



Shot On Me - Complete Business Plan & Legal Framework

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Prepared for: Business Launch & Compliance

Executive Summary

Shot On Me is a social payment platform that enables users to send money to friends for use at venues, creating a seamless bridge between social connections and local business discovery. This document outlines the complete legal framework, financial model, and business plan to transform this concept into a sustainable, compliant business.

Key Highlights:

- **Initial Investment Required:** \$50,000-\$100,000
 - **Timeline to Launch:** 3-6 months
 - **Break-Even Projection:** 9-12 months
 - **Revenue Model:** Transaction fees (2.5-2.9%) + venue commissions (5-10%) + subscriptions
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TABLE OF CONTENTS

1. [Legal Framework & Compliance](#)
 2. [Financial Feasibility & Revenue Model](#)
 3. [Business Structure & Entity Formation](#)
 4. [Regulatory Requirements](#)
 5. [Risk Management](#)
 6. [Go-to-Market Strategy](#)
 7. [Operations Plan](#)
 8. [Timeline & Milestones](#)
 9. [Action Items Checklist](#)
 10. [Quick Reference Guide](#)
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1. LEGAL FRAMEWORK & COMPLIANCE

1.1 Money Transmitter License (CRITICAL)

Status: ⚠️ REQUIRED BEFORE ACCEPTING PAYMENTS

What it is:

- A state-level license required to legally transfer money between parties
- Each state has different requirements
- Federal oversight through FinCEN (Financial Crimes Enforcement Network)

Steps to Obtain:

Step 1: Determine Jurisdiction

- **Where you operate:** Check which states you'll serve
- **Where you're incorporated:** Your state of incorporation
- **Where users are:** States where users send/receive money

Step 2: Federal Registration (FinCEN)

1. Register as Money Services Business (MSB)

- File with FinCEN within 180 days of starting operations
- Form: FinCEN Form 107
- Cost: \$0 (registration is free)
- Timeline: 30-60 days
- Website: <https://www.fincen.gov/msb-registration>

2. Designate Compliance Officer

- Appoint someone responsible for AML (Anti-Money Laundering) compliance
- Must have training in AML regulations

3. AML Program Requirements

- Written AML policy
- Customer identification program (CIP)
- Suspicious activity reporting (SAR)
- Record keeping (5 years minimum)

Step 3: State Licenses (Priority States)

Tier 1 (Must Have - Major Markets):

- **New York** - Most stringent, required for NY users
 - Cost: \$5,000-\$10,000 application fee
 - Net worth: \$500,000 minimum
 - Bond: \$500,000-\$1,000,000
 - Timeline: 6-12 months
 - Website: <https://www.dfs.ny.gov/>
- **California** - Required for CA users
 - Cost: \$5,000 application fee
 - Net worth: \$250,000 minimum
 - Bond: \$250,000-\$500,000
 - Timeline: 6-9 months
 - Website: <https://dfpi.ca.gov/>
- **Texas** - Large market
 - Cost: \$1,000-\$5,000
 - Net worth: \$100,000 minimum
 - Bond: \$50,000-\$500,000
 - Timeline: 4-6 months

Tier 2 (Important Markets):

- Florida, Illinois, Pennsylvania, Ohio, Georgia
- Cost: \$1,000-\$3,000 per state

- Timeline: 3-6 months each

Tier 3 (Other States):

- Remaining states: \$500-\$2,000 each
- Some states have exemptions for small amounts

Step 4: Required Documentation

- Business formation documents
- Financial statements (audited)
- Business plan
- AML compliance program
- Background checks for owners/officers
- Surety bonds
- Proof of net worth

Step 5: Ongoing Compliance

- Annual renewals (\$500-\$5,000 per state)
- Regular audits
- Suspicious Activity Reports (SARs)
- Currency Transaction Reports (CTRs) if applicable

Estimated Total Cost: \$50,000-\$200,000 (first year)

Estimated Timeline: 6-18 months to obtain all licenses

Alternative: Partner with Licensed Provider

- Use a licensed payment processor (Stripe, PayPal, etc.)
 - They handle compliance, you pay fees
 - **Recommended for MVP/Startup Phase**
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1.2 Terms of Service & Privacy Policy

Status: ⚠️ **REQUIRED BEFORE LAUNCH**

Terms of Service Requirements:

1. User Agreement

- Account creation terms
- Age restrictions (18+)
- User responsibilities
- Prohibited activities
- Account termination policy

2. Payment Terms

- Transaction limits
- Fees disclosure
- Refund policy
- Dispute resolution
- Escrow terms (money held until redemption)

3. Liability Limitations

- Limitation of liability clause
- Indemnification
- Force majeure
- Dispute resolution (arbitration clause)

