



# **L-Pesa Blockchain Community**

## **L-Pesa Microfinance**

Token Launch White Paper

December 2017

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## **Legal disclaimer**

This white paper is intended to disclose the relevant information required for users to participate in the L-Pesa token launch project. While this white paper is intended to contain all relevant information, it cannot be deemed as exhaustive. It is meant only to serve as a basis for users to conduct proper due diligence researching the issuer and to decide whether or not to participate in the token distribution by purchasing tokens. L-Pesa does not provide any warranty as to the accuracy and completeness of the information in this white paper.

This white paper shall not be deemed as a prospectus or any instrument, proposal, document, offering, or solicitation for investment or securities. Since the token is issued for the benefit of the token holder and for his use, it may not be deemed as an investment, but as a cooperative project. This white paper is not a prospectus and is not made in accordance with any laws governing securities laws in any jurisdiction. The trade of L-Pesa tokens on any trading platform or exchange does not change the legal status of the issued tokens.

This white paper may be translated into different languages other than the English language. Nevertheless, this English version of the white paper is the official version and main source of information about the L-Pesa token, as information that is translated into different languages may be lost, distorted, or otherwise miscommunicated. Therefore, it should be clarified that in any event of contradiction between the English version and a translated version, the English version shall prevail.

This document is meant for providing information to L-Pesa project participants, and does not constitute any contractual relationship or representation to be relied upon.

This white paper contains, among other things, projective information; financial information, market information, as well as statements and estimates pertaining to the future, and shall only be deemed as information which is subject to uncertainties and unpredicted market factors, including regulatory changes. Such uncertainties may result in different market conditions than the ones predicted in this white paper, resulting in events which may materially deviate from the projections and estimates contained herein.

The participant should scroll to the section entitled "Risk Factors" in this white paper and read it carefully.

**In case you are a citizen or resident of China, South Korea, Russia, or New Zealand, you are prohibited from participating in this ICO and from purchasing any L-Pesa tokens.**

## **Summary**

L-Pesa Microfinance is a fintech startup poised to take advantage of the fast-growing need for financial services in the developing world. The company has validated its operating model over the past 18 months and has built sophisticated technology, automating most of the operation. Its primary barrier to growth at this point is its ability to fund user acquisition and loans. The loss ratio on loans runs below 10% while return on loans is approximately 25%.

The idea for L-Pesa was incubated for a decade, and the business was launched at the time four important market forces converged to allow scaling:

- Big Data, Artificial Intelligence & Blockchain
- Alternative Credit Data
- Mobile Technology
- Biometric Identity

L-Pesa has harnessed these market forces and built technology and a proprietary credit scoring model that allows it to quickly scale microlending in developing countries while keeping loss ratios below 10%. The solution is highly automated, allowing a small back office team to support high volume loan origination. All loans are serviced by L-Pesa.

Ron Ezra Tuval, the founder and managing director of L-Pesa, has extensive experience in the developing world, primarily related to technologies-related agriculture and tourism projects. Ron first came across microfinance in South East Asia and spent a decade incubating the idea of L-Pesa while waiting for the required technology to mature. Ron has built a strong and diverse team for L-Pesa with in-country managers operating in Tanzania, Kenya, and Uganda, and a development team in India. There is also a back office team in Tanzania, Kenya, and Uganda handling background checks, credit approvals and customer service. The technology, marketing, and accounting teams operate on a virtual model and consist of experienced staff based in Europe, USA, and India.

L-Pesa has a strong focus on automation. 95% of the user acquisition and loan underwriting process is automated and therefore extremely scalable. The company has spent two years developing its customer-facing and back office systems using a team of seven software developers. The user

experience is based on mobile and web interfaces, and marketing is primarily handled via social media and SMS-based marketing.

L-Pesa's technology stack is built on top of Amazon Web Services, an extremely scalable on-demand cloud computing platform which has been or is used by major brands such as Netflix, Airbnb, Pinterest, and Spotify. L-Pesa has integrated a number of third party applications to perform tasks such as SMS messaging, user verification, and marketing. Funds transfers are handled via integrations with mobile money service providers such as M-Pesa, Tigo Pesa, and MTN.

L-Pesa has issued over 35,000 loans since going live in March 2016. Over 160,000 users have registered based on social marketing campaigns run on a minimal budget. The marketing strategy has been refined over the past 18 months, and L-Pesa is now prepared to launch marketing campaigns via SMS and social media with a conservatively projected customer acquisition cost of \$1.00.

The founder of L-Pesa, has invested approximately \$500,000 to date. The business was launched in Tanzania in 2016 and in Kenya in August 2017. Soft launches are underway in Uganda and India. The company's technology is stable, scalable, proven, and will support the company's growth plans. At this point, L-Pesa has hit a growth barrier—there is not enough capital available to lend to everyone interested, and the potential for user acquisition is almost unlimited, but requires capital for marketing expenses and support staff. The company is now raising funds to take advantage of its leading position, strong platform, and nearly unlimited opportunity to extend financial options to a large portion of the earth's population.

## **Token Launch Summary [Pending – Bogdan]**

**Token name:** KRIPTON

**Token ticker:** LPK

**Token owner:** L-Pesa International Businesses Ltd., Gibraltar.

**Financial Auditors:**

**Token type:** Ethereum ERC20

**Total Tokens issued:** maximum total of **3,200,000,000**. Final number of tokens created will be calculated according to final amount of contributions. The final number will be published by the end of the ICO.

**Mining:** There shall be no mining or other means to increase the token amount, save a second ICO in the future.

**Use of proceeds:** See "Use of Proceeds" section in this document.

**Bonus:** during the pre-sale term, participants will be eligible for the following bonuses:

- a. Tier1 - During first 4 days - 15%
- b. Tier2 - During next 14 days - 10%
- c. Tier3 - During next 28 days - 5%
- d. Tier4 - During the last 14 days - 0%

	Number of days	bonus
Airdrop	30 days	Free
Presale	30 days	25%
Tier 1	4 days	15%
Tier 2	14 days	10%
Tier 3	28 days	5%
Tier 4	14 days	0%

### **Tokens distribution:**

57% Public (of all tokens created)  
20% Team and Advisors  
1% Bounties Program  
22% Reserves (airdrop)

**Lockup period:** L-Pesa undertakes a 12-month lockup period.

**Tokens transfer:** Tokens will be transferred to buyers upon payment confirmation/completion of the ICO. The tokens will be activated only after the finish of the ICO. Furthermore, the transfer of tokens will only be possible after the successful completion of the ICO.

## L-Pesa ICO timeline



Pre-sale starts	March 10 2018
Pre-sale ends	April 9 2018
ICO starts	April 10 2018
ICO ends	June 10 2018

## Overview of Market and the L-Pesa Solution

### Vision

Our vision is to improve people's lives through efficient access to credit and related financial services.

North America, Western Europe, and a few other parts of the world have seen enormous increases in the standard of living over the past two hundred years. Using the simplest measure of standard of living, the Gross Domestic Product (GDP), enormous increases can be seen in what we now refer to as the developed world. For example, from 1820 to 1998, GDP (adjusted for inflation) in the U.S. increased by a factor of 21.7. Western Europe saw

increases ranging from a factor of 11 for the United Kingdom to a factor of 23.5 for Finland (Source: EH.net, table 4). Although the increase in national wealth has not been equally distributed, it is clear that the increases in the standard of living for everyone has been enormous.

By contrast, GDP (adjusted for inflation) in both India and Africa has increased only by a factor of 3.3 (Source: EH.net, table 4). This under-achievement has had and continues to have incalculably large human costs. Over the past hundred years, countries with a higher standard of living have attempted to assist countries in Africa or Asia, but the development assistance provided has proven to be largely inefficient since standards of living have not risen by anywhere close to the speed seen in developed countries. The reasons for the failure of development assistance are many, but there is a growing recognition that new tools must be used to improve standards of living in Africa and Asia.

The World Bank states, "Financial inclusion has been broadly recognized as critical in reducing poverty and achieving inclusive economic growth" (Source: World Bank, page 2). Financial inclusion, defined as people's ability to use financial services, is now a major focus of most public and private organizations focused on reducing poverty and promoting economic growth.

Imagine the results in Africa and India if during the next fifty years, the pace of economic growth is the same or better as in North America or Western Europe in the past 200 years. Those born in Africa and India this year would find themselves in a world totally transformed when they turn fifty. Many of today's common causes of premature death would be almost forgotten and standard of living would reach standards that are unimaginable today. Hundreds of millions of people would be saved from premature death. Inadequate housing would become a distant memory. Political systems and civic society would evolve as the standard of living rises and today's endemic corruption would be eradicated. It is even possible that lasting peace could be achieved, as has been the case in Western Europe for the past seventy years.

L-Pesa was founded with the vision to improve people's lives through efficient access to credit and related financial services. Ron Ezra Tuval, the founder of L-Pesa, has spent most of his career working in developing countries and recognized about a decade ago that the most effective way to improve people's lives is through access to credit and related financial services. Since founding L-Pesa, Ron has been singularly focused on achieving this vision. It's about making the world a better place for everyone. L-Pesa started offering microfinance services in Tanzania in 2016 and has grown its service offering and geographic footprint at an increasing pace in pursuit of this vision.



