

**Tradeable LLC**

A WYOMING LIMITED LIABILITY COMPANY

**CONFIDENTIAL OFFERING MEMORANDUM**

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**March 31, 2026**

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**3909 S MARYLAND PARKWAY  
SUITE 314 # 49  
LAS VEGAS, NV 89119  
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
- B - Class A Convertible Debt Agreement

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## IMPORTANT GENERAL CONSIDERATIONS

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A prospective investor (an “**Investor**”) in Tradeable LLC, a Wyoming limited liability company (the “**Company**”) 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 convertible debt agreements (the “**Notes**”) and agrees to become a noteholder of the Company (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 Company and its manager, Indy Strategic LLC, a Wyoming limited liability company (the “**Manager**”). (See “**RISK FACTORS AND CONFLICTS OF INTEREST.**”) The Manager 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 Company 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 Manager concerning the terms and conditions of the offering, the Company, and any other relevant matters to the extent the Manager 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 Company, 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 Manager 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(b) of Regulation D under Section 4(a)(2) of the Securities Act, and will also be exempt from the various state securities laws and (ii) the Company will not be registered as an investment company under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”) , in reliance that it does not meet the definition of an investment company under Section 3 of the Investment Company Act. The Manager 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 Manager. 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 Manager 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 Manager. 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 Company 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 Manager) 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 Company or the Notes, other than the representations and information set forth in this Memorandum or other documents or information furnished by the Manager 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 (the “**Information**”), regarding the Company, the Manager 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 Manager’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 Company 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 Company 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 Company 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 MANAGER. 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 CALENDAR 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 CALENDAR 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 Manager, 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 the convertible debt agreements (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 Company 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 Company. Unless specifically noted otherwise, references throughout this Memorandum to the Company will include the Manager (as defined below) and any agent authorized to act on the Company’s behalf.

- Company** Tradeable LLC (the “**Company**”) is a limited liability company organized in the state of Wyoming on October 22, 2022. The Company is a wholly owned subsidiary of Toolbox OS, Inc. (“**Toolbox OS**”), a Wyoming corporation that produces a shared business infrastructure in efforts to assist portfolio companies or subsidiaries in increasing revenue, earnings before income taxes, depreciation and amortization (“**EBITDA**”), and their valuation.
- Portfolio Companies** Toolbox OS 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 Company and in which the Company is providing infrastructure under such agreement and in which the Company owns an equity interest (the “**Portfolio Companies**”). The Portfolio Companies may include companies that manage investment assets.
- Affiliates** An affiliate with reference to the Company 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**”).
- Manager** The Company has a single manager, Indy Strategic LLC (the “**Manager**”), which is also is a wholly owned subsidiary of Toolbox OS. The Manager has delegated management of its day-to-day operations to Gaydon Leavitt as the manager of the Manager (the “**Principal**”). Additionally, Mr. Leavitt will oversee the operations, administrations, marketing, investment selection and/or positioning of the Company. Implementation of the Company’s investment strategy and operations will be completed by the Principal and Affiliates.

The Manager and Toolbox OS 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.

### **Investment Strategy**

The Company's investment strategy is to use proceeds from this offering to invest in publicly traded commodities including contract for difference, through one or more U.S. or Non-U.S. brokerage or online platform accounts (each an "**Account**") using signal generating and/or automatic algorithmic trading bots (the "**Algorithms**") licensed, subscribed to, purchased or internally developed to make investment decisions related to the Company's capital invested in an Account, to cover any expenses related thereto and for any business purpose determined in the sole and absolute discretion of the Manager. The Company 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 Company. The Manager is not restricted to any specific deployment or use strategy whatsoever.

### **Margin Trading and Leverage**

The Company will employ portfolio margin in any investing of the proceed. Additionally, the Company reserves the right to use financial leverage in the future to enhance returns. The Company's goal is to utilize margin and leverage in a manner consistent with its investment objective and portfolio management framework, but not to exceed the maximum levels permitted by its brokers or custodians. The use of leverage and margin may enable the Company to achieve a higher rate of return but has attendant risks that magnify the impact of events adverse to the Corporation.

Investors should note that any use of margin increases volatility and may cause the Company to be unable to service its debt in accordance with its obligations to its brokerage, which may cause an Investor's investment to be completely lost.

### **Investment Risks**

The Company's investment program is speculative and entails substantial risks, including, among others: dependency on key individuals, risks associated with investing in commodities, margin risk, leverage risk, default risks, counter-party default risk, 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 Company 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 Company. There can be no assurance that the investment objectives of the Company will be achieved or that the Company's investment strategy will be successful. Past results of the Company or its Affiliates (including the Principal) are not necessarily indicative of the future performance of the Company.

## **Diversification**

The Company does not have fixed guidelines for diversification, and will concentrate its investments in publicly traded commodities, but may use different investment strategies depending on the Principal's assessment of the available investment opportunities.

## **Offering**

***Continuous Offering.*** The Company is offering four types of convertible debt agreements: (i) one year convertible debt agreements with quarterly interest payments (the "**Class A Notes**," which shall also herein be referred to as, the "**Notes**"). The Notes will be offered 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 Company pursuant to the Subscription Documents (as defined below). Noteholders will receive quarterly interest-only payments and a single lump sum payment equal to the Loan Amount and any accrued but unpaid interest upon maturity of the Notes for Class A Notes (unless such Note is converted into preferred interests of the Company), which will be in preference to any distributions made to members of the Company ("**Members**"). 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 Company 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 Company 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(b)) thereunder and from registration of the Company as an investment company under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The availability to the Company of these exemptions will rely, in part, upon the nature of the Noteholders, as summarized below at "**Eligible Investors.**" In addition, the Company'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 Manager 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 are attached hereto as **Exhibit B**.

**Minimum Investment;  
Initial Closing**

The Loan Amount of a 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 Manager may, in its sole and absolute discretion, accept investment of lesser amounts.

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

Notwithstanding the foregoing, the Company may have its first Closing (the “**Initial Closing**”) at any time as determined by the Manager 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 Company and issuance of the Notes to Investors, pursuant to the Subscription Documents.

**Term of Notes**

The Maturity Dates of each Class A Note is one (1) year (in each case, the “**Maturity Date**”) from the date in which interest begins to accrue on the Note set forth on such Note. For each Class A Note, interest begins to accrue five (5) calendar days after the later of the agreement date specified in such Class A Note or receipt of the Loan Amount for such Note or accept (each, an “**Effective Date**”). Upon the Maturity Date of any Notes purchased by an Investor, to the extent that the Company did not convert the Note into preferred interests of the Company, 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 Company 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.

**Company Prepayment  
Option**

The Company, in its sole and absolute discretion may prepay any Notes prior to their Maturity Date upon at least thirty (30) calendar day notice.

