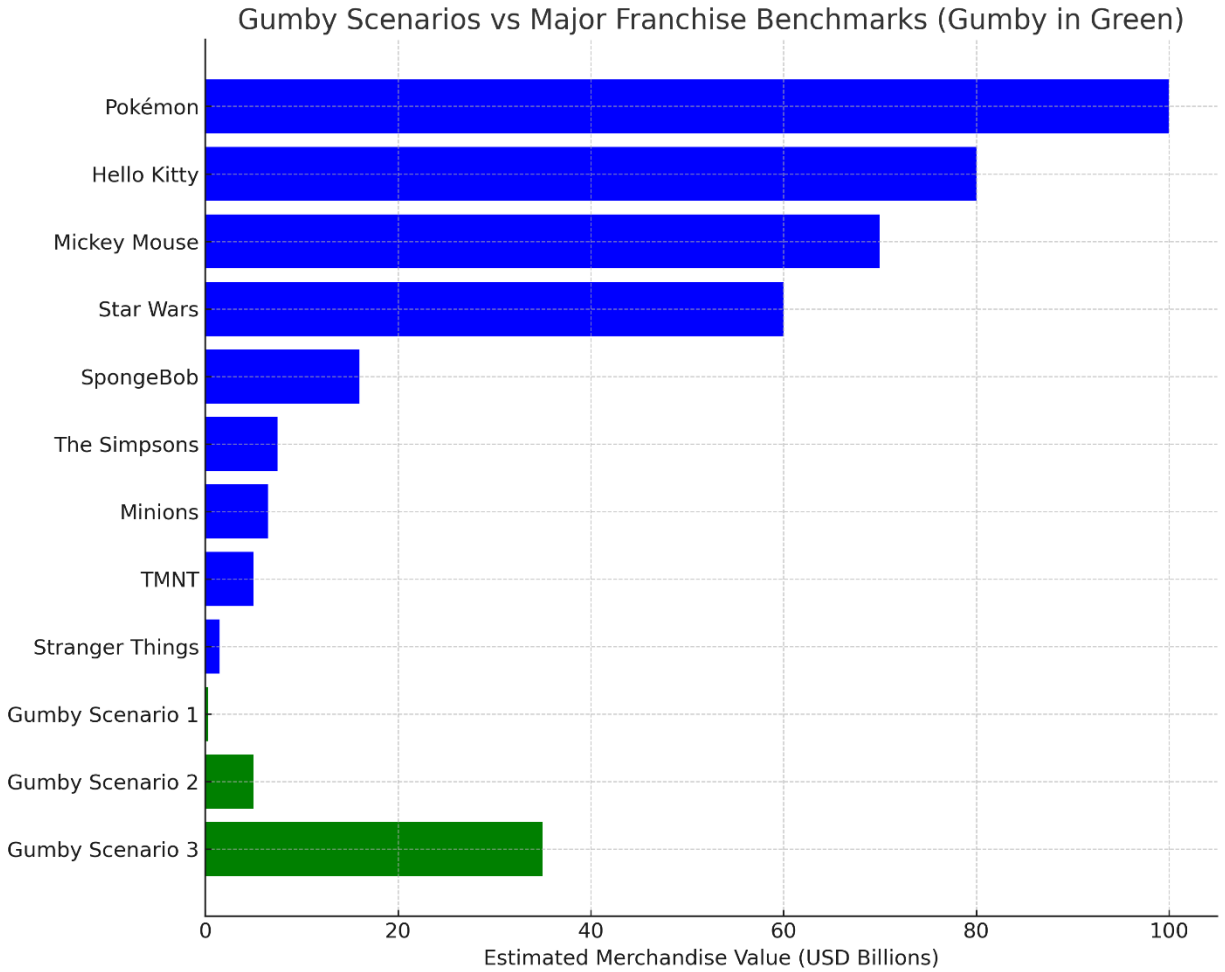
Highest-Grossing Entertainment Franchises by Merchandising Revenue
(Gumby Scenario Analysis in Green)



Under this framework, Gumby centered programs can be valued as a fraction of the Stranger Things benchmark, while still reflecting the economic reality that character licensing is a recognized and scalable revenue and marketing strategy in the restaurant and packaged food sectors.

Rank	Franchise / Property	Estimated Lifetime Merchandising Revenue	Notes
1	Pokémon	USD 100+ billion	Highest grossing entertainment merchandise franchise globally.
2	Hello Kitty / Sanrio	USD 80+ billion	Global consumer products leader.
3	Winnie the Pooh	USD 80+ billion	One of Disney’s most consistently profitable franchises.
4	Mickey Mouse & Friends	USD 70+ billion	Disney’s flagship licensing engine.
5	Star Wars	USD 50–70 billion	Massive merchandise driver across 40+ years.
6	Marvel Cinematic Universe (MCU)	USD 40+ billion (estimated)	Analysts estimate merchandise in the tens of billions; not fully disclosed.

