

# POCKETINNS

## TERMS OF SALE: TOKENS

**Last Updated:** January 1, 2018

PLEASE READ THESE TERMS OF SALE CAREFULLY. NOTE THAT SECTION 15 CONTAINS A BINDING ARBITRATION CLAUSE AND CLASS ACTION WAIVER, WHICH MAY AFFECT YOUR LEGAL RIGHTS. IF YOU DO NOT AGREE TO THESE TERMS OF SALE, DO NOT PURCHASE THESE TOKENS.

Your purchase of PocketInns Tokens ("**PINNS**") during the PINNS token sale ("**Token Sale**") from PocketInns ("**Company**," "**we**," "**us**," "**ours**") is subject to these Terms of Sale ("**Terms**"). Each of you and Company is a "**Party**," and together constitute the "**Parties**."

By purchasing PINNS from us during the Token Sale, you will be bound by these Terms and all terms incorporated by reference. If you have any questions regarding these Terms, please contact us at support@pocketinns.com.

You and the Company agree as follows:

### 1. Purpose and Use of PINNS

- (a) Company is developing a PocketInns Umbrella Project, as described further in **Exhibit A**.
- (b) PINNS are blockchain-based tokens designed and intended for users of the PocketInns Umbrella Project to purchase and sell products and services on the PocketInns platform from Company and other PocketInns Umbrella Project users (collectively, the "**Token Function**"). Important additional details regarding Token Function are provided in **Exhibit A**.
- (c) Purchase, ownership, receipt or possession of PINNS carries no rights, express or implied, other than the right to use PINNS in connection with Token Function. You understand and accept that PINNS do not necessarily 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 Company and its corporate affiliates, including the governance of Company and its corporate affiliates, subject to limitations and conditions in these Terms. PINNS are not intended to be a digital currency, commodity or any similar kind of financial instrument.

### 2. Eligibility

In order to be eligible to participate in the Token Sale, you must:

- (a) Be at least 18 years of age;
- (b) Comply with all the terms and conditions set forth in these Terms;
- (c) Complete the Registration process, as described in more detail in **Exhibit B**. The Registration process is mandatory and requires you to (i) provide all information we request during the Registration process ("**Registration Information**") and (ii) have an ERC20-compatible Ethereum wallet (a "**Purchaser Wallet**");
- (d) Receive a confirmation email from us that, based on our review of your Registration Information, you have been approved to purchase PINNS in the Token Sale; and

- (e) Fund your Purchaser Wallet with an amount of Ethereum sufficient to allow you to complete your purchase of PINNS pursuant to these Terms.

### **3. Scope of Terms**

Unless otherwise stated herein, these Terms govern only your purchase of PINNS from us during the Token Sale. Company will have no responsibility for the use of PINNS after PINNS are sold.

### **4. Cancellation; Refusal of Purchase Requests**

Your purchase of PINNS from us during the Token Sale 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 PINNS purchase requests at any time in our sole discretion.

### **5. Token Sale Procedures and Specifications**

Important information about the procedures and material specifications of the Token Sale is provided in **Exhibit B**. By purchasing PINNS, you acknowledge that you have read and understand **Exhibit B**.

### **6. Acknowledgment and Assumption of Risks**

You acknowledge and agree that there are risks associated with purchasing PINNS, owning PINNS, and using PINNS in connection with Token Function, as disclosed and explained in **Exhibit C**. If you have any questions regarding these risks, please contact us at [support@pocketinns.com](mailto:support@pocketinns.com). BY PURCHASING PINNS, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME THESE RISKS.

