

## PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1  
 Stylesheet Version v1.2

EPAS ID: PAT5010153

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT	
<b>NATURE OF CONVEYANCE:</b>	TWO WAY NON DISCLOSURE AND CONFIDENCIALITY AND PROPOSED BUSINESS DEVELOPMENT AGREEMENT AND PRIVATE PLACEMENT MEMORANDUM	
<b>CONVEYING PARTY DATA</b>		
	<b>Name</b>	<b>Execution Date</b>
	J. MICHAEL CALDWELL	12/26/2012
	TERRY KENNEDY	12/26/2012
<b>RECEIVING PARTY DATA</b>		
<b>Name:</b>	ACROVIRT, LLC	
<b>Street Address:</b>	PO BOX 13586	
<b>City:</b>	LA JOLLA	
<b>State/Country:</b>	CALIFORNIA	
<b>Postal Code:</b>	92039	
<b>PROPERTY NUMBERS Total: 2</b>		
	<b>Property Type</b>	<b>Number</b>
	<b>Application Number:</b>	15640171
	<b>Patent Number:</b>	9727798
<b>CORRESPONDENCE DATA</b>		
<b>Fax Number:</b>	(858)509-3691	
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>		
<b>Phone:</b>	858-720-8900	
<b>Email:</b>	cquatrino@sheppardmullin.com, docketing@sheppardmullin.com, efelgar@sheppardmullin.com	
<b>Correspondent Name:</b>	SHEPPARD MULLIN RICHTER & HAMPTON	
<b>Address Line 1:</b>	12275 EL CAMINO REAL	
<b>Address Line 2:</b>	SUITE 200	
<b>Address Line 4:</b>	SAN DIEGO, CALIFORNIA 92130	
<b>ATTORNEY DOCKET NUMBER:</b>	40PL-206203/40PL-258567	
<b>NAME OF SUBMITTER:</b>	CHRISTINA M. QUATRINO	
<b>SIGNATURE:</b>	/Christina M. Quatrino/	
<b>DATE SIGNED:</b>	06/15/2018	
<b>Total Attachments: 77</b>		

source=AcrovirtDocs#page1.tif  
source=AcrovirtDocs#page2.tif  
source=AcrovirtDocs#page3.tif  
source=AcrovirtDocs#page4.tif  
source=AcrovirtDocs#page5.tif  
source=AcrovirtDocs#page6.tif  
source=AcrovirtDocs#page7.tif  
source=AcrovirtDocs#page8.tif  
source=AcrovirtDocs#page9.tif  
source=AcrovirtDocs#page10.tif  
source=AcrovirtDocs#page11.tif  
source=AcrovirtDocs#page12.tif  
source=AcrovirtDocs#page13.tif  
source=AcrovirtDocs#page14.tif  
source=AcrovirtDocs#page15.tif  
source=AcrovirtDocs#page16.tif  
source=AcrovirtDocs#page17.tif  
source=AcrovirtDocs#page18.tif  
source=AcrovirtDocs#page19.tif  
source=AcrovirtDocs#page20.tif  
source=AcrovirtDocs#page21.tif  
source=AcrovirtDocs#page22.tif  
source=AcrovirtDocs#page23.tif  
source=AcrovirtDocs#page24.tif  
source=AcrovirtDocs#page25.tif  
source=AcrovirtDocs#page26.tif  
source=AcrovirtDocs#page27.tif  
source=AcrovirtDocs#page28.tif  
source=AcrovirtDocs#page29.tif  
source=AcrovirtDocs#page30.tif  
source=AcrovirtDocs#page31.tif  
source=AcrovirtDocs#page32.tif  
source=AcrovirtDocs#page33.tif  
source=AcrovirtDocs#page34.tif  
source=AcrovirtDocs#page35.tif  
source=AcrovirtDocs#page36.tif  
source=AcrovirtDocs#page37.tif  
source=AcrovirtDocs#page38.tif  
source=AcrovirtDocs#page39.tif  
source=AcrovirtDocs#page40.tif  
source=AcrovirtDocs#page41.tif  
source=AcrovirtDocs#page42.tif  
source=AcrovirtDocs#page43.tif  
source=AcrovirtDocs#page44.tif  
source=AcrovirtDocs#page45.tif  
source=AcrovirtDocs#page46.tif  
source=AcrovirtDocs#page47.tif  
source=AcrovirtDocs#page48.tif

source=AcrovirtDocs#page49.tif  
source=AcrovirtDocs#page50.tif  
source=AcrovirtDocs#page51.tif  
source=AcrovirtDocs#page52.tif  
source=AcrovirtDocs#page53.tif  
source=AcrovirtDocs#page54.tif  
source=AcrovirtDocs#page55.tif  
source=AcrovirtDocs#page56.tif  
source=AcrovirtDocs#page57.tif  
source=AcrovirtDocs#page58.tif  
source=AcrovirtDocs#page59.tif  
source=AcrovirtDocs#page60.tif  
source=AcrovirtDocs#page61.tif  
source=AcrovirtDocs#page62.tif  
source=AcrovirtDocs#page63.tif  
source=AcrovirtDocs#page64.tif  
source=AcrovirtDocs#page65.tif  
source=AcrovirtDocs#page66.tif  
source=AcrovirtDocs#page67.tif  
source=AcrovirtDocs#page68.tif  
source=AcrovirtDocs#page69.tif  
source=AcrovirtDocs#page70.tif  
source=AcrovirtDocs#page71.tif  
source=AcrovirtDocs#page72.tif  
source=AcrovirtDocs#page73.tif  
source=AcrovirtDocs#page74.tif  
source=AcrovirtDocs#page75.tif  
source=AcrovirtDocs#page76.tif  
source=AcrovirtDocs#page77.tif

12/26/12

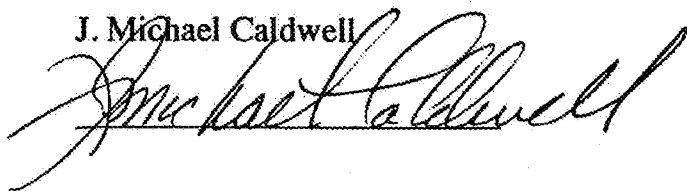
**Two Way Non-disclosure and Confidentiality and proposed business development agreement:**

The parties J. Michael Caldwell and Terry Kennedy agree to exchange the attached information for the specific purpose of the proposed combining of the concepts and technologies belonging to the individual parties in a new entity to be equally owned, operated and compensated by the parties. Additionally, the parties agree to the best of their abilities to raise capital for the funding of a new entity. As part of the "to be agreed upon" funding and operational business terms and conditions the parties would agree to transfer all ownership, claims and rights in all the disclosed propriortity materials, intellectual knowledge and information as disclosed in the attached documents and any additional directly related developed or disclosed propriortity materials, intellectual knowledge and information for the term of the parties agreed upon participation in the prosed new business entity.

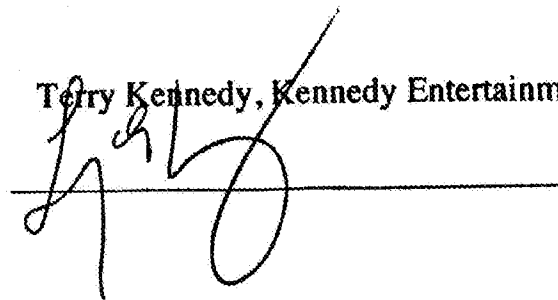
The parties agree that there indiviually attached information disclousers describing the parties new products and there basic principles for new businesses development plans involving the parties technologies, products, and possible patent applications are the sole property of the respective parties and were not known to one another prior to their providing and disclosing these materials to one another. The parties agree to the best of abilities that all proprietary materials and business development plans were not known prior to the general public and that all proprietary materials, and business development plans as expressed by the parties individual attached disclosures remain confidential. The parties agree the attached materials are not to be disclosed or discussed with any party other than those third parties jointly agreed upon in writing for prospective investments and or shareholding interests. Both parties agree any disclouser to any third partiess of the attached materials of any kind to unauthorized third parties other than those jointly approved in writing could cause significant damage to the parties. This agreement involves only the written materials submitted by each respective party involving the businesses discribed and defined in each parties attached document including the disclosed development plans, technologies, products, possible patents, and or patent applications. The term of this agreement will be three years form the date of signatures.

12/26/12

J. Michael Caldwell



Terry Kennedy, Kennedy Entertainment



## **SUMMARY**

The following is a summary of this Offering, the principal terms of this Offering and certain other matters, and is qualified in its entirety by the Exhibits hereto and the more detailed information included elsewhere in this Memorandum. This Memorandum contains certain forward-looking statements, and actual results could differ materially from those projected as a result of certain factors, including, but not limited to, the risk factors set forth in this Memorandum.

### **The Company**

Acrovirt, LLC, a Nevada limited liability company (the “Company”) was formed in March 2013 to finance and produce a Computer Graphics Acrovirt Analytical Predictive Physics system to develop computationally constructed Virtual people based on real-life people (collectively the “Virtual Person System”) pursuant to the terms set forth in this Confidential Private Placement Memorandum (the “Memorandum”), and its exhibits.

### **Acrovirt, LLC**

J. Michael Caldwell (“Caldwell”) and Terry Kennedy (“Kennedy”) are founders of the Company and will serve as the managers of the Company (hereinafter individually and collectively referred to as either the “Manager” or “Managers”). In addition to the relationship between Company and Manager established under the Company’s Operating Agreement (the “Operating Agreement”) for the management services of Manager, Company shall enter into a services agreement with each of the Managers under which Manager will oversee the business operations of the Company. The Company’s mailing address is c/o Singh, Singh and Trauben, LLP, 400 S. Beverly Drive, Suite 400, Beverly Hills, CA 90212; its telephone number is (310)598-2966, and its e-mail address is [terry@realsportsvirtualathlete.com](mailto:terry@realsportsvirtualathlete.com). See “Business” and “Manager.”

The Company’s principal investment objectives are to:

- Finance the Company to facilitate the Company’s production of certain Acrovirt technology.
- Earn revenue from the sale, distribution and licensing of the Company’s technologies in the United States and in foreign markets.
- Provide periodic cash distributions to the Members and the Manager from the proceeds of revenue earned from the sale, distribution and licensing of the Company’s technologies on a worldwide basis.

## The Offering

### Terms of Investment by Prospective Investors in the Company

Issuer .....	Acrovirt, LLC (the “Company”).
The Manager .....	The managers of the Company are Caldwell and Kennedy (hereinafter individually and collectively referred to as the “Manager” or “Managers”).
Securities Offered .....	Units of Membership Interests (the “Units”) of the Company at \$25,000.00 per Unit.
Capitalization of the Company ..	440 Units are outstanding prior to the date of this Memorandum.
Number of Units Offered .....	Maximum 220 Units (\$5,500,000) (the “Maximum”), which shall constitute a total of a 25% interest in the Company.
Minimum Subscription per Investor.....	\$100,000 (four Units), provided that the Company may, in its sole discretion, accept subscriptions for less than four Units.
Plan of Distribution.....	The Units are offered on a “best efforts” basis by Company, its Manager, and Manager’s members and affiliates. At the election of Company, units may also be sold through members of FINRA (the “Placement Agents”). See “Plan of Distribution.”
Closings .....	One or more closings (each, a “Closing”) with the final Closing expected to occur no later than March 1, 2017. No closing can occur until 10 Units (\$250,000) have been sold (the “Minimum Closing”). Subscription proceeds will be held in escrow until the Minimum Closing has occurred. In the event sales of Units sufficient to complete the Minimum Closing do not occur on or prior to March 1, 2017, all proceeds will be returned to investors with accrued interest. See “Terms of the Offering.”
Capital Contributions.....	The capital contribution of each member of the Company (individually, a “Member” and collectively, the “Members”) must accompany the Subscription Agreement executed by each Member. Proceeds will not be considered contributed to the Company until actually accepted by the Company from the Member.

Use of Proceeds .....	The proceeds will be used primarily for: (i) for the hiring of personnel; (ii) the development of the Company's technologies; (iii) the purchase of production equipment; and (iv) travel and insurance. See "Sources and Uses of Proceeds."
Expenses of the Company.....	The Company will reimburse the Managers for any organizational costs and operational expenses incurred by the Managers for the Company and all costs associated with this Offering of the Units by way of paying each of the Managers a fee commensurate to two (2) months of the Managers' annual salary.
Due Diligence .....	Each prospective investor will have the opportunity to ask questions of, or request any additional information from, the Company prior to investing. See "Access to Information."
Investor Qualifications.....	Subscriptions for the Units will only be accepted from Accredited Investors, as defined under Regulation D, promulgated under the Securities Act of 1933, as amended (the "Securities Act").
Confidentiality .....	Prospective Investors, the Members and the Company agree that the existence and the contents of this Memorandum are strictly confidential and shall not be disclosed to any individuals or organizations, except the Members and the Company and their respective shareholders, partners, members, agents, directors, managers, officers, affiliates, agents and advisors.
Restricted Transferability.....	The Units have not been registered under the Securities Act, or registered or qualified under applicable state securities laws, and are being offered in reliance upon the exemption from registration specified in Section 4(2) and Rule 506 of Regulation D, promulgated under the Securities Act, and consequently the Units will be restricted securities under the Securities Act subject to restrictions on transferability. Except for certain permitted transfers described in the Company's Operating Agreement (the "Operating Agreement"), a Member may not sell, assign or transfer any Unit(s) without the prior written consent of the Manager and in compliance with applicable federal and state securities laws. A copy of the Operating Agreement is included with this memorandum as Exhibit A. See "Summary of Certain Provisions of the Operating Agreement."

Distributions.....	In general, and subject to tax related distributions, the Company intends to distribute to its Members in proportion to their Units, minus any direct costs and any reasonable reserves for operational costs of the Company that the Managers deem necessary in the Managers' discretion.
Timing of Distributions.....	The Manager will make distributions as soon as practical in Manager's sole discretion.
Liquidating Distributions .....	Liquidating distributions by the Company generally will be made in a manner consistent with distributions of proceeds described above. Liquidating distributions may be made in cash or in securities or a combination thereof.
General Allocations .....	Profits and losses of the Company will generally be allocated to the Members in a manner consistent with cash distributions described above and federal tax law. The Manager will make all determinations with respect to allocations at its sole discretion.
Placement Agent Fees.....	The Company reserves the right to engage one or more Placement Agents in connection with the sale of Units, and to pay such Placement Agents a fee of up to 10% of each Unit sold by the Placement Agents. Placement fees to the Placement Agents shall not exceed 10% of the gross Offering proceeds.
Offering Period .....	This Offering commences on the date hereof and terminates on March 1, 2017.
Term .....	The Company will terminate on a date proposed by the Manager and agreed to by Members holding a majority of the Units or upon the liquidation of the Company.
Indemnifications .....	The Company will indemnify and hold harmless the Manager, and its officers, members, managers, employees, agents or affiliates and/or legal representatives of any of them, from and against claims, liabilities, costs and expenses including legal fees, incurred by them by reason of their activities on behalf of the Company or the Members unless such act (or failure to act) was the result of willful malfeasance, bad faith or gross negligence. See "Description of the Operating Agreement of the Company."
Conflicts of Interest .....	Potential conflicts may exist between and among the Managers, the Company, the Company's Members and affiliates.