## Market problems

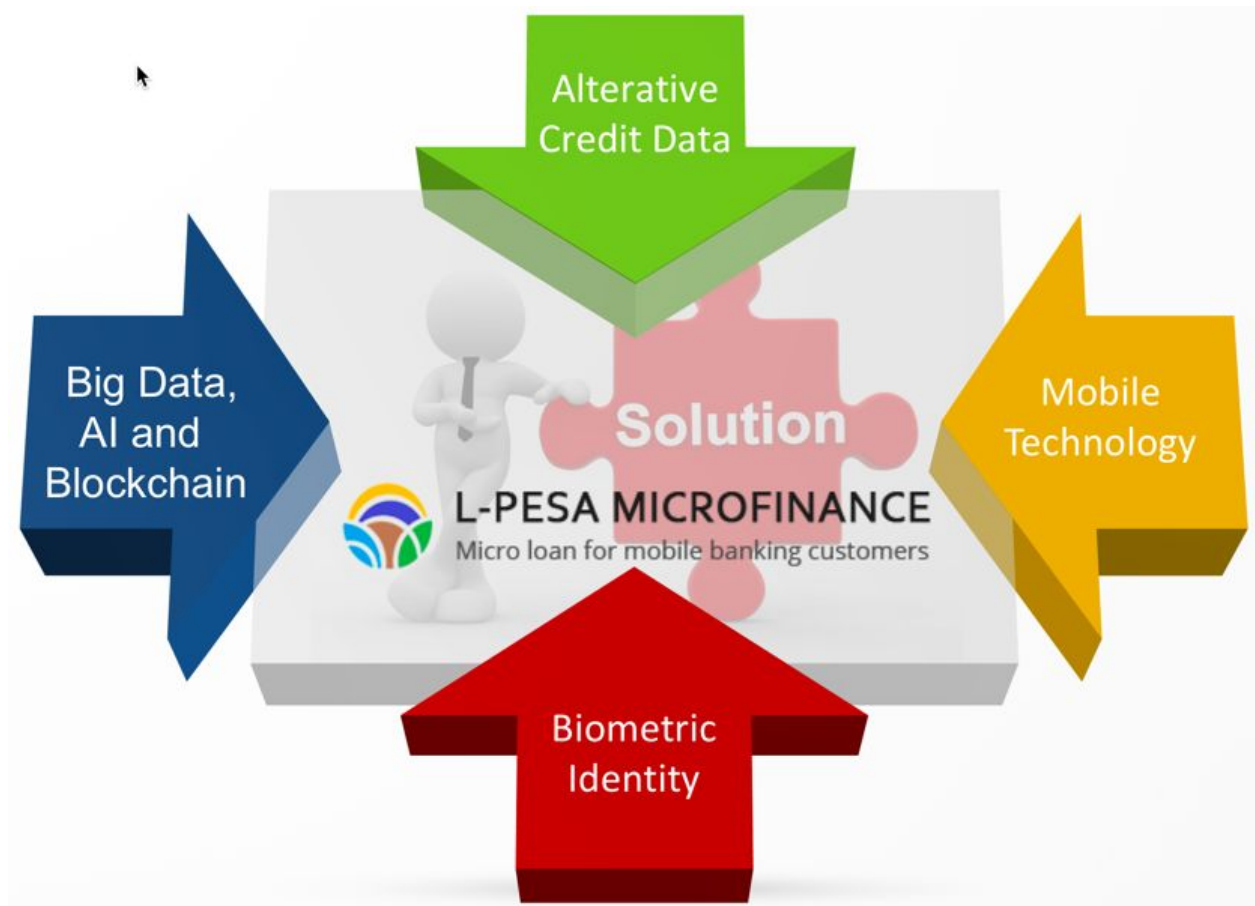
Microfinance has a long history around the world and for centuries has filled an important need. In fact, various forms of microfinance had a major impact on economic development in Western Europe in the 18<sup>th</sup> and 19<sup>th</sup> centuries. In the past 50 years, microfinance has started making an impact in Asia and Africa through organizations like Grameen Bank.

However, traditional microfinance has limited reach, and solutions have been targeted towards poor farmers and small business owners. Middle class consumers and business owners in developing countries have an unmet demand for credit, but the current financial infrastructure in these countries does not support credit underwriting. The market today displays a number of problems:

Underwriting	Traditional consumer and business credit reports used for loan underwriting in developed countries are generally unavailable, and loans without proper underwriting will result in high loss ratios.
Lack of bank credit	Traditional bank loans are not available to the vast majority of the population in developing countries.
Microfinance targets agriculture only	Traditional microfinance institutions primarily lend to very poor farmers in rural areas. Middle class consumers do not have access to microfinance.
Outdated operating models	Both banks and microfinance institutions have high overhead costs, struggle with a lack of data for loan underwriting, and have generally failed to take advantage of new technology.
Microfinance targets the poor only	Consumers, farmers, and small business owners in developing countries above the lowest poverty level have few opportunities to obtain credit.
Most consumers un-banked	Many of the consumers, farmers, and small business owners in developing countries do not have bank accounts.

## The L-Pesa solution

The idea for L-Pesa was incubated for a decade, and the business was launched at the time four important market forces converged to allow for rapid scaling:



Big Data, Artificial Intelligence, and Blockchain

New tools allow for storage of vast amounts of data and extensive data analysis at a fraction of the cost from just a few years ago.

Advancements in Artificial Intelligence provide new opportunities for automated loan underwriting.

Blockchain technology allows for faster, safer, and less expensive exchange of value. Blockchain technology has just started to revolutionize financial services and will lead to enormous efficiencies over the next ten years – blockchain has been described as the internet of money and will do to financial services what the internet did for information and commerce.

Alternative Credit Data

Just a decade ago, there was very little data available on most of the people in the world. This has changed with the advent of social media and related trends.

New tools have been developed to make this data useful for decision-making in loan underwriting.

L-Pesa has developed a unique, proprietary credit scoring model based on user behavior combined with traditional and alternative credit data. L-Pesa competitors have developed their own proprietary models. Experience over the next decade will lead to revised best practices, which will eventually become industry standards.

**Mobile Technology** The rise of the mobile phone over the past two decades has been one of the most profound technological and market shifts in human history. A large majority of humankind now owns a mobile phone, and many own smartphones. Mobile financial services such as M-Pesa have become available in many countries and support both the banked as well as the unbanked population. Based on the market penetration of mobile phones (smartphones and feature phones), mobile money services such as M-Pesa, Tigo Pesa and Paytm have grown very quickly and have enabled L-Pesa.

**Biometric Identity** Traditional microfinance has relied on a large network of branches since identity verification has been impossible online and difficult in person.

India's Aadhaar biometric ID system is leading the world and has enrolled >99% of India's 1.2 billion citizens.

Other countries are expected to follow India's successful implementation. Biometric ID will result in dramatically reduced cost and the ability to provide financial services without a physical branch network.

L-Pesa has harnessed these market forces and built technology and a proprietary credit scoring model that allows it to quickly scale microlending in developing countries while keeping loss ratios below 10%. The solution is highly automated, allowing a small back office team to support high volume loan origination. All loans are serviced by L-Pesa.

## Services offered by L-Pesa

L-Pesa was founded with the vision to improve people's lives through efficient access to credit and related financial services. The first service offered by L-Pesa is microlending. L-Pesa was launched in Tanzania in 2016 and has already issued over 35,000 loans. Over time, L-Pesa expects to introduce additional financial services that would appeal to its user base, such as money transfer services.

L-Pesa is a financial technology company with a strong focus on automation. 95% of the user acquisition and loan underwriting process is automated and is therefore extremely scalable. The company has spent two years developing its customer-facing and back office systems using a team of seven software developers. The user experience is based on mobile and web interfaces and marketing is primarily handled via social media and sms-based marketing.

L-Pesa has built a proprietary credit underwriting system which is one of the keys to its success. Consumer credit reporting as it is available in Western Europe and North America does not exist in Africa, India, or other developing regions. A number of models have been tried over the years, some with more success than others. L-Pesa's model is based in part on a trust ladder: users start out with very small loans (typically \$1.00) and are allowed larger loans after the smaller loans have been successfully repaid on schedule. Successful repayment contributes to a credit score. The credit score is also impacted by other factors, such as completion of identity verification. Furthermore, L-Pesa relies on other service providers to screen users—in its current markets, L-Pesa customers are required to have established accounts with mobile money service providers such as M-Pesa prior to setting up an L-Pesa account.

