

# LAW OFFICES OF MICHAEL S. DEBENON

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April 07, 2020

## **OTC MARKETS GROUP, INC.**

300 Vesey Street, Twelfth Floor  
New York, New York 10282

Re:        Alkame Holdings, Inc.

Ladies & Gentlemen:

This firm has been retained as outside corporate counsel for Alkame Holdings, Inc., a Nevada corporation (the "ALKM"), and have been asked to render a legal opinion to OTC Markets Group, Inc. ("OTC Markets") with respect to the information publicly disclosed by ALKM and published through the OTC Disclosure & News Service. OTC Markets is entitled to rely on this letter in determining whether ALKM has made adequate current information publicly available within the meaning of Rule 144(c)(2) under the Securities Act of 1933, as amended (the "Securities Act"). This letter supersedes and replaces our earlier letters dated March 02, 2020 and March 23 2020.

I am a U.S. resident. This firm and I have been retained by ALKM for the purpose of reviewing and rendering a legal opinion as to the current information supplied by ALKM, and for the purpose of rendering this letter and related matters. This firm will be serving as outside general counsel for ALKM. Neither this firm nor I own any shares of ALKM's securities, and neither I nor this firm has received, or has an agreement to receive in the future, shares of ALKM's stock in payment for services rendered.

I have examined such corporate records and other documents and such questions of law as I considered necessary or appropriate for purposes of rendering this letter. I am licensed to practice law in the State of California. This legal opinion is rendered as of the date noted above and covers the laws of the United States. I am permitted to practice before the U.S. Securities and Exchange Commission (the "SEC"), and I have not been prohibited from practice thereunder. I am not currently and have not been in the preceding five (5) years, (i) suspended or barred from practicing in any state or jurisdiction,; (ii) charged in a civil or criminal case; or, (iii) the subject of an investigation, hearing, or proceeding by the SEC, the U.S Commodity Futures Trading Commission (CFTC), the Financial Industry Regulatory Authority (FINRA), or any other federal, state, or foreign regulatory agency.

As to questions of fact material to such opinions, I have, where relevant facts were not independently established, relied upon certifications by principal officers of ALKM, public officials, and other sources. I have made such further legal and actual examination and investigation as I deemed necessary for purposes of rendering this opinion. In my examination, I have assumed the genuineness of all signatures, the legal

capacity of natural persons, the correctness of facts set forth in certificates, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as certified or photostatic copies, and the authenticity of the originals of such copies. I have also assumed that such documents have been duly authorized, properly executed, and delivered by each of the parties thereto other than ALKM. I have no reason to believe that such records, certificates, or documents of ALKM that I have reviewed are not accurate, authentic, or reliable.

In connection with the preparation of this Letter I have reviewed the following documents concerning ALKM, posted and publicly available through the OTC Disclosure & News Service (collectively, the “Information”):

1. Annual Report for the year ended December 31, 2018, published on February 03, 2020, which included Balance Sheets (unaudited); Statements of Operations (unaudited); Statement of Stockholders’ Equity (unaudited); Statements of Cash Flow (unaudited); and, Notes to Financial Statements (unaudited).
2. Annual Report for the year ended December 31, 2019, published on February 20, 2020, which included Balance Sheets (unaudited); Statements of Operations (unaudited); Statement of Stockholders’ Equity (unaudited); Statements of Cash Flow (unaudited); and, Notes to Financial Statements (unaudited) (collectively, the “2019 Annual Report”).
3. Amended Annual Report for the year ended December 31, 2019, published on 18 March 2020, which included Balance Sheets (unaudited); Statements of Operations (unaudited); Statement of Stockholders’ Equity (unaudited); Statements of Cash Flow (unaudited); and, Notes to Financial Statements (unaudited) (collectively, the “2019 Amended Report”).
4. Second Amended Annual Report for the year ended December 31, 2019, published on April 06, 2020, which included Balance Sheets (unaudited); Statements of Operations (unaudited); Statement of Stockholders’ Equity (unaudited); Statements of Cash Flow (unaudited); and, Notes to Financial Statements (unaudited) (collectively, the “2019 Second Amended Report”).
5. For purpose of clarity, our review of the 2019 Annual Report; the 2019 Amended Report; and, the 2019 Second Amended Report specifically included a review of all information contained therein, which specifically included that information which might otherwise be contained in a separate filing referred to as the Disclosure Statements.

I discovered certain “errors” in the 2019 Annual Report related to various dates, each which can be categorized as “typos”. While none of these typos were material and did not otherwise affect any of the information presented in the 2019 Annual Report, all such typos were corrected in the 2019 Amended Report. Certain further revisions were

made to the 2019 Second Amended Report, as requested by OTC Markets. I was also copied on E-Mails sent to OTC Markets, which E-Mails provided additional information and documentation in response to requests from OTC Markets. All such revisions, and additional information and documentation, respectively, were deemed to be acceptable by the undersigned.

