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**Investment confirmation**

We are pleased to inform you that Sandstorm Ventures, a subsidiary of Melange Capital, has decided to proceed with a $1 million investment in ClothesTalk AI. This decision is based on the thorough evaluation of your business proposal and the significant potential we see in your innovative approach to leveraging AI in the fashion industry.

To ensure a smooth and legally compliant process, we have compiled a list of necessary legal documents that will be provided to you. These documents are designed to protect both parties' interests and ensure compliance with relevant regulations.

We would like to extend an invitation to your team to visit our headquarters on June 8, 2024, to sign the contract and formalize our partnership. This meeting will also provide an opportunity to discuss the next steps and address any questions you may have.

Please review the contents of this agreement letter thoroughly as it lays the foundation for a successful business relationship.

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# Investment Confirmation

**Amount**: $1,000,000  
**Purpose**: To support the development, marketing, and operational efforts of ClothesTalk AI.  
**Equity Stake**: 10%  
**Board Seat**: As part of the equity agreement, Sandstorm Ventures will obtain one seat on the board of directors of ClothesTalk AI.

## Payment Breakdown:

**Initial Payment (25%)**:

* **Amount**: $250,000
* **Date**: June 15, 2024
* **Milestone**: Upon signing the investment agreement and completion of initial due diligence.

**Second Payment (25%)**:

* **Amount**: $250,000
* **Date**: September 15, 2024
* **Milestone**: Completion of the platform’s beta version and successful onboarding of the first 10 fashion companies.

**Third Payment (25%)**:

* **Amount**: $250,000
* **Date**: December 15, 2024
* **Milestone**: Official launch of the platform, including public availability and onboarding of an additional 20 fashion companies (total of 30).

**Final Payment (25%)**:

* **Amount**: $250,000
* **Date**: March 15, 2025
* **Milestone**: Achievement of key performance metrics including 50 fashion companies onboarded and initial revenue targets met.

## Conditions for Payment Release:

1. **Milestone Verification**:
   * Each payment will be contingent upon the verification of milestone achievements by Sandstorm Ventures.
   * ClothesTalk AI must provide detailed reports and evidence of milestone completion prior to the release of each payment.
2. **Progress Updates**:
   * ClothesTalk AI is required to provide quarterly progress reports to Sandstorm Ventures, detailing development, financials, and any challenges faced.
   * Regular meetings will be scheduled to discuss progress and address any concerns.
3. **Compliance and Legal Requirements**:
   * All legal documentation must be in place and compliant with relevant regulations before the release of funds.
   * ClothesTalk AI must ensure ongoing compliance with data protection, privacy laws, and ethical AI guidelines.
4. **Financial Audit**:
   * A financial audit may be conducted by Sandstorm Ventures at any stage to ensure the proper use of funds and adherence to the agreed-upon investment terms.
5. **Performance Review**:
   * A comprehensive performance review will be conducted before the final payment to ensure that ClothesTalk AI is on track to meet its long-term objectives.

## Required Legal Documentation

The legal team at Sandstorm Ventures will prepare all necessary legal documentation, which includes:

1. **Investment Agreement**
   * Outlines the terms and conditions of the investment, including equity stakes, payment schedules, investor rights, and exit strategies.
2. **User Agreement**
   * Incorporates new consent requirements and liability clauses regarding image uploads.
3. **Content Moderation Policy**
   * Describes the steps and measures to moderate content, ensuring compliance with privacy laws and ethical standards.
4. **Consent Guidelines**
   * Provides guidelines for obtaining, documenting, and managing consent for image uploads.
5. **Privacy Policy**
   * Details how ClothesTalk AI collects, uses, stores, and protects user data.
6. **Data Processing Agreement (DPA)**
   * Agreement with third-party service providers detailing the processing of personal data to ensure GDPR compliance.
7. **Non-Disclosure Agreement (NDA)**
   * Protects sensitive business information shared during the partnership.
8. **Intellectual Property (IP) Agreement**
   * Outlines the ownership and usage rights of any intellectual property developed or used by ClothesTalk AI.
9. **Employment Agreements**
   * Contracts for key employees outlining roles, responsibilities, compensation, and confidentiality obligations.
10. **Bylaws or Operating Agreement**
    * Governs the internal management of ClothesTalk AI, including board structure, meeting protocols, and decision-making processes.
11. **Shareholders’ Agreement**
    * Details rights, obligations, and protections for minority shareholders.
12. **Regulatory Compliance Documentation**
    * Ensures compliance with industry-specific regulations, such as GDPR and CCPA, including data protection impact assessments (DPIAs) and appointment of a Data Protection Officer (DPO), if necessary.
13. **Ethical AI Guidelines**
    * Framework for implementing ethical AI practices within ClothesTalk AI, ensuring transparency, fairness, and sustainability.
14. **Terms of Service (ToS)**
    * General terms and conditions for the use of ClothesTalk AI’s platform.
15. **Annual Budget and Financial Projections**
    * Outlines the budget for the next few years, including projected revenues, expenses, and ROI.
16. **Audit and Reporting Requirements**
    * Agreements on how and when ClothesTalk AI will report financial and operational performance to the venture firm, including regular audits and updates.

# Next Steps

We request that you review the enclosed documents carefully. If you have any questions or require further clarifications, please do not hesitate to reach out to us. We are committed to supporting ClothesTalk AI in its journey toward revolutionizing the fashion industry with advanced AI solutions.

We look forward to a successful partnership and are excited about the prospects of ClothesTalk AI.

Best regards,

A person in a suit

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Kaelen Dune  
Vice President