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Overstock.com Inc to Discuss Management Changes - Call

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CORPORATE PARTICIPANTS

Allison H. Abraham *Overstock.com, Inc. - Chairwoman of the Board*

David J. Nielsen *Overstock.com, Inc. - President of Overstock Retail*

Eric Glen Nickle *Overstock.com, Inc. - VP of Legal & General Counsel*

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

John Paul Knab *Overstock.com, Inc. - Chief Marketing Officer*

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Kamelia Aryafar *Overstock.com, Inc. - Executive Vice President of Retail & Director*

Seth A. Moore *Overstock.com, Inc. - Chief Strategy Officer*

CONFERENCE CALL PARTICIPANTS

Saum Noursalehi *t0.com, Inc. - CEO*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Overstock.com informational call and webcast. (Operator Instructions) I would now like to turn the call over to Greg Iverson, who is the Chief Financial Officer of Overstock.com.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Thank you, operator. Good morning, and welcome to today's investor call. Joining me today are Allison Abraham, Chair of the Overstock Board of Directors; Jonathan Johnson, Interim CEO and President of Medici Ventures; Saum Noursalehi, CEO of tZERO; Dave Nielsen, President of Overstock Retail; Dr. Kamelia Aryafar, Executive Vice President of Overstock Retail; JP Knab, Chief Marketing Officer; and Seth Moore, Chief Strategy Officer.

Let me remind you that the statements made in this conference call that state the company's or management's intentions, beliefs or expectations or predictions for the future are forward-looking statements.

Such forward-looking statements are subject to risks, assumptions and uncertainties referenced in the company's filings with the Securities and Exchange Commission. These risks, assumptions and uncertainties could cause the company's actual results to differ materially from those projected in such forward-looking statements.

Accordingly, any forward-looking statements included herein may not be realized. Any forecast and predictions in this conference call are based on management's current expectations of the company's results based on current information available. Actual results could differ materially. The company expressly disclaims any such obligation to update or alter its forward-looking statements.

With that, I will turn the call over to Allison.

Allison H. Abraham *Overstock.com, Inc. - Chairwoman of the Board*

Good morning. This is Allison Abraham, Chairwoman of the Board of Directors of Overstock.com. I've been on the Board since 2002 and have served as the Chair since 2017.

On behalf of the Board and the Overstock management, I want to thank you for joining the call today, August 26, 2019.

The purpose of this call is to update you on the organizational changes that have occurred last week and to respond to your questions that have been sent to us previously or that come in during this call.

As you are aware, Patrick Byrne resigned from Overstock last Thursday, August 22. He was a strong visionary who led the company for 2 decades. He built Overstock into a leading pure play internet retailer and positioned the company at the forefront of the blockchain revolution. Patrick chose to step down in order to separate his personal initiatives from Overstock. He resigned his CEO role and his Board seat and has severed all ties to the company and its subsidiaries and affiliates.



There was no severance or any additional cost to Overstock for this change since this was solely his choice.

He remains the largest shareholder of Overstock, and he continues to have an ownership interest in Medici Land Governance.

We do not have any knowledge about his plans for holding or selling his shares.

We plan to communicate with him in the way that we will communicate with all investors going forward: in a clear and timely manner regarding the company's results and plan.

Overstock has a very capable leadership team in place, and the Board is extremely pleased with the talent and experience level in both Retail and the blockchain businesses. We will hear from some of the executives later on this call.

Specifically for this transition, the Board made 2 changes. First, we appointed Dr. Kamelia Aryafar to the Board of Directors. We now have 5 board members, 2 of which are female. Kamelia has also been promoted to Executive Vice President of Overstock's Retail business, overseeing the implementation of our machine learning strategy across the customer, marketing and sourcing departments in addition to her role as the company's Chief Algorithms Officer.

Kamelia is a brilliant machine learning scientist and e-commerce veteran, who has already made great contributions to our science, engineering and analytics by advancing data-driven technology.