## **Conversion Option**

The Company, 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 (preferred interests) in the Company (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 Company will provide written notice of its election to do so within ten (10) calendar days at the Maturity Date (the "**Conversion Election Date**"). In the event the Company fails to exercise the Conversion Option by the Conversion Election Date, the Company's Conversion Option shall be irrevocably forfeited. To the extent the Company exercises the Conversion Option, the Total Conversion Funds shall be used to purchase Company preferred interests at a price per share equal to the then-current price at which the Company is selling its preferred interests as of the date of the Noteholder's receipt of written notice of the Company's election to exercise the Conversion Option. By way of illustration, should the Investor loan the Company \$100,000 and the Company would elect to exercise the Conversion Option at the Maturity Date, the Total Conversion Funds shall be \$100,000 (assuming all quarterly-only or annual interest payments had been made). As an example conversion, to the extent that the Company is selling preferred interests at the time of conversion at \$0.68 per 0.01% percentage interest, the Investor, now a Noteholder shall be entitled to use the Total Conversion Funds to acquire the Company's preferred interests at a purchase price of \$0.68 per 0.01% percentage interest. Following the Company's exercise of the Conversion Option, the Noteholder shall sign and deliver to the Company such subscription agreement, stock purchase agreement or related documentation as the Company may reasonably request in order to formally document Noteholder's purchase of the Company's preferred interests.

## **Interest Rate of Notes**

Class A Notes will accrue interest on the Loan Amount at the simple interest rate of 40.00% per annum. 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 Company may charge, the Company 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 Company shall pay to the Investor quarterly interest-only payments on Class A Notes with each such quarterly interest-only payment being due and payable on the fifth (5th) calendar day following each calendar quarter with the first payment due on the last day of the calendar quarter following the Effective Date. Interest accrual shall be pro-rated for any partial calendar quarters. If any quarterly interest payment is not paid

within five (5) calendar 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 2.00% per month and be due on the Maturity Date, unless paid sooner in the sole and absolute discretion of the Company.

Payments of interim interest of any Class A Notes shall be made by wire or automated clearing house transfer (“ACH”) transfer to the account(s) designated by the Investor in its Subscription Documents and on file with the Company as of the date that such accrued, but unpaid interest is due to be paid (the “**Interim Interest Payment Date**”). If the Interim Interest Payment Dates occurs on a calendar day that is not a Business Day, then such interim interest shall be paid on the next succeeding Business Day. “**Business Day**” shall mean any day other than Saturday, Sunday or any day on which banks in Nevada are authorized or required to be closed.

#### **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 five (5) calendar days of the Maturity Date or final Term Maturity Date, as applicable (the “**Note Payment Date**”). The Balloon Payment due will be made by wire or ACH to the account(s) designated by the Investor in its Subscription Documents and on file with the Company as of the Maturity Date of when such payment is due. If the Maturity Date occurs on a calendar day that is not a Business Day, then this Note shall be paid on the next succeeding Business Day.

#### **Payment Default**

In the event that the Company fails to make the Balloon Payment by the Note Payment Date and fails to cure such default by the Payment Default Cure Period (as defined below) (a “**Payment Default**”) or the Company 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 of the Loan Amount and accrued interest thereon 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 Company cures the Payment Default within ten (10) calendar days from the payment due date plus ten (10) calendar 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 (the “**Mandatory Conversion Date**”), the Company shall convert the Outstanding Balance into the Company’s preferred interests under the same terms and conditions as set forth under the Optional Conversion, except that for the purposes of calculating the number of the Company’s preferred interests 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 Members. However, the Company may pay Members distributions of profits prior to the satisfaction of all of the Company’s Notes. Further, the Company does expect that through the life of the Offering, that it will have other outstanding convertible debt agreements which may have Maturity Dates that differ from one another such that some may become due and payable before the maturity of other Notes. Such differing Maturity Dates may allow earlier Noteholders to be paid prior to later Noteholders and at times reduce the available funds to satisfy the Company’s interest and/or principal obligations on the Notes for such later Noteholders.

**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 Company. An Investor must pay 100.00% of its Loan Amount at the time of subscription. The date on which subscription is accepted is a “**Subscription Day**” and no subscription may be considered for acceptance without the Company receiving both the Investor’s Subscription Documents and the Loan Amount. Payment may be made in U.S. dollars 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 Company may require additional information to verify the identity of any person who subscribes for Notes in the Company.

**Eligible Investors**

In order to invest in the Company, 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 Company that it is an accredited investor. Further, an Investor must agree to provide any documentation requested by the Company to verify that the Investor

meets one of the definitions of an “accredited investor.” The Company may reject any Investor’s subscription for any reason.

Additionally, the Company 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 Company in the event that such Noteholder becomes subject to a Bad Actor Event within thirty (30) calendar 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 Company, 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 Company. 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 Company does not make determinations of suitability. The Manager will review an Investor’s Subscription Documents and only accept those Investors for which it is determined that an investment in the Company 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 Company 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 Company will continue in accordance with the terms of the operating agreement of the Company (the “**Operating Agreement**”) and the Notes.

**Term**

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

**Variance of Terms**

The Manager 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; and (ii) other reports as determined by the Manager in its sole discretion. The Company shall bear all fees incurred in providing such reports.

The Manager may agree to provide certain Investors and Noteholders with additional information on the underlying investment activities of the Company, as well as access to the Manager 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 Manager, 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 a Note is permitted, the Manager 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 Company or affairs of the business.

**Other Activities of Manager and its Affiliates** Neither the Manager nor any Affiliates of the Manager are required to manage the Company 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 Company's investments, the Manager 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 Company. (See "MANAGEMENT.")

**Exculpation and Indemnification** The Manager shall not be liable to the Company or the Noteholders for any action or inaction in connection with the business of the Company to the fullest extent permitted by federal and Wyoming laws. The Company (but not the Noteholders individually) is obligated to indemnify the Manager and its managers and officers (including the Principal), and members of the Toolbox Board from any claim, loss, damage or expense incurred by such persons relating to the business of the Company, 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 Company has not registered under, does not intend to register under, and is not subject to the Investment Company Act, in reliance that it does not meet the definition of an investment company under Section 3 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(b) thereunder).

In order to comply with applicable U.S. anti-money laundering laws and regulations, the Company 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 quarterly or annual 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 Company shall end on December 31st of each year, which fiscal year may be changed by the Manager, 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 Manager 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 Manager possesses such information or can acquire it without unreasonable effort or expense. Requests for such information should be directed to:

Tradeable LLC  
c/o Toolbox, OS, Inc.  
3909 S Maryland Parkway  
Suite 314 # 49  
Las Vegas, NV 89119  
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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### **Role of the Manager**

The manager of the Company is Indy Strategic LLC, a limited liability company organized in the State of Wyoming on January 31, 2025 (the “**Manager**”). As of the date of this Memorandum, the Manager is not registered as an investment adviser with the U.S. Securities and Exchange Commission (the “**SEC**”) or any state regulatory authority on the belief that it is exempt from such registration. The Manager will be responsible for the daily management of the Company and performing limited administrative duties of the Company, including, but not limited to, the collection and distribution of investment returns, as well as acceptance of, and payments to, the Noteholders. Noteholders do not have any right to participate in the management of the Company and have no voting rights. The Manager is solely responsible for researching, selecting, trading, and monitoring investments made by the Company and making decisions on when and how much to invest or withdraw from a particular investment. The Manager is also responsible for implementing and maintaining the Company’s compliance program. Noteholders do not have any right to participate in the investment decision process or management of the Manager. Gaydon Leavitt is the sole manager and member of the Manager and will be responsible for the investment selection and/or positioning of the Company (the “**Principal**”).

