

Vision and Market Opportunity: Give Users Their Data Back

White Paper by Mark Hopkins, Andrew Lowe, and Anne Ahola Ward



Veritoken

Verify & Own Your Data

For more information, go to: www.veritoken.io

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Offering Overview

Company

Veritoken is a company focused on returning power to the individual when it comes to control of their personal data. An intrinsically GDPR-compliant solution, Veritoken enables users to retain control and ownership of their data.

Management Team

Anne Ahola Ward, CEO
Mark Hopkins, CTO

Board of Directors

Anne Ahola Ward
Mark Hopkins
Allan Foret
Shannon Foret

Advisors

Tor Bair, Head of Growth, Enigma
Jason Dekker, CEO, GoChain
Jim Durbin, VP of Recruiting, Brandstorming
Craig Fisher, Head of Marketing, Allegis Global Solutions
Brittany Kaiser, Co-Founder, Digital Asset Trade Association
Richard Margolin, Founder & CTO, Robokind
John Robert Sutton, Founder, Sutton Selects
Naomi Assaraf, Founder & CMO, CloudHQ
Monica Puchner, CEO, Hilo

Legal Team

Scott Beckmen, CKR Law
Bill Naifeh, IP Attorney

Marketing

Ashley Hayes, Marketing

Business Value Proposition

- Global data privacy standards are coming, either by way of self-regulation or state mandate.
- Centralized storage systems are the current state-of-the-art, and will on a long enough time horizon lead to ruin for all parties involved.
- Blockchain in general and Veritoken's implementation of non-fungible tokens in particular, provides a unique and powerful way to return data ownership to the individual.
- We believe there's a case and a method for data protection and ownership as a fundamental right of individuals and organizations.
- Censorship resistance is a fundamental function of individual data ownership.
- Veritoken's specific implementation of non-fungible tokens promises to bring balance to information and communications marketplaces where imbalances of power presently exist.

Offer Details

Crowdsale Hard Cap		\$14,400,000.00
Total Authorized Tokens / Shares	3,150,000,000.00	\$378,000,000.00
Allocated for Board / C-Suite	1,239,000,000	\$148,680,000.00
Allocated for Employee Options	35,500,000	\$4,260,000.00
Company Equity Reserve Pool	1,725,667,289	\$207,080,074.68
2018 Pre-Sale (at 2019 Crowdsale Price Value) *	13,426,720	\$1,611,206.40
2018 Distribution to Advisors and Strategic Partners	16,405,991	\$1,968,718.92
Subtotal	3,030,000,000	\$363,600,000.00
Available for Sale	120,000,000	\$14,400,000.00
Price per Token at Crowdsale		\$0.12
April 2019 General Crowdsale	120,000,000	\$14,400,000.00
Projected Total Market Cap		\$378,000,000.00
<small>*2018 Pre-Sale was conducted under prior entity and at a price of \$0.08/share.</small>		

The token offering is set to match the predicted TAM and user growth S-Curve for the first 18 months of product development. During this time, the token economics will be evaluated for long-term sustainability.

The plan is to move at such time to a Turing-Complete, Proof-of-Stake blockchain-based solution primarily devoted to the functions of the Veritoken ERC20 token holders.



Abstract

What good is operating in the information age if we can't trust the information?

Vision and Market Opportunity: Give Users Their Data Back

"Blockchain is a vast, global distributed ledger or database running on millions of devices and open to anyone, where not just information but anything of value—money, but also titles, deeds, identities, even votes—can be moved, stored and managed securely and privately."

- Don Tapscott

Data fidelity is a huge concern in the information age. A U.S. president was elected, in part, due to the importance of this issue. Data security, privacy and ownership are increasingly significant matters—not just to corporations, but to individuals as well. High-profile data breaches and “fake news” permeate the culture, and they all have a single, silver bullet solution: eliminate data silos and give each individual ownership of their own data via blockchain. Once given the tools to manage and license their own datastores via blockchain, a user will resultantly reap the benefits as an individual, as will the society at large.

Why Blockchain; Why Veritoken?

"The most apt explanation of the key benefit of blockchain is that it mitigates or eliminates the requirement for trust between counterparties."

- Mark 'Rizzn' Hopkins

Veritoken is building a platform that creates a much-needed layer of trust and transparency in the job market as well as industries where the verification of personal information and provenance is critical. Put simply, we are a blockchain protocol enabling verified user-owned data where data brokers can pay individuals for their contact information and time. The tokens allow for privacy and control for individuals engaged on platforms that utilize Veritoken for their social graph backplane. Individuals can choose when their information is in the public domain and when it is hidden.

What Makes Now a Serendipitous Time for This Technology?

There's a mounting trail of bodies when it comes to corporations who were given trusted data and violated users' trust: Facebook, Equifax, Cambridge Analytica, Sony. Europe has responded with data protection regulations (GDPR), and the rest of the world will soon follow. This is a massive paradigm shift, one that most data owners are not prepared for, but one that Veritoken is uniquely able to implement.

Introduction

We are in an era where trust in monolithic data silos is at an all-time low. Every major data breach, in and out of blockchain, can be directly attributed to the centralization of data. The only security measure that hasn't been tried in response has been to holistically decentralize personal data.

The technologies to make this a reality are in common practice today, but their usage is largely committed to non-commercial purposes, and the variations in this realm are a diaspora of variations.

Veritoken's mission is to bring order to this diaspora and help hand power over one's data back to the individual.

A Brief History of Data Breaches and Responses

In late 2017, hackers breached Equifax security and, via dark markets, exposed the financial records of over 143 million Americans (essentially the majority of American adults).¹ During the period of time between when the breach was discovered and when it was disclosed to the public, the company appeared more interested in protecting its own financial interests than making reparations to its customers.

In early 2018, a whistleblower at Cambridge Analytica "revealed" that 87 million American Facebook users had their data scraped and used improperly.² This improperly scraped data was used to fuel, amongst other things, Donald Trump's campaign for the U.S. presidential election. Shortly thereafter, Wall Street responded to the news by punishing Facebook's market capitalization table by \$100 billion.³

In mid-2018, the European privacy law known as General Data Protection Regulation (GDPR) went into effect. It mandates user control with regard to data retention on:

- Basic identity information such as name, address and ID numbers
- Web data such as location, IP address, cookie data and RFID tags



- Health and genetic data
- Biometric data
- Racial or ethnic data
- Political opinions
- Sexual orientation

Penalties for non-compliance can be up to the greater of €20 million or 4% of global annual turnover per infraction.

The reasonable assumption from this and other data points is that the general public in the developed world is beginning to care about privacy and personal data ownership in a meaningful way. Corporations and organizations that don't comply with the public's wishes will be subject to loss of customers, if not significant capital.

Implementing an internal data storage policy that integrates with a Veritoken-style blockchain would create automatic GDPR compliance, anonymizing and removing data based upon user request automatically.

At Veritoken, we began our blockchain journey by exploring how to improve the HR, Talent and Recruiting space through the creation of a more efficient and egalitarian marketplace for recruiters and candidates. In the process, we have created tools required to solve a pantheon of issues across a variety of sectors, not just those limited to job seekers.

HR, Talent Acquisition & Recruiting, the Original Use Case for Data Privacy

The problem facing the HR and Talent Acquisition world has wide-reaching implications.

According to the World Bank, total global employment has increased 26% to 3.1 billion employed individuals since the year 2000.⁴ Although the number of jobs has increased overall, it has disproportionately come from higher-skilled professions. This has led to an overall drop in unemployment in developed countries, to just 4%. With this escalation in professional jobs, the demand from employers has increased dramatically. Since 1980, the number of jobs that require an above-average level of preparation has increased by a staggering 68%.⁵ With the average job posting now receiving 240 resume applications, it has become more difficult than ever for candidates to stand out and for

employers to find and verify the right hire.



It was for this reason that Veritoken began: as an effort to build a protocol that creates a much-needed layer of trust and transparency in the job market. As it turns out, the same technologies that allow for this also enable those same benefits in any industry where personal information is of the utmost importance. The initial proofs-of-concept and use cases were to create a database of verified resumes and information blockchain in which recruiters and talent seekers could pay candidates directly for their contact information and time.

For candidates, the tokens allow for confidentiality and control. Individuals can choose when their resumes and personal information are in the public domain and when they are hidden.

For recruiters, the database allows for ultimate searchability (due to uniformity in skills presentation sets), the ability to guarantee candidate engagement, and a black box negotiating tool that helps both sides gain insight into whether an opportunity is worth pursuing.

Broadly, How Does This Work?

The Veritoken protocol takes great inspiration from the ERC721 Standard, which is an Ethereum smart contract type allowing for compartmentalization and licensing of specific data (made famous by the runaway hit game on the ETH network: CryptoKitties). It also incorporates ideas from data provenance and ownership, both Turing Complete and not, that have been implemented on blockchains since 2011 (such as DevCoin and NameCoin).

