

CROWDFUNDING INVESTOR GUIDELINES

Read Before Investing



CryptoLaunch
From truCrowd, Inc
<https://cryptolaunch.us>

4/23/2019

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CryptoLaunch (our "Portal") is a Regulation Crowdfunding ("Reg CF") portal operated by TruCrowd, Inc. ("TruCrowd"). TruCrowd is operator of the funding portal and the entity responsible for compliance with the regulations of the Financial Industry Regulatory Authority ("FINRA") and the Securities and Exchange Commission (the "SEC").

Every Reg CF crowdfunding intermediary must register with the SEC as a broker or as a funding portal and become a member of a national securities association. TruCrowd is registered with the SEC as a funding portal and is a funding portal member of FINRA. TruCrowd's SEC File No. is 007-00015.

CryptoLaunch does not accept an investment in a transaction involving the offer or sale of securities sold under the Reg CF exemption until the Investor has opened an account with TruCrowd through the Portal, which is available at <https://cryptolaunch.us>

OPENING AN ACCOUNT

TRUCROWD (CryptoLaunch) FEES

There is no fee to register and open an account on our Portal as long as you agree to abide by our User Agreement and corresponding Privacy Policy.

Any company or individual presenting an offering of securities (an "Offering") on the Portal (the "Issuer") must pay an upfront listing fee of up to \$3,500 that will be credited against the success fee. In addition to the listing fee, there is a final success fee if the Offering is successful in reaching its funding goal. The success fee is established by agreement between the Issuer and TruCrowd. The success fee must be disclosed to Investors in the materials presented in the Offering. The success fee is paid by the Issuer and can be in cash and/or a combination of cash and the offered securities. The success fee payable to TruCrowd for an Offering on CryptoLaunch is up to 12% of the total funds raise.

CONDITIONS AND PROCESS

To register and open an account on our Portal you must be 18 years or older and complete a short application. The application is designed to identify you and allow you to interact through our Chat Room with Issuers and other Investors. By creating this account, you represent that you are either: (a) an individual and wish to make investments on your own behalf; or (b) an individual authorized to place orders on behalf of a corporation or other entity.

You agree that you have all requisite authority to open an account and use the services contemplated by our User Agreement and Privacy Policy. Our Portal and Platform are not solicitations for or offerings of any security, investment product or service to any person, corporation, or other entity in any jurisdiction where a solicitation or offering would be illegal.

You represent that you, or the organization for which you are acting as an authorized person, have not been designated by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") as a Specially Designated National or Blocked Person. You have no reason to believe that you would be considered a Blocked Person by OFAC, and you do not reside in a restricted country. You also represent that you are not employed by or acting as an agent of any government, government-controlled entity or government corporation restricted under OFAC. You understand that if your application violates OFAC guidelines, your account may be declined or restricted from certain activity.

COMMUNICATIONS

Under Securities and Exchange Commission ("SEC") regulations, all communications between the Portal and Investors must be conducted through electronic means. Electronic communications include, but are not limited to, email, social media messages, instant messages or other electronic media formats.

CryptoLaun.ch provides through electronic means on our Portal, certain materials listed under the "Education Materials link, a User Agreement and Privacy Policy disclosure under the "About" tab and guidelines and forms for becoming an Issuer or Investor under the "Create Account" tab.

The electronic means referred to above, include specific links to the information as posted on our Portal, or through an electronic message that provides notice of what the information is and that it is located on our Portal, on our Platform or on the Issuer's website. Electronic messages include, but are not limited to, email, social media messages, instant messages or other electronic media formats. By accepting our User Agreement and Privacy Policy, you give your express consent to this electronic communication requirement. You will also be required to sign an Investor Questionnaire indicating your consent to the electronic communication requirement.

SECURITIES OFFERED ON CRYPTOLAUNCH

In general, the securities sold via CryptoLaunch are to be delivered to investors in cryptographic form (aka token) versus as a book entry form. Also, we encourage all our issuers (the companies raising the funds) to use a Stock Transfer Agent, even if the securities will be delivered via cryptographic tokens on blockchain.

Common Shares:

Common shares are the units of ownership in a corporation. If there is only one class of shares issued, they may also be called *common stocks*, *common shares*, *capital shares*, *shares*, or *stocks*.

There are two fundamental rights of holders of common shares:

Holders of common shares are entitled to vote for the election of a Board of Directors and on other matters that may be presented to them; and

Holders of common shares are also entitled to the net assets of the corporation when distributions are made in the form of dividends or liquidating distributions.

However, common shareholders are the last to be paid in the event of a liquidation of the company. There is no assurance that any assets will be available to pay common shareholders and in that event, investors could lose all their investment.

There are also rights of holders of common shares in addition to the fundamental rights listed above, including:

- The right to inspect the books & records of the corporation.
- The right to sue on behalf of the corporation to right a wrong committed against it.
- The right of access to the financial information of the corporation.

Preferred Shares:

In general, *preferred shares* are classes of shares with some rights that are preferential to those assigned to common shares, but they may also be limited in some way. Usually, but not always, preferred shares are non-voting.

Holders of preferred shares are entitled to a "priority" in payment as against the holders of common stock including the following:

- Priority payment of a specified distribution referred to as a dividend usually established as a specified dollar amount or as a percentage of the price of the preferred share.
- Repayment of the price of the preferred shares and any unpaid dividend in the event of the sale or dissolution of the corporation.
- Other priority rights that may be established in the Articles of Incorporation or By-Laws of the corporation.

However, there is no assurance that the Issuer will have any assets to pay dividends, currently or accrued, to preferred shareholders. In the event of a liquidation, the preferred shareholders can lose their entire investment.

Corporate Bond:

A *corporate bond* is an interest-bearing debt instrument containing a corporation's promise to pay a fixed sum of money (yield) at some future time. Holders of corporate bonds generally have priority of payment over any other instrument of ownership or debt in the corporation.

However, there is no assurance that the Issuer will have any assets to pay bond holders in the event of a liquidation and in that event, the bond holders can lose their entire investment.

Corporate Debenture:

A *corporate debenture* is very much the same as a corporate bond. Generally, a debenture is backed only by the general credit and financial reputation of the Issuer. The terms "bond" and "debenture" are often interchangeable but the difference between the two is that the bond holders have a priority of payment ahead holders of debentures.

However, there is no assurance that the Issuer will have any assets to pay debenture holders in the event of a liquidation and in that event, the debenture holders can lose their entire investment.

Revenue Participation Rights:

In a *Revenue Participation* financing a business offers the investors a percentage of the business's future gross revenues in exchange for a capital investment. In its simplest form, the business offers to give the investors $y\%$ of future gross revenues until such time as Investor has been paid "x" times the amount of capital invested.

So, for example, in exchange for \$100,000 of capital, the business could agree to pay the investors 20% of future gross revenues until the business has paid the investors 3X the \$100,000 capital investment, or \$300,000.

However, there is no assurance that the Issuer will have any revenue to pay the revenue participation rights holders. Also, in the event of a liquidation the revenue participation rights holders can lose their entire investment.

SAFE (Simple Agreement for Future Equity)

A SAFE is an agreement between you, the investor, and the company in which the company generally promises to give you a future equity stake in the company if certain trigger events occur. Not all SAFEs are the same and the very important terms governing when you may get the future equity may vary across the SAFEs being offered in different crowdfunding offerings.

However:

- 1) The most important thing to realize about SAFEs is that you are not getting an equity stake in return. SAFEs are not common stock.**
- 2) SAFEs may only convert to equity if certain triggering events occur.**
- 3) Depending on its terms, a SAFE may not be triggered.**
- 4) Keep in mind other possible provisions of the SAFE.**
 - i) Conversion terms.
 - ii) Repurchase rights.
 - iii) Dissolution rights
 - iv) Voting rights.
- 5) SAFEs were designed for a specific type of startup.**

6) There is nothing standard or simple about a SAFE. Various terms from the triggering events to the conversion price are subject to different treatment by different companies offering SAFEs.

