

IN THE CIRCUIT COURT OF THE
SEVENTEENTH JUDICIAL CIRCUIT, IN
AND FOR BROWARD COUNTY, FLORIDA

ALLUVIAL FUND, LP,
Derivatively on behalf of Nominal Defendant
EACO Corp.,

Plaintiff,

v.

GLEN F. CEILEY, WILLIAM L. MEANS,
STEPHEN CATANZARO, ELLEN S.
BANCROFT, and DONALD S. WAGNER,

Defendants,

EACO CORPORATION, a Florida
Corporation,

Nominal Defendant.

Case No. CACE 24-012180

Judge: Jack B. Tuter, Jr.

**DEFENDANTS' MOTION TO DISMISS THE AMENDED
COMPLAINT AND INCORPORATED MEMORANDUM OF LAW**

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*Counsel for Defendants Glen F. Ceiley,
William L. Means, Stephen Catanzaro,
Ellen S. Bancroft, and Donald S. Wagner
and Nominal Defendant EACO Corporation*

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under Florida law that allows a stockholder to displace the board and bring an action on behalf of the company. For the same reasons, the Complaint fails to state a claim upon which relief may be granted. Accordingly, the Court should dismiss the Complaint, with prejudice.

MATERIAL ALLEGATIONS

In 2012, the Glen F. Ceiley and Barbara A. Ceiley Revocable Trust (the “Trust”) purchased a building in Anaheim, California (the “Hunter Property”) [REDACTED] AC ¶ 49. Ceiley is allegedly the beneficial owner of the Trust, EACO’s controlling majority shareholder, CEO, and Chairman of the Board. *Id.* ¶¶ 18–21. On July 26, 2019, EACO’s wholly owned subsidiary Bisco Industries, Inc. (“Bisco”), entered a lease (“Lease”) with the Trust for the Hunter Property (*id.* ¶ 55),¹ which became EACO’s corporate headquarters (*id.* ¶ 57). The Lease had a term of ten years and an option for Bisco to extend for an additional five years (through August 31, 2034). *Id.* ¶¶ 59, 63. The Lease also gave Bisco the option to purchase the Hunter Property at a price determined by the average of three independent appraisals (the “Purchase-Option Provision”). *Id.* ¶ 65.

[REDACTED]

¹ Relevant excerpts of the Lease, which was attached an exhibit to EACO’s Form 8-K filed on August 1, 2019, are attached hereto as Exhibit A.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Id. ¶ 100. The Voting Directors were comprised of:

- Means, who allegedly worked as a Bisco executive from 1989 until his retirement in 2010 and has been an EACO Director since 1999 (*id.* ¶ 22);
- Catanzaro, who allegedly worked as a Bisco executive from 1992 to 2002 and has been an EACO Director since 1999 (*id.* ¶ 23); and
- Bancroft, a retired attorney who represented EACO in 2009 and 2010 in connection with the merger of Bisco and EACO, and allegedly represented EACO from 2009 until she left private practice in 2021 (*id.* ¶¶ 24, 224).

On September 12, 2023, Wagner provided the Voting Directors with additional information concerning the Hunter Property Purchase. Specifically, Wagner set forth:

- [REDACTED]

[REDACTED]

The next day, the Voting Directors met telephonically for the purpose of deliberating and voting upon the proposed transaction. *Id.* ¶ 106. Ceiley was not present at the meeting. *Id.* ¶ 109.

[REDACTED]

[REDACTED]. The Transaction closed on October 20, 2023 (*id.* ¶ 122), ultimately resulting in EACO acquiring a fee simple interest in the Hunter Property.

Plaintiff brought this derivative action on August 22, 2024, asserting four counts: Count I against Ceiley for an alleged violation of Florida’s statute governing conflicted transactions; Count II against the remaining Defendants for allegedly aiding and abetting Count I; Count III against the Board for alleged breach of fiduciary duty; and Count IV against Wagner for allegedly aiding and abetting Count III.

LEGAL ARGUMENT

I. THE COMPLAINT SHOULD BE DISMISSED UNDER FLA. STAT. § 607.0742 FOR FAILURE TO PLEAD DEMAND FUTILITY WITH PARTICULARITY.

Fla. Stat. § 607.0742(c) provides that shareholders asserting derivative claims must make a pre-suit demand upon the board “to obtain the action desired by the shareholder,” or “allege *with particularity* . . . [t]he reason or reasons the shareholder did not make the effort to obtain the desired action from the board of directors[.]” (emphasis added). While the Florida legislature only recently adopted a demand-futility provision, Florida courts have long recognized that the demand prerequisite “derives from ‘a fundamental principle of corporate governance that the directors of a corporation and not its shareholders manage the business and affairs of the corporation.’” *Rappaport v. Scherr*, 322 So. 3d 138, 142 (Fla. Dist. Ct. App. 2021) (quoting Fletcher Cyc. of the

² Plaintiff does not dispute that the purchase would save EACO costs—only that the cost savings was allegedly “less than” what Wagner reported to the Board. *Id.* ¶ 105.

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circumstantial evidence of whether the price is fair.” *In re Tesla Motors, Inc. S’holder Litig.*, 2022 WL 1237185, at *31 n.386 (Del. Ch. Apr. 27, 2022), *aff’d sub nom. In re Tesla Motors, Inc. S’holder Litig.*, 298 A.3d 667 (Del. 2023).⁹ As set forth at Section I.A.1.a., *supra*, Plaintiff fails to allege facts that, even if proven true, establish that the price of the Transaction was unfair to EACO. This being the “paramount consideration,” Plaintiff’s criticisms of the Transaction’s process relate to, at most, circumstantial evidence. *In re Tesla*, 2022 WL 1237185, at *31.

Even if this were not the case, however, the Complaint fails to allege facts sufficient to plead an unfair process. Again, Delaware law is instructive. The Chancery Court has repeatedly held that a transactional process need not be perfect to satisfy the entire fairness standard: “Perfection is an unattainable standard that Delaware law does not require, even in a transaction with a controller.” *In re BGC Partners, Inc. Derivative Litig.*, 2022 WL 3581641, at *18 (Del. Ch. Aug. 19, 2022). Here, the fairness of the Transaction’s process is reflected in the Complaint itself:

█ [REDACTED]

⁹ See also *Monroe Cty. Emps.’ Ret. Sys. v. Carlson*, 2010 WL 2376890, at *2 (Del. Ch. June 7, 2010) (granting dismissal despite alleged unfair dealing, as there were “no factual allegations geared towards proving that the . . . transactions were executed at an unfair price.”).