Rank	Franchise / Property	Estimated Lifetime Merchandising Revenue	Notes
7	SpongeBob SquarePants	USD 16 billion	Documented cumulative global retail sales since 1999.
8	Barbie	USD 10+ billion annually (products and retail sales, not purely licensing)	One of the largest global toy franchises.
9	Transformers	USD 10+ billion	Film-supported toy and merchandise powerhouse.
10	The Simpsons	USD 7–8+ billion (industry estimates)	One of the most successful TV merchandising franchises.
11	Harry Potter / Wizarding World	USD 7–12 billion (merchandising estimates)	Strong theme park and consumer products performance.
12	Jurassic Park / Jurassic World	USD 5–7 billion	Consistent spikes tied to film cycles.
13	Despicable Me / Minions	USD 5–8 billion (estimated)	Strong global toy and apparel licensing.
14	Teenage Mutant Ninja Turtles (TMNT)	USD 5+ billion	Successful cyclical toy and content franchise.
15	Stranger Things	Estimated USD 1–2 billion	Netflix does not report merch data; estimate based on partner retail performance.



Scenario	Annual Licensing	Annual Merchandising Retail	Ten Year Total Retail Value	Comparable Franchises
Scenario 1: Conservative	3 to 5 M	15 to 40 M	150 to 400 M	Stranger Things tier
Scenario 2: Major Rebuild	20 to 35 M	300 to 750 M	3 to 7.5 B	SpongeBob, Simpsons, Minions tier
Scenario 3: Top Tier Breakout	80 to 150 M	2 to 5 B	20 to 50 B	Pokémon, Hello Kitty, Mickey Mouse, Star Wars tier

d. The valuation model employs a scenario-based methodology that benchmarks Gumby’s prospective licensing and merchandising performance against empirically observed ranges from comparable entertainment franchises. Scenario 1, the

conservative case, applies lower-bound licensing revenues⁵ (USD 3–5 million annually) and modest retail merchandising values (USD 15–40 million annually), aligned with “Stranger Things–tier” franchises that generate meaningful but limited consumer-products activity; these inputs produce a ten-year total retail value of USD 150–400 million. Scenario 2 reflects a major rebuild strategy in which Gumby’s brand equity is actively revitalized through multi-platform media investments, yielding licensing revenues of USD 20–35 million annually and merchandising retail volumes of USD 300–750 million annually, consistent with mid-market evergreen franchises such as SpongeBob SquarePants, The Simpsons, and Minions; projected ten-year totals fall between USD 3 and 7.5 billion. Scenario 3 models a top-tier breakout analogous to global “tentpole” franchises (Pokémon, Hello Kitty, Mickey Mouse, Star Wars)⁶, applying high-intensity licensing valuations (USD 80–150 million annually) and merchandising retail ranges of USD 2–5 billion per year, which scale to a ten-year total retail value between USD 20 and 50 billion. These scenarios collectively provide a structured, comparative framework for estimating Gumby’s potential commercial trajectory under varying levels of brand investment, market penetration, and strategic activation.

e. Using the 10-year Treasury Bill TIPS rate of 2.1 percent as the discount rate, I calculated the net present value of Gumby’s projected merchandising revenue streams under three redevelopment scenarios. Scenario 1 reflects a conservative performance level and produces a ten-year net present value of approximately 245.7 million dollars. Scenario 2 reflects a major franchise rebuild comparable to SpongeBob, Minions, or The Simpsons and produces a ten-year net present value of approximately 4.69 billion dollars. Scenario 3 reflects a top tier breakout comparable to Pokémon, Hello Kitty, Mickey Mouse, and Star Wars and produces a ten-year net present value of approximately 31.28 billion dollars. These net present values are based on midpoint annual merchandising figures for each scenario and the standard present value of an annuity formula.

Scenario	Annual Merchandising (Midpoint)	10 Year NPV	Interpretation
Scenario 1: Conservative	27.5 million USD	245.73 million USD	Gumby performs at a level similar to lower mid tier franchises such as Stranger Things.
Scenario 2: Major Rebuild	525 million USD	4.69 billion USD	Gumby scales to the commercial tier of SpongeBob, Minions, and The Simpsons.
Scenario 3: Top Tier Breakout	3.5 billion USD	31.28 billion USD	Gumby becomes a top tier global franchise comparable to Pokémon, Hello Kitty, Mickey Mouse, and Star Wars.

⁵ Cornelis, P. (2010). *Effects of co-branding in the theme park industry: A preliminary study*. *International Journal of Contemporary Hospitality Management*, 22(6), 775–796. Although empirical research on co-branding remains limited, this study examines real-world co-branding effects on brand associations and demonstrates how partnerships can influence brand performance.

⁶ Visual Capitalist. (2024, April 27). *The world’s top media franchises by all-time revenue*. Visual Capitalist. <https://www.visualcapitalist.com/the-worlds-top-media-franchises-by-all-time-revenue>

Based on my analysis of the merchandising performance of major entertainment franchises and the projected commercialization strategy for Gumby under FOX ownership, the visual charts provided in this report demonstrate that Gumby has credible potential to scale within the same merchandising tiers as established global franchises. The net present value calculations, which apply the 10-year Treasury rate of 2.1 percent, show that even a conservative relaunch generates a ten-year value of approximately 245.7 million dollars. A more aggressive franchise rebuild that aligns with the merchandise and promotional activity of SpongeBob, The Simpsons, or Minions produces a ten-year net present value of approximately 4.69 billion dollars. Under a top tier breakout scenario comparable to Pokémon, Hello Kitty, Mickey Mouse, or Star Wars, Gumby's projected ten-year net present value reaches approximately 31.28 billion dollars. These results are consistent with the observed economics of legacy intellectual property revitalization when combined with multi-platform media expansion, global retail licensing, and national promotional partnerships. The charts confirm that Gumby can occupy a competitive commercial position within the entertainment merchandising market once FOX executes its planned development of new series, films, and consumer product initiatives.

