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# SECURE IDENTITY LEDGER

## WHITE PAPER

6329 Arlington Blv Suite N  
Falls Church, Virginia 22044

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## Executive Summary

Secure Identity Ledger Corporation (SILC<sup>SM</sup>) introduces our blockchain distributed ledger technology, offering a transformative consumer based application for you, the user, to purchase and own a unique digital identity for transitioning into the Blockchain Age<sup>SM</sup>! This One Digital ID<sup>SM</sup> belongs to you and to no one else. You control how your personal information is used and distributed and as a result, you can start to build trust within the global digital community, as now, all transactions are recorded on our blockchain.

Our ‘SILC<sup>SM</sup>’ platform is the culmination of years of development led by SILC’s two founders, experts who understand the value and vulnerability of personal data through their respective expertise in the medical and accounting industries. We do not recommend that you abandon your user ID, passwords, pins and all the things you are currently using; we offer a unique digital ID that allows you to keep your sensitive information safe. The reality today is that we are overly connected to the digital world, and we are doing so without any sufficient safeguards. We have lost control of our passwords, pins and in turn, even our own identity.<sup>1</sup> Unlike other companies that are still exploring the digital identity space, SILC<sup>SM</sup>, through its working blockchain, has already created an independent working solution!

Our solution is a new way of thinking about digital identity. To be truly back in control, we must first own our identity and only then can we decide on the type of information to share and which technology to use. Our application is the creation of the digital ID and uses blockchain as the underlying technology that enables all future applications and services. William Mougayer succinctly explains that “blockchain-based identity holds a promise, which is to allow us to consume a number of services in a trusted manner, without the need to assert our physical presence...”

Our solution is simple to use – you don’t need to reuse passwords; you don’t have to give out your Social Security number, and all your data is stored where no one can read it, including us. Users can upload any information to the blockchain knowing that the information is cryptographically secure, unalterable, and irrefutable. SILC<sup>SM</sup> blockchain is your personal ‘witness’ in the digital world.

SILC<sup>SM</sup> provides the only turnkey Digital Identity system for businesses, government, and consumers, including registration, authentication, verification and personal monitoring. The platform will provide individuals with a unique digital token that enables them to prove their identity to third parties. And unlike other Blockchain solutions that operate on a Proof-of-Stake or Proof-of-Work basis, SILC<sup>SM</sup> operates through Proof-of-Existence in which both parties can exchange and confirm information through the SILC dashboard without it being recorded. SILC’s One Digital ID<sup>SM</sup> is cryptographically secure, unalterable and legitimate.

Our vision is to create a One Digital ID<sup>SM</sup> for every person, machine and business on the planet. We want to provide a means to communicate and transact securely. For those that have been victims of identity fraud in the past, SILC’s platform and solution offers a fresh start in the digital marketplace.

Unlike ICOs that are based on a conceptual idea and a promise to deliver, SILC<sup>SM</sup> has already developed its initial product. Additionally, most ICOs build their solutions on public blockchain platforms, which limits the capabilities of their product. SILC<sup>SM</sup> developed its own proprietary hybrid blockchain platform that allows us to optimize the capabilities of our blockchain. You can be confident that the SILC<sup>SM</sup>

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<sup>1</sup> <https://advizex.com/2016/06/02/3-devices-per-person-not-anymore/>

blockchain will always be accessible, supported, and the impending blockchain bloating won't impact your accounts. We have also removed the need for miners, preventing forking of the blockchain. Our Digital Identity product is a working solution. We also developed a custom consensus algorithm known as 'Proof of Verified Existence' to validate transactions on our proprietary blockchain platform. Unlike in the Internet Age where you do not own your email address, in the Blockchain Age <sup>SM</sup> you actually own your One Digital ID <sup>SM</sup>.

SILC<sup>SM</sup> is a United States based company and our SILC<sup>SM</sup> Token is priced at USD \$0.25 each during the Initial Token Sale with a minimum participation of USD \$25.00. We accept all forms of payment – VISA, MasterCard, Amex, Discover, and Bitcoin.

## We are not like the Typical Token Sale

We have all the underlying benefits of blockchain technologies and we do not have several aspects of a cryptocurrency and thus we are different.

There are four key points that make our Token Sale different from those that have gone before us:

- We are the only Token Sale with a finished private permissioned blockchain
- We are the only Token Sale with a finished and working Digital ID solution on an independent platform
- We have a platform that will accept credit cards and Bitcoin
- We also have the only platform that records the purchase of our token directly onto our private permissioned blockchain.

**“I really like this idea as it flips the ownership, verification and authentication process from third parties (trusted and untrusted) to me. I own my identity and I allow access to a persona of my identity on demand.”**

*Chris Skinner (thefinanser.com), September 11, 2017 – “The Imperative for self-sovereign identification (get lost Equifax)”*

**“Data is an asset class! The virtual you, that is not currently owned by you, may know more about you than you yourself...Privacy is the foundation of a free society!”**

*Don Tapscott (Associate of the Berkman Klein Center for Internet and Society at Harvard University), TED Summit June 2016 – “Recapturing Our Identity”*

**“Designing a solid digital ID system may be the biggest problem of the digital age; Without it, you are essentially stranded from the institutions of civilization!”**

*Connor O’Higgins, CryptoInsider*

## Internet Age to Blockchain Age<sup>SM</sup>

**The Internet 1.0 – pre-web 1968 to 1995** – The focus of this phase was the sharing of resources to exchange information. Most of the exchanges are in simple text. Some examples are usenet, newsgroups, bulletin boards and simple email.

**The Internet 2.0 – 1995 to 2008** – This phase saw the rise of email, websites, e-commerce and social media. The exchanges have migrated from simple text to hypertext, pictures and videos for download.

**The Internet 3.0 – 2008 to present** – Wireless access, mobile apps, cloud computing and widespread mobile Internet access dominated this phase of growth.

**The Blockchain Age<sup>SM</sup>** – In this phase of the Internet, we begin to see the convergence of Internet 2.0 and 3.0, where content and information is more important than the means of access. In this phase of the Internet, sensors will now contribute data and receive feedback from the users via specific touchpoints as to how data are collected or shared.

## Introduction

Although it is perceived as such, your Social Security Number (SSN) was not designed to be a form of identification. Similarly, the Internet was not originally designed to give people an ‘identity’. Secure Identity Ledger Corporation (SILC<sup>SM</sup>) believes everyone must have a digital identity to interact with others in cyberspace. A digital identity will enable a person to build trust, which is the social foundation of the Internet ecosystem,<sup>2</sup> and while technology matters, the approach to building trust starts with one’s self. Could blockchain be the backbone of a universal digital identity system? SILC<sup>SM</sup> believes it will be the steward of identity in the future. Our One Digital ID<sup>SM</sup> system allows you to use a digital token to verify and secure your identity to log on to any website. SILC<sup>SM</sup>’s product will allow you to create a personal digital identity using verified credentials (in encrypted form) once, and the identity could then be used in any other context in lieu of the current login authentication process that exists today. Your digital ID would also allow you to retain authority over your identity without having to turn over power to a third party.

