

# Terms & conditions for use and sale

Last updated: jan 23, 2019

*All of you please read these terms of token sale carefully and note that the point 2 contains a binding arbitration clause and class action waiver, which affect your legal rights and if you do not agree to these terms of sale do not purchase tokens.*

*Your purchase of LOHN ( tokens ) during the token sale period ( token sale ) from LOHN FOUNDATION.( foundation, we, or us ) is subject to these terms and conditions of use and sale ( terms and conditions). Each of you and foundation is a party, and together the parties by purchasing tokens from us during the sale period, you will be bound by these terms and all terms incorporated by reference.*

*lohncontract.com is named platform and LOHN tokens is tokens.*

*If you have any questions regarding these terms and conditions, please contact us at [info@lohncontrol.com](mailto:info@lohncontrol.com) .*

You and our foundation agree to the following things:

## 1. Clarifying terms and conditions

These terms govern only your purchase of tokens from us during the sale period. Any use of tokens in connection with providing or receiving services in the platform will be governed primarily by applicable terms and policies specified in whitepaper.

## 2. Clause of severability

If any term, clause or provision of these terms is held unlawful, void or unenforceable, then that term, clause or provision will be severable from these terms and will not affect the validity or enforceability of any remaining part of that term, clause or provision, or any other term, clause or provision of these terms and conditions.

## 3. Purpose and use of tokens in the platform

LOHN is an utility token. The purpose of the tokens is to gain access to lohncontract.com platform services because until choosing a winning bid of a producer, the buyer must acquire a number of LOHN tokens equal to the total bid amount + the 3% commission due to the lohncontract.com platform by supplying an escrow blockchain account indicated by the lohncontract.com platform.

Ownership of tokens carries no rights, express or implied, other than the right to use tokens as a means to enable usage of and interaction with the platform, if successfully completed and deployed. In particular, you understand and accept that tokens do not represent or confer any ownership right or stake, share or security or equivalent rights, or any right to receive future revenue shares, intellectual property rights or any other form of participation in or relating to

the platform and/or foundation and its corporate affiliates, other than rights relating to the provision and receipt of services in the platform, subject to limitations and conditions in these terms and applicable platform terms and conditions. The tokens are not intended to be a digital currency, security, commodity or any other kind of financial instrument.

#### **4. Prohibited territories for buying tokens**

Please note that due to legal and regulatory uncertainty in the USA ,Canada ,China ,South Korea, Seychelles, their citizens and residents are prohibited from making contributions and participating in the LOHN token sale. You fully understand and agree that we are not liable if the country of your citizenship, residency or location becomes restricted.

We may, at our sole discretion, terminate these terms, close your account and return your funds if you are resident in one of the restricted territories.

We do not intend that contributions should be made in restricted territories or by residents or citizens of restricted territories. The availability of the project documentation does not constitute an offer , solicitation or invitation for making contribution and participation in the LOHN token sale in such jurisdictions. The fact that the project documentation may be accessible in any such jurisdiction shall not be construed as a representation or warranty with respect to the legality of making contributions , participation in the LOHN token sale or access to and use of the project documentation. It is your sole responsibility to determine the law that applies in the location in which you are present or reside, and that you should understand your legal rights and responsibilities to make contributions and participate in the LOHN token sale.

#### **5. Refusal of purchase requests and cancellation**

Your purchase of tokens from us during the sale period is final, and there are no refunds or cancellations except as may be required by applicable law or regulation. We reserve the right to refuse or cancel token purchase requests at any time in our sole discretion.

#### **6. Specifications and token sale procedures**

Important information about the procedures and material specifications of our token sale is provided in **Section 2** , including, but not limited to, details regarding the timing and pricing of the token sale, the amount of tokens we will sell, and our anticipated use of the token sale proceeds. By purchasing tokens, you acknowledge that you understand and have no objection to these procedures and material specifications.

