

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## CADUS CORP

**Form: 10-Q**

**Date Filed: 2018-05-14**

Corporate Issuer CIK: 911148

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-28674

**CADUS CORPORATION**

(Exact Name of Registrant as Specified on its Charter)

Delaware

(State of Other Jurisdiction of Incorporation or  
Organization)

13-3660391

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

767 Fifth Avenue, New York, New York

(Address of Principal Executive Offices)

10153

(Zip Code)

Registrant's Telephone Number, Including Area Code

(212) 702-4300

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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 definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12-b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

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 3(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the Exchange Act).

Yes  No

The number of shares of registrant's common stock, \$0.01 par value, outstanding as of April 30, 2018 was 26,288,080.

CADUS CORPORATION

INDEX

	<u>Page No.</u>
<u>SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS</u>	<u>3</u>
<u>PART I - CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u>	
<u>Item 1. Condensed Consolidated Financial Statements</u>	<u>4</u>
<u>Condensed Consolidated Balance Sheets - March 31, 2018 (Unaudited) and December 31, 2017</u>	<u>4</u>
<u>Condensed Consolidated Statements of Operations - Three Months Ended March 31, 2018 and 2017 (Unaudited)</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows - Three Months Ended March 31, 2018 and 2017 (Unaudited)</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>7-9</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>10-11</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>11</u>
<u>Item 4. Controls and Procedures</u>	<u>11</u>
<u>PART II - OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	<u>12</u>
<u>Item 1A. Risk Factors</u>	<u>12</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>12</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>12</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>12</u>
<u>Item 5. Other Information</u>	<u>12</u>
<u>Item 6. Exhibits</u>	<u>12</u>
<u>SIGNATURES</u>	<u>13</u>
<u>EXHIBIT INDEX</u>	<u>14</u>

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Any statements in this Annual Report on Form 10-K and the other documents referenced herein, whether written or oral, about future events, expectations, plans or prospects for Cadus Corporation (the "Company"), or about the Company's future expectations, beliefs, goals, plans or prospects, constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact, including statements containing the words "will," "believes," "plans," "anticipates," "expects," "estimates" and similar expressions, are forward-looking statements.

A number of important factors could cause actual results or events to differ materially from those indicated by such forward-looking statements, including, but not limited to: (1) the conditions to the completion of the Merger (as defined in Note 2 to the Condensed Consolidated Financial Statements), including the required approval by the Company's stockholders (including the approval of stockholders holding a majority of the outstanding shares of Common Stock of the Company not owned by Parent (as defined in Note 2 to the Condensed Consolidated Financial Statements), Merger Sub (as defined in Note 2 to the Condensed Consolidated Financial Statements), or any of their affiliates), may not be satisfied on the terms expected or on the anticipated schedule; (2) the parties' ability to meet expectations regarding the timing and completion of the Merger; (3) the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement (as defined in Note 2 to the Condensed Consolidated Financial Statements); (4) the effect of the announcement or pendency of the Merger on our business relationships, operating results, and business generally; (5) risks that the proposed merger disrupts the Company's current plans and operations; (6) risks related to diverting management's attention from the Company's ongoing business operations; (7) the outcome of any legal proceedings that may be instituted against the Company related to the Merger or the Merger Agreement; (8) the amount of the costs, fees, expenses and other charges related to the Merger; (9) risks and uncertainties relating to the Company's ability to acquire residential homes or land for renovation or construction and resale; (10) the Company's ability to engage contractors to perform such renovation and construction; (11) the Company's ability to sell such renovated or new homes at a profit; (12) the Company's ability to acquire or invest in other businesses or assets; (13) the Company's capital needs and uncertainty of future funding; and (14) other risks and uncertainties discussed in the Company's annual report on Form 10-K for the year ended December 31, 2017. The Company assumes no obligation to update the information in this Annual Report on Form 10-K, except as otherwise required by law. Readers are cautioned not to place undue reliance on forward-looking statements.

