



Token Disclosure Statement

Crowd Machine
January 31, 2018



Statement regarding Forward-Looking Statements

This Token Disclosure Statement ("TDS") may contain "forward-looking statements" with respect to the token sale, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as "may," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or similar expressions are intended to identify some of the forward looking statements.

All statements (other than statements of historical fact) included in this TDS that address activities, events or developments that will or may occur in the future, including Crowd Machine, Inc.'s and Crowd Machine SEZC's (hereinafter "Crowd Machine") plans and references to future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially. These statements are based upon certain assumptions and analyses that Crowd Machine made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances.

Whether or not actual results and developments will conform to Crowd Machine's expectations and predictions, however, is subject to a number of risks and uncertainties, including the special considerations discussed in this TDS, general economic, market and business conditions, changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies, and other world economic and political developments.

Consequently, all the forward-looking statements made in this TDS are qualified by these cautionary statements, and there can be no assurance that the actual results or developments Crowd Machine anticipates will be realized or, even if substantially realized, that they will result in the expected consequences to, or have the expected effects on, its operations or the value of the services it offers. Moreover, neither Crowd Machine nor any other person assumes responsibility for the accuracy or completeness of the forward-looking statements. Crowd Machine is not under a duty to update any of the forward-looking statements to conform such statements to actual results or to reflect a change in Crowd Machine's expectations or predictions.

Lastly, there are risks associated with the use of blockchain token technology for the token sale process, and the purchase of Crowd Machine Tokens generally. The Purchaser agrees that Purchaser is aware that this TDS and related documents cannot disclose all information about all potential risks due to a variety of possible situations.

Contents

- Part 1 - Risks, Warnings & Disclaimers
- Part 2 - Release of Liability & Indemnities
- Part 3 - Tax Consequences
- Part 4 - Know Your Customer (KYC) & Anti-Money Laundering (AML) Policy



Part 1 | Risks, Warnings & Disclaimers

THE PURCHASE OF CROWD MACHINE'S TOKENS ("TOKENS") ENTAILS A NUMBER OF RISKS. You, the Purchaser (Token Holder), should carefully consider all risks involved, including, but not limited to, those listed below and, to the extent necessary, consult an appropriate lawyer, accountant, or tax professional. If any of the following risks are unacceptable to you, then you should not purchase the Tokens.

1.1 Business Specific Risks – Crowd Machine (the Company)

1.1.1 *Projections: Forward Looking Information*

Performances are hypothetical and are based on management's best estimate of the probable results of our operations, and will not have been reviewed by our independent accountants. Projections will be based on assumptions which management believes are reasonable. Some assumptions invariably will not materialize due to unanticipated events and circumstances beyond management's control. Therefore, actual results of operations will vary from such projections, and such variances may be material. Any projected results cannot be guaranteed.

1.1.2 *We may not be able to obtain adequate financing to continue our operations*

The design, development and maintenance of our technology Product, marketing and other aspects of our business are capital-intensive. We may need to raise funds through traditional means, such as the future issuance of equity, equity-related, or debt securities or through obtaining credit from financial institutions. This capital will be necessary to fund ongoing operations, continue development. We cannot assure you that we will be able to raise funds when needed and continue to provide the relevant services.

1.1.3 *Demand is uncertain*

We are uncertain whether consumers will accept or continue to accept our services. The lack of demand may materially and adversely affect our business prospects, operating results and financial condition.

1.1.4 *Our ability to attract and retain users*

Our ability to attract users will depend in part on our ability to consistently provide our users with relevant applications and our marketing strategy. Furthermore, the relative service levels, content offerings, quality reputation, pricing and related features of competitors to our service may adversely impact our ability to attract and retain users. If consumers don't perceive our service to be of value, we may not be able to attract and retain them.



Part 1 | *Risks, Warnings & Disclaimers*

1.1.5 Our success is highly dependent on our current management

Our success also depends in significant part on our ability to attract and retain additional management and other personnel. The inability to attract and retain such key personnel, or losing one or more of our existing management team, would seriously impair our ability to, or could cause us to fail to, successfully implement our business plan. Additionally, our success depends on the skills, abilities and performance of the executive officers and key employees. The death, incapacity, resignation or loss of services of a key employee could seriously harm our business.

1.1.6 Certain members of our management team are not fulltime employees

Some members of our management team are consultants and have duties to other companies. This may affect the management of the company should some of these consultants decide to stop work, which would then require more time to identify and engage further persons.

1.1.7 Technology Failures

We may use a combination of proprietary and third-party technology to operate our business. If we experience difficulties in the operation of this technology, our ability to efficiently and effectively deliver services to our users could be adversely impacted and our business and results of operation could be adversely affected. If our technology or that of third parties, which we utilize in our operations, fails or otherwise operates improperly, our ability to operate our services, retain existing users and add new users may be impaired. Also, any harm to our users' personal computers or other devices caused by software used in our operations could have an adverse effect on our business, results of operations and financial condition.

1.1.8 Competition

The market is highly competitive, and we may not be able to compete effectively. Competition in the industry may become increasingly intense. While we believe that our Product is distinct and unique to the industry, we cannot assure you that other companies will not adopt similar concepts or be more successful in establishing products and services using similar concepts. Many of our competitors are well established and some of these competitors have substantially greater financial, marketing and other resources than we do, all of which may affect our ability to successfully compete. Organizations that we may compete against might have significantly greater financial, management, marketing and other resources than us.



Part 1 | *Risks, Warnings & Disclaimers*

Our ability to compete effectively depends upon our ability to distinguish our products and services from those of our competitors and include such factors as: (i) market acceptance of our products and services; (ii) the quality of our products and services; and (iii) success and timing of development and introduction of new products and services.