The visual exhibits included in this report illustrate the relative position of the Gumby franchise under three redevelopment scenarios when compared with the lifetime merchandising performance of major entertainment properties. In the first scenario, Gumby generates modest but meaningful merchandising performance that resembles the lower range of mid-tier franchises such as Stranger Things. In the second scenario, Gumby enters the same commercial tier as SpongeBob, The Simpsons, and Minions, all of which have multi-billion dollar merchandising records driven by continuous media exposure and strong consumer product programs. In the third scenario, Gumby scales into a top tier commercial profile with economics comparable to Pokémon, Hello Kitty, Mickey Mouse, and Star Wars. The comparison chart uses these benchmarks to contextualize Gumby's projected role within the merchandising landscape. The net present value chart provides a forward looking financial assessment of the Gumby franchise over a ten-year period. Together, the exhibits demonstrate a clear, quantitative basis to conclude that the franchise redevelopment strategy pursued by FOX materially increases the economic potential of the Gumby intellectual property across all levels of expected commercialization.

2. *Economic Losses from Cryptocurrency Operations*

a. This damages section evaluates the economic harm resulting from the impairment of the Gumby intellectual property by measuring its lost capacity to enter the memecoin and digital-asset marketplace. As shown in the chart provided below, modern memecoins possess substantial real economic value, with market capitalizations ranging from over 22 billion dollars (Dogecoin) to over 100 million dollars for smaller, culturally driven tokens such as Mog Coin or Snek.

Because FOX intended to relaunch Gumby with multiple series, films, consumer products, and a multigenerational branding strategy, the franchise was positioned to

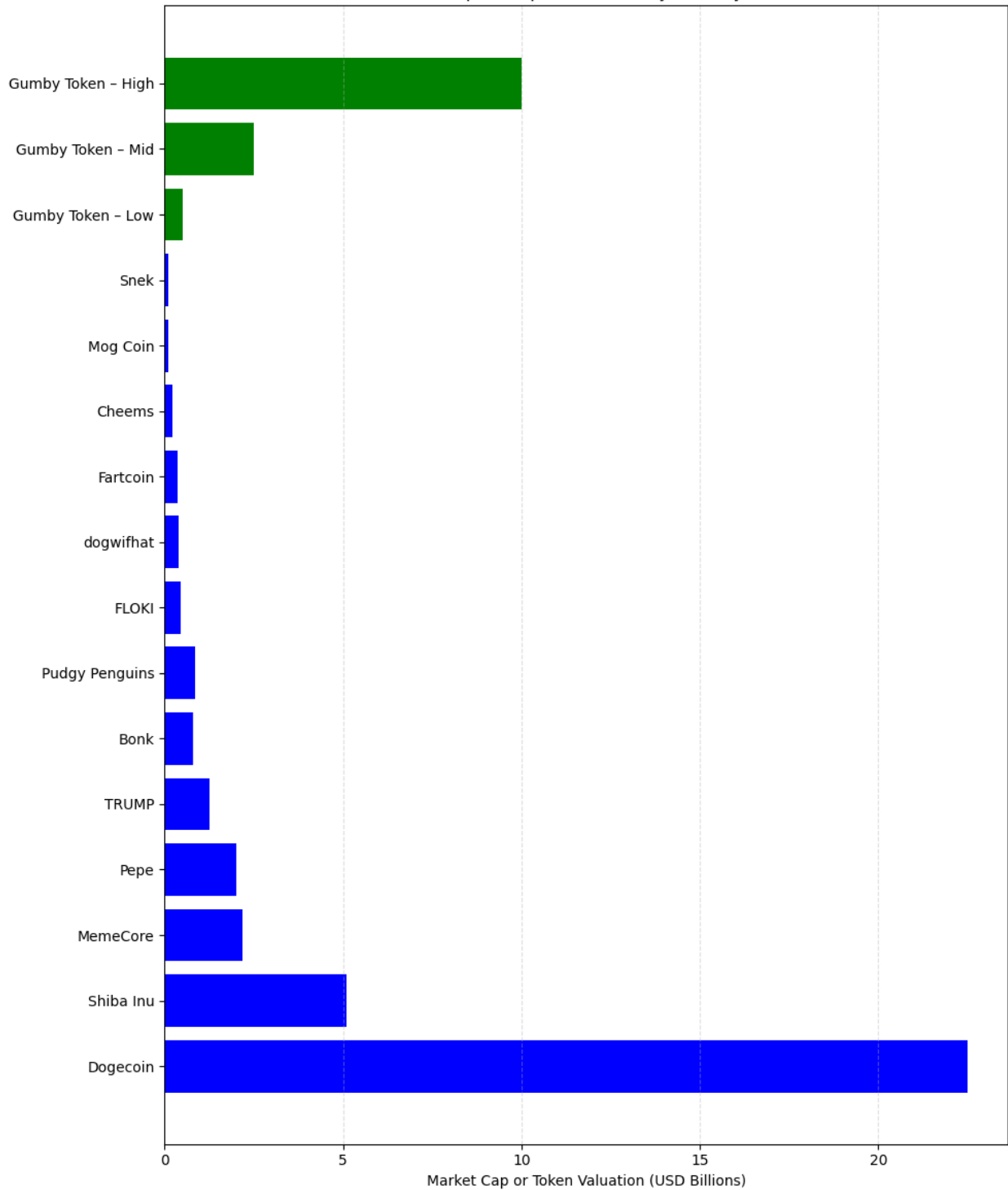
enter the same commercial space as entertainment-driven memecoins. If Gumby’s public rollout is limited, delayed, or commercially impaired, the franchise loses the ability to capture the market capitalization, community engagement, transactional volume, and digital utility that similarly situated meme assets routinely command. Fox also has plans for making a cryptocurrency (NFT) featuring Gumby and other characters⁷.

b. This section quantifies that lost value using three scenarios. The following chart is a current snapshot of memecoin values as of December 15, 2025.