The Manager’s operations are separate and distinct from those of the Company. The performance history of investments employing the Manager’s advice is not necessarily indicative of the performance that will be achieved by the Company. Investors should understand that information provided by the Manager is not intended to reflect in any way on the Company. Investors should not rely on any information provided by the Manager, or the Principal in his capacity in the Manager, as an indication of the skill or methods of the Manager or the Company. Investors should evaluate the Principal’s skills, techniques, backgrounds, abilities and methods, etc. based on this Memorandum and on additional inquiry addressed to the Principal.

The Principal is a majority beneficial owner of the Manager and Company through Toolbox OS (as defined below) and other entities.

### **Background of Management**

#### ***Gaydon (“G”) Leavitt***

Gaydon (“G”) Leavitt serves as director of the Company. In this capacity, Mr. Leavitt is responsible for investment decisions, marketing, management and operations of the Company. Concurrently, Mr. Leavitt serves as a director of ToolBox OS. Toolbox OS has owned and operated more than ninety (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.

### **Affiliated Entities**

Toolbox OS, Inc. (“**Toolbox OS**”) a Wyoming corporation that produces a shared business infrastructure in efforts to assist portfolio companies or subsidiaries in increasing revenue, earnings before income taxes, depreciation and amortization (“**EBITDA**”), and their valuation. Toolbox OS will serve as the sole member of the Company and has contributed to the Company’s multiple Portfolio Companies that are actively involved in the knowledge commerce business. Mr. Leavitt serves as a majority shareholder and the director of Toolbox OS.

### **Additional Personnel; Actions Against the Company and Affiliates**

The Company may employ additional personnel in the future. No material administrative, civil or criminal action has been brought against the Company, and its 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 Manager and Affiliates**

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

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

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## INVESTMENT PROGRAM

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### **Investment Strategy**

The Company's investment strategy is to use proceeds from this offering to invest in publicly traded commodities including contract for difference, through one or more U.S. or Non-U.S. brokerage or online platform accounts (each an "Account") using signal generating and/or automatic algorithmic trading bots (the "Algorithms") licensed, subscribed to, purchased or internally developed to make investment decisions related to the Company's capital invested in an Account, to cover any expenses related thereto and for any business purpose determined in the sole and absolute discretion of the Manager. The Company 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.

### **Specific Investment Strategies**

#### ***Systematic Trading***

Systematic trading is a way of defining trade goals, risk controls and rules that can make investment and trading decisions in a methodical way. These strategies generally rely on computerized trading systems or models to identify and capitalize on trends in financial and commodity markets. Their systematic approach is designed to take advantage of price patterns in a very large number of markets. The trading models may be focused on technical or fundamental factors or a combination of factors.

#### ***Quantitative Analysis***

Quantitative analysis represents a given reality in terms of a numerical value. Such strategies typically utilize technology-based algorithmic modeling to achieve desired investment objectives. They are dependent on complex mathematical and statistical modeling. Quantitative technologies generally require extensive precautions to protect proprietary programs.

#### ***Algorithmic Trading***

Algorithmic trading (also known as automated trading) is the process of using computers programmed to follow a defined set of instructions for placing automatic trades at a speed that is faster than a human would be able to accomplish.

#### ***Swing and Day Trading***

Swing and day trading are short-term trading methods. Swing trading involves investing in positions that are typically held between less than one days and approximately six days. Day trading involves investing in positions that are typically held for less than a day. Both trading positions focus on short term trends in the market. Swing and day trading can potentially increase the potential for significant losses.

## ***Derivatives***

The Company intends to use financial instruments known as derivatives. A derivative is generally defined as an instrument whose value is derived from, or based upon, some underlying index, reference rate (such as interest rates or currency exchange rates), security, commodity, or other asset. There is no assurance that any derivatives strategy used by the Company will succeed, or will be available for use by the Company.

## ***Swaps***

The Company may enter into various swap agreements. These transactions are entered into in an attempt to obtain a particular return when it is considered desirable to do so, possibly at a lower cost than if the Company had invested directly in the asset that yielded the desired return. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than a year. In a standard swap transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount” (i.e., the return on, or increase in value of, a particular dollar amount invested at a particular interest rate, in a particular foreign currency, or in a “basket” of securities representing a particular index).

## ***Contract for Difference***

A contract for difference (“**CFD**”) is a privately-negotiated contract between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument's value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are typically both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit.

## **Diversification**

The Company does not have fixed guidelines for diversification, and will concentrate its investments in publicly traded commodities, but may use different investment strategies depending on the Principal's assessment of the available investment opportunities.

## **Margin Trading and Leverage**

The Company will employ portfolio margin in any investing of the proceed. Additionally, the Company reserves the right to use financial leverage in the future to enhance returns. The Company's goal is to utilize margin and leverage in a manner consistent with its investment objective and portfolio management framework, but not to exceed the maximum levels permitted by its brokers or custodians. The use of leverage and margin may enable the Company to achieve a higher rate of return but has attendant risks that magnify the impact of events adverse to the Corporation.

Investors should note that any use of margin increases volatility and may cause the Company to be unable to service its debt in accordance with its obligations to its brokerage, which may cause an Investor's investment to be completely lost.

### **Limits of Description of Investment Strategy**

The Manager is not limited by the above discussion of the investment strategy. The Manager has wide latitude to allocate, use, invest in or dispose of the Company's assets, to pursue any particular objective, strategy or tactic, or to change the emphasis without obtaining the approval of the Noteholders. The investment strategy imposes no significant limits on the types of instruments in which the Manager 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 Company's investment strategy 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 Company can, in certain circumstances, increase the adverse impact to which an investment in the Company 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 Company 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 Company's investment objectives will prove successful; or (ii) Noteholders will not lose all or a portion of their investment in the Company.

An Investor should regard an investment in the Company 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 Company 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 Company 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 Manager have limited previous experience in allocating proceeds and making investment decisions. Because of this lack of experience with managing the Company, the Manager may be prone to errors, or the implementation of the investment strategy may result in losses. Consequently, the Company'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 Company's investment program will be successful, and investment results may vary substantially over time. Further the Company invests its assets in derivatives, many of which may be traded over-the-counter ("OTC") and some of which may not have a market. There are numerous risks inherent in such investments, some of which are specifically referenced below. Such investments are subject not only to investment-specific price fluctuations, but also to macro-economic, market and industry-specific conditions. Those risks may be significantly enhanced by changes in liquidity, absence of pricing transparency and the potential for volatility. Moreover, the Company may have only limited ability to vary its investment portfolio in response to changing economic, financial and investment conditions. No assurance can be given as to when or whether adverse events might occur that could cause significant and immediate loss in the value of the Company's portfolio.