### **7. Security**

You will implement and assume responsibility for implementing reasonable measures for securing your Purchaser Wallet and any other wallet or vault you use to hold PINNS you purchase from us, including any requisite private keys or other credentials necessary to access your Purchaser Wallet or other wallet or vault. Notwithstanding any other provision of these Terms, we will not be responsible or liable for any damages, losses, costs, penalties, fines or expenses arising out of or relating to (i) your failure to implement reasonable measures to secure your Purchaser Wallet or any other wallet or vault you use to hold PINNS or the relevant access credentials, (ii) the loss of, tampering with, circumventing or unauthorized use of any of the access credentials to your Purchaser Wallet or any other wallet or vault you use to hold PINNS, (iii) any security breach affecting the security of your Purchaser Wallet or any other wallet or vault you use to hold PINNS or (iv) the loss of PINNS from your Purchaser Wallet or any other wallet or vault you use to hold PINNS.

### **8. Registration Information; Privacy Policy**

Please refer to our Token Sale Privacy Policy at [www.pocketinns.io](http://www.pocketinns.io) for information about how we collect, use and disclose your Registration Information and other information collected through [www.pocketinns.io](http://www.pocketinns.io).

### **9. Taxes**

Any amounts that you pay for PINNS are exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your purchase of PINNS, including, for example, sales, use, value added, and similar taxes. It is 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 PINNS.

### **10. Representations and Warranties**

You represent and warrant that:

- (a) You have a sufficient technical understanding of cryptographic tokens (including PINNS and Ethereum), Ethereum-based protocols, distributed networks token storage mechanisms (including your Purchaser Wallet), and blockchain technology in general to understand these Terms and to appreciate the risks and implications of purchasing PINNS;
- (b) You have read and understand the terms and conditions of these Terms (including all exhibits which are part of these Terms);
- (c) You have obtained sufficient information about PINNS to make an informed decision to purchase PINNS;
- (d) You understand, acknowledge and assume the restrictions and risks associated with the purchase, holding and use of PINNS as set forth herein, including, but not limited to, the risks explained and disclosed in Section 6 and **Exhibit C**;
- (e) You understand that PINNS are intended to be used only in connection with Token Function, and may not confer rights of any form with respect to Company or its corporate affiliates, including, but not limited to, any ownership, voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights;
- (f) You are purchasing PINNS solely for use in connection with Token Function and are not purchasing PINNS for any other purposes, including, but not limited to, any speculative or other financial purposes;
- (g) You understand and acknowledge that the Company is not registered with or licensed by any financial regulatory authority. Accordingly, no financial regulatory authority has passed upon the contents of these Terms or the merits of purchasing PINNS, nor have these Terms been filed with, or reviewed by, any financial regulatory authority;
- (h) All Registration Information you have provided is complete and accurate;
- (i) You are at least 18 years of age;
- (j) Your purchase of PINNS complies with applicable laws and regulations in your jurisdiction, including, but not limited to, (i) legal capacity and any other applicable legal requirements in your jurisdiction for purchasing PINNS, using PINNS, and entering into contracts with us, (ii) any foreign exchange or regulatory or import/export restrictions applicable to such purchase, and (iii) any governmental or other consents that may need to be obtained;
- (k) You hereby certify that you are not (i) a citizen or resident of a geographic area in which purchase, holding or use of PINNS or similar tokens is prohibited by applicable law, decree, regulation, treaty, or administrative act, (ii) a citizen or resident of, or located in, a geographic area that is subject to U.S. or other applicable sanctions or embargoes, or (iii) an individual, or an individual employed by or associated with an entity, identified on the U.S. Department of Commerce's Denied Persons or Entity List, the U.S. Department of Treasury's Specially Designated Nationals List, the U.S. Department of State's Debarred Parties List or other applicable sanctions lists. You hereby represent and agree that if your country of residence or other circumstances change such that the above representations are no longer accurate, you will immediately notify Company and cease using PINNS. You agree that you will not knowingly sell or otherwise transfer PINNS to a party subject to U.S. or other applicable sanctions;
- (l) If you are purchasing PINNS on behalf of any entity, (i) you are authorized to accept these Terms and to act on such entity's behalf, (ii) 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 refer to you and such entity, jointly), and (iii) such entity is duly organized and validly existing under the applicable laws of the jurisdiction of its organization;