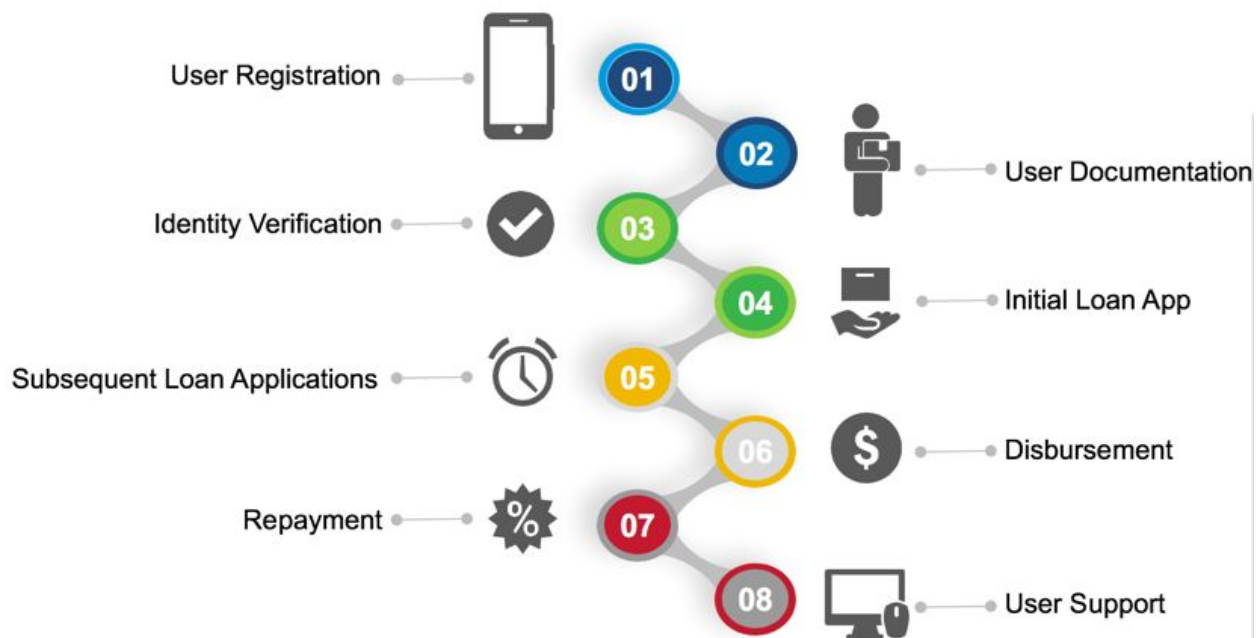
The credit scoring system allows L-Pesa back office users an efficient means of processing loan applications. Below is a view of the L-Pesa admin interface with a list of loans pending approval.

Loan ID	Subscriber Name (Mobile)	Mobile Operator	Credit Score	Product (USD Rate)	Request Loan Amount (User Received)	Applied Date	Action
11100066552	Mr Mol (3854)	MIC	9	\$1 (TZS 2234)	TZS 2234 (TZS 2114)	14th Oct, 2017 03:20 PM	<a href="#">Loan Application</a> <a href="#">All Loans History</a>
11100066550	Mr Her (066)	Vodacom (T) Ltd.	6	\$1 (TZS 2234)	TZS 2234 (TZS 2114)	14th Oct, 2017 03:18 PM	<a href="#">Loan Application</a> <a href="#">All Loans History</a>
11100066519	Mr Kuc (35)	Vodacom (T) Ltd.	6	\$1 (TZS 2234)	TZS 2234 (TZS 2114)	14th Oct, 2017 02:20 PM	<a href="#">Loan Application</a> <a href="#">All Loans History</a>
11100066478	Mr Thom (513)	Vodacom (T) Ltd.	9	\$1 (TZS 2234)	TZS 2234 (TZS 2114)	14th Oct, 2017 01:37 PM	<a href="#">Loan Application</a> <a href="#">All Loans History</a>
11100066423	Mr Jo (3166)	MIC	9	\$1 (TZS 2234)	TZS 2234 (TZS 2114)	14th Oct, 2017 12:39 PM	<a href="#">Loan Application</a> <a href="#">All Loans History</a>
11100066391	Mr Ma (02187)	Vodacom (T) Ltd.	9	\$1 (TZS 2234)	TZS 2234 (TZS 2114)	14th Oct, 2017 12:15 PM	<a href="#">Loan Application</a> <a href="#">All Loans History</a>
11100066387	Mr Sha (39064)	MIC	123	\$100 (TZS 2234)	TZS 223400 (TZS 211448)	14th Oct, 2017 12:11 PM	<a href="#">Loan Application</a> <a href="#">All Loans History</a>

The credit score of each user is visible in column four. The last column on the right provides a visual indicator of a broad number of factors which impact approval, such as ID verification, previous loan experience, etc.

Many loans are auto-approved, but some require manual review. The algorithms governing auto-approval are constantly refined. One of the most important achievements over the past twelve months of operation has been the reduction of the loan loss ratio to less than 10%. This is a tremendous success for unsecured consumer loans in any geographic area, but the fact that L-Pesa has achieved this in eastern Africa is truly amazing.

The process by which L-Pesa has achieved this success is described in the graphic below:



1. User registers an account on L-Pesa, often in response to a social media post or an SMS marketing message. Over time, L-Pesa expects that a large number of account openings will originate from referrals from existing users.
2. User adds documentation to their L-Pesa account, typically identification documents such as driver's license or passport.
3. L-Pesa staff performs identity verification. Much of this work is automated, and more automation will be added in the coming months.
4. The user submits an initial loan application, typically for the local equivalent of \$1.00. In many cases, this application is automatically approved.
5. Subsequent loan applications are handled the same way: automation based on the user's credit score is the key to success and scale.

6. Once a loan is approved, disbursement is processed in real-time using a mobile money service such as M-Pesa or Tigo Pesa.
7. Users are given a payment plan and are expected to make regular payments on the loan. Repayment is also made using a mobile money service. Users can prepay without penalty. Delinquent payments will impact the user's credit score and will result in automated messages to the user. Delinquency handling is very efficient, resulting in a loss ratio of less than 10%.
8. User support is handled by the L-Pesa back-office team in Tanzania. User support is available in English and Swahili via social media channels, email, and phone.

## Market dynamics

### Target markets

L-Pesa will target markets containing over 40% of the earth's population: Africa, the Indian subcontinent, and Southeast Asia. Current population is over 3 billion people, and the population is growing quickly.

L-Pesa is a mobile-first solution, predicated on the use of mobile phones. The current penetration of mobile technology is very high and growing: India is at 92% penetration and many African countries are above 70%. L-Pesa works on both smartphones and feature phones.

L-Pesa relies on mobile money service providers for disbursements and collections, making the process fast and efficient. Many countries initially targeted by L-Pesa have a high proportion of un-banked population, making mobile money services such as M-Pesa a good choice. India has a higher percentage of population with bank accounts, and the Aadhaar biometric ID database is now linked with bank accounts, making disbursement and collection in India potentially very efficient in the near future.

The reliance on mobile money service users in Africa limits the L-Pesa user base to users with a mobile money service wallet. As of mid-2017, there were about 170 million wallets in use in Africa. In India, over 1 billion Aadhaar users have linked their bank accounts.

L-Pesa's available market will vastly exceed the lending capacity of L-Pesa and all its competitors for the foreseeable future. The limiting factors for growth is not expected to be users willing to try L-Pesa but rather the availability of capital for lending.

### Competing Solutions

L-Pesa faces competition from several categories of solutions available in the market today:

<b>Competing Solution</b>	<b>Analysis</b>
Traditional banks	Traditional banks have a long history of operating in L-Pesa's target markets. However, the lack of a sophisticated financial infrastructure combined with the widespread poverty of a large portion of the population has caused banks to focus on the wealthiest members of society. In many countries in Africa, the percentage of the population which is still un-banked exceeds 50% (Source: World Bank, pages 11-13). So while in developed economies, traditional banks provide services related to L-Pesa's offerings, traditional banks do not currently pose a significant competitive threat to L-Pesa in its target markets.
Grameen Bank (& other traditional microfinance)	Grameen Bank, originated in 1976 by Muhammad Yunus, is a bank focused on microfinance in Bangladesh. The bank has over 2,500 branches. Since its founding, Grameen Bank has improved the lives of millions of poor in Bangladesh, and in 2008, the bank and its founder were awarded the Nobel Peace Prize for advancing economic and social opportunities for the poor, especially women, through their pioneering microcredit work. Grameen Bank's model is based on a vast network of branches, and credit underwriting is performed in local branches where the staff often has personal knowledge of the creditor. The bank employs a staff of over 20,000, and its annual revenue per staff member is below \$10,000. This can be compared with a large U.S. bank such as Wells Fargo, where annual revenue per staff member is over \$300,000. The Grameen model is not efficient and is not attractive to investors, although it does generate social good.
Kiva	Kiva is a non-profit facilitator of microfinance, which has funded over \$1 billion in loans since its founding in 2005. Kiva uses crowdfunding to source the funds for its loans and uses local partners in 82 countries to originate and underwrite loans. 2.7 million borrowers have taken out loans funded by 1.7 million lenders.

	The weakness of Kiva's model is its status as a non-profit, which limits its growth potential, and its reliance on local partners, which results in inconsistent and inefficient processes which must be carefully audited by Kiva. Notably, the founder of Kiva left in 2015 to start a for-profit microfinance company, Branch (see below).
Tala	Tala brands itself a mobile technology and data science company that is revolutionizing financial services in emerging markets. The company was founded in 2011 in California and has raised about \$45 million from notable high-tech investors. Tala provides microfinance solutions in Africa and Southeast Asia. Tala's business model is based on technology that performs automated underwriting using a variety of data points sourced by the app installed on a creditor's Android smartphone.
Branch	Branch was founded in 2015 in San Francisco by Matt Flannery, the founder of Kiva. The company has raised about \$11 million, primarily from Andreessen Horowitz, one of the top venture capital firms in Silicon Valley. The business model of Branch is very similar to Tala—the app for users is essentially a data mining tool which creates a credit score for each user based on the user's social media and other activity. Branch is targeting Kenya, Tanzania, and Nigeria.

Tala and Branch are both remarkably similar, and they are both targeting some of the same countries in East Africa. However, since the market is vast, their competition is more likely to support each other than one taking business from the other—a rising tide lifts all boats.