Her addition to the Board will continue to propel Overstock forward. We're pleased she accepted the role, and I personally look forward to working closely with her.

Second, the Board appointed Jonathan Johnson as interim CEO. Jonathan joined Overstock in 2002 and has served in a broad array of executive roles. He was Overstock's President from 2008 to 2013 and acting Chief Executive Officer in 2013. He joined the Board 6 years ago and was Chairman from 2014 to 2017. He currently serves as President of Medici Ventures.

Jonathan knows the Retail business well, having run its organization previously and he spent the last several years creating Medici Ventures, our portfolio of nearly 20 companies' investments in the blockchain space.

He has the right skills, experience, judgment and drive to take Overstock to the next level.

Some of you have asked about the Interim title, so let me address that now. The Board has enormous faith and confidence in Jonathan and his abilities to lead the company. However, Patrick's resignation happened quickly and it really is just day 2 here from when that happened.

We want to be thoughtful and deliberate in how we set up the optimal management structure and leadership. The title of interim gives us this time to consider all the options as we undergo the transition.

Now I'd like to turn the call over to Jonathan to give you an update of some of our initiatives. Jonathan?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Thank you, Allison, for that vote of confidence in me and in the great team we have at Overstock. Patrick's departure last week was a positive comment on the strength of the team and the business. Patrick would not have left, had he not believed the business he spent 2 decades starting and building wasn't in strong and in good hands. This call will focus on the future of the business. Many have asked me, what will change with you at the helm? I'll answer that by first talking about Medici Ventures' focus and then the Retail business's focus.

First Medici Ventures. Our shareholders and others can rest assured that we will continue to nurture and grow our blockchain team in the businesses currently in the Medici Ventures family. That has been my focus for the past 3-plus years, and it will not change. I remain very enthusiastic about tZERO and what it is accomplishing under the leadership of Saum Noursalehi. Before I give Saum a few minutes to

talk about tZERO, let me keep my commitment to update our shareholders on Makara. As Saum said in our last call, tZERO prefers to raise capital when it is further along in its road map. Makara recently informed us that it will not be investing in tZERO right now. But it remains excited about what tZERO is building and will revisit its investments decision as tZERO progresses. In the meantime, Medici Ventures will continue to support tZERO.

So with that, let me turn to Saum for a brief update on tZERO's most recent progress. Saum?

Saum Noursalehi *t0.com, Inc. - CEO*

Thank you, Jonathan. Appreciate it. We're continuing to focus on our road map and execute against it. We recently launched our Crypto apps on iOS and Android and added a new crypto currency Ravencoin, which is now trading on the apps, as well as filed for our retail brokerage, which, once it's approved in 4 to 6 months, will allow us to trade securities like security tokens as well as traditional equities. We also launched to non-accredited investors the ability to start trading the tZERO token itself, which has a Reg D offering that was limited to accredited investors but has now opened up to non-accredited investors. So we're seeing an increase in the number of investors onboarding through our Dinosaur account. In addition to that, we're on our BSTX, our national exchange for security tokens. We're working very closely with regulators and looking to launch the exchange in Q1 of next year. So early 2020, we'll be launching our national exchange for security tokens, and that's kind of a high-level overview of where we are with tZERO. Jonathan?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Thanks, Saum. You're doing great work advancing tZERO. Outside of tZERO, Medici Ventures will be focused on the following: we plan to focus on supporting the growth and development of our existing blockchain companies; we want each to get blockchain products in production so that they are delivering real value to customers and turn into real businesses. At this point, our only focus on another company to add is in the identity space. We're in the final stages of putting \$2 million in a promising identity company and you can expect more on that as the deal closes.

We are committed to supporting the open-source Ravencoin project. I hope our shareholders saw that tZERO recently added Ravencoin to the tZERO wallet, enhancing and differentiating its wallet offering.