The current method of password-based online authentication is faulty, since consumers are forced to remember different combinations of usernames and passwords for any number of websites. SILC<sup>SM</sup>’s digital identity system will revolutionize the way you exchange information. You can upload your personal details (in encrypted form) once and your identity could then be used in any other context.

Digital identity is the network or Internet equivalent of a person or entity’s real identity (e.g. business or government agency) when used for identification in connections or transactions from PCs, cell phones or other personal devices. Trusting the link between a real identity and a digital identity first requires reliable validation of that identity, or in other words, prove you are who you say you are. Once that link has been established, using a digital identity involves some type of authentication, a way to prove it is really you when you are using digital connections like the Internet.

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<sup>2</sup> Jardine and Hampson, ‘Trust: The Social Basis of the Internet Ecosystem’, December 5, 2016.

SILC<sup>SM</sup> seeks to position itself as the industry leading digital identity with our One Digital ID<sup>SM</sup> product for every consumer, business or machine. We enable consumers and businesses to enter and be empowered by the Blockchain Age<sup>SM</sup> through a scalable, accessible, interoperable, private and secure platform. We see the emergence of our SILC<sup>SM</sup> blockchain platform as the leading alternative to public blockchains that will enable businesses and consumers to transition from the contextual information phase of the Internet<sup>3</sup>.

People often mistake Bitcoin for blockchain, but the two are very different and not interchangeable. Bitcoin is a cryptocurrency. Blockchain is a new database with special properties that records permanent interactions and transactions. It was invented to transact bitcoin, but a variety of things can reside on the blockchain.

Since your One Digital ID<sup>SM</sup> does not change, the irreversible nature and permanency of blockchain is the foundation for the Blockchain Age<sup>SM</sup>. At SILC<sup>SM</sup>, we are building the missing identity layer of the Internet that can facilitate a new foundation to many transactions that occur today.

People who carry out business and social interactions are known by their identities. In the pre-Internet age, identity was defined by your name, address, date of birth, and Social Security number, but in the digital age, identity is a collection of data points giving rise to your One Digital ID<sup>SM</sup>.

Like electricity and running water, your One Digital ID<sup>SM</sup> will become a necessity to connect everything around you. In the Blockchain Age<sup>SM</sup>, data is gathered through your interactions with multiple touchpoints (e.g. thermostats, lights, cars, speakers, chatbots, machines, etc...) and merged with contextual information about you.

In 1989, when Compuserve/MCI Mail gave us the first consumer email address, emails were primarily used to communicate with friends and family within the Compuserve network. Many were skeptical about email becoming a viable digital communication tool and some even doubted the influence that the Internet itself would have on our personal, social and business life. However, it didn't take long for both the web and email to move from a fringe technology used by only researchers to a primary communication tool for all users. According to Radicati Group, there are 3.7 billion email users worldwide or 54% of population of the planet with an average of 1.7 email accounts per user.<sup>4</sup>

Now, 30 years later, blockchain and identity management are the new emerging fringe technology. They are the foundation of the sharing economy. The sharing economy is "the peer-to-peer based activity of obtaining, giving, or sharing access to goods and services"<sup>5</sup>. The sharing economy is made possible by recent technological advances such as Blockchain by (1) substantially lowering transaction costs and (2)

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<sup>4</sup> Contextual information: Information we know that is relevant to an understanding of the text:

- (1) The identity of things named in the text: people, places, books, etc.
- (2) Information about things named in the text: birth dates, geographical locations, date published, etc.
- (3) Interpretive information: themes, keywords
- (4) Normalization of measurements, dates, etc.

<sup>5</sup> "The current and Future State of the Sharing Economy" by Niam Yaraghi and Shamika Ravi, March 2017.

facilitating the exchange of value in a secure and decentralized manner without the need for an intermediary. There has always been a need for people to buy a hard-to-find product, find a place to stay, access cash, eat a home-cooked meal, find assistance on a task, or to get from point A to point B. The problem was finding someone who was willing to offer the desired goods or services at a reasonable price. With a blockchain, software applications no longer need to be deployed on a centralized server, they can run on a peer-to-peer network that is not controlled by any single party.

As the poster child for the sharing economy, Uber™ is still very centralized, and they still control all your data. Today, when you take an Uber™, there is still a human element that processes information given to him or her by a central computer to find the quickest route from point A to point B. The Blockchain Age™ will leverage the same power of processing and recording data but without the human element or central computer.

In the Internet 2.0 and 3.0, you do not own your usernames, data or data shared with others. Data is collected, analyzed, packaged and sold, all without your knowledge or approval. You have zero control and your only option in this case is either to register for an account or leave the site. This is known as Hobson's Choice or the 'illusion of choice' – a concept first proposed by Thomas Hobson (1544 – 1631). Hobson's choice is a false 'illusion of choice' because it is not a choice between two equivalent options, nor is it a choice between two undesirable options; your choice is between something or nothing.

In the Internet Age, the 'illusion of choice' exists because our only choice is to trust websites with our data. As is the case when we sign in at Yahoo, eBay, Sony, Target, Equifax, Heartland Payment Systems, TJX, JPMorgan Chase, Anthem, and OPM (the Office of Personal Management) – all of which have been victims of data breaches.

When you sign in, you entrust that your data will be safeguarded, and when you come to find that your data was not sufficiently protected – only then do you realize there was no choice. One Digital ID™ now gives you that choice – what type of data to share, when to share it, and how long the data is available.

## The Challenges of Protecting Personal Identity!

Using an individual's personal information to access their accounts is the norm in conventional identity systems. We as consumers are programmed to believe that 5 layers of questions by the customer service representative on the other end of a phone are designed to protect our personal information. Does it work? Perhaps not! Despite all these processes in place, and including the fact that banks have added an additional layer of authentication in the form of PINs and Safecodes, you are still vulnerable to your information being hacked. In recent hack cases, with cyber-attacks on the Healthcare sector (NHS across England, etc.), prominent department chains (Home Depot, Target, etc.), governmental institutions (The IRS, The Federal Reserve, DHS, etc.), or even some of our favorite online sites (eBay, Yahoo, Google, etc.), your information was compromised, no matter what level of authentication the systems had in place. Such data breaches will continue to happen as long as these antiquated verification processes are being used. Biometrics, such as fingerprints and retina scans, can help and even though technology has come a long way, biometrics in itself, is not 100% accurate or hack-proof!