In addition to the competing solutions identified above, there are a number of mobile money service providers which could potentially decide to enter the market. Some of these are partners with L-Pesa today:

- M-Pesa
- Tigo Pesa
- MFS Africa
- True African

In India, one of L-Pesa's primary markets, the strong adoption of the Aadhaar identity system is likely to cause major innovation in financial



services. Since the population of India is not un-banked to the same extent as in sub-Saharan Africa, the evolution of the market in India is likely to follow a less predictable path.

### L-Pesa business model overview

The keys to L-Pesa's business model are:

- A highly automated back office system which allows for almost complete automation of the tasks related to loan underwriting and loan servicing.
- Integration with mobile money service providers for efficient loan disbursement and collection of payments.
- A highly efficient loan origination process—fully online and almost completely automated.
- A proprietary credit scoring model which has been fine-tuned over the first 35,000 loans issued by L-Pesa to result in a loss ratio below 10%.

The above key features of L-Pesa result in an operating model that benefits all L-Pesa stakeholders:

- L-Pesa customers have access to affordable financing options that can help them improve their lives.
- L-Pesa third party capital providers can deploy capital that earns attractive returns.
- L-Pesa shareholders and employees can earn a reasonable return on their investment and labor.

Sources:

[A History of the Standard of Living in the United States](#) by EH.net  
[The Global Findex Database 2014](#) by The World Bank

## The L-Pesa token

### L-Pesa token and crowdfunding smart contracts

The token distributed during the token launch is known as the LPK. The LPK token is a standard ERC20 token (on the Ethereum platform) that allows one to use the LPK applications. The utility unlocked by the LPKA token is the ability to participate in token offerings of LPK project, get access to functionalities only unlocked through the use of the token that is exclusive to the L-Pesa network. Participation by members is the key to the LPK

platform. Over time, more functionality will be released that helps increase network utilization through tokens for the benefit of the network.

The smart contracts deployed in the initial stage of the project, consists of two main modules:

1. Token contract which follows ERC20 standard.
2. Crowdfunding contract which allows campaign participants to send their contributions in ETH.

## ERC20 token and additional functionality

The LPSA ERC20 token is using standard functionality described at the following Github location:

<https://github.com/ethereum/EIPs/blob/master/EIPS/eip-20-token-standard.md>

In addition to the set of methods and variables described in the ERC20 standard, the token contract inherits other common properties from the set of libraries designed by OpenZeppelin, which is described at the following Github location:

<https://github.com/OpenZeppelin/zeppelin-solidity/tree/master/contracts/token>

The library **Ownable** is responsible for automatic assignment of the contract owner to the person deploying the contract. In addition, it provides the functionality to pass the ownership of the contract to a new owner.

The library **Pausable** provides a set of modifiers which control flow of contributions based on the flag **paused**. Two functions, **pause** and **unpause**, can be used to set the above flag to **"true"** or **"false"**.

The library **SafeMath** is used to conduct mathematical operations like

addition, multiplication, and subtraction in a safe manner to avoid overflow errors in case inputs exceed acceptable values.

In addition to the ERC20 standards, the token contract is equipped with functions and modifiers allowing the owner to restrict transfer of tokens only to authorized parties during the crowdfunding campaign, so contributors can't liquidate their tokens until the campaign is over.

## Crowdfunding Smart Contract

The crowdfunding smart contract enables the crowdfunding campaign/ICO.

Contributors will be provided with a contract address and instructions on how to send ether to it. Based on the time of campaign, different amounts of bonus tokens will be available in addition to flat amount of tokens per ether.

The campaign will have two general stages:

2. Presale, during which the minimum amount of contribution will be set to 5 ETH and the bonus offered will be 25%. The presale will last for 30 days.
3. Public sale, during which there will be no minimum contribution and bonuses offered will be as follows:
  - a. During first 4 days - 15%
  - b. During next 14 days - 10%
  - c. During next 28 days - 5%
  - d. During the last 14 days - 0%

The public sale will last for 60 days.

The minimum funding goal (soft cap) is \$5,000,000 and the maximum funding accepted (hard cap) is \$25,000,000. The tentative price of one token is USD 0.01.

Should the campaign not reach its minimum funding goal, contributors will be offered the option to claim their contributions back. Instructions will be provided on how to call the contract in order to recover contributions. The issued tokens will be automatically returned to the issuer and ether sent

back to the contributor's sending account. It is important that contributors make this claim from the same account from which they made their contributions, or the call of the refunding function will fail. In case of failure, the contributor will still be responsible for paying the transaction cost.

If the minimum funding goal is reached but not the maximum, all remaining unsold tokens will be transferred to a dedicated account for team tokens after the **finalize** function is called by the contract owner.

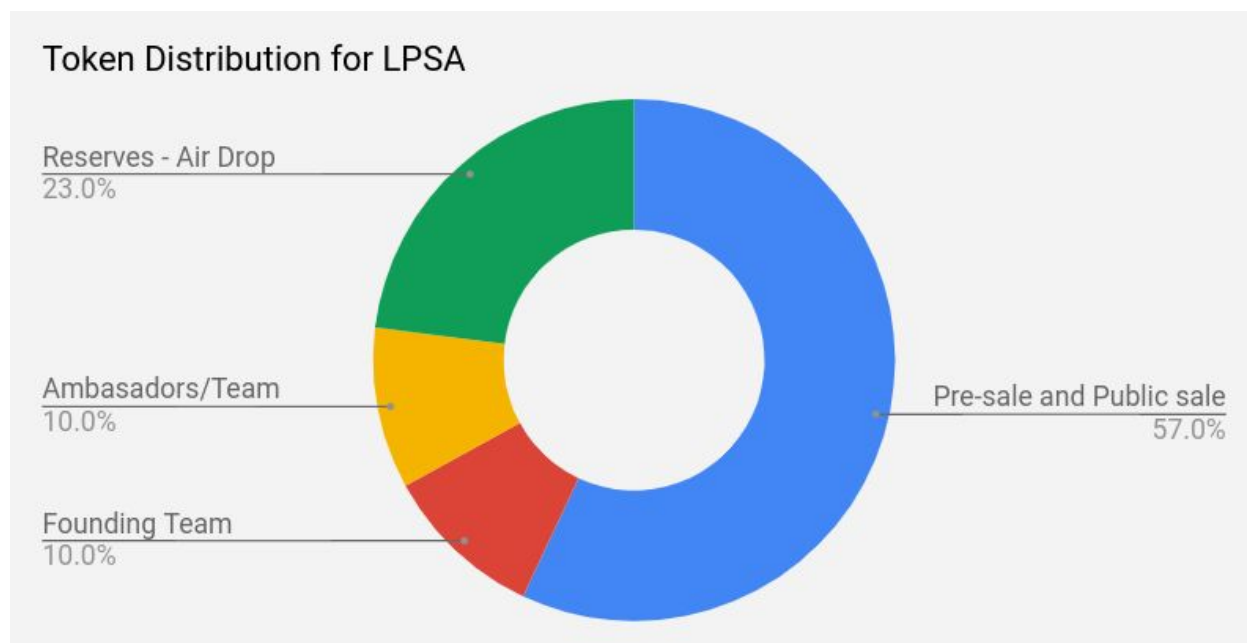
The finalize function can be only called in two cases:

1. When the final date of the campaign has passed; or
2. When all tokens have been sold.

All ether contributions will be transferred out of the crowdfunding contract to a dedicated account or a multisig wallet controlled by L-Pesa for safe storage during the campaign.

The owner of the contract will have the ability to adjust the duration of the campaign to match current block duration, should this be off in comparison to predicted average block duration. Note that number of blocks is used to determine campaign duration as opposed to a time variable to guard against possible manipulations by miners.

## Token Distribution



## Roadmap

### Milestones

#### 2014-2015 – Pre-launch

After years of planning, Ron Ezra Tuval founded L-Pesa in January 2014. At the outset, the strategy of the business was informed by Ron's decades-long work in technologies related agriculture in developing countries.

Since forming the business, Mr. Tuval has invested approximately \$500,000 into the operation of the business. Ron currently owns 100% of L-Pesa.

During 2014 and 2015, L-Pesa was focused on building and testing its systems, conducting market research, and initial user acquisition. In 2016, the business was launched in Tanzania and the first loans were made.

#### 2016-2017 – Operations in Tanzania and Kenya

Since the 2016 initial launch, L-Pesa has experienced very strong growth on a very limited budget. All earnings have been re-invested in the business

and expenses have been held to a minimum. Marketing has been run on a very tight budget, and user acquisition campaigns have been executed as small tests in order to prepare for scaling. In spite of the very limited marketing, over 160,000 users have registered accounts on L-Pesa—many of them driven by word of mouth.

At this point, the number of registered users vastly exceeds the number of loans made. This is due to two factors:

1. Some users register but do not meet the underwriting requirements.
2. Some users meet underwriting requirements but are not approved for loans due to a lack of L-Pesa funds available for lending.

The success of L-Pesa has exceeded the expectations and projections made when the business was launched. One of the primary reasons L-Pesa is seeking additional funding is the need to scale the business so that third party capital providers can step in and provide funding for loans. As of this writing, the demand for loans far exceeds the capital available for lending.

In the third quarter of 2017, L-Pesa launched in Kenya. Demand has been very strong, and a large number of users have registered. Soft launches are underway in India and Uganda.

## 2018

In 2018 and beyond, L-Pesa intends to focus on growing in Africa, the Indian subcontinent and Southeast Asia. These three regions contain billions of people that meet the targeting criteria for L-Pesa users.