Other than that, our blockchain family feels like it's the right size and that we have good companies in the right blockchain categories. Of course, we will continue to keep a finger on the pulse of the industry and to even reach out proactively to interesting opportunities, but we will only add to our Medici Ventures family of companies if we find just the right addition.

Moving to the Retail e-commerce business. Shareholders can expect us to focus on consistent positive cash flow and sustainable profitable growth. I will remind our shareholders that it was when I was President in 2009 that the company first became profitable and began a string of 7 of 8 years of profitability.

We have a great retail management team in place to make that happen again. I'll let Dave Nielsen give a brief update on the focus of the Retail team.

David J. Nielsen *Overstock.com, Inc. - President of Overstock Retail*

Thank you, Jonathan. The Overstock Retail team remains focused on our strategy to deliver sustainable profitable growth. We've completed significant customer segmentation work across the U.S. home goods market through various behavioral, attitudinal and consumption variables and broke the market into 6 specific customer segments.

We're targeting 2 of them through a differentiated and narrow focus on their shopping preferences. These 2 segments combine to make up about 40% of the U.S. home goods market, which is roughly about \$120 billion and these 2 segments already have an affinity for the experience that Overstock delivers. We're also focused on 2 key initiatives. First, a new ad-tech offering powered by a machine learning model, which is now up and running successfully with encouraging results. We're rolling this out across the entire website throughout the third quarter. Second, our multicarrier freight and logistic strategy providing for improved freight rates and margins along with faster

delivery times by pre-positioning our products for 2-day and next day delivery. And finally, we're focusing on continuing to increase our penetration of machine learning, software engineers and analytics across the organization. The innovations these functions bring to the company are imperative to our sustainable and profitable future growth. Back to you Jonathan.

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Thanks, Dave. I hope shareholders can see how focused the Retail team is on achieving sustainable, profitable growth and consistent positive cash flow.

I'd like to give our newest board member and newly appointed Executive Vice President, Kamelia Aryafar, few minutes to talk about what she's working on and how she will add to the Overstock Board of Directors. Kamelia?

Kamelia Aryafar *Overstock.com, Inc - Executive Vice President of Retail & Director*

Thank you, Jonathan. Over the past couple of years at Overstock Retail, I have been working on implementing a data-driven strategy to enhance our customer experience through state-of-the-art personalization and machine learning.

Our data science, analytics, and machine learning engineering teams are now well integrated within the customer, marketing, and sourcing organizations. As Dave mentioned, we have recently completed our initial customer segmentation as part of our Retail strategy and are now well positioned to build and deliver an exceptional and personalized shopping experience for our target Overstock shoppers every day at scale. I believe my technical background as a machine learning practitioner and my e-commerce experience, both at Etsy and Overstock, will continue to move the company forward in its visionary direction. I'm focused on getting Overstock Retail to profitable growth as quickly as possible alongside the team. I'm excited to join the Board of Directors and I know I can provide both the retail and technology viewpoint that will continue Overstock's visionary direction and contribute to its future success.

Back to you Jonathan.

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Thanks, Kamelia. I think everyone on the call can see why Overstock appointed Kamelia to the Board to fill the open seat.

Before we take questions via the webcast, let me make 2 final points. First, Patrick left the Overstock ship on the right course. There is now a new hand on the ship's tiller, my hand is steady and focused. We will work to get more wind in the sails of the ship through consistent and smart execution. Second, this same team spoke to shareholders less than 3 weeks ago in our Q2 earnings call. We will not be providing modified guidance on this call. I do promise to provide timely communication to you, our shareholders, when events warrant. With that, I will turn to Greg to ask the questions that have come in via the webcast.

QUESTIONS AND ANSWERS

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Great. Thanks, Jonathan. First up, I have a series of questions related to Patrick's departure. The first one says, did Dr. Byrne's leaving have anything to do with the financial outlook of OSTK or was it for personal reasons?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

I'll take that one. It has nothing to do with the financial outlook of Overstock. As I said in my opening remarks, I think his willingness to leave now shows his confidence in the strength of the business and the strength of the team. It was for personal reasons. Patrick has been a founder CEO for 2 decades. That is a long time to do a difficult job. So we're moving forward and ready to work well without Patrick.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. Next question, has the news around Patrick had any negative or positive impact on the business over the past 2 weeks?



Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

So I'm going to have JP answer that because I know we've looked at some of the metrics there.

John Paul Knab *Overstock.com, Inc. - Chief Marketing Officer*

Yes. We looked both into the July 26 the original news article as well as the August 12 press release, we saw no correlation with business metrics internally traffic, revenue - to either of those events. We also researched the increased coverage starting August 22 after Patrick's departure. I have not seen any correlation over this weekend that would indicate that it's having any positive or negative effect on the business.

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Thanks, JP.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. How should investors think about the impact of Dr. Byrne's departure on the sale of Retail?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

I would say that the company continues to have an investment bank engaged, and we will announce anything on that front when there is something definitive in place.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Okay. Few questions about the company. Any plan changes in the company's business focus?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

So I think I've addressed that in my opening remarks. We're going to continue to focus on the blockchain companies that are part of the Medici Ventures family. And as Dave stated, we've got a lot of great initiatives in place for Retail. We're going to keep working on those. And as Kamelia talked about, many of those are cutting edge, machine learning and artificial intelligence projects and we really think they're going to propel us.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. Next one. Dr. Byrne had noted an aspirational goal for 2020. The cash flow generated from the Retail segment would cover losses from Medici. Is this still an aspirational goal going forward?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Yes. That remains an aspirational goal of me and of each member of our management team that's what we're focused on.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Next question. In general, how should we think about the company's capital allocation plans with Jonathan as interim CEO, for example, the funding of Medici Ventures investments?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Again, that's a question I think we've addressed in the opening remarks. We like the current group of companies in the Medici Ventures family, we will continue to nurture those as they get product in production and provide real value to consumers.

We are close to closing a \$2 million deal with an identity company, when that's closed it will be announced. Other than that, I think capital will be allocated in the same way that it was 2 weeks ago, will be the same way that we are allocating capital 2 weeks from now and beyond.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Great. Got some questions here on the dividend that we announced a few weeks ago. First question there is, is the digital dividend still happening?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Yes. That's moving forward -- I'm going to pass it to Glen Nickle, our General Counsel, to talk about the timing of that.

Eric Glen Nickle *Overstock.com, Inc. - VP of Legal & General Counsel*

Yes, the timing of the dividend, the record date is September 23, 2019 and the distribution date for the dividend will be November 15, 2019. We're on schedule to process the dividend in a timely manner.

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Thanks. It's something we've announced, it's something we know many of our shareholders are excited about and we're working to make sure that that dividend closes successfully and in a timely manner.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Okay. All right. Shifting gears again back to the transition. Here's one for Allison. How should investors think about the process the Board intends to employ to find a new CEO for the long term?

Allison H. Abraham *Overstock.com, Inc. - Chairwoman of the Board*

Sure. I'll take that. So as I mentioned in my opening remarks, Jonathan is a very capable and experienced executive, and the Board has his full support. He's very driven and has excellent leadership skills, really designed to run the company. However, the transition is quick. We have, as I said, we are only on day 2, and the Board really wanted to have a little bit of time to be thoughtful and deliberate because this is one of the most important decisions that the Board can make.

So we've not started an external search and in the near term, in coming weeks and months, we expect Jonathan to run the company, as if he were the permanent CEO and really in place for the long term.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. Shifting gears again this time to Retail. Question reads, who are the senior managers running Retail and what are their backgrounds?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Dave, why don't I let you introduce yourself and then each member of the team that's here with us.