- **Highly Volatile Markets.** The prices of derivative instruments, including options, can be highly volatile. Price movements of derivative contracts in which the Company's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in options. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Company will also be subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.
- **Institutional Risk.** The Manager intends to enter into contractual arrangements with various brokerage firms, banks and other institutions. There is a possibility that the institutions, including brokerage firms and banks, with which the Company does business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may substantially impair the operational capabilities or the capital position of the Company.
- **No Assurance of Profit or Repayment.** The past performance of the Company or other portfolios, accounts or companies owned or managed by the Manager or the Principal, private companies that are owned, operated, managed, or otherwise affiliated with entrepreneurs that have previously entered into a lifetime software licensing agreement with the Principal and/or in which the Principal is providing company software services under such agreement and/or in which the Company 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 Company. 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 Company deployment and investment activities for an extended period of time.
- **Destabilized Financial Markets and Closures of Exchange.** In recent years, U.S. and world financial markets have become more volatile, and as a result, trading on securities exchanges has occasionally been halted temporarily. Should such volatility continue, various methods of hedging employed by the Company could be rendered useless and risk levels could increase.
- **Failure of Brokers, Counterparties and Exchanges.** The Company will be exposed to the credit risk of the counterparties with which, or the brokers, dealers and exchanges through which, the Company deals, whether it engages in exchange-traded or off-exchange transactions. The Company's prime brokers or other parties may hold Company assets as collateral for margin loans or other financing provided to the

Company. Under the terms of such arrangements and under applicable law, a secured party may be permitted to rehypothecate such assets in connection with securities or other instrument lending or other transactions entered into by the secured party. The Company may be subject to risk of loss of its assets on deposit with a broker in the event of the broker's bankruptcy, the bankruptcy of any clearing broker through which the broker executes and clears transactions on behalf of the Company, or the bankruptcy of an exchange clearing house. In the case of any such bankruptcy, the Company might recover only a pro rata share of all property available for distribution to all of such broker's or dealer's customers, which could result in significant losses to the Company.

The Company may effect transactions on OTC or "interdealer" markets. Participants in these markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. To the extent that the Company engages in OTC transactions in these markets, the Company may take a credit risk with regard to parties with which it trades and also may bear the risk of settlement default. These risks may differ materially from those involved in exchange-traded transactions, which generally are characterized by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from these protections, which, in turn, may subject the Company to the risk that a counterparty will not settle a transaction in accordance with agreed terms and conditions because of a dispute over the terms of the contract or because of a credit or liquidity problem. Such "counterparty risk" is increased for contracts with longer maturities when events may intervene to prevent settlement. The ability of the Company to transact business with any one or any number of counterparties, the lack of any independent evaluation of the counterparties or their financial capabilities, and the absence of a regulated market to facilitate settlement, may increase the potential for losses to the Company.

The Company may engage in direct or indirect trading of securities, derivatives (namely options) and other instruments (as permitted by its investment program) on a principal basis. As such, the Company as transferee or counterparty could experience both delays in liquidating the underlying security or other investment and losses, including those arising from: (i) the risk of the ability or refusal to perform with respect to such transactions on the part of the principals with which the Company trades; (ii) possible decline in the value of any collateral during the period in which the Company seeks to enforce its rights with respect to such collateral; (iii) possible subnormal levels of income and lack of access to income during such period; and (iv) expenses of enforcing its rights. Any such failure or refusal, whether due to insolvency, bankruptcy or other causes, could subject the Company to substantial losses. The Company will not be excused from performance on any such transactions due to the default of third parties in respect of other trades in which its trading strategies were to have substantially offset such contracts.

- **Systems Risks.** The Company depends on the Manager to develop and implement appropriate systems for the Company's activities. The ability of its systems to

accommodate an increasing volume of transactions could also constrain the Manager's ability to manage the portfolio. In addition, certain of the Company's and the Manager's operations interface with or depend on systems operated by third parties, including prime brokers and market counterparties and their respective sub-custodians, and other service providers, and the Manager may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions. Any such defect or failure could have a material adverse effect on the Company. The Manager is not liable to the Company for losses caused by systems failures or due to any breakdown in the means of the communication normally used to ascertain the value of the Company's investments or to conduct trading in such investments.

- **Cyber Security.** A cybersecurity event could result in a substantial, immediate and irreversible loss for the Company. With the increased use of technologies to conduct business, such as the internet, the Company 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 Company and other service providers, have the ability to cause disruptions and impact business operations potentially resulting in financial losses, interference with the Company's ability to trade or deployment of funds, the inability of the Company 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 Company 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 Company cannot control the cyber security plans and systems put in place by service providers to the Company. The Company and its Noteholders could be negatively impacted as a result.
- **Security Breaches.** Security breaches and other disruptions could compromise the Company's information and trading and expose it to liability, which could cause financial losses as well as causing the Company's business and reputation to suffer. The Company collect and stores sensitive data, including proprietary Company information, financial information about the Company and its affiliates, and personally identifiable information of Noteholders, employees, directors, officers and managers of the Company, in the Company's networks. Despite the security measures, the 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. Further, a breach of the Company's networks may allow hackers of other

individuals access to the Company's bank accounts. Any such breach could compromise the 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 the Company's operations and investment strategies, which could lead to financial losses and damage the Company's reputation, which could affect the Company's business.

- **Dependence Upon the Manager.** The Company's success depends on the management of the Manager and on the skill and acumen of the employees of the Manager who take part in the management of the Company's investment activities. No assurance can be given that the current employees of the Manager will continue to provide services throughout the life of the Company. Should the current employees of the Manager who take part in the investment decisions for the Company cease to serve in the capacity described in this Memorandum, the Company 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 Company, and no opportunity is being offered to select or evaluate any of the Company's investments or strategies. Accordingly, an Investor should not invest in the Company unless it is willing to entrust all aspects of the management and investments of the Company to the Manager.

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

- **Indemnification by the Company.** Any indemnification of the Manager or others by the Company will decrease the amount available for use to make principal and interest payments to the Noteholders. Pursuant to the operating agreement of the Company (the "**Operating Agreement**"), the Company may be required to indemnify the Manager, 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 Company's investment 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 Company or a counterparty to the Company) 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 Company'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 Company 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 Company'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 Company may invest and the markets the Company 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 Company, 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 Company and its investment activities.

- **No Independent “Due Diligence” Review.** The statements contained in this document, or incorporated by reference, are solely those of the Company. There has been no independent “due diligence” review of the Company's affairs or financial condition, nor has any independent party verified the statements contained in this Memorandum. Prospective purchasers are urged to contact the Manager directly for additional information about the Company's operations.

The legal counsel that assisted the Company 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 Company. The legal counsel represents only the interests of the Company and not the interests of any Investor.

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

- **General.** The Manager may, among other things, seek to employ specialized investment strategies, follow allocation methodologies, apply investment models or assumptions, achieve a certain level of performance relative to specified benchmarks, and enter into hedging and other strategies intended, among other things, to affect the Company's performance, risk levels, and/or market correlation. There can be no assurance that the Manager will have success in achieving any goal related to such practices. The Manager may be unable to, or may choose in its judgment, not to seek to achieve such goals.