- (o) You will not use PINNS or the PocketInns Umbrella Project in connection with any activity that violates applicable laws in any relevant jurisdiction, including, but not limited to, use of PINNS or the PocketInns Umbrella Project in connection with transactions that violate U.S. federal or state securities or commodity laws;
- (p) You will at all times maintain control of your Purchaser Wallet, and you will not share or disclose the account credentials associated with your Purchaser Wallet with any other party. If you transfer PINNS from your Purchaser Wallet into another wallet or vault, you will likewise at all times maintain control of such other wallet or vault, and you will not share or disclose the account credentials associated with such other wallet or vault with any other party;
- (q) You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of PINNS; and
- (r) You understand and acknowledge that title to, and risk of loss of, PINNS you purchase from Company passes from Company to you in the United States.

## **11. Indemnification**

- (a) To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless Company 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 “**Company Parties**”) from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys’ fees) that arise from or relate to: (i) your purchase or use of PINNS, (ii) your responsibilities or obligations under these Terms, (iii) any breach by you of these Terms, or (iv) any infringement or violation by you of any rights of, or laws or regulations applicable to, any other person or entity.
- (b) Company reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under Section 11(a). This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between you and Company.

## **12. Disclaimers**

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW AND EXCEPT AS OTHERWISE SPECIFIED IN A WRITING BY US, (A) PINNS ARE SOLD ON AN “AS IS” AND “AS AVAILABLE” BASIS WITHOUT WARRANTIES OF ANY KIND, AND WE EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES AS TO PINNS, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT; (B) WE DO NOT REPRESENT OR WARRANT THAT PINNS ARE RELIABLE, CURRENT OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN PINNS WILL BE CORRECTED; AND (C) WE CANNOT AND DO NOT REPRESENT OR WARRANT THAT PINNS OR THE DELIVERY MECHANISM FOR PINNS 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 12 may not apply to you.

### 13. Limitation of Liability

- (A) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: (I) IN NO EVENT WILL COMPANY OR ANY OF THE COMPANY PARTIES BE LIABLE FOR LOSS OF PROFITS OR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR OTHER LOSS OF ANY KIND (INCLUDING, BUT NOT LIMITED TO, WHERE RELATED TO LOSS OF REVENUE, INCOME OR PROFITS, LOSS OF USE OR DATA, OR LOSS FOR BUSINESS INTERRUPTION) ARISING OUT OF OR IN ANY WAY RELATED TO THE SALE OR USE OF PINNS OR OTHERWISE RELATED TO THESE TERMS, REGARDLESS OF THE FORM OR CAUSE OF ACTION, WHETHER BASED IN CONTRACT, TORT, 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 LOSS WERE FORESEEABLE); AND (II) IN NO EVENT WILL THE AGGREGATE LIABILITY OF COMPANY AND THE COMPANY PARTIES (JOINTLY) FOR ANY LOSS ARISING OUT OF OR RELATING TO THESE TERMS OR THE USE OF OR INABILITY TO USE PINNS, EXCEED THE AMOUNT YOU PAY TO US FOR PINNS.
- (B) THE LIMITATIONS SET FORTH IN SECTION 13(A) WILL NOT LIMIT OR EXCLUDE LIABILITY FOR FRAUD OR WILLFUL DEFAULT OF COMPANY.