4. Intellectual Property

- User content ownership
- Platform IP rights
- Trademark usage

Action Items:

- ☐ Hire attorney to draft ToS (\$2,000-\$5,000)
- ☐ Review with legal counsel
- ☐ Implement click-through acceptance
- ☐ Store acceptance records
- ☐ Update annually

Privacy Policy Requirements (GDPR/CCPA):

1. Data Collection

- What data you collect
- How you use it
- Who you share it with

2. User Rights

- Right to access data
- Right to delete data
- Right to opt-out of sales (CCPA)
- Right to data portability

3. Security Measures

- How you protect data
- Encryption standards
- Breach notification procedures

4. Third-Party Services

- Stripe, Twilio, MongoDB disclosures
- Analytics tools
- Advertising partners

Action Items:

- ☐ Draft privacy policy (\$1,000-\$3,000)
 - ☐ GDPR compliance review
 - ☐ CCPA compliance (if serving CA users)
 - ☐ Cookie consent banner
 - ☐ Data retention policy
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1.3 PCI DSS Compliance

Status: ⚠️ **REQUIRED FOR CARD PROCESSING**

What it is:

- Payment Card Industry Data Security Standard
- Required if you store, process, or transmit card data

Levels:

- **Level 1:** >6M transactions/year (full audit)
- **Level 2-4:** Smaller volumes (self-assessment)

Requirements:

1. Don't Store Card Data (Recommended)

- Use Stripe's secure tokenization
- Never store full card numbers
- Use Stripe Elements for input

2. If You Must Store:

- Encryption at rest
- Encryption in transit (TLS 1.2+)
- Access controls
- Regular security audits
- Vulnerability scanning

3. Annual Compliance:

- Self-Assessment Questionnaire (SAQ)
- Vulnerability scans (quarterly)
- Penetration testing

Action Items:

- ☐ Use Stripe (they handle PCI Level 1)
- ☐ Complete SAQ-A (if using Stripe properly)
- ☐ Annual review
- ☐ Security training for team

Cost: \$0-\$5,000/year (if using Stripe properly)

1.4 Intellectual Property Protection

Trademark Registration:

- ☐ File "Shot On Me" trademark (\$275-\$325 per class)
- ☐ Search existing trademarks first
- ☐ File with USPTO (6-12 months)
- ☐ International registration if expanding

Copyright:

- ☐ Register app code/designs (\$45-\$65)
- ☐ Register marketing materials
- ☐ Open source license for any shared code

Patents (Optional):

- ☐ Review unique features for patentability
- ☐ File provisional patent (\$70-\$280)
- ☐ Full patent application (\$5,000-\$15,000)

1.5 Employment & Contractor Agreements

If Hiring:

- ☐ Employment agreements
- ☐ Non-disclosure agreements (NDAs)
- ☐ Non-compete clauses (state-dependent)
- ☐ IP assignment agreements
- ☐ Worker classification (employee vs. contractor)

Cost: \$500-\$2,000 per agreement

2. FINANCIAL FEASIBILITY & REVENUE MODEL

2.1 Revenue Streams

Primary Revenue: Transaction Fees

Model 1: Percentage-Based Fee

- **User sends \$50 → Charge 3% = \$1.50**
- **Revenue per transaction:** 2-5% of transaction amount
- **Industry standard:** 2.9% + \$0.30 (similar to Stripe)

Model 2: Flat Fee

- **Fixed fee per transaction:** \$0.50-\$2.00
- **Better for small transactions**

Model 3: Hybrid (Recommended)

- **Small transactions (<\$20):** Flat fee \$0.50
- **Large transactions (>\$20):** 2.5% of amount
- **Maximum fee cap:** \$5.00 per transaction

Example Calculation:

```
Monthly Transactions: 10,000
Average Transaction: $25
Fee: 2.5% = $0.625 per transaction
```

Monthly Revenue: $10,000 \times \$0.625 = \$6,250$
Annual Revenue: $\$75,000$

Secondary Revenue: Venue Partnerships

Commission Model:

- **Venue pays 5-10% commission** on redemptions
- **Example:** User redeems \$50 at venue → Venue pays \$2.50-\$5.00
- **Monthly Revenue:** $1,000 \text{ redemptions} \times \$3.00 = \$3,000/\text{month}$

Subscription Model:

- **Venue pays \$99-\$299/month** for premium features
- **Features:** Analytics, promotion tools, customer insights
- **Target:** $50 \text{ venues} \times \$150 = \$7,500/\text{month}$

Advertising Model:

- **Promoted venues in app:** \$500-\$2,000/month per venue
- **Featured deals:** \$200-\$500 per promotion

Tertiary Revenue: Premium Features

User Subscriptions:

- **Premium tier:** \$4.99/month
- **Features:** No transaction fees, priority support, exclusive deals
- **Target:** $1,000 \text{ users} \times \$4.99 = \$4,990/\text{month}$

In-App Purchases:

- **Virtual gifts:** \$0.99-\$4.99
- **Custom themes:** \$1.99
- **Boost posts:** \$2.99

2.2 Cost Structure

Fixed Costs (Monthly)

Item	Cost	Notes
Legal/Compliance	\$2,000	Attorney retainer, compliance officer
Payment Processing	$2.9\% + \$0.30$	Stripe fees (passed to users)
SMS (Twilio)	$\$0.0075/\text{msg}$	~\$500/month for 66K messages
Hosting (Backend)	\$25-\$100	Render/Railway/AWS
Hosting (Frontend)	\$0-\$20	Vercel (free tier available)
Database (MongoDB)	\$0-\$57	Atlas free tier → paid
Cloud Storage	\$0-\$25	Cloudinary free tier
Domain/SSL	\$15/year	~\$1.25/month

Insurance	\$200-\$500	General liability, cyber
Accounting	\$200-\$500	Bookkeeping, tax prep
Marketing	\$1,000-\$5,000	Ads, content, SEO
Salaries	\$5,000-\$15,000	Founders + 1-2 employees
Office/Remote	\$0-\$500	Co-working or remote
Software Tools	\$200-\$500	Analytics, CRM, etc.

Total Fixed Costs: \$9,000-\$25,000/month

Variable Costs

- **Transaction fees:** 2.9% + \$0.30 (Stripe) - passed to users
- **SMS costs:** \$0.0075 per message
- **Support:** \$0.50-\$2.00 per user (if outsourced)
- **Fraud prevention:** 0.1-0.5% of transaction volume

2.3 Financial Projections (Year 1)

Conservative Scenario

Months 1-3: Launch Phase

- Users: 100-500
- Transactions: 200/month
- Revenue: \$500/month
- Costs: \$10,000/month
- **Net: -\$9,500/month**

Months 4-6: Growth Phase

- Users: 1,000-2,000
- Transactions: 1,000/month
- Revenue: \$2,500/month
- Costs: \$12,000/month
- **Net: -\$9,500/month**

Months 7-9: Scaling Phase

- Users: 5,000-10,000
- Transactions: 5,000/month
- Revenue: \$12,500/month
- Costs: \$15,000/month
- **Net: -\$2,500/month**

Months 10-12: Break-Even

- Users: 15,000-25,000
- Transactions: 15,000/month
- Revenue: \$37,500/month
- Costs: \$18,000/month

- **Net: +\$19,500/month**

Year 1 Total:

- Revenue: \$150,000
- Costs: \$150,000
- **Break-even by end of year**

Optimistic Scenario

Year 1:

- Users: 50,000
 - Transactions: 50,000/month (by month 12)
 - Revenue: \$125,000/month (by month 12)
 - **Annual Revenue: \$750,000**
 - **Annual Costs: \$200,000**
 - **Net Profit: \$550,000**
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2.4 Funding Requirements

Minimum Viable Product (MVP) - \$50,000

Breakdown:

- Legal setup: \$15,000
- Compliance (state licenses): \$20,000
- Development polish: \$5,000
- Marketing: \$5,000
- Operating expenses (3 months): \$5,000

Seed Round - \$250,000-\$500,000

Use of Funds:

- Legal/compliance: \$50,000
- Product development: \$100,000
- Marketing/user acquisition: \$75,000
- Team (6 months): \$75,000
- Operating buffer: \$50,000

Valuation Target: \$2M-\$5M pre-money

Series A - \$2M-\$5M

Use of Funds:

- Scale team: \$1M
 - Marketing: \$1M
 - Product expansion: \$500K
 - Compliance expansion: \$250K
 - Reserve: \$250K
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3. BUSINESS STRUCTURE & ENTITY FORMATION

3.1 Entity Type Selection

Option 1: LLC (Limited Liability Company) - **RECOMMENDED FOR STARTUP**

Advantages:

- Limited liability protection
- Pass-through taxation (no double taxation)
- Flexible management structure
- Lower compliance requirements
- Can convert to C-Corp later

Disadvantages:

- Harder to raise VC funding (but possible)
- Self-employment taxes

Cost: \$100-\$800 (state-dependent)

Timeline: 1-4 weeks

Option 2: C-Corporation - **RECOMMENDED FOR VC FUNDING**

Advantages:

- Best for raising capital
- Stock options for employees
- Clear ownership structure
- Can go public

Disadvantages:

- Double taxation (corporate + dividend)
- More compliance requirements
- More expensive to set up

Cost: \$500-\$2,000

Timeline: 2-6 weeks

Option 3: S-Corporation

Advantages:

- Pass-through taxation
- Limited liability
- Can avoid self-employment tax on distributions

Disadvantages:

- Limited to 100 shareholders
- Only one class of stock
- US residents only

Recommendation: Start as LLC, convert to C-Corp when raising Series A

3.2 Entity Formation Steps

Step 1: Choose State of Incorporation

Options:

- **Delaware:** Best for VC funding, well-established law
- **Wyoming:** Low fees, privacy-friendly
- **Your home state:** Easier, lower costs

Recommendation: Start in your home state, reincorporate in Delaware for Series A

Step 2: Name Reservation

- ☐ Check name availability
- ☐ Reserve name (\$10-\$50)
- ☐ Check domain availability

Step 3: File Formation Documents

- ☐ Articles of Organization (LLC) or Incorporation (Corp)
- ☐ Registered agent service (\$50-\$300/year)
- ☐ Operating Agreement (LLC) or Bylaws (Corp)

Step 4: Obtain EIN

- ☐ Apply for Employer Identification Number (EIN)
- ☐ Free from IRS
- ☐ Takes 1-2 weeks

Step 5: Business Bank Account

- ☐ Open business checking account
- ☐ Required documents: EIN, formation docs, operating agreement
- ☐ Initial deposit: \$100-\$1,000

Step 6: State Tax Registration

- ☐ Register for state taxes
- ☐ Sales tax (if applicable)
- ☐ Business license (local)

Total Cost: \$500-\$2,000

Timeline: 2-6 weeks

3.3 Equity Structure

Recommended Initial Split:

- Founders: 80-90%
- Employee option pool: 10-20%
- Advisors: 0.5-2%

Vesting:

- 4-year vesting with 1-year cliff
 - Protects company if co-founder leaves early
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4. REGULATORY REQUIREMENTS

4.1 Federal Requirements

FinCEN Registration (Money Services Business)

- ☐ Register within 180 days of operations
- ☐ Designate compliance officer
- ☐ Implement AML program
- ☐ File Suspicious Activity Reports (SARs)
- **Cost:** \$0 (registration free)
- **Timeline:** 30-60 days

IRS Requirements

- ☐ Obtain EIN
- ☐ File Form 1099 for contractors (\$600+)
- ☐ Report transactions >\$10,000 (Form 8300)
- ☐ Quarterly tax payments (if profitable)

SEC Considerations

- ☐ If raising funds: SEC registration or exemption
 - ☐ Regulation D (private placements)
 - ☐ Regulation Crowdfunding (if using crowdfunding)
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4.2 State Requirements

Money Transmitter Licenses (See Section 1.1)

Sales Tax

- ☐ Register for sales tax in applicable states
- ☐ Collect tax on transaction fees (if applicable)
- ☐ File quarterly/annual returns

Business Licenses

- ☐ Local business license (\$50-\$500)
 - ☐ Professional license (if required)
 - ☐ Annual renewals
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4.3 Industry-Specific Regulations

Banking Regulations

- ☐ Partner with FDIC-insured bank for escrow

- ☐ Maintain required reserves
- ☐ Regular audits

Data Protection

- ☐ GDPR compliance (if serving EU users)
- ☐ CCPA compliance (if serving CA users)
- ☐ HIPAA (if handling health data - not applicable)

Advertising Regulations

- ☐ FTC guidelines (truth in advertising)
 - ☐ CAN-SPAM Act (email marketing)
 - ☐ TCPA compliance (SMS marketing)
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5. RISK MANAGEMENT

5.1 Insurance Requirements

General Liability Insurance

- **Coverage:** \$1M-\$2M
- **Cost:** \$500-\$2,000/year
- **Covers:** Bodily injury, property damage

Cyber Liability Insurance

- **Coverage:** \$1M-\$5M
- **Cost:** \$1,000-\$5,000/year
- **Covers:** Data breaches, cyber attacks

Errors & Omissions (E&O)

- **Coverage:** \$1M
- **Cost:** \$2,000-\$5,000/year
- **Covers:** Professional mistakes, service failures

Directors & Officers (D&O) - If raising funds

- **Coverage:** \$1M-\$5M
- **Cost:** \$3,000-\$10,000/year
- **Covers:** Management decisions, lawsuits

Total Insurance Cost: \$6,500-\$22,000/year

5.2 Risk Mitigation Strategies

Fraud Prevention

- ☐ KYC (Know Your Customer) verification
- ☐ Transaction limits (\$500/day, \$2,000/month)
- ☐ Fraud detection algorithms
- ☐ Manual review for suspicious activity

- ☐ Chargeback protection

Financial Risks

- ☐ Maintain reserve fund (3-6 months operating expenses)
- ☐ Diversify revenue streams
- ☐ Regular financial audits
- ☐ Cash flow monitoring

