LEGAL OPINION

THE PROJECT: BOLTR PLATFORM

Legal Kornet

THE PROJECT: BOLTR PLATFORM

October 26, 2021

Legal Kornet Law Firm LLC.

I. Introduction, Background and Nature of Blockchain Tokens

There are many types of blockchain tokens, each with its own characteristics. For example, one type of blockchain token may be used to support functioning of an application designed for it. That is a utility token. In contrast with other types of tokens, which do not have any assets of any kind underlying them and for which value is based purely on mass psychology, the utility token has an underlying contractual right. And in this sense its value is determined not only by mass psychology but also by the value of the underlying right attached to it.

Another type of token may be utilised as a virtual (digital) currency (protocol token) that serves as a certain medium of exchange not only within the specific blockchain platform but also beyond that. To put it simply, this token is called a protocol token because what makes it special is the new or different protocol it uses. Its underlying blockchain serves nothing more than keeping a ledger of transactions between tokenholders.

Finally, there exists a security token. That is a digital asset, the purchase of which vests the owner with a number of rights which are similar to securities such as bondsor stocks.

An inherent feature of any token is to be tradable on a "secondary market" of tokenson a cryptocurrency exchange market. That is to say, a token is free for sale and once it has been issued, a token is subject to market speculation according to the rules of supply and demand.

However, there are a number of complicated legal issues concerning tokens since some of them may fall under the definition of a security and, therefore, be subject to US federal or state securities laws. This means that the issuance or sale of such

In many jurisdictions, there may also be issues related to anti-money laundering laws and general consumer protection laws as well as to specific laws depending on the token type.

Based on our analysis of the current case law, regulations of the competent governmental institutions in different parts of the world, including such agencies as SEC (Security and Exchange Commission) or CFTC (Commodity Futures Trading Commission), MAS (Monetary Authority of Singapore), ECB (European Central Bank) as well as based on various facts and materials derived from a plethora of ICOs conducted in different parts of the world, we come to the conclusion that the appropriately designed token may not entail risks of being recognized as an investment instrument.

Nevertheless, it has to be clearly understood that we cannot provide a thorough review aimed at checking the compliance with the regulatory regime of each jurisdiction. Hence, in this legal opinion we will focus on the United States security law.

This memorandum is dedicated to the verification of a token (hereinafter - **"Token"** or **"Boltr Token"**, **"BOL")** presented by the Founders of the Project (hereinafter also **"Founders"** or **"Owners"**) on their website located at www.boltrswap.com which is available for the general public with certain restrictionsthat may be imposed by the Founders from time to time (hereinafter **“Platform”**, **“Project”** or **“Boltr Project”**) as to whether such a token can be considered a security under United State Federal Securities Laws.

In Section I, we introduce to you a general concept of the Project and blockchain token. Section II describes a security law framework for blockchain tokens in light of SEC Report. In Section III, we analyze whether Token meets the Howey Test, and then, in Section IV, we sum up whether Tokens fall under the definition of security instruments or not.

It should be noticed that the legal analysis herein may be updated in the future as the law in this area continues to develop. Furthermore, the below analysis is strictly theoretical, as no cases, that we are aware of and that are relevant to the subject matter, have been tested yet in the U.S. courts as of today.

II. Security Law Framework for Blockchain Tokens in Light of SEC Report

In re SEC v C.M. Joiner Leasing Corp., 320 U.S..344, 351 (1943) it is established that

"*The reach of the Securities Act does not stop with the obvious and commonplace. Novel, uncommon, or regular devices, whatever they appear to be, are also reached if it be proved as a matter of fact that they were widely offered or dealt in under termsor courses of dealing which established their character in commerce as "investmentcontract", or any interest or instrument commonly known as security.*

"Congress purpose in enacting the securities laws was to regulate investments, in whatever form they are made and whatever name they are called".

The U.S. Securities and Exchange Commission (hereinafter the "Commission" or "SEC") adheres to this position and declares that any new forms of investments via smart contracts or blockchain technology fall under the purview of US federal securities laws and on July 25, 2017, it issued a Section 21(a) investigative report, Release No. 81207 on investigation of DAO case. Among others, the above mentioned SEC report distinguishes projects where tokens represent securities as described above.

Hence, in this analysis we shall investigate and provide our legal opinion as to whether the BOLTR Token is a type of an investment vehicle that triggers relevant federal security laws provisions of the United States.

III. Security Law Analysis for the BOLTR PROJECT and Its Token

Understanding the model of Project's work will help us to understand the nature of BOL Token. Therefore, we start with the fact-based part of the analysis of thisLegal Opinion with an attempt to delve into the matter of business, which is not possible without comprehending the difficulties the system users are trying toovercome, and to reveal solutions the BOLTR Project itself suggests in the BOLTR White Paper (posted on the Project website at the link: www.boltrswap.com). For the purpose of this analysis, we have examined the White Paper (hereinafter the **"WP"**) of the Project.

In a White Paper, the Founders report how users' interest in digital assets has grown significantly over the years. According to the Founders of the Platform, the current situation in the cryptocurrency market contributes to an increase in the interest of itsparticipants in the launch of new projects based on digital assets and the emergence of new users. All this, according to the Founders, contributes to the emergence of a need for mining.

According to the Founders of the Project, mining is difficult and expensive. This is largely due to the specifics of the equipment used in the mining process. For this reason, not all users are able to mine.

«The growing popularity of Bitcoin, coupled with the corresponding difficulty of the mathematical puzzles that come with validating a transaction, means that miners need relatively large computing power to increase their chances of defeating other in solving transactions and thus gaining block rewards.»

«Individuals lacking sufficient capital and equipment investment cannot make reasonable profits from mining. This is quite unfortunate, as the revenues from mining should not be the protection of those who own the capital.»

In the White Paper, the Founders indicate the problems faced by users wishing to mine and work with digital assets. These include: lack of experience, difficulty in accessing the necessary equipment, low speed of work.

«BOLTR solves this problem by offering everyone access to machines that identify hashes of transactions much faster.»

In addition, the Founders of the Platform announce that they plan to develop the capabilities of the Project token. The founders strive to create a digital asset that can ensure the operation of exchanges, conduct transactions using other cryptocurrencies,

«Our vision is to become the most consequential and preferred global payment provider on e-commerce and marketplaces while accompany also with local businesses. »

In the White Paper, the Founders explain the reasons for setting these goals. In their opinion, the events of recent years, occurring in the world market of goods and services, contribute to the development of electronic commerce. In the White Paper,the Founders provide statistics to support their position.

«E-commerce sales in this country and around the world surged in March, proving once again that the shift in online shopping triggered by the pandemic isn't slowing down, according to the latest Adobe ADBE +2.6% Digital Economy Index.