#### **7. Acknowledgment and assumption of risks**

You acknowledge and agree that there are risks associated with purchasing tokens, holding tokens, and using tokens for providing or receiving services in the platform, as disclosed and explained in **Section 3** . If you have any questions regarding these risks, please contact us at [office@lohncontrol.com](mailto:office@lohncontrol.com). **by purchasing tokens, you expressly acknowledge and assume these risks.**

## **8. Security**

You are responsible for implementing reasonable measures for securing the wallet, vault or other storage mechanism you use to receive and hold tokens you purchase from us, including any requisite private key(s) or other credentials necessary to access such storage mechanism(s). If your private key(s) or other access credentials are lost, you may lose access to your tokens. We are not responsible for any such losses.

## **9. Personal information**

We may determine, in our sole discretion, that it is necessary to obtain certain information about you in order to comply with applicable law or regulation in connection with selling tokens to you. You agree to us such information promptly upon request, and you acknowledge that we may refuse to sell tokens to you until you provide such requested information and we have determined that it is permissible.

## **10. Taxes**

The purchase price that you pay for tokens is exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your purchase of tokens, including, for example, sales, use, value added, and similar taxes. It is also your responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities. We are not responsible for withholding, collecting, reporting, or remitting any sales, use, value added, or similar tax arising from your purchase of tokens.

## **11. Representations and warranties**

By purchasing tokens, you represent and warrant that:

- (1) You have read and understand these terms and conditions (including all Sections);
- (2) You have sufficient understanding of the functionality, usage, storage, transmission mechanisms and other material characteristics of cryptographic tokens, token storage mechanisms (such as token wallets), blockchain technology and blockchain-based software systems to understand these terms and conditions and to appreciate the risks and implications of purchasing the tokens;
- (3) You have obtained sufficient information about the tokens to make an informed decision to purchase the tokens;
- (4) You understand that the tokens confer only the right to provide and receive services in the lohncontract.com platform and confer no other rights of any form with respect to the platform or foundation or its corporate affiliates, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights;

(5) You are purchasing tokens to provide or receive services in the platform and to support the development, testing, deployment and operation of the platform. You are not purchasing tokens for any other uses or purposes, including, but not limited to, any investment, speculative or other financial purposes;

(6) Your purchase of tokens complies with applicable law and regulation in your jurisdiction, including, but not limited to legal capacity and any other threshold requirements in your jurisdiction for purchasing the tokens, using the tokens in the platform, and entering into contracts with us, any foreign exchange or regulatory restrictions applicable to such purchase, and any governmental or other consents that may need to be obtained;

(7) You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of tokens;

(8) If you are purchasing tokens on behalf of any entity, you are authorized to accept these terms and conditions on such entity's behalf and that such entity will be responsible for breach of these terms by you or any other employee or agent of such entity (references to "you" in these terms and conditions refer to you and such entity, jointly);

(9) You understand and acknowledge that title to, and risk of loss of, tokens you receive from the Smart Contract System (as defined and explained in **Section 1** ) passes from foundation to you in Seychelles.

## **12. Indemnification**

1. To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless foundation and our respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (the foundation **parties** ) from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys' fees) that arise from or relate to:

- (a) your purchase or use of tokens,
- (b) your responsibilities or obligations under these terms and conditions,
- (c) your violation of these terms and conditions, or
- (d) your violation of any rights of any other person or entity.

2. Foundation reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under point 11(1). This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between you and foundation.

## **13. Disclaimers**

**To the fullest extent permitted by applicable law and except as otherwise specified in a writing by USA, Canada, China, South Korea, Seychelles:**

**(a) the tokens are sold on an "as is" and "as available" basis without warranties of any kind, and we expressly disclaim all implied warranties as to the tokens, including, without**

**limitation, implied warranties of merchantability, fitness for a particular purpose, title and non infringement;**

**(b) we do not represent or warrant that the tokens are reliable, current or error-free, meet your requirements, or that defects in the tokens will be corrected; and**

**(c) we cannot and do not represent or warrant that the tokens or the delivery mechanism for tokens are free of viruses or other harmful components.**

**Some jurisdictions do not allow the exclusion of certain warranties or disclaimer of implied terms in contracts with consumers, so some or all of the exclusions of warranties and disclaimers in this section may not apply to you.**

