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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

**CURRENT REPORT PURSUANT TO SECTION 13 OR 15(D) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported): December 12, 2024** (November 20, 2024)

**ZERIFY, INC.**

(Exact Name of Registrant as Specified in its Charter)

<u>Wyoming</u>	<u>000-55012</u>	<u>22-3827597</u>
(State or Other Jurisdiction of Incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)
<u>1090 King Georges Post Road, Suite 603, Edison NJ</u>		<u>08837</u>
(Address of Principal Executive Offices)		(Zip Code)

Registrant's telephone number, including area code: **(561) 237-2931**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act: N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐



### Item 1.01 Entry into Material Agreement.

Effective November 20, 2024 (the “**Judgment Date**”), in a case styled *Constantino Zanfardino, Derivatively on Behalf of Nominal Defendant Zerify, Inc., formerly known as Strikeforce Technologies, Inc. v. Mark L. Kay, Ramarao Pemmaraju and George Waller, Defendants, and Zerify, Inc. formerly known as Strikeforce Technologies, Inc., Nominal Defendant* (U.S. District Court, District of New Jersey, Civil Action No. 2:22-cv-07258-MCA-AME) (the “**Derivative Action**”), Zerify, Inc., a Wyoming corporation (the “**Company**”), the Company entered into a Stipulation and Agreement of Settlement (the “**Settlement Agreement**”) with each of the other parties to the Derivative Action, including three of the Company’s directors, Mark L. Kay (“**Kay**”), Ramarao Pemmaraju (“**Pemmaraju**”) and George Waller (“**Waller**”) (the Company, Kay, Pemmaraju and Waller are referred to as the “**Defendants**”).

The terms of the Settlement Agreement include:

- ☐ The Company shall, within 75 days of the Judgment Date, effectuate and adopt the following relief and reforms:
  - ☐ Appoint, at Defendants’ expense, a retired judge of the United States District Court for the District of New Jersey, reasonably satisfactory to plaintiff, as an independent overseer whose approval will be required for any transaction occurring during a period of two years from the date of that person’s appointment involving the Company which benefit any of Kay, Pemmaraju or Waller, directly or indirectly, except for any transactions that would benefit the Kay, Pemmaraju or Waller in their capacity as shareholders of the Company.
  - ☐ To the extent that a retired judge of the United States District Court for the District of New Jersey is not available, the parties agree to meet and confer in good faith to identify a suitable alternative retired federal judge from another jurisdiction.
  - ☐ Kay, Pemmaraju and Waller will relinquish all of their personal ownership interest in BlockSafe and return such interest to the Company.
  - ☐ Pemmaraju and Waller will return 75% of the shares of Company stock that were issued to them in 2021, constituting 6,892,220 shares and 7,375,000 shares, respectively, to be returned to the Company.
- ☐ Due to the lack of insurance available to cover any claims emanating from the alleged misconduct asserted in the Derivative Action, Kay, Pemmaraju and Waller will personally pay a maximum of \$25,000 towards any fee and expense amount awarded by the Court. Any fee and expense amount awarded by the Court over and above \$25,000.00 shall be borne exclusively by the Company and not by Kay, Pemmaraju or Waller.
- ☐ The Company shall be required to provide notice of the Settlement Agreement to its shareholders, in accordance with the terms of the Settlement Agreement.
- ☐ Pursuant to the Settlement Agreement, Plaintiff’s counsel shall be entitled to no more than \$368,607 in attorneys’ fees and \$8,547 for reimbursement of expenses. (The Company is responsible for amounts in excess of \$75,000).
- ☐ Kay, Pemmaraju and Waller shall deliver the \$25,000 required of them to be paid into an escrow account controlled by plaintiff’s counsel within 30 calendar days of the Court’s final approval of the Settlement Agreement.

- ☐ The Company shall deliver the balance of the amount due under the Settlement Agreement, approximately \$351,854, to be paid within 30 calendar days of the Court's final approval of the Settlement Agreement.
- ☐ Upon the effective date of the Settlement Agreement, a general release of all involved parties shall become effective.
- ☐ The effective date of the Settlement Agreement as to Kay, Pemmaraju and Waller shall be upon the occurrence of certain events, including:
  - ☐ Court approval of the Settlement Agreement and approval of the content and method of providing notice of the Settlement Agreement to the Company's shareholders; and
  - ☐ The payment of \$25,000 by Kay, Pemmaraju and Waller.



- ☐ The effective date of the Settlement Agreement as to the Company shall be upon the occurrence of certain events, including:
- ☐ Court approval of the Settlement Agreement and approval of the content and method of providing notice of the Settlement Agreement to the Company's shareholders; and
- ☐ The payment of all sums due by the Company.

The filing of this Current Report is one of the required notice requirements imposed in the Company in the Settlement Agreement.

In addition, and further to the requirements of the Settlement Agreement, a copy of a Notice of Pendency and Proposed Settlement of Shareholder Derivative Action (the "**Settlement Notice**") dated December 3, 2024, is filed as an exhibit to this Current Report.

The foregoing descriptions of the Settlement Agreement and the Settlement Notice do not purport to be complete and are qualified in their entirety by reference to the full text of the Settlement Agreement and the Settlement Notice, copies of which are filed as Exhibit 10.1 and Exhibit 10.2, respectively, to this Current Report on Form 8-K and incorporated by reference herein.

#### **Item 7.01 Regulation FD Disclosure.**

On December 12, 2024, the Company issued a press release announcing the Settlement Agreement. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The furnishing of the press release is not an admission as to the materiality of any information therein. The information contained in the press release is summary information that is intended to be considered in the context of more complete information included in the Company's filings with the U.S. Securities and Exchange Commission (the "**SEC**") and other public announcements that the Company has made and may make from time to time by press release or otherwise. The Company undertakes no duty or obligation to update or revise the information contained in this report, although it may do so from time to time as its management believes is appropriate. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosures.

The information in this Item 7.01 of this Current Report on Form 8-K and the press release shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information contained in this Item 7.01 and in the press release shall not be incorporated by reference into any filing with the SEC made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

#### **Item 9.01 Financial Statements and Exhibits**

##### **(d) Exhibits.**

<a href="#"><u>10.1*</u></a>	<a href="#"><u>Stipulation and Agreement of Settlement, including the Notice of Pendency and Proposed Settlement of Shareholder Derivative Action (attached as Exhibit D)</u></a>
<a href="#"><u>10.2*</u></a>	<a href="#"><u>Notice of Pendency and Proposed Settlement of Shareholder Derivative Action dated December 3, 2024</u></a>
<a href="#"><u>99.1*</u></a>	<a href="#"><u>Press release dated December 12, 2024</u></a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document)

\* Filed herewith.



## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

ZERIFY, INC.

DATE: December 12, 2024

By: /s/ Mark L. Kay  
Mark L. Kay  
Chief Executive Officer

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

COSTANTINO ZANFARDINO, Derivatively on  
Behalf of Nominal Defendant ZERIFY, INC.,  
formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.,

Plaintiff,

v.

Case No.: 3:22-cv-07258-

MARK L. KAY, ROMARAO PEMMARAJU  
AND GEORGE WALLER,

Defendants,

And,

ZERIFY, INC., formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.

Nominal Defendant.

**STIPULATION AND AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement, dated November 20, 2024 (the “S”  
is made and entered into by and among the following Settling Parties, by and through the  
counsel of record: (i) plaintiff Costantino Zanfardino (the “Plaintiff”) in the above  
shareholder derivative action (the “Action”) brought on behalf of nominal defendant  
 (“Zerify” or the “Company”) in the United States District Court for the District of New  
 “Court”); (ii) defendants Mark L. Kay, Ramarao Pemmaraju and George Walker (collectively





“Individual Defendants”); and (iii) Zerify.<sup>1</sup> This Stipulation is intended by the Settling Parties to fully, finally, and forever resolve, discharge, and settle the Released Claims, subject to the terms and conditions set forth herein.

## **I. FACTUAL AND PROCEDURAL BACKGROUND**

This derivative action alleges that the Individual Defendants, who were the sole members of the Company’s Board of Directors (“Board”) at the time the litigation was filed, utilized their position and control of Zerify to enrich themselves at the expense of the Company, namely through (1) issuance of stock, options, or other compensation to themselves; and (2) use of the Company’s capital to fund investments that benefitted them personally in connection with a series of transactions involving BlockSafe Technologies (“BlockSafe”).

On June 10, 2022, Plaintiff issued a Demand to the Board pursuant to Wyo. Stat. Tit. 16-742 to investigate the alleged misconduct which, ultimately, was alleged in the Action.

On August 19, 2022, the Board responded to the Demand and provided certain information requested in the Demand and informed Plaintiff that, after investigation, the Board concluded that neither the Company, nor any of its officers or directors engaged in any wrongdoing in connection with the transactions noted in the Demand and, as a result, it would not commence any further investigation or response to Plaintiff’s Demand.

On December 12, 2022, Plaintiff commenced the Action derivatively on behalf of the Company.

On June 8, 2023, Defendants filed motions to dismiss Plaintiff’s complaint (“Motions”).

On November 28, 2023, the Court granted, *in part*, and denied, *in part*, Defendants’ Motions and ordered the Court to dismiss as follows: (1) granting Defendants’ motion and dismissing Plaintiff’s claim







of fiduciary duty and unjust enrichment as to the Auctus Fund LLC transaction, the C Partners LLC transaction, the issuance of preferred stock and the approval of reversal, granting Defendants' motion and dismissing Plaintiff's claim for corporate waste; and Defendants' motion to dismiss as relates to the allegations concerning the BlockSafe and the issuance of common stock, other shares and warrants.

On January 12, 2024, Defendants filed Answers to the Complaint, denying the allegations therein.

On January 12, 2024, Plaintiff issued an additional Demand letter pursuant to Cal. Civ. Ann. § 17-16-742 to investigate additional alleged misconduct.

On February 21, 2024, the Settling Parties submitted a proposed joint discovery plan to the Court.

On March 22, 2024, Plaintiff served the Individual Defendants with a first set of demands for production of documents and first set of interrogatories.

On June 5, 2024, the Settling Parties submitted a revised joint discovery plan to the Court.

On June 10, 2024, the Settling Parties participated in a Rule 16 Conference with the Court. Judge André M. Espinosa.

On June 11, 2024, the Company responded to Plaintiff's additional Demand letter. The Company provided certain information requested in the Demand and informed Plaintiff that, after its investigation, the Company concluded that neither the Company, nor any of its officers or directors, engaged in any wrongdoing in connection with any of the alleged misconduct noted in the Demand, and, as a result, the Company would not commence any litigation in response to Plaintiff's Demand.





In March 2024, after the motions to dismiss were granted in part and denied in part, Plaintiff and the Individual Defendants began discussing a potential settlement. The parties exchanged proposals and counterproposals through September 2024, engaging in a number of oral and written exchanges. In these exchanges, Plaintiff requested, and the Individual Defendants produced, certain financial confirmatory discovery, and the Settling Parties ultimately agreed to the material terms of a settlement, which were finalized and documented in this Stipulation and Settlement (“Settlement”).

## **II. PLAINTIFF’S CLAIMS AND THE BENEFITS OF SETTLEMENT**

While disputed by Defendants, Plaintiff believes that the Action has substantial merit. Plaintiff’s entry into this Stipulation and Settlement is not intended to be, and shall not be construed, as an admission or concession concerning the relative strength or merit of the claims. However, Plaintiff and his Counsel recognize and acknowledge the significant risk, cost, and length of continued proceedings necessary to prosecute the Action through trial and any appeals.

Plaintiff’s Counsel has also taken into account: (a) the uncertain outcome and cost of any litigation, especially in complex cases such as derivative actions; (b) the difficulties inherent in such litigation; (c) the lack of insurance on behalf of the Company; and (d) the Individual Defendants’ limited ability to pay any substantial judgment. Plaintiff’s Counsel is mindful of the challenges inherent in derivative litigation, and the possible defenses to the claims alleged in the Action.

Plaintiff’s Counsel have conducted a thorough investigation and analysis, including







researching applicable law with respect to the claims alleged in the Action and potential defenses thereto; (iv) preparing and filing the Complaint; (v) preparing and issuing the Demand; (vi) researching and briefing oppositions to the motions to dismiss; (vii) preparing and serving the Demand; and (viii) negotiating the Settlement, including researching potential corporate governance reforms and relief that the Company ultimately agreed to adopt as consideration of the Settlement.

Based on Plaintiff's Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiff's Counsel believes that the Settlement as set forth in this Stipulation is fair, reasonable, and adequate, and confers net benefits upon Zerify. Based upon Plaintiff's Counsels' evaluation, Plaintiff has determined that the Settlement is in the best interests of Zerify and has agreed to settle the Action upon the terms and subject to the conditions set forth herein.

