



TokenStars

Celebrity Management
Platform on Blockchain

TEAM Token Sale

White Paper

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may be amended

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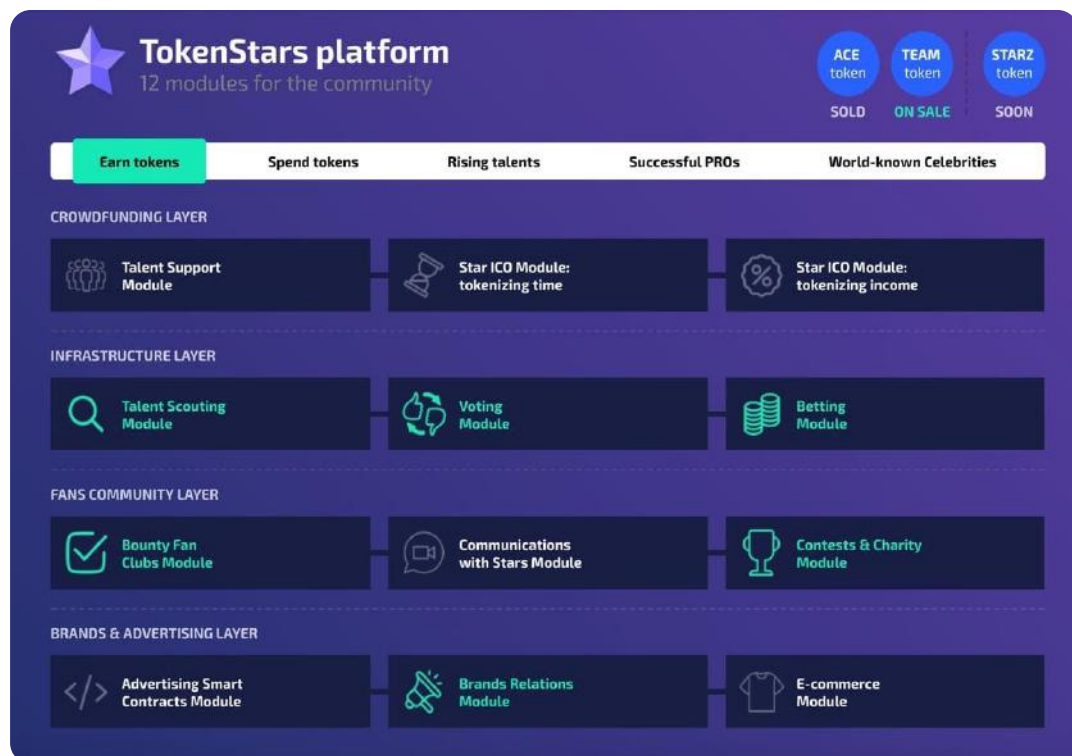
1. TEAM Overview

1.1. Abstract. 10 Reasons to Support

1. TokenStars is the **first celebrity management platform on blockchain**.
We're building an ecosystem that will provide celebrities, fans and advertisers with advanced tools and incentives for deeper interaction and engagement.
2. Our platform consists of **12 integrated modules** that allow participants to connect in a new way. Designed as a toolkit, the platform allows users to combine different modules to achieve the required features and capabilities.

Based on their functionality, the modules are part of 4 different layers:

1. **Crowdfunding layer**, enabling promising talents and celebrities to raise funds.
2. **Infrastructure layer**, providing functional tools (like voting and scouting) for key platform activities.
3. **Fans Community layer**, allowing the celebrities to grow their social capital by expanding their loyal fan bases and offering the fans the desired involvement by communicating and participating in activities with their favorite stars.
4. **Advertising layer**, delivering smart & transparent data and an engaged audience to brands for more efficient advertising campaigns (by enabling advertising smart contracts and exclusive merchandise sales).



3. **TokenStars solves 4 major problems** of market participants:

1. Talents & Pros:

- a. 'Young talents need financial support'. We provide financial support to young talents at the critical junior age, so they don't drop out of professional sports and entertainment industries. This significantly increases their chances for success.
- b. 'Established players need help with advertising sales'. We offer representation and marketing promotion to established pro athletes and media personalities that are already attractive to sponsors but were overlooked by traditional agencies.

Token implementation: TokenStars receives advertising commissions (15-30%, both from pros and talents) and fees from supported talents' future income (5-70%, depending on the industry), which **must be paid in TokenStars tokens**. So, the brands and supported talents will buy tokens on the exchanges from token holders to pay for our services.

2. Fans desire much closer interaction with celebrities and more influence over sports clubs and players. We provide fan communities with a wide range of exclusive options and products that allow them to participate, analyze, critique, deconstruct, fantasize and connect with their favorite athletes and media personalities.

Token implementation: by participating in these interactions, fans earn and spend TEAM tokens, increasing the demand and the turnover of tokens.

3. Advertisers. Brands seek a combination of transparent advertising formats, as well as more engaged audiences. TokenStars offers brands an opportunity to access a highly involved fan audience and increase the efficiency of campaigns by implementing advertising smart contracts.

Token implementation: the endorsements and promotional services will be paid in tokens (fully or as a part of the TokenStars commission), so the higher the amount of advertising campaigns, the more tokens will be demanded on the market.

4. **Blockchain implementation ensures transparency and scalability of operations.** We have chosen blockchain as the underlying technology of the platform to allow us to build a transparent and verifiable system for all platform participants, especially for fans, advertisers, talent scouts, and regular token holders.

1. TokenStars platform will record in the blockchain ledger the events of interactions between the participants, such as voting results, applications from scouts, auction bids, and advertising clicks.
2. Our platform will be based on two interacting blockchains - Ethereum for the token-related operations, and a private blockchain for the internal platform operations: which was chosen because tens of thousands of people (with millions of participants in the future) will interact on the TS platform, so all these transactions will generate millions of recorded operations. Using the Ethereum blockchain to record such a large number of events would be impractical because of slow transaction speed and high transaction-related expenses.

3. Implementing Ethereum ERC-20 standard compatible tokens allows us to avoid the usual difficulties with fiat currencies such as low speed and regulations related to cross-border payments.
5. **Proven business model.** We have started with tennis and successfully completed the [ACE token sale](#) in October '17. We have already started proving our concept:
 1. Signed the first contract with a PRO tennis player - Veronika Kudermetova, winner of 21 international tournaments (No. 58 in WTA ranking in doubles) and
 2. Launched a marketing project with Ekaterina Makarova (Olympic Gold medalist in Rio 2016; the winner of Wimbledon, US Open and Roland Garros; No. 33 in WTA singles / No. 3 in doubles).
6. We're **launching the TEAM** TokenStars vertical, which will combine celebrity management activities in other sports (football, hockey, basketball, poker and others) and entertainment (movies, music).
7. **TEAM token** (Ethereum, ERC-20 standard compatible) is a **utility** token, designed to enable interaction between fans, celebrities (prospective talents & successful pros), advertisers, scouts, and regular token holders. TEAM tokens will serve as the platform's internal currency and will be used in 10 modules.

Most of the **interactions** between the participants will **require usage of TEAMs**:

- payment of agency commissions from advertisers and supported talents;
- providing incentives to fans and external agents, who discover the prospective talents (scouts) and promote their favorite celebrities (promoters);
- making betting bids;
- participating in the voting polls;
- getting access to exclusive offers from celebrities.

This will result in higher token turnover, driven by TokenStars' business growth.

8. **TokenStars disrupts a huge industry.** TEAM targets a giant and fast-growing market.

The total global sports and entertainment celebrity management market exceeds **\$100+ billion**¹ in contracts under management and annual revenues of up to **\$20 billion**².

The sports and entertainment industry is booming now:

1. Contracts under management among the top 40 agencies increased by +10% in 2017.
2. UEFA Champions League budgets, distributed to the clubs, increased by 2.3X over the last 10 years, amounting to \$1.32 billion in the 2017/18 season.
3. The total prize money in the Grand Slam Championships has dramatically increased 4X during the last 15 years.

¹ <https://www.forbes.com/sports-agencies/list/> [\$43 billion of contracts under management in sports (sports contracts are less than <50% of total industry)]

² <https://www.ibisworld.com/industry-trends/market-research-reports/arts-entertainment-recreation/celebrity-sports-agents.html> [Assuming the US market (agencies' annual turnover exceeds \$10 billion) to be 40-45% of global]

4. The worldwide sports analytics market (which targets the scouting of prospective athletes and growing audience engagement) is expected to increase at a CAGR of 40.1% over the next five years and excel to \$4 billion.
5. The project disrupts the huge incumbents' business and shares the created value among the community members.

TEAM is a **global** project looking for players and sponsors worldwide (this means higher market size, higher diversity, and less dependency on local regulations).

9. TEAM targets an **enormous fan base**, which can earn and spend tokens on the platform.

We aspire to introduce more than **4 billion sports fans**³ to the blockchain world. The top 20 football players have 1.4 billion followers⁴ across the most popular social media platforms.

TokenStars has established partnerships with major media platforms (for tennis we have signed a partnership deal with major sports media such as [Tribuna.digital](https://tribuna.digital) and <https://www.sports.ru/> with 12.5 million MAU). We put special emphasis on global PR and marketing among the non-geeky sports fans. The message 'be part of the next Ronaldo's success and get exclusive offers from this star' will resonate with them.

10. TokenStars has assembled a top-notch sports & entertainment advisory board that will:

- share its expertise to stimulate project growth,
- help us select the most promising talents, and
- attract a large audience of users to the TokenStars platform.



Lothar Matthäus /Football/

- World Cup champion (1990).
- European champion (1980).
- 7-time winner of Bundesliga and champion of Serie A.
- 2-time winner of UEFA Cup.
- Awarded the Golden Ball and FIFA World Player of the year.



Tommy Haas /Tennis/

- Career stats: No. 2 in ATP ranking.
- Winner of 15 international tournaments.
- Olympics Silver medalist (Sydney, 2000).



Nikita Kucherov /Hockey/

- No. 1 goal scorer of 2017/18 NHL season.
- Bronze medalist of the World Championship (2017).
- NHL Stats: 125 goals / 268 points.



Gianluca Zambrotta /Football/

- FIFA World Cup champion (2006).
- UEFA European championship silver medalist (2000).
- 3-time Italian Serie A champion.
- Played for Juventus, Barcelona, Milan and Italian national team.

³ <http://sporteology.com/top-10-popular-sports-world/>

⁴ <http://www.telegraph.co.uk/football/2016/10/04/the-50-most-influential-footballers-on-social-media/>



Cedric Pioline /Tennis/

- Career stats: No.5 in ATP ranking.
- US Open and Wimbledon finalist.
- Winner of 2 Davis cups.
- Co-Captain and coach of French national team.



Robin Söderling /Tennis/

- Career stats: No. 4 in ATP ranking.
- Roland Garros finalist 2009, 2010.
- Winner of ATP Masters Finals (2010) and 10 tournaments.
- Ex-Tournament Director at Stockholm Open.



Valeriy Karpin /Football/

- Football manager and former professional player (Valencia, Real Sociedad, Celta, FC Spartak, and Russian national team).
- Career stats: 122 goals.
- 2nd place at Spanish La Liga.
- 3-time winner of Russian league.



Anastasia Myskina /Tennis/

- Career stats: No. 2 in WTA ranking.
- Roland Garros champion (Grand Slam).
- The winner of 2 Fed Cups and 21 international tournaments.



Rico Torres /Hollywood/

- Hollywood photographer with 30 years in the movie industry.
- 60 movies in portfolio.
- Partnered with Quentin Tarantino, Robert Rodriguez, Ridley Scott.
- Made photo shoots of Antonio Banderas, Bruce Willis, Jessica Alba, Lady Gaga and others.



Alexander Anter /Poker/

- Professional poker player (with 10+ years of experience) and Blockchain developer.
- World Series of Poker tournament winner (WSOP-2011) with a prize worth \$750k.