Through the process of creating a cryptocurrency wallet, a user can associate that address with their identity. Their wallet can then become the repository for all data and data licenses they acquire from Data Oracles (i.e. existing first-party data repositories). These child-smart-contracts will contain all the licensing data (including, but not limited to, license expiry data, data pointers, child and parent data, etc.).



It's in this manner that the user then becomes the authoritative record holder and can grant limited or unlimited licenses to the data in their ownership. Some types of data can be freely licensed (like diploma data, for instance). Other types might need to be kept private or have limited-time licenses (such as credit score data).

Components

The problem is clear: data fidelity is an issue in modern society.

How does Veritoken solve this problem?

Old and Busted

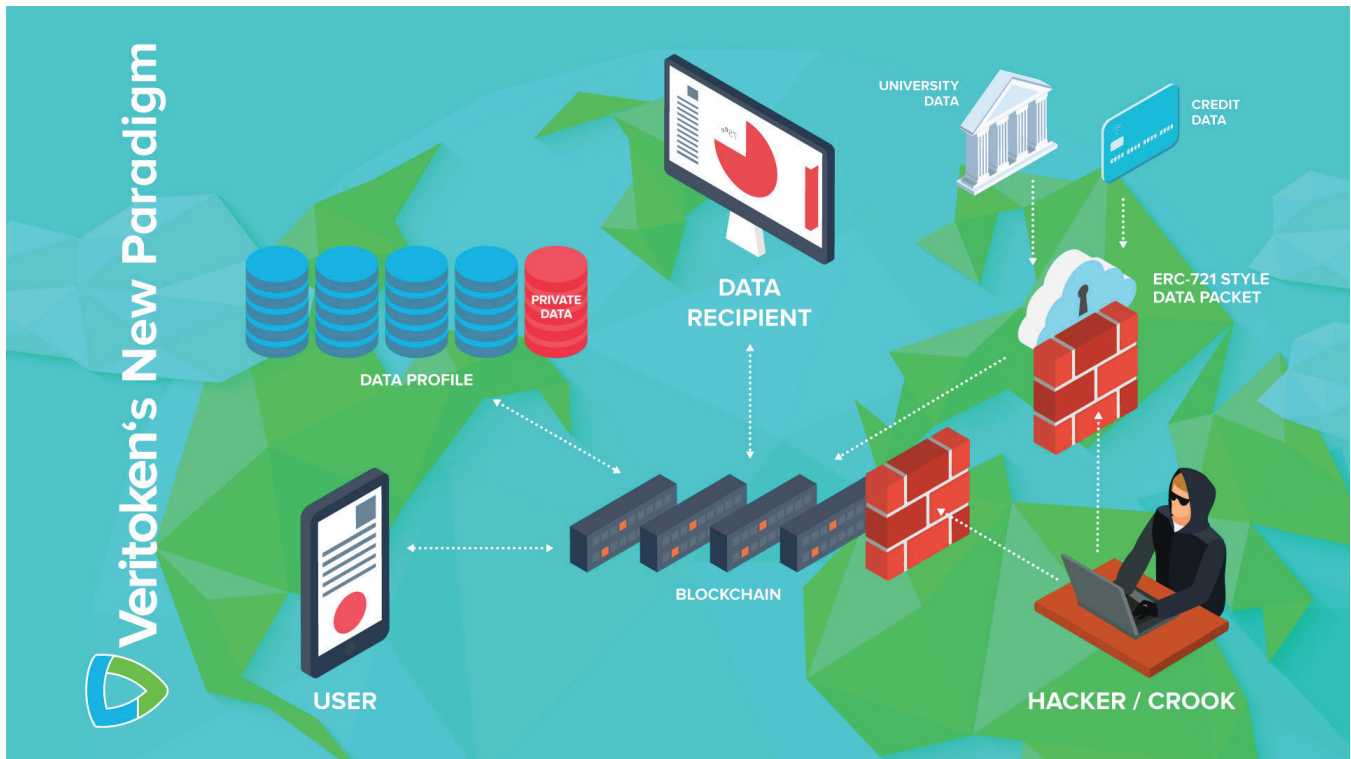
The Veritoken model flips the current information paradigm on its head. With the way things are currently done, great value is created from data scrapers operated by the likes of Cambridge Analytica who will, by hook or crook, gather data on unsuspecting citizens and resell it to third parties looking to advertise, market to or otherwise manipulate the individuals documented in the dataset.



The New Hotness

Veritoken relies on an opposite model: the individual is responsible for the collection, verification and licensing of their data. Throughout the course of an individual's life, even under the current paradigm, there comes reason to contact proprietors of datastores to release data to third parties in order to qualify for something, be it a job, a car or home loan, or a professional license.

In a world where the user is responsible for the primary repository and licensing of their own (easily indexed and discoverable) data, the “honey-pot effect” where data brokers are incentivized to collect this information is eliminated.



Why a Separate Token?

This is a fundamental question that every Ethereum-based platform must answer. The search for a fitting textbook answer yields underwhelming answers, but a simple relation of aligning incentives along with supply and demand justifies our decisions.

Initially, this token was envisioned to be a purpose-built utility token that would become a common vernacular in one particular industry. We've since iterated on the idea after realizing the broad applicability of non-fungible tokens to data ownership in all sectors of industry. The path forward was to commercialize non-fungible tokens by setting a common standard, and to monetize that common standard by use of a utility token payment system with an ecosystem of data oracles.

Veritoken aims to create a protocol-level solution to privacy and data provenance issues. Creating a standalone blockchain to achieve this allows for at-will licensing of the IP rather than a silo-by-silo, body-to-body business

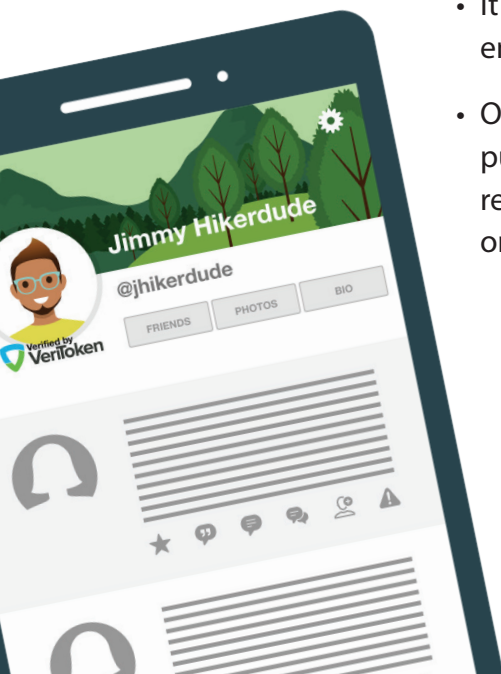
development effort with the data silos of the world.

Specifically, it is the intention of Veritoken to ultimately maintain a Turing-Complete, Proof-of-Stake blockchain in which a custodial organization maintains a plurality of the tokens purely for staking purposes as a revenue generation method.

Alignment of Incentives

The development and strength of the platform is dependent on the incentives being aligned and the ease of flow of the tokens. We'll take the use case of HR and Recruitment Industry data provenance as an example:

- User A signs up and populates a resume form. Before they can start monetizing their data or enter our recruitment system, they must verify at least 70% of their resume.
- To incentivize users not to exclude data points from their resume in an effort to get approved quickly, we reward users with tokens for each aspect of their resume that they validate.
- There are unavoidable costs that come along with verifying certain facets such as education and credentials.
 - » Registrar offices rely on charging individuals for copies of transcripts, and transcripts will probably have to be sent to verify GPA and specific courses.
- While the user might have to bear some costs to get certain aspects of their resume verified, the investment horizon is short and promising. Immediate token distributions are earned after verification.
- It might be a social cost to ask an old boss or HR department to verify employment and dates.
- Other users can peruse all validated resumes that have been made publicly visible and have the freedom to write EITHER positive or negative references about an individual. The reports will be organized according to + or - and the recruiter can pay tokens to view the reports of their choosing.



System Overview

Implementation of the user-centric data provenance model will be a phased approach, beginning with the HR, Talent and Recruiting industries but meant as a model for every other sector where data privacy is applicable.

Phase 1: Business Development and Standards Development

Veritoken will introduce an ERC20 Token, which will be used as the form of payment between blockchain participants (e.g. candidates and recruiters). Our first phase of development will be working with our partners in the data provision side of the marketplace to better understand the economics around the service of providing data.

The amount of Veritoken costs will be specified by the smart contract rules, depending on a number of factors.