### **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny each and all of the claims and allegations alleged by Plaintiff in the Action, and the Individual Defendants have expressly and continue to deny all allegations of wrongdoing or liability against them arising out of the alleged statements, acts, or omissions alleged, or that could have been alleged, in the Action. Not unlike Plaintiff, Defendants also have taken into account the uncertainty and risks inherent in litigation, especially in complex cases such as derivative actions. Defendants have determined that it is in their best interests for the Action to be settled in the manner and upon the terms and conditions set forth in this Stipulation. Defendants' entry into this Stipulation and Settlement is not intended to be and shall not be construed as an admission or concession concerning







Neither this Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to this Stipulation, nor any action taken to enforce this Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Released Claims or an admission by or against the Individual Defendants of any fault, wrongdoing, or concession of liability whatsoever.

#### **IV. TERMS OF THE STIPULATION OF SETTLEMENT**

**NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED** by and between the undersigned counsel for the Settling Parties, in consideration of the benefits flowing to the Company from the Settlement, and subject to the approval of the Court, that the claimants in the Action and the Released Claims shall be finally and fully compromised, settled, and the Action shall be dismissed with prejudice and with full preclusive effect as to the Settling Parties and Releasing Parties, upon and subject to the terms and conditions of this Stipulation set forth below.

##### **1. Definitions**

As used in this Stipulation, the following terms have the meanings specified below.

1.1 “Action” means the above-captioned shareholder derivative action captioned *Zanfardino v. Kay*, Case No. 2:22-CV-07258-MCA-AME (D.N.J.).

1.2 “Board” means the Zerify Board of Directors.

1.3 “Court” means the United States District Court for the District of New Jersey.

1.4 “Current Zerify Shareholders” means any Person who owns Zerify common stock as of the date of the filing of this Stipulation with the Court.





immediate families, and their legal representatives, heirs, successors, or assigns, and which Individual Defendants or any of them have, has, or had a controlling interest.

1.5 “Defendants” means, collectively, nominal defendant Z and the Individual Defendants.

1.6 “Defendants’ Counsel” means Blank Rome LLP and McCormick & P

1.7 “Demands” means the pre-suit demand letter from Plaintiff to the Board dated October 10, 2022 and the additional demand letter from Plaintiff to the Board dated January 1, 2024, Defendants Response dated June 11, 2024.<sup>3</sup>

1.8 “Effective Date” means the date by which the events and conditions set forth in paragraph IV.6.1 of this Stipulation have been met and have occurred.

1.9 “Fee and Expense Amount” means the sum to be paid to Plaintiff’s attorneys’ fees and expenses, as detailed in paragraph IV.4 of this Stipulation, subject to approval by the Court.

1.10 “Final” means the date upon which the last of the following events has occurred with respect to the Judgment approving this Stipulation, substantially in the form of Exhibit A attached hereto: (1) the expiration of the time to file a notice of appeal from the Judgment; or, if an appeal has been filed, the court of appeals has either affirmed the Judgment or dismissed the appeal and the time for any reconsideration or further appellate review has passed; or (2) if the court has granted further appellate review, that court has either affirmed the underlying Judgment or affirmed the court of appeal’s decision affirming the Judgment or dismissing the appeal. For purposes of this paragraph, an “appeal” shall not include any appeal that concerns o







of attorneys' fees and expenses or the payment of a service award to the Plaintiff. Any order or order, or any appeal or petition for a writ of certiorari pertaining solely to the attorneys' fees, costs, or expenses, shall not in any way delay or preclude the Judgment becoming Final. For the sake of clarity, as set out in paragraph IV.4.3, to the extent that is taken with respect to the Fee and Expense amount, the obligation to pay the Fee and Expense Amount is stayed until the appeal is resolved. All rights to appeal the Fee and Expense Amount are reserved by Defendants.

1.11 "Individual Defendants" means Mark L. Kay, Ramarao Pemmaraju, and William Waller.

1.12 "Judgment" means the Order and Final Judgment to be entered by the Court, substantially in the form attached hereto as Exhibit C.

1.13 "Notice" means the Notice of Pendency and Proposed Settlement of the Plaintiff's Derivative Action which, subject to approval of the Court, shall be substantially in the form attached hereto as Exhibit D.

1.14 "Person" means an individual, corporation, limited liability company, professional corporation, partnership, limited partnership, limited liability partnership, joint stock company, estate, legal representative, trust, unincorporated association, government, any political subdivision or agency thereof and any business or legal entity and their spouses, predecessors, successors, representatives, or assignees.

1.15 "Plaintiff" means Costantino Zanfardino.

1.16 "Plaintiff's Counsel" means Cohn Lifland Pearlman Herrmann & Knutson.





1.17 “Preliminary Approval Order” means the Order to be entered by the Court, substantially in the form of Exhibit E attached hereto, including, *inter alia*, preliminary approval of the terms and conditions of the Settlement as set forth in this Stipulation, directing the payment of the Fee and Expense Amount provided to Current Zerify Shareholders, and scheduling a Settlement Hearing to consider the Settlement and Fee and Expense Amount be finally approved.

1.18 “Related Persons” means with regard to: (i) each Individual Defendant, Plaintiff, their spouses, marital communities, immediate family members, heirs, personal representatives, estates, administrators, trusts, predecessors, successors, and other individual or entity in which he or she has a controlling interest, and each and every respective past and present officers, directors, employees, agents, affiliates, parents, divisions, attorneys, accountants, auditors, advisors, insurers, co-insurers, re-insurers, executors, personal representatives, estates, administrators, trusts, predecessors, successors, assigns; and (ii) Zerify, all past or present agents, officers, directors, attorneys, auditors, advisors, insurers, coinsurers, reinsurers, partners, controlling shareholders, venturers, related or affiliated entities, advisors, employees, affiliates, predecessors, parents, subsidiaries, insurers, and assigns for Zerify.

1.19 “Released Claims” means any and all claims and causes of action of any kind and description, including both known and Unknown Claims (as defined in paragraph 1.1, whether arising under federal, state, common or foreign law, that arise out of or in any way to: (i) the claims that were asserted in the complaint in the Action; (ii) the transactions or allegations referenced or asserted in the Demands; or (iii) the







1.20 “Released Persons” means collectively, Zerify, the Individual Defendants, and all other persons who are or were related to Zerify or any of the respective Related Persons. “Released Person” means, individually, any of the Released Persons.

1.21 “Releasing Parties” means Plaintiff, all other Current Zerify Shareholders, Plaintiff’s Counsel, and Zerify. “Releasing Party” means, individually, any of the Releasing Parties.

1.22 “Settlement” means the settlement and compromise of the Action as set forth in the Settlement Agreement, and as amended herein.

1.23 “Settlement Hearing” means the hearing or hearings at which the Court will hear evidence and testimony regarding the adequacy, fairness, and reasonableness of the Settlement.

1.24 “Settling Parties” means, collectively, Plaintiff and Defendants. “Settling Party” means, individually, any of the Settling Parties.

1.25 “Stipulation” means this Stipulation and Agreement of Settlement.

1.26 “Summary Notice” means the Summary Notice of Pendency and Settlement of Shareholder Derivative Action, substantially in the form attached as Exhibit F.

1.27 “Unknown Claims” means any Released Claim(s) that Plaintiff or Defendants do not know of or suspect to exist in his, her, or its favor at the time of the release of the Released Persons. With respect to any and all Released Claims, the Settling Parties agree that, as of the Effective Date, the Settling Parties expressly waive the provisions, rights and benefits of the California Civil Code section 1542, or any other law of the United States or territory of the United States, or principle of common law, which is similar, con-







TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THIS RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Settling Parties acknowledge that they may hereafter discover facts in a different from those now known or believed to be true by them, with respect to the subject of the Released Claims, but it is the intention of the Settling Parties to completely, fully and forever compromise, settle, release, discharge, and extinguish any and all Released Claims, known or unknown, suspected or unsuspected, contingent or absolute, accrued or unaccrued, or unapparent, which do now exist, or heretofore existed, or may hereafter exist, and with respect to the subsequent discovery of additional or different facts. The Settling Parties acknowledge that the foregoing waiver was separately bargained for and is a key element of this Stipulation, and that this release is a part.

1.28 “Zerify” or the “Company” means nominal defendant Zerify, Inc., a corporation, and its affiliates, subsidiaries, predecessors, successors, and assigns.

## **2. Terms of the Settlement**

2.1 Zerify shall, within seventy-five (75) days of entry of the Judgment, enter into and adopt the following relief and reforms (“Relief”):

- (a) Appoint, at Defendants’ expense, a retired judge of the United States District Court for the District of New Jersey, reasonably satisfactory to Plaintiff, as an independent overseer whose approval will be required for any transaction entered into during a period of two years from the date of that person’s appointment.





- (b) To the extent that a retired judge of the United States District Court for the District of New Jersey is not available, the parties agree to meet and confer in person to identify a suitable alternative retired federal judge from another jurisdiction.
- (c) The Individual Defendants will relinquish all of their personal ownership interest in BlockSafe and return such interest to the Company. For avoidance of doubt, nothing contained in this paragraph shall prohibit any Individual Defendant from continuing to enjoy any benefit in connection with BlockSafe or otherwise that a shareholder of the Company as a shareholder in the Company; and
- (d) Individual Defendants Waller and Pemmaraju will return 75% of the Company stock that were issued to them in 2021 (constituting 6,892,222 and 7,375,000 shares, respectively, to be returned to the Company).

2.2 Zerify, through its Board, acknowledges and agrees that the Relief provided in paragraph 2.1 confers substantial benefits upon Zerify.

2.3 Zerify, through its Board, also acknowledges that Plaintiff's litigation and settlement efforts in the Action were the sole precipitating factor in the Board's decision to effectuate, adopt, implement, and maintain the Relief, and that the Relief would not have been effectuated, implemented and/or maintained but for Plaintiff's efforts.

2.4 As additional consideration of this Settlement, due to the lack of insurance coverage to cover any claims emanating from the alleged misconduct asserted in this Action, the Parties have agreed that the Individual Defendants will personally pay a maximum of \$1,000,000 towards any Fee and Expense Amount awarded by the Court. The payment of such a







Defendants shall have no liability or responsibility for any portion of the Fee and Expense Amount other than the \$25,000.00 payment they are making as provided in this paragraph. For the sake of doubt, any Fee and Expense Amount awarded by the Court over and above \$25,000.00 shall be borne exclusively by the Company and not the Individual Defendants.

### **3. Approval and Notice**

3.1 Promptly after execution of this Stipulation, Plaintiff shall file this Stipulation together with its exhibits with the Court and shall apply for entry of an order substantially in the form of Exhibit E attached hereto (the "Preliminary Approval Order"), requesting: (i) the Court's approval of the Settlement set forth in this Stipulation; (ii) approval of the form and content of the Notice providing notice of the Settlement to Current Zerify Shareholders; and (iii) a date for the Settlement Hearing.

3.2 Notice of the Settlement to Current Zerify Shareholders shall consist of a Notice, which includes the general terms of the Settlement set forth in this Stipulation and the terms of the Settlement Hearing, substantially in the form attached hereto as Exhibit D and the Summary Notice, substantially in the form attached hereto as Exhibit F.

3.3 Zerify shall undertake the administrative responsibility for giving a Notice to Current Zerify Shareholders and shall be solely responsible for paying the costs and expenses incurred in providing all notices approved or required by the Court. Within ten (10) calendar days of entry of the Preliminary Approval Order, Zerify shall: (i) publish the Summary Notice in the *Investor's Business Daily*; (ii) file with the SEC a Current Report on Form 8-K, together with an accompanying press release and attaching the Notice and the Stipulation together with







can access the Current Report on Form 8-K, accompanying press release, the Notice of Settlement, and the Settlement Stipulation together with its exhibits. The Settling Parties believe the content and manner of this Notice and Summary Notice, as set forth in this paragraph, constitutes adequate and reasonable notice to Class Members and Zerify Shareholders pursuant to applicable law and due process. Prior to the Settlement becoming final, Defendants' Counsel shall file with the Court an appropriate affidavit or declaration attesting to the truth of the Notice to publishing, filing, and posting the Notice and Summary Notice.

3.4 Pending the Court's determination as to final approval of the Settlement, all Zerify shareolders are barred and enjoined from commencing, prosecuting, or in any way participating in the commencement or prosecution of any action asserting a Claim against any of the Released Persons.

#### **4. Attorneys' Fees and Reimbursement of Expenses**

4.1 In consideration of the substantial benefits conferred upon Zerify by the consideration of the Settlement as set forth in paragraph IV.2.1, and the efforts of Plaintiff's Counsel in the Action in achieving the consideration of the Settlement, and Court approval, Plaintiff's Counsel shall apply to the Court for a Fee and Expense Award that shall not exceed \$368,607 in attorneys' fees and \$8,547 for reimbursement of expenses, pursuant to La. Stat. Ann. § 17-16-746.

