

**TOOLBOX OS, INC.**

A WYOMING CORPORATION

**CONFIDENTIAL OFFERING MEMORANDUM**

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**July 5, 2024**

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**3857 BIRCH STREET # 5049  
NEWPORT BEACH, CA 92660  
TELEPHONE: (435) 862-7711  
EMAIL: [G@TOOLBOXOS.COM](mailto:G@TOOLBOXOS.COM)  
ATTENTION: GAYDON "G" LEAVITT**

**THIS IS NOT AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE  
NOTES DESCRIBED HEREIN IN ANY JURISDICTION TO ANY PERSON TO WHOM  
IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SALE.**

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### **EXHIBITS**

- A - Subscription Documents
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## IMPORTANT GENERAL CONSIDERATIONS

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A prospective investor (an **“Investor”**) in Toolbox OS, Inc., a Wyoming corporation (the **“Corporation”**) should not construe the contents of this Confidential Offering Memorandum, as amended or restated from time to time (this **“Memorandum”**), as legal, tax or investment advice. If an Investor desires to invest in unsecured investment notes (the **“Notes”**) and agrees to become a noteholder of the Corporation (a **“Noteholder”**), such Investor will be required to make a representation to that effect. Each Investor should review the proposed investment and the legal, tax and other consequences thereof with its own professional advisors. The purchase of the Notes involves certain risks and conflicts of interest between the Corporation and its board of directors (the **“Board”**). (See **“RISK FACTORS AND CONFLICTS OF INTEREST.”**) The Board reserves the right to refuse any subscription for any or no reason.

In making an investment decision, an Investor must rely on its own examination of the Corporation and the terms of the offering of the Notes, including the merits and risks involved. Each Investor and its representative(s), if any, are invited to ask questions and obtain additional information from the Board concerning the terms and conditions of the offering, the Corporation, and any other relevant matters to the extent the Board possesses such information or can acquire it without unreasonable effort or expense.

Neither the U.S. Securities and Exchange Commission (the **“SEC”**) nor any state securities commission has approved or disapproved of this investment or passed upon the merits of participating in the Corporation, nor has the SEC or any state securities commission passed upon the adequacy or accuracy of this Memorandum. Any representation to the contrary is a criminal offense. The Board anticipates that: (i) the offer and sale of the Notes will be exempt from registration under the Securities Act of 1933, as amended (the **“Securities Act”**) pursuant to an exemption provided by Rule 506(c) of Regulation D under Section 4(a)(2) of the Securities Act which allows the Fund to raise capital through general solicitation or general advertising, and will also be exempt from the various state securities laws and (ii) the Corporation will not be registered as an investment company under the Investment Company Act of 1940, as amended (the **“Investment Company Act”**) pursuant to an exemption provided by Section 3(c)(1) of the Investment Company Act. The Corporation is not registered as an investment adviser with the SEC or any state regulatory authority on the belief that it is exempt from such registration.

The offering of Notes may only be made by delivering a copy of this Memorandum to the person whose name appears on this Memorandum. The offering may be made only to Investors that qualify as “accredited investors” as that term is defined in Rule 501 of Regulation D under the Securities Act. This Memorandum may not be reproduced, either in whole or in part, without the prior express written consent of the Board. By accepting delivery of this Memorandum, an Investor agrees not to reproduce or divulge its contents and, if an Investor does not purchase any Notes, to return this Memorandum to the Board or destroy this Memorandum.

There is no public market for the Notes, nor is any expected to develop. Even if such a market develops, no resale or transfer of the Notes will be permitted except in accordance with the provisions of the Securities Act, the rules and regulations promulgated thereunder, any applicable state securities laws and the terms and conditions of the Note. Any transfer of a Note by a Noteholder, public or private, will require the consent of the Board. Accordingly, if an Investor purchases a Note, it will be required to represent and warrant that it has read this Memorandum and is aware of and can afford the risks of an investment in the Corporation for the term of the Note. An Investor will also be required to represent that it is acquiring the Notes for its own account, for investment purposes only, and not with any intention to resell or transfer all or any part of the Notes. This investment is suitable for an Investor which has adequate means of providing for its current and future needs, has no need for liquidity in this investment and can afford to lose the entire amount of its investment.

Although this Memorandum contains summaries of certain terms of certain documents, an Investor should refer to the actual documents (copies of which are attached to this Memorandum or are available from the Board) for complete information concerning the rights and obligations of the parties to each document. All summaries contained in this Memorandum are qualified in their entirety by the terms of the actual documents. No person has been authorized to make any representations or furnish any information with respect to the Corporation or the Notes, other than the representations and information set forth in this Memorandum or other documents or information furnished by the Board upon request, as described above.

No rulings have been sought from the U.S. Internal Revenue Service (the “**IRS**”), or any state or other taxing authorities with respect to any tax matters discussed in this Memorandum. Each Investor is cautioned that the views contained in this Memorandum are subject to material qualifications as well as possible changes to, or revised interpretations of, applicable statutes and regulations by the IRS, the U.S. Congress, the courts or pursuant to other legislative or administrative action with respect to such existing tax statutes or regulations.

The information contained in this Memorandum is current only as of the date that appears on the cover page. Investors should not, under any circumstances, assume that there have not been any changes to the information included in this Memorandum.

#### CONFIDENTIALITY NOTICE

This Memorandum and the materials accompanying this Memorandum contain confidential, proprietary, and nonpublic information, relating to matters including, without limitation, investment strategies, financial information, and data (collectively, the “**Information**”), regarding the Corporation, its Portfolio Companies (as defined elsewhere in the Memorandum and their respective affiliates, including their officers, directors, members, partners, shareholders, managers, employees, agents and the Principal (as defined elsewhere in this Memorandum) or any entities owned or managed by the Principal (collectively, the “**Affiliates**”). Each recipient hereof agrees by accepting this Memorandum that the Information is of a confidential nature and that such recipient will treat the Information in a strictly confidential manner and that such recipient will not, directly or indirectly, disclose or permit such recipient’s affiliates to disclose any Information to any other person or entity, or reproduce the Information, in whole or in part, without the Board’s prior written consent. The recipient of this Memorandum further agrees to use the

Information solely for the purpose of analyzing the desirability of a purchase of Notes of the Corporation and for no other purpose whatsoever. The recipient hereof agrees not to use the Information in any way that is harmful to or competitive with the Corporation and its Affiliates. The recipient of this Memorandum agrees to return this Memorandum and all related documentation if the recipient does not purchase Notes of the Corporation in this offering.

**THESE ARE SPECULATIVE INVESTMENTS WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHICH CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE NOTES.**

**THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE BOARD. THERE CAN BE NO ASSURANCE THAT ANY OF THE NOTES WILL BE SOLD.**

#### **NASAA UNIFORM DISCLOSURE**

**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 NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**THESE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.**

#### **FLORIDA RESIDENTS:**

**IF SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, AND YOU PURCHASE SECURITIES HEREUNDER, THEN YOU MAY VOID SUCH PURCHASE EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY YOU TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE DAYS AFTER THE AVAILABILITY OF THIS PRIVILEGE IS COMMUNICATED TO YOU, WHICHEVER OCCURS LATER.**

## **PRIVACY NOTICE**

Current regulations require financial institutions (including investment funds) to provide their investors with initial and annual privacy notices describing the institution's policies regarding the sharing of information about their investors. In connection with this requirement, we are providing this Privacy Notice to each of our Investors.

We do not disclose nonpublic personal information about our Investors or former Investors to third parties other than as described below.

We collect information about you (such as name, address, social security number, assets and income) from our discussions with you, from documents that you may deliver to us (such as subscription documents) and in the course of providing services to you. In order to service your account and effect your transactions, we may provide your personal information to our affiliates and to firms that assist us in servicing your account and have a need for such information, such as the Board, administrator, auditors, legal counsel or accountants. We do not otherwise provide information about you to outside firms, organizations or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose.

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## SUMMARY OF OFFERING AND NOTE TERMS

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The following summary is qualified in its entirety by the more detailed information contained elsewhere in this Confidential Offering Memorandum, as amended or restated from time to time (this “**Memorandum**”) and by the terms and conditions of unsecured investment notes (each, a “**Note**”) and other referenced documents. An Investor should read this entire Memorandum and the Note carefully before making any investment decision regarding the Corporation and should pay particular attention to the information under the heading “**RISK FACTORS AND CONFLICTS OF INTEREST.**” In addition, an Investor should consult its own advisors in order to understand fully, the consequences of an investment in the Corporation. Unless specifically noted otherwise, references throughout this Memorandum to the Corporation will include the Board (as defined below) and any agent authorized to act on the Corporation’s behalf.

### **Corporation**

Toolbox OS, Inc. (the “**Corporation**”) is a corporation incorporated in the state of Wyoming on April 4, 2019. The Corporation produces a shared business infrastructure in efforts to assist portfolio companies or subsidiaries in increasing review, earnings before income taxes, depreciation and amortization (“**EBITDA**”), and their valuation.

The Corporation, its officers and Portfolio Companies are not registered as an investment adviser with the SEC or any state regulatory authority on the belief that it is exempt from such registration.

### **Portfolio Companies**

The Corporation as part of its diversification strategy and growth has invested in a number of private companies that are owned, operated, managed, or otherwise affiliated with entrepreneurs that have previously entered into an agreement with the Corporation and in which the Company is providing infrastructure under such agreement and in which the Corporation owns an equity interest (the “**Portfolio Companies**”). The Portfolio Companies include companies that manage investment assets.

### **Affiliates**

An affiliate with reference to the Corporation includes any of its Portfolio Companies and such entity’s officers, directors, members, partners, shareholders, managers, employees, agents and the Principal or any entities owned or managed by the Principal (collectively the “**Affiliates**”).

### **Board of Directors**

The Corporation has a Board of Directors (the “**Board**”). The Board has delegated management of the day-to-day operations of the Corporation to Gaydon Leavitt as chief executive officer (the “**Principal**”). Additionally, Mr. Leavitt will oversee the operations, administrations, marketing, investment selection and/or positioning of the Corporation. Implementation of the Corporation’s investment

strategy and operations will be completed by the Principal and Affiliates.

### **Investment Strategy**

The Corporation's investment strategy is to use proceeds from this offering to fund certain costs to acquire target companies (or portions thereof), and provide additional working capital for the Corporation and its Portfolio Companies as determined by the Board in its sole and absolute discretion. The Corporation has not placed a limit on the amount of proceeds that it will allocate or use at a particular time or diversification, but will actively manage the proceeds from this offering and determine their ultimate use.

This general summary does not constitute a complete description of how the proceeds of this offering may be deployed by the Corporation. The Board is not restricted to any specific deployment or use strategy whatsoever.

### **Investment Risks**

The Corporation's investment program is speculative and entails substantial risks, including, among others: dependency on key individuals, risks associated with investing in private equity, concentration risk, litigation risk, and the risk that exit strategies from positions may be unavailable and have limited liquidity. An Investor should not invest in the Corporation unless: (i) it is fully able to bear the financial risks of its investment for an indefinite period of time; and (ii) it can sustain the loss of all or a significant part of its investment and any related realized or unrealized profits. An Investor could lose some or all of its investment in the Corporation. There can be no assurance that the investment objectives of the Corporation will be achieved or that the Corporation's investment strategy will be successful. Past results of the Corporation or its Affiliates (including the Principal) are not necessarily indicative of the future performance of the Corporation.

