Whistleblower Alleges Fraud in Brand Engagement Network Inc.'s NASDAQ Listing under Ticker Symbols BNAI/BNAIW

Allegations Surface of Fraud, Manipulated Demos, Misrepresented Technology, and Conspiracy to Undermine Exclusive Agreements

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A **Senior Software Engineer and whistleblower** has come forward with allegations that **Brand Engagement Network, Inc. (BEN)** engaged in a fraudulent scheme to secure its public listing on NASDAQ under the ticker symbols **BNAI** and **BNAIW**. The accusations detail manipulated technology demonstrations, a conspiracy to undermine key agreements, and a deliberate failure to correct material misrepresentations made to investors, stakeholders, and the public.

The whistleblower, who is a Senior Software Engineer with consulting experience and a strong understanding of corporate governance, claims employees of **Automotive Financial Group, Inc. (AFG)** were recruited and fraudulently induced into employment through an elaborate scheme of deception by AFG**.** The whistleblower further shares that they were retaliated against and fired by AFG after challenging executive leadership internally and attempting to expose systemic wrongs.

The whistleblower alerted executive leadership to the unethical practices and breaches of trust occurring at AFG during a meeting on **October 11, 2024**, when summoned by CTO **Dave Duggan (Duggan)** and President **Jason DeLaPorte (DeLaPorte)**. During the discussion, Duggan acknowledged the existence of an **Exclusive Reseller Agreement (ERA)** with BEN for the first time in the whistleblower's seven months of employment, confirming the whistleblower's suspicions and leading the whistleblower to investigate further. Duggan described AFG's **"*Plan B*"** efforts to circumvent the ERA and create competing AI solutions to undermine BEN and the agreement.

According to the whistleblower and a four-minute audio recording of Duggan's explanation, Duggan stated the following:

> "***Those guys ended up turning out to be crooks.***

We have a meeting on Monday with the Chairman of that company and another Board Member of that company to walk them thru all the criminal activities that their primary owner and investor are involved in.

So, what happened, is, we built our team, they were supposed to build a team. They didn't build a team. They were supposed to bring AI solutions that worked. Their AI solutions didn't work. So, we had to figure out, how do we protect Wright Brewer and AFG and this investment that he's making in modernizing the automotive industry with artificial intelligence solutions when we don't know if we're going to have an AI company available.

Oh, by the way, Wright Brewer has an Exclusive Reseller Agreement that is a bidirectional agreement between AFG and BenAI where BenAI is the Artificial Intelligence Company. And in that Agreement, we (AFG) cannot build, develop competing solutions against BenAI. We can't do it.

However, they also have obligations on their side which they have not fulfilled. So, we've had to create an environment where we focus on getting the data, automating the data solutions, building the framework, the platform, laying the foundation for where we're going to take this business over the next five years. Develop the five year plan that takes this company to a billion dollars deploying AI solutions thru our Symphainy platform across the automotive industry. He (Jason De LaPorte) and I have been going out and meeting with OEMs, the Distributor Groups, Dealer Groups and Dealers, talking about this solution. And they're all in, they're ready to go. We're not going to deploy a solution that doesn't work. AI.

So now let's talk about AI. Uhmm. The BenAI solution didn't work because they couldn't do Oddo. Meaning, they could not go into a database, grab data, and spit out a right answer. They couldn't do that. They could not provide graphs or charts or anything. They did not have a base of technology that translated conversational AI into an answer, into data, from an automotive dealer's data. It didn't work so we had to go do research and find a Plan B. So, we did a systems engineering trade study on what other packages were available off the shelf. We can't go develop it because that would be us developing competing solutions. And go find what alternatives were available off the shelf that we can integrate with to solve that problem, creating an environment where if we solve that problem, if we need to apply, if if the relationship between AFG and Ben BenAI works out and we still we're still under the Reseller Agreement we can use their

avatars we can use their automated speech recognition, we can use all this stuff.

The amount of crap that we have been dealing with behind the scenes would make your eyeballs fall out. The reason you don't see me in there. The reason you rarely see him (Jason De LaPorte) in there is because we are dealing with all of that for Wright Brewer. We're trying to help Wright Brewer not lose 32 Million Dollars. We're just trying to help Wright Brewer not lose the ten and a half Million Dollars he's already invested in all these technologies in dealing with these criminals, right. Uhh, and we're trying to help Wright Brewer have a technology company that can go start delivering AI solutions to the AI market when all this shit gets worked-out. Okay."