Reports ..... The Manager intends to report at least annually to Members on the Company's status of operations. Annual reports will include unaudited tax basis financial statements for the Company following the end of each calendar year. The Manager will also provide other reports as called for in the Operating Agreement. Members will have the right to inspect the books and records of the Company at any time upon reasonable notice.

Subscription Documents ..... An investment in the Company may only be made pursuant to a Subscription Agreement that contains, among other matters, certain representations and warranties by the Company and certain representations and warranties by each prospective investor. A copy of the Subscription Agreement is included as Exhibit C to this Memorandum. Investors will also receive an executed Operating Agreement. Until the Subscription Agreement is signed by both the Company and the Member, and until the Member has signed the Operating Agreement, no binding obligation on the part of either party to consummate the transaction contemplated by this Memorandum will exist.

### **Third Party Information**

**This Memorandum contains certain information regarding third parties. None of these third parties are directly or indirectly involved in the offering of Units in this Offering, and none of them makes any representation regarding the Company, or this Offering or the accuracy of the information contained in this Memorandum. The information contained in this Memorandum regarding these and other third-party entities was obtained by the Manager from information furnished by those entities, and such information has not been independently reviewed or verified by the Company or the Manager. Neither the Company nor the Manager takes any responsibility regarding the accuracy or completeness of the information provided in this Memorandum relating to these third-party entities. In addition, any and all information contained on each of the third-party entities' websites is not made part of, and shall not be considered part of, this Memorandum.**

### **Forward-Looking Statements**

**All statements other than statements of historical fact included in this Memorandum, including, without limitation, statements under "Risk Factors" and "Business" regarding the Company's anticipated financial position, business strategy and plans and objectives of management of the Company for future operations, are forward-looking statements. When used in this Memorandum, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to the Company, or their respective management, identify forward-looking statements. All forward-looking statements are based on the beliefs of the Manager, as well as assumptions made by, and information currently available to, the Manager. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors, such as those disclosed under "Risk Factors." All subsequent written and oral forward-looking statements attributable to the Manager or persons acting on its behalf are expressly qualified in their entirety by this paragraph.**

**IN LIGHT OF THESE AND OTHER RISKS AND UNCERTAINTIES, THERE CAN BE NO ASSURANCE THAT THE EVENTS PREDICTED IN FORWARD-LOOKING STATEMENTS, INCLUDING, WITHOUT LIMITATION, ANY**

**PROJECTIONS AND/OR ASSUMPTIONS, CONTAINED IN THIS  
MEMORANDUM WILL IN FACT TRANSPIRE.  
INVESTOR SUITABILITY REQUIREMENTS**

**INVESTMENT IN THE UNITS INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR THOSE INVESTORS WHO HAVE SUBSTANTIAL FINANCIAL RESOURCES IN RELATION TO THEIR INVESTMENT, WHO CAN BEAR THE TOTAL LOSS OF THEIR INVESTMENT AND WHO UNDERSTAND THE PARTICULAR RISK FACTORS OF THIS INVESTMENT. IN ADDITION, INVESTMENT IN THE UNITS IS SUITABLE ONLY FOR INVESTORS WHO DO NOT NEED LIQUIDITY IN THEIR INVESTMENT AND WHO ARE WILLING TO ACCEPT SUBSTANTIAL RESTRICTIONS ON THE TRANSFER OF THE UNITS.**

**In General**

The Units offered hereby have not been registered with the Securities and Exchange Commission and are offered in reliance upon an exemption from registration set forth in Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder.

The Units will be offered and sold only to persons who qualify as Accredited Investors as defined in Regulation D. Prior to the purchase of the Units, each Investor will be required to complete and submit to the Company a Subscription Agreement in the form attached hereto as Exhibit C.

**Accredited Investor**

An "Accredited Investor" is defined in Regulation D as:

(i) A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; an insurance fund as defined in Section 2(13) of the Securities Act; an investment fund registered under the Investment Partnership Act of 1940 or a business development fund as defined in Section 2(a)(48) of that act, a Small Business Investment Partnership licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance fund, or a registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are Accredited Investors; or

(ii) Any private business development fund as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

(iii) Any organization as described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(iv) Any director, executive officer or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(v) Any natural person whose individual net worth or joint net worth with that person's spouse, at the time of its purchase exceeds \$1,000,000;

(vi) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(vii) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; or

(viii) Any entity in which all of the equity owners are Accredited Investors.

## **Requirements**

Units will be sold only to those Investors who submit a Subscription Agreement in the form attached hereto as Exhibit C, establishing to the satisfaction of the Manager that the Investor is an Accredited Investor.

In addition, each Investor must represent to the Manager, as set forth in the Subscription Agreement, that, among other things:

- (i) The Investor is acquiring the Units for his or her own account for investment and not with a view to resale or distribution;

- (ii) The Investor understands that the Units have not been registered under the Securities Act; and
- (iii) The Investor understands that his or her right to transfer the Units is restricted as set forth in applicable federal and state securities laws.

The Manager will review all subscription documents and will not accept subscriptions from any person who does not represent that he or she complies with the applicable standards specified above. In general, Units will not be sold to tax-exempt investors.

### **Ability to Accept Limitations on Transferability**

It is unlikely that Investors will be able to liquidate their investment in the Units in the event of an emergency or for any other reason. No public market for the Units exists and it is not anticipated that one will ever develop. Moreover, the transferability of the Units is subject to certain restrictions contained in the Operating Agreement and will be limited by restrictions on resale imposed under federal and state securities laws.

### **Additional Subscription Considerations**

Each Investor must complete, execute and deliver to the Manager executed copies of the Subscription Agreement accompanying this Memorandum. All subscription documents will be reviewed by the Manager for compliance with suitability standards.

All representations by prospective Investors will be reviewed and relied upon by the Manager in determining the suitability of those persons under applicable securities laws and regulations.

The Manager has the right, in its sole and absolute discretion, to reject any subscription even though the Investor satisfies the described criteria. The Manager also has the right, in its sole and absolute discretion, to accept subscriptions for less than one Unit as well as subscriptions for fractional Units.

### **ERISA Considerations**

Section 404(a) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and the regulations promulgated thereunder by the United States Department of Labor provide as a general rule that a fiduciary with respect to a pension, profit-sharing or other plan subject to ERISA must discharge its duties with respect to the plan in a prudent manner and must consider several factors in determining whether to enter into an investment or engage in an investment course of action. If a fiduciary with respect to any such plan acts imprudently with regard to selecting an investment course of action for such plan, the fiduciary may be held personally liable for losses incurred by the plan as a result of such imprudence. Among the factors that should be considered are the diversification and liquidity

~~of the plan's portfolio, the potential return on the proposed investment and the place the proposed investment would occupy in the plan's portfolio taken as a whole. Additionally, in the case of the Company, a plan fiduciary should give particular attention to the risks inherent in the speculative investment in the Units.~~

The acceptance of a subscription by the Company from such plan does not constitute a representation or judgment by the Company that an investment in the Units is an appropriate investment for that entity or that the investment meets the legal requirements applicable to that entity.

Moreover, a plan fiduciary should consider whether or not an investment in the Units constitutes an investment in an "operating company" under ERISA Regulation 2510.3-101(d) and whether or not the Units would be considered "plan assets" subject to the prohibited transaction rules of Section 406 of ERISA. The Manager will not admit any ERISA Plan as an

Investor or consent to assignment of any Units to an ERISA Plan, if such admission or assignment would result in 25% or more of the total Units being held by ERISA Plans.

**AS A GENERAL RULE, THE MANAGER BELIEVES THAT THE COMPANY WOULD BE AN INAPPROPRIATE INVESTMENT CHOICE FOR MOST TAX-EXEMPT INVESTORS INCLUDING EMPLOYEE BENEFIT AND OTHER SUCH PLANS. FIDUCIARIES OF EMPLOYEE BENEFIT PLAN INVESTORS THAT ARE PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN COUNSEL CONCERNING THE CONSEQUENCES UNDER ERISA OF AN INVESTMENT IN THE UNITS.**

**IF YOU DO NOT MEET THE REQUIREMENTS DESCRIBED ABOVE, DO NOT READ FURTHER AND RETURN THIS MEMORANDUM TO THE MANAGER IMMEDIATELY. IF YOU DO NOT MEET THESE REQUIREMENTS, THIS MEMORANDUM IS NOT AN OFFER TO SELL UNITS TO YOU.**

## **TERMS OF THE OFFERING**

### **The Offering**

The securities being offered by the Company are a maximum of 220 Units (collectively, the “Units”) of Membership Interests at a price of \$25,000 per Unit, or a total of up to \$5,500,000, which shall constitute a total of a 25% interest in the Company. The minimum investment is four (4) Units (\$100,000), although the Manager may, in its sole discretion, accept smaller investments. Smaller investments may be made in fractional Units. The Manager may also, in its sole discretion, reject a proposed investment by a prospective investor (“Investor”) or limit the number of Units to be purchased by an Investor. The Manager reserves the right to amend, modify and/or withdraw all or a portion of the Offering as to any persons whose subscriptions have not been accepted.

The Manager may hold more than one “Closing” (the first closing known as the “Initial Closing” with subsequent closings known as a “Closing”) with the final Closing expected to occur no later than March 1, 2017. The final Closing may occur earlier than indicated herein if subscriptions for Units with a value equal to \$2,000,000 have been received and accepted by the Company before such date (the “Sales Termination Date”). See “Subscription Procedure.”

Subscription funds will be deposited into an escrow account to be maintained prior to the Closing Date or termination as otherwise provided for in this Memorandum for the benefit of Investors as provided for below. Following the Closing Date, such Investor funds as are accepted shall be deposited directly into the Company’s segregated operating account for use in its business, and subscribers will be admitted into the Company as Members. In the event the Offering terminates without the successful closing of the sale of securities contemplated under this Memorandum, the Investor funds will be promptly repaid to Investors along with any interest earned.

The execution of the Subscription Agreement by an Investor, or by its authorized representative in the case of fiduciary accounts, constitutes a binding offer to buy Unit(s) in the Company and an agreement to hold the offer open until the subscription is accepted or rejected by the Manager. Once an Investor subscribes for Units, it will not have any revocation rights, unless otherwise provided by state law. The Manager may not complete a sale of Units to any Investor until it has received a Memorandum. In addition, the Manager will send to each Investor a confirmation of its purchase.

The Manager may refuse to accept any subscription without liability to the Investor. The Manager may reject a subscription if, for example, the Investor does not satisfy the suitability standards described in the Memorandum or if the subscription is received after the offering period has terminated. The execution of the Subscription Agreement and its acceptance by the Manager also constitute the execution of the Operating Agreement by the Investor, and an agreement to be bound by its terms as a Member.

If the Offering is oversubscribed, the Manager may allocate the Units among all Investors as it deems appropriate, in its sole discretion. As a result, some Investors may receive fewer Units than subscribed for. No subscription will be accepted until the Company has received a fully executed Subscription Agreement and any other documents that may be required by the Company.

The Company and any Placement Agents offering and selling the Units will offer them only to Investors who meet the conditions of investment discussed under “Investor Suitability Requirements,” and will otherwise conduct the Offering as required under Rule 506 of Regulation D.

### **Interim Escrow of Funds Prior to Closing Date**

Subscription funds held by Company prior to acceptance and/or a Closing will be deposited directly into a segregated account to be established by Company with an FDIC insured commercial bank to be designated prior to Investor delivery of funds (the “Escrow Agent”), and shall remain segregated by said Escrow Agent until: (i) a Closing, at which time the Escrow Agent shall release said funds (with interest earned) for Company’s use as described in this Memorandum; or (ii) the Sales Termination Date, if sooner, in which event subscription funds will be returned to their respective contributors, with interest earned. Prior to a Closing and subsequent to a Closing as to such Company funds as are not needed on an immediate basis to fund Company operations, Investor funds may be invested in government securities, money market accounts, deposits or certificates of deposit in commercial banks or savings and loan associations, bank repurchase agreements, funds backed by government securities, short-term commercial paper, or in other similar interim investments. In the event the Offering is terminated prior to an Initial Closing, Investor funds, plus allocable interest earned, will be promptly returned to Investors.

### **Subscription Procedure**

Upon execution and delivery of a Subscription Agreement in the form included as Exhibit C to this Memorandum, an Investor must pay the full purchase price in cash for the Units subscribed for. Checks for subscriptions to Units offered hereunder should be made payable to “**Acrovirt, LLC.**”

### **Plan of Distribution**

The Units will be sold through the Company, its Manager, and the Manager’s members and affiliates, and at the Company’s election through FINRA-licensed Placement Agents, all on a “best efforts” basis. Units are being offered to a select group of Investors who meet the suitability standards set forth under “Investor Suitability Requirements” in this Memorandum. However, all final decisions as to the sale of the Units will be made by the Manager, which reserves the right in its sole discretion to revoke the offer and to refuse to



~~sell to any Investor, or to limit the number of Units which may be purchased by any~~  
Investor, notwithstanding that the Investor may otherwise meet the suitability standards described herein. "Best efforts" means the Company and the Placement Agents that will sell the Units will not be obligated to sell or to purchase any amount of Units, but will be obligated to make a reasonable and diligent effort (i.e., their "best efforts") to sell as many Units as possible.

The Company reserves the right to sell some or all Units through the services of one or more qualified broker/dealers acting as Placement Agents for the Offering. The terms of such representation will be provided for in the selling agreements with the FINRA-licensed Placement Agents, and will be provided for in the selling agreements with the FINRA-licensed Placement Agents, and the Company may pay these licensed Placement Agents up to a 10% placement fee.

In general, no placement fees will be paid on sales of Units to officers, directors, employees, or registered representatives of a Placement Agent. Any Units purchased by a Placement Agent will be held for investment and not for resale. In no event will the total placement fees to be paid to Placement Agents in connection with this Offering exceed 10% of the gross proceeds received from the sale of the Units.

Placement Agents may also waive or reduce their placement fees and, if a Placement Agent does waive any or all of such placement fee for a particular Investor's investment, the net proceeds to the Company will increase accordingly.

The Company, and/or the Manager will indemnify the Placement Agents against certain liabilities, including liabilities under the Securities Act, insofar as indemnification for liabilities arising under applicable securities laws may be permitted by law.