### 14. Release

To the fullest extent permitted by applicable law, you release Company and the other Company Parties from responsibility, liability, claims, demands and 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 other statute or common law principles that would otherwise limit the coverage of this release (including similar laws in other applicable jurisdictions) to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release.**

### 15. Dispute Resolution; Arbitration

PLEASE READ THE FOLLOWING SECTION CAREFULLY BECAUSE IT CONTAINS ADDITIONAL PROVISIONS APPLICABLE ONLY TO INDIVIDUALS RESIDENT OR DOMICILED IN THE UNITED STATES. IF YOU ARE RESIDENT OR DOMICILED IN THE UNITED STATES, THIS SECTION REQUIRES YOU TO ARBITRATE CERTAIN DISPUTES AND CLAIMS WITH COMPANY AND LIMITS THE MANNER IN WHICH YOU CAN SEEK RELIEF FROM US. IF YOU ARE RESIDENT OR DOMICILED OUTSIDE THE UNITED STATES, THIS SECTION DOES NOT APPLY TO YOU AT ALL AND FORMS NO PART OF OUR AGREEMENT WITH YOU.

- (a) **Binding Arbitration.** Except for any disputes, claims, suits, actions, causes of action, demands or proceedings (collectively, "**Disputes**") in which either Party seeks injunctive or other equitable relief for the alleged unlawful use of intellectual property, including, without limitation, copyrights, trademarks, trade names, logos, trade secrets or patents, you and Company (i) waive your and Company's respective rights to have any and all Disputes arising from or related to these Terms resolved in a court, and (ii) waive your and Company's respective rights to a jury trial. Instead, you and Company will arbitrate Disputes through binding arbitration (which is the referral of a Dispute to one or more persons charged with reviewing the Dispute and making a final and binding determination to resolve it instead of having the Dispute decided by a judge or jury in court).
- (b) **No Class Arbitrations, Class Actions or Representative Actions.** Any Dispute arising out of or related to these Terms is personal to you and Company and will be resolved solely through individual

arbitration and will not be brought as a class arbitration, class action or any other type of representative proceeding. There will be no class arbitration or arbitration where an individual attempts to resolve a Dispute as a representative of another individual or group of individuals. Further, a Dispute cannot be brought as a class or other type of representative action, whether within or outside of arbitration, or on behalf of any other individual or group of individuals.

- (c) **Federal Arbitration Act.** These Terms affect interstate commerce and the enforceability of this Section 15 will be both substantively and procedurally governed by and construed and enforced in accordance with the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the “**FAA**”), to the maximum extent permitted by applicable law.
- (d) **Notice; Informal Dispute Resolution.** Each Party will notify the other Party in writing of any Dispute within 30 days of the date it arises, so that the Parties can attempt in good faith to resolve the Dispute informally. Notice to Company shall be sent by e-mail to Company at 300 Carnegie Center, Suite 150, Princeton, NJ 08540. We may provide notice to you via email to the email address you provide in connection with Registration. Your notice must include (i) your name, postal address, email address and telephone number, (ii) a description in reasonable detail of the nature or basis of the Dispute, and (iii) the specific relief that you are seeking. If you and Company cannot agree how to resolve the Dispute within 30 days after the date notice is received by the applicable Party, then either you or Company may, as appropriate and in accordance with this Section 15, commence an arbitration proceeding or, to the extent specifically provided for in Section 15(a), file a claim in court.
- (e) Any arbitration will occur in Princeton, New Jersey, USA. Arbitration will be conducted confidentially by a single arbitrator in accordance with the rules of the Judicial Arbitration and Mediation Services (“**JAMS**”), which are hereby incorporated by reference. The state and federal courts located in the state of New Jersey will have exclusive jurisdiction over any appeals and the enforcement of an arbitration award. You may also litigate a Dispute in the small claims court located in the county where you reside if the Dispute meets the requirements to be heard in small claims court.
- (f) **Authority of Arbitrator.** As limited by the FAA, these Terms and the applicable JAMS rules, the arbitrator will have (i) the exclusive authority and jurisdiction to make all procedural and substantive decisions regarding a Dispute, including the determination of whether a Dispute is arbitrable, and (ii) the authority to grant any remedy that would otherwise be available in court; provided, however, that the arbitrator does not have the authority to conduct a class arbitration or a representative action, which is prohibited by these Terms. The arbitrator may only conduct an individual arbitration and may not consolidate more than one individual's claims, preside over any type of class or representative proceeding or preside over any proceeding involving more than one individual.
- (g) **Rules of JAMS.** The rules of JAMS and additional information about JAMS are available on the JAMS website. By agreeing to be bound by these Terms, you either (i) acknowledge and agree that you have read and understand the rules of JAMS, or (ii) waive your opportunity to read the rules of JAMS and any claim that the rules of JAMS are unfair or should not apply for any reason.
- (h) **Severability of Dispute Resolution; Arbitration.** If any term, clause or provision of this Section 15 is held invalid or unenforceable, it will be so held to the minimum extent required by law—and all other terms, clauses and provisions of this Section 15 will remain valid and enforceable. Further, the waivers set forth in Section 15(b) are severable from the other

