

EXHIBIT 7



Geneva, 21 March 2016

Geekspone S.A.
Attn: Rodrigo Silva-Ramos Pidal
C/ Manuel Silvela 15, 6th floor
28010 Madrid, Spain

Dear Rodrigo,

Further to our conversation of March 23, 2016, I write on behalf of Silent Circle, LLC ("Silent Circle") to propose options for the restructuring by Silent Circle of the \$5,000,000.00 owed by Silent Circle to Geekspone S.A. ("Geekspone") pursuant to the Stock Purchase Agreement by and between Silent Circle and Geekspone dated February __, 2015 (the "SPA"). I appreciate your consideration of the following proposal.

Before setting forth the debt-restructuring proposal, I would like to briefly review the events and circumstances underlying the need for Silent Circle to restructure its debt obligations.

The Blackphone Business

As you will recall, when we negotiated the purchase by Silent Circle of Geekspone's business, we did so under the impression that Blackphone SA had secured distribution agreements that promised to result in large volumes of sales to three distinct regions of the world. The distribution agreements were with: 1) a company in Dubai known as BigOn Telecommunications; 2) a company in Korea known as Sumion; and 3) Telcel/America Movil in Latin America. Among the three companies, commitments were made for upwards of 250,000 in 2015 alone. Two of the contracts – Sumion and BigOn – were negotiated by the then head of sales for the joint venture, Derek Roga, and the third was negotiated by a consultant, Ken Taylor.

In the weeks and months following the end of the joint venture and consolidation of the operations of Silent Circle and Blackphone, the Silent Circle management team began engaging more directly with and conduct due diligence into the partners with whom the Blackphone sales team had entered into large, exclusive distribution agreements. Silent Circle became concerned when BigOn failed for several months to put in place the letter of credit it had

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committed to establish for its purchase order for 25,000 devices issued in December 2014. We eventually determined that BigOn – a company only first founded in early 2015 by a long-time associate of Derek Roga – had no ability to purchase devices or serve as distributor and never did so. Instead, Silent Circle learned that BigOn was attempting to use the distribution agreement and its relationship with Silent Circle to raise money for its own operations. As a result, BigOn never purchased any of the devices it had committed to purchase, and Silent Circle has since terminated its relationship with BigOn and is considering pursuing further legal action against BigOn and its principals.

Silent Circle also had similar concerns about Sumion, who similarly had issued a large purchase order for devices in December 2014 but also failed to establish a letter of credit and began claiming that its purchase order was subject to successful homologation testing in Korea. When Silent Circle pressed for details and conducted due diligence it determined that, like BigOn, Sumion was newly formed company with no credit history, no money and no history of being a distributor of hardware or software. Sumion eventually morphed into a company called Samji, but despite numerous promises, Samji has likewise failed to purchase any devices and appears to also lack any financial or operational ability. Silent Circle has terminated its relationship with Sumion and Samji.

The one agreement that has had some legitimacy is the reseller arrangement with America Movil. However, despite promises of 100,000 or more devices in the first year of the relationship, America Movil has so far purchased only 6,000 devices. Because of the resources Silent Circle has devoted to that market, including hiring employees in the region and spending for inventory and marketing for the anticipated sell-through, the relationship so far has resulted in significant financial losses for Silent Circle. While Silent Circle remains hopeful that the relationship will prove to be profitable, it will take much more time and investment to see a return on the investment in that relationship.

In short, the hardware business has proved to be a significant financial drain for Silent Circle. Because of the large purchase orders that proved to be bogus, Silent Circle borrowed money to purchase inventory and parts ahead so that it would be able to deliver devices to meet the demand it believed it had and focused most of its resources on preparing for the launch, marketing and sale of the Blackphone 2. However, with sales lagging far behind even the most conservative estimates, Silent Circle has been forced to attempt to raise additional



operating capital so that it can refocus its efforts on its software business and absorb the losses from the hardware operations.

The Capital Raise Process

Silent Circle began its attempt to raise additional capital through the sale of Series C preferred equity in late October 2015 by engaging HSBC Bank as its investment banker. After several weeks of reaching out to potential investors, Silent Circle had failed to secure a lead investor for its capital raise and was in peril of having no options. However, in February 2016, an investor identified by Bob Ackerman agreed to serve as lead investor and to invest \$20 million if certain conditions are met. Among other things, the investor is requiring that Silent Circle have a path to cash-flow break even (based on the amount of new investment) in the next 4 quarters and that the balance sheet be free from secured debt. Silent Circle had hoped to raise an additional \$20 million along with the \$20 million from the lead investor so that it could repay some of its debt in connection with the equity raise, but it has so far failed to identify additional investment and, as a result, must restructure its debt to have any chance of closing its capital raise.

As a result of these terms and the lack of additional investment behind the \$20 million, Silent Circle has revised its business plan to dramatically cut costs and focus on its core software business. In the coming weeks, Silent Circle will be terminating dozens of employees¹ and otherwise reducing its operating costs by around 50%. In addition, Silent Circle has begun negotiations with its lenders to convert their debt into equity on the Series C equity raise, and approximately \$15 million of debt has so far been committed for conversion. However, if Silent Circle cannot secure the conversion or other disposition of its remaining debt, it will not meet the conditions for closing and will therefore be forced to wind down its business and seek bankruptcy protection.

The Proposed Restructuring of the Geeksphone Debt

With Geeksphone being a secured lender with an obligation maturing in late April, Silent Circle is now asking for Geeksphone's cooperation in restructuring or converting the remaining \$5 million payment so that Silent Circle can close on its equity raise with sufficient capital to

¹ While Silent Circle has attempted to minimize the impact of the terminations in Madrid, those employees along with all others will be let go if we cannot find a plan for restructuring the company and closing on the available financing.



operate for the next 8 to 10 months until it is cash flow independent. Accordingly, Silent Circle proposes the following as mutually exclusive options for restructuring the debt:

- Geeksphone will be permitted to convert its debt into Series C equity in the current equity round (the terms are set forth below);
- Geeksphone agrees to replace the debt with an unsecured loan with a maturity date in June 2017;
- Geeksphone agrees to replace the debt with an unsecured installment loan with monthly payment of \$100,000 or less; or
- Geeksphone agrees to take a reduced sum of not more than \$1,000,000 in full satisfaction of the debt.

The terms of the Series C equity are that the Series C will have a top-level liquidation and distribution preference, board representation and certain redemption and preemptive rights. The Series C term sheet is attached for your review.

I would appreciate you considering the foregoing options and contacting me at your convenience to discuss them or to discuss any questions you may have. If Silent Circle is unable to close its financing by the end of April, it will be forced to cease operations and wind down its business, so I very much appreciate you taking the time to consider and discuss these options.

Best regards,

/s/ Matt Neiderman

Matt Neiderman
General Counsel