The success of the Manager's trading activities will depend on, among other things, the Manager's ability to identify overvalued and undervalued investment opportunities and to exploit price discrepancies in the capital markets. Identification and exploitation of the investment strategies to be pursued by the Manager involves a high degree of uncertainty. No assurance can be given that the Manager will be able to locate suitable investment opportunities in which to deploy all of the Company's capital. A reduction in the volatility and pricing inefficiency of the markets in which the Manager may seek to invest, as well as other market factors, will reduce the scope for the Manager's investment strategies. Furthermore, certain investment strategies involve counterparty risk (i.e., the risk that the counterparty fails to fulfill its contractual obligations under the terms of the instrument), and such instrument may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These risks are further described in this section under their respective headings.

- **The Manager's Methodology.** Trading decisions of the Manager are on a systematic basis using quantitative and other analyses, and no assurance can be given that such trading strategies used by the Manager will be successful, or that losses could not occur. In entering orders into Company's accounts, the Manager will use market, limit, stop, and other qualified orders if, in its judgment, that appears appropriate under given market conditions. In addition, when liquidating a position, the Manager may place a reversal order, e.g., the current position is liquidated and an opposite one is established.
- **Proprietary Strategies Risk.** Although the Company intends to monitor its strategy and seeks to make enhancements and changes as necessary, there is no assurance that the Company will be able to modify its strategy to adapt to changing market conditions or other factors. There is no assurance that applicable strategies will be developed or that their implementation will be successful. Furthermore, although the Company only expects to use such strategies after successful back-testing and robust statistical analysis of the strategies, the Noteholders will not receive notice of such implementation of strategies and will have no right to object thereto. There are certain risks associated with such intervention and human judgment including that such person has sufficient facts to make an accurate determination to disregard a trade recommendation and select or develop the appropriate strategy and, given the expected rapid nature of trades, that such determination can be made in a timely manner.
- **Quantitative Analysis Risk.** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models. Further, quantitative models can be subject to overfitting, a process in which a quantitative model becomes too tailored to fit the quirks and random noise of a sample rather than reflecting the overall population. Overfitting can cause a quantitative model to perform substantially differently than intended, which could cause the Company to make trading decisions that lead to reduced gains and even losses. The Manager intends to employ processes to reduce instances of overfitting in its quantitative models; however, the Manager may not be successful in such processes and in no way will be able to eliminate

overfitting from any of its quantitative models. Failure to control overfitting could result in investors incurring losses of their investment in the Company.

- **Dependence on Algorithms.** Given the complexity of the investments and strategies, the Manager relies on quantitative models and, where appropriate, information and data supplied by third parties (collectively, “**Models and Data**”). Models and Data are used to construct sets of transactions and investments, to provide risk management insights, and to assist in hedging the Manager’s strategies. When Models and Data prove to be incorrect or incomplete, any decisions made in reliance thereon expose the Company’s investments to potential risks. Similarly, any hedging based on faulty Models and Data may prove to be unsuccessful. Some of the models used by the Manager are predictive in nature. The use of predictive models has inherent risks. Because predictive models are usually constructed based on historical data supplied by third parties, the success of relying on such models may depend heavily on the accuracy and reliability of the supplied historical data. All models rely on correct market data inputs. If incorrect market data is entered into even a well-founded model, the resulting information will be incorrect. Moreover, even if market data is input correctly, “model prices” will often differ substantially from market prices.
- **Technology Risks.** The Company’s trading strategy relies on the use of proprietary and non-proprietary software, data and intellectual property, specifically, the Models and Data. The Company believes it has developed the requisite infrastructure using a combination of external software vendors and internal software development, particularly for proprietary analytics. An important feature of the technology infrastructure is the Company’s ability to use optimization techniques during the trading day to attempt to limit the forecasted risk of the aggregate portfolio. Nevertheless, the Company’s reliance on technology and data is subject to a number of important risks. First, the Company may be severely and adversely affected by the malfunction of the technology and/or data feed. For example, an unforeseeable software or hardware malfunction could occur, as a result of a virus or other outside force, or as a result of a design flaw in the system or in its continued implementation. In addition, changes in the market for publicly available data or in regulatory reporting requirements could cause a severe diminution in the data available for the technology to operate as designed. As market dynamics shift over time (for example, due to changed market conditions and participants), a previously highly successful model may become outdated or inaccurate, and the Company may not recognize that fact before substantial losses are incurred. There can be no assurance that the Company will be successful in continuing to develop and maintain effective quantitative models. Furthermore, if any of the Company’s software, hardware, data and/or other intellectual property is found to infringe on the rights of any third party, the Company could be severely and adversely affected. In addition, successful implementation of the Manager’s strategy depends on the information technology systems of the brokers through which the trades are executed. These requirements may limit the number of brokers through which the Company will be able to execute trades or hinder the Manager’s ability to appoint additional brokers. Furthermore, power outages, computer viruses and/or other such widespread information technology problems could adversely affect the Manager’s ability to successfully implement its trading strategy.

- **Reliance on Technology.** The Manager’s strategies and techniques are fundamentally dependent on technology, including hardware, software and telecommunications systems. The data gathering, research, forecasting, portfolio construction, order execution, trade allocation, risk management, operational, back office and accounting systems, among others, utilized by the Manager are highly automated and computerized. Such automation and computerization are dependent upon an extensive amount of proprietary software, software created by affiliates of the Manager and third-party hardware and software. The Manager typically does not utilize design documents or specifications when building its proprietary software. Thus, the proprietary software code typically serves as the only definitive documentation and specification for how such software should perform.

This proprietary software and third-party hardware and software may have errors, omissions, imperfections and malfunctions (collectively, “**Coding Errors**”). Coding Errors in third-party hardware and software are generally entirely outside of the control of the Manager. The Manager seeks to reduce the incidence and impact of Coding Errors through a certain degree of internal testing and monitoring in the overall portfolio management system and often, with respect to proprietary software, in the software code itself. Despite such testing and monitoring, Coding Errors could result in, among other things, the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data, the failure to take certain hedging or risk reducing actions and/or the taking of actions which increase certain risk(s) all of which can and do have adverse (and potentially materially adverse) effects on the Company or its returns.

Coding Errors are often extremely difficult to detect, and, in the case of proprietary software, the difficulty of detecting Coding Errors may be exacerbated by the lack of design documents or specifications. Regardless of how difficult their detection appears in retrospect, some of these Coding Errors will go undetected for long periods of time and some will never be detected. The degradation or impact caused by these Coding Errors can compound over time. Finally, the Manager will detect certain Coding Errors that it chooses, in its sole and absolute discretion, not to address or fix. The Manager will not perform a materiality analysis on many of the Coding Errors it discovers. Investors should assume that Coding Errors and their ensuing risks and impact are an inherent part of investing with a process-driven, systematic investment manager such as the Manager. Accordingly, the Manager does not expect to disclose discovered Coding Errors to the Company or the Noteholders.

The Manager seeks, on an ongoing basis, to create adequate backups of software and hardware where possible, but there is no guarantee that such efforts will be successful. Further, to the extent that an unforeseeable software or hardware malfunction or problem is caused by a defect, security breach, virus or other outside force, the Company may be materially adversely affected.