Adobe, for the first time, included global numbers in its report. It is predicting that global e- commerce sales will reach $4.2 trillion this year, with U.S. consumers accounting for close to one-quarter of that spending.»

In addition, according to the Founders, the pandemic had a significant impact on the development of electronic commerce.

«The pandemic has accelerated the move from "physical" to "virtual" banking. Banks in multiple geographies are closing branches (or in some cases will not reopen branches they closed due to the pandemic), as well as ATMs.»

«One of the COVID-19 pandemic's most visible impacts on financial services has been the dramatic acceleration in shifts toward e-commerce and digital payments.

This is true not only in more mainstream verticals, such as fashion and groceries, but also in merchant segments like healthcare, professional services, and education, which historically have not received a material portion of payments through B2C digital channels.»

So, in the White Paper, the Founders of the Project declare that they plan to developcooperation with comb services, suppliers of goods and services in order to develope-commerce and use the Project token.

«Coin payments is The World's Most Trusted Crypto Payments Partner. Over $ 10 Billion In Crypto Payments Since 2013. Now BOL coin is also included in coin payments as a payment instrument. Thus, primarily in the crypto industry as a clearing tool Canadian e- commerce giant Shopify has added a series of acceptable cryptocurrencies in partnership with Coin Payments.»

The White Paper contains a basic list of the features available to users of the Platform. So, the Platform developed by the Founders provides users with the opportunity to mine for profit, pay for goods and services using the Project token. BOL is the cooperative nature of a set of interconnected smart contracts that define interactions between all users of the Platform.

«*BOLTRSWAP platform, trading BOL coins and with 120 coins / tokens It also has the option to trade.*»

«Where products and services that can be purchased with BOL coin are offered, buyers and sellers will be able to make transactions using BOL coin. All member stores are BOL Corporate Members. Also request information for corporate membership options.»

It is necessary to mention that we prepared and introduced here only the core featuresof the Project that will help us to analyze the BOL Token for Howey test.

From the discussions in a White Paper of an internal operations may be inferred that crypto economics are fundamental to the operations of the network or Platform.

At this stage, we begin our assessment with the main participants of the Platform in order to understand the relationship between the Founders on the one hand, and the BOL Token holders (platform participants), on the other hand. With this in mind, it is fair to state that the relationship between the BOL Token holders referred to above will ultimately determine the relationship between the BOLTR Token holders and the Project Founders, and as a consequence, these relationships will lead to the final conclusion of this Legal Opinion.

There are several core participants in the Platform: This concept of participants division is very general and introduced here only for the purposes of this Legal Opinion.

BOLTRSWAP Platform target participants:

- Founders,
- Users.

The Founders are independent players and members of the Platform who perform their own functions related to the development and technical support of the Platform. And in this regard, the form of relations between the members of the Platform and Founders is expressed in fixing the commission charged from the Users. As followsfrom the WP, the Platform ensures the availability of BOL Token and servicesand has its own monetization due to the Token commission.

«The cost and fee of the pool are then deducted from each stakeholder's share before it is finally delivered to each stakeholder.»

Another conclusion is that all members of the Platform are deeply involved in the development of the Platform, since the more users of the Platform perform operations on the Platform, the more complex and flexible the Platform BOLTRSWAP becomes.

Obviously, no legal opinion on Howey Test may obviate the token analysis and we will scrutinize it not only in this part hereof. Only ensuring a practical use at the time of launch is insufficient to remove the token from the securities laws. However, we describe what we have in our case.

The main function of the BOL token on the platform is to provide the Project participants with the opportunity to use the platform's functions to interact with each other for buying and selling goods and services, mining.

«Where products and services that can be purchased with BOL coin are offered, buyers and sellers will be able to make transactions using BOL coin. All member stores are BOL Corporate Members. Also request information for corporate membership options.»

«BOL has incorporated Artificial Intelligence into its operations to make mining even more profitable. Developed by our smart and professional IT Team, the artificial intelligence algorithm monitors and analyzes current market situations andmakes a predictive analysis of the future.

The liquidity comes with the risk of the SEC determination that the initial offering of the token may be a security offering. Any effort to create a secondary market significantly increases the likelihood that the SEC will deem the token sale to be a securities offering.

In this regard the SEC may question why tokens are sold to those who have no use for them and may have a compelling argument that the tokens could only have beensold as an investment vehicle in those specific situations).

As we can see, all tokens in our case are intended so that users can perform actions with them within the Platform.

Thorough investigation of the White Paper has not determined that the Founders offerany distribution of dividends to prospective BOL Token holders derived from the use of the Platform or any other form of investments return.

In our analysis, we have observed the website and White Paper on the following

(i) promising returns to token buyers,
(ii) mentioning a potential increase in value from ongoing efforts of the companyto give the token utility, and
(iii) mentioning a possible increase in value from listing on the secondary marketand making announcements regarding exchange listing.

The Founders of the Project describe the advantages and features of the Platform.

A. Certain Considerations Related to the Decentralized Features of the Project

In spite of the fact that review and legal research on the matter related to whether the Project itself constitutes a decentralized application and the extent to which it may be considered as decentralized could add more value to and strengthen the conclusions made this Legal Opinion, we have not been asked to perform such research and, therefore, such analysis is out of scope of this letter.

B. Howey Test and Its Adoption by the Federal Courts (will be analysed further to the case)

In accordance with Section 2(a)(1) of the federal Securities Act of 1933 (hereinafter the "**Securities Act**" or "**Security Law**"), a security is:

"any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement ... investment contract ... or, in general, any interest or instrument commonly known as a 'security', or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of.."

The federal Exchange and Securities Acts tend to control issuing of securities and to testify particular interests attached to them. However, the Securities Act promotes a priority of the substance over the form.

Therefore, if the Commission reveals any type of cooperation promising any future profits merely out of signing particular contract, it may investigate the case and declare this contract a security. Under such circumstances, promoters of such instrument shall disclose particular information and submit it to the SEC.

The Supreme Court case for determining whether an instrument meets the definition of a security is SEC v. Howey, 328 U.S. 293 (1946). In that case, a promoter offeredto purchase certain services (cultivation of land) for the fixe price and cost of services. It is important to note that further the promoter was delegated to distributethe net profits derived from the sale of fertile land among the holders of land plots during the harvesting period. There were only 42 investors interested in purchasing the land.

Analyzing the fact pattern, the Court construes the *"investment contract"* term within the definition of security and notes that it has been used to classify those instruments that are of a *"more variable character"* that may be considered as a form of *"contract, transaction, or scheme whereby an investor lays out money in a way intended to secure income or profit from its employment."* 11 Howey, 328 U.S. at 298; Golden v. Garafolo, 678 F.2d 1139, 1144 (2d. Cir. 1982).