### **Diversification**

The Corporation does not have fixed guidelines for diversification and may concentrate its investments in particular types of securities and may use different investment strategies depending on the Principal's and Portfolio Managers' assessment of the available investment opportunities.

### **Offering**

***Continuous Offering.*** The Corporation is offering two-year and three-year convertible debt agreements (the "**Notes**") through a private placement on a continuous basis to persons who are (i) "accredited investors" as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"). The Notes shall be non-transferable by holders of the Notes (each a "**Noteholder**" and collectively "**Noteholders**").

***Issuance of Notes.*** The Notes will be issued on a best-efforts basis. Investors will invest a lump sum investment (the “**Loan Amount**”) in the Corporation pursuant to the Subscription Documents (as defined below). Noteholders will receive quarterly-only payments and a single lump sum payment equal to the Loan Amount and any accrued but unpaid interest upon maturity of the Notes (unless such Note is converted into common shares of the Corporation), which will be in preference to any distributions made to shareholders of the Corporation (“**Shareholders**”). Investors interested in purchasing the Notes should inform themselves as to the legal requirements within their own countries for the purchase of the Notes and any foreign exchange restrictions with which they must comply. The Corporation reserves the right to reject, either in whole or in part, subscriptions for the Notes, in its absolute discretion.

***Unregistered Offering.*** There will be no public offering of Notes. The Corporation will rely upon an exemption from registration of the offering of the Notes under the Securities Act, provided by Section 4(a)(2) and Regulation D (including Rule 506(c), which allows the Fund to raise capital through general solicitation or general advertising, subject to verification documentation as set forth in the Subscription Documents (as defined below)) thereunder and from registration of the Corporation as an investment company under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). The availability to the Corporation of these exemptions will rely, in part, upon the nature of the Noteholders, as summarized below at “*Eligible Investors.*” In addition, the Corporation’s reliance upon these exemptions will result in the Notes being subject to significant restrictions on transfer, as described at “*Transferability of Notes*” below.

***Marketing Fees and Sales Charges.*** The Board will not sell Notes through Financial Industry Regulatory Authority (“**FINRA**”) registered broker-dealers, placement agents or other persons, but reserves the right to upon notice to Investors.

## **Offering Terms**

The offering of the Notes is subject to all terms, conditions and risk factors as set forth in this Memorandum, the Subscription Documents, a copy of which is attached hereto as **Exhibit A**, and the Notes, a copy of which is attached hereto as **Exhibit B**.

## **Minimum Investment; Initial Closing**

The Loan Amount of the Note will be determined by the subscription amount of an Investor as set forth in the Subscription Documents. The minimum investment for Notes is \$50,000, provided that the Board may, in its sole and absolute discretion, accept investment of lesser

amounts. The maximum amount of investment by an Investor will be \$20,000,000.

Subscriptions are generally accepted as of the first day of each calendar month, although the Board, in its sole and absolute discretion, will have the right to accept subscriptions to the Corporation at any time.

Notwithstanding the foregoing, the Corporation may have its first Closing (the “**Initial Closing**”) at any time as determined by the Board in its sole and absolute discretion. For the purposes of this Memorandum, a “**Closing**” is the subscription for, and purchase of, the Notes issued by the Corporation and issuance of the Notes to Investors, pursuant to the Subscription Documents.

### **Term of Notes**

The Notes will mature in two years or three years (as selected by each Investor) (in each case, the “**Maturity Date**”) from the date in which interest begins to accrue on the Note set forth on such Note (the “**Effective Date**”). The Corporation will not repay any Notes prior to the Maturity Date. Upon the Maturity Date, of any Notes purchased by an Investor, to the extent that the Corporation did not convert the Note into common shares of the Corporation, the Investor will have the opportunity to purchase, should this offering still be open, additional Notes with its proceeds received on the Maturity Date under the terms and conditions of the Notes at the time of purchase. The Corporation in its sole and absolute discretion shall have the authority to determine the Effective Date of any Note issued and its decision will be conclusive and final to such Investor.

### **Conversion Option**

The Corporation, prior to a Note’s Maturity Date, may in its sole and absolute discretion convert the Loan Amount and all accrued, but unpaid interest (the “**Total Conversion Funds**”) into equity interest (common shares) in the Corporation (the “**Conversion Option**”). To the extent that a Payment Default (as defined below) or other Event of Default (as defined in the Note) looks imminent, the Corporation will provide written notice of its election to do so within ten calendar days at the Maturity Date (the “**Conversion Election Date**”). In the event the Corporation fails to exercise the Conversion Option by the Conversion Election Date, the Corporation’s Conversion Option shall be irrevocably forfeited. To the extent the Corporation exercises the Conversion Option, the Total Conversion Funds shall be used to purchase Corporation common shares at a price per share equal to the then-current price at which the Corporation is selling its common shares as of the date of the Noteholder’s receipt of written notice of the Corporation’s election to exercise the Conversion Option. By way of illustration, should the Investor loan the Corporation \$100,000 and the Corporation would elect to exercise the Conversion Option at the Maturity Date, the Total Conversion Funds shall be

\$100,000 (assuming all quarterly-only payment had been made). As an example conversion, to the extent that the Corporation was selling common shares at the time of conversion at \$0.68 per share, the Investor, now a Noteholder shall be entitled to use the Total Conversion Funds to acquire the Corporation's common shares at a purchase price of \$0.68. Following the Corporation's exercise of the Conversion Option, the Noteholder shall sign and deliver to the Corporation such subscription agreement, stock purchase agreement or related documentation as the Corporation may reasonably request in order to formally document Noteholder's purchase of the Corporation's common shares.

**Interest Rate of Notes**

Notes will accrue interest on the Loan Amount at either (i) 16% per annum for 2-year Notes, (ii) 18% per annum for 3-year Notes or (iii) 18% interest for 2-year Notes of \$250,000 or more or (iv) 20% interest for 3-year Notes of \$250,000 or more. Interest on the Notes shall be calculated on an annual basis beginning on the Effective Date and continuing until the Maturity Date. To the extent any federal or state law limits the interest rate that the Corporation may charge, the Corporation may reduce the interest rate on any affected Note to conform with such federal or state laws without the consent of the Noteholder.

**Interest Payments**

The Corporation shall pay to the Investor quarterly-only payments with each such quarterly interest-only payment being due and payable in full on each first day of the month following each calendar quarter with first payment due in the month following the first full calendar quarter after the Effective Date. Interest accrual shall be prorated for any partial quarters with the amount of first quarterly interest payment being prorated based upon the number of days elapsed between the Effective Date and the last calendar day of the first full calendar quarter in which such interest payment is due. By the way of example, if the Effective Date for the Note was February 1st, the first quarterly payment would be due on June 1st and would be for interest accruing from February 1st to May 31st. Each subsequent interest payment would then be due on the first day of each calendar quarter thereafter. If any quarterly-only payment is not paid within ten (10) days of the date such interest payment is due, no Payment Default shall occur. Instead, such past due interest amount shall accrue interest at the default interest rate of two percent (2%) per month and be due on the Maturity Date, unless paid sooner in the sole and absolute discretion of the Company.

**Loan Amount  
Payments**

It is expected that Noteholders will receive a single balloon payment equal to the Loan Amount with any interest accrued, but not paid, in a single lump sum payment (the “**Balloon Payment**”) within ten (10) calendar days of the Maturity Date (the “**Note Payment Date**”). The Balloon Payment due will be made by wire or automated clearing house transfer (“**ACH**”) to the account(s) designated by the Investor in its Subscription Documents and on file with the Corporation as of the Maturity Date.

**Payment Default**

In the event that the Corporation fails to make the Balloon Payment by the Maturity Date and fails to cure such default by the Payment Default Cure Period (as defined below) (a “**Payment Default**”) or the Corporation becomes subject to bankruptcy or insolvency proceedings or other event of default outlined in the Note, the Noteholder shall be entitled receive additional interest in the amount of 2.00% per month on the outstanding Loan Amount and any accrued but unpaid interest until all Loan Amounts and accrued interest are paid in full (the “**Outstanding Balance**”). All payments made hereunder will be applied first to any interest accrued, but not paid interest, and then any remaining amount to the Loan Amount.

The Note provides that a Payment Default will not occur if the Corporation cures the Payment Default within ten calendar days from the payment due date plus ten days (the “**Payment Default Cure Period**”) after receiving written notice from the Investor demanding cure of such default (each a “**Default Notice**”).

**Mandatory  
Conversion**

In the event that the Outstanding Balance remains unpaid for a period of twelve months after the Maturity Date or Term Maturity Date (as applicable) (the “**Mandatory Conversion Date**”), the Corporation shall convert the Outstanding Balance into the Corporation’s common shares under the same terms and conditions as set forth under the Optional Conversion, except that for the purposes of calculating the number of the Corporation’s common shares to be purchased, Total Conversion Funds shall mean the Outstanding Balance at the time of conversion.

**Preferential Payment  
of Notes**

The Noteholders will receive priority payments before any other distributions are made to the Shareholders. However, the Corporation may pay Shareholders distributions of profits prior to the satisfaction of all of the Corporation’s Notes. Such distributions may reduce the available funds to satisfy the Corporation obligations in the Notes.

**How to Subscribe**

In order to subscribe for the Notes, an Investor must complete the subscription agreement and purchaser questionnaire (the “**Subscription Documents**”) and return them to the Corporation. An Investor must pay 100% of its Loan Amount at the time of subscription.

The date on which subscription is accepted is a “**Subscription Day.**” Payment may be made in cash only, by wire transfer or ACH of immediately available funds. To ensure compliance with applicable laws, regulations and other requirements relating to money laundering, the Corporation may require additional information to verify the identity of any person who subscribes for Notes in the Corporation.

## **Eligible Investors**

In order to invest in the Corporation, an Investor must meet certain minimum eligibility requirements, including qualifying as “accredited investor” as that term is defined in Rule 501 of Regulation D promulgated under the Securities Act. The Subscription Documents set forth in detail the definition of an accredited investor. As a prerequisite to being accepted as a Noteholder and being permitted to purchase Notes, an Investor must complete the appropriate representations in the Subscription Documents to represent to the Corporation that it is an accredited investor. Further, an Investor must agree to provide any documentation requested by the Corporation to verify that the Investor meets one of the definitions of an “accredited investor.” The Corporation may reject any Investor’s subscription for any reason.

Additionally, the Corporation will require that the Investor and its shareholders, members, managers, partners, trustees or any other “covered persons” (as defined in Rule 506(d) of Regulation D of the Securities Act), are not currently subject to, or involved in, a “disqualifying event” as defined in Rule 506(d) of Regulation D of the Securities Act (a “**Bad Actor Event**”), and they have not been subject to or involved in a Bad Actor Event within the ten years preceding the Subscription Day. Further, a Noteholder will be required to notify the Corporation in the event that such Noteholder becomes subject to a Bad Actor Event within 30 days of obtaining such knowledge.