David J. Nielsen *Overstock.com, Inc. - President of Overstock Retail*

Great. Thanks, Jonathan. Yes, Dave Nielsen here. I've had a retail career of over 25 years. I joined Overstock back in 2009 after 15 years with Payless ShoeSource and a couple of international sourcing companies. When I joined Overstock, I've been over merchandising, merchandise planning, analytics, supply chain and eventually became co-president back in 2013-ish, mid-2013 and then left for about 3 years in 2015 to be the CEO of Global Access, an international logistics and shipping company and returned about a year ago to get back to Retail with Patrick and have really enjoyed the time here with the team. I returned because of my enthusiasm for the team that I would be surrounded with, a great group of experts in each of their fields of which I am thrilled to be a part of. So with that, let me next introduce Kamelia Aryafar, our new Executive Vice President of Retail and our Chief Algorithms Officer. Kamelia?

Kamelia Aryafar *Overstock.com, Inc. - Executive Vice President of Retail & Director*

Thank you, Dave. I'm Kamelia Aryafar, I'm the Chief Algorithms Officer and Executive Vice President of Overstock. I have been here for the past couple of years. I talked briefly about my background in the opening remarks in Overstock. Prior to Overstock and working on the machine learning aspects of retail here, I have been in Etsy for 5 years. I joined Etsy when it was a start up in 2012 and I left in 2017 to join this fantastic team. Before that, I've been doing a PhD in machine learning and computer science for 7 years and I have been a software developer along all those years.

David J. Nielsen *Overstock.com, Inc. - President of Overstock Retail*

Thank you, Kamelia. Next, JP Knab, our CMO, Chief Marketing Officer who's been with us for many years, someone I've worked very closely with over the years. JP.

John Paul Knab Overstock.com, Inc. - Chief Marketing Officer

Thanks, Dave. Yes, I've been in e-commerce for 18 years across 3 different companies. Each of those were one of the top companies in their respective categories. My education was an undergraduate in BYU in finance and then later on an MBA at BYU with the marketing emphasis. As far as how Overstock is viewed in the market, I think a good example is that at a recent Google event which pulled together all West Coast retailers, they only had 4 presenters. The first 3 were VPs and product managers of Google and the final was Overstock in which they asked myself to speak at. So I think Overstock has a good representation in the market for its marketing strength and what it contributes.

David J. Nielsen Overstock.com, Inc. - President of Overstock Retail

Thanks, JP. And next Seth Moore, our Chief Strategy Officer, whom I also worked with for many years here at Overstock and a proven veteran and leader and very good strategist to have in the room for any discussions.

Seth A. Moore Overstock.com, Inc. - Chief Strategy Officer

Yes. I'm Seth Moore. I've been with Overstock for about 13 years now. My background is in analytics and technology. With that background, over the last 13 years, I have made my way through marketing, digital advertising, product management and logistics at Overstock. My skill set is primarily focused around how we can use data to solve problems for the business and for our customers. And I'm most enthusiastic with our strategy now around narrowing our focus around our targeted customer segments and bringing a real moat and building that hedgehog around our specific customer base and how we can expand and grow profitably from there.

David J. Nielsen Overstock.com, Inc. - President of Overstock Retail

Thank you, Seth.

Jonathan E. Johnson Overstock.com, Inc. - Interim CEO & Director

Yes, I think our shareholders will see that with Seth, JP, Kamelia and Dave, the executives we have in the room for this call and the other executives that are not on the call but focused on getting work done this morning, we have a really good team. We have a team with seasoned Overstock experience, invigorated by new blood that's making sure we keep up and ahead of what the industry's doing. I think it's just a fantastic team.

Gregory J. Iverson Overstock.com, Inc. - Chief Financial Officer

All right, Dave, we got another question for the Retail business. This one is on delivery. Question is, can you expand on what's being done to get to 2-day and 1-day delivery?

