

Liquid Bonus®

The Blockchain-based Loyalty Aggregation Medium

WHITEPAPER

© 2017 LiqBo.com



Table of Contents

1	PREFACE.....	2
1.1	CORPORATE INFORMATION AND OUR TEAM.....	2
1.2	DEFINITIONS AND ABBREVIATIONS.....	2
2	EXECUTIVE SUMMARY.....	4
3	BACKGROUND INFORMATION.....	6
3.1	PRO AND CONTRA OF A CLASSIC LOYALTY PROGRAMS	8
3.2	WHY LIQUID BONUS® (LIQBO®) AND BLOCKCHAIN?	9
4	TECHNOLOGY OVERVIEW.....	11
4.1	THE LIQUID BONUS® PHILOSOPHY	11
4.2	THE LIQUID BONUS® SYSTEM ARCHITECTURE	12
4.3	THE LIQUID BONUS® BLOCKCHAIN STRATEGY	14
4.4	SECURITY ASPECTS	15
5	ECONOMIC MODEL AND SUSTAINABILITY.....	17
5.1	MARKETPLACE AND ECONOMICS	17
5.2	COMMON BUSINESS CASE	18
5.2.1	Usecase for Loyalty Service Providers.....	19
5.2.2	Usecase for Consumers.....	19
5.3	COMPETITIVE ENVIRONMENT	20
5.4	ASSETS AND INTELLECTUAL PROPERTY	21
6	ISSUANCE AND DISTRIBUTION OF LIQBO® TOKENS.....	22
6.1	OBJECTIVES OF LIQBO® TOKENS DISTRIBUTION	22
6.2	THE TOTAL NUMBER OF LIQBO® TOKENS AND THEIR DISTRIBUTION	22
6.3	COMMUNITY INVITATION	23
6.3.1	The Minimum and Maximum Threshold.....	23
6.4	USE OF RAISED FUNDS	24
6.4.1	Cooperation With Partners and Early Adopters.....	24
6.5	IMPLEMENTATION ROADMAP	25
6.6	RISK FACTORS	26
7	DISCLAIMER.....	27

1 PREFACE

1.1 Corporate Information and Our Team

FINSTICK Innovations LLC is a startup aimed to play a valuable role in the emerging blockchain industry. We are skilled and experienced enthusiasts who have spent from ten to twenty years working for telecommunications, smart-card industry, cryptography and IT security, system integration, service provisioning and outsourcing.

Our special prides are:

- Successful commercial experience in the development of high-load queuing systems, implementing mission critical applications aimed for remote smart card administration and management. Our best practice was capable of serving hundred millions of subscribers on mobile network.
- Early implementation of mobile payments and mobile banking using the modern cryptographic capabilities of SIM cards (the first commercial launch of our solution has been made in 2002)
- One of a kind patented system for delivering of multimedia content to millions of heterogeneous and incompatible mobile terminals and smartphones based on Symbian, Java, iOS and Windows

Our employees and partners are bearing of the best practices of software design and development, optimization of algorithms, conceptualization and integration of complex IT systems.

1.2 Definitions and Abbreviations

Liquid Bonus® network	The global IP network based on the Internet and aimed to interconnect all Liquid Bonus® Nodes integrating them into a complete Liquid Bonus® Medium
Liquid Bonus® Medium	The combination of Liquid Bonus® network and Liquid Bonus® Nodes (Core and Loyalty Nodes) playing a role of gateways between legacy loyalty systems and interoperable permissioned ¹ blockchain-based loyalty infrastructure
Liquid Bonus® Core Node	The node which has been setup and operated by either FINSTICK Innovations LLC or by a non-loyalty strategic partner(s). These are Nodes of limited number aimed for calculation of Blockchain consensus and operational Fee(s).
Liquid Bonus® Loyalty Node	The node which has been setup and operated by partnering Loyalty provider(s). The major roles are (1) loyalty gateway to the Liquid Bonus® Blockchain infrastructure; (2) Blockchain Auditor; (3) Conversion Agent working for a

¹ Permissioned blockchains include an access control layer governing who can participate in the network.

	Conversion_Fee and optionally – for new LiqBo® tokens ² . In addition to it, any Loyalty Liquid Bonus® Node can either re-use predefined practices or setup its unique LiqBo® issuance and reward policy by means of a Smart Contracts.
Liquid Bonus® Node Operator	A legal entity that operates a Liquid Bonus® Node and derives profit from this activity ³ .
LiqBo® Token	LiqBo® Token is <u>the utility token</u> aimed for abstracting from (sometimes replacing of) points, stamps, miles and other valued legacy bonuses used inside a proprietary loyalty program. It plays a role of <u>interoperable bonus unit</u> which is accepted by the majority of loyalty providers.
Native (Proprietary) Loyalty Tokens	Miles, points, stamps and other proprietary bonus units used for and inside a legacy loyalty program (system). They can't be re-used for another legacy loyalty program (system).
Interoperable Loyalty Tokens	Liquid Bonus® utility tokens other bonus units which are accepted by the majority of loyalty providers.
Liquid Bonus® User / LiqBo® Crypto Token holder	
proprietary loyalty program	
partnership loyalty program	

² For the case of Liquid Bonus® community makes its consensus decision related to additional tokens issuance

³ Originally in the form of LiqBo® tokens, which can be offered on the open market later on

2 EXECUTIVE SUMMARY

Since their inception more than 100 years ago, loyalty programs have changed the way consumers interact with the companies from which they purchase products or services. According to some estimates, more than 75% of US adults participate in customer loyalty programs and more than \$50 billion in reward points and miles are issued by American businesses annually. Loyalty programs are considered to be one of the most effective ways for merchants to boost customer retention which are still far from exhausting of their capacities. Thus, for example, 57% of US brands are reported to have plans to increase loyalty program budgets in 2017.

The global historical experience associated with the emergence and development of loyalty programs has shown that an integral element of implemented proprietary or partnership loyalty programs is the money surrogate, or a token whose equivalent value or benefit is determined solely by the loyalty program's owner and issuer of such a token. The same owner-and-issuer makes any and all decisions on the ways and places of the issued tokens are being accepted and their maximum possible "weight" (percentage of the purchasing price), while neither global loyalty market turnover, nor the current global number of redeemed bonuses does not affect the value of a particular token in any way.

The obvious forfeit for such exclusivity and flexibility in managing of the proprietary loyalty programs are:

- The complexity and high cost of integrated system (including setup of issuance and redemption infrastructure, smooth execution of pre-defined reimbursement scenarios and establishing of secure environment for loyalty transactions)
- The lack of interoperability with other loyalty systems, which are also built on proprietary technologies and bonus grant & redemption scenarios.

Thus loyalty programs evolve to the supranational level exclusively together with multinational businesses, but it has not yet been able to overcome this basic obstacle to start freely entering the open global market.

Program partnerships have grown way beyond the food and fuel model, becoming broad coalitions of marketers in many categories. In Canada and Europe, coalition loyalty programs introduced in the 90-s like Air Miles and Nectar, have been very successful mainly because of the greater consolidation than in the U.S. Today there are numerous new efforts to launch coalition loyalty programs and many more to appear thus this shall be considered as the steady trend. On the other hand, Millennial customers display even higher rates of sign up, earning, and redemption than other age groups – almost 70% of 20 to 34 year olds said they would change where they shopped to get more loyalty rewards (according to Bond Loyalty Report⁴).

In this way, our goal is to build a global and open loyalty infrastructure answering to the

- request of corporations to consolidate the market by merging the maximum number of existing loyalty programs into a single supranational autonomous and self-sufficient system and
- customers' demand for an easy 'click-click' signup and smooth earning and redemption process which is limited neither by country nor by a loyalty program partnership

⁴ <http://info.bondbrandloyalty.com/2016-loyalty-report>

It is reasonably opportune and advantageous for all.

The system and appropriate use-cases described in this whitepaper are aimed to change the existing loyalty ecosystem in order to ensure the global interoperability for all existing loyalty programs regardless of their owners and region of operation. **FINSTICK Innovations team is pretty sure that finally the time has come for technology to become mature enough to establish the global reliable and secure borderless loyalty ecosystem making it possible to issue and redeem the valued digital bonus tokens in «one click» and inexpensive manner by any business no matter of its size or nationality.** Moreover, unlike proprietary loyalty bonus points, miles and other legacy tokens, the new generation of crypto tokens (Liquid Bonus® Tokens) shall always have the value defined by the global market rather than by a single Loyalty Company or consortium of.

At the initial stage of the project implementation, FINSTICK Innovations shall play the role of inter-exchange network administrator, providing access for new participants⁵, willing to take the operation burden in exchange to a stake of transaction fees. Later on, with the transition of the Liquid Bonus® Medium to its full commercial use, FINSTICK Innovations shall lose its role of the exclusive administrator, and the Liquid Bonus® Medium will go into the consensus based self-regulation mode by its participants - the owners of the nodes.