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]. These critiques, individually or together, fail to adequately allege that the Transaction was unfair “in terms of [Ceiley’s] dealings with the corporation.” Fla. Stat. § 607.0832(1)(b).

First, neither [REDACTED] even remotely suggests an unfair process. As set forth above (p. 9, *supra*), because EACO would terminate its Lease after the Transaction, thus acquiring a fee simple interest in the Hunter Property, disregarding the Lease was the correct approach for the Appraiser and, by extension, the Board.

Second, [REDACTED] it fails to identify any resulting harm to EACO or claim that a purportedly better process or price would have resulted from a different timeline.

Third, with respect to the Lease’s Purchase-Option Provision, Plaintiff fails even to speculate how invoking this (completely optional) provision would have improved the process or price of the Transaction. Perhaps if Plaintiff sought to blame the Appraiser for making miscalculations or improperly analyzing the relevant market, the Board’s choice not to use three appraisers—which could mitigate the effects of such errors—might be relevant. But Plaintiff does no such thing. It does not allege that using three appraisers to estimate the fair market value of a fee simple interest in the Hunter Property, instead of one, would have resulted in a superior process or lower the purchase price (and, in fact, it could have resulted in a higher price).

Fourth, [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. They fail for the same reasons.¹²

* * *

For the foregoing reasons, Plaintiff has failed to plead facts that, if proven, would establish that the Transaction was executed at an unfair price, or was the result of an unfair process. Plaintiff has failed to allege demand futility on the basis that the Directors face personal liability either for an alleged violation of Section 607.0832 with respect to Ceiley or aiding and abetting thereto with respect to the remaining Defendants.¹³

2. The Complaint's Breach Of
Fiduciary Duty Claims Are Precluded
Under Florida's Business Judgment Rule Statute.

Count III of the Complaint for breach of fiduciary duty (and Count IV for aiding and abetting thereof) relies upon the same factual allegations as Count I and adds the legal conclusion that the Voting Directors' approval of the Transaction amounted to a breach of the duties of loyalty and care. *See, e.g.,* AC ¶ 256, *et seq.* Correctly applying Florida's statutory business judgment rule, this claim fails for the same reasons discussed above as to Count I.

With respect to all Directors, Fla. Stat. § 607.0831(1) provides, in relevant part, that "[a] director is not personally liable for monetary damages to the corporation" for any action taken as a director unless the action constitutes a breach of his or her duties *and* such a breach constitutes,

¹² [REDACTED]

¹³ *See Hogan v. Provident Life & Acc. Ins. Co.*, 665 F. Supp. 2d 1273, 1287–88 (M.D. Fla. 2009) (dismissing claim for aiding and abetting breach of fiduciary duty where underlying claim dismissed for failure to allege existence of a duty).

among other things, “conscious disregard for the best interest of the corporation, or willful or intentional misconduct.” Courts refer to this statute as Florida’s codification of the business judgment rule. *See Moore v. Pooches of Largo, Inc.*, 2023 WL 11916112, at *4 (M.D. Fla. Feb. 22, 2023) (citing Fla. Stat. § 607.0831: “Under the business judgment rule, directors are presumed to have acted properly, and are called to account for their actions only when they are shown to have engaged in fraud, bad faith, or an abuse of discretion.”) (alterations omitted).

The Complaint does not state a claim for breach of fiduciary duty, let alone plead a “conscious disregard for the best interest of the corporation, or willful or intentional misconduct.” Fla. Stat. § 607.0831(1)(b)4. As the Complaint itself notes, in carrying out his fiduciary duties, a director may rely on “persons retained by the corporation . . . as to matters involving skills or expertise the director reasonably believes are . . . [w]ithin the particular person’s professional or expert competence.” AC ¶ 236 (citing Fla. Stat. § 607.0830(5)(b)). Plaintiff does not dispute that the Board relied on the Appraiser’s valuation, or that such reliance was justified. Rather, Plaintiff claims that this statute is inapplicable because the Appraiser “was retained by the Bank, not EACO or the Board,” and because the Board did not review the Appraisal. *Id.* Regarding who retained the Appraiser, Plaintiff’s assertion ignores that the documents incorporated by reference in the Complaint show that Bisco (through Wagner) chose the Appraiser and paid his fees—the Bank was merely an intermediary acting on Bisco’s behalf. *See* Ex. B, EACO_142 [REDACTED]; Ex. C, EACO_119 [REDACTED]. Further, even assuming the Board did not review the Appraisal, nowhere does Fla. Stat. § 607.0830(5)(b) mandate the review of documents, nor does it negate that the Board relied, justifiably, upon the Appraiser’s expertise.

Additionally, while Plaintiff takes issue with Wagner’s calculation of EACO’s cost savings from purchasing the Hunter Property (in his email to the Board), Plaintiff does not dispute that the

Transaction *did* result in a cost savings for EACO. AC ¶ 105 (alleging that the cost savings was “less than what Wagner informed the Board”). Plaintiff thus cannot reconcile, on the one hand, the Board’s decision to approve a Transaction that, even accepting the Complaint’s allegations as true, they believed was (and Plaintiff concedes was) “beneficial to the corporation and its shareholders” under Section 607.0832, with, on the other hand, its allegation that the Board “acted in conscious disregard of EACO’s best interests and engaged in willful misconduct” (*id.* ¶ 207).

Additionally, with respect to Ceiley, Florida’s business judgment rule also provides that a director may be personally liable for any breach of duty if such breach constitutes “[a] circumstance under which the transaction at issue is one from which the director derived an improper personal benefit, either directly or indirectly[.]” Fla. Stat. § 607.0831(1)(b)2. Critically, it continues: “A director is deemed *not* to have derived an improper personal benefit from any transaction if the transaction and the nature of any personal benefit derived by the director are not prohibited by state or federal law or regulation and, without further limitation . . . [t]he transaction is *fair to the corporation* at the time it is authorized, approved, or ratified as determined *in accordance with s. 607.0832.*” (emphasis added). As set forth above (*supra* at Section I.A.1.), the Complaint fails to allege facts that, even if deemed true, could support a claim that the Transaction was not fair to EACO under Section 607.0832. And the Complaint admits it was beneficial to EACO. For these additional reasons, Ceiley is protected by the business judgment rule.