The Company and the Placement Agents may offer the Units (and the Placement Agents may receive placement fees in connection with the sale of Units) only in those states in which they are lawfully qualified to do so in accordance with the terms of this Offering. The Manager and its affiliates may purchase Units in the Company on the same terms and conditions as other Investors, net of the management fee and certain of the organizational and offering costs. Any Units purchased by the Manager and/or its affiliates will be held for investment and not for resale.

### **Determination of Offering Price of Units**

The offering price for Units sold in this Offering has been determined by the Manager. Among the factors considered are prevailing market conditions, estimates of the Company's business potential, the opportunities available to Company, and other factors deemed relevant. The offering price does not necessarily bear any relationship to the Company's asset value or net book value.



## **THE COMPANY'S BUSINESS**

### **Summary**

Acrovirt, LLC (the "Company"), is a Nevada limited liability company. The Company is engaged in the business of implementing and commercializing the virtualization, or the converting, of real world human forms to the virtual world with unparalleled interactivity. This is accomplished with precise digitized real human biological forms and personalities in exquisite detail with a variety of new technologies. The new virtual people are initially being developed in two forms, the first is the superstar virtual person and the second is the digitized virtualized customer. The superstar virtual person is then capable of being cast into interactive reality simulations with the interactive virtualized customers in sports, entertainment and consumer shopping scenarios. The Managers of the Company are J. Michael Caldwell and Terry Kennedy.

### **The Company's Business**

Acrovirt's initial interactive virtual world brings the consumer together in sports, with superstar athletes and in the world of consumer shopping, with fashion designers, manufacturers and retailers.

The Company will do this with an interactive website, chat rooms and file sharing, mobile apps, and the ability to upload a customer file using the Company's technology that will merge you and your favorite athlete, entertainer, and/or consumer shopping experience.

First, Acrovirt's new technology computationally deconstructs and then reconstructs the human physical form and key predictive physical and personality traits creating the Superstar Virtual Person. Acrovirt's virtualization technology product offers sports enthusiasts and on-line shoppers an unparalleled and a first order of change in the world of virtual interactivity. The consumer's virtually enhanced experience starts with the image digitizing of the superstar athlete, entertainment personality, or fashion/clothing designer's physical bodies. This technology captures the complete and exact human biological structure, including every muscle, bone, tendon, the lungs, and all connective tissues. This precision image database is then converted into an exact image replication of that specific individual in detail. The Virtual Superstar Personality is now ready for their initial interactive job opportunity with the customers. Acrovirt has provided the Superstar and customers with interactive versatility by this amazing virtual reconstructing of the Superstar's living body using Acrovirt's Anatomical graphic reconstructions.

The second step of the technology allows the consumer to digitize his or her individual body using a smart phone with the downloadable "Virtualization App Program." Using the downloadable digital photo program from the website, the customer is able to digitize him or herself. This newly created digitized file is then uploaded to Acrovirt's website and the instructional, comparative and performance enhancing programs are delivered back to the consumer's smart phone, tablet, laptop, or desktop computer. These analytical sports and shopping programs now provide the customer with the exact references, imagery and information needed for this new phase of virtual interactivity to begin. The Virtual Customer's experience is then capable of being shared with friends, family and competitors with real world interactive capabilities. The Company is unlocking information, abilities, virtual knowledge and interaction that was unthinkable less than a year ago to sports fans, athletes, and shoppers.

The Superstar virtual person will be predictive, instructive, informational and interactive while being repeatedly cast into computer-generated environments. Superstars will be developed into the apps depicting his or her activities and abilities.

Through Acrovirt's detailed image digitizing of superstars and celebrities individual biological structures, when combined with the customers converted image database is an exact replication of that specific Superstar. These virtual people are now capable of exact body movements. All of the individual's real-life abilities can to be replicated and programmed. With the addition of advanced biometrics and high-speed camera capture, Acrovirt will be capable of predictive analysis of the living Superstar thereby predicting probable or likely outcomes as to that specific individual's unique talents.

The Dimensional Analysis Program of numerical values creates the virtual construct providing the customer with detailed information. When the customers are combined with Acrovirt's Virtual Athlete and the world's best clothing designers, manufactures and retailers these exact virtual re-constructions are capable of an inside-out exact anatomical likeness with more detailed knowledge than the originals.

Due to the medical exactness of the technology the company requires releases from individuals for the use of each individual's images/names. This is due to existing federal laws involving these types of anatomical and medical constructs. Due to the medical nature of these digital medical files, it is illegal for any party other than Acrovirt and its intended uses, for customers to copy, use or duplicate in any way their individual files.

Almost every sport enthusiast or athlete has a favorite professional athlete and would like to learn how to do a signature move or trick or attempt to review, analyze or duplicate in some

~~way their favorite professional athlete's moves and performances. And every shopper would like to make shopping easier with less likelihood of the purchased items not fitting or having to be returned.~~

The Company's sport products are intended to range from providing real sports simulations, and real sports physics instruction to a specialized sport file-sharing site. Acrovirt's products for consumer shoppers are intended to range from providing anatomical 3-dimensional real fitting simulations and real time file sharing for friends and family to join the customer in the experience through web-based file-sharing site. The products will have interactive, informational, and comment capabilities. For individual interaction with fashion and clothing designers, the buyer and friends can view the designers' rationale, background; creative and functional decisions with reference to individual styles in apparel, furniture and home, automotive, cosmetics, etc

The Company is developing technologies based on two main areas of existing technologies through the redeveloping and the redirecting of those technologies. They are computed tomography or CT scanning technologies and face recognition biometrics.

The Company's computer graphically developed integrations are for display on smart phones, tablets, websites, and a wide variety of electronic devices.

The consumer's web experience will be significantly enhanced through the ability to access the free download from the company's website, the photography program known as the Acrovirt Virtual Customer program. The user is instructed to photograph him or herself in form fitting clothing from multiple angles thereby creating data points that when uploaded will be computationally assembled into the specific virtual person. This information is then made available to the customer for instruction, interactivity, and sharing with others in specific areas of sports and consumer shopping.

Additionally, the multi-level upgraded pay-for-service portion of the company's products will allow the consumer to upload their content for general comparative and performance enhancement instruction and analysis. The consumer's content will then be overlaid with the computer graphics and programmed audio material content. The consumer's use of the products can be further enhanced with an upgraded series of more complex pay-for-service products. Acrovirt's web product focus is insuring the opportunistic and timely product integrations based on the various technology's advancements.

Acrovirt is dramatically expanding the development and use of existing imaging technologies and combining the real-life predicted physical actions and forces as it relates to their integration with human movement in specific activities. The Company's technology

~~represents a parallel and significant opportunity in this new analytical sports and consumer shopping instructional, file sharing and interactivity reality segment area of the real world CGI marketplace. The website products will initially focus on the closely related applications being released to the individual sport and consumer market segments with the individual athletes and apparel designers and retailers. Acrovirt intends to complete its development of its patentable technology processes, systems, and website products will optimize advantage and extend all functions of the technology product on offer to the customer.~~

### **Product and Revenue Strategies**

The core strategy of the Company's product and revenue base will be its triangulated marketing and revenue programs and will focused on the following product areas:

1. Acrovirt's website will initially provide free downloads with uploaded shared content to the visitor.
2. This product offering will generate various forms of advertising revenue and will also provide interactive uploaded, consumer paid for services comprised of the physics analysis and comparative, informational and instructional service products.
3. These upgraded products will also generate revenue and additional advertising revenues. These two product areas of sports and consumer shopping represent the main multi-stage and the first stage of the leveraged marketing driver for the company. The marketing and distribution leverage for sports will come from the sports leagues and team distribution of the free download products and the Superstar Athletes appeal described below. Marketing for consumer shopping and distribution leverage will come from the individual retail and manufacturer's marketing and distribution of the free download products and from the Superstar designers and spokesperson appeal described below.
4. A key area of revenue for the Company's sports and consumer products is the specific application licensing program. This area for sports will focus on the

major sports organizing leagues or groups, including the Major League Baseball Association, the National Football League, the National and European Tennis Associations, the Sports Soccer Federation, the US PGA and European Golf Associations, the U.S. and European Cycling associations and many other sports organizing bodies as well as the many individual sport teams around the world.

The company's application products will be licensed to these groups with pre-programmed platform products and will be designed to perform their intended purpose of driving millions of apps users to the company's website as well as generate significant licensee revenue from the sports organizational groups. Acrovirt's initial applications (apps) product will focus on mobile device specific apps, or application technology products, developed for sports Superstars. The innovative products will be designed and developed for the triangulated marketing strategy working with the respective individual organizing bodies, leagues, teams for sports and the individual consumer product designers, spokes-people, retailers and manufacturers to increase the website's repeated free and paid use. The triangulated structure will consist first of the respective individual distribution points for the free app's containing the informational marketing and selling and second of the free file sharing and the upgraded fee services.

## **Market Summary**

In 2012 the reported money spent on sports and recreation by physically active Americans was largely unchanged from 2010 and 2011. The most recent data suggests the largest increases in spending in participant active sports was in sport's lessons, instructions, camps, school team sports, and gym memberships. Acrovirt's products will enhance personal lessons from the experts with its web based products. The company's products will give consumers an avenue to achieve their sports dreams.

Mobile applications started appearing in the marketplace in the late nineties and with Apple's launch of the Apple store the apps marketplace has exploded. Revenue garnered through the apps marketplace is divided between developers and distributors with roughly a 70/30 split, with 70% of the revenue allocated to the developers and 30% to the sales and distribution players. This expansion has brought developers into the marketplace. Additionally, the time-to-market from conception to product launch of an app has seen a dramatic decrease while simultaneously the seamless end-to-end users experience has increased usage and revenues.

~~All of this growth in mobile applications has been spurred by the overall technology growth~~ of the Mobile Device Management market. The industry includes software that secures, manages, monitors and supports mobile devices throughout the marketplace of service providers, operators and enterprises. Some of the major companies in this field are Tangoe a worldwide mobile management service provider and Airwatch, also a global company in the MDM marketplace. This segment of the marketplace is expected to generate \$13 billion in 2013.

New mobile device technology products are also exploding with 19 million tablets sold in 2010 and 172 million expected by the end of 2013. It is estimated by the end of 2013 there will be 6.9 billion mobile subscribers and 8 billion by the end of 2016, and 1.7 billion handsets were sold in 2011. Roughly 32 percent of the total handset sales were in smart phones and the top three companies selling smart phones were Samsung with 19.1%, Apple with 19% and Nokia with 13.7%. China is now the largest smart phone market.

The two top worldwide operating systems for the smart phone market in 2011 were Android with 49% and Apple's iOS with 19%. So, what do all these facts mean to Global smart phone and tablet application sales? The Forrester Reports forecast apps sales for 2013 are \$18.5 billion, 2014 is \$28 billion and by 2015 it is estimated that the total sales will reach \$38 billion US dollars. These forecasts assume further developments in cloud-based services (cross device sharing), smart computing and app enabled devices spreading into new devices including cars, entertainment systems and appliances.

New and more complex technologically focused business model strategies are appearing as this marketplace grows larger and more competitive. These strategies include consolidation through applications and cross-media development. Social media giants, movie and entertainment companies, device equipment manufactures and even the computing/software suppliers are looking at the apps development marketplace as an essential growth strategy.

Apps are redefining software and hardware applications and are predicted to be a fundamental and essential growth tool for market segments and industries that had very little knowledge or understanding of apps only a few years ago. The coming decade will see exponential growth and competition in new apps strategies and technologies.

Acrovirt's developmental plan is designed to take advantage of the new technologies in both the smart phone/tablet advances and in the Mobile Device Management advances. At the core of the company's strategic product developmental strategy is a multi-platform app delivery plan. The Company's first products are intended to be apps targeting superstar



athletes, sports organizing bodies/licensees and the consumer products designers spokespeople as well as the retailers and manufacturers.

The Company's strategy for the free leveraged app distribution as the engine pushing, and the fee based apps pulling, consumers into both initial targeted markets focus of sports and in consumer products is key to the company's revenue strategies.

An accepted definition for mainstream technology is one used by 50% or more of the population while emerging technologies are those used by less than 20%. By this definition a significant number of Internet technologies are either very mainstream or fast approaching the mainstream use definition. The demographic use factoring of the Internet technologies has been age dependent with the oldest members of our society adopting the fewest new technologies and the youngest the most. The explosion of social connectivity on all fronts of relationships and the commercial interactions through technology has made for a much more level participant playing field. Social media has empowered anyone who wants to become a content creator and a creative media participant. Anyone from grandparents to grandchildren can become e-media content customers and providers. From e-cards for birthdays to e-commerce and e-delivered gifts, the world is clearly in a transition to "e-businesses".

This year it is estimated that 1 billion apps users worldwide are entering the mobile software enhanced world. In the US up to 25 billion minutes a month will be spent on the mobile web and by 2016 the forecasts are for 2 plus billion app users worldwide. Our society is talking, texting, checking e-mail and following the directions on mapping apps all in the same instant. In recent surveys three-quarters of the companies surveyed are increasing their total ad budgets in mobile devices. While the mobile advertising formats are transiting from static to multi-media content, the market is in its infancy and will continue to dramatically expand.

The rise in smart phones and the improved display technologies have been seen as major contributing factors in the rise of ad rates for the various new formats of mobile devices. Multi-purpose smart phones are becoming our e-commerce pricing and purchasing agents as well as our social sentinels and secretaries.

Mobile ad rates are estimated to reach parity with desktop rates as the shift in consumer focus moves to mobile units. Mobile video is expected to increase by one-third in the next 12-18 months. The growth potential from mobile web traffic and the speed of the conversion from desktop to smart phones and tablets is shown in the fact that in 2012 smart phones and tablets combined are just passing 30% of the devices used for web traffic in the US. Also

their use in the world web traffic has just surpassed for the first time 10%. In 2012 there were 240 million Internet users in the U.S. and that is a 75% penetration rate and in Europe there are 520 million Internet users with a 67% penetration rate. And mobile Internet users are up 17% from 2011 to 114 million with smart phone shoppers rising to almost 70 million in 2012. The push for worldwide brands to offer app-enabled web experiences is on. The trends for marketers to reach full monetization potentials is forecast for social video campaigns assisting in the management of companies transition to digital platforms through social media. Acrovirt is potentially the ultimate social media platform for the next generation of social media and the real virtual sharing business opportunity.

Internet service providers and specifically search engine portals have shown gross profits to be in the 75-80% gross profit margin area. The company does not forecast these gross margins; however, very high gross margins are expected given the costs of the athlete app development is borne by the individual leagues and a significant portion of the athlete's royalties are generated by downloads from the league using the individual athlete's Virtual Athlete person.