Our industry is characterized by frequent introductions of new products and services, accompanied by promotional campaigns. Many of our competitors may be able to respond more quickly to new or emerging changes in consumer preferences and demands and to devote greater financial resources to the development, management and promotion of their products and services than we do. Therefore, we cannot assure that we will be able to compete successfully against current and future competitors, or that competitive pressures faced by us will not have a material adverse effect on our business, results of operations and financial condition.

1.1.9 Management discretion as to use of proceeds

Our success will be substantially dependent upon the discretion and judgment of our management team with respect to the application and allocation of the proceeds of the Crowd Machine Token Sale. The use of proceeds described in this TDS is an estimate based on our current business plan. We, however, may find it necessary or advisable to reallocate portions of the net proceeds reserved for one category to another, and we will have broad discretion in doing so.

1.1.10 Privacy concerns relating to elements of our technology, legal action

From time to time, concerns may be expressed about whether our products and services compromise the privacy of clients, investors, lenders, users and others. Concerns about our collection, use or sharing of personal information or other privacy-related matters, even if unfounded, could damage our reputation and operating results. Our business is subject to a variety of U.S. and foreign laws, which could subject us to claims or other remedies based on the nature and content of our products and services.

We may be threatened with claims under both U.S. and foreign law for data protection claims, tort, unlawful activity, copyright or trademark infringement, or other theories based on the nature and content of the materials generated by us or others. It is also possible we could be held liable for misinformation provided over the Internet if that information appeared on one of our websites. If any such complaints result in liability to us, it could be potentially costly, encourage similar lawsuits, distract management and harm our reputation and possibly our business.

In addition, existing or new legislation could expose us to substantial liability, restrict our ability to deliver services to our users, limit our ability to grow and cause us to incur significant expenses in order to comply with such laws and regulations. Failure to comply with either state or federal laws could



Part 1 | *Risks, Warnings & Disclaimers*

have an impact on our business and compliance with these laws and regulations is complex and may impose significant additional costs on us.

1.1.11 Other unforeseen business risks that could harm the Company's businesses

The foregoing is not an all-inclusive list of the business risks facing us in our plans to develop, manage and promote our business and products and services. As with any business entity, we cannot predict with certainty all the possible problems, which may confront our business in future years. It is possible that events or conditions not foreseeable at present and/or which may not be subject to our control may occur in the future and have an adverse impact on our ability to carry out the profitable development, management and promotion of our products and services.

1.2 Token, Product, and Market Risks

1.2.1 Risks associated with the development and maintenance of the Product

You recognize that Crowd Machine's Product is currently being developed and upgraded to allow the introduction of Tokens and may undergo significant changes before release and over time, including a change in direction at Crowd Machine's discretion. Although Crowd Machine intends for Tokens and the Product to follow specifications, and intends to take commercially reasonable steps toward those objectives, Crowd Machine may have to make changes to the specifications of Tokens or the Product for any number of reasons including, but not limited to, a change in the design, implementation plans and execution of the implementation of the Product for global release. This could create the risk that the Product or Tokens, as further developed and maintained, may not meet your expectations at the time of purchase of the Tokens. Furthermore, despite Crowd Machine's efforts to develop and maintain the Product, it is still possible that the Product will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Product and Tokens.

You, the Purchaser (Token Holder), understand that while Crowd Machine will make reasonable efforts to finalize its Product and software to utilize the Tokens by the launch date of the Product (when the Tokens will be distributed), due to circumstances beyond Crowd Machine's control it is possible that an official completed upgraded version of the Product may be delayed, may not be released globally, a limited release occurs or, in the worst case, a functioning operational upgraded global Product may not be created at all.

Crowd Machine intends to use the proceeds from selling Tokens for development, maintenance, and upgrade of the Product. The proceeds of the Token sale will be denominated in ETH and can be converted into other cryptographic and fiat currencies. If the value of ETH or other currencies fluctuates unfavorably during or after the token sale period, Crowd Machine may not be able to fund development, or may not be able to develop or maintain the Product in the manner that it intended.



Part 1 | Risks, Warnings & Disclaimers

1.2.2 Risk of Insufficient Interest in Crowd Machine Product

It is possible that the Product will not be used by a large number of external businesses, individuals, and other organizations and that there will be limited public interest in the use of Tokens for peer-to-peer use. Such a lack of interest could impact the development of the Product for global release. Crowd Machine cannot predict the success of its own marketing efforts or the efforts of other third parties. It is possible that, due to any number of reasons, including without limitation, the failure of business relationships or marketing strategies, that the Crowd Machine Product and all subsequent marketing of the sale of Tokens from Crowd Machine, may fail to achieve success. This lack of interest will have a significant impact on the potential use and value of the Tokens.

It is possible that alternative Products could be established that utilize the same open-source code and protocol underlying the Crowd Machine's Product and attempt to facilitate services that are materially similar to those intended to be delivered through the Product. The Product may be in competition with these alternative Products, which could negatively impact the Product, and the demand for and the price of Tokens.

It is possible that a comparable product could become materially popular due to either a perceived or exposed shortcoming of the Product that is not immediately addressed by Crowd Machine, or a perceived advantage of a comparable product that includes features not incorporated into the Product. If this product obtains significant market share, it could have a negative impact on the demand for, and price of Tokens.

***WARNING AND DISCLAIMER:** By making a decision to purchase Tokens, the Purchaser understands and assumes sole responsibility that Crowd Machine's Product may not be used by a large number of users, companies, people and other organizations, which will cause a limited public interest in the development of the Crowd Machine network.*



Part 1 | Risks, Warnings & Disclaimers

1.2.3 Risk of dissolution of Crowd Machine

It is possible, due to any number of reasons including, but not limited to, an unfavorable fluctuation in the value of Ether (or other cryptographic and fiat currencies), decrease in the Product's utility, the failure of business relationships, competing factors in the industry, or intellectual property ownership challenges, that the Product may no longer be viable to operate and Crowd Machine may dissolve or be wound up or face an uncertain or changing regulatory regime.