4.2 As set forth in paragraph IV.2.4 above, the Individual Defendants shall be liable for any portion of any Fee and Expense Amount other than the \$25,000.00 payment they are making as provided in that paragraph and that any Fee and Expense Amount awarded by the Court over and above \$25,000.00 shall be borne exclusively





Defendants reserve all rights to challenge any Fee and Expense Amount application by Plaintiff's Counsel. All rights to appeal the Fee and Expense Amount are reserved by Defendants.

4.3 The Fee and Expense Amount awarded by the Court shall constitute final payment for Plaintiff's attorneys' fees and expenses that have been incurred or will be incurred in connection with the Action; provided, however, that Defendants and the Plaintiff reserve the right to appeal such award. The Individual Defendants shall cause the first \$25,000.00 of the Fee and Expense Amount (which is the Individual Defendants' maximum payment and exposure with respect to the Fee and Expense Amount) to be paid into an escrow account controlled by Plaintiff's Counsel within (30) calendar days of the Court's final approval of the Settlement. The Company shall cause the remainder of the Fee and Expense Amount to be paid within thirty (30) calendar days of the Court's final approval of the Settlement. To the extent that an appeal is taken with respect to the Fee and Expense Amount, the obligation to pay the Fee and Expense Amount is stayed until the appeal is resolved. All rights to appeal the Fee and Expense Amount are reserved by Defendants.

4.4 Plaintiff's Counsel shall allocate the Fee and Expense Amount among themselves, and Defendants shall have no responsibility for, and no liability with respect to, the allocation of the attorneys' fees awarded among Plaintiff's Counsel.

4.5 The Settling Parties further stipulate that Plaintiff's Counsel may apply to the Court for a service award of up to five thousand dollars (\$5,000) to Plaintiff's Counsel ("Service Award"), to be paid by the Individual Defendants, subject to approval by the Court, in recognition of Plaintiff's efforts in helping to achieve the Settlement's benefits for the Company. The Court's decision to approve the requested Service Award, in whole or in part, shall have no







## **5. Releases**

5.1 Upon the Effective Date, the Releasing Parties shall be deemed to have and forever released, relinquished, and discharged the Released Claims, including both Known Claims and Unknown Claims, against the Released Persons and any and all claims arising out of or in connection with the defense, settlement, or resolution of the Action and/or any and all transactions or allegations in the Demands against the Released Persons. Nothing here shall in any way impair or restrict the rights of any Settling Party to enforce the terms of this Stipulation.

5.2 Upon the Effective Date, each of the Released Persons shall be deemed to have fully, finally, and forever released, relinquished, and discharged Plaintiff and the Released Persons, Plaintiff's Counsel and their Related Persons, and Current Zerify Shareholders and their Related Persons from all claims and causes of action of every nature and description, in whole or in part, known and Unknown Claims, whether arising under federal, state, common or foreign law, and whether or not out of or relate in any way to the institution, prosecution, or settlement of the Released Claims. Nothing herein shall in any way impair or restrict the rights of any Settling Party to enforce the terms of this Stipulation.

## **6. Conditions of Settlement; Effect of Disapproval, Cancellation or Termination**

6.1 The Effective Date of this Stipulation as to the Individual Defendants shall be conditioned on the occurrence of all of the following events:

a. Court approval of the Settlement and approval of the content of the Settlement by the Court; and  
b. The dissemination of notice of the proposed Settlement to Current Zerify Shareholders, and the dissemination of notice to Current Zerify Shareholders;





b. Court entry of the Judgment, in all material respects in the form of Exhibit C annexed hereto, approving the Settlement and dismissing the Action without awarding costs to any party, except as provided herein;

c. payment by the Individual Defendants of \$25,000.00 for the contribution to the Fee and Expense Amount in accordance with paragraph IV.2.4; and

d. the passing of the date upon which the Judgment becomes Final;

6.2 The Effective Date of this Stipulation as to the Company shall be conditioned on the occurrence of all of the following events:

a. Court approval of the Settlement and approval of the content and form of the proposed Settlement by the Company, including providing notice of the proposed Settlement to Current Zerify Shareholders, and the dissemination of notice to Current Zerify Shareholders;

b. Court entry of the Judgment, in all material respects in the form of Exhibit C annexed hereto, approving the Settlement and dismissing the Action without awarding costs to any party, except as provided herein;

c. payment by the Company of the Fee and Expense Amount in accordance with paragraphs IV.4.1, 4.2 and 4.3; and

d. the passing of the date upon which the Judgment becomes Final;

6.3 If any of the conditions specified in paragraph IV.6.1 and IV.6.2 are not satisfied, this Stipulation shall be canceled and terminated as to the Individual Defendants and the Company, respectively, subject to paragraph IV.6.4 unless counsel for the Settling Parties mutually agree in writing to proceed with this Stipulation.







become Final in accordance with its terms: (a) all Settling Parties and Released Persons be restored to their respective positions in the Action as of the date of execution of the Stipulation; (b) all releases delivered in connection with this Stipulation shall be null and void, except as provided for in this Stipulation; and (c) all negotiations, proceedings, documents prepared, and statements made in connection herewith shall be without prejudice to the Settling Parties and shall not be deemed or construed to be an admission by a Settling Party of any act, matter, or proceeding, and shall not be used in any manner for any purpose in any subsequent proceeding in the Action or in any other action or proceeding. In such event, the terms and provisions of this Stipulation shall have no further force and effect with respect to the Settling Parties and shall not be enforceable in the Action or in any other proceeding for any purpose.

## **7. Bankruptcy**

7.1 In the event any proceedings by or on behalf of Zerify, whether voluntary or involuntary, are initiated under any chapter of the United States Bankruptcy Code, including Chapter 11, or of receivership, asset seizure, or similar federal or state law action ("Bankruptcy Proceedings"), the Settling Parties agree to use their commercially reasonable best efforts to obtain all necessary orders, consents, releases, and approvals for effectuation of the Stipulation and Court approval of the Settlement in a timely and expeditious manner.

7.2 In the event of any Bankruptcy Proceedings by or on behalf of Zerify, the Settling Parties agree that all dates and deadlines set forth herein will be extended for such period as may be necessary to obtain necessary orders, consents, releases, and approvals from the Bankruptcy Court to carry out the terms and conditions of the Stipulation.







remains in full force and effect as to the Individual Defendants, including, but not limited to, the releases of the Individual Defendants as provided in this Agreement.

## **8. Miscellaneous Provisions**

8.1 The Settling Parties: (a) acknowledge that it is their intent to consummate the Settlement Stipulation; and (b) agree to act in good faith and cooperate to take all reasonable and necessary steps to expeditiously implement the terms and conditions of this Stipulation.

8.2 In the event that any part of the Settlement is found to be void, unenforceable, voidable, void, unconscionable, or against public policy by a court of competent jurisdiction, the terms and conditions of the Settlement shall remain intact.

8.3 Any planned, proposed, or actual sale, merger, or change-in-control of Zerify shall not void this Stipulation. The Stipulation shall run to and bind the Settling Parties and their successors-in-interest. In the event of a planned, proposed, or actual sale, merger, or change-in-control of Zerify, the Settling Parties shall continue to seek court approval of the Settlement expeditiously, including, but not limited to, the Settlement terms reflected in this Stipulation.

8.4 The Settling Parties intend this Settlement to be a final and complete resolution of all disputes between them with respect to the Action and the Disputed Claims. The Settlement comprises claims that are contested and shall not be deemed an admission by any Settling Party as to the merits of any claim, allegation, or defense. The Settling Parties and their respective counsel agree that at all times during the course of the litigation, each has complied with the requirements of the applicable laws and rules of the Court, including, without limitation, the Federal Rules of Civil Procedure, and all other similar laws and/or rules.





8.5 Each of the Individual Defendants expressly denies and continues to deny all of the claims and contentions in the Action and all allegations of wrongdoing or liability against himself arising out of any conduct, statements, acts, or omissions alleged, or which might have been alleged, in the Action. The existence of the provisions contained in this Stipulation shall not be deemed to prejudice in any way the respective positions of the Settling Parties with respect to the Action, shall not be deemed a presumption, a concession, or admission by any of the Settling Parties of any fault, liability, or wrongdoing as to any facts, claims, or defenses that might have been alleged or asserted in the Action or with respect to any of the claims in the Action, or any other action or proceeding, and shall not be interpreted, construed, or used as evidence invoked, offered, or received in evidence or otherwise used by any person in the Action or in any other action or proceeding, except for any litigation or judicial proceeding arising out of or in connection with this Stipulation or the Settlement whether civil, criminal, or administrative, for purposes other than as provided expressly herein.

8.6 This Stipulation may be modified or amended only by a writing signed by all the signatories hereto, or their respective successors-in-interest.

8.7 This Stipulation shall be deemed drafted equally by all Settling Parties.

8.8 No representations, warranties, or inducements have been made to or by any of the Settling Parties concerning this Stipulation or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.

8.9 Each counsel or other Person executing this Stipulation or its exhibits on behalf of any of the Settling Parties hereby warrants that such Person has the full authority to do so.







8.11 This Stipulation and the exhibits attached hereto constitute the entire agreement among the Settling Parties with respect to the subject matter hereof and supersede all contemporaneous oral and written agreements and discussions.

8.12 In the event that there exists a conflict or inconsistency between the terms of this Stipulation and the terms of any exhibit hereto, the terms of this Stipulation shall prevail.

8.13 This Stipulation may be executed in any number of counterparts, in hard copy or by electronic signature transmitted by e-mailed PDF files. Each counterpart, when so executed, shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

8.14 This Stipulation shall be considered to have been negotiated, executed and to be wholly performed, in the State of New Jersey, and the rights and obligations created by this Stipulation shall be construed and enforced in accordance with, and governed by, the substantive laws of the State of New Jersey without giving effect to that State's conflict of laws principles.

8.15 The Court shall retain jurisdiction to implement and enforce the terms of this Stipulation and the Court's Judgment and to consider any matters or disputes arising out of or relating to the Settlement, and the Settling Parties submit to the jurisdiction of the Court for the purposes of implementing and enforcing the Settlement embodied in the Stipulation and for matters or disputes arising out of or relating to the Settlement.

IN WITNESS WHEREOF, the Settling Parties have caused this Stipulation to be signed and executed by their duly authorized attorneys.







/s/ Jonathan M. Korn

Jonathan M. Korn  
**BLANK ROME LLP**  
New Jersey Resident Partner  
300 Carnegie Center, Suite 220  
Princeton, NJ 08540  
Telephone: (609) 750-7707  
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[elizabeth.young@blankrome.com](mailto:elizabeth.young@blankrome.com)

*Counsel for Individual Defendants Ramarao  
Pemmaraju, Mark L. Kay, and George Waller*

/s/ Robert J. Cahall

Robert J. Cahall  
Igor Konstankevich  
**McCORMICK & PRIORE, P.C.**  
300 Carnegie Ctr. Blvd, Suite 160  
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/s/ Matthew F. Gately

Peter S. Pearlman  
Matthew F. Gately  
**COHN LIFLAND PEARLMAN  
HERRMANN & KNOPF LLP**  
Park 80 Plaza West-One  
250 Pehle Avenue, Suite 401  
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(201) 845-9600  
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Robert S. Schachter  
Justin M. Tarshis  
Jessica Hermes  
**ZWERLING, SCHACHTER  
& ZWERLING, LLP**  
41 Madison Avenue  
New York, NY 10010  
(212) 223-3900  
[rschachter@zsz.com](mailto:rschachter@zsz.com)  
[jtashis@zsz.com](mailto:jtashis@zsz.com)  
[jhermes@zsz.com](mailto:jhermes@zsz.com)

*Counsel for Plaintiff Costantino Za*





# **EXHIBIT A**









**Zwerling, Schachter & Zwerling, LLP**  
Counselors at Law

**Robert S. Schachter**  
rschachter@zsz.com

January 12, 2024

**BY FEDEX**

Board of Directors  
Zerify, Inc.  
1090 King George Post Road  
Suite #603  
Edison, NJ 08837

41 Madison Avenue  
New York, NY 10010  
tel. 212-223-3900  
fax 212-371-5969

**Re: Demand Pursuant Wyo. Stat. Ann. § 17-16-742  
on the Board of Directors of Zerify, Inc.**

Dear Board of Directors:

We represent Constantine Zanfardino. Mr. Zanfardino has been a shareholder of Zerify, Inc. ("Zerify" or the "Company") continuously since March 20, 2023. Zanfardino hereby demands that Board of Directors of Zerify (the "Board")

1. Investigate breaches of fiduciary duty, mismanagement, and other violations of law by members of the Board; and<sup>1</sup>
2. Consider any remedies to be sought because of the breaches of fiduciary duty, mismanagement, and other violations of law by members of Board.

