

RED \$MUGSY

RISK DISCLAIMER





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Red \$Mugsy Token

Last Updated: October 2025

Effective Date: Upon publishing

Legal Entity: Red Mugsy Foundation (Bahrain)

IMPORTANT: PLEASE READ CAREFULLY

This Risk Disclaimer explains the material risks associated with the \$MUGSY token and participation in the Red Mugsy ecosystem. By holding, trading, or engaging with \$MUGSY, you acknowledge and accept these risks.

Red Mugsy makes NO representations or warranties about the token's performance, value, or future utility.

1. INVESTMENT RISK DISCLOSURE

\$MUGSY is a Speculative Investment

The \$MUGSY token is a highly speculative digital asset. Key facts:

- Token value is determined by market demand, not underlying assets or cash flows
- No guarantee of profitability or positive returns
- Substantial risk of total loss of investment

Only Invest What You Can Afford to Lose

DO NOT invest:



- Money needed for living expenses, bills, or emergencies
- Borrowed funds, loans, or margin
- Retirement savings or long-term savings
- An amount that would cause financial hardship if lost

Retail Investors & Volatility

Meme coins are particularly volatile:

- 50%+ price swings in a single day are common
- Token may be illiquid (difficult to sell when you want)
- Market manipulation by large holders ("whales") is possible
- Flash crashes can force liquidations at loss

2. SPECIFIC RISK FACTORS

A) Regulatory Risk

Cryptocurrency regulation is evolving and uncertain:

- **Government Bans:** Some jurisdictions may ban crypto entirely
- **Classification Risk:** \$MUGSY could be classified as a security, requiring registration
- **Compliance Risk:** Regulatory changes could impose restrictions or taxes
- **Delisting Risk:** Exchanges may delist \$MUGSY due to regulatory pressure

Result: Regulatory action could eliminate token value or restrict trading.

B) Smart Contract Risk

\$MUGSY relies on smart contract code. Risks include:

- **Code Bugs:** Even audited code may contain exploitable bugs
- **Exploit Risk:** Malicious actors could exploit vulnerabilities to steal funds



- **No Recovery:** Blockchain transactions are irreversible; stolen funds cannot be recovered
- **Audit Limitations:** Security audits reduce—but do NOT eliminate—risk

Result: Smart contract failures or exploits could result in total loss of funds.

C) Market Risk

- **Price Volatility:** Token price may fluctuate wildly and unpredictably
- **Liquidity Risk:** Low trading volume could prevent you from selling at desired price
- **Pump-and-Dump Risk:** Community could manipulate price for personal gain, then abandon project
- **Lack of Intrinsic Value:** Token value depends entirely on market sentiment, not fundamentals

Result: You may be unable to exit your position at a favorable price.

D) Operational Risk

- **Project Abandonment:** Core team could stop development or disappear
- **Leadership Changes:** Key team members could leave
- **Mismanagement:** Funds or tokens could be misused
- **Lack of Transparency:** Red Mugsy may not publicly disclose all relevant information

Result: Project could fail, eliminating token value.

E) Technology Risk

- **Blockchain Congestion:** Network congestion could prevent token transactions
- **Wallet Compatibility:** Wallet issues could prevent you from accessing your tokens
- **Fork Risk:** Blockchain fork could affect token value or functionality
- **Obsolescence Risk:** New technology could make \$MUGSY obsolete

Result: Technical failures could prevent you from selling or using your tokens.

F) Exchange Risk



If you hold \$MUGSY on a centralized exchange:

- **Exchange Hacks:** Exchanges can be hacked; funds may be stolen
- **Exchange Insolvency:** Exchange could go bankrupt or cease operations
- **Regulatory Compliance:** Exchange could be shut down by regulators
- **Exit Scam:** Exchange operators could disappear with user funds
- **Delisting:** Exchange could delist \$MUGSY, preventing sales

Result: Centralized exchange failure could result in loss of all funds.