More specifically, the court comes to the conclusion that the contract between the promoter and investor constitutes an investment contract. The court explains the definition of the security transaction as follows:

"a contract, transaction or scheme whereby a person invests his money in a commonenterprise and is led to expect profits solely from the efforts of the promoter or a third party."

Moreover, the court said that this definition was "*crystallized*" in the state courts cases long before adoption of the federal act. The Supreme Court continues that the term

"had been broadly construed by state courts so as to afford the investing public a full measure of protection. Form was disregarded for substance and emphasis was placed on economic reality."

The Court stated that its definition of investment contracts:

"embodies a flexible rather than a static principle, one that is capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits."

Eventually, to determine that this is an investment contract, the court has to establishthat the following applies:
(i) *investment of money*;
(ii) *common enterprise*;
(iii) *expectation of profits*;
(iv) *solely from the efforts of others* (e.g., from a promoter or third party).

With regard to the first prong *"investment of money"*, there is no basis for disagreement. The only issue that may arise here is whether cryptocurrency may constitute viable consideration interest in lieu of the obtained interests attached to thetoken. This issue is addressed by the Supreme Court itself holding that the first prongrequires only

"tangible and definable consideration in return for an interest that had substantially the characteristics of a security."

One of the legal issues related to the "*investment of money*" criterion, thanks to blockchain technologies, is that there could be smart contracts that are acting autonomously and independently: cryptocurrency may be transferred to one contractwhile tokens, in lieu thereof, will be transferred ("*airdropped*") by another smart contract. Furthermore, there could be a possibility that sent outbound and inbound transactions are not linked enough to each other to be covered by sole intention, i.e. no reasonable expectations to receipt tokens were available.

Therefore, there should be a reasonable belief that different smart contracts, if any, form an integral part of one transaction, cryptocurrency (money) has been provided in consideration for the interests provided by the tokens.

However, the Supreme Court fails to specify the definition of a common enterprise. Federal circuits developed two different concepts to analyze underlying contractual relationships of the parties. The first doctrine is "*horizontal commonality"* and the second is "*vertical commonality"*

Horizontal commonality is found when a) investors' contributions are pooled together (and according to some courts, there is a pro rata sharing of profits) b) the fortune of each investor depends on the success of the overall enterpris**e.**

In contrast, vertical commonality presupposes that common enterprise may be found where the investors' fortune is dependent on the expertise of the promoter or third parties. In case of narrow vertical commonality, investors' profits shall be tied to the profits of promoters.

It is not necessary that the funds of investors are pooled; what must be shown is that the fortunes of the investors are linked with those of the promoters, thereby establishing the requisite element of vertical commonality. Thus, a common enterprise exists if a direct correlation has been established between success or failure of the promoter's efforts and success or failure of the investment.

According to this view, the test is satisfied if the promoter and the investor are both exposed to risk and the profits and losses of investor and promoter are correlated.

In broad vertical commonality, investors' success depends on the efficacy of the managers or third parties. Both the Fifth Circuit and the Eleventh Circuit follow this view. If the investor relies on the promoter's expertise, then the transaction or schemerepresents a common enterprise and satisfies the second prong of the Howey test.

As it was mentioned above, the circuits now disagree over the term *"common enterprise"*.

The third prong is an *"expectation of profit derived from the entrepreneurial or managerial efforts of others"*. Analyzing this prong, courts consider whether potential investors 1) expect to receive profits from their own efforts (use of rights or services obtained from promoters) or 2) from the efforts (managerial expertise) of the founders.

Even though in re Howey, the Court used the phrase "solely" from the efforts of others, the lower courts relaxed this prong, adopting concepts of "*undeniably significant"* or "*predominantly*" (Rivanna Trawlers Unlimited v. Thompson Trawlers, Inc., 840 F.2d 236, 240 n.4 (4th Cir. 1988) SEC v. Life Partners, Inc., 87 F.3d 536, 545 (D.C. Cir. 1996); SEC v. Int'l Loan Network, Inc., 968 F.2d 1304, 1308 (D.C. Cir. 1992). SEC v. Koscot Interplanetary, Inc., 497 F.2d 473, 483 (5th Cir. 1974) (quoting SEC v. Glenn W. Turner Enters., Inc., 474 F.2d 476, 482 (9th Cir. 1973)

In United Housing Foundation, Inc. v. Forman, the Supreme Court stated, *"The touchstone is the presence of an investment in a common venture premised on a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others."* 421 U.S. 837, 852 (1975)

Since that time, some courts are investigating whether there is de minimis efforts of investors and whether efforts of them are insubstantial factor for the investor to participate in the contract.

Other courts have a look whether the efforts of offerors of the contract are predominant and more significant in comparison with those of investors in light of future expectation of profits or that efforts of those other than the investors are *"the undeniably significant ones"*.

Finally, some courts hold that the fourth prong is satisfied when the expectations of profits derive from the managerial and entrepreneurial efforts of the offerors, *"in unspecified measure and unspecified comparative weight as to the relative significance with investors' efforts and offerors' or third parties' efforts."*

C. Considerations of DAO Case by the Securities and Exchange Commission.

Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: the DAO (hereinafter the **"DAO case"** or **"Report"** or **"Investigation"**) is thefirst investigation of the Commission in attempt to provide the ICO market with an interpretation or application of the US Security regulations (Securities Act of 1933) to a new paradigm of decentralized economy with the *"rule of code"*.

"The investigation raised questions regarding the application of the U.S. federal securities laws to the offer and sale of DAO Tokens, including the threshold question whether DAO Tokens are securities. Based on the investigation, and under the facts presented, the Commission has determined that DAO Tokens are securities under the Securities Act of 1933 ("Securities Act") and the Securities Exchange Act of 1934 ("Exchange Act").

The Report revealed that tokens introduced by the DAO were security instruments, hence are subject to the federal securities laws. Among others, the Report claims that blockchain technology-based securities must be registered unless a valid exemption applies. Those participating in unregistered offerings may be liable for violations ofthe securities laws.

The Commission confidently stress that federal law shall be equally applied as to conventional corporations issuing investment instruments so as to virtual structures such as decentralized autonomous organizations – the DAO.

The four cornerstones formed by the US judicial law shall be intact. And in this regard, the Report looks at the DAO Token through the prism of four elements of the well-known Howey Test: investment of money in a common enterprise for the expectation of profits solely from the managerial efforts of others.

As it is stated in the Investigation:

"This Report reiterates these fundamental principles of the U.S. federal securities laws and describes their applicability to a new paradigm—virtual organizations or capital raising entities that use distributed ledger or blockchain technology to facilitate capital raising and/or investment and the related offer and sale of securities.

The automation of certain functions through this technology, "smart contracts,"3 or computer code, does not remove conduct from the purview of the U.S. federal securities laws.4 This Report also serves to stress the obligation to comply with the registration provisions of the federal securities laws with respect to products and platforms involving emerging technologies and new investor interfaces."