While it is unlikely that the definitions will change from the time the Investor receives a copy of this Memorandum and the time the Investor submits the Subscription Documents to the Corporation, there is always a possibility of changes in the law. Investors are therefore encouraged to review Rule 501 of Regulation D under the Securities Act to confirm that they meet the then-current definition of “accredited investor” (See 17 CFR § 230.501.).

The eligibility standards referred to in this Memorandum represent minimum eligibility requirements for Investors seeking to invest in the Corporation. The fact that an Investor satisfies the minimum standards outlined in this Memorandum and in Rule 501 of Regulation D under the Securities Act does not necessarily mean that the Notes are a suitable investment for that Investor. The Corporation does not make determinations of suitability. The Board will review an Investor’s Subscription Documents and only accept those Investors for which it is

determined that an investment in the Corporation is consistent with such Investors' investment objectives, goals, risk tolerance, etc. However, the risk of determining whether Notes are suitable for the Investor remains entirely with the Investor.

**ERISA and Other  
Employee Benefit  
Plans and Accounts**

Pension, profit-sharing, or other employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), individual retirement accounts, Keogh Plans and other plans covered by Section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and entities deemed to hold the plan assets of each of the foregoing (each a "**Benefit Plan Investor**"), governmental plans, foreign employee benefit plans and certain church plans not subject to ERISA (such plans which are not Benefit Plan Investors are referred to herein as "**Other Benefit Plans**"), may generally purchase Notes issued by the Corporation subject to the considerations described in this Memorandum. Fiduciaries of Benefit Plan Investors and Other Benefit Plans are urged to review carefully the matters discussed in this Memorandum and consult with their own legal and financial advisors before making an investment decision. (See "CERTAIN CONSIDERATIONS APPLICABLE TO ERISA, GOVERNMENTAL AND OTHER PLAN INVESTORS.")

**Death, Incapacitation  
and Resignation by  
the Principal**

In the event that any Principal resigns, dies, becomes incapacitated, or is adjudicated incompetent, is declared bankrupt by a court with appropriate jurisdiction or files a petition commencing a voluntary case under any bankruptcy law, or is convicted of or pleads nolo contendere to a felony involving moral turpitude, or commits a violation of any applicable federal or state securities law that would constitute a Bad Actor Event (a "disqualifying event" as defined in Rule 506(d) of Regulation D of the Securities Act), the Noteholders will be promptly notified of such event, and the Corporation will continue in accordance with the terms of the Bylaws and the Notes.

**Term**

The Corporation will continue operating until the earlier of: (i) the termination, bankruptcy, insolvency, dissolution or disqualification of the Board; or (ii) a determination by the board of directors of the Corporation that the Corporation should be dissolved.

**Variance of Terms**

The Board has the absolute discretion to vary the terms of this Memorandum with respect to any Noteholders and may enter into confidential side letters or other similar agreements ("**Side Letters**") with certain Noteholders and may issue confidential supplements to this Memorandum related to such Noteholders which are not provided or disclosed to other Noteholders. Such terms may waive or modify the application of any provision of the Note with respect to such Noteholders, without obtaining the consent of or giving notice to any

other Noteholders.

**Reports to  
Noteholders**

Each Noteholder will receive the following: (i) copies of such Noteholder's Form 1099-INT or similar tax document required to be delivered to the Noteholder under the Code; (ii) quarterly unaudited performance reports from the Board reflecting the results of the Corporation for the previous reporting period; and (iii) other reports as determined by the Board in its sole discretion. The Corporation shall bear all fees incurred in providing such reports.

The Board may agree to provide certain Investors and Noteholders with additional information on the underlying lending activities of the Corporation, as well as access to the Board and its employees for relevant information.

**Transferability of  
Notes**

A Noteholder may not assign, pledge or transfer its Notes (except by operation of law) without the consent of the Board, which consent may be given or withheld in its sole and absolute discretion. Transfers of Notes are subject to other restrictions set forth in the Note, including compliance with federal and state securities laws. In addition, if a transfer of an Note is permitted, the Board may require additional consents and documentation to perform such assignment, pledge, or transfer.

Due to these limitations on transferability, Noteholders may be required to hold their Notes until the maturity of such Note.

**No Voting Rights:**

Noteholders will have no voting rights by reason of holding Notes; therefore, Noteholders will not be able to change, control, or participate in the management of the Corporation or affairs of the business.

**Other Activities of  
Manager and  
its Affiliates**

Neither the Board nor any Affiliates of the Board are required to manage the Corporation as its sole and exclusive function. Each may engage in other business activities, including competing ventures and/or other unrelated employment. In addition to managing the Corporation's investments, the Board may provide investment advice to other parties and may manage other accounts and/or establish other private investment funds in the future which employ an investment strategy similar to that of the Corporation. (See "MANAGEMENT.")

**Exculpation and  
Indemnification**

The Board shall not be liable to the Corporation or the Noteholders for any action or inaction in connection with the business of the Corporation to the fullest extent permitted by federal and Wyoming laws. The Corporation (but not the Noteholders individually) is obligated to indemnify the Board and its directors and officers (including the Principal), and members of the Advisory Board from any

claim, loss, damage or expense incurred by such persons relating to the business of the Corporation, provided that such indemnity will not extend to conduct not protected under federal securities or Wyoming law.

Notwithstanding the foregoing, federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing herein shall in any way constitute a waiver or limitation of any rights which Noteholders may have under any federal and state securities laws. It is the policy of the SEC that indemnification for violations of securities laws is against public policy and therefore unenforceable.

**No Registration Rights** The Notes will not be registered under the Securities Act and the Noteholders will not have any registration rights associated with their respective Notes.

**Other Regulatory Matters** The Corporation has not registered under, does not intend to register under, and is not subject to the Investment Company Act, in reliance on an exception provided by Section 3(c)(1) of the Investment Company Act. The Notes are not registered under the Securities Act, in reliance on Section 4(a)(2) and Regulation D (including Rule 506(c) thereunder). Rule 506(c) specifically allows the Corporation to raise capital through general solicitation or general advertising, subject to verification documentation as set forth in the Subscription Documents. In order to comply with registration exemptions under Rule 506(c) of Regulation D of the Securities Act, the Corporation requires Investors to provide certain documentation to verify that the investor meets one of the definitions of an “accredited investor.”

In order to comply with applicable U.S. anti-money laundering laws and regulations, the Corporation requires a detailed verification of each Investor’s identity and the source of funds for such Investor’s Loan Amount prior to acceptance of the subscription and may require additional documentation at any time, including, but not limited to, upon a making any interest payment or Balloon Payment. The obligations and responsibilities of each Investor with respect to anti-money laundering requirements are further described at “ANTI-MONEY LAUNDERING PROCEDURES” and set forth in the Subscription Documents.

**Fiscal Year** The fiscal year of the Corporation shall end on December 31st of each year, which fiscal year may be changed by the Board, in its sole and absolute discretion.

**Address for Inquiries**

Each Investor is invited to, and it is highly recommended that an Investor, meet with the Board for a further explanation of the terms and conditions of this offering of Notes and to obtain any additional information necessary to verify the information contained in this Memorandum, to the extent the Board possesses such information or can acquire it without unreasonable effort or expense. Requests for such information should be directed to:

Toolbox, OS, Inc.  
3857 Birch Street # 5049  
Newport Beach, CA 92660  
Telephone: (435) 862-7711  
Email: [g@Toolboxos.com](mailto:g@Toolboxos.com)  
Attention: Gaydon “G” Leavitt

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## MANAGEMENT

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### **Background of Management**

#### ***Gaydon (“G”) Leavitt***

Gaydon Leavitt serves as chief executive officer of the Corporation, which he started in April 2019. As of the date of this Memorandum, the Corporation currently owns and operates more than 90 different companies as part of a ‘services for equity’ model that Mr. Leavitt developed. In this business, they have dozens of technology oriented ventures as well as funds with investment strategies ranging in asset classes, including, but not limited to, real estate, digital assets, public securities, private equity, commodities and lending.

Mr. Leavitt holds a Bachelor of Science degree in Marketing and Communications from Southern Utah University, which he received in 2003.

### **Additional Personnel; Actions Against Corporation and Affiliates**

The Corporation may employ additional personnel in the future. No material administrative, civil or criminal action has been brought against the Corporation, its Portfolio Companies and their respective affiliates, including their officers, directors, members, partners, shareholders, managers, employees, agents and the Principal or any entities owned or managed by the Principal (collectively, the “**Affiliates**”).

### **Other Activities of the Board and Affiliates**

The Principal is not required to manage the Corporation as his sole and exclusive function. The Principal may engage in other business activities and is only required to devote such time to the Corporation as it deems necessary to accomplish the purposes of the Corporation. Similarly, although the Principal expects to devote a significant amount of his time to the business of the Corporation, he are only required to devote so much of his time to these entities as the Board deems appropriate in its sole and absolute discretion.

In addition to managing the Corporation, Principal may provide management services to other private companies, investment funds in the future that employ operations or objectives similar or identical to that of the Corporation.

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## **INVESTMENT PROGRAM**

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### **Investment Strategy**

The Corporation's investment strategy is to use proceeds from this offering to (i) acquire target entities (or a portion thereof), (ii) fund certain costs and expenses, and (iii) provide additional working capital for the Corporation and its Portfolio Companies as determined by the Board in its sole and absolute discretion. The Corporation has not placed a limit on the amount of proceeds that it will allocate or use at a particular time or diversification, but will actively manage the proceeds from this offering and determine their ultimate use.

This general summary does not constitute a complete description of how the proceeds of this offering may be deployed by the Corporation. The Board is not restricted to any specific deployment or use strategy whatsoever.

The Board intends to allocate funds to corporate activities and its Portfolio Companies. As such, the Corporation will entail more risk than may be found in a more diversified investment portfolio.

### **Limits of Description of Investment Program**

The Board is not limited by the above discussion of the investment program. Further, the investment program is a strategy as of the date of this Memorandum only. The Board has wide latitude to allocate, use, invest in or dispose of the Corporation's assets, to pursue any particular objective, strategy or tactic, or to change the emphasis without obtaining the approval of the Noteholders. The investment program imposes no significant limits on the types of instruments in which the Board may take positions, the type of positions it may take, its ability to borrow money or the concentration of activities. The foregoing description is general and is not intended to be exhaustive. Investors must recognize that there are inherent limitations on all descriptions of investment processes due to the complexity, confidentiality and subjectivity of such processes.

### **Certain Risks**

The Corporation's investment program entails substantial risks, and there can be no assurance that its investment objectives will be achieved or that income will be generated. The practices of concentrated use and deployment and the use of leverage and other techniques employed by the Corporation can, in certain circumstances, increase the adverse impact to which an investment in the Corporation may be subject. See "RISK FACTORS AND CONFLICTS OF INTEREST."

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## RISK FACTORS AND CONFLICTS OF INTEREST

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An investment in the Corporation involves significant risks not associated with other investment vehicles and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that: (i) the Corporation's investment objectives will prove successful; or (ii) Noteholders will not lose all or a portion of their investment in the Corporation.