So the global Liquid Bonus® network will be operated by the owners of Liquid Bonus® Nodes, offering users a high-speed, low-cost, very flexible and convenient sign up, earning, and redemption process using the blockchain based secure LiqBo® Tokens anchored to the crypto-currency infrastructure⁶. Each Liquid Bonus® Core Node shall support the internal Liquid Bonus® blockchain infrastructure, and, communicating with other Liquid Bonus® Nodes, shall provide a nearly real-time operation and maintain the integrity of the whole Liquid Bonus® blockchain. Playing an essential role in the implementation of particular loyalty scenarios, secure smart loyalty contracts shall also be an integral part of the whole Liquid Bonus® Medium.

CONCLUSION

This public offering of the LiqBo® Tokens will raise funding for the ongoing development of the Liquid Bonus® Medium, integrate and setup of the Liquid Bonus® network having least 6 (six) independent Core Liquid Bonus® Nodes allowing to test, pilot and launch the pre-commercial Liquid Bonus® Medium which is capable to support realistic deployment conditions for rapid global growth accompanied by mass connections of participating loyalty programs willing to operate Loyalty Liquid Bonus® Nodes. A simultaneous transition to the targeted full-scale commercial operation mode with consensual self-regulatory functioning and development by its participants, the owners of Liquid Bonus® Nodes is to be done at this stage. Prospective contributors should carefully consider the matters set forth under the chapter 6.6 "Risk Factors" of this Whitepaper. If you are in doubt about the contents of this Whitepaper, you should consult your investment advisor, stockbroker, lawyer, banker, dealer or any other financial consultant.

This Whitepaper is issued by the FINSTICK Innovations LLC and has been prepared in relation to the initial issue of and subscription for the offer of LiqBo® Tokens.

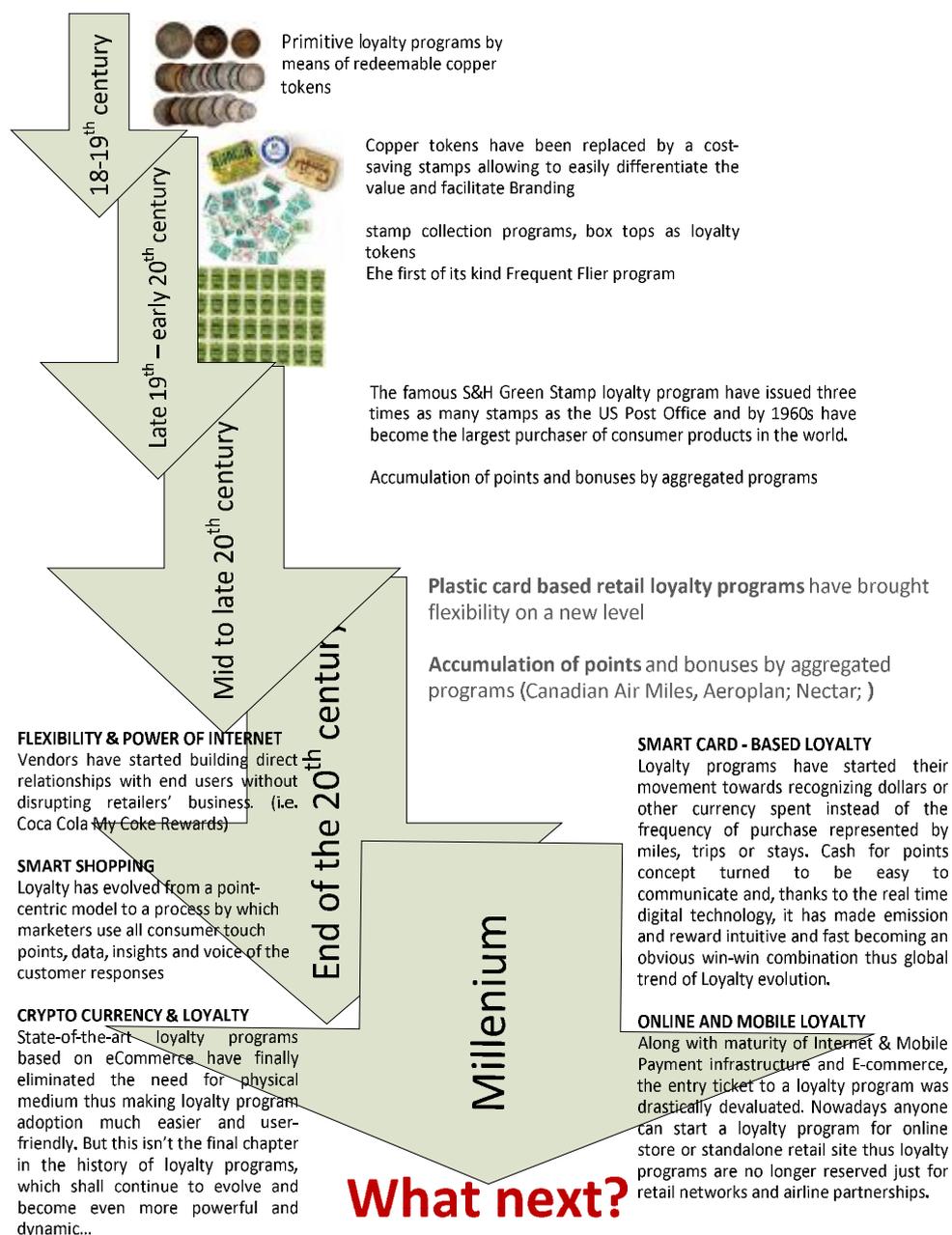
⁵ Which may be either loyalty system operators or other legal entities

⁶ Most likely Ethereum, but may be re-defined during implementation stage

3 BACKGROUND INFORMATION

Loyalty programs have been playing a role of a framework of successful business since the 18th century when retailers began to issue a copper tokens as an add-on to any purchase. Those issued copper tokens were redeemed for another product on a future purchase. Over time, retailers have discovered a cheaper medium option for their reward programs thus stamps replaced copper tokens in late 1800's – early 1900's and stamp collection programs have become the most popular method for loyalty reward programs while remaining relevant even nowadays.

Despite loyalty programs were seeming evolutionary static and numerous predictions that they shall soon become obsolete raised, reality have never coincided with forecasts. As it is illustrated below, millennium era with its digital technology have brought the new boost to the loyalty programs' evolution.



Appealing to a global historical experience, we have discovered that the most simple and successful way of loyalty programs implementation was the issuance of a cash surrogates, or "bonuses" in form of tokens, stamps, stickers, miles etc., and their acceptance for reward in case of making future purchases. The main difference between the loyalty programs' implementation is how the issuance and acceptance rules are setup and used. All other loyalty programs are simply derived from the above scheme, differentiated by the instrument (for example, the assigned customer's status instead of issued tokens or stamps) and(or) by implementation of reward algorithm.

Thus most if not all legacy loyalty programs' instruments are limited time / limited coverage, non-refundable utilities enabling very narrow possibilities for retail customers.

Indeed, the significant drawback of all existing loyalty programs (proprietary or partnership, global or local) is their particularity self-sufficiency and isolation. That is, the defining element of all those systems is the core, rigidly dictating all aspects of implementation (use of plastic cards or other tokens, data exchange protocols, characteristics of the acquiring network, clearance procedures etc.) together with the rules, namely, reward limits and validity time, how bonus rewards are taken into account etc. As a consequence, their scalability to a global world level becomes impossible due to a mentioned factors and initial focus on national and (or) regional markets, as well as particular difficulties associated with legal and commercial limitations. Also the complexity of transition from regional/national to the supranational level and the difficult relationships between competing business entities and partnerships make this transition impossible.

Continuing to analyze the modern ecosystem of loyalty programs, we have finally came to a parallel with the established global financial system. Indeed, despite the considerable dominance of US dollar in world settlements and constant claim of this currency to be the world's only mean of settlement, the closure of a national financial system and the feature of issuance exclusivity for a national currency, together with the absolute dependence of US dollar on decisions, accepted in the US, the latter has never been able to finally gain a foothold as a full-fledged non-alternative mean of international payments.

The need for a truly independent settlement tool, provided with a proper level of security and flexibility, at the same time independent from any state of the world, is currently satisfied by crypto-currencies like Bitcoin, Ethereum and others. Whether these crypto-currencies will remain relevant for decades or not will be time-proven. But today it has already become clear that the open blockchain infrastructure is suitable for providing sufficient level of security for the creation of payment means with built-in self-regulation and their possibility for development regardless of national regulation authorities. This is an ideal tool for building of the global supranational settlement systems and other solutions that require a high level of security while respecting openness and absolute confidence of all global market players, regardless of the country where they are registered and operate. We have every reason to believe that similar trends will take place with loyalty programs and we are pleased to accept the challenge of building up a [global blockchain-based loyalty exchange system](#), a candidate for the de facto standard in the future.

Loyalty programs have adapted to changing relationships between consumers and marketers. In fact, programs have been a key driver of today's disintermediated, customer-driven environment. State-of-the-art loyalty programs based on eCommerce have finally eliminated the need for physical medium like stickers or plastic cards thus making loyalty program adoption much easier and user-friendly. But this

isn't the final chapter in the history of loyalty programs, which shall continue to evolve and become even more powerful and dynamic... and we are here to boost this era!