**BASIS OF DEMAND**

**August 3, 2023 Warrants**

On August 3, 2023, the Company filed a Registration Statement ("Form S-1") with the Securities Exchange Commission ("SEC") relating to the resale of 990,444,446 shares of common stock, which consists of the 1,000,000,000 shares of common stock issued by the Company on August 3, 2023.





**Zwerling, Schachter & Zwerling, LLP**  
Counselors at Law

Board of Directors  
Zerify, Inc.  
January 12, 2024  
Page 2

common stock purchase warrants that each of the Selling Stockholders has in the Company.

The Registration Statement further states that the Company would aggregate of \$3,392,800 from the conversion of all 990,444,446 purchase warrants, assuming that all such warrants being registered herein are converted into common shares at an assumed exercise price of \$0.0036 and all the Selling Shareholders in resale of our common stock. See Form S-1/A at 2.

It appears that most (or all) of the warrants were converted into common shares, yet it is unclear where the proceeds from that conversion ended up.<sup>2</sup> Will the Company receive or not receive from the conversion of the purchase warrants?

Further, on October 18, 2023, the Company filed a Form 1-A Post Conversion Amendment Offering Circular ("Form 1-A") relating to raising an additional \$3,392,800. If the Company did collect \$3,392,800, why would it need to raise another \$3,392,800 months later?

The requested investigation should include disclosure of all parties who are recipients of any of the proceeds from the conversion of the warrants and to whom the Company should recover for the Company the proceeds rightfully belonging to it.

SG&A 2Q 2023

The Company's Form 1-A shows that Selling, General and Administrative expenses ("SG&A") increased to \$1,166,000 for the second quarter of 2023. See Form 1-A at 39. In the first quarter of 2023, SG&A was \$533,000. *Id.* at 43. What caused SG&A to increase more than 218% in the second quarter of 2023?





**Zwerling, Schachter & Zwerling, LLP**  
Counselors at Law

Board of Directors  
Zerify, Inc.  
January 12, 2024  
Page 3

Very truly yours,



Robert S. Schachter  
Zwerling, Schachter & Zwerling







## **EXHIBIT B**





**NEW JERSEY**  
300 Carnegie Ctr. Blvd.  
Suite 160  
Princeton, NJ 08540

T: 609.716.9550  
F: 609.716.8140

**PHILADELPHIA**  
2001 Market St.  
Suite 3810  
Philadelphia, PA  
19103

T: 215.972.0161  
F: 215.972.5580

**PLYMOUTH MEETING**  
450 Plymouth Road  
Suite 204  
Plymouth Meeting, PA  
19462

T: 215.664.4004  
F: 215.664.4005

**DELAWARE**  
1000 North West St.  
Suite 1200  
Wilmington, DE 19801

T: 302.295.4895  
F: 302.295.4801

**NEW YORK**



June 11, 2024

**Via Regular Mail and Email:**

[rschachter@zsz.com](mailto:rschachter@zsz.com)

Robert S. Schachter, Esquire  
Zwerling, Schachter & Zwerling LLP  
41 Madison Avenue  
New York, NY 10010

**RE: Zanfardino v. Zerify, Inc., et al**  
**Case No.: 2:22-cv-07258-MCA-AME**  
**File No.: 9500-20620**

Dear Mr. Schachter:

As you may be aware, our office represents Zerify, Inc., f/k/a Zerify Technologies, Inc. (the “Company”) in the above-referenced matter. In response to your letter dated January 12, 2024, demanding, on behalf of Constantine Zanfardino, that the Company investigate various alleged violations and provide information concerning certain transactions (the “Demand”),

As an initial matter, as you are well aware, Mr. Zanfardino has brought suit against the Company’s Board of Directors (“Board”) of the Company. The Demand thus appears to be an inappropriate attempt to obtain additional information that Mr. Zanfardino may use to bolster his claims in the allegations therein.

Regardless, the Company takes all inquiries by its shareholders seriously. Mr. Constantine’s demand, seriously. As such, the Company undertakes to investigate each of the transactions noted in your letter. Based on the results of the investigation, the Company is not aware of any wrongdoing by the Company or any of its officers or directors that warrants any further action.

Each of the questioned transactions in your letter was fully and accurately disclosed in public filings made by the Company, as described below.





Response: The 990,444,446 shares of common stock were originally priced at \$0.000450 per share in the Registration Statement. (See Zerify, Inc. Form S-1/A filed August 3, 2022.) The shares were subsequently re-priced at between \$0.000900 and \$0.000450 such that the Company received approximately \$504,110 in exchange for the common stock resale, which was used primarily for Company expenses.

**Form 1-A Post Qualification Amendment Offering Circular**

Request: “On October 18, 2023, the Company filed a Form 1-A Post Qualification Amendment Offering Circular (“Form 1-A”) relating to raising an additional \$344,000. The Company did collect \$3,392,800, why would it need to raise another \$344,000 two months later?”

Response: See above, the Company did not collect \$3,392,800 in relation to the 2023 Registration Statement.

**SG&A Q2 2023**

Request: “The Company’s Form 1-A shows that Selling, General and Administrative expenses (“SG&A”) increased to \$1,166,000 for the second quarter of 2023. See Form 1-A. In the first quarter of 2023, SG&A was \$533,000. Id. at 43. What line items caused the increase more than 218% in the second quarter of 2023?”

Response: The Company’s Form 1-A shows that Selling, General, and Administrative expenses for Q1 2023 was \$1,166,000. (Zerify, Inc. Form 1-A filed July 20, 2023, at 43.) The Company’s Form 10Q for the quarterly period ending June 30, 2023, showed that the SG&A was \$533,000. (Zerify, Inc. Form 10-Q filed Oct. 3, 2023 at 4.) This is a decrease in SG&A, not an increase, as stated in your letter, such that this question is moot and does not require an answer.

Because neither the Company, nor any of its officers or directors has engaged in any wrongdoing in connection with any of the transactions noted in your letter, no further action is warranted, and the Company hereby rejects any suggestion by Mr. Zanfardino that the Company will take any further action.

If you have additional questions or concerns, please do not hesitate to contact the undersigned at 716-9550 or via email at [ikonstankevich@mccormickprieore.com](mailto:ikonstankevich@mccormickprieore.com).

Very truly yours,  
  
/s/ Igor Konstankevich







## **EXHIBIT C**





**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

COSTANTINO ZANFARDINO, Derivatively on  
Behalf of Nominal Defendant ZERIFY, INC.,  
formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.,

Plaintiff,

v.

MARK L. KAY, ROMARAO PEMMARAJU  
AND GEORGE WALLER,

Defendants,

And,

ZERIFY, INC., formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.

Nominal Defendant.

Case No.: 3:22-cv-07258-

**EXHIBIT C**

**[PROPOSED] ORDER AND FINAL JUDGMENT**

This matter came before the Court for hearing on \_\_\_\_\_  
consider approval of the proposed settlement (“Settlement”) set forth in the Stip  
Agreement of Settlement dated November 20, 2024, and the exhibits thereto (the “S  
and the Fee and Expense Amount and Service Award requested by Plaintiffs’ Counsel  
has reviewed and considered all documents, evidence, objections (if any), and argumen  
in support of or against the Settlement, Fee and Expense Amount and Service Award.







1. This Judgment incorporates by reference the definitions in the Stipulation. Capitalized terms used herein shall have the same meanings as set forth in the Stipulation.

2. This Court has jurisdiction over the subject matter of the Action, and over all matters necessary to effectuate the Settlement, and over all Settling Parties to the Action.

3. The Court finds that the notice provided to Zerify shareholders constitutes notice practicable under the circumstances. The notice fully satisfied the requirements of the Federal Rules of Civil Procedure and the requirements of due process.

4. The Court hereby approves the Settlement set forth in the Stipulation and finds that the Settlement is, in all respects, fair, reasonable, and adequate to each of the Settling Parties. The Court further finds that the Settlement is in the best interests of Zerify and its shareholders.

**IT IS HEREBY ORDERED AND ADJUDGED THAT, PURSUANT TO THE TERMS OF THAT SETTLEMENT, ZERIFY AND THE INDIVIDUAL DEFENDANTS SHALL, WITHIN FIVE (75) DAYS OF ENTRY OF THE JUDGMENT, EFFECTUATE AND ADOPT THE FOLLOWING RELIEF AND REFORMS (“RELIEF”):**

- (a) Appoint, at Defendants’ expense, a retired judge of the United States District Court for the District of New Jersey, reasonably satisfactory to Plaintiff, as an independent overseer whose approval will be required for any transaction occurring during the next two years from the date of that person’s appointment involving the Company that would benefit any of the Individual Defendants, directly or indirectly, except for transactions that would benefit the Individual Defendants in their





- (b) To the extent that a retired judge of the United States District Court for the District of New Jersey is not available, the parties agree to meet and confer in good faith to select a suitable alternative retired federal judge from another jurisdiction.
- (c) The Individual Defendants will relinquish all of their personal ownership interest in BlockSafe and return such interest to the Company. For avoidance of doubt, the provisions contained in this paragraph shall prohibit any Individual Defendant from exercising any right to benefit in connection with BlockSafe or otherwise that accrues to the Company as a shareholder in the Company; and
- (d) Individual Defendants Waller and Pemmaraju will return 75% of the Company stock that were issued to them in 2021 (constituting 6,892,220 and 7,375,000 shares, respectively, to be returned to the Company).

5. The Action and all claims contained therein, as well as all of the Released Claims against Released Persons, are dismissed with prejudice. The Settling Parties are to bear their own costs, except as otherwise provided below.

6. Upon the Effective Date, the Releasing Parties shall be deemed to have released, and forever released, relinquished, and discharged the Released Claims, including both Known Claims and Unknown Claims, against the Released Persons and any and all claims arising out of or in connection with the defense, settlement, or resolution of the Action and/or any and all transactions or allegations in the Demands against the Released Persons..

7. Upon the Effective Date, each of the Released Persons shall be deemed to have released, fully, finally, and forever released, relinquished, and discharged Plaintiff and his Released







and Unknown Claims, whether arising under federal, state, common or foreign law, that do or relate in any way to the institution, prosecution, or settlement of the Released Claims, for any claims relating to the enforcement of the Settlement.

8. Nothing herein shall in any way impair or restrict the rights of any Settling Defendant to enforce the terms of the Stipulation.

9. During the course of the litigation, all parties and their respective counsel have at all times complied with the requirements of Rule 11 of the Federal Rules of Civil Procedure and other similar laws or statutes.

10. The Court hereby approves the sum of \$\_\_\_\_\_ for the payment of the Fee and Expense Amount to Plaintiffs' Counsel, consisting of \$\_\_\_\_\_ in attorney's fees and \$\_\_\_\_\_ for the reimbursement of Plaintiff's Counsel's expenses. Twenty-Five Percent (25%) (\$25,000.00) of the Fee and Expense Amount shall be paid by the Individual Defendants. The balance shall be paid by the Company. The Court finds that the Fee and Expense Amount is just and reasonable. No other fees, costs, or expenses may be awarded to Plaintiff's Counsel in connection with the Settlement. The Fee and Expense Amount shall be distributed in accordance with the terms of the Stipulation.

11. The Court hereby approves a Service Award of \$5,000 for the Plaintiff to be awarded by the Individual Defendants in recognition of Plaintiff's participation and effort in the Settlement of the Action.

12. Neither the Stipulation nor the Settlement, nor any act performed or omitted by any party executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be







wrongdoing, or liability of the Settling Parties or Released Persons, or of the value of the Released Claims; or (b) is intended by the Settling Parties to be offered or received as consideration for the release, or used by any other person in any other actions or proceedings, whether civil, criminal, or administrative, other than to enforce the terms therein.

13. The Released Persons may file the Stipulation and/or the Judgment with the Court as evidence of the reference acts performed or documents executed pursuant to or in furtherance of the Stipulation and/or the Judgment: (i) in any action that may be brought against them in order to assert a defense or counterclaim based on principles of res judicata, collateral estoppel, full faith and credit, release, good faith settlement, judgment bar or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim; (ii) in furtherance of the Settlement contemplated in the Stipulation; and (iii) in any action to enforce the Settlement.

14. Without affecting the finality of this Judgment in any way, this Court hereby retains its continuing jurisdiction with respect to implementation and enforcement of the terms of the Stipulation. If for any reason the Effective Date does not occur, or if the Stipulation is rescinded, canceled, terminated or fails to become Final in accordance with its terms, then: (a) the Settling Parties and Released Persons shall be restored to their respective positions as of November 1, 2024 (when they executed the Stipulation); (b) all releases delivered in connection with the Stipulation shall be null and void, except as otherwise provided for in the Stipulation; (c) the Settlement Amount and Expense Amount paid to Plaintiffs' Counsel shall be refunded and returned within 30 calendar days; and (d) all negotiations, proceedings, documents prepared, and statements made in connection herewith shall be without prejudice to the Settling Parties, shall not be





action or proceeding. In such event, the terms and provisions of the Stipulation shall have no further force and effect with respect to the Settling Parties and shall not be used in this or any other proceeding for any purpose.