An Investor should regard an investment in the Corporation as a supplement to an overall investment program and should only invest if it is willing to undertake the risks involved. An Investor should therefore bear in mind the following risk factors and conflicts of interest before purchasing the Notes:

### General Investment Risks

- **Limited Operating History.** The Corporation was only recently formed and has been only marketing its services and investing in private companies for a short period of time. Some of the members of its senior management team and other employees have only recently joined it and therefore have worked together for only a short period of time. Accordingly, there is limited historical information about the Corporation and its management with which to evaluate its business, strategies and performance for purposes of purchasing the Notes.
- **Lack of Operational and Investment Experience by the Management.** The officers of the Board have limited previous experience in allocating proceeds and making investment decisions. Because of this lack of experience with managing the Corporation, the Board may be prone to errors, or the implementation of the investment strategy may result in losses. Consequently, the Corporation's operations, earnings and ultimate financial success could suffer irreparable harm due to the management's lack of operational and investment experience.
- **Investment Risks.** All investments involve the risk of a loss of capital. No guarantee or representation is made that the Corporation's investment program will be successful, and investment results may vary substantially over time.
- **No Assurance of Profit or Repayment.** The past performance of the Corporation or other portfolios, accounts or companies owned or managed by the Corporation, private companies that are owned, operated, managed, or otherwise affiliated with entrepreneurs that have previously entered into a lifetime software licensing agreement with the Corporation and/or in which the Company is providing company software services under such agreement and/or in which the Corporation owns an equity interest (the "**Portfolio Companies**") and their respective affiliates, including their officers, directors, members, partners, shareholders, managers, employees, agents and the Principal or any entities owned or managed by the Principal (collectively, the "**Affiliates**"), their portfolio managers or related entities or with which they have been

or are associated should not be construed as an indication of the future results of an investment in the Corporation. It is uncertain as to when profits, if any, will be realized. Losses on its deployment and investment activities may be realized before realization of gains on such deployment and investment activities. There may be no current return on the Corporation deployment and investment activities for an extended period of time.

- **Cyber Security.** A cybersecurity event could result in a substantial, immediate and irreversible loss for a Portfolio Company and ultimately, the Corporation. With the increased use of technologies to conduct business, such as the internet, a Portfolio Company and the Corporation are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber security failures or breaches by the Corporation, a Portfolio Company and other service providers, and the issuers of securities in which the Corporation invests, have the ability to cause disruptions and impact business operations potentially resulting in financial losses, interference with the Corporation’s ability to receive interest and principal payments from a Portfolio Company, impediments to trading, the inability of Noteholders to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While various Corporation service providers have established business continuity plans and risk management systems intended to identify and mitigate cyberattacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Corporation cannot control the cyber security plans and systems put in place by service providers to the Corporation and a Portfolio Company in which the Corporation invests. The Corporation and its Noteholders could be negatively impacted as a result.
- **Security Breaches.** Security breaches and other disruptions could compromise the Corporation’s or a Portfolio Company’s information and trading and expose it to liability, which could cause financial losses as well as causing the Corporation’s business and reputation to suffer. The Corporation collect and stores sensitive data, including proprietary Corporation and Borrower information, financial information about the Corporation, a Portfolio Company and their affiliates, and personally identifiable information of Noteholders, employees, directors, officers and managers of the Corporation, in the Corporation’s networks. Despite the security measures, the Corporation’s and Borrower’s information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee or manager error, malfeasance or other disruptions. Further, a breach of the Corporation’s networks may allow hackers of other individuals access to the Corporation’s bank accounts. Any such

breach could compromise the Corporation's networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information, could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt the Corporation's operations and lending strategies, which could lead to financial losses, cause mass Prepayment Requests by Noteholders and damage the Corporation's reputation, which could affect the Corporation's business. Further despite the security measures taken by a Portfolio Company, a Portfolio Company's information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee or manager error, malfeasance or other disruptions. A breach of a Portfolio Company's networks may allow hackers or other individuals access to a Portfolio Company's trading platforms as well as bank and exchange accounts. Any such breach could compromise a Portfolio Company's networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information, could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt a Portfolio Company's operations and trading strategies, which could lead to financial losses in missed opportunities or premature trading, and the inability to make interest and principal payments on a Portfolio Company Notes, which could affect the Corporation's business.

- **Dependence Upon the Board.** The Corporation's success depends on the management of the Board and on the skill and acumen of the employees of the Board who take part in the management of the Corporation's lending activities. No assurance can be given that the current employees of the Board will continue to provide services throughout the life of the Corporation. Should the current employees of the Board who take part in the investment decisions for the Corporation cease to serve in the capacity described in this Memorandum, the Corporation will seek other experienced professionals to replace them, but there is no assurance that suitable replacements could be found in a timely manner or at all.

Noteholders have no right to participate in the management of the Corporation, and no opportunity is being offered to select or evaluate any of the Corporation's investments or strategies. Accordingly, an Investor should not invest in the Corporation unless it is willing to entrust all aspects of the management and investments of the Corporation to the Board.

The net proceeds of this offering are partially allocated for specific uses. However, the Board will have broad discretion to allocate the proceeds of this offering in ways with which investors may not agree. The Board's failure to allocate these funds effectively could result in unfavorable returns.

- **Indemnification by the Corporation.** Any indemnification of the Board or others by the Corporation will decrease the amount available for use to make principal and interest payments to the Noteholders. Pursuant to the bylaws of the Corporation (the "**Bylaws**"), the Corporation may be required to indemnify the Board, the Principal or others from any action, claim or liability arising from any act or omission to the fullest

extent permitted by federal and state securities laws. Notwithstanding the foregoing, the federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing herein shall in any way constitute a waiver or limitation of any rights which the Noteholders may have under any federal securities laws. It is the policy of the U.S. Securities and Exchange Commission that indemnification for violations of securities laws is against public policy and therefore unenforceable.

- **Force Majeure.** The Corporation's lending activities may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including the Corporation or a counterparty to the Corporation) to perform its obligations until it is able to remedy the force majeure event and/or prompt precautionary government-imposed closures of certain travel and business. In addition, forced events, such as the cessation of the operation of machinery for repair or upgrade, could similarly lead to the unavailability of essential machinery and technologies. These risks could, among other effects, adversely impact the Corporation's returns, cause personal injury or loss of life, disrupt global markets, damage property, or instigate disruptions of service. In addition, the cost to the Corporation of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure may have a permanent adverse effect on the Corporation's expected returns. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Corporation may invest and the markets the Corporation may trade specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over industry assets, could result in losses to the Corporation, including if its investments are canceled, unwound or acquired (which could be without adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Corporation and its lending activities.
- **No Independent "Due Diligence" Review.** The statements contained in this document, or incorporated by reference, are solely those of the Corporation. There has been no independent "due diligence" review of the Corporation's affairs or financial condition, nor has any independent party verified the statements contained in this Memorandum. Prospective purchasers are urged to contact the Board directly for additional information about the Corporation's operations.

The legal counsel that assisted the Corporation with the preparation of this Memorandum conducted no due diligence with respect to this offering, or any information connected therein. Consequently, investors should conduct their own due

diligence of the Corporation. The legal counsel represents only the interests of the Corporation and not the interests of any Investor.

### **Risks Related to the Corporation's Investment Strategy**

- **Concentrated Investments.** The Corporation's investments will not be diversified. As a consequence, the aggregate return of the Corporation will be substantially adversely affected by the unfavorable performance of a Portfolio Company.
- **Interest Rate Changes Can Affect Payments.** Increases and decreases in interest rates could adversely affect the value of the investments and cause the interest expense to increase or interest income from lending activities to decrease, which could result in reduced earnings or losses and negatively affect the Corporation's profitability as well as the cash available for to make principal and interest payments to the Noteholders.
- **Leverage Risk.** The Corporation intends to, when it is deemed appropriate by the Board and subject to applicable regulations, use leverage to attempt to capitalize on situations where the Board believes there is a high probability that a particular investment strategy will be profitable. The extent to which such leverage is used fluctuates depending on market conditions. To the extent that the Corporation uses leverage, the Corporation's net assets will tend to increase or decrease at a greater rate than the overall market (i.e., it may have an amount greater than its net assets subject to market risk). While the use of leverage can substantially improve the return on the Corporation's investments, such use also may increase the adverse impact of unfavorable price movements. Use of leverage will subject the Corporation to risks normally associated with debt financing, including the risk that the Corporation's cash flow will be insufficient to meet required payments of principal and interest. In addition, the Corporation expects to incur indebtedness, which may carry variable interest rates, and such debt creates higher debt service requirements if the market interest rates increase. The Corporation may engage in transactions to limit its exposure to rising interest rates as, in the Board's sole and absolute discretion, are appropriate and cost effective, and such transactions could expose the Corporation to the risk that such transactions may not adequately perform and cause the Corporation to lose anticipated benefits therefrom.
- **Evolving Investment Strategies.** While the Board intends generally to apply the investment strategy and investment process described herein to the Corporation's investments, the Board may modify or depart from the investment strategy and investment process described herein if it identifies investment opportunities that it believes are sufficiently attractive on a risk/reward basis.
- **No Minimum Capitalization Required to Maintain the Corporation.** There is no minimum level of capital required to be maintained by the Corporation. As a result of losses, the Corporation may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Board. At low asset levels, the Corporation may be unable to make its investments as fully as would otherwise be desirable or to take advantage of potential economies of scale. It is possible that even

if the Corporation operates for a period with substantial capital, payments to Noteholders could diminish the Corporation's assets to a level that does not permit the most efficient and effective implementation of the Corporation's investment program.

- **Limited Information Rights Regarding Investments.** Investors will have no right to receive information about a Portfolio Company or its members, shareholders, managers, officers, or directors, its operations and will have no recourse against such Borrower, or its members, shareholders, managers, officers, or directors.