provisions of these Terms and will remain valid and enforceable, except as prohibited by applicable law.

## **16. Governing Law and Venue**

These Terms will be governed by and construed and enforced in accordance with the laws of the state of Delaware, United States of America, without regard to conflict of law rules or principles that would cause the application of the laws of any other jurisdiction. Any Dispute between the Parties arising out or relating to these Terms or its subject matter or formation (including non-contractual Disputes of claims) will be resolved in the courts of the state of New Jersey, except where Section 15 applies to you because you are resident or domiciled in the United States in which case any such dispute must be resolved in accordance with Section 15.

## **17. 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.

## **18. Disruption Event**

In the event of a Disruption Event, we have the right to suspend the Token Sale. If we elect to suspend the Token Sale, we will publicly announce the suspension as soon as reasonably practicable and, prior to resuming the Token Sale, we will announce the resumption at least three (3) hours in advance. If we suspend the Token Sale for a period of time (the **"Suspension Period"**) pursuant to this Section 18, we will determine in our sole discretion whether to (i) nevertheless end the Token Sale on the scheduled Token Sale End Date (as defined in **Exhibit B**) or (ii) extend the Token Sale for a period equal to the Suspension Period. We will provide notice of our election in this regard in the public announcements of the resumption of the Token Sale following the Suspension Period. A **"Disruption Event"** means (i) any event or occurrence that causes a disruption in the functionality of the Ethereum blockchain, and such disruption has an adverse effect on the processing time for Ethereum blockchain transactions, (ii) any event or occurrence that causes a disruption in the functionality of the smart contracts or other software used in connection with the Token Sale and such disruption has an adverse effect on the implementation of the Token Sale, (iii) a change in the price of Ether of 20% or more in any 24-hour period, or (iv) any compromise of security that has or in our sole good faith determination may have an adverse impact on the Token Sale.

## **19. Modification of Terms**

We have the right to modify these Terms if we reasonably believe that such modifications are necessary to comply with applicable laws or regulations or to address technical or factual inaccuracies. If we make changes, we will post the amended Terms at [www.pocketinns.io](http://www.pocketinns.io) and update the "Last Updated" date above. We may also, and at our sole discretion, provide notice to you via email to the email address you provide during Registration. The amended Terms will be effective immediately, and your continued participation in the Token Sale, or continued use or holding

of PINNS you purchase in the Token Sale, as applicable, shall constitute your acceptance of the modified Terms.

## **20. Miscellaneous**

These Terms constitute the entire agreement between you and us relating to your purchase of PINNS from us. Our failure to exercise or enforce any right or provision of these Terms 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 where the delay or failure results from any cause beyond our reasonable control. We may assign our rights and obligations under these Terms. Purchasing PINNS 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 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, may be provided in electronic form.

\* \* \* \* \*

### **Exhibit A**

#### **Description of Company, the PocketInns Umbrella Project, and PINNS**

Details regarding an overview of Company and affiliates, transactions on the PocketInns Umbrella System, the use of PINNS for Token Function, and Company's anticipated development roadmap are described in the "PocketInns Whitepaper," dated December 25, 2017 ("**Whitepaper**"), which is available at: [https://pocketinns.io/Pocketinns\\_whitepaper.pdf](https://pocketinns.io/Pocketinns_whitepaper.pdf).