The use of Veritoken, as a new token, gives us:

- The flexibility to control how incentives, supply and other factors are controlled using smart contracts.
- Tokens that can also be handed out as promotions to attract new users to the system.

A fixed supply of Veritoken will be created during a token sale (see **Offering Overview**), with no mechanism for it to be changed until Phase 3, which is the migration to an independent blockchain. The ledger will be maintained for Veritoken and will follow ERC20 standards.⁶

Security & validity considerations

- All client devices will be authenticated using 2FA and SHA2 encryption.
- Object and verification information will be stored on-chain.
- Documents and images will be stored off-chain. Hash value of all off-chain data will be stored on-chain.
- OAuth2 will be used for any third-party identity integration.

- Cloud-based document storage will be integrated with the blockchain.
- Interactions between entities will be stored as transactions on-chain.
- Proof of address utilization.

Phase 2: Semi-Federated Model, HR, Talent and Recruiting-focused

- Develop a “reference implementation” for the HR, Talent and Recruiting industry:
 - » This proof-of-concept will require the development of blockchain-based underpinnings, as well as ...
 - » ... a traditional LAMP or MEAN stack style infrastructure for a website.
 - » The site will be open source as well as functional, to serve as an implementation model both inside and outside the HR, Talent and Recruiting industry.
- Technology specifics:
 - » For the web reference architecture:
 - » *Develop database with initial resume templates.*
 - » *Candidates will be able to design resumes but will have to manually submit requests to necessary verifying parties.*
 - » *Recruiters will be able to see the profiles and can expend tokens to view the full resume and additional tokens to access metadata.*
 - » *Platform will give recruiters the ability to message or arrange a call with candidate.*
 - » *Create ability for candidates and recruiters to anonymously submit preferences and details.*
 - » For the blockchain-based underpinnings:
 - » *Develop a series of ERC721-based data underpinnings for the Ethereum Blockchain that establish what an authoritative user profile looks like.*
 - » *Develop a series of ERC721-based data underpinnings for what a public-facing authoritative data record looks like (i.e. a clean criminal history, or a college degree).*
 - » *Develop a series of ERC721-based data underpinnings for what a*

public-facing permissions-based authoritative data record looks like (i.e. a checkered criminal history, or a credit record).

- » *Many of these ERC721-based data underpinnings will likely include auxiliary federated data storage technologies like IPFS due to the size of the data being stored.*
- » *Develop a series of reference architectures for data silo partners for creating authorized and verified data records on the blockchain (i.e. assist partners in creation of blockchain Data Oracles).*

Phase 3: Maturation of the Technology

By Phase 3, we expect the blockchain ecosystem to have matured to the point where we can make the determination as to whether Veritoken will live on as an Ethereum-based blockchain or migrate to its own blockchain. A variety of developments in the space are expected to take place, including the wide-scale deployment of other Turing-Complete, Proof-of-Stake blockchains and the deployment of the Casper Network. Ultimately, it is the goal of Veritoken to operate on a single-tenant blockchain that is Proof-of-Stake and Turing Complete.

Why an independent blockchain?

- An independent blockchain enables us to adjust the token economics appropriate to future-looking use cases in multiple verticals.
 - » We plan to develop use cases outside the Talent, HR and Recruiting space and as such the user base and utility of the token will explode.
 - » We built the economics of the token to remain stable and generally at or under the value of \$5.00 for added utility, as it's easier to conceptualize "pay me 1 Veritokens [e.g. roughly equivalent to \$5]" versus "pay me .0003252 Veritokens [e.g. roughly equivalent to \$5]."
 - » We will be better able to develop a future coin distribution policy that stabilizes the coin value to the TAM (total addressable market) after the system has been in wider and practical usage for some time.
- An independent Proof-of-Stake blockchain allows for a more egalitarian model of blockchain deployment while still allowing for a horizontal protocol-level approach to revenue for the Veritoken organization.
 - » In a Proof-of-Stake model, all that is required is that Veritoken keep and stake a plurality of the tokens in the blockchain (between 35-

41%).

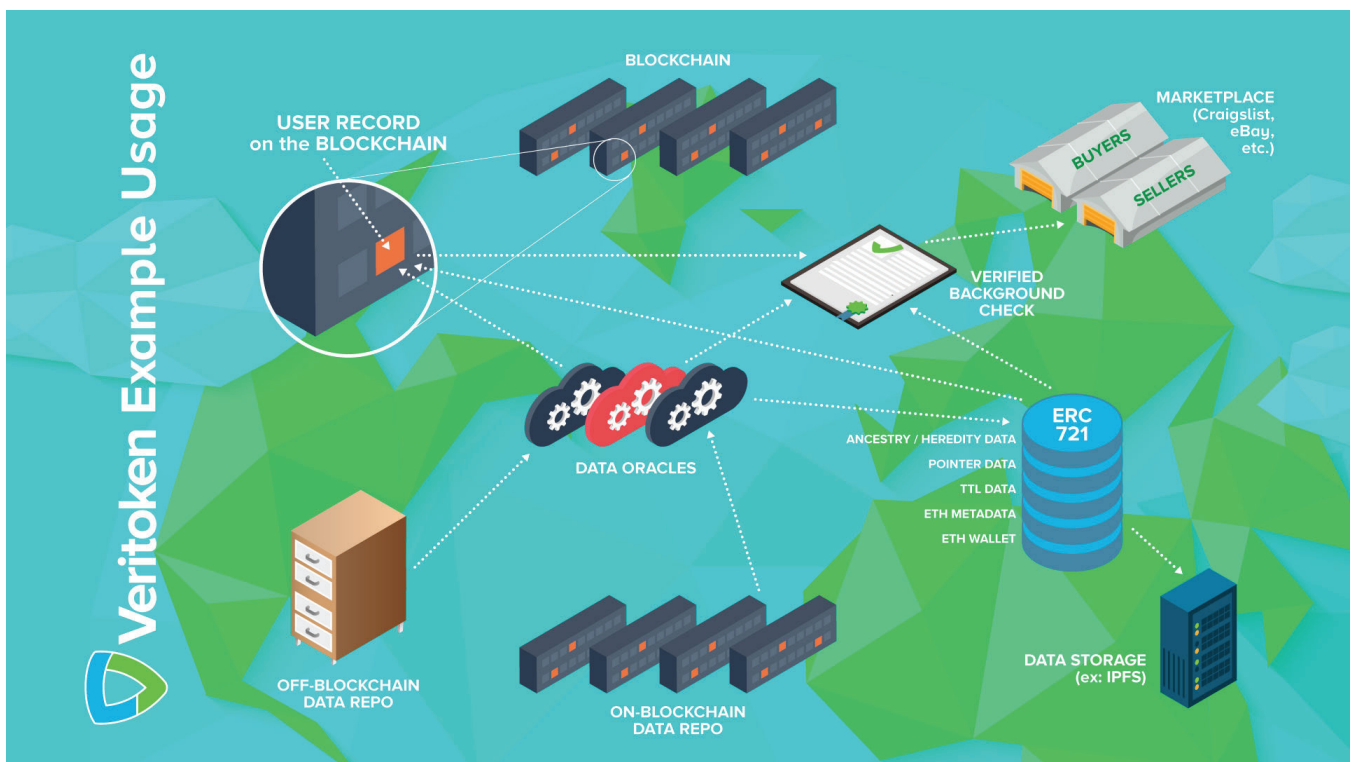
- » As usage of the blockchain increases, so does the revenue for Veritoken, allowing for aggressive investment in product development and business development with datastore partners.



Implementation and Use Case Highlights

Herein, we'll explain the use cases and applications of the technology that exist beyond the HR, Talent and Recruitment Sector.

It is helpful to understand the foundational technologies and how they're configured here to understand the broad applications.



Recruiting Problem

With the increase in demand for jobs and quality candidates to fill these positions, the process of sourcing and verifying job seekers has become very problematic. According to Forbes, "companies on average spend approximately \$4,000 per candidate on interviewing, scheduling, and assessment to decide if someone is right for a job." In a search for solutions, the recruiting industry has boomed, with the global market bringing in over \$200 billion. With the increased popularity of social media, employer branding (and finding employees who best suit the brand of their employers) has taken an increasingly important position.