***WARNING AND DISCLAIMER:** In the event of dissolution, Purchaser will not have any recourse for the loss of Tokens or access to the Product. There are no reimbursements for Tokens.*

1.2.4 Risks arising from lack of governance rights

As ownership of Tokens confers no governance rights of any kind with respect to the Product or Crowd Machine, all decisions involving the Product and Crowd Machine will be made by Crowd Machine management at its sole discretion, including, but not limited to, decisions to discontinue the Product, to re-issue or create different Tokens for use in the Product, or to sell or liquidate Crowd Machine. These decisions could adversely affect the Product and any Tokens that Purchasers hold.

Crowd Machine does not grant the Purchaser the right to participate in monitoring the direction and/or decision-making related to the development and promotion of the Crowd Machine Product. The Crowd Machine Product is promoted and developed by the Crowd Machine management and the individuals involved at the discretion of the Crowd Machine management team.

1.2.5 Communication and information risks

Crowd Machine does not give recommendations, and it does not provide personal or financial recommendations regarding the purchase of Tokens. You (the Purchaser) should consider comprehensively the question of whether it is acceptable for Purchaser to conduct such operations in terms of your financial resources.

No information submitted in any purchase agreement and on the Crowd Machine website is intended to form the basis for any investment decision of the Purchaser, and is not specific recommendations or advice. The information presented in the purchase agreement and on the Crowd Machine website cannot take into account the Purchaser's personal circumstances and should not be construed as a recommendation of a particular type or course of action personal to the Purchaser. You are fully responsible for maintaining the confidentiality of the information you have received from the Company.

General information on the market, information on the prospects for the development of this market, information on the progress of the Crowd Machine project and applications for the Product provided



Part 1 | Risks, Warnings & Disclaimers

by the Crowd Machine management team, is based solely on the judgment and resources of Crowd Machine and should be considered as such. Crowd Machine cannot and does not guarantee the completeness of this information and does not assume that this information will be the basis for the Purchaser's decision to purchase Tokens.

WARNING AND DISCLAIMER: *You (the Purchaser) agree that Crowd Machine is released in full from any liability for any direct loss or indirect loss to the Purchaser arising directly or indirectly from: (i) the assurance of any information contained in any purchase agreement and on the website of Crowd Machine, (ii) any error, omission or inaccuracies in the perception or interpretation by the Purchaser of such information. The Purchaser recognizes and assumes exclusively the risks associated with the exchange of information about the Crowd Machine and the connection of the Purchaser's Tokens with third parties.*

1.2.6 Risk of losing access to Tokens due to loss of private key(s)

Tokens may be stored in a wallet or vault, which can only be accessed with a password selected by Purchaser. The wallet will hold a private key, or a combination of private keys, required to control and dispose of the Tokens stored in Purchaser's digital wallet or vault. Any loss of requisite private key(s) associated with Purchaser's digital wallet or vault storing Tokens, will result in loss of such Tokens. If Purchaser does not maintain an accurate record of his/her/its private key or password used to access Purchaser's private key, this may lead to the loss of Purchaser's Tokens. Purchaser must safely store Purchaser's password in one or more backup locations that are well separated from the primary location. If Purchaser does not have such experience or expertise, then Purchaser should not participate or purchase Tokens.

Any third party that gains access to Purchaser's private key may be able to gain access to Purchaser's Tokens. Purchaser must take care not to respond to any inquiry regarding Purchaser's purchase of Tokens, including but not limited to, email requests purportedly coming from Crowd Machine website or a similar-looking domain. The loss, destruction, loss of access or data loss relating to a private key by Crowd Machine used to access a Token may be irreversible and could adversely affect the value of the Product and overall Tokens. Having Tokens on deposit or with any third party in a custodial relationship has attendant risks. These risks include security breaches, risk of contractual breach, and risk of loss. Purchasers should be wary of allowing third parties to hold their property for any reason.

The Purchase of Tokens should only be undertaken by individuals or entities that have significant experience with, and understanding of, the usage and intricacies of cryptographic tokens, like Bitcoin (BTC) and Ether (ETH), and other blockchain-based software systems. Purchaser should have functional understanding of storage and transmission mechanisms associated with other cryptographic tokens. While Crowd Machine may be available to assist in the purchase of Tokens during and after the sale, in no way is Crowd Machine offering advice and in no way will Crowd Machine be responsible for lost BTC, ETH, Tokens or cash resulting from actions taken by, or omitted by the Purchaser.



Part 1 | Risks, Warnings & Disclaimers

DISCLAIMER: *Crowd Machine disclaims all responsibility for loss, destruction, loss of access or data loss relating to a private key or its related Tokens. The Purchaser assumes the risk of any financial loss caused by unauthorized third-party access to Purchaser's email, ETH wallet, information on Purchaser's electronic media, and also as a consequence of forwarding such information through unprotected communication channels. Crowd Machine shall not be liable for the Purchaser's loss of any data allowing third parties to gain unauthorized access to the Purchaser's ETH wallet. The Purchaser independently should take all the measures needed for the Purchaser's account to prevent unauthorized access to Purchaser's electronic devices and ETH wallet. Crowd Machine is not responsible for the Purchaser's choice of ETH wallet, or for the functioning of the Purchaser's ETH wallet.*

WARNING: *DO NOT PURCHASE TOKENS IF YOU ARE NOT AN EXPERT IN DEALING WITH CRYPTOGRAPHIC COINS AND BLOCKCHAIN-BASED SOFTWARE SYSTEMS.*

1.2.7 Liquidity Risks

CROWD MACHINE DOES NOT DEAL WITH THIRD PARTY EXCHANGES OR SECONDARY MARKETS. HOWEVER, A SECONDARY MARKET FOR TOKENS MAY EXIST. WHERE TOKEN HOLDERS DECIDE TO USE THIRD PARTY EXCHANGES, CROWD MACHINE WARNS:

There is never a guarantee that there will be an active market for one to sell, buy, or trade Tokens or products derived from or ancillary to them. The Tokens are intended to be used solely within the Crowd Machine Product, and are not intended to represent any formal or legally binding investment.