David J. Nielsen Overstock.com, Inc. - President of Overstock Retail

You know this past year, Seth Moore and I and Ron Hilton have spent quite a bit of time with several carriers in the industry. We have focused on an asset-lite approach and to you as investors that should be important. We're not soaking a bunch of capital into this. We are looking at and planning out right now for the fourth quarter having a couple of facilities on the coasts where we'll be pre-positioning next day delivery of some of our most important and hottest items for that time frame of the season. Overall, we'll be expanding within 3 carriers out to multiple warehouses. So as you see it today, we have -- each of our partners warehouse is considered one of our warehouses when we're deciding on next-day delivery. And as we've been working very closely with our partner management team, we have used some machine learning techniques to be able to better predict when those products will ship, what time of day they will ship to be able to provide an even more accurate delivery schedule. And I believe, as Seth mentioned on our Q2 earnings call, we've reached about 22% of our parcels are now messaged with 2-day delivery and we expect it to go up from there.

Gregory J. Iverson Overstock.com, Inc. - Chief Financial Officer

All right. Moving on to Medici Ventures. First question, can you explain the thinking behind the the Keiretsu of the blockchain portfolio companies you've assembled and quickly give a recap of your vision of a tech stack for society?

Jonathan E. Johnson Overstock.com, Inc. - Interim CEO & Director

Thanks for that question. I'm glad someone's asking about this. We have 6 different industries that we try to build out our family of blockchain companies. They include capital markets. Our leading company in that area is tZERO, Saum's talked about what we're doing

there. I think it's going to be really revolutionary.

We have land governance and property. What Ali is doing with Medici Land Governance, titling up real property in places as far away as Africa to as close as Teton County Wyoming, I think is providing more certainty in property ownership and enhancing the rule of law in those countries. What we're trying to do in the money and banking or central bank area is again explained by our premier company in that area, Bitt. It's working with central bankers to issue a digital currency in the Eastern Caribbean Central Bank as its first pilot. From there -- I think there's a lot of potential from what Bitt is doing.

After central banking, we look at Identity. I think the hope of blockchain - and it's a hope that can be realized - is self-sovereign identity, where people control their identity and aren't reliant on huge databases to hold trivial arcana about who they are from social security numbers to mother's maiden names to the name of the school they went to in second grade. As I mentioned, I think we've got a great identity opportunity that will close in the near future.

Voting is the fifth of the 6 areas we're focused on. I actually think it won't be many years before we wonder why we didn't all vote using mobile applications with the security, safety of blockchain, it's an area ripe for evolution. We love what's going on with our company Voatz and think it's going to really be revolutionary.

And then lastly is supply chain. Monitoring products using blockchain technology as they flow through the supply to show their provenance -- to share their authenticity when buyers buy them, we think it's going to be a big deal. Put all of that together, we think that's a technology stack that can help help governments jump into the 21st century, whether those are in developing countries or in the first world. So that's our vision, that's what we continue to move toward and execute on. And like I said, I can't be more excited about the companies we have in that Medici Ventures family.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. Next question, will Overstock still fund Ravencoin?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Ravencoin is an open-source protocol. It's not something that is funded by one company or another. But Medici Ventures has had a team of developers that are among the many developers that work on Ravencoin. We'll continue to have developers work on it. We think Ravencoin is a great protocol. And I think you can see that feeling extends throughout the Medici Ventures family when you see that tZERO recently added Ravencoin to its Crypto wallet. I also know know that Vinsent one of our supply chain companies, is building on the Ravencoin protocol. So yes, we'll continue to support it.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. We've got a question here related to the Board for Allison before we go to some questions on tZERO. This next question reads, will the Board look to expand the Board and bring in new outside members to expand the knowledge base and help grow the company?

Allison H. Abraham *Overstock.com, Inc. - Chairwoman of the Board*

And the answer to that would be, yes. We're always looking at that, and I think this is a good opportunity for that. You know we are small with 5 people, that allows us to be very nimble, quick, make good decisions, we meet very often, but I do think it's a good time to look at expanding both in maybe the blockchain and the Retail side. So the answer to that would be, yes.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. tZERO questions, Saum, the first one relates to security for Dino's website. Can you speak to that, please?