- **Software Enhancement and Upgrades.** In addition to relying on the Manager’s management team to maintain its proprietary software, the Company relies on third parties that provide some of the software necessary to conduct certain trading activities

to enhance their current software, develop new software on a timely and cost-effective basis, and respond to emerging industry standards and other technological changes. If, in the future, enhancements or upgrades of third-party software cannot be integrated with the Company's technologies, or if the technologies on which the Company relies fail to respond to industry standards or technological changes, the Company may be required to redesign its systems. Software products may contain defects or errors, especially when first introduced or when new versions or enhancements are released. The inability of third parties to supply the Company with enhanced or upgraded software or systems on a reliable, timely basis could impede the Company's ability to identify profitable trading opportunities, execute transactions, minimize risk and grow its business. The occurrence of any of the foregoing events could have a material adverse effect on the Company's performance.

- **Derivative Instruments.** The Manager will make use of derivatives in the Company's investment program. Derivatives are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index or interest rate. The Company's use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in securities or more traditional investments, depending upon the characteristics of the particular derivative and the Company's portfolio as a whole. Derivatives permit the Company to increase or decrease the level of risk of its portfolio, or change the character of the risk to which the portfolio will be exposed. Derivatives may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the Company's performance. If the Company invests in derivatives at inopportune times or judges the market conditions incorrectly, such investments may lower the Company's return or result in a loss, which could be significant. Derivatives are also subject to various other types of risk, including market risk, liquidity risk, structuring risk, counterparty financial soundness, creditworthiness and performance risk, legal risk and operations risk. In addition, the Company could experience losses if derivatives are poorly correlated with its other investments or if the Company is unable to liquidate its position because of an illiquid secondary market. The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid, and unpredictable changes in the prices for derivatives. Engaging in derivatives transactions involves a risk of loss to the Company that could materially adversely affect the Company's net asset value. No assurance can be given that a liquid market will exist for any particular derivative at any particular time.
- **Derivatives Markets Can Be Highly Volatile.** The profitability of investments by the Company in the derivatives markets depends on the ability of Manager to analyze correctly these markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies designed to influence world political and economic events, and changes in interest rates. In addition, the assets of the Company may be pledged as collateral in derivatives transactions. Thus, if the Company defaults on such an obligation, the counterparty to such transaction may be entitled to some or all of the assets of the Company as a result of the default.

- **Temporary High-Quality Cash Items.** The Company may temporarily invest a portion of its assets in cash or cash equivalents pending investment. The Manager intends that any such investments will be of high quality and may include a number of money market instruments, such as securities issued by the government and agencies thereof, bankers' acceptances, commercial paper and bank certificates of deposit. By investing only in high quality money market securities, the Company may seek to minimize credit risk with respect to such investments. In moving to a temporary investments position and in transitioning from such a position back into conformity with the Company's normal investment policies, the Company may incur transaction costs that would not be incurred if the Company had remained fully invested in accordance with such normal policies. The transition to and from a temporary investments position may also result in the Company having to sell investments and then later purchase investments in circumstances that might not otherwise be optimal. The Company's investment in such temporary investments may not be in furtherance of the Company's investment objective.
- **Execution of Orders.** The Company's trading strategies depend on the ability to establish and maintain an overall market position in a combination of financial instruments selected by the Manager. The Company's trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, systems and network disruptions, overloads, downtimes and failures or human error attributable to employees, brokers, agents or other service providers. In such events, the Company might only be able to acquire some, but not all, of the components of such position, or if the overall position were to need adjustment, the Company might not be able to make such adjustment. As a result, the Company would not be able to achieve the market position selected by the Manager, and might incur a loss in liquidating its position.
- **Risks Associated with Electronic Trading or Order Routing Systems.** The Manager may use an electronic system to execute trades for the Company. Trading through an electronic trading or order routing system exposes the Company to risks associated with systems and network disruptions, overloads, downtimes and failures. In the event of system or component failure, the Manager may not be able to enter new orders, execute existing orders, modify or cancel orders that were previously entered or determine the status of existing orders. Possible disruptions, overloads, downtimes and failures may result in duplicate orders, orders being executed that the Manager did not enter, orders being lost in the system, and similar events. This could result in financial losses to the Company.
- **Portfolio Turnover.** The Company intends to engage primarily in short-term trading. Short-term trading refers to the practice of selling investments held for a short time, ranging from a few days up to less than one year. Short-term trading will occur due to volatile conditions in the market, portfolio rebalancing, changes in investment theses, new information regarding investments held by the Company and if the Manager desires to take advantage of what the Manager believes are changes in a market, industry or individual company. Short-term trading increases the Company's transaction costs, which could affect the Company's performance and returns available to pay principal and interest payments.

- **Positions Held Overnight.** The Company intends to hold positions overnight or longer. Positions held overnight or longer may incur higher costs than for intraday trading (“rollover costs”). These higher Company costs may negatively affect the profitability of the Company’s portfolio.
- **Highly Volatile Instruments.** The prices of the investments in which the Company may invest are highly volatile. Price movements of options and ETFs in which the Company’s assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Company is subject to the risk of failure of any of the exchanges on which its positions trade or of their clearing houses.
- **The Large Number of Existing Systematic/Quantitative Traders Could Adversely Affect Trading Strategies.** There has been, in recent years, a substantial increase in the use of systematic and/or quantitative trading systems. Different systems will tend to generate different trading signals. However, the significant increase in the use of these systems as a proportion of the overall trading volume in the markets as a whole could result in traders attempting to initiate or liquidate substantial positions at or about the same time, affecting the execution of trades, to the detriment of the Company’s trading strategies. The Company does not use any quantitative trading systems for trading decisions, although it reserves the right to do so in the future. Investors must be aware that even if current and correct information as to substantially all factors is known, prices still may not react as predicted. No assurance can, therefore, be given that the Company’s trading strategy and trading decisions will be successful under all or any market conditions.
- **Stop Loss May Not Be Effective.** The placement of contingent orders by the Manager, such as a “stop-loss” or “stop-limit” orders, will not necessarily limit the Company’s losses to the intended amounts, since market conditions may make it impossible to execute such orders.
- **Unregulated Transactions.** It is possible that the Company may engage in transactions involving assets traded on unregulated exchanges. In general, there is less governmental regulation and supervision on the unregulated exchanges than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, will not be available in connection with unregulated exchange transactions. This exposes the Company to the risks that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract. Therefore, to the extent that the Company engages in trading on unregulated exchanges, the Company could be exposed to greater risk of loss through default than if it confined its trading to regulated exchanges.
- **Leverage and Financing Risks.** The Manager may use margin in the Company’s investment program and reserves the right to use various forms of financial leverage to enhance returns in the future. The Company may decide to invest on a leveraged basis

because of the Manager's belief that, in certain circumstances, investment returns can be enhanced through the use of leverage. Leveraging may exaggerate the effect on net asset value of any increase or decrease in the market value of the Company's portfolio. In addition, leveraging may increase the expenses of the Company. For instance, money borrowed for leveraging will be subject to explicit or implicit interest costs or carrying charges that may or may not be recovered by a return on the assets purchased. The Company also may be required to maintain a minimum deposit in connection with such borrowing or to pay a commitment or other fee to maintain a line of credit. Either of these requirements would increase the cost of borrowing over the stated interest rate. Distributions, if any, could be suspended under certain market conditions. Amounts borrowed to leverage the investments of the Company typically are secured by the pledge of assets held in the Company's portfolio. The Company could suffer mandatory liquidation of the Company's assets pledged as collateral to compensate for the decline in value. In the event of a sudden precipitous drop in the value of Company assets, the Company may not be able to liquidate assets quickly enough to pay off its debt.