The Company's plan for casting sports and consumer products superstar personalities as well as consumer brands into mobile and traditional broadcast environments is unique. Acrovirt's technological capability to carry the brand and spokespeople messages in this entirely new technology provides these superstar's world brands with venues and access to the world consumer in entirely disruptive technological forms.

### **Predictive Applications**

The sports gambling marketplace in some sports is, by some estimates, larger than the specific legitimate sport worldwide. This fact has been brought to the forefront of the world's sports media attention with the recent discovery of the World Soccer Federation's gambling scandal. The company's technologies are intended to be developed into either significant enhancements or a deterrent to the gambling systems. This could be achieved through the statistical and predictive elements of the athlete or athletes on the opposing teams or a statistical evaluation and predictive deterrent to the illegal gambling, points spread or game fixing processes.

### **Long Term Virtual World Vision**

~~Acrovirt's vision is one of a world where the augmented or virtual reality enhanced user~~  
interface opportunities are limitless. Once the various databases are assembled for all physical constructs appearing in the app enhanced device's

camera lens, the possibility exists for a computationally digitized virtual world to be assessed and assembled.

This potentially means that all of the objects, the people, the cars, the bikes, the trees, flowers and bushes as seen through the cameras lens can be augmented and compared with their individual respective known data bases.

The objects can then be identified, referenced, sized, and complied for strategic informational or a variety of commercial purposes. The company will be providing the communication technology initially for mobile devices; however, it is possible that a variety of wearable computing devices would also be suitable user interface opportunities and has been addressed in the company's patents.

As an example, the real world data initially collected with the user's camera and the downloaded Acrovirt enhanced camera app creates data points that when uploaded will be computationally assembled into the specific virtual person. This new virtual person will have been assembled from the multi-angle digital vectors creating a very accurate complete 3D model of the individual. The company's augmented reality technology combines real world data or individual's images with computer generated data to create a merged user environment. Given the rapid global increase of the number of units and the advancing technologies evolving for personal electronic devices such as smart phones, Acrovirt's technology constitutes a disruptive force for a new level of social networks. When this growth is combined with the spread of accessible data networks via the internet and other networks hosting a larger variety of applications such as video, and audio applications, image capture, both still and motion, Acrovirt is poised to leverage its position in the global communications and entertainment marketplace.

### **DISTRIBUTIONS AND ALLOCATIONS**

In general, and subject to tax related distributions, the Company intends to distribute to its Members in proportion to their Units, minus any direct costs and any reasonable reserves for operational costs of the Company that the Managers deem necessary in the Managers' discretion. The Manager will make distributions as soon as practical in Manager's sole discretion. Profits and losses of the Company will generally be allocated to the Members in a manner consistent with cash distributions described above and federal tax law. The Manager will make all determinations with respect to allocations at its sole discretion.

The Company will use its best efforts to avoid the allocation of phantom income (i.e., taxable income without corresponding cash distributions) to the Members and Manager, although such risks are inherent in limited liability companies. A copy of the complete Operating Agreement for the Company is attached to this Memorandum as Exhibit A.

### **THE MANAGERS**

The Managers of the Company are individuals, J. Michael Caldwell (age 61) and Terry Kennedy (age 43) (hereinafter sometimes collectively referred to as “Manager”) who will actively manage and conduct the business and oversee the day-to-day operations of the Company. The Managers will be responsible for preparing annual reports to be sent to all Members advising them as to the status of operations and other activities, accounting for and making distributions to Members, selecting the certified public accountants who will perform an annual review of the Company and oversee such review and assure that the books and records of the Company are maintained in accordance with the provisions of the Limited Liability Company Agreement and tax basis accounting principles, approving or disapproving expenditures and making all cash distributions to the Members, maintaining the books, records, and accounts of the Company, and arranging for the preparation and filing of all tax returns for the Company and supplying tax information to the Members after the end of each calendar year. The Managers will devote as much of their time and talents to the management of the Company as necessary for the proper conduct of the Company’s business.

The consideration paid by the Company to the Managers in connection with the management of the Company has not been determined based on arm’s length negotiation. While the Managers believe that the consideration is fair for services to be performed for the Company, there is no assurance that the consideration to the Manager reflects the true market value of its services. The Managers will provide management services for the Company pursuant to employment agreements which will pay the Managers a certain fixed compensation as may be budgeted for the Managers’ services and expenses in accordance with the Company’s budget.

### **J. Michael Caldwell – Manager**

Mr. J. Michael Caldwell is a founder, creator, ex-Senior VP Technology Development and member of the Board of Directors of Nextec Applications Inc. and ex-CEO Nexmed Inc. (“Nextec”). Nextec remains operational and manufactures nano-film, surface functional encapsulation coatings for military and automotive fabric applications. Nextec developed nano-film reactive diagnostics. 3M, GE and Dow Corning and Mr. Caldwell remain shareholders and royalty participants of Nextec. Mr. Caldwell also continues to be involved in technology evaluations and patent developments.

Caldwell is the inventor of record of over 50 patents involving nano technologies, silicon chemistries, and engineering developments for related manufacturing and analytical equipment. He has spent 30 years in technology development, joint ventures and joint business development with companies including Bayer, 3M General Electric, Dow Corning, Baxter Health Care. He has founded numerous companies and has been involved with venture capital funding for the companies exceeding \$75MM including capital Investments from General Electric, 3M, Dow Corning, Chase Manhattan Venture Fund, and the Bank of America Venture Fund.

### **Terry Kennedy – Manager**

Mr. Terry Kennedy is a founder, ex-President, television and films executive producer, and investor relations consultant. Mr. Kennedy was formerly President, Partner and Executive Producer of Galaxy Entertainment Films. He was responsible for the award winning films “Running On The Sun” and “Saving The Endangered Species” as well as “Sabretooth” (Miramax Films), and “Beneath Lochness” (Miramax Films). He successfully raised over \$55 million venture capital in connection therewith.

Mr. Kennedy was also an Executive Producer at Tag Entertainment Family Films where he contributed to 16 films including “Hansel Gretel” (Warner Bros.), “Red Riding Hood” (20<sup>th</sup> Century Fox), “Deal” (MGM), “Supercross” (20<sup>th</sup> Century Fox), “Miracle Dogs” (Animal Planet), “Miracle Dogs Too” (MTI home Video and TV Distribution), “The Santa Trap” (Pax Entertainment), “Popstar”(New Line) and funding contributions to over 30

films. He successfully raised over \$35 million in connection therewith. Terry Kennedy has served for 20 years as Entertainment Executive and Entertainment Venture Funding manager.

### **Fiduciary Responsibilities of the Managers**

The Managers are accountable to the Company as fiduciaries and consequently must exercise good faith and integrity in handling the Company's affairs. Where the question has arisen, courts have held that an investor may institute legal action: (i) on behalf of himself/herself and all other similarly situated investors (a class action) to recover damages for a breach by a manager of the manager's fiduciary duty; or, (ii) on behalf of the Company (a company derivative action) to recover damages from third parties.

In addition: (i) investors may have the right, subject to procedural and jurisdictional requirements, to bring Company class actions in courts to enforce their rights under federal securities laws; and, (ii) investors who have suffered losses in connection with the purchase or sale of their interests may be able to recover for such losses from a manager where such losses resulted from the manager's violation of the anti-fraud provisions of the federal securities laws. Since the foregoing summary involves a rapidly developing and changing area of the law, investors who believe that a manager has breached its fiduciary duty should consult with their own counsel.

The Company must, upon request, give to any Member or his or her legal representative, complete information concerning the Company's affairs, and each investor and his or her legal representative may inspect and copy the Company's books and records at any time during normal business hours with a written request submitted to the Company at least thirty days in advance.

The Manager may not be liable to the Company or Members for errors in judgment or other acts or omissions not amounting to fraud, bad faith, or gross negligence, since the Operating Agreement provides for indemnification of the Manager under certain circumstances. Accordingly, purchasers of Units may have a more limited right of action than they would if such limitations were not contained in the Operating Agreement. See "Summary of Certain Provisions of the Operating Agreement."

**TO THE EXTENT THAT THE INDEMNIFICATION PROVISIONS PURPORT TO INCLUDE INDEMNIFICATION FOR LIABILITIES ARISING UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN THE OPINION OF THE SECURITIES AND EXCHANGE COMMISSION, SUCH INDEMNIFICATION IS CONTRARY TO PUBLIC POLICY AND THEREFORE UNENFORCEABLE.**

### **Compensation of the Manager and Affiliates**

~~The Manager and its affiliates will be reimbursed for their direct and an allocable~~ portion of their indirect expenses incurred in managing the Company. Such expenses may include costs associated with outside consultants (individuals or firms) to provide administrative and strategic support to Company's operations.

### **Conflicts of Interest**

The Company is subject to certain conflicts of interest arising from its relationship with the Manager and its affiliates. The agreements and arrangements among the Company, the Manager, and certain of its affiliates have been established by the Manager and are not the result of arm's length negotiations. See "Fiduciary Responsibilities of the Manager" for a discussion of the Manager's fiduciary duties to the Members. These conflicts include, but are not limited to, the following:

### **Potential Future Programs.**

The Manager or its affiliates have and may serve in the future as a manager of other investment programs. In the future, the Manager expects to sponsor and invest in other programs with objectives similar to the Company. Neither the Company nor any Member would have any interest in these projects. The Managers, however, will not independently finance businesses that are directly competitive with the business of the Company. Furthermore, the Manager and its affiliates may have conflicts of interest in allocating management time, services and functions between various existing programs and future programs which it may organize, as well as other business ventures in which they are involved.

As a manager of other programs, it may also have liability for the obligations of such programs. The Manager and its affiliates believe that they have sufficient resources to fully discharge their responsibilities to all programs they have organized or will organize in the future. The Manager will devote only so much of its time to the business of the Company as in its judgment is reasonably required. See "Manager."

### **Determination and Receipt of Compensation.**

The Managers and their affiliates may receive certain compensation from the Company regardless of the profitability of the Company; i.e., the Managers will likely be entitled and may receive certain fees for certain rights granted and certain services rendered by the Managers to Company, which will be fixed into the budget of the Company. The Managers believe that the foregoing Company compensation arrangements to the Managers, in light of

~~the evaluation and services performed by the Managers for Company are comparable to compensation, which would be paid to unaffiliated parties for comparable services.~~

### **Competition with the Company.**

The Manager or any of its affiliates may engage for their own account or for the account of others, including other public or private programs, in other business ventures, including developing, producing and marketing businesses and other entertainment programming products. The Manager or its affiliates (including programs sponsored by the Manager) may therefore compete with the Company. Neither the Company nor any Member will be entitled to any interest in other business ventures engaged in by the Manager or its affiliates.

### **Transactions with Affiliates.**

The Manager will manage the day-to-day business of the Company and will participate in the development of the Company's technologies. The Company shall have the right to engage in transactions with affiliates of the Manager pursuant to which the Manager or the Manager's affiliates will earn compensation. Such agreements with the Manager and its affiliates would not be arms-length transactions.

The Manager, in accordance with its fiduciary responsibilities to the Company, will cause such transactions to be on terms that are fair to the Company.

### **Independent Consultants.**

The Manager and the Company may utilize independent or affiliated consultants to assist with the production and marketing of the Company's technologies. A conflict of interest may arise with the consultants since the consultants are rendering advice and earning compensation from the Company. These consultants may also be performing services for other companies and may not be devoting their time exclusively to the Company's business. Any evaluations made of the Company or the Company's technologies by paid affiliated consultants should not be considered independent evaluations by disinterested parties.

### **Lack of Representation.**

Legal counsel for the Manager and the Company will not represent the Members individually. Each investor should accordingly consult with and rely on his own counsel regarding any investment in the Units. Should a dispute arise between the Company and the Manager, the Manager will cause the Company to retain separate counsel for such matters.

### **Company Employees**



~~The Manager of the Company believes that there will be adequate qualified personnel~~ available to meet the Company's needs for additional personnel, independent contractors and/or consultants to perform all required services. As a result, the Company and the Manager will maintain a core staff, which the Manager believes shall be sufficient to conduct the Company's and the Manager's contemplated business activities.

### **Additional Strategic Services and Support**

The Manager has engaged the law firm of Singh, Singh & Trauben, LLP to provide legal and business affairs support to Manager in connection with the financing and production of the Company's technologies and/or products.

Singh, Singh & Trauben, LLP provides a comprehensive and full range of innovative, preeminent and sophisticated counseling and legal services for their clients, which include a vast array of high-profile entertainment and sports clients, multinational companies, entrepreneurs and small-business owners alike.

### **ASSUMPTIONS FOR REVENUE ANALYSIS**

The revenue analysis was prepared by the Company. It shows the estimated net income derived from the Company's products and technologies. The assumptions used in the analysis are based on the results of comparable products and technologies. The variables used in the model are based on current market conditions and expected future trends for comparable products and technologies.

## **FINANCIAL PROJECTIONS AND RETURN-ON-INVESTMENT ILLUSTRATIONS**

### **Summary**

Below is a summary of projected net income for the Company based on an investment in the Company of \$5,000,000.

Year	(September Start)	2013/2014	2014/2015	2015/2016
Projected Capital Infusion (net)		\$5,000,000	0	0
Projected Revenues		0	\$17,300,001	\$41,006,905
Projected Operating Expenses		\$4,766,839	\$11,653,750	\$16,265,250
Projected Net Income		\$233,161	\$5,646,251	\$24,741,654

### **RISK FACTORS**

**AN INVESTMENT IN THE COMPANY INVOLVES A HIGH DEGREE OF RISK AND SHOULD BE UNDERTAKEN ONLY BY PERSONS WHOSE FINANCIAL RESOURCES ARE SUFFICIENT TO ENABLE THEM TO ASSUME SUCH RISK AND TO BEAR THE TOTAL LOSS OF THEIR INVESTMENT. THIS SECTION SETS FORTH A BRIEF SUMMARY OF SOME OF THE PRINCIPAL RISK FACTORS. PROSPECTIVE MEMBERS SHOULD FULLY UNDERSTAND AND EVALUATE THESE RISKS, IN ADDITION TO THE OTHER FACTORS SET FORTH IN THIS MEMORANDUM, BEFORE MAKING AN INVESTMENT DECISION.**

## **Cautionary statements**

The discussions and information in this Memorandum may contain historical and forward-looking statements. To the extent that this Memorandum contains forward-looking statements regarding the financial condition, operating results, business prospects or any other aspect of the Company, please be advised that the Company's actual financial condition, operating results and business performance may differ materially from that projected or estimated by the Company in forward-looking statements. The differences may be caused by a variety of factors, including, but not limited to, adverse economic conditions, intense competition, cost overruns in producing and marketing the technologies and/or products, unavailability of qualified personnel/companies for developing the technologies and/or products, loss of personnel/companies previously committed or interested in the technologies and/or products, lack of customer acceptance of the technologies and/or products, termination of contracts, lack of experience in the Company and in the Manager, government regulation, inadequate capital, unexpected operating deficits, lower sales and revenues than forecast, the risk of litigation and administrative proceedings involving the Company, adverse publicity and news coverage, inability to carry out marketing and sales plans, loss or retirement of key executives, changes in interest rates, inflationary factors, and other specific risks that may be alluded to in this Memorandum, including those set forth under "Risk Factors" in this Memorandum.