The primary focus in the first half of 2018 will be to effectively deploy the capital raised by L-Pesa in the early part of the year. At a high level, the capital is expected to be used as follows:

- **Fund user acquisition:** L-Pesa's vision is to offer its services to millions of users. The primary challenge is to simply reach the potential users with an introduction to L-Pesa—the conversion rate in marketing campaigns to date has been quite strong. User acquisition can be very expensive, but through experimentation, L-Pesa has found that the most effective means of acquiring new users is via SMS marketing. The cost per user of an SMS message is typically well below \$0.10 and the response rate is higher than with other forms of direct marketing.
- **Strengthen company infrastructure:** Up to this point, L-Pesa has been operated by a very small team. The new capital is expected to be used in part to bring on board a team of experienced professionals. The three-year staffing plan includes:

- A finance team led by a chief financial officer and including a treasurer and two finance analysts. This team will oversee an outsourced accounting team as well as work with auditors from a large and reputable firm which will be hired to conduct annual financial audits (and possibly operational audits such as SOC1/ISAE3402).
- An outsourced legal team, led by the chief financial officer, with a primary focus on compliance and money transfer licensing in jurisdictions where licensing is required.
- A marketing team led by a chief marketing officer and including a marketing VP and a marketing manager. This team will oversee a substantial marketing budget focused on user acquisition, public relations, and thought leadership. In 2020, the marketing budget (not including salaries) is expected to exceed \$5 million.
- A software development team led by the chief technology officer and including four software developers, working with a large and growing team of offshore contract developers.
- A DevOps team led by a chief technology officer and including two IT operations staff members. L-Pesa uses Amazon Web Services, which allows for unparalleled scalability with low complexity as well as the ability to outsource many of the typical DevOps functions.
- Country managers for each country in which L-Pesa operates.
- A team of loan processors and administrators, adding to the existing back office team in Tanzania and growing to approximately twenty in 2020.
- ***Loan portfolio securitization:*** To date, L-Pesa has only been lending company funds, which has severely restricted growth since the demand for loans has significantly exceeded the company funds available to lend. The strengthened company infrastructure should allow L-Pesa to securitize its loan portfolio, bringing in third party capital to fund loans. This would remove the primary restriction to growth for the company up to this point. Securitization will be the primary task for the chief financial officer once hired.

In addition to the steps above, L-Pesa intends to expand the soft launch in Uganda to a full launch in early 2018. Preparations will also begin for a fourth African country to be launched in the second half of 2018, possibly Nigeria.

Also in 2018, L-Pesa plans to launch a partnership with a pan-African aggregator, allowing L-Pesa to reach customers in most African countries without having a physical presence in the country.

### 2019 and beyond

L-Pesa plans to launch in new countries following a detailed review of the legal and compliance environment, as well as the availability of partners for payment processing. By the end of 2020, L-Pesa's financial projections indicate that the company will be operating in ten countries or regions. One of the ten is India, which is much larger than other countries. Another region is a pan-African solution, which will allow L-Pesa to target users in many African countries without the need for local operations and compliance reviews in each individual country.

The launch in India is likely to require extensive preparations and a money transfer license. The work on India has already started, but L-Pesa's conservative projections do not anticipate a launch in India until January 2019. If preparations can proceed faster than anticipated, the launch will take place sooner—India is the most attractive market for L-Pesa due to its size, its regulatory environment and the benefits provided by the Aadhaar biometric ID system.

### Financial details

L-Pesa currently operates through a holding company called L-Pesa International Businesses Ltd, a limited liability company formed under the laws of Gibraltar. L-Pesa operates a wholly owned subsidiary in each supported country, and each local subsidiary is formed under the laws of its country of operation. This model is expected to continue, with the L-Pesa group of companies eventually consisting of dozens of wholly owned subsidiaries.

L-Pesa is a development-stage company and is not profitable nor cash flow positive. The company expects to focus on growth over profitability for the foreseeable future. This will result in a need to raise external capital, possibly over an extended period. The company is not expected to pay dividends for the foreseeable future.

The company is pursuing an Initial Coin Offering (ICO) to raise capital to fund its operations. The currently proposed ICO has a soft cap (minimum) of \$5 million and a hard cap (maximum) of \$25 million.

L-Pesa has not taken on any external investors by selling shares in the company up to this point. In the future, the company may decide to issue shares to investors as an additional method to obtain growth capital, lending capital or both.

L-Pesa also expects to work with outside investors to source capital for lending. This type of funding is not possible to source via ICO, since the



need to pay interest on the capital would cause the ICO to fail the “Howey” rule.

#### Use of proceeds

L-Pesa has developed two financial models: one model based on meeting the ICO soft cap (minimum proceeds) of \$5 million, and one model based on meeting the ICO hard cap (maximum proceeds) of \$25 million. It is entirely possible that the L-Pesa ICO will generate proceeds somewhere between the soft cap and the hard cap; in this case, the company will adjust its plans accordingly.

## Use of funds overview – soft cap

If the L-Pesa ICO achieves the soft cap, but not more, the proceeds are intended to be used as follows:

### L-Pesa Microfinance

#### Use of Funds - Soft Cap

	2018	2019	2020
<b>Sources of Funds</b>			
Gross Profit on Loans	\$949,663	\$10,428,890	\$41,959,571
Starting cash balance	\$0	\$2,263,526	\$3,861,373
ICO Proceeds	\$5,000,000		
<b>Total Funds</b>	<b>\$5,949,663</b>	<b>\$12,692,417</b>	<b>\$45,820,943</b>
<b>Uses of Funds</b>			
Staff Cost	\$1,259,700 21%	\$1,868,620 15%	\$1,929,265 4%
Operating Expense	\$146,937 2%	\$1,022,757 8%	\$3,849,499 8%
Professional Fees	\$512,000 9%	\$1,940,000 15%	\$1,880,000 4%
Marketing	\$1,335,000 22%	\$2,850,000 22%	\$5,910,000 13%
Other	\$402,500 7%	\$1,142,667 9%	\$1,900,667 4%
Capital Expense	\$30,000 1%	\$14,000 0%	\$10,000 0%
Reserve for compliance-related minimum net worth/surety bonds	\$2,000,000 34%	\$3,000,000 24%	\$10,000,000 22%
<b>Total Uses of Funds</b>	<b>\$5,686,137</b>	<b>\$11,838,044</b>	<b>\$25,479,431</b>
<b>Cash Reserve</b>	<b>\$263,526 4%</b>	<b>\$854,373 7%</b>	<b>\$20,341,513 44%</b>
<b>Use of Funds</b>			
Reserve for bonding requirement	34%	24%	22%
Capital available for lending	4%	7%	44%
Marketing	22%	22%	13%
Staff Cost	21%	15%	4%
Professional Fees	9%	15%	4%
Other	9%	17%	13%
<b>Total</b>	<b>99%</b>	<b>100%</b>	<b>100%</b>

## Use of funds overview – hard cap

If the L-Pesa ICO achieves the hard cap, the proceeds are intended to be used as follows:

### L-Pesa Microfinance

#### Use of Funds - Hard Cap

	2018	2019	2020
<b>Sources of Funds</b>			
Gross Profit on Loans	\$949,663	\$20,857,780	\$83,919,141
Starting cash balance	\$0	\$8,607,390	\$6,803,082
ICO Proceeds	\$25,000,000		
<b>Total Funds</b>	<b>\$25,949,663</b>	<b>\$29,465,170</b>	<b>\$90,722,223</b>
<b>Uses of Funds</b>			
Staff Cost	\$2,519,400 10%	\$3,737,240 13%	\$3,858,530 4%
Operating Expense	\$293,874 1%	\$2,045,514 7%	\$7,698,998 8%
Professional Fees	\$1,024,000 4%	\$3,880,000 13%	\$3,760,000 4%
Marketing	\$2,670,000 10%	\$5,700,000 19%	\$11,820,000 13%
Other	\$805,000 3%	\$2,285,333 8%	\$3,801,333 4%
Capital Expense	\$30,000 0%	\$14,000 0%	\$10,000 0%
Add to reserve for compliance-related minimum net worth/surety bonds	\$10,000,000 39%	\$5,000,000 17%	\$10,000,000 11%
<b>Total Uses of Funds</b>	<b>\$17,342,274</b>	<b>\$22,662,088</b>	<b>\$40,948,862</b>
<b>Cash Reserve</b>	<b>\$8,607,390  33%</b>	<b>\$6,803,082  23%</b>	<b>\$49,773,362 55%</b>
<b>Use of Funds</b>			
Reserve for bonding requirement	39%	17%	11%
Capital available for lending	33%	23%	55%
Marketing	10%	19%	13%
Staff Cost	10%	13%	4%
Professional Fees	4%	13%	4%
Other	4%	15%	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Use of funds – details

L-Pesa has developed a detailed financial plan for the use of the ICO proceeds. This plan will be put in motion immediately following the closing of the ICO. The exact amount to be spent for each category of expenditure will depend primarily on the amount of capital raised in the ICO—if the hard cap is reached, each category of expenditure will see a higher level of spend, as long as the expenditure is expected to be efficient.