- **Margin Risk.** Derivatives can be highly volatile and therefore an investment in these financial instruments carries a high risk of loss. This stems from the margining system applicable to such contracts, which generally involves a comparatively modest performance deposit in proportion to the overall contract value. As such, a relatively small market movement can have a disproportionately dramatic effect on the value of such an investment. If the market movement is favorable, an enhanced profit return may be achieved, but an equally small adverse market movement not only can result in the loss of the entire amount of margin on deposit but may also expose the Company to the distinct possibility of a loss exceeding the initial margin requirement.

If the market moves against any margin position the Company holds, the Company may be called upon to deposit substantial additional margin, on short notice, to maintain its position. Failure to provide such additional funds within the required time may result in the Company's position being liquidated at a loss, and the Company would consequently be liable for any resulting deficit.

- **Non-Diversified Status.** The Company is a "non-diversified" investment company for purposes of the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"), which means that it is not subject to percentage limitations under the Advisers Act on its investments. As a result, it is anticipated that the Company's value may be subject to greater volatility than that of an investment company that is subject to diversification limitations.
- **Concentrated Investments.** The Company's investments will not be diversified. The Company intends to concentrate its investments in derivatives trading. This focus may subject the Company to greater volatility than that of a portfolio that has a large number of different assets. As a consequence, the aggregate return of the Company will be substantially adversely affected by the unfavorable performance of the Company. In addition, the investments of the Company will be disproportionately exposed to the risks associated with the lack of diversification.

- **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 investment activities to decrease, which could result in reduced earnings or losses and negatively affect the Company's profitability as well as the cash available for to make principal and interest payments to the Noteholders.
- **Evolving Investment Strategies.** While the Manager intends generally to apply the investment strategy and investment process described herein to the Company's investments, the Manager 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 Company.** There is no minimum level of capital required to be maintained by the Company. As a result of losses, the Company may not have sufficient capital to diversify its investments to the extent desired or currently contemplated by the Manager. At low asset levels, the Company 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 Company operates for a period with substantial capital, payments to Noteholders could diminish the Company's assets to a level that does not permit the most efficient and effective implementation of the Company's investment program.
- **Noteholder Not Entitled to Full Review of Investment Portfolio.** The Company intends to keep confidential certain investments of the Company if such non-disclosure is in best interest of the Company, as determined by the Manager in its sole and absolute discretion. Accordingly, Noteholders will not receive reports concerning the Company's investment positions, unless required by law. Investors should not become Noteholders if it is important for them to know the full contents of the investment portfolios of the investment vehicles in which they have an interest.

## Regulatory Risks

- **No Regulatory Oversight by SEC.** The Company's investments are not supervised or monitored by any regulatory authority. The Company is not registered as an "investment company" under the Investment Company Act. Further, the Manager 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 Company 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.
- **Private Placement Exemption Risk.** This Offering constitutes the sale of securities. It is being made pursuant to an exemption from registration available under Regulation D, Rule 506(b). In order to maintain the Company's exemption, the Manager shall

ensure reasonable compliance with the rules of the exemption, including, but not limited to, the prohibition against commingling of funds between other investments or companies operated by the Manager, the duty not to misrepresent and/or omit any material facts, and the filing of the requisite notices with both the federal and state securities regulatory agencies. If the private placement exemptions relied upon are not available to the Company and/or the Manager for any reason, the Company, the Manager may be required to offer to the Investors the right to rescind their purchase of Interests, which could have a material adverse effect on the Company, its business, and its financial condition. There is no assurance that the Company and/or the Manager would have adequate funds to repay the Noteholders if such rescission were required.

- **OTC Spot, Forward and Option Trading is Not Protected by Exchange or Clearing House Guarantees or Government Regulation.** The Company may trade cash or “spot” contracts in connection with its trading strategies, among other situations, and possibly OTC options as well (together with OTC spot and forward contracts, “**OTC Contracts**”). Unlike futures contracts, the performance of OTC Contracts is not guaranteed by any exchange or clearing house. Because there is no exchange or clearing house guarantee, the Company may incur substantial losses if the counterparty to such transactions is unable to perform. Also, no U.S. governmental agency regulates the OTC markets.

Principals in the OTC spot, forward and options markets have no obligation to continue to make markets in the OTC Contracts traded. There have been periods during which certain dealers have refused to quote prices for OTC Contracts or have quoted prices with an unusually widespread difference between the price at which they are prepared to buy and that at which they are prepared to sell. Illiquidity and, at times, a lack of transparency in one or more OTC markets may have a detrimental impact on the Company’s performance.

- **Trading Limitations.** For all securities and derivatives, listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. If trading were suspended or limited, the Company might be prevented from completing or continuing some of its strategies and might suffer losses as a result.
- **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 Company’s exposure to potential liabilities, legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Manager, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Manager’s time, attention and resources from its management activities. The regulatory environment for funds and trading is evolving, and changes in the regulation of funds and investing may adversely affect the Company and the ability of the Company to obtain leverage it might otherwise obtain or to pursue its investment strategies.

- **Regulatory and Legal Matters.** Although the Manager 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 Company, 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 Company, except to the extent such costs are a result of the bad faith, willful misconduct or gross negligence of the Manager. Furthermore, at the time the Company 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 Company 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 Company, 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 Company and the Manager operate. Any such regulatory obligations may cause the Company and/or the Manager to incur additional and possibly extraordinary expenses, which could materially and adversely affect the Company. To the extent the Company is unable to comply with any regulatory requirements or otherwise decides not to pursue such registration or licensing, the Company 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 Company. Investors are urged to consult their own legal counsel and tax advisors with respect thereto. The Company will not seek a ruling from the U.S. Internal Revenue Service (the “IRS”) with respect to any tax issues affecting the Company.

It should also be noted that the Company’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 Company. 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 Company 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 or annual basis. 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, 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 Company 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 Company.
- **Delayed 1099s.** The Company 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 Company. 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 Company. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Company, in which event, any benefits derived from an investment in the Company 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 Company 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

Manager. The common members, therefore, control the Company, despite potential objections from the Noteholders.