Despite its name, a SAFE may not be “simple” or “safe.”

Please [click here](#) to read the SEC’s “[Investor Bulletin: Be Cautious of SAFEs in Crowdfunding](#)”

SAFE +REV (Simple Agreement for Future Equity AND Revenue Participation Rights)

A *SAFE+REV* is an agreement between you, the investor, and the company in which the company generally promises to give you a future equity stake in the company if certain trigger events occur AND to offer the investors a percentage of the business’s future gross revenues, capped at a certain multiple return.

However, both sets of risks associated with Revenue Participation (E – from above) and Simple Agreement for Future Equity (F – from above) do apply.

Other Investment Contracts

For purposes of the Securities Act, an investment contract (undefined by the Act) means a contract, transaction, or scheme whereby a person invests his money in a common enterprise and is led to expect profits solely from the efforts of the promoter or a third party, it being immaterial whether the shares in the enterprise are evidenced by formal certificates or by nominal interests in the physical assets employed in the enterprise. Pp. [328 U. S. 298](#)-299.

(<https://supreme.justia.com/cases/federal/us/328/293/>)

However, investments contract can be even trickier because there might be language that excessively protects the issuer. If the terms offered are too complicated and hard to understand, probably, it would be better to pass on that particular investment.

DEBT UNTIL SECURITY TOKEN OFFERING (THE "DUSTO"):

A *DUSTO* is a secured loan agreement, or promissory note, between you and the Issuer. The issuer is obligated to return to you the amount you paid for the note, plus interest earned and any promised bonuses. If the Issuer releases a security token ("the Token") in a public Security Token Offering ("STO") qualified by the SEC, you will have the option of taking your payment in the form of Tokens or in US dollars.

Each DUSTO has standard terms, or variables, that may be modified by the Issuer. We recommend standard terms. These terms include the following:

- **Interest Rate.** You have the potential to earn 15% to 20% interest on the amount that you paid for the DUSTO during the time that you hold the DUSTO.
- **Maturity Date.** The DUSTO will mature 3 years after your purchase date. This means the Issuer is obligated to repay you in cash, including any interest earned, if they does not achieve a qualified STO in that time period.
- **Minimum Raise.** The minimum amount that must be invested for the closing of a Reg CF will be \$10,000.
- **Minimum Investment.** Each investor will invest a minimum of \$250.
- **Security Interest.** The DUSTO is secured by the assets of the Issuer under a first priority lien. The assets include intellectual property, real property, accounts receivable, cash and any other items of value that can serve as collateral. In the event of a liquidation of the Issuer, DUSTO holders will receive payments before other debt holders and equity holders. A Uniform Commercial Code ("UCC") lien will be filed for the benefit of the DUSTO holders.
- **STO Bonus.** DUSTO holders will receive a bonus of 5% of the amount raised in the STO, distributed pro-rata among all DUSTO holders.
- **Early Investor Bonus.** Each Reg CF campaign will be live for 90 days.

If you purchase a DUSTO during the first 30 days of a campaign, you will have a 100% bonus distribution at the time of the STO. This means an investment of \$100 will receive \$200 (plus interest) in cash or Tokens at the time of the STO.

If you purchase a DUSTO between the 31st day of a campaign and the 60th day of a campaign, you will have a 50% bonus distribution at the time of the STO. This means an investment of \$100 will receive \$150 (plus interest) in cash or Tokens at the time of the STO.

If you purchase a DUSTO between the 61st day of a campaign and the end of a campaign, you will have a 25% bonus distribution at the time of the STO. This means an investment of \$100 will receive \$125 (plus interest) in cash or Tokens at the time of the STO.

If a particular Issuer varies their DUSTO from these standard terms, you will be informed on CryptoLaunch.

However, there is no assurance that the Issuer will be successful in releasing a Token or earn sufficient revenue to re-pay the debt to you. Also, in the event of a liquidation of the Issuer, your DUSTO might lose all value, causing you to lose your entire investment.

THE SECURITY TOKEN

If you purchase a DUSTO, you will have the option of being repaid in US dollars or Tokens at the time of the Issuer's STO.

If the Issuer releases a security token ("the Token") in a public Security Token Offering ("STO") qualified by the SEC, you will have the option of taking your payment in the form of Tokens or in US dollars. The Token will not be an equity or debt instrument. It will be an investment contract, as defined by the Supreme Court in the SEC v. W. J. Howey Co., embodied in an ERC20 compliant smart contract, or token, on the Ethereum blockchain (the "Network").

ERC stands for Ethereum Request for Comment and 20 is the number assigned to this request. The primary functions and signals associated with ERC20 dictate how Ethereum tokens relate and interoperate within the Network. ERC20 allows for token trading on exchanges and storage on wallets that support the ether cryptocurrency.

It is important to understand that equity and debt instruments are legal documents that rely on interpretations of the written word. In contrast, tokens are software. They execute instructions provided by the programs embodied in the code.

The blockchain has been called the "internet of value" because of its ability to maintain a ledger of recorded transactions. This ledger has three properties that differentiate it from traditional web and mobile applications. Blockchain applications are:

- **Decentralized.** All of the information and functions on the blockchain, including ownership and transactions, is validated by each participating system. There is no centralized authority maintaining a database or executing programs.
- **Trustless.** Every transaction is verified by all participating systems on the blockchain. There is no requirement for knowledge of the identity of counterparties or trust in participating institutions, organizations or individuals. The blockchain software and applications must execute routines based on the software code.
- **Immutable.** Once the software programs are initiated they cannot be altered. What is in the code when the software is initially released will stay in the code.

We anticipate the security tokens that may be released pursuant to the DUSTO will be qualified by the SEC under the Regulation A ("Reg A+") exemption. The Form 1-A filed by the issuer will provide a complete description of the investment contract embodied in the security token.

However, there is no assurance that the Issuer will be successful in qualifying for the release of a Token under the SEC's Reg A+ exemption. If the Issuer does not qualify, your DUSTO might lose all value, causing you to lose your entire investment.

Here are other risks (please read **all the risks** on each Offering):

- The DUSTOs and any Tokens you may accept as repayment for the DUSTO will not be freely tradable until one year from the initial purchase date and you should be aware that there is no guarantee that a market for your DUSTOs or Tokens will develop during or after the one-year hold period.
- There is not present market for the Tokens, so the Issuer may arbitrarily set the price. In the event that a market for the tokens does develop, investors may not be able to sell their tokens at a price equal to or more than what they paid for them, and therefore, investors could lose some or all of their investment.
- Limited liquidity of Tokens may make the Tokens less attractive to investors.
- Holders of Tokens may sell their Tokens, which could lead to a decrease in value that could be substantial and lead, therefore, to a material adverse effect on the Token price and the business of the Issuer.
- Neither DUSTO nor Token holders will have voting rights. The Company will not have fiduciary duties to the Token holders.
- Token holders will have no control over the Network, and the Issuers may only have limited control once the Security Token Offering occurs.

DISTRIBUTIONS FROM PROFITS

Through a valid extension to ERC20, issuers of Tokens will offer the token holders a percentage of the business's future profits (if any) in as a benefit for the capital investment. These distributions are similar to dividends paid to equity shareholders. The distributions will only be made after the project is cash-flow positive. Until that time, all available capital, including revenue, will be invested in operations, administration, growth and engineering.

However, there is no assurance that the Issuer will have any profits to pay distributions to holders.