## **New Business**

The Company was formed to produce and market certain technologies and/or products. The Company has no earnings or gross revenues to date. There is no assurance that the Company or any of its technologies or products will be profitable or will earn revenues, or that the Company will have sufficient capital to implement its business plan.

## **Speculative Business**

The sports and entertainment industries are extremely competitive and the commercial success of any teaching technique or technology is often dependent on factors beyond the control of the Company, including but not limited to audience preference and exhibitor acceptance.

The Company may not be able to engage or retain qualified personnel/companies for the technologies and/or products, including actors, professional athletes and other production personnel. Joint venture partners may not be available to assist the Company in its financing and marketing efforts for the technologies and/or products, if required. The Company may not be able to sell or license the technologies and/or products because of industry conditions, general economic conditions, competition from other producers, or lack of acceptance by exhibitors and/or audiences.

## **Absence of Immediate Revenues**

The Company anticipates that it will incur substantial operating losses relating to the production and distribution of the technologies and/or products until the Company is able to generate adequate revenues from the licensing or sale of the technologies and/or products, of which there can be no assurance. There can be no assurance that Members will realize any return on their investment or that Members will not lose their entire investment.

## **Risks of technologies and/or products Development and Production**

The development and production of technologies and/or products involves a substantial degree of risk. Production costs are often miscalculated and may be higher than anticipated due to reasons: or factors beyond the control of the Company (such as delays caused by labor disputes, illness, accidents, strikes, faulty equipment, death or disability of key personnel, destruction or damage of equipment, or bad weather). Accordingly, the Company may require funds in excess of the technologies and/or products' anticipated budget in order to complete production. Although the Company will seek to obtain customary insurance to protect the Company against some of these risks, Company may be unable to obtain such insurance at customary rates or at all, or if secured, claims for insurance coverage may be rejected or payments by the insurer delayed in a manner which would further jeopardize the production of the technologies and/or products. Accordingly, circumstances may arise pursuant to which investors will bear the entire risk that the technologies and/or products do not have sufficient funding to complete production.

## **Risks of technologies and/or products Distribution**

There is no assurance that the Company will be successful in securing one or more distributors to distribute and or make available for sale the technologies and/or products if they are completed. Furthermore, even if a distributor distributes the technologies and/or products, there is no assurance that the technologies and/or products will be an economic success. While it is the intent of the Company that any sale of distribution rights will be for fair value, no assurance can be given that the terms of such agreement will be advantageous to the Company. There can be no assurance of ancillary or foreign sales of the technologies and/or products. In any event, any net proceeds from the technologies and/or products and cash flow cannot be realized, if at all, until many months after the Company's expenditure for the technologies and/or products. No assurance can be given that the Company will actually be able to obtain a sales agent, that a sales agent, if obtained, would be able to sell

any rights to the technologies and/or products or that if such rights are sold it will be on terms advantageous to the Company.

### **Managers Have Limited Experience and Operating History**

The Managers have previously participated as executive managers. However, the Managers have limited assets and limited working capital and the Manager's industry experience has been limited primarily to entertainment and technology industries. Consequently, there is no assurance that the Managers, acting on behalf of the Company will raise sufficient capital to produce any of the technologies or products planned herein.

### **Exposure to Worldwide Economic Conditions**

It is intended that any international or domestic distributors obtained by Company will sublicense the technologies and/or products to foreign and domestic distributors for exhibition in their respective territories and/or media. Consequently, the value of the technologies and/or products' rights as determined by such distributors would be dependent upon many factors including the economic conditions in such distributors' territory. Economic downturns, changes in the currency exchange rates and changes in economic forecasts of any or all of the individual territories may have a material adverse impact on the Company. Even if distribution agreements are obtained for certain territories, economic changes in any territory could affect the ability to complete any transaction.

### **The Company Will Have Limited Capital Available to It**

If the entire original capital is fully expended and additional costs cannot be funded from borrowings or capital from other sources, then the Manager may cause the Company to sell all or a portion of its interest in the Technologies or products to finance such shortfalls. Further, a shortage of funds may prevent or delay Company from completing the production and distribution of the Technologies or products. Although the Manager has planned for all of the expected production costs of the Technologies or products, funds are not currently budgeted for the marketing and distribution of the Technologies or products since Company is currently relying on the potential availability of third party distributors to finance the marketing of the Technologies or products in exchange for a gross revenue interest in the technologies and/or products. There is no assurance that the Company will have adequate capital to conduct its business.

## **Deferments**

Company may arrange for services to be provided to Company for the production and distribution of the technologies and/or products for which reduced compensation will be initially required, it being understood that the provider of such services will be compensated by the Company for the value of such services from the cash flow of the Company resulting from the exploitation of some or all rights in and to the technologies and/or products. The value of such deferrals will be negotiated and documented by Company prior to the provision of such services to the Company. The benefit of such arrangements is to reduce the direct cash costs of the technologies and/or products' production. Such deferments may be paid from the technologies and/or products' revenues before or after repayment to Company of Company's investment, and/or prior to payment to Company of any other net proceeds based on the revenue of the technologies and/or products after Company's recoupment, as Company may establish in its reasonable judgment through negotiation and/or otherwise.

## **Competition**

The sports and entertainment industries are characterized by intense competition. The Company may be subject to competition from other producers and distributors, which have greater financial resources and management experience and expertise than the Company.

All aspects of the sports and entertainment industry are highly competitive. The Company faces competition from several independent and conglomerate sources not only in attracting creative, business and technical personnel, but also in distributing the technologies and/or products. The Company's technologies and/or products may be subject to extensive competition from other forms of entertainment, including but not limited to television programming, cable television, virtual reality entertainment and other entertainment. There is no assurance that the Company will be able to compete in the sports and entertainment business successfully or profitably.

## **Risk of Dissolution of Ownership in the Company**

The Company has the right to raise additional capital or incur borrowings from third parties to finance the distribution and marketing of the technologies and/or products, in excess of the maximum capital which can be raised from the sale of Units in this offering (i.e., \$5,500,000). The Company may engage in subsequent offerings of the Units or other classes of Units to raise capital or obtain services for production, marketing and/or distribution requirements of the technologies and/or products without the consent of the Members, which would dilute the Members' ownership in the Company and the technologies and/or products. Company may convey a gross or adjusted gross proceeds interest in the technologies and/or products, calculated before the point at which Company's

financial interests may be repaid or other proceeds allocable to the Company may be available for distribution, to affiliated and unaffiliated personnel/companies as partial or total compensation for their services, and to other parties, including those contributing capital or making loans for the technologies and/or products. Gross and net proceeds interests in the technologies and/or products that are conveyed by Company to third parties for important services such as distribution and personnel/companies may be senior or subordinate to recoupment by the Members of their Capital Contributions. Company may also raise additional capital for production, marketing, or to pay for advertising costs for the technologies and/or products directly. The Company is subject to the risk of experiencing additional dilution of its ownership in the technologies and/or products pursuant to separate agreements that Company may enter into from time to time for the completion of the technologies and/or products, or for the sale, distribution, marketing and licensing of the technologies and/or products.

### **Financial Projections**

Financial projections concerning the estimated operating results of the Company are included with this Memorandum as Exhibit B. The projections are based on certain assumptions which could prove to be inaccurate and which would be subject to future conditions, which may be beyond the control of the Manager or the Company, such as general industry conditions. The Company may experience unanticipated costs, or anticipated sales may not materialize, resulting in lower revenues than forecasted. There is no assurance that the results illustrated in any financial projections will in fact be realized by the Company. The financial projections have been prepared by the Manager and have not been examined or compiled by independent certified public accountants. Accordingly, neither the independent certified public accountants nor counsel to the Company are providing any level of assurance on the financial projections.

### **Liabilities**

Company may have liabilities to affiliated or unaffiliated lenders. These liabilities would represent fixed costs, which would be required to be paid regardless of the level of business or profitability experienced by Company. The absence or unexpected reduction in net cash flow or unanticipated increases in operating expenses could cause a default under such debts. There is no assurance that the Company will be able to pay all of its liabilities.

## **No Assurance of Profit**

There is no assurance as to whether the Company will be profitable or earn revenues, or whether the Company will be able to return any investment funds, to make cash distributions or to meet its operating expenses and debt service.

## **Determination of Consideration to Manager**

Company anticipates paying a percentage of net proceeds interest and/or cash consideration to Manager for the production services rendered in connection with the technologies and/or products. While the Manager believes that the consideration is fair for the rights being furnished to Company and services being performed, there is no assurance that the consideration to the Manager reflects the true market value of its services.

## **Reliance on Manager**

Under the Company's Operating Agreement, the Manager is given the exclusive authority to manage the Company's business. Members must be willing to entrust all aspects of the Company's business to the Manager. Members will have certain voting rights under the Operating Agreement in proportion to their relative Capital Contributions to the Company. The loss of the Manager could have a material adverse impact on the Company. The Company will be largely dependent upon the Manager for the direction, management and daily supervision of the Company's operations.

## **Resources of the Manager**

It is not anticipated that the Manager or its affiliates will have the financial resources or the liquidity to provide funds to the Company in the event that the Company needs additional working capital. Furthermore, the Manager does not have any obligation to make loans or provide capital to the Company.

## **Conflicts of Interest**

The relationship of the Manager to the Company may create conflicts of interest. The Manager and its employees have participated in and may continue to participate in other entities, which engage in activities similar to those of the Company. The Manager may from time to time form new entities and engage in other businesses in the future. Other businesses owned and managed by the Manager or its affiliates may be in competition with the Company. The Manager believes that it will have the resources necessary to fulfill its management obligations to all entities for which it is responsible. The Manager's compensation from the Company has not been determined pursuant to arm's-length



negotiation. The determination of the Manager's compensation under contracts between the Company and the Manager or its affiliates is subject to the Manager's discretion.

### **Indemnification of Manager, Directors and Executive Officers**

The Company's Operating Agreement provides that the Company will, within the limits of capital contributions and retained assets, hold the Manager and directors and the executive officers of the Company, if any, harmless against certain claims arising from Company activities, other than losses or damages incurred by it as a result of their gross negligence, fraud or bad faith.

If the Company were called upon to perform under its indemnification agreement, then the portion of its assets expended for such purpose would reduce the amount otherwise available for the technologies and/or products, or for distributions to the Members, if any.

### **Rights of Manager under the Operating Agreement**

The consent of the Manager is required in many instances under the Company's Operating Agreement, including most amendments to the Operating Agreement. In such instances, a conflict of interest may arise between the Manager and the Members. Furthermore, the Manager has the right to cause the Company to sell, pledge or otherwise dispose of all or any Company assets without the consent of the Members.

## **Federal Income Tax Risks**

An investment in Units involves tax risks. Each prospective Member is urged to consult its own tax advisor with respect to the complex federal, state and local tax consequences of investing in the Units. The taxation of the Company and the Members depends upon whether the Company is treated for federal income tax purposes as a limited liability company (i.e., a partnership for tax purposes) or as an association taxable as a corporation. The Company will not seek a ruling from the Internal Revenue Service (the "IRS") or an opinion of counsel that it will be treated as a limited liability company for federal income tax purposes. It is possible that the status of the Company as a limited liability company could be challenged by the IRS. If the Company is treated for federal income tax purposes as an association taxable as a corporation rather than as a limited liability company, the Company would be required to pay federal income tax on its income and the Company's deductions and credits would not be passed through to its Members. Furthermore, the Members would be taxed on any distributions they might receive in substantially the same manner that corporations and their Members are taxed on dividends. As a limited liability company

electing to be taxed as a partnership, the Members and Manager may realize taxable income without corresponding cash distributions (i.e., phantom income). The information returns

filed annually by the Company for federal income tax purposes may be audited by the IRS. An audit could result in adjustments to various Company tax items, which may increase the likelihood of an audit of the income tax returns of the Members.

For tax exempt investors, income and gain from the Company is expected to be unrelated business taxable income because the Company will be engaged in the business of producing the technologies and/or products. The tax aspects of this investment cannot be predicted with certainty in part because certain provisions of Internal Revenue Code may be amended or interpreted in manner adverse to Company.

## **No Assurance of Cash Distributions**

There is no assurance as to when or whether cash will be available for distribution to the Members. The Manager is reimbursed by the Company for direct and an allocable portion of indirect expenses incurred by it in performing management services for the Company. The costs of making and marketing the technologies and/or products must be paid before any cash distributions are made to Company. Company must pay these expenses, as well as operating expenses and other costs, prior to making cash distributions to the Company. Furthermore, the Company must pay operating expenses and other costs, prior to making cash distributions to the Members. Even if cash distributions are made, the Company may

not be profitable or be earning revenues. The Manager, in its discretion, may retain Company funds for working capital purposes.

### **Absence of Public Market**

There is no public market for the Units and no market is ever expected to develop. In addition, the Company has no obligation and no present intention of registering its Units. The Units may not be sold or otherwise transferred except pursuant to registration or qualification under applicable federal and state securities laws or evidence satisfactory to the Company (which may require an opinion of counsel to be provided at the investor's expense) that such registration or qualification is not required. There is no registration right associated with the Units. Consequently, the investors may not be able to liquidate their investment in the Company if such liquidation should become necessary or desired.

### **Determination of Offering Price**

The offering price of the Units has been determined by the Manager and bears no relationship to the Company's assets, book value, potential earnings, net worth or any other recognized criteria of value.

### **Limited Transferability of Units**

No market for the resale of Units is expected to develop. In addition, significant restrictions have been placed on the transferability of Units and the Members will have no right to present their Units to the Manager for repurchase. Thus, investors may have considerable difficulty in selling Units or pledging Units as collateral for loans. Units should be purchased only by persons with the financial ability to acquire and hold the Units as a long-term investment. Federal and state securities laws also impose restrictions on transferability.

### **Status of Limited Liability**

By purchasing Units, a Member will become a member of the Company. As a member, a Member's personal liability for obligations of the Company will generally be limited to the amount of his Capital Contribution and his rights to the undistributed income of the Company. The Operating Agreement provides certain rights to Members relating to the internal affairs and organization of the Company. While the Nevada Limited Liability Company Act provides for the limited liability of members in the exercise of such rights,

although such rights may otherwise vary from state to state. As a result, there may be uncertainty as to whether the exercise of these rights under certain circumstances could cause the Members to lose their limited liability under other applicable state laws, although the Company believes that the limited liability status will apply to residents of all states.

**THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN INVESTING IN THE COMPANY. PROSPECTIVE MEMBERS SHOULD READ THIS ENTIRE MEMORANDUM BEFORE DETERMINING WHETHER TO INVEST IN THE UNITS.**

## **SUMMARY OF CERTAIN PROVISIONS OF THE OPERATING AGREEMENT**

The following summarizes various provisions of the Limited Liability Company Agreement (the “Agreement” or the “Operating Agreement”), which will govern the management of the Company’s business. The Manager and each Member will be a party to the Operating Agreement. A copy of the Operating Agreement is attached to this Memorandum as Exhibit A. The following summary does not purport to be complete, and prospective purchasers of Units are encouraged to read the Agreement in full. Capitalized terms used in this section and not otherwise defined in this Memorandum are defined in the Agreement.

### **Limited Liability Company Act in Nevada**

The Limited Liability Company Act in the State of Nevada (the “Nevada LLC Act”) provides for the organization of limited liability companies under Nevada law. In general, limited liability companies afford members both the limited liability enjoyed by corporate Members and the pass-through tax advantages of a partnership. The Manager intends that the Company will qualify for taxation as a partnership under federal and state income tax laws.

### **Organization and Term of the Company**

The Company is organized under the Nevada LLC Act by the filing of Articles of Organization with the Nevada Secretary of State. The Company will continue until dissolved as provided in the Agreement or by applicable law.

## **Management of Operations**

The operations of the Company will be managed by its Manager. The Manager will have full, exclusive and complete discretion in the management and control of the business and affairs of the Company, subject only to the right of the Members to vote on certain matters. Except for certain voting rights by the Members, the Members will not participate in the management of the Company.

## **Liability of Members**

The members of the Company generally refer to the Members. In general, no member of the Company will be personally liable under any judgment of a court, or in any other manner, for any debt, obligation or liability of the Company, whether that liability or obligation arises in contract, tort or otherwise, solely by reason of being a member of the Company. With certain limited exceptions, a member of a limited liability company will only have such personal liability to the same limited extent a Member of a corporation may be personally liable for corporate liabilities or participation in tortuous conduct. A manager generally has the same limited liability, except to the extent of its fiduciary duty to the members. See "Fiduciary Duty of Management."

Under the Nevada LLC Act, a member is liable to the Company to the extent of such member's unpaid capital contribution. Further, such member's share of undistributed Company profits will be subject to creditors' claims. Under the Nevada LLC Act and the Agreement, members are not permitted to take part in the management or control of the Company's business, subject only to their right to vote on certain matters upon which, generally, they are explicitly permitted to vote by the Operating Agreement.

No distribution will be permitted and, as discussed below, any such distribution will be required to be returned by the recipient to the Company, if, after giving effect to the distribution, (a) the Company would not be able to pay its debts as they become due in the usual course of business or (b) the Company's total assets would be less than the sum of its total liabilities, subject to certain adjustments.

A member or assignee of a member is obligated to return a distribution from the Company to the extent that (a) the member or assignee had actual knowledge of the facts indicating the impropriety of the distribution under the Nevada LLC Act and (b) immediately after giving effect to the distribution, all liabilities of the Company (other than liabilities to members or assignees on account of their interest in the Company) exceed the fair market value of the Company's assets. The fair market value of any property that is subject to a liability as to which recourse of creditors is limited to such property will be included in the limited liability company's assets only to the extent that the fair market value of the property exceeds this liability.

## **Admission of Members**

Members who purchase Units will be admitted into the Company as Members for book, tax, accounting and all other purposes as of the first day of the month following the month in which their subscription is accepted by the Manager.

## **Withdrawal and Return of Contributions**

Prior to dissolution and liquidation of the Company, no Member will be entitled to withdraw any of its contribution to the capital of the Company. Except as described below in "Allocations of Income, Gain, Deduction and Loss" and "Distributions of Cash and Other Assets," no Member has any priority over any other Member as to the return of its contribution to capital.

## **Allocations of Income, Gain, Deduction and Loss**

Operating profits of the Company for each calendar year will be allocated to the Manager and among the Members, pro rata in accordance with their respective membership percentage interests held in the Company ("Membership Percentage Interests"), generally in accordance with cash available for distribution. Operating losses will generally be allocated 100% among the Members, pro rata in accordance with their Membership Percentage Interests.

## **Distributions of Cash and Other Assets**

The Manager and the Members will participate in certain distributions of cash generated by the Company. No distributions from any source will be made unless and until loans to the Company made by the Manager and the Members have been paid in full, whether or not such loans would then otherwise be due. (See "Distributions and Allocations") Except as explicitly provided in the Agreement, no Member has any other right of withdrawal and waives any other such right.

In general, and subject to tax related distributions and Manager distributions, the Company intends to distribute to its Members in proportion to their Units, minus any direct costs and any reasonable reserves for operational costs of the Company that the Managers deem necessary in the Managers' discretion. The Managers will make distributions as soon as practical in the Managers' sole discretion. All allocations of profits and losses are subject to the requirements of Section 704(b) of the Internal Revenue Code of 1986, as amended. See the Agreement itself for more complete information with respect to Company allocations.

## **Compliance with Section 704(b) Regulations**

The Treasury Department has promulgated certain regulations setting forth criteria for when allocations of a partnership's income, gain, losses or deductions (or items thereof) will be respected for federal income tax purposes. (As discussed above, the Manager intends that the Company will be taxed as a partnership.)

These regulations, which are extremely complex, establish criteria for how capital accounts are to be maintained, how and when company assets are distributed on liquidation, how gain with respect to non-recourse obligations must be allocated, and how certain persons with deficit balances in their capital accounts on liquidation of a Company must re-contribute such deficit to the Company. The Manager believes that the Agreement is drafted to satisfy the foregoing criteria.

## **Restrictions on Transfers of Members' Units and Withdrawals by Members from the Company**

In general, the Agreement expressly provides that, with certain limited exceptions, no Member may transfer its Units in the Company without the prior written consent of the Manager. The Manager may approve or disapprove the transfer in its sole discretion. No person has the right to become an assignee of a Member's Units, and no assignee of a Member's Units has the right to become a substituted member, unless and until certain conditions of the Agreement are met. Without compliance with such conditions, any non-substituted transferee or assignee will acquire an economic interest only, and will be deemed to take only the rights of his transferor or assignor to share in Company distributions. Prior to dissolution and termination of the Company, no Member may withdraw from the Company except pursuant to a valid permitted transfer of his entire interest in the Company to a person who becomes a substituted Member.

## **Members' Voting Rights**

Members are entitled to vote, at a meeting or by written consent, prior to any such action being taken, to:

- (a) Approve any act which would be in contravention of the Agreement.
- (b) Approve any act, other than one described in another clause of this "Members' Voting Rights" section (in which case the provisions of that

clause prevail over this clause), which would make it impossible to carry on the ordinary business of the Company or which would change the nature of the Company's business.

- (c) Approve the confession of a judgment against the Company.
- (d) Approve the possessing of Company property, or the assignment of the Company's right in such property, for other than a Company purpose.
- (e) Approve the merger or dissolution and winding up of the Company.
- (f) Approve non-ministerial amendments to the Agreement.
- (g) Approve the admission of a Manager unless the proposed new Manager is an affiliate of the Manager.
- (h) Where there is no remaining Manager, elect to continue the business of the Company or admit a Manager, except upon removal of the last Manager.
- (i) Where there is no remaining Manager, admit a Manager or elect to continue the business of the Company following the removal of the last Manager.
- (j) Remove a Manager.

The matters specified in (a) through (g) also require the concurrence of any person who is then a Manager. Approval of the matters set forth in (a) through (i) requires the consent of Members with an aggregate of at least 75% Membership Percentage Interests. Approval of the matter set forth in (j) requires the consent of Members with an aggregate of at least 85% Membership Percentage Interests. Members are not entitled to vote on any matter except as otherwise specifically provided in the Agreement.

## **Meetings**

Meetings of the Members may be called either by the Manager or by Members holding at least an aggregate of 75% of the Membership Percentage Interests. Any Member may obtain from the Manager, at any time, a list of the names and addresses of all the Members.

At any meeting of the Members, the presence in person or by proxy of those members holding a majority of investment Units in the Company (a "Majority-In-Interest") held by the Members shall constitute a quorum. A meeting of the Members may be called for voting on any matter upon which the Members are entitled to vote.



## **Accounting**

The Manager will maintain the books and records of the Company. The books and records and other information pertaining to the Company will be available for inspection by any Member during reasonable times at the principal office of the Company, provided that Members provide the Company with a written request thereof at least 30 days in advance.

## **Reports**

The Manager will provide the Members with all tax information necessary for the preparation of their federal and state income tax returns within 90 days after the close of each calendar year. Within 120 days after the close of each calendar year of the Company, the Manager will distribute unaudited tax basis financial statements of the Company (including a balance sheet, statements of income and Expense, and Members' equity) as at the end of and for the year then ended, together with a report of the activities of the Company during the Company year then ended.

## **Managers' and Members' Independent Activities**

The Agreement permits the Manager and Members to engage in other activities they choose, whether such activities are competitive with the Company or otherwise, without having any obligation to offer any interest in such activities to the Company or to any party to the Agreement. The Managers, however, will not independently finance Technologies and/or products that are competitive with the business of the Company.

## **Dissolution of the Company**

The Company shall be dissolved upon the earlier of:

- (a) Retirement, withdrawal, bankruptcy, dissolution of the Manager, or the death or incapacity of J. Michael Caldwell or Terry Kennedy or any other event, other than removal, which, pursuant to the Nevada LLC Act and unless otherwise provided in the Agreement, results in the Manager ceasing to be the Manager, unless (i) at the time there is at least one remaining Manager who elects to continue business of the Company, along with a Majority-In-Interest of the Members, or (ii) in the case of sole Manager ceasing to be a Manager other than by removal, a Majority-In-Interest of the Members agree in writing within 60 days thereof to continue the business of the Company and, if necessary, to the admission of one or more additional Managers.

- (b) An election to dissolve the Company made in writing by the Manager and Members with an aggregate of 75 of Membership Percentage Interests, as measured by their Membership Percentage Interests.
- (c) The sale, exchange, reversion to the Manager, or other disposition of all or substantially all of the property of the Company provided, that if the Company receives a purchase money note upon such sale, the Company will continue in existence until such note is satisfied, sold or otherwise conveyed.
- (d) The failure to elect a successor Manager within 180 days from and after removal of the last Manager.
- (e) The entry of a judgment of dissolution under the Nevada LLC Act.
- (f) Acquisition by a single person of all outstanding interests in the Company.

Upon dissolution of the Company and provided that the business of the Company is not continued in the manner described above, the Company will be wound up and the assets of the Company will be distributed (i) first to creditors, including (to the extent permitted by law) the Manager and Members who are creditors, to satisfy debts and liabilities of the Company, then (ii) to the parties responsible for winding up the Company's business, the compensation to which such persons are entitled for such services, and then (iii) to the Manager and Members in accordance with the Agreement. Upon completion of the foregoing, and filing of appropriate documentation with the Nevada Secretary of State, the Company will terminate.

### **TAX MATTERS**

SIGNIFICANT TAX RISKS ARE ASSOCIATED WITH AN INVESTMENT IN THE COMPANY. THE COMPANY WILL NOT SEEK ANY RULINGS FROM THE INTERNAL REVENUE SERVICE, AND NO OPINION OF COUNSEL WILL BE OBTAINED, WITH RESPECT TO THE INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY. THEREFORE, A PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN QUALIFIED TAX ADVISORS CONCERNING ANY TAX RISKS AND CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

## **ADDITIONAL INFORMATION**

This Memorandum does not purport to restate all of the relevant provisions of the documents referred to or pertinent to the matters discussed herein, all of which must be read for a complete description of the terms relating to an investment in the Company. Such documents are available for inspection during regular business hours at the office of the Company, and upon written request, copies of documents not annexed to this Memorandum will be provided to prospective investors. Each prospective investor is invited to ask questions of, and receive answers from, representatives of the Company. Each prospective investor is invited to obtain such information concerning the terms and conditions of this offering, to the extent the Company possesses the same or can acquire it without unreasonable effort or expense, as such prospective investor deems necessary to verify the accuracy of the information referred to in this Memorandum. Arrangements to ask such questions or obtain such information should be made by communicating with J. Michael Caldwell at the executive office of the Company. The telephone number is (310)598-2966.

The offering of the Units is made solely by this Memorandum and the exhibits hereto. The prospective investors have a right to inquire about and request and receive any additional information they may deem appropriate or necessary to further evaluate this offering and to make an investment decision. Representatives of the Company may prepare written responses to such inquiries or requests if the information requested is available. The use of any oral representations or any written documents other than those prepared and expressly authorized by the Company in connection with this offering are not to be relied upon by any prospective investor.

**ONLY INFORMATION OR REPRESENTATIONS CONTAINED HEREIN MAY BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM IN CONNECTION WITH THE OFFER BEING MADE HEREBY, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS MEMORANDUM. THE INFORMATION PRESENTED IS AS OF THE DATE ON THE COVER HEREOF UNLESS ANOTHER DATE IS SPECIFIED, AND NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE HEREUNDER SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION PRESENTED SUBSEQUENT TO SUCH DATE(S).**

**EXHIBIT A TO THE  
PRIVATE PLACEMENT MEMORANDUM  
OPERATING AGREEMENT OF THE COMPANY**

**EXHIBIT B TO THE  
PRIVATE PLACEMENT MEMORANDUM**

**FINANCIAL PROJECTIONS AND RETURN-ON-INVESTMENT ILLUSTRATIONS**  
THIS EXHIBIT CONTAINS THE COMPANY'S OPERATING PROJECTIONS AND RETURN-ON-INVESTMENT (ROI) ILLUSTRATIONS FOR INVESTORS PURCHASING MEMBERSHIP INTERESTS OF THE COMPANY. WHILE THE PROJECTIONS AND ROI ILLUSTRATIONS MAY BE HELPFUL TO A PROSPECTIVE INVESTOR IN EVALUATING THE POTENTIAL RETURN ON AN INVESTMENT IN THE COMPANY, THESE ILLUSTRATIONS CANNOT BE VIEWED AS FACTS AND THERE CAN BE NO ASSURANCE THAT THEY WILL BE REALIZED. ACTUAL RESULTS MAY BE HIGHER OR LOWER THAN FORECAST, AND THE DIFFERENCES BETWEEN PROJECTED AND ACTUAL RESULTS MAY BE MATERIAL. THIS EXHIBIT IS QUALIFIED IN ITS ENTIRETY BY THE "FORWARD-LOOKING STATEMENTS" AND "RISK FACTORS" SECTIONS OF THIS MEMORANDUM. THE PROJECTIONS AND ROI ILLUSTRATIONS HAVE NOT BEEN EXAMINED, COMPILED OR REVIEWED IN ANY MANNER BY THE COMPANY'S ACCOUNTANTS AND, ACCORDINGLY, NO OPINION OR ANY OTHER FORM OF ASSURANCE HAS BEEN EXPRESSED WITH REGARD TO THESE OPERATING PROJECTIONS AND ILLUSTRATIONS.