Forward-looking statements reflect the views and assumptions of management as of the date of this Quarterly Report on Form 10-Q (unless specified otherwise) with respect to future events. The Company does not undertake, and hereby disclaims, any obligation, unless required to do so by applicable securities laws, to update any forward-looking statements, whether as a result of new information, future events or other factors. The inclusion of any statement in this Quarterly Report on Form 10-Q does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

**CADUS CORPORATION**  
**Condensed Consolidated Balance Sheets**

	<u>March 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>
	<u>(Unaudited)</u>	
<b><u>ASSETS</u></b>		
Assets:		
Real estate inventory	\$ 35,570,260	\$ 35,439,481
Cash and cash equivalents	2,307,960	2,828,695
Interest receivable	2,552	2,412
Prepaid and other assets	168,505	105,515
Investment in other venture	195,655	194,842
Website, net	<u>5,002</u>	<u>6,668</u>
<b>Total assets</b>	<b><u>\$ 38,249,934</u></b>	<b><u>\$ 38,577,613</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Liabilities:		
Accrued expenses	\$ 653,711	\$ 325,627
<b>Total liabilities</b>	<b><u>653,711</u></b>	<b><u>325,627</u></b>
Commitments		
Stockholders' equity:		
Common stock	264,297	264,297
Additional paid-in capital	80,291,992	80,291,992
Accumulated deficit	(42,659,991)	(42,004,228)
Treasury stock – at cost	<u>(300,075)</u>	<u>(300,075)</u>
<b>Total stockholders' equity</b>	<b><u>37,596,223</u></b>	<b><u>38,251,986</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 38,249,934</u></b>	<b><u>\$ 38,577,613</u></b>

See accompanying notes to condensed consolidated financial statements.

**CADUS CORPORATION**  
**Condensed Consolidated Statements of Operations**

	Three Months Ended	
	March 31,	
	2018	2017
	(Unaudited)	(Unaudited)
Total revenues	\$ —	\$ —
Costs and expenses:		
General and administrative expenses	144,979	145,578
Pending merger fees (Note 2)	475,614	—
Real estate expenses	53,737	78,646
Amortization of website	1,666	1,667
Gain on involuntary conversion	(12,000)	—
Equity in earnings in other venture	(813)	(266)
Total costs and expenses	663,183	225,625
Operating loss	(663,183)	(225,625)
Other income:		
Interest income	7,420	6,247
Net loss	\$ (655,763)	\$ (219,378)
Basic and diluted net (loss) per weighted average share of common stock outstanding	\$ (0.02)	\$ (0.01)
Weighted average shares of common stock outstanding – basic and diluted	26,288,080	26,288,080

See accompanying notes to condensed consolidated financial statements.

**CADUS CORPORATION**  
**Condensed Consolidated Statements of Cash Flows**

	Three Months Ended	
	March 31,	
	2018	2017
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net income (loss)	\$ (655,763)	\$ (219,378)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:		
Amortization of website	1,666	1,667
Equity in earnings in other venture	(813)	(266)
Changes in assets and liabilities:		
(Increase) in prepaid and other assets	(63,130)	(11,578)
(Increase) in real estate inventory	(73,710)	(515,436)
Increase in accrued expenses	271,015	191,483
Net cash provided by (used in) operating activities	(520,735)	(553,508)
Net increase (decrease) in cash and cash equivalents	(520,735)	(553,508)
Cash and cash equivalents – at beginning of period	2,828,695	5,675,047
Cash and cash equivalents – at end of period	\$ 2,307,960	\$ 5,121,539

See accompanying notes to condensed consolidated financial statements.

**CADUS CORPORATION**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note - 1      Organization and Basis of Preparation**

The information presented as of March 31, 2018 and for the three months then ended is unaudited, but includes all adjustments (consisting only of normal recurring accruals) that the Company's management believes to be necessary for the fair presentation of results for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to the requirements of the Securities and Exchange Commission, although the Company believes that the disclosures included in these financial statements are adequate to make the information not misleading. The December 31, 2017 condensed consolidated balance sheet was derived from audited consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 2017.

