

**SOCKWA**

**CROWDFUNDING OFFERING DISCLOSURE**

**16<sup>th</sup> August 2017**

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM C UNDER THE SECURITIES ACT OF 1933

SOCKWA CORP

This Offering Disclosure (this “**Disclosure**”) is provided solely to prospective investors through the crowdfunding portal available at startwise.com and each subdomain thereof (the “**Portal**”) and operated by STARTWISE, INC., a Delaware corporation (“**Startwise**”), for the sole purpose of evaluating investments in certain securities (“**Securities**”) offered by SOCKWA CORP, CORPORATION, CA (the “**Issuer**”). The Securities will be issued pursuant to, and will be governed by, a Revenue Sharing Agreement (the “**RSA**”) among the Issuer and the purchasers of the Securities. The Issuer is seeking to raise a minimum of \$30,000 and maximum of \$90,000 through the offer and sale of the Securities on the Portal (the “**Offering**”) in reliance on the exemption from registration pursuant to Section 4(a)(6) (the “**4(a)(6) Exemption**”) of the U.S. Securities Act of 1933 (the “**Securities Act**”) and the regulations promulgated with respect thereto (“**Regulation Crowdfunding**”).

A crowdfunding investment involves risk therefore an investor should not invest any funds in this Offering unless he or she can afford to lose his or her entire investment. In making an investment decision, investors much rely on their own examination and due-diligence of the Issuer and the terms of the Offering, including the terms and risks involved. The Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission (the “**SEC**”) does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any offering document or materials provided, including the Disclosure. There Securities are offered under the 4(a)(6) Exemption. The SEC has not made an independent determination that the Securities are exempt from registration. Prospective investors should not construe the contents of this Disclosure as business, legal, accounting, tax, regulatory, investment or other advice, and should consult their own experts and advisors concerning the Securities.

The Securities may not be transferred by any investor during the one-year period beginning when the Securities are issued, unless the Securities are transferred to: (i) to the Issue; (ii) to an accredited investor as defined in Rule 501(a) of Regulation D; (iii) as part of an offering registered with the SEC; or (iv) to a member of the family of the investor or the equivalent<sup>1</sup>, to a trust controlled by the investor, to a trust created for the benefit of a member of the family of the investor or the equivalent, or in connection with the death or divorce of the

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<sup>1</sup> The term “member of the family of the investor or the equivalent” includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the investor, and includes adoptive relationships. The term “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse.

investor or other similar circumstance. Furthermore, there is no ready market for the sale of the Securities and it may be difficult or impossible for an investor to sell or otherwise dispose of the Securities. In addition, the investors are not permitted to assign the Securities without the Issuer's prior written consent with the terms of the RSA.

No person other than the Issuer has been authorized to provide prospective investors with any information concerning the Issuer or the Offering or to make any representations not contained in this Disclosure. To invest in the Securities, each prospective investor will be required to (i) register for an investor account with the Portal, (ii) make representations regarding the investor's investment eligibility and complete a questionnaire to demonstrate his or her understanding of the risks involved in investing in the Securities and (iii) execute the RSA. The Issuer reserves the right to modify any of the terms of the Offering and the Securities at any time before the Offering closes.

Certain information contained in this Disclosure constitute "forward-looking statements" that can be identified by the use of forward-looking terminology such as "will", "may", "expect", "estimate", "continue" or "believe" and the negatives or variations thereof. Furthermore, any forecasts or other estimates in this Disclosure, including estimates of returns or performance, are "forward-looking statements" and are based upon certain assumptions that may change. Due to various risks and uncertainties, actual events or results or the actual performance of the Securities may differ materially from those contemplated in such forward-looking statements. In addition, actual events are difficult to project and often depend upon factors that are beyond the control of the Issuer or the Portal. Neither the delivery of this Disclosure at any time nor any sale hereunder shall under any circumstances create an implication that the information contained herein is correct as of any time after the earlier of the relevant date specified herein on the date of this Disclosure.

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## I. SUMMARY OF THE OFFERING

### Summary of Terms

The following is a summary of the terms of the Offering. This summary does not purport to be complete and is qualified in its entirety by reference to the remained of this Disclosure and the RSA.

The Securities being offered for sale by the Issuer on the Portal are governed by the RSA. Each RSA is an agreement between an investor and the Issuer, under which the investor agrees to make an investment into the Issuer pursuant to the specified terms therein. **By investing in the Securities, investors do not receive any equity interests in the Issuer and do not have any voting or management rights with respects to the Issuer.** Payments to investors will commence on the First Payment Date defined in the RSA if the Offering is successfully closed.

<b>Issuer:</b>	SOCKWA CORP
<b>Address:</b>	4347 Raytheon Rd Oxnard, CA 93033
<b>Website:</b>	www.sockwa.com
<b>Securities Offered:</b>	Debt, Revenue Sharing Agreement
<b>Offering Amount:</b>	Minimum of \$ 30,000 Maximum of \$ 90,000
<b>Offering Period:</b>	60 days, from August 16th, 2017 until 11:59 PM PST of October 15th, 2017
<b>Minimum Investment:</b>	\$100
<b>Revenue Sharing %:</b>	6% of quarterly gross revenue
<b>Return Multiple:</b>	1.3x  Investors will each receive in the aggregate 1.3x their original investments, as a result of being paid their proportionate shares of the Issuer's gross revenue on quarterly basis.

<b>Closing &amp; Escrow Process:</b>	48 hours before the end of the Offering Period, investors that have signed the RSA will contribute their committed investment funds into the designated escrow account for the Offering (instructions are available on the Portal during the investment process). Once the Offering Goal has been raised and the Offering Period has ended, the committed investment funds will be released from the escrow account upon the Issuer's satisfaction of the conditions set forth in the Escrow Agreement. Once the Offering is deemed to have successfully closed (the "Closing"), the RSA with investors go into effect. If the Offering Goal is not raised by the end of the Offering Period, all committed funds will be returned to the investors.
<b>Cancellation of Investment Commitment:</b>	Investors may cancel an investment commitment until 48 hours prior to the end of the Offering Period identified in this Disclosure. Startwise will notify the investors if the target Offering Goal has been met. If an investor does not cancel an investment commitment before the 48-hour period prior to the end of the Offering Period, the funds will be released to the Issuer upon the Closing and the investor will receive Securities in exchange for his or her investment. If there are any material changes to the Offering, investors will be notified of such change and given instructions to reconfirm his or her investment commitment within 5 business days. If an investor does not reconfirm his or her investment commitment within the time period, the investor's investment commitment will be cancelled and the committed funds will be returned.
<b>Payment:</b>	The Issuer will make quarterly payments based on the relevant revenue sharing percentage. Prepayment penalty fees may apply according to the relevant RSA terms.
<b>Maturity:</b>	If the Issuer has not made payments and/or reporting under the terms of default under the RSA, the Issuer may be required to promptly pay the entire outstanding balance to the investors and cover any additional fees, including penalties.
<b>Assignment:</b>	The Securities may not be transferred by any investor during the one-year period beginning when the Securities are issued, unless the Securities are transferred: (i) to the Issuer; (ii) to an accredited investor, (iii) as part of an offering registered with the SEC; or (iv) to a member of the family of the investor or the equivalent, to a trust controlled by the investor, to a trust created for the benefit of a member of the family of the investor or the equivalent, or in connection with the death or divorce of the investor or other similar circumstance. Furthermore, there is no ready market for the sale of the Securities and it may be difficult or impossible for an investor to sell or otherwise dispose of the Securities. In addition, the investors are not permitted to assign the Securities without the Issuer's prior written consent with the terms of the RSA.
<b>Escrow Agent:</b>	Boston Private Bank

<b>ACH Payment Agent:</b>	Synapse Payments, LLC (“SynapsePay”)
<b>Offering Intermediary:</b>	STARTWISE, INC.
<b>CIK Number:</b>	1675291
<b>SEC File Number:</b>	007-00054
<b>CRD Number:</b>	285350
<b>Startwise Fees:</b>	There are no fees to open an investor account on the Portal. For each investment and Issuer payment transaction, Startwise will charge a payment processing fee of 2% with a minimum fee of \$0.50 in relation to money transfers being sent to or from the investor's' account.
<b>Security Interest:</b>	Startwise charges 8% of the amount raised by the Issuer in the event of successful Closing of the Offering.
<b>Tax Considerations:</b>	The Issuer intends to treat the Securities as debt instruments for U.S. federal income tax purposes.
<b>Modification of Terms:</b>	Investors may not modify the terms of the investment set forth in the Offering information and the RSA.
<b>Governing Law:</b>	Each RSA will be governed by the laws of the State of California.

The Issuer certifies that all of the following statements are true for the issuer:

- It is organized under, and subject to, the laws of a State or territory of the United States or the District of Columbia.
- It is not subject to the requirement to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.
- It is not an investment company as defined in the Investment Company Act of 1940 or exempt from such definition under Section 3(b) or Section 3(c) thereof.
- It is not disqualified from relying on the Section 4(a)(6) Exemption under Rule 503(a) of Regulation Crowdfunding.
- It and its predecessors have not previously failed to comply with any ongoing reporting requirements of Rule 202 of Regulation Crowdfunding.
- It is not a development stage company that (a) has no specific business plan or (b) has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies.