Without any doubts investigation on DAO has dramatic effect on legal reasoning as to whether a token is a security instrument or not. And this Legal Opinion is not an exception, as it will apply conclusions of the Commission and the four-prong test.

It is clearly stated in the Report that registration of securities is required for the purposes of full disclosure of information to the investors. Such disclosure enables purchasers to make a considerable decision. In other words, that is a legal scrutiny for investor protection.

Section 5 of the Securities Act declares:
"The registration provisions of the Securities Act contemplate that the offer or sale of securities to the public must be accompanied by the "full and fair disclosure" afforded by registration with the Commission and delivery of a statutory prospectus containing information necessary to enable prospective purchasers to make an informed investment decision. Registration entails disclosure of detailed "information about the issuer's financial condition, the identity and background of management, and the price and amount of securities to be offered ...".

The DAO is a drastic example of a Decentralized Autonomous Organization that was used by the founders as a representation of a "virtual" organization incorporated in a form of a code. The DAO was thought as a for profit organization that emits tokens to investors in order to form a corpus of assets that would be then used to fund *"projects"*.

Prospective holders of DAO tokens are supposed to share earnings from these projects as a return on their investment in DAO tokens. In addition, DAO token holders could monetize their investments re-selling tokens on a number of web-basedplatforms that supported secondary trading in the DAO Tokens.

"DAO Token holders were not restricted from re-selling DAO Tokens acquired in the offering, and DAO Token holders could sell their DAO Tokens in a variety of ways in the secondary market and thereby monetize their investment as discussed below. Prior to the Offering Period, Slock.it solicited at least one U.S. web-based platform to trade DAO Tokens on its system and, at the time of the offering, The DAO Website and other promotional materials disseminated by Slock.it included representations that DAO Tokens would be available for secondary market trading after the Offering Period via several platforms.

During the Offering Period and afterwards, the Platforms posted notices on their own websites and on social media that each planned to support secondary market trading of DAO Tokens."

"For example, customers of each Platform could buy or sell DAO Tokens by entering a market order on the Platform's system, which would then match with orders from other customers residing on the system. Each Platform's system would automatically execute these orders based on pre-programmed order interaction protocols established by the Platform".

DAO construction was built in a way to allow any DAO token holder to have a voteright for a project that would promise certain investment returns. Each action of a token holder was executed via a smart contract

"According to the White Paper, in order for a project to be considered for funding with "a DAO [Entity]'s [ETH]," a "Contractor" first must submit a proposal to the DAO Entity. Specifically, DAO Token holders expected Contractors to submit proposals for projects that could provide DAO Token holders returns on their investments. Submitting a proposal to The DAO involved: (1) writing a smartcontract, and then deploying and publishing it on the public ledger"

The Report starts its legal analyzes applying each element of the Howey Test. The first one realizes to be straightforward. Each DAO participant invests a certain amount of funds to acquire tokens that would provide him with ownership right and the right to vote in a project that promises to be profitable. Hence, the Commission finds the first element of the Howey Test to be satisfied.

"In exchange for ETH, The DAO created DAO Tokens (proportional to the amount of ETH paid) that were then assigned to the Ethereum Blockchain address of the person or entity remitting the ETH. A DAO Token granted the DAO Token holder certain voting and ownership rights. According to promotional materials, the DAO would earn profits by funding projects that would provide DAO Token holders a return on investment."

The second element was found to be positive as well since the DAO was clear in its intentions and provided on its website information on for profit purpose of organization.

"[P]rofits" include "dividends, other periodic payments, or the increased value of the investment." Edwards, 540 U.S. at 394. As described above, the various promotional materials disseminated by Slock.it and its cofounders informed investors that The DAO was a for-profit entity whose objective was to fund 12 projects in exchange for a return on investment. 35 The ETH was pooled and available to The DAO to fund projects"

The final element has been met as token holders were fully reliant on the actions of third parties.

"Investors in The DAO reasonably expected Slock.it and its co-founders, and The DAO's Curators, to provide significant managerial efforts after The DAO's launch. The expertise of The DAO's creators and Curators was critical in monitoring the operation of The DAO, safeguarding investor funds, and determining whether proposed contracts should be put for a vote".

D. Consideration of Munchee Case by the Securities and Exchange Commission.

After the DAO Report the next case of a paramount importance is the cease-and desist order (hereinafter – the **"Order"**) against a Californian corporation, Munchee Inc. (hereinafter – **"Munchee"**) where the latter was declared to be a company that organized unregistered sale of security instruments.

After the Howey Test scrutiny, the Commission found that Munchee tokens did not satisfy the third and fourth element of the test. The Securities and Exchange Commission implications in Munchee`s Order has a long-standing effect on the legalreasoning applied to the tokens of any ICO project.

Thereby the SEC has sent a clear message that it will take substantial approach to any ICO project.

That said, factual actions of a company may implicate that tokens are contemplated to be traded on a secondary market. For instance, if it is marketed beyond the targeted audience or burned for its price appreciation or endorsed for third-party statements on token attraction for investment purposes. All these factors though not being explicitly stated shall be weighted in every ICO project, and in this Legal Opinion we analyze this fact pattern also.

Munchee created an iPhone application for people to review restaurant meals. In October and November 2017, Munchee arranged offering the digital tokens (hereinafter – **"MUN"** or **"MUN token"**) to be issued on a blockchain.

Munchee offered MUN tokens to raise about $15 million in capital so that it could, firstly, improve its existing app and, secondly, recruit application users (restaurants)to purchase advertisements, write reviews, post photographs or to buy food and conduct other transactions using MUN. The company communicated through its website, a white paper, and other means that it would use the proceeds to create the platform.

The Securities and Exchange Commission have investigated in the Order that in the white paper Munche ensured investors that token shall be listed on several prominentUS exchange markets or at least it will take all reasonable stapes for that. Then, the trade has occurred far beyond the US while the visitors of the restaurant were in the California.

What is more, Munchee declared on support of a token price appreciation. Hence, any prospective token holder may reasonably believe that their investments in tokens could generate a considerable profit. The following is stated in the Order by the SEC:

"In the MUN White Paper, Munchee stated that it would work to ensure that MUN holders would be able to sell their MUN tokens on secondary markets, saying that "Munchee will ensure that MUN token is available on a number of exchanges in varying jurisdictions to ensure that this is an option for all token-holders."

"Munchee represented that MUN tokens would be available for trading on at least one U.S.-based exchange within 30 days of the conclusion of the offering. It also stated that Munchee would buy or sell MUN tokens using its retained holdings in order to ensure there was a liquid secondary market in MUN tokens."

In the white paper Munchee has tried to persuade investors that it would run its business in a way that would cause MUN tokens to rise in value. The so-called platform is structured to burn tokens taking them out of circulation and thereby raising their price. Or, in another case, it was stated in the white paper that the holderof more tokens would be rewarded with a major number of tokens.

