

STATEMENT BY DR. JOHN HALL, FORMER CEO OF GREENWOOD HALL, INC.

I am extremely disappointed by the news that Greenwood Hall, an organization I co-founded and dedicated nearly 20 years of my life to, has twice in the span of the past 2 weeks, abruptly shut its doors in the middle of the night, first in Texas and now in South Carolina; leaving both employees and customers out in the cold.

It is difficult to understand how a company with sustainable contracts, that was held out just a few days ago as having turned the corner financially and making great progress, could just close overnight. It is hard to fathom how any properly empowered executive was basically made aware of the need for these closures literally hours before they occurred.

It is extremely difficult to understand how Greenwood Hall's current chief executive, who has been a high-level executive of the Company for several years, was not keenly aware of the opportunities and *challenges* Greenwood Hall faced, as he was intricately involved in the management of the Company, participated in Board meetings, and had extensive conversations with Greenwood Hall's hedge-fund investors for months prior to being appointed CEO.

In the year prior to my departure, Greenwood Hall signed *twenty* (20) new contracts, doubling the size of its client base. While growing the business, we also substantially improved Greenwood's bottom line. In a regulatory filing with the SEC issued by the Company the day I resigned, Greenwood Hall announced a nearly a \$ 3 million improvement in profitability and that it had won large new contracts with Maricopa County Community College System and the South Carolina Technical College System, *despite the hedge funds that worked against the Company*. Unfortunately, as the company made this progress, these hedge funds wanted to enrich themselves at the expense of the company.

In a span of just 9 months, these hedge funds took \$ 1.5 million in cash from the company – funds the company needed to operate and grow. One hedge fund controlled all the company's incoming cash receipts, routinely refusing to release funds – often necessary for payroll. As I did for 19 years, I fought hard for the Company, its employees, and our customers, which did not sit well with the parties in charge. Well before the problems that were reported in the media over the summer, my authority had been taken away and I had little power to move the company forward, yet I was held out as the company's CEO. This was the real reason I had little choice but to resign.

To counteract any negative publicity my departure might create, my name and reputation was smeared with defamatory allegations that have no basis in fact, and have never been explained by those that made them- even to me. Out of respect to the Company I built and my hope that Greenwood Hall would move forward, I have not publicly responded to what was published about me after I resigned, until now.

The facts speak for themselves, as since my departure, the Company has damaged or lost long-standing client relationships that equated to half of Greenwood Hall's revenue. In all cases,

these client relationships spanned over 5 years with two spanning over a decade. None of these relationships were in jeopardy when I resigned. In fact, one of the relationships had signed a renewal agreement just weeks prior to my resignation. While it has been reported that the Company had just learned it was losing clients over the past few days, it is my understanding that many client departures occurred beginning in September and that the Company was or should have been aware that others were likely to be lost well before the decision was made to commence operations in South Carolina on December 8.

Since my departure and despite how I was smeared after resigning, Company representatives have contacted me on several occasions to see if I would be willing to return to Greenwood Hall, could assist with concerned clients, and even help with fundraising. Just last month, I was told the Company was in dire financial condition because and would have to close possibly as early as that week. I was also told that the Company could not afford to open its new center in South Carolina. Thus, when I learned from news reports earlier this week that the Company was now operating in South Carolina, I was surprised.

I did everything I could to help and even reluctantly offered to return in some capacity last month, well prior to the closures in Texas and South Carolina. I even found an investor that was prepared to inject up to \$ 2,000,000 into the Company if I returned in November. I worked hard to make this happen, however, the plan was rejected because certain parties were more concerned about their personal interests and how my return might impact or look for them. Those personal interests have trumped the interests of the employees, families, communities, and customers that have relied on Greenwood Hall.

In the months prior to my departure I used over \$ 300,000 from personal credit cards and depleted my savings to ensure employees were paid and the doors did not close, as others worked against the Company. I have still yet to be reimbursed and those funds represented everything I had but it was the right thing to do. It is my hope that the current responsible parties will do the same for the employees that have been abruptly let go and not paid, in Texas and South Carolina, due to no fault of their own.