3.1 Pro and Contra of a Classic Loyalty Programs

For detailed assessment of all aspects related to values and drawbacks of the existing loyalty programs, it would be necessary to create a separate document. Within this Whitepaper, we only emphasize few essential aspects that, by the way, are generally available and can be studied in more detail together with professional consultants on loyalty programs.

PRO

According to recent survey from the Chief Marketing Officer (CMO) Council⁷, most marketers (61 percent) believe that loyalty program participants are the best and most profitable customers, while 65 percent view customer loyalty program investments as a very essential part of the marketing mix. In today's very competitive market, loyalty is a business imperative. As loyalty becomes the most important word in the lexicon of CMOs, the concept has changed. Loyalty has evolved from a point-centric model to a process with new engagement technologies thus the ability of consumers to extract more value out of their programs has never been greater.

CONTRA

The complexity of the signup process keeps its leading position as one of the most repelling – marketing studies suggest that 70% of consumers do not sign up for a loyalty program due to the inconvenience and time required to complete registration.

Loyalty programs are extremely expensive to develop, implement and maintain, - In 2014, companies spent \$2 billion on loyalty programs in the United States alone.

Limitations of daily use as a consequence of loyalty program ownership - nowadays the average household has about 29 loyalty programs signed, but less than half of them are active. That's because they're limited. According to the COLLOQUY's⁸ biennial report on the scope of U.S. customer rewards programs: "American households hold memberships in 29 loyalty programs spread among the retail, financial services, travel and various other economic sectors, but are active in just 12 of them. The corresponding household membership figures in the 2013 census were 22 and nine." (<https://www.colloquy.com/latest-news/2015-colloquy-loyalty-census/>). Those numbers add up to a drop of two percentage points in the active membership rate, from 44% to 42%, a 4.5% decline. That marks the beginning of a trend, as the active rate declined for the first time in the 2013 report.

Because of new engagement technologies, the ability of consumers to extract more value out of their programs has never been greater. Everything from the advent of social media (Facebook "likes" and company specific "tweets"), check-in services (Gowalla and Foursquare), mobile proximity and targeted communications (Gold Mobile and Mocupay) to transaction-based credit card insert and on-line statements (Clovr, BillShrink and Cardlytics) and deal of the day offers (Groupon and Living Social) are continuing to change the loyalty landscape.

⁷ <https://www.cmocouncil.org/>

⁸ Operated by LoyaltyOne, COLLOQUY is a leading provider of loyalty marketing research, publishing and education.

3.2 Why Liquid Bonus® (LiqBo®) and Blockchain?

As it has been explained in the report by Deloitte recently⁹, «blockchain shall allow secure and immediate redemption, creation and exchange of loyalty reward points across vendors, programs and industries via a trustless environment by use of cryptographic proofs rather than third parties. Through a rigorous online protocol, well-programmed building blocks, and smart contracts, blockchain has the capability to operate without intermediaries.»

Companies are tailoring their loyalty initiatives in ways that help consumers get their desired reward mix which, in turn, engages them in a deeper, long-term relationship with the brand. In the card-linking space, some industry leaders are shying away from describing themselves as “customer loyalty” – they want to focus more on “new revenue.”

Special attention shall be paid to the fact, that despite the increased attention to state-of-the-art solutions based on plastic payment cards (in particular credit- and debit-cards), able to substantially shift the user experience from stamps, points and miles to a cash or its relative equivalent, the focus has been grabbed by location-based solutions, less dependent from POS infrastructure, identifying of customers and tracking some of their behavior without the burden of registration. That is why mobile payment already claimed to become a key part of the best-designed loyalty and reward programs.

As Apple, Google, Samsung and other IT giants work hard to reach critical mass acceptance of mobile payments, one piece of the pizza remains not bitten off yet. Seamless integration of loyalty and reward programs into the mobile consumer experience is still underway. The worst flaw in the story is that the most payment applications require any user to be identified at least twice - once for the payment infrastructure and once for the loyalty program... and several times for the case of utilizing multiple payment applications and loyalty programs. FINSTICK Innovations LLC with our blockchain-powered Liquid Bonus® System and public float of LiqBo® Tokens are here to solve this.

Despite blockchain-powered Liquid Bonus® Medium and associated loyalty aggregation network would certainly require substantial investments, any participating loyalty reward program should reduce system management costs with smart contracts that report secure, tracked, transparent transactions to legacy systems, reducing costs associated with errors and fraud. It is no less important that global Liquid Bonus® Loyalty Aggregation Medium improves the consumer experience allowing an easy join, easy earn and easy redeem for reward and making no disruption to the centralized legacy loyalty programs respecting the ability and habit of Loyalty providers to decide how and with whom pre-allocated bonus rewards shall be used.

Of course, being a loyalty provider you can ask: "why should I take part in creation and operation of another system, when I can proceed with conversion right now through any national currency?" This is a very reasonable question. The answer stands behind the economy model. The whole Liquid Bonus® Loyalty Aggregation Medium is based on the inexpensive Blockchain technology and backed by a Smart Contract functionality. Thus every single loyalty provider can decide if this time operational margin is mainly targeted & transaction fee must be set to its maximum value, or it may be set to a lower value or even zeroed for optimized offering. For the case when traditional banking settlement is applied for either conversion of bonus points to a

⁹ <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/financial-services/us-fsi-making-blockchain-real-for-loyalty-rewards-programs.pdf>

national currency or an inter-loyalty clearance¹⁰ through a national currency, any loyalty provider or consumer will have to cover much more expensive and mandatory transaction fee set by a 3d Party (bank or exchange) and remaining out of loyalty provider's control thus making no impact on loyalty providers' revenue growth.

The blockchain-based Liquid Bonus® (LiqBo®) has the following WIN-WIN scenario

Consumers' WIN:

- Blockchain-powered Liquid Bonus® System globalizes and unifies the user experience with legacy loyalty solutions. Thanks to LiqBo® Tokens every consumer can exchange miles into points and vice-versa for just about 0,1% ... 0,5% of the value¹¹ and reward them in different country if necessary;
- Easy join (click-click signup);
- Easy earn,- thanks to the open exchange listing and the ability to accumulate value by a growth rate scenario;
- Easy redeem for reward (ready for cash-desk, PC and mobile environment).

Retailers' & Brands' WIN:

- Save on infrastructure which is now maintained by community;
- Decrease the cost of operation;
- Enjoy easy cooperation with any external proprietary or partnership Loyalty System through Liquid Bonus® Aggregation Medium;
- Get new customers, thanks to the possibility of accepting the trusted public LiqBo® Tokens;
- Encapsulate the proprietary loyalty program rules into the global trusted Liquid Bonus® Medium - thanks to the built-in smart contract capability
- Liquid Bonus® is an overlay network technology thus requiring no essential upgrade to the existing loyalty infrastructure.
- Effectively manage the volume of balance sheet liabilities associated with the issue of bonuses, points and miles. Instead of so unpopular expiration of points accumulated by passive customers, transfer them to external LiqBo® tokens, giving your customers the opportunity to use his(her) savings in the future and on new terms, established as claims for LiqBo® reimbursement;

¹⁰ Conversion from one loyalty medium to another

¹¹ These figures are assumptions. In fact, the commission will be introduced by every Loyalty Node, taking care of transferring the proprietary bonuses of a corporate or coalition loyalty system to the interoperable LiqBo® tokens. Thus, the commission may vary from zero to the barrage value, which makes conversion purposeless at a particular time or coincidence.

4 TECHNOLOGY OVERVIEW

4.1 The Liquid Bonus® Philosophy

If you try to introduce the Liquid Bonus® philosophy in one sentence, most likely you will get something like "to extend the loyalty application by simplifying it and erasing its boundaries"

Why this has been visualized as a hand and falling water? Because in our opinion:

- bonuses by their nature are quite similar to liquidity and have the appropriate properties;
- the majority of consumers have ever caught an opportunity offered them by a loyalty program, it looks like if they would caught a "drop of water", which retailers offered them in form of points or miles. As a rule, those drops have remained tiny drops and, if consumers could use them, it happens in a respective amount... but when the Liquid Bonus® Loyalty Aggregation Medium marketplace will be emerged, there shall be more opportunities for consumers, who shall be able to actually accumulate and consolidate their bonuses acquired from different loyalty programs using LiqBo® Tokens and exchange their LiqBo® savings for particular goods, services or benefits at the place and in the volume that they deem appropriate.

Do not take the falling water as a loss of liquidity, it is rather exchange of consolidated 'loyalty drops' for much more valuable rewards as it might have never been happened before.

Being a successful software house and B2B service provider with the proven track record of commercial rollouts, we have setup a fintech startup for creating of this innovative solution from scratch, having no influence of any particular donator or contractor. We consider this fact as one of the most essential factors for success.