15. Pursuant to Rule 23.1 of the Federal Rules of Civil Procedure, this Court hereby finally approves the Stipulation and Settlement in all respects and orders the Settling Parties to perform its terms to the extent the Settling Parties have not already done so.

16. This Judgment is a final judgment, and the Court finds that no just reason exists for delay in entering the Judgment in accordance with the Stipulation. Accordingly, the Clerk is directed to enter this Judgment forthwith in accordance with Rule 58 of the Federal Rules of Civil Procedure.

IT IS SO ORDERED

DATED:

---

Honorable Madeline Cox Arleo  
United States District Judge





## **EXHIBIT D**







**EXHIBIT D**

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

COSTANTINO ZANFARDINO, Derivatively on  
Behalf of Nominal Defendant ZERIFY, INC.,  
formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.,

Plaintiff,

v.

Case No.: 3:22-cv-07258-

MARK L. KAY, ROMARAO PEMMARAJU  
AND GEORGE WALLER,

Defendants,

And,

ZERIFY, INC., formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.

Nominal Defendant.

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF  
SHAREHOLDER DERIVATIVE ACTION**

**TO: ALL OWNERS OF THE COMMON STOCK OF ZERIFY, INC. (“ZE  
THE “COMPANY”) AS OF NOVEMBER 20, 2024 AND WHO CON  
HOLD ZERIFY COMMON STOCK AS OF THE DATE OF THE SET  
HEARING (“CURRENT ZERIFY SHAREHOLDERS”):**

**THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED SETT**





YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the District of New Jersey (the "Court"), that a proposed settlement has been reached between the parties in the following shareholder derivative action brought on behalf and for the benefit of the shareholders of Zerify, Inc. (the "Company") in *Zanfardino v. Kay*, Case No. 2:22-CV-07258-MCA-AME (D.N.J.) (the "Action").

Below, a hearing will be held on \_\_\_\_\_, \_\_\_\_\_m., before the Honorable Madeline Cox Arleo, at the United States District Court for the District of New Jersey, Martin Luther King Jr. Bldg. & U.S. Courthouse, 50 Walnut Street, Newark, N.J. New Jersey 07102, Courtroom 4A (the "Settlement Hearing"), at which the Court will hear the parties' arguments and decide whether to approve: (1) the Settlement; (2) an award of attorneys' fees to Plaintiff's Counsel not to exceed \$368,607 and reimbursement of expenses not to exceed \$8,547 (collectively, the "Attorneys' Fees and Expense Amount"); and (3) a service award of up to \$5,000 for Plaintiff (the "Service Award").

You have an opportunity, but are not required, to be heard at this Settlement Hearing.

The terms of the settlement are set forth in the Stipulation (the "Settlement" or "Stipulation") and are summarized in this Notice. If approved by the Court, the Settlement will fully resolve the Action, including the dismissal of the Action with prejudice. **For a more detailed statement of the facts and matters involved in the Action, the Settlement, and the terms discussed in this Notice, the Stipulation is available for viewing on Zerify's website at [www.zerify.com](http://www.zerify.com). The Stipulation may also be inspected at the Clerk of the Court's office, United States District Court for the District of New Jersey, Martin Luther King Jr. Bldg. & U.S. Courthouse, 50 Walnut Street, Newark, N.J. New Jersey 07102. For a fee, all papers filed in the Action are available on [www.pacer.gov](http://www.pacer.gov).**







This Notice is not intended to be an expression of any opinion by the Court with respect to the merits of the claims made in the Action but is intended to advise you of the proposed Settlement of the Action.

**THERE IS NO CLAIMS PROCEDURE.** The Action was brought to protect the interests of the Company and its stockholders. The Settlement will result in changes to Zerify's corporate governance, including reimbursement to Zerify of certain stock and investment interests held by the Individual Defendants.<sup>1</sup>

## **I. THE ACTION**

The Action alleges that the Individual Defendants, who were the sole members of the Company's Board of Directors ("Board") at the time the Action was filed, utilized their position and control of Zerify to enrich themselves at the expense of the Company, namely through (1) the issuance of stock, options, or other compensation to themselves; and (2) use of the Company's capital to fund investments that benefitted them personally in connection with a business deal involving BlockSafe Technologies, Inc. ("BlockSafe").

On June 10, 2022, Plaintiff issued a written Demand to the Board pursuant to the provisions of Ann. § 17-16-742 to investigate the alleged misconduct which, ultimately, was alleged to have occurred.

On August 19, 2022, the Board responded to the Demand and provided certain information requested in the Demand and informed Plaintiff that, after investigation, the Board concluded that neither the Company, nor any of its officers or directors engaged in any wrongdoing in connection with the transactions noted in the Demand and, as a result, it would not commence any litigation in response to Plaintiff's Demand.





On December 12, 2022, Plaintiff commenced the Action on behalf of Zerify.

On June 8, 2023, Defendants filed separate motions to dismiss Plaintiff's Complaint ("Complaint").

On November 28, 2023, the Court granted, *in part*, and denied, *in part*, Defendants' motions to dismiss as follows: (1) granting Defendants' motion and dismissing Plaintiff's claim for breach of fiduciary duty and unjust enrichment as to the Auctus Fund LLC transaction, the Cactus Partners LLC transaction, the issuance of preferred stock and the approval of reverse stock repurchases; (2) granting Defendants' motion and dismissing Plaintiff's claim for corporate waste; and (3) denying Defendants' motion to dismiss as relates to the allegations concerning the BlockSafe transaction, the issuance of common stock, other shares and warrants.

On January 12, 2024, Defendants filed Answers to the Complaint, denying the truth of the allegations alleged.

On January 12, 2024, Plaintiff issued an additional written Demand letter pursuant to California Civ. Sta. An. § 17-16-742 to investigate additional alleged misconduct.

On June 11, 2024, the Company responded to Plaintiff's additional Demand letter and provided certain information requested in the Demand and informed Plaintiff of the results of its investigation, the Company concluded that neither the Company, nor any of its officers or directors, engaged in any wrongdoing in connection with any of the alleged misconduct noted in the Demand, and, as a result, the Company would not commence any litigation in response to Plaintiff's Demand.

In March 2024, after the motions to dismiss were granted in part and denied in part,







and written exchanges. In these exchanges, Plaintiff requested, and the Individual Defendants produced, certain financial confirmatory discovery, and the Settling Parties ultimately agreed to the material terms of a settlement, which were finalized and documented in this Stipulation (the “Settlement”).

## **II. PLAINTIFF’S CLAIMS AND THE BENEFITS OF THE SETTLEMENT**

While disputed by Defendants, Plaintiff believes that the Action has substantial merit. Plaintiff’s entry into the Stipulation is not intended to be, and shall not be construed as, an admission or concession concerning the relative strength or merit of the claims alleged in the Complaint. Plaintiff and his Counsel recognize and acknowledge the significant risk, expense, and time involved in continued proceedings necessary to prosecute the Action through trial and possible appeal.

Plaintiff’s Counsel also has considered: (a) the uncertain outcome and the expense of such litigation, especially in complex cases such as derivative actions; (b) the difficulties inherent in such litigation; (c) the lack of any applicable insurance on behalf of the Company or the Individual Defendants; and (d) the Individual Defendants’ limited ability to pay any judgment. Plaintiff’s Counsel also are mindful of the challenges inherent in derivative litigation and the possible defenses to the claims alleged in the Action.

Plaintiff’s Counsel have conducted a thorough investigation and analysis, including, *inter alia*: (i) reviewing Zerify’s press releases, public statements, and U.S. Securities and Exchange Commission (“SEC”) filings; (ii) reviewing related media reports about the Company; (iii) researching applicable law with respect to the claims alleged in the Action and potential defenses thereto; (iv) preparing and filing the Complaint; (v) preparing and issuing the Demand for Judgment.







and (viii) negotiating the Settlement, including researching potential corporate governance issues, and relief that the Company ultimately agreed to adopt as consideration of the Settlement.

Based on Plaintiff's Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiff's Counsel believes the Settlement as set forth in this Stipulation is fair, reasonable, and adequate, and confers net benefits upon Zerify. Based upon Plaintiff's Counsels' evaluation, Plaintiff has determined that the Settlement is in the best interests of Zerify and has agreed to settle the Action upon the terms and conditions set forth in the Stipulation and subject to the conditions set forth herein.

### **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny each and all of the claims and causes of action alleged by Plaintiff in the Action, and the Individual Defendants have expressly and unequivocally continue to deny all allegations of wrongdoing or liability against them arising out of or in connection with the statements, acts, or omissions alleged, or that could have been alleged, in the Action. Defendants also have considered the uncertainty and risks inherent in any litigation, particularly in complex cases such as derivative actions. Defendants have determined that it is in the best interests for the Action to be settled in the manner and upon the terms and conditions set forth in the Stipulation.

Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to the Stipulation, nor any action taken to enforce the Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Claims (as that term is defined in the Settlement) or an admission by or against the





#### IV. TERMS OF THE SETTLEMENT

The terms and conditions of the proposed Settlement are set forth in the Stipulation, which has been filed with the Court and is available for viewing on Zerify's website at [www.zerify.com](http://www.zerify.com).

**The following is only a summary of its terms.**

Zerify shall, within seventy-five (75) days of entry of the Judgment, effectuate the following relief and reforms ("Relief"):

- (a) Appoint, at Defendants' expense, a retired judge of the United States District Court for the District of New Jersey, reasonably satisfactory to Plaintiff, to act as an independent overseer whose approval will be required for any transaction of the Company during a period of two years from the date of that person's appointment. The Company shall not benefit any of the Individual Defendants, directly or indirectly, except for any transactions that would benefit the Individual Defendants in their capacity as shareholders of the Company;
- (b) To the extent that a retired judge of the United States District Court for the District of New Jersey is not available, the parties agree to meet and confer in person to identify a suitable alternative retired federal judge from another jurisdiction;
- (c) The Individual Defendants will relinquish all of their personal ownership interest in BlockSafe and return such interest to the Company. For avoidance of doubt, nothing contained in this paragraph shall prohibit any Individual Defendant from enjoying any benefit in connection with BlockSafe or otherwise that a shareholder of the Company as a shareholder in the Company; and







- (d) Individual Defendants Waller and Pemmaraju will return 75% of the Company stock that were issued to them in 2021 (constituting 6,892,227,375,000 shares, respectively, to be returned to the Company).

As additional consideration of this Settlement, due to the lack of insurance available to cover any claims emanating from the alleged misconduct asserted in this Action, the Plaintiff and Individual Defendants (together with Zerify, the “Settling Parties”) have agreed that the Individual Defendants will personally pay a maximum of \$25,000.00 towards any Fee and Expense Award and \$5,000.00 toward any Service Award to the Plaintiff, awarded by the Court.

## **V. DISMISSALS AND RELEASES**

The Settlement is conditioned upon the occurrence of certain events, which include, among other things: (i) final approval of the Settlement by the Court following notice to the Plaintiff, the Shareholders and the Settlement Hearing contemplated by the Stipulation; (ii) Court Judgment, approving the Settlement and dismissing the Action with prejudice, without costs to any party, except as provided in the Stipulation; (iii) payment of the Fee and Expense Award Amount (both by the Individual Defendants and the Company) and Service Award to the Plaintiff by the Court; (iv) the passing of the date upon which the Judgment becomes Final; and (v) the entry of an order dismissing the Action with prejudice (the “Effective Date”).

Upon the Effective Date, the Releasing Parties shall be deemed to have fully, forever released, relinquished, and discharged the Released Claims, including both Known and Unknown Claims, against the Released Persons and any and all claims arising out of or in connection with the defense, settlement, or resolution of the Action and/or any and







Upon the Effective Date, each of the Released Persons shall to have fully, finally, and forever released, relinquished, and discharged Plaintiff and Persons, Plaintiff's Counsel and their Related Persons, and Current Zerify Shareholders and Related Persons from all claims and causes of action of every nature and description, in known and Unknown Claims, whether arising under federal, state, common or foreign law, in or out of or relate in any way to the institution, prosecution, or settlement of the Released Claims, for any claims relating to the enforcement of the Settlement.

However, nothing shall in any way impair or restrict the rights of any Settling Party to enforce the terms of the Stipulation.

## **VI. PLAINTIFF'S ATTORNEYS' FEES AND EXPENSES**

In consideration of the substantial benefits conferred upon Zerify by the completion of the Settlement, and the efforts of Plaintiff and Plaintiff's Counsel in the Action in and consideration of the Settlement, and subject to Court approval, Plaintiff's Counsel shall be awarded by the Court for a Fee and Expense Amount not to exceed \$368,607 for attorney's fees and reimbursement of expenses not to exceed \$8,547. The Individual Defendants will pay a maximum of \$25,000.00 towards any Fee and Expense Amount awarded by the Court, with the remainder to be borne exclusively by the Company.