**FINANCIAL PROJECTIONS DISCLOSURES**

The attached materials are furnished as illustrations for discussion purposes and are based on assumptions which may not reflect future results. No representation or warranty is made as to the accuracy or completeness of the information. Projections of revenue are subject to many variables and changes over time which cannot be accurately predicted as it is dependent upon its acceptance by the public. The attached materials have not been audited and are not consistent with GAAP.

## Projected Income & Expense Summary

Year	(September Start)	2013/2014	2014/2015	2015/2016
Projected Capital Infusion (net)		\$5,000,000	0	0
Projected Revenues		0	\$17,300,001	\$41,006,905
Projected Operating Expenses		\$4,766,839	\$11,653,750	\$16,265,250
Projected Net Income		\$233,161	\$5,646,251	\$24,741,654

2013													
Initial Capitalization:		\$5,000,000											
Less: Selling Expenses & Commissions		500,000											
Net Asset Capitalization		\$4,500,000											
<b>Salaries &amp; Wages:</b>		June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May
Total		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Sub-total		25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
<b>Benefits:</b>													
Payroll Taxes	8.60%	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
Sub-total		2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150	2,150
<b>Operating Expenses:</b>													
Room, Utilities & Telephone	F	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Office Furniture & Fixtures	F	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Travel & Lodging	F	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Computers	F	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Office Supplies	F	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Office Printing	F	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Shipping	F	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Travel & Lodging	F	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Services	F	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Legal, Accounting & Patent	F	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Marketing	F	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Accounting	F	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Telephone & Communications	F	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Address Expenses	F	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Marketing Expenses	F	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Sub-total		214,000	214,000	214,000	214,000	214,000	214,000	214,000	214,000	214,000	214,000	214,000	214,000
Total		\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Remaining Capital Year's		233,161											

Beginning June 2014

Quarterly Summary:	Q 1	%	Q 2	%	Q 3	%	Q 4	%	Year	%
<b>Revenues</b>										
Ad Revenues	\$ 799,000	21.7%	\$ 1,299,000	30.0%	\$ 1,299,000	30.0%	\$ 1,299,000	30.0%	\$ 4,696,000	30.0%
Licensed Play for Services	\$ 450,000	10.0%	\$ 750,000	18.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 3,199,000	17.0%
Licensed Services	\$ 199,000	20.0%	\$ 399,000	10.0%	\$ 399,000	10.0%	\$ 399,000	10.0%	\$ 1,396,000	11.0%
Applicable Development	\$ 150,000	10.0%	\$ 350,000	10.0%	\$ 350,000	10.0%	\$ 350,000	10.0%	\$ 1,250,000	11.0%
<b>Total Revenues</b>	<b>\$2,198,000</b>	<b>100.0%</b>	<b>\$4,398,000</b>	<b>100.0%</b>	<b>\$4,398,000</b>	<b>100.0%</b>	<b>\$4,398,000</b>	<b>100.0%</b>	<b>\$17,549,000</b>	<b>100.0%</b>
<b>Operating Expenses:</b>										
Salaries & Wages	\$999,000	10.0%	\$1,299,000	29.0%	\$1,299,000	29.0%	\$1,299,000	29.0%	\$4,796,000	24.0%
Travel & Lodging	\$100,000	1.0%	\$110,000	2.0%	\$110,000	2.0%	\$110,000	2.0%	\$330,000	1.0%
Phone, Internet & Telephones	\$64,000	0.0%	\$64,000	0.0%	\$64,000	0.0%	\$64,000	0.0%	\$256,000	1.0%
Office Supplies & Postage	\$125,000	0.7%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$125,000	0.7%
Rep. Maintenance	\$8,000	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$8,000	0.0%
Commissions	\$21,700	0.0%	\$71,700	0.0%	\$21,700	0.0%	\$21,700	0.0%	\$95,800	0.0%
Office Supplies	\$7,000	0.0%	\$0	0.0%	\$7,000	0.0%	\$7,000	0.0%	\$14,000	0.0%
Office Printing	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$14,000	0.0%
Shipping	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$14,000	0.0%
Travel & Lodging	\$42,000	0.0%	\$42,000	0.0%	\$42,000	0.0%	\$42,000	0.0%	\$168,000	0.0%
Professional Services	\$58,000	0.0%	\$58,000	0.0%	\$58,000	0.0%	\$58,000	0.0%	\$232,000	0.0%
Legal, Corporate & Patent	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$600,000	0.0%
Advertising	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$4,000	0.0%
Accounting	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$4,000	0.0%
Warehouse Development	\$28,000	0.0%	\$28,000	0.0%	\$28,000	0.0%	\$28,000	0.0%	\$112,000	0.0%
Office Expenses	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$600,000	0.0%
Marketing/Advertising/PR	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$600,000	0.0%
<b>Total operating expenses</b>	<b>\$2,198,000</b>	<b>100.0%</b>	<b>\$4,398,000</b>	<b>100.0%</b>	<b>\$4,398,000</b>	<b>100.0%</b>	<b>\$4,398,000</b>	<b>100.0%</b>	<b>\$17,549,000</b>	<b>100.0%</b>
<b>Income (Loss) from operations</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>

Beginning June 2015

Quarterly Summary:	Q 1	%	Q 2	%	Q 3	%	Q 4	%	Year	%
<b>Revenues</b>										
Ad Revenues	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 4,000,000	20.0%
Licensed Play for Services	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 4,000,000	20.0%
Licensed Services	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 4,000,000	20.0%
Applicable Development	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 1,000,000	20.0%	\$ 4,000,000	20.0%
<b>Total Revenues</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$16,000,000</b>	<b>100.0%</b>
<b>Operating Expenses:</b>										
Salaries & Wages	\$1,000,000	10.0%	\$1,000,000	10.0%	\$1,000,000	10.0%	\$1,000,000	10.0%	\$4,000,000	10.0%
Travel & Lodging	\$110,000	1.0%	\$110,000	1.0%	\$110,000	1.0%	\$110,000	1.0%	\$440,000	1.0%
Phone, Internet & Telephones	\$64,000	0.0%	\$64,000	0.0%	\$64,000	0.0%	\$64,000	0.0%	\$256,000	0.0%
Office Supplies & Postage	\$125,000	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$125,000	0.0%
Rep. Maintenance	\$8,000	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$8,000	0.0%
Commissions	\$21,700	0.0%	\$71,700	0.0%	\$21,700	0.0%	\$21,700	0.0%	\$95,800	0.0%
Office Supplies	\$7,000	0.0%	\$0	0.0%	\$7,000	0.0%	\$7,000	0.0%	\$14,000	0.0%
Office Printing	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$14,000	0.0%
Shipping	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$14,000	0.0%
Travel & Lodging	\$42,000	0.0%	\$42,000	0.0%	\$42,000	0.0%	\$42,000	0.0%	\$168,000	0.0%
Professional Services	\$58,000	0.0%	\$58,000	0.0%	\$58,000	0.0%	\$58,000	0.0%	\$232,000	0.0%
Legal, Corporate & Patent	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$600,000	0.0%
Advertising	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$4,000	0.0%
Accounting	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$1,000	0.0%	\$4,000	0.0%
Warehouse Development	\$28,000	0.0%	\$28,000	0.0%	\$28,000	0.0%	\$28,000	0.0%	\$112,000	0.0%
Office Expenses	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$600,000	0.0%
Marketing/Advertising/PR	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$150,000	0.0%	\$600,000	0.0%
<b>Total operating expenses</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$4,000,000</b>	<b>100.0%</b>	<b>\$16,000,000</b>	<b>100.0%</b>
<b>Income (Loss) from operations</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$0.00</b>	<b>0.0%</b>

**EXHIBIT C TO THE  
PRIVATE PLACEMENT MEMORANDUM  
SUBSCRIPTION AGREEMENT**



## SUBSCRIPTION AGREEMENT

### ACROVIRT, LLC a Nevada limited liability company

Please carefully read all instructions and the terms and conditions of the Private Placement Memorandum dated April 2, 2013 (the "Memorandum") before filling out this Subscription Agreement (the "Subscription Agreement"). Furthermore, please review the Company's Operating Agreement, (the "Operating Agreement"), which is attached as Exhibit A to the Memorandum and the terms of which are incorporated by reference into and made a part of this Subscription Agreement. The Subscription Agreement must be completed and executed before this subscription for Units (the "Units") is considered. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Memorandum. If you need assistance, please call your FINRA registered representative.

#### I. ACCOUNT REGISTRATION – CHECK ONE

Individual Account      ☐ Pension or Profit Sharing Plan      ☐ Corporation, Partnership, Trust, Association or Other Entity

Joint Registration: ☐ Joint Tenants with Right of Survivorship; ☐ Tenants in Common; ☐ Community Property

Make checks payable to: "Acrovirt, LLC"

\_\_\_\_\_  
Name of APPLICANT, CUSTODIAN, CORPORATION, TRUST or  
BENEFICIARY M or F

\_\_\_\_\_  
State / Driver's License #      Date of Birth      Soc. Sec. or Tax I.D.

\_\_\_\_\_  
Passport / Alien I.D. No.      Country of Issuance      Exp. Date

PLEASE PUT A  
CHECK NEXT TO  
THE SOCIAL  
SECURITY NO. OR  
TAX I.D. NO.  
RESPONSIBLE FOR  
TAXES.

\_\_\_\_\_  
Name of JOINT TENANT or TRUSTEE (if applicable) M or F

\_\_\_\_\_  
State / Driver's License #      Date of Birth      Soc. Sec. or Tax I.D.

\_\_\_\_\_  
Passport / Alien I.D. No.      Country of Issuance      Exp. Date

WE WILL REPORT  
THIS NUMBER TO  
THE IRS.

Marital Status (please check one)

Single      ☐      Married      ☐      Separated      ☐      Divorced      ☐

\$ \_\_\_\_\_ Subscription Amount

(Minimum investment is \$25,000 (one Unit) unless lesser amount is approved by the Manager.)

B-1

---

---

**HOME ADDRESS**

---

---

---

Name

---

Street Address

Apt. Number

---

City

State

Zip Code

---

Home Phone Number (with Area Code)

Home Facsimile Number

E-mail Address

**BUSINESS ADDRESS**

---

Name of Company

---

Street Address

Suite Number

---

City

State

Zip Code

---

Business Phone Number (with Area Code)

Facsimile Number

E-mail Address

Please send all correspondence to:      \_\_\_\_\_Residence      \_\_\_\_\_Business

B-2

## II. SUBSCRIPTION AGREEMENT

You as an individual or you on behalf of a subscribing entity are being asked to complete this Subscription Agreement so a determination can be made as to whether or not you are qualified to purchase the Units under applicable federal and state securities laws.

Your answers to the questions contained herein must be true and correct in all respects, and a false representation by you may constitute a violation of law for which a claim for damages may otherwise be made against you.

Your answers will be kept strictly confidential; however, by signing this Subscription Agreement, you will be authorizing the Manager to present a completed copy of this Subscription Agreement to such parties as it may deem appropriate in order to make certain that the offer and sale of the Units will not result in a violation of the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state (the "Laws").

This Subscription Agreement does not constitute an offer to sell or a solicitation of an offer to buy the Units, or any other security.

**All questions must be answered.** If the appropriate answer is "None" or "Not Applicable," please so state. Please print or type your answers to all questions and attach additional sheets if necessary to complete your answers to any item. Please initial any correction.

### INDIVIDUAL SUBSCRIBERS:

If the Units subscribed for are to be owned by more than one person, you and the other co-subscriber must each complete a separate Subscription Agreement (except if the co-subscriber is your spouse and Statement 1, 2 or 3 of Part A under Section III below has been checked) and sign the signature page hereto. If your spouse is a co-subscriber, you must indicate his or her name and social security number. In addition, you (and the co-subscriber, if applicable) must execute the counterpart member signature page to the Operating Agreement thereby providing your consent to be bound by its terms.

### CORPORATIONS, PARTNERSHIPS, PENSION PLANS AND TRUSTS:

The information requested herein relates to the subscribing entity and not to you personally (unless otherwise determined in the ACCREDITED INVESTOR STATUS section). An authorized representative must sign the signature page of the Subscription Agreement, as well as the counterpart member signature page to the Operating Agreement thereby providing consent to be bound by its terms.

**THE EXECUTED SUBSCRIPTION AGREEMENT SHALL NOT BE CONSIDERED COMPLETE UNLESS YOU EXECUTE THE COUNTERPART MEMBER SIGNATURE PAGE TO THE OPERATING AGREEMENT INDICATING YOUR CONSENT TO BE BOUND BY ITS TERMS.**

B-3

### III. ACCREDITED INVESTOR STATUS

The undersigned understands that the Units are not being registered under the Securities Act or the Laws and are being offered and sold in reliance upon exemptions from registration under the Securities Act and the Laws. To enable the Company to offer the Units in reliance on these exemptions, each investor must be an “accredited investor.” An “Accredited Investor” means any person who comes within any of the following categories, or who the Company reasonably believes comes within any of the following categories, at the time of sale of the Units to that person.

#### A. INDIVIDUAL ACCOUNTS

I certify that I am an “accredited investor” because:

1. \_\_\_\_\_ I had an individual income in excess of \$200,000 in each of the two most recent years, and I reasonably expect to have an individual income in excess of \$200,000 in the current year.<sup>(1)</sup>
2. \_\_\_\_\_ My spouse and I had a joint income in excess of \$300,000 in each of the two most recent years, and we reasonably expect to have a joint income in excess of \$300,000 in the current year.<sup>(1)</sup>
3. \_\_\_\_\_ I have an individual net worth, or my spouse and I have a joint net worth, in excess of \$1,000,000.<sup>(2)</sup>

---

<sup>1</sup> To calculate “income” for purposes herein, please use adjusted gross income as reported on the relevant federal tax return.

<sup>2</sup> For purposes of this question, you may include your spouse’s net worth and may include the fair market value of your home and personal property.

**B. CORPORATIONS, PARTNERSHIPS, EMPLOYEE BENEFIT PLANS OR IRAS**

1. Has the subscribing entity been formed for the specific purpose of investing in the Units?

\_\_\_\_ Yes      \_\_\_\_ No

If your answer to question 1 is "No" CHECK whichever of the following statements (a-e) is applicable to the subscribing entity. If your answer to question 1 is "Yes" the subscribing entity must be able to certify to statement 2 below in order to qualify as an "accredited investor."