At FINSTICK Innovations LLC, we are taking up the challenge of enabling universal access to high-speed blockchain-based Liquid Bonus® Loyalty Aggregation Medium aimed for uniting of the legacy loyalty programs bonus reward infrastructure into the global unified Loyalty System. To achieve this, we have an ambitious, yet realistic, vision of building the world's largest borderless, community-distributed, softly-decentralized global integrated loyalty infrastructure based on the Blockchain technology.

Breaking the borders

Our target is to build the world's largest, decentralized, self-sustainable integrated loyalty exchange network using blockchain technology. Backed by a multinational team of advisors, with deep expertise in payment systems and loyalty, mobile telecommunications and blockchain technology, FINSTICK Innovations LLC will combine advances of the existing loyalty programs with the emerging blockchain technology to unlock the valuable opportunities of global markets.

We will collaborate with other market players to setup a new generation of loyalty ecosystem – the global infrastructure based on a mix of permissioned and non-permissioned ledger with verified nodes participating as Core Nodes and Partners' Loyalty Nodes. In order to achieve an independent trustful environment and shift the Liquid Bonus® blockchain security level up to the existing public ledger, the Liquid Bonus® infrastructure will be anchored to Ethereum for recurrent saving of a Liquid Bonus® Medium fingerprint into the public ledger.

The Liquid Bonus® Loyalty Aggregation Medium is a Blockchain network topology having two types of nodes:

- Core Liquid Bonus® Nodes operated by FINSTICK Innovations LLC and by donating Parties (to be defined before and during Liquid Bonus® Network rollout, prior to the first commercial release). Core Liquid Bonus® Nodes are aimed for the system's failsafe operation & integrity. Indeed, every partnering loyalty program can freely introduce and withdraw its Liquid Bonus® Loyalty Node but the role of any and all Core Liquid Bonus® Nodes is to remain operational & failsafe all time long. Core Liquid Bonus® Nodes are also responsible for a blockchain consensus and get a transaction fee for the job thus taking part in the issuance of LiqBo® Tokens ;
- Loyalty Liquid Bonus® Nodes belonging to a partner loyalty program willing to take an active part in the Liquid Bonus® blockchain network operation, earn on exchange transaction fees and use the smart contract capability to adjust the service offer;

every node is capable of relaying data for others thus all Liquid Bonus® Nodes cooperate for the sake of relatively compact and efficient Blockchain application which is capable of making a new chain in seconds instead of hours like it turns to happen at other public ledger Blockchains.

By implementing of our solution we strive for much lower cost than the current business models of centralized loyalty programs can reach and much higher throughput rate and performance than the current open Blockchain networks allow.

We have chosen a sidechain solution for the Liquid Bonus® Loyalty Aggregation Medium. This shall ensure the required performance and high reliability at low overhead. Existing blockchain environments, such as Bitcoin or Ethereum, have so long transaction confirmation time that it is impossible to use them for retail transactions. Moreover, high and growing transaction commissions can exceed the amount of retail transaction itself.

The main benefits of the Liquid Bonus® Loyalty Aggregation Medium and associated network are:

- Low-cost grade of transactions;
- Extremely flexible implementation – thanks to the Smart Contract tools available for the Loyalty Liquid Bonus® Nodes
- Top sustainability – thanks to self-recovery and adaptation features
- Highest data validity and reliability, thanks to the Liquid Bonus® blockchain's block anchoring to public blockchains such as Bitcoin and Ethereum.

FINSTICK Innovations LLC is also planning to develop a unique set of out-of-the-box Smart Contracts, corresponding to actual conditions of loyalty programs provided by our loyalty partners willing to setup and operate their own Loyalty Liquid Bonus® Nodes.

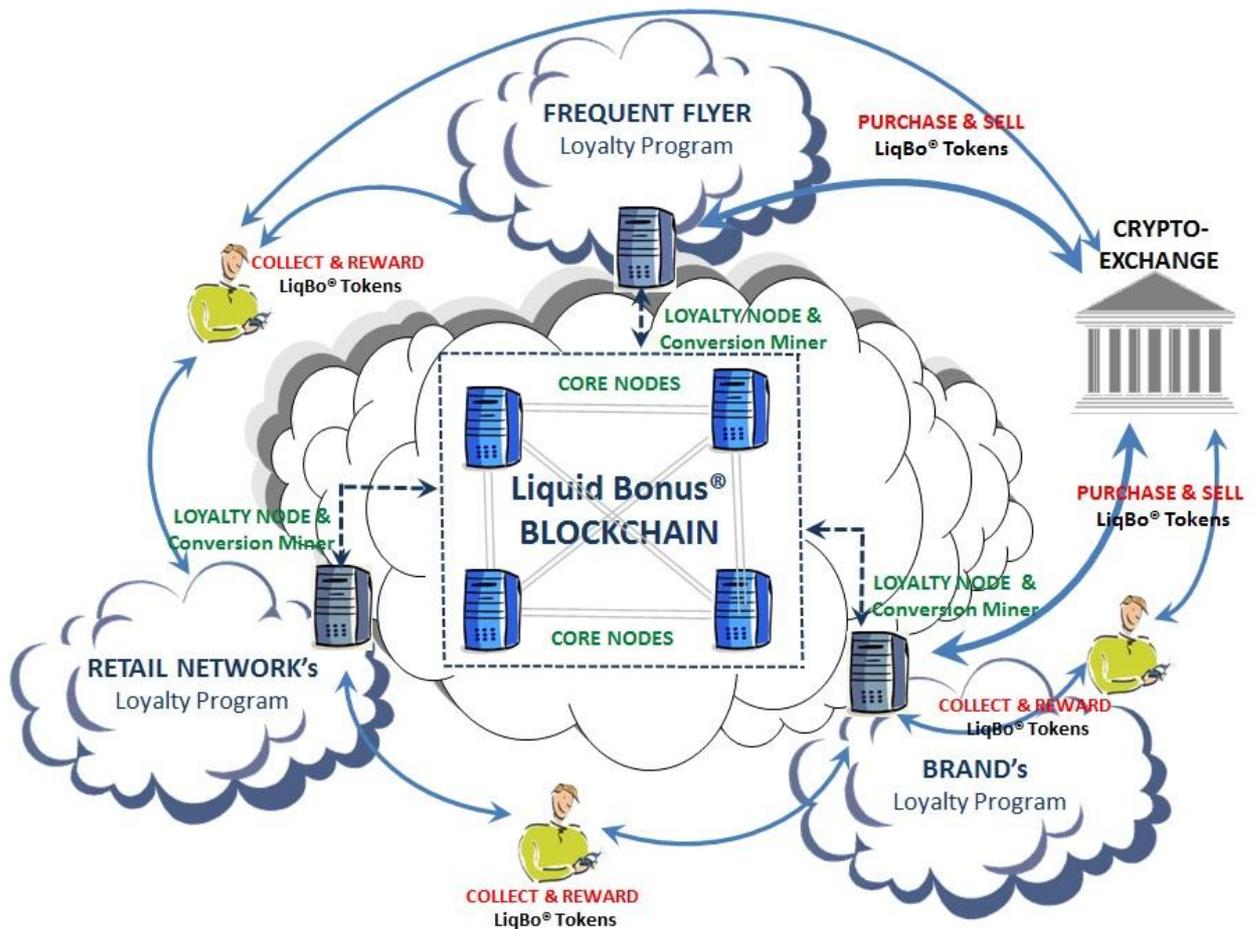
4.2 The Liquid Bonus® System Architecture

Because the LiqBo® token is based on ethereum's ERC-20 standard, it will be possible for exchanges to list the token for trading, and in turn, ultimately redeem them for major currencies.

As the diagram below shows, the Liquid Bonus® ecosystem is designed in such a way that any user (individual or loyalty program) has the opportunity:

- To receive LiqBo® tokens as bonus points in the context of any existing loyalty program and exchange them for discounts at any point of sale that is ready to accept LiqBo® tokens;
- To exchange “miles” or “points” of a loyalty program connected to the Liquid Bonus® Aggregation Medium into LiqBo® Tokens according to the exchange rate established by the loyalty program operator or taken from the open market¹²;
- To acquire and market pre-collected LiqBo® Tokens via crypto-exchange or other agents¹³;
- To exchange LiqBo® tokens for a discount from the product or service sale price in case such a possibility is provided by a loyalty program operator, or by any standalone retailer. In such case, the retailer who received LiqBo® Tokens from the buyer does not kill them, but in turn, market them, re-issue as new reward tokens or use them to receive discounts from their counterparty suppliers.

As the diagram shows, any user of the Liquid Bonus® Loyalty Aggregation Medium including its Loyalty Nodes, can freely collect and exchange even proprietary bonuses with different loyalty programs and with each other in a transparent manner. Thus, 100% pre-mined LiqBo® utility tokens shall become a very flexible and effective tool for different market players and retail customers making it possible to boost the loyalty turnover, as well as to differentiate from competition. Moreover, the LiqBo® utility tokens circulation shall allow small retailers to introduce some elements of the loyalty program into their trading environment¹⁴ quickly and without a valuable upfront investment.