B. The Complaint Fails To Allege That A Majority Of The Board Lacks Independence.

Plaintiff also alleges that demand is futile because “[a]ll current members of the Board – Ceiley, Means, Catanzaro, and Bancroft – are not independent and therefore cannot properly consider whether to institute this lawsuit.” AC ¶ 210. Defendants concede that Ceiley is not independent for these purposes. By contrast, however, Plaintiff’s allegations directed at the Voting

Defendants—all deemed independent as defined by the NASDAQ Stock Market’s Marketplace Rules¹⁴—fall well short of the mark. It alleges: (a) the Voting Directors’ alleged “long-standing professional and/or personal relationships with Ceiley . . . preclude them from making an independent decision on whether to bring suit against Ceiley” (*id.* ¶ 220); and (b) the Voting Directors “owe their current positions as directors on the Board to Ceiley” (*id.* ¶ 226). Under analogous Delaware law,¹⁵ these allegations fail to plead with particularity that a majority of the Voting Directors lack independence from Ceiley such that a pre-suit demand is futile. *United Food & Com. Workers Union & Participating Food Indus. Emps. Tri-State Pension Fund v. Zuckerberg*, 262 A.3d 1034, 1059 (Del. 2021) (noting that plaintiff must plead with particularity that “at least half” of the board lacks independence, an analysis conducted on a “director-by-director basis”).

In the demand-futility context, “naked assertion[s] of a previous business relationship” are not enough to overcome the presumption of a director’s independence. *Owens on Behalf of Esperion Therapeutics, Inc. v. Mayleben*, 2020 WL 748023, at *11 (Del. Ch. Feb. 13, 2020), *aff’d sub nom. Owens v. Mayleben*, 241 A.3d 218 (Del. 2020). As one federal appellate court noted: “It is no surprise that directors of a corporation are quite likely to have some prior social or business relationship with each other, so only professional or personal friendships that *border on or even exceed familial loyalty and closeness* are sufficient to raise a reasonable doubt whether a director can appropriately consider demand.” *McDowell v. Bracken*, 317 F. Supp. 3d 1162, 1174 (S.D. Fla. 2018), *aff’d*, 794 F. App’x 910 (11th Cir. 2019) (applying Delaware law and dismissing for

¹⁴ See EACO Form 10-K, filed Nov. 22, 2023, of which a true and correct copy of the relevant excerpt is attached hereto as Exhibit D, at 3 of 5 ; *Sandys v. Pincus*, 152 A.3d 124, 131 (Del. 2016) (“the criteria NASDAQ has articulated as bearing on independence are relevant under Delaware law and likely influenced by our law”).

¹⁵ See *Ezer v. Holdack*, 358 So. 3d 429, 432 (Fla. Dist. Ct. App. 2023), *review denied*, 2023 WL 6998287 (Fla. Oct. 24, 2023) (“Where Florida law has not spoken as to a corporate term or statute, courts often look to Delaware law.”).

failure to plead demand futility). For this reason, courts routinely reject allegations that directors lack independence from an interested individual for demand-futility purposes based solely on alleged professional relationships, even where such relationships are many years long.¹⁶

So too here. Plaintiff alleges that the Voting Directors lack independence from Ceiley because of the following:

- Means was allegedly a Bisco executive from 1989–2010, has been an EACO Director since 1999, and was nominated to the Board by Ceiley in the 1999 proxy contest with FSH.
- Catanzaro was allegedly a Bisco executive from 1992–2002, has been an EACO Director since 1999, and was nominated to the Board by Ceiley in the 1999 proxy contest with FSH.
- Ceiley’s letter included with the Bisco 1999 proxy stated that Catanzaro and Means “are both experienced business executives whom I have known for many years.”
- Bancroft, a retired attorney, allegedly represented EACO in 2009 and 2010 in connection with the merger of Bisco and EACO. She allegedly represented EACO from 2009 until she left private practice in 2021. *Id.* ¶ 220–24.

Critically, *none* of the Voting Directors are alleged to have current, ongoing business relationships with Ceiley beyond their roles on EACO’s Board. Means last worked at Bisco more than *14 years* ago; Catanzaro’s tenure at Bisco ended more than *22 years* ago. *Id.* ¶¶ 221–22. Plaintiff fails to explain how business relationships with Ceiley that ended decades ago could possibly undermine their independence under relevant legal standards. *See Baiera*, 119 A.3d at 60 (dismissed where 16-year employment relationship between director and alleged controller ended almost 3 years before action was filed). So too with respect to Bancroft, who was never an employee of EACO or Bisco, and whose legal representation of EACO also ended years ago. AC

¹⁶ See *Teamsters Union 25 Health Servs. & Ins. Plan v. Baiera*, 119 A.3d 44, 60 (Del. Ch. 2015) (dismissed despite director’s *16-year* employment relationship with alleged controller); *Orman v. Cullman*, 794 A.2d 5, 26–27 (Del. Ch. 2002) (dismissed; allegations that directors also served on board of controlling stockholder for *10 and 13 years* were “[p]erhaps the weakest allegations of interest and/or lack of independence”); *In re W. Nat. Corp. S’holders Litig.*, 2000 WL 710192, at *12 (Del. Ch. May 22, 2000) (dismissed despite director’s *23-year* career at controlling stockholder).

¶ 224. These allegations fall well short of the “particularity” required to undermine the Voting Directors’ independence for demand futility purposes. Fla. Stat. § 607.0742(c).

Plaintiff’s claim that the Voting Directors lack independence because they owe their Board positions to Ceiley fails absent allegations that the positions are “material” to the Voting Directors. “The ‘mere fact that one was appointed by a[n alleged] controller’ does not . . . overcome the presumption of director independence.” *In re Camping World Holdings, Inc. S’holder Derivative Litig.*, 2022 WL 288152, at *18 (Del. Ch. Jan. 31, 2022). Rather, “[a] plaintiff seeking to show that a director was not independent must satisfy a materiality standard.” *Zuckerberg*, 262 A.3d at 1060. “[T]he question is ‘whether, applying a subjective standard, those ties were material, in the sense that the alleged ties could have affected the impartiality of the individual director.’” *Id.* at 1061, 1063 (affirming dismissal where plaintiff failed to plead “that [the director’s] service on the Board [was] financially material to him.”); *see also In re Camping World*, 2022 WL 288152, at *18 (dismissing on same grounds). The Complaint omits both the Voting Directors’ compensation for their Board service and their overall financial circumstances, both of which must be pled to establish materiality.¹⁷ It thus fails to impugn their independence on this basis.