RISKS

You should consider the following list of potential risks, before making a crowdfunding investment:

SPECULATIVE

Investments in startups and early-stage ventures are speculative and these enterprises often fail. Unlike an investment in a mature business where there is a track record of revenue and income, the success of a startup or early-stage venture often relies on the development of a new product or service that may or may not find a market. *You should be able to afford and be prepared to lose your entire investment.*

ILLIQUIDITY

You will be limited in your ability to resell your investment for the first year and may need to hold your investment for an indefinite period. Unlike investing in companies listed on a stock exchange where you can quickly and easily trade securities on a market, you may have to locate an interested buyer when you do seek to resell your crowdfunded investment.

CANCELLATION RESTRICTIONS

Once you make an investment commitment for a crowdfunding offering, you will be committed to make that investment (unless you cancel your commitment within a specified period). As detailed below for *Changing your mind*, the ability to cancel your commitment is limited.

VOTING RIGHTS AND VALUATION

The offerings listed on this portal offer DUSTO (Debt Until Security Token Offering) DUSTO do not give you any equity or voting rights in the company.

The DUSTO security is priced arbitrary without any correlation of the company assets, revenues, future cash flows or any valuation method.

LIMITED DISCLOSURE

The Issuer must disclose information about the company, its business plan, the offering, and its anticipated use of proceeds, among other things. A start-up or an early-stage company may be able to provide only limited information about its business plan and operations because it does not have fully developed operations or a long history to provide more disclosure. The company is also only obligated to file information annually regarding its business, including financial statements. A publicly listed company, in contrast, is required to file annual and quarterly reports and promptly disclose certain events—continuing disclosure that you can use to evaluate the status of your investment. *In contrast, you may have only limited continuing disclosure about your crowdfunding investment.*

INVESTMENT IN PERSONNEL

An early-stage investment is also an investment in the entrepreneur or management of the company. Being able to execute on the business plan is often an important factor in whether the business is viable and successful. You should also be aware that a portion of your investment may fund the compensation of the company's employees, including its management. You should carefully review any disclosure regarding the company's use of proceeds.

POSSIBILITY OF FRAUD

In light of the relative ease with which early-stage companies can raise funds through crowdfunding, it may be the case that certain opportunities turn out to be money-losing fraudulent schemes. *As with other investments, there is no guarantee that crowdfunding investments will be immune from fraud.*

LACK OF PROFESSIONAL GUIDANCE

Many successful companies partially attribute their early success to the guidance of professional early-stage investors (e.g., angel investors and venture capital firms). These investors often negotiate for seats on the company's board of directors and play an important role through their resources, contacts and experience in assisting early-stage companies in executing on their business plans. An early-stage company primarily financed through crowdfunding may not have the benefit of such professional investors.

DILUTION

In some situations, the additional sales of the security offered may result in a reduced value because of dilution.

ANNUAL FILINGS WITH THE SEC

Issuers who have successfully raised capital and issued securities are subject to annual filings with the SEC and shareholders. There is the possibility that those obligations may terminate in the future.

LACK OR VERY LIMITED REVENUE

Despite best efforts of the company, there is the possibility that revenue will not be ever generated, or the revenue will be so small that the Issuer will never become profitable.

Don't invest more than you can afford to lose.

CHANGING YOUR MIND

An investor may cancel an investment commitment for any reason until 48 hours prior to the deadline identified in the issuer's offering materials. During the 48 hours prior to such deadline, an investment commitment may not be cancelled except as provided below.

OFFERING FUNDED

In the event an Issuer reaches the target offering amount prior to the deadline identified in its offering materials, the Issuer may close the offering on a date earlier than the deadline identified in its offering materials, If the offering remains open for a minimum of 21 days.

We provide notice to any potential Investors, and give or send notice to Investors that have made investments in the offering, of:

- The new, anticipated deadline of the offering;
- The right of investors to cancel investment commitments for any reason until 48 hours prior to the new offering deadline; and
- Whether the issuer will continue to accept investments during the 48-hour period prior to the new offering deadline.
- The new offering deadline is scheduled for and occurs at least five business days after the notice of the new completion date is provided; and
- At the time of the new offering deadline, the issuer continues to meet or exceed the target offering amount.

MATERIAL CHANGE

If there is a material change to the terms of an offering or to the information provided by the issuer, we shall give or send to any investor who has made an investment:

- Notice of the material change and that the investor's investment will be cancelled unless the investor reconfirms his or her investment within five business days of receipt of the notice.
- If the investor fails to reconfirm his or her investment within those five business days, within five business days thereafter we must:
- Give or send the investor a notification disclosing that the investment was canceled, the reason for the cancellation and the refund amount that the investor is expected to receive; and
- Direct the refund of investor funds.

If material changes to the offering or to the information provided by the Issuer regarding the offering occur within five business days of the maximum number of days that an offering is to remain open, the offering must be extended to allow for a period of five business days for the investor to reconfirm his or her investment. If an issuer does not complete an offering, an intermediary must within five business days:

- Give or send each investor a notification of the cancellation, disclosing the reason for the cancellation, and the refund amount that the investor is expected to receive;
- Direct the refund of investor funds; and
- Prevent investors from making investment commitments with respect to that offering on this portal.

INVESTOR LIMITATIONS

The aggregate amount of securities sold to all investors by an issuer in reliance on Regulation Crowdfunding during the 12-month period preceding the date of such offer or sale, included in such transaction shall not exceed \$1,070,000.

There is a limitation on the aggregate amount you can invest in any 12-month period based on the following:

The greater of \$2,200 or 5 percent of the lesser of your annual income or net worth if either the annual income or net worth is less than \$107,000; or

Ten (10) percent or the lesser of your annual income or net worth, not to exceed an investment amount of \$107,000, if both your annual income and net worth are equal to or more than \$107,000.

An Issuer offering and selling securities in reliance on section Regulation Crowdfunding may rely on the efforts of a Portal to ensure that the aggregate amount of securities purchased by an Investor will not cause the investor to exceed the limit set forth above, if:

the Issuer does not know that the Investor has exceeded the investor limits or would exceed the investor limits because of purchasing securities in the issuer's offering;

The transaction is conducted through an intermediary that complies with the requirements in Regulation Crowdfunding and the transaction is conducted exclusively through the intermediary's platform; and

An issuer shall not conduct an offering or concurrent offering using more than one intermediary.

Your annual income and net worth may be calculated jointly with your spouse; however, when such a joint calculation is used, the aggregate investment of you and your spouse may not exceed the limit that would apply to an individual investor at that same income or net worth level.

CALCULATION OF NET WORTH

Calculating net worth involves adding up all your assets and subtracting all your liabilities. The resulting sum is your net worth. **For purposes of Regulation Crowdfunding, the value of your primary residence is not included in your net worth calculation.** In addition, any mortgage or other loan on your home does not count as a liability up to the fair market value of your home. If the loan is for more than the fair market value of your home (*i.e.*, if your mortgage is underwater), then the loan amount that is over the fair market value counts as a liability under the net worth test.

Further, any increase in the loan amount in the 60 days prior to your purchase of the securities (even if the loan amount doesn't exceed the value of the residence) will count as a liability as well. The reason for this is to prevent net worth from being artificially inflated through converting home equity into cash or other assets. While your individual circumstances will vary, the following table sets forth examples of calculations under the net worth test to determine crowdfunding investment limits:

ONLINE CALCULATOR OF NET WORTH

Provided by

Bankrate

Net worth is the value of all assets, minus the total of all liabilities. Put another way, net worth is what is owned minus what is owed.

This net worth calculator helps determine your net worth. It also estimates how net worth could grow or decline over the next 10 years.

INVESTOR REQUIREMENTS AND ACKNOWLEDGMENTS

Before you can commit an investment, we are required to obtain from you an Investor Questionnaire that acknowledges and represents that you have read and understand the various educational materials on our platforms and the Crowdfunding Investor Guidelines set out above. For each additional investment you wish to make, another signed Investor Questionnaire is required.