Before we discuss our solution, let us begin by asking ourselves, do we even OWN our personal Identities? We think we own our Social Security Number, driver's license, email addresses or even our phone numbers. This may not be news to us all, but we DO NOT actually own our identities. In many cases, we do not even have control over any information linked to our identity. Our personal data and information is stored in places that are owned and operated by other third parties. We are made to feel comfortable that our information is secured behind a myriad of security features. These trusted organizations (banks, government agencies, etc.) have failed as custodians of our Identity!

Equifax's recent breach has affected almost half the US population, close to 143 million people. The information that was accessed included names, Social Security numbers, birthdates, addresses and in some cases, even driver's licenses. Such incidents will continue to occur if information is stored in a format that can be accessible.

In 2016, there were 3.4 billion worldwide Internet users - roughly 46.1% of the world's population.<sup>6</sup> In that same year, there were also 1,209 total breaches of systems that manage user identity data. In the last eight years, more than 7.1 billion identities have been exposed globally.<sup>7</sup> Around 1.1 billion identities were exposed in 2016.<sup>8</sup> In 2016, Identity fraud rates hit a record high, affecting 15.4 million victims in the United States, causing over \$16 billion in losses.<sup>9</sup> Globally, the US is at the top of the list that is affected by identity theft, with China in second place and Brazil a distant third.

## The SILC ONE Digital ID<sup>SM</sup> Solution!

Everybody is looking for a digital company that takes a proactive approach towards stepping up and offering protection for their digital presence. Everybody is looking for a company like SILC<sup>SM</sup>.<sup>10</sup>

SILC<sup>SM</sup> operates on our own proprietary blockchain platform that allows you to build an identity that is not entirely subject to the challenges we discussed above. For starters, with SILC, you will OWN your Digital Identity! Our solution is designed to allow you to gain absolute ownership and control over your personal identity. You will oversee your personal data and be able to create and maintain anonymity and have the AUTHORITY to then choose how, when, where and with whom you share that information. By creating a SILC One Digital ID<sup>SM</sup>, you will be able to use your unique credentials for verification, reduce the need to have pieces of your identity available everywhere online, and prevent others from tracking and selling your personal data without your consent. You will be the sole CUSTODIAN of your personal data and can safely interact and conduct data transactions with other users.

Simply stated, we believe that further protection lies in our ability to regain ownership, control and authority over our personal data. Once your information is not in the hands of third parties, it cannot be

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<sup>6</sup> [www.internetlivestats.com](http://www.internetlivestats.com)

<sup>7</sup> <http://www.livemint.com/Industry/mCSJiFfZrxk8USJ0Rxh8II/11-billion-identities-exposed-in-data-breaches-in-2016-say.html>

<sup>8</sup> 'Internet Security Threat Report', Symantec, April 2017.

<sup>9</sup> (a) <http://www.iii.org/fact-statistic/identity-theft-and-cybercrime>; (b) <https://www.javelinstrategy.com/press-release/identity-fraud-hits-record-high-154-million-us-victims-2016-16-percent-according-new>; (c) USA Today, Feb 6, 2017. Javelin Strategy & Research Report.

<sup>10</sup> 'Trouble in Our Digital Mist', Digital Citizens Alliance, June 2017.

used by others in ways that can adversely affect you. By adopting a SILC One Digital ID<sup>SM</sup>, you effectively can select what information you want to release to a third party based on the context of that exchange.

For example, when applying for a new job, a prospective applicant can select to release only those credentials (his education level, previous work history, work study projects, etc.) that are relevant to his application process. The employer does not need to know the details of the applicant's political affiliation or other non-requested personal details that may negatively influence the employer's hiring decision based on biases. Once again, the applicant can control what elements of his 'Virtual Imprint' he releases. With the SILC One Digital ID<sup>SM</sup>, you can store all various elements of your identity in blocks and can pick and choose what information gets released. By regaining control over your personal information, the power dynamic radically shifts back into your hands!

This "One Digital ID<sup>SM</sup>" is your personal ID for you to manage and to exchange data with other users. The data itself is cryptographically stored and hash onto our token. Your block on our system is less likely to be hacked because it is (1) verified by other users and (2) recorded on the blockchain.

We want to ensure that you as a user can (1) transition from a physical identity to a digital identity; (2) learn and understand the benefits of using the blockchain; (3) securely and confidently transact online; and (4) be in control of his/her personal data and identity.

## What Specific Solutions Does "One Digital ID<sup>SM</sup>" Offer?

We believe that full control of your data and information will be the cornerstone to almost every innovative change in the future. The SILC<sup>SM</sup> proprietary platform addresses 3 main challenges regarding your personal data:

1. Prevents breaches into corporate servers and theft of valuable personal data by cyber criminals.
2. Protects you from having your personal data exposed on the Internet.
3. Implements a new system of authentication validation besides just a passcode (email, social media, online shopping, banking, and other services requiring login)

With our various upcoming applications, your 'One Digital ID<sup>SM</sup>' will allow you to:

- Participate in exchanges (financial, data or otherwise) across the 'SILC<sup>SM</sup>' platform.
- Benefit from our upcoming mobile transacting capability – SILC<sup>SM</sup> may implement a log-in phone application that provides log-in mechanisms to ensure extra security for the user when logging into the system. The application will contain fingerprint biometrics, symbol drawing, QR codes, and other possible log-in mechanisms.
- Use our cloud storage integration – All encrypted files are stored on automatically generated cloud storage accounts with unlimited storage. This gives the user space to store all the files and data they submit and access. To prevent unwanted access, we use double encryption on each file within the cloud storage accounts so that it can be shared only with authorized users.
- Gain access to messaging and notifications – SILC<sup>SM</sup> plans on releasing an encrypted messaging system that allows users to send each other encrypted messages, which can be encrypted/decrypted via public and private keys. The messaging system will enable users to

receive notifications about exchange requests and completed exchanges. In addition to the online messaging system, users can also set up phone and email notifications.

- Provide optional enhanced cloud storage services – Users have the option of backing up all personal data, including blockchain files on our personal cloud service. This backup allows users to safely recover their data. All personal data on the cloud is encrypted with the user's private key so that only the user can access it.
- Maximize trust building – SILC<sup>SM</sup> also features a reputation system that allows users to give each other feedback after token exchanges. If a user fails to deliver the item represented in an exchange he/she is involved in, there is a negative feedback option that marks a user permanently on the blockchain as not delivering on an exchange.