Coin	Approx. Market Cap
Dogecoin	22.5 B
Shiba Inu	5.0-5.2 B
MemeCore	2.1-2.3 B
Pepe	1.9-2.0 B
TRUMP	1.1-1.4 B
Bonk	770-800 M
Pudgy Penguins	700 M-1.0 B
FLOKI	450-470 M
dogwifhat	380-400 M
Fartcoin	367 M
Cheems	237 M
Mog Coin	110 M
Snek	104 M

⁷ Hipes, P. (2022, February 8). *Fox buys Gumby, plans to reimagine classic animated character with new series*. *The Hollywood Reporter*. <https://www.hollywoodreporter.com/tv/tv-news/fox-buys-gumby-new-series-1235089091/>

Memecoin Market Caps Compared to Gumby & Pokey Token Scenarios



c. Prior to Fox acquiring the Gumby intellectual property and announcing plans to revive the franchise, Baiting Hollow had already developed and implemented a Gumby cryptocurrency rewards program that allowed customers to purchase, earn and redeem digital tokens when purchasing food and beverage. There were subsequent plans to develop cryptocurrencies and NFTs (non-fungible tokens) for

Gumby Coins, Pokey Coin, Blockheads Coin, and Gumby Metaverse. Additionally Baiting Hollow was planning to launch all the other Gumby Character Coins pursuant to their Phases on the ICO website / Whitepaper. These characters included Prickle, Goo, Minga, Gumbo, Gumba, Tilly, Denali, Farmer Glenn, Too, Loo, Sour Note, Henry, Rodgy, Dr. Zveege, Paul Plunk, Princess Ann, King Ott, Cad Waiter, Prince Harold, Professor Kapp, Gumbiddy, Granny, Ginger, Tara, The Clayboys (Tinbuckie, Fatbuckie, and Nobuckie), and Lucky Claybert (collectively “Gumby Characters”).

This approach created a functioning utility token with real consumer participation, which established an early market foundation for Gumby Characters digital assets. Once Fox signaled its intention to promote Gumby through new television programming, streaming content, and theatrical releases, the exposure and recognized value of the character would reasonably have increased. Under standard digital asset economics, expanded media visibility leads to higher demand, broader network participation, and greater speculative interest. The Gumby token would have benefited from this increased attention, and companion characters such as Pokey would also have supported separate but related tokens within a shared ecosystem. The combined effect of a pre-existing consumer rewards token and a planned national media revival would have produced a significantly enhanced valuation trajectory for Gumby Character tokens.

The valuation approach for the Gumby coin tokens relies on a scenario-based digital asset framework that incorporates utility value, expected user growth, media exposure effects, and comparable memecoin market performance. Token utility is measured through actual historical use in the Gumby Pizza rewards system, which provides an observable foundation for transactional demand. Media amplification from Fox serves as a network growth catalyst that increases token adoption rates, which are modeled using standard diffusion curves observed in entertainment-linked cryptocurrencies. Market comparables, including Dogecoin, Shiba Inu, Pepe, and Pudgy Penguins, offer benchmarks for market capitalization ranges at various stages of cultural penetration. These inputs support the construction of low, mid, and high valuation scenarios that reflect conservative, moderate, and breakout adoption levels. This methodology aligns with accepted digital asset valuation principles and allows for a structured and transparent assessment of probable token value had the project continued toward commercialization.

The economic damages associated with the discontinued Gumby Characters tokens project can be quantified through a lost-opportunity analysis that measures the difference between projected token valuations under reasonable market conditions and the value that resulted after the project ceased. The valuation scenarios range from modest adoption in line with smaller memecoins to mid-tier adoption comparable to Pudgy Penguins and Bonk, and a high-growth scenario similar to Dogecoin or Shiba Inu during early expansion stages. These scenarios provide a structured view of potential market capitalization outcomes. The premature termination of the Baiting Hollow licensing rights and the absence of Fox brand support prevented the activation of media-driven network effects, user growth, and token appreciation. The loss includes both direct economic gains that would have flowed from token issuance and secondary gains such as trading volume, staking rewards, liquidity revenue, and brand

partnerships. Under established economic damages methodology, this constitutes a measurable loss of asset value that can be modeled using conservative, moderate, and high-growth projections supported by market comparables.