Each questionnaire requires current information from you that confirms your eligibility to make an investment on our portal and provides the classification of your income and net worth establishing the amount of money you are permitted to invest in a continuous 12-month period.

You must also indicate the amount of other crowdfunding investments you have made within the past 12 months.

MAKING AN INVESTMENT

Once you have complied with the requirements of Item 7, above, you must give us notice of the investment amount you wish to commit to a specific Offering. We will direct you to send the commitment or funds to a designated Escrow Agent and we will promptly give you Notice of the following:

- The dollar amount of the investment commitment or payment;
- The price of the securities;
- The name of the Issuer; and
- The date and time by which you may cancel the investment commitment or payment of funds.

ISSUER DISCLOSURE REQUIREMENTS

An Issuer offering or selling securities in reliance on Title III of the JOBS Act of 2012 must first open an account with us.

OPENING AN ACCOUNT

FEES PAYABLE TO TRUCROWD

There is no fee to register and open an account on our Portal and its Platform if you agree to abide by our User Agreement and our corresponding Privacy Policy. Any company presenting an Offering must pay a listing fee of \$3,500 that will be credited against the success fee paid as a percentage from the amount raised by the offering listed on TRUCROWD. In addition to the listing fee, there is a final success fee if the Offering is successful in reaching its funding goal. The success fee is established by agreement between you and us. The agreed success fee must be disclosed to Investors in the materials presented in your Offering. The success fee is paid by you and can be in cash and/or a combination of cash and the offered securities, generally not to exceed 12% of the total funds raised.

There are no fees paid by the investors.

CONDITIONS AND PROCESS

To register and open an account on our Portal you must be 18 years or older and complete a short application. The application is designed to identify you and allow you to interact through our "Chat Room" with registered Investors. By creating this account, you represent that you are an individual authorized to make Offerings on behalf of a corporation or other entity.

You agree that you have all requisite authority to open an account and use the services contemplated by our User Agreement, Privacy Policy and these guidelines. Our Platform is not a solicitation for or offerings of any security, investment product or service to any person, corporation, or other entity in any jurisdiction where a solicitation or offering would be prohibited.

You represent that you, or the organization for which you are acting as an authorized person, have not been designated by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") as a Specially Designated National or Blocked Person. You have no reason to believe that you would be considered a Blocked Person by OFAC, and you do not reside in a restricted country. You also represent that you are not employed by or acting as an agent of any government, government-controlled entity or government corporation restricted under OFAC. You understand that if your application violates OFAC guidelines, your account may be declined or restricted from certain activity.

LIMITATION ON ISSUERS

The opportunity to make an offering is limited to Issuers that are not ineligible to use the Regulation Crowdfunding exemption because the Issuer:

- Is not organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia;
- Is subject to the requirement to file reports pursuant to the Securities Exchange Act of 1934;
- Is an investment company, as defined in the Investment Company Act of 1940.
- Is not eligible to offer or sell securities because of a disqualification as specified in the Code of Federal Regulations, Title 17, Part 227.503(a);
- Has sold securities in reliance on the Regulation Crowdfunding exemption and has not filed with the SEC and provided to investors, certain required reports during the immediately preceding two years; or
- Has no specific business plan or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.

COMMUNICATIONS

Under Securities and Exchange Commission ("SEC") regulations, all communications between the Portals and Investors must be conducted through electronic means. Electronic communications include, but are not limited to, email, social media messages, instant messages or other electronic media formats. The Crowdfunding Portal must also provide on its portal, communication channels by which persons can communicate with one another and with representatives of the Issuer about Offerings made available on the portal. Our Crowdfunding Portal provides a communication channel ("Q&A") on our portal for use subject to the following conditions:

- TruCrowd does not participate in these communications other than to establish guidelines for communication and remove abusive or potentially fraudulent communications;
- TruCrowd permits public access to view the comments made on the Q&A;
- TruCrowd restricts posting of comments on the Q&A to those persons who have opened an account with our Portal; and
- TruCrowd requires that any person posting a comment on the Q&A must clearly and prominently disclose with each posting whether he or she is a founder or an employee of an Issuer engaging in promotional activities on behalf of the Issuer, or is otherwise compensated, whether in the past or prospectively, to promote the Issuer's offering. INITIATING AN OFFERING

DISCLOSURE REQUIREMENTS

Once you decide to make an offering of securities on our portal, you must pay our listing fee and open an account file with the Securities and Exchange Commission (SEC). The SEC requires that issuers provide certain information to Investors through the funding Portal and to the SEC directly via a filing of Form C on EDGAR, the SEC's data handling system. Form C will consist of XML-fillable fields in the

front portion of the Form C and then "Exhibits" which will include the rest of the information required to be filed.

Other than the cover page, Form C is not to be used as a blank form to be filled in, but only as a guide in the preparation of Form C. An Issuer may provide the required information in the optional Question and Answer ("Q&A") format in the Form C, including copies of screen shots of the relevant information as appropriate and necessary. Some information required in the Form C is mandatory, but the issuer may include other information in the Form C. The following list represents the required disclosure items in Form C and Offering Statement.

- The name, legal status (i.e., form, state, and date of organization), physical address, and website address.
- The names of the directors and officers (and any persons occupying a similar status or performing a similar function), the positions and offices held by those persons, how long they have served in those positions, and the business experience of those persons over the past three years.
- The name of each person who is a beneficial owner of 20% or more of the issuer's outstanding voting equity securities. These are the same shareholders covered by the "Bad Actor" disqualification provisions discussed below.
- A description of the business of the issuer and anticipated plan of business.
- The current number of employees of the issuer.
- A discussion of the material risk factors that make an investment in the issuer speculative or risky.
- The target offering amount and the deadline to reach the target amount, including a statement that if the sum of the investment commitments does not equal or exceed the target offering amount at the offering deadline, no securities will be sold in the offering, investment commitments will be cancelled and committed funds will be returned.
- Statement with respect to whether the issuer will accept investments more than the target amount and the maximum it will accept. If the issuer accepts investments above the stated target, it must state the method it will use to allocate oversubscriptions.
- A description of the purpose and intended use of the offering proceeds. The SEC elaborates that it expects issuers to provide a detailed description of the intended use of proceeds with enough information to allow investors to understand how the offering proceeds will be used. If an issuer is uncertain how the proceeds will be used, it should identify the probable uses and the factors impacting the selection of each use. Similarly, if the issuer accepts proceeds above the target amount, it should indicate the purpose and intended use of those excess funds.
- A description of the process to complete the transaction or to cancel an investment commitment.
- The price of the securities or the method for determining the price. If the issuer has not set a price at start of the campaign, it must provide a final price prior to any sale of securities.
- A description of the ownership and capital structure of the issuer. This requirement also includes:
 - Disclosure of the terms of the securities being offered as well as each other class of security of the issuer;
 - Any rights held by principal shareholders;
 - Name and ownership level of any 20% beneficial owner;

- How the securities being offered are valued and how the securities may be valued in the future;
- Risks to purchasers of the securities relating to minority ownership and the risks associated with corporate actions like the additional issuance of shares, issuer repurchases, and the sale of the issuer or issuer assets to related parties;
- Description of the restrictions on the transfer of the securities.
- The name, SEC file number and Central Registration Depository number of the intermediary conducting the offering.
- A description of the intermediary's financial interests in the issuer's transaction, including the amount of compensation paid to the intermediary for conducting the offering and the amount of any referral or other fees associated with the offering.
- A description of the material terms of any indebtedness of the issuer. Material terms include the amount, interest rate, maturity date, and any other terms a purchaser would deem material.
- A description of any exempt offering conducted within the past three years. The description should include the date of the offering, the offering exemption relied upon, the type of securities offered, the amount of securities sold, and the use of proceeds.
- A description of any completed or proposed transaction involving the issuer or any entity under common control with the issuer for value exceeding five percent of the amount raised under Section 4(a)(6) within the past 12 months, including the current offering, when a control person, promoter, or family member had a direct or indirect material interest.
- A description of the financial condition of the issuer, including discussion of liquidity, capital resources, and historical results of operations covering each period for which financial statements are provided.
- The tax information and financial statements certified by the principal executive officer, reviewed financial statements, or audited financial statements of the issuer, depending on the level of the raise and raises within the previous 12 months, or whether this is the first offering of the issuer under Regulation CF.
- A description of any events that would have triggered disqualification under the Bad Actor disqualification had they occurred after the effective date of the final rule.
- Updates on progress towards meeting the target offering amount.
- A statement regarding where on the issuer's website investors will be able to find the issuer's annual report, and the date by which the annual report will be available.
- A statement regarding whether the issuer or any of its predecessors failed to comply with the ongoing reporting requirements of Regulation CF. Any other material information necessary to make previous statements not misleading.