Besides that, the SEC defined that despite of Munchee statements in the white paper, no economic circulation has finally occurred within the platform. Thereby, it may be concluded that Munchee artificially intensified appreciation of token value. The following is stated in the Order of the Commission:

"In the MUN White Paper , on the Munchee Website and elsewhere, Munchee and its agents further emphasized that the company. First, Munchee described a "tier" plan in which the amount it would pay for a Munchee App review would depend on the amount of the author's holdings of MUN tokens.

For example, a "Diamond Level" holder having at least 300 MUN tokens would be paid more for a 5 review than a "Gold Level" holder having only 200 MUN tokens. Also, Munchee said it could or would "burn" MUN tokens in the future when restaurants pay for advertising with MUN tokens, thereby taking MUN tokens out ofcirculation. Munchee emphasized to potential purchasers how they could profit fromthose efforts:

While Munchee told potential purchasers that they would be able to use MUN tokensto buy goods or services in the future after Munchee created an "Platform," no one was able to buy any good or service with MUN throughout the relevant period."

As it follows from the Order, the Munhee marketing campaign was aggressively designed as to deliver to investors an idea that MUN will be traded on a secondary market with an exponential growth. The more actively Munchee echoes this messagethe less meaningful becomes the economical use of the Platform. The SEC has traced the following blog post commercials that among others proves investor's expectations of profits.

"Munchee published a blog post on October 30, 2017 that was titled "7 Reasons YouNeed To Join The Munchee Token Generation Event." Reason 4 listed on the post was "As more users get on the platform, the more valuable your MUN tokens will become" and then went on to describe how MUN purchasers could "watch their value increase over time" and could count on the "burning" of MUN tokens to raisethe value of remaining MUN tokens."

Munchee underlines the strong linkage between the number of participants, buildingof the platform and growth of MUN token value.

"Similarly, on or about October 23, 2017, one of Munchee's founders described the opportunity on a podcast about the MUN offering: So they [users] will create more quality content to attract more restaurants onto the platform.

So the more restaurants we have, the more quality content Munchee has, the value of the MUN token will go up – it's like an underlying incentive for users to actually contribute and actually build the community."

What is more, Munchee were negligent to endorse third party statements that touted the opportunity to profit.

"On October 25, 2017, Munchee created a public posting on Facebook, linked to athird-party YouTube video, and wrote "199% GAINS on MUN token at ICO price! Sign up for PRE-SALE NOW!" The linked video featured a person who said "Today we are going to talk about Munchee. Munchee is a crazy ICO.

If you don't know what an ICO is, it is called an initial coin offering. Pretty much, if you get into it early enough, you'll probably most likely get a return on it." This person went on to use his "ICO investing sheet" to compare the MUN token offeringto what he called the "Top 15 ICOs of all time" and "speculate[d]" that a $1,000 investment could create a $94,000 return."

Finally, the MUN token marketing campaign strengthen beyond the United States where the restaurant was not located and focused primarily to the forums of people who are interested in crypto assets investments.

"Instead, Munchee and its agents promoted the MUN token offering in forums aimedat people interested in investing in Bitcoin and other digital assets, including on BitcoinTalk.org, a message board where people discuss investing in digital assets. These forums are available and attract viewers worldwide, even though the MuncheeApp was only available in the United States.

Similarly, Munchee offered to provide MUN tokens to people who published promotional videos, articles or blog posts in forums such as BitcoinTalk.org or otherwise helped Munchee promote the MUN token offering. More than 300 people promoted the MUN token offering through social media and by translating MUN token offering documents into multiple languages so that Munchee could reach potential investors in South Korea, Russia, and other countries where the Munchee App was unavailable."

In conclusion and for the purposes of this Legal Opinion, we note that in accordancewith the SEC position in Re Manchee any ICO project may not meet the third and fourth prong (expectation of profits solely from the managerial benefits of others) of the Howey test if the Project represents only veil without substantial economical underlines Platform.

E. Compare with the Kik Interactive Inc. case.

Unlike SEC allegations to Kik, the BOLTRSWAP Project does not violate federal securities laws in terms of the offering or selling a security instrument as stated herein or declaring a share of a common interest in the company among its potential users by profiting from project success.

The Founders report that the Project token cannot be considered a security:

"The Coins will not (i) provide legal ownership over the Issuer's shares or the Target Assets; (ii) represent a debt owed by the issuer to the coin holders; nor (iii) providevoting / governance / typical shareholding rights related to the Issuer. "

The tokens were issued for the sole purpose of using them on the Platform so that participants can access its capabilities.

Subject to the rebuttable assumption discussed below, we understand that BOL Tokens will most likely not qualify as securities because original buyers and any potential downline buyers are discouraged to expect profits from the BOLTR Project.

F. Compare with the Verge Crypto-Currency General Partnership case

Plaintiffs Cameron James and the other plaintiffs filed their Complaint against Justin E. Valo. The case allegedly arises out of the theft of Plaintiffs' Verge virtual currency (the **"Verge Coins"**), which were themselves unregistered securities, from a smart phone "hot wallet" application called CoinPouch, that was developed and marketed by two related Texas entities that are now in bankruptcy—Touch Titans, LLC, and Touch Titan Labs, LLC.

Among others, plaintiffs claim a Defendant Valo, the Lead Developer of Verge, and the Verge Crypto-Currency General Partnership, a common law general partnership that formed to develop, market and benefit from the use of the Verge Coins (collectively the **"Partnership"**), engaged in intentional, reckless or negligent acts leading to the theft of their Verge Coins.

In accordance with the complaint, the Partnership violated Sections 5 and 12(a) of the Securities Act and the Computer Fraud and Abuse Act ("CFAA") [18 U.S.C. § 1030], in addition to other relevant Texas state law claims pleaded. The second count was securities law violation, the third count conversion, the fourth unjust enrichment,and the fifth claim was based on product liability.

For the purposes of this Legal Opinion, we consider one issue which, on our point of view, might be relevant to the fact pattern provided in the WP even though there is no any court decision in the case Justin E Valio and Partnership.

We do not consider how Plaintiff came to the conclusion that Verge token *is not a security* in accordance with the Howey Test, since the latter does not provide explanations on its reasons behind the claim. However, the question we have proposed is whether the BitcoinBAM Project amounts to a partnership.

In accordance with Uniform Partnership Act of 1997 Section 202:

a) …association of two or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership.

b) In determining whether a partnership is formed, the following rules apply:

(1) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property.

(2) The sharing of gross returns does not by itself establish a partnership, even if thepersons sharing them have a joint or common right or interest in property from which the returns are derived.