Plaintiff's Counsel may apply to the Court for a Service Award of up to \$5,000.00 to be paid by the Individual Defendants, only to be paid upon Court approval, in recognition of Plaintiff's participation and effort in the prosecution of the Action.

## **VII. THE SETTLEMENT HEARING**





Courthouse, 50 Walnut Street, Newark N.J. New Jersey 07102, Courtroom 4 A at which the Court will determine: (i) whether the terms of the Stipulation should be approved as fair, reasonable and adequate; (ii) whether the Notice fully satisfied the requirements of Rule 23.1 of the Federal Rules of Civil Procedure and the requirements of due process; (iii) whether all Released Class Members and the Released Persons should be fully and finally released; (iv) whether to approve the Expense Amount, and the amount thereof; (v) whether to approve a Service Award, and the amount thereof, not to exceed \$5,000; and (vi) such other matters as the Court may deem appropriate.

**The Settlement Hearing may be continued by the Court at the Settlement Hearing at any adjourned session thereof, without further notice.**

#### **VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE HEARING**

Any Current Zerify Shareholder has a right, but is not required, to appear and be heard at the Settlement Hearing, providing that they are a shareholder of record or beneficial owner of Zerify common stock and was a shareholder of record or beneficial owner of Zerify common stock as of November 20, 2024. Any Zerify shareholder who satisfies this requirement may appear through counsel of such shareholder's own choosing and at such shareholder's expense or may appear on their own. However, any such shareholder shall not be permitted to object to the Settlement Hearing unless, *at least fourteen (14) calendar days prior to the Settlement Hearing*, you have filed with the Court a written notice of objection to the Settlement or the Fee Amount or Service Award containing the following information:

1. Your name, legal address, email address and telephone number;
2. The case name and number (*Zanfardino v. Kay*, Case No. 2:22-cv-01234-ABC).







date of filing of the objection and will continue to hold those shares as of the date of the Settlement Hearing;

4. A statement of each objection being made;
5. Notice of whether you intend to appear at the Settlement Hearing (or, if you do not intend to appear, the reasons required to appear); and
6. Copies of any papers you intend to submit to the Court, along with the names and addresses of any witness(es) you intend to call to testify at the Settlement Hearing and the subject matter of their testimony.

All written objections and supporting papers must be filed with the Clerk of the United States District Court for the District of New Jersey, Martin Luther King Jr. Federal Courthouse, 50 Walnut Street, Newark N.J. New Jersey 07102 and served upon the following Settling Parties' counsel:

*Counsel for Individual Defendants*

Andrew T. Hambelton  
**BLANK ROME LLP**  
1271 Avenue of the Americas  
New York, New York 10020  
Phone: (212) 885-5000  
[andrew.hambelton@blankrome.com](mailto:andrew.hambelton@blankrome.com)

*Counsel for Nominal Defendant Zerify*

Robert J. Cahall  
**McCORMICK & PRIORE, P.C.**  
300 Carnegie Ctr. Blvd, Suite 160  
Princeton, NJ 08540  
Tel. (609) 716-9550

*Counsel for Plaintiff*

Matthew F. Gately  
**COHN LIFLAND PEARLMAN  
HERRMANN & KNOPF LLP**  
Park 80 Plaza West-One  
250 Pehle Avenue, Suite 401  
Saddle Brook, NJ 07663  
(201) 845-9600  
[mfg@njlawfirm.com](mailto:mfg@njlawfirm.com)

Robert S. Schachter  
**ZWERLING, SCHACHTER  
& ZWERLING, LLP**  
41 Madison Avenue





YOUR WRITTEN OBJECTIONS MUST BE FILED WITH THE CLERK OF THE COURT NO LATER THAN \_\_\_\_\_, 2025. Only shareholders who have filed a valid and timely written notices of objection will be entitled to be heard at the Settlement unless the Court orders otherwise.

Unless otherwise ordered by the Court, any Current Zerify Shareholder who do their objection in the manner provided herein shall be deemed to have waived such objection and shall forever be barred and foreclosed from making any objection to the fairness, reasonableness or adequacy of the Settlement, or to otherwise be heard, and shall otherwise be bound by the Court's Judgment to be entered and the releases to be given.

#### **IX. EXAMINATION OF PAPERS AND INQUIRIES**

There is additional information concerning the Settlement available in the Stipulation which is available for viewing on Zerify's website at [www.zerify.com](http://www.zerify.com). You may also view the Stipulation during business hours at the office of the Clerk of the Court, United States District Court for the District of New Jersey, Martin Luther King Jr. Bldg. & United States Courthouse, 50 Walnut Street, Newark N.J. New Jersey 07102. Or you may call Plaintiff's Counsel at Cohn Lifland Pearlman Herrmann & Knopf LLP, telephone (201) 845-1100 or Defendant's Counsel at Zwerling, Schachter & Zwerling, LLP, telephone (561) 245-4608, for additional information concerning the settlement.

**PLEASE DO NOT CONTACT THE COURT OR  
ZERIFY REGARDING THIS NOTICE.**





## **EXHIBIT E**







**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

COSTANTINO ZANFARDINO, Derivatively on  
Behalf of Nominal Defendant ZERIFY, INC.,  
formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.,

Plaintiff,

v.

MARK L. KAY, ROMARAO PEMMARAJU  
AND GEORGE WALLER,

Defendants,

And,

ZERIFY, INC., formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.

Nominal Defendant.

Case No.: 3:22-cv-07258-

**EXHIBIT E**

**[PROPOSED] PRELIMINARY APPROVAL ORDER**

This matter came before the Court for a hearing on \_\_\_\_\_, 20\_\_\_\_\_. Plaintiff has filed an unopposed motion, pursuant to Rule 23.1 of the Federal Rules of Civil Procedure, for an order: (i) preliminarily approving the proposed settlement (“Settlement”) of Plaintiff’s derivative claims, in accordance with the Stipulation and Agreement of Settlement dated November 20, 2024 (the “Stipulation”); and (ii) approving the form and manner of the Settlement.<sup>1</sup>





WHEREAS, the Stipulation sets forth the terms and conditions for the Settlement, but not limited to, a proposed Settlement and dismissal of the this shareholder derivative action without prejudice as to the Released Persons; and

WHEREAS, the Court having read and considered Plaintiff's Unopposed Preliminary Approval of Shareholder Derivative Settlement together with the accompanying Memorandum of Law and the Stipulation, as well as all the exhibits attached thereto and considered arguments by counsel for the Settling Parties in favor of preliminary approval of the Settlement; and

WHEREAS, the Court finds, upon a preliminary evaluation, that the proposed Settlement falls within the range of possible approval criteria, as it provides a beneficial result for the Released Persons, appears to be the product of serious, informed, non-collusive negotiations; and

WHEREAS, the Court also finds, upon a preliminary evaluation, that Court-Ordered Settlement Shareholders should be apprised of the Settlement through the proposed forms of notice and to file objections, if any, thereto, and appear at the Settlement Hearing.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, THAT THE COURT SHALL GRANT THE SETTLEMENT AS FOLLOWS:**

1. This Court, for purposes of this Preliminary Approval Order, adopts the terms and conditions set forth in the Stipulation.

2. This Court preliminarily approves, subject to further consideration at the Settlement Hearing described below, the Settlement as set forth in the Stipulation as being fair, reasonable, and adequate.







for the District of New Jersey, Martin Luther King Jr. Bldg. & U.S. Courthouse, 50 W. Wacker Drive, Newark N.J. New Jersey 07102, Courtroom 4A (the "Settlement Hearing"), at which the Court will determine: (i) whether the terms of the Stipulation should be approved as fair, reasonable, and adequate; (ii) whether the notice fully satisfied the requirements of Rule 23.1 of the Federal Rules of Civil Procedure and the requirements of due process; (iii) whether all Released Class Members and the Released Persons should be fully and finally released; (iv) whether the Fee and Service Award Amount and Service Award should be approved and the amounts thereof; and (v) any other matters as the Court may deem appropriate.

4. The Court finds that the form, substance, and dissemination of the Notice and Summary Notice regarding the proposed Settlement in the manner set out in this Preliminary Approval Order constitutes the best notice practicable under the circumstances and complies fully with the requirements of the Federal Rules of Civil Procedure and due process.

5. Within ten (10) calendar days after the entry of the Preliminary Approval Order, the Company shall verify shall: (i) publish the Summary Notice (substantially in the form attached as Exhibit C to the Stipulation), once in *Investor's Business Daily*; (ii) file with the SEC a Current Report on Form 8-K, with an accompanying press release and attaching the Notice (substantially in the form attached as Exhibit D to the Stipulation) and the Stipulation together with its exhibits; and (iii) post the Notice and Stipulation to the Company's investor relations page of its website.

6. The Notice and Summary Notice shall contain a link to the Company's Current Report on Form 8-K, accompanying press release, the Notice, and the Stipulation together with its exhibits. All costs incurred in the filing, publication and dissemination







7. At least thirty (30) calendar days prior to the Settlement Hearing, Counsel shall file with the Court an appropriate affidavit or declaration with respect to publishing, and posting the Notice and Summary Notice as provided for in paragraph 6 of the Preliminary Approval Order.

8. All Current Zerify Shareholders shall be subject to and bound by the provisions of the Stipulation and the releases contained therein, and by all orders, determinations, and judgments in the Action concerning the Settlement, whether favorable or unfavorable to Current Zerify Shareholders.

9. Pending final determination of whether the Settlement should be approved, Current Zerify Shareholders shall not commence or prosecute against any of the Released Persons any action or proceeding in any court or tribunal asserting any of the Released

10. Any Current Zerify Shareholder may appear and show cause, if they have a good reason why the Settlement embodied in the Stipulation should not be approved as fair, reasonable, and adequate, or why a judgment should or should not be entered hereon, or the Fee and Expense Award or Service Award should not be awarded. However, no Current Zerify Shareholder shall be entitled to contest the approval of the proposed Settlement, or, if approved, the Judgment entered hereon, unless that Zerify shareholder has caused to be filed, and served on counsel as set forth in the written objections which: (i) state the name, legal address, email address and telephone number of the objector; (ii) state the case name and number (*Zanfardino v. Kay*, Case No. 2:22-CV-00000-AME); (iii) contain a specific, written statement of the objection(s) and the specific reasons for the objection(s), and if the objector has indicated that they intend to appear at the Settlement





documentation sufficient to show that the objector owned shares of Zerify common November 20, 2024, and contains a statement that the objector continues to hold such the date of filing of the objection and will continue to hold those shares as of the Settlement Hearing; and (v) are signed by the objector.

11. At least fourteen (14) calendar days prior to the Settlement Hearing \_\_\_\_\_, 2025, any such Person must file the written objection(s) and supporting materials with the Clerk of the Court, United States District Court for the District of Martin Luther King Jr. Bldg. & U.S. Courthouse, 50 Walnut Street, Newark N.J. 07102, and serve such materials by that date, on each of the following Settling Parties:

*Counsel for Individual Defendants*

Andrew T. Hambelton  
**BLANK ROME LLP**  
1271 Avenue of the Americas  
New York, New York 10020  
Phone: (212) 885-5000  
[andrew.hambelton@blankrome.com](mailto:andrew.hambelton@blankrome.com)

*Counsel for Nominal Defendant Zerify*

Robert J. Cahall  
**McCORMICK & PRIORE, P.C.**  
300 Carnegie Ctr. Blvd, Suite 160  
Princeton, NJ 08540  
Tel. (609) 716-9550  
Fax (609) 716-8140  
[rcahall@mccormickpriore.com](mailto:rcahall@mccormickpriore.com)

*Counsel for Plaintiff*

Matthew F. Gately  
**COHN LIFLAND PEARLMAN  
HERRMANN & KNOPF LLP**  
Park 80 Plaza West-One  
250 Pehle Avenue, Suite 401  
Saddle Brook, NJ 07663  
(201) 845-9600  
[mfg@njlawfirm.com](mailto:mfg@njlawfirm.com)

Robert S. Schachter  
**ZWERLING, SCHACHTER  
& ZWERLING, LLP**  
41 Madison Avenue  
New York, NY 10010  
(561) 245-4608  
[rschachter@zsz.com](mailto:rschachter@zsz.com)







13. Any Person or entity who fails to appear or object in the manner provided herein shall be deemed to have waived such objection and shall forever be foreclosed from objecting to the fairness, reasonableness, or adequacy of the Settlement and to the Fee Amount and Service Award, unless otherwise ordered by the Court, but shall be forever bound by the Judgment to be entered and the releases to be given as set forth in the Stipulation.

14. Plaintiff shall file a motion for final approval of the Settlement and for an award of counsel fees and expenses to Plaintiffs' Counsel and a service award at least forty-two (42) calendar days prior to the Settlement Hearing. If there is any objection to the Settlement or the request for counsel fees and expenses or Plaintiff's service award, the objector shall file a response to the objection(s) at least seven (7) calendar days prior to the Settlement Hearing.