Based on my examination and inquiry set forth above, I am of the opinion that the Information:

1. constitutes “adequate current public information” concerning the common stock of ALKM and ALKM itself (the “Securities”), and “is available” within the meaning of Rule 144(c)(2) under the Securities Act;
2. includes all of the information that a broker-dealer would be required to obtain from ALKM to publish a quotation for the Securities under Rule 15c2-11 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”);
3. complies as to form with the OTC Markets Group’s Pink Basic Disclosure Guidelines, which are located on the Internet at [www.otcmarkets.com](http://www.otcmarkets.com); and
4. has been posted through the OTC Disclosure & News Service.

The financial statements contained in the Information are not audited and were prepared by Erwin W. Vahlsing, Jr. Mr. Vahlsing has represented to me that he has over 40-years of experience in the field of accounting; possesses a master’s degree in finance; has held numerous “C” level positions in public companies, serving as a controller and as chief financial officer; has prepared financial statements for public companies for over 30-years; since 2012, has provided consulting services to public companies for SEC reporting compliance and financial statement preparation; and, has worked with ALKM for over 6-years. He is highly qualified to prepare the unaudited financial statements of ALKM.

ALKM's transfer agent is Action Stock Transfer (“Action Stock Transfer”). Action Stock Transfer is registered with the SEC to perform transfer agent services. I confirmed with Action Stock Transfer, and with Management and the Director (through E-Mail and review of documentation sent by Action Stock Transfer directly to this firm) that the number of authorized and issued/outstanding common and preferred shares shown in the Information is listed correctly for the corresponding period.

Robert Eakle is the President of ALKM. In his capacity as President, Mr. Eakle is referred to herein as the “Management”. Mr. Eakle is also the sole member of the Board of Directors of ALKM. In his capacity as the sole director, Mr. Eakle is referred to herein as the “Director”.

I have met with Management and the Director of ALKM by phone and have (i) reviewed with them the Information, as amended, published by ALKM through the OTC Disclosure & News Service; and, (ii) discussed with them the Information. To my best knowledge after inquiry of Management and the Director of ALKM, neither ALKM, nor its officers and Director, nor any holder of 5% or more of the securities of ALKM, nor this counsel, is currently under investigation by any federal or state regulatory authority for any violation of federal or state securities laws.

A shell company is a company that has no or nominal operations, and either nominal assets; assets consisting of cash and cash equivalents; or, assets consisting of any amount of cash and cash equivalents and nominal other assets. A review of the history of ALKM reveals the following with regard to shell company status:

**1. Prior status as a shell company:** I am of the opinion that ALKM was previously a shell company based upon the following:

**a.** As late as August 2013, while operating under the name of Pinnacle Enterprise, Inc., ALKM reported in its periodic reporting statements that it was a shell.

**b.** The Form 10-Q for the period ended 30 June 2013 filed with the SEC on 19 August 2013 reported that ALKM was a shell.

**2. Current status as a non-shell company:** I am of the opinion that ALKM is not currently a shell company based upon the following:

**a.** The Form 8-K filed by ALKM on 04 September 2013 with the SEC reported that ALKM had ceased to be shell (the "8-K").

**b.** Since the filing of the 8-K ALKM has not reported a change in its status as a non-shell.

**c.** The 2019 Second Amended Report stated "NO" in response to the question as to whether ALKM was a shell as of December 31, 2019.

**d.** The 2019 Second Amended Report reveals that the business of ALKM is health and wellness products, and that it develops, markets, and distributes consumer-based products to maximize, and capitalize, on the development of various and multiple applications utilizing an exclusive patented water technology to create enhanced water with several unique properties. ALKM appears to be conducting an active trade or business.

**e.** At the fiscal year ended December 31, 2019, ALKM had total assets of \$555,020, of which \$ 26,499 (less than 5%) was in cash. ALKM has more than nominal assets other than cash.

f. For the fiscal year ended December 31, 2019, ALKM reported \$1,933,247 in revenue, and operating expenses (without depreciation) of \$674,072. These results are consistent with an operating business and is therefore not currently a shell company.

I am also aware that ALKM is currently designated *Caveat Emptor* by OTC Markets, and that a skull and crossbones icon has been placed next to the stock symbol for ALKM. As such, I undertook additional investigative and due diligence efforts in order to provide the following additional information, which I hereby confirm is true and correct to the best of my knowledge as of the date hereof:

**Robert Eakle** is the sole director and officer of ALKM. Additional information pertaining to Mr. Eakle is summarized as follows:

Business address: 3213 Waconda Road NE  
Gervais, OR 97026

Securities owned: 450,000 shares Common Stock; acquired on 09/15/2014  
10,000,000 shares Preferred A; acquired on 07/08/2013  
59,933,334 shares Preferred B; acquired on 01/27/2014  
1,000,000 share Preferred D; acquired on 12/09/2015

Status: All shares owned by Mr. Eakle are held in book entry format; have not been registered under the Securities Act; and, are restricted shares under the Securities Act.

