



Activist Shareholder Calls For Tapinator Management Resignation

Activist Shareholder finally gets Minutes and finds that Management entered into a deal that cost shareholders millions of dollars of value.

GREAT BARRINGTON, MA, USA, June 25, 2020 /EINPresswire.com/ -- Dear Fellow [Tapinator](#) Shareholders, (symbol TAPM)

You will be glad to know that after more than 6 months of battling with me, The Board of Directors have finally acquiesced and supplied me the information I had been requesting. Of course, my review has resulted in some major questions, including:

Why would the Board of Directors of a micro-cap company that is strapped for cash, consider doing a stock buy-back? But worse yet, instead of paying cash (that they did not have), why would they use annual EBITDA and Earnings for what looks like an infinite period, as payment?

On December 28, 2018, the Management of Tapinator Inc., the company that we are shareholders of and currently own more than 70% of, agreed to a deal with a large shareholder where they gave up 60% of net revenue from its stable of more than 200 established income and cash flow generating games in perpetuity. These games generated approximately \$1.2 million of gross revenue and approximately \$840,000 of net revenue in 2019. This income was traded for 47,490 shares (post-split) when the stock was trading at approximately \$5 per share which equates to less than \$250,000 of value. It should be noted that one of the top two Managers of our company, Andy Merkatz, has a Wharton Undergraduate degree and a Harvard Business School MBA. The recipient of the other side of the deal is the founder of Tapinator and is a games producer in Lahore, Pakistan.

Didn't Mr. Merkatz realize that an additional \$500,000 of annual EBITDA and Bottom Line Earnings would be worth A LOT more than \$250,000 of stock?

Didn't Mr. Merkatz realize that at a 10x valuation of EBITDA, this could have increased the value of our stock by more than \$8 per share? Yes, it would have resulted in a potential value increase from today's approximate \$6 price to a potential value of more than \$14 per share.

Didn't Mr. Merkatz realize that at a 20x Price/Earnings ratio, the value of the stock would possibly have increased from today's \$6 price to a potential value of more than approximately \$22?

Even worse is that the company is obligated to continue to send money to this gentleman in Lahore Pakistan in the amount of more than \$30,000 per month and will potentially for many years to come.

How did his happen? Why did this happen?

I will tell you that I have reviewed all the Board Minutes and not surprisingly, in the Board minutes from December 14, 2018, this deal is briefly discussed (the deal closed on 12/28/18) but there is no analysis or justification of why the Board would do this deal. It should be noted that there are no Board Meetings from December 15, 2018 to September 5, 2019. Considering that one of the four Board Members, Mr. Crates, had died on November 20, 2018, there were only three Board Members, Andy Merkatz, Ilya Nikolayev and Teymour Farman-Farmaian. Consequently, it was not that hard to call a meeting. (Aren't the Board members required to meet on a quarterly basis to discuss and approve each 10Q prior to releasing the document?)

Please join me in calling for an immediate investigation and detailed analysis of this transaction and join me in calling for the resignation of Andy Merkatz for orchestrating this terrible deal. I THINK THAT EVERY INVESTOR SHOULD BELIEVE THAT IF THERE ID NO PENALTY FOR MISMANAGEMENT, THERE WILL BE MORE MISMANAGEMENT. NOTE: Now that the company has decided to no longer operate under SEC reporting requirement, management decisions such as the one mentioned above, DOES NOT have to be reported to the public.

Suffice to say that these are a few of the many reasons as to why we have seen more than a 66% decrease in our investment.

Yours truly
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21,875 Share Shareholder in Tapinator, Inc.

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