¹² As set by a loyalty program owner or loyalty coalition management

¹³ In the future, in case of consensus of Liquid Bonus® participants

¹⁴ By accumulating LiqBo® tokens acquired from customers in exchange to discounts or other preferences, and as consequence, by issuing them on the action of attracting new customers.

In order to be qualified for the installation and operation of the Liquid Bonus® Loyalty Node, the following conditions must be fulfilled by potential partner:

- Only incorporated legal entities are allowed;
- The company shall either have an operational loyalty program or a validated right to represent a 3d Party - proprietary loyalty program or partnership;
- The company shall accumulate at least 1 000 000 LiqBo® Tokens and maintain this basic quantity until the new Liquid Bonus® Loyalty Node is fully integrated and launched commercially;

In addition to it, unlike other participants, the Liquid Bonus® Loyalty Node owners have a possibility to

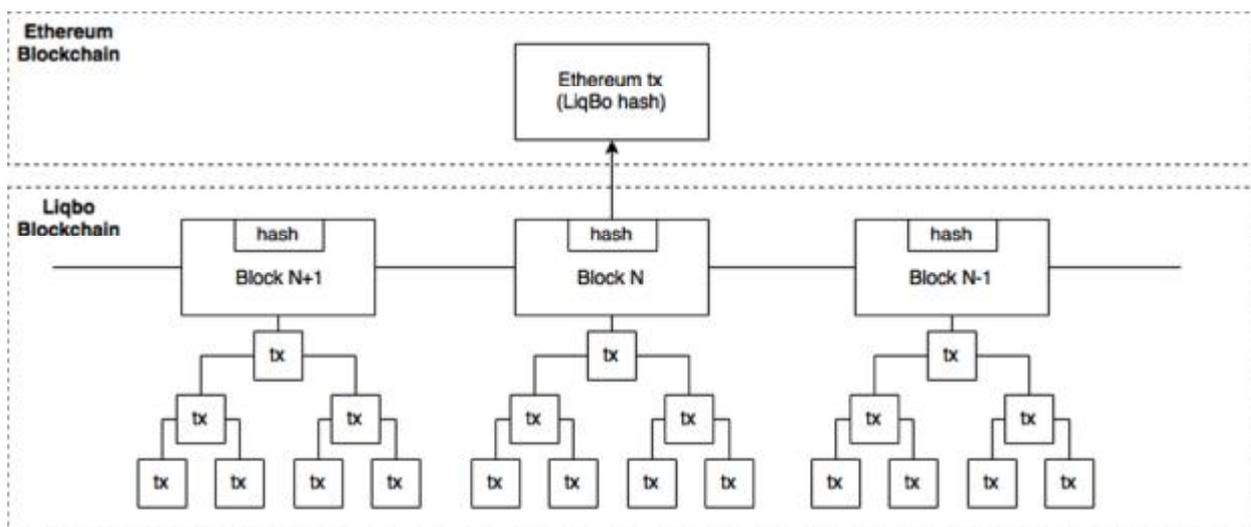
- Execute different versions of Smart Contract for differentiating of the loyalty offer in the Liquid Bonus® Medium;
- Setup and earn %% from every exchange transaction this Loyalty Node have taken its part in. It is important that Loyalty Provider having Liquid Bonus® Loyalty Node is able to set and change transaction fee as required;
- Participate in defining operation and development policies of the Liquid Bonus® Medium, including the issuance of an additional number of LiqBo® Tokens from the RFU pool or mining procedure.

4.3 The Liquid Bonus® Blockchain Strategy

The real-time interoperability is to be the biggest achievement. There are many projects and initiatives fully based on a public blockchain and shortly losing consensus speed (as a result – transaction speed) together with them. On the other hand, companies and consortiums introducing private blockchain solutions are slowly downgrading back to a proprietary zone while operating in their closed-loop environments.

As far as performance of the blockchain infrastructure is concerned, the Liquid Bonus® system will be implemented as a sidechain solution based on public blockchain solutions such as Ethereum. Thanks to its own infrastructure built of the Liquid Bonus® Core Nodes and Loyalty Nodes, the Loyalty Aggregation Environment will provide all the high-speed operations necessary for retail to issue, exchange and accept of loyalty tokens, while ensuring reliability and tamper resistance at the level of public blockchain infrastructure, which is provided by the built-in anchoring procedures.

On the other hand, the sidechain solution shall allow converting LiqBo® tokens into a public blockchain format and use them on exchanges, as well as for other purposes.



As far as companies and well-established partnerships are always avoiding to loose their most valuable assets composed of data on individuals and their spending habits, the Liquid Bonus® System shall not make them available to public in processing-ready form. Indeed, anyone can follow transactions on a blockchain-based system but it does not mean that anyone can follow personality and essence of transaction.

It is important that every Liquid Bonus® Loyalty Node serves not only as a mean of exchanging proprietary points and miles to interoperable LiqBo® tokens and back, but also as a firewall preventing any direct interaction between internal and external loyalty environments. At the same time, by exchanging proprietary points or miles into LiqBo® tokens, the owner of the Loyalty Node will be able to track all further actions of the involved LiqBo® recipients and, for example, make justified decisions about the need for closer interaction (or cooperation) with those stores and/or retail networks, to which buyers have brought their converted LiqBo® tokens.

Thus, by gaining cheaper and easier interoperability between loyalty programs, the Liquid Bonus® Loyalty Aggregation Medium shall bring additional business value to every participant.

4.4 Security Aspects

Security is not expected to be a problem as blockchain offers a tamper-proof and time-stamped distributed database of every single transaction ever made. Blockchain makes every transaction and its record easily traceable and rendering them irreversible, preventing double spending, fraud, abuse, and any other type of manipulation of.

Liquid Bonus® Nodes are autonomous, with only initial setting of certain key operational parameters. Thanks to the sophisticated cryptographic level of identification in combination with blockchain technology built in each Node, a high level of security is provided to Liquid Bonus® Nodes, their owners and all client loyalty wallets.

FINSTICK Innovations LLC provides a very attractive use case for blockchain - decentralized and trusted management of numerous multifunctional loyalty and reward scenarios for large communities. The

efficient use of the state-of-the-art cryptography ensures security of this Liquid Bonus® Medium. There are two levels of secure cryptography. As of the first level concerned, the Liquid Bonus® Medium employs cryptographic primitives for hash functions and digital signatures for steady and unique identification of documents and authentication of the originator those documents are coming from. As of the second level concerned, the Liquid Bonus® Medium utilizes the secure timestamping identifying when the transaction was executed. These employ Merkle-tree Blocks to aggregate streams of data.

5 ECONOMIC MODEL AND SUSTAINABILITY

5.1 Marketplace and Economics

If we examine the loyalty programs' attractiveness for the customers by classifying them according to program design and redemption options, then the absolute leadership shall be given to coalition loyalty programs having cash back or direct rebate options available for consumers. In addition to it, the special buyers' attention is always paid to a gift options, getting earnings at someone's store and redemption at another's and other bonus circulation scenarios.

In addition to it, we consider as a very important indicator and clear landmark the fact that American Airlines' report in 2006 stated that the airline earned more from selling Advantage miles to its partners, like Citibank, than it did selling airline tickets. Thus, the willingness for the turnover of bonuses was confirmed in practice more than 10 years ago!

The Liquid Bonus® Loyalty Aggregation Medium directly addresses this by sharing of the adopted economy model of conventional loyalty programs while providing an economic incentive that allows users to collect their LiqBo® Tokens from different loyalty market players and easily 'monetize' them by rewarding at their next purchase elsewhere. Thanks to the built-in smart contract functionality, allowing to formalize the conditions of using the issued LiqBo® tokens and to automate the process of interaction between the Parties, there's a unique opportunity for launching programs like that American Airlines - Citibank and transforming from two-partnering to multi-partnering. Thus, for example, American Airlines would be able to offer a similar interaction scheme to more than one bank, but to all interested parties around the world.

Thus, loyalty program owners operating Liquid Bonus® Loyalty Nodes will be able to differentiate their offer by using the built-in smart contract capabilities, thus, for example, by offering more valuable reward for the same number of the LiqBo® Tokens than competitors do. At the same time, retail players, instead of getting rid of the instantly growing deferred liabilities in the form of issued but never claimed bonus points by "burning" or expiring them, can easily take them out of their financial context by converting proprietary bonus points into external detached LiqBo® tokens.

Moreover, acquirers and(or) owners of the LiqBo® Tokens not only have an opportunity to get and reward them at any time, but also in the event of a long non-use of accumulated stake, they may increase their "bonus savings" due to the market growth of the LiqBo® Token's value. So we hope that in the near future collected bonus points and miles will not be considered as a limited-usage expiring tools but rather as a liquid and profitable assets.

The total value of loyalty transactions is enormous and, unfortunately, can not be evaluated due to the lack of statistics for most countries and regions of the world.

