

## **Rule 302(b) Educational Materials**

These Educational Materials are being provided to persons who open accounts with Manorhaven Capital LLC, (“Manorhaven”) pursuant to Rule 302(b) of Regulation Crowdfunding to give them an overview of the Crowdfunding process and include descriptions of the following:

- The process for the offer, purchase, payment and issuance of securities through the intermediary and the risks associated with purchasing securities offered and sold in reliance on Section 4(a)(6) of the Securities Act;
- The types of securities offered and sold in reliance on Section 4(a)(6) of the Securities Act available for purchase on the intermediary’s platform and the risks associated with each type of security, including the risk of having limited voting power as a result of dilution;
- The restrictions on the resale of a security offered and sold in reliance on Section 4(a)(6) of the Securities Act;
- The types of information that an issuer is required to provide under Rule 202, the frequency of the delivery of that information and the possibility that those obligations may terminate in the future;
- The limitations on the amounts an investor may invest pursuant to Rule 100(a)(2);
- The limitations on an investor’s right to cancel an investment commitment and the circumstances in which an investment commitment may be cancelled by the issuer;
- The need for the investor to consider whether investing in a security offered and sold in reliance on Section 4(a)(6) of the Securities Act is appropriate for that investor;
- That following completion of an offering conducted through the intermediary, there may or may not be any ongoing relationship between the issuer and intermediary; and
- That under certain circumstances an issuer may cease to publish annual reports and, therefore, an investor may not continually have current financial information about the issuer.

The Educational Materials are provided in electronic format and have been posted on Manorhaven’s online platform powered by EquityArcade, LLC. Manorhaven will update these Educational Materials as necessary, from time to time and investors that have established accounts with Manorhaven will be provided with electronic notification of updates. Updates and the most current version of the Educational Materials will be posted on the EquityArcade Platform.

Manorhaven is prohibited from accepting investment commitments from any investor unless the investor has been provided with the most current version of the Educational Materials. Investors will be asked to certify that they have read and understood these Education Materials each time they make an investment commitment.

## **Educational Materials**

### **(1) The process for the offer, purchase and issuance of securities offered in reliance on Section 4(a)(6)**

#### **General**

Securities offerings conducted pursuant to Section 4(a)(6) of the Securities Act (“**Crowdfunding Offerings**”) and the rules adopted by the SEC (“**Regulation Crowdfunding**”) can only be made through online platforms, such as a website or a mobile application, maintained by a broker-dealer or a funding portal, which in Regulation Crowdfunding are referred to as “**Intermediaries.**” Issuers seeking to offer and sell securities in a Crowdfunding Offering cannot make offers directly to investors, they must do so through an Intermediary. In addition, the total amount of securities that an Issuer may sell in a 12 month period cannot exceed \$1 million and the amount that any individual investor may invest is subject to limitations described below. Intermediaries are required to provide investors with certain information regarding Issuers and their Crowdfunding Offerings and are required, at or before the completion of a Crowdfunding Offering, to provide each investor with a confirmation of the transaction containing certain specified information.

Manorhaven Capital, LLC is a broker-dealer registered with the SEC and is a member of FINRA. Manorhaven is also a Crowdfunding Intermediary. Manorhaven’s online platform is powered by EquityArcade, LLC (“**EquityArcade**”), a subsidiary of Manorhaven’s owner Coincross, LLC.

#### **Offering Process.**

In order to conduct a Crowdfunding Offering, an Issuer is required to publicly disclose information about its business, its management, and the securities being offered (all as further discussed below). The information is provided in an offering statement on Form C prepared by the Issuer, which is referred to as the Issuer’s “**Form C Offering Statement.**” Before a Crowdfunding Offering can commence, the Issuer must file its Form C Offering Statement with the SEC and deliver a copy to Manorhaven for posting on the EquityArcade Platform. The Form C Offering Statement will include information about the total amount of securities that the Issuer intends to sell in the Crowdfunding Offering, what is referred to as the “Target Offering Amount” and the deadline to reach the Target Offering Amount, which is referred to as the “Offering Deadline.” Crowdfunding Offerings have to remain open for a minimum of 21 days. While the Crowdfunding Offering is open, the Issuer will provide updates and amendments to its Form C Offering Statement on Form C-A and Form C-U, respectively, and potential investors will have the opportunity to communicate with the Issuer and other participants on the EquityArcade Platform through electronic communication channels.