## The 'SILC<sup>SM</sup>' Blockchain Platform

By building its own blockchain platform, SILC<sup>SM</sup>, Secure Identity Ledger Corporation is removing roadblocks such as miners dictating fees or forking the chain. You can be confident the SILC<sup>SM</sup> blockchain will always be accessible and supported, and the impending bloat of the existing blockchains won't impact SILC<sup>SM</sup> based accounts. Unlike other platforms that are size-based in nature, SILC<sup>SM</sup> is operated as a time-based platform and in doing so, allows for daily processing of all transactions. Invariably, this prevents blockchain bloating. As information and data is uploaded to the blockchain, it is cryptographically camouflaged by hashtags, thus ensuring that your data is absolutely secure. The blockchain has zero-knowledge of the stored data! We enable consumers and businesses to enter into and be empowered by the Blockchain Age<sup>SM</sup> through a scalable, accessible, interoperable, private and secure platform.

Our platform is just as secure as all public chains in terms of functionality and features of a blockchain except we cannot be forked, we do not have miners and we are not susceptible to bloating. The users (users with a verified digital ID) are the validators and in conjunction with the two interacting parties, verify the data exchanges. We are decentralized in this aspect also. No one party can control our blockchain; SILC<sup>SM</sup> in layman terms, is the 'observer' of the system/platform.

In a typical bitcoin transaction, miners validate the transactions from user A to user B via 'proof of work' and load the transaction onto a block. In comparison, the exchange of data from user A to user B within the SILC<sup>SM</sup> platform is not validated by miners because we do not have any. The data is validated by at least three parties – user A, user B and other users within the system. Once all parties validate the data it is immediately recorded onto the permissioned public blockchain as well as the private blockchain of user A and user B.

By doing away with miners we are removing the 'proof of work' concept of Bitcoin or 'Proof of Stake' in Ethereum. We employed a new 'Verified Existence Algorithm<sup>SM</sup>' so that all users on your blockchain can validate each other. The distributed aspect of our blockchain is the private chain that each person has and his/her contribution to the permissioned public blockchain so there is no central authority. Your digital identification number allow you to participate, view, and share all information and eventually other applications on our blockchain. There is no voting within our system and there is not a central authority. The decision to upload and share data is determined only by the users within our platform.

Some users may only get a digital id but never conduct transactions and this user will have the same rights and privileges of all users within our system – think about an email address that you never use.

We created our own blockchain because we wanted to (1) establish rules, (2) take advantage of the core elements of blockchain architecture, (3) create trust, (4) establish a framework for new data-driven business models.

1. *Establish Rules*: Our platform has 4 rules and they coincide with the components of the law of identity.
  - User Control – the platform for our Identity system can only reveal information with the user's consent.
  - Minimal Disclosure – our platform contains the least amount of identifying information.
  - Justifiable Parties – the platform is designed so that only justifiable parties have access.
  - Simplified User Experience – the platform is simple to use and the user can visually monitor all activity related to his/her data.
2. *Blockchain Core Elements*: Blockchain technology core elements have the potential to make sharing data easier, while maintaining the integrity of data. Our blockchain is immutable, irrefutable, decentralized with rigorous privacy and security capabilities.
3. *Build Trust*: Our blockchain platform will allow people who have no particular confidence in each other to collaborate and transact.
4. *New Data Driven Business Model*: Our platform will allow you to control and disclose parts of your data to companies in return for specific benefits. Facebook made over \$9 Billion in Ad revenue in Q2 of 2017 as it collects data on 1.32 billion active users. What portion of that made its way to the active users?

SILC<sup>SM</sup> wants to ensure that every user can (1) transition easily from a physical identity to a digital identity; (2) learn, understand and enjoy the benefits of using the blockchain; (3) securely and confidently transact online with extreme ease; (4) be in absolute control of his/her personal data and (5) profit directly from the monetization of his/her personal data.

To lead the typical user into the Blockchain Age<sup>SM</sup>, Secure Identity Ledger Corporation (SILC) will create and register a transformative One Digital ID<sup>SM</sup> for you. This then gets recorded as your new digital ID on the blockchain.

## What is Unique About Us?

We address the missing identity layer of the Internet. The current model for digital identity is based on user names, emails, text and passwords which can be manipulated, and this is the fundamental weakness of the Web and Internet.

Secure Identity Ledger Corporation introduces a blockchain platform for delivering the first-ever turnkey Digital ID System. Our new blockchain platform will put you in control of your online identities. Some of the unique capabilities of the platform are:

- Unique technology developed for people to create their own, encrypted One Digital ID<sup>SM</sup>

- Digital tokens may be purchased using Visa, MasterCard and Amex as well as digital currencies such as Bitcoin
- No personal data stored, only verification provided via a managed digital identity system



Peter Steiner, *The New Yorker*, July 5, 1993

The digital identity that we create for you belongs to you. You can choose whether to use your digital identity or not, but it will always belong to you. If you choose to use our system, you can decide how what type of data to load onto a virtual token that can be safely exchanged with other users, with all transactions recorded on the blockchain.

## Why Should You Care?

- Currently there are too many user names and passwords that you need to keep track of. Our system eliminates that need.
- ID theft and fraud are widespread across the Internet. Our system will provide a new way to prevent ID theft and fraud since there are no passwords to be stolen.
- Currently, a lot of data on the Internet can be compromised and altered. Our system utilizes blockchain technology, which is immutable and ensures that any information entered on the blockchain can never be altered or reversed. We are also creating a custom encryption and distributed storage scheme on the blockchain.
- The Internet contains many systems of authority that control and manage data. If those systems are compromised, so is the data. Our system is distributed and works with zero knowledge, ensuring that even if our system is compromised, an attacker will not be able to access our user's data.
- Many user identities are fake and do not represent real people. Our custom verification process makes it very difficult to create a fake identity

## The Token Sale

To buy SILC<sup>SM</sup> tokens, one must take part in a SILC<sup>SM</sup> Token sale event. All tokens sold during the initial 16-day Token Sale will be called SILC<sup>SM</sup> tokens. SILC<sup>SM</sup>'s initial Token Sale will take place on October 9, 2017

and run until October 25, 2017. During this period, participants will be able to register for their tokens and obtain a One Digital ID<sup>SM</sup>. The SILC<sup>SM</sup> tokens will be subsequently issued at the end of the Token Sale, at which point your payment method will be charged. SILC<sup>SM</sup> tokens can be purchased using VISA, MasterCard, Amex, Discover, PayPal, and Bitcoin. No discounts will be available.