According to a recent report published by Allied Market Research¹⁵, titled, Loyalty Management Market by Type, Organization Size, and Industry Vertical: Global Opportunity Analysis and Industry Forecast, 2017-2023, the global loyalty management market was valued at \$1,931 million in 2016, and is

¹⁵ Refer to <https://www.alliedmarketresearch.com/loyalty-management-market>

projected to reach \$6,955 million by 2023, growing at a CAGR of 20.8% from 2017 to 2023. The customer loyalty segment is anticipated to grow at the highest rate during the forecast period.

Estimating the overall turnover of loyalty programs in conditional US dollars, we are based on the figure of about \$50 billion in 2017 and at least \$230 billion by 2023. Even though pessimistically assessing the stake of 1% in 5 years' time after commercial launch, we shall end-up at about 2,5 billion dollar turnover through the Liquid Bonus® Loyalty Aggregation Medium.

5.2 Common Business Case

The technical launch of the Loyalty Aggregation Medium shall be carried out from the "base configuration" built by FINSTICK Innovations and its strategic partners, if any. After the system is put into commercial operation, issuance of all new LiqBo® tokens will be provided by means of mining process carried by Liquid Bonus® Core Nodes in the amount necessary for the system operation and determined by consensus by all participants operating the Liquid Bonus® Nodes.

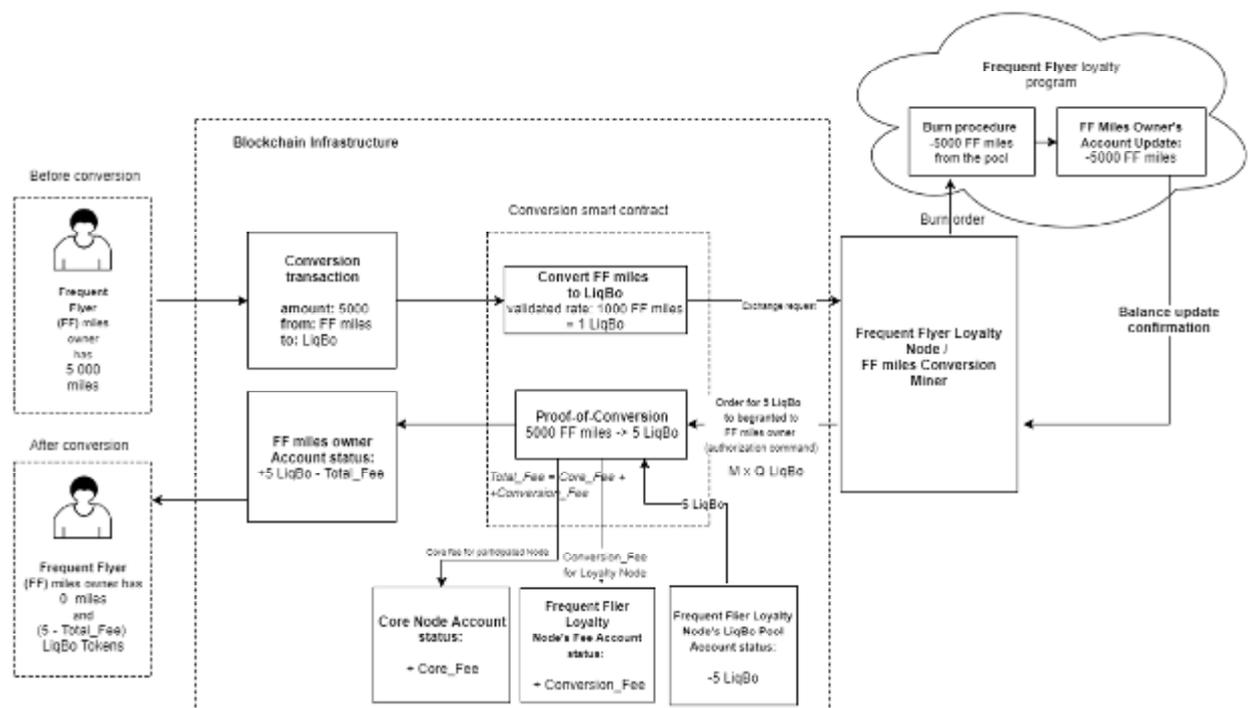
Liquid Bonus® Core Nodes are playing a role of exclusive blockchain mining outsourcers for the rest of the system's participants and are responsible for calculating the consensus for every transaction. When calculating the consensus, new LiqBo® tokens will be generated (presumably in the amount of 0.1-0.5% of each transaction, it shall be periodically determined by all participants of the Liquid Bonus® Aggregation Medium) and added to the reward pool for the owners of the Core Nodes. The distribution of consensus rewards from the pool will be carried out in equal parts, but after deduction of downtime, if any.

Liquid Bonus® Loyalty Nodes – being established and operated by loyalty service providers (partners, owners of a closed legacy loyalty programs), they are used to exchange legacy bonuses (miles, points, etc.) for LiqBo® tokens and vice-versa. Every Liquid Bonus® Loyalty Node is able to apply and review its conversion fee when making such an exchange procedure. Thus, for example, every request for the conversion of "Airline miles" to LiqBo® tokens will be sent for conversion to the "Airline" Loyalty Node, which shall not only register this conversion in the Liquid Bonus® Medium, but will also change the state of its internal mile account balance belonging to the user who initiated the conversion request. It is important that in case of an incoming conversion request for exchanging LiqBo® tokens into "Airline miles" from a user having no internal loyalty account in the "Airline" loyalty program, the latter has an option to automatically register of a new customer in the native loyalty program. Any add-ons that request the collection of user data, or to fulfill other conditions in order to be able to proceed with transaction, are provided by smart contracts. In this case, the contents of the associated smart contract may differ from the pre-defined standard set and can be compiled at the discretion of the particular Liquid Bonus® Loyalty Node.

5.2.1 Usecase for Loyalty Service Providers

The main ground for loyalty providers is the ability to attract additional customers through rewarding of bonuses issued in the frame of other loyalty program(s), as well as getting the exchange fee for the transfer of their native tokens (miles, points etc.) into external LiqBo® Tokens. The exchange rate shall be determined by a Loyalty Service Provider through the corresponding Liquid Bonus® Loyalty Node and its conversion role.

The diagram illustrating the process of converting Frequent Flyer miles into LiqBo® tokens and related interest accruals is shown on the diagram below:



It should also be taken into account that by acquiring of LiqBo® Tokens, any single shop or retail network gains additional opportunity to re-use them in the frame of B2B reward process by offering them against a supplier's discount from the amount due thus re-executing them for a B2B loyalty program. On the other hand, supplier or any other counterparty collected a pool of LiqBo® Tokens, can monetize them on the free market (crypto exchange), or re-use them later to obtain a discount for other services or purchases.

It is very essential that Liquid Bonus® Loyalty Aggregation Medium is not intended to pull transactions aside the existing loyalty systems. On the contrary, thanks to the new overlay value-added service for consumers allowing them to manage their savings flexibly and pool convert LiqBo® Tokens between miles, points and other proprietary rewards, it will sharply increase the number of loyalty transactions thus boost revenue growth.

5.2.2 Usecase for Consumers

Loyalty users have an opportunity to get LiqBo® Tokens for reward, to exchange them or to buy on a secondary market, if any. Reward using LiqBo® Tokens can be issued by any vendor or retailer, not necessarily a member of the Liquid Bonus® system operating the Liquid Bonus® Loyalty Node. Any shop

<http://blockpoint.io/>

<https://www.gatcoin.io/>

All these ICO initiatives¹⁶ are based on one significant drawback - the intention to build a universal loyalty system based on a public blockchain, which is not capable of processing loyalty transactions in a mode close to real time, which is absolutely necessary for all retail market players. We do not consider such initiatives as competitive to the proposed Liquid Bonus® solution for technological reasons and consumer properties. In our opinion, all of them are doomed to failure otherwise they will have to be rebuilt on the go, during their implementation phase or even worse - in the process of commercial operation.

Unlike other projects and initiatives listed above, the Liquid Bonus® Loyalty Aggregation Medium is built as a truly neutral system that does not depend on any particular market player and is designed to meet the modern retail requirements in terms of speed, security and reliability, as well as customer requests related to ease of installation, setup and use.

5.4 Assets and Intellectual Property

Currently we have a compact team of experienced system architects and developers who have already carried-out many months of hard work to describe the architecture of the Liquid Bonus® system and create a prototype. Due to the fact that our project team has serious financial constraints, the Liquid Bonus® Medium prototype was built in a limited configuration¹⁷ at our research and development laboratory in Moscow. Our original high-performance software was used to build a private blockchain network, which has achieved performance benchmark of several thousand loyalty transactions¹⁸ per second.

If sufficient project funding is gained, the technical team will be scaled up to the size needed to complete the development of the first software version and its release / deployment on the Internet using Liquid Bonus® Core Node servers located in different geographic areas with an appropriate 24/7 technical support. After that, interested retail partners will be invited to take part in the pilot launch of the Liquid Bonus® Loyalty Aggregation Medium.