## II. OWNERSHIP AND CAPITAL STRUCTURE

### Overview:

Class of Security	Authorized	Outstanding	Voting Rights	Other Rights
Common Stock	12,635,730	12,501,571	Yes	No
Preferred Stock	2,638,015	0	No	No

The list of Key shareholders is provided in Section III.

The Securities offered to investors through the Offering are different from the equity interest described above. The Issuer may offer equity interest in the Issuer for sale, however, the Securities will not be materially limited, diluted or qualified by the rights of the equity interests.

### Material Terms of Indebtedness:

The Issuer has outstanding debt:

Amount	Type	Interest Rate	Maturity Date
\$37500	Ouiby, Inc	NA	9.1.17
\$135000	Luica Inc	5%	10.15.22

### Exempt Offerings conducted within the past three years:

The Issuer has not conducted any exempt offerings within the past three years

### III. KEY PERSONS

#### Directors and Officers:

##### David Zasloff - President

Board Service: 2008

Principal Occupation at Sockwa Corp: President

David Zasloff, President

David is the founder, inventor and creative visionary behind the Sockwa company. David is in charge of product evolution and procurement as well as overseeing distribution. David grew up in Retail, then schooled in Mechanical Engineering from Tufts University. He learned how to build houses, race car clutches and flywheels, then started his own decorative fountain company and grew that from two to over 120 employees and over \$20m in sales. Sold the company, raised a daughter, and then started building Sockwa.

All positions and offices held with the Issuer during the past three years:

Position	Date of Service
President	2008

#### Principal Security Holders:

All persons who are beneficial owners of 20% or more of the Issuer's outstanding voting equity securities<sup>2</sup>.

Name of the Holder	Amount and Class of Securities	Voting Power prior to Offering
David Zasloff	12,501,571 Common Stock	81.85%

<sup>2</sup> All shareholders of 20% or more of the Issuer's outstanding voting equity are subject to Bad Actor disqualification provisions.

#### IV. BUSINESS DESCRIPTION AND BUSINESS PLAN

##### **Mission/Business Description:**

Innovative footwear manufacturing technologies for better quality, competitive, cost efficient and sustainable local production capabilities

##### **Product/Service Description:**

We make strangely addictive footwear that are lightweight, compact, and tactile. Sockwa are the ultimate second shoe for the active lifestyle. Our proprietary production process produces better footwear with less environmental impact.

##### **Business Plan/Strategy/Supply Chain:**

We presently manufacture beach socks and shoes. They form the foundation of the company. We will drive sales upwards in these two categories with our existing suppliers in Taiwan. The goal is to exercise our patented plastic moulded technology "SOMO" to produce not only our own range of shoes but other manufacturers shoes in North America.

Sockwa's patented co-molding technology allows for the removal of glue from the manufacturing process while improving their overall quality.

##### **Target Customers/Current Customer Base:**

We presently target athletes who play beach sports, anyone who spends time on a beach and wishes to protect their feet. We also supply the speciality minimal footwear community. With our future lace-up model we will be looking to grow our sales into the fashion sector.

##### **Customer Benefits:**

Present offering of beach socks is the ultimate protection from cold, hot or obstacle ridden sand and beaches. Our minimal shoes are classified as one of the top barefoot-like shoes in the growing community of people who wish to wear „zero drop“ shoes. Comfortable, very well made and resilient.

##### **Competition/Competitive Advantages/Barriers to Entry:**

Nike, Vivobarefoot, Merrel, Vibram.

Our competitive advantage is that we are using plastic instead of rubber to manufacture our outsoles. Plastic is more recyclable and more reliable to work with than rubber. Plastic is more resilient. Average pair of rubber outsoles will last 3- 400miles. Average pair of Sockwa plastic outsoles will last 6 - 700 miles

The main barriers for entry are lack of cash to market aggressively

##### **Market Size:**

The market for minimal shoes is +/- \$2Billion / annum . The shoe market alone in USA is worth in excess of \$50Billion/annum.

**Projections:**

In US Dollars		In Millions				
		2018	2019	2020	2021	2022
<b>SALES</b>						
Manufacturing of Our Brands		0.250	0.500	0.665	0.884	1.176
Manufacturing of Other Brands		0.500	1.000	2.000	4.000	8.000
Manufacturing Own Label		1.000	2.000	4.000	8.000	16.000
Licensing		0.000	0.250	0.500	1.000	2.000
<b>Total</b>		<b>1.750</b>	<b>3.750</b>	<b>7.165</b>	<b>13.884</b>	<b>27.176</b>
<b>COGS</b>	Margin					
Manufacturing of Our Brands	50	0.1250	0.2500	0.3325	0.4422	0.5882
Manufacturing of Other Brands	40	0.2000	0.4000	0.8000	1.6000	3.2000
Manufacturing Own Label	40	0.4000	0.8000	1.6000	3.2000	6.4000
Licensing	6	0.0000	0.0150	0.0300	0.0600	0.1200
<b>Total</b>		<b>0.7250</b>	<b>1.4650</b>	<b>2.7625</b>	<b>5.3022</b>	<b>10.3082</b>
<b>EXPENSES</b>	Percentage					
Sales Cost	18	0.1305	0.2637	0.4973	0.9544	1.8555
G & A	15	0.2625	0.5625	1.0748	2.0827	4.0764
<b>Total</b>		<b>0.3930</b>	<b>0.8262</b>	<b>1.5720</b>	<b>3.0371</b>	<b>5.9319</b>
<b>Nett</b>		<b>0.632</b>	<b>1.459</b>	<b>2.831</b>	<b>5.545</b>	<b>10.936</b>

**Executives:**

David Zasloff, President

David is the inventor of OMO footwear technology and the creative visionary behind the Sockwa company. David is in charge of product evolution and procurement as well as overseeing distribution. David previously founded and sold Water Wonders®, a \$12m/annum manufacturer of decorative copper and slate fountains that had 120 employees

**Business Model:**

- \* Manufacture shoes for our present and future brands in the country we are selling to.
- \* Manufacture shoes locally for retailers wishing to Own-Brand their products i.e. WalMart.
- \* Manufacture shoes locally for other brands.
- \* License our patented technology to other brands and manufacturers.

**Product/Service Development History:**

Our technology is the industrial revolution of footwear manufacturing

With our manufacturing technology we are able to make ANY SHOE or BOOT with any type of upper shape or textile we wish. The outsole will always be made of plastic.

Our patented process which we call “OMO” uses the molten plastic that is injected into the mold not only to create the outsole, but as the glue for the whole shoe.

This method of manufacturing allows us to combine multiple parts together (outsole, intermediary layers, uppers in leather, textile or other) with one simple overload step that will cleanly and quickly create a super strong, one-piece shoe that:

- \* Will never come apart due to delamination.
- \* Removes unnecessary steps in the supply chain i.e. gluing the upper to the outsole.

\* Scaleable - Plastic is faster to manufacture than rubber so one mold can make as many as 3000 pairs per day compared with 1000 pairs for rubber.

\* Reduces Carbon Mess - Reduced use of Electricity, Transportation, Glue, Non Recyclable Rubber.

\* Reduced manufacturing bottlenecks. Products can be brought to market quicker.

\* Removal for the need of a plastic counter that is in the back of most shoes.

\* Reduced number of returns due to delamination and stitching issues.

\* Better Quality final product.

The ability to produce shoes in the country that they are to be sold in, for cheaper than importing from Asia. Millions of dollars to be saved in transport, duties, taxes, tariffs.

Allowing for the creation of local jobs whilst being at the forefront of environmentally friendly manufacturing

#### **Intangible Assets: (e.g. Intellectual Property & Rights):**

##### **Patents**

(1) US 2015 0230546 (2) US D 764,152 S (3) US D 767,262 S

##### **Registered Trademarks:**

(1) FREE YOUR SOLE® (2) SOCKWA® (3) SOCKWA LOGO® (4) TREAD EARTH LIGHTLY®

#### **Current Employees:**

Current Number of Employees: 1

**V. USE OF PROCEEDS**

	Minimum Target Goal	Maximum target Goal
Total Proceeds:	\$30000	\$90000
Less Startwise fees:	8% Startwise fee	8% Startwise fee
Net Proceeds:	\$27600	At least \$82800
Use of Net Proceeds:	Proceeds will be used to 100% Inventory.	Any additional funding will be, 60% Social Media and Marketing , 40% Debt Repayment..

The Issuer anticipates that the total cost of the project will be approximately \$120,000 (“**Project Cost**”) which will enable the Issuer to double the sales. The shareholders have contributed a total of \$322,000 as of today and the Issuer is seeking to crowdfund an amount between a minimum of \$30,000 and maximum of \$90,00 through the Startwise Platform. In the event the Issuer is able to hold a successful Closing, the directors and officers hereby commit to provide or arrange sufficient financing for the Issuer to cover the remaining balance of the Project Cost.

## VI. FINANCIAL CONDITION AND INFORMATION

**Founded:** March 27<sup>th</sup> 2008

### Financial Condition

- SOCKWA Corp is generating revenue and is profitable. It depends on private investors to accelerate and increase profitability to maintain a self-sustainable business.
- Historically, its liquidity has been marginal with no more than a few months' expenses available in cash.
- The market for its product/service is still being developed.
- The Issuer will continue to rely on both private investors and/or on crowdfunding investors/on own sales to fund all costs until such time as products can be sold/until reaching profitability, which is uncertain as to date and amount, if any/which is expected on DATE.