Full stack developer, blockchain developer, CTO of RefToken

2. TEAM Token Sale Terms

General Info

Token Name	TEAM
Based on	Ethereum
Standard	ERC-20
Token price	0.0001 BTC
Payment methods:	Bitcoin (BTC), Ether (ETH), Litecoin (LTC), Bitcoin Cash (BCH), Neo (NEO), ACE Token (ACE)

Fundraising Targets

Soft Cap (minimum token sale threshold)	\$1,000,000
Target A	\$5,000,000
Target B	\$10,000,000
Hard Cap – Target C (maximum token sale threshold)	\$15,000,000

Token Allocation

Allocation principles	<ol style="list-style-type: none">1. For every 60 tokens sold (<u>Token Sale</u>),2. 20 additional tokens will be created and retained for the team, partners and advisors (<u>Team & Advisors</u>),3. and 20 additional tokens will be created and retained for Network Growth (<u>Community & Growth</u>).
Max number of tokens for <u>token sale</u>	up to 45,000,000
Max number of tokens for <u>team & advisors</u>	up to 15,000,000
Max number of tokens for <u>network growth</u>	up to 15,000,000
Total Max number of <u>created</u> tokens	up to 75,000,000 The difference between the maximum possible number of created tokens and actual distributed number of tokens <u>will not be created</u> .

Sale Period⁵

	Dates	Min / Max Contribution
Tier 1	Dec 20, 2017 – Jan 10, 2018	1,000 TEAM tokens (0.1 BTC) / No cap
Tier 2	Jan 10, 2018 – Jan 27, 2018	
Tier 3	Jan 27, 2018 – Feb 5, 2018	
Tier 4	Feb 5, 2018 – Feb 22, 2018	
Tier 5	Feb 22, 2018 – Mar 8, 2018	100 TEAM tokens (0.01 BTC) / No cap
Tier 6	Mar 8, 2018 – Mar 15, 2018	
Tier 7	Mar 15, 2018 – Mar 22, 2018	
Tier 8	Mar 22, 2018 – Mar 28, 2018	

Bonuses*

Contribution period bonuses	
Tier 1	+40%
Tier 2	+30%
Tier 3	+15%
Tier 4	+10%
Tier 5	+7%
Tier 6	+5%
Tier 7	+3%
Tier 8	-
Volume Bonuses	
1-3 BTC	+5%
3-5 BTC	+10%
> 5 BTC	+20%

* The bonuses are cumulative (volume bonuses are added to contribution period bonuses)

** Other bonuses may be implemented by TokenStars

⁵ The dates and the duration of the token sale period may be adjusted in the case of significant changes in market conditions.

Distribution and Listing⁵

Initial Token Distribution	Mar 2018
Listing on Exchanges (intended)	Mar 2018

Additional Information

Sales geography	TEAM tokens are not being offered or distributed to, and cannot be resold or otherwise alienated by their holders to citizens of, natural and legal persons having their habitual residence, location or their seat of incorporation (i) in the United States of America (including its states and the District of Columbia), Puerto Rico, Virgin Islands of the United States, any other possessions of the United States of America, or (ii) in a country or territory where transactions with digital tokens are prohibited or in any manner restricted by applicable laws or regulations.
Web site:	http://tokenstars.com/

3. TEAM Project Vision

3.1. Core Idea

The core idea behind TokenStars is to bring interaction between stars, fans and advertisers to a new level, and solve celebrity management industry problems.

- **Stars: talents and pros.** In an era when professional career development highly relies on the ability to attract social capital and access funding sources, stars need more ways to get discovered by the audience and sponsors.
- **Fans.** The balance of celebrities, fans, and media has shifted dramatically. Fans no longer just watch. In real time they participate, analyze, critique, fantasize and connect with their favorite stars.
Fans need innovations that will provide opportunities for interaction and two-way communications with celebrities.
- **Advertisers.** Brands seek new channels of promotion with a highly engaged audience and demand transparent and adjustable tools to run advertising campaigns.

We understand that in order to encourage collaboration between a huge number of participants, TokenStars shall develop scalable digital solutions and competitive incentives for all parties.

Therefore, we're building a modular blockchain platform that will allow participants to combine its blocks and achieve the desired results. Eventually, it will change the way celebrities connect with their fans and advertisers, making it more efficient and valuable.

We're introducing the TEAM token to empower the interaction between parties. TEAM tokens (ERC-20 standard) will serve as a form of access to the TokenStars platform and as an internal currency required for the majority of operations and transactions within our ecosystem.

3.2. Solving market problems

TokenStars solves 4 major problems of market participants:

1. Talents (future stars). We provide financial support to young talents at the critical junior age, so they don't drop out of the professional sports and entertainment industries. We also help them to attract an audience and accumulate social capital from the beginning of collaboration, to start their professional career with a sufficient handicap (in comparison to their peers).
2. Pros (active sports & entertainment stars). We offer representation and marketing promotion to established pro athletes and media personalities that are already attractive to sponsors but were overlooked by traditional agencies.
3. Fans desire much closer interaction with stars and celebrities and more influence over their favorite clubs. We provide fan communities with opportunities to communicate in real time, choose future stars, and become involved in celebrities' activities.
4. Advertisers. Brands seek a combination of transparent advertising formats, as well as more engaged audiences. TokenStars offers brands an opportunity to access a highly involved fan audience and increase the efficiency of campaigns by implementing advertising smart contracts.

3.3. TEAM token

We create TEAM tokens (Ethereum ERC20 standard compatible utility tokens) to facilitate the engagement between different participants on the platform. TEAM tokens will serve as:

1. A form of access to TokenStars platform features that verifies the token holder's rights to participate in the activities conducted within the ecosystem.
2. An internal currency – tokens will be used as a form of settlement in the transactions conducted within the platform. This will also allow us to avoid the usual difficulties with fiat currencies such as low speed and regulations related to trans-border payments.

There are 3 ways platform participants may acquire TEAM tokens:

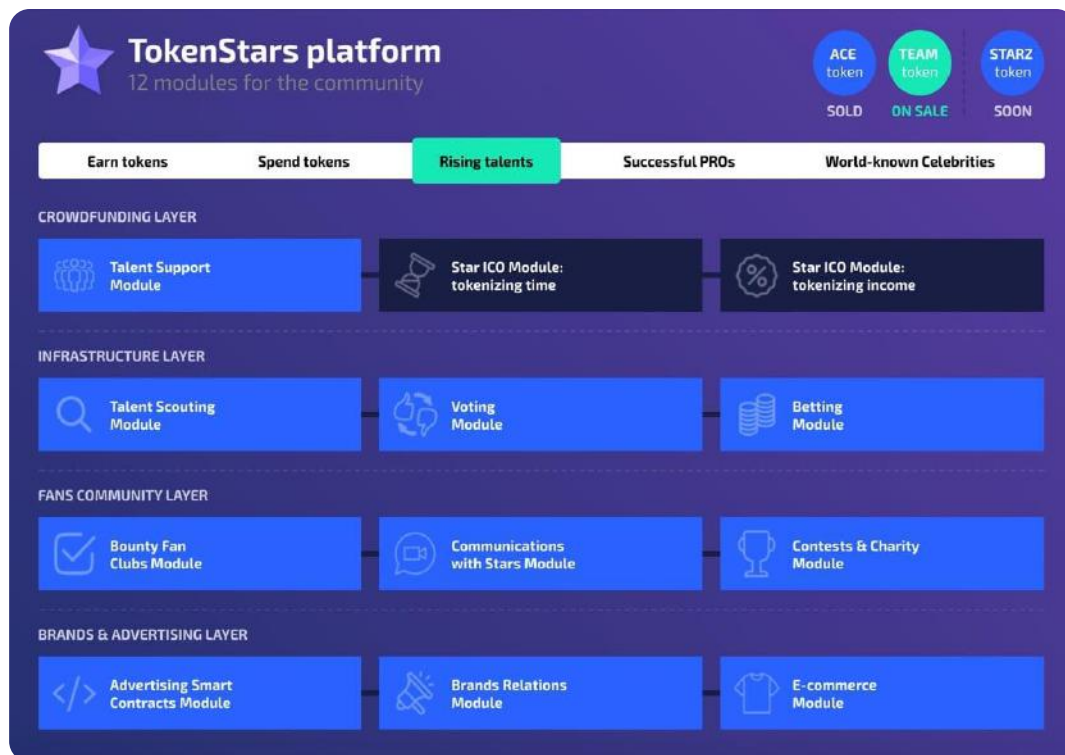
1. Join the crowdsale (total supply will be limited by the number of tokens created at the crowdsale).
2. Buy tokens on the crypto exchanges.
3. Earn tokens within the platform for completing actions and accomplishing tasks.

4. Platform and Technology

4.1. Platform Architecture

The TokenStars platform is built of 12 integrated modules that allow us to implement all activities of the project. The modules are divided into four distinct layers:

1. Crowdfunding layer;
2. Infrastructure layer;
3. Fans Community layer;
4. Brands and Advertising layer.



TokenStars platform is designed as a toolkit, allowing users to combine different modules to achieve the required capabilities and to encourage interaction between the celebrities, fans (as well as regular token holders), advertisers, professional talent scouts and promoters.

A detailed description of the modules' functions and architecture can be found below in this section of the White Paper.

4.2. Use of Blockchain

Our choice of blockchain as the underlying technology of the TokenStars platform allows us to build a transparent, scalable and verifiable system for all platform participants, especially for fans, scouts, promoters and advertisers. We will provide fan community leaders with tools to audit the records of the distributed blockchain ledger to prove the transparency of interactions and avoid potential conflicts between the participants.

Our platform will interact with tens of thousands of people (up to millions in the future). We aspire to introduce more than **4 billion sports fans**⁶ to the blockchain world. For reference,

- The top 20 football players have 1.4 billion followers⁷ across most popular social media platforms.
- The estimated number of FC Manchester United followers is 659 million people.⁸ This is possibly the largest fan base in the world for a football club.

Furthermore, we plan to work with celebrities not only in sports, but also in entertainment (movies and music), and expect to have a huge user base.

Every event such as recording a vote in a poll, collecting a report from a promoter, receiving auction bids, or registering advertising clicks will generate a blockchain write operation. Our in-house advertising will be using blockchain to record all important events for further analysis. The daily number of these events can reach millions.

Using the Ethereum blockchain to record such a large number of events would be impractical mainly because of slow transaction speed and transaction-related expenses.

Therefore, we're planning to develop the TS platform based on **two interacting blockchains**:

1. Ethereum for token-related operations and
2. A private blockchain for internal platform operations.

TokenStars private blockchain will be built as a network of nodes, maintained by the Company in the early stages of platform development. Later, we plan to delegate the rights (partially or fully) of the nodes' maintenance to the leaders of the fan community, who will be invited to become part of the network. This will allow us to create a truly distributed network, uncontrolled by any single party, in the true spirit of blockchain.

We also plan to take advantage of distributed blockchain technology for fast and efficient scaling of the platform. Network node operators will be able to audit blockchain operations to judge possible conflicts.