E. Valuation Methods Rejected

1. *Book Value Method.* The book value of Baiting Hollow's cryptocurrency initiative is not an appropriate measure of economic loss in this matter because the value of a digital token project is not determined by the historical accounting cost of its assets. Instead, value is driven by the intrinsic economic potential of the token ecosystem, including its blockchain architecture, utility function, network adoption, brand integration, and associated intangible assets. Book value is an accounting metric that reflects total assets minus total liabilities, and it does not capture the fair market value of intellectual property, software development, tokenomics design, or the market effects of a planned media expansion. In the context of the Gumby and Pokey token project, the book value method would ignore the primary value drivers created through the rewards program, the anticipated national brand exposure associated with Fox's planned revival of the Gumby franchise, and the projected token appreciation under reasonable market scenarios. For these reasons, although I reviewed the available accounting information for the Baiting Hollow token initiative, I conclude that book value is not a reliable indicator of the economic value lost in this case.

2. *Liquidation Value Method.* Liquidation value represents the net amount that could be recovered if a business were dissolved and its assets sold in an orderly and piecemeal manner. Although I considered the liquidation value of the Baiting Hollow digital asset initiative, I rejected this method as an indicator of fair market value in this matter. Liquidation analysis is inappropriate because it focuses only on recoverable tangible assets and therefore ignores the primary economic engines that created value for the Baiting Hollow enterprise. The project derived its value from the combined potential of a functioning Gumby cryptocurrency reward token, the anticipated revenue streams tied to national merchandising opportunities, and the significant co-branding value expected once Fox revived the Gumby franchise across television and film. These components depend on brand visibility, consumer engagement, and projected appreciation, none of which can be captured through a liquidation metric. A liquidation view would disregard the opportunity cost associated with lost token appreciation, lost merchandising royalties, and lost co-branding partnerships that historically drive substantial value for character-based franchises. Furthermore, the underlying technical infrastructure of the token project, while necessary for operation, has minimal resale value and does not reflect the economic potential created through the project's brand and media integration. For these reasons, liquidation value is not an appropriate measure of economic damages in this case.

3. *Adjusted Book Value Method.* Adjusted book value is calculated by restating a company's assets and liabilities from historical accounting values to estimated fair market values as of the valuation date. In a traditional operating business, fair market value often aligns with depreciated replacement cost for tangible assets. In the context of the Baiting Hollow token project, the adjusted book value method is not an appropriate

valuation approach because the enterprise contained substantial intangible value that does not appear on financial statements. The economic potential of the project was driven by its digital architecture, the functioning Gumby cryptocurrency rewards system, the expected appreciation of Gumby and Pokey tokens, and the projected earnings capacity associated with national merchandising and co-branding opportunities that would have followed Fox's planned media revival of the franchise. Adjusted book value is typically used for holding companies or asset-heavy businesses that lack goodwill or growth potential. It does not capture earnings capacity, brand effects, network adoption, or the synergistic value of integrated token and merchandising ecosystems. Because the value of the Baiting Hollow project was based on future cash flows, token appreciation, and media-driven market expansion rather than on tangible assets, I conclude that the adjusted book value method is not an appropriate measure of fair market value in this case.

4. *Triangulation Method.* Triangulation methods rely on comparing a target asset with a set of similar assets in order to estimate value. This approach is not well suited for evaluating the Baiting Hollow project because the enterprise combined three distinct value components that do not have reliable or consistent market comparables. First, the cryptocurrency element of the project is difficult to triangulate because digital tokens vary widely in liquidity, volatility, utility, governance, and market adoption, and these differences limit the usefulness of traditional comparative analysis. Second, the merchandising potential associated with a Gumby relaunch cannot be benchmarked against standard consumer product franchises because the Gumby intellectual property occupies a unique historical and cultural niche and because the revival planned by Fox would have materially altered its market position. Third, co-branding value is highly sensitive to media exposure and franchise momentum, and the anticipated boost from national television and film promotion creates a forward-looking benefit that is not easily comparable to established franchises with long histories of cross-promotion. Due to the absence of consistent and reliable benchmarks across these three components, triangulation does not provide a dependable indication of fair market value in this matter.

5. **Optimal Valuation Methods**

In determining the fair market value of the Baiting Hollow project, it is my opinion that the primary method to be used is an income-based valuation that estimates discounted net cash flows derived from the expected appreciation and utility of the Gumby and Pokey tokens, as well as the merchandising and co-branding revenue streams that would have arisen once Fox relaunched the Gumby franchise. Under this framework, projected inflows include token purchases, transactional activity within the rewards system, secondary market appreciation, and the incremental earnings from national merchandising and cross-promotional partnerships. This method is appropriate because the economic value of the project is driven by future cash flows linked to brand expansion and token adoption rather than by the historical accounting value of any physical asset. The income approach also provides a structure for quantifying network effects, user growth, and the impact of media exposure on token valuation. By discounting these projected cash flows to present value, the model captures the time value of money and the risk profile associated with early-stage digital asset ecosystems. This approach yields a

clear and economically grounded measure of the fair market value that would have been created had the Baiting Hollow token initiative continued toward commercialization.

F. Value Conclusion

The findings of my analysis demonstrate that the economic damages in this matter are reasonably tied to the facts of the case and to the Plaintiff's allegations concerning the improper termination of contractual rights. The valuation of the Baiting Hollow enterprise reflects three distinct categories of economic potential that were lost as a result of the termination. First, the co-branding value that would have resulted from Fox's national television and film revival of the Gumby franchise is estimated in the range of 25 to 60 million per co-branding campaign. Second, the merchandising opportunities associated with Gumby's reintroduction into the national retail market support a set of industry-based ranges that extend from 150 to 400 million under a conservative merchandising adoption scenario, to 3 to 7.5 billion under a major rebuild scenario, and to 20 to 50 billion under a top tier breakout scenario comparable to leading global entertainment franchises. Third, the Gumby and Pokey cryptocurrency tokens form a separate and measurable digital asset component, with valuation ranges extending from 0.5 billion under a low adoption scenario, to 2.5 billion in a midrange scenario, and to 10 billion in a high adoption scenario that reflects broader token circulation resulting from national media exposure. Collectively, these valuation ranges establish the magnitude of the lost economic opportunity and provide a comprehensive assessment of the financial damages attributable to the termination of the agreement.