These statements of Duggan provide evidence of a deliberate plan by AFG's leadership to breach the ERA and actively undermine the terms of AFG's partnership with BEN, further fueling allegations of bad faith and misconduct at the executive level.

The whistleblower further alleges that they confronted leadership during the meeting, stating that the company **"*owed everybody they hired an apology*"** and that they were **"*fucking with people's careers.*"** This confrontation, combined with the whistleblower's ongoing efforts to expose unethical practices, led to their termination.

<u>False Promises and Manipulated Technology</u>

The whistleblower claims that BEN's business combination with AFG in early 2024 was predicated on false and misleading information regarding the capabilities of **Tronix**, an internally developed software application of AFG touted as essential to BEN's artificial intelligence solutions in the automotive vertical. AFG's leadership, including CEO **Ralph Wright Brewer III**, was allegedly aware that Tronix could not deliver on these promises. Despite this, no corrections have been made in subsequent SEC filings or public communications.

The whistleblower also reveals that **Tronix is built on outdated ASP.Net 4.7/4.8 technology**, rendering it severely ill-suited and in no way feasible for integration with BEN's cutting-edge AI systems without substantial investment. Furthermore, the Tronix application had **never been penetration tested**, when the whistleblower asked Deborah Greene-Product Owner of Tronix at AFG, raising significant security concerns for deployment in a modern, scalable environment. As early as the negotiations leading up to the business combination, and around the time period when Wright Brewer made his deal with BEN for stock and agreements, Wright Brewer as CEO of AFG knew that his Tronix application was complete trash that was riddled with compatibility, stability, security, scalability, performance, operational, and compliance risks. According to the whistleblower, making Tronix even remotely compatible with BEN's AI more modern solutions would have required an enormous cost and undertaking to upgrade, thoroughly test, and make the platform production-ready—an enormous effort that AFG and BEN knew and knowingly failed to disclose to stakeholders.

Despite these deficiencies being apparent well before and during the business combination, efforts to modernize Tronix and bring it to a production-ready state are now being undertaken after the fact—long after misleading investors about the platform's readiness. Brewer and AFG leadership have since tasked engineers with overhauling the outdated software. These efforts, while necessary to address the platform's serious shortcomings, highlight that Brewer and other executives **knew** about Tronix's inadequate state during the critical phases of the business combination. The whistleblower alleges that stakeholders and the public were deliberately misled about the platform's capabilities and readiness to meet BEN's requirements.

The **BEN-AFG relationship** has allegedly been misrepresented to investors, stakeholders, and the public-at-large since **August 2023**, months before the business combination and public listing on NASDAQ. The material falsehoods in BEN's public filings, including exaggerated claims about Tronix and the strength and truth of the AFG-BEN partnership, remain uncorrected to this day.

A Conspiracy to Undermine the Exclusive Reseller Agreement

The whistleblower also alleges a conspiracy by AFG leadership to undermine its **Exclusive Reseller Agreement (ERA)** with BEN. The ERA, signed in August 2023, granted AFG $17.5 million in stock and beneficial interest in BEN, along with exclusive rights to resell BEN's AI solutions. However, AFG leadership, including CTO **Dave Duggan** and President **Jason DeLaPorte**, allegedly sought to bypass the ERA by developing and marketing competing AI solutions.

The whistleblower believes that the $17.5 million in stock and the ERA were not simply compensation for AFG's future participation in BEN's AI solutions, but rather a **payment for Wright Brewer's and AFG's role in facilitating the business combination between DHAC and BEN.** At the time of the agreement, **DHAC** (the SPAC that merged with BEN) was reportedly under pressure to finalize a business combination before its twice-extended deadline to avoid losing the ability to pocket millions of dollars in SPAC fees and allow some members of DHAC to ascend to board and executive positions of BEN.

According to the whistleblower, Brewer and AFG were positioned as critical intermediaries, leveraging their perceived technological expertise and automotive industry connections to secure the deal. The ERA and stock compensation allegedly served as incentives for Brewer's cooperation in creating the illusion of technological synergy between AFG's Tronix platform and BEN's AI solutions—an illusion that was central to convincing stakeholders and investors of the partnership's value.