G) Tax Risk

Cryptocurrency transactions may trigger tax events:

- **Capital Gains Tax:** Buying, selling, or trading may trigger capital gains tax
- **Ordinary Income Tax:** Staking rewards or airdrops may be ordinary income
- **Reporting Requirements:** You may be required to report all transactions
- **Penalties:** Tax non-compliance could result in substantial penalties

Result: You may owe taxes far exceeding your gains; penalties could exceed your investment.

H) Security Risk – Your Responsibility

- **Wallet Compromise:** Your private keys could be stolen via hacking, phishing, or malware
- **Exchange Hacking:** If held on exchange, hacks could steal your tokens
- **Social Engineering:** Scammers could trick you into revealing private keys
- **Custodial Risk:** If using third-party custodians, they could be hacked or act maliciously

Result: Your tokens could be stolen with no recovery method.



3. MEME COIN SPECIFIC RISKS

What is a Meme Coin?

A "meme coin" is a cryptocurrency created as a joke or for entertainment, often with:

- No underlying utility or fundamentals
- Price driven entirely by community hype
- High risk of becoming "abandoned" or "rug pulled"

Meme Coin Risks

- **No Utility:** Token may have no real use case or value proposition
- **Community-Driven:** Value depends on community sentiment, not technology
- **Hype Cycle:** Price driven by social media trends, which are unpredictable
- **Rug Pull Risk:** Developers could abandon project, dump tokens, or lock liquidity
- **Whale Manipulation:** Large holders could manipulate price for personal gain

Comparison to Established Coins

- Bitcoin & Ethereum have 10+ years of history and adoption
- \$MUGSY is new and unproven
- Established coins have institutional adoption; \$MUGSY does not
- Risk profile is fundamentally different

4. WHAT YOU MUST UNDERSTAND

This Is NOT a Financial Investment

- Not backed by assets, cash flows, or business model
- Not comparable to stocks, bonds, or real estate
- Value depends entirely on market speculation



This Is NOT a Savings Account

- No interest paid; no yield guaranteed
- Value can decrease as well as increase
- Completely different risk profile than savings accounts or money markets

This IS a Speculative Asset

- Extreme volatility is normal
- Large, sudden losses are possible
- Total loss of investment is possible

5. CONDUCT DUE DILIGENCE

Before You Invest, You Should:

- **Research the Project:** Understand \$MUGSY's technology, team, and roadmap
- **Understand the Technology:** Learn how blockchain and smart contracts work
- **Review Security Audits:** Examine any available security audit reports
- **Understand Your Risk Tolerance:** Can you afford to lose this entire investment?
- **Diversify:** Don't put all investments into \$MUGSY or meme coins
- **Consult Professionals:** Talk to a financial advisor or tax professional
- **Verify Information:** Don't rely solely on social media; research independently

What We Recommend:

- Read the \$MUGSY whitepaper thoroughly
- Follow official channels only (@RedMugsy, not @RedMugsy_Official)
- Do NOT trust investment advice from social media or strangers
- Do NOT FOMO into investments based on hype
- Do NOT invest borrowed money



6. SCAM & FRAUD AWARENESS

Common Cryptocurrency Scams

- **Fake Airdrops:** Websites claiming to give free \$MUGSY in exchange for private keys
- **Phishing:** Fake emails/websites designed to steal your private keys
- **Pump-and-Dump:** Coordinated buying to inflate price, then massive selling to profit
- **Rug Pull:** Developers abandon project and steal funds
- **Fake Influencers:** Impersonators claiming endorsement deals

How to Protect Yourself

- **Never share private keys or seed phrases** with anyone
- **Verify URLs carefully** (redmugsy.com, not mugsy-token.com)
- **Use official channels only** (verify on <https://www.redmugsy.com/links>)
- **Be skeptical of unsolicited offers** ("You've won an airdrop!")
- **Never send crypto to receive airdrops** (legitimate airdrops don't require upfront payment)