## **Risks Related to the Corporation's Business**

- **The Corporation may incur substantial operating and net losses due to substantial expenditures.** Since beginning operations in 2019, we have invested significant time and money toward developing our services in order to capitalize on current market opportunities. The Corporation intends to increase our operating expenses and capital expenditures in order to expand our market presence. The Corporation may incur substantial operating and net losses in the foreseeable future. There can be no assurance that we will achieve or sustain profitability or positive cash flow from our operations.
- **The Corporation may not be able to carry out our proposed plan of operations.** The Corporation's proposed plan of operation and prospects will depend largely upon its ability to successfully establish a large market presence in a timely fashion, retain and continue to hire skilled management, technical, marketing and other personnel; and attract and retain significant numbers of quality business partners and corporate clients. The Corporation has limited experience in commercializing internet and software-based services and there is limited information available concerning the potential performance or market acceptance of its services. There can be no assurance that the Corporation will be able to successfully implement our business plan or develop or maintain future business relationships, or that unanticipated expenses, problems or technical difficulties which would result in material delays in implementation will not occur.
- **The Corporation may not be able to manage our growth.** The Corporation's growth has placed, and is expected to continue to place, a significant strain on its managerial, operational and financial resources. As the number of our users, advertisers and other business partners grows, the Corporation must increasingly manage multiple relationships with various customers, strategic partners and other third parties. There can be no assurance that the Corporation's systems, procedures or controls will be adequate to support our operations or that its management will be able to achieve the rapid execution necessary to successfully offer its services and implement its business plan. The Corporation's future operating results will also depend on its ability to expand sales and marketing commensurate with the growth of its business and the Internet. If the Corporation is unable to manage growth effectively, its business, results of operations and financial condition will be adversely affected.
- **The Corporation depends upon intellectual property and proprietary rights that are vulnerable to unauthorized use.** The Corporation relies on a combination of

copyright and trademark laws, trade secrets, software security measures, license agreements and nondisclosure agreements to protect our proprietary information. The Corporation's success will depend, in part, on our ability to operate without infringing the patent or other proprietary rights of others and its ability to preserve its trade secrets and other proprietary property, including its rights in any technology licenses upon which any of its products or services are based. The Corporation's inability to preserve such rights properly or operate without infringing on such rights would have a material adverse effect on the Corporation's business, results of operations and financial condition. It may be possible for unauthorized third parties to copy aspects of, or otherwise obtain and use, our proprietary information without authorization. In addition, there can be no assurance that any confidentiality agreements between the Corporation and its employees, or any license agreements with its customers, will provide meaningful protection for its proprietary information in the event of any unauthorized use or disclosure of such proprietary information.

- **The Corporation may fail to convince consumers of a competitive product.** A core business activity of the Corporation is the development and marketing of small business processes automation software. It will be necessary for the Corporation to educate and convince the market of the desirability of its programs and platforms. There is no assurance that its programs will meet with the approval of the consuming public. Factors that could affect the market acceptance of its product include, but are not limited to:
  - Failure to introduce programs on a timely basis;
  - Failure to develop programs in a format and for a platform that is desired by consumers; and
  - The introduction of superior or better priced programs from our competitors.

## **Risks Related to the Portfolio Companies**

In addition to the general operations of Corporation's business and services, the Corporation also invests in and/or fully acquires various private companies. This section discusses the risks associated with any deployment of capital by the Corporation as working capital into one or more of the operations of a Portfolio Company.

- **Private Equity Investments.** Private equity is a common term for investments that are typically made in private or public companies through privately negotiated transactions, and generally involve equity-related finance intended to bring about some kind of change in a private business (e.g., providing growth capital, recapitalizing a company or financing an acquisition). Investment in private equity involves the same types of risks associated with an investment in any operating company. However, securities issued by private companies tend to be more illiquid, and highly speculative. Private equity has generally been dependent on the availability of debt or equity financing to fund the acquisitions of their investments. Depending on market

conditions, however, the availability of such financing may be reduced dramatically, limiting the ability of private equity to obtain the required financing.

- **Nature of Portfolio Companies.** The Corporation's investments will include direct and indirect investments in various the Portfolio Companies. This may include Portfolio Companies in the early phases of development, which can be highly risky due to the lack of a significant operating history, fully developed product lines, experienced management, or a proven market for their products. The Corporation's investments may also include Portfolio Companies that were in a state of distress or which had a poor record, and which are undergoing restructuring or changes in management, and there can be no assurances that such restructuring or changes will be successful. The management of such Portfolio Companies may depend on one or two key individuals, and the loss of the services of any of such individuals may adversely affect the performance of such Portfolio Companies.
- **Small- and Medium-Capitalization Companies.** The Corporation intends to invest a portion of their assets in Portfolio Companies with small- to medium-sized market capitalizations. While such investments may provide significant potential for appreciation, they may also involve higher risks than do investments in securities of larger companies. The risk of bankruptcy or insolvency is much higher than for larger companies.
- **Privately Held Company Investment Risk.** The Corporation's investment portfolio includes holding securities issued primarily by privately held companies, and operating results for the portfolio companies in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.
- **Privately Held Company Leverage Risk.** The Corporation may invest in companies whose capital structures are highly leveraged. Such investments involve a high degree of risk in that adverse fluctuations in the cash flow of such companies, or increased interest rates, may impair their ability to meet their obligations, which may accelerate and magnify declines in the value of any such portfolio company investments in a down market.
- **Risks Relating to Accounting, Auditing and Financial Reporting, etc.** The Corporation may be in Portfolio Companies that do not maintain internal management accounts or adopt financial budgeting, internal audit or internal control procedures to standards normally expected of companies in the United States. Accordingly, information supplied to the Corporation may be incomplete, inaccurate and/or significantly delayed. The Corporation may therefore be unable to take or influence timely actions necessary to rectify management deficiencies in such Portfolio Companies, which may ultimately have an adverse impact on the ability of the Corporation to generate profits on such Portfolio Company.
- **Limited Information Rights Regarding Investments.** Investors will have no right to receive information about the privately held companies or their members, shareholders,

managers, officers, or directors, and will have no recourse against the privately held companies, or their members, shareholders, managers, officers, or directors.

- **No Assurance of Capital Appreciation or Cash Distributions.** There is no assurance that the Portfolio Companies that the Corporation will acquire or in which the Corporation will invest will appreciate in value, maintain their present values, earn a profit, or be sold at a profit. The marketability and value of the Portfolio Companies will depend upon many factors beyond the control of the Board. There is no assurance that there will be a ready market for these Portfolio Companies, since investments in privately held companies are generally illiquid, nor is there any assurance that sufficient cash will be generated from operations to permit repayment of the Notes.
- **Limited Number of Investments.** It is expected that the Corporation will invest in a limited number of investments. A consequence of a limited number of investments is that the aggregate returns realized by the Noteholders may be substantially adversely affected by the unfavorable performance of a small number of such investments.
- **Illiquid Investments.** The Corporation is intended for long-term investors who can accept the risks associated with investing primarily in illiquid investments. The Corporation will invest in assets for which no liquid market exists or that are subject to legal or other restrictions of transfer. The Corporation may not be able to sell assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.
- **No Return for a Period of Years.** Even if the Corporation investments prove successful, they may not produce a realized return, other than the returns for the Noteholders for a period of years.
- **Changing Economic Conditions.** The success of any investment activity is determined to some degree by general economic conditions. The availability, unavailability, or hindered operation of external credit markets, equity markets and other economic systems which the Corporation may depend upon to achieve its objectives may have a significant negative impact on the Corporation's operations and profitability. The stability and sustainability of growth in global economies may be impacted by terrorism or acts of war. There can be no assurance that such markets and economic systems will be available or will be available as anticipated or needed for the Corporation to operate successfully. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings.
- **Difficulty in Valuing Portfolio Companies.** Generally, there will be no readily available market for a substantial number of the Corporation's investments and hence, most of the Corporation's investments will be difficult to value.
- **Risks Inherent in Private Equity Investments.** The types of investments that the Corporation anticipates making involve a high degree of risk. In general, financial and operating risks of Portfolio Companies can be significant. While targeted returns should reflect the perceived level of risk in any investment situation, there can be no

assurance that the Corporation will be adequately compensated for risks taken. The timing of profit realization is highly uncertain. The Corporation will likely acquire and/or invest in early-state and development-stage companies. Such investments often experience unexpected problems in the areas of product development, manufacturing, marketing, financing and general management, which, in some cases, cannot be adequately solved. In addition, such companies may require substantial amounts of financing, which may not be available through institutional private placements or the public markets. In addition, the markets that such companies target are highly competitive and in many cases the competition consists of larger companies with access to greater resources. The percentage of companies that survive and prosper can be small.

- **Competitive Marketplace.** The marketplace for private equity investing has become increasingly competitive. Participation by financial intermediaries has increased, substantial amounts of funds have been dedicated to making investments in the private sector and the competition for investment opportunities is at high levels. Some of the Corporation's potential competitors may have greater financial and personnel resources than the Corporation. There can be no assurances that the Corporation will locate an adequate number of attractive investment/acquisition opportunities.
- **Limitations on Ability to Exit Investments.** The Corporation expects to exit from its investments in two principal ways: (1) private sales (including acquisitions of its Portfolio Companies) and (ii) initial and secondary public offerings. At any particular time, one or both of these avenues may not be open to the Corporation, or timing with respect to these mechanisms may be inopportune. At present, the market for private sales and public offerings has contracted. As such, the ability to exit and liquidate portfolio holdings may be constrained at any particular time.

## **Regulatory Risks**

- **No Regulatory Oversight by SEC.** The Corporation's investments are not supervised or monitored by any regulatory authority. The Corporation is not registered as an "investment company" under the Investment Company Act. Further, the Board is not registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC") or any state regulatory authority because it is exempt from such registration. Consequently, Noteholders will not benefit from some of the protections afforded by these statutes, including SEC oversight. Further, Noteholders of the Corporation do not have the regulatory protections provided to equity holders in registered and regulated investment companies which, for example, require investment companies to have a certain percentage of disinterested directors, impose liquidity and diversification requirements, and regulate the relationship between the investment company and certain of its Affiliates.
- **Business and Regulatory Risks.** The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Corporation's exposure to potential liabilities, legal, compliance and other related

costs. Increased regulatory oversight may also impose additional administrative burdens on the Board, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Board's time, attention and resources from its management activities. The regulatory environment for funds and lenders is evolving, and changes in the regulation of funds and lending may adversely affect Portfolio Company Notes held by the Corporation and the ability of the Corporation to obtain leverage it might otherwise obtain or to pursue its lending strategies.

- **Regulatory and Legal Matters.** Although the Board strives to comply with all applicable laws and regulations, there can be no certainty that this objective will be achieved. Even an inadvertent violation or an alleged violation of applicable laws or regulations could impose significant costs on the Corporation, including disgorgement of profits, penalties, settlement payments, loss of necessary licenses, restrictions on future activities, adverse publicity and otherwise. Such costs will generally be borne by the Corporation, except to the extent such costs are a result of the bad faith, willful misconduct or gross negligence of the Board. Furthermore, at the time the Corporation bears such costs, the composition of Noteholders will be different than it was at the time of the violation giving rise to such costs. There is generally no mechanism by which the Corporation may recapture such costs from, or otherwise allocate such costs to, a satisfied Noteholder. As a result, at the time such costs are paid, the current Noteholders may bear a disproportionate share of such costs.
- **Future Regulation.** Growing concern about the lack of regulation of private investment funds has led to the proposal of various state and federal laws and regulations regarding investment funds and may, in the future, lead to additional such proposals. Such regulatory proposals, or any future proposals, if adopted, could adversely affect the Corporation, including its business and financial condition and prospects and could significantly raise expenses. In addition to the aforementioned regulation, there is the potential for change in any of the other laws under which the Corporation and the Board operate. Any such regulatory obligations may cause the Corporation and/or the Board to incur additional and possibly extraordinary expenses, which could materially and adversely affect the Corporation. To the extent the Corporation is unable to comply with any regulatory requirements or otherwise decides not to pursue such registration or licensing, the Corporation may be forced to liquidate.