#### **14. Limitation of liability**

**1. To the fullest extent permitted by applicable law:**

**(a) in no event will foundation or any of the foundation parties be liable for any indirect, special, incidental, consequential, or exemplary damages of any kind (including, but not limited to, where related to loss of revenue, income or profits, loss of use or data, or damages for business interruption) arising out of or in any way related to the sale or use of the tokens or otherwise related to these terms, regardless of the form of action, whether based in contract, tort (including, but not limited to, simple negligence, whether active, passive or imputed), or any other legal or equitable theory (even if the party has been advised of the possibility of such damages and regardless of whether such damages were foreseeable); and**

**(b) in no event will the aggregate liability of foundation and the foundation parties (jointly), whether in contract, warranty, tort (including negligence, whether active, passive or imputed), or other theory, arising out of or relating to these terms or the use of or inability to use the tokens, exceed the amount you pay to us for the tokens.**

**2. The limitations set forth in point 13(a) will not limit or exclude liability for the gross negligence, fraud or intentional, willful or reckless misconduct of foundation.**

**3. Some jurisdictions do not allow the limitation or exclusion of liability for incidental or consequential damages accordingly, some of the limitations of this section may not apply to you.**

#### **15. Release**

**To the fullest extent permitted by applicable law, you release foundation and the other foundation parties from responsibility, liability, claims, demands and/or damages (actual and consequential) of every kind and nature, known and unknown (including, but not limited to, claims of negligence), arising out of or related to disputes between users and the acts or omissions of third parties. You expressly waive any rights you may have under any applicable law as well as any other statute or common law principles that would otherwise limit the coverage of this release to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release.**

## **16. Miscellaneous**

These terms and conditions constitute the entire agreement between you and us relating to your purchase of tokens from us. We may make changes to these terms and conditions from time to time as reasonably required to comply with applicable law or regulation.

If we make changes, we will post the amended terms and conditions at

**<https://lohncontrol.com/docs/Terms-and-conditions-lohncontract.pdf>** and update the **last updated** date above. The amended terms and conditions will be effective immediately. We may assign our rights and obligations under these terms. Our failure to exercise or enforce any right or provision of these terms and conditions will not operate as a waiver of such right or provision. We will not be liable for any delay or failure to perform any obligation under these terms and conditions where the delay or failure results from any cause beyond our reasonable control. Purchasing tokens from us does not create any form of partnership, joint venture or any other similar relationship between you and us. Except as otherwise provided in herein, these terms and conditions are intended solely for the benefit of you and us and are not intended to confer third-party beneficiary rights upon any other person or entity. You agree and acknowledge that all agreements, notices, disclosures, and other communications that we provide to you, including these terms and conditions, will be provided in electronic form.

## **Section 1**

### **Description of foundation, platform and tokens**

#### **1. Overview of foundation**

LOHN FOUNDATION is a foundation incorporated in Seychelles that aims to make an international platform named [lohncontract.com](https://lohncontract.com) specialized in Lohn production of goods manufacturing and more. Lohn system consists of an economic business, carried out on a contractual basis, between two companies of different countries. One company performs, for a retribution in cash or in kind, a custom-made product according to the design, drawings, usually with raw materials and materials of the other company, which keep the right to trade that product under its own trademark.

#### **2. Overview of platform and services**

[lohncontract.com](https://lohncontract.com) develops trading platform meant to provide predictability to the consumer goods manufacturing economy. We refer here to the goods of the textile, leather and footwear industry, the electronics and household appliances industry, the petrochemical industry, the food industry and more other. For instance, all foods developed by hypermarkets under their own brand are the result of active Lohn contracts. Trading platform support local producers and the development of their commercial relationships with global brands.

The contract between the buyer and the producer also involves third entities that lead to the completion in good conditions thereof. These are the carriers who deliver the raw materials and other goods required to achieve the production in the first phase, and then they pick up the finished products to deliver them to the buyer. Domestic suppliers of raw materials, related services and utilities represent another important category for the success of the production.

Above all there are the quality control experts natural or legal persons, who follow on behalf of the buyer the entire production process, from the delivery of the raw materials, the quality thereof, supply or delivery times, the quality of the goods or services provided by the domestic suppliers, the timeliness of the deliveries or of the transportation of the goods and, in particular, the proper execution of the production by observing the buyer's technological indications.