The EquityArcade Platform will provide online communications channels relating to each Crowdfunding Offering on the platform to provide potential investors with a space to publicly discuss the relative pros and cons of a particular investment opportunity and to ask Issuers questions. The communications channels are publicly viewable, however, only users that have established crowdfunding accounts with Manorhaven will be permitted to post comments. All persons representing Issuers are required to identify themselves as such. It is advised that investors monitor these communication channels before and after you make your commitment to invest.

## **Purchase Process.**

If after reviewing all of the information available on the EquityArcade Platform regarding an Issuer, a potential investor decides to make an investment and purchase securities in a Crowdfunding Offering, if he or she has not done so already, the investor will set up a crowdfunding account with Manorhaven. In order to establish an account, potential investors will be required to provide Manorhaven with information regarding their annual income, net worth and investment experience. Manorhaven will provide investors with information about how Manorhaven is compensated in connection with Crowdfunding Offerings and how promoters who promote an Issuer's Crowdfunding Offering are compensated. Promoters are required to identify themselves as promoters in all communications on the EquityArcade Platform. Investors that have established crowdfunding accounts with Manorhaven may then make investments in Crowdfunding Offerings (subject to investment limitations discussed below) through the EquityArcade Platform.

For each Crowdfunding investment an investor will be required to complete a subscription agreement in which the investor will state the amount of funds that the investor wishes to invest, referred to as the "**Investment Commitment**." Investment Commitments will be submitted using credit card or debit card payment and the funds will be held by Manorhaven's custodian in a segregated account created under SEC Rule 15c-3-3.

Upon receipt of an Investment Commitment from an investor, Manorhaven will promptly email the investor a written record of the basic terms of the transaction (including the name of the Issuer, the dollar amount of the Investment Commitment, and the price of the securities, if known) and a reminder of the date and time by which the investor may cancel the commitment.

Manorhaven powered by EquityArcade will provide frequent updates regarding the Crowdfunding Offering on the EquityArcade Platform through its "Status Bar." The Issuer may file progress updates on Form C-U with the SEC of when it reaches Investment Commitments equal to 50% and 100% of the Target Offering Amount. If the Issuer receives investment commitments equal to the Target Offering Amount prior to the Offering Deadline, then the committed funds will be transmitted to the Issuer. If the Target Offering Amount is not reached by the Offering Deadline, then the Crowdfunding Offering will be terminated and the actual amount of the investment commitments will be returned to the investors by refund to the initiating credit or debit card used to make the Investment Commitment. If an Issuer is willing to accept an oversubscription to the Target Offering Amount, the Issuer must disclose that it will accept oversubscriptions at the commencement of the offering on the Form C, and the manner in which oversubscriptions will be allocated.

## **Credit/Debit Cards**

Investors may invest using all major credit/debit cards.

All investments will be subject to a transaction fee of 3.25% of the invested amount plus fifty cents (\$.50) per investment. The Intermediary, Manorhaven or its affiliates, will receive no part of the transaction fee. **In the event that the Target Offering Amount is not met, or an investment commitment is canceled, the transaction fee will not be refunded.**

## **Issuance Process.**

Rule 304(a) of Regulation Crowdfunding provides investors with an unconditional right to cancel an Investment Commitment for any reason until 48 hours prior to the Offering Deadline identified in the Issuer's Form C Offering Statement. An Issuer that has reached the Target Offering Amount prior to the stated Offering Deadline may close the Crowdfunding Offering early, provided that: (1) the Crowdfunding Offering has been open for at least 21 days, (2) Manorhaven has provided investors at least five business days' advance notice of the new offering deadline, (3) investors are given the ability to cancel their Investment Commitments until 48 hours prior to the new deadline and (4) at the time of the new deadline, the total amount Investment Commitments continued to meet or exceed the Target Offering Amount. In addition, if there is a material change to the terms of an offering or the information provided by the Issuer about the offering, Manorhaven must send to any investors who have made an Investment Commitment a notice of the change, stating that their Investment Commitment will be cancelled unless the investor reconfirms his or her Investment Commitment within five business days of receipt of the notice.