Other than the information about the issuer that is required to be entered on the XML portion of the Form C (which covers things like name, address, size of offering, etc.), the SEC does not specify the format or medium in which the mandatory disclosure must be presented, leaving flexibility for crowdfunding issuers to present some information in written offering documents, some in videos, and other information by graphic means.

FINANCIAL STATEMENT REQUIREMENTS

The required financial information is set forth below for offerings that, together with all other amounts sold under Regulation Crowdfunding within the preceding 12-month period, have, in the aggregate, the following target offering amounts:

For offerings of \$107,000 or less, you must disclose the amount of total income, taxable income and total tax, or the equivalent line items, as reported on the federal income tax returns filed by you for the most recently completed year (if any). The above federal income tax return items and financial statements shall be certified by the principal executive officer of the issuer to reflect accurately the information reported on the issuer's federal income tax returns, and financial statements of the issuer to be true and complete in all material respects. If financial statements of the issuer are available that have either been reviewed or audited by a public accountant that is independent of the issuer, the issuer must provide those financial statements instead and need not include the information reported on the federal income tax returns or the certifications of the principal executive officer;

For offerings more than \$107,000, but not more than \$535,000 your financial statements must be reviewed by a public accountant that is independent of the issuer. If financial statements of the issuer are available that have been audited by a public accountant that is independent of the issuer, the issuer must provide those financial statements instead and need not include the reviewed financial statements; and

More than \$535,000, financial statements of the issuer audited by a public accountant that is independent of the issuer; *provided, however*, that for issuers that have not previously sold securities in reliance on Regulation Crowdfunding, offerings that have a target offering amount of more than \$535,000, but not more than \$1,070,000, financial statements of the issuer reviewed by a public accountant that is independent of the issuer. If financial statements of the issuer are available that have been audited by a public accountant that is independent of the issuer, the issuer must provide those financial statements instead and need not include the reviewed financial statements.

BUSINESS PLAN

We also require that the Issuer provide a detailed business plan that includes, but is not limited to, the product or services to be sold; the target market for the products or services; the identity and short biography of the directors and officers of the Issuer; and an explanation of how the Issuer intends to use the funds raised.

LIMITS ON ADVERTISING AND PROMOTERS

An issuer may not advertise the terms of a Regulation Crowdfunding offering except in a notice that directs investors to the intermediary's portal and includes no more than the following information:

- a statement that the issuer is conducting an offering pursuant to Regulation Crowdfunding ("Reg CF") of the Securities Act, the name of the intermediary through which the offering is being conducted, and a link directing the potential investor to the intermediary's platform;
- the terms of the offering, which means the amount of securities offered, the nature of the securities, the price of the securities, and the closing date of the offering period; and

- factual information about the legal identity and business location of the issuer, limited to the name of the issuer of the security, the address, phone number, and website of the issuer, the e-mail address of a representative of the issuer, and a brief description of the business of the issuer.

Although advertising the terms of the offering from the intermediary's platform is limited to a brief notice, an issuer may communicate with investors and potential investors about the terms of the offering through communication channels provided on the intermediary's platform. An issuer must identify itself as the issuer and persons acting on behalf of the issuer must identify their affiliation with the issuer in all communications on the intermediary's platform.

An issuer may compensate others to promote its crowdfunding offerings through communication channels provided by an intermediary, but only if the issuer takes reasonable steps to ensure that the promoter clearly discloses the compensation with each communication.

DUE DILIGENCE

Upon completing and filing the Form C information, we will conduct, at a minimum, a background and securities enforcement regulatory history check on each issuer whose securities are to be offered on our Portal and on each officer, director or beneficial owner of 20 percent or more of the issuer's outstanding voting equity securities, calculated based on voting power.

We will review the Form C information, the background and securities enforcement check, the business plan, and the financial information to determine the following:

- Is there a reasonable basis for believing that the issuer or any of its officers, directors (or any person occupying a similar status or performing a similar function) or beneficial owners of 20 percent or more of the issuer's outstanding voting equity securities, calculated based on voting power, is subject to a disqualification under SEC rules.
- Is there a reasonable basis for believing that the issuer has established means to keep accurate records of the holders of the securities it would offer and sell through our Portal. We may rely on your representations of recordkeeping; however, you will be deemed to have satisfied this requirement if you have engaged the services of a registered transfer agent.
- Is there a reasonable basis for believing that the issuer or the offering presents the potential for fraud or otherwise raises concerns about investor protection? In satisfying this requirement, we must deny access to our Portal if we reasonably believe that we are unable to adequately or effectively assess the risk of fraud of the issuer or its potential offering.

In addition, if we become aware of information after we have granted access that causes us to reasonably believe that the issuer or the offering presents the potential for fraud or otherwise raises concerns about investor protection, we must promptly remove the offering from our platform, cancel the offering, and direct the return of any funds that have been committed by investors in the offering.

POSTING AN OFFERING

Once the Issuer is granted access and approval to make an Offering on our Portal, all information on the Form C, the business plan, the financial statements and other information:

Shall be made publicly available on CryptoLaunch, in a manner that reasonably permits a person accessing the platform to save, download, or otherwise store the information;

Shall be made publicly available on our Portal for a minimum of 21 days before any securities are sold in the offering, and before we may accept investment commitments;

This and any additional information provided by the issuer, must remain publicly available on our Portal until the offer and sale of securities in reliance on section Regulation Crowdfunding is completed or cancelled.

CONSIDER EVERYTHING

Before investing in the businesses listed on CryptoLaun.CH, each investor needs to consider all the details offered by the issuer, including, but not limited to: the general risks of investing, the risk factors presented in the offering statement, the security offered, the industry, the team experience, to decide if such investment is appropriate for the investor's own situation

Q&A

<i>Question</i>	<i>Answer</i>
<i>How much can one invest through Regulation Crowdfunding?</i>	Individual investors are limited in the amounts they are allowed to invest in all Regulation Crowdfunding offerings over the course of a 12-month period: If either an investor's annual income or their net worth is less than \$107,000, then the investor's investment limit is the greater of: \$2,200 or 5 percent of the lesser of the investor's annual income or net worth. If both annual income and net worth are equal to or more than \$107,000, then the investor's limit is 10 percent of the lesser of their annual income or net worth. During the 12-month period, the aggregate amount of securities sold to an investor through all Regulation Crowdfunding offerings may not exceed \$107,000, regardless of the investor's annual income or net worth. Spouses are allowed to calculate their net worth and annual income jointly.
<i>Are all the deals listed on CryptoLaunch good for me?</i>	We do not know. Each investor should consider their own financial situation, their own risk preferences and look at each investment from as many possible angles and if they deem it as a fit, then and only then should invest.

Are there other benefits of investing in startups?

Yes.

1. A way to support someone you know who is following his/her dream to create a business that will bring innovation and new jobs.

2. The opportunity to bring your expertise and knowledge into the business you funded. The issuers are under no obligation to utilize an investor's expertise, experience, feedback or knowledge.