The consolidated condensed financial statements include the accounts of the Company and its wholly owned subsidiaries, Cadus Technologies, Inc., Blivet LLC, MB 2013 LLC and Happy Dragon LLC. All intercompany balances and transactions have been eliminated in consolidation. The Company operates in one segment: the purchase of homes and land for purposes of renovation or construction and resale. The Company has decided not to maintain patents from its prior biomedical research and development activities and has had no revenues from the licensing of its patents since 2010.

The results of operations for the three month period ended March 31, 2018 is not necessarily indicative of the results to be expected for the full year ending December 31, 2018.

**Note - 2      Pending Merger**

On January 20, 2018, the Company entered into an Agreement and Plan of Merger (as it may be amended from time to time, the "Merger Agreement"), by and among the Company, Starfire Holding Corporation ("Parent") and Parent's wholly-owned subsidiary, Cadus Merger Sub LLC ("Merger Sub"), in accordance with the terms and subject to the conditions of which Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation and a wholly-owned subsidiary of Parent (the "Merger"). At the effective time of the Merger, each outstanding share of the Company's Common Stock (other than certain shares as set forth in the Merger Agreement) will automatically be converted into the right to receive an amount in cash equal to \$1.61, without interest and less any applicable withholding taxes. If the Merger is consummated, then the Company will become a privately held company and a wholly-owned subsidiary of Parent, which is indirectly controlled by Mr. Carl C. Icahn.

Completion of the Merger is subject to certain conditions, including, among others: (i) receipt of the requisite vote of the Company's stockholders adopting the Merger Agreement (including the vote of stockholders holding a majority of the outstanding shares not owned by Parent, Merger Sub, or any of their affiliates); (ii) the absence of any order or law prohibiting the Merger; (iii) the accuracy of the parties' respective representations and warranties, subject in some instances to materiality or "Material Adverse Effect" qualifiers, as of the date of the Merger Agreement and the closing date of the Merger; (iv) the parties' respective performance in all material respects of their respective agreements and covenants contained in the Merger Agreement at or prior to the closing of the Merger; and (v) the absence of a "Material Adverse Effect" with respect to the Company, since the execution of the Merger Agreement. There can be no assurance that the closing conditions will be satisfied, or that the Merger will be completed within the required time period pursuant to the Merger Agreement. Satisfaction of the closing conditions may delay the completion of the Merger, and if certain closing conditions are not satisfied prior to June 30, 2018, the parties will not be obligated to complete the Merger.

**CADUS CORPORATION**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note - 3    Cash Equivalents**

The Company includes as cash equivalents all highly liquid investments with original maturities of three months or less when purchased. There were cash equivalents of \$1,856,908 at March 31, 2018 and there were cash equivalents of \$2,549,633 at December 31, 2017.

**Note - 4    Concentration of Credit Risk**

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist of cash and cash equivalents. Concentration of credit risk with respect to cash and cash equivalents is limited, as the Company's cash and cash equivalents are primarily with high quality financial institutions.

**Note - 5    Net (Loss) Per Share**

Basic net (loss) per share is computed by dividing the net (loss) by the weighted average of common shares outstanding. Diluted earnings per share is calculated based on the weighted average of common shares outstanding plus the effect of common stock equivalents. There were no outstanding common stock equivalents for the three month periods ended March 31, 2018 and 2017.

**Note - 6    Fair Value of Financial Instruments**

The Company uses financial instruments in the normal course of its business. The carrying values of cash and cash equivalents, prepaid expenses and other assets, and accrued expenses approximate fair value. The fair value of the Company's investment in a privately held company is not readily available. The Company believes the fair value of this investment in a privately held company approximated its carrying value at March 31, 2018 and December 31, 2017 because the only asset held by the underlying investee was cash and cash equivalents.

**Note - 7    Variable Interest Entity**

The Company evaluated whether the Company's investment in other ventures is a variable interest and concluded that it is a variable interest. The Company then evaluated whether Laurel Partners Limited Partnership ("Laurel") is a variable interest entity. The Company, as the limited partner, has no substantive kick out rights, nor any substantive participating rights, therefore, Laurel Partners Limited Partnership is a variable interest entity. In order to determine whether the Company is the primary beneficiary of Laurel, the Company evaluated the extent of its power over the activities that most significantly impact Laurel's economic performance. Based on this evaluation, the Company concluded that it was not the primary beneficiary and, therefore, would not consolidate Laurel. The Company has no obligations to make any additional capital contributions or fund any operating losses and the only amount at risk is the remaining investment balance.