(3) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment

From the uniform law provided above it can be inferred that a major difference between a partnership and other forms of incorporation related to whether and the extent to which the entire business may be declared to be a legal entity.

In this respect it can be defined that legal entity is a separate subject of law having itis own rights such as right to own and dispose of property, to sue and be sued, and toenter into contracts. In other words, there are two separate subjects recognized by thelaw.

When individuals carry out a common enterprise as partners the common law dictatesthat partnership does not exist. Under the common-law theory, a partnership is an aggregate word for individuals. The rights and duties recognized and imposed by common law are those of the individual partners.

Plaintiffs in their lawsuit did not unfold the doctrine of joint partnerships, however made a conclusion as such since several people were listed in the Black Paper with the main goal of investment collection: such as founders, developers, marketers.

In this respect and considering that alleged claims to be true and people involved in building an ecosystem are those that “receives a share of the profits” members of the decentralized system perhaps falls into domain of Section 202 (a) (3) of the UniformPartnership Act 1997.

The BOLTR Project case is different since it is more likely that Tokens do not represent an investment instrument as it is analyzed below. Taking for granted that Tokens are not securities, we may come to conclusion that section of 202 (a) (3) is not applicable here. Each Token holder is not a partner to BOLTR and is not promised any share in any BOLTR company.

Then, unlike with the Verge Case, in the BOLTR Project none of the materials identify persons involved in the promotion of the Project, its tight circle, bonds, investments interests or forms of incorporation.

Yet, the BOLTR Project might fall into a "safe harbor" provided in section 202:
(a) 2 of the Uniform Partnership Act 1997 providing mere sharing of gross returns does not establish partnership even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.

Considering all the above, we would like to note that the Verge case is a mere claim of a Plaintiff. No decision by the competent court have yet introduced the decision and underlined its point of view, therefore this case is not decisive to this Legal Opinion.

G. *Guidelines, Report on ICO and other Sources taking for Consideration inthis Legal Opinion.*

1) SEC's order against blockchain company Block.one. to pay $24 million penaltyfor unregistered ICO;

2) SEC`s order against EtherDelta for operating an unregistered exchange;

3) SEC`s order against international security-based swaps dealer XBT Corp thattargeted U.S. investors;

4) SEC`s order against ICO incubator ICOBox and founder for unregistered offering and unregistered broker activity;

5) SEC`s order against Bitqy and BitqyM and its founders for defrauding investors in unregistered offering and operating unregistered digital asset exchange;

6) SEC`s order against research and rating provider ICORating with failing to disclose it was paid to tout digital assets;

7) SEC against Kik Interactive, No. 19-cv-5244 (S.D.N.Y., filed June 4, 2018);

8) SEC`s Investor Bulletin: Initial Coin Offerings, July 25, 2017;

9) SEC Investor Alert: "Bitcoin and Other Virtual Currency-Related Investments";

10) SEC Investor Alert: "Ponzi Schemes Using Virtual Currencies";

11) SEC Investor Alert: "Social Media and Investing – Avoiding Fraud";

12) SEC Investor Alert: "Public Companies Making ICO-Related Claims" Aug. 28, 2017;

13) Statement on framework for investment contract' analysis of digital assets, Bill Hinman, Director of Division of Corporation Finance Valerie Szczepanik, Senior Advisor for Digital Assets and Innovation;

14) Chairman's testimony on virtual currencies: "The Roles of the SEC and CFTC" Chairman Jay Clayton, Washington D.C., February 6, 2018;

15) Framework for "Investment Contract" Analysis of Digital Assets by the Strategic Hub for Innovation and Financial Technology.

H. Analysis Under the Howey Test

We provide our analysis of the Token below based on each Howey test factor.

(1) Investment of Money

In determining whether an investment contract exists, the investment of "money" need not take the form of cash. See, e.g., Uselton v. Comm. Lovelace Motor Freight, Inc., 940 F.2d 564, 574 (10th Cir. 1991).

"In spite of Howey's reference to an 'investment of money,' it is well established that cash is not the only form of contribution or investment that will create an investment contract.".

In Re DAO Report

*Investors in The DAO used ETH to make their investments, and DAO Tokens were received in exchange for ETH. Such investment is the type of contribution of value that can create an investment contract under Howey. See SEC v. Shavers, No. 4:13-CV-416, 2014 WL 4652121, at *1 (E.D. Tex. Sept. 18, 2014) (holding that an investment of Bitcoin, a virtual currency, meets the first prong of Howey); Uselton, 940 F.2d at 574 ("[T]he 'investment' may take the form of 'goods and services,' or some other 'exchange of value'.")*

As we can see in the case law analysis above, it was not difficult for courts to establish the *"investment money"* prong.

The BOL Tokens have been offered to the public predominantly in exchange for cryptocurrencies such as Binance Coin and other cryptocurrencies that may be exchange into it, including Bitcoin. It is not money as such but on August 6th, 2013,the U.S. District Court for the Eastern District of Texas held that Bitcoin was withinthe definition of "money".

There is no question as to the public offering, since the White Paper has been placed on the Website and available to all third parties on it. Furthermore, the Website itselfincludes information about the BOL Tokens and purchase thereof.

However, further distribution of the Tokens will ultimately be outside of the Project's control. Hence, we may treat this as broad communications to the general public. It is stated in the court's decision that Bitcoin may be used to purchase goods or services or to pay for individual living expenses. The only limitation of Bitcoin is that it is limited to those places that accept it as the currency.

Since Bitcoin or any other cryptocurrency has all functions inherent to a real currency, it can be considered as the "money" when it is used as consideration in forming an investment contract.

Based on these reasoning, purchasers acquire BOL Tokens for real currency or virtual as it follows from the White Paper, the Website, and applicable terms and conditions set out on the Website.

Therefore, this element of the test is straightforward for us and points toward the BOL Tokens being an investment contract.

(2) Common Enterprise

In contrast with the *"Investment of Money"* prong, the BOL Token does not satisfy either common enterprise or vertical element of the Howey Test, subject, however, to certain presumptions made below.

In accordance with the *"Framework for Investment Contract Analysis of Digital Assets"* designed by the Strategic Hub for Innovation and Financial Technology:

"Courts generally have analyzed a "common enterprise" as a distinct element of aninvestment contract. In evaluating digital assets, we have found that a "common enterprise" typically exists.

Based on our experiences to date, investments in digital assets have constituted investments in a common enterprise because the fortunes of digital asset purchasershave been linked to each other or to the success of the promoter's efforts. See SEC v. Int'l Loan Network, Inc., 968 F.2d 1304, 1307 (D.C. Cir. 1992)."

We disagree.

The horizontal common enterprise is found where investors combine their investments in one pool and the fortune of each investor depends on the success of the overall enterprise. And in some courts, judges are seeking to decide whether a pro rata sharing of profits takes place.