7. ASSUMPTIONS OF RISK

By Holding or Trading \$MUGSY, You Assume:

- **Regulatory Risk:** Governments may restrict or ban \$MUGSY
- **Technology Risk:** Smart contract code may fail or be exploited
- **Market Risk:** Price may fall to zero
- **Exchange Risk:** Exchanges may fail, hacks may occur, or \$MUGSY may be delisted
- **Security Risk:** Your wallet may be compromised or hacked
- **Tax Risk:** You may owe substantial taxes on transactions
- **All other risks** described in this document



YOU ACKNOWLEDGE AND ACCEPT THESE RISKS. Red Mugsy disclaims all liability.

8. DISCLAIMERS

Red Mugsy Makes NO Promises About:

- Token price or market performance
- Future utility or use cases for the token
- Profitability or positive returns
- Technical performance or availability
- Legal status or regulatory compliance in your jurisdiction
- Security of exchanges, wallets, or other third-party services
- Development roadmap timelines or deliverables

Red Mugsy Assumes NO Liability For:

- Your investment losses
 - Hacked wallets or stolen tokens
 - Exchange failures, hacks, or delisting
 - Regulatory action or government bans
 - Smart contract failures or exploits
 - Tax consequences or penalties
 - Scams or fraud by third parties
 - Any indirect, consequential, or incidental damages
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9. DISCLAIMER OF WARRANTIES

TO THE MAXIMUM EXTENT PERMITTED BY LAW:

\$MUGSY IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING:

- IMPLIED WARRANTY OF MERCHANTABILITY
- IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE
- IMPLIED WARRANTY OF NON-INFRINGEMENT
- IMPLIED WARRANTY OF TITLE

WE MAKE NO WARRANTY THAT:

- The token will be profitable
- The token will retain value
- The token will have utility
- The platform will be available or functional
- Code will be error-free or secure
- Your investments will be protected

10. ACKNOWLEDGMENT

By Holding or Trading \$MUGSY, You Confirm:

- ✓ You have read and understood this Risk Disclaimer
- ✓ You understand the substantial risks involved
- ✓ You can afford to lose your entire investment
- ✓ You have conducted your own research (DYOR)
- ✓ You are not relying on Red Mugsy for financial advice
- ✓ You assume all risks of holding and trading \$MUGSY
- ✓ You acknowledge that \$MUGSY may become worthless



- ✓ You are solely responsible for your investment decisions
 - ✓ You have NOT been promised any returns or guarantees
 - ✓ You will not hold Red Mugsy liable for any losses
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11. ADDITIONAL RESOURCES

Learn More About Cryptocurrency Risk:

- [SEC Investor Bulletin on Meme Stocks](#)
- [CFTC Warnings on Cryptocurrency Fraud](#)
- [FBI Cryptocurrency Scam Warnings](#)

Get Professional Advice:

- Consult a licensed financial advisor
 - Consult a cryptocurrency tax professional
 - Consult a securities attorney
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12. JURISDICTION-SPECIFIC NOTICES

United States Residents

This disclaimer does not constitute an offer to sell or a solicitation of an offer to buy \$MUGSY in any jurisdiction. \$MUGSY may be classified as a security under U.S. law, which could subject it to registration and regulatory requirements.

European Residents (GDPR)

This disclaimer is provided in compliance with EU transparency requirements. Your personal data related to this disclaimer is handled per our Privacy Policy.



California Residents (CCPA)

You have the right to opt-out of data "sharing" for behavioral advertising. See our Privacy Policy for opt-out mechanisms.

By using Red \$Mugsy or holding \$MUGSY tokens, you acknowledge that you have read, understood, and accepted all risks outlined in this Risk Disclaimer.

Questions? Contact privacy@redmugsy.com

Last Updated: October 2025

Version: 1.0