### **Tax Risks**

- **Tax Considerations; Payment of Tax Liability.** It is not possible to provide here a description of all potential tax risks to a person considering investing in the Corporation. Investors are urged to consult their own legal counsel and tax advisors with respect thereto. The Corporation will not seek a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to any tax issues affecting the Corporation.

It should also be noted that the Corporation's tax return may be audited by the IRS, and any such audit may result in an audit of the returns of the Noteholders for the year(s) in question or unrelated years. Further, any adjustment resulting from an audit would

also result in adjustments to the tax returns of the Noteholders and may result in an examination and adjustment of other items in such returns unrelated to the Corporation. Noteholders could incur substantial legal and accounting costs in litigation of any IRS challenge, regardless of the outcome. (See “TAXATION.”)

**Tax Risks.** Each Investor should read the section entitled “TAXATION” for a discussion of some of the tax risks of investing in Notes. Each Investor should also talk to its tax advisor about how an investment in the Corporation would affect such Investor’s personal tax situation.

- **Tax on Interest Whether or Not Distributed or Received.** According to the terms of the Notes, the interest payable to Noteholders is to be paid on a quarterly basis, reinvested into the Corporation or both. However, the IRS requires interest due on the Notes to be accrued as of the end of the Noteholder’s taxable year and included as income in the Noteholder’s annual tax return, even if the Noteholder has not actually received such interest payments on the Notes. A Noteholder may be required to pay taxes on any accrued interest income, or reinvested interest, even though such Noteholder has not received payment of such interest income. It is therefore possible that the Investors could incur income tax liabilities without receiving sufficient payments from the Corporation to defray such tax liabilities. In order to satisfy its tax liability in such a case, an Investor would need sufficient funds from sources other than the Corporation.
- **Delayed 1099s.** The Corporation will try to provide Noteholders with a final 1099 by March 31st of each year. If the final 1099 is not available by that date, a Noteholder will either have to file for an extension or pay taxes based on an estimated amount and then file an amended return once the 1099 is received.
- **Changes in Tax Law.** Investors will be subject to the risk that changes to the tax law may adversely affect the U.S. federal income tax consequences of their investment in the Corporation. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Corporation. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Corporation, in which event, any benefits derived from an investment in the Corporation may be adversely affected.

### **Risks Related to Purchasing Notes**

- **The Notes lack liquidity and there are restrictions on transfer.** The Notes have not been registered or qualified under the Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any other jurisdiction, and the Corporation will neither be obligated to register nor qualify any of the Notes to permit the transfer of any Note without such registration or qualification. Also, the Notes by their terms will not be negotiable or assignable. Consequently, the Notes will not be transferable other than in a transaction that is exempt or otherwise does not require registration

under the Securities Act and upon satisfaction of certain other provisions of the Subscription Agreement.

- **No market for the Notes.** There will be no market for the Notes prior to the issuance thereof, and it is not expected that a secondary market will develop or, if it does develop, it will provide the Notes thereof with liquidity of investment or will continue for the life of the Notes. The Notes will not be listed on any securities exchange. As a result, Investors must be prepared to bear the risk of holding the Notes until maturity.
- **Noteholders are not entitled to vote.** Noteholders may not vote. As a result, it is not possible for Noteholders to make policies, direct investments or remove the Board. The common members, therefore, control the Corporation, despite potential objections from the Noteholders.
- **Significant and Controlling Principal.** The Principal owns a supermajority of the Corporation through another entity, and the Principal will control the Corporation after the offering. Accordingly, Noteholders must trust the Principal to exercise sound business judgment in respect of the Corporation and its operations.
- **Noteholder's Limited Recourse Against Management.** The Corporation and the Board will not be liable to the Noteholders based on errors in judgment or other faults in connection with the offering and the Corporation, so long as the Corporation and the Board act in compliance with the Corporation's Bylaws, federal securities laws and Wyoming laws.
- **No Guarantee of Timely Payments.** Although the interest required to be paid on a quarterly basis and the Unpaid Principal Balance is required to be paid on the Maturity Date or the Term Maturity Date, as applicable, those payments will be made only to the extent that the Corporation has available cash, and the Corporation has realized profits. If the Corporation does not have sufficient cash available for payments, it could cause the Corporation to default on the Notes.
- **Notes are not guaranteed and could become worthless.** The Notes are not secured by any assets of the Corporation and not guaranteed or insured by any government agency or by any private party. The amount of earnings is not guaranteed and can vary with market conditions. The return of all or any portion of capital invested in Notes is not guaranteed, and the Notes could become worthless.
- **The Notes should be deemed registered notes.** The Notes were drafted so that the Notes are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code, and any related IRS regulations promulgated thereunder.

### **Risks Related to the Corporation**

- **Compliance, Litigation and Claims.** The Corporation must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the

scheduled term of the Corporation, the legal requirements to which the Corporation and the Noteholders may be subject could differ materially from current requirements. The Corporation may be subject to lawsuits or proceedings by government entities or private parties. Except in the event of a lawsuit or proceeding arising from the Board's willful misfeasance, bad faith or gross negligence in the performance of its duties, expenses or liabilities of the Corporation arising from any suit or proceeding shall be borne by the Corporation.

- **Board's Right to Dissolve the Corporation.** The Board may dissolve the Corporation at any time upon approval of a supermajority of the common shareholders, of which Mr. Leavitt owns the supermajority. Accordingly, there is a risk that if the Corporation's assets become depleted and, as a result, its income generated from its lending activities become minimal, the Board may elect to dissolve the Corporation and distribute its remaining assets.
- **Internal Controls.** The Board has adopted compliance guidelines and other controls with the intention of preventing the misappropriation of corporate property and other violations of law by employees of the Board and other agents of the Corporation. There can be no assurance, however, that such procedures and controls will be effective. Any violation of such procedures and controls, including acts of fraud by employees of the Board could result in material losses or costs, which will generally be borne by the Corporation.

### **Conflicts of Interest**

There are numerous inherent and potential conflicts of interest between the Board and the Corporation including the following:

- **No Obligation for Full-time Service.** None of the Board or its principals have any obligation to devote their full time to the business of the Corporation. They are only required to devote as much time and attention to the affairs of the Corporation as they decide is appropriate and they may engage in other activities or ventures, including competing ventures and/or unrelated employment, which result in various conflicts of interest between such persons and the Corporation. (See "MANAGEMENT.")
- **Competing Ventures.** The Board may manage other businesses for which they are compensated. They may also provide consulting and/or advisory services to other clients. In addition, the Board and its principals will determine the allocation of funds from the Corporation and such other accounts and clients to investment strategies and techniques on whatever basis they decide is appropriate. The records of these accounts and clients will not be made available to Noteholders.
- **Affiliated Third-Party Contractors.** The Principal may be affiliated with various third parties who perform services or contract with the Corporation. As a result, contracts for services may not be negotiated on an arm's-length basis and may not be as favorable to the Corporation as if they had been negotiated with an unaffiliated third party.

- **Receipt of Fees and Other Compensation.** The Board may receive substantial compensation from the proceeds of this offering and any cash flow or capital transaction proceeds generated by the Corporation. The Board may earn other income from their affiliation with the Corporation. Such fees and income may take the form of, among others, asset management fees, net break-up fees, advisory fees, disposition fees, origination fees, servicing fees, modification fees, consulting fees, monitoring fees, transaction fees and investment banking fees. Although the Board believes that the compensation payable by the Corporation and any of its subsidiaries and its Affiliates will reflect the fair market value for the services to be provided and an appropriate return on the investment of the Board and its Affiliates in the Corporation, such arrangements are not the result of arm's-length negotiations. Subject to Wyoming law and the terms of the Bylaws, the Board has the sole and absolute discretion with respect to all decisions relating to the terms and timing of transactions. The Board may have an interest in taking, or not taking, certain actions on behalf of the Corporation that differ from the interests of the Noteholders, including, for example, an interest in taking or not taking certain actions so as to maximize amounts payable to the Board and its Affiliates.
- **Lack of Separate Representation.** No agreement, contract and arrangement between the Corporation and the Board was or will be the result of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Corporation in connection with this offering, and who will perform services for the Corporation in the future, have been and will be selected by the Board. No independent counsel has been retained to represent the interests of Investors or Noteholders, and the Notes have not been reviewed by any attorney on their behalf. Investors are therefore urged to consult their own counsel as to the terms and provisions of the Notes and all other related documents.
- **Waivers; Differing Terms.** The Board may have a conflict of interest in approving differing terms among Noteholders, which provide certain Noteholders with special terms regarding their investment in the Corporation ("**Side Letters**"). Often, Side Letters are entered into in order to attract capital and waivers in order to maintain good relations with major investors.

The Board has the absolute discretion to agree with a Noteholder to waive or modify the application of any provision of the Note with respect to such Noteholder (including, without limitation, minimum Loan Amount, interest rate, Maturity Date, etc.), without obtaining the consent of any other Noteholder (other than a Noteholder which is materially adversely affected by such waiver or modification). A waiver granted in the specific case will not obligate the Board to grant the same or any comparable waiver to the recipient a second time or to any Noteholder.

**This list may not describe all of the risks and conflicts of interest relating to the Corporation. Investors should read this entire Memorandum and consult with their own legal and financial advisors before investing in the Corporation.**

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## CERTAIN CONSIDERATIONS APPLICABLE TO ERISA, GOVERNMENTAL AND OTHER PLAN INVESTORS

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The following is a summary of certain considerations associated with an investment in the Corporation by Benefit Plan Investors subject to ERISA and/or the Internal Revenue Code of 1986, as amended (the “**Code**”) (including IRAs) and by Other Benefit Plans subject to provisions under any federal, state, local, foreign or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “**Comparable Laws**”). Benefit Plan Investors and Other Benefit Plans are collectively referred to herein as “**Plan Investors**.” THIS SUMMARY IS GENERAL IN NATURE AND DOES NOT ADDRESS EVERY ISSUE THAT MAY BE APPLICABLE TO PLAN INVESTORS IN THE CORPORATION. ACCORDINGLY, EACH PROSPECTIVE PLAN INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL IN ORDER TO UNDERSTAND THE ISSUES UNDER ERISA, THE CODE AND OTHER COMPARABLE LAWS AFFECTING THE CORPORATION AND THE POTENTIAL PLAN INVESTOR.

### **General Fiduciary Considerations**

Persons who are fiduciaries with respect to Plan Investors should consider, among other things, the matters described below before determining whether to purchase Notes issued by the Corporation.

Under ERISA, any person who exercises any discretionary authority or control over the administration of a plan subject to Title 1 of ERISA (an “**ERISA Plan**”), or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan is generally considered to be a fiduciary of an ERISA Plan.