II. ALTERNATIVELY, THE COMPLAINT SHOULD BE DISMISSED UNDER FLA. R. CIV. P. 1.140(b)(6) FOR FAILURE TO STATE A CAUSE OF ACTION.

A complaint must be dismissed where it fails to state a cause of action. *See Fla. R. Civ. P. 1.140(b)(6)*. “Florida is a fact-pleading jurisdiction, not a notice-pleading jurisdiction.” *Deloitte*

¹⁷ *See Zuckerberg*, 262 A.3d at 1063 (“[G]iven [the director’s] wealth and stature, the complaint does not support an inference that [his] service on the Board is financially material to him.”) (internal quotation marks omitted). The likely reason Plaintiff does not allege the Voting Directors’ compensation from their Board service is because, as publicly disclosed, it is facially immaterial. *See EACO Form 10-K*, filed Nov. 29, 2024, of which a true and correct copy of the relevant excerpt is attached hereto as Exhibit E, at 3 (showing FY 2024 Board compensation to Catanzaro was \$16,800 and to Means and Bancroft was \$15,600 each). As the Voting Directors were formerly corporate executives and a partner at an international law firm, it is implausible that such compensation is material to their financial well-being.

& Touche v. Gencor Indus., Inc., 929 So. 2d 678, 681 (Fla. Dist. Ct. App. 2006). Although courts must accept a plaintiff's factual allegations as true, conclusory allegations, opinions, suppositions, and unwarranted deductions of fact are insufficient to support a cause of action. *See Esposito v. Horning*, 416 So. 2d 896, 898 (Fla. 4th DCA 1982). Rather, a plaintiff "must allege ultimate facts establishing each and every essential element of a cause of action in order to entitle the pleader to the relief sought." *Sanderson v. Eckerd Corp.*, 780 So. 2d 930, 933 (Fla. Dist. Ct. App. 2001). In adjudicating a motion to dismiss under Fla. R. Civ. P. 1.140(b)(6), the Court may consider, in addition to the Complaint, documents incorporated by reference therein. *See One Call Prop. Servs. Inc. v. Sec. First Ins. Co.*, 165 So. 3d 749, 752 (Fla. Dist. Ct. App. 2015) ("[W]here the terms of a legal document are impliedly incorporated by reference into the complaint, the trial court may consider the contents of the document in ruling on a motion to dismiss.").

As set forth above (Section I.A., *supra*), the Complaint fails to state a cause of action and, for that reason, the Directors do not face a possibility of personal liability for purposes of assessing demand futility. For the same reasons, Plaintiff fails to state a cause of action under Fla. R. Civ. P. 1.140(b)(6). In addition, because the Complaint fails to plead facts that could, if proven true, support the primary claims asserted—*i.e.*, Count I for violation of Section 607.0832 and Count III for breach of fiduciary duty—the Court must also dismiss Counts II and IV for aiding and abetting. *See Hogan*, 665 F. Supp. 2d at 1287–88 (dismissing claim for aiding and abetting breach of fiduciary duty where underlying claim dismissed for failure to allege existence of a duty).

CONCLUSION

WHEREFORE, Defendants respectfully request that the Court grant the instant Motion and dismiss the Complaint—amended once already—with prejudice.

Dated: January 31, 2025

/s/ David W. Marston Jr.

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Counsel for Defendants Glen F. Ceiley, William L. Means, Stephen Catanzaro, Ellen S. Bancroft, and Donald S. Wagner and Nominal Defendant EACO Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on January 31, 2025, a true and correct copy of the foregoing was filed using the Florida Courts E-Portal which will serve a copy by email pursuant to Fla. R. Jud. Admin. 2.526 on all counsel of record.

David W. Marston Jr. _____

David W. Marston Jr.

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EXHIBIT A

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COMMERCIAL LEASE AGREEMENT

THIS LEASE (this "Lease") dated this 26th day of July, 2019,

BETWEEN:

GLEN F. CEILEY AND BARBARA A. CEILEY REVOCABLE TRUST of 304 Evening Star Lane, Newport Beach, CA 92660

Telephone: (714) 693-2901 Fax: _____
(the "Landlord")

OF THE FIRST PART

- AND -

BISCO INDUSTRIES of 1500 Lakeveiw Loop, Anaheim, CA 92678

Telephone: (714) 693-2901
(the "Tenant")

OF THE SECOND PART

IN CONSIDERATION OF the Landlord leasing certain premises to the Tenant, the Tenant leasing those premises from the Landlord and the mutual benefits and obligations set forth in this Lease, the receipt and sufficiency of which consideration is hereby acknowledged, the Parties to this Lease (the "Parties") agree as follows:

Definitions

1. When used in this Lease, the following expressions will have the meanings indicated:
 - a. "Additional Rent" means all amounts payable by the Tenant under this Lease except Base Rent, whether or not specifically designated as Additional Rent elsewhere in this Lease;
 - b. "Building" means all buildings, improvements, equipment, fixtures, property and facilities from time to time located at 5037/5065 E Hunter Ave, Anaheim, CA 92807, as from time to time altered, expanded or reduced by the Landlord in its sole discretion;
 - c. "Common Areas and Facilities" mean:
 - i. those portions of the Building areas, buildings, improvements, facilities, utilities, equipment and installations in or forming part of the Building which from time to time are not designated or intended by the Landlord to be leased to tenants of the Building including, without limitation, exterior weather walls, roofs, entrances and exits, parking areas, driveways, loading docks and area, storage, mechanical and electrical rooms, areas above and below leasable premises and not included within leasable premises, security and alarm equipment, grassed and landscaped areas, retaining walls and maintenance, cleaning and operating equipment serving the Building; and

- ii. those lands, areas, buildings, improvements, facilities, utilities, equipment and installations which serve or are for the useful benefit of the Building, the tenants of the Building or the Landlord and those having business with them, whether or not located within, adjacent to or near the Building and which are designated from time to time by the Landlord as part of the Common Areas and Facilities;
- d. "Leasable Area" means with respect to any rentable premises, the area expressed in square feet of all floor space including floor space of mezzanines, if any, determined, calculated and certified by the Landlord and measured from the exterior face of all exterior walls, doors and windows, including walls, doors and windows separating the rentable premises from enclosed Common Areas and Facilities, if any, and from the center line of all interior walls separating the rentable premises from adjoining rentable premises. There will be no deduction or exclusion for any space occupied by or used for columns, ducts or other structural elements;
- e. "Premises" means the building at 5037/5065 E Hunter Ave, Anaheim, CA 92807.
- f. "Rent" means the total of Base Rent and Additional Rent.