Although Company intends for the PocketInns Umbrella System and PINNS to function in the manner generally described above, it reserves the right to modify features, functionalities or ongoing development plans in its sole and absolute discretion. Moreover, the information provided in the Whitepaper is provided for illustrative and descriptive purposes only, does not form part of these Terms unless expressly incorporated herein, and is subject to modification by Company in its sole and absolute discretion.

### **Exhibit B**

#### **Token Sale Procedures and Specifications**

##### **1. Total Number of PINNS to be Created and Sold**

Company is creating 150 million PINNS shortly before the Token Sale. The allocation of these PINNS is expected to be associated with both the Token Sale, as well as post-Token Sales activities:

- Token Sale (35 million PINNS). Minimum investment of 1 Ethereum is required.
- 30 million PINNS (20% of the amount created) will be made available for sale in the Token Sale ("Sale PINNS");
- 5 million PINNS (3%) will be made available as an additional incentive for those who purchase tokens within the first four (4) days of the Token Sale ("Goodwill PINNS"), as



follows and provided the two conditions below are met. Goodwill PINNS have been designed to protect participants who buy early to avoid the possibility that the PINNS tokens might sell out. Distributions to these participants will be calculated based on the price of PINNS tokens at the time of the participant's contribution.

There are, however, two conditions associated with these Goodwill tokens: (i) they will be distributed only after one (1) year; and (ii) a \$46 million USD or 30 million PINNS tokens "hard-cap" funding target must be achieved.

- **Post-Token Sale (115 million PINNS)**
  - 60 million PINNS (52%) will be allocated to community mining;
  - 15 million PINNS (13%), vested over two years, will be allocated to the Company's founders
  - 30 million PINNS ( 26%) will be allocated to other constituencies (e.g., current and future employees, angel investors, post governance, partners, consultants, bounties, advisors, lawyers and compliance experts)
  - 10 million PINNS (9%) will be allocated to the New Vendor Onboarding Incentivization Program ("NVOIP")

## **2. Commencement and Duration of Token Sale**

The Token Sale is currently scheduled to begin on or about January 15, 2018 at 10AM EST, and to end at soon as: (i) 30 million tokens or Ethereum worth approximately \$46 million USD have been raised; (ii) 30 million PINNS are auctioned in blocks until there are no remaining tokens to be auctioned; or (iii) on or about January 31, 2018 at 10AM EST ("**Token Sale End Date**"). If any Sale PINNS remain unsold after the Token Sale End Date, the Company anticipates destroying such remaining Sale PINNS.

## **3. PINNS Price**

The Ethereum price, upon which the token sale is based, will be calculated based on Ethereum's market price between 24 and 48 hours prior to the start of the sale, chosen at the Company's sole and absolute discretion. Price fluctuations in Ethereum during the auction period will not affect this price.

Pricing for the Token Sale will be set according to a reverse Dutch Auction ("Auction"). During this Auction, the price of PINNS will decrease in blocks—a block is a timeframe (for example, eight hours) during which a pre-determined number of PINNS tokens will be released. With the release of each block, the price of the PINNS tokens decreases, continuing until the termination of the sale. Participants will be able to buy PINNS at the price prevalent within the block. The price of PINNS will decrease every block that elapses—and the PINN price sold in the final block at the end of the Token Sale is the price that will be applied to all preceding sales. Company anticipates releasing all 30 million PINNS tokens by Token Sale End Date.