After the successful completion of a Crowdfunding Offering, Manorhaven will email each investor that made Investment Commitments an electronic communication setting forth: (1) the date that the Crowdfunding Offering was completed; (2) the security that the investor purchased; (3) the price and number of securities purchased by the investor; (4) the overall number of securities sold by the Issuer in the Crowdfunding Offering; and (5) the source and amount of any remuneration received or to be received by Manorhaven in connection with the Crowdfunding Offering, whether from the Issuer or from other persons. Depending upon the Issuer, the investors will either receive a hardcopy certificate or an electronic notification representing the Issuer securities acquired.

If, on the other hand, an Issuer does not receive Investment Commitments equal to the Target Offering Amount by the Offering Deadline, Manorhaven will, within five business days, after the Offering Deadline (a) send notification to each investor who made an Investment Commitment, (b) direct the custodian to refund investor funds by refunds to the initiating credit or debit card used to make the Investment Commitment and (c) prevent investors from making Investment Commitments for that offering on the EquityArcade Platform.

## **Risks Associated with Crowdfunding Offerings**

Crowdfunding offers investors an opportunity to make investments in early-stage ventures. However, you should be aware that investments in early-stage ventures involve very high risks and you should research thoroughly any Crowdfunding Offering before making an Investment Commitment. According to the U.S. Small Business Administration, approximately half of new businesses fail within five years.<sup>1</sup>

You should read and fully understand the information about the Issuer and the risks that are disclosed in the Issuer's Form C Offering Statement before making any investment.

The following are some risks to consider before making a crowdfunding investment:

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<sup>1</sup> <https://www.sba.gov/sites/default/files/sbfaq.pdf>

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

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

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

**Valuation and capitalization.** Unlike public companies that are valued through market-driven processes, the valuation of private companies, especially startups, is difficult and you may risk overpaying for the securities you receive. In addition, there may be securities with rights that are superior to the securities sold through crowdfunding.

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

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

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

### **Limited Due Diligence**

Under Crowdfunding and FINRA rules the Intermediary, a registered broker-dealer and member of FINRA, will only perform limited due diligence in vetting and reviewing material information provided by the Issuer in the crowdfunding offering.

Prospective investors should not rely on the Intermediary, Manorhaven Capital, LLC for verification or other confirmation of any representation made by the Issuer or anyone else in connection with a crowdfunding offering.

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

**Little or no operating history.** Companies seeking capital through Crowdfunding are expected to be early stage companies with limited or no business activity or operating history upon which to base an investment decision.

**Successful Crowdfunding Offering no guarantee of success.** Notwithstanding a successful Crowdfunding Offering, an Issuer could experience unforeseen difficulties in building and operating its business as a result of factors within or outside of the Issuer's control, which would have an adverse impact on the Issuer's ability to conduct proposed business and negatively affect the value of an investment in the Issuer.

**Limit on funds raised.** Issuers are limited to raising a total of \$1 million through Crowdfunding Offerings in a 12 month period. This may not be sufficient to meet an Issuer's capital needs.

**Failure to raise additional capital.** Any additional capital needs would require the Issuer to obtain additional financing. If an Issuer is unable to obtain additional financing it could require the Issuer to curtail its business plan which could have a material adverse effect on the Company's operations and financial condition and negatively affect the value of an investment in the issuer.

## **(2) Types of securities that may be offered on the EquityArcade Platform**

Regulation Crowdfunding does not limit the types of securities that an Issuer can offer or sell in a Crowdfunding Offering. The most common types of securities that an Issuer can offer are equity and debt securities. Investors that purchase equity securities are purchasing ownership interests in an Issuer and investors that purchase debt securities are essentially making a loan to the Issuer. There are many variations on these two basic types of securities, including convertible securities, derivative securities, hybrid securities and custom securities.