Intent of Lease

- 2. It is the intent of this Lease and agreed to by the Parties to this Lease that rent for this Lease will be on a gross rent basis meaning the Tenant will pay the Base Rent and any Additional Rent and the Landlord will be responsible for all other service charges related to the Premises and the operation of the Building save as specifically provided in this Lease to the contrary.

Leased Premises

- 3. The Landlord agrees to rent to the Tenant the building municipally described as 5037/5065 E Hunter Ave, Anaheim, CA 92807, (the "Premises").
The Premises will be used for only the following permitted use (the "Permitted Use"):
Office, Warehouse.
 - 4. While the Tenant, or an assignee or subtenant approved by the Landlord, is using and occupying the Premises for the Permitted Use and is not in default under the Lease, the Landlord agrees not to Lease space in the Building to any tenant who will be conducting in such premises as its principal business, the services of: Office, Warehouse.
-

5. Subject to the provisions of this Lease, the Tenant is entitled to the use of parking (the 'Parking') on or about the Premises. Only properly insured motor vehicles may be parked in the Tenant's space.

Term

6. The term of the Lease commences at 12:00 noon on September 2, 2019 and ends at 12:00 noon on August 31, 2029 (the "Term").
7. Notwithstanding that the Term commences on September 2, 2019, the Tenant is entitled to possession of the Premises at 12:00 noon on September 1, 2019.
8. Should the Tenant remain in possession of the Premises with the consent of the Landlord after the natural expiration of this Lease, a new tenancy from month to month will be created between the Landlord and the Tenant which will be subject to all the terms and conditions of this Lease but will be terminable upon either party giving one month's notice to the other party.

Rent

9. Subject to the provisions of this Lease, the Tenant will pay a base rent of \$66,300.00, payable per month, for the Premises (the "Base Rent"), without setoff, abatement or deduction. In addition to the Base Rent, the Tenant will pay for any fees or taxes arising from the Tenant's business.
10. The Tenant will pay the Base Rent on or before the first of each and every month of the Term to the Landlord.
11. The Base Rent for the Premises will increase BY 2.5% over the Term of the Lease as follows: First year - \$66,300.00, Second year - \$67,957.50, Third year - \$69,656.40, Fourth year - \$71,397.80, Fifth year - \$73,182.70, Sixth year - \$75,012.30, Seventh year - \$76,887.60, Eighth year - \$78,809.80, Ninth year - \$80,780.00, Tenth year - \$82,799.50.
12. No acceptance by the Landlord of any amount less than the full amount owed will be taken to operate as a waiver by the Landlord for the full amount or in any way to defeat or affect the rights and remedies of the Landlord to pursue the full amount.

Use and Occupation

13. The Tenant will open the whole of the Premises for business to the public fully fixtured, stocked and staffed on the date of commencement of the Term and throughout the Term, and will continuously occupy and utilize the entire Premises in the active conduct of its business in a reputable manner on such days and during such hours of business as may be determined from time to time by the Landlord.
14. The Tenant covenants that the Tenant will carry on and conduct its business from time to time carried on upon the Premises in such manner as to comply with all statutes, bylaws, rules and regulations of any federal, state, municipal or other competent authority and will not do anything on or in the Premises in contravention of any of them.

Option to Purchase

15. Provided the Tenant is not currently in default in the performance of any term of this Lease, the Tenant will have the option to purchase (the "Option") the Premises at fair market value as determined by the average of three independent appraisals made within 15 days of exercising the Option (the "Purchase Price"). The Landlord and Tenant will each select their own appraiser. If this option has been exercised, the Parties to this Lease may enter into a separate agreement to purchase the Premises. This agreement will incorporate all the key points provided in this option.
16. This Option may be exercised at any time after September 2, 2019 and prior to the end of the original term of this Lease. Upon expiration of the Option, the Landlord will be released from all obligations to sell the Premises to the Tenant. If the Tenant does not exercise the Option prior to its expiration, all rents and other charges paid under this Lease will be retained by the Landlord, and neither party will have any further rights or claims against each other concerning the Option.
17. The Option will be exercised by mailing or delivering written notice to the Landlord prior to the expiration of this Option. Notice, if mailed will be by certified mail, postage prepaid, to the Landlord at the following address: GLEN F. CEILEY AND BARBARA A. CEILEY REVOCABLE TRUST 304 Evening Star Lane, Newport Beach, CA 62660 (714) 693-2901 _____ and will be deemed to have been given on the date shown on the postmark of the envelope in which such notice is mailed.
18. The Tenant may not assign any rights under this Option separately from all of the Tenant's other rights under this Lease. No assignment may be made without the Landlord's prior written consent.
19. The Landlord warrants to the Tenant that the Landlord is the legal owner of the Premises and has the legal right to sell the Premises under the terms and conditions of this Lease.
20. If the Option is exercised, the following provisions will be applicable:
 - a. The Tenant will take title to the Premises subject to any of the following exceptions (the "Permitted Exceptions"):
 - i. real estate taxes not yet due at the time of closing;
 - ii. covenants, conditions, zoning laws and ordinances, reservations, rights, public and private easements then on record, if any; and
 - iii. liens or encumbrances involving an ascertainable amount that will be paid off or removed by the Landlord upon the closing of this purchase.