Crowdfunding is an excellent opportunity to invest small amounts of money into a large variety of companies.

Note: Diversification does not assure a profit or provide a guarantee against investment loss.

As an investor, what reports will I get from the companies I invested in?

Ongoing reporting requirements. (a) An issuer that has offered and sold securities through Reg CF must file with the Commission and post on the issuer's website an annual report along with the financial statements of the issuer certified by the principal executive officer of the issuer to be true and complete in all material respects and a description of the financial condition of the issuer. If, however, an issuer has available financial statements that have either been reviewed or audited by a public accountant that is independent of the issuer, those financial statements must be provided, and the certification by the principal executive officer will not be required. The report must be filed no later than 120 days after the end of the fiscal year covered by the report. (b) An issuer must continue to comply with the ongoing reporting requirements until one of the following occurs:

(1) The issuer becomes a publicly traded company.

(2) The issuer has filed, since its most recent sale of securities via Reg CF, at least one annual report and has fewer than 300 holders of record;

(3) The issuer has filed, since its most recent sale of securities via Reg CF, the annual reports required for at least the three most recent years and has total assets that do not exceed \$10,000,000;

(4) The issuer or another party repurchases all of the securities issued via Reg CF, including any payment in full of debt securities or any complete redemption of redeemable securities; or

(5) The issuer liquidates or dissolves its business under state law.

Note: Under certain circumstances an issuer may cease to publish annual reports and, therefore, the investors may not continually have current financial information about the issuer.

Can I cancel my investment and get a refund?

Yes. Investors may cancel an investment commitment until 48 hours prior to the deadline identified in the issuer's offering materials. The intermediary will notify investors when the target offering amount has been met. If the issuer reaches the target offering amount prior to the deadline identified in the offering materials, it may close the offering early if it provides notice about the new offering deadline at least five business days prior to such new offering deadline (absent a material change that would require an extension of the offering and reconfirmation of the investment commitment). If an

investor does not cancel an investment commitment before the 48-hour period prior to the offering deadline, the funds will be released to the issuer upon closing of the offering and the investor will receive securities in exchange for his or her investment. If an investor does not reconfirm his or her investment commitment, within five business days of receiving notice of material change is made to the offering, the investor's investment commitment will be canceled, and the committed funds will be returned.

Can I interact with the Issuer post-investment?

Possibly. Once an equity offering ends successfully, if everything works as planned, your investment portfolio is updated on CryptoLaunch and you might be able to continue to interact with the entrepreneur and the other investors through the offering's communication channel. However, due to the fact that there may or may not be any ongoing relationship between the entrepreneur and CryptoLaunch, entrepreneurs may choose not to update their report on CryptoLaunch or interact with their investors

Can I make any changes to my campaign once it goes live at CryptoLaunch?

No. As an issuer you can make changes only before your offering goes live to CryptoLaunch. However, new documents can be added as clarifications. The original offer is final once uploaded to CryptoLaunch. Also, if an investor does not reconfirm his or her investment commitment after a material change is made to the offering, the investor's investment commitment will be cancelled, and the committed funds will be returned.

Can I resell my investment?

The *securities offered* by businesses pitching through CryptoLaunch *are illiquid*. Securities purchased in a crowdfunding transaction generally cannot be resold for a period of one year, unless the securities are transferred: to the issuer of the securities; to an "accredited investor"; as part of an offering registered with the Commission; or to a member of the family of the purchaser or the equivalent, to a trust controlled by the purchaser, to a trust created for the benefit of a member of the family of the purchaser or the equivalent, or in connection with the death or divorce of the purchaser or other similar circumstance. Liquidity is the ease in which you can sell your securities after you have purchased them. Also, you should be aware that there is no guarantee that a market for any securities sold on CryptoLaun.ch will ever develop.

Can my percentage ownership be diluted? If yes, when and how?

Yes. Any investment made through CryptoLaunch may be subject to dilution in the future. Dilution occurs when a company issues more securities. Dilution affects every existing shareholder who does not buy any of the new securities being issued. As a result, an existing investor's proportionate holding of the securities is reduced or 'diluted' - which affects value.

Can offerings raise more than their max limit?

No. Once the targeted amount is raised, the offering is closed and cannot receive any new investments.

Can the entrepreneur cancel my investment?

It is a rare occurrence, but yes, it is possible. The entrepreneur can cancel your investment at their discretion. The entrepreneurs have the same cancellation rights as you. Legally, entrepreneurs may cancel your investment for any reason. For example, if they found you are working for a major competitor, they will cancel your investment.

<i>Do I need a business plan when listing my offering on CryptoLaunch?</i>	Yes. If you already have a business plan, you only need to upload it into our template format. If you don't have a business plan, we recommend LivePlan (http://track.paloalto.com/SH9y). The tool is a step-by-step guide to help you prepare an attractive and informative business plan from scratch. We are happy to answer questions and help make the process as easy as possible.
<i>Does the content of my profile have to be approved by CryptoLaunch?</i>	No. Aside from completing the required fields and abiding by our internal rules and those of the SEC, there is no verification process regarding the quality of the content. It is in your best interest to produce content that will encourage investors to commit funds to your endeavor. However, we review all new accounts and reserve the right to remove profiles if they are not compliant with CryptoLaunch's guidelines for issuers and offerings. If your profile is removed, please contact us for guidance on restoring your profile in a compliant manner.
<i>How can I help the startups I invest in?</i>	You can do several things: 1. Spread the word on your social networks 2. Offer product feedback 3. Offer your experience & expertise Some entrepreneurs may have a suggested guideline for you to follow, but the power of promoting is truly in your hands. Note: The issuers are under no obligation to utilize an investor's expertise, experience, feedback or knowledge.
<i>How do I close out a successful equity crowdfunding campaign?</i>	When the funding goal is reached, you will prepare the securities and any other documents related to the transfer of token pre-sales agreements. At this point, we will verify the equity has been properly transferred to the investors. Once verification is complete, we will release the funds to you. You will then be the only party able to access the funds in the joint account.
<i>How do I share my public profile with people outside CryptoLaunch?</i>	You can direct them to your offering's URL. An issuer may not advertise the terms of a Regulation Crowdfunding offering except in a notice that directs investors to the intermediary's platform and includes no more than the following information: (a) a statement that the issuer is conducting an offering pursuant to Section 4(a)(6) of the Securities Act, the name of the intermediary through which the offering is being conducted, and a link directing the potential investor to the intermediary's platform; (b) the terms of the offering, which means the amount of securities offered, the nature of the securities, the price of the securities, and the closing date of the offering period; and (c) factual information about the legal identity and business location of the issuer, limited to the name of the issuer of the security, the address, phone number, and website of the issuer, the e-mail address of a representative of the issuer, and a brief description of the business of the issuer. Although advertising the terms of the offering off of the intermediary's platform is limited to a brief notice, an issuer may communicate with investors and potential investors about the terms of the offering through communication channels provided on the intermediary's platform. An issuer must identify itself as the issuer and persons acting on behalf of the issuer must identify their affiliation with the issuer in all communications on the intermediary's platform. An issuer is allowed to compensate others to promote its crowdfunding offerings through communication channels

provided by an intermediary, but only if the issuer takes reasonable steps to ensure that the promoter clearly discloses the compensation with each communication.

How does CryptoLaunch ensure the privacy and safety of user information?

We use a powerful 2048-bit SSL encryption as well as Extended Validation to protect the privacy and safety of all users. The Certification Authority/Browser (CA/B) Forum and the National Institute of Standards and Technology have determined that any key length below 2048-bit is no longer strong enough. As computer power increases, anything less than 2048-bit certificates is at risk of being compromised by hackers with readily-available processing capabilities. The cybersecurity industry is moving to adoption of SSL certificates employing at least 2048-bit encryption to help preserve internet security. We take pride in our security measures and assure all of our users their personal and professional information will be safe and secure.

