

# 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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## 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 (CTR) 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)

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## 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)
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## 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

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## 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 redemptions × \$3.00 = \$3,000/month

### Subscription Model:

- **Venue pays \$99-\$299/month** for premium features
- **Features:** Analytics, promotion tools, customer insights
- **Target:** 50 venues × \$150 = \$7,500/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 users × \$4.99 = \$4,990/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/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

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

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## 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

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## 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

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### **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
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### 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

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## **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
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# 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)
- 

## 7.3 Customer Support

### Support Channels

- **In-app chat:** Real-time support
- **Email:** [support@shotonme.com](mailto: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)

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## 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
- 

## 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
-

## **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
- 

## **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

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## 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
- 

## 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

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## 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.

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**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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