The key essence of this approach is that investors are tied together in their risks eitherto receive or to lose everything. That is not the case in our circumstances.

It is likely that funds are pooled together because fund initially collected by the Project from the Token purchasers are pooled and locked in the smart contract. However, the Project promotes gathering of funds not only for further development of the Platform but for marketing and development purposes also. The White Paper and Website proclaims that funds must be collected and used in accordance with their road map. The road map and funds distribution are provided in the Website.

Another element for the horizontal common enterprise that has to be found is the dependence or, on the contrary, independence of the enterprise founders and each token holder. Under our circumstances, it cannot be inferred that the fortune of eachinvestor depends on the success of the overall enterprise.

One may argue that in respect of launching the Project the success of each token holder shall indeed be equal to success of another, as the failure to develop the Platform would affect all token holders. However, this argument has many flaws.

We believe that with regard to the use of the Project, the participants and the Founders are most likely independent. Any user of the Platform acts as an independent trader, and the Platform provides technical support that can be used to perform various operations. Therefore, we can state that it is more likely that the stateof each BOL Token holder is independent of the state of the Project.

Finally, the Platform is not designed to directly or indirectly share any of its profits with the Token holders.

In the vertical enterprise test, it is not necessary that the funds of investors are pooled; what must be shown is that the fortunes of the investors are linked to those of the promoters, thereby establishing the requisite element of vertical commonality. Thus, a narrow vertical enterprise exists if a direct correlation has been established betweensuccess and failure of the promoter's efforts and success and failure of the investor.

The risks a BOL Token holder accepts are more likely of a different nature as compared with those risks that promoters incur (founders or some third parties).

The Projects' risks are associated with the inability to use funds in a way not specified in the White Paper , or properly, or end up with a fiasco either with the use of funds, or with the development of the system or its launch, or with the lack of a critical number of users that could increase the economy of the Project.

In all other cases, it is more likely that the promoters' risks do not correlate with those of the users. We are inclined to believe that, in general, BOL Token holders risk only if the declarations contained in the White Paper will not be implemented.

In broad vertical commonality, investors' success depends on the efficacy of the managers or third parties. If the investor relies on the promoter's expertise, then the transaction or scheme represents a common enterprise and satisfies the second prongof the Howey Test.

The Platform may be launched by and is available for use to any allowed user, therefore, every member of the Project starts to pursue its own purposes and thus in such pursuit will face its own risks, misfortunes and failures that would not be commingled with the fortunes of the Project enterprise.

At the same time, we did not find any information on the way funds collected from the sale of the Tokens shall be distributed among founders, developers of the Project or advisers.

It might be inferred that Token is more likely to be a consumer goods than a security since consumer goods companies do not generally induce purchasers to purchase their products by advertising how the purchase money will be used. It is likely that the relevant information provided in the White Paper serves for informationalpurposes only, rather than to incentivize the prospective purchasers to buy the BOL Tokens.

Accordingly, and taking into account the above-mentioned, in our opinion, the BOL Token is more likely not to match a common enterprise element of the Howey Test.

The presumption in support of our reasoning here is based on the fact that aprospective BOL Token holder purchases the Tokens not only with the speculative purposes but also with the intent to use the Platform and benefit from it.

However, this presumption may be eliminated by the fact that a single purchaser (or at least some of them) may purchase Tokens with no intention to use the Platform, rather to hold these Tokens and to profit from trading in exchanges or receiving a passive income.

(3) Expectation of Profits

We consider that the *"Expectation of Profits"* element, subject to the rebuttable presumption as stated below, is also not matched for the following reasons.

The case law that we have analyzed above revealed that the *"Profits"* definition may be construed broadly and may include not only the fiat money but also other benefits.However, even though the above foregoing is true, it would be a superficial analysisof the Project at stake.

In Re DAO Report in was stated the following

"The ETH was pooled and available to The DAO to fund projects. The projects (or "contracts") would be proposed by Contractors. If the proposed contracts were whitelisted by Curators, DAO Token holders could vote on whether The DAO should fund the proposed contracts. Depending on the terms of each particular contract, DAO Token holders stood to share in potential profits from the contracts. Thus, a reasonable investor would have been motivated, at least in part, by the prospect of profits on their investment of ETH in The DAO"

At the same time, in consideration of Munchee Case interesting point has been concluded:

"Like many other instruments, the MUN token did not promise investors any dividendor other periodic payment. Rather, as indicated by Munchee and as would have reasonably been understood by investors, investors could expect to profit from the appreciation of value of MUN tokens resulting from Munchee's efforts."

"Even if MUN tokens had a practical use at the time of the offering, it would not preclude the token from being a security. Determining whether a transaction involves a security does not turn on labelling – such as characterizing an ICO as involving a "utility token" – but instead requires an assessment of "the economic realities underlying a transaction." Forman, 421 U.S. at 849. All of the relevant facts and circumstances are considered in making that determination. See Forman, 421 U.S. at 849 (purchases of "stock" solely for purpose of obtaining housing not purchase of "investment contract"); see also SEC v. C.M. Joiner Leasing Corp., 320 U.S. 344, 352-53 (1943) (indicating the "test . . . is what character the instrument is given in commerce by the terms of the offer, the plan of distribution, and the economic inducements held out to the prospect").

The case is that the expectation of profits from a purchase of any subject of value almost always takes place. Merely expectation of profit is trivial and not enough to the BOL Token for this prong. In contrast, the one has to be primarily motivatedand has to have speculative interest, for example, to resale the commodity or the right rather than interest in personally consuming the subject of value.

The case law differentiates this distinction - for example, in Re Forman Case it was established that:

"It is an investment where one parts with his money in the hope of receiving the profits from the efforts of others, and not where he purchases a commodity for personal consumption or living quarters for personal use".

Applying the above-mentioned law to the case at bar, we can infer that like in any other projects BOL Token holders will be inevitably divided into two groups - those who are seeking to use the Platform and those who merely intend to trade on the secondary market. And we have to admit that some people in the first group of the Token holders may enter the exchange market to sell the Tokens due to its market price appreciation.

Nevertheless, this profit may not be deemed as generated from the "efforts of others".As we see from the facts described below, the Platform is designed in a way to provide its holders with real utility features that only Token holders may enjoy.

Under our analysis we look at how much development needs to happen for the tokento reach its usefulness. If a token is sold in an undeveloped state, that provides the stronger argument that purchasers are buying and expect profits "from the efforts of others." Thus, the more work that needs to be done on the token, the greater the riskthe company takes at the time it sells that token.

Therefore, it is likely that Token holders' genuine interest in using Tokens is predominantly centered around consumption.