The securities currently available through the EquityArcade Platform currently are limited to what we refer to as Revenue Sharing Interests ("**Interests**"). An investor that purchases Interests will be entitled to receive a fixed percentage of an Issuer's revenues, if any revenues are generated. The percentage of revenue and the timing of distributions will be determined by each Issuer and will be clearly set forth in the Issuer's documents. Revenue Sharing Interests differ from typical equity securities because they convey no ownership interest in the Issuer. They only provide the investor with the right to receive a percentage of revenues, if any. They also differ from debt securities as the Issuer is only required to pay investors a percentage of revenues. **If no revenues are generated, then investors receive no payments.**

**Neither the Intermediary or EquityArcade have any responsibility to oversee, supervise or monitor Revenue Sharing Interest payments once the Crowdfunding offering is complete.**

Revenue Sharing Interests powered by the EquityArcade Platform will be subject to a number of risks including:

- No voting power – Revenue Sharing Interests will have no voting rights and so investors will, have no say in the election of directors or significant corporate actions.
- Limited to rights to payment – Holders of Revenue Sharing Interests will only receive a return on their investment if the Issuer generates revenues.

In the future, Manorhaven powered by EquityArcade may offer the following securities:

Equity securities that may be available for purchase through the EquityArcade Platform include, but are not limited to:

**Common Stock-** A security representing an ownership interest in an Issuer that has been formed as a corporation. Common Stock generally entitles the owners to vote at shareholder meetings and to receive dividends, if dividends are declared.<sup>2</sup>

**Preferred Stock-** A security that represents an ownership interest in an Issuer that has been formed as a corporation. Preferred stock is called preferred because generally the terms of such securities are designed to give holders of preferred stock the rights to receive preferential payments over holders of common stock. Generally holders of preferred stock receive dividends payments before common stockholders do, and have priority over common stockholders if the company goes bankrupt and its assets are liquidated<sup>3</sup>

Additional Equity Securities that may be Offered on EquityArcade’s Platform, include:

**Stock Purchase Warrants-** A stock purchase warrant is a type of equity security that gives the holder the right to buy common stock or preferred stock of an issuer for a certain fixed price per share for a fixed period of time (usually 5 years). Warrants are referred to as “derivative” securities because their value derives from the value of the underlying stock.

Equity securities sold in Crowdfunding Offerings through the EquityArcade Platform will be subject to a number of risks applicable to equity securities in general. These risks include the following:

- Limited voting power – A corporation’s stockholders are entitled to vote to elect directors and to approve certain significant corporate actions. Generally elections are decided by majority vote. Voting equity securities sold in Crowdfunding Offerings will most likely

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<sup>2</sup> <http://investor.gov/investing-basics/investment-products/stocks#Issue>

<sup>3</sup> <http://investor.gov/investing-basics/investment-products/stocks#Issue>

represent a minority (less than 50% of the voting securities) of a corporation's stockholders and so will have no say in the election of directors or significant corporate actions.

- Risk of Dilution – As a corporation issues new equity securities, prior holders of equity securities will see their percentage of ownership, voting percentage and relative rights to share in dividends decrease. This is referred to generally as “dilution.” Since Crowdfunding Offerings are intended for startup entities, at the beginning of their existence, investors in securities acquired in Crowdfunding Offerings should expect to experience significant dilution.
- Limited to no rights to payment – Holders of common stock generally will only receive a return on their investment if they sell their securities at a profit or (see restrictions on resale), if the applicable issuer pays dividends on their equity securities. Preferred stock will often provide for payments to holders over time, usually based upon a percentage of the Issuers are generally under no obligation to pay dividends. If the equity security is preferred stock, holders may be entitled to receive periodic coupon payments. Upon bankruptcy or liquidation of the issuer, common stockholders are last in line to receive assets of the corporation, after debtholders and preferred stockholders.

### **(3) Restrictions on Resale**

Crowdfunding Investors are restricted from reselling their securities for one year after they were purchased, unless the shares are transferred:

- to the company that issued the securities;
- to an accredited investor;
- to a family member;
- in connection with the investor's death or divorce or other similar circumstance;
- to a trust controlled by the investor or a trust created for the benefit of a family member;
- as part of an offering registered with the SEC.