- b. Unless otherwise extended by other terms of this Lease, the closing will be held within the latter of 120 days from exercise of the Option or the removal of any exceptions, outside of the Permitted Exceptions, to the title by the Landlord.
- c. Rents, real estate taxes and other expenses of the Premises will be prorated as of the date of the closing date. Security deposits, advance rentals or considerations involving future lease credits will be credited to the Tenant.
- d. The Parties acknowledge that the availability of financing and purchase costs cannot be guaranteed. The Parties agree that these items will not be conditions of performance of this Lease or this Option and the Parties agree they have not relied upon any other representations or warranties by brokers, sellers or any other parties which are not set out in this Lease.
- e. No later than 30 days from the exercise of this Option, the Landlord will provide the Tenant the following documents (the "Seller Disclosure"):
 - i. a property condition disclosure, signed and dated by the Landlord;
 - ii. a commitment for the policy of title insurance; and
 - iii. written notice of any claims and/or conditions known to the Landlord relating to environmental problems or building or zoning code violations.
- f. The Tenant has 45 days from the date of receipt of the Seller Disclosure to examine the title to the Premises and to report, in writing, any valid objections. Any exceptions to the title which would be disclosed by examination of the records will be deemed to have been accepted unless reported in writing within 45 days. If the Tenant objects to any exceptions to the title, the Landlord will use all due diligence to remove such exceptions at the Landlord's own expense within 60 days. But if such exceptions cannot be removed within the 60 days allowed, all rights and obligations under this Option may, at the election of the Tenant, terminate and end unless the Tenant elects to purchase the Premises subject to such exceptions.
- g. Upon the completion of the closing, all rights and obligations under the Lease (other than the Option) will cease to exist and the Parties will have no further rights or claims against each other concerning the Lease.

Quiet Enjoyment

- 21. The Landlord covenants that on paying the Rent and performing the covenants contained in this Lease, the Tenant will peacefully and quietly have, hold, and enjoy the Premises for the agreed term.

Distress

- 22. If and whenever the Tenant is in default in payment of any money, whether hereby expressly reserved or deemed as rent, or any part of the rent, the Landlord may, without notice or any form of legal process, enter upon the Premises and seize, remove and sell the Tenant's goods, chattels and equipment from the Premises or seize, remove and sell any goods, chattels and equipment at any place to which the Tenant or any other person may have removed them, in the same manner as if they had remained and been distrained upon the Premises, all notwithstanding any rule of law or equity to the contrary, and the Tenant hereby waives and renounces the benefit of any present or future statute or law limiting or eliminating the Landlord's right of distress.
-

Overholding

23. If the Tenant continues to occupy the Premises without the written consent of the Landlord after the expiration or other termination of the Term, then, without any further written agreement, the Tenant will be a month-to-month tenant at a minimum monthly rental equal to twice the Base Rent and subject always to all of the other provisions of this Lease insofar as the same are applicable to a month-to-month tenancy and a tenancy from year to year will not be created by implication of law.

Additional Rights on Reentry

24. If the Landlord reenters the Premises or terminates this Lease, then:

- a. notwithstanding any such termination or the Term thereby becoming forfeited and void, the provisions of this Lease relating to the consequences of termination will survive;
- b. the Landlord may use such reasonable force as it may deem necessary for the purpose of gaining admittance to and retaking possession of the Premises and the Tenant hereby releases the Landlord from all actions, proceedings, claims and demands whatsoever for and in respect of any such forcible entry or any loss or damage in connection therewith or consequential thereupon;
- c. the Landlord may expel and remove, forcibly, if necessary, the Tenant, those claiming under the Tenant and their effects, as allowed by law, without being taken or deemed to be guilty of any manner of trespass;
- d. in the event that the Landlord has removed the property of the Tenant, the Landlord may store such property in a public warehouse or at a place selected by the Landlord, at the expense of the Tenant. If the Landlord feels that it is not worth storing such property given its value and the cost to store it, then the Landlord may dispose of such property in its sole discretion and use such funds, if any, towards any indebtedness of the Tenant to the Landlord. The Landlord will not be responsible to the Tenant for the disposal of such property other than to provide any balance of the proceeds to the Tenant after paying any storage costs and any amounts owed by the Tenant to the Landlord;

- e. the Landlord may relet the Premises or any part of the Premises for a term or terms which may be less or greater than the balance of the Term remaining and may grant reasonable concessions in connection with such reletting including any alterations and improvements to the Premises;
 - f. after reentry, the Landlord may procure the appointment of a receiver to take possession and collect rents and profits of the business of the Tenant, and, if necessary to collect the rents and profits the receiver may carry on the business of the Tenant and take possession of the personal property used in the business of the Tenant, including inventory, trade fixtures, and furnishings, and use them in the business without compensating the Tenant;
 - g. after reentry, the Landlord may terminate the Lease on giving 5 days' written notice of termination to the Tenant. Without this notice, reentry of the Premises by the Landlord or its agents will not terminate this Lease;
 - h. the Tenant will pay to the Landlord on demand:
 - i. all rent, Additional Rent and other amounts payable under this Lease up to the time of reentry or termination, whichever is later;
 - ii. reasonable expenses as the Landlord incurs or has incurred in connection with the reentering, terminating, reletting, collecting sums due or payable by the Tenant, realizing upon assets seized; including without limitation, brokerage, fees and expenses and legal fees and disbursements and the expenses of keeping the Premises in good order, repairing the same and preparing them for reletting; and
 - iii. as liquidated damages for the loss of rent and other income of the Landlord expected to be derived from this Lease during the period which would have constituted the unexpired portion of the Term had it not been terminated, at the option of the Landlord, either:
 - 1. an amount determined by reducing to present worth at an assumed interest rate of twelve percent (12%) per annum all Base Rent and estimated Additional Rent to become payable during the period which would have constituted the unexpired portion of the Term, such determination to be made by the Landlord, who may make reasonable estimates of when any such other amounts would have become payable and may make such other assumptions of the facts as may be reasonable in the circumstances; or
 - 2. an amount equal to the Base Rent and estimated Additional Rent for a period of six (6) months.
-

Renewal of Lease

25. Upon giving written notice no later than 90 days before the expiration of the term of this Lease, the Tenant may renew this Lease for an additional 5 (five) year term. All terms of the renewed lease will be the same except for any signing incentives/inducements and this renewal clause.

Utilities and Other Costs

26. The Tenant is responsible for the direct payment of the following utilities and other charges in relation to the Premises: electricity, natural gas, water, sewer, telephone, internet and cable.