#### **4. Registration and Other Procedures for Buying PINNS in the Token Sale**

Participation in the Token Sale, which will run January 15-January 31, 2018 will proceed as follows. First, prospective purchasers must complete a registration process ("Registration") and make a contribution of Ethereum to a wallet the Company will make available at [www.pocketinns.io](http://www.pocketinns.io). Second, upon completion of Registration and the contribution, an email will be sent to the prospective purchaser which may request additional information. After review and verification of all information provided by the prospective purchaser, the purchase will either be approved or denied. If denied, the Ethereum will be refunded. The Company reserves the right to request and verify any additional information and to deny or revoke approvals to purchase PINNS tokens and its sole and absolute discretion.

Before purchasing PINNS in the Token Sale, you will be required to review, agree to, and comply with these Terms.

During the Token Sale, the PINNS smart contract address will only accept Ethereum from, and send PINNS to, verified ERC-20 compatible Purchaser Wallets with adequate Ethereum balances belonging to persons who have completed Registration and contributed Ethereum on any of the days the token auction is made available to the accredited investors. Ethereum must be sent to the PINNS smart contract address during the Token Sale in order to purchase and receive PINNS. Sending Ethereum to any other address may result in loss of Ethereum. Attempted transactions to purchase PINNS will be rejected if Ethereum is sent to the PINNS smart contract address at any time before or after the Token Sale.

Although PINNS will be delivered to Purchaser Wallets at the time of purchase, the PINNS smart contract will restrict subsequent transfers to other accredited investors of such PINNS for fourteen (14) calendar days after the Token Auction End Date.

The PINNS smart contract will be deployed by the Company from the United States. As such, you acknowledge that title to, and risk of loss of, PINNS delivered by the smart contract passes from Company to you in the United States.

#### **5. Use of Proceeds from PINNS Token Sale**

The proceeds of the Token Sale are intended to be used for the ongoing development of the PocketInns Umbrella Project and associated open-source software tools for users and developers to leverage the PocketInns Umbrella Project, as outlined in the Company's Whitepaper (referenced in **Exhibit A**). However, there are no restrictions on how the Company may use the proceeds of the Token Sale. As noted above, the Whitepaper is provided for illustrative and descriptive purposes only, does not form part of these Terms unless expressly incorporated herein, and is subject to modification by Company in its sole and absolute discretion.

### **Exhibit C**

#### **Certain Risks Relating to Purchase, Sale and Use of PINNS**

##### **1. Legal Aspects of the ICO**

We have thoroughly examined the legal and regulatory requirements and implications of doing an ICO. We have identified the following important issues and have decided to take necessary and prudent steps to comply with relevant rules and regulations to minimize the risks associated with these issues:

- Whether the PINNS token is a security under the *Howey* test

- Securities laws concerning the issuance of securities using an available exemption from registration
- Broker-dealer regulations regarding the solicitation and sale of securities
- Securities laws that prohibit the misrepresentation or omission of a material fact
- Anti-money laundering and Know Your Customer requirements

This list of legal and regulatory issues is not intended to be comprehensive, though it does cover the most important compliance and policy matters.

After detailed and careful analysis of the features of the PINNS token and potentially relevant laws and regulations, we have made several decisions about these issues. First, certain aspects of the securities law implicate the ICO. An application of the *Howey* test to the PINNS token implies that the token has certain features of a security. In the final analysis, it is difficult to conclude that the token is definitively not a security. In light of recent statements by the SEC concerning the possibility that certain tokens issued in ICOs are securities, we have decided to treat the PINNS token as a security. Thus, we will follow the applicable securities laws in transacting the ICO and after the completion of the ICO. This includes issuing the tokens under an appropriate exemption from registration. We will issue the PINNS tokens using the registration exemption found in Rule 506(c) of Regulation D. This means, among other things, that general solicitation and advertising of the ICO is permitted. Only accredited investors can purchase PINNS tokens during the ICO. Participants in the ICO, regardless of their place of residence or national citizenship, must be accredited investors. We will take reasonable efforts to verify the accredited investor status of participants and will follow other requirements of Rule 506(c). We will also evaluate the applicability of other laws, such as broker-dealer regulations and prohibitions against pump and dump schemes, and follow them in executing the ICO.

