**15. Legal and Regulatory Issues**

**15.1 Forward-Looking Statements**

This whitepaper may contain “forward-looking statements” related to future events. Forward-looking statements usually address our expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “estimate,” “forecast,” “target,” or “range.” Forward-looking statements address matters that are, to different degrees, uncertain, such as statements about the growth of our user base, our future revenue, and capital raising results. In Section 15.3, we describe specific uncertainties that might cause our actual results to be materially different than those mentioned in our forward-looking statements.

**15.2 Legal Aspects of the ICO**

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 only accredited investors can purchase PINNS tokens during the ICO. General solicitation and advertising of the ICO is permitted. 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 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.

Third, we have concluded that, notwithstanding rapidly evolving jurisprudence, the PINNS token is currently not a commodity. [insert analysis] Therefore, the PINNS token is not subject to the jurisdiction of the Commodities and Futures Trading Commission (CFTC).

**15.3 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 concerts. 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.