**CADUS CORPORATION**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note - 8 Real Estate Operations**

As of March 31, 2018, the Company had purchased for an aggregate original price of approximately \$29.9 million, and continued to own, through two indirect wholly-owned subsidiaries, twelve residential properties in Miami-Dade County, Florida and one residential property in East Hampton, New York.

The Company incurred \$53,737 in real estate expenses for the three months ended March 31, 2018, consisting of real estate taxes, insurance, legal expenses, utilities and maintenance with respect to properties owned, and \$78,646 for the three months ended March 31, 2017, consisting of real estate taxes, insurance, legal expenses, utilities, maintenance and selling expenses with respect to properties owned.

Real estate inventory is recorded at cost upon acquisition. The cost of residential property includes the purchase price of the property, legal fees and other acquisition costs (e.g. recording, title search, survey, lien and permit searches, and inspection costs). Costs directly related to planning, developing and constructing a property are capitalized and classified as real estate inventory in the consolidated balance sheets. Capitalized development costs include interest, property taxes, insurance, and other direct project costs incurred during the period of development.

The Company signed a contract to sell the home located at 3437 N. Moorings Way, Coconut Grove, Florida. The closing is anticipated to be held in June 2018.

After acquisition, real estate inventory is analyzed quarterly for changes in fair values and any subsequent write down is charged to operating expenses. The Company did not have such a write down during the three months ended March 31, 2018 and 2017.

**Note - 9 Accrued Expenses**

Accrued expenses consist of the following:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Real estate costs and retainage	\$ 273,410	\$ 303,057
Real estate taxes	106,460	—
Pending merger fees	266,900	21,882
Property expenses	2,641	—
Other	4,300	688
	<u>\$ 653,711</u>	<u>\$ 325,627</u>

**Note - 10 Recently Issued Accounting Standards**

Recent accounting pronouncements issued by the Financial Accounting Standards Board are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Overview

The Company seeks opportunities to profit from the purchase of individual homes or individual residential lots for purposes of renovation or construction and resale. The Company has completed renovation of two homes - one located at 3506 Main Lodge Road, Coconut Grove, FL, and the other located at 3437 N. Moorings Way, Coconut Grove, FL. The Company has also completed construction of a new home on its vacant lot located at 2535 Shelter Avenue, Miami Beach, FL 33140. In addition to its real estate activities, the Company may consider acquisitions or investments in other industries.

At March 31, 2018, the Company had an accumulated deficit of approximately \$42.7 million. The Company's losses have resulted principally from costs incurred in connection with its prior biomedical research and development activities, its current real estate activities and from general and administrative costs associated with the Company's operations. These costs have exceeded the Company's revenues and interest income. The Company expects to generate revenues in the future only if it is able to profit from its real estate operations.

### Results of Operations

*Three Month Ended March 31, 2018 and 2017.*

#### *Revenues*

There were no revenues for the three months ended March 31, 2018 and for the three months ended March 31, 2017.

#### *Costs and Expenses*

General and administrative expenses decreased to \$144,979 for the three months ended March 31, 2018 from \$145,578 for the same period in 2017. Professional fees decreased by \$3,876, payroll taxes decreased by \$2,171, Delaware franchise tax decreased by \$997, offset by increases of \$2,933 in shareholder relations and other increases of \$3,512.

Real estate expenses for the three months ended March 31, 2018 were \$53,737 including real estate taxes, insurance, legal expenses and maintenance and utilities for properties owned. Real estate expenses for the three months ended March 31, 2017 were \$78,646 consisting of real estate taxes, insurance, maintenance and utilities, selling expenses and legal expenses for litigation in connection with the fraudulent transfer of one of the Company's properties.

The Company received \$12,000 on an insurance claim for a water leak in a completed home in excess of the values recorded.

For the three months ended March 31, 2018 and 2017, the Company recognized equity in earnings of \$813 and \$266, respectively, in its investment in Laurel Partners Limited Partnership.