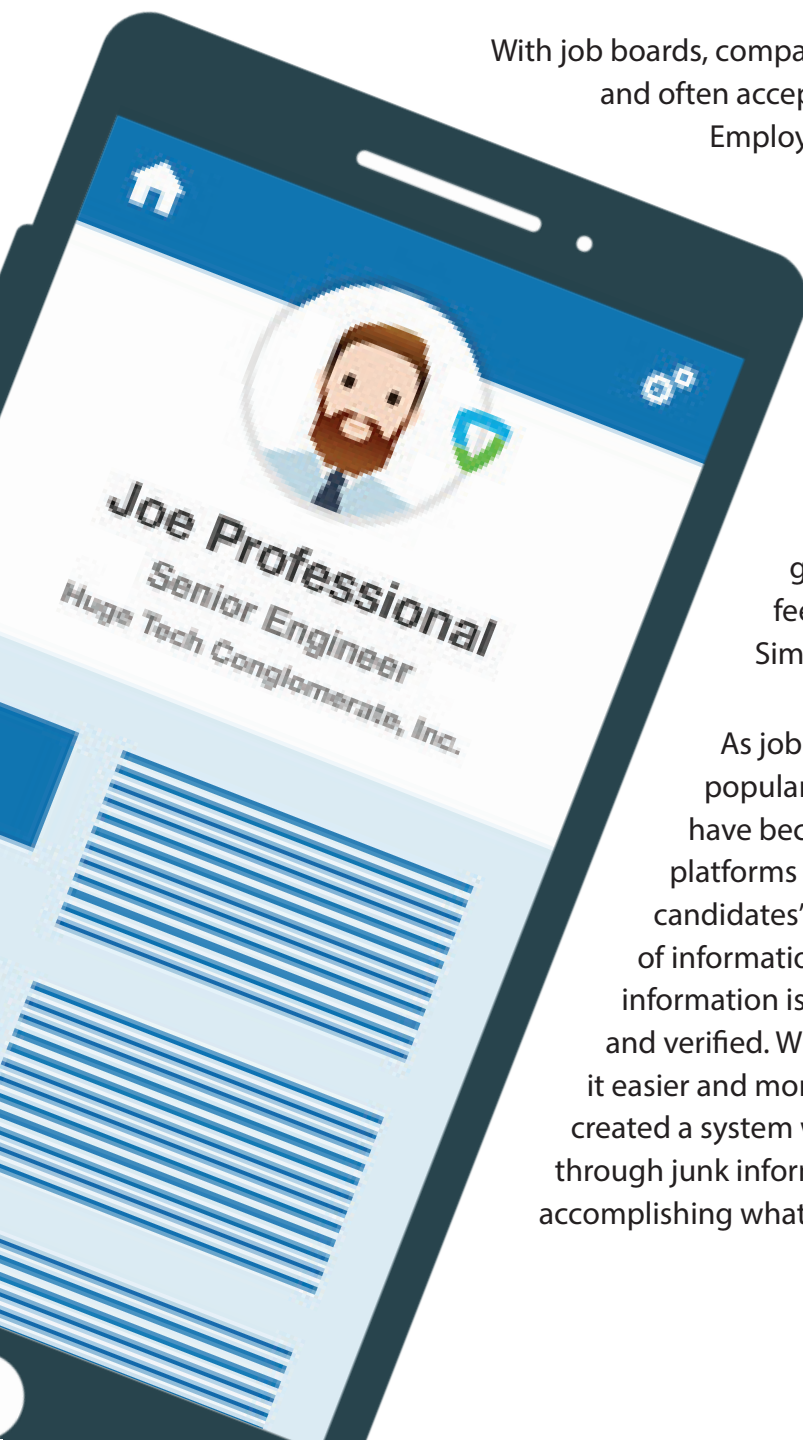
In order to address their recruiting needs, many corporations have turned to outside recruitment agencies, earmarking 22% of their HR budget to pay for these services. These agencies, who combined are expected to generate \$147 billion in revenue in 2018, handle the majority of the recruiting duties, from sourcing the candidate to reference checking and matching the candidate with the correct roles. Increasingly, these agencies rely on job boards and job search engines to better source candidates in today's internet-connected era.

With enormous expenses associated with hiring a candidate, job boards and job search engines have been promulgated as they create avenues for the direct sourcing of candidates. Although job boards and job search engines share similar goals, their internal methods of building their databases differ.

With job boards, companies have specifically listed their open positions and often accept job applications directly through the job board. Employers and recruiting agencies directly pay the job board a fee to list jobs on their site and access candidates' resumes. The biggest job boards in the industry include Monster, Dice and CareerBuilder.

While job boards showcase jobs specifically listed on their site, job search engines list millions of jobs from multiple sources, and often contain duplicates. Job search engines generally charge per click, acquisition, or monthly fees. The largest job search engines include Indeed, SimplyHired and, indirectly, LinkedIn.

As job boards and job search engines have gained in popularity, the issues associated with these services have become glaringly more apparent. In essence, these platforms act as data warehouses, with the data being candidates' resumes and information. Although the amount of information stored is vast, there is little clarity on what information is important and what information is accurate and verified. While the initial premise of job sites was to make it easier and more efficient to source quality candidates, it has created a system where the recruiter spends more time sifting through junk information and wasting time verifying candidates than accomplishing what they initially intended.



Education Overview

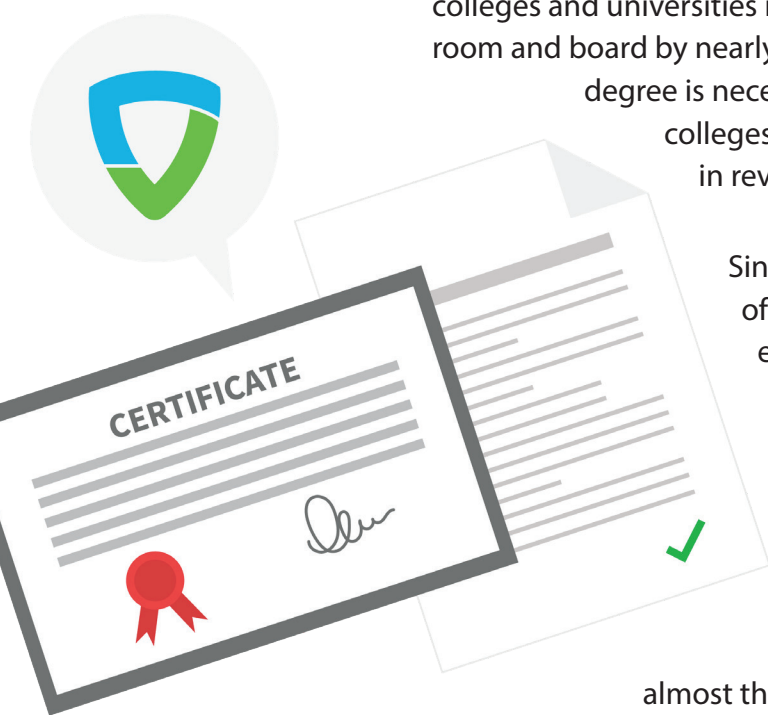
Why do people get degrees, and why do people go to certain prestigious universities? Often, it's to boost their reputation or to benefit their standing in society. Though a lot of people accomplish these things correctly and legitimately, many others do not and will lie about the university they attended. They may lie that they earned a certain degree when they didn't, and they may even fake a transcript or a diploma.

In 2010, then U.S. President Barack Obama said, "In the coming decades, a high school diploma is not going to be enough. Folks need a college degree." In many countries around the world, a large percentage of young people are delaying entering the workforce in order to earn a college degree. An increase in demand for degrees has held steady in the twenty-first century, and the cost of tuition has increased right along with it. Since the year 2000, the 5300+ colleges and universities in the U.S. have increased their cost of tuition and room and board by nearly 40% due to the increasingly widespread belief that a degree is necessary for a higher-paying career. In 2016, American colleges and universities generated a staggering \$498 billion in revenue.

Since 2016, however, due to the accumulative difficulty of standing out among one's peers, four-year public and elite private institutions have seen continued growth while small colleges and lesser-known schools have begun to suffer. Inside Higher Ed reported that "the University of California, Berkeley, for example, tipped over the 100,000 mark for applications this fall, and Yale University announced a multiyear effort to enroll more students from its sizable pool. But more than four in 10 private colleges and almost three in 10 public ones missed their goals for enrollment and tuition revenue in 2016."

Why the sudden decrease in enrollment at lesser-known colleges? According to a recent study by the Pew Research Center, the majority of Americans (57%) say that colleges and universities fail to provide students with good value for the money they and their families spend. An even larger majority—75%—say college is too expensive for most Americans to afford.

The perception that college lacks verifiable value is shared not only by the general public, but more recently by high-profile businessmen as well. Peter



Thiel, a well-known American venture capitalist and philanthropist, recently offered students \$100,000 to drop out of college and build their own business, and Bill Gates, the founder of Microsoft, recently said, “The ideal there is creating a skills-based credential that is well trusted and well understood enough that employers view it as a true alternative to a degree.”