Saum Noursalehi *t0.com, Inc. - CEO*

Sure. Yes, Dinosaur is completely secure. We actually power all of their technology. And we not only test it for security, we also use outside firms to test that it's secure to do penetration testing. So the Dinosaur platform is completely secure.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Okay. Next question, what is the current state of liquidity on the platform?

Saum Noursalehi *t0.com, Inc. - CEO*

Liquidity is improving particularly with adding and onboarding non-accredited investors for tZERO tokens. But we think it will continue to improve as we add not only additional broker dealers to trade security tokens, but also as we get the dividend issued in the 40,000 to 50,000 investors from Overstock on our platform.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Great. And that ties in with the next question here about our plans to increase liquidity on the platform? Do you have anything further there?

Saum Noursalehi *t0.com, Inc. - CEO*

Yes, I would just say, that it's continuing to improve. We're onboarding more accounts. We added ETC as the second brokerage, and they're going to start trading as well and the connections and the ties we have with the SpeedRoute acquisition gives us access to over 150 broker dealers that are interested, and we're doing an outreach to them for trading security tokens. So I think liquidity will continue to get stronger with time.

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

And Greg, I would add to what Saum just said. First I agree with everything Saum has said and second, as the Overstock Series A-1 preferred dividend is closed that should increase liquidity on the tZERO platform as well. So people can look for the OSTKO ticker on the tZERO platform.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. Couple of questions coming in online related to DLRs. I know we just spoke about DLRs on our most recent earnings call. But Saum, do you have any further updates this morning?

Saum Noursalehi *t0.com, Inc. - CEO*

DLRs, we're continuing to execute. I said on the last call, we would execute the second phase of it, which is the order management service integration by October. And that's still on track for that. From there, we're really going to work with some inventory providers and we're in conversations with some funds to provide hard-to-borrow inventory on the platform.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

We've got a question here about international investors and, I'm sorry, and how international investors will have access to digital dividend through Dinosaur? Glen?

Eric Glen Nickle *Overstock.com, Inc. - VP of Legal & General Counsel*

Yes, I can take that question. We're continuing to work on making that dividend accessible to everyone, including people in Canada. Yes, we're working on additional broker dealers and other options for that, that's where we are right now.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Okay. All right, shifting gears a little bit. What is the status of the tZERO SEC investigation?

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Let me address that one. We continue to cooperate with the SEC. tZERO, I think has unprecedented regular calls with the SEC, meeting with them weekly. The SEC is committed to let us know what its focus is. That investigation, I think, is going well, and we'll continue to work to resolve it as quickly as possible. Other than that, there's nothing meaningful to report. But rest assured, when there is, we'll let our shareholders know.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

All right. And the last question, I'll paraphrase this one but it's -- it really relates to the company's philosophy for communicating with investors on a go-forward basis, I think Jonathan, you've already largely spoken to that.

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Yes, I'm committed to have regular and transparent communication with our shareholders, that would be the hallmark of what this team does. When there is news to announce and it's definitive, we'll talk about it. And every quarter, we're going to have thorough meaningful calls around our earnings release. So you can expect us to be out there, talking to people so that you as our owners know how your business is being run and is performing.

Gregory J. Iverson *Overstock.com, Inc. - Chief Financial Officer*

Well, Jonathan, that concludes the questions we have in the queue.

Jonathan E. Johnson *Overstock.com, Inc. - Interim CEO & Director*

Great. Let me close by thanking our shareholders and other stakeholders who've asked questions and listened in to the call. I'm as excited about Overstock's future as I've been in the 17 years I've been with the company. Know that we are focused on building both the Retail and blockchain businesses, we have a team that can and will execute toward that vision. Thanks, and we'll talk to you at the end of the quarter.

Operator

Ladies and gentleman, thank you for your participation on today's conference. This does conclude our program and we may all disconnect. Everybody, have a wonderful day.

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