Markets for Tokens may have varying degrees of liquidity. Due to different regulatory requirements in different jurisdictions and the inability of citizens of certain countries to open accounts at exchanges located anywhere in the world, the liquidity of Tokens may be markedly different in different countries and this would likely be reflected in significant price discrepancies.

WARNING AND DISCLAIMER: *By making a decision to purchase Tokens, the Purchaser understands and solely assumes responsibility that: (i) the Tokens under no circumstances can be considered a means of payment and exchange, currency, cryptocurrency, investment instrument, investment, a loan granted to Crowd Machine; (ii) Tokens do not give the Purchaser the right to receive dividends; (iii) Tokens are not subject to mandatory redemption by Crowd Machine; (iv) the Purchaser has no right to require Crowd Machine to repurchase the Tokens under any circumstances.*



Part 1 | Risks, Warnings & Disclaimers

1.2.8 Trading & exchange risks

Crowd Machine is using the ERC20 protocol, and as a result, Crowd Machine cannot control the actions of Purchasers of Tokens. Even if secondary trading of Tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. A lack of stability in the cryptocurrency exchanges and the closure or temporary shutdown of cryptocurrency exchanges due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in the Product and result in greater volatility in the price of Tokens.

Cryptocurrency exchanges on which Tokens may trade may be largely unregulated and may therefore be more exposed to fraud and failure than established regulated exchanges. To the extent that the cryptocurrency exchanges representing a substantial portion of the volume in Token, trading of tokens are involved in fraud or experience security failures or other operational issues, such cryptocurrency exchange failures may result in a reduction in the price and can adversely affect the value of Tokens. To the extent that third parties do ascribe an external exchange value to Tokens (e.g. as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

The market for Tokens is still new and uncertain. Values in any Token marketplace are volatile and can shift quickly. Participants in any Token market are warned that they should pay close attention to their position and holdings, and how they may be impacted by sudden and adverse shifts in trading and other market activities. Whether the market for one or more Tokens will move up or down, or whether a particular Token will lose all or substantially all of its value, is unknown. Purchaser should be cautious about holding Tokens and should not have funds invested in Tokens or speculate in Tokens that the Purchaser is not prepared to lose entirely.

***WARNING AND DISCLAIMER:** If you chose to use Tokens on exchanges it is at your own risk. Exchanges are independent of and not operated by Crowd Machine, and Crowd Machine cannot and does not guarantee market liquidity for Tokens and therefore there may be periods of time in which Tokens are difficult to buy or sell.*



Part 1 | Risks, Warnings & Disclaimers

1.2.9 Risks of extreme price volatility and unfavorable fluctuation of value.

The Product is a new product, thus contributing to price volatility that could adversely affect the value of Tokens. There are many factors affecting the further development of the cryptographic token industry that may affect price volatility of the Tokens. These risks can include, but are not limited to, continued worldwide growth in the adoption and use of Tokens and other coins; changes in consumer demographics, public tastes and preferences; general economic conditions; and the regulatory environment relating to the Crowd Machine Product, Tokens and other coins. The effect of any future regulatory change on the Tokens is impossible to predict, but such change could be substantial and adverse to the value of the Tokens.

Cryptographic tokens that possess value in public markets, such as ETH, have demonstrated extreme fluctuations in price over short periods of time on a regular basis. The Purchaser should be prepared to expect similar fluctuations, both down and up, in the price of Tokens denominated in ETC, or currencies of other jurisdictions. Such fluctuations are due to market forces and represent changes in the balance of supply and demand. ETH may lose its value independently under the influence of any circumstances for which Crowd Machine is not responsible. More information about the Ethereum protocol is available at <http://www.ethereum.org>.

The methodology for determining the Token market price is new and untested. Such methodology may now or in the future contain inherent flaws that may adversely affect the ability to determine the Token market price and may, in turn, adversely affect the price of the Tokens.

WARNING AND DISCLAIMER: *By purchasing Tokens, you expressly acknowledge and represent that you fully understand that Tokens may experience volatility in pricing and will not seek to hold any of Crowd Machine, its directors, officers, agents and advisors liable for any losses or any special, incidental, or consequential damages arising from, or in any way connected to, the sale of Tokens. Crowd Machine is not liable for any number of reasons, including without limitation the adverse fluctuations in the purchasing power of Tokens, the unfavorable fluctuation in the value of the Tokens, the possibility that the value of ETH will drop significantly in the future, depriving Crowd Machine of sufficient resources to continue to operate.*

1.2.10 Risks of uninsured and financing losses.

Uninsured. Unlike cash reserves held in bank accounts or accounts at some other financial institutions, the Tokens are uninsured. In the event of loss or loss of utility value, there is no public insurer or private insurance arranged by Crowd Machine to offer recourse to Purchasers.

Financing. When a Purchaser finances a purchase or sale of Tokens, the Purchaser runs the risk of losing Purchaser's provided financing. Similarly, when Purchaser accepts financing to enter a trading agreement, the Purchaser accepts the risk of not being able to repay that financing (e.g., if the market



Part 1 | Risks, Warnings & Disclaimers

price of the Token that the Purchaser purchased with the financing falls). Purchasers should know all of the terms of any contracts they enter and how their trading strategies and other market and risk factors can affect their financing obligations.