	Most recent fiscal year- end 2016	Prior fiscal year-end 2015
Total Assets:	\$378,746.19	\$321,421.00
Cash & Cash Equivalents:	\$47,578.01	\$101,370.85
Accounts Receivable:	\$9,300.00	\$8,900.00
Short-term Debt:	\$33,871.00	\$37,680.00
Long-term Debt:	\$127,500.00	\$150,000.00
Revenues/Sales:	\$117,650.50	\$151,996.15
Cost of Goods Sold:	\$40,567.75	\$68,244.31
Net Income:	\$1,358.14	\$1,393.76

The Issuer's current financial information reflects Issuer's operations in the two most recently completed fiscal years (or the period since the incorporation date, if the Issuer was formed recently).

## Balance Sheets

**Sockwa**  
**Balance Sheet**  
As of December 31, 2016

	<u>Total</u>
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Chase	1,958.46
WaMu / Chase Checking	45,619.55
Total Chase	<u>\$ 47,578.01</u>
Total Bank Accounts	<u>\$ 47,578.01</u>
Other Current Assets	
Inventory Asset	185,305.86
Other Current Asset	55,286.65
Molds Asset	81,916.52
Total Other Current Asset	<u>\$ 137,203.17</u>
Uncategorized Asset	19.06
Undeposited Funds	77.98
Total Other Current Assets	<u>\$ 322,606.07</u>
Total Current Assets	<u>\$ 370,184.08</u>
Fixed Assets	
Accum Amortization	-4,325.00
Organizational Costs	2,331.00
Patent	10,556.11
Total Fixed Assets	<u>\$ 8,562.11</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 378,746.19</b></u>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Credit Cards	
Chase MC	9,957.07
Visa Signature Bus Plus	33,345.69
Total Credit Cards	<u>\$ 43,302.76</u>
Other Current Liabilities	
Current Liability	8,921.42
Kabbage Inc	4,031.99
Molds	0.00
Total Current Liability	<u>\$ 12,953.41</u>
Daniel Heller	0.00
Loans from Shareholders	3,743.04
Total Other Current Liabilities	<u>\$ 16,696.45</u>
Total Current Liabilities	<u>\$ 59,999.21</u>
Long-Term Liabilities	
Long Term Liabilities	125,840.00
Other Liabilities	0.00
Total Long Term Liabilities	<u>\$ 125,840.00</u>
<b>Total Long-Term Liabilities</b>	<u><b>\$ 125,840.00</b></u>



<b>Total Liabilities</b>	<b>\$ 185,839.21</b>
<b>Equity</b>	
<b>Equity</b>	
<b>Common Equity</b>	
Capital Stock	2,089.30
D Heller	6,000.00
D Zasloff	65,698.21
David Zasloff	67,615.17
<b>Total Common Equity</b>	<b>\$ 141,402.68</b>
<b>Preferred Equity</b>	
Alan Frommer	13,433.68
Bob Greenberg	53,838.48
Corey Brown	26,901.95
Dan Coleman	53,838.48
J Song & R Lane	53,838.48
M Harris	10,760.78
Mike Panesis	13,433.68
Victor Liu	53,838.48
<b>Total Preferred Equity</b>	<b>\$ 279,884.01</b>
<b>Total Equity</b>	<b>\$ 421,286.69</b>
Opening Bal Equity	2,738.57
Retained Earnings	-232,476.42
Net Income	1,358.14
<b>Total Equity</b>	<b>\$ 192,906.98</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 378,746.19</b>

Monday, Jan 23, 2017 04:20:00 PM GMT-8 - Cash Basis

## Statement of Cash Flows

**Sockwa**  
**Statement of Cash Flows**  
January - December 2016

	<u>Total</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	2,830.14
Reconcile Net Income to Net Cash:	
Accounts Receivable	-1,472.00
Inventory Asset	-185,305.86
Uncategorized Asset	-19.06
Chase MC	-1,063.42
Visa Signature Bus Plus	33,345.69
Current Liability	-2,196.32
Current Liability:Kabbage Inc	-1,549.64
Loans from Shareholders	3,743.04
Reconcile Net Income to Net Cash:operations:	<u>-\$ 154,517.57</u>
Net cash provided by operating activities	<u>-\$ 151,687.43</u>
<b>FINANCING ACTIVITIES</b>	
Opening Bal Equity	2,738.57
Net cash provided by financing activities	<u>\$ 2,738.57</u>
Net cash increase for period	<u>-\$ 148,948.86</u>
Cash at beginning of period	101,370.85
Cash at end of period	<u>-\$ 47,578.01</u>

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**Pro Forma Financial Statement**

To illustrate its earning potential, the Issuer is providing a summary of its 2-year financial forecast. The forecast has been developed by the Issuer using reasonable best efforts based on operating statistics of comparable companies in Footwear Manufacturing Sector. The key revenue driver and other operating assumptions have been benchmarked against industry standards and reflect the ongoing prospects and costs of doing business in CA, USA.

# Sockwa 3 Year Performance Statement

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000	3001	3002	3003	3004	3005	3006	3007	3008	3009	3010	3011	3012	3013	3014	3015	3016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## VII. RISK FACTORS

A crowdfunding investment involves risk therefore an investor should not invest any funds in this Offering unless he or she can afford to lose his or her entire investment. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Offering, including the merits and risks involved. These Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, the authorities have not passed upon the accuracy of the terms of the Offering, nor does it pass upon the accuracy or completeness of any offering document or literature. The Securities are offered under an exemption from registration; however, the SEC has not made an independent determination that these securities are exempt from registration.

### Business Risks:

The Issuer was formed in 2008, therefore the Issuer cannot be considered a startup, nor an early stage business. Nevertheless, the basis for this investment is development of new technology for the Issuer thus Issuer should be classified as a Start-Up. Potential Investors should be aware of the difficulties normally encountered by a company that is transitioning into a new technology, many of which are beyond the Issuer's control. Investment in a start-up company such as the Issuer is inherently subject to many risks, and investors should be prepared to withstand a complete loss of their investments. There is nothing at this time upon which to base an assumption that the Issuer's business strategy, to the extent that it has been formulated, which is subject to change at the discretion of management and as to which no representations or warranties have been made, will prove successful. There is no assurance that a business plan can be implemented or, if implemented, that the proposed business will be able to operate profitably. The Issuer may modify and/or "pivot" its business plans and strategies as management pursues strategies that it believes to be in the best interests of the Issuer. In addition, as a result of the startup nature of its business, the Issuer might sustain operating expenses in excess of its operating revenues, notwithstanding that the financial projections provided in the Disclosure indicate the potential for earnings. Due to the lack of a substantial operating history using this new technology, it is not possible to identify or describe all of the risks that will confront the investors in the Issuer, and investors must be prepared to lose any and all of their investment in the Issuer. The Issuer's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development. Such risks include, but are not limited to, possible inability to respond promptly to changes in a rapidly evolving and unpredictable business environment, the risk of inability to manage growth, limited financial resources, highly competitive industry, delays in reaching goals, difficulty recruiting talent, etc.

### Reputation Risks:

Success of the business also depends on its customer satisfaction and brand perception as well as the Issuer's ability to adjust to new the customers' preferences. Risks related to public perception of the Issuer include word-of-mouth criticism, web blogs, social media posts and reviews, other Internet-based websites. Most of the websites do not filter or check accuracy of the published content therefore there is a risk of inaccurate information being posted

about the Issuer on Internet websites. The harm may be immediate without affording the Issuer an opportunity to redress or correction.

#### **Economic Downturns:**

Financial difficulties of the customers to which the Issuer expects to sell its services may adversely affect the Issuer's revenues, costs and collections. If the economy is poor generally, then collectability of receivables may be adversely affected, causing an increase in aged receivables and/or a reduced collection rate. Issuer's profits could be adversely affected if the Issuer is forced to write off uncollectible accounts. In addition, economic downturns could adversely affect the fiscal health of key customers/clients or impair their ability to continue to operate during a recessionary period, which would decrease the Issuer's revenues unless the Issuer is able to replace any lost business. The instability or tightening in the credit markets could impair the Issuer's ability to obtain financing as and when needed. The Issuer has limited working capital and there may not be sufficient financial resources available to carry out planned operations. There is also no assurance that positive cashflow will ever occur. There can be no assurance that the Issuer will raise the target capital in this or another Offering. The Issuer's working capital requirements may also be subject to changes in the Market, Economy or business plan.

#### **Regulatory Risks:**

Aspects of the Issuer's business and product is regulated at the local, state, and federal levels both in the USA and other countries and may be subject to local, state, and federal laws and regulations. The Issuer may be subject to state, local, and federal regulations regarding labor conditions, safety in the workplace, healthcare and other human resource issues. The nature and scope of future legislation, regulations and programs cannot be predicted. While the Issuer anticipates to be in compliance with all applicable governmental regulations, there still may be risks that such laws and regulations may change with respect to present and future operations. Such changes may increase the costs or put the operations of the Issuer on hold. The Issuer is responsible for compliance with the laws and regulations and for obtaining and maintaining all required permits and licenses. Such compliance may be time consuming and costly, and such expenses may materially affect the future ability to generate revenue and reach profitability or grow.