For purposes of these limitations, the SEC has defined family member as a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships.

### **(4) Information Provided by Issuers**

Rule 202 requires issuers in Crowdfunding Offerings to provide certain information to investors. You should use this information to determine whether a particular investment is appropriate for

you. The information is provided in a Form C Offering Statement prepared by the Issuer and filed with SEC. The information that the issuer is required to provide includes information about:

- its officers, directors, and greater than 20% shareholders;
- its website (and the location and date of availability of its annual report on its website);
- business and business plan;
- the use of proceeds of the Crowdfunding Offering;
- ownership and capital structure
- offering price of the securities (or the method of determining the price)
- target offering amount, maximum offering amount, treatment of oversubscriptions, jurisdictions where offering made, and offering deadline
- the identity of and compensation paid or to be paid to the crowdfunding intermediary and any other direct or indirect interest in the issuer held by the intermediary (or any arrangement for the intermediary to acquire such an interest)
- certain legends
- current number of employees
- material risk factors that make investments in the issuer speculative or risky
- the material terms of any indebtedness
- any other exempt offerings during the past three years
- related party transactions
- any material information necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading
- whether the issuer or any of its predecessors previously failed to comply with the ongoing reporting requirements of Regulation Crowdfunding

Tiered financial disclosure. Issuers are required to file with the SEC and provide to intermediaries and prospective investors a sliding scale of financial information based on the aggregate amount of money being raised or raised by the company in the prior 12 month period:

- **\$100,000 or Less:** The amount of total income, taxable income and total tax as reflected in the issuer's federal income tax returns certified by the principal executive

officer (in lieu of filing a copy of the underlying tax return), and financial statements certified by the principal executive officer, unless financial statements of the issuer that have been reviewed or audited by an independent public accountant are available.

- **\$100,000 to \$500,000:** Financial statements reviewed by an independent public accountant, unless financial statements of the issuer that have been audited by an independent public accountant are available.
- **Over \$500,000 to \$1 million:** For a first-time offering: financial statements reviewed by an independent public accountant, unless financial statements of the issuer that have been audited by an independent auditor are available. For a non-first-time offering: audited financial statements prepared by an independent public accountant.

An audit provides a level of scrutiny by the accountant that is higher than a review.

Issuers are required to disclose information about the issuer’s progress toward the target offering amount. If the intermediary does not make such information publicly available on the intermediary’s platform, the issuer is required to file the interim progress updates with the SEC. In addition, all issuers must report to the SEC the total amount of securities sold in an offering at the end of the offering on new Form C-U.

## (5) Limits on Investments

Because of the risks involved with investments made in Crowdfunding Offerings, investors are limited in how much they can invest in Crowdfunding Offerings during any 12-month period. The limitation on how much an investor can invest depends on the investor’s net worth and annual income.

- If either your annual income or net worth is less than \$100,000, then during any 12-month period, you can invest up to the greater of either \$2,000 or 5% of the lesser of your annual income or net worth.
- If both your annual income and your net worth are equal to or more than \$100,000, then during any 12-month period, you can invest up to 10% of annual income or net worth, whichever is lesser, but not to exceed \$100,000.

Joint calculation. You can calculate your annual income or net worth by jointly including your spouse’s income or assets. It is not necessary that property be held jointly. However, if you do calculate your income or assets jointly with your spouse, each of your crowdfunding investments together cannot exceed the limit that would apply to an individual investor at that annual income or net worth level.

The following table provides some examples:

Investor annual income	Investor net worth	Calculation	Investment limit
\$30,000	\$105,000	Greater of \$2,000 or 5% of \$30,000 (\$1,500)	\$2,000

\$150,000	\$80,000	Greater of \$2,000 or 5% of \$80,000 (\$4,000)	\$4,000
\$150,000	\$100,000	10% of \$100,000 (\$10,000)	\$10,000
\$200,000	\$900,000	10% of \$200,000 (\$20,000)	\$20,000
\$1,200,000	\$2,000,000	10% of \$1,200,000 (\$120,000), subject to \$100,000 cap	\$100,000

## How do I calculate my net worth?

Calculating net worth involves adding up all your assets and subtracting all your liabilities. The resulting sum is your net worth.