Should we believe we in another scenario, an investment contract would be met everytime in our life when we acquire any commodity or right since many subjects may be appreciated in the future and sold on the secondary market. Several case laws alsosupport this conclusion. In Re Sinva the court asserted that

"The mere presence of a speculative motive on the part of the purchaser or seller does not evidence the existence of an "investment contract" within the meaning of thesecurities act. In a sense anyone who buys or sells the horse or an automobile hopesto realize a "profitable investment". But the expected return is not contingent upon continuing efforts of another". Sinva v Merrill Lynch, 253 F. Supp/ 359, 367 (S.D.N.Y.1966).

In contrast with Munchee case, Token holders Participants do not not seem as potential investors for the following reasons. Firstly, they have no reasonable reasonto expect revenue from acquired Tokens in the future. No such indication has been revealed in the White Paper. For example, we did not find promises of Tokens increase in value or otherwise grow.

Unlike Munchee investors, BOLTR users can make their own efforts to successfully develop their business and generate income from the use of digital assets. Each user can act to their advantage. Finally, Token holders users do not receive any income from simply owning BOL tokens.

A detailed description of the goals and opportunities BOL Token is described in the White Paper.

Therefore, and taking into account the foregoing, we suppose this prong is more likely to push the scale towards BOL Token being not deemed as a security. However, for the secondary market players it might be deemed fulfilled.

The presumption in support of the reasoning above is based on our understanding that a respective BOL Token holder purchase thereof not only with the speculative purposes but also with intent to use them within the Platform. Should this presumption be eliminated, then then this prong is likely to be satisfied. The same may be found in connection with the secondary market players.

(4) Solely from the Managerial Efforts of Others

Analyzing this prong, courts consider whether the potential investors expect to receive profits 1) from their own efforts (use of rights or services obtained from promoters) or 2) from the efforts (managerial expertise) of the others (promoters, managers).

As we discussed above, not all courts share the approach of the Supreme Court usingthe term *"solely"* that defines the efforts of others.

If we apply the concept "only" from the efforts of others, this prong is more likely not to be satisfied. . Tokens also may be used as means of payment in the future, so the more transactions holders make, the more attractive Platform and Tokens are; however, solely this could not establish the prong of the Howey test in question, due to the fact that it is reasonable and expected market situation for almost any project that the more purchasers use a product or service to their reasonable enjoyment and satisfaction, the more attractive such a product or services becomes for other prospective consumers.

However, some federal courts later relaxed this approach exploiting *"de minimis"* efforts of others or the concept of *"undeniably significant"* or *"predominantly"* after *In Re* Forman case. So even if the investor has the power to be involved, the transaction may still be an investment contract if the efforts of others predominate.

"Whether the efforts made by those other than the investor are the undeniable significant ones, those essential managerial efforts which affect the failure or successof the enterprise" (The forman case; SEC v Glenn W turner Enters., 474 F.2 d 476 sec.28 (Feb.1, 1973). "

In Re DAO it was stated based on the facts:

"The Curators exercised significant control over the order and frequency of proposals, and could impose their own subjective criteria for whether the proposal should be whitelisted for a vote by DAO Token holders.

DAO Token holders' votes were limited to proposals whitelisted by the Curators, and, although any DAO Token holder could put forth a proposal, each proposal would follow the same protocol, which included vetting and control by the current Curators. While DAO Token holders could put forth proposals to replace a Curator, such proposals were subject to control by the current Curators, including whitelisting and approval of the new address to which the tokens would be directed for such a proposal. In essence, Curators had the power to determine whether a proposal to remove a Curator was put to a vote."

Then in the DAO case SEC underlines that investors mostly rely on the actions of Slock.it.

"Although DAO Token holders were afforded voting rights, these voting rights were limited. DAO Token holders were substantially reliant on the managerial efforts of Slock.it, its co-founders, and the Curators."

However, we are inclined to believe that BOL Token holder will rely on the managerial and entrepreneurial efforts of the Project's team only to the extent that the latter will further develop the Platform that would permit all parties of the Platform to communicate and apply all functionality of the System as they deem fit.Besides and as we discussed above all profit derived from the use of the Platform may be obtained only from their own efforts.

Therefore, this prong is more likely not to be satisfied. However, these reasonings are subject to a rebuttable presumption that prospective Token holder purchases BOL Token with the intent to use it within the Platform, but not for speculative purposes only. Should this presumption be eliminated, and purchasers acquire Tokens not to enjoy the Platform usage and services attached thereto, rather hold tokens and to profit (while the possibility of this is arguable itself) from the decrease of the Tokens overall number and transferring of funds to the locked liquidity pool, then this prong is likely to be satisfied. The same may be found in connection with the secondary market players.

III. Summary and Conclusion

The BOL Token definitively satisfies the first prong of the Howey Test, and no one may reasonably conclude that the courts will determine otherwise.

Subject to the rebuttable presumptions addressed above, we have considered the other three elements of the Howey Test.

The second prong is more difficult and debatable. However, our analysis has concluded that this element is not satisfied under both theories applied by the Federal courts.

The third and fourth prongs of the Howey Test are not satisfied. The fourth prongs of the Howey Test is not satisfied also.

To conclude, since not all the elements of the Howey Test are met, in our opinion, the BOL Token does not meet the legal definition of a security under United States law.

Nevertheless, it should be noted that the Howey Test has not yet been directly applied by courts to any utility tokens before. Only a U.S. court may definitively determine whether the BOL Token is a security, based in its opinion and regulatory enforcement.

THE ABOVE ANALYSIS IS BASED ON INFORMATION OBTAINED FROM A REPRESENTATIVE OF THE PROJECT, THE WHITE PAPER OF THE PROJECT AND ITS WEBSITE. THE SEC OR A COURT OF COMPETENT JURISDICTION MAY REACH AN ALTERNATIVE CONCLUSION TO THAT STATED IN THIS LEGAL OPINION LETTER. NO WARRANTIES OR GUARANTEES OF ANY KIND AS TO THE FUTURE TREATMENT OF TOKEN HOLDER OR SIMILAR TOKENS ARE BEING MADE HEREIN.

NOTICE TO RESIDENTS OF THE UNITED STATES

IF YOU ARE FROM THE UNITED STATES OF AMERICA, WE HEREBY INFORM YOU THAT TO THE BEST OF OUR KNOWLEDGE, THE OFFER OF SALE OF THE BOL TOKEN DOES NOT REPRESENT THE SALEOF A SECURITY. THEREFORE, THE OFFER OR SALE IS NOTREGISTERED IN ACCORDANCE WITH THE UNITED STATES SECURITY LAWS. IN CASE YOU BELIEVE OTHERWISE, PLEASE CONSULT WITH YOUR LEGAL COUNSEL AND NOTE THAT NO ACTION MAY BE BROUGHT ON THE BASIS OF THIS LEGAL OPINION.

Nikita Tepikin, Lawyer,

LLM, Esq. NY License Attorney,

Legal Kornet Law Firm LLC.

Registration number 5251814