#### **Management Risks:**

The business of the Issuer will be greatly dependent upon the participation of its Officers and Directors and other key personnel. The officers and directors have experience in businesses that is relevant as background for their work for the Issuer, but, nonetheless, it is difficult or impossible to evaluate whether or not they can effectively manage the Issuer and its business. There is no assurance that management and key personnel have the adequate skills to enable the Issuer to earn income or make profits on its operations or investments. Investors should consider the credentials and experience of management and the effect thereof on the Issuer's prospects. The Issuer will need to hire additional management and key personnel as the Issuer grows in order to properly manage the business. There are no assurances that the qualified personnel can be hired and, if hired, can be retained. The loss, incapacity or unavailability

for any reason of the services of any Officers, Directors or key personnel would materially adversely affect the conduct of the Issuer's business and its startup and continued operation. The Issuer's principal competitors may have greater financial resources than those available to the Issuer and thus in a better position to attract "talent." Furthermore, management may have significant conflicts in the future based on various factors including conflicts of interests, other investments and business ventures participation.

#### **Competition Risks:**

In general, the market in which the Issuer is operating is competitive. Many of the factors that will affect the Issuer's ability to compete will be beyond the Issuer's control. In general, the Issuer's potential competitors may have longer operating histories, greater brand recognition and significantly greater financial, marketing and other resources than the Issuer and that their superiority to the Issuer in these areas will likely continue into the future. Barriers to entry for new competitors of the Issuer may be low, and current and new competitors may launch competitive services at a relatively low cost. Further, there is a substantial risk that current and future services (if any) offered by the Issuer will not be desired by the market targeted by the Issuer for various reasons, including pricing and changes in technology. The Issuer may not be able to reach a critical mass of customers/clients, in which case the Issuer's revenues may not be sufficient to pay the expenses associated with having its products manufactured and sold and/or the Issuer's general and administrative expenses, generally. The Issuer's ability to remain competitive may depend in part upon its ability to develop new and enhanced services/products and to introduce these services in a timely and cost-effective manner. In addition, service introductions or enhancements by the Issuer's competitors or the use of other technologies could cause a decline in revenue for the Issuer's existing services. Vincere, Nike, Merrell and Vibram Five Fingers are among our closest competitors.

#### **Market Risks:**

Although the Issuer believes that the market for what it offers will continue to exist, there can be no assurance that a profitable market will exist or continue to exist or that it will grow. Potential investors must consider that, even if markets exist or arise, there is no assurance that the Issuer will be able to reach a profitable level of operations selling to such markets. Furthermore, the market may be rapidly changing, industry standards may evolve. There is a risk that the Issuer may not be able to respond to a fast-changing market and technology requirements in a timely and low-cost manner. There can be no assurances that the Issuer shall be successful in selecting, developing, and marketing new services or in enhancing its existing services. Failure to do so successfully may adversely affect the issuer's business, financial condition and results of operations.

#### **Growth Risks:**

The Issuer expects to expand its operations in the foreseeable future. The anticipated growth could place a significant strain on the Issuer's management, operational and financial resources, especially given the fact that the Issuer's operating costs and revenues are unpredictable and are affected by many factors, including the ones beyond the Issuer's

control. Effective management of the anticipated growth shall require expanding the Issuer's management and financial controls, hiring additional appropriate personnel as required, and developing additional expertise by existing management personnel. However, there can be no assurances that these or other measures will be implemented by the Issuer and shall effectively increase the Issuer's capabilities to manage such anticipated growth or to do so in a timely and cost-effective manner. In addition, the Issuer may have limited ability to diversify or expand its activities and product/service which may mean that there will be less spreading of risks that may occur in some other businesses. Moreover, management of growth is especially challenging for a company with limited financial resources.

#### **Financial Information Risks:**

The Issuer's financial data presented with this Offering has been audited. Certain pro forma financial information provided to prospective investors is based on certain assumptions and industry benchmark which may not be accurate. Certain projected results of operations are hypothetical and based upon present factors thought by management to influence the operations. Projections do not, and cannot, take into account such factors adverse market fluctuations, unforeseeable events such as natural disasters, the terms and conditions of any possible financing, and other possible occurrences that are beyond the Issuer's ability to control or even to predict.

#### **Intellectual Property Risks:**

The Issuer's ability to compete effectively with other companies could depend, in part, on its ability to maintain the proprietary nature of its intellectual property. The Issuer's success may also depend, in part, on its ability to obtain and/or enforce intellectual property protection for these assets in the United States and other countries. The Issuer has patents & other formal intellectual property protections through trademark registrations, patents or otherwise, but may pursue other such additional protection in the future. The defense and prosecution of intellectual property suits may be both costly and time consuming even if the outcome is favorable to the Issuer. An adverse outcome could subject the Issuer to significant liabilities to third parties, require disputed rights to be licensed from third parties or require the Issuer to cease selling all or some of its products. There can be no assurances that others (a) may not independently develop the same or similar services, (b) otherwise obtain access to the Issuer's technology, or (c) develop their own technology that compete with the Issuer without infringing on the Issuer's intellectual property rights. There can be no assurances that confidentiality agreements entered into by the issuer's employees and consultants, advisors and collaborators, if any, will provide meaningful protection for the Issuer's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure of such trade secrets, know-how or other proprietary information.

#### **Technology Risks:**

The Issuer's business operations may include the use of digital technologies, including information systems, infrastructure and cloud applications. The maintenance of the Issuer's financial and other records is also dependent upon such technologies. Accordingly, its business will be dependent on the efficient and uninterrupted operation of computer hardware



systems and the Internet. The Issuer's systems and operations will be vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, break-ins, earthquake and similar events. Any system interruptions that result in the unavailability of the Issuer's website or reduced processing performance would reduce the ability of the Issuer to manage its business and could, therefore, materially adversely affect the Issuer. The U.S. government has issued public warnings that indicate that such business information technology might be specific products of cyber security threats, including hacking, identity theft and acts of cyberterrorism. Many of the systems may not withstand the attacks and disaster recovery planning cannot account for and prevent all eventualities. There is a risk of potential corruption of the systems and loss of information stored which may result in the financial and other losses for the Issuer and could damage the company's public image.

#### **Insurance Risks:**

The Issuer may not have all adequate insurances to cover the product/service liability claims and other risks related to the business. There can be no assurance that the Issuer will be able to obtain adequate insurance coverage or that it can be obtained at a reasonable cost. Even if the insurance is adequate and is customary for the Issuer's industry, losses could occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage.

#### **Indebtedness Risks:**

The Issuer currently has minimal outstanding debt & payments due.

#### **Third Party Providers Risks:**

The Issuer may rely on services and products of third parties in its business operations. While there may be a control person appointed to oversee the services provided, the Issuer cannot control all the operations and risks in connection with using third party services and products. Interruption or issues with third party providers may negatively affect the Issuer's operations and growth as well as may require searching for new third party providers and covering extra costs.

#### **Funding Risks:**

The Issuer has little, if any, working capital and, accordingly, has an immediate need for the proceeds from the Offering in order to pursue its business activities. The Issuer's capital requirements depend on many factors, including factors that are difficult or impossible to predict. In order to effectively execute its business plan and pursue its business activities, the Issuer may need to raise additional capital in future investment rounds or other financings, which may include debt and/or equity and/or leasing transactions ("**Future Rounds**") or otherwise obtain financing. There can be no assurance that Future Rounds or any additional financing or capital will be available, and the Issuer cannot at this time accurately forecast the amount that will be needed, obtainable or obtained in Future Rounds. Even if the Future Rounds are raised or financing is available or the Issuer is able to raise other capital, the terms thereof may not be satisfactory to the Issuer or, in general, desirable or may be such that the Issuer cannot make a profit that would enable an investor to receive a return on his

investment in the Issuer. Even if the Issuer raises Future Rounds and/or additional financing or capital is available through loans or other facilities, the Issuer will depend substantially upon the availability of cash flow from operations to stay in business. There is no assurance that the Issuer can generate cash flow when needed. In the event that the issuer's operations do not generate necessary cash flow and/or the Issuer cannot obtain additional funds if and when needed through other means, the Issuer may be forced to limit, curtail or cease its activities with a consequent loss to investors.

#### **Relationships Risks:**

The Issuer may have established or will establish certain relationships with other organizations and individuals. The Issuer may also need to re-establish and maintain these relationships in order to support its business operations. In some situations, the required relationships may not yet be identified. Furthermore, in some cases inability to enter into these relationships on satisfactory terms may delay the Issuer's operations or lead to increased expenses.

#### **Employment Risks:**

As of the date of this Offering, none of the management members are under employment contracts. It is anticipated that upon completion of this Offering key personnel may wish to enter into employment contracts with the Issuer. Members of the executive management team will become salaried once the Issuer has raised sufficient capital.

#### **Use of Proceeds Risks:**

Management will have unlimited discretion as to the allocation and use of the proceeds of this Offering and intends to use such proceeds for such expenses that it deems necessary or appropriate.

#### **Debt Financing Risks:**

The Issuer's debt service obligations may adversely affect its cash flow. As a result of any future debt obligations, the Issuer may be subject to: (i) the risk that cash from operations will be insufficient to meet required payments of principal and interest, (ii) restrictive covenants, including covenants relating to certain financial ratios, and (iii) interest rate risk. Although the Issuer anticipates that it will be able to repay or refinance any indebtedness when it matures there can be no assurance that it will be able to do so or that the terms of such refinancing will be favorable. The Issuer's leverage may have important consequences including the following: (i) its ability to obtain additional financing for payments of principal and interest; there was a (iii) but nothing listed

#### **Offering Risks:**

This Offering is made in reliance on an exemption from registration requirements and there is no guarantee that it will comply with the regulatory requirements for such exemption.