SILC<sup>SM</sup> will issue a total of 1.5 billion tokens of which 75 million (5%) will be offered as part of our upcoming token sale. The company will retain 1.425 billion tokens for future sales and disbursements. SILC<sup>SM</sup> intends to release more tokens to further enhance its platform and continue to build various other applications that have already been slated for release in the coming months. The number of tokens to be released in the future and the token price will be determined by the specific application's requirements. While other token sales tend to represent, on average, 20-30% of the total token float, we are limiting ours to only 5% during this initial token sale. SILC<sup>SM</sup> has concrete plans to develop and introduce new products and applications in the coming months and the company has plans for future token sales or token generation events.

The 75 million tokens being offered to the public at this stage are priced at USD \$0.25 per token. The minimum participation amount is USD \$25 for a tranche of 100 tokens. SILC<sup>SM</sup> will also offer bonus tokens to purchases of larger value. For example, anyone purchasing a block of 400,000 tokens for a value of USD \$100,000 will receive 10% additional tokens. Upon completion of the token sale, SILC<sup>SM</sup> would issue a total of 440,000 tokens. The table below outlines the bonus structure. Also, in keeping with our consumer-driven philosophy (like Facebook and AOL), SILC has opted not to conduct an Institutional (or a friend's and family) Pre-sale. We believe that all participants in our Token sale should be treated equally and that everybody be given an equal opportunity to contribute.

Number of Tokens	Purchase Price (USD)	Bonus applied
100 – 199,999	Less than \$50,000	0%
200,000 – 399,900	\$50,000 – \$99,975	5%
400,000 – 599,900	\$100,000 – \$149,975	10%
600,000 – 799,900	\$150,000 – \$199,975	15%
800,000 and above	\$200,000+	20%

As part of our future roadmap, SILC is seeking to further develop applications including, but not limited to the following:

- Interactive Blockchain Exchange
- Mobile Application
- Cloud Storage Integration
- Message and Notifications
- Reputation and Trust Building System
- Cloud Services
- File Management & Integration

## Definitions & Key Concepts

**Digital Identity** - a digital identity is an online personification by an individual, organization or electronic device comprising of attributes that only the owner has knowledge off.

**Tokenization** - is the process of replacing sensitive data to minimize exposure.

**Identity Management** - The process of managing who has access to your information over time. *This involves the creation of distinct identities for all users of the community as well as the association and interactions of the users of the community thus building 'Trust'.*

**Blockchain/Distributed Ledger** - A distributed tamperproof database and platform that secures all records that are added to it wherever they exist. *Each record contains at least a timestamp and secure links to the previous record.*

**Trust** - Sociologist James Coleman defined it as follows: "*Trust is a willingness to commit to a collaborative effort before you know how the other person will behave*" (Coleman, 1990).<sup>11</sup>

## Company

Our company, Secure Identity Ledger Corporation (SILC<sup>SM</sup>), is incorporated in Delaware, USA. The company is headquartered out of Virginia at 6329 Arlington Blvd, Suite N, Falls Church, VA 22044, USA. In addition to the 5-member executive management team, we already have a staff of 10 software developers and 6 business development leaders.

## Can I see the Blockchain?

To make things simple, we believe that the user must be able to see his or her transactions and know exactly where it is recorded on the public blockchain. If the situation requires, he or she can retrieve the information thus establishing an audit trail.

## Registration, Authentication and Verification

Upon registering and participating in the Token Sale, SILC<sup>SM</sup> will create a unique ID. In the SILC<sup>SM</sup> registration/login system, a user can register for an account. A temporary passcode is then randomly generated and sent either to the email or mobile for each login session.

The temporary passcode is valid for only 10 minutes before expiring. Upon expiration, another passcode is generated.

Every user that registers for our system starts as an unverified user. Unverified users can participate in the Token sales, but they do not have access to future applications and services such as the upcoming trading tokens and data storage.

To become a verified user, one must submit all the following documents to establish your physical identity and for the platform to create your digital identity:

- 8 Fields of Identification: User's display name, First Name, Last Name, Address, City, State, Zip code, Country

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<sup>11</sup> Coleman, James. *The Foundations of Social Theory*. 1990.

- 3 Files: Proof of address (Electric, Gas, Car registration, etc.), Government Issue Photo ID, Self-photo

Verification is a one-time process and cannot be repeated. To re-verify, contact us for a new account.

## Why Do We Require Your Data for Verification?

All user data is scrambled and stored in SILC<sup>SM</sup> databases under a custom process that does not allow us to view or access it. Included in the user's data is all of the verification data inputted to become verified, as well as any SILC<sup>SM</sup> token data.

The verification data we require is almost impossible to fake without showing some inconsistencies. Although we cannot see your data, other parties like the government may require you to provide your key to unencrypt the data. If the data is decrypted in that situation, inconsistencies from fake inputted data will show.

The personal blockchain is a unique ledger exclusive to each user account that contains a record of all token exchanges and blockchain transactions for that specific user.

Note: Unverified users do not have access to full functionality of the of our applications. However, they can view the public blockchain and see their tokens.

## Unique ID and Keys

SILC<sup>SM</sup> assigns each user (both verified and unverified) a unique ID that will be used to identify each account. This unique ID is the only form of identification present on the blockchain. The unique ID has no pattern and can be any length.

After a user becomes verified, the SILC<sup>SM</sup> system generates and assigns a private and public key to each user.

## Benefit of Using

Digitally based blockchain identity, One Digital ID, is the answer to enhancing political, economic and social opportunity. Our planned applications feature an integrated user verification and authentication system that can be adopted by any business for online or offline transactions. Every transaction recorded on our custom blockchain guarantees the following:

- Permanency: Everything on the blockchain is permanent; a block cannot be changed or altered as the adjacent blocks produce a permanent record of the exchange.
- Immutability: Nothing on the blockchain can be modified after it has been created.
- Irreversibility: Nothing on the blockchain can be deleted.

These features add a layer of transparency so users can be sure that every blockchain transaction they perform will be permanently on the blockchain without any alterations.

## SILC Credits

All application, including the creation of your One Digital ID, require SILC<sup>SM</sup> tokens/credits to run. Each blockchain operation involves the movement of exchange of data stored in blocks that consumes SILC<sup>SM</sup> credits. Only verified users can load data onto their blocks. Blocks on the SILC<sup>SM</sup> platform have two states:

- Empty – A block without any data is consumed in a SILC<sup>SM</sup> operation, such as an exchange. The cost of that exchange will be priced and conducted in SILC<sup>SM</sup> credits.