***WARNING AND DISCLAIMER:** THE PURCHASER HERETO ACKNOWLEDGES AND AGREES THAT TOKEN TRANSACTIONS ARE IRREVOCABLE AND THAT TOKEN TRANSFERS MAY BE IRREVERSIBLE. By making a decision to purchase Tokens, the Purchaser understands and assumes sole responsibility that the Tokens, unlike bank accounts or accounts in some other financial institutions and funds, is not insured and is not planned to be insured. In case of any financial loss, no state or private insurance company shall be obligated reimburse or to pay insurance to the Purchaser for losses.*

1.2.11 Risks of transaction losses

Tokens transactions are irrevocable. If Tokens are stolen or incorrectly transferred, such transfer may be irreversible. As a result, any incorrectly executed Token transactions could adversely affect the value of Tokens. Cryptographic token transactions are not reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the processing power on the host blockchain Product. Once a transaction has been verified and recorded in a data-block that is added to the blockchain, an incorrect transfer of a Token or a theft of a Token generally will not be reversible and there may be no compensation for any such transfer or theft. Such loss could adversely affect the value of Tokens generally.

***WARNING AND DISCLAIMER:** The Purchaser represents and warrants that Purchaser: (i) has the computer hardware, software and technological knowhow required to transact in Tokens; (ii) it is responsible for confirming the accuracy of all Token wallet addresses it is provided and that it provides in connection with any order pursuant to this Agreement; and (iii) it is responsible for and bears the risk of loss for all Tokens transferred to a Token wallet address.*

1.3 Technical and Security Risks

1.3.1 Risks associated with new technology and Ethereum protocol

The Crowd Machine team warns that Crowd Machine's technology is a new and untested technology. The Purchaser understands that Tokens, blockchain technology, Ethereum, Ether and other associated and related technologies are new and relatively untested and outside of Crowd Machine's exclusive control and any adverse changes in market forces or the technology impacting Crowd Machine's performance under any purchase agreement for Tokens shall absolve Crowd Machine from responsibility over any delayed or unachieved milestones.



Part 1 | Risks, Warnings & Disclaimers

As Tokens and the Product are based on cryptocurrency protocols, any malfunction, unexpected functioning, forking, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on Tokens or the Product, including, but not limited to, impacting Purchaser's ability to transfer or securely hold Tokens. Such impact could adversely affect the value of Tokens.

Advances in cryptography, or technical advances such as the development of quantum computing, could present risks to Tokens and the Product by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum and Bitcoin protocols.

***WARNING AND DISCLAIMER:** The Crowd Machine team is not responsible, in case of advances in cryptography or other technical achievements, such as the development of quantum computers, advances in blockchain technologies making the Crowd Machine project unattractive to potential Purchasers or impossible to use for technical or technological reasons.*

1.3.2 Risks of hacking, cyber threats, mining attacks and security weaknesses

Hackers, individuals, other malicious groups or organizations may attempt to interfere with the Crowd Machine Product or Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. As the Product is based on open-source software, there is a risk that any party may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Product, which could negatively affect the Product and Tokens.

Hackers, individuals, other groups or organizations may attempt to steal the BTC and ETH cryptocurrency from the Token Generation Event, thus potentially impacting the ability of Crowd Machine to promote the Product. To account for this risk, Crowd Machine has and will continue to implement comprehensive security precautions to safeguard the BTC and ETH obtained from the sale of Tokens. Multi-factor security measures will be taken to protect the cryptocurrency and Tokens, including, but not limited to, physical elements, multi-signature keys, splitting of funds, hot and cold wallet partitioning and diversification. Moreover, regular security audits of multi signature hot and cold wallets will be conducted by internal and external teams.

Advances in code cracking, or technical advances such as the development of quantum computers, could present risks to cryptographic coins and the Product, which could result in the theft or loss of Tokens. To the extent possible, Crowd Machine intends to update the protocol underlying the Product to account for any advances in cryptography and to incorporate additional security measures, but it cannot predict the future of cryptography or the success of any future security updates.

As with other decentralized cryptographic coins based on the Ethereum ERC-20 protocol, Tokens are susceptible to attacks by miners in the course of validating Token, token transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, selfish-



Part 1 | *Risks, Warnings & Disclaimers*

mining attacks and race condition attacks. Any successful attacks present a risk to the Product and Tokens, including, but not limited to, accurate execution, recording of transactions involving Tokens and expected proper payment operations.

1.3.3 *Risks involving decentralized storage*

Crowd Machine uses a decentralized storage based on user participation to host the Product and related applications. The Product is susceptible to a number of risks related to the storage of data across many decentralized devices. Such data may include large amounts of sensitive and or proprietary information, which may be compromised in the event of a cyber-attack or other malicious activity. Similarly, the Product may be interrupted and files may become temporarily unavailable in the event of such an attack or malicious activity.

As Purchasers can use a variety of hardware and software that may interface with the Product, there is the risk that the Product may become unavailable or interrupted, based on a failure of interoperability or an inability to integrate these third-party systems and devices that Crowd Machine does not control with the Product. The risk that the Product may face increasing interruptions and additional security vulnerabilities could adversely affect the Product, and therefore the future utility of any Tokens that you hold.

WARNING AND DISCLAIMER: The Purchaser assumes the risk of any financial loss caused by the fact that Purchaser did not receive or received any delay from the Crowd Machine Product. The Purchaser assumes the risks of financial losses due to malfunctions of information, communication, electronic and other systems related to the Crowd Machine Product.



Part 1 | *Risks, Warnings & Disclaimers*

1.4 Legal and Regulatory Risks

1.4.1 *Risks associated with uncertain regulations, enforcement actions, and political events*

Regulatory changes or actions may alter the nature of the purchase of the Tokens or restrict the use of Tokens or the operation of the Crowd Machine Product or any secondary crypto exchange market in a manner that adversely affects the value of the Tokens.