It is becoming increasingly difficult for recruiters to verify a candidate’s education. On average, it takes up to 7 business days for a recruiter to verify a candidate’s degree, although many choose not to do so because of time and cost constraints. This has created a booming industry around fake diplomas, where, according to John Bear—coauthor of *Degree Mills: The Billion-Dollar Industry That Has Sold Over a Million Fake Diplomas*—over half of new PhDs issued every year in the U.S. are fake.⁷ Verifying skills has become even more difficult as well. According to an executive recruiter at a Fortune 500 firm, most recruiters do not look at which classes a candidate took in college, since the class titles rarely provide transparency regarding skills attained.

This misrepresentation and lack of transparency puts a strain on the education sector, where reputation is so valuable. If someone claims they attended MIT or that they graduated from MIT when they did not, that hurts MIT’s reputation. The assumption is, if someone states they graduated from a particular university but does not have the skills or intellectual capacity of a verified graduate, this could give the impression that the education level of that particular university is subpar. MIT undoubtedly prefers that only verified graduates be considered MIT alum.

With Veritoken, we have seen a great interest from universities about putting their students’ transcripts on the blockchain. With such a system in place, when someone asks, “Did you go to MIT?” the graduate can simply say, “Yes, I did,” and that information is instantly verified on the blockchain. This verifiability not only benefits the university’s standing but is a benefit for society as well.

Finance and Banking

Whether used for financing a new vehicle or buying a new home, your credit score has an important role in today’s society. A credit score is generally obtained by a large institution requesting a vast amount of personal information, extrapolating your data into an algorithm and then using that information to determine your creditworthiness. The system and process is antiquated, insecure and



needs to be changed.

In our digital world, hacking has become a prevalent problem. For instance, Experian, one of the largest institutions for credit reporting, was hacked in September of 2017, compromising the personal information of over 144 million Americans.

One contributing factor is centralization. Every major data breach in and outside the world of crypto has happened as a result of centralizing massive amounts of data in one location without consumer control of said data.

On top of that, whenever someone checks your credit score, your personal information is moved around to different parts of the internet, leading to more potential hacks and more opportunities for your personal information to be stolen.

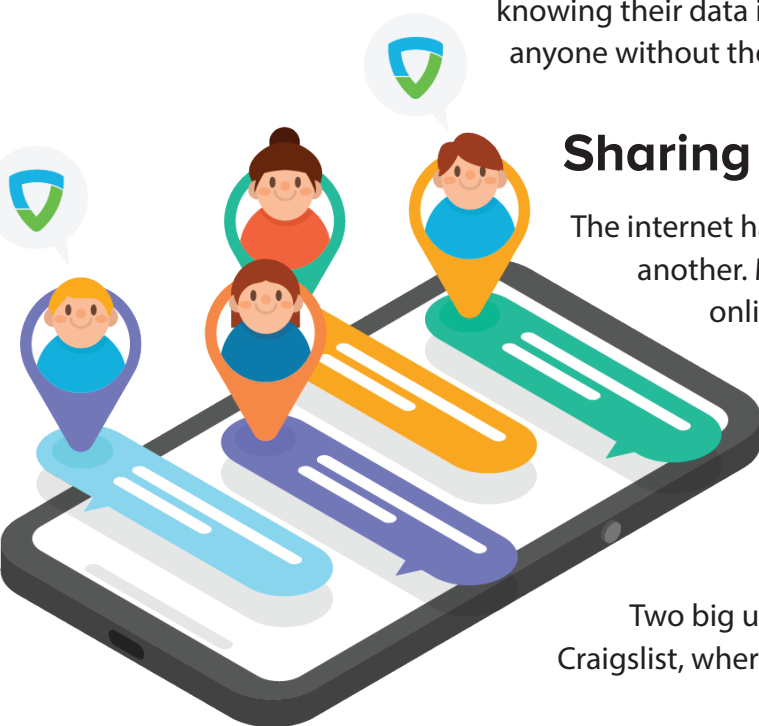
With Veritoken's blockchain technology, consumers control who can access their credit scores and the personal information attached to those scores. They can go to any institution, whether it's a car dealership or a mortgage lender, and show them their credit score, updated in real time. They don't need a reporting agency or other intermediary to handle or control access to their own data.

Also, with current credit scores, you can't move to a different country and show your credit score at the personal level. It must be requested from a credit reporting institution. With Veritoken, however, consumers can travel freely knowing their data is safe, within their own control and not visible to anyone without their permission.

Sharing Economy

The internet has certainly changed the way we interact with one another. Many introductions between strangers now begin online before an in-person meeting takes place, and this can lead to some unsafe situations. Indeed, any time a digital interaction ends in a physical interaction, there is an element of danger and lack of trust that, in the current functioning digital marketplaces, remains unaddressed.

Two big use cases for Veritoken's solution can be seen with Craigslist, where users buy and sell goods without a middleman, and



Realtor.com, where realtors and customers meet each other for the first time when viewing homes. Safety is an issue that must be addressed.

In November of 2017, a man selling two Android phones on Craigslist was robbed at gunpoint after meeting up with another user in public.⁸

In 2006, a realtor meeting a client for the first time was murdered by him while showing homes with no one else around to protect her.⁹

In our heavily connected world, we only expect these problems to increase; however, Veritoken is committed to bringing trust back into the marketplace.

For example, in terms of the Craigslist problem, people can communicate with each other while knowing that both parties are background checked and have solid references to alleviate the fear of meeting someone new.

Realtors can also trust that potential clients they are meeting for the first time have been vetted and background checked, and that other realtors have been background checked as well. All of this information will be validated through Veritoken's blockchain solution with verified sources.

In this way, Veritoken can alleviate some safety concerns and help people feel more confident and secure both on- and offline.

Online Dating

People using online dating apps like Tinder, Bumble and Match have witnessed a new set of problems around trust and transparency. Currently about 80% of all dating profiles contain false information.¹⁰

eHarmony recently performed a study asking men and women what they are most worried about before meeting another user in person. The biggest concern for men involved their date's profile photo; i.e. whether it was recently taken and/or whether their date resembles the photograph. For women, the main concern was safety.

Veritoken addresses these concerns by allowing online daters to verify their age, criminal background, job, salary and other data. Obviously, dating marketplace participants with verified credentials will be in higher demand and will rank more highly in searches, thereby incentivizing all participants to go



through the time and expense of verifying themselves.

Physical Goods and Food “Provenance”

As consumers continue to eschew traditional middlemen when it comes to buying products, they increasingly avoid going to the mall and paying premium prices. Instead, they’ll go to eBay and other sites to find better deals and buy directly from other people.

This increased desire to buy directly from other people has led to a burgeoning industry of counterfeits, as well as product mislabeling claiming foodstuffs of incorrect sourcing or origin (e.g. false claims of being “Organic!”). The counterfeit goods industry is now a \$461 billion industry that is growing by the day. As certain products have become more popular (for example, Rolex watches and Adidas and Yeezy sneakers), the number of fakes has increased and their quality has much improved.

Veritoken solves this problem by allowing corporate entities—not just individuals—to use Veritoken. Every SKU and shipped product can be individually logged on its product journey from manufacturer or grower to the end consumer.

When SKUs are broken apart, this is also accounted for in the ERC721-style smart contract architecture. Since child contracts can be created and their heredity tracked from parent to child, a wheel of cheese (for instance) can be given a 721 Contract, and as the cheese is broken apart, re-applied and repackaged, it can be re-indexed at every point along the way. The end product can then be given a Veritoken-branded QR code that a consumer can scan to easily visualize the life cycle of the product—from the cow to the shredded cheese packaging—to verify its provenance and heredity.

Healthcare

In the healthcare industry, patient information is owned by the electronic health record companies and not by the patients themselves. This arrangement has come under scrutiny in light of how difficult it can be to access patient health information quickly.

Consider a patient, normally treated in Dallas, who is on vacation in San Diego and suddenly needs to see a doctor while traveling. The hospital in San Diego will



communicate with the hospital in Dallas to access the patient's medical records. But if the two hospitals use different electronic health record systems, then the transfer process may take longer, potentially putting the patient's health at risk. Unfortunately, this is a reality that can lead to grave consequences.

With Veritoken, patients can request, verify and control their health information, and quickly update it wherever they go. This means they can visit any hospital in the world, show the doctor their up-to-date health history, and be able to be treated quickly while maintaining the safety of their data in an intrinsically HIPAA-compatible format.

Government, Immigration and Identity

In the government sector, citizenship has become a hot topic as of late, primarily around illegal immigration and border protection.

One of the biggest concerns in this area is determining who is a citizen. It's extremely difficult for governments to verify people's identities, citizenship status, passports, driver's licenses and visas in a timely manner because the process requires a substantial amount of time and effort, and bureaucracy tends to be slow in general.

Veritoken offers citizens the ability to quickly verify and update their citizenship status, passport, driver's license, visa and all government documentation. This allows people to control their own data and show government officials that they are indeed citizens of a particular country, alleviating some of the bureaucratic concerns such as lost documents, incorrect information or other "red tape" issues that are typically associated when dealing with government entities.