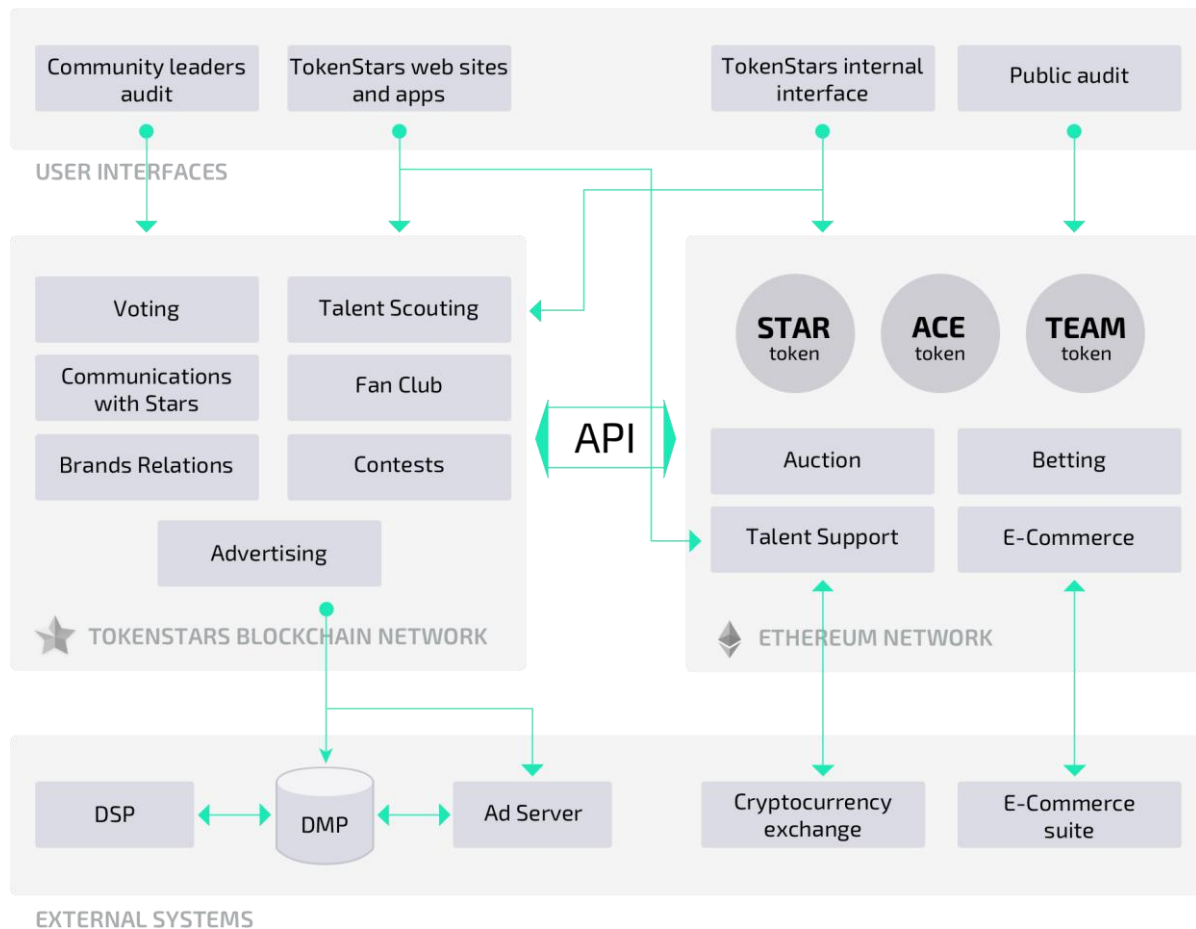
TokenStars will produce easy-to-install packages of the software required to run a network node and will provide all necessary instructions and worldwide 24/7 support. Network node operators will be compensated for their efforts with TEAM tokens.

⁶ <http://sporteology.com/top-10-popular-sports-world/>

⁷ <http://www.telegraph.co.uk/football/2016/10/04/the-50-most-influential-footballers-on-social-media/>

⁸ <http://www.sportingintelligence.com/2012/06/07/manchester-united-659-million-people-can%E2%80%99t-be-wrong-can-they-070601/>

4.3. Technological Stack



TokenStars is considering various solutions and approaches to private blockchain implementation. We are expecting the best results from Hyperledger Fabric, which is an open-source blockchain framework implementation and one of the Hyperledger projects hosted by The Linux Foundation. Hyperledger Fabric was initially contributed by Digital Asset and IBM.

TokenStars Hyperledger Fabric based network will be interacting with the Ethereum network through the inter-platform API we plan to develop.

The planned technology stack includes:

- Amazon AWS Ubuntu virtual servers for private blockchain node deployment.
- Third-party E-Commerce suite, customized for cryptocurrency and tokens. Shopify is the candidate technology.
- Advertising module with a combination of solutions by Google, AppNexus, Amber Data and Iponweb.
- Solidity and Golang for blockchain development.
- ReactJS, Android Studio, XCode for user interface development (please see the examples of prototypes in the next section).
- Some of the implementation will be outsourced to trusted parties with total quality control from our side.

4.4. Modules implementation

TokenStars platform is designed as a toolkit, allowing users to combine different modules to enable and encourage interaction between celebrities, fans (as well as regular token holders), advertisers, professional talent scouts and promoters.

TEAM tokens will serve as a form of access to the platform and its internal currency.

TEAM tokens will be used among 10 modules (excluding 'personal' STAR ICO modules).

We're creating TEAM tokens (Ethereum ERC-20 standard compatible utility tokens) to facilitate engagement between different participants on the platform. TEAM tokens will serve as:

1. A form of access to TokenStars platform features, that verifies the token holder's rights to participate in the activities conducted within the ecosystem.
2. An internal currency – tokens will be used as a form of settlement in the transactions conducted within the platform. This will also allow us to avoid the usual difficulties with fiat currencies, such as low speed and regulations related to trans-border payments.
3. A form of expression of the community's opinion. TokenStars platform will provide TEAM token holders with the opportunity to express their opinion regarding operational issues of the TokenStars' business through the decentralized community voting (DCV) mechanism (please find more details in Section 7.1 of the [ACE White Paper](#)).

ACE tokens, which were created to fund operations within the tennis industry (crowdsale completed in October 2017), will also be integrated into the joint TokenStars platform infrastructure.

Crowdfunding Layer

Comprised of 3 modules, it enables promising talents, combined in groups, and individual globally-known celebrities to raise funds.

1. Talent Support Module



The talent support module is part of the crowdfunding layer. It will be based on Ethereum smart contracts that will implement management of the funds collected during the token sale. As talent support practice involves payments in fiat currency, it requires an API connected to the external cryptocurrency exchanges. Transactions to the exchanges can be verified by blockchain analysis tools like etherscan.io. Access to the module's functions will be limited to authorized employees of TokenStars.

For Stars: Allows prospective talents to raise funds for professional development

For Fans: Provides access to the TEAM ecosystem and allows them to share in the success of future stars.

Fans support future stars by buying TEAMS at the token sale. TokenStars finds promising talents (by utilizing scouting and voting modules) and signs contracts with them. Rising stars receive money to train, improve their skills, and participate in youth competitions. When talents become successful pros, they start paying the platform commission from sponsorship deals and salary or prize money. Commissions are paid only in TEAM tokens, which are bought on the market from the fans (regular token holders).

The Talent Support Module is one of the basic ways to enter TEAM ecosystem and redeem tokens for various services and interactions not only with rising talents, but also with established pros, to whom TokenStars provides marketing support.

Case study: Fans support 14-year old 'Maria Sharapova'; she wins Wimbledon at 17. The platform receives a 20% commission from prize money and advertising contracts, paid in tokens.

2. STAR ICO “Time Tokenization” Module

TEAM token won't be applied to use this module.

This module will be utilized only by STAR token, designed for personal ICOs of celebrities (STAR token will be announced later and will be sold at a separate crowdsale event).

3. STAR ICO “Income Tokenization” Module

TEAM token won't be applied to use this module.

This module will be utilized only by STAR token, designed for personal ICOs of celebrities (STAR token will be announced later and will be sold at a separate crowdsale event).

Infrastructure Layer

This layer combines 3 modules that provide functions and capabilities for key platform infrastructure activities, implemented in combination with modules from other layers.

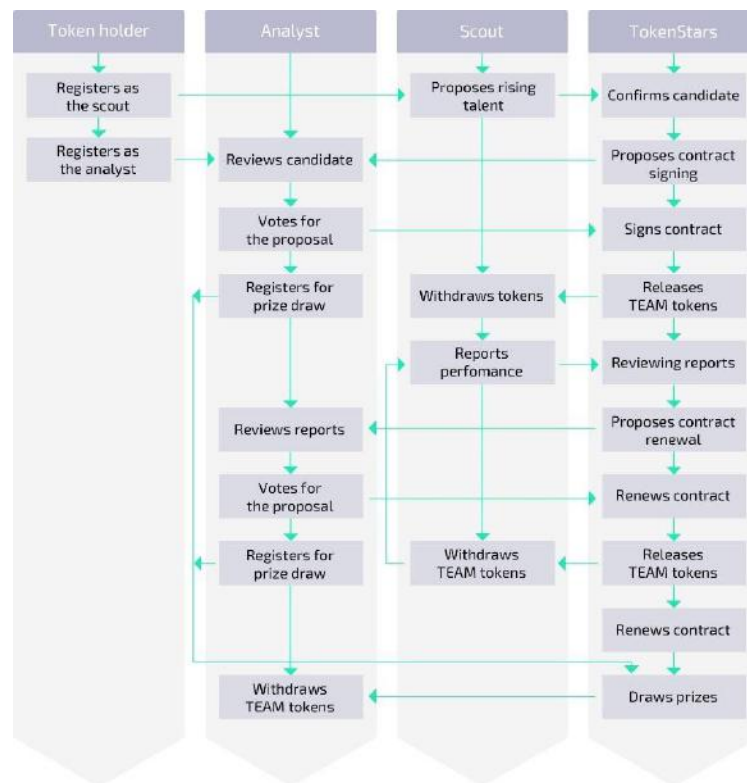
4. Talent Scouting Module



The talent scouting module implements platform-based interactions between TokenStars, talent scouts (represented by professional part-time scouts, youth coaches or incentivized token holders) and TEAM token holders who have volunteered to become Analysts. This module is tightly integrated with the voting module.

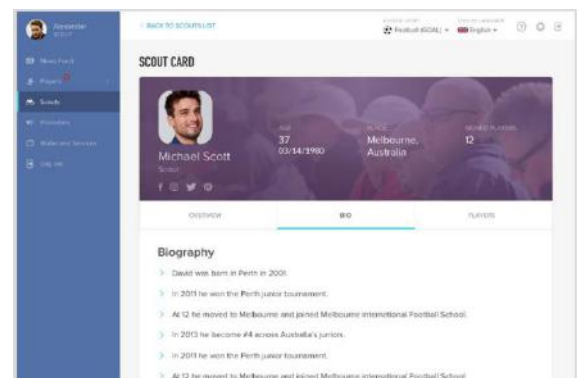
For Fans: Allows them to become scouts, submit applications for prospective talents and earn TEAM tokens.

The most general use case is illustrated by the diagram and is explained below.



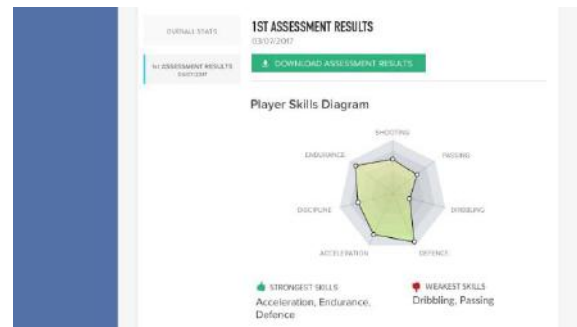
TokenStars **decentralizes the talent sourcing** process to ensure a high-quality flow of candidates. Unlike traditional agencies with a limited number of in-house scouts, TokenStars creates a Global Scouts Network, encouraging scouts with well-balanced stimuli to bring the most talented players to our platform.

1. Any TEAM token holder can become a Scout by signing up on the platform's website or in the app. The person's Ethereum account is one of the required fields. The new scout must be the holder of at least one TEAM token to apply. Token balance is automatically verified by the platform through the Ethereum API.



- The token holder becomes a scout and gets access to special platform functions that allow him or her to propose new rising talents.

- Talents pass automatic screening (based on their youth stats and results) and offline assessment conducted by TokenStars licensed scouts, which provides information for the future selection of candidates for voting and contract proposal.

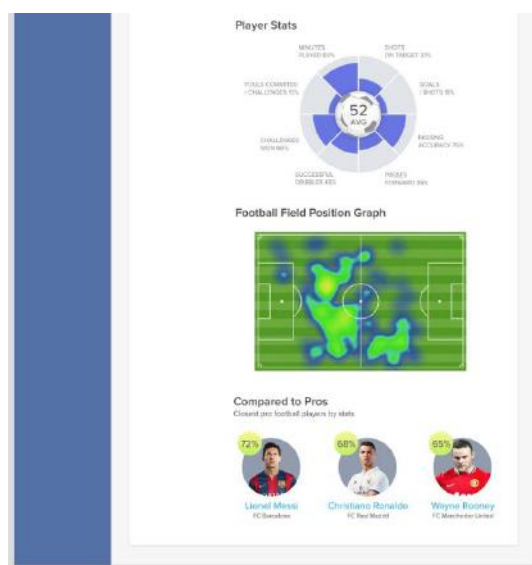


- Any token holder can register as an Analyst and gain access to the talent's data and to the voting. Measures will be taken to protect the sensitive personal information of the talent and the scout.