The Company has incurred \$475,614 of legal, company valuation and filing fees in connection with its pending merger with Starfire Holding Corporation's wholly-owned subsidiary, Cadus Merger Sub LLC.

### *Interest Income*

Interest income for the three months ended March 31, 2018 was \$7,420 compared to interest income of \$6,247 for the same period in 2017. This increase is attributable primarily to an increase in interest rates.

### *Net Loss*

Net loss for the three months ended March 31, 2018 was \$655,763, compared to a net loss of \$219,378 for the same period in 2017. The increase in net loss is attributable to pending merger fees of \$475,614 payable in 2018, offset by decreases in general and administrative expenses of \$599, real estate expenses of \$24,909, and amortization of website of \$1, gain on involuntary conversion of \$12,000 and increases of \$1,173 in interest income and \$547 in gain from equity in other ventures. If the \$475,614 of pending merger fees incurred in 2018 was not to be taken into account, the net loss for the three months ended March 31, 2018, would have been \$180,149, compared to a net loss of \$219,378 for the same period in 2017.

### *Liquidity and Capital Resources*

At March 31, 2018, the Company held cash and cash equivalents of \$2.3 million.

Depending on the availability of transactions acceptable to the Company in connection with its real estate activities, all or a portion of the Company's available cash may be utilized, and the Company may seek debt or additional equity financing. The Company's capital requirements may vary as a result of a number of factors, including the transactions, if any, arising from the Company's efforts to acquire, renovate, construct and sell residential properties. There can be no assurance that the Company will raise sufficient capital on a timely basis or on satisfactory terms or at all to meet such capital requirements.

### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Under SEC regulations, the Company is considered a smaller reporting company and is not required to provide the information under this item.

### **Item 4. CONTROLS AND PROCEDURES**

Based on the evaluation of the Company's disclosure controls and procedures conducted as of the end of the period covered by this report on Form 10-Q, the Company's President and Chief Executive Officer and the Company's Treasurer (who performs functions similar to those of a principal financial officer), concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934) are effective. In addition, there has been no change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the period covered by this report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. It should be noted that any system of controls, however well designed and operated, can provide only reasonable assurance, and not absolute assurance, that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

**PART II - OTHER INFORMATION**

ITEM 1. LEGAL PROCEEDINGS.

None.

ITEM 1A. RISK FACTORS.

There were no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission on March 12, 2018.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

The Exhibits listed in the Exhibit Index are included in this quarterly report on Form 10-Q.

**SIGNATURES**

Pursuant to the requirements 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.

**CADUS CORPORATION  
(Registrant)**

Dated: May 14, 2018

By: /s/ Hunter C. Gary  
Hunter C. Gary  
President and Chief Executive Officer

Dated: May 14, 2018

By: /s/ David Blitz  
David Blitz  
Treasurer and Secretary

## EXHIBIT INDEX

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">31.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">31.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Rules 13a-14 and 15d-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**CERTIFICATIONS**

I, Hunter C. Gary, President and Chief Executive Officer of Cadus Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cadus Corporation;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
  5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
-

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2018

/s/ Hunter C. Gary  
\_\_\_\_\_  
Hunter C. Gary  
President and Chief Executive Officer

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## CERTIFICATIONS

I, David Blitz, Treasurer and Secretary of Cadus Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cadus Corporation;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
  4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
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5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial data information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2018

/s/ David Blitz

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David Blitz

Treasurer and Secretary  
(Chief Financial Officer)

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cadus Corporation (the "Company") on Form 10-Q for the three months ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Hunter Gray, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Cadus Corporation and will be retained by Cadus Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Hunter C Gary

Hunter C. Gary  
President and Chief Executive Officer  
Date: May 14, 2018

The foregoing certification is furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cadus Corporation (the "Company") on Form 10-Q for the three months ended March 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Blitz, Secretary and Treasurer (Chief Financial Officer) of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Cadus Corporation and will be retained by Cadus Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ David Blitz

David Blitz

Secretary and Treasurer (Chief Financial Officer)

Date: May 14, 2018

The foregoing certification is furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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