15. All proceedings in the Action are stayed until further order of the Court. No action may be necessary to implement the Settlement or comply with the terms of this Stipulation.

16. This Court may, for good cause, extend any of the deadlines set forth in the Preliminary Approval Order without further notice to Zerify shareholders.

17. Neither the Stipulation nor the Settlement, nor any act performed or executed pursuant to or in furtherance of the Stipulation or the Settlement: (i) is or may be construed to be or may be offered, attempted to be offered or used in any way by the Settling Parties or any Person as a presumption, a concession or an admission of, or evidence of, any fault, wrongdoing, or liability of the Settling Parties or Released Persons, or of the validity of any Released Claim; or (ii) is intended by the Settling Parties to be offered or received as evidence or used by any





18. The Court reserves: (i) the right to approve the Settlement, with such modifications as may be agreed to by counsel for the Settling Parties consistent with such Settlement; (ii) further notice to Zerify shareholders; and (iii) the right to continue or adjourn the Hearing from time to time or by oral announcement at the hearing or at any adjournment without further notice to Zerify shareholders.

**IT IS SO ORDERED.**

DATED:

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Honorable Madeline Cox Arleo  
United States District Judge





## **EXHIBIT F**







**EXHIBIT F**

**SUMMARY NOTICE OF PENDENCY AND PROPOSED SETTLEMENT  
OF SHAREHOLDER DERIVATIVE ACTION**

**TO: ALL OWNERS OF THE COMMON STOCK OF ZERIFY, INC. (“ZERIFY”), THE “COMPANY”) CURRENTLY AND AS OF NOVEMBER 20, 2024 (“CURRENT ZERIFY SHAREHOLDERS”)**

***THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED SETTLEMENT OF SHAREHOLDER DERIVATIVE LITIGATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. IF YOU ARE A ZERIFY SHAREHOLDER, THIS NOTICE CONTAINS IMPORTANT INFORMATION ABOUT YOU.***

The parties in the shareholder derivative action, *Zanfardino v. Kay*, Case No. 07258-MCA-AME (D.N.J.), have reached an agreement to settle the derivative claim on behalf of and for the benefit of Zerify.

The terms of the settlement are set forth in a Stipulation and Agreement of Settlement dated November 20, 2024 (the “Stipulation”).<sup>1</sup> This notice should be read in conjunction with the Stipulation, which is qualified in its entirety by reference to, the text of the Stipulation, which has been filed with the United States District Court for the District of New Jersey. A link to the text of the Stipulation is provided in the full-length Notice of Pendency and Proposed Settlement of Shareholder Derivative Action filed with the court on November 20, 2024, on Zerify’s website at [www.zerify.com](http://www.zerify.com), as well as the websites of Plaintiff’s counsel set forth in the Stipulation.

Under the terms of the Stipulation, as a part of the proposed Settlement, Zerify agrees to implement certain corporate governance reforms and provide certain relief to the Shareholders, which the Settling Parties agree confer substantial benefits upon Zerify.





In light of the substantial benefits conferred upon Zerify by Plaintiffs' Counsel and subject to Court approval, Plaintiff's Counsel shall apply to the Court for a Service Award of attorneys' fees in an amount not to exceed \$368,607 and for reimbursement of expenses not to exceed \$8,547 (collectively, the "Fee and Expense Amount"). Plaintiff's Counsel may also apply to the Court for a Service Award of up to \$5,000 for Plaintiff.

A hearing will be held on \_\_\_\_\_, 2025, at \_\_\_\_\_.m., before the Honorable Madeline Cox Arleo, at the United States District Court for the District of New Jersey, 1001 U.S. Courthouse, Luther King Jr. Bldg. & U.S. Courthouse, 50 Walnut Street, Newark N.J. New Jersey Courtroom 4A (the "Settlement Hearing"), at which the Court will determine whether to approve the Settlement. The Court may decide to hold the Settlement Hearing telephonically or by other virtual means without further notice.

Any Current Zerify Shareholder has a right, but is not required, to appear and be heard at the Settlement Hearing, providing that they are a shareholder of record or beneficial owner of Zerify common stock and were a shareholder of record or beneficial owner of Zerify common stock as of November 20, 2024. Any Zerify shareholder who satisfies this requirement may appear through an appearance through counsel of such shareholder's own choosing and at such shareholder's expense or may appear on their own. However, you shall not be heard at the Settlement Hearing unless, *at least fourteen (14) calendar days prior to the Settlement Hearing*, you have filed with the Court a written notice of objection containing the following information:

1. Your name, legal address, email address and telephone number;
2. The case name and number (*Zanfardino v. Kay*, Case No. 2:22-cv-01000-MCA).







3. Documentation sufficient to show that you are a Current Zerify (defined above);
4. A statement of each objection being made;
5. Notice of whether you intend to appear at the Settlement Hearing required to appear); and
6. Copies of any papers you intend to submit to the Court, along with of any witness(es) you intend to call to testify at the Settlement Hearing and the subject testimony.

All written objections and supporting papers must be filed with the Clerk of the District Court for the District of New Jersey, Martin Luther King Jr. Bldg. & U.S. Courthouse, 100 Walnut Street, Newark N.J. New Jersey 07102 and served upon each of the following Parties' counsel:

*Counsel for Individual Defendants*

Andrew T. Hambelton  
**BLANK ROME LLP**  
1271 Avenue of the Americas  
New York, New York 10020  
Phone: (212) 885-5000  
[andrew.hambelton@blankrome.com](mailto:andrew.hambelton@blankrome.com)

*Counsel for Nominal Defendant Zerify*

Robert J. Cahall  
**McCORMICK & PRIORE, P.C.**  
300 Carnegie Ctr. Blvd, Suite 160  
Princeton, NJ 08540  
Tel. (609) 716-9550

*Counsel for Plaintiff*

Matthew F. Gately  
**COHN LIFLAND PEARLMAN  
HERRMANN & KNOPF LLP**  
Park 80 Plaza West-One  
250 Pehle Avenue, Suite 401  
Saddle Brook, NJ 07663  
(201) 845-9600  
[mfg@njlawfirm.com](mailto:mfg@njlawfirm.com)

Robert S. Schachter  
**ZWERLING, SCHACHTER  
& ZWERLING, LLP**  
41 Madison Avenue







YOUR WRITTEN OBJECTIONS MUST BE ON FILE WITH THE CLERK OF THE COURT NO LATER THAN \_\_\_\_\_, 2025. Only Current Zerify Shareholders who have received and delivered valid and timely written notices of objection will be entitled to be heard at the Settlement Hearing unless the Court orders otherwise. If you fail to object in the time prescribed above you shall be deemed to have waived your right to object (including the right to appeal) and shall forever be barred, in this proceeding or in any other proceeding, from raising such objection(s).

Inquiries may be made to Plaintiff's Counsel at Cohn Lifland Pearlman Herrmann & Smith LLP, telephone (201) 845-9600 or Zwerling, Schachter & Zwerling, LLP, telephone (201) 460-4608, or at the email addresses above for additional information concerning the settlement.

**PLEASE DO NOT CONTACT THE COURT OR  
ZERIFY REGARDING THIS NOTICE.**

Form and Substance Approved By Court Ordered Dated \_\_\_\_\_.

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**EXHIBIT 10.2**

**UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY**

COSTANTINO ZANFARDINO, Derivatively on  
Behalf of Nominal Defendant ZERIFY, INC.,  
formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.,

Plaintiff,

v.

Case No.: 3:22-cv-07258-

MARK L. KAY, ROMARAO PEMMARAJU  
AND GEORGE WALLER,

Defendants,

And,

ZERIFY, INC., formerly known as STRIKEFORCE  
TECHNOLOGIES, INC.

Nominal Defendant.

**NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF  
SHAREHOLDER DERIVATIVE ACTION**

**TO: ALL OWNERS OF THE COMMON STOCK OF ZERIFY, INC. (“ZE  
THE “COMPANY”) AS OF NOVEMBER 20, 2024 AND WHO CON  
HOLD ZERIFY COMMON STOCK AS OF THE DATE OF THE SET  
HEARING (“CURRENT ZERIFY SHAREHOLDERS”):**

THIS NOTICE RELATES TO THE PENDENCY AND PROPOSED SETTLEMENT





YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the District of New Jersey (the "Court"), that a proposed settlement has been reached between the parties in the following shareholder derivative action brought on behalf and for the benefit of Zerify, Inc. (*Zanfardino v. Kay*, Case No. 2:22-CV-07258-MCA-AME (D.N.J.) (the "Action"). As set forth below, a hearing will be held on March 20, 2025, at 10:00 a.m. Eastern Standard Time before the Honorable Madeline Cox Arleo, at the United States District Court for the District of New Jersey, Martin Luther King Jr. Bldg. & U.S. Courthouse, 50 Walnut Street, Newark, New Jersey 07102, Courtroom 4A (the "Settlement Hearing"), at which the Court will hear testimony and determine whether to approve: (1) the Settlement; (2) an award of attorneys' fees to Plaintiff's Counsel not to exceed \$368,607 and reimbursement of expenses not to exceed \$8,547 (collectively, the "Expense Amount"); and (3) a service award of up to \$5,000 for Plaintiff (the "Service Award").

You have an opportunity, but are not required, to be heard at this Settlement Hearing.

The terms of the settlement are set forth in the Stipulation (the "Settlement" or "Stipulation") and are summarized in this Notice. If approved by the Court, the Settlement will fully resolve the Action, including the dismissal of the Action with prejudice. **For a more detailed statement of the matters involved in the Action, the Settlement, and the terms discussed in this Stipulation is available for viewing on Zerify's website at [www.zerify.com](http://www.zerify.com). The Stipulation also may be inspected at the Clerk of the Court's office, United States District Court for the District of New Jersey, Martin Luther King Jr. Bldg. & U.S. Courthouse, 50 Walnut Street, Newark N.J. New Jersey 07102. For a fee, all papers filed in the Action are available on [www.pacer.gov](http://www.pacer.gov).**







This Notice is not intended to be an expression of any opinion by the Court with respect to the merits of the claims made in the Action but is intended to advise you of the proposed Settlement of the Action.

**THERE IS NO CLAIMS PROCEDURE.** The Action was brought to protect the interests of the Company and its stockholders. The Settlement will result in changes to Zerify's corporate governance, including reimbursement to Zerify of certain stock and investment interests held by the Individual Defendants.<sup>1</sup>

## **I. THE ACTION**

The Action alleges that the Individual Defendants, who were the sole members of the Company's Board of Directors ("Board") at the time the Action was filed, utilized their position and control of Zerify to enrich themselves at the expense of the Company, namely through (1) the issuance of stock, options, or other compensation to themselves; and (2) use of the Company's capital to fund investments that benefitted them personally in connection with a business deal involving BlockSafe Technologies, Inc. ("BlockSafe").

On June 10, 2022, Plaintiff issued a written Demand to the Board pursuant to the provisions of Ann. § 17-16-742 to investigate the alleged misconduct which, ultimately, was alleged to have occurred.

On August 19, 2022, the Board responded to the Demand and provided certain information requested in the Demand and informed Plaintiff that, after investigation, the Board concluded that neither the Company, nor any of its officers or directors engaged in any wrongdoing in connection with the transactions noted in the Demand and, as a result, it would not commence any further investigation or response to Plaintiff's Demand.





On December 12, 2022, Plaintiff commenced the Action on behalf of Zerify.

On June 8, 2023, Defendants filed separate motions to dismiss Plaintiff's Complaint ("Complaint").

On November 28, 2023, the Court granted, *in part*, and denied, *in part*, Defendants' motions to dismiss as follows: (1) granting Defendants' motion and dismissing Plaintiff's claim for breach of fiduciary duty and unjust enrichment as to the Auctus Fund LLC transaction, the Cactus Partners LLC transaction, the issuance of preferred stock and the approval of reverse stock repurchases; (2) granting Defendants' motion and dismissing Plaintiff's claim for corporate waste; and (3) denying Defendants' motion to dismiss as relates to the allegations concerning the BlockSafe transaction, the issuance of common stock, other shares and warrants.

On January 12, 2024, Defendants filed Answers to the Complaint, denying the truth of the allegations alleged.

On January 12, 2024, Plaintiff issued an additional written Demand letter pursuant to California Civ. Sta. An. § 17-16-742 to investigate additional alleged misconduct.

On June 11, 2024, the Company responded to Plaintiff's additional Demand letter and provided certain information requested in the Demand and informed Plaintiff of the results of its investigation, the Company concluded that neither the Company, nor any of its officers or directors, were engaged in any wrongdoing in connection with any of the alleged misconduct noted in the Demand, and, as a result, the Company would not commence any litigation in response to Plaintiff's Demand.