Legal Risks

- ☐ Regular legal reviews
- ☐ Compliance audits
- ☐ Document retention policy
- ☐ Dispute resolution process

Technical Risks

- ☐ Regular security audits
 - ☐ Backup systems
 - ☐ Disaster recovery plan
 - ☐ Monitoring and alerting
 - ☐ Penetration testing
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6. GO-TO-MARKET STRATEGY

6.1 Target Market

Primary: Young Adults (21-35)

- **Demographics:** Urban, social, tech-savvy
- **Pain Points:** Splitting bills, finding venues, social coordination
- **Size:** 50M+ in US

Secondary: Venue Owners

- **Demographics:** Local bars, restaurants, clubs
 - **Pain Points:** Customer acquisition, retention, promotion
 - **Size:** 500K+ venues in US
-

6.2 Launch Strategy

Phase 1: Beta Launch (Months 1-3)

Goal: 500-1,000 users, validate product

Tactics:

- ☐ Launch in 1-2 cities (college towns)
- ☐ Partner with 5-10 local venues
- ☐ Invite-only beta program

- ☐ Social media marketing
- ☐ Influencer partnerships (local)
- ☐ Press release to local media

Budget: \$10,000-\$20,000

Phase 2: City Expansion (Months 4-6)

Goal: 5,000-10,000 users, 3-5 cities

Tactics:

- ☐ Expand to adjacent cities
- ☐ Onboard 20-50 venues
- ☐ Paid social advertising
- ☐ Referral program
- ☐ Event sponsorships
- ☐ PR campaign

Budget: \$25,000-\$50,000

Phase 3: Regional Expansion (Months 7-12)

Goal: 25,000-50,000 users, 10+ cities

Tactics:

- ☐ Multi-city launch
- ☐ National PR
- ☐ Influencer partnerships
- ☐ App store optimization
- ☐ Paid acquisition
- ☐ Partnership deals

Budget: \$100,000-\$200,000

6.3 Marketing Channels

Digital Marketing

- **Social Media:** Instagram, TikTok, Twitter
- **Paid Ads:** Facebook, Google, Snapchat
- **Content Marketing:** Blog, SEO, YouTube
- **Influencer Marketing:** Micro-influencers (\$500-\$5,000)
- **App Store Optimization:** ASO for mobile apps

Offline Marketing

- **Event Sponsorships:** Local events, festivals
- **Venue Partnerships:** Co-marketing with venues
- **College Campus:** Student ambassadors
- **PR:** Press releases, media outreach

Growth Hacks

- **Referral Program:** \$5 credit for each referral
 - **Viral Features:** Share deals, invite friends
 - **Gamification:** Points, badges, leaderboards
 - **Exclusive Deals:** Venue partnerships
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6.4 Pricing Strategy

Transaction Fees

- **Launch:** 2.5% (competitive with Venmo)
- **Scale:** 2.9% (industry standard)
- **Premium users:** 0% (with subscription)

Venue Fees

- **Commission:** 5-7% on redemptions
- **Subscription:** \$99-\$299/month
- **Advertising:** \$500-\$2,000/month

User Subscriptions

- **Free:** 2.9% transaction fee
 - **Premium (\$4.99/month):** 0% transaction fee, exclusive deals
-

7. OPERATIONS PLAN

7.1 Team Structure

Founding Team (Months 1-6)

- **CEO/Founder:** Strategy, fundraising, partnerships
- **CTO/Co-founder:** Product, engineering
- **COO/Co-founder:** Operations, compliance

Early Hires (Months 6-12)

- **Compliance Officer:** \$60K-\$100K
- **Customer Support:** \$30K-\$50K
- **Marketing Manager:** \$50K-\$80K
- **Developer:** \$80K-\$120K

Advisory Board

- **Legal Advisor:** Attorney specializing in fintech
 - **Financial Advisor:** CPA with fintech experience
 - **Industry Advisor:** Venue owner or hospitality expert
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7.2 Technology Infrastructure

Current Stack (✅ Already Built)

- **Frontend:** Next.js, React, TypeScript

- **Backend:** Node.js, Express, MongoDB
- **Payments:** Stripe integration
- **SMS:** Twilio
- **Real-time:** Socket.io
- **Hosting:** Vercel (frontend), Render (backend)

Additional Needs

- ☐ Payment processor compliance review
 - ☐ Enhanced security (2FA, biometrics)
 - ☐ Fraud detection system
 - ☐ Analytics platform (Mixpanel, Amplitude)
 - ☐ Customer support system (Intercom, Zendesk)
 - ☐ Monitoring (Sentry, DataDog)
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7.3 Customer Support