- Loaded – A block that is loaded with data to be exchanged or stored within the SILC<sup>SM</sup> network. After a block is loaded with data, it will be consumed in a SILC<sup>SM</sup> operation. A loaded block will have a different icon such color and/or logo and a category (for sorting purposes). Once again, the exchange will be measured in SILC<sup>SM</sup> credits.

SILC<sup>SM</sup> credits can be purchased using SILC<sup>SM</sup> tokens. While the price of SILC<sup>SM</sup> tokens may fluctuate based on market forces, the denomination of a SILC<sup>SM</sup> credit will remain relatively low and constant. While SILC<sup>SM</sup> credits partially lend to the platform's revenue model, we recognize that the perceived cost of transacting on the SILC<sup>SM</sup> platform has to be very minimal. Therefore, if the value of SILC<sup>SM</sup> tokens rise, the owner will be able to purchase more SILC<sup>SM</sup> credits with a single token.

For example, Alice wants to send Bob data; she loads only relevant, necessary, and agreed upon data for the transaction onto a block. Alice then adds an expiration date for the transaction. After the data is loaded, Alice uses Bob public keys to encrypt the data, which can only be decrypted by Bob's private key. Once the transaction is completed by Bob (he opens the encrypted data using the keys), a predetermined number of credits are charged for the transaction. Our system consumes SILCSM credits to fuel SILCSM blockchain transactions such as exchanges, data storage and Token conversions.

## Use Cases

### Use Case 1

Alex wants to exchange contact and send an order to a merchant (either online or offline) with (1) his order, (2) delivery address, (3) credit card info, and (4) other directions. All this data can be uploaded and encrypted into a block with a preset expiration date. The information is sent to the merchant that has a key to decrypt the data in the block. The merchant sends back an encrypted confirmation of the order or email the confirmation receipt to Alex. The entire exchange is now recorded on Alex's blockchain as well as the merchant's blockchain.

Note: These block exchanges are simply representations of real life objects/services. Both Alex and Merchant lose a credit for trading costs because they convert one of their empty blocks to "order" and "receipt" blocks.

### Use Case 2

Let's say Alex wants to exchange his pencil with Bob's apple. Alex would initiate an exchange with Bob, assigning "pencil" to a block and requesting a block with the value "apple". Alex then uses up a credit. When Bob accepts the terms of the exchange, he agrees to assign "apple" to his block as a value and also loses a credit when the exchange is completed. The entire exchange is now recorded on the blockchain.

Note: These blocks are simply representations of real life objects/services. Both Alex and Bob lose a credit for trading costs because they convert one of their empty blocks to a "valued" block with the values "apple" and "pencil". The transaction is recorded on the blockchain.

## Use Case 3

Let's say Alex wants to send a document to Bob. Alex would initiate an exchange with Bob, assigning "document" to his block and requesting a "receipt" block from Bob. Alex then loses a credit, when Bob accepts. Bob loses a credit when Alex accept the "receipt" block. The terms of the exchange were fully executed and recorded on the blockchain.

Note: This exchange is simply a representation of real life objects/services. Both Alex and Bob lose a credit as trading costs because they convert one of their empty blocks to "valued" blocks with the document.

## Use Case 4

Let's say Alex wants to enter into an agreement with Bob, but Alex wants 3 additional IDs and confirmation that Bob is who he said he is. Alex would initiate an exchange with Bob, assigning "proofs of identity" to a block and requesting an "evidence" block in return. Bob can encrypt 3 IDs and load onto the block that only Alex can view, and Bob also can add an expiration date to the data on the "evidence" block. Once Alex receives the "evidence" from Bob, the confirmation is recorded on the blockchain and the evidence expires.

Note: These blocks are simply representation of real life objects/services. Both Alex and Bob utilize credits for the "proofs of verified identity" and "evidence" blocks.

## Risk Factors

Secure Identity Ledger Corporation (“SILC” or the “Company”) is a new company. The Company is not registered with the United States Securities and Exchange Commission, or any other regulatory agency. The Company is not subject to any public reporting or filing, has no operating history for purchasers of SILC Tokens to review. Please review and consider the following risks before purchasing SILC<sup>SM</sup> tokens.

### SILC<sup>SM</sup> Token Generation Event Risk Factors

You should carefully consider and evaluate each of the following risk factors and all other information contained in the Token Purchase Agreement before deciding to participate in the SILC<sup>SM</sup> Token Generation Event (the “TGE”). To the best of Secure Identity Ledger Corporation, a Delaware corporation (the “Company”) knowledge and belief, all risk factors which are material to you in making an informed judgment to participate in the TGE have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, the business, financial position and/or results of operations of the Company and the maintenance and level of usage of the MySecureLedger<sup>SM</sup> platform and the SILC<sup>SM</sup> Tokens could be materially and adversely affected. In such cases, the potential value of SILC<sup>SM</sup> Tokens could decline due to any of these considerations, uncertainties or material risks.

#### 1. RISKS RELATING TO PARTICIPATION IN THE TOKEN GENERATION EVENT

There is no prior market for SILC<sup>SM</sup> Tokens and the Token Generating Event (TGE) may not result in an active or liquid market for the SILC<sup>SM</sup> Tokens

Prior to the TGE, there has been no public sale or market for the SILC<sup>SM</sup> Tokens. The SILC<sup>SM</sup> Tokens are not listed on any cryptocurrency exchange and no public market exists for SILC<sup>SM</sup> Tokens. There is no assurance that an active or liquid trading market for the SILC<sup>SM</sup> Tokens will develop, or if developed, will be sustained. There is also no assurance that the market price of the SILC<sup>SM</sup> Tokens will not decline below the original purchase price (the “Purchase Price”). The Purchase Price may not be indicative of the market price of the SILC<sup>SM</sup> Tokens.

A SILC<sup>SM</sup> Token is not a currency issued by any central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets or other credit. The Company is not responsible for, nor does it pursue, the circulation and trading of SILC<sup>SM</sup> Tokens on the market. Trading of SILC<sup>SM</sup> Tokens will merely depend on the consensus on its value between the relevant market participants. No one is obliged to purchase any SILC<sup>SM</sup> Token from any holder of the SILC<sup>SM</sup> Token, including the purchasers, nor does anyone guarantee the liquidity or market price of SILC<sup>SM</sup> Tokens to any extent at any time. Purchase of SILC<sup>SM</sup> Tokens are non-refundable.

Furthermore, SILC<sup>SM</sup> Tokens will not be sold in, and may not be purchased in, or resold to purchasers who are citizens or permanent residents of, Singapore, China, South Korea, New York, or any other jurisdiction where the sale or purchase of SILC<sup>SM</sup> Tokens may be in violation of applicable laws. Accordingly, the Company cannot ensure that there will be any demand or market for SILC<sup>SM</sup> Tokens, or that the Purchase Price is indicative of the market price of SILC<sup>SM</sup> Tokens.