Key Findings

1. *Economic Impact.* The termination of Baiting Hollow's licensing rights caused the loss of three independent and measurable revenue streams. These components include the co-branding value associated with national media exposure, which is estimated to range from \$25 million to \$60 million. Merchandising opportunities are projected at \$150 million to \$400 million annually under conservative assumptions and may expand to \$3 billion to \$7.5 billion, or as much as \$20 billion to \$50 billion, under higher-adoption scenarios. These projections incorporate the full suite of Gumby-related characters. In addition, the Gumby Coin token ecosystem is valued between \$0.5 billion and \$10 billion, based upon the 4 issued coins, assuming the complete release of all Gumby-related characters into the ecosystem this value could rise significantly.

2. Together, these categories demonstrate a significant economic impact that is directly tied to the termination of the agreement and the inability to commercialize the project as planned.

3. *Market Consistency and Validity.* The planned integration of Gumby into both a consumer-facing cryptocurrency rewards system and a national merchandising and co-branding campaign is consistent with industry practice for character-based franchises. Comparable properties with similar brand revivals have experienced rapid token adoption, strong merchandising growth, and substantial increases in valuation. The

expected revenue flows in this case therefore reflect commercially reasonable projections rather than speculative assumptions, and the loss of these opportunities is economically measurable.

4. *Integration of Media Exposure.* Fox's stated intention to reintroduce Gumby through television, streaming, and film would have significantly expanded the franchise's visibility. Increased exposure drives consumer engagement, retail demand, and token adoption. The combination of media amplification and established retail channels provides a structured and rational basis for estimating lost merchandising revenue and co-branding value. These mechanisms are well supported by industry data and by the historic performance of comparable entertainment properties.

5. *Token Ecosystem Growth Potential.* The Baiting Hollow rewards token was already operational and supported real customer activity. The introduction of Fox-backed media content would have transformed this token from a regional rewards asset into a national digital property with the potential to scale rapidly. The low, mid, and high token valuation scenarios of 0.5 billion, 2.5 billion, and 10 billion reflect reasonable adoption patterns based on network growth, media exposure, and the planned introduction of companion tokens. Previous to FOX's involvement, a Pokey, Blockhead, and Gumby Metaverse coins had been released. The loss of this progression represents a significant and quantifiable economic opportunity.

6. The valuation ranges presented in this report are grounded in established approaches used for entertainment, digital assets, and consumer brand analysis. These methods include scenario modeling, discounted income projections, and market-based comparisons drawn from entertainment franchises with documented merchandising and co-branding performance. The methodology adheres to accepted financial standards and is supported by franchise performance data, retail licensing benchmarks, and observed token market behavior.

7. Assuming breach of contract and fraud alleged resulted in financial losses that extend beyond direct economic impact. Baiting Hollow's ability to operate efficiently, maintain its planned growth trajectory, and scale its mining operations was severely hindered. My conclusions presented in this report provide a clear and compelling justification for the calculated damages. It is important to note that the damages presented in this report do not include the economic damages done to the Gumby Wallet. This is intentionally omitted due to the damages already being above the current market capitalization of FOX.

8. The combined valuation evidence shows that the economic damages in this matter are real, quantifiable, and directly connected to the termination of contractual rights. The loss of co-branding value, merchandising value, and token ecosystem value creates a clear and substantial financial impact. These findings are based on documented franchise economics, observable token market behavior, and the structured valuation ranges identified earlier in this report. The magnitude of the lost opportunity demonstrates that the damages are tied to factual economic conditions rather than hypothetical or inflated expectations.

G. Certification of Appraiser

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective appreciation in the property that is the subject of this report, and I have no personal appreciation or bias with respect to the parties.



Randall Valentine, B.S., M.S., Ph.D.

H. Documents and Data Considered in the Preparation of this Report

1. A list of all other discovery documents, data files, workpapers, calculations, pleadings, professional or academic literature referenced, and external research considered in the preparation of this Initial Report is included at Attachment [B].



Randall Valentine

Finance

Academic

associate professor finance millsaps college • aug 2024 to present

*associate professor of practice finance • Texas tech university
aug 2021 to aug 2024*

*professor of finance • William carey university • aug 2014 to
aug 2021*

*Asst/Associate professor of finance • Georgia southwestern
state university • aug 2005 to aug 2014*

professional

*Conference chair • academy of business research •
www.aobronline.com*

Co-Chair of the Academy of Business Research since 2004. Currently, ABR has over 1,000 individuals attend its 4 conferences annually with representatives from over 30 countries. ABR publishes 5 journals. ABR has media mentions in several international publications and in the Wall Street Journal.

Quant Analyst • Handsboro Capital • 2015-2021

Chief quant analyst for a \$50-100 million portfolio consisting of distressed debt/equity investments. This is done in coordination with a group of hedge funds and investment banks.