Support Channels

- **In-app chat:** Real-time support
- **Email:** support@shotonme.com
- **Phone:** Optional (expensive)
- **Help center:** FAQ, tutorials

Support Tiers

- **Free users:** Email support (24-48h response)
- **Premium users:** Priority support (4-8h response)
- **Venues:** Dedicated account manager

Cost: \$2,000-\$5,000/month (outsourced) or \$50K-\$80K/year (in-house)

7.4 Quality Assurance

Testing Requirements

- ☐ Security testing (quarterly)
 - ☐ Penetration testing (annually)
 - ☐ Compliance audits (quarterly)
 - ☐ User acceptance testing
 - ☐ Performance testing
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8. TIMELINE & MILESTONES

Phase 1: Legal Foundation (Months 1-3)

Month 1:

- ☐ Week 1-2: Entity formation (LLC)
- ☐ Week 2-3: Business bank account, EIN

- ☐ Week 3-4: Legal consultation, ToS/Privacy Policy draft

Month 2:

- ☐ Week 1-2: FinCEN MSB registration
- ☐ Week 2-3: State license research and applications (priority states)
- ☐ Week 3-4: Insurance quotes and purchase

Month 3:

- ☐ Week 1-2: Compliance program development
- ☐ Week 2-3: AML program implementation
- ☐ Week 3-4: Legal review and finalization

Deliverables:

- ☒ LLC formed
 - ☒ EIN obtained
 - ☒ Business bank account
 - ☒ ToS and Privacy Policy
 - ☒ FinCEN registration
 - ☒ State license applications filed
 - ☒ Insurance purchased
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Phase 2: Financial Setup (Months 2-4)

Month 2:

- ☐ Week 1: Stripe account setup (business)
- ☐ Week 2: Payment processing compliance review
- ☐ Week 3: PCI DSS compliance (SAQ-A)
- ☐ Week 4: Financial projections and budget

Month 3:

- ☐ Week 1-2: Accounting system setup (QuickBooks)
- ☐ Week 2-3: Tax registration (state/local)
- ☐ Week 3-4: Reserve fund establishment

Month 4:

- ☐ Week 1-2: Financial controls and procedures
- ☐ Week 2-3: Audit preparation
- ☐ Week 3-4: Investor materials (if fundraising)

Deliverables:

- ☒ Stripe business account
 - ☒ PCI DSS compliance
 - ☒ Accounting system
 - ☒ Financial controls
 - ☒ Reserve fund
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Phase 3: Product Compliance (Months 3-5)

Month 3:

- ☐ Week 1-2: Security audit
- ☐ Week 2-3: Compliance features (KYC, limits)
- ☐ Week 3-4: Fraud detection implementation

Month 4:

- ☐ Week 1-2: Data protection review (GDPR/CCPA)
- ☐ Week 2-3: Cookie consent, privacy controls
- ☐ Week 3-4: Security testing

Month 5:

- ☐ Week 1-2: Penetration testing
- ☐ Week 2-3: Compliance documentation
- ☐ Week 3-4: Final security review

Deliverables:

- ☒ Security audit complete
 - ☒ Compliance features implemented
 - ☒ GDPR/CCPA compliant
 - ☒ Penetration test passed
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Phase 4: Beta Launch (Months 4-6)

Month 4:

- ☐ Week 1-2: Beta user recruitment
- ☐ Week 2-3: Venue partnerships (5-10 venues)
- ☐ Week 3-4: Marketing materials

Month 5:

- ☐ Week 1: Soft launch (invite-only)
- ☐ Week 2-3: User feedback collection
- ☐ Week 3-4: Product iterations

Month 6:

- ☐ Week 1-2: Public beta launch
- ☐ Week 2-3: Marketing campaign
- ☐ Week 3-4: Metrics analysis

Deliverables:

- ☒ 500-1,000 beta users
- ☒ 5-10 venue partners
- ☒ Public beta launched
- ☒ Initial metrics

Phase 5: Scale (Months 7-12)

Months 7-9:

- ☐ City expansion (3-5 cities)
- ☐ User acquisition (5,000-10,000 users)
- ☐ Venue growth (20-50 venues)
- ☐ Revenue: \$5K-\$15K/month

Months 10-12:

- ☐ Regional expansion (10+ cities)
 - ☐ User acquisition (25,000-50,000 users)
 - ☐ Venue growth (100+ venues)
 - ☐ Revenue: \$25K-\$50K/month
 - ☐ Break-even or profitability
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9. ACTION ITEMS CHECKLIST

Immediate (Week 1)

Legal:

- ☐ Consult with fintech attorney
- ☐ Decide on entity type (LLC recommended)
- ☐ Research state license requirements
- ☐ Get cost estimates for compliance

Financial:

- ☐ Create financial projections
- ☐ Determine funding needs
- ☐ Research funding options (bootstrapped vs. investors)
- ☐ Set up business bank account (after entity formation)

Product:

- ☐ Security audit of current codebase
 - ☐ Compliance feature gap analysis
 - ☐ Data protection review
-

Short-Term (Months 1-3)

Legal:

- ☐ Form LLC or Corporation
- ☐ Obtain EIN
- ☐ Draft Terms of Service

- ☐ Draft Privacy Policy
- ☐ File FinCEN MSB registration
- ☐ Apply for state money transmitter licenses (priority states)
- ☐ Purchase insurance (general liability, cyber)

Financial:

- ☐ Set up Stripe business account
- ☐ Complete PCI DSS compliance (SAQ-A)
- ☐ Set up accounting system
- ☐ Establish reserve fund
- ☐ Create financial controls

Product:

- ☐ Implement KYC verification
 - ☐ Add transaction limits
 - ☐ Implement fraud detection
 - ☐ GDPR/CCPA compliance features
 - ☐ Security testing
-

Medium-Term (Months 4-6)

Legal:

- ☐ Obtain first state licenses
- ☐ Annual compliance review
- ☐ Trademark registration
- ☐ Update legal documents based on feedback

Financial:

- ☐ Secure funding (if needed)
- ☐ Establish revenue streams
- ☐ Financial reporting system
- ☐ Tax preparation

Operations:

- ☐ Hire compliance officer
 - ☐ Set up customer support
 - ☐ Beta launch
 - ☐ Venue partnerships
 - ☐ Marketing campaign
-

Long-Term (Months 7-12)

Legal:

- ☐ Additional state licenses
- ☐ Ongoing compliance
- ☐ Legal structure review (convert to C-Corp if raising funds)

Financial:

- ☐ Scale revenue
- ☐ Break-even or profitability
- ☐ Series A preparation (if applicable)

Operations:

- ☐ Team expansion
- ☐ Market expansion
- ☐ Product scaling
- ☐ Partnership development

10. QUICK REFERENCE GUIDE

CRITICAL STEPS (Do These First)

Week 1: Foundation

1. **Consult Fintech Attorney** - \$500-\$1,000
 - Get legal structure advice
 - Understand money transmitter requirements
 - Review compliance obligations
2. **Form Business Entity** - \$500-\$2,000
 - **Recommended:** LLC (can convert to Corp later)
 - File in your home state (or Delaware if raising VC)
 - Get EIN from IRS (free, 1-2 weeks)
3. **Open Business Bank Account**
 - Required: EIN, formation docs
 - Initial deposit: \$100-\$1,000

Week 2-4: Legal Compliance

4. **Draft Legal Documents** - \$3,000-\$8,000
 - Terms of Service (ToS)
 - Privacy Policy (GDPR/CCPA compliant)
 - User agreements
5. **Register with FinCEN** - FREE
 - File as Money Services Business (MSB)
 - Form: FinCEN Form 107
 - Timeline: 30-60 days

- Website: <https://www.fincen.gov/msb-registration>

6. Research State Licenses

- Start with YOUR state
- Priority states: NY, CA, TX (if serving those markets)
- Cost: \$1,000-\$10,000 per state
- Timeline: 3-12 months per state

Month 2: Financial Setup

7. Stripe Business Account

- Upgrade from test to live account
- Complete business verification
- Cost: 2.9% + \$0.30 per transaction

8. PCI DSS Compliance - \$0-\$5,000

- Use Stripe properly (don't store cards)
- Complete SAQ-A (Self-Assessment Questionnaire)
- Annual review required

9. Insurance - \$6,500-\$22,000/year

- General Liability: \$500-\$2,000
- Cyber Liability: \$1,000-\$5,000
- E&O: \$2,000-\$5,000
- D&O (if raising funds): \$3,000-\$10,000

Month 3: Product Compliance

10. Security Audit - \$2,000-\$10,000

- Hire security firm
- Fix vulnerabilities
- Annual requirement

11. Implement Compliance Features

- KYC (Know Your Customer) verification
- Transaction limits (\$500/day, \$2,000/month)
- Fraud detection
- AML (Anti-Money Laundering) program

12. Data Protection

- GDPR compliance (if serving EU)
- CCPA compliance (if serving CA)
- Cookie consent
- Data retention policy

FINANCIAL BREAKDOWN

Initial Investment Required: \$50,000-\$100,000

Breakdown:

- Legal setup: \$15,000-\$25,000
- State licenses (1-3 states): \$10,000-\$30,000
- Insurance (first year): \$6,500-\$22,000
- Security/compliance: \$5,000-\$10,000
- Operating expenses (3 months): \$10,000-\$20,000
- Marketing (beta launch): \$5,000-\$10,000