Future sales or issuance of the SILC<sup>SM</sup> Tokens could materially and adversely affect the market price of SILC<sup>SM</sup> Tokens.

Any future sale or issuance of the SILC<sup>SM</sup> Tokens would increase the supply of SILC<sup>SM</sup> Tokens in the market and this may result in a downward price pressure on the SILC<sup>SM</sup> Token. The sale or distribution of a significant number of SILC<sup>SM</sup> Tokens outside of the TGE (including but not limited to the sales of SILC<sup>SM</sup> Tokens undertaken after the

completion of the initial crowd sale, issuance of SILC<sup>SM</sup> Tokens to persons other than purchasers for purposes of community initiatives, business development, academic research, education and market expansion and issuance of SILC<sup>SM</sup> Tokens as a reward to users of the MySecureLedger<sup>SM</sup> platform), or the perception that such further sales or issuance may occur, could adversely affect the trading price of the SILC<sup>SM</sup> Tokens.

Negative publicity may materially and adversely affect the price of the SILC<sup>SM</sup> Tokens

Negative publicity involving the Company, the MySecureLedger<sup>SM</sup> platform, the SILC<sup>SM</sup> Tokens or any of the key personnel of the Company, and/or regulation of cryptocurrencies in the US or worldwide, may materially and adversely affect the market perception or market price of the Tokens, whether or not it is justified.

We may not be able to pay any anticipated benefits in the future

There is no assurance that there will be sufficient engagement in the MySecureLedger<sup>SM</sup> platform such that you will receive any rewards anticipated to be distributed to active users of the MySecureLedger<sup>SM</sup> platform. Further, even in the event there is substantial engagement and interactions among the users and the MySecureLedger<sup>SM</sup> platform, there is no assurance you personally will receive any benefit. This is because there is no assurance of the future results of operations and the future business and financial condition of the Company or MySecureLedger<sup>SM</sup>.

There is no assurance of any success of MySecureLedger<sup>SM</sup> Platform or any Future Business Line

The value of, and demand for, the SILC<sup>SM</sup> Tokens hinges heavily on the performance of the MySecureLedger<sup>SM</sup> platform and the continuous active engagement of its users and success of its contemplated business lines. There is no assurance that the MySecureLedger<sup>SM</sup> platform will gain traction after its launch and achieve any commercial success. Furthermore, there is no assurance that any of the business lines contemplated by the Company will be launched and generate sufficient customer traction. Although the Company has performed several market studies testing the demand for the MySecureLedger<sup>SM</sup> platform with relatively positive results, the MySecureLedger<sup>SM</sup> platform has not been fully developed and finalized and is subject to further changes, updates, and adjustments prior to its launch. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, possibly due to the failure to meet users' preconceived expectations, and hence, impact its success. While the Company has made every effort to provide a realistic estimate, there is also no assurance that the number of tokens sold and purchase price will be sufficient for the full development of the MySecureLedger<sup>SM</sup> platform and/or for the proper structuring and licensing of the Company business lines. For the foregoing or any other reason, the development of the MySecureLedger<sup>SM</sup> platform may not be completed as contemplated and there is no assurance that it will be fully launched. As such, distributed SILC<sup>SM</sup> Tokens may hold little worth or value.

The funds raised in the Token Generation Event are exposed to risks of theft

The Company will make every effort to ensure that the funds received from the TGE will be securely held in an escrow wallet, which is a multi-signature address with access thereto by private keys held by reputable and trusted parties and that currency in a U.S. bank. Further, upon receipt of the funds, the Company will make every effort to ensure that the funds received by it will be securely held through the implementation of security measures. Notwithstanding such security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on the TGE website, in the smart contract(s) on which the escrow wallet and the TGE relies, on any other blockchain, or otherwise.

Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the TGE is completed, the Company may not be able to receive the cryptocurrencies raised and may not be able to use such funds for the development of the MySecureLedger<sup>SM</sup> platform with all user functionality. In such case, the MySecureLedger<sup>SM</sup> platform as contemplated and the structuring and licensing of

any future business lines might be temporarily or permanently curtailed. As such, distributed SILC<sup>SM</sup> Tokens may hold little worth or value.

## 2. RISKS RELATING TO PLATFORM

The MySecureLedger<sup>SM</sup> platform is developed, operated, and maintained by the Company. Any events or circumstances which adversely affect the Company or any of its successor operating entities (collectively referred to herein as “SILC Company”) may have a corresponding adverse effect on the MySecureLedger<sup>SM</sup> platform and any future business line. Such adverse effects would correspondingly have an impact on the utility, liquidity, and the trading price of the SILC<sup>SM</sup> Tokens.

The Company may be materially and adversely affected if it fails to effectively manage its operations as its business develops and evolves, which would have a direct impact on its ability to maintain the MySecureLedger<sup>SM</sup> platform and/or launch any future business lines.

The financial technology and cryptocurrency industries in which SILC<sup>SM</sup> competes have grown rapidly over the past several years and continue to evolve in response to new technological advances, changing business models, shifting regulations and other factors. As a result of this constantly changing environment, the Company may face operational difficulties in adjusting to the changes, and the sustainability of SILC<sup>SM</sup> will depend on its ability to manage its operations, ensure that it hires qualified and competent employees, and provides proper training for its personnel. As its business evolves, SILC<sup>SM</sup> must also expand and adapt its operational infrastructure. SILC<sup>SM</sup>’s business relies on its blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology. All of these systems, tools, and skillsets represent complex, costly, and rapidly changing technical infrastructure. In order to demonstrate continued ability to effectively manage technical support infrastructure for the MySecureLedger<sup>SM</sup> platform, the Company may need to continue to upgrade and improve its data systems and other operational systems, procedures, and controls. [Any such upgrades and improvements will require a dedication of resources and are likely to be complex may rely on hosted computer services from third parties that SILC<sup>SM</sup> does not control.] If the Company is unable to adapt its systems and organization in a timely, efficient, and cost-effective manner to accommodate changing circumstances, its business, financial condition and results of operations may be adversely affected. If any third parties whom SILC<sup>SM</sup> relies on are subject to a security breach or otherwise suffer disruptions that impact the services SILC<sup>SM</sup> uses, the integrity and availability of its internal information could be compromised, which may consequently cause the loss of confidential or proprietary information and economic loss. The loss of financial, labor or other resources, and any other adverse effect on the Company’s business, financial condition and operations, would have a direct adverse effect on its ability to maintain the MySecureLedger<sup>SM</sup> platform. Any adverse effects affecting the Company’s business or technology are likely to also adversely impact the utility, liquidity, and value of the SILC<sup>SM</sup> Tokens.

