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Cardiff Lexington Corp (CDIX) Announces Reverse Stock Split

FT. LAUDERDALE, Fla., March 25, 2019 (GLOBE NEWSWIRE) -- Cardiff Lexington Corporation (OTC:CDIX) announced today a (1:1,500) reverse stock split of its issued and outstanding common stock. The reverse stock split will be implemented when the market opens on Monday, March 25th, 2019 and Cardiff Lexington's common stock will begin trading on a split-adjusted basis at that time, with a "D" temporarily appended to the end of its ticker symbol for 20 business days to signify the split. This Board of Directors action offsets the effects of toxic debt generated dilution which occurred over the past year as convertible note holders aggressively converted. This action is an important milestone in the Company's ability to fix its capital structure and close future acquisitions.

The reverse stock split affects all issued and outstanding shares of Cardiff Lexington's common stock, as well as shares of common stock underlying stock options, warrants and convertible preferred stock outstanding immediately prior to the reverse stock split. A majority of Cardiff's stockholders approved and granted authority to the Board of Directors to effect the reverse stock split on February 22nd, 2019. The state of Florida approved the Company's amended articles on March 5th, 2019 and final approval was received at the end of business on Friday, March 22nd, 2019. Under this reverse split, the number of shares outstanding on a fully diluted basis will be reduced to about 1.4 million shares. Reducing the number of new shares to be sold every month should reduce the selling pressure. This should allow the price to rise. Of course, there are no guarantees. Still, there is a tremendous amount of interest in Cardiff Lexington shares as is evidenced by the absorption of the large number of shares sold by the toxic lenders over the last year. Cardiff Lexington is now committed to reducing and avoiding toxic debt financing. The management of Cardiff Lexington thanks its loyal shareholders for their support. As always our goal is to increase long term shareholder value and we strongly feel we are on the right track.

"This action to reduce the number of issued and outstanding shares and correspondingly increase the company's trading share price empowers the Company to continue to implement its core strategy of growth through acquisition," stated Alex Cunningham, Cardiff Lexington's CEO. "Last year the Company adopted a policy to no longer publicly announce entering into "Letters Of Intent" (LOI's) to purchase another company; however, Cardiff Lexington is actively engaged in negotiations regarding several acquisitions which should offer higher returns for our investors and meet the required criteria for the Company's planned uplisting to a major securities exchange. This reverse was critical to Cardiff Lexington's core mission - continuous acquisitions to create broader diversification and increase overall revenue and profit."

Cardiff Lexington continues to work with remaining holders of its convertible debt and equity securities to effectively eliminate the ability of those holders to convert their securities into common stock using a formula that relies on fluctuating market prices to determine the number of shares of common stock to be issued on conversion. Because these provisions can lead to dramatic stock price reductions and corresponding negative dilution effects on stockholders, these types of notes have colloquially been called "toxic" convertibles. Going forward, Cardiff Lexington is seeking agreement from remaining holders of notes with such provisions to modify those notes with terms which would effectively limit the reduction in earnings per share and proportional ownership that occurs when holders of convertible securities convert those securities into common stock.

Cardiff Lexington's business model targets acquisition of middle market private niche companies both mature and second stage with high growth potential. While debt conversions greatly reduced Company debt, the negative impact to the Cardiff Lexington share price has made closing transactions difficult. Restructuring was necessary to continue acquisitions.

The Cardiff Lexington umbrella enables business owners to exit personal equity and to take advantage of the capitalization power of a public company without losing independent management control. Fundamental to the Cardiff Lexington strategy, acquisitions become standalone autonomous subsidiaries gaining advantage of the power of a public company. Owners gain liquidity, diversification, pooled resources, leverage value, and mitigated risk. As a Cardiff Lexington subsidiary, these companies gain both the enhanced ability to raise money for operations or expansion while also establishing a longer-term equity exit strategy.

For Investors, Cardiff Lexington seeks to aggressively grow and hold assets that create a diversified lower risk environment that over the long term protects and safely enhances investment through a diversified continually growing niche holding company.

INFORMATION FOR STOCKHOLDERS

Cardiff Lexington new transfer agent, Transfer Online (https://www.transferonline.com/), which is also acting as the exchange agent for the reverse split, will provide instructions to stockholders regarding the process for exchanging share certificates. Any fractional shares of common stock resulting from the reverse stock split will be rounded up to the nearest whole post-split share and no stockholders will receive cash in lieu of fractional shares.

About Cardiff Lexington Corporation: Cardiff Lexington is a public holding company, much like a cooperative, leveraging proven management in private companies that become subsidiaries. Our focus is not industry or geographic-specific, but rather proven management, market, and margin. Cardiff Lexington targets acquisitions of mature, high growth, niche companies. Cardiff Lexington's strategy identifies and empowers select income-producing middle market private businesses and commercial real estate properties. Cardiff Lexington provides these companies both 1) the enhanced ability to raise money for operations or expansion, and 2) an equity exit and liquidity strategy for the owner, heirs, and/or Investors. For investors, Cardiff Lexington provides a diversified lower risk to protect and safely enhance their investment by continually adding assets and holdings. Cardiff Lexington is led by a strong and talented team of executives and advisors providing expert acquisition, market guidance and added value for subsidiaries and investors.

FORWARD LOOKING STATEMENT: This news release contains forward looking statements within the meaning of the Securities Litigation Reform Act. The statements reflect the Company's current views with respect to future events that involve risks and uncertainties. These risks include the failure to meet schedule or performance requirements of the Company's contracts, the Company's liquidity position, the Company's ability to obtain new contracts, the emergence of competitors with greater financial resources, and the impact of competitive pricing. In light of these uncertainties, the forward-looking events referred to in this release might not occur.

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