Furthermore, these securities cannot be resold for a 12-month period after the Closing and there is no public or other trading market available yet for the securities offered herein. Investors in the securities offered in the Offering are not entitled to any voting right and do not have a say in the company's executive decision-making process.

**Additional Unforeseen Risks:**

In addition to the risks described in this section "RISK FACTORS," and elsewhere in this Offering Disclosure, other risks not presently foreseeable could negatively impact the Issuer, disrupt its operations and cause the Issuer to fail. Ultimately, each investor in the securities of this Offering bears the risk of a complete and total loss of his or her investment.

**No Guarantee of Return on Investment:**

There is no assurance that a Purchaser will realize a return on its investment or that it will not lose its entire investment. For this reason, each Purchaser should read the Form C and all Exhibits carefully and should consult with its own attorney and business advisor prior to making any investment decision.

## VIII. CERTAIN LEGAL MATTER AND TAX CONSIDERATIONS

### Legal Proceedings:

The Issuer is not aware of any material legal proceedings in which the issuer, any of its affiliates, or any of its property is currently a party or subject to legal proceedings.

### Eligibility Under Rule 503 of Regulation Crowdfunding:

With respects to the Issuer, any predecessor of the Issuer, any affiliated Issuer, any director, officer, general partner or managing member of the Issuer, any beneficial members of 20 percent or more of the Issuer's outstanding voting equity securities, any promoter connected with the Issuer in any capacity at the time of the Offering, any person that has been or will be paid (directly and indirectly) remuneration for solicitation of investors in connection with the sale of the Securities, or any general partner, director, officer or managing member of any solicitor:

1. None of any such persons has been convicted, within 10 years (or five years, in the case of Issuers, their predecessors and affiliated issuers) before the filing of this Disclosure, of any felony or misdemeanor:
  - (i) in connection with the purchase or sale of any security;
  - (ii) involving the making of any false filing with the SEC; or
  - (iii) arising out of the conduct of the business of an underwriter, broker dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities.
2. None of any such persons has been subject to any order, judgement or decree of any court of competent jurisdiction, entered within five years before the filing of the information required by Section 4A(b) of the Securities Act that, at the time of filing of this Disclosure, restrains or enjoins such person from engaging or continuing to engage in any conduct or practice:
  - (i) in connection with the purchase or sale of any security;
  - (ii) involving the making of any false filing with the SEC; or
  - (iii) arising out of the conduct of the business of an underwriter, broker dealer, municipal securities dealer, investment adviser, funding portal or paid solicitor of purchasers of securities.
3. None of any such person has been subject to a final order of a state securities commission (or an agency or officer of a state performing like functions); a state authority that supervises or examines banks, savings associations or credit unions; a state insurance commission (or an agency officer of a state performing like functions); an appropriate federal banking agency; the U.S. Commodity Futures Trading Commission, or the National Credit Union Administration that:
  - (i) at the time of the filing of this Disclosure bars the person from:
    - (A) association with an entity regulated by such commission, authority, agency or officer;
    - (B) engaging in the business of securities, insurance or banking; or
    - (C) engaging in savings association or credit union activities; or

(ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative or deceptive conduct and for which the order was entered within the 10-year period ending on the date of the filing of this Disclosure.

4. None of any such person has been subject to an order of the SEC entered pursuant to Section 15(b) or 15B(c) of the Exchange Act or Section 203(e) or (f) of the Investment Advisers Act of 1940 that, at the time of the filing of this Disclosure:

(i) suspends or revokes such person's registration as a broker, dealer, municipal securities dealer, investment adviser or funding portal;

(ii) places limitations on the activities, functions or operations of such person; or

(iii) bars such person from being associated with any entity or from participating in the offering of any penny stock.

5. None of any such person has been subject to any order of the SEC entered within five years before the filing of the Disclosure that, at the same time of the filing of this Disclosure, orders the person to cease and desist committing or causing a violation or future violation of:

(i) any scienter-based antifraud provision of the federal securities laws, including without limitation Section 17(a)(1) of the Securities Act, Section 10(b) of the Exchange Act, Section 15(c)(1) of the Exchange Act and Section 206(1) of the Investment Advisers Act or any other rule or regulation thereunder, or

(ii) Section 5 of the Securities Act.

6. None of any such person has been suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade.

7. None of any such person filed (as a registrant or Issuer), and none if any such person was or was named as an underwriter in, any registration statement or Regulation A Disclosure filed with the SEC that, within five years before the filing of this Disclosure, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, and none of any such person, at the time of such filing, has been the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued.

8. None of any such person has been subject to a United States Postal Service false representation order entered within the five years before the filing of the information required by Section 4A(b) of the Securities Act, and none of any such person, at the time of filing of this Disclosure, has been subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

#### **Affiliated Party Transactions:**

The Issuer or any entity controlled by or under common control with the Issuer was not party to any transactions since the beginning of the Issuer's last fiscal year, or any currently proposed transaction, where the amount involved exceeds five percent of the aggregate amount of capital raised by the Issuer in reliance on Section 4(a)(6) of the Securities Act during the preceding 12-month period, including the amount the Issuer seeks to raise in this

Offering, in which any of the following persons had or is to have a direct or indirect material interest:

- (i) any director or officer of the Issuer;
- (ii) any person who is, as of the most recent practicable date, the beneficial owner of 20% or more of the Issuer's outstanding voting equity securities, calculated on the basis of voting power;
- (iii) if the issuer was incorporated or organized within the past three years, any promoter of the Issuer; or
- (iv) any immediate family member of any of the foregoing persons.

#### **Ongoing Reporting:**

The Issuer will file a report electronically with the SEC annually and post the report on its website, no later than: April 30 of the following year, 120 days after the end of each fiscal year covered by the report. Once posted, the annual report may be found on the Issuer's website at <http://www.sockwa.com/pages/somo>

The Issuer must continue to comply with the ongoing reporting requirements until:

- (i) the Issuer is required to file reports under Section 13(a) or Section 15(d) of the Exchange Act;
- (ii) the Issuer has filed at least one annual report pursuant to Regulation Crowdfunding and has fewer than 300 holders of record and has total assets that do not exceed \$10,000,000;
- (iii) the Issuer has filed at least three annual reports pursuant to Regulation Crowdfunding;
- (iv) the Issuer or another party repurchases all of the securities issued in reliance on 4(a)(6) Exemption, including any payment in full of Securities and any other debt securities or any complete redemption of redeemable securities; or
- (v) the Issuer liquidates or dissolves its business in accordance with state law.

#### **Transfer Agent:**

The Issuer will be acting as its own Transfer Agent to keep record and log of the securities ownership and transfer.

#### **Certain Tax Considerations:**

The Issuer intends to treat the Securities as debt instrument for U.S. federal income tax purposes. The Issuer's good-faith determination that the Securities should be considered debt instrument for U.S. federal income tax purposes is not intended to be nor should be construed to be, legal or tax advice to any particular person. This consideration is not binding and therefore, may be subject to review and challenge by the IRS. All prospective investors are urged to consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences related to the purchase, ownership and disposition of the Securities based in their particular circumstances.

#### **Crowdfunding Matters:**

**Payment Processing Operations.** Collection and repayment of funds to investors who have purchased the Securities depend on the continuous operation of Startwise and its banking and

other partner(s) that facilitate payments. If either Startwise or its partner(s) were to stop or otherwise be unable to continue operations in the future, while Startwise will make all commercially reasonable efforts to facilitate repayment of all outstanding Securities, it may not be possible to service the existing Securities until completion.

**Legal and regulatory Implications.** The laws, rules and regulations governing investment crowdfunding is a recent development and subject to inherent uncertainty as the applicable legal and regulatory environment continues to evolve. Accordingly, there may be changes to the legal and regulatory requirements that negatively affect the operations of Startwise, including servicing the Securities. In addition, while the effective interest rates that may be charged to the Issuer are intended to be compliant with state usury law requirements, if in the event that any lawsuit brought by any issuer on Startwise results in the Securities being found to violate state usury laws, such Securities may lose certain value.

**Limited Security and Enforcement Options.** Startwise and any third-party collection agency that may be appointed by Startwise may be limited in its ability to collect payments in the event the Issuer is unable or unwilling to comply with its payment obligations.

**Requests for Additional Investor Information.** Each investor will be required to comply promptly with reasonable requests for information made by or on behalf of the Issuer or the Portal in order for the Issuer and the Portal to satisfy any requests for information about such investor or its investments, including requests made by any national, federal, state, local or regulatory authority, agency, committee, court, exchange or self-regulatory organization.

**Additional Issuer Information.** Prior to the Closing, each prospective investor will be able to ask questions and receive answers concerning the Offering via the Portal. All communication with the Issuer regarding the Offering is required to take place on the Portal. No other person other than the Issuer has been authorized to give information or to make any representations concerning the Issuer or the Offering outside of this Disclosure, and if given or made, such other information or representations much not be relied upon as having been authorized by the Issuer.

**This Disclosure is intended to present a general disclosure regarding the Issuer and the Offering. Each prospective investor should thoroughly review the RSA, which specifies the terms of investment in the Securities.**

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**SIGNATURE**

Pursuant to the requirements of Section 4(a)(6) and 4A of the Securities Act for 1933 and Regulation Crowdfunding (§ 227.100 et seq.), the Issuer certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form C and has duly caused this Form to be signed on its behalf by the duly authorized undersigned.