The contribution of each of the involved parties is governed by IF/THEN-type smart contracts subordinated to the main contract between the buyer and the producer. Chaining and the proper execution of these complementary smart contracts lead in the end to a rigorous achievement of the main contract between the parties.

## **2. Overview of tokens and conversion procedures**

The tokens are based on the Ethereum protocol and conform to the widely-used ERC20 standard. Prior to the launch date (as defined below), foundation will create and deploy an Ethereum based smart contract system ( **Smart Contract System** ), which creates and maintains a ledger that maps Ethereum addresses to token balances and implements the Ethereum ERC20 standard.

Until choosing a winning bid of a producer, the buyer must acquire a number of LOHN tokens equal to the total bid amount + the 3% commission due to the [lohncontract.com](http://lohncontract.com) platform by supplying an escrow blockchain account indicated by the [lohncontract.com](http://lohncontract.com) platform. The purchased tokens will be immobilized in the smart contract of the respective bid until the contract is concluded by discounting the price of the escrow blockchain account, after which they will automatically return to the platform's stock.

The obligation to hold LOHN tokens for the use of the platform creates a relationship of interdependence between the value of all active bid requests and the token market price. At ITO price of \$ 0.06USD / LOHN, all 1B LOHN tokens in circulation cover 60M USD queries. This means that an influx of supply over this value leads to an increase in the token market price. Thus, at a value of \$ 200M, for example, requests posted on the LOHN token will have to cost \$ 0.20 to support the platform. At \$ 500M, the token will cost \$ 0.50.

## **Section 2**

### **Token sale procedures and specifications**

#### **1. Token price**

The price per token will be \$0.06 in ETH , according to applicable U.S. dollar exchange rates published on **coinmarketcap.com** as at the time payment is submitted for the purchase of tokens, according to the procedures set forth in point 3 of this **Section 2** . Foundation reserves the right to lower the price per token, at its sole discretion, during the sale period.

#### **2. Commencement, duration and completion of token sale**

The foundation will conduct a token sale until selling 400.000.000 LOHN tokens. If less than \$300,000 in proceeds has been received by the termination of the sale period (the **minimum**

**threshold** ), the Smart Contract System will not deliver tokens and will instead return all Ether received from purchasers to the return addresses provided by purchasers (as discussed further below). In that circumstance, foundation will have no further obligations to purchasers, under these terms or any other agreement, after such purchasers' Ether is sent to the return address provided.

### **3. Procedures for buying and receiving tokens**

To purchase tokens during the sale period, you must have certain token wallets established and operational. Specifically, you must have an Ethereum wallet that supports the ERC20 token standard in order to receive tokens that you purchase from the foundation. Foundation reserves the right to prescribe additional guidance regarding specific wallet requirements. At the launch date, foundation will make available a web application to facilitate your purchase and receipt of tokens. If you wish to purchase tokens, you must first provide either your Ethereum address to the web application as a return address. Foundation is collecting return addresses so that it may return purchasers' Ether in case the minimum threshold is not reached or in the event that unforeseen circumstances otherwise cause foundation to decide to not proceed with the sale of tokens. Second, you will need to provide an Ethereum ERC20 compatible wallet address for the delivery of tokens you purchase via the Smart Contract System. Foundation may also request certain optional information, such as an email address, through the web interface.

The web application will then send you a unique deposit address or Ether. Once the unique deposit address has received Ether from you, foundation will authorize the Smart Contract System to deliver tokens to the Ethereum ERC20 wallet address that you provided to foundation for delivery of the tokens. The Smart Contract System is deployed by foundation from Seychelles, and is programmed so that all transactions it executes will be executed in Seychelles. As such, title to, and risk of loss of, tokens delivered by the Smart Contract System passes from foundation to purchasers in Seychelles.

The foundation anticipates that delivery of tokens from the Smart Contract System to purchasers will occur within one week after the sale period concludes, but reserves the right to delay delivery up to four weeks after the conclusion of the sale period. Although the foundation does not anticipate any security issues arising from the sale of tokens, this four week timeframe is intended as a precautionary buffer period for foundation to resolve any such security issues.