The undersigned entity certifies that it is an "accredited investor" because it is:

- (a) \_\_\_\_ an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, provided that the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, and the plan fiduciary is a bank, savings and loan association, insurance company or registered investment advisor; or
  - (b) \_\_\_\_ an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 that has total assets in excess of \$5,000,000; or
  - (c) \_\_\_\_ a corporation, partnership, or employee benefit plan and each of its shareholders, partners or beneficiaries meet at least one of the conditions described above under INDIVIDUAL ACCOUNTS. Please also CHECK the appropriate space in that section, and provide completed and signed subscription agreements for each such individual; or
  - (d) \_\_\_\_ a self-directed employee benefit plan and the investment decision is made solely by a person that meets at least one of the conditions described above under INDIVIDUAL ACCOUNTS. Please also CHECK the appropriate space in that section, and provide a completed and signed subscription agreement for such individual; or
  - (e) \_\_\_\_ a corporation, a Massachusetts or similar business trust, or a partnership that has total assets in excess of \$5,000,000.
2. If the answer to question 1 above is "Yes," please certify that the statement below is true and correct:
- (a) \_\_\_\_ The undersigned entity certifies that it is an accredited investor because each of its shareholders, partners, members or beneficiaries meets at least one of the conditions described above under INDIVIDUAL ACCOUNTS. Please also CHECK the appropriate space in that section and provide completed and signed subscription agreements for each such individual.



B-5

### C. TRUST ACCOUNTS

1. Has the subscribing entity been formed for the specific purpose of investing in the Units?

\_\_\_\_\_Yes      \_\_\_\_\_No

If your answer to question 1 is "No" CHECK whichever of the following statements (a-c) is applicable to the subscribing entity. If your answer to question 1 is "Yes" the subscribing entity must be able to certify to the statement (c) below in order to qualify as an "accredited investor."

The undersigned trustee certifies that the trust is an "accredited investor" because:

- (a) \_\_\_\_\_the trust has total assets in excess of \$5,000,000 and the investment decision has been made by a "sophisticated person" (i.e., a person who has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of an investment in the Units) If this statement is checked the person who is making the investment decision must provide satisfactory evidence of his, her or its investment experience to the Manager; or
- (b) \_\_\_\_\_the trustee making the investment decision on its behalf is a bank (as defined in Section 3(a)(2) of the Securities Act), a savings and loan association or other institution (as defined in Section 3(a)(5)(A) of the Securities Act), acting in its fiduciary capacity; or
- (c) \_\_\_\_\_the grantor(s) of the trust may revoke the trust at any time and regain title to the trust assets and has (have) retained sole investment control over the assets of the trust and the (each) grantor(s) meets at least one of the conditions described above under INDIVIDUAL ACCOUNTS. Please also CHECK the appropriate space in that section and provide completed and signed subscription agreements for each such individual.

B-6

#### IV. INVESTOR COVENANTS AND CERTIFICATIONS

A. General. I certify that the information contained herein above is complete and accurate and may be relied on by the Company. I will notify the Company promptly of any material change in any of such information.

B. Backup Withholding. Under penalties of perjury, I certify that: (i) my taxpayer identification number shown in this Subscription Agreement is correct; and (ii) I am not subject to backup withholding because: (1) I have not been notified that I am subject to backup withholding as a result of a failure to report all interest and dividends; or (2) the Internal Revenue Service has notified me that I am no longer subject to backup withholding. (If you have been notified that you are subject to backup withholding and the Internal Revenue Service has not advised you that backup withholding has been terminated, strike out item (ii)).

C. Review of Offering Documents. I have been furnished and have carefully reviewed the Memorandum and the Operating Agreement in connection with the offering of the Units.

D. Termination. I agree that this subscription is and shall be irrevocable, but my obligations hereunder will terminate if this subscription is not accepted by the Company.

E. Accredited Investor. I am an accredited investor as described in the Subscription Agreement.

F. Operating Agreement. Conditioned on the acceptance of this subscription by the Company, I adopt, accept and agree to be bound by all the terms and provisions of the Operating Agreement. I further agree to execute the Operating Agreement simultaneously with the Subscription Agreement, which Operating Agreement shall become binding upon me as of the date the Company determines, in its sole discretion, to accept the Subscription Agreement.

G. Restricted Securities. I understand that the investment in the Units is an illiquid investment. In particular, I recognize that:

(a) I must bear the economic risk of investment in the Company for an indefinite period of time, since the Units have not been and will not be registered under the Securities Act or the Laws, and must be held indefinitely unless they are subsequently registered under the Securities Act and the Laws, or exemptions from such registration are available, and I may not transfer the Units unless I provide, if the Company so requires, an opinion of counsel satisfactory to the Company that the intended disposition will not violate the Securities Act or the Laws or the rules and regulations of the Securities and Exchange Commission or of any state securities commission promulgated thereunder.

(b) No established market will exist and it is possible that no public market for the Units will develop and the Company does not have any obligation or intention to register the Units, under any federal securities act or Laws, or to file the reports to make public the information required by Rule 144 under the Securities Act.

(c) I consent to the affixing by the Company of such legends on certificates representing the Units as any applicable federal securities act or Laws may require from time to time.

(d) I represent and warrant to the Company that:

(i) I have carefully reviewed and understand the risks of, and other considerations relating to, a purchase of the Units;

B-7

(ii) In evaluating the suitability of an investment in the Company, I have relied solely upon the Memorandum made available to me at my request and independent investigations made by me in making the decision to purchase the Units subscribed for herein, and acknowledge that no representations or warranties, whether oral or written, have been made to me with respect thereto. I have received all the information I consider necessary or appropriate to evaluate the risks and merits of an investment in the Units, and have had an opportunity to discuss the Company's business, management, financial affairs and prospects with the Company's management;

(iii) I am acquiring the Units subscribed for herein solely by and for my account for investment, and such Units are not being purchased for subdivision, fractionalization, resale or distribution; I have no contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge all or any part of the Units for which I hereby subscribe, and I have no plan or intent to enter into any such contract, undertaking or arrangement;

(iv) The undersigned, if a corporation, partnership, trust or other form of business entity, (i) is authorized and otherwise duly qualified to purchase and hold the Units, (ii) has obtained such additional tax and other advice that it has deemed necessary in connection with this purchase, (iii) has its principal place of business at its residence address set forth in the Subscription Agreement, and (iv) has not been formed for the specific purpose of acquiring the Units (although this may not necessarily disqualify the subscriber as an investor). The persons executing the Subscription Agreement, as well as all other documents related to the offering, represent that they are duly authorized to execute all such documents on behalf of the entity;

(v) I am the only person with a direct or indirect interest in the Units subscribed for by the Subscription Agreement and the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Units by anyone but the undersigned;

(vi) I may not sell, transfer, pledge or otherwise dispose of the Units except in compliance with the Securities Act and the Laws or exemptions therefrom and in compliance with the restrictions on transferability set forth in the Operating Agreement;

(vii) I have knowledge and experience in financial and business matters in general and in investments such as this Offering in particular;

(viii) I have participated in other privately placed investments and/or I have the capacity to protect my own interest in investments like the investment in this offering of Units and I am capable of evaluating the merits, risks and other facets of this investment;

(ix) My financial condition is such that I have no need for liquidity with respect to an investment in the Units;

(x) I am able to bear the economic risk of the investment in the Units for an indefinite period of time, including the risk of losing all of my investment, and the loss of my entire investment in the Units would not materially adversely affect my standard of living and that of my family;

(xi) I have either secured independent tax advice with respect to an investment in the Units, upon which I am relying, or I am sufficiently familiar with the income taxation of corporations, partnerships and investments that I deem such independent advice to be unnecessary;

(xii) I was not induced to invest by any form of general solicitation or general advertising including, but not limited to: (a) any advertisement, article, notice or other

communication published in any newspaper, magazine or similar media or broadcast over the television or radio; or (b) any seminar or meeting whose attendees had been invited by any general solicitation or general advertising;

B-8

(xiii) I am aware of the fact that the Company (i) has a limited operating history; and (ii) investment in the Units involves a high degree of risk, including the risk of loss of my entire investment;

(xiv) I am aware no federal or state agency has reviewed or passed upon the adequacy of the offering of Units, made any finding or determination as to the fairness for investment, or any recommendation or endorsement of the Units as an investment; and

(xv) I have read and understand the Operating Agreement, and I have had an opportunity to consult with my own counsel concerning the Operating Agreement.

(e) I certify, to the best of my information and belief, that the above information that I have supplied is true and correct in all material respects and I further agree to be bound by all of the terms and conditions of the Operating Agreement.

H. Miscellaneous.

(a) I agree to indemnify and hold harmless the Company and its members, managers, partners, employees, agents and affiliates from and against all damages, losses, costs and expenses (including reasonable attorneys' fees) that they may incur by reason of the failure of the undersigned to fulfill any of the terms or conditions of this Subscription Agreement, or by reason of any breach of the representations and warranties made by the undersigned herein, or in any document provided by the undersigned to the Company.

(b) I agree that these subscription rights and the registration rights granted hereby are not transferable or assignable by me without the written consent of the Company.

(c) If more than one person is executing this Subscription Agreement, the obligations of each shall be joint and several and the representations and warranties contained in the Subscription Agreement shall be deemed to be made by, and be binding upon, each of these persons and his or her heirs, executors, administrators, successors and assigns.

(d) This subscription, upon acceptance by an authorized representative, shall be binding upon my heirs, executors, administrators, successors and assigns.

(e) This Subscription Agreement shall be construed in accordance with and governed in all respects by the internal laws of the State of Nevada, without giving effect to the principles of conflicts of laws.

(f) The undersigned understands that neither this Subscription Agreement nor the Operating Agreement (as it relates to the undersigned) is binding upon the Company until accepted in writing by an authorized representative of the Company. The undersigned also understands that the subscription funds will not otherwise be returned to the undersigned if this subscription is accepted.

(g) This Subscription Agreement and the Operating Agreement constitute the entire agreement among the parties hereto with respect to the subject matter hereof and may be amended only by a written execution of all parties or as otherwise provided herein.



B-9

**BY SIGNING, I ACKNOWLEDGE THAT I HAVE RECEIVED AND CAREFULLY REVIEWED THE MEMORANDUM, AND THAT I HEREBY AGREE TO BE BOUND BY THE TERMS OF THIS SUBSCRIPTION AGREEMENT AND THE TERMS OF THE OPERATING AGREEMENT.**

---

## **V. SIGNATURES**

---

This Subscription Agreement contains various agreements, certifications and representations by investors and should be carefully reviewed in its entirety before executing this signature page.

I certify that I have reviewed and I am familiar with the terms of the Memorandum. I agree to be bound by all of the terms and conditions of this Subscription Agreement and the Operating Agreement.

**Print Name** of individual subscriber, custodian, corporation, trustee:

**Signature** of individual subscriber, authorized person, trustee:

---

**Print name** of co-subscriber, authorized person, co-trustee if required by trust instrument:

**Signature** of co-subscriber, authorized person, co-trustee if required by trust instrument:

---

### **SUBSCRIPTION ACCEPTED:**

Acrovirt, LLC,  
a Nevada limited liability company

By: //Terry Kennedy//  
Terry Kennedy, Manager

By: //J.Michael Caldwell  
Michael Caldwell, Manager

Dated: 04/01/14

B-10

**[Signature Page to the LLC Agreement]**

IN WITNESS WHEREOF, the parties have signed this LLC Agreement as of the date noted below.

[Signature Block for an Individual Subscriber and Co-Subscriber (if applicable)]

**INVESTOR MEMBER**

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

[Signature Block for a Corporation, Fund, Pension Plan or Trust]

**INVESTOR MEMBER**

\_\_\_\_\_  
Print Entity Name

By: \_\_\_\_\_

Its: \_\_\_\_\_

## VI. VERIFICATION OF ACCOUNT REPRESENTATIVE

Standards of suitability have been established by the Company and fully disclosed in the Memorandum under Investor Suitability Requirements and in this Subscription Agreement. Before recommending purchase of the Units, the undersigned has a reasonable grounds to believe, and in fact believes on the basis of information supplied by the prospective investor concerning its investment objectives, other investments, financial situation and needs, and other pertinent information, that: (a) the prospective investor is an "accredited investor" as defined in Section 501(a) of Regulation D of the Securities Act of 1933, as amended; (b) the prospective investor has a net worth and income sufficient to sustain the risks inherent in the Units, including loss of investment and lack of liquidity; (c) there is an adequate pre-existing relationship (one that enables the undersigned to evaluate the sophistication and financial circumstances of the potential investor) between the prospective investor and the undersigned that predates the offering and the contemplation of the offering; (d) the Units are otherwise suitable for the prospective investor; and (e) the prospective purchaser has a fair market net worth sufficient to sustain the risks inherent in an investment in the Units, including, but not limited to, total loss of his or her investment, lack of liquidity and other risks described in the Memorandum. The undersigned will maintain in its files documents disclosing the basis upon which the suitability of this subscriber was determined. The undersigned verifies that the subscription of the prospective investor either does not involve a discretionary account or, if so, that the prospective investor's prior written approval was obtained relating to the liquidity and marketability of the Units during the term of the purchase. The undersigned further verifies that it has not conducted any "general solicitation" or "general advertising" (as those terms are used in Regulation D of the Securities Act of 1933, as amended) in connection with the offer of the Units to the prospective investor.

I acknowledge that:

- A. I have reviewed the Memorandum and the Operating Agreement attached thereto;
- B. I have reviewed the Subscription Agreement;
- C. The Subscription Agreement and attachments thereto have been fully completed and executed by the appropriate party; and
- D. I have reviewed the financial and personal circumstances of the above-named investor to ascertain that he is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended.

### FINRA BROKER-DEALER

### REGISTERED REPRESENTATIVE

\_\_\_\_\_  
(Name of Broker-Dealer)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Street Address of Registered Representative's Office)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(City of RR's Office) (State) (Zip)

\_\_\_\_\_  
(Registered Representative I.D. Number)

\_\_\_\_\_  
(Phone No. of Registered Representative's Office)

\_\_\_\_\_  
(Date)

B-12

**Acrovirt, LLC**  
**a Nevada limited liability company**  
**\$5,500,00 in Membership Interests**

**PRIVATE PLACEMENT MEMORANDUM Dated March 01, 2014**

No dealer, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Memorandum in connection with the offer made by this Memorandum and, if given or made, such information and representations must not be relied upon as having been authorized by the Company. This Memorandum does not constitute an offer to sell or a solicitation of any offer to buy the Units by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that information contained herein is correct as of any time subsequent to the date hereof.