Expense Category	Detail						
Interest paid on third party capital	<p>L-Pesa expects to use third party capital for some loans in the future as described above in the “Milestones” section under “Loan portfolio securitization.” When third party capital is used, interest will be paid to the third party. The financial projections anticipate an average 30% return on each loan, prior to losses. The loss ratio is assumed to be 10% and the interest paid on third party capital is assumed to be 15%.</p>						
Staff Cost	<p>L-Pesa expects to increase its staff substantially. If the hard cap is reached, the number of new staff added are expected to be:</p> <table data-bbox="548 724 1047 840"> <tr> <td>2018</td><td>20 new staff added</td></tr> <tr> <td>2019</td><td>44 new staff added</td></tr> <tr> <td>2020</td><td>10 new staff added</td></tr> </table> <p>Most of the new staff added in 2018 will be professional staff—CFO, CTO, treasurer, marketing staff, software developers, finance staff, and IT operations staff. As the business grows in 2019 and 2020 and new countries are launched, country managers, administrative staff, and loan processing staff will be added.</p> <p>In addition to salary expense, the financial projections also include an allowance for company-paid payroll taxes and employee benefits.</p>	2018	20 new staff added	2019	44 new staff added	2020	10 new staff added
2018	20 new staff added						
2019	44 new staff added						
2020	10 new staff added						
Operating Expense	<p>L-Pesa will incur operating expenses of the following categories:</p> <ul data-bbox="500 1371 1404 1858" style="list-style-type: none"> <li>• Licensed software.</li> <li>• Telephone and internet expense.</li> <li>• Mobile phone expense.</li> <li>• Charges from mobile money transfer operators—loan disbursements and payments from customers are processed via operators such as M-Pesa and Tigo Pesa, which charge a fee to L-Pesa. As volume increases, these fees will become substantial.</li> <li>• SMS fees: L-Pesa uses SMS messaging to confirm details of disbursements and payments to customers. These messages incur small fees, but as the volume grows, fees will become significant.</li> <li>• Insurance.</li> </ul>						

Professional Fees	<p>L-Pesa expects to incur quite substantial professional fees as follows:</p> <ul style="list-style-type: none"> <li>• Legal advice. L-Pesa has already retained legal counsel in multiple jurisdictions. As the business grows in volume and complexity, the need for legal advice will increase, and additional law firms will be retained for new jurisdictions and specialized domain expertise. L-Pesa may require legal advice in the following domains: <ul style="list-style-type: none"> <li>○ Company formation in new jurisdictions.</li> <li>○ Regulatory advice.</li> <li>○ The pursuit of a banking license.</li> <li>○ The pursuit of a European Union Payment Service Provider license (which license can be “passport” to cover the entire European Union).</li> <li>○ At some future point, L-Pesa may pursue additional options for capital formation, such as venture capital financing or an Initial Public Offering/flotation, in which shares of L-Pesa would be sold to the public.</li> </ul> </li> <li>• Money transfer licensing. Certain jurisdictions in which L-Pesa operates or will operate may require a money transfer or a lending license. Such a license may also come with a bonding requirement or minimum net worth requirement, for which L-Pesa intends to set aside a reserve.</li> <li>• Accounting fees for bookkeeping services.</li> <li>• External audit fees. L-Pesa expects to retain a reputable third party audit firm to conduct financial and operational audits on an annual basis.</li> <li>• Outsourced software development. L-Pesa expects to retain third party software firms to continue developing some of its software—both internal administrative systems as well as the customer-facing web-based system and companion mobile apps. Marketing campaigns may also utilize custom developed software.</li> </ul>
Marketing	<p>L-Pesa expects to commit substantial amounts of capital to marketing and user acquisition.</p> <p>L-Pesa has conducted a number of small-scale experiments in the field of user acquisition. The company has concluded that in its current markets, SMS marketing</p>

	<p>is the most efficient means of user acquisition. Other methods that will be used include referral marketing (paying current users a bonus of some form for referring their friends) and social media marketing.</p> <p>Social media marketing is substantially more expensive than SMS marketing. In the experience of L-Pesa, the cost per user acquired via social media marketing is approximately \$1.00. This number has been used to estimate the cost of future user acquisition, although the cost may very well be less once the primary method of user acquisition is SMS marketing.</p> <p>User acquisition campaigns will be supported by traditional methods of marketing. The company expects to retain a marketing firm to handle advertising and social media presence. L-Pesa also plans to retain a public relations firm to raise its profile.</p> <p>The marketing and public relations investments of L-Pesa will be enhanced by similar investments by competitors such as Tala and Branch, which provide similar solutions to a similar target group in the same or similar geographic areas. L-Pesa expects that as each company increases its marketing and public relations spend, all will benefit, since the demand is much higher than the combined lending capacity of all competitors. It will most likely take decades for an equilibrium between supply and demand of credit to be reached in Africa, the Indian subcontinent, and southeast Asia.</p>
Other	<p>L-Pesa has reserved a substantial amount in its financial projections to "other" costs. A portion of these expenses are miscellaneous expenses too small to incorporate into the projections, and a portion of the expenses are intended to account for expenses that are unanticipated at this point.</p>
Capital expenses	<p>L-Pesa is a financial technology company, and as such will have very limited capital expenses. The company expects to rent its computer servers from Amazon Web Services (refer to the section on hosting fees below) and the company will rent office space (refer to the section on office rent below). The only capital expenses anticipated at this point are computer equipment for staff and office furniture. Relative to other expenses, capital expenses are expected to be 1% or less.</p>

Hosting fees	<p>L-Pesa is already using Amazon Web Services (AWS) to host its servers, and expects to continue doing so for the foreseeable future. AWS is the leading provider of cloud computing resources and supports over a million customers. Large and sophisticated web-based and mobile solutions like Airbnb and Spotify rely on AWS.</p> <p>AWS is very efficient financially during the growth phase of a business. When very large scale has been achieved, it sometimes makes sense for a company to build out its own data centers. Facebook, Netflix, and others have taken this approach. L-Pesa expects to use AWS for the foreseeable future. The cost of AWS is expected to be fairly insignificant for the three years included in the company's financial projections.</p>
Travel	<p>L-Pesa has already built a team located on four continents, and the company expects to rapidly add staff in multiple countries. The company's founder, Mr. Tuval, resides in Israel, and the company's head office is currently located in Dar Es Salaam, Tanzania. As the company grows and adds staff, it expects to maintain local offices in each country of operation as well as a virtual office environment for professional staff. Travel will be required in order for company staff to conduct internal meetings, as well as meetings with partners, vendors and regulators. In 2020, travel expenses are expected to approach or exceed \$1 million.</p>
Office rent	<p>As indicated above in the section on Travel, L-Pesa currently maintains and will continue to maintain small offices in the countries in which it operates. Its main operational hub is in Dar Es Salaam, Tanzania. L-Pesa does not require class A office space, and expenses for office rent are expected to be insignificant.</p>
Reserve - compliance	<p>L-Pesa intends to reserve a substantial amount of its capital for compliance-related needs. In certain jurisdictions, L-Pesa may require a license to operate its business. L-Pesa may also pursue a banking or payment provider license in the future. Any such licensing is expected to require substantial net worth in the business and/or a bonding requirement. Bonding requirements can be met by the purchase of a surety bond from a bank or insurance company, or by posting a deposit for the benefit of a regulatory agency.</p>
Capital available for lending	<p>Up to this point, L-Pesa has used its own capital to issue loans to its customers. The company expects to continue using its own capital for loans, but will also pursue loan</p>

	<p>securitization in order to remove the available loan capital as a barrier to growth. At this time, it is difficult to predict the extent to which internal capital will be used vs. securitization. The financial projections take a conservative approach and assume that all new loans from 2018 forward are securitized and thus accrue interest to third parties. If a portion of the lending capital is provided by L-Pesa, the company will become more profitable since it will not need to pay interest to third parties.</p>
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## Timeline

The L-Pesa ICO will follow the timeline below:

Date	Event	Description
Dec. 1, 2017	Community distribution	300,000,000 tokens have been reserved for community distribution during the month of December 2017. 2500 tokens are issued to each user of L-Pesa, including new users.
March 10, 2018	Start of pre-sale	During the pre-sale, tokens can be purchased at a discounted price.
April 10, 2018	Start of public sale	The official token sale will launch March 10, 2018. During the token sale, 69% of the token supply of L-Pesa will be sold.
June 10, 2018	End of public sale	The token sale will end on the earlier side of the hard cap (\$25 million) being reached, or June 10, 2018. If the soft cap (\$5 million) is not reached by June 10, 2018, any purchases of L-Pesa tokens will be canceled and contributed funds will be fully refunded to participants.
August 10, 2018	Distribution of tokens	Tokens will be distributed to the participants' ETH addresses provided during the sale.
After August 10, 2018	Trading	Trading of the L-Pesa token may start on cryptocurrency exchanges. L-Pesa will establish business relations with exchanges to list the LPSA token. Note that L-Pesa does not control activities on third party exchanges.



## Team

The L-Pesa team consists of the following members:



**Ron Ezra Tuval**  
Founder and CEO

Ron launched L-Pesa in early 2014 after spending a decade observing the microfinance industry and learning what works and what doesn't. Ron has extensive experience in the developing world, primarily related to agricultural and tourism projects. Ron first came across microfinance in Cambodia and spent a decade incubating the idea of L-Pesa while waiting for the required technology to mature. Ron earned a master's degree in government, diplomacy, and strategy from IDC Herzliya. Ron lives in Tel Aviv, Israel and spends much of his working time in Africa, India, Europe, and the U.S.