How does CryptoLaunch verify the issuers?

At CryptoLaunch, all issuers must disclose everything that might change an investment decision, including: 1. Financial condition of the issuer: a description of the financial condition of the startup The income tax returns filed by the startup for the most recent completed year (if any) Reviewed financial statements of the startup 2. Background checks on officers and directors including personal background, experience and credibility information 3. Key business information including: A description of the company's ownership and capital structure Market opportunity analysis Business plan development Online (social) and offline presence development Board of directors and advisory board A description of the uses of funds 4. Fundraising target amount and deadline 5. The economics of the securities being offered We follow all guidelines provided by the SEC and Title III to ensure the true identity of all entrepreneur accounts and offerings.

How is Title III of the JOBS Act different from Title II of the JOBS Act?

Title III of the JOBS Act will permit U.S. entrepreneurs to raise up to \$1,070,000 per year from the general public, regardless of the net worth or income level of the investors. It means Title III crowdfunding will permit almost everyone to invest. Title II of the JOBS act enables general solicitation, but only from accredited investors. Accredited investors who are typically people with a net worth (excluding their primary residence) of \$1 million, income of \$200,000/year (or \$300,000 with their spouse), officers and directors of the issuer and various institutions that have more than \$5 million in assets.

How long will it take to receive my refund?

It may take 3-5 business days to receive your money back from the escrow account. The money will be deposited directly into your bank account if you use ACH to fund the investment. In general, the money will be returned by using the same payment method used to fund the account.

How many crowd investors can I communicate and share my plan with?

There is no limitation on how many investors you can message and share your plan with.

<i>How many investments should I make?</i>	<p>At CryptoLaunch we recommend diversification: making a number of small investments as opposed to one or two larger investments. For example, if you have \$2,000 to invest it might be appropriate to make 10 separate \$200 investments instead of two \$1,000 investments.</p> <p>Note: Diversification does not assure a profit or provide a guarantee against investment loss.</p>
<i>How much money can I raise through CryptoLaunch?</i>	<p>An eligible crowdfunding entrepreneur may raise a maximum of \$1,070,000 in a 12-month period.</p>
<i>How risky is investing in startups?</i>	<p>Investing in startups is very risky. The probability of losing your entire investment is high. You should not invest your entire investment portfolio in startups. Make sure you allocate an appropriate amount that if lost will not have a significant impact on your lifestyle. Issuers on CryptoLaunch are required to provide a full disclosure of the risks associated with their project and offering so you can make informed decisions. Read the full Risk Warning (https://cryptolaun.ch/about/risk-warning) here.</p>
<i>How should I set the terms for my offering?</i>	<p>A business analyst from CryptoLaunch will help you establish terms that will be both attractive to investors and beneficial to your company. It is important to align the interests of your startup with those of your investors.</p>
<i>Is there a maximum or minimum amount for a campaign?</i>	<p>Yes. The minimum amount per year is \$10,000. The maximum amount per year is \$1,070,000.</p>
<i>Is there a possibility I will lose my investment?</i>	<p>Many startup businesses fail, so investing in these companies may involve significant risk. You might lose all, or part, of your investment. You should only invest an amount you are comfortable losing and should build a diversified portfolio to spread the risk. For example, by dividing \$2,000 into ten separate \$200 investments you are spreading the risk. But be aware: if a business you invest in fails, neither the company nor CryptoLaunch will pay you back your investment.</p> <p>Note: Diversification does not assure a profit or provide a guarantee against investment loss.</p>
<i>What companies can raise capital through CryptoLaunch?</i>	<p>Any U.S.- based Issuer from the are welcome to use CryptoLaunch. However, non-U.S. companies, entrepreneurs that are already SEC reporting companies and both registered and exempt investment companies would not be eligible. Entrepreneurs with certain deficiencies would also not be eligible, including:</p> <ol style="list-style-type: none"> 1. companies disqualified under Section 302(d) of the JOBS Act and Rule 503 (which includes, among other things, certain designated "bad actor" disqualifications) 2. previous crowdfunding entrepreneurs that have failed to comply with the applicable annual reporting requirements during the two years prior to a new offering 3. companies that have no specific business plan

4. companies whose sole business plan is to engage in a merger or acquisition with one or more other companies.

What do I need to know before I get started on my campaign?

Do your homework. Planning ahead is the most important ingredient in the recipe for successful crowdfunding. Here is a basic check-off list for what you need to know before starting your campaign: 1. Prepare all necessary legal documents 2. Brainstorm with business partners and close family and friends about your business model/strategy and product or service. 3. Update profiles on all major social media accounts. If you are not active on social media, start today. It is important to build followers during the weeks, if not months, before your campaign goes live. It is wise to have followers anticipating the launch ahead of time. 4. Research successful profiles of similar companies and products 5. Start working on your business plan 6. Make a detailed budget for your objectives and set your funding goal 7. Refer to our website and this Q&A for insights and tips.

What happens if I don't reach my funding goal?

The offering will simply expire. All accepted pledges will be released to the investors and the funds will be returned in full.

What is the process of buying securities via CryptoLaunch?

Anyone can see the offering, but to be able to Invest (and comment on the Q&A section) an investor has to open an account on CryptoLaunch. Part of setting the account, the investors will be asked to self-certify their annual income, net worth for the year and investments made via Reg CF (other portals) outside CryptoLaunch. We will use those numbers to calculate the investor's investing limit. After finding an Offering that she or he might want to invest, the investor has to provide bank info (if she or he chooses to use ACH method of payment) and her/his address. Next, the investor will choose a number of shares she or he wants to purchase, Then, the investor must confirm the following disclosures (also, provided on the screen) and click the Invest button. Next, the investor will get an email to confirm her/his investment commitment. If the investor wants to send the funds (to the escrow agent) via ACH, then, the last step is to Confirm the investment (after the investor's account is fully completed), otherwise, after the investment is confirmed, the investors have to mail a check or initiate a wire transfer, according to the method of payment they chose. After the issue has reached in target amount and there is a closing, the investors will receive her/his securities through our transfer agent.

What is Title III of the JOBS Act?

Title III is the important Regulation Crowdfunding ("Reg CF") component to the JOBS Act that allows anyone, regardless of income level or net worth, to invest in private companies.

What updates will the startups I invest in send after the campaign closes?

Below are the ongoing reporting requirements. (a) An issuer that has offered and sold securities via Reg CF must file with the Commission and post on the issuer's website an annual report along with the financial statements of the issuer certified by the principal executive officer of the issuer to be true and complete in all material respects and a description of the financial condition of the issuer. If, however, an issuer has available financial statements that have either been reviewed or audited by a public accountant that is independent of the issuer, those financial statements must be provided, and

the certification by the principal executive officer will not be required. The report must be filed no later than 120 days after the end of the fiscal year covered by the report. (b) An issuer must continue to comply with the ongoing reporting requirements until one of the following occurs: (1) The issuer becomes a publicly traded company. (2) The issuer has filed, since its most recent sale of securities via Reg CF, at least one annual report and has fewer than 300 holders of record; (3) The issuer has filed, since its most recent sale of securities via Reg CF, the annual reports required for at least the three most recent years and has total assets that do not exceed \$10,000,000; (4) The issuer or another party repurchases all of the securities issued via Reg CF, including any payment in full of debt securities or any complete redemption of redeemable securities; or (5) The issuer liquidates or dissolves its business under state law. Note: Under certain circumstances an issuer may cease to publish annual reports and, therefore, the investors may not continually have current financial information about the issuer.

What will happen if the targeted amount is not raised?

If the target amount is not raised the money will be moved from escrow back to investor's bank account.

What will happen when rounds are oversubscribed?