### **4. Tokens to be sold**

The foundation anticipates selling 400 million tokens during the sale period. The tokens to be sold during the sale period will be from a pool of foundation -owned tokens transferred from the foundation wallet to the Smart Contract System. All Tokens will be of equal value and functionality. During the sale period, after the KYC/AML verification is performed the participant is able to transfer tokens from his account to any ERC20 wallet.

Unsold tokens will be distributed pro rata to ITO token holders.



## **5. Tokens retained by foundation**

Tokens retained by foundation in LOHN STOCK is the reserve required to ensure the operation of the platform and is locked in smart contract with sale restrictions. This tokens will be used only for platform operating.

The purchased tokens from LOHN STOCK will be immobilized in the smart contract of the respective bid until the contract is concluded by discounting the price of the escrow blockchain account, after which they will automatically return to the platform's stock.

## **6. Use of proceeds from token sale**

The funds proceeds from foundation's sale of tokens will be used to compensate technical and non-technical staff, cover marketing costs and operating expenses, and develop technical infrastructure.

Currently, we envision that our development of technical infrastructure will focus on two primary areas. The first area of development involves strengthening and enhancement of our existing platform, services and related infrastructure, as described in point 2 of **Section 1** above ( **Overview of platform and services** ) The second area of development involves our anticipated initiatives for creating new tools, capabilities and functions for the services and platform on an international basis. At a more detailed level, the following is an overview of how the foundation currently anticipates using the funds proceeds from the sale of tokens:

a) Software development (estimated 25% of proceeds). Foundation anticipates that it will need to attract and assign specialists with a variety of skill sets, in order to fully staff its different development teams. These include dedicated teams working on tools, upgrades to the distributed systems, infrastructure and platform stability, smart contracts and other novel technologies (e.g., specific state channels), and general research.

b) Platform management (estimated 45% of proceeds).The foundation aims to grow from 12 people to having 50 specialists over the course of two years in 15 countries. This will entail a dedicated sales team that will manage the sales process for small/medium enterprises and undertake project management to coordinate with core team. Foundation will also build out a dedicated marketing team, which will drive awareness and adoption of the platform, plan and execute marketing initiatives , and develop documentation and tutorials with the goal of encouraging adoption. Furthermore, foundation will have a dedicated support and customer success team and will also contribute to the development of documentation and tutorials relating to the lohncontract.com platform. Finally, a back office team will be built, with a generalist staff that handles human resources, bookkeeping and logistics, and with an office manager for each physical location. Foundation's anticipated infrastructure expenses will focus on establishing and maintaining geographically service advantageous support offices, co-locating critical infrastructure, and acquiring and maintaining physical hardware (as necessary).

c) Marketing expenses (estimated 15% of proceeds). Through its marketing staff, as discussed above, foundation will undertake a variety of marketing-related projects and initiatives, including in-person events, press outreach, advertisements, and promotional content, analytics and customer management tools.

d) LOHN FOUNDATION (estimated 10% of proceeds). LOHN FOUNDATION is the founder's dream for building a creative sharing economy network for the benefit of all lohn contract parties. LOHN FOUNDATION aims to actively support the development of professional education throughout the world, to provide training to specialists from emerging economies, to contribute to the harmonization of international legislation on processing economy in lohn. It aims to help local authorities in disadvantaged areas of the world by supporting initiatives aimed at creating jobs for local communities. LOHN FOUNDATION aims to establish traceability of the labor force employed in emerging economies to prevent human exploitation by unregistered tax work, through excessive work or child involvement in industrial goods manufacturing processes.

Foundation's anticipated infrastructure expenses will focus on establishing and maintaining geographically service advantageous support offices, co-locating critical infrastructure, and acquiring and maintaining physical hardware ,as necessary.

e) Legal expenses (estimated 5% of proceeds).This expenses are dedicated to implementation of the platform lohncontract.com in different jurisdictions and to create an international legal support.

### **Section 3**

#### **Certain risks relating to purchase, sale and use of tokens**

**Important note:** As noted elsewhere in these terms, the tokens are not being structured or sold as securities or any other form of investment product. Accordingly, none of the information presented in this **Section 3** is intended to form the basis for any investment decision, and no specific recommendations are intended. Foundation expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from:

- a) reliance on any information contained in this **Section 3** ,
- b) any error, omission or inaccuracy in any such information or
- c) any action resulting from such information.