Issuer:	Sockwa Corp
By:	David Zasloff
Title:	President

Signature:

Pursuant to the requirements of Section 4(a)(6) and 4A of the Securities Act for 1933 and Regulation Crowdfunding (§ 227.100 et seq.), this Form C has been signed by the following persons in the capacities and on the dates indicated.

Signature:

Title:  
Date:



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## APPENDIX A.

## Financial/Other Information

**Sockwa**  
**Profit and Loss**  
January - December 2016

	Total	
	Jan - Dec 2016	Jan - Dec 2015 (PY)
<b>Income</b>		
Billable Expense Income	430.71	
Sales	116,731.79	151,996.15
Sales of Product Income	440.00	
Shipping Income	48.00	
<b>Total Income</b>	<b>\$ 117,650.50</b>	<b>\$ 151,996.15</b>
<b>Cost of Goods Sold</b>		
Cost of Goods Sold	26,722.10	37,714.76
Duty & Tarriff	6,703.38	1,972.65
Fulfillment Services	1,705.36	11,301.19
Postage and Delivery	4,283.38	13,359.95
<b>Total Cost of Goods Sold</b>	<b>\$ 39,414.22</b>	<b>\$ 64,348.55</b>
Merchant Account Fees	1,153.53	3,870.84
Project Manage Applications		24.92
<b>Total Cost of Goods Sold</b>	<b>\$ 40,567.75</b>	<b>\$ 68,244.31</b>
<b>Gross Profit</b>	<b>\$ 77,082.75</b>	<b>\$ 83,751.84</b>
<b>Expenses</b>		
Amortization		704.00
G&A Expense		
Bank Service Charges		2,079.13
Insurance		
Liability Insurance	795.80	
<b>Total Insurance</b>	<b>\$ 795.80</b>	<b>\$ 0.00</b>
Interest Expense	1,604.96	
Finance Charge	171.00	1,495.89
<b>Total Interest Expense</b>	<b>\$ 1,775.96</b>	<b>\$ 1,495.89</b>
Licenses and Permits		845.00
Outside Services	1,836.60	1,099.20
Professional Fees		
Accounting	1,500.00	1,500.00
Legal Fees	11,850.78	5,151.90
<b>Total Professional Fees</b>	<b>\$ 13,350.78</b>	<b>\$ 6,651.90</b>
Rent	6,400.00	7,675.00
Telephone		179.60
Utilities		96.76
<b>Total G&amp;A Expense</b>	<b>\$ 24,159.14</b>	<b>\$ 20,122.48</b>
Marketing Expense	1,737.95	
Advertising	265.17	1,877.20
Branding		7,579.66
Printing and Reproduction		6,874.91
Social Media		4,560.00
Sponsorship	375.00	6,350.00

Supplies	48.35		
Marketing	85.27	2,925.01	
Office	649.44	1,369.63	
Total Supplies	<b>\$ 783.06</b>	<b>\$ 4,294.64</b>	
Website Revamp	1,486.64	427.30	
Total Marketing Expense	<b>\$ 4,647.82</b>	<b>\$ 31,963.71</b>	
MFG Expense			
Salary MFG		3,290.41	
Travel & Ent	2,252.20		
Entertainment	9.13	16.00	
Meals	121.93	261.58	
Travel	3,118.62	2,400.21	
Total Travel & Ent	<b>\$ 5,501.88</b>	<b>\$ 2,677.79</b>	
Total MFG Expense	<b>\$ 5,501.88</b>	<b>\$ 5,968.20</b>	
R&D Expense	400.00		
Miscellaneous	1,425.00	267.27	
Total R&D Expense	<b>\$ 1,825.00</b>	<b>\$ 267.27</b>	
Sales Expense	9,723.95		
Automobile Expense	442.64	205.92	
Contract Labor	1,700.00	12,487.11	
Dues and Subscriptions	1,300.08	492.14	
Online Invoicing	135.76	479.60	
Percentage of Sales		605.66	
Sales Applications	135.76	1,579.09	
SG&A Payroll	19,201.99		
Trade Show Expenses		4,853.03	
Trade Show Expensese	5,296.28		
Total Sales Expense	<b>\$ 37,936.46</b>	<b>\$ 20,702.55</b>	
Total Expenses	<b>\$ 74,070.30</b>	<b>\$ 79,728.21</b>	
Net Operating Income	<b>\$ 3,012.45</b>	<b>\$ 4,023.63</b>	
Other Expenses			
Other Expenses			
Below The Line			
Taxes		815.86	
Other Taxes	763.00	911.66	
State	891.31	902.35	
Total Taxes	<b>\$ 1,654.31</b>	<b>\$ 2,629.87</b>	
Total Below The Line	<b>\$ 1,654.31</b>	<b>\$ 2,629.87</b>	
Total Other Expenses	<b>\$ 1,654.31</b>	<b>\$ 2,629.87</b>	
Total Other Expenses	<b>\$ 1,654.31</b>	<b>\$ 2,629.87</b>	
Net Other Income	<b>-\$ 1,654.31</b>	<b>-\$ 2,629.87</b>	
Net Income	<b>\$ 1,358.14</b>	<b>\$ 1,393.76</b>	

Monday, Jan 23, 2017 04:38:56 PM GMT-8 - Cash Basis

## APPENDIX B.

### Revenue Sharing Agreement

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

### REVENUE BASED INVESTMENT AGREEMENT

Investment Amount : \$ \_\_\_\_\_

Investment Multiple: \_\_\_\_\_X

Revenue Percentage: \_\_\_\_\_%

Payment Start Date: \_\_\_\_\_

This Revenue Based Investment Agreement, dated \_\_\_\_\_ is entered into by and between \_\_\_\_\_, a \_\_\_\_\_ ("Company") and \_\_\_\_\_ the ("Investor").

INVESTOR UNDERSTANDS THAT THE INVESTMENT CONTEMPLATED BY THIS AGREEMENT HAS NOT BEEN REVIEWED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF ANY INFORMATION GIVEN TO THE INVESTOR OR ANY OTHER INVESTOR IN ASSOCIATION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

INVESTOR ACKNOWLEDGES AND AGREES THAT IN MAKING AN INVESTMENT DECISION, IT MUST RELY ON ITS OWN EXAMINATION OF THE COMPANY, THE INVESTMENT PRODUCT AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED WITH THE COMPANY AND THE INVESTMENT PRODUCT. THERE IS NO GUARANTEE OF RETURNS, INVESTOR FURTHER ACKNOWLEDGES AND AGREES THAT IT MAY LOSE ITS ENTIRE INVESTMENT.

#### 1. DEFINITIONS

- a) 'Closing Date' means the date in which the funding campaign on the Portal closes and all investment amounts are funded by the Investor and paid to the Company.
- b) 'Company' means the issuer offering the Securities under the current Agreement in the crowdfunding offering.
- c) 'Gross Revenue' means a volume count of all the Company's sales attained by the Company and/or by any of its subsidiaries, without any deduction or offset of any kind.

- d) 'Interest Rate'. The interest rate on this Revenue Based Investment is a function of the time it takes the Company to repay the Total Payment Amount.
- e) 'Investment Amount' means the original principal amount invested by Investor pursuant to this Agreement.
- f) 'Investment Multiple' represents the total return of the investment to the original investment.
- g) 'Investors' means all of the purchasers of the Securities under the current Agreement in the crowdfunding offering by the Company on the Portal.
- h) 'Minimum Fundraising Amount' means the minimum amount of committed funds from investors required to close the Offering campaign as described in the Company's Form C.
- i) 'Offering' means this offering of revenue sharing interests as part of a larger offering of revenue interests offered on the Portal pursuant to Regulation CF.
- j) 'Payment' means the Quarterly payment by the Company of the amounts set forth in Section 3.a.
- k) 'Payment Start Date' means the day of the anticipated date of the first Quarterly Payment as set forth above.
- l) 'Payment Due Date' shall mean before fifteen (15) days of the end of each Quarter following the Payment Start Date.
- m) 'Portal' means the funding portal operated by Startwise Inc. at [www.startwise.com](http://www.startwise.com).
- n) 'Pro-Rata Share' means a fraction of the Payment Amount, the numerator of which is the Investment Amount, and the denominator of which is the Total Fundraised Amount invested by all Investors in connection with the Offering.
- o) 'Quarter' or "Quarterly" means a three-month period of each calendar year commencing with the three months immediately prior to the Payment Start Date.
- p) 'Revenue Percentage' represents a percentage of the Quarterly Gross Revenue applicable to this Agreement as stated above.
- q) 'Total Fundraised Amount' means the total amount of all investments made by Investors in the crowdfunded offering by the Company on the Portal.
- r) 'Total Payment Amount' means the total or maximum amount to be paid to each Investor which shall be equal to the Investment Amount multiplied by the Investment Multiple.

## 2. INVESTMENT

- a) On or before the Closing Date, the Investor shall pay to the Company, through the Portal the cash or other readily available funds in an amount equal to the Investment Amount in accordance with the terms and conditions set forth on the Portal.
- b) If the Minimum Fundraising Amount is not reached, the Investors committed Investment Amount funds will be returned to the investors and the Agreement has no force.
- c) Interest Rate. To the extent allowed under applicable law, the revenue share will not be considered interest under state usury laws.