- **Significant and Controlling Principal.** The Principal owns the Company through majority ownership of one or more entities, and the Principal will control the Company after the offering. Accordingly, Noteholders must trust the Principal to exercise sound business judgment in respect of the Company and its operations.
- **Noteholder's Limited Recourse Against Management.** The Company and the Manager will not be liable to the Noteholders based on errors in judgment or other faults in connection with the offering and the Company, so long as the Company and the Manager act in compliance with the Company's Operating Agreement, federal securities laws and Wyoming laws.
- **No Guarantee of Timely Payments.** Although the interest may be required to be paid on a quarterly or annual basis and the Loan Amount and any interest accrued but unpaid thereon is required to be paid on the Maturity Date, those payments will be made only to the extent that the Company has available cash, and the Company has realized profits. If the Company does not have sufficient cash available for payments, it could cause the Company to default on the Notes.
- **Notes Are Not Guaranteed and Could Become Worthless.** The Notes are not secured by any assets of the Company 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. Further, because Notes are not secured by the assets of the company, they are subordinate to senior notes that have been issued priority and upon any liquidation of the Company, holders of the Notes would only receive payment of principal and interest after all of the senior notes are satisfied in full, which may not occur.
- **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.
- **Conversion to Company Equity.** In the event of a default by the Company on the repayment of its Notes, a Noteholder's sole recourse will be to receive equity in the Company in the form of preferred equity interests. Such preferred equity interests will also be restricted securities and subject to transfer restrictions with distributions to be determined in the sole discretion of the Manager and only made in the event that the Company has available net proceeds after payment of the Company's expenses including Noteholders of unmatured Notes. Further, there is no guarantee that the Company will ever generate any proceeds to make distributions to any converted Noteholders or any guarantee that a Noteholder will not lose its entire investment in the Company.

## Risks Related to the Company

- **Compliance, Litigation and Claims.** The Company 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 Company, the legal requirements to which the Company and the Noteholders may be subject could differ materially from current requirements. The Company 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 Manager's willful misfeasance, bad faith or gross negligence in the performance of its duties, expenses or liabilities of the Company arising from any suit or proceeding shall be borne by the Company.
- **The Manager's Right to Dissolve the Company.** The Manager may dissolve the Company at any time upon approval of a majority of the common members, of which Toolbox OS is the sole member. Accordingly, there is a risk that if the Company's assets become depleted and, as a result, its income generated from its investment activities become minimal, the Manager may elect to dissolve the Company and distribute its remaining assets.
- **Internal Controls.** The Manager 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 Manager and other agents of the Company. 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 Manager could result in material losses or costs, which will generally be borne by the Company.

## Conflicts of Interest

There are numerous inherent and potential conflicts of interest between the Manager and the Company including the following:

- **No Obligation for Full-time Service.** None of the Manager or its principals have any obligation to devote their full time to the business of the Company. They are only required to devote as much time and attention to the affairs of the Company 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 Company. (See "MANAGEMENT.")
- **Competing Ventures.** The Manager manages other businesses for which they are compensated. They may also provide consulting and/or advisory services to other clients. In addition, the Manager and its principals will determine the allocation of funds from the Company 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 Company. As a result, contracts for services may not be negotiated on an arm's-length basis and may not be as favorable to the Company as if they had been negotiated with an unaffiliated third party.
- **Receipt of Fees and Other Compensation.** The Manager may receive substantial compensation from the proceeds of this offering and any cash flow or capital transaction proceeds generated by the Company. The Manager may earn other income from their affiliation with the Company. 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 Manager believes that the compensation payable by the Company 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 Manager and its Affiliates in the Company, such arrangements are not the result of arm's-length negotiations. Subject to Wyoming law and the terms of the Operating Agreement, the Manager has the sole and absolute discretion with respect to all decisions relating to the terms and timing of transactions. The Manager may have an interest in taking, or not taking, certain actions on behalf of the Company 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 Manager and its Affiliates.
- **Lack of Separate Representation.** No agreement, contract and arrangement between the Company and the Manager was or will be the result of arm's-length negotiations. The attorneys, accountants and others who have performed services for the Company in connection with this offering, and who will perform services for the Company in the future, have been and will be selected by the Manager. 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 Manager may have a conflict of interest in approving differing terms among Noteholders, which provide certain Noteholders with special terms regarding their investment in the Company ("**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 Manager 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 Manager 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 Company. Investors should read this entire Memorandum and consult with their own legal and financial advisors before investing in the Company.**

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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 Company 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 COMPANY. 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 COMPANY 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 Company.

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 Company or its Affiliates**

Certain prospective Benefit Plan Investors, including ERISA Plans and IRAs, may currently maintain relationships with the Manager or other entities that are affiliated with the Manager. 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 Company 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 Company 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 Company’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 Company 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 COMPANY, THE MANAGER 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 COMPANY 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 Company and its Noteholders which should be considered by a Noteholder to the Company. 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 Company. 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 company 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 COMPANY ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE PRESENT U.S. FEDERAL INCOME TAX TREATMENT OF AN INVESTMENT IN THE COMPANY 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 COMPANY 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 COMPANY. 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 COMPANY, 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 Company 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 Company 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.

### **Company 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 Company not considered a payment of interest and the Noteholder's adjusted basis in the Notes should the Company be unable to pay off the loan amount of its Note at the 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 Company, 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 Company. It is the responsibility of each Investor to become satisfied as to the legal and tax consequences of an investment in the Company 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 Company. 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, Company, 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 30.00%. 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 Company 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 Company 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 COMPANY IS COMPLEX AND WILL VARY DEPENDING UPON THE UNIQUE CIRCUMSTANCES OF THE NON-U.S. NOTEHOLDER AND THE ACTIVITIES OF THE COMPANY. 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 COMPANY.

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 Company to enact anti-money laundering policies. It is possible that there could be promulgated legislation or regulations that would require the Manager or other service providers to the Company, 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 Company to implement additional restrictions on the transfer of the Notes. The Manager 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 Company 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 Manager on behalf of the Company and its Affiliates, subsidiaries or associates will require a detailed verification of each Investor’s identity and the source of subscription funds. The Company 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 Company 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 Company 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 Company 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 Manager 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 Manager believes is reasonably necessary to verify the identity of the Subscriber. The Manager 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 Manager believes is reasonably necessary to verify the source of the subscription amount.

The Company may request that a Subscriber supply updated information regarding its identity or business at any time. The Company 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 Manager may refuse to accept a new or additional subscription proceeds. The Manager 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 Company, the Manager 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 Company or as a result of any violations of law committed by the Subscriber. Such Subscription Documents further provide that the Company 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 Company and its Affiliates in making a good faith attempt to comply with the laws of any jurisdiction to which the Company 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 Company and its Affiliates has not been provided by the Subscriber or if the Company 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 Company and its Affiliates.

The Company 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 Company 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 Company and its Affiliates.

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## OTHER MATTERS

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### **Governing Law**

The Company has been organized pursuant to the provisions of Wyoming Limited Liability Company Act, and the Operating Agreement provide that it shall be governed by the laws of Wyoming. All Notes are governed by the laws of the state of Wyoming, the Company's state of organization.

### **Electronic Delivery of Documents**

In order to improve timeliness of delivery and promote cost savings, for Noteholders who consent, the Company may deliver its financial statements, investor newsletters, offering document supplements, revised Company governing documents, annual privacy notices and other investor notices and materials by email to the address in the Company's records or by posting them on any password protected webpage that the Company may establish in the future. When delivering documents by email, the Company 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 Company, 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 Manager.

### **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 20.00% or more of any of the Company interests are owned by a member 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 Manager's sole and absolute discretion. An existing Noteholder must inform the Manager immediately upon being subject to a Bad Actor Event. The Company 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 Manager, its managers, officers and members 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 Company. A copy of the Form of Note is included herewith. Investors are encouraged to ask the Manager for any information they consider relevant prior to an investment in the Company. Upon request, the Manager 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 Company or the Manager 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.