The legal status of certain Tokens may be uncertain. This can mean that the legality of holding or trading them is not always clear. Whether and how one or more Tokens constitute property, or assets, or rights of any kind may also seem unclear. Participants are responsible for knowing and understanding how Tokens will be addressed, regulated, and taxed under applicable law.

The regulatory status of the cryptographic coins, blockchain and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the Product and Tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting blockchain and distributed ledger technology and its applications, including the Product and Tokens. Regulatory actions could negatively impact the Product and Tokens in various ways, including, for purposes of illustration only, through a determination that Tokens are a regulated financial product or instrument that attracts registration or licensing requirements.

Crowd Machine may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approvals to operate in such jurisdiction. The Product or Crowd Machine could be impacted by one or more regulatory enquiries or regulatory actions, which could impede or limit the ability of Crowd Machine to continue to develop the Product.

Political or economic crises may motivate large-scale sales of Tokens, which could result in a reduction in the price and adversely affect the value of Tokens. Cryptographic technology such as Tokens, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of transacting, and it is unclear how such supply and demand will be impacted by geopolitical events. Large-scale sales of Tokens would result in a reduction in the liquidity of such coins.



Part 1 | Risks, Warnings & Disclaimers

Tokens currently face an uncertain regulatory landscape not only in the United States but also in many foreign jurisdictions such as the European Union, China, Japan and Russia. To the extent that future regulatory actions or policies limit the ability to exchange Tokens or utilize them for payments, the demand for Tokens may be reduced and Purchasers may not seek to redeem Tokens in exchange for redemption proceeds. Furthermore, regulatory actions may limit the ability of end-Purchasers to convert Tokens into fiat currency (e.g., USD) or use Tokens to pay for goods and services. Such regulatory actions or policies would result in a reduction of demand, and in turn, the token market price.

Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Crowd Machine Product, the Cryptocurrency Exchange Market, and their purchasers, particularly Cryptocurrency Exchanges and service providers that fall within such jurisdictions' regulatory scope.

Countries, including the United States, may in the future curtail or outlaw, the acquisition, use or redemption of Tokens. Ownership of, holding or trading in Tokens may then be considered illegal and subject to sanction. Countries may in the future take, regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade bitcoins or to exchange bitcoins for fiat currency. By extension, similar actions by other countries, including the United States, may result in the restriction of the acquisition, ownership, holding, selling, use or trading Tokens.

***WARNING AND DISCLAIMER:** Crowd Machine is not liable for any adverse consequences to the Purchaser or to the Crowd Machine Product as a whole, if such consequences were due to prohibit and/or restrict measures, laws and other regulatory actions that have been followed by states or international organizations whose implementation of instructions is obligatory for the participants of such organizations. The Purchaser understands and assumes responsibility that any prohibitive and/or restrictive actions on the part of government agencies reduce the cost and liquidity of Tokens, and significantly hamper the development and promotion of the Crowd Machine Product. Purchaser understands that Purchaser shall not be entitled to any type of refund in the event that any of these adverse consequences occur.*

1.4.2 Regulatory and Securities risks

If regulatory changes require the regulation of Tokens, such as under the CEA by the CFTC and/or under the Securities Act and the Investment Company Act by the SEC, Crowd Machine may be required to register and comply with such regulations. To the extent that Crowd Machine decides to continue its business, the required registrations and regulatory compliance steps may result in extraordinary, recurring, and/or non-recurring expenses to Crowd Machine.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which Tokens are treated for classification and clearing purposes. In particular, Tokens may not be excluded from the definition of "commodity" for CFTC purposes or Tokens may



Part 1 | Risks, Warnings & Disclaimers

become a “security” for future SEC purposes. As of the date of this TDS, the Crowd Machine team is not aware of any rules that have been proposed to regulate these Tokens as a commodity or a security. The Crowd Machine team cannot be certain as to how future regulatory developments will impact the treatment of Tokens under the law.

***WARNING AND DISCLAIMER:** Purchasers do not have the protections associated with ownership of shares in an investment company registered under the Investment Company Act. Crowd Machine is not registered as an investment company under the Investment Company Act. Consequently, Purchasers do not have the regulatory protections afforded to investors in registered investment companies.*

1.4.3 Risks of intellectual property rights

Intellectual property rights claims may adversely affect the operation of the Crowd Machine Product. Third parties may assert intellectual property ownership claims relating to the holding and transfer of cryptographic technology and their source codes. Regardless of the merit of any intellectual property claim or other legal action, any threatened action that reduces confidence in the Product’s long-term viability or the ability of end-Purchasers to hold and transfer Tokens, may adversely affect the value of Tokens. Additionally, a meritorious intellectual property claim could prevent participants from accessing the Product, holding or transferring their Tokens.

1.5 Unanticipated Risks and Unforeseen Risks

Cryptographic coins such as the Tokens are a new and relatively untested technology. In addition to the risks noted above, there are other risks associated with purchasing, holding and using Tokens, including those that Crowd Machine cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks set out above.

***WARNING AND DISCLAIMER:** The Purchaser understands and agrees that Crowd Machine does not have the capacity nor the insight to delineate every possible risk, and that the Purchaser assumes any unknown risks on their own behalf with regards to the purchase and use of Tokens.*



Part 2 | Release of Liability & Indemnities

*By purchasing Tokens, the Purchaser expressly acknowledges and assumes all risks and agrees not to hold Crowd Machine or any of the Crowd Machine's **management team, or any related parties of Crowd Machine** liable for any losses, damages, costs or expenses (including any special, incidental, or consequential damages) arising from, or in any way connected to, the sale of Tokens, including, but not limited to, any loss associated with the risks set out below. The Purchaser acknowledges that the risk of adverse consequences arising from not reading this document, or **the Purchaser's** misinterpretation and perception is borne by the Purchaser.*