Overall Statistics						
2017	12-4 win-loss	16 games	2 goals	9 assists	2 total cards	\$10,000 price & sponsor money
All time (since 2014)	52-12 win-loss	64 games	12 goals	48 assists	8 total cards	\$40,300 price & sponsor money

- Analysts can vote for or against signing a contract with the new star candidate. The number of votes equals the number of TEAM tokens held by every analyst. The voting is conducted in the private blockchain of the platform and can be further inspected by the community in case of any doubt or conflict.
- TokenStars signs the contract with the future star and confirms it in the system, and this triggers immediate and automatic transfer of TEAM tokens to the recruiter's Ethereum account.

7. The scout continues his or her work with players and submits periodic analytical reports on their performance.



8. Analysts review the reports and can vote for or against contract renewal with (a) the talent and (b) Head of Scouting Network, who made the final proposal on signing the contract with the talent.
9. TokenStars renews the contract with the approved talent and approves the completion of the task, and an additional reward is paid to the scout who provided the talent's application to the platform.
10. The recruiter continues his or her work with the stars with periodic reviews by the supervisor and the analysts, receiving automatic payments in TEAM tokens after every iteration.
11. TokenStars holds periodic prize draws where the most active analysts have better chances to receive rewards in TEAM tokens and other possible prizes. The prize draw rules and conditions will be announced prior to the voting.

Case study: 'Juan' notices a promising young football player, submits an application to the platform, and receives a \$10K payment in TEAM tokens.

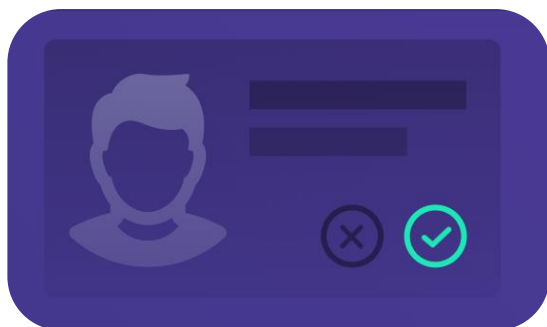
Scouts should receive significant amounts of money for successful recommendations in order to be motivated. It is important to note that Scouts will receive compensation only for their work performed through the TokenStars platform, as described in the table below. No compensation shall be paid if the Scouts do not perform any of the respective actions.

Scouts' compensation will be paid only in TEAM tokens.

The compensation amount and prices may be amended from time to time in order to reflect evolving business purposes and provide fair compensation and pricing for the performed efforts.

Scout Action	Scout Compensation ⁹	Comment
1. Submitting the initial players' application to ACE.	Larger of: 100 TEAM tokens or \$100 (paid in TEAMS) Cap: not more than \$120 in equivalent	With fraud protection mechanisms, penalties for fake submissions, limits for total submissions.
2. Application is approved, and the player is invited to an assessment.	Larger of: 900 TEAM tokens or \$900 (paid in TEAMS) Cap: not more than \$1,080 in equivalent	
3. Assisting with the talents' assessment on-/offline, submitting assessment checklist.	Larger of: 500 TEAM tokens or \$500 (paid in TEAMS) Cap: not more than \$600 in equivalent	
4. Talent is selected and signs the contract.	Larger of: 8,500 TEAM tokens or \$8,500 (paid in TEAMS) Cap: not more than \$12,750 in equivalent	
TOTAL	Larger of: 10,000 TEAM tokens or \$10,000 (paid in TEAMS) Cap: not more than \$14,550 in equivalent	

5. Voting Module



The voting module is used as an infrastructure support for other modules. The platform will hold polls among token holders on the significant decisions: one of the most meaningful use cases of voting is described above in the Scouting section, where fans provide their opinion on approving new players or renewing the Head of Scouting contract.

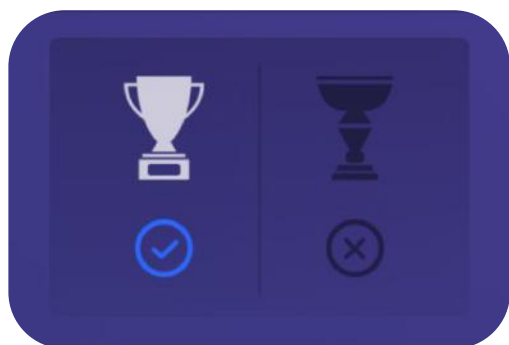
***For Stars:** Allows them to accumulate a greater audience and social capital to increase the value for sponsors.*

***For Fans:** Provides an opportunity to participate in talent selection and influence decisions made by their favorite stars. Active engagement in voting will allow them to earn additional tokens.*

⁹ Hereinafter in the whitepaper: For simplicity, the compensation amounts in tokens are calculated at the exchange rate of 1TEAM = 1\$. Actual compensation amounts in tokens may be changed and will reflect the fluctuations of the exchange rates.

This module will be also tightly interconnected with modules from the Fan Community layer, when it will be used as a standalone mechanism for polls conducted by celebrities. For example, fans might be able to vote for the title of a pop star's new album, which dress to wear at a red-carpet ceremony, or how to celebrate a scored goal (thus the star becomes a 'live Tamagotchi' for the fans). For the star it brings greater audience engagement and publicity, which consecutively results in higher interest from advertisers.

6. Betting Module



TEAM token holders will be able to take part in different betting events involving TokenStars talents and celebrities.

For Fans: Allows them to earn or spend tokens by placing a bet on the results of various events.

The stakes and the prizes will be accepted and paid only in TEAM tokens. Betting will be implemented as an Ethereum smart contract with automatic payments to the winners.

As a part of the infrastructure layer, the Betting module will be pluggable into other modules, like an online competition stream.

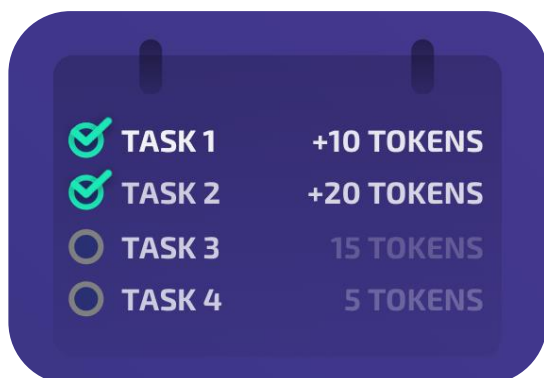
Case study: 'Roberto' participates in TokenStars quarterly fantasy football tournaments, makes the most accurate predictions, and wins the 1st prize.

Fan Community Layer

Allowing celebrities to grow their social capital and offering fans higher involvement and participation.

This layer is comprised of 3 modules, allowing celebrities to expand their loyal fan bases and offering fans the desired involvement by communicating and participating in activities with their favorite stars.

7. Bounty Fan Club Module



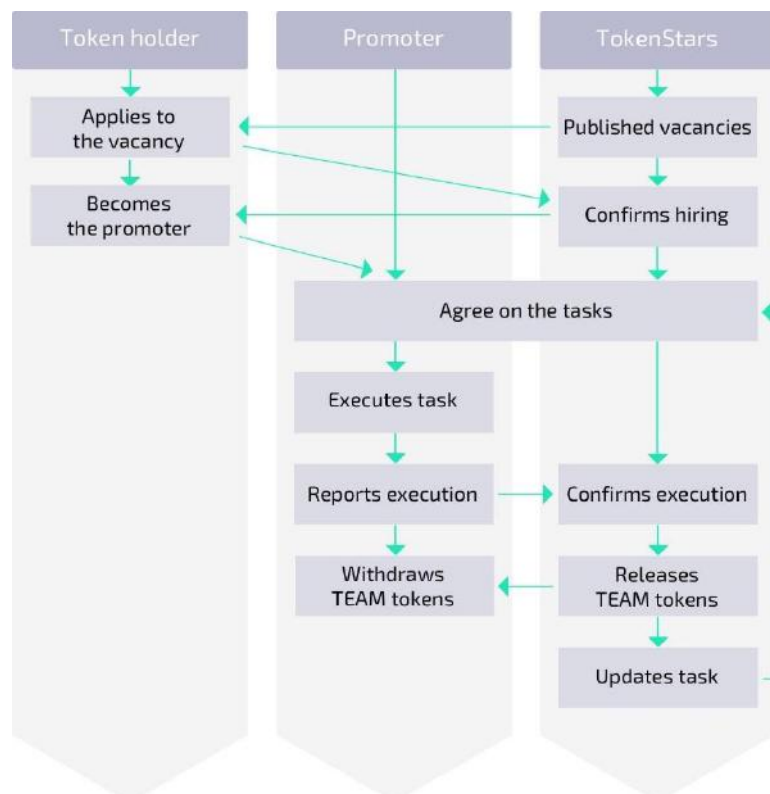
The Bounty Fan Club module is one of the key elements of the TokenStars platform, furnishing talents and celebrities with a tool to develop their audiences in an efficient and structured manner. Stars will assign tasks (e.g., creating content, promoting social media accounts) to their fans, who may volunteer to become 'Promoters' and help their favorite star to succeed.

All communications between promoters, stars and TokenStars employees will occur through the platform. All payments are made with TEAM tokens and are automatically processed by the platform and its API to the Ethereum network.

For Stars: Allows them to achieve meaningful results with the help of highly engaged fans by assigning them particular tasks.

For Fans: Enables regular participation in the star's activities, provides an opportunity to earn tokens and become the leader of the fan club.

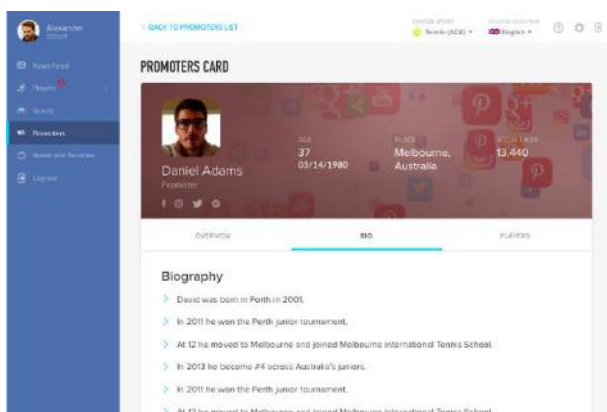
The most typical case is illustrated by the simplified diagram below:



TokenStars' involvement in the process requires two activities – promoter recruiting in the early stage, and supervising in the later stages.

1. The TokenStars recruiter invites new promoters by publishing vacancies on the project website, through social media, and a mailing list of registered token holders. Also, these vacancies will be published and promoted in the star's social media accounts and communication channels, which will allow them to invite a greater number of fans to the TS platform. The vacancies include a general description of the tasks the candidate agrees to undertake.
2. Any person willing to apply to a new promoter position (may be a current token holder or regular fan, who has to buy a TEAM token to apply) can fill out the form on the platform's web site. The person's Ethereum account is one of the required fields. The candidate must be the holder of at least one TEAM token to apply. Token balance is automatically verified by the platform through the Ethereum API.
3. The TokenStars recruiter further interacts with the candidates, conducts an online interview, and approves hiring.

4. The candidates become promoters and commit to the specific tasks assigned by TokenStars. Remuneration conditions are also agreed between the parties as part of the task confirmation procedure. Every confirmed task becomes an immutable record (smart contract) in the platform's private blockchain ledger and will be available for independent inspection from the community for the purposes of conflict resolution. Sensitive personal information of the promoter and the task will be cryptographically protected from third parties.
5. A detailed description of possible tasks, fees and policies is provided below the case study.¹⁰
6. Upon completion of the task, the promoter reports it through the platform interface. With the report, s/he must provide some proof of task completion, e.g., a link to a social network post or a screenshot.
7. The promoter's supervisor approves the task completion and this triggers immediate and automatic transfer of TEAM tokens to the promoter's Ethereum account. Every platform user will be able to check his or her token balance directly on the account page.
8. New tasks can be suggested by the promoter's supervisor or recurring ones can be updated. Every new or updated task and conditions must be confirmed both by the promoter and by the supervisor.



Case study: 'Madonna' has 700,000 fan club members worldwide. They start getting paid for their work in tokens, and promote the star.

¹⁰ Hereinafter: Fees are indicative and may vary depending on the business's operational and financial requirements.