Inequity in Communication

Despite over 50% of the world's population having access to the internet, there is still a lack of trust online. Even high-profile websites and organizations are affected: for instance, over 34% of LinkedIn profiles contain lies.¹¹ We have the ability to communicate with billions of people around the planet, yet we're still apprehensive in doing so because we tend not to trust online strangers.

Additionally, whether we're experts or professionals, our time is extremely valuable. Imagine if you were compensated with Veritokens for your time during the online communication process. If you are incentivized to talk to me, and I know you're a verified and credible source, then I'm going to feel

much more comfortable about our 15-minute conversation and I know it'll be worthwhile.

With Veritoken, we are instilling trust and offering compensation to participants, thereby creating an incentive to communicate in this digital world. Ultimately, our platform could help percolate the flow of ideas around the globe.

Customer Relationship Marketing and Management

Sales and marketing is definitely a numbers game. When it comes to cold emailing, the open rate is only about 23%, with an actual reply rate of 10% and a conversion rate much lower than that.¹² Currently, when marketers cold call or cold email, they may approach people that they believe are their target customers, but typically their selection criteria are quite broad, leading to lower conversion rates and higher costs overall.

With Veritoken, marketers and job candidates can verify their identities and credentials, and sales and marketing professionals can pinpoint their ideal customer with verified data and can compensate them for opening an email, answering a phone call or watching an ad. This can lead to much higher conversion rates among potential customers and job candidates, and recipients are incentivized to communicate, leading to lower acquisition costs over time.

Executive Team

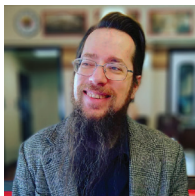


Anne Ward - CEO

Anne Ahola Ward is a published Author and above all, Futurist. Known as the Mother of Startups, Ward was named one of Entrepreneur's "27 Top Masters of Marketing that everyone can learn from" in 2014, and again in "Top 50 Inspirational Entrepreneurs to Watch in 2017". Anne sometimes tours as an IoT Influencer with the elite IBM Futurist Program.

Her list of clients include Apple, Dr. Phil, Samsung, Heroku, Twilio, Inc. magazine, Farmer's Insurance, A&E Intervention's Ken Seeley and Rikki Rockett from Poison.

Anne has thrived in most areas of technology, having mastered almost every role in web development; DBA, webmaster, developer, graphic designer, and video editor. She was an early entrant into the field of search engine optimization as the field was forming.



Mark Hopkins - CTO

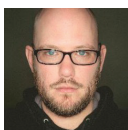
Commonly known as "Dr. Bitcoin" in cryptocurrency circles, Mark Hopkins is a blockchain and cryptocurrency enthusiast who has been heavily involved in the space since 2011. A former Associate Editor at Mashable, Mark was the Founding Editor at SiliconANGLE Network before becoming a venture partner at Barista Ventures and Founder at Roger Wilco, a consultancy that helps cryptocurrency companies achieve a successful ICO.

Operational Team



M Dean Jones

Creative Director



Cody Marx Bailey

Application Developer

Advisors



Tor Bair

Head of Growth, Enigma



Jason Dekker

CEO, GoChain



Jim Durbin

VP of Recruiting, Brandstorming



Craig Fisher

Head of Marketing, Allegis Global Solutions



Brittany Kaiser

Co-Founder, Digital Asset Trade Association



Richard Margolin

Founder & CTO, Robokind



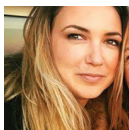
John Robert Sutton

Founder, Sutton Selects



Naomi Assaraf

Founder & CMO, CloudHQ



Monica Puchner

CEO, Hilo

Veritoken Bill of Rights

We need to find new ways of expending our social capital. As a society, we can't rely on big tech companies for everything; look where our blind trust has led us. We have entered the post-privacy era. Everywhere we go, cameras can record us, credit and mobile phone companies track our movements, while various machines and networks lurking in between try to evaluate that data.

Notions of privacy we once had no longer exist. We trust nothing, consume everything, and what way is that to live? We do not benefit from being scared, or from mass consumption; we only benefit by getting smarter.

- Anne Ahola Ward, CEO, Veritoken

1. **Self-sovereign identity is a fundamental right, and is essential to personal data rights management**

- Whereas self-sovereignty is the concept of property in one's own person, expressed as the moral or natural right of a person to have bodily integrity and be the exclusive controller of one's own body and life, and;
- ... identity is comprised of data that only has meaning within the context it is being used:
- ... therefore self-sovereign identity must be a fundamental right, with the proviso that there can never be a universally applicable form of identity.
- Or, plainly, you are free to identify as an "Apache kitten helicopter," which may be more than sufficient an identity for a Twitter account, but may be woefully inadequate for a US bank account.

2. **Data is a form of property**

- The rights of data stem from the fact that data is property. Data has typically been a special class of property under the law up to now because enforcing a "move, not a copy" was impossible. With blockchain, this granularity of bit-movement can be enforced. People

should have the right to own their personal data how they want, where they want.

3. **Humans have the right to determine what data is private, public, and the terms under which it may be used**

- Privacy is a fundamental human right. Specifically, the level of privacy you enjoy is your right to determine.

4. **As ownership of personal data is unalienable, personal data collection oversight is a human right**

- Freedom from unwanted data surveillance is a human right. Ownership of personal data is unalienable. The motivations of the GDPR are pure. We should be allowed to indicate our preference for data surveillance and the terms under which we will allow it.

5. **Our unique identity should be just that**

- Establishing some form of identity is essential to establishing boundaries on privacy.

LEGAL ADDENDUM

EXHIBIT A

Risk Factors

THE TOKENS BEING DESCRIBED HEREIN AND BEING OFFERED BY COMPANY IN CERTAIN SEPARATE PRIVATE OFFERING MEMORANDA, INVOLVE A HIGH DEGREE OF RISK AND, THEREFORE, SHOULD BE CONSIDERED EXTREMELY SPECULATIVE. THEY SHOULD NOT BE PURCHASED BY PERSONS WHO CANNOT AFFORD THE POSSIBILITY OF THE LOSS OF THE ENTIRE INVESTMENT. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE WHITE PAPER AND CAREFULLY CONSIDER, AMONG ALL OTHER INFORMATION SET FORTH IN THIS WHITE PAPER, THE FOLLOWING RISK FACTORS:

Management of Veritoken Global Corporation (the “Company”) intends for the Company to become a profitable entity with its focus on providing blockchain-based identity verification and incentive compensation. The risks and uncertainties are not limited to those described herein. Additional risks and uncertainties not known to the Company or ones known now, but believed to be less significant could also adversely impact the Company. If any of the following risks occur, the Company, its business, its financial condition or its operating results could be adversely impacted. Among other things, carefully consider the following:

The Company will offer digital tokens that provide the holder with benefits outlined in this White Paper, which such Tokens may be subject to extensive legal and regulatory uncertainty, price volatility and security risks.

The Company will offer a cryptographic digital token (“Digital Assets”). Digital Assets have only recently been the subject of domestic and foreign regulatory focus. As the market share for Digital Assets has grown certain U.S. agencies have begun to examine the nature of Digital Assets and the markets on which they are traded. However, there are many significant regulatory authorities that have yet to address the regulation of Digital Assets.

As relatively new products and technologies, cryptocurrencies and other Digital Assets have not been widely accepted as a means of payment for goods and services, rather a significant portion of demand for Digital Assets is generated by investors seeking to profit from market volatility. Investment in Digital Assets is highly speculative and results in a high degree of risk.

Developers and issuers of Digital Assets frequently encounter cyber security and data privacy risks. Certain Digital Assets and exchanges have experienced security breaches in recent years with substantial sums of money and or personal data having been stolen. The Company will take significant security precautions to protect the Digital Assets traded in the Company's platform; however, there can be no assurances that the Company may not be the target of malicious attacks seeking to identify and exploit weaknesses in the Company's technology. Such adverse events could interrupt or damage the Company's operations and financial condition and its relationships with investors and licensees. In making a decision to acquire the Digital Assets, prospective investors must rely on their own analysis of the investment opportunity discussed herein. The prospective investors must recognize the risk involved and be able to bear the risk of losing their entire investment.

Limited operating history, initial operating losses.

The Company is a development stage Company with little or no operating history and only nominal capital. Additionally, though the Management Team has varied and extensive business backgrounds and technical expertise, they have limited prior experience developing Digital Assets and operating a data privacy platform. Because of the limited operating history, it is difficult to evaluate the Company and its future prospects. The Company has never operated at a profit. The Company will encounter risks and difficulties and, in order to overcome these risks and difficulties, among other things the company must:

- » Execute its business plan and marketing strategy successfully;
- » Attract investors and platform participants to ensure adequate platform activity;
- » Provide a secure and stable data profile and provide quality services;
- » Leverage initial relationships with its initial investors and platform participants;
- » Provide and implement adequate security procedures and safeguards;
- » Attract, hire, motivate and retain qualified personnel.