2.1 Disclaimer of Warranties

YOU (THE PURCHASER) UNDERSTAND AND AGREE THAT THE TOKENS AND THE CROWD MACHINE PRODUCT, INCLUDING ANY CONTENT CONTAINED THEREIN, IS PROVIDED BY CROWD MACHINE "AS IS" WITHOUT REPRESENTATION, WARRANTY OR CONDITION OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO THE IMPLIED REPRESENTATIONS, WARRANTIES OR CONDITIONS OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE. CROWD MACHINE DOES NOT REPRESENT OR WARRANT THAT THE PRODUCT OR THE CONTENT WILL BE MADE AVAILABLE FOR SALE OR LICENSE OR THAT YOUR USE WILL BE UNINTERRUPTED OR ERROR FREE. NO ADVICE, RESULTS OR INFORMATION, OR MATERIALS WHETHER ORAL OR WRITTEN, OBTAINED BY YOU THROUGH THE PRODUCT SHALL CREATE ANY WARRANTY NOT EXPRESSLY MADE HEREIN.

2.2 Limitation of Liability

YOU (THE PURCHASER) ASSUME ALL RESPONSIBILITY AND RISK FOR THE PURCHASE OF TOKENS AND USE OF THE PRODUCT INCLUDING WITHOUT LIMITATION ANY OF THE CONTENT OR INFORMATION CONTAINED THEREIN. IN NO EVENT SHALL CROWD MACHINE OR ANY OF ITS DIRECTORS, OFFICERS, EMPLOYEES, SHAREHOLDERS, PARTNERS, ADVISORS, AGENTS OR LICENSEES BE LIABLE FOR ANY INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES WHATSOEVER (INCLUDING DAMAGES FOR LOSS OF PROFITS, INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR ANY OTHER PECUNIARY LOSS) IN CONNECTION WITH ANY CLAIM, LOSS, DAMAGE, ACTION, SUIT OR OTHER PROCEEDING ARISING UNDER OR OUT OF YOUR PURCHASE OF TOKENS OR USE OF THE PRODUCT, INCLUDING WITHOUT LIMITATION THE USE OF, RELIANCE UPON, ACCESS TO, OR EXPLOITATION OF THE PRODUCT, THE CONTENT OR ANY PART THEREOF, PURCHASE OF TOKENS, OR ANY RIGHTS GRANTED TO YOU, EVEN IF CROWD MACHINE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER THE ACTION IS BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE), INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS OR OTHERWISE.

IN ANY EVENT, CROWD MACHINE'S TOTAL MAXIMUM AGGREGATE LIABILITY IN CONNECTION WITH YOUR PURCHASE OF TOKENS OR THE USE OR EXPLOITATION OF ANY OR ALL PART OF THE PRODUCT OR THE CONTENT IN ANY MANNER WHATSOEVER SHALL BE LIMITED TO THE ORIGINAL PURCHASE PRICE PAID FOR TOKENS FOR THE SUBJECT MATTER OF ANY CLAIM, BUT IN ANY EVENT WILL NOT EXCEED ONE THOUSAND UNITED STATES DOLLARS. HOWEVER, SOME JURISDICTIONS DO NOT ALLOW FOR THE LIMITATION OR EXCLUSION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE ABOVE LIMITATION OR EXCLUSION MAY NOT APPLY TO YOU. IN SUCH JURISDICTIONS, THE LIABILITY OF CROWD MACHINE OR ANY OF



Part 2 | *Release of Liability & Indemnities*

ITS DIRECTORS, OFFICERS, EMPLOYEES, SHAREHOLDERS, PARTNERS, ADVISORS, AGENTS OR LICENSEES SHALL BE LIMITED TO THE GREATEST EXTENT PERMITTED BY LAW.

2.3 Indemnity

In connection with purchasing Tokens, the Purchaser agrees to indemnify, defend and hold Crowd Machine and its affiliates, and its Crowd Machine directors, officers, employees, shareholders, partners, advisors, and agents (collectively, the "Crowd Machine Parties") harmless from and against any and all claims, liability, losses, costs and expenses (including reasonable legal fees) as a result of or in connection with any claim threatened or asserted against any Crowd Machine Party. Purchaser hereby waives and releases, for yourself and for your heirs, executors and administrators, any and all rights, claims and causes of action whatsoever that you may have against Crowd Machine. You further release, discharge, indemnify, defend and agree to hold harmless Crowd Machine and its employees, officers and directors, and their Crowd Machine successors, licensees, assigns and agents and those for whom they are acting, from any claim relating to your purchase of Tokens or use of the Crowd Machine's Product, and from any liability for any loss or damage you may suffer or any liability for, including but not limited to, emotional distress, economic loss, damages, or infringement thereof.

Purchaser acknowledges and agrees that all rights granted to Crowd Machine in connection with the purchase of Tokens or use of its Product are irrevocable and not subject to rescission, termination, restraint or injunction under any circumstances. Further, Purchaser understands and agrees that, to the fullest extent permissible by law, neither Crowd Machine, its affiliates, or its or their Crowd Machine successors and assigns, nor any of its or their Crowd Machine officers, directors, employees, advisors, agents, licensors, representatives, service providers, advertisers, or suppliers, shall be liable for any loss or damage, of any kind, direct or indirect, in connection with or arising from any purchase of Tokens or use of the Product, including, but not limited to, compensatory, consequential, incidental, indirect, special or punitive damages, regardless of the form of action or the basis of the claim and even if advised of the possibility of such damages.



Part 3 | Tax Consequences

The Purchaser understands and agrees that Purchaser bears sole responsibility for any taxes as a result of the matters and transactions that are the subject of this agreement, and any future acquisition, ownership, use, sale or other disposition of Tokens held by the Purchaser. It is Purchaser's own responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities.