## 3. REVENUE SHARING

- a) To the extent that the Company generates Gross Revenue, the Investor shall be entitled to receive and the Company agrees to pay Payments from the Gross Revenue in the amounts equal to the product of the following:  $(\text{Investor's Investment Amount} / \text{Fundraised Capital}) \times (\text{the Revenue Percentage} \times \text{Quarterly Company's Gross Revenue})$  as defined above. For purposes of calculating Quarterly Gross Revenue, the Company shall calculate the total Gross Revenue on a cash basis at the end of each Quarter.
- b) The Payments are due until the Company pays and the Investor receives the Total Payment Amount. Under this Agreement, the Investors will receive no more or less than the Total Payment Amount, except in the Event of a Default, as set forth herein.
- c) Group of Revenue Sharing Investments. Investor's investment is issued as part of a group of investments issued to a number of Investors who are participating in this Offering. Each Agreement shares identical terms as defined in this Agreement.

- d) **Payments Due Dates.** The First Payment Date is defined above. To the extent the Company generates Gross Revenue, the Company shall make Payments to Investor on the First Payment Date and thereafter on the Payment Due Date, which shall be the fifteenth day of the month Quarterly thereafter until the Total Payment Amount has been received..
- e) **Permitted Deferral.** If the Company's Gross Revenue for a particular Quarter is not sufficient to cover transfer fees and related costs, the Company may delay such Payment for no more than one Quarter, at which time Payment for the current Quarter and the past due Quarter shall be made.
- f) **Failed Payments Transfer.** If the repayment has failed due to an error connected to the change of the Investor's banking information, the Company authorizes the Portal to re-initiate the transfer and charge the bank account to send the amount due to the Investor. After three (3) failed attempts, the Investor is responsible for reaching out to the company to solve the issue with the failed payment transfer.
- g) **Chargeback Deposit.** 10% of the amount raised by the Company will be held in the escrow account for a period of 60 days after the close of the campaign to comply with the federal laws. Unless the investment is canceled by the Investor's bank, the 10% of the amount raised is to be transferred to the Company's account after the 60-day period. If the Investor's bank initiates a chargeback within the 60-day period, the 10% amount will be used to return the amount equal to the initial investment by the Investor. Such action will be considered a cancellation by the Investor and the Investor is not entitled to any other repayments from the Company and may be in violation of the Revenue Sharing Agreement.

#### 4. REPORTING and other terms

- a) **Gross Revenue Reporting.** The Company shall provide a statement of Gross Revenue together with the Payment due for each immediately preceding Quarter by the Payment Due Date.
- b) **Measurement Period.** The Payments due are based on the revenues from the preceding Quarter (the three (3) months prior to the month in which the Payment Due Date falls).
- c) **Place of Payment.** All Payments by the Company to the Investor hereunder shall be payable and deemed paid once delivered to the financial accounts of the Investor in accordance with the payment instructions provided by the Investor, unless another place or means of payment is specified in writing by the Company.
- d) **Form C.** The Revenue sharing is being offered pursuant to an exemption from registration under Regulation CF in accordance with the terms set forth in the disclosure materials found in Form C and the Offering materials ("Disclosure Documents") as filed with the Securities and Exchange Commission (SEC) and found on the Portal.
- e) **Annual SEC Reporting.** Company will be required to file with the SEC and post to your website an annual report within 120 days of the end of each fiscal year (designated Form C-AR).
- f) **Termination of reporting**
  - i) When the total amount due to investors is repaid.
  - ii) In certain circumstances a Company may terminate its ongoing reporting with SEC requirement if:
    - The Company becomes a fully-reporting registrant with the SEC;
    - The Company or another party purchases or repurchases all the securities sold in reliance on Section 4(a)(6); or
    - The Company ceases to do business. In which case the company will be required to file a notice of termination of its annual reporting obligation on Form C-TR.

## 5. PREPAYMENT

The Total Payment Amount will become due upon the earliest of the following:

- a) The Company is acquired or otherwise subject of a merger or acquisition.
- b) The Company's management decides at sole discretion to repay the total outstanding amounts under the Agreement and all prepayment penalties.
- c) The Company is required to to comply with any court and legal decision of the applicable jurisdiction and authority.
- d) A Company event of default for failure to meet its reporting or payment obligations under the Agreement.

## 6. SECURITIES UNDER EXEMPTION

- a) The Securities offered under this Agreement have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The SEC does not pass upon the merits of any securities offered or the terms of the Offering ("Securities") , nor does it pass upon the accuracy or completeness of any offering document or materials provided, including the Form C and other disclosure documents ("Disclosure"). These Securities are offered under the 4(a)(6) Exemption. The SEC has not made an independent determination that the Securities are exempt from registration. Prospective investors should not construe the contents of this Disclosure as business, legal, accounting, tax, regulatory, investment or other advice, and should consult their own experts and advisors concerning the Securities.
- b) Company excluded from relying on the exemption, including: (i) companies subject to the reporting requirements of the Securities Exchange Act of 1934; (ii) an investment company as defined by the Investment Company Act of 1940, or excluded from such definition under 3(b) or 3(c) of the 1940 Act (iii) be subject to bad actor disqualifications as set forth in Rule 503(a) of Regulation Crowdfunding (which rule is substantially similar to the bad actor disqualifications in Rule 506); (iv) companies that have failed to comply with the annual reporting requirements under Regulation Crowdfunding during the two years preceding an offering; and (v) blank check companies (i.e., companies that have no specific business plan or have indicated that their business plan is to engage in a merger or acquisition with an unidentified company).

## 7. INVESTOR REPRESENTATIONS

- a) Investor is a suitable investor as set forth in the Disclosure Documents and represents and warrants that an investment made pursuant to this Agreement is a suitable investment for Investor. Investor has such experience and sophistication to evaluate an investment made pursuant to this Agreement and determine that such an investment is suitable for Investor.
- b) Investor has carefully read and fully understands the risks involved with an investment in the Company, including, without limitation, the risks identified in the Disclosure Documents and such other information as set forth on the Portal. In particular, the Investor understands that the only return to the Investor will be the Payments made under Section 3 hereof. In the event that the Payments made pursuant to Section 3 are not sufficient to return to Investor the original Investment Amount, Investor acknowledges and agrees that Investor shall have no claim against the Company for a return of the Investment Amount upon the termination of this Agreement or otherwise. It is possible that Investor could lose all or part of its investment made pursuant to this Agreement.
- c) This investment will not directly or indirectly contravene applicable laws and regulations, including anti-money-laundering laws and regulations. The Investor understands and agrees that the Company may undertake any actions that the Company deems necessary or appropriate to ensure compliance with applicable laws, rules and regulations regarding money laundering or terrorism. In furtherance of such efforts, the Investor hereby represents, covenants, and agrees that, to the best of the Investor's knowledge based on reasonable investigation:

- i) None of the Investor's capital contributions to the Company (whether payable in cash or otherwise) shall be derived from money laundering or similar activities deemed illegal under federal laws and regulations.
  - ii) To the extent within the Investor's control, none of the Investor's capital contributions to the Company will cause the Company or any of its personnel to be in violation of federal anti-money laundering laws, including without limitation the Bank Secrecy Act (31 U.S.C. 5311 et seq.), the United States Money Laundering Control Act of 1986 or the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, and any regulations promulgated thereunder.
  - iii) The Investor acknowledges that due to anti-money laundering requirements operating in the United States, as well as the Company's own internal anti-money laundering policies, the Company may require further identification of the Investor and the source of its investment capital before this Agreement can be processed, capital contributions can be accepted or distributions made. When requested by the Company, the Investor will provide any and all additional information, and the Investor understands and agrees that the Company may release confidential information about the Investor if the Company has determined that such release is necessary to ensure compliance with all applicable laws and regulations concerning money laundering and similar activities; provided, that prior to releasing any such information, the Company shall confirm with counsel that such release is necessary to so ensure said compliance.
- d) The overall commitment of Investor to investments which are not readily marketable is not excessive in view of the Investor's net worth and financial circumstances, and this investment will not cause such commitment to become excessive. Investor is able to bear the economic risk of this investment.
- e) Investor further represents and warrants to, and covenants with, the Company that (i) Investor has full right, power, authority, and capacity to enter into this Agreement and to consummate the transactions contemplated hereby and has taken all necessary action to authorize the execution, delivery, and performance of this Agreement, and (ii) this Agreement constitutes a valid and binding obligation of Investor enforceable against the Investor in accordance with its terms.
- f) Investor acknowledges that any legal counsel for the Company is legal counsel solely for the Company regarding this investment and not for Investor, and that Investor may want to have its own legal counsel review this Agreement (and related materials) before signing. Investor acknowledges that any accounting firm for the Company is the accounting firm solely for the Company and not for Investor, and that Investor may want to have its own accountant review this Agreement (and related materials) before signing.
- g) Investor has the requisite knowledge to assess the relative merits and risks of this investment, or has relied upon the advice of Investor's professional advisors with regard to an investment in the Company. The Investor acknowledges that the Company has made available the opportunity to ask questions of and receive answers from the Company's officers and directors concerning the terms and conditions of this Agreement, the Product and the business and financial condition of the Company, and Investor has received to its satisfaction, such information about the Product and the business and financial condition of the Company and the terms and conditions of this Agreement as it has requested.
- h) The Investor has full legal capacity, power and authority to execute and deliver this Agreement and to perform obligations hereunder. This Agreement constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of the Investor's and issuer's rights generally and general principles of equity.
- i) The Investor authorizes Startwise Inc. to involve third party services including legal counsel and collection agencies at the expense of the Company that breached the terms of this Agreement. At the same time, the Investor keeps the right to take any other appropriate action permitted by law



to resolve the issue.