Consideration: All shares issued to Mr. Eakle were in consideration of services rendered to ALKM by Mr. Eakle. These services included, without limitation, serving as the President and CEO; managing all aspects of the company's business, including, without limitation, over-seeing the product line; manufacturing; sales and marketing; business development; M&A; and, financial matters.

**Erwin W. Vahlsing, Jr.** is the person who prepared the financial statements for the company, and he provides financial and accounting services to ALKM. Additional information pertaining to Mr. Vahlsing is summarized as follows:

Business address: PO Box 19652  
Johnston, RI 02919

Securities owned: 10,667 shares Common Stock; acquired on 08/13/2013  
1,000,000 shares Preferred B; acquired on 10/24/2014

Status: All shares owned by Mr. Vahlsing are held in book entry format; have not been registered under the Securities Act; and, are restricted shares under the Securities Act.

Consideration: All shares issued to Mr. Vahlsing were in consideration of services rendered to ALKM by Mr. Vahlsing. These services included, without limitation, accounting and financial services;

accounting oversight and control processes; and, SEC filing services.

Company: The name of Mr. Vahlsing's company is XBRL Associates, Inc., of which Mr. Vahlsing is the sole owner and officer. It has the same address as Mr. Vahlsing.

**Craig Kaufman** (and his company, Kaufman Associates, Inc.) is the holder of more than 5% of the issued and outstanding shares of ALKM, and is treated as a control person. Additional information pertaining to Mr. Kaufman is summarized as follows:

Business address: 1341 West Fullerton Ave. #212  
Chicago, IL 60614

Securities owned: 2,000,000 shares Preferred A; acquired by Kaufmann Associates on 11/21/13  
7,277,500 shares Preferred B; acquired by Kaufman Associates on 01/27/14  
1,000,000 shares Preferred B; acquired by Mr. Kaufman on 01/27/14  
1,000,000 shares Preferred D; acquired by Kaufman Associates on 12/09/15

Status: All shares owned by Mr. Kaufman and Kaufman Associates are held in book entry format; have not been registered under the Securities Act; and, are restricted shares under the Securities Act.

Consideration: All shares issued to Mr. Kaufman and his company, respectively, were in consideration of services rendered to ALKM. These services included, without limitation, business development; marketing and sales relationships; pricing; and, mentoring and managing sales team and supply chain resources.

Company: The name of Mr. Kaufman's company is Kaufman Associates, Inc., of which Mr. Kaufman is the sole owner and officer. It has the same address as Mr. Kaufman.

After obtaining the above information concerning Mr. Eakle; Mr. Vahlsing and his company; and, Mr. Kaufman and his company, I spoke with each individual and obtained the following information:

**Mr. Eakle** confirmed (i) that all of the above information is true and correct; (ii) that he has never sold any shares of ALKM; (iii) he has had no reason to effect any filings under Rule 144; and, (iv) although he must come into possession of material inside information concerning ALKM, he has never sold any shares ALKM and that he has no present intent to do so.

**Mr. Vahlsing** confirmed, as to himself and his company, (i) that all of the above information is true and correct; (ii) that no shares of ALKM have been sold; (iii) there has been no reason to effect any filings under Rule 144; and, (iv) although he must come into possession of material inside information concerning ALKM, neither he nor his company has ever sold any shares of ALKM and that neither he nor his company has any present intent to do so.

**Mr. Kaufman** confirmed, as to himself and his company, (i) that all of the above information is true and correct; (ii) that no shares of ALKM have been sold; (iii) there has been no reason to effect any filings under Rule 144; and, (iv) although he must come into possession of material inside information concerning ALKM, neither he nor his company has ever sold any shares of ALKM and that neither he nor his company has any present intent to do so.

The opinions set forth herein are expressed as of the date hereof and remain valid so long as the documents, instruments, records, and certificates I have examined and relied upon as noted above are unchanged and the assumptions I have made, as noted above, are valid. If any facts or documents are determined to be incorrect, misstated, or misrepresented, then the opinion or opinions expressed herein may not continue to be valid. Furthermore, I disclaim any undertaking to advise you hereafter of developments hereafter occurring or coming to my attention, whether or not the same would (if now existing and known to this office) cause any change or modification herein.

The opinions expressed herein are solely for the benefit of the OTC Markets Group, which is entitled to rely upon this letter. I hereby grant OTC Markets Group full and complete permission and rights to publish this letter through the OTC Disclosure & News Service for viewing by the public and regulators. This opinion may not be relied upon by any other party for any other purpose and may not be reproduced or distributed (except to governmental or regulatory agencies as required by regulation or law) without the prior written permission of the undersigned. It is understood that we express no opinion as to the applicability to or compliance with any state securities laws.

Very truly yours,



Michael S. DeBenon

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