Promoter Action	Promoter Compensation ¹¹	Comment
1. Managing 1 fan account in 1 language on 1 social network	Larger of: 100 TEAM tokens or \$100 (paid in TEAMS) Cap: not more than \$120 per month in equivalent	Maximum 500 TEAMS per person.
2. Updating TEAM newsfeed, per language	Larger of: 300 TEAM tokens or \$300 (paid in TEAMS) Cap: not more than \$360 per month in equivalent	Maximum 1500 TEAMS per person.
3. Pitching local media and securing unique publications	Larger of: 100 TEAM tokens or \$100 (paid in TEAMS) Cap: not more than \$120 per publication in equivalent	
4. Referring a potential advertiser who passes initial screening	Larger of: 200 TEAM tokens or \$200 (paid in TEAMS) Cap: not more than \$240 per month in equivalent	Fraud protection
5. Referring a potential advertiser who signs a contract	10% of this first contract, 2% of all future contracts of this advertiser with all TEAM stars	Excluding local taxes

Promoters' compensations will be paid only in TEAM tokens.

8. Fan Communications Module

TokenStars will provide fans with a wide range of options to bring interaction with their favorite celebrities to a new level. Fans will receive an opportunity to redeem TEAM tokens either for (a) exclusive offers and connections or for (b) general online communications with stars.

For Stars: Allows them to increase their audience, grow engagement, and find new ways to monetize.

For Fans: Allows them to connect and communicate with their favorite stars, and gives them the feeling of being heard.

- **Exclusive offers from stars.**

Token holders may spend tokens on exclusive offers and real-life events such as live meetings, trainings, match tickets, concerts, etc.

Announcements and bookings will be implemented by the platform. Admission prices will be either fixed or auction-based and will be paid only in TEAM tokens.

¹¹ Compensation amounts and prices may be amended from time to time in order to reflect evolving business purposes and provide fair compensation and pricing for performed efforts.

Get Exclusive Training

- > Get access to online football training lessons **1 TEAM**
- > Get one-on-one football training lesson (1 hour) **20 TEAM**
- > Get group football training lesson (1 hour) **30 TEAM**



Exclusively Communicate with the Player

- > Talk via group video chats (30 minutes) **1 TEAM**
- > Talk via individual video chat (15 minutes) **12 TEAM**
- > Talk via group text chat (30 minutes) **1 TEAM**
- > Talk via individual text chat (15 minutes) **8 TEAM**
- > Visit an offline group exclusive meeting **1 TEAM**



Exclusive Offers

- > Get 1 pass to the training sessions as observer **1 TEAM**
- > Get a ticket to the player's matches **1 TEAM**



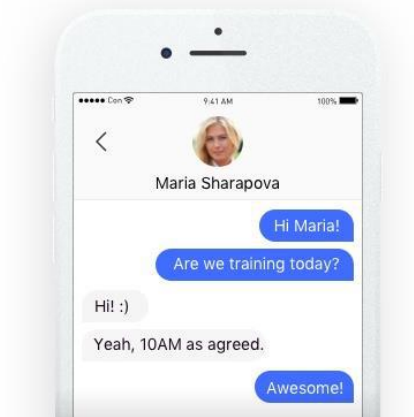
Exclusive offer	Pricing ¹²	Comment
1. Get a one-on-one training session with a star (1 hour)	2000 TEAMS or \$2000	Maximum 10 hours per player per year, subject to players' schedule and availability.
2. Get a group training session (1 hour)	3000 TEAMS or \$3000 (for all participants)	Maximum 15 hours per player per year, subject to players' schedule and availability.
3. Get autographed merchandise	100 TEAMS per item	Delivery costs not included.
4. Get an autographed player's book	50 TEAMS per item	Delivery costs not included.
5. Get a ticket to the player's matches	50-200 TEAMS	Subject to availability, travel costs not covered.
6. Get 1 pass to training sessions as an observer	50 TEAMS	Subject to the tournament's policy and players' availability.

¹² Compensation amounts and prices may be amended from time to time in order to reflect evolving business purposes and provide fair compensation and pricing for performed efforts (and may vary for different talents and stars).

- **Online communication.**

Specialized platform tools for online communications will be developed.

- **One-way video casts** of selected exclusive events will be available to token holders. Access to the content will be granted automatically after the platform calls Ethereum through the API and verifies that the user logging into the cast owns the required number of tokens; they will not be deducted from his or her account but are only used for verification purposes.
- **Two-way video and text chats.** Paying customers will be able to join two-way communication with the star. Due to obvious reasons, the number of fans the star will be able to communicate with at the same time is limited. Pricing model can be flat or auction-based. Admission fee must be paid in TEAM tokens.
- Verified token holders will be able to join the chat in view-only (read-only) mode free of charge (with advertising monetization).

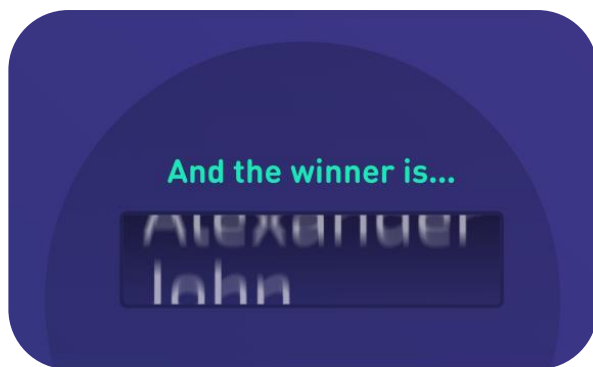


Exclusive offer	Pricing ¹³	Comment
1. Talk via group video chats (30 minutes)	20 TEAMs	Marketing purposes. Subject to players' availability.
2. Talk via individual video chat (15 minutes)	150 TEAMs	Subject to players' availability.
3. Talk via group text chat (30 minutes)	10 TEAMs	Marketing purposes. Subject to players' availability.
4. Talk via individual text chat (15 minutes)	80 TEAMs	Subject to players' availability.
5. Join Periscope / text chat in view-only mode	Free for TEAM token holders	-

Case study: 'Neymar' holds a Periscope video chat for 10,000 fans worldwide who pay \$5 each (in tokens) to enter.

¹³ Compensation amounts and prices may be amended from time to time in order to reflect evolving business purposes and provide fair compensation and pricing for performed efforts (and may vary for different talents and stars).

9. Contests & Charity Module



TokenStars platform itself or particular stars can hold contests among their fans with prizes in merchandise or tokens (i.e. previously described in scouting and voting modules). Trust in the contest mechanism is essential.

For Stars: Allows them to increase publicity and grow their audience.

For Fans: Allows them to earn tokens or valuable prizes.

Contests run on the platform can have a different look, rules and mechanics, but they will all be built on the blockchain-based backend module. This will ensure accountability of the organizers to the community, especially in regard to prize distribution.

This module is planned to be **released** during the TEAM token sale. It will demonstrate the Christmas Charity event.

Case study: A singer, 'Enrique', releases a new album and needs to engage his fan base. He launches a global contest with hundreds of prizes for participants, incl. participation in real-life events. The community trusts the results.

Brands and Advertising Layer

3 modules, providing smart solutions & transparent data to brands for running more efficient advertising campaigns with a highly engaged audience.

10. Advertising Smart Contracts Module

The smart contract builder for brands allows:

- Brands to use the CPA model (paying only for desired actions, verified by the system).
- All parties to trust each other (the payment will happen if the advertising really brought actions, not bots).
- Users to simplify negotiations and lower transaction costs.

For Stars: Additional monetization.

For Advertisers: Efficient and transparent campaigns.

The platform will allow users to run custom advertising campaigns such as full-screen video takeovers or full-page branded design, or content will be implemented by an in-house-developed AdTech solution that will include the following components:

- A wizard that will allow advertisers to specify campaign parameters and upload all creative formats.



- A smart-contract based advertising engine that will assure transparent measurement of advertising performance by logging important events into the blockchain.
- Custom analytical tools that will give insights into campaign results enriched by our audience's knowledge.
- An API connected to an industry-standard analytical suite such as Google Analytics, which will allow advertisers to integrate results from TokenStars campaigns into common reporting practice.
- Platform tokens will be used as a universal method of payment for custom advertising.
- The Data Management Platform (DMP) is the system for collecting and analyzing information about the project audience, and using the data for targeted advertising campaigns. As the majority of the project's visitors will be authorized users, we will have a unique and precise insight into the audience properties, which we will further enrich by integrating with one of the leading data management platforms.
- We will use a third-party ad server or SSP to run display advertising campaigns on our web properties and apps. Audience segments collected with the DMP will be available for campaign targeting exclusively for the advertisers of TokenStars.
- We will be able to run programmatic advertising campaigns on behalf of our clients using exclusive audience data and one of the industry-standard media buying solutions (DSP).

Case study: 'Coca-Cola' wants to place an ad on the 'Snowboarders' Instagram page and pay \$50 for every submitted application. In a few clicks, they develop a contract and make a deal.

11. Brand relations



Stars attract a large audience, and even promising talents will be of great interest to advertisers. Advertising can be in different online and offline forms like sponsorship, uniform branding and souvenirs, billboards, banners at events, etc.

The promoters supervising the stars will be able to earn rewards by offering advertising opportunities to local and global brands. Promoters' bonus for new clients and commissions for all subsequent advertising budgets will be paid in TEAM tokens.

For Fans: Opportunity to earn tokens.

For Stars: Additional monetization.

For Advertisers: Efficient and transparent campaigns.

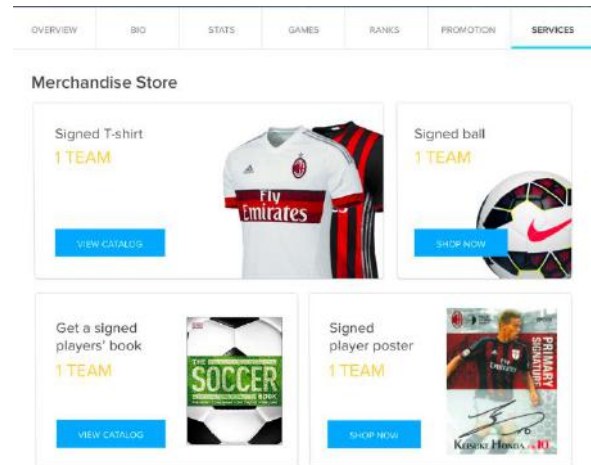
Case study: 'Wei' finds a local SMB advertiser for a player in China and gets a 10% commission.

12. E-commerce

TokenStars and brands will be selling different star-related items through a web store. The items can be purchased with TEAM tokens for fixed price or at an auction.

The E-Commerce module of the platform is planned to be implemented with a third-party solution that allows payments with Ethereum-based currencies and tokens. Shopify is one of the platforms we're considering. We are aware that other crypto-oriented e-commerce suites are in development now. We will choose the best-performing e-commerce suite at a later platform development phase.

Case study: Tennis star 'Maria' has a contract with Nike; she sets up an online store with autographed Nike products via the TokenStars e-commerce module.



Technology-specific disclaimer

We are living in a time of rapid technology development. The description above is based on our current knowledge and the current state of technology. The TokenStars development team reserves the right to change approaches, architecture, elements of the technology stack, etc. as a result of future R&D findings that may present us with better options to solve the technological challenges we face.

5. Roadmap

Disclaimer

Developing a sophisticated product is a non-linear process that might require changes and pivots along the way. The roadmap below reflects our current understanding of the module implementation sequence. We're constantly learning from the market, industry professionals, and our stars and users, and continue to tune the process and the sequence accordingly.