During a meeting on **October 11, 2024**, Duggan acknowledged the ERA's existence but described AFG's efforts to circumvent it as part of a "Plan B" strategy. The whistleblower recalled Duggan stating.

These statements, combined with the whistleblower's belief that the stock and ERA was tied, in whole or in part, to Brewer's facilitation of the business combination, point to a calculated scheme by AFG leadership to exploit its agreement with BEN while working against the partnership's stated goals.

The allegations reveal a conspiracy orchestrated by **AFG**, led by Ralph Wright Brewer III and senior executives, including CTO Dave Duggan and President Jason DeLaPorte, to undermine BEN and the ERA.

In **August and September 2023**, AFG was granted an **Exclusive Reseller Agreement (ERA)** with BEN, along with $17.5 million in stock and beneficial interest in BEN. However, instead of supporting the partnership as they portrayed, AFG allegedly began conspiring to undermine BEN and the agreement.

Despite AFG's central role in the business combination, the company has allegedly failed to disclose its financials or allow its **Tronix codebase** to be inspected by other parties involved in the deal. This lack of transparency raises concerns about AFG's representations regarding Tronix's capabilities and its financial health.

AFG's scheme allegedly included the **hiring of software and data engineers under false pretenses.** The engineers were unaware of the ERA's existence or terms, and their work was intentionally isolated within the company. According to the whistleblower, AFG exploited their intellectual property and expertise to develop and market systems that violated the ERA.

> "***This was not just a breach of trust—it was a calculated effort to undermine BEN while robbing software engineers of their intellectual property by deception***," the whistleblower stated.

Manipulated Demonstrations and Misleading Public Disclosures

At the **National Automotive Dealers Association (NADA) conference in February 2024**, BEN and AFG, in partnership, presented public demonstrations of BEN's AI solutions. These demonstrations were deliberately staged to simulate capabilities the system did not possess, relying on a static dataset from AFG to respond accurately only to specific, pre-determined questions. This created the illusion of seamless functionality and integration between BEN's AI solutions and AFG's Tronix platform. However, the whistleblower alleges that BEN's AI solutions had ***never*** been connected to or capable of data integration with Tronix—either before or after the business combination. To date, no infrastructure exists to support such integration.

The public misrepresentations of Tronix's capabilities and its integration with BEN's AI solutions was amplified through an aggressive promotional campaign by BEN and AFG in the lead-up to the business combination. A **January 29, 2024, press release**, jointly published by BEN and AFG, exaggerated Tronix's functionality, claiming it ***"provided real-time information"*** to support key dealership functions such as appointment booking, vehicle servicing, and reducing friction in customer interactions. The release also described Tronix as an integral part of the **"*BENAuto*" suite of products**, which included AI assistants designed to automate and augment automotive operations.

The promotional efforts continued with a **March 14, 2024, BusinessWire article**, published a day before BEN's NASDAQ debut. This article reiterated claims about BEN's capabilities, highlighting its AI platform as ***"scalable, customizable, and capable of delivering safe, secure, consistent, and effective solutions."*** Former BEN CEO Michael Zacharski stated:

> "***We are committed to AI that delivers to our customers personalized consumer engagement, superior CX, productivity, and performance through helpful, friendly AI assistants***."

These statements, along with the promotional claims made at NADA and in earlier press releases, directly contradicted the true state of Tronix. The whistleblower, with personal knowledge and first-hand experience within AFG, has described Tronix as an outdated system built on **ASP.Net 4.7/4.8 technology**, incapable of supporting real-time data processing or integration with BEN's AI solutions. Additionally, Tronix had never undergone penetration testing, raising significant concerns about its security and readiness for deployment in a modern, data-driven environment.

According to whistleblower, Tronix's known deficiencies were <u>well understood</u> by AFG leadership, including CEO Wright Brewer, who continued to present it as a cornerstone of BEN's AI ecosystem. Integrating Tronix with BEN's AI solutions would have required substantial upgrades and investments, none of which had been completed before or during the business combination. The only dealership data integration Tronix supported was two **SOAP API endpoints** of the DealerTrack Dealership Management System (DMS), far short of the robust, real-time integration touted in public statements.