For purposes of crowdfunding, the value of your primary residence is not included in your net worth calculation. In addition, any mortgage or other loan on your home does not count as a liability up to the fair market value of your home. If the loan is for more than the fair market value of your home (i.e., if your mortgage is underwater), then the loan amount that is over the fair market value counts as a liability under the net worth test.

Further, any increase in the loan amount in the 60 days prior to your purchase of the securities (even if the loan amount doesn't exceed the value of the residence) will count as a liability as well. The reason for this is to prevent net worth from being artificially inflated through converting home equity into cash or other assets.

## (6) Limits on Investors' Rights to Cancel an Investment Commitment

Investors have an unconditional right to cancel an investment commitment for any reason until 48 hours prior to the deadline identified in the issuer's offering materials. Once the offering period is within 48 hours of ending, Investors cannot cancel investment commitments for any reason (including investment commitments made within the 48 hour period prior to the deadline). However, if the company makes a material change to the offering terms or other information disclosed to you, you will be given five business days to reconfirm your investment commitment. Failure to reconfirm your investment commitment within this time frame will result in cancellation.

If an Issuer reaches the Target Offering Amount prior to the deadline identified in its offering materials, it may close the offering once the Target Offering Amount is reached, provided that the offering will have remained open for a minimum of 21 days; the intermediary provides notice about the new offering deadline at least five business days prior to the new offering deadline; investors are given the opportunity to reconsider their investment decision and to cancel their investment commitment until 48 hours prior to the new offering deadline; and at the time of the new offering deadline, the Issuer continues to meet or exceed the Target Offering Amount.

If there is a material change to the terms of the offering, or the information provided by the issuer regarding the offering, the intermediary must give or send to any potential investors who have made investment commitments notice of the material change, stating that the investor's investment commitment will be cancelled unless the investor reconfirms his or her commitment within five business days of receipt of the notice. If the investor fails to reconfirm his or her investment within those five business days, the intermediary, within five business days thereafter, must provide or

send the investor a notification disclosing that the investment commitment was cancelled, the reason for the cancellation and the refund amount that the investor should expect to receive, and direct the refund of investor funds.

Finally, if an issuer does not complete an offering because the target is not reached or the issuer decides to terminate the offering the intermediary within five business days must give or send to each investor who made an investment commitment a notification disclosing the cancellation of the offering, the reason for the cancellation, the refund amount that the investor should expect to receive, direct the refund of investor funds and prevent investors from making investment commitments with respect to that offering on its platform.

**(7) Investors must consider whether a Crowdfunding Investment is right for them.**

Issuers offering and selling securities through Crowdfunding Offerings are typically in the earliest stages of developing their business and any investment in a Crowdfunding issuer's securities is inherently risky. Investors should not consider making an investment in a Crowdfunding Offering unless they are prepared to lose their entire investment. Further, after a Crowdfunding Offering is completed, as discussed below, the issuer may end its relationship with Manorhaven and EquityArcade and may cease filing public information, which will make it very difficult to obtain ongoing current information about an issuer.

**(8) No Assurance of Ongoing Relationship with Issuer**

After an Issuer successfully completes its Crowdfunding Offering it may decide to end its relationship with Manorhaven and EquityArcade. If an Issuer that has completed a Crowdfunding Offering through Manorhaven, powered by EquityArcade, decides to leave, Investors may have a difficult time obtaining information about the Issuer through the EquityArcade Platform.

**(9) Issuers may under certain circumstances cease publishing Annual Reports.**

Issuers who successfully complete a Crowdfunding Offering will be required to comply with ongoing reporting requirements pursuant to Rule 202 of Regulation Crowdfunding. No later than 120 days after the end of an Issuer's fiscal year, the Issuer will be required to file an annual report with the SEC on "Form C-AR: Annual Report." This report must also be posted to the Issuer's website. An Issuer's annual report must include all of the information required in the offering statement that is not specific to the offering, including financial statements.