Monthly Operating Costs: \$9,000-\$25,000

Fixed Costs:

- Legal/compliance: \$2,000
- Insurance: \$500-\$2,000
- Hosting: \$100-\$200
- Software tools: \$200-\$500
- Salaries: \$5,000-\$15,000
- Marketing: \$1,000-\$5,000

Revenue Projections

Year 1 (Conservative):

- Month 1-3: \$500/month
- Month 4-6: \$2,500/month
- Month 7-9: \$12,500/month
- Month 10-12: \$37,500/month
- **Break-even: Month 9-12**


Revenue Model:

- Transaction fees: 2.5-2.9% per transaction
- Venue commissions: 5-10% on redemptions
- Subscriptions: \$4.99/month (premium users)




DECISION MATRIX


Entity Type

- **LLC**  Recommended for startup
 - Lower cost, easier setup
 - Can convert to Corp later
 - Pass-through taxation

License Strategy

- **Option A:** Get all licenses (\$50K-\$200K, 6-18 months)
- **Option B:** Partner with licensed provider (faster, less control)
- **Option C:** Start in 1-3 states only  **RECOMMENDED**
 - Lower cost (\$10K-\$30K)
 - Faster launch (3-6 months)
 - Expand as revenue grows

Funding Strategy

- **Bootstrap MVP**  Start here
 - Validate product
 - Lower risk
 - **Seed Round** (\$250K-\$500K)
 - For compliance and growth
 - After product validation
 - **Series A** (\$2M-\$5M)
 - For scaling
 - After break-even
-

CRITICAL WARNINGS

1. **DO NOT** accept payments without:

- Money transmitter license (or licensed partner)
- Terms of Service
- Privacy Policy
- PCI DSS compliance

2. **DO NOT** skip:

- FinCEN registration (federal requirement)
- State licenses (if operating in that state)
- Insurance (protects your business)

3. **DO NOT** underestimate:

- Compliance costs (\$50K-\$200K first year)
 - Timeline (6-18 months for licenses)
 - Ongoing compliance requirements
-

KEY CONTACTS TO ESTABLISH

Legal

- ☐ Fintech attorney (specialized in money transmission)
- ☐ Corporate attorney (entity formation)
- ☐ Compliance consultant

Financial

- ☐ CPA (fintech experience)
- ☐ Business banker
- ☐ Insurance broker

Technical

- ☐ Security auditor
 - ☐ Compliance officer (hire or consultant)
-

RED FLAGS

If you see these, STOP and consult attorney:

- Operating without money transmitter license
 - Accepting payments without ToS/Privacy Policy
 - Storing credit card data improperly
 - No fraud detection system
 - No AML program
 - No insurance
-

QUICK WINS (Do These Now)

1. **Consult attorney** (this week)
 2. **Form LLC** (this month)
 3. **Get EIN** (this month)
 4. **Open business bank account** (this month)
 5. **Research your state's license requirements** (this week)
-

RESOURCES

Government

- **FinCEN:** <https://www.fincen.gov/msb-registration>
- **State Regulators:** Check your state's financial services department
- **IRS:** <https://www.irs.gov/businesses>

Legal Templates





- LegalZoom (starting point)
- Rocket Lawyer (starting point)
- **Note:** Always have attorney review final documents

Industry



- **Stripe:** <https://stripe.com/docs/legal>
 - **PCI DSS:** <https://www.pcisecuritystandards.org/>
-

SUCCESS METRICS





Month 3 (Legal Foundation)

-  Entity formed
-  EIN obtained
-  FinCEN registered
-  State license applications filed

Month 6 (Beta Launch)

-  500-1,000 users
-  5-10 venue partners
-  \$2,500/month revenue

Month 12 (Scale)

-  25,000-50,000 users
 -  100+ venue partners
 -  \$37,500/month revenue
 -  Break-even or profitable
-

CONCLUSION

Transforming Shot On Me into a sustainable business requires careful attention to legal compliance, financial planning, and strategic execution. The most critical path forward is:

1. **Start with legal foundation** (entity formation, basic compliance)
2. **Launch in limited markets** (1-3 states initially)
3. **Validate product-market fit** (beta launch)
4. **Scale gradually** (expand states as revenue grows)
5. **Raise capital** (when ready to accelerate)

Estimated Timeline to Launch: 3-6 months

Estimated Initial Investment: \$50,000-\$100,000

Estimated Break-Even: 9-12 months

The platform is technically ready. The focus now should be on legal compliance, financial planning, and go-to-market execution.

Next Step: Schedule consultation with fintech attorney this week.

This document is for informational purposes only and does not constitute legal, financial, or tax advice. Consult with qualified professionals before making business decisions.

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