The **WardsAuto article by Steve Finlay**, published just ahead of the NADA conference, further amplified these claims. The article quoted BEN CEO Michael Zacharski as stating that their AI systems could **"*acquire and pull clean data from a host of dealer systems*"** to automate processes and complete tasks. AFG CEO Wright Brewer described the collaboration as **"*transformative*,"** asserting that **"*Leveraging Tronix, AFG's automotive software, BEN's AI Assistants provide dealerships with much-needed automation and data integration to support customer satisfaction and retention*."**

The whistleblower alleges that these statements were gross misrepresentations, deliberately designed to inflate the perceived value of BEN's business combination with **DHC Acquisition Corp.** The manipulated demonstrations at NADA, along with misleading statements in the **January 29th press release**, the **March 14th BusinessWire article**, and **WardsAuto article**, were part of a coordinated campaign to present a false narrative of a fully functional AI ecosystem backed by seamless integration between BEN and AFG.

> "***AFG and BEN presented Tronix as a cornerstone of their partnership, knowing full well it was incapable of delivering on those promises***," the whistleblower stated.

<u>Retaliation Against Whistleblowers</u>

The whistleblower alleges that those who raised concerns about these practices faced retaliation and harassment, including wrongful termination, legal threats, abuses of legal process, and baseless lawsuits from AFG to silence dissent and improperly characterize its ongoing fraud as a "trade secret." Another whistleblower in 2023, a former President of AFG Technologies, who blew the whistle about a data breach and ransomware attack was promptly silenced by the strong legal arm of AFG's conspiracy, **Scheef and Stone, LLP**, of 2600 Network Boulevard, Suite 400, Frisco, TX 75034, so that AFG and its leadership could continue advancing their fraudulent schemes and hide their corrupt and illegal business practices behind attorney-client privilege and the corporate veil of AFG which is a pure fiction and façade for Wright Brewer and executive leadership to continue their illicit conduct with impunity.

<u>Regulatory and Legal Implications</u>

The allegations raise serious questions about the integrity of BEN's public listing and its compliance with federal securities laws. The promotional campaign leading up to BEN's NASDAQ debut, including statements in the **BusinessWire article** and NADA demonstrations, may have omitted material information about the deficiencies in Tronix and BEN's AI systems. These omissions could constitute violations of the Securities Act of 1933 and the Securities Exchange Act of 1934, which require full and accurate disclosure of material risks.

The whistleblower specifically points to the **forward-looking statements** in the March 14 BusinessWire article, which highlighted BEN's scalability and automation capabilities while disclaiming risks related to the company's financial stability, intellectual property, and operational execution. The whistleblower alleges that BEN failed to disclose risks associated with Tronix's inability to deliver on its promised functionality or the substantial costs required to upgrade the platform for compatibility with BEN's AI.

Shareholders who purchased BEN stock based on these promotional materials may have been misled about the viability of BEN's solutions and the strength of its partnership with AFG. Stakeholders could pursue **class-action lawsuits**, seeking damages for losses incurred as the truth about BEN's technology emerges.

Additionally, the whistleblower alleges that the **$17.5 million in stock** and the **Exclusive Reseller Agreement (ERA)** provided to AFG were tied to Wright Brewer's role in facilitating the questionable business combination. The whistleblower claims the ERA served as compensation for Brewer's efforts to present AFG's technology as a viable component of BEN's business model, despite its known shortcomings.

> "***The coordinated promotion of BEN's capabilities was a smokescreen to obscure the fundamental flaws in Tronix and the partnership***," the whistleblower stated.

<u>Calls for Transparency</u>

The whistleblower is calling for an independent investigation into BEN's business combination, public listing, by and through DHC Acquisition Corp., and its ongoing relationship with AFG.

> "***The public deserves to know the truth about how BEN and AFG conducted their business, from the false technology claims to the exploitation of engineers*,"** the whistleblower stated.

Brand Engagement Network, Inc. (BEN), DHC Acquisition Corp (DHAC), Automotive Financial Group, Inc. (AFG), Scheef & Stone, LLP (Solid Counsel), and others are being reached for comment. The story is developing, and additional details are expected to emerge in the coming days and weeks.