However, regardless of the amount of capital raised in crowdfunding transactions by the Issuer, the financial statements filed with annual reports need only be certified by the issuer's principal executive officer, unless the issuer has available financial statements that have been reviewed or audited by an independent certified public accountant, in which case, the issuer must provide the reviewed or audited financial statements, as applicable.

An issuer will be eligible to terminate its ongoing reporting obligations by filing "Form C-TR: Termination of Reporting" with the SEC within five business days from the date on which any of the following events occurs:

- The Issuer is required to file reports under Sections 13(a) or 15(d) of the Exchange Act;
- The Issuer has filed at least one annual report and has fewer than 300 holders of record;
- The Issuer has filed at least three annual reports and has total assets that do not exceed \$10 million;
- The Issuer or another party purchases or repurchases all of the securities issued pursuant to Section 4(a)(6), including any payment in full of debt securities or any complete redemption of redeemable securities; or
- The Issuer liquidates or dissolves in accordance with applicable state law.

### **(10) Educational Material Updates**

Manorhaven will update its educational materials periodically in order to accurately convey required information, such as if the types of offerings on our platform change. Manorhaven will periodically review/update other aspects of our educational materials (such as the discussion of risk factors) as necessary. Manorhaven intends to keep our educational materials accurate and current, and make the most current version of our educational materials available on our website/platform. If and when Manorhaven makes any material revision of our educational materials, Manorhaven will make the revised educational materials available to all investors before accepting any new investment commitments. We believe investors in offerings identified on Manorhaven, powered by EquityArcade's platform, should be informed about key aspects of investing on Manorhaven, powered by EquityArcade, that have changed since the last time the investor received the materials before making an investment commitment.

### **(11) Compensation Disclosure**

Manorhaven may be compensated for its efforts generally through: initial fees for processing regarding Issuer's engaging Manorhaven to act as Intermediary for their Crowdfunding Offering; variable commissions when a Crowdfunding Offering is successfully completed, rights of first refusal to future offerings; right to payment on certain future capital raising events; Issuer warrants to the Intermediary to purchase crowdfunding securities sold to investors for a period of up to 5 years; fees for providing professional services including, but not limited to, working with Issuers on the preparation of their Form C Offering Statement; advising issuers on compliance with Regulation Crowdfunding; providing required reporting services to Issuers during their Crowdfunding Offerings and where contracted for providing ongoing reporting services after the completion of their Crowdfunding Offering.

Upon a successful Crowdfunding Offering event, Manorhaven, as the Intermediary, will receive an amount of securities of like-kind securities issued to investors in the particular Crowdfunding Offering. These interests are defined in various places as the "Security Fee," and the terms of such fee will be disclosed in the Issuer's offering documents.

Manorhaven will be compensated for its efforts in processing investments through a \$4.00 processing fee added to each investment. This processing fee will offset Manorhaven's costs relating to processing funds and records for investments.

**In the event that the Target Offering Amount is not met, or an investment commitment is canceled, the processing fee will not be refunded.**

#### **(12) Promoters/Issuer/Associated Persons Disclosure Requirements**

Anyone who promotes an issue for compensation on the EquityArcade Platform (doesn't matter if past or future), or anyone who is a founder or an employee of an issuer who promotes the issuer on the EquityArcade platform **MUST** clearly disclose in **ALL** communications on the platform 1) the receipt of the compensation and 2) the fact that he or she is engaging in promotional activities on behalf of the issuer.

Manorhaven requires that any person who posts a comment on our platform's communication channels must clearly disclose, when making a comment, whether he or she is a 1) founder or 2) employee of the issuer engaging in promotional activities on behalf of the issuer or if he or she receives compensation (past or future) to promote the issuers' offering

If an issuer compensates, directly or indirectly, any person to promote its offering through the communication channels provided by Manorhaven that promoter must clearly disclose the receipt of such compensation, past or present, each time the promoter makes a promotional communication. Promoters are also required to disclose the amount of compensation pursuant to Section 17(b) of the Securities Act.

**Last Updated: December 29, 2016**