If these objectives are not achieved, the Company may not realize sufficient success to succeed.

No guarantee as to future returns or future success of the Company.

As previously noted, the Company has little or no operating history. No representation in this White Paper, nor in any accompanying or related Offering Memoranda, is or can be made as to the results of future operations of the Company or the success of its privacy platform. The performance of the Company depends on a number of factors, many of which are beyond the control of the Company and cannot be predicted with certainty. As a result, there can be no assurance that the Company will generate sufficient cash flow to succeed.

The Tokens are subject to significant transfer restrictions.

The Tokens have not been registered under the Securities Act, the securities laws of any state or the securities laws of any other jurisdiction and therefore cannot be resold, except in compliance with applicable securities laws. Persons in the United States and U.S. Persons who purchase Tokens will be required to hold their Tokens for a period of one year from the issuance of the Tokens and will be required to make undertakings to the Company that they will not sell to any other U.S. Person unless they sell all of their Tokens to a U.S. Person. [Non-U.S. Persons holding Tokens will only be permitted to resell or transfer such Tokens to other Non-U.S. Persons in accordance with Regulation S under the Securities Act and in compliance with all other applicable laws]. These restrictions may adversely impact prospective investors' ability to resell the Tokens or the price at which they may be able to resell them, if at all. Tokens are not redeemable at the option of the holder and holders of Tokens will not have the right to withdraw their capital. It is not contemplated that the Tokens will ever be registered under the Securities Act or any other securities laws. Each Token subscriber will be required to represent that it is a qualified subscriber under applicable securities laws and that it is acquiring Tokens for investment purposes and not with a view to resale or distribution. Further, each holder of Tokens must represent that it will only sell or transfer its Tokens in a manner permitted by applicable laws and regulations. Consequently, holders of Tokens must be prepared to bear the risk of an investment in Tokens for an extended period of time.

There is no existing trading market for the Tokens and an active trading market may not develop.

The Tokens are a new issue of Digital Assets for which there is no established public market. Although the Company intends to list the Tokens on one or several cryptocurrency exchanges, there can be no assurance that such

exchanges will accept the listing of Tokens or maintain the listing if it is accepted. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide the holders with liquidity of investment or that it will continue for the life of the Tokens. The liquidity of any market for the Tokens will depend on a number of factors, including: (i) the number of holders of Tokens; (ii) the Company's performance and financial condition; (iii) the market for similar Digital Assets; (iv) the interest of traders in making a market in the Tokens; (v) regulatory developments in the cryptocurrency or other Digital Assets industries and (vi) legal restrictions on transfer. The Digital Asset market is a new and rapidly developing market which may be subject to substantial and unpredictable disruptions that cause significant volatility in the prices of Digital Assets. There is no assurance that the market, if any, for the Tokens will be free from such disruptions or that any such disruptions may not adversely affect a holder of Tokens' ability to sell its Tokens. Therefore, there is no assurance that holders of Tokens will be able to sell Tokens at a particular time or that the price received upon sale will be favorable.

Holders of Tokens will have no voting rights and may have conflicts of interest with the Company's shareholders.

Tokens have no voting rights or other management or control rights in the Company, the Corporate Bylaws and any other Company Agreements of the Company (the "Company Agreements") gives holders of Tokens no voting rights or other management or control rights. Accordingly, the managers and members of the Company will control decisions for the Company in accordance with the Company Agreements, including any amendment thereto and significant corporate transactions, or the election to liquidate or terminate the Company.

Holders of Tokens will have no liquidation rights.

Upon a liquidation, bankruptcy or other dissolution of the Incubator, holders of Tokens will not be entitled to liquidation rights, [although the Company intends to use commercially reasonable efforts to return any available proceeds following a liquidation, bankruptcy or other dissolution of the Company to holders of Tokens if such an event occurs]. Furthermore, the Company has no fixed termination date.

Repurchase or redemption rights related to Company-issued Tokens.

The holders of Tokens do not have the right to compel the Company to redeem

the Tokens. The Company may, however, purchase outstanding Tokens from time to time and the Company has the option to redeem Tokens and purchase Tokens in accordance with applicable law. The managers of the Company may allocate funds for the open-market purchases or privately negotiated transactions in Tokens from time to time when deemed to be in the best interest of the Company. The Company will have no funds apart from those allocated by the managers of the Company available for the repurchase or redemption of Tokens. Furthermore, the Company has the right to redeem the Tokens after ten years or earlier upon the occurrence of certain regulatory events. The amount for which the Issuer redeems your Tokens in these circumstances may be below market price or the ICO price and may adversely impact your return on your investment.

The Company may use more cash than generated.

The Company anticipates using standard financing models and, when necessary, credit facilities. The Company may experience negative operating cash-flows for the foreseeable future. The Company may not be able to obtain financing, if required, on favorable terms or at all. If additional funds are raised through financing the Company's cash-flow could be reduced in order to service debt.

No assurance of profitability.

The Company has not yet generated revenues from its operations. There can be no assurance that the Company will be profitable.

Dependence on management.

The Company intends to rapidly and significantly expand its operations and it anticipates that significant expansion of its operations will continue to be required in order to provide market opportunities and attract market participants, which is necessary to provide market liquidity. The anticipated rapid growth may present unique challenges to the Company's management, operational, and financial resources. The Company's success is principally dependent on its current management personnel and Board of Managers for the operation of its business.

The Company must hire experienced personnel and attract investors and platform participants in order for the Company to recognize long-term-success.

The Company may not be able to hire or retain qualified staff. If qualified and

skilled staff are not attracted and retained, growth of the Company may be limited. The ability to provide a stable and secure data profile is necessary to attract platform participants. Attracting and maintaining market participants will require the Company to provide quality services, which will require that the Company attract and retain an educated staff, as well as a professional management team that can ensure quality service, and provide the technology necessary to succeed in this new and dynamic industry. There will be competition for personnel with knowledge of this new and unique industry, which may, for a period of time result in a shortage of quality staff.

Broad discretion in application of proceeds.

The management of the Company shall have broad discretion in applying and allocating the net proceeds of any Company Offering in order to address changed circumstances and new opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of the management of the Company, along with the Board of Managers, with respect to the application and allocation of the net proceeds.

Arbitrary offering price.

The initial price of the Tokens in any Company Offering shall be arbitrarily determined by the Company and bears no relationship to the Company's earnings, book value or any other recognized measure of value. Once Company formally lists the Tokens on a Designated Exchange, the prevailing market price will set any potential Company Offering price.

Lack of audited financials.

As previously note, the Company has no prior operations, and therefore, it has no financial statements. In the future, the books and records of the Company will be audited by a firm of independent certified public accountants selected by management.

Failure to manage growth could reduce revenues or net income.

Rapid expansion may strain operations, infrastructure, management, internal controls and financial systems, and such strains could adversely impact the Company's ability to provide a stable, secure platform. The Company, despite its best efforts, may not be able to effectively manage the growth or expansion of the Company's business operations. To support growth, the Company plans to hire new employees. This growth may also strain the Company's ability to

integrate and properly train these new employees. Inadequate integration and training of employees may result in inefficiencies that may reduce revenues or net income.

The Company may acquire other businesses or products suitable for the Company's planned expansion; if this happens, the Company may be unable to integrate them into the existing business, and/or which may impair the Company's financial performance.

If appropriate opportunities present themselves, the Company may acquire businesses, technologies, services or products that are believed to be strategically viable. There are currently no understandings, commitments or agreements with respect to any acquisition, except for those that are necessary to begin operations.

Competition.

The market for the Company's products and services may have competition, and as with any industry such competition could adversely impact the Company's revenues and net income.

Future government regulation may add to operating costs and limit growth.

The Company operates in an environment of uncertainty as to potential government regulation. Laws and regulations may be enacted and subsequently enforced by various government agencies including the Securities and Exchange Commission, which could, in particular adversely impact the Company's business operations and generally, adversely impact the cybercurrency industry. Any subsequent regulations may have an adverse impact on the Company's operations by restricting its method of operation or imposing certain restrictions and limitations that could impede the Company's projected growth.

Financial risks.

Developing and establishing a secure and dynamic data privacy platform may require a substantial investment of capital and other resources, which could adversely impact the Company's profitability. Segments of the Digital Asset industry have experienced significant economic downturns characterized by decreased product demand, price erosion, and lack of liquidity. The Company's operations may in the future experience substantial fluctuations from time to time as a consequence of general economic conditions affecting the timing of

orders from major customers and other factors affecting capital expenditures. Therefore, any economic downturns in general would have a material adverse impact on the Company's business, operating results and financial condition.