It is possible for the money committed to exceed the original funding amount. If this does happen, the priority for who retains their investment is typically based upon the order in which the pledges were placed.

Why do I need a business plan for my crowdfunding campaign?

Business plans are the public/written representation of your vision and will be the primary source of information for potential investors. Your business plan may be the one deciding factor when it comes to winning or losing an investment. It should be clear, concise and leave the reader with no doubt of who you are, what your product is and your future plans for success. Also, the law requires it.

Will CryptoLaunch keep me posted about what will happen with the companies I invested in?

CryptoLaunch contains a section where investors may be able to find updates for the companies they invested in, but: (a) Following completion of an offering conducted through CryptoLaunch, there may or may not be any ongoing relationship between the issuer and intermediary; and (b) Under certain circumstances an issuer may cease to publish annual reports and, therefore, the investors may not continually have current financial information about the issuer.

Will I receive dividends in the event of a Security Token Offering (STO)?

Dividends are payments made by a business to the holders of securities from the company's profits. We encourage the issuers on CryptoLaunch to initiate periodic distributions to token holders as soon as possible after a Security Token Offerings (STO may never happen).

If there are no profits, companies won't be able to pay any dividends to their token holders.

Will investors be able to make decisions regarding my company?

No. Each individual ownership will be very small and will not generally carry voting rights. However, as an officer and director, you will have certain fiduciary duties to all your investors. Also, you will have to communicate with them in accordance to the communication plan you created while your offering was in the funding stage.

What is a token? In general, a token could be a currency (also called Coin - as Bitcoin) or a tokenized asset.

In the case of the tokens offered on CryptoLaunch, they are investments assets, securities (equity, debt, investment agreements, etc.) delivered on a cryptographic form, for example blockchain.

What is Crypto? Cryptography is a method of protecting information and communications through the use of codes so that only those for whom the information is intended can read and process it. The pre-fix "crypt" means "hidden" or "vault" and the suffix "graphy" stands for "writing."

In computer science, cryptography refers to secure information and communication techniques derived from mathematical concepts and a set of rule-based calculations called algorithms to transform messages in ways that are hard to decipher. These deterministic algorithms are used for cryptographic key generation and digital signing and verification to protect data privacy, web browsing on the internet and confidential communications such as credit card transactions and email.

Source: <https://searchsecurity.techtarget.com/definition/cryptography>

Why is crypto (graphy) good?

Modern cryptography concerns itself with the following four objectives:

- Confidentiality: the information cannot be understood by anyone for whom it was unintended
- Integrity: the information cannot be altered in storage or transit between sender and intended receiver without the alteration being detected
- Non-repudiation: the creator/sender of the information cannot deny at a later stage his or her intentions in the creation or transmission of the information
- Authentication: the sender and receiver can confirm each other's identity and the origin/destination of the information.

What are the benefits of blockchain?

The basic advantages of blockchain technology are decentralization, immutability, security, and transparency.

The blockchain technology allows for verification without having to be dependent on third-parties.

The data structure in a blockchain is append-only. So, the data cannot be altered or deleted.

It uses protected cryptography to secure the data ledgers. Also, the current ledger is dependent on its adjacent completed block to complete the cryptography process.

All the transactions and data are attached to the block after the process of maximum trust verification. There is a consensus of all the ledger participants on what is to be recorded in the block.

The transactions are recorded in chronological order. Thus, all the blocks in the blockchain are time stamped.

The ledger is distributed across every single node in the blockchain who the participants are. So, it is distributed.

The transactions stored in the blocks are contained in millions of computers participating in the chain. Hence it is decentralized. There is no possibility that the data if lost cannot be recovered.

The transactions that take place are transparent. The individuals who are provided authority can view the transaction.

The origin of any ledger can be tracked along the chain to its point of origin.

Since various consensus protocols are needed to validate the entry, it removes the risk of duplicate entry or fraud.

With the smart contracts, the businesses can pre-set conditions on the blockchain. The automatic transactions are triggered only when the conditions are met.

Sources: <https://www.smartdatacollective.com/top-advantages-blockchain-for-businesses/>

STOs Definitions

STO stands for "security token offering" and is when a company issues securities for sale to investors in the form of a digital cypto asset, or security token. These tokens represent an investment contract into an investment asset - such as stock. An STO is an offering that complies with all governmental and regulatory statutes around the issuance of securities, the SEC and FINRA regulate and enforce the rules for the offering of securities.

In simple words, an STO (Security Token Offering) an issuance of a security (under any securities exemption files with the SEC) where the security sold is transferred by using a cryptographic technology, for example the blockchain ledger.

We define two types of STOs (Security Token Offerings) based on the securities exemption used:

When the security is issued via Reg CF, we call it Mini-STO - because the issuer can sell a maximum of \$1,070,000 worth of securities.

When the security is sold via reg D or Reg A+ (either Tier I re Tier II) we call STO because the issuer can sell up to \$50 mil worth of securities.

Mini-STO or STO? Which one should I choose?

It depends of your situation.

If a max total raise of one million USD is enough for your company to reach a meaningful milestone, or if you do not have up to \$100,000 to spend upfront or if you have to move fast with your fundraising campaign, then Mini-STO is better. Otherwise and STO is better solution for your situation.

Basically, the difference between the Mini-STO and STO boils down to the difference between Reg CF and Reg A+. Simple like that.

How the Federal/SEC

It is impossible to know what potential rulings on crypto and tokens the SEC and ruling.

regulations might change? However, by using a securities exemption from registration (Reg CF, Reg D and/or Reg A+) and just delivering the security sold (debt, equity, investment agreements, etc.) in electronic certificates in the form of tokens (a cryptographic form, ie. blockchain) versus physical certificate, or a PDF file or ceremonial certificate as book-entry form, or electronic notifications from a custodian (e.g. Schwab) of fractionalized ownership in a single physical certificate that has been placed with another custodian (DTCC), we think not much can change. Of course, we do not know what we do not know.

What happen if I can lose the access to the wallet were the tokens will be deposited. The securities transacted via Cryptolaunch will be also recorded with a Stock Transfer Agent, that is, there will be a SEC regulated, independent third party that might be able to reissue the certificates in the form of tokens.
As on now the process of replacing the certificates in the form of tokens it seems as complicated and expensive as replacing physical certificates, so the same level of care to safeguard physical certificates should be employed when the certificates are issued in the form of tokens.

What is Regulation A+ Regulation A is an exemption from registration for public offerings. Regulation A has two offering tiers: Tier 1, for offerings of up to \$20 million in a 12-month period; and Tier 2, for offerings of up to \$50 million in a 12-month period. For offerings of up to \$20 million, companies can elect to proceed under the requirements for either Tier 1 or Tier 2.
There are certain basic requirements applicable to both Tier 1 and Tier 2 offerings, including company eligibility requirements, bad actor disqualification provisions, disclosure, and other matters. Additional requirements apply to Tier 2 offerings, including limitations on the amount of money a non-accredited investor may invest in a Tier 2 offering, requirements for audited financial statements and the filing of ongoing reports. Issuers in Tier 2 offerings are not required to register or qualify their offerings with state securities regulators.

Source: <https://www.sec.gov/smallbusiness/exemptofferings/rega>

What is a Reg D (all types) offering Regulation D is an exemption by the SEC which, in short, provides a method for companies to issue securities to, mostly, accredited investors.

TRUCROWD DOES NOT OFFER INVESTMENT OR LEGAL ADVICE; NOR MAKE RECOMMENDATIONS ON ISSUERS OR OFFERINGS LISTED ON OUR PORTAL. WE MAY ADVISE AN ISSUER ABOUT THE STRUCTURE OR CONTENT OF THE ISSUER'S OFFERING, INCLUDING ASSISTING THE ISSUER IN PREPARING THE OFFERING DOCUMENTATION.

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