Insurance

27. The Tenant is hereby advised and understands that the personal property of the Tenant is not insured by the Landlord for either damage or loss, and the Landlord assumes no liability for any such loss. The Tenant is advised that, if insurance coverage is desired by the Tenant, the Tenant should inquire of Tenant's insurance agent regarding a Tenant's policy of insurance.
28. The Tenant is responsible for insuring the Landlord's contents and furnishings in or about the Premises for either damage and loss for the benefit of the Landlord.
29. The Tenant is responsible for insuring the Premises for damage or loss to the structure, mechanical or improvements to the Building on the Premises for the benefit of the Tenant and the Landlord. Such insurance should include such risks as fire, theft, vandalism, flood and disaster.
30. The Tenant is responsible for insuring the Premises for liability insurance for the benefit of the Tenant and the Landlord.

Abandonment

31. If at any time during the Term, the Tenant abandons the Premises or any part of the Premises, the Landlord may, at its option, enter the Premises by any means without being liable for any prosecution for such entering, and without becoming liable to the Tenant for damages or for any payment of any kind whatever, and may, at the Landlord's discretion, as agent for the Tenant, relet the Premises, or any part of the Premises, for the whole or any part of the then unexpired Term, and may receive and collect all rent payable by virtue of such reletting, and, at the Landlord's option, hold the Tenant liable for any difference between the Rent that would have been payable under this Lease during the balance of the unexpired Term, if this Lease had continued in force, and the net rent for such period realized by the Landlord by means of the reletting. If the Landlord's right of reentry is exercised following abandonment of the premises by the Tenant, then the Landlord may consider any personal property belonging to the Tenant and left on the Premises to also have been abandoned, in which case the Landlord may dispose of all such personal property in any manner the Landlord will deem proper and is relieved of all liability for doing so.

Governing Law

32. It is the intention of the Parties to this Lease that the tenancy created by this Lease and the performance under this Lease, and all suits and special proceedings under this Lease, be construed in accordance with and governed, to the exclusion of the law of any other forum, by the laws of the , without regard to the jurisdiction in which any action or special proceeding may be instituted.

Severability

33. If there is a conflict between any provision of this Lease and the applicable legislation of the State of California (the 'Act'), the Act will prevail and such provisions of the Lease will be amended or deleted as necessary in order to comply with the Act. Further, any provisions that are required by the Act are incorporated into this Lease.

Assignment and Subletting

34. The Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Premises, nor grant any license or part with possession of the Premises or transfer to any other person in whole or in part or any other right or interest under this Lease (except to a parent, subsidiary or affiliate of the Tenant), without the prior written consent of the Landlord in each instance, which consent will not be unreasonably withheld so long as the proposed assignment or sublease complies with the provisions of this Lease.
35. Notwithstanding any assignment or sublease, the Tenant will remain fully liable on this Lease and will not be released from performing any of the terms, covenants and conditions of this Lease.
36. If the Lease is assigned or if the Premises or any part of the Premises are sublet or occupied by anyone other than the Tenant, the Landlord may collect rent directly from the assignee, subtenant or occupant, and apply the net amount collected, or the necessary portion of that amount, to the rent owing under this Lease.
37. The prohibition against assigning or subletting without the consent required by this Lease will be constructed to include a prohibition against any assignment or sublease by operation of law.
38. The consent by the Landlord to any assignment or sublease will not constitute a waiver of the necessity of such consent to any subsequent assignment or sublease.

Bulk Sale

39. No bulk sale of goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent will not be unreasonably withheld so long as the Tenant and the Purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations in this Lease will continue to be performed and respected, in the manner satisfactory to the Landlord, after completion of the said bulk sale.
-

Maintenance

- 40. The Tenant will, at its sole expense, keep and maintain the Premises and appurtenances in good and sanitary condition and repair during the Term and any renewal of this Lease.
- 41. The Tenant will be responsible at its own expense to replace all electric light bulbs, tubes, ballasts or fixtures serving the Premises.
- 42. The Tenant will professionally steam clean any carpets on a yearly basis and at the termination of this Lease or the Landlord may charge the Tenant.

Care and Use of Premises

- 43. The Tenant will promptly notify the Landlord of any damage, or of any situation that may significantly interfere with the normal use of the Premises.
- 44. Vehicles which the Landlord reasonably considers unsightly, noisy, dangerous, improperly insured, inoperable or unlicensed are not permitted in the Tenant's parking stall(s), and such vehicles may be towed away at the Tenant's expense. Parking facilities are provided at the Tenant's own risk. The Tenant is required to park in only the space allotted to them.
- 45. The Tenant will not make (or allow to be made) any noise or nuisance which, in the reasonable opinion of the Landlord, disturbs the comfort or convenience of other tenants.
- 46. The Tenant will not engage in any illegal trade or activity on or about the Premises.
- 47. The Landlord and Tenant will comply with standards of health, sanitation, fire, housing and safety as required by law.

Surrender of Premises

- 48. At the expiration of the lease term, the Tenant will quit and surrender the Premises in as good a state and condition as they were at the commencement of this Lease, reasonable use and wear and damages by the elements excepted.

Hazardous Materials

- 49. The Tenant will not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might unreasonably increase the danger of fire on the Premises or that might be considered hazardous by any responsible insurance company.
-

Rules and Regulations

50. The Tenant will obey all rules and regulations posted by the Landlord regarding the use and care of the Building, parking lot and other common facilities that are provided for the use of the Tenant in and around the Building on the Premises.

Access Inspection

- 51. The Premises has been inspected by a Certified Access Specialist, and the Tenant acknowledges receiving the information required by section 1938 of the California Civil Code (the "Access Disclosure") at least 48 hours prior to executing this Lease. The Tenant will keep the Access Disclosure confidential.
- 52. The Access Disclosure is provided only to comply with section 1938 of the California Civil Code and is not a warranty or representation under the Lease or of any current or future compliance with accessibility standards regarding the Premises.