Indemnification by the Company of its officers, its managers and its agents; limitation on liability.

The Company's officers and managers and those persons serving as a manager, officer, employee or agent of the Company may be indemnified and held harmless by the Company to the fullest extent permitted by applicable law.

Conflicts of interest.

The Company, its managers, its officers and its members may be subject to various conflicts of interest. A variety of conflicts of interest may arise both from the relationships of such persons and the Company and the outside activities and investments of such persons.

Lack of independent legal counsel or accountants.

All prospective investors into Company are strongly advised to submit this White Paper, along with any other proposed Company Offering Documents to their legal and financial advisors for review before investing.

The Company may be harmed if it fails to properly protect its intellectual property.

The Company believes that the success of its business depends, in part, on its proprietary technology, including its software, information, and processes related to its privacy platform on its various services. Third parties may infringe or misappropriate the Company's proprietary technologies or other intellectual property rights, and its trade secrets may be vulnerable to disclosure of misappropriation by employees, contractors and other persons, which could have an adverse impact on the Company's business operations.

Various parties may challenge, invalidate or circumvent any patents, trademarks and other intellectual property rights the Company may have, or later acquire. There can be no assurance that claims allowed on any future patents will be sufficiently broad to protect the Company's technology. Effective patent, copyright and trade secrets may be vulnerable to disclosure or misappropriation by employees, contractors and other persons. In addition, litigation may be necessary to enforce the Company's intellectual property rights, protect its trade secrets or determine the validity and scope of the

proprietary rights of others. The outcome of any such litigation may not be in the Company's favor, and any such litigation may be costly and may divert management attention as well as other resources away from the business. An adverse determination in any such litigation will impair the Company's intellectual property rights and may harm its business, prospects and reputation. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's privacy platform and the services it will provide integrate complex software and will inspire employees to develop and launch new and innovative features. Software occasionally contains or may subsequently contain, errors, or vulnerabilities. Some errors in the Company's software code may only be discovered after the product or service has been released. Any errors or vulnerabilities discovered in the Company's code after release could result in damage to its product, reputation, loss of platform participants, any of which could adversely impact the Company's business and operating results.

The Company's inability to respond to changing technologies and issues presented by new technologies could harm the Company's business.

The cryptocurrency/Blockchain market place is subject to rapid technological developments and changes. If the Company relies on products and technologies that cease to be relevant to investors' needs, or if the Company is unable to respond appropriately to changing technologies that could adversely impact its products and its privacy platform, the Company may not be successful in capturing market share or retaining investors.

The Company will only be monitored by legal counsel on an as-needed basis.

The representation of the Company by legal counsel is limited to the specific matters as to which it has been retained and consulted by such persons. Other matters may exist that could have a bearing on the Company and its investments as to which legal counsel has been neither retained nor consulted. As of the date of this White Paper, Company legal counsel is monitoring compliance by the Company, but may not be doing so in the future unless legal counsel has been specifically retained to do so. Legal counsel does not investigate or verify the accuracy or completeness of information set forth in this White Paper concerning the Company or any of its personnel or investments. Legal counsel is not providing any advice, opinion, representation, warranty or other assurance of any kind as to any matter to any prospective investor. It is incumbent upon every potential investor in Company to seek

out independent legal counsel to review this White Paper, along with any other Company Offering Documents outlining a proposed investment into the Company.

An investment is subject to certain tax risks.

Each prospective investor should consult his tax advisor as to the relevant tax considerations and as to how those considerations may affect his investment and to determine whether the investment is a suitable investment. In addition, significant and fundamental changes in the federal income tax laws may be implemented in subsequent years. Any such change may affect the investment. Moreover, judicial decisions, regulations or administrative pronouncements could adversely impact the tax consequences of an investment.

Blockchain technologies may be subject to unfavorable regulatory actions.

Blockchain technologies have been the subject of intense scrutiny by various regulatory bodies around the world. The functioning of the Ethereum network, associated blockchain networks, the Tokens and any future Company Tokens may be adversely impacted by regulatory actions, including restrictions or prohibitions on their use, purchase, or possession. For example, some U.S. jurisdictions regulate providers of prepaid access or money transmission services who create a medium of exchange or a method by which value is transferred from one person to another person or location. The implications of triggering such requirements may include registration with FinCEN and implementing an anti-money laundering and know-your-customer (AML/KYC) compliance program that meets federal standards, and, at a minimum: (i) incorporates policies, procedures and internal controls reasonably designed to assure ongoing compliance; (ii) designates an individual responsible for assuring day-to-day compliance with the program and Bank Secrecy Act requirements; (iii) provides training for appropriate personnel including training in the detection of suspicious transactions; and (iv) provides for independent review to monitor and maintain an adequate program. Under state law, there are various compliance obligations, including the need for a license, meeting minimum net worth requirements, bonding, biographical and financial approval of officers and directors, and other ongoing compliance, examination, and reporting obligations for companies that are deemed to be money transmission services. The application of these regulatory regimes to the Tokens and any future Company Tokens is unclear, but if the Tokens and any future Company Tokens implicate these requirements we will need to expend time and resources to comply with them or face adverse regulatory action. In addition, the Tokens and any future Company Tokens are expected to be based

on the Ethereum blockchain, and the Tokens and any future Company Tokens are subject to risks related to regulatory inquiries or actions taken with regard to the Ethereum blockchain.

After reviewing FinCEN's interpretative guidance relating to persons administering, exchanging, or using virtual currencies and other related guidance from FinCEN, the Company believes that it is not a money transmitter ("MT") or a money services business ("MSB"). However, if the Company is deemed to be a MT and/or MSB, it would be subject to significant additional regulation, which could lead to significant changes with respect to the Energy Blockchain platform, how the Tokens and any future Company Tokens are structured, how the Tokens and any future Company Tokens are purchased and sold, and other issues, would greatly increase the Company's costs in creating and facilitating transactions in the Tokens and any future Company Tokens and it could lead to the termination of the Tokens and any future Company Tokens. Further, a regulator could take action against the Company if it views the Tokens and any future Company Tokens and the Veritoken platform as a violation of existing law. Any of these outcomes would negatively affect the value of the Tokens and any future Company Tokens and/or could cause the Company to cease operations.

Damage to the Company's reputation could damage its businesses.

Maintaining a positive reputation is critical to the Company attracting and maintaining customers, counterparties, investors and employees. Damage to its reputation can therefore cause significant harm to the Company's business and prospects. Harm to the Company's reputation could arise from numerous sources, including, among others, employee misconduct, litigation or regulatory outcomes, compliance failures, unethical behavior and the activities of customers and counterparties. Further, negative publicity regarding the Company, whether or not true, may also result in harm to its prospects.

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Endnotes

- 1 Equifax Security Breach Is A Complete Disaster... And Will Almost Certainly Get Worse (<https://www.techdirt.com/articles/20170908/17363538172/equifax-security-breach-is-complete-disaster-will-almost-certainly-get-worse.shtml>)
- 2 Cambridge Analytica denies accessing data on 87M Facebook users...claims 30M (<https://techcrunch.com/2018/04/04/cambridge-analytica-30-million/>)
- 3 Facebook has lost over \$100Billion in Market Cap after the Cambridge Analytica expose (<https://yourstory.com/2018/04/facebook-has-lost-over-100-b-in-market-cap-after-the-cambridge-analytica-expose/>)
- 4 Google For Jobs: Potential To Disrupt The \$200 Billion Recruiting Industry (<https://www.forbes.com/sites/joshbersin/2017/05/26/google-for-jobs-potential-to-disrupt-the-200-billion-recruiting-industry/#4638e8bc4d1f>)
- 5 Projections of jobs and education requirements through 2018 (<https://cew.georgetown.edu/wp-content/uploads/2014/12/fullreport.pdf>)
- 6 https://theethereum.wiki/w/index.php/ERC20_Token_Standard
- 7 Your MD may have a phony degree (<https://www.cbsnews.com/news/your-md-may-have-a-phony-degree/>)
- 8 <https://www.denverpost.com/2017/11/21/aurora-man-robbed-craigslist-sale-gone-bad/>
- 9 <https://www.dallasnews.com/news/courts/2016/10/03/man-beat-bit-stabbed-mckinney-real-estate-agent-death-loses-appeal-supreme-court>
- 10 http://www.academia.edu/762681/The_truth_about_lying_in_online_dating_profiles
- 11 <https://lendedu.com/blog/drawbacks-deceptions-linkedin/>
- 12 https://knowledgebase.constantcontact.com/articles/KnowledgeBase/5409-average-industry-rates?lang=en_US