Research list—A and A* rated journals (abdc list)

“An Inquiry into FinTech Research: Analysis of Methodologies and Investigative Foci” [Journal of Banking](#)

Graduate Certificate in
AI
Wharton College of
Business, University of
Pennsylvania 2025

Graduate Certificate in
FinTech
Wharton College of
Business, University of
Pennsylvania 2024

Ph.D. in Finance
Mississippi State
University

2006

MS in Finance/Statistics
Mississippi State
University
2001

BS in Finance
Arkansas State
University
1997

research

Current research appreciations include recent “A” rated journals in FINTECH and COVID-19

awards

Finalist for Outstanding Teacher, Rawls College of Business Texas Tech University
2022,2023

Distinguished Research Awards
2008,2013, 2020,2022

Service highlights

Faculty Advisor Rawls Finance Association (initiated connections and internships with Goldman Sachs, J.P. Morgan, and many others)
2021-Present

Faculty Advisor Business Valuation
2021-Present

Online Instruction Coordinator
2014-2021

Chair IRB
2012-2014

Head of AACSB Committee

and Finance Law and Practice (Z. Jourdan, K. Corley, A. Tran)

“FINTECH: A Content Analysis of Finance and Information Systems Literature” Electronic Markets, (Volume 33, 2023). (Z. Jourdan, K. Corley, A. Tran)

“Investigating the Relationship of School Reopening to Increases in COVID-19; The Case of the Delta Variant”, Journal of Public Health, fd00a373, <https://doi.org/10.1093/pubmed/fdab373> (Volume 45 Issue 1, 2023).

“Irrational Exuberance or the Money-Trust Power Grab: Was the Panic of 1907 Truly a Speculative Bubble or a Financial Coup D’état? ,” Journal of Behavioral Finance, (Volume 24, 2022). (R. Larocca, T. Cunningham)

“Behavioral Predictors of Fraud Motivation within Common and Uncommon Demographic Groups,” Journal of Banking Finance Law and Practice, (Vol 31, 2020). (E. Heneke)

“Relationship of 2020 Protests to Increases in COVID-19 Cases Using Event Study Methodology, Journal of Public Health, , fd00a127, <https://doi.org/10.1093/pubmed/fdaa127> **(Was in Top 5 Most Read/Downloaded Articles in all of PubMed and highest AltMetric of any finance author with 579)**

Research list

“Examining COVID-19 Infection Rates Using Data Analytics: The Case of Lifting Mask Mandates,” Journal of Data Analytics, Forthcoming (R. LaRocca)

“Examining the Relationship Between Earnings and Patent Filings Among Pharmaceutical Companies in Asia,” International Journal of Economic and Financial Issues, Vol 3 2020 (A. Okun)

“Does Health Locust of Control and Self Efficacy Impact Attitudes Towards Direct to Consumer Advertising in the US,” e-Journal of Social and Behavioral Research in Business, Vol 11 Issue 1, 2020 (C. Maldonado)

2007-2010

“Online Vs. On Ground: Academic Honesty in Online Classes,” Presented at International Organization of Social Sciences and Behavioral Research Conference 2018 (R. Reich, D. Valentine)

“International Currency Exchange Rate and Gasoline Price,” Southern Journal of Business and Economics, Spring 2016 (F. Xu and D. Wang).

“The Virtual Professor,” Administrative Issues Journal, Fall 2014 (R. Bennett).

“An Examination of Risk Adjusted Returns Caused by Terrorist Attacks,” Journal of Insurance Research, Spring 2012 (C. Bishop).

Real Estate Analysis, Spring 2011 (Co-editors Diaz and Hansz).

Personal Finance 1st Edition, Spring 2011 (Co-editors Kapoor, Dahlby, and Hughes).

“Forecasting Economic Data Based on Terrorist Attacks,” Journal of the Academy of Financial Management, 2010 (J. Kooti and M. Fahti).

“Management Forecasting and Measuring Accuracy of Forecasting Techniques,” International Journal of Business, Marketing, and Decision Sciences, 2010 (M. Fahti and J. Kooti).

The Next Great Depression, Fall 2009. Was on Best Seller List in Economics/Inflation.

“The Implications of Gramm-Leach-Bliley on the 2008 Economic Downturn,” Franklin Business and Law Review, Volume 4, 2008.

“The Bad Neighbor: A Case Study of State Farm in Hurricane Katrina,” Conflict Negotiation and Resolution Journal, Volume 1, 2008 (A.J. Kooti and J. Kooti).

“Using the Buffet Model: The K-Mart Recovery,” Journal of Global Education, Volume 1, 2008 (S. Murrie, A.J. Kooti and D. Valentine).

“Identifying Marketing Strategies for a new product; A Case Study,” Business Journal for Entrepreneurs, Volume 1, 2008 (D. Valentine).

“Distribution Channels of Online Commodities,” Conflict Resolution and Negotiation Journal, Summer, 2007 (B. Kinard).

“The Theory of Efficient Capital Markets...A Review of Literature,” Journal of Business for Entrepreneurs, Spring 2007.

“Accreditation and Assessment: A Provocative Approach,” Journal of College Teaching and Learning, Fall 2007 (J. Kooti and D. Valentine).

“Minority Marketing in the Finance Industry,” Global Journal for International Financial Analysts, Volume 8, Spring 2007 (J. Kooti and D. Valentine).