In March 2024, after the motions to dismiss were granted in part and denied in part,







and written exchanges. In these exchanges, Plaintiff requested, and the Individual Defendants produced, certain financial confirmatory discovery, and the Settling Parties ultimately agreed to the material terms of a settlement, which were finalized and documented in this Stipulation (the “Settlement”).

## **II. PLAINTIFF’S CLAIMS AND THE BENEFITS OF THE SETTLEMENT**

While disputed by Defendants, Plaintiff believes that the Action has substantial merit. Plaintiff’s entry into the Stipulation is not intended to be, and shall not be construed as, an admission or concession concerning the relative strength or merit of the claims alleged. Plaintiff and his Counsel recognize and acknowledge the significant risk, expense, and time involved in the continued proceedings necessary to prosecute the Action through trial and possible appeal.

Plaintiff’s Counsel also has considered: (a) the uncertain outcome and the expense of the litigation, especially in complex cases such as derivative actions; (b) the difficulties inherent in such litigation; (c) the lack of any applicable insurance on behalf of the Company or the Individual Defendants; and (d) the Individual Defendants’ limited ability to pay any judgment. Plaintiff’s Counsel also are mindful of the challenges inherent in derivative litigation and the possible defenses to the claims alleged in the Action.

Plaintiff’s Counsel have conducted a thorough investigation and analysis, including, *inter alia*: (i) reviewing Zerify’s press releases, public statements, and U.S. Securities and Exchange Commission (“SEC”) filings; (ii) reviewing related media reports about the Company; (iii) researching applicable law with respect to the claims alleged in the Action and potential defenses thereto; (iv) preparing and filing the Complaint; (v) preparing and issuing the Demand for Judgment.





and (viii) negotiating the Settlement, including researching potential corporate governance issues, and relief that the Company ultimately agreed to adopt as consideration of the Settlement.

Based on Plaintiff's Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, Plaintiff's Counsel believes that the Settlement as set forth in this Stipulation is fair, reasonable, and adequate, and confers net benefits upon Zerify. Based upon Plaintiff's Counsels' evaluation, Plaintiff has determined that the Settlement is in the best interests of Zerify and has agreed to settle the Action upon the terms and conditions set forth in the Stipulation and subject to the conditions set forth herein.

### **III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny each and all of the claims and causes of action alleged by Plaintiff in the Action, and the Individual Defendants have expressly and unequivocally continue to deny all allegations of wrongdoing or liability against them arising out of or in connection with the statements, acts, or omissions alleged, or that could have been alleged, in the Action. Defendants also have considered the uncertainty and risks inherent in any litigation, particularly in complex cases such as derivative actions. Defendants have determined that it is in the best interests for the Action to be settled in the manner and upon the terms and conditions set forth in the Stipulation.

Neither the Stipulation, nor any of its terms or provisions, nor entry of the Judgment, nor any document or exhibit referred or attached to the Stipulation, nor any action taken to enforce the Stipulation, is, may be construed as, or may be used as evidence of the validity of any of the Claims (as that term is defined in the Settlement) or an admission by or against the







#### IV. TERMS OF THE SETTLEMENT

The terms and conditions of the proposed Settlement are set forth in the Stipulation, which has been filed with the Court and is available for viewing on Zerify's website at [www.zerify.com](http://www.zerify.com).

**The following is only a summary of its terms.**

Zerify shall, within seventy-five (75) days of entry of the Judgment, effectuate the following relief and reforms ("Relief"):

- (a) Appoint, at Defendants' expense, a retired judge of the United States District Court for the District of New Jersey, reasonably satisfactory to Plaintiff, to act as an independent overseer whose approval will be required for any transaction of the Company during a period of two years from the date of that person's appointment. The Company shall not benefit any of the Individual Defendants, directly or indirectly, except for any transactions that would benefit the Individual Defendants in their capacity as shareholders of the Company;
- (b) To the extent that a retired judge of the United States District Court for the District of New Jersey is not available, the parties agree to meet and confer in person to identify a suitable alternative retired federal judge from another jurisdiction;
- (c) The Individual Defendants will relinquish all of their personal ownership interest in BlockSafe and return such interest to the Company. For avoidance of doubt, nothing contained in this paragraph shall prohibit any Individual Defendant from enjoying any benefit in connection with BlockSafe or otherwise that a shareholder of the Company as a shareholder in the Company; and







- (d) Individual Defendants Waller and Pemmaraju will return 75% of the Company stock that were issued to them in 2021 (constituting 6,892,227,375,000 shares, respectively, to be returned to the Company).

As additional consideration of this Settlement, due to the lack of insurance available to cover any claims emanating from the alleged misconduct asserted in this Action, the Plaintiff and Individual Defendants (together with Zerify, the “Settling Parties”) have agreed that the Individual Defendants will personally pay a maximum of \$25,000.00 towards any Fee and Expense Award and \$5,000.00 toward any Service Award to the Plaintiff, awarded by the Court.

## **V. DISMISSALS AND RELEASES**

The Settlement is conditioned upon the occurrence of certain events, which include, among other things: (i) final approval of the Settlement by the Court following notice to the Plaintiff, Shareholders and the Settlement Hearing contemplated by the Stipulation; (ii) Court Judgment, approving the Settlement and dismissing the Action with prejudice, without costs to any party, except as provided in the Stipulation; (iii) payment of the Fee and Expense Amount (both by the Individual Defendants and the Company) and Service Award as ordered by the Court; (iv) the passing of the date upon which the Judgment becomes Final; and (v) the entry of an order dismissing the Action with prejudice (the “Effective Date”).

Upon the Effective Date, the Releasing Parties shall be deemed to have fully, forever released, relinquished, and discharged the Released Claims, including both Known and Unknown Claims, against the Released Persons and any and all claims arising out of or in connection with the defense, settlement, or resolution of the Action and/or any and





Upon the Effective Date, each of the Released Persons shall to have fully, finally, and forever released, relinquished, and discharged Plaintiff and Persons, Plaintiff's Counsel and their Related Persons, and Current Zerify Shareholders and Related Persons from all claims and causes of action of every nature and description, in known and Unknown Claims, whether arising under federal, state, common or foreign law, out of or relate in any way to the institution, prosecution, or settlement of the Released Claims for any claims relating to the enforcement of the Settlement.

However, nothing shall in any way impair or restrict the rights of any Settling Party to enforce the terms of the Stipulation.

## **VI. PLAINTIFF'S ATTORNEYS' FEES AND EXPENSES**

In consideration of the substantial benefits conferred upon Zerify by the completion of the Settlement, and the efforts of Plaintiff and Plaintiff's Counsel in the Action in and consideration of the Settlement, and subject to Court approval, Plaintiff's Counsel shall be awarded by the Court for a Fee and Expense Amount not to exceed \$368,607 for attorney's fees and reimbursement of expenses not to exceed \$8,547. The Individual Defendants will pay a maximum of \$25,000.00 towards any Fee and Expense Amount awarded by the Court, with the remainder to be borne exclusively by the Company.

Plaintiff's Counsel may apply to the Court for a Service Award of up to \$5,000.00 to be paid by the Individual Defendants, only to be paid upon Court approval, in recognition of Plaintiff's participation and effort in the prosecution of the Action.

## **VII. THE SETTLEMENT HEARING**







Courthouse, 50 Walnut Street, Newark N.J. New Jersey 07102, Courtroom 4 A at which the Court will determine: (i) whether the terms of the Stipulation should be approved as fair, reasonable and adequate; (ii) whether the Notice fully satisfied the requirements of Rule 23.1 of the Federal Rules of Civil Procedure and the requirements of due process; (iii) whether all Released Class Members and the Released Persons should be fully and finally released; (iv) whether to approve the Expense Amount, and the amount thereof; (v) whether to approve a Service Award, and the amount thereof, not to exceed \$5,000; and (vi) such other matters as the Court may deem appropriate.

**The Settlement Hearing may be continued by the Court at the Settlement Hearing at any adjourned session thereof, without further notice.**

#### **VIII. THE RIGHT TO OBJECT AND/OR BE HEARD AT THE HEARING**

Any Current Zerify Shareholder has a right, but is not required, to appear and be heard at the Settlement Hearing, providing that they are a shareholder of record or beneficial owner of Zerify common stock and was a shareholder of record or beneficial owner of Zerify common stock as of November 20, 2024. Any Zerify shareholder who satisfies this requirement may appear through counsel of such shareholder's own choosing and at such shareholder's expense or may appear on their own. However, any such shareholder shall not be permitted to object to the Settlement Hearing unless, *at least fourteen (14) calendar days prior to the Settlement Hearing*, you have filed with the Court a written notice of objection to the Settlement or the Fee Amount or Service Award containing the following information:

1. Your name, legal address, email address and telephone number;
2. The case name and number (*Zanfardino v. Kay*, Case No. 2:22-cv-01234-ABC).







date of filing of the objection and will continue to hold those shares as of the date of the Settlement Hearing;

4. A statement of each objection being made;
5. Notice of whether you intend to appear at the Settlement Hearing (or, if you do not intend to appear, the reasons required to appear); and
6. Copies of any papers you intend to submit to the Court, along with the names and addresses of any witness(es) you intend to call to testify at the Settlement Hearing and the subject matter of their testimony.

All written objections and supporting papers must be filed with the Clerk of the United States District Court for the District of New Jersey, Martin Luther King Jr. Federal Courthouse, 50 Walnut Street, Newark N.J. New Jersey 07102 and served upon the following Settling Parties' counsel:

*Counsel for Individual Defendants*

Andrew T. Hambelton  
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& ZWERLING, LLP**  
41 Madison Avenue





YOUR WRITTEN OBJECTIONS MUST BE FILED WITH THE CLERK OF THE COURT NO LATER THAN March 6, 2025. Only shareholders who have filed a valid and timely written notices of objection will be entitled to be heard at the Hearing unless the Court orders otherwise.

Unless otherwise ordered by the Court, any Current Zerify Shareholder who do not file their objection in the manner provided herein shall be deemed to have waived such objection and shall forever be barred and foreclosed from making any objection to the fairness, reasonableness or adequacy of the Settlement, or to otherwise be heard, and shall otherwise be bound by the Judgment to be entered and the releases to be given.

#### **IX. EXAMINATION OF PAPERS AND INQUIRIES**

There is additional information concerning the Settlement available in the Stipulation which is available for viewing on Zerify's website at [www.zerify.com](http://www.zerify.com). You may also examine the Stipulation during business hours at the office of the Clerk of the Court, United States District Court for the District of New Jersey, Martin Luther King Jr. Bldg. & United States Courthouse, 50 Walnut Street, Newark N.J. New Jersey 07102. Or you may call Plaintiff's Counsel at Cohn Lifland Pearlman Herrmann & Knopf LLP, telephone (201) 845-1100 or Defendant's Counsel at Zwerling, Schachter & Zwerling, LLP, telephone (561) 245-4608, for additional information concerning the settlement.

**PLEASE DO NOT CONTACT THE COURT OR  
ZERIFY REGARDING THIS NOTICE.**



**FOR IMMEDIATE RELEASE**

**Zerify Announces Settlement of Derivative Lawsuit**

EDISON, N.J., December 12th, 2024 (EIN Presswire) -- Zerify Inc. (OTC PINK: ZRFY), an industry trailblazer in cybersecurity, announces Effective November 20, 2024 (the "*Judgment Date*"), in a case styled *Constantino Zanfardino, Derivatively on Behalf of Nominal Defendant Zerify, Inc., formerly known as Strikeforce Technologies, Inc. v. Mark L. Kay, Ramarao Pemmaraju and George Waller, Defendants, and Zerify, Inc. formerly known as Strikeforce Technologies, Inc., Nominal Defendant* (U.S. District Court, District of New Jersey, Civil Action No. 2:22-cv-07258-MCA-AME) (the "*Derivative Action*"), Zerify, Inc., a Wyoming corporation (the "*Company*"), the Company entered into a Stipulation and Agreement of Settlement. Settlement details can found in the Form 8-K filed on 12/12/2024, sections of the company's website, and copies of the Notice of Pendency And Proposed Settlement of Shareholder Derivative Action and the Stipulation and Agreement of Settlement also available on the company's website [www.zerify.com](http://www.zerify.com)

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**About Zerify:**

Zerify Inc. (OTC PINK: ZRFY), formerly StrikeForce Technologies, is an Edison, New Jersey-based company with over two decades of experience in cybersecurity solutions. The company is focused on Secure Video Conferencing & Endpoint Gap Security. Its technologies help to prevent cyber theft and data security breaches for consumers, corporations and government agencies through powerful multi-factor "out-of-band" authentication and keystroke encryption. The technology also protects cameras, microphones and speakers, keeping computers and confidential data secure even when one is offline and not on a video conference. No other video conferencing service on the market, such as Zoom, Webex, LogMeIn, MS Teams or BlueJeans, offers this level of cybersecurity protections.

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