ERISA imposes certain general and specific responsibilities on persons who are fiduciaries with respect to an ERISA Plan, including prudence, diversification, avoidance of prohibited transactions and compliance with other standards. In determining whether a particular investment is appropriate for an ERISA Plan, U.S. Department of Labor (“**DOL**”), regulations provide that a fiduciary of an ERISA Plan must give appropriate consideration to, among other things, the role that the investment plays in the ERISA Plan’s portfolio, taking into consideration whether the investment is designed reasonably to further the ERISA Plan’s purposes, the risk and return factors of the potential investment, the portfolio’s composition with regard to diversification, the liquidity and current return of the total portfolio relative to the anticipated cash flow needs of the ERISA Plan, the projected return of the total portfolio relative to the ERISA Plan’s funding objectives, and the limitation on the rights of Noteholders to transfer their Notes. If a fiduciary with respect to any ERISA Plan breaches its responsibilities with regard to selecting an investment or an investment course of action for such ERISA Plan, the fiduciary may be held personally liable for losses incurred by the ERISA Plan as a result of such breach. A person who is a fiduciary with respect to Other Benefit Plans should consider whether Comparable Laws impose similar duties on fiduciaries.

Before purchasing the Notes using the assets of a Benefit Plan Investor or Other Benefit Plan, a fiduciary should determine whether such an investment is in accordance with the

documents and instruments governing the Plan Investor and the applicable provisions of ERISA, the Code and any Comparable Law. For example, a fiduciary should consider whether the purchase of the Notes may be too illiquid or too speculative for a particular Plan Investor (e.g., whether the investment will be sufficiently liquid to allow an IRA to make required minimum distributions) and whether the assets of the Plan Investor or would be sufficiently diversified. Plan fiduciaries under ERISA and the Code are generally required to report the fair market value of plan investments.

### **Benefit Plan Investors Having Prior Relationships with the Corporation or its Affiliates**

Certain prospective Benefit Plan Investors, including ERISA Plans and IRAs, may currently maintain relationships with the Board or other entities that are affiliated with the Board. Each of such entities may be deemed to be a party in interest to and/or a fiduciary of any Benefit Plan Investor to which any of the Affiliates provides investment management, investment advisory or other services. ERISA prohibits plan assets to be used for the benefit of a party in interest and also prohibits an ERISA Plan fiduciary from using its position to cause the ERISA Plan to make an investment from which it or certain third parties in which such fiduciary has an interest would receive a fee or other consideration. Similar provisions are imposed by the Code with respect to IRAs and other “plans” described in Section 4975(e)(1) of the Code. ERISA Plans, IRA investors and other Benefit Plan Investors should consult with counsel to determine if participation in the Corporation is a transaction that is prohibited by ERISA or the Code. Other Benefit Plans (including governmental plans, foreign plans, and church plans not subject to ERISA) should also consult with counsel to determine if participation in the Corporation is a transaction prohibited under the Comparable Laws applicable to such Plans.

### **Representations by Plan Investors**

Any Plan Investor proposing to purchase the Notes will be required to represent that it is, and any fiduciaries responsible for the plan’s investments are, aware of and understand the Corporation’s investment objective, policies and strategies, and that the decision to purchase the Notes using the assets of the Plan Investor was made with appropriate consideration of relevant investment factors with regard to the Plan and is consistent with the duties and responsibilities imposed upon fiduciaries with regard to their investment decisions under ERISA, the Code or Comparable Laws, as applicable. Plan Investors will also be required to represent that the investment in the Corporation is permitted by the Plan Investor’s governing documents and any other documents to which the Plan Investor is subject.

The purchase of Notes by an ERISA Plan is subject to ERISA and an investment by an IRA or other Benefit Plan Investor is subject to the Code. Accordingly, ERISA Plans, IRAs (and other Benefit Plan Investors) and Other Benefit Plans should consult with their own counsel as to the consequences under ERISA, the Code or other Comparable Laws, as applicable, of the Purchase of Notes.

ACCEPTANCE OF SUBSCRIPTIONS OF ANY PLAN INVESTOR IS IN NO RESPECT A REPRESENTATION BY THE CORPORATION, THE BOARD OR ANY OTHER PARTY THAT SUCH INVESTMENT MEETS THE RELEVANT LEGAL REQUIREMENTS WITH RESPECT TO THAT PLAN INVESTOR OR THAT THE INVESTMENT IS APPROPRIATE FOR SUCH PLAN INVESTOR. THE FIDUCIARY OF EACH PLAN

INVESTOR SHOULD CONSULT WITH ITS OWN LEGAL ADVISORS AS TO THE PROPRIETY OF AN INVESTMENT IN THE CORPORATION IN LIGHT OF THE SPECIFIC REQUIREMENTS APPLICABLE TO THAT PLAN INVESTOR.

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## TAXATION

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### Introduction

The following is a general summary of certain significant aspects of the U.S. federal income taxation of the Corporation and its Noteholders which should be considered by a Noteholder to the Corporation. A complete discussion of all tax aspects of an investment in the Notes is beyond the scope of this Memorandum, and the tax considerations relevant to a specific Noteholder depend upon its particular circumstances. The following summary is only intended to identify and discuss certain salient issues interpreting existing laws and regulations in force as of the date of this Memorandum. This summary is based upon relevant provisions of the Internal Revenue Code of 1986, as amended (the “**Code**”), the Federal Income Tax Regulations promulgated thereunder (the “**Regulations**”), and administrative and judicial interpretations thereof as of the date hereof, all of which are subject to change (potentially on a retroactive basis). No assurance can be given that changes in existing laws or regulations or their interpretation will not occur after the date of this Memorandum or that any such future guidance or interpretation will not be applied retroactively, and this summary does not discuss the impact of various proposals to amend the Code or the Regulations which could change certain of the tax consequences of an investment in the Corporation. No tax rulings have been or are anticipated to be requested from the Internal Revenue Service (the “**IRS**”), or other taxing authorities with respect to any of the tax matters discussed herein.

Except as specifically noted, the following general discussion assumes that each Noteholder is an individual who is a U.S. citizen or resident individual or a U.S. domestic corporation that is not tax-exempt and that each Investor holds the Notes as a capital asset and is the initial holder of such Note. Except as specifically indicated, the following discussion does not deal with the consequences of the ownership of the Notes by special classes of holders, such as dealers in securities, life insurance companies or foreign Noteholders. Special rules applicable to foreign Noteholders are discussed separately below.

THE FOLLOWING SUMMARY IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO THE CORPORATION ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE PRESENT U.S. FEDERAL INCOME TAX TREATMENT OF AN INVESTMENT IN THE CORPORATION MAY BE MODIFIED BY LEGISLATIVE, JUDICIAL OR ADMINISTRATIVE ACTION AT ANY TIME AND ANY SUCH ACTION MAY AFFECT INVESTMENTS PREVIOUSLY MADE, AND IN SOME CASES SUCH MODIFICATIONS MAY APPLY WITH RETROACTIVE EFFECT. THE RULES DEALING WITH U.S. FEDERAL INCOME TAXATION ARE CONSTANTLY UNDER REVIEW BY PERSONS INVOLVED IN THE LEGISLATIVE PROCESS AND BY THE IRS, THE U.S. TREASURY DEPARTMENT AND THE COURTS, RESULTING IN REVISIONS OF THE CODE, THE REGULATIONS AND ADMINISTRATIVE AND JUDICIAL INTERPRETATIONS OF ESTABLISHED CONCEPTS AS WELL AS STATUTORY CHANGES. THE EFFECT OF EXISTING U.S. INCOME TAX LAWS AND OF PROPOSED CHANGES IN U.S. INCOME TAX LAWS ON NOTEHOLDERS WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH

NOTEHOLDER, AND REVISIONS OF SUCH LAWS OR THEIR INTERPRETATION COULD ADVERSELY AFFECT THE U.S. TAX TREATMENT OF THE CORPORATION OR A NOTEHOLDER. ACCORDINGLY, EACH NOTEHOLDER MUST CONSULT WITH AND RELY SOLELY ON ITS PROFESSIONAL TAX ADVISORS WITH RESPECT TO THE TAX RESULTS OF ITS INVESTMENT IN THE CORPORATION. IN NO EVENT WILL THE AFFILIATES, COUNSEL OR OTHER PROFESSIONAL ADVISORS BE LIABLE TO ANY NOTEHOLDER FOR ANY FEDERAL, STATE, LOCAL OR OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE CORPORATION, WHETHER OR NOT SUCH CONSEQUENCES ARE AS DESCRIBED BELOW.

### **Income of Noteholders**

Each Noteholder will be considered to own a single debt obligation held by the Corporation and having an issue price and Loan Amount equal to the total stated issue price and Loan Amount on the Note purchased. A Noteholder will recognize income on the payment of any interest by the Corporation on the Notes. Generally, the interest income received will be ordinary income to the Noteholder taxed at the individual Noteholder's tax rate in the year of receipt. Noteholders will also recognize income on any interest accrued in a given tax year, regardless of whether such interest is paid.

### **Sale or Exchange of Notes**

A Noteholder will recognize gain or loss on the sale of its Notes equal to the difference between the amount realized on the sale and its adjusted basis in the Notes. A Noteholder's adjusted basis generally will equal the issue price of such Note to the Noteholder. However, if the Noteholder receives a principal payment, then such Noteholder's basis in its Notes will adjust accordingly by the amount of the principal payment. Except as provided in Section 582(c) of the Code, generally any such gain or loss will be capital gain or loss, provided that such Notes are held as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the Code.

### **Corporation Modification of Note**

Section 1001 of the Code and the Regulations thereunder (the "**Debt Modification Rules**"), classify certain changes and alterations to the terms of a debt instrument as "significant modifications" resulting in a deemed taxable exchange of the old (unmodified) debt for the new (modified) debt for U.S. federal income tax purposes. For non-publicly traded debt instruments, such as the Notes, the amount realized on such a deemed exchange is generally the face amount of the debt instrument and not its fair market value. Thus, the Notes purchased by a Noteholder for less than its face amount is subsequently treated as having undergone a deemed exchange under the Debt Modification Rules, the Noteholder could be treated as recognizing gain for U.S. federal income tax purposes equal to the difference between the face amount of the debt instrument and the adjusted basis of such debt instrument in the hands of such Noteholder.

### **Notes at Zero Value**

A Noteholder will recognize a loss equal to the difference between the amount received from the Corporation not considered a payment of interest and the Noteholder's adjusted basis in

the Notes should the Corporation be unable to pay off the loan amount of its Note at the Maturity Date or the Term Maturity Date. A Noteholder's adjusted basis generally will equal the cost of such Note to the Noteholder. However, if the Noteholder receives a principal payment, then such Noteholder's basis in its Notes will adjust accordingly by the amount of the principal payment. Except as provided in Section 582(c) of the Code, generally any such loss will be capital loss, provided that such Notes are held as a "capital asset" (generally, property held for investment) within the meaning of Section 1221 of the Code.

### **Reporting and Backup Withholding**

Reporting of interest income with respect to the Notes will be required annually, and may be required more frequently under IRS regulations. These information reports generally are required to be sent to individual holders of the investment and the IRS. Any Noteholders that are corporations, trusts, securities dealers and certain other non-individuals will be provided with interest income information and the information set forth in the following paragraphs upon request in accordance with the requirements of the applicable IRS regulations.

Payments of interest and principal, as well as payment of proceeds from the sale of the Notes, to Noteholders which are not exempt recipients may be subject to the backup withholding tax under Section 3406 of the Code if the recipient of such payments fails to furnish to the payor certain information, including their taxpayer identification numbers, to the Corporation, or otherwise fails to establish an exemption from such tax. The amounts deducted and withheld from payments to a Noteholder would be allowed as a credit against such recipient's federal income tax. Furthermore, certain penalties may be imposed by the IRS on a Noteholder which is required to supply information but does not do so in the proper manner.