Part 1	H2 2017	Q1 2018	Q2 2018
Technology	<ol style="list-style-type: none"> 1. Website [up and running] 2. ACE Tokens creation and distribution [executed] 3. Module #9 Contest and Charity release [underway] 	<ol style="list-style-type: none"> 1. TEAM Tokens creation 2. DCV mechanism, Module #5 Voting release 3. Players' Application Submission 4. Scouts' activity personal dashboard 5. Module #4 Talent Scouting release 6. Website newsfeed for Talents 	<ol style="list-style-type: none"> 1. Player scouting analytics automation 2. Users' analytics dashboard to follow the project KPIs 3. (continues) Player scouting analytics automation 4. Module #12 E-commerce release 5. Promoters' activity personal dashboard
Marketing	<ol style="list-style-type: none"> 1. Partnership agreements with sports media [done] 2. Partnership agreements with 3-6 Celebrities to support Charity Activities on the Platform [done] 3. Global Marketing and PR activities targeted at fans to take part in Charity Activities and become aware of the Platform [underway] 	<ol style="list-style-type: none"> 1. Global Marketing and PR activities targeted at young players and their coaches 2. (continues) Global Marketing and PR activities targeted at fans to take part in Charity Activities and become aware of the Platform 	<ol style="list-style-type: none"> 1. (continues) Global Marketing and PR activities targeted at Sponsors 2. Establish a structured marketing framework for all the main TAs (target audiences): funnels, content, marketing automation.
Scouting	<ol style="list-style-type: none"> 1. 100+ customer discovery interviews with coaches, retired players, aspiring players and their parents [executed] 2. Determine 10 potential 'target' PROs [done] 3. Sign 2 PROs [done] 	<ol style="list-style-type: none"> 1. Start internal scouting Activities 2. Empower Scouts with more tools and information 	<ol style="list-style-type: none"> 1. Hold first Junior players assessment sessions

Operations	<ol style="list-style-type: none"> 1. Build the core team (Development, Scouting, Marketing) [done] 2. In-depth research of the industry as well as 5 Job interviews with sports agency employees to better understand their business model, pain points, opportunities for disruption [done] 3. Tennis, Soccer and other Sports advisory board assembly [done] 4. Business advisory board assembly [done] 5. Sign first sponsorship deal with a Brand [done] 	<ol style="list-style-type: none"> 1. Produce tutorials and other internal training materials for Scouts, Promoters 2. Release internal Player assessment report 3. Finalize the typical player agreement 4. Sign two more sponsorship deals with Brands 	<ol style="list-style-type: none"> 1. Produce advertising pitch decks for Promoters 2. Produce PR media kits for promoters
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Part 2 (continues)	Q3 2018	Q4 2018	H1 2019
Technology	<ol style="list-style-type: none"> 1. Module #8 Fan Communications with Stars release 2. Module #1 Talent Support release 3. Module #11 Brand Relations release 	<ol style="list-style-type: none"> 1. Module #7 Bounty Fan Club release 2. Module #2 Star ICO "Time Tokenization" release 	<ol style="list-style-type: none"> 1. Module #6 Betting release 2. Module #3 Star ICO "Income Tokenization" release 3. Module #10 Advertising Smart Contracts release
Marketing	<ol style="list-style-type: none"> 1. (continues) Global Marketing and PR activities targeted at all the main TAs 2. Run Marketing based on measurable KPI-based and transparent Framework 3. Establish special projects and PR partnerships to grow awareness 	<ol style="list-style-type: none"> 1. Implement Customer success mechanics for all the TAs into the Marketing Framework 2. (continues) Run Marketing based on measurable KPI-based and transparent Framework 	<ol style="list-style-type: none"> 1. (continues) Run Marketing based on measurable KPI-based and transparent Framework

Scouting	1. Finalize the first Cohort Selection	1. Monitor performance, adjust assessment criteria, prepare for contract renewal	1. Set up a predictable Scouting process, running on a solid and measurable basis 2. Create and maintain cohort finalization and cohort management framework
Operations	1. Empower promoters with tools and information 2. Build small, agile internal advertising sales department	1. "Customer Success" Organization establishment for all TAs 2. Sign sponsorship deal (brought by a promoter) 3. Build sales volume via internal advertising sales department	1. Build a network of strong representatives in the most important sport and entertainment hubs worldwide

Our team is working hard to deliver the modules and other critical system components. Above you can find estimations of timeframes for the availability of the main TokenStar Platform functional Modules. The information in this table is preliminary and is subject to changes based on our team's discretion. We will make such decisions based on our understanding of what brings the most value for the business.

6. Operations / How it works

6.1. Promoting Successful Professionals

Celebrities appearing in popular print advertisements and TV commercials is nothing new - using a celebrity spokesperson is a strategy that has been widely used throughout history. From Britney Spears to Lionel Messi, famous people of all ages help turn a product endorsement into a huge part of pop culture.

Why do celebrities need TokenStars?

There are lots of great professionals who are promoted poorly by their agencies and aren't exposed to additional opportunities. TokenStars helps celebrities increase their audience and grow their social capital.

What can TokenStars do for celebrities?

- bring new endorsement contracts (additional revenue, on top of their existing revenue)
- sign non-exclusive promotion agreements
- increase the level of fan communication, e.g. online and real-life interaction
- enhance audience involvement
- strengthen the brand and increase the advertising value

We have an internal team responsible for attracting sponsors. TokenStars and Natura Siberica have already launched a project with Ekaterina Makarova, Olympics and Wimbledon tennis champion! Ekaterina Makarova is ranked No. 3 in WTA doubles, Wimbledon 2017 champion and Olympics 2016 champion, and the winner of 15 WTA tournaments. Natura Siberica is the first Russian brand of high-quality organic cosmetics with an annual revenue of approximately \$50M.¹⁴

TokenStars adheres to the standard commission rate of 20% of the celebrities' net contract money (excluding local taxes) and 20-25% of sponsorship revenue (if the sponsor is brought by a promoter, the latter receives a 10% commission of the first contract and 2% of all the following deals paid in TEAM tokens).

Some of the most successful collaborations between a brand and a celebrity can bring millions of dollars. Here are some cases of successful football player endorsements:

¹⁴ <https://www.facebook.com/TokenStars/posts/358492834620603>

Usually, the higher-ranked the player, the more brands are willing to pay.

- Cristiano Ronaldo has an astonishing lifetime **\$1 billion** contract with Nike.
- Lionel Messi had a 7-year **\$140 million** deal with Adidas which was recently extended to lifetime (amount is unknown).
- Neymar has a **\$105 million** 11-year deal with Nike.

The estimations of endorsements for the year 2016 are provided by Forbes¹⁵:

- Cristiano Ronaldo earned **\$35 million** that year alone (approximately 38% of his total earnings).
- German star Mesut Ozil earned **\$7.5 million** (approximately 40% of his total earnings).



Here are some more cases of successful football player endorsements:



Case 1. Korean football sensation Park Ji-Sung, a retired football player, serves as a club ambassador at Manchester United. He enjoys a 10-year sponsorship contract with Nike (\$430,000), and advertising contracts with Asiana Airlines (\$160,000) and Air Asia. The Nike contract was the biggest ever awarded to an Asian football player as of 2013. Among his past endorsements, one might recall a lucrative contract with Gillette which put him into their famous "trio of stars" commercial, replacing Thierry Henry for campaigns across Asia. His total net worth in 2013 was estimated at \$23 million.¹⁶

Case 2. Shinji Kagawa, a 25 y.o. Japanese midfielder, currently enjoys a yearly wage of \$2.8 million¹⁷ for his superior results at German Borussia Dortmund.

¹⁵ <https://www.forbes.com/pictures/5924841ba7ea434078d44dcf/the-worlds-highest-paid-s>

¹⁶ <http://www.goal.com/en-us/slideshow/2467/11/title/the-goal-rich-list-2013>

¹⁷ <http://sillyseason.com/salary/borussia-dortmund-players-salaries-79483/>

Not to mention that his professional achievements attracted a few lucrative endorsements with Audi and Adidas¹⁸ totaling approximately \$2.6 million.



6.2. Developing Young Talents

From the age of 8 to the age of 18, before young talents first start earning prize money at tournaments or in Hollywood, they need to spend significant amounts of money:

- to travel to tournaments or auditions
- to study at a professional academy
- to train with a professional football/vocal coach
- to record demos
- to buy equipment or musical instruments
- to buy advanced medical insurance
- to relocate to another city or country
- to compensate one of the parents' lost salaries (e.g., the EU forbids kids under 16 to relocate alone, and it does not grant working visas for parents).

Lack of funding is a typical problem which almost all current stars face as juniors. They need financial support and career development consulting.

TokenStars attracts sponsorship contracts and advertisers to young talent. This helps them stay in the professional sports & entertainment industries, pursue their dream, and grow social capital from the beginning of their careers.

Read more about tennis costs in the [ACE White Paper](#).

6.3. Involving fans

Fans no longer just watch. They participate, analyze, critique, deconstruct, fantasize and connect with their favorite players and teams in real time. Read more in the TokenStars [Marketing Strategy](#).

¹⁸ <https://www.forbes.com/profile/shinji-kagawa/>

Thanks largely to digital innovation, being a sports fan has never been so emotionally charged, or fun, as it is today. Over time, as fans have gotten more and more organized, the virtual monopolies teams and leagues have enjoyed have been broken. When today's most important superfans talk, teams listen.

Fans nowadays have a huge impact on the sports industry:

- Multiple fan boycotts have been called to protest the continued use of the Redskins team name and logo. Boycotts have even been called for FedEx, which owns the naming rights to the Redskins' stadium.
- Scottish Ranger Union fans hired an analyst to examine the financials of the organization's merchandise deal to discover that little profit was benefiting the club. They organized an effective boycott to express their displeasure.
- In Italy, Lazio soccer supporters boycotted a home match against Atalanta in protest of President Claudio Lotito's running the club after the sale of playmaker Anderson Hernanes to Inter Milan and a series of bad outings. Only 2,000 tickets were sold in a venue that has a capacity of 82,000. The club lost money and had to listen to the fans.

TEAM truly broadens modern fans' perception of the entertainment experience. Fans earn and spend tokens, participating and influencing the careers of celebrities. TokenStars platform provides fans with tools to become closer to their idols, including:

- online and real-life interaction with celebrities (e.g., a workout or dinner with a star, one-on-one video chat, etc.)
- voting on significant decisions (approving new players, renewing the Head of Scouting contract)
- 'fantasy tournaments' to select the best Scouts among the token holders
- contests among their fans with prizes (in merchandise or tokens)
- online stores and auctions with celebrities' personalized goods.

All interactions require TEAM tokens: higher involvement means higher demand for tokens.

To introduce and attract fans to TokenStars platform, we have established partnerships with major media (we have signed a partnership deal with major sports media such as [Tribuna.digital](https://tribuna.digital) and <https://www.sports.ru/> with 12.5 million MAU).

We put special emphasis on global PR and marketing among the non-geeky sports fans. We will make special events (PR conferences, event sponsorships), participated in by our ambassadors, become well known by the fan audience.

6.4. Attracting advertisers

Brands seek a combination of transparent advertising formats and more engaged audiences.

TokenStars platform provides brands an opportunity to access a highly involved fan audience and increase the efficiency of campaigns by implementing advertising smart contracts.

1. Each celebrity has a clear profile with detailed information on their followers and marketing metrics – insights on followers, available stats and data on previous partnerships with advertisers. Platform transparency allows advertisers to choose the

most 'suitable' celebrity to work with. Both successful PROs and rising celebrities can be involved in partnership.

2. To ensure even higher engagement and interest in the product, the platform allows advertisers to merge the celebrity campaign with the e-commerce module. That means advertisers can cooperate with celebrities and create online stores within the platform with advertised goods and services. Online stores increase product awareness and revenue.
3. TokenStars platform will develop its own technical assets to provide efficient advertising options:
 - Internal Data Management Platform (DMP) to collect and analyze information on the audience to provide more precise targeting options.
 - 3rd party ad server will allow users to run ads across the platform.
 - Using exclusive audience data and industry-standard media buying solutions (DSP) will give users an opportunity to implement programmatic advertising campaigns.
4. The Smart Contract allows users to track campaign efficiency (information on traffic, user engagement, user insights) and pass stats to the advertisers' side via an in-house-developed ad tech solution.
5. The Smart Contract provides lower partnership costs due to absence of intermediators and ensures a clear pricing policy. All advertisers will know the final price and list of services to be delivered.

7. Financial Projections

TEAM ecosystem combines different sports & entertainment verticals (except tennis, which is covered by ACE token).

At the first stage we will concentrate on:

- Stage 1: Football, poker, eSports and hockey.
- Stage 2: Later we will add basketball, movies and music verticals to the TEAM portfolio.

This list may be expanded with other sports and entertainment businesses (baseball, cricket, table tennis, golf).

The approach of having one token for many verticals grants TokenStars flexibility in discovering new opportunities and reallocating resources to the most efficient lines of business.

It will also provide lots of synergies in operations, such as sharing advertising resources or simplifying back-office processes (such as legal and accounting).