¹⁶ Some projects have already been frozen, and, for example, the site ribbit.me positioned itself at the end of 2014 as "The world's first universal loyalty solution built on blockchain technology" is not supported any longer in a workable state, there are still traces of its PR campaign on Internet:

https://bnktothefuture.com/pitches/2793/_ribbit-me-a-universal-loyalty-solution-built-on-blockchain-technology.html

<http://www.newsbtc.com/2016/02/28/ribbit-me-crypto-loyalty-solutions-on-blockchain/>

¹⁷ The system is built with the minimum possible number of nodes, testing was performed in emulation mode - in the absence of mobile clients (retail consumers) and without any integration with the infrastructure of retail networks and partner (coalition) loyalty programs.

¹⁸ A mixed sequence, consisting of transactions aimed for the transfer of LiqBo® tokens from retail network to buyer ("issuance") and vice-versa ("consumption"), as well as emulation of the exchange operations for proprietary bonus points to LiqBo® tokens and back

6 Issuance and distribution of LiqBo® tokens

6.1 Objectives of LiqBo® Tokens Distribution

The initial LiqBo® tokens offering is aimed to cover the initial need for financial resources necessary to launch the first commercial version presented on the global market. According to our estimations, the total cost of the system rollout is approximately ETH 30 000 – 35 000. Research and development requires about ETH 14 000, two phases of system testing requires ETH 5000 (taking into account human resources for real time testing, documenting and working-out of improvement roadmap as a result of the pilot launch), approximately 8000 ETH we intend to spend on system integration and allocation of network resources, 3000-8000 ETH – shall be dedicated for advertising campaign, publications and exhibitions / conferences participation. In addition to it, the equivalent of approximately 25 000 ETH shall be reserved as a "filling" of the system - the internal liquidity in LiqBo®, aimed for settlements on bonus payments during the initial phase of the commercial operation.

For those wishing to participate in the initial LiqBo® tokens offering, a set of conditions will be defined (according to the general terms and conditions of the Early Bird, Pre-ICO and ICO programs), which they must accept. Hereupon they will be offered to create the target purse in which they will receive the acquired LiqBo® tokens. After the target purse is created, the Participant will be able to fill out a form where the amount of the contribution in ETH will be determined. After that the Participant will be able to select the address for the target ETH transfer. After the ETH deposit is credited to the recipient's address, the corresponding number of LiqBo® tokens will be reserved and transferred to the participant's purse.

6.2 The Total Number of LiqBo® Tokens and Their Distribution

The total number of LiqBo® tokens existing in the Liquid Bonus® Loyalty Aggregation Medium is 1,000,000,000 pcs and is strictly limited to this quantity, which can be changed solely on the basis of the consensus of the participants during its commercial operation. This can be done in case the pre-generated number of tokens will not be enough for a frictionless system operation by means of consensus emission process or mining¹⁹. The initial cost of one LiqBo® token is equivalent to ETH 1/15000 thus, the total cost of 100% of LiqBo® tokens at the time of ICO is 66,666.667 ETH.

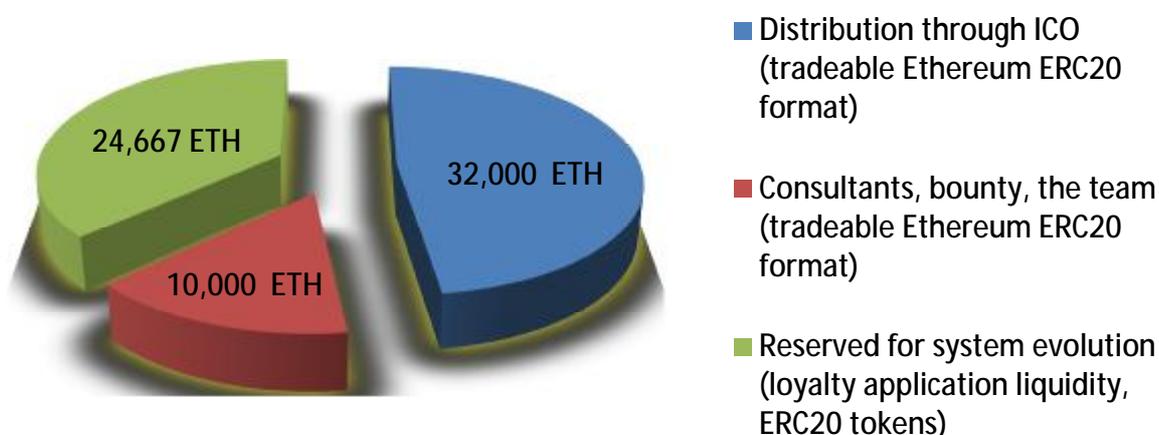
Token issuance will be made as follows:

48% of total number of tokens = 480 000 000 LiqBo® tokens (equivalent of 32 000 ETH) is a stake of ERC20 tokens to be issued in the frame of ICO. This stake is aimed to be distributed to donating Parties in exchange to the appropriate ETH contributions in accordance with the «Early Bird», «Pre-ICO» and «ICO» Program rules;

15% of total number of tokens = 150 000 000 LiqBo® tokens (equivalent of 10 000 ETH) is a stake of ERC20 tokens, reserved for our advisors, supporting contributors and for the project team;

The remaining 37% of total number of tokens = 370 000 000 LiqBo® tokens is a frozen stake which is reserved for the purpose of launching and evolution of the system. Part of this stake shall be used for the pilot operation of the Loyalty Aggregation Medium and trial operation of the system. The remaining tokens will allow Liquid Bonus® Loyalty partners launching their Loyalty Nodes to benefit from the initial amount of Liquid Bonus® liquidity in order to start a full-fledged operation immediately after the node is put into a full-featured mode. Thus, all this volume is reserved exclusively for internal emission inside the Liquid Bonus® sidechain. The entire reserved stake of LiqBo® tokens will be gradually distributed

among new (retail) participants and operators of Loyalty Nodes for the sake of providing a basic volume of liquidity for the start of full-featured commercial operation.



6.3 Community Invitation

The conditions of LiqBo® tokens distribution are published exclusively on the website www.liqbo.ru (www.liqbo.com for the English-speaking community).

In the frame of project development process, numerous messages will be distributed to inform our target audience about the progress, changes in the token distribution policy and the conditions of LiqBo® accumulation. **Of the 100% of LiqBo® tokens in the ERC20 format reserved for distribution, just 15% is reserved for advisors, our team and bounty program. The remaining 85% of ERC20 tokens existing in the system will be distributed among investors (through ICO procedures) and operating partners (loyalty programs and owners of Liquid Bonus® Loyalty Nodes, by means of token distribution during the pilot and commercial operation of the system).**

We do not target this ICO to distribute the entire volume of LiqBo® tokens allocated for initial offering. Our main focus is on finding reliable partners for a long-term, mutually beneficial cooperation and on achieving the established level of "minimum threshold" that shall allow us to achieve the new system development and integration level and to place additional LiqBo® tokens offering from the new, more solid position.

6.3.1 The Minimum and Maximum Threshold

The minimum threshold («soft-cap») of the initial LiqBo® tokens offering (ICO) is set to the amount of 7 500 000 LiqBo® tokens. Thereby, **if as a result of this ICO, the number of distributed LiqBo® tokens will turn to be 7,499,999 or less, the distribution result shall be declared as invalid and all contributions will have to be returned to the donators' Ethereum addresses, net of the transfer commission.** In the event that 7,500,000 LiqBo® tokens or more distributed, the ICO will be deemed to be valid, but the distribution of tokens will be continued until the completion of the ICO deadline, or until the maximum threshold mark («hard-cap») is reached.

The maximum threshold («hardcap») is set to the amount of 480 000 000 LiqBo® tokens, which is equal to 48% of the total number of ever existing LiqBo® tokens. **Regardless of the initial LiqBo® tokens**

offering (ICO) deadline, when the number of distributed tokens reaches the 480,000,000 LiqBo® tokens mark, the distribution process shall be immediately stopped and the ICO terminated with a positive result.

6.4 Use of raised funds

All funds raised during the initial public offering of LiqBo® tokens, will be used exclusively for the development and implementation of the Loyalty Aggregation Medium and Liquid Bonus® network, as well as its deployment²⁰ worldwide.

6.4.1 Cooperation With Partners and Early Adopters

The nature of the initial cryptographic tokens distribution makes common legal procedures difficult to apply. Nevertheless, in order to comply with the legislation and regulators' requirements and to compensate the largely anonymous nature of transactions in cryptographic currency, we will accept transactions only from trusted sources and rely on means of control and account holders establishing used by cryptographic currency exchanges, exchange offices and banks participating in a cryptographic payment ecosystem.

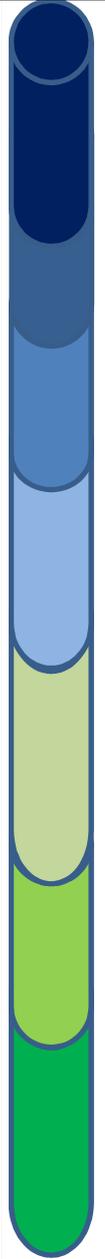
Besides the initial LiqBo® tokens offering through ICO, we shall consider any other cooperation offers including but not limited by direct project financing, acquisition of shares or by any other legal means of investing.