### **Other Taxes**

Noteholders may be subject to other taxes, such as the U.S. alternative minimum tax, state and local income taxes, and estate, inheritance or intangible property taxes that may be imposed by various jurisdictions. Each Investor should consider the potential consequences of such taxes on an investment in the Corporation. It is the responsibility of each Investor to become satisfied as to the legal and tax consequences of an investment in the Corporation under state law, including the laws of the state(s) of its domicile and residence, by obtaining advice from its own tax advisors, and to file all appropriate tax returns that may be required.

### **State Taxation**

In addition to the U.S. federal income tax consequences described above, Investors should consider potential state tax consequences of an investment in the Corporation. No attempt is made herein to provide a discussion of such state tax consequences. State laws often differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. Interest payable to a Noteholder generally will be required to be included in determining its reportable income for state tax purposes in the jurisdiction in which it is a resident. Each Investor must consult its own tax advisors regarding such state tax consequences.

### **Special Considerations for Noteholders which are not U.S. Citizens or Residents**

A **“U.S. Person”** is: (a) a citizen or resident of the United States; (b) a corporation, partnership, or other entity organized under the laws of the United States, any state, or the District of Columbia, other than a partnership that is not treated as a U.S. Person under the Regulations; (c) an estate whose income is subject to United States income tax, regardless of its source; or (d) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Persons have the authority to control all substantial decisions of the trust or, to the extent provided in the Regulations, certain trusts in existence on August 20, 1996, and treated as U.S. Persons prior to such date, that elect to be treated as U.S. Persons.

Interest income generated from the ownership of the Notes produces U.S.-source fixed or determinable annual or periodical income under legislation commonly referred to as the “Foreign Account Tax Compliance Act” or **“FATCA.”** Under FATCA, fixed or determinable annual or periodical income payable to Investors who are not U.S. Persons (i.e., a **“Non-U.S. Noteholder”**), is subject to withholding tax. The U.S. withholding tax rate is generally 30%. Generally, qualified interest, such as portfolio interest (as defined in Section 871(h) of the Code), should not be subject to U.S. withholding tax. Assuming that the Corporation complies with certain rules and procedures pertaining to the drafting and issuing of the Notes, it is anticipated that the interest income from payable to Non-U.S. Noteholders will be classified as portfolio income and will not generally be subject to regular U.S. federal income taxes on the basis of net income to Non-U.S. Noteholders. In the event the Corporation does not meet all of the requirements for the interest generated from the Notes to qualify as portfolio interest (as defined in Section 871(h) of the Code), Non-U.S. Noteholders would be subject to withholding taxes on payments of the interest under the Notes, the rate of which could be reduced based on tax treaties between the Non-U.S. Noteholder’s country of residence and the United States.

THE U.S. FEDERAL INCOME TAX TREATMENT OF A NON-U.S. NOTEHOLDER’S INVESTMENT IN THE CORPORATION IS COMPLEX AND WILL VARY DEPENDING UPON THE UNIQUE CIRCUMSTANCES OF THE NON-U.S. NOTEHOLDER AND THE ACTIVITIES OF THE CORPORATION. ACCORDINGLY, EACH POTENTIAL NON-U.S. NOTEHOLDER IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX TREATMENT AND CONSEQUENCES OF AN INVESTMENT IN THE CORPORATION.

THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN NOTEHOLDER’S PARTICULAR SITUATION. NOTEHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAW.

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## ANTI-MONEY LAUNDERING PROCEDURES

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The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the “**USA PATRIOT Act**”), signed into law on and effective as of October 26, 2001, requires that financial institutions establish and maintain compliance programs to guard against money laundering activities. The USA PATRIOT Act requires the Secretary of the U.S. Department of the Treasury (the “**Treasury**”), to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Financial Crimes Enforcement Network (“**FinCEN**”), an agency of the Treasury, has announced that it is likely that such regulations would subject pooled investment vehicles such as the Corporation to enact anti-money laundering policies. It is possible that there could be promulgated legislation or regulations that would require the Board or other service providers to the Corporation, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities with respect to the Noteholders. Such legislation and/or regulations could require the Corporation to implement additional restrictions on the transfer of the Notes. The Board reserves the right to request such information as is necessary to verify the identity of a Noteholder and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by FinCEN and/or the SEC. The Corporation may, in the event of delay or failure by the applicant to produce any information required for verification purposes, or for any other reason, in its sole and absolute discretion, refuse an investment in or transfer of Notes by any person or entity.

The Board on behalf of the Corporation and its Affiliates, subsidiaries or associates will require a detailed verification of each Investor’s identity and the source of subscription funds. The Corporation may also require that this information be supplied by a Noteholder that did not supply such information when it subscribed for Notes. This information, and any other information supplied by a Noteholder (each, a “**Subscriber**”), may be transmitted to any governmental agency that the Corporation reasonably believes has jurisdiction (each, a “**Governmental Authority**”), without prior notice to the Investor, in order to satisfy any applicable anti-money laundering laws, rules or regulations to which the Corporation is or may become subject, notwithstanding any confidentiality agreement to the contrary.

Depending on the circumstances of each Subscriber, a detailed verification might not be required where:

- (i) the applicant is a recognized financial institution which is regulated by a recognized regulatory authority and carries on business in a recognized jurisdiction; or
- (ii) the application is made through a recognized intermediary which is regulated by a recognized regulatory authority and carries on business in a recognized jurisdiction. In this situation the Corporation may rely on a written assurance from the intermediary that the requisite identification procedures on the applicant for business have been carried out.

These exceptions only apply if the financial institution or intermediary referred to above is

within a country recognized as having sufficient anti-money laundering regulations.

In attempting to verify a Subscriber's identity, the Board may request any information it deems necessary including, but not limited to, the Subscriber's legal name, current address, date of birth or date of formation (as applicable), information regarding the nature of the Subscriber's business, the locations in which the Subscriber transacts its business, proof as to the current good standing of the Subscriber in its jurisdiction of formation (if an entity), proof of identity (e.g., a driver's license, social security number or taxpayer identification number), and any other information the Board believes is reasonably necessary to verify the identity of the Subscriber. The Board may also request information regarding the source of the subscription amount including, but not limited to, letters from financial institutions, bank statements, tax records, audited financial statements and any other information the Board believes is reasonably necessary to verify the source of the subscription amount.

The Corporation may request that a Subscriber supply updated information regarding its identity or business at any time. The Corporation may also request additional information regarding the source of any funds used to purchase Notes. In the event of delay or failure by a Subscriber to produce any information required for verification purposes, the Board may refuse to accept a new or additional subscription proceeds. The Board may refuse to pay the Note or other transfer of funds if it believes such action is necessary in order to comply with its responsibilities under applicable law.

A Subscriber may be asked to indemnify and hold harmless the Corporation, the Board and their respective affiliates, including their officers, directors, members, partners, shareholders, managers, employees, agents and the Principal or any entities owned or managed by the Principal (collectively, the "**Affiliates**"), from and against any loss, liability, cost or expense (including, but not limited to, attorneys' fees, taxes and penalties) which may result, directly or indirectly, from any misrepresentation or breach of any warranty, condition, covenant or agreement set forth in the Subscription Documents or any other document delivered by the Subscriber to the Corporation or as a result of any violations of law committed by the Subscriber. Such Subscription Documents further provide that the Corporation and its Affiliates are not and shall not be liable for any loss, liability, cost or expense to the Subscriber resulting, directly or indirectly, from any action taken by the Corporation and its Affiliates in making a good faith attempt to comply with the laws of any jurisdiction to which the Corporation and its Affiliates are or become subject, including loss resulting from a failure to process any application for redemption if such information that has been required by the Corporation and its Affiliates has not been provided by the Subscriber or if the Corporation and its Affiliates believe in good faith that the processing thereof would violate applicable law. This indemnification provision shall be in addition to, and not in limitation of, any other indemnification provision applicable to the Corporation and its Affiliates.

The Corporation and its Affiliates hereby disclaim any and all responsibility for any action taken by them in a good faith attempt to comply with the applicable laws of any jurisdiction or at the direction of any Governmental Authority. Any and all losses incurred by a Subscriber as a direct or indirect result of any action taken by the Corporation and its Affiliates in a good faith attempt to comply with the applicable laws of any jurisdiction or at the direction of any Governmental Authority shall be the sole responsibility of the Noteholder without recourse to the Corporation and its Affiliates.

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## OTHER MATTERS

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### **Governing Law**

The Corporation has been organized pursuant to the provisions of Wyoming Business Corporations Act, and the Bylaws provide that it shall be governed by the laws of Wyoming. All Notes are governed by the laws of the state of Wyoming, the Corporation's state of incorporation.

### **Electronic Delivery of Documents**

In order to improve timeliness of delivery and promote cost savings, for Noteholders who consent, the Corporation may deliver its financial statements, investor newsletters, offering document supplements, revised Corporation governing documents, annual privacy notices and other investor notices and materials by email to the address in the Corporation's records or by posting them on any password protected webpage that the Corporation may establish in the future. When delivering documents by email, the Corporation will generally distribute them as attachments to emails in Adobe Acrobat Document Format (PDF). The Adobe Acrobat Reader software is available free of charge from Adobe's website at [www.adobe.com](http://www.adobe.com). The Adobe Acrobat Reader software must be installed correctly on the Noteholder's system before the Noteholder will be able to view the documents in PDF format. By acquiring a Note from the Corporation, the Noteholder is consenting to electronic delivery of documents. Noteholders which do not wish to receive documents and notices electronically, or wish to change the method or address of notice, must so elect by notifying the Board.

### **Bad Actor Provision**

Rule 506(d) of Regulation D of the Securities Act provides for disqualification of a Rule 506 offering in the event a beneficial owner of 20% or more of any of the Corporation shares are owned by a shareholder involved in a "disqualifying event" such as in connection with the sale of securities, within the securities industry or with the SEC (a "**Bad Actor Event**"). An Investor subject to a Bad Actor Event may be denied the ability to purchase Notes in the Board's sole and absolute discretion. An existing Noteholder must inform the Board immediately upon being subject to a Bad Actor Event. The Corporation may prepay such Noteholder's Note in full satisfaction and cancel such Note at its sole and absolute discretion. As of the date of this Memorandum, the Board, its directors, officers and shareholders are not subject to a Bad Actor Event.

### **Additional Information**

This Memorandum is not intended to provide a complete description of the investment in the Corporation. A copy of the Form of Note is included herewith. Investors are encouraged to ask the Board for any information they consider relevant prior to an investment in the Corporation. Upon request, the Board will provide Investors with any information it can reasonably supply. Notwithstanding such inquiries or responses, each Noteholder will be required to represent in the Subscription Documents that it has subscribed for Notes solely on the basis of the information set

forth in this Memorandum. No representative of the Corporation or the Board is authorized to give information or make representations other than those contained in this Memorandum and Investors may not rely on any such information or representations.