

# Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

## Sortis Holdings, Inc.

9 SE 3<sup>rd</sup> Ave, Suite 100  
Portland, OR 97214

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www.sortis.com  
info@sortis.com  
6029

### **Quarterly Report** **For the Period Ending: June 30, 2021** (the "Reporting Period")

As of June 30, 2021, the number of shares outstanding of our Common Stock was:

10,755,695

As of March 31, 2020, the number of shares outstanding of our Common Stock was:

10,755,695

As of December 31, 2020, the number of shares outstanding of our Common Stock was:

10,755,695

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:  No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:  No:

Indicate by check mark whether a Change in Control<sup>1</sup> of the company has occurred over this reporting period:

Yes:  No:

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<sup>1</sup> "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

**1) Name of the issuer and its predecessors (if any)**

In answering this item, please also provide any names used by predecessor entities and the dates of the name changes.

Merchants Bancorp changed its name to Sortis Holdings, Inc. on April 21, 2017

Date and state (or jurisdiction) of incorporation (also describe any changes to incorporation since inception, if applicable)  
Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Incorporated on March 9, 2000 in the State of Oregon. Issuer is currently active.

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes:  No:

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

NA

**2) Security Information**

Trading symbol:	<u>SOHI</u>
Exact title and class of securities outstanding:	<u>Common Stock</u>
CUSIP:	<u>NA</u>
Par or stated value:	<u>\$1 par value</u>
Total shares authorized:	<u>100,000,000</u> as of date: <u>June 30, 2021</u>
Total shares outstanding:	<u>10,755,695</u> as of date: <u>June 30, 2021</u>
Number of shares in the Public Float <sup>2</sup> :	<u>5,990,802</u> as of date: <u>June 30, 2021</u>
Total number of shareholders of record:	<u>300</u> as of date: <u>June 30, 2021</u>

*All additional class(es) of publicly traded securities (if any):*

Trading symbol:	<u>NA</u>
Exact title and class of securities outstanding:	<u>NA</u>
CUSIP:	<u>NA</u>
Par or stated value:	<u>NA</u>
Total shares authorized:	<u>NA</u> as of date: <u>NA</u>
Total shares outstanding:	<u>NA</u> as of date: <u>NA</u>

Transfer Agent

Name: Transfer Online  
Phone: 503-227-2950  
Email: [daniel@transferonline.com](mailto:daniel@transferonline.com)  
Address: 512 SE Salmon St., Portland, OR 97214

Is the Transfer Agent registered under the Exchange Act?<sup>3</sup> Yes:  No:

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors:

NA

<sup>2</sup> "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

<sup>3</sup> To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

NA

### 3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

#### A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods:

Shares Outstanding as of Second Most Recent Fiscal Year End: <u>Opening Balance</u>			*Right-click the rows below and select "Insert" to add rows as needed.						
Date <u>12/31/18</u> Common: <u>10,615,695</u>									
Preferred: <u>NA</u>									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) -OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>July 28, 2020</u>	<u>Stock Grant</u>	<u>140,000</u>	<u>Common</u>	<u>\$18,199</u>	<u>No</u>	<u>Michael Ferguson</u>	<u>Employee Stock Grant</u>	<u>unrestricted</u>	<u>Exempt</u>
<u>February 6, 2018</u>	<u>Warrant exercise</u>	<u>306,123</u>	<u>Common</u>	<u>306,123</u>	<u>Yes</u>	<u>David H. Levine (102,041 shares), Richard Levine (204,082 shares)</u>	<u>Capital raise</u>	<u>unrestricted</u>	<u>Exempt</u>
Shares Outstanding on Date of This Report: <u>Ending Balance</u>									
Date <u>6/30/21</u> Common: <u>10,755,695</u>									
Preferred: <u>NA</u>									

**Example:** A company with a fiscal year end of December 31<sup>st</sup>, in addressing this item for its quarter ended September 30, 2020, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2017 through September 30, 2020 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

## B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities..

Check this box if there are no outstanding promissory, convertible notes or debt arrangements:

### 4) Financial Statements

A. The following financial statements were prepared in accordance with:

U.S. GAAP

IFRS

B. The financial statements for this reporting period were prepared by (name of individual)<sup>4</sup>:

Name: Jefry Baker

Title: President & CEO

Relationship to Issuer: Officer, Director, Shareholder

Provide the financial statements described below for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- C. Balance sheet;
- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Changes in Shareholders' Equity
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

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<sup>4</sup> The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

**Unaudited Consolidated Financial Statements for Sortis Holdings, Inc for the quarter ended June 30, 2021 were posted to OTCIQ on November 5, 2021.**

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

**5) Issuer's Business, Products and Services**

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

Sortis Holdings, Inc., formerly known as Merchants Bancorp, is incorporated in the State of Oregon. The Company is engaged as a third-party loan servicer that specializes in distressed, defaulted, or charged-off mortgages and was engaged in the mortgage loan servicing business for loans primarily secured by residential real estate within the United States. The Company maintains its corporate office in Portland, Oregon. The Company is licensed (or exempt from licensing requirements) for the purposes of residential mortgage loan servicing and debt collections in all states in which it conducts business. The Company also provides loan origination services that focuses on providing an online platform for alternative lending products to meet the needs of potential investors, lenders, and borrowers.