- j) The Investor represents that he, she or it is complying with the rules and regulations of Regulation Crowdfunding, including the investment limits set forth in Section 4(a)(6) of the Securities Act. The Investor has been advised that this instrument and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Investor is purchasing this instrument for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of this Note, is able to incur a complete loss of such investment without impairing the Investor financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

## **8. COMPANY REPRESENTATIONS**

- a) The Company shall have received all requisite authorizations, approvals or permits, if any, of the authorities of each jurisdiction in which such authorization, approval or permit is required for the lawful entering into the Agreement.
- b) The Company is duly organized, validly existing and in good standing under the applicable jurisdictions, as the type of entity described in its organizational documents.
- c) The Company has all requisite legal, power and authority to own and operate its properties and assets, to carry on its business as presently conducted and as proposed to be conducted, to enter into, pay and perform its obligations under the Agreement, and generally to carry out the transactions contemplated hereby. The Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it and believes it can obtain without undue burden or expense any similar authority for the conduct of its business as presently planned to be conducted. The Company is not in default in any material respect under any of such franchises, permits, license or other similar authority.
- d) The Company's payment obligation to the Investor under this Agreement shall be on parity with the Company's obligations to repay all the investors in connection with the Offering in full, payments should be made on pro-rata basis through the online Portal.
- e) All action on the part of the Company, its officers, directors, shareholders, members and managers necessary for the authorization, execution and delivery of the Agreement by the Company, and the payment and performance by the Company of all its obligations under the Agreement have been taken prior to signing the Agreement. The Agreement, when executed and delivered by the Company, shall constitute a valid and binding obligation of the Company, enforceable in accordance with their respective terms.
- f) No consent, approval, qualification, order or authorization of (or designation, declaration filing with) any governmental authority on the part of the Company is required in connection with the Company's valid execution and delivery of the Agreement, its payment and performance of its obligations under the Agreement, or the consummation of any other transaction contemplated hereby.
- g) The Company is not in violation or default in any material respect of any provision of its organizational documents or in any material respect of any provision of any indebtedness, indenture, contract, agreement, or instrument, to which it is a party or by which it is bound or, to its knowledge, of any judgment, order, decree, statute, rule or regulation presently applicable to the Company where such violation would effect the Agreement. The execution and delivery of the Agreement, the payment and performance by the Company of its obligations under the Agreement, and the consummation of the transactions contemplated thereby, will not result in any such violation or be in material conflict with or constitute, with or without the passage of time or

giving of notice, either a material default under any such provisions or an event that results in the creation of any material lien, encumbrance or charge upon any of the properties or assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization, or approval applicable to the Company Company, its business or operations, or any of its properties or assets, except as provided in this Agreement. Neither the Company's organizational documents Company, nor any agreement to which the Company is a party require the consent of any party before the Company may enter into the Agreement or pays or performs any of the Company's obligations under the Agreement.

- h) The Company represents that it will act as own transfer agent and will keep record of repayment progress. The Portal might be required to share the Investor's contact information with the Company to enable it to act as the transfer agent.
- i) The Company acknowledges and understands that ACH transactions can be subject to chargebacks by the investors. In the event of a chargeback initiated by the investor's bank, the Company shall reimburse the Investor, if the charge is due based on the banking regulations.

## **9. FAILURE TO MEET OBLIGATIONS**

If the Company fails to meet its obligations under this Agreement, and Permitted Deferral has expired, penalty fees and legal actions may take place, according to the following Penalty Schedule:

- (i) Other than with respect to low revenue under the Permitted Deferral, if the Company fails to pay any of the outstanding payments due for 2 consecutive Quarters, third parties including attorneys and collection agencies will be involved and further legal action might result. All fees that will occur due to the involvement of third parties mentioned above are at the expense of the Company. The Company agrees to pay penalties and fees in the equivalent of 10% late fee of the amount due from the moment any notice is sent to the Company. In addition, the Company agrees to pay an amount equal to 2% of the unpaid portion of the Total Payment Amount for each month that the Payments remain unpaid.
- (ii) If the Company fails to submit the quarterly report, the Company agrees to pay penalties at \$350 will apply with additional \$50 monthly delay fee until the report for the missed quarter is submitted.
- (iii) If the Company submits poor quarterly report, penalties include \$350 fee and \$50 monthly delay fee until the corrected report for the missed quarter is submitted.
- (iv) If the Company fails to submit the annual report, penalties at \$500 will apply with additional \$50 monthly delay fee until the annual report is submitted.
- (v) If the Company submits poor annual report, penalties include \$500 fee and \$50 monthly delay fee until the corrected annual report is submitted.

All the penalty fees that occur will be paid to the investors based on their pro-rata percentage after deducting any expenses incurred by Startwise.

## **10. EVENTS OF DEFAULT**

- a) The failure to make Payments, provide reports or the occurrence of any of the items set forth in Section 9 above. Notwithstanding the foregoing and anything to the contrary herein, COMPANY SHALL ONLY BE OBLIGATED TO MAKE PAYMENTS TO THE EXTENT THAT THE COMPANY HAS GROSS REVENUE. FAILURE TO REMIT PAYMENT DUE TO LACK OF GROSS REVENUE FOR A QUARTER AND ANY PERMITTED DEFERRAL SHALL NOT CONSTITUTE AN EVENT OF DEFAULT.
- b) If the Company files any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law for the relief of, or relating to, Investors;
- c) If an involuntary petition is filed against the Issue (unless the petition is dismissed or discharged within 60 days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee or assignee is appointed to take possession, custody or control of any property of the Company; Upon the occurrence of an Event of Default hereunder, all unpaid portions of the Payment Amount hereunder shall automatically be immediately due, payable and collectible by

Investor pursuant to applicable law.

## 11. OTHER PROVISIONS

- a) **Waiver.** Company waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Agreement, and shall pay all costs of collection when incurred, including, without limitation, reasonable attorneys' fees, costs and other expenses. The right to plead any and all statutes of limitations as a defense to any demands hereunder is hereby waived to the full extent permitted by law.
- b) **Notice of Governmental Action.** The Company shall promptly notify the Investor of any governmental investigations or proceedings that have been instituted or are pending, or that to the Company's knowledge have been threatened, within ten (10) days of becoming aware of such governmental actions.
- c) **Amendments.** This Agreement is part of a number of Agreements made in connection with the Offering and the provisions of this Agreement and the Agreements in whole (other than the Return Total) may only be amended, waived or modified as follows: upon the written consent of the Company and all of the Investors in the Offering.
- d) **Characterization of Investment.** The parties agree that they shall treat this Agreement as a loan for financial and tax and all other applicable purposes, and not as equity. The Investor agrees to comply with all applicable laws governing the making of loans to businesses in the jurisdiction in which they are resident. The Investor shall be solely responsible for any and all taxes that may be due to any federal, state or local governmental authority as a result of the payments made by the Company to the Investor through this Agreement.
- e) **Notice.** Any notice required or permitted by this instrument will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.
- f) **Governing Law.** This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.
- g) **Successors and Assigns.** Subject to the foregoing, this instrument will be binding on the parties' successors and assigns.
- h) **No Stockholder Rights.** The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed a holder of membership interest in the Company for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a member owner of the Company or any right to vote for the election of directors or upon any matter submitted to members at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.
- i) **Tax Matters.** The Investor shall be responsible for all tax obligations incurred in connection with its investment in the Revenue Interests.

- j) **Entirety of Agreement.** The terms and conditions set forth herein constitute the entire agreement between the parties and supersedes any communications or previous agreements with respect to the subject matter of this Agreement. There are no written or oral understandings directly or indirectly related to this Agreement that are not set forth herein. This agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single agreement. It being understood that all Parties need not sign the same counterparts. The exchange of copies of this Agreement and of signature pages by electronic mail in “portable document format” (“.pdf”) form, intended to preserve the original graphic and pictorial appearance of a document, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties shall be deemed to be their original signatures for all purposes.
- k) **Nature of Agreement.** This Agreement and any attachments are the entire exclusive agreement between them. This Agreement inures to the benefit of the successors and assign of the parties.
- l) **Warranties and Representations.** The Company and Investor make no express or implied representations, warranties, promises or guarantees about this Agreement, except as it expressly provides.
- m) **Severability.** If any term of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then this Agreement, including all of the remaining terms, will remain in full force and effect as if such invalid or unenforceable term had never been included.
- n) **Waiver.** The waiver or failure of either party to exercise in any respect any right provided in this agreement shall not be deemed a waiver of any other right or remedy to which either party to this Agreement may be entitled.
- o) **Electronic Signatures.** The Company and the Investor agree that they may use electronic signatures and, if doing so, agree to be subject to the provisions of the U.S. E-SIGN Act otherwise known as the Electronic Signatures in Global and National Commerce Act, as defined by E-SIGN, Pub.L. 106-229, 14 Stat. 464, enacted June 30, 2000, 15 U.S.C., Ch. 96.

*[Signature page follows.]*

IN WITNESS WHEREOF, the Company and the Investor have executed this Agreement as an instrument under seal as of the date set forth as the Effective Date of this Agreement.

**COMPANY**

\_\_\_\_\_

[Address] \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature

Name \_\_\_\_\_

Title \_\_\_\_\_

**INVESTOR**

\_\_\_\_\_

Signature

Name \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_