7.1. Assumptions

We plan to choose the verticals and form the group of supported stars for the TEAM ecosystem according to the following criteria:

- Total number of fans worldwide.
- Level of players' compensation (salary), attractiveness for advertisers and size of transfer market.
- Ceilings for agents' commissions.
- Agent regulation (licenses required, etc.)
- Competition between agencies.
- Probability of athletes' success (e.g. in boxing or Formula-1, very few athletes manage to climb the ladder vs. poker, where thousands can participate in tournaments)
- Total number of athletes in the upper league (only 20 drivers in Formula-1).
- Capital requirements for the early years of training.
- Degree of the sport's openness to outsiders (e.g. sumo seems to be closed for newcomers outside Japan).

For the purposes of financial modeling we have split the verticals into two categories, based on the key demands of the stars (promotion & representation or funding) and the expected term of returns:

1. **Traditional sports** category:

- Football, basketball, hockey.
- The vertical attracts a lot of fans worldwide, which provides additional opportunities for communication with supporters and advertisers. Besides high salaries, football and basketball stars earn a lot from sponsorship deals and bonuses, from 15 to 70% of their regular wages (and even more for superstars like Cristiano Ronaldo and LeBron James).
- Long-term development of talent (from junior to pro) & long returns.

- Major funding requirements at the junior stage are usually covered by professional clubs.

2. Modern sports category:

- Poker, eSports.
- Stars (talents and even pros) from this category require funding for training and participation in tournaments.
- The returns are very fast (3-12 months), compared to the long-term development of players in traditional sports.
- Stars' income in poker and eSports rely primarily on prize money earned at tournaments, with only a relatively small part coming from advertising (~5-10%).

7.2. Revenues

We modeled expected players' income over the course of their career.^{19 20 21 22}

For the group of traditional sports stars, we have modeled the average player's income distribution (based on football, hockey and basketball stats), according to their age and professional achievements.

TRADITIONAL SPORTS PLAYER'S INCOME								
income model \ player's age	15	16	17	18	19	20	21	
SALARY + BONUSES								
superstar (top-20)	-	227,500	910,000	1,820,000	3,640,000	9,100,000	10,010,000	
top-100 player	-	91,000	364,000	728,000	1,456,000	3,640,000	4,004,000	
average major league player	-	-	21,316	85,263	170,526	341,053	375,158	
unsuccessful player	-	-	-	-	-	-	-	
SPONSORSHIPS / ADVERTISING								
superstar (top-20)	-	-	-	109,200	546,000	2,184,000	3,603,600	
top-100 player	-	-	-	25,480	127,400	509,600	840,840	
average major league player	-	-	-	1,705	8,526	27,284	45,019	
unsuccessful player	-	-	-	-	-	-	-	

income model \ player's age	22	23	24	25	26	27	28	
SALARY + BONUSES								
superstar (top-20)	11,830,000	13,650,000	15,470,000	17,290,000	18,200,000	19,110,000	20,020,000	
top-100 player	4,732,000	5,460,000	6,188,000	6,916,000	7,280,000	7,644,000	8,008,000	
average major league player	443,368	511,579	579,789	648,000	682,105	716,211	750,316	
unsuccessful player	-	-	-	-	-	-	-	
SPONSORSHIPS / ADVERTISING								
superstar (top-20)	5,678,400	7,371,000	9,282,000	10,374,000	10,920,000	11,466,000	12,012,000	
top-100 player	1,324,960	1,719,900	2,165,800	2,420,600	2,548,000	2,675,400	2,802,800	
average major league player	70,939	92,084	115,958	129,600	136,421	143,242	150,063	
unsuccessful player	-	-	-	-	-	-	-	

income model \ player's age	29	30	31	32	33	34	TOTAL (USD)	
SALARY + BONUSES								
superstar (top-20)	20,930,000	21,840,000	22,750,000	23,660,000	21,840,000	20,020,000	184,047,500	
top-100 player	8,372,000	8,736,000	9,100,000	9,464,000	8,736,000	8,008,000	73,619,000	
average major league player	784,421	818,526	852,632	886,737	818,526	750,316	6,927,632	
unsuccessful player	-	-	-	-	-	-	-	
SPONSORSHIPS / ADVERTISING								
superstar (top-20)	12,558,000	13,104,000	13,650,000	14,196,000	13,104,000	12,012,000	99,208,200	
top-100 player	2,930,200	3,057,600	3,185,000	3,312,400	3,057,600	2,802,800	23,148,580	
average major league player	156,884	163,705	170,526	177,347	163,705	150,063	1,241,432	
unsuccessful player	-	-	-	-	-	-	-	

Revenue assumptions:

¹⁹ https://www.sporcle.com/games/Starlord_V1/top-earners-in-world-football

²⁰ <https://www.transfermarkt.com/>

²¹ http://www.espn.com/espn/story/_/id/9430472/grand-total-youth-hockey

²² <http://nationalpost.com/sports/hockey/nhl/selling-the-dream-raising-the-next-great-hockey-star-comes-with-a-heavy-price-tag>

- We plan to form the following groups of stars and talents in the next 4-5 years:
 - Promotion: 40 stars (traditional sports) for promotion and advertising;
 - Funding: 15 talents from traditional sports and 20 from modern sports verticals.
- These numbers are calculated for the scenario of the token sale reaching the hard cap of \$15,000,000. For a different amount, the model adjusts proportionally).
- TokenStars receives a 20-30% commission (paid in tokens that should be bought on the market) from every advertising or sponsorship contract, signed with a star.
- TokenStars adheres to the standard commission rates of 5-10% of the stars' salaries & prize money in traditional sports and 50-80% rates in modern verticals. Before talent repays initial funding, TokenStars has a priority right for revenue proceeds (up to 75%).

We've made tight assumptions in our baseline scenario: we did **not** include any superstars in our projections and modeled the conservative rates of advertising commissions.

TRADITIONAL SPORTS CATEGORY		year 1	year 2	year 3	year 4	year 5	year 6
PROs cohort							
# players	40	8	20	35	40	40	44
PROs cohort players' sponsorship revenue		1,181,351	5,906,756	18,950,842	27,564,861	35,440,535	43,316,210
TEAM commission from PROs		236,270	1,181,351	3,790,168	5,512,972	7,088,107	8,663,242
FUTURE STARS (juniors) cohort							
	players' age	14	15	16	17	18	19
# players	15						
superstar (top-20)	0	-	-	-	-	-	-
top-100 player	2	-	-	182,000	728,000	1,506,960	3,166,800
average major league player	5	-	-	-	106,579	434,842	895,263
unsuccessful player	8	-	-	-	-	-	-
Future Stars' income							
Salary + Bonuses		-	-	182,000	834,579	1,882,316	3,764,632
Advertising		-	-	-	-	59,486	297,432
TEAM commission from future stars'		-	-	109,200	500,747	749,526	524,834
Salary + Bonuses		-	-	109,200	500,747	737,629	465,348
Advertising		-	-	-	-	11,897	59,486
MODERN SPORTS CATEGORY		-	-	-	-	-	-
# players	20	5	8	13	17	20	22
Players' income (prize money)		300,000	500,000	845,000	1,147,500	1,350,000	1,485,000
TEAM commission'		37,500	75,000	146,250	223,125	262,500	288,750
TEAM TOTAL commission		273,770	1,256,351	4,045,618	6,236,844	8,100,133	9,476,826
TEAM TOTAL accumulated commission		273,770	1,530,121	5,575,740	11,812,584	19,912,717	29,389,543

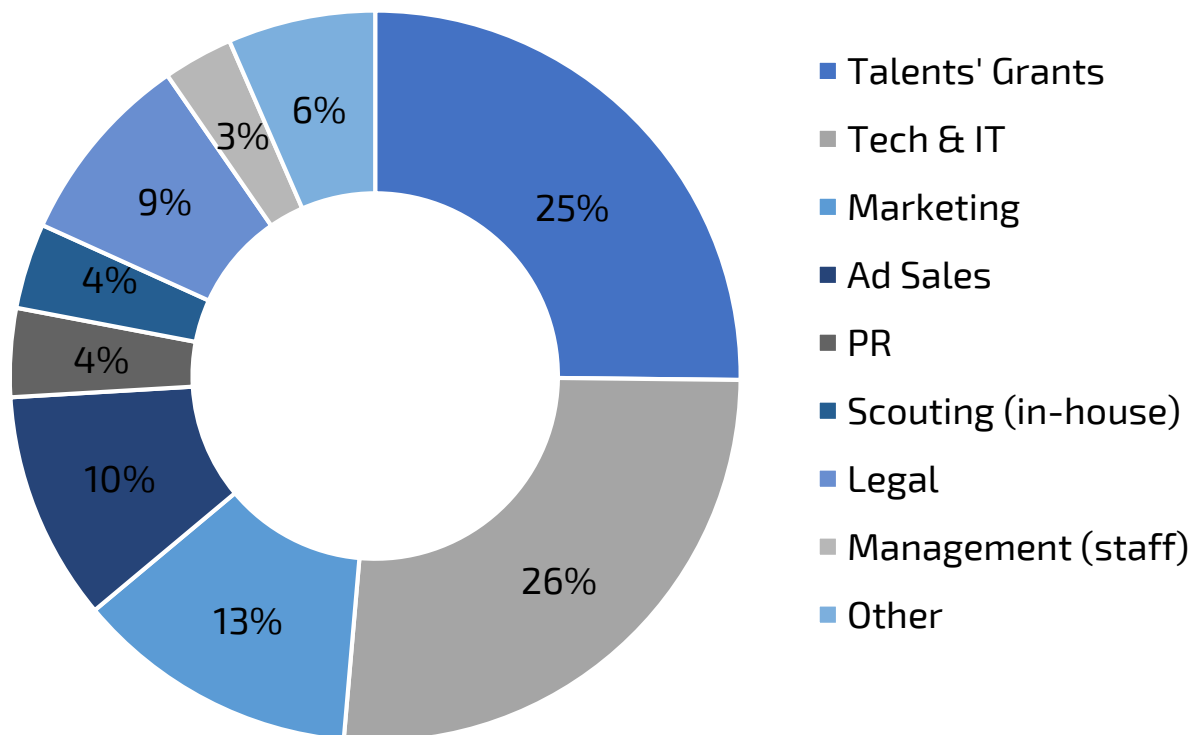
TRADITIONAL SPORTS CATEGORY		year 7	year 8	year 9	year 10	year 11	TOTAL
PROs cohort							
# players	40	48	53	59	65	65	
PROs cohort players' sponsorship revenue		47,647,830	52,412,614	57,653,875	63,989,855	63,989,855	
TEAM commission from PROs		9,529,566	10,482,523	11,530,775	12,797,971	12,797,971	83,610,917
FUTURE STARS (juniors) cohort							
	players' age	20	21	22	23	24	
# players	15						
superstar (top-20)	0						
top-100 player	2	8,299,200	9,689,680	12,113,920	14,359,800	16,707,600	
average major league player	5	1,841,684	2,100,884	2,571,537	3,018,316	3,478,737	
unsuccessful player	8	-	-	-	-	-	
Future Stars' income							
Salary + Bonuses		10,140,884	11,790,564	14,685,457	17,378,116	20,186,337	
Advertising		8,985,263	9,883,789	11,680,842	13,477,895	15,274,947	
Advertising		1,155,621	1,906,775	3,004,615	3,900,221	4,911,389	
TEAM commission from future stars'		815,166	1,023,801	1,360,178	1,656,107	1,975,149	8,714,710
Salary + Bonuses		584,042	642,446	759,255	876,063	992,872	
Advertising		231,124	381,355	600,923	780,044	982,278	
MODERN SPORTS CATEGORY							
# players	20	24	27	29	33	33	
Players' income (prize money)		1,633,500	1,796,850	1,976,535	2,227,500	2,227,500	
TEAM commission'		317,625	349,388	384,326	433,125	433,125	2,950,714
TEAM TOTAL commission		10,662,357	11,855,711	13,275,279	14,887,203	15,206,245	
TEAM TOTAL accumulated commission		40,051,901	51,907,612	65,182,891	80,070,094	95,276,340	95,276,340

Major conclusions:

- The project is estimated to reach breakeven 4 years after launch.
- The accumulated revenue of the TEAM project will reach \$95 million within 11 years after launch.
 - Most of the revenues are projected to come from advertising commissions (which include proceeds from exclusive offers and communications with fans).

7.3. Use of funds

For the scenario of \$15 million in funds raised, 26% will be spent on Tech and platform development, 25% on players' grants, 13% on marketing and 10% on advertising sales.