General Provisions

- 53. Any waiver by the Landlord of any failure by the Tenant to perform or observe the provisions of this Lease will not operate as a waiver of the Landlord's rights under this Lease in respect of any subsequent defaults, breaches or nonperformance and will not defeat or affect in any way the Landlord's rights in respect of any subsequent default or breach.
- 54. This Lease will extend to and be binding upon and inure to the benefit of the respective heirs, executors, administrators, successors and assigns, as the case may be, of each party to this Lease. All covenants are to be construed as conditions of this Lease.
- 55. All sums payable by the Tenant to the Landlord pursuant to any provision of this Lease will be deemed to be Additional Rent and will be recoverable by the Landlord as rental arrears.
- 56. Where there is more than one Tenant executing this Lease, all Tenants are jointly and severally liable for each other's acts, omissions and liabilities pursuant to this Lease.
- 57. Time is of the essence in this Lease.
- 58. This Lease will constitute the entire agreement between the Landlord and the Tenant. Any prior understanding or representation of any kind preceding the date of this Lease will not be binding on either party to this Lease except to the extent incorporated in this Lease. In particular, no warranties of the Landlord not expressed in this Lease are to be implied.

IN WITNESS WHEREOF the Parties to this Lease have duly affixed their signatures under hand and seal, or by a duly authorized officer under seal, on this 26th day of July, 2019.

/S/ JOSH UHLICH 7-26-19
Witness

/S/ GLEN F. CEILEY, TRUSTEE
GLEN F. CEILEY AND BARBARA A. CEILEY
REVOCABLE TRUST

/S/ JOSH UHLICH 7-26-19
Witness

BISCO INDUSTRIES

Per: /S/ DON WAGNER
President and COO

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EXHIBIT B

(Confidential)

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EXHIBIT C

(Confidential)

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EXHIBIT D

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Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

- Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Fiscal Year Ended August 31, 2023**
- OR**
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: **001-14311**

EACO CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Florida

(State or other jurisdiction of
incorporation or organization)

59-2597349

(I.R.S. Employer Identification No.)

5065 East Hunter Avenue, Anaheim, California 92807

(Address of Principal Executive Offices)

Registrant's telephone number, including area code: **(714) 876-2490**

Securities registered pursuant to Section 12(b) of the Act: **None**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock, \$0.01 Par Value** (Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer

Smaller reporting company

Non accelerated filer

Emerging growth company

Accelerated filer

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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (based upon the closing sale price of the common stock on that date) was approximately \$5,309,166. For the purposes of this calculation, shares owned by officers, directors and 10% stockholders known to the registrant have been deemed to be owned by affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of November 21, 2023, 4,861,590 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

No documents required to be listed hereunder are incorporated by reference in this Report on Form 10-K.

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Emerging growth company

Accelerated filer

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Indicate by check mark whether the registrant has filed a report on and attestation to its management's the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter (based upon the closing sale price of the common stock on that date) was approximately \$5,309,166. For the purposes of this calculation, shares owned by officers, directors and 10% stockholders known to the registrant have been deemed to be owned by affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

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Outstanding Equity Awards at Fiscal Year-End

The Company did not grant any equity awards during fiscal 2024 to any named executive officer, and no outstanding equity awards were held by the named executive officers at August 31, 2024.

Director Compensation

The Company pays \$12,000 per year in cash to each director who is not employed by EACO or its subsidiary as compensation for their Board services. In addition, directors who do not receive a salary from EACO or its subsidiaries receive a fee of \$600 for each Board meeting attended. The Chairman of the Audit Committee receives a fee of \$800 per meeting attended. No additional fees are paid to directors for attendance at meetings of the Audit Committee or the Compensation Committee of the Board.

The following table sets forth the compensation of certain Company directors for the year ended August 31, 2024. (See the above “Summary Compensation” for information regarding Mr. Ceiley).

Director	Fees Earned or Paid in Cash	Total
Stephen Catanzaro	\$ 16,800	\$ 16,800
William Means	15,600	15,600
Ellen Bancroft	15,600	15,600

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Security Ownership of Certain Beneficial Owners and Management

The table below presents certain information regarding beneficial ownership of the Company’s common stock (the Company’s only voting security) as of October 31, 2024 (i) by each shareholder known to the Company to own more than five percent (5%) of the outstanding common stock, (ii) by each named executive officer and director of the Company, and (iii) by all directors and executive officers of the Company as a group. Under the rules of the SEC, the determinations of “beneficial ownership” of the Company’s common stock are based upon Rule 13d-3 under the Exchange Act. Under Rule 13d-3, shares will be deemed to be “beneficially owned” when a person has, either solely or with others, the power to vote or to direct the voting of shares and/or the power to dispose, or to direct the disposition of shares, or where a person has the right to acquire any such power within 60 days after the date such beneficial ownership is determined. Shares of the Company’s common stock that a beneficial owner has the right to acquire within 60 days are deemed to be outstanding for the purpose of computing the percentage ownership of such owner but are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner ⁽¹⁾	Shares of Common Stock Beneficially Owned	Percent of Class ⁽²⁾
Stephen Catanzaro	—	—
Glen F. Ceiley ⁽³⁾	4,702,813	95.9 %
William L. Means	322	*
Donald Wagner	—	—
Zachary Ceiley	—	—
Ellen Bancroft	—	—
All executive officers and directors as a group (7 persons) ⁽³⁾	4,703,135	95.9 %

* Less than 1%

(1) The address for each person named in the table is c/o Bisco Industries, Inc., 5065 East Hunter Ave, Anaheim, California 92807.

(2) Based on 4,861,590 shares of common stock outstanding as of November 26, 2024.

(3) Includes (i) 4,662,813 shares of common stock held by the Trust; (ii) 40,000 shares of common stock issuable upon conversion of the 36,000 shares of Series A cumulative convertible preferred stock held by the Trust (assuming no accrued unpaid dividends).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 29, 2024

EACO Corporation

/s/ Glen F. Ceiley

By: Glen F. Ceiley

Its: Chairman of the Board and Chief Executive Officer
(principal executive officer and principal financial officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Glen F. Ceiley</u> Glen F. Ceiley	Chairman of the Board and Chief Executive Officer (principal executive officer and principal financial officer)	11/29/2024
<u>/s/ Michael Narikawa</u> Michael Narikawa	Chief Financial Executive (principal accounting officer)	11/29/2024
<u>/s/ Steve Catanzaro</u> Steve Catanzaro	Director	11/29/2024
<u>/s/ William Means</u> William Means	Director	11/29/2024
<u>/s/ Ellen Bancroft</u> Ellen Bancroft	Director	11/29/2024