**Tamir Hodorov**  
Legal Advisor

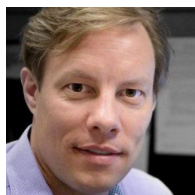
Tamir heads the international division of Hodorov Law Firm. Tamir has broad experience in international commercial law, intellectual property, international banking, global company formation, foreign currency and internet contracts. In recent years, he has focused his practice on blockchain business models, cryptocurrencies, cryptographic mining pools, cryptocurrency exchange formations and ICOs. Tamir lives and works in Be'er Sheva, Israel.



**Bogdan Fiedur**  
Blockchain Advisor

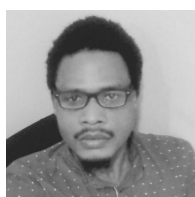
Bogdan has 18 years of experience in providing online solutions mostly in the domain of online advertising and social networking and 24 years total IT experience. For the past two years, Bogdan has been working on smart contract design and implementation for Ethereum, using Solidity. Bogdan has been involved in about half a dozen ICOs since 2016. He received an engineering education from AGH University in Krakow, Poland and earned

a computer science degree from the University of Manitoba. Bogdan is based in Winnipeg, Canada.



**John Petersson**  
Fintech Advisor

John is a 25 year veteran of the payments industry and has worked and lived in five countries. As a fintech entrepreneur, John has led the design, build, launch, operation, and continuous development of three proprietary payment processing systems, each of which have processed tens or hundreds of billions of dollars of payments in dozens of currencies and countries on behalf of Fortune 100 clients and financial institutions like 3M Company, Kraft Foods, Citibank, Wells Fargo, MasterCard, and Western Union. John currently resides in the U.S.



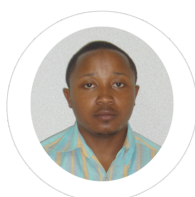
**Jordan Balindo**  
Country Manager Tanzania

Jordan has been the Country Manager for L-Pesa in Tanzania for the past three years. Prior to this role, he was a community organizer and interned at the Ministry of Foreign Affairs. Jordan also worked on poverty eradication projects prior to earning his Bachelor of Laws degree. Jordan is based in Dar es Salaam, Tanzania.



**Andrew Langat**  
Country Manager Kenya

After earning a bachelor's degree in physics and chemistry with magna cum laude distinction from Kenyatta University, Andy has worked with a number of organizations as a volunteer, teacher, project manager, and brand strategist. He has been the country manager for L-Pesa in Kenya for the past two years. Andy lives and works in Nairobi, Kenya.



**Dominic Gichomo**  
Country Manager Uganda

Dominic is the country manager for L-Pesa Uganda, preparing the company for the formal launch in Uganda in 2018. Dominic lives and works in Kampala, Uganda.



**Amitabh Roy**  
Project Manager

Amitabh has eleven years' experience in software development and has been managing teams of developers for the past five years. He lives and works in Kolkata, India.



**Riaz Laskar**  
Software Developer

Riaz has four years' experience in software development and recently took on a role as a team lead. Riaz lives and works in Kolkata, India.



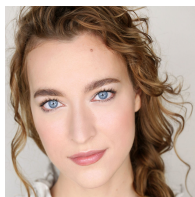
**Uttam Kumar Karmakar**  
Designer

Uttam has six years' experience in graphic and web design. Uttam lives and works in Kolkata, India.



**Bo Henriksen**  
Marketing Ninja

Bo has over 15 years' experience as a software developer, R&D director, and project manager. For the past five years, Bo has been focused on digital business development and marketing strategy. Bo lives and works in Bjerringbro, Denmark.



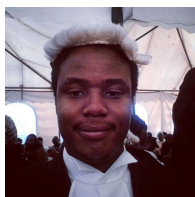
**Desiree Domo**  
Copywriter & PR

Desiree has been a professional writer and editor for over 10 years—as well as an actress with a BA in theatre from Davidson College. This unconventional background gives her a rare edge as a writer/editor because it has shaped her into a highly skilled storyteller. Desiree is a master at creating and keeping a captive audience, whether all eyes are on a stage or a page. Desiree lives and works in New York City.



**Jay Silud**  
Social Media

Jay grew up in The Philippines, China, Hong Kong, and England. She earned a Master of Science from Hult International Business School of London. She is the founder of [thirdculturekidglobal.com](http://thirdculturekidglobal.com) and LINQE, an HR tech startup that aims to lower companies' attrition rates by focusing on culture fit. Jay has been a volunteer for homeless causes, an English teacher, a fashion designer, and a social media manager. Jay currently splits her time between London and Manila.



**Malcolm Ngugi**  
Legal Counsel, Kenya

Malcolm earned a Bachelor of Laws from Kenyatta University and a Postgraduate Diploma from Kenya School of Law. After working in the legal department of Kenya Railways Corporation, Malcolm has spent time in private practice and as Legal Counsel for the Parliamentary Service Commission of the Houses of Parliament of Kenya. Malcolm lives and works in Nairobi, Kenya.



**Bernard Kipkuri**  
Support, Kenya

Bernard has a bachelor's degree in economics and statistics from Egerton University. During his studies, he worked as a store manager of a

hardware store. Prior to joining L-Pesa, Bernard worked as an election observer. Bernard is based in Nairobi, Kenya.



**Mselem Said**  
Director, Tanzania

Mselem has almost fifteen years' experience in the financial services industry, working as a computer hardware engineer. Most of his experience is from the National Microfinance Bank of Tanzania and he recently worked for the National Social Security Fund. Mselem has a Master's degree in information technology and management from The Institute of Finance Management. He lives and works in Dar es Salaam, Tanzania.



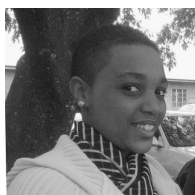
**Angualia Daniel**  
Legal Counsel, Uganda

Daniel is an advocate, a commissioner for oaths, and a notary public. He holds a Bachelor of Laws degree from Makerere University and a Master of Laws degree from Kampala International University. Prior to co-founding the firm Angualia Busiku & Co. Advocates, Daniel worked with Micro Enterprises Development Network Limited as its Legal Manager. He also worked as an advocate with the prestigious law firms of Musinguzi & Co. Advocates and Madiinah & Co. Advocates. Until recently, Daniel was a lecturer of company law and trademarks law in the School of Law of Kampala International University. His practice focuses on company law and intellectual property. Daniel lives and works in Kampala, Uganda.



**Yunia Warioba**  
Loan Officer, Tanzania

Yunia has been working as a loan officer in the Dar es Salaam office of L-Pesa since October 2016. She lives in Dar es Salaam, Tanzania.



**Analisa Mtetemela**  
Support, Tanzania

Analisa has been working as a customer support representative in the Dar es Salaam office of L-Pesa since July 2017. She lives in Dar es Salaam, Tanzania.



**Sandipan Paul**  
Accountant

Sandipan is a professional accountant, QBO ProAdvisor and dedicated business support expert with more than 7 years' experience in financial accounting, Excel, QuickBooks, XERO, SAP, auditing and taxation. He has worked with companies based in the U.S., Europe, Africa and Asia. Sandipan is a member of the Association of Chartered Certified Accountants. He lives and works in Dhaka, Bangladesh.



**Somsubhra Saha**  
Software Developer

After studying mathematics at S.A. Jaipuria College, Somsubhra earned a Masters degree in computer applications from the University of Kalyani in West Bengal, India. Since graduating, Somsubhra has spent nine years as a software developer, taking on increasingly challenging tasks. Somsubhra is based in Kolkata, India.



**Khaya Maloney**  
Operations Manager, South Africa

Khaya received an education in construction engineering from the University of South Africa in Pretoria and worked for a few years as a junior engineer. After first hearing of Bitcoin, Khaya decided to study digital currencies at the University of Nicosia. Prior to L-Pesa, he has been involved in several cryptocurrency startups as the operations manager for Africa, including one which recently completed a successful ICO. Khaya lives and works in Johannesburg, South Africa.



**Diane Bjorling**  
Social Media

Diane is a blogger, editor, and social media writer. After graduating from George Brown College in Toronto, Canada, Diane spent many years working as a mental health worker. About ten years ago, she changed careers and has been working with a range of online businesses since then. Diane lives and works in Maple Ridge, British Columbia, Canada.

## **Risk Factors**

### **General information Pertaining to the L-Pesa Token Sale**

The L-Pesa project is selling tokens using the Ethereum blockchain network. The transaction is final and non-refundable. As stipulated in the legal disclaimer of this white paper, the L-Pesa token is not being sold as a security. The token does not grant the token holder any right to profits, dividends, interest, or voting rights in L-Pesa in any way which is similar to a general assembly, and there are no claims vested in the token. Therefore, the tokens are not sold or intended to be used for any speculative or investment purposes; collective investment scheme laws, as well as securities laws, which are meant to protect investors which are applicable to securities, do not apply on this matter.

### **Risk Disclosures**

There is an inherent risk when purchasing cryptographic tokens in general, since they are generally innovative concepts and depend upon various market factors. Therefore, before purchasing or obtaining any tokens, one should consider the risks involved in purchasing such tokens, most of which are detailed hereunder, alongside with the full information contained in this document.

The L-Pesa project is subject to general market, currency, economic, political and business risks, as well as the risk associated with cryptographic tokens. The participant must carefully read and completely and thoroughly understand the risks involved.

Any person who is interested in participating in the L-Pesa token launch and cannot or will not accept or understand the risks associated with the project or activity should not purchase the L-Pesa tokens.

Note: The following is not intended to disclose all risks and aspects of cryptographic token acquiring, whether in time or in value.