The tax characterization of Tokens is uncertain in many jurisdictions. Purchasers must seek their own tax advice in connection with purchasing Tokens, which may result in adverse tax consequences to Purchaser, including but not limited to withholding taxes, income taxes and tax reporting requirements.

Purchasers bear the sole responsibility for any taxation requirements, in purchasing, using and holding Tokens. To the extent permitted by law, the Purchaser agrees to indemnify, defend and hold Crowd Machine or any of its affiliates, employees, partners, advisors or agents (including developers, auditors, lawyers, contractors or founders) harmless for any claim, liability, assessment or penalty with respect to any taxes associated with or arising from the Purchaser's purchase of Tokens hereunder, or the use or ownership of Tokens.



Part 4 | *Know your Customer (KYC) & Anti-Money Laundering (AML) Policy*

4.1 Verification Process and KYC Compliance

4.1.1 *KYC Compliance*

In accordance with the terms of any purchase agreement that Crowd Machine may issue, and in order to purchase Tokens from Crowd Machine, the Purchaser acknowledges and agrees that Purchaser is required to provide user information and must pass a Know Your Customer (“KYC”) test, whereby Purchaser will be screened against OFAC lists and other watch lists. The purchase of Tokens and use of any rights to the Product (“Rights”) shall be denied to anyone that fails to meet the KYC suitability screening requirements, and to anyone who fails to provide the relevant information that Crowd Machine requests. During the audit process, Crowd Machine or its nominee, shall perform the relevant KYC checks from a suitable independent KYC provider and keep a copy of same for its records. The Purchaser agrees to provide the relevant information and assistance in this process in a timely manner.

4.1.2 *KYC Purchaser Information*

Crowd Machine conducts KYC procedures compliant to all the relevant requirements. In accordance with Section 4.1, only Purchasers complying with the following KYC procedures will be allowed Rights to the Product. Failure to submit the required documents will result in the account shall not being activated. At the minimum, Purchasers shall provide the following details and digitized copies of documents simultaneously with execution of the purchase agreement:

- (a) Name;
- (b) Date of birth (for individuals) or date of registration (for corporations);
- (c) Address (residence and mailing addresses for a natural person; or principal place of business and/or registered address for a person other than a natural person);
- (d) Valid telephone number;
- (e) Identification (a taxpayer identification number, passport number and country of issuance, alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard). As an evidence of your nationality or residence you shall provide Crowd Machine with a copy of your passport in high quality color format. If you represent a legal entity, you shall provide the Company with documents showing the legal existence of such legal entity, such as certificate of incorporation/registration and other similar document certifying the registration of legal entity in its country of residence.



Part 4 | *Know your Customer (KYC) & Anti-Money Laundering (AML) Policy*

4.1.3 *KYC Account Activation*

Crowd Machine shall activate your account upon verification of the details provided under our KYC requirements. Crowd Machine may seek further documents or details, as per its revised policies or pursuant to government or regulatory requirements and you shall be bound to comply with the same. Crowd Machine is entitled to terminate existing accounts for non-compliance of these KYC policy terms. Crowd Machine is not under any obligation to notify you of the rejection or activation of accounts.

4.1.4 *Updates to KYC Policies.*

Crowd Machine may periodically review, revise, modify or update the KYC policies on our website, including to ensure compliance with subsisting and new regulations and legal requirements. Amended KYC policies shall be uploaded on the website. Non-receipt of such intimation shall not exonerate you from complying with the revised KYC policies. Continued use of our Product or services shall be deemed consent to such revised terms. You shall ensure due compliance with such amended KYC policies within timeframes prescribed for the same. Failure to do so may result in suspension, cancellation or termination of your Rights to the Product.

4.2 Anti-Money Laundering and Abuse

4.2.1 *AML Policy*

Crowd Machine has zero tolerance towards use of our Product or services for any illegal purpose. Any such abuse by any Purchaser shall result in forthwith termination of the Purchaser's account and reporting of such activities to concerned regulatory and statutory authorities. Crowd Machine shall not allow our Product or any services that we might support, to be used for any illegal purpose including for money laundering or the funding of terrorism or any other criminal activities.

4.2.2 *Reporting and Holds*

Crowd Machine shall report all suspicious activities to the concerned authorities to ensure initiation of investigation and prosecution. Purchasers are therefore strongly cautioned against misuse of our Product or Services in any manner for illegal activities. Where applicable, notice of suspension or termination shall be sent to the Purchaser and the accumulated monies or Tokens in the account of such Purchaser shall be secured, unless otherwise appropriated by us pending confirmation from a regulatory or statutory authority or in compliance with an order from a government authority or court. Amounts lying in the accounts of Purchasers suspected of illegal activities or of misusing the Product shall, however, not be released in favor of such Purchaser until the requisite documents and



Part 4 | *Know your Customer (KYC) & Anti-Money Laundering (AML) Policy*

explanations are furnished to the relevant authorities, or upon receipt of an order permitting the same from an appropriate court or government authority.

4.2.3 *AML Policy Acknowledgement*

Purchase of Tokens is tantamount to acceptance of Crowd Machine's AML policies herein, which are also located on our website. Purchasers are required to read, understand and affirm the AML policies before purchasing Tokens from Crowd Machine. Crowd Machine may periodically review and revise, modify or update any AML policies to ensure that it complies with applicable laws. By purchasing Tokens and by continued use of Crowd Machine's Product, you are deemed to have agreed to such revised terms of the AML policies and shall be bound by the same.

4.2.4 *Account Suspension*

Crowd Machine reserves the right to decline or discontinue any account, in its discretion, with present as well as future Purchasers at all times. In the event of any suspicious activity being disclosed or a Purchaser is suspected of abusing Crowd Machine's Product or services, we shall have the right but not the obligation to suspend or terminate any account of a Purchaser, until a reasonable and satisfactory explanation with supporting documents is provided.