“Explaining January Returns: The Santa Clause Hypothesis,” Journal of Applied Financial Research, Volume 1, Issue 1 2007 (J. Kooti).

“Workforce Capacity and Employer Satisfaction in Southwest Georgia: A Case Study in Rural Economic Development Needs,” Journal of Business for Entrepreneurs, Volume 2006, Issue 1 (J. Kooti).

“E-Pricing: Cruising in the South,” Bottom Line, Fall 2006 (D. Valentine, B. Heshizer, and C. Howell).

“November Effect and Tax Loss Selling: An Empirical Investigation,” The Journal of International Business Research, Fall 2006 (J. Kooti).

“Perceptions of a Family-Based Community: Predictors from a Rural Community,” Insights to a Changing World, Volume 2005, Issue 4 (J. Kooti and D. Valentine).

“The Performance Measure of U.S. and International Mutual Funds Versus the Standard and Poors 500 Index Fund,” Journal of International Financial Management, Summer 2005 (B. Hayes).

“Retail vs. Etail, a Look at Expedia.com,” Coastal Business Journal, Summer 2005 (D. Valentine and B. Kinard).

“How Groupthink Influenced the Ford/Firestone Fiasco,” Ethics and Critical Thinking, Volume 2005, Issue 1 (D. Valentine and N. McMinn).

“The World Series Stock Market Predictor,” Journal of Business, Industry, and Economics, Spring 2005 (M. Foster and C. Hopkins).

“Student Attributes and Successful Performance, An Empirical Examination,” Insights for a Changing World, Fall 2004 (F. David).

“K Mart: A Roadmap to Bankruptcy,” Ethics and Critical Thinking Quarterly Journal, Fall 2004 (R. Schifer).

“Efficient Markets and E-Commerce: The Hotel Industry,” World Sports and Entertainment Journal, Summer 2004 (B. Kinard and R. Schifer).

“The Use of the IRAs in the Teaching of Finance,” The American Academy of Financial Management Journal, Volume 5, Summer 2004.

“E-Pricing: The Transportation Market in the South,” Business Journal for Entrepreneurs, Volume 2004, Issue 2 (D. Bendall, B. Kinard, and B. Barnes).

“Cheaters Never Win....Or Do They Just Graduate With Honors?” Ethics and Critical Thinking Quarterly Journal, Spring 2004 (F. David and B. Kinard).

“The Internet in the Instruction of Finance,” Insights to a Changing World Journal, Volume 2004, Issue 2 (G. de Haas).

“Travel in Arkansas: The Airline Industry,” Arkansas Review of Business and Economics, 2005 (D. Bendall, B. Kinard, and B. Barnes).

Appendix A—Prior Case Testimony for Previous 4 Years

4-Year Testimony List

Deposition testimony in a financial damages cryptocurrency case: SBI Crypto v. Whinstone Inc;, October 10, 2025, for Cory Johnson of Winstead P.C., Dallas, TX

Deposition testimony in an insurance and cryptocurrency case: Cory and Jennifer Chimento v. Citizens of Louisiana;, August 22, 2025, for Kevin Tully of Christovich and Kearney, New Orleans, LA

Trial testimony in a divorce case involving cryptocurrency: Jake Lynd v. Brittany Lynd; Case No. CI 23-103, In the District Court, Buffalo County, Nebraska, June 26, 2025, for Michele Romero, Esq. of Stamm-Romero, LLC, Kearny, Nebraska.

Trial testimony in probate case involving cryptocurrency: The Matter of the Estate of George James Buffington., Cause No. PR24-00323, In the Second Judicial District Court of the State of Nevada in and for the County of Washoe, April 17, 2025, for Cassandra Walsh of Woodburn and Wedge, Reno NV

Deposition testimony in a wrongful termination and credit damage case: Alope Chaudhurri v. Rekor Systems Inc; OALJ No. 2024-SOX-00015, In the United States Department of Labor, Washington D.C., June 17, 2025, for Eric Siegel of Eric Siegel Law, Washington D.C.

Deposition testimony in a wrongful termination and credit damage case: Hessam Mjab v. Rekor Systems Inc; OALJ No. 2024-SOX-00012, In the United States Department of Labor, Washington D.C., October 24, 2024, for Eric Siegel of Eric Siegel Law, Washington D.C.

Deposition testimony in a divorce case involving cryptocurrency: Jake Lynd v. Brittany Lynd; Case No. CI 23-103, In the District Court, Buffalo County, Nebraska, November 18, 2024, for Michele Romero, Esq. of Stamm-Romero, LLC, Kearny, Nebraska.

Deposition testimony in a bank fraud and credit damage case: William Oliver v. Independent Bank Inc;, September 23, 2024, for Richard Bourland of Griffith, Jay, and Mitchell, Ft. Worth, TX

Trial testimony in probate case involving cryptocurrency: The Matter of the Estate of Mitchell Kent Fox., Cause No. 00320, In the Probate Court of the State of Michigan in and for the County of Oakland, May 8, 2024, for Rob Cleary of Thav, Ryke and Associates, Southfield, MI

Deposition testimony in a personal injury case: Charles J. Squeri v. William G. Schultz, Case No. 2101994, In Common Pleas Court Hamilton County, OH, October 31, 2022 for Cole Millchap Law Firm, Cincinnati, OH

Appendix B

LIST OF DOCUMENTS CONSIDERED

Lawsuit Filing and Amended Complaint
Forensic Document Examination Report