#### No Recommendations or Investment Advice.

This white paper is not meant to serve or be considered as any legal, financial, investing advice or any other kind of specialized or expert advice on which any participant might depend. Prior to participation, the participant should seek legal, financial, or otherwise specialized advice from an expert qualified to provide such counsel, unless the participant possesses the sufficient knowledge and sophistication to evaluate the risks and merits associated with blockchain or token management and offerings. L-Pesa provides no warranty regarding the suitability of any tokens or other assets acquired by participants.

Anyone purchasing the L-Pesa tokens expressly acknowledges and represents that he has read this white paper, and in particular the “Risk Disclosure” section, and is fully aware of and understands the risks and merits associated with the L-Pesa project and token sale.

#### Sophistication

Any L-Pesa token sale participant represents that he fully understands and has weighed these risks. The participant warrants that he or she has significant experience in token purchase or cryptocurrency, and is familiar with the blockchain and “wallet” concepts.

L-Pesa will not assume responsibility for any loss or lock of purchased tokens or wallets, for reasons that are out of L-Pesa’s control, including any case of hacking, virus, trojans, malware, theft, or user negligence.

#### Ethereum Blockchain Smart Contract Aspects

The Ethereum blockchain offers the possibility to create smart contracts. Nevertheless, smart contract technology is an innovative concept and is in its early stages of development, and therefore it should be understood that its deployment has potentially unexpected outcomes.

Its experimental character is often underestimated but one should take such aspects into account when considering participation in the L-Pesa project.

Since the entire system upon which the token launch is being conducted is considered cutting edge technology, commonly difficult to be fully understood, the token naturally contains financial, technological, operational, regulatory, and other types of risks.



### Security Audit of the Token

The token code has been published on Github, and has been submitted to an independent third-party contractor for code auditing, in order to find bugs and discover vulnerabilities. Nevertheless, although such actions generally increase the level of security of the code, as well as its functionality and robustness, such actions are in no way a guarantee for a bug-free, vulnerability-free code. Therefore, there can be no warranty that the issued token is fit for purpose or that it contains no bugs, vulnerabilities or any other issues which might give rise to technical issues or otherwise to the eventual complete loss of the tokens.

### Regulatory Changes

The blockchain in general—and specifically token launches on the Ethereum blockchain—are innovative concepts which are challenged in some jurisdictions. Existing regulations may apply to token launches and decentralized blockchain-based applications in some jurisdictions, whereas other jurisdictions may introduce new regulations pertaining thereto, wherein such new regulation may not coincide with the L-Pesa token launch. Regulatory changes, investigations or other legal actions may affect the L-Pesa project, resulting in limitation or prevention from providing its services. Therefore, it may be possible in the future that the smart contract will be either terminated—resulting in loss of the tokens, be limited to such jurisdiction, or otherwise altered in order to fit the system’s needs and local regulation. Accordingly, the L-Pesa business model, as well as this white paper, may change or be modified to fit to the regulatory and compliance requirements, without causing L-Pesa to be liable for damages caused by such changes.

### Volatility of Secondary Markets

Local market conditions can change significantly in a very short period of time, especially in regards to cryptocurrency and tokens. The market price may be rising rapidly, producing great amount of profit, but it can also decline so rapidly that there is no opportunity to liquidate or exchange the token. Fluctuations of any token price, and many other factors may impact the token price and result in losses to anyone who trades with the token. Therefore, although the L-Pesa token could be sold in a secondary market, the purchase of the L-Pesa token is not recommended for investment purposes, and its main purpose is not to be used as such.

### Change in Market Factors

The L-Pesa token is intended to provide a valuable benefit of access to an interest-free or reduced interest microloan solution for participants. Nevertheless, market changes, as well as any change in the global monetary policies, including but not limited to the full global transition from fiat

currency to cryptocurrency, and other factors, may reduce the L-Pesa token's value in the secondary market.

#### Roadmap of the L-Pesa Project

This white paper outlines the projected roadmap of the L-Pesa project. It is based on what is believed to be reasonable estimates and projections as to the necessary steps and objectives in order to achieve the goals of the project. Nevertheless, establishment and achievement of the various objectives of the project depend among other things on many factors, some of which are beyond L-Pesa's control, for example local regulatory requirements, contractors, etc.

Therefore, the timeline and the roadmap cannot be guaranteed as it may change—adding or subtracting objectives and terms. Official notices about the advance of the project shall be published from time to time in forums designated by L-Pesa.

The value of L-Pesa's solutions is determined, among other things, by predictions about the future economic, competitive and market conditions or other business decisions. Many of these factors are completely beyond the control of L-Pesa. Other factors are difficult to accurately predict. These forecasts and predictions can be reasonable in light of the facts and circumstances at present. Nevertheless, these predictions may eventually prove to be inaccurate. It is therefore understood that L-Pesa cannot offer any guarantee that forecasts, predictions, or projections which are contained in this white paper will eventually come into existence. Therefore, all predicted conditions or any forecasts contained in this white paper, must not be interpreted as any warranty on the part of L-Pesa that the roadmap or the objectives may be achieved. Therefore, L-Pesa shall assume no liability or responsibility for any loss or damage that would result from the inability to utilize the tokens, save cases of intentional misconduct or otherwise gross negligence.

#### Limited Equity Capital Available for Loans

Following the completion of the ICO, L-Pesa will maintain a base capital which will serve as a basis of micro-loan provision. This base equity might be increased from time to time by L-Pesa. Nevertheless, in case of high demand for loans, the base capital might be depleted. In such case, no loans would be available at that time. Such event would be temporary and the token holder would need to wait until capital is available again for lending purposes.

#### Force Majeure

It should be understood that L-Pesa's services to the token holders might be interrupted, suspended, or delayed due to force majeure circumstances. By

reference to “force majeure”, we mean extraordinary events or other special circumstances which could not be prevented by L-Pesa. Such force majeure includes: acts of nature, wars and armed conflicts, mass civil disorders, industrial strikes and sanctions, epidemics and mass infections, acts of municipal, state, federal, or governmental agencies, or any other circumstances beyond L-Pesa’s control, which did not exist or did not affect L-Pesa at the time of the token launch. If such circumstances shall come into existence prior to the token launch and L-Pesa is unable to launch the token within 9 months from the intended period, the token will not be launched and the funds will be returned to the ICO participants, in the currency by which the token purchase was originally made.

#### Compliance with Local Laws and Regulations

L-Pesa provides microloans for local customers. Each jurisdiction regulates this activity with its own permits and licenses. L-Pesa holds or will obtain any license or permit that is required to provide its services in the designated jurisdictions detailed in this white paper. Such local regulation may require L-Pesa to obtain certain “Know Your Client” information and procedure. The token holders in certain jurisdictions may need to verify their identities and provide proof of address (for individuals), or otherwise verify their registration with a certificate of incorporation, good standing, list of the beneficial owners of the legal entity, and address of the entity (for legal entities)—all prior to utilizing their L-Pesa tokens to receive the lending services.

Furthermore, local regulation in certain jurisdictions may limit or prohibit provision of lending services. In such cases, the token holders who reside in such jurisdiction and wish to use their tokens to receive lending services would be required to comply with the local regulation, including refraining from using the token to receive the L-Pesa lending services—if their jurisdiction dictates that.

Token holders who do not comply with the regulatory requirements, or who are prohibited from utilizing the L-Pesa services, or otherwise fail to comply with verification requests, will be refused by L-Pesa to utilize the L-Pesa token and receive the lending services, and L-Pesa will not be obligated to issue any refund for the purchased L-Pesa tokens. Participants in the L-Pesa project are solely responsible for learning about the laws and regulations as well as the restrictions which are applicable to token holders residing in certain jurisdictions. Token holders who are ineligible to use their tokens as such, may anyway keep tokens or choose to sell them to others.

#### Value of the Token

Once purchased, the value of the token may significantly fluctuate due to various reasons. L-Pesa does not guarantee any specific value of the token

over any specific period of time. L-Pesa shall not be held responsible for any change in the value of the L-Pesa token.

#### Past Performance

Past performance of other token launches is not an indicator of future performance and that the value of tokens may go down or up, with minor or significant fluctuations.

#### Agreement not Voidable Due to Misunderstanding of Risk

Failure of a participant to understand the risk involved shall not render his or her purchase of the L-Pesa token as void or voidable and the participant shall be and shall continue to be responsible for all the risks and consequences for purchasing the token.

Please note that the L-Pesa project may be subject to other risks otherwise not foreseen at this time or at the time of launch of the token.

#### Representation and warranties

By participating in the L-Pesa token launch, the participants hereby represent and warrant that they are not citizens or residents of **Russia, China, South Korea, or New Zealand**, and do not purchase the token on behalf of anyone who is; that they are eligible to purchase the tokens per the applicable laws in their jurisdiction, which also allows the purchase of the tokens without requiring any further authorization or certification; that they are familiar with the applicable laws in their jurisdiction, and that these laws allow their participation in blockchain token sales.

Furthermore, the participants represent that they agree with the Terms and Conditions which govern the L-Pesa token sale, agree to their contents, and accept to be fully bound by them.

Moreover, the participants represent that they are sophisticated and familiar with blockchain technology and user-related issues arising from the purchase of newly issued tokens and storing thereof.

In addition, the participants represent that they are purchasing the L-Pesa token for the purpose of utilizing the token and not for investment purposes, nor for illegal purposes such as money laundering, tax evasion, or the financing of terror.