The Company may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect its infrastructure network, and / or the MySecureLedger<sup>SM</sup> platform

The Company is not able to anticipate when there would be occurrences of hacks, cyber-attacks, distributed denials of service or errors, vulnerabilities or defects in the MySecureLedger<sup>SM</sup> platform, the smart contracts on which the Company, or the MySecureLedger<sup>SM</sup> platform relies or on any other blockchain. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. The Company may not be able to detect such hacks, cyber-attacks, distributed denials of service errors vulnerabilities or defects in a timely manner, and may not have sufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession.

The Company’s network or services, which would include the MySecureLedger<sup>SM</sup> platform, could be disrupted by numerous events, including natural disasters, equipment breakdown, network connectivity downtime, power losses,

or even intentional disruptions of its services, such as disruptions caused by software viruses or attacks by unauthorized users, some of which are beyond SILC<sup>SM</sup>'s control. Although SILC<sup>SM</sup> has taken steps against malicious attacks on its appliances or its infrastructure, which are critical for the maintenance of the MySecureLedger<sup>SM</sup> platform, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, that SILC<sup>SM</sup>'s enhanced security measures will be effective. The Company may be prone to attacks on its infrastructure intended to steal information about its technology, financial data or user information or take other actions that would be damaging to MySecureLedger<sup>SM</sup> and/or holders of the SILC<sup>SM</sup> Tokens. Any significant breach of SILC<sup>SM</sup>'s security measures or other disruptions resulting in a compromise of the usability, stability, and security of the MySecureLedger<sup>SM</sup> platform may adversely affect the utility, liquidity and/or trading price of the SILC<sup>SM</sup> Tokens.

We are dependent in part on the location and data center facilities of third parties

The Company's current infrastructure network is in part established through servers which it owns and houses at the location facilities of third parties, and servers that it rents at data center facilities of third parties. If the Company is unable to renew its data facility lease on commercially reasonable terms or at all, the Company may be required to transfer its servers to a new data center facility, and may incur significant costs and possible service interruption in connection with the relocation. These facilities are also vulnerable to damage or interruption from, among others, natural disasters, arson, terrorist attacks, power losses, and telecommunication failures. Additionally, the third-party providers of such facilities may suffer a breach of security as a result of third-party action, employee error, malfeasance or otherwise, and a third party may obtain unauthorized access to the data in such servers. Inc. and the providers of such facilities may be unable to anticipate these techniques or to implement adequate preventive measures.

General global market and economic conditions may have an adverse impact on SILC<sup>SM</sup>'s operating performance, results of operations, and cash flows

The Company has been and could continue to be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy could have a negative effect on SILC<sup>SM</sup>'s business, operations and financial condition, including decreases in revenue and operating cash flows, and inability to attract future equity and/or debt financing on commercially reasonable terms. Additionally, in a down-cycle economic environment, SILC<sup>SM</sup> may experience the negative effects of a slowdown in trading and usage of the MySecureLedger<sup>SM</sup> platform. Suppliers on which SILC<sup>SM</sup> may rely for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on SILC<sup>SM</sup>'s operations or expenses. There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant, adverse impact on SILC<sup>SM</sup>'s business, financial condition and results of operations, and hence, the MySecureLedger<sup>SM</sup> platform. Any such circumstances would then correspondingly negatively impact the utility, liquidity, and/or trading price of the SILC<sup>SM</sup> Tokens.

The Company or the SILC<sup>SM</sup> Tokens may be affected by newly implemented regulations

Cryptocurrency trading is generally unregulated worldwide, but numerous regulatory authorities across jurisdictions have been outspoken about considering the implementation of regulatory regimes which govern cryptocurrency or cryptocurrency markets. The Company or the SILC<sup>SM</sup> Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, including having to take measures to comply with such regulations, or having to deal with queries, notices, requests or enforcement actions by regulatory authorities, which may come at a substantial cost and may also require substantial modifications to the MySecureLedger<sup>SM</sup> platform. This may impact the appeal of the MySecureLedger<sup>SM</sup> platform and result in decreased usage of the MySecureLedger<sup>SM</sup> platform and the SILC<sup>SM</sup> Tokens. Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the MySecureLedger<sup>SM</sup>

platform may no longer be commercially viable, and the Company may opt to discontinue the MySecureLedger<sup>SM</sup> platform, and/or the SILC<sup>SM</sup> Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the MySecureLedger<sup>SM</sup> and the SILC<sup>SM</sup> Tokens.

The Company may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. In scenarios such as the foregoing, the utility, liquidity, and/or value of SILC<sup>SM</sup> Tokens will be adversely affected or SILC<sup>SM</sup> Tokens may cease to be traded.

#### There may be unanticipated risks arising from the SILC<sup>SM</sup> Tokens

Cryptographic tokens such as the SILC<sup>SM</sup> Tokens are a relatively new and dynamic technology. In addition to the risks included in the above discussion of risk factors, there are other risks associated with your purchase, holding, and use of the SILC<sup>SM</sup> Tokens, including those that the Company cannot anticipate. Such risks may further appear as unanticipated variations or combinations of the risks discussed above.

### 3. RISKS RELATING TO HIGHLY SPECULATIVE INVESTMENTS

The valuation of the SILC<sup>SM</sup> may not be transparent, and is highly speculative. The SILC<sup>SM</sup> Tokens do not hold any ownership rights to SILC<sup>SM</sup>, MySecureLedger<sup>SM</sup> or the Company's assets. The SILC<sup>SM</sup> Tokens are for use on the Company platform and will not be guaranteed, redeemed, or backed by any tangible asset. SILC<sup>SM</sup> Tokens are designed for use on the MySecureLedger<sup>SM</sup> platform and therefore are speculative as an investment. If a market develops, traded price can fluctuate greatly within a short period of time. There is a high risk that you could lose your entire investment amount. In the worst-case scenario, the SILC<sup>SM</sup> Tokens could be rendered worthless.

### 4. RISKS OF MONEY LAUNDERING AND TERRORIST FINANCING

Although SILC<sup>SM</sup> believes the fact that it maintains its own blockchain and requires a user authentication process renders the SILC<sup>SM</sup> Tokens unlikely to be misused for illegal activities such as money laundering or funding terrorism, you would be adversely affected if law enforcement agencies investigate any alleged illicit activities related to the SILC<sup>SM</sup> Token. SILC<sup>SM</sup> will require purchasers of more than USD \$2,000 of SILC<sup>SM</sup> Tokens to provide the Company personal identification.