Second, PocketInns will follow anti-money laundering and Know Your Customer procedures in the ICO and beyond. Gathering participant information in a manner consistent with, or as required by, Know Your Customer regulations will ensure that the ICO follows relevant compliance requirements.

## ***2. Risks of Participating in the ICO***

Although there are many reasons to be optimistic about PocketInns' prospects, purchasers of PINNS tokens in the ICO should consider potential risks of participation.

- **PocketInns Cannot Successfully Implement its Business Model.** PocketInns' business model has a solid start and has assembled a strong team to grow the company. However, the company might not be able to implement successfully future components of the business model, such as the time block and reverse bid systems. If PocketInns is unable to operationalize these features or achieve the milestones described herein, or the market does not respond positively to them, the amount a participant spends in the ICO may be at risk, despite any responsive actions PocketInns may take.

- **Legal and Regulatory Factors Might Present Barriers to Success.** PocketInns operates in a new and developing legal and regulatory environment concerning blockchain and smart contracts. There is no established body of law or court decisions in any country concerning blockchain and smart contracts. As a result, there could be legal disputes over the interpretation of smart contracts between members of the PocketInns community, thus undermining the attractiveness of smart contracts and the democratic voting systems to PocketInns token holders. Further, it is difficult to predict how regulators and lawmakers might respond to PocketInns' innovations. Uncertainty in how the legal and regulatory environment will develop could negatively impact PocketInns' ability to achieve its milestones.

- **PocketInns' Technological Platform and Investor Base Could be Compromised.** While PocketInns will conduct security audits to the best of its ability and its infrastructure is constructed on secure blockchain technology, its platform may be a target of hacking which could compromise the integrity and value of the PINNS tokens. Similarly, token purchasers may misrepresent themselves in order to purchase PINNS tokens and gain access to the network. While PocketInns will comply with applicable legal requirements, it cannot be responsible for the activities of these purchasers whose presence may negatively affect the performance of the platforms PocketInns is striving to build.
- **Business Conditions and Management of PocketInns May Change.** The information in this whitepaper may change as factors such as technology, the competitive landscape in the industry vertical where the company competes, consumer preferences, and security threats evolve—sometimes in unpredictable ways. Similarly, personnel at PocketInns might evolve, thereby impacting the direction of the company in either positive or negative ways.
- **The PINNS Token Might Not be Liquid and its Market Value is Uncertain.** Although the PINNS token is intended to be used for economic transactions as described in this whitepaper, some holders of the PINNS token may participate in the ICO so they can buy and sell the PINNS token on cryptocurrency exchanges for primarily investment or speculative purposes. However, we cannot guarantee that the PINNS token will be listed on any cryptocurrency exchange. Whether or not the PINNS token is listed on any cryptocurrency exchange, the market value of the token is uncertain and cannot be guaranteed at any level. Therefore, the entire dollar amount of your purchase of PINNS tokens could be illiquid and decrease in value.
- **The Dutch Auction Model Could Potentially be Poorly Understood by ICO Participants.** While PocketInns will conduct a public relations, communications, and marketing campaign to educate purchasers regarding the Dutch auction token sale, there might be confusion about this pricing mechanism that might impede the best realization of value from the ICO. Also, those who purchase PINNS tokens on the first or second day of the ICO will receive a bonus only after one year and only if a specific funding target is reached, and some ICO participants might not understand this conditional bonus. Confusion could cause some participants to question their purchase of PINNS tokens in hindsight.

There are also risks of participating in any ICO. Such risks include volatility in cryptocurrency markets, the possibility of increasing regulation of cryptocurrency exchanges, the potential for a post facto government investigation of the ICO, a suboptimal ability of participants to conduct due diligence on the company issuing tokens in the ICO, and others. Potential participants should weigh these risks against the possible future benefits before deciding to participate in the PocketInns ICO.

### **3. Unanticipated Risks**

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

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