- B. Describe any subsidiaries, parents, or affiliated companies, if applicable, and a description of such entity's business, contact information for the business, officers, directors, managers or control persons. Subsidiary information may be included by reference

On March 22, 2017, Sortis Holdings, Inc. acquired 100 percent of the membership interests of Sortis, LLC and its wholly owned subsidiary, Sortis Capital, LLC, both of which are limited liability companies organized in the State of Delaware. Subsequently, Sortis, LLC was renamed Sortis Operations, LLC (Sortis Operations).

On March 8, 2020, Sortis Operations' wholly owned subsidiary Sortis Capital, LLC (Sortis Capital) organized Sortis Real Estate, LLC (Sortis Real Estate), which is 66.67% owned by Sortis Capital. Sortis Real Estate is primarily engaged in loan origination services related to real estate leasing or lending products.

On March 22, 2017, Sortis, LLC acquired 100 percent of the membership interests in VC Industry Holdings, Inc. (VCIH), a Delaware corporation, headquartered in Texas. VCIH includes the accounts of its wholly owned subsidiary VC Holding Corporation, which includes the accounts of its wholly owned subsidiary ClearSpring Loan Services, Inc. (ClearSpring), both of which are Delaware corporations. Effective January 1, 2019, ClearSpring was renamed Sortis Financial, Inc. (Sortis Financial). On July 31, 2020, Sortis Holdings Inc. sold its interest in Sortis Financial (Note M).

On August 20, 2020, Sortis Holdings, Inc. organized a wholly owned subsidiary SORFI, LLC (SORFI), which is headquartered in Portland, Oregon. SORFI is primarily engaged in loan origination services.

- C. Describe the issuers' principal products or services, and their markets

Sortis Holding, Inc, primarily manages Funds (reg D private placements) on behalf of accredited investors. Sortis Holdings, Inc., is also licensed through its subsidiary to originate loans. Sortis Holdings, may provide real estate brokerage activity through its licensed subsidiary. Sortis Holdings,

Inc., primary market area is in the Pacific Northwest, however investors in managed Funds may be located across the United States.

## 6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company leases office space and equipment under various operating lease arrangements, which expire through March 2025. Total rent expense under all operating leases amounted to \$69,468 for the quarter ended June 30, 2021, and is included in occupancy, equipment and communication expenses on the consolidated statements of operations. The Company subleased a portion of their office space to a third party from which they received payments totaling \$31,017 for the quarter ended June 30, 2021, which is included in other income on the consolidated statements of operations.

Future minimum rental payments under long-term operating leases are as follows at June 30, 2021:

Year Ending December 31,	Amounts
2021	\$ 92,204
2022	183,050
2023	187,956
2024	193,592
2025	50,055
Thereafter	-
	<u>\$ 706,857</u>

## 7) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the company, regardless of the number of shares they own. **If any listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information of an individual representing the corporation or entity in the note section.**

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer/Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
<u>Jefry Baker</u>	<u>Officer, Director</u>	<u>Lake Oswego, OR</u>	<u>1,458,411</u>	<u>Common</u>	<u>10.55%</u>	_____
<u>Stan Morris</u>	<u>Director</u>	<u>Gresham, OR</u>	<u>1,228,882</u>	<u>Common</u>	<u>8.89%</u>	_____
<u>Gary Delorit</u>	<u>Director</u>	<u>Gresham, OR</u>	<u>1,246,273</u>	<u>Common</u>	<u>9.01%</u>	_____
<u>Paul Brenneke</u>	<u>Director</u>	<u>Portland, OR</u>	<u>691,327</u>	<u>Common</u>	<u>5.00%</u>	_____
Howard Michalski	<u>Director</u>	<u>Denver, CO</u>	<u>0</u>	<u>Common</u>	<u>0%</u>	_____

**8) Legal/Disciplinary History**

A. Please identify whether any of the persons listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NA

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NA

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NA

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NA

B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to

underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

NA

## 9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

### Securities Counsel

Name: Michael Gottlieb  
Firm: Michael B Gottlieb, PC  
Address 1: PO Box 209  
Address 2: Lake Oswego, OR 97034  
Phone: 503-546-0498  
Email: michael@gottlieb-law.com

### Accountant or Auditor

Name: Fred Peterson, Partner  
Firm: Moss Adams  
Address 1: 805 SW Broadway, Suite 1200  
Address 2: Portland, Oregon 97205  
Phone: 503-242-1447  
Email: info@mossadams.com

### Investor Relations

Name: Jefry Baker  
Firm: Sortis, Holdings, Inc.  
Address 1: 9 SE 3<sup>rd</sup> Ave, Suite 100  
Address 2: Portland, OR 97214  
Phone: 503-512-5432  
Email: jef.baker@sortis.com

### Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared or provided information with respect to this disclosure statement**. This includes counsel, advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

NA

## 10) Issuer Certification

*Principal Executive Officer:*

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities).

The certifications shall follow the format below:

I, Jefry Baker certify that:

1. I have reviewed this quarterly disclosure statement of Sortis Holdings, Inc., for the quarter ended June 30, 2021;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 9, 2021



Jefry Baker

President & CEO

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

*Principal Financial Officer:*

I, Jefry Baker certify that:

1. I have reviewed this quarterly disclosure statement of Sortis Holdings, Inc., for the quarter ended June 30, 2021;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 9, 2021



Jefry Baker

CFO

(Digital Signatures should appear as "/s/ [OFFICER NAME]")