**By purchasing, holding and using tokens, you expressly acknowledge and assume the following risks:**

#### **1. Risk of losing access to tokens due to loss of private key(s)**

A private key, or a combination of private keys, is necessary to control and dispose of tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing tokens will result in loss of such tokens. Moreover, any third

party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your tokens.

## **2. Risks associated with the Ethereum Protocol**

Because tokens and the platform are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the platform or tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the tokens and the platform by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

## **3. Risk of mining attacks**

As with other decentralized cryptographic tokens based on the Ethereum protocol, the tokens are susceptible to attacks by miners in the course of validating token transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the platform and the tokens, including, but not limited to, accurate execution and recording of transactions involving tokens.

## **4. Risk of hacking and security weaknesses**

Hackers or other malicious groups or organizations may attempt to interfere with the platform or the tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the platform is based on open-source software, there is a risk that a third party or a member of the foundation team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the platform, which could negatively affect the platform and the tokens.

## **5. Risks associated with markets for tokens**

The tokens are intended to be used solely within the platform, and foundation will not support or otherwise facilitate any secondary trading or external valuation of tokens. This restricts the contemplated avenues for using tokens to the provision or receipt of services, and could therefore create illiquidity risk with respect to the tokens you hold. Even if secondary trading of tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. Furthermore, to the extent that third parties do ascribe an external exchange value to tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

## **6. Risk of uninsured losses**

Unlike bank accounts or accounts at some other financial institutions, tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by us, to offer recourse to you.

## **7. Risks associated with uncertain regulations and enforcement actions**

The regulatory status of the tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the platform and the tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the platform and the tokens.

Regulatory actions could negatively impact the platform and the tokens in various ways, including, for purposes of illustration only, through a determination that tokens are a regulated financial instrument that require registration or licensing. Foundation may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

## **8. Risks arising from taxation**

The tax characterization of tokens is uncertain. You must seek your own tax advice in connection with purchasing tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

## **9 . Risk of alternative networks**

It is possible that alternative networks could be established that utilize the same open source code and protocol underlying the platform and attempt to facilitate services that are materially similar to the services. The platform may compete with these alternative networks, which could negatively impact the platform and tokens.

## **10. Risk of insufficient interest in the platform or distributed applications**

It is possible that the platform will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the platform) more generally. Such a lack of use or interest could negatively impact the development of the platform and therefore the potential utility of tokens.

## **11. Risks associated with the development and maintenance of the platform**

The platform is still under development and may undergo significant changes over time.

Although we intend for the tokens and platform to follow the specifications set forth in **Section 1** , and intend to take commercially reasonable steps toward those ends, we may have to make changes to the specifications of the tokens or platform for any number of legitimate reasons. This could create the risk that the tokens or platform, as further developed and maintained, may not meet your expectations at the time of purchase.

Furthermore, despite our good faith efforts to develop and maintain the platform, it is still possible that the platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the platform and tokens.

#### **12. Risk of an unfavorable fluctuation of Ether**

The foundation team intends to use the proceeds from selling tokens to fund the maintenance and development of the platform, as described further in **Section 2**. The proceeds of the token sale will be denominated in Ether. If the value of Ether or other currencies fluctuates unfavorably during or after the sale period, the foundation team may not be able to fund development, or may not be able to develop or maintain the platform in the manner that it intended.

#### **13. Risk of dissolution of the platform**

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ether, decrease in the tokens' utility, the failure of commercial relationships, or intellectual property ownership challenges, the platform may no longer be viable to operate and the platform project may be abandoned.

#### **14. Risks arising from lack of governance rights**

Because tokens confer no governance rights of any kind with respect to the platform or foundation or its corporate affiliates, all decisions involving the platform or foundation will be made by foundation at its sole discretion, including, but not limited to, decisions to discontinue the platform, to create and sell more tokens for use in the platform, or to sell or liquidate the project. These decisions could adversely affect the platform and the tokens you hold.

#### **15. Unanticipated risks**

Cryptographic tokens such as the tokens are a new and untested technology. In addition to the risks included in this **Section 3**, there are other risks associated with your purchase, holding and use of tokens, including those that the foundation cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this **Section 3**.