In addition to project funding, we are interested in partnerships with potential Liquid Bonus® Loyalty participants. We invite retail companies and loyalty coalitions as partners and operators of Liquid Bonus® Loyalty Nodes to create and operate gateways between the legacy loyalty systems and global Liquid Bonus® Loyalty Medium. We are also interested in partnerships for operating of the Liquid Bonus® Core Nodes to support the operation of the basic blockchain infrastructure and provide value-added services to other Participants and users.

²⁰ The token distribution process is described in paragraph 6.2 of this document

6.5 Implementation Roadmap

The table below shows our current implementation plan necessary for the development, integration and implementation of the system into commercial operation. This schedule is based on current project team submissions about upcoming events and their duration based on our previous experience. The schedule may not be regarded as final and is subject to revision. In addition to it, this plan can not serve as a basis for making any claim(s) to the project team and (or) be considered as part of any commercial obligations.

Sep. 2017		T0 = 09/2017	Whitepaper released
Nov. 2017		T0+10 weeks	Proof of Concept successfully completed
Dec. 2017		T0+14 weeks	Early Bird program started.
Jan. 2018		T0+17 weeks	Pre-ICO started, Backing Parties to be hooked Estimated level of ETH 500 reached
Feb. 2018		T0+21 weeks	ICO completed, launch of the trial rollout (in "Backing Parties - friendly users" mode)
Mar. 2018		T0+27 weeks	Release of the results of the first launch in the "Backing Parties - friendly users" mode Budget & project scope reviewed, decision to continue the ICO crowd-funding or to fix the existing investment cap
Apr. 2018		T0+30 weeks	Complete Functional Requirements Specification released, launch of development & integration of commercial architecture
Nov. 2018		T0+58 weeks	Full-featured Beta-version released. Integration with few commercial nodes completed
Dec. 2018		T0+62 weeks	List of commercial end-users for beta operation completed,
Jan. 2019		T0+65 weeks	End-to-end operation launched in beta mode
May. 2019		T0+80 weeks	Fixing rollout results
Aug. 2019		T0+92 weeks	Release of the results of the beta launch in the full-featured mode, started working on final bugs
Dec. 2019		T0+108 weeks	Commercial release

6.6 Risk Factors

The FINSTICK Innovation LLC is recently incorporated (2017) and has limited track record. However, the founding members are highly qualified professionals with a deep expertise that can be easily reviewed and confirmed. As with any startup, FINSTICK Innovation LLC carries particular risk in terms of its ability to deliver its products and services described on this website and by the Whitepaper. The LiqBo® Tokens have no liquidity upon issuance and only upon their inclusion among the offered cryptographic assets of the various exchanges targeted and described in this document will there be any practical means to achieve liquidity. The liquidity of LiqBo® Tokens via these exchanges will be via other cryptographic tokens. In addition to it, LiqBo® Tokens will be used by retailers as utilities enabling their loyalty program offerings. Despite all, there is a significant risk that the value of LiqBo® Tokens on the exchanges, as well as any of the cryptographic assets they can be converted into, could decline, and then the initial investment made by a contributor could be lost.

- 1.

7 DISCLAIMER

This whitepaper has been prepared in compliance with industry best practices and regulations as understood by the authors at this time. This is not a prospectus or a content offer of any sort, and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction. Moreover, the cryptographic tokens offered by this whitepaper have not been approved or disapproved by any regulatory body in any jurisdiction.

Prospective contributors should read the whole text of this website and whitepaper to draw their attention to discussion of certain risks and other factors that should be considered in connection with a contribution into the offered utility LiqBo® Tokens, in particular this concerns the section «Risk factors» of this Whitepaper. If you are in doubt about the contents of this website and whitepaper or what action to take, you shall get in touch with your investment advisor, financial advisor or any other relevant professional specializing in advising on the acquisition of crypto currency and other cryptographic utilities.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW AND EXCEPT AS OTHERWISE SPECIFIED IN WRITING BY US, (A) THE TOKENS ARE SOLD ON AN “AS IS” AND “AS AVAILABLE” BASIS WITHOUT WARRANTIES OF ANY KIND, AND WE EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES AS TO THE TOKENS, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT; (B) WE DO NOT REPRESENT OR WARRANT THAT THE TOKENS ARE RELIABLE, CURRENT OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN THE TOKENS WILL BE CORRECTED; AND (C) WE CANNOT AND DO NOT REPRESENT OR WARRANT THAT THE TOKENS OR THE DELIVERY MECHANISM FOR TOKENS ARE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

WE DO NOT AND WILL NOT PROVIDE YOU WITH ANY SOFTWARE OTHER THAN THE TOKENS IN YOUR RESULTING DISTRIBUTION.

YOU UNDERSTAND THAT TOKENS, BLOCKCHAIN TECHNOLOGY, THE ETHEREUM PROTOCOL, AND ETHEREUM ARE NEW AND UNTESTED TECHNOLOGIES OUTSIDE OF OUR CONTROL AND ADVERSE CHANGES IN MARKET FORCES OR TECHNOLOGY WILL EXCUSE OUR PERFORMANCE UNDER THESE TERMS.

TRANSACTIONS USING BLOCKCHAIN TECHNOLOGY, SUCH AS THOSE INVOLVING THE TOKEN SALE, ARE AT RISK TO MULTIPLE POTENTIAL FAILURES, INCLUDING HIGH NETWORK VOLUME, COMPUTER FAILURE, BLOCKCHAIN FAILURE OF ANY KIND, USER FAILURE, TOKEN THEFT, AND NETWORK HACKING. WE ARE NOT RESPONSIBLE FOR ANY LOSS OF DATA, ETHER, TOKENS, HARDWARE OR SOFTWARE RESULTING FROM ANY TYPES OF FAILURES, THEFT, OR HACK.

Subject to initial offering, LiqBo® Tokens are Ethereum based (ERC-20) utility tokens that are used to interact with, and sometimes even unlock some of the optional features inside the Liquid Bonus® Loyalty Aggregation Media. Importantly, LiqBo® Tokens are the only way to receive early access to the Liquid Bonus® Loyalty Aggregation Media prior to its commercial launch. The Alpha and Beta stages of Liquid Bonus® Loyalty Aggregation Media will require any participant in the system to have a minimal entry stake of LiqBo® Tokens.

Contributions to the LiqBo® Token offering are paid to the Ethereum-based smart contract in ETH at the receiving address created for the specific contributor. The number of booked LiqBo® Tokens (the exchange rate to the mentioned crypto-currencies will be determined by the smart contract) are

transferred to the contributor's target wallet. For the duration of this process, which should be no more than a few minutes, the contributed funds will be held in escrow by the smart contract.

The LiqBo® Token offering does not constitute an offer or solicitation to sell shares or securities in FINSTICK Innovations LLC or any other related or associated company. Any such offer or solicitation would only be made by a confidential offering memorandum and in accordance with applicable laws. None of the information or analysis presented here are intended to form the basis for any investment decision, and no specific recommendations are intended. Accordingly, this document and(or) website does not constitute investment advice or counsel or solicitation for investment in any security.

This document and(or) website does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer to buy or subscribe for, any securities, nor should it or any part of it, form the basis of or be relied on in any connection with, any contract or commitment whatsoever.

FINSTICK Innovations expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from:

- (i) reliance on any information contained in our whitepaper or on our website,
- (ii) any error, omission or inaccuracy in any such information or
- (iii) any action resulting therefrom.

The LiqBo® Token, or "LiqBo®", is a cryptographic utility token. LiqBo® Token is not a cryptocurrency.

At the time of this writing,

- (i) LiqBo® cannot be exchanged for goods or services and
- (ii) LiqBo® cannot be traded on any known exchanges at this time, however we plan to list LiqBo® on token exchanges in the near future.

There is no guarantee that the LiqBo® you purchase will increase in value. It may decrease in value. LiqBo® is not evidence of ownership or right to control. Controlling LiqBo® does not grant its controller ownership or equity. LiqBo® does not grant any right to participate in the control, direction or decision making of FINSTICK Innovations LLC or the Liquid Bonus® Loyalty Aggregation Media.

Token Offering Participation: It is the responsibility of the participants of the Pre-ICO and ICO token offering to ensure they are legally allowed to exchange ETH or BTC for LiqBo® Tokens, in their country of domicile. FINSTICK Innovations accepts no responsibility for illegal participation, and we have no presence at location and(or) jurisdiction of every participant. FINSTICK Innovations LLC is a Russian legal entity which carry out this LiqBo® Tokens distribution and acts on all other issues in accordance with laws and regulations of the Russian Federation.

Refunds: Contribution refunds will only be given if Liquid Bonus® does not reach its minimum funding goal of 7,5 million LiqBo® Tokens distributed via ICO. Any other refunds will be at the discretion of FINSTICK Innovations.

Generation and distribution of LiqBo® tokens: LiqBo® Tokens will be generated after the completion of the final stage of the token offering. LiqBo® Tokens will be distributed back to the same ETH address that the contributions arrived from.