8. Token Allocation

TEAM tokens (Ethereum ERC-20 standard compatible utility tokens) facilitate engagement between participants on the platform and serve as a form of access to the platform and its internal currency.

There are 3 ways participants may acquire TEAM tokens:

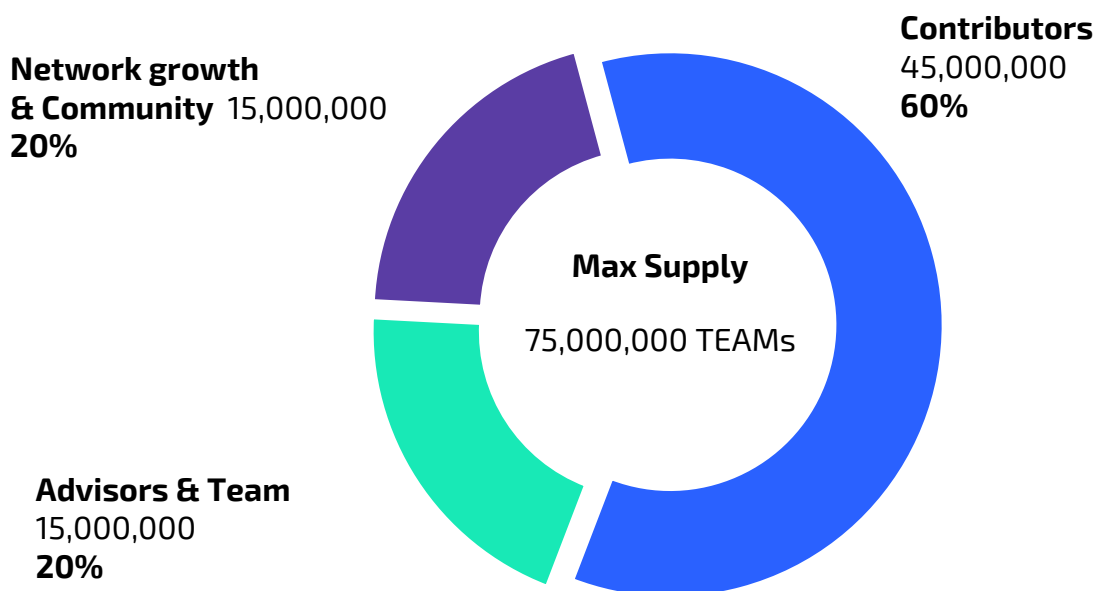
1. Join the crowdsale.
2. Buy tokens later in the crypto exchanges.
3. Earn tokens within the platform for performing actions and accomplishing tasks.

8.1. Token Allocation

A Token allocation formula has been established to ensure a healthy distribution to:

- Crowdsale contributors,
- TokenStars' employees and advisors, providing long-term motivation,
- Community and network growth activities required to achieve financial and operational goals.

The diagram below explains the structure of token allocation:



The resulting maximum number of tokens is up to 45,000,000 for the token sale; up to 15,000,000 for team & advisors; and up to 15,000,000 for network growth. The total Max number of created tokens, therefore, is up to 75,000,000.

The final number of created tokens will depend on the actual number of TEAM tokens sold during the crowdsale. A difference between the maximum possible number of created tokens and the number of distributed tokens **will not be created**.

Tokens distributed to the team and advisors are not immediately tradable. This aligns the interests of the team with the long-term technical and business goals of the company. The team and advisors' tokens (20%) will be unlocked according to the following KPI accomplishment:

- 5% - List TEAM tokens on the exchanges;
- 5% - Sign first 3 players;
- 5% - Sign first 3 advertising contracts;
- 5% - Implement the 10 modules of the TokenStars platform.

8.2. Token Disclaimer

What are TEAM Tokens

TEAM tokens are software with cryptographic elements that are sold as a utility appliance for the TokenStars platform. TEAM tokens are based on the Ethereum protocol and conform to the widely-used ERC-20 standard.

TEAM tokens have their functional utility only within the TokenStars platform, and their creation is conditioned by the need to develop an internal economy in the TEAM ecosystem that will establish transparent and fair relations among the TEAM community.

TEAM tokens are intended to be used by their holders only for their designated purposes. The number of such purposes may be increased over time, including, but not limited to, by means of adding new services and features available in exchange for TEAM tokens.

TEAM tokens are intended for experts in dealing with cryptographic tokens and blockchain-based software systems.

Use of TEAM Tokens

Means to use and interact with the TokenStars platform. TEAM tokens carry the backbone functions of the TokenStars platform. The full functionality of the TokenStars platform is available only for TEAM token holders. We plan to place the TEAM tokens on cryptographic token exchanges, giving an opportunity to openly buy them (to residents of countries where the purchase of tokens does not violate local laws). A user seeking to enter the TokenStars platform will have to buy TEAM tokens at such exchanges. Conversely, TEAM tokens could be sold at an exchange if their holder would like to exit the TEAM ecosystem.

However, legislation on the circulation of securities in certain countries, such as the United States of America, People's Republic of China, Republic of Korea and Singapore, may prohibit the sale of TEAM tokens to the residents of those countries. When buying TEAM tokens, the purchaser should be aware of the restrictions on their subsequent sale and is thereby obliged to follow our instructions and/or those of the exchange when s/he resells them to other users.

Form of expression of TEAM community opinion. The TokenStars platform will provide TEAM token holders with the opportunity to express their opinion regarding the particular operational

issues of the TokenStars business through the decentralized community voting (DCV) mechanism, which is described in more detail in section 7.1 of the [ACE White Paper](#).

These decisions, expressed through the DCV mechanism, will serve as the advisory guidelines for the TokenStars management. The agency's management team and executives will consistently take the results of TEAM community voting into consideration.

Form of settlement. TEAM tokens will be used as a form of settlement in the transactions conducted within the TokenStars platform. In particular, TEAM token holders will be able to use their TEAM tokens to purchase services and products to be offered within the TokenStars platform, as specified in Section 7.2 of the [ACE White Paper](#).

Means to power the TEAM platform's compensation system. The TokenStars platform builds a well-balanced motivation system that encourages its agents, specifically Scouts, Promoters and Advertisers, to perform their functions better, thereby increasing the effectiveness of the entire TEAM ecosystem and its benefits to the TEAM community. To be motivated to use the TokenStars platform further, its agents may receive compensation for their active participation in the TEAM ecosystem, as described in Sections 6.2 and 6.3 of the [ACE White Paper](#). Compensation will be paid in TEAM tokens, which allow the agents to participate in the growth of the TEAM ecosystem.

What do TEAM Tokens NOT Represent?

TEAM tokens are not securities in any jurisdiction. This White Paper does not constitute a prospectus or offer document of any sort, is not intended to constitute an offer of securities or a solicitation for investment, does not pertain in any way to an initial public offering or a share/equity offering, and does not pertain in any way to an offering of securities in any jurisdiction. TEAM tokens are not intended to be marketed, offered for sale, purchased, sold, or traded in any jurisdiction where they are prohibited by applicable laws or require further registration with any applicable governmental authorities.

TEAM tokens do not represent a loan to the Company. TEAM tokens are neither debt instruments or bonds of any kind, nor any other form of loan advanced to the Company. Acquisition of TEAM tokens, whether through the Token Sale or otherwise, does not grant to token holders any right of claim on Company's financial or any other assets.

TEAM tokens don't grant participation in the Company or its assets. TEAM tokens do not provide token holders with any ownership or other interest in the Company. Acquisition of TEAM tokens does not present an exchange of cryptocurrencies for any form of shares in the Company or Company's assets, including intellectual property. Token holders are not entitled to any guaranteed form of dividends, revenue distributions, or voting rights.

TEAM tokens are non-refundable. The Company is not obliged to provide token holders with a refund related to TEAM tokens for any reason, and token holders will not receive money or other compensation in lieu of a refund. No promises of future performance or value are or will be made in respect to TEAM tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that TEAM tokens will hold any particular value.

9. Core Team, Investors & Advisors

9.1. Celebrity Management Ambassadors

TokenStars has gathered outstanding sports and entertainment professionals to join the project's advisory board. Here are the key advantages brought by ambassadors:

1. Ambassadors share their expertise in sports & entertainment and provide connections within the global S&E industry.
2. Experienced professionals who know the ins and outs of building a successful career path, help us select the most promising talents to support.
3. Globally-recognized ambassadors attract an audience to the TokenStars platform.



Lothar Matthäus /Football/

- FIFA World Cup champion (1990).
- UEFA European champion (1980).
- 7-time winner of German Bundesliga and 3-time winner of German Cup.
- Champion of Italian Serie A championship.
- 2-time winner of UEFA Cup (1991, 1996).
- Awarded the Golden Ball (1990) and FIFA World Player of the Year (1991).
- Participated in five world championships ('82 - '98), holds the record for number of matches played for a national team (150).



Tommy Haas /Tennis/

- Career stats: No. 2 in ATP ranking.
- Silver Olympics medalist (Sydney, 2000).
- Winner of 15 international tournaments (incl. 1 Masters).
- Semi-finalist at Wimbledon and Australian Open (3-times).
- Tournament Director at Indian Wells Masters.



Nikita Kucherov /Hockey/

- Plays for the Tampa Bay Lightning (NHL) and Russian national team.
- No. 1 goal scorer of current NHL season (2017/18).
- Bronze medalist of the World Championship (2017).
- Included in the NHL All-Star team (2017).
- NHL Stats: 125 goals and 268 points.



Gianluca Zambrotta /Football/

- FIFA World Cup champion (2006).
- UEFA European championship silver medalist (2000).
- 3-time Italian Serie A champion ('02, '03, '11).
- 4-time winner of Italian and Spanish Cups.
- 2006 FIFA World Cup All-Star Team.
- Played for Juventus, Barcelona, Milan and Italian national team.
- Coaches Jiangsu Suning (China) with Fabio Capello.



Robin Söderling /Tennis/

- Career stats: No. 4 in ATP ranking.
- Roland Garros finalist in 2009, 2010.
- Winner of ATP Masters Finals 2010 and 10 international tournaments.
- Ex-Tournament Director at Stockholm Open.



Cedric Pioline /Tennis/

- Career stats: No.5 in ATP ranking.
- US Open and Wimbledon finalist.
- Winner of 2 Davis Cups.
- Co-Captain and coach of French national team.



Anastasia Myskina /Tennis/

- Career high: No. 2 in WTA ranking.
 - Roland Garros champion (Grand Slam tournament)
 - Winner of 2 Federation Cups and 21 international tournaments.
 - Captain of Russian FedCup team, VP of the Russian Tennis Federation.
-



Valeriy Karpin /Football/

- Football manager and former professional football player.
- Played for Valencia, Real Sociedad, Celta, Spartak, and Russian national team.
- Managed RCD Mallorca and FC Spartak as a head coach.
- Career stats: 122 goals.
- Silver medalist at La Liga (Spanish championship).
- 3-time Russian league champion and 2-time winner of Russian Cup.



Alexander Anter /Poker/

- Professional poker player (with 10+ years of experience) and Blockchain developer.
- World Series of Poker tournament winner (WSOP-2011) with a prize worth \$750k.
- Full stack developer, founded his own web development agency.
- Alex is now utilizing Blockchain technology in web applications.
- CTO of RefToken.



Rico Torres /Hollywood/

- Hollywood photographer with 30 years of experience in the movie industry.
 - 60 movies in portfolio.
 - Partnered with Quentin Tarantino, Robert Rodriguez, Ridley Scott.
- Made photo shoots of Antonio Banderas, Bruce Willis, Danny Trejo, Jessica Alba, Lady Gaga and [many others](#).

Advisors' Credentials

The iconic images shot by our ambassador Rico Torres



9.2. Sports Advisors



Matheus Antunes, Football Advisor

- Business Director at EC Juventude (Brazilian football club. Club's Academy alumni: Thiago Silva, Dante, Alex Telles, Luiz Adriano).
 - MBA in Football Industries - Management School, University of Liverpool.
 - Founder / Director at "Well Played" (spots consulting company)
 - Former poker manager at iGame Ltd.
-



Sergey Demekhine, Coaching & Scouting Advisor

- Tennis coach with 8 years of experience, retired ATP tennis player.
 - Vera Zvonareva's head coach in 2010-2011 (#2 in WTA rankings, rising from #22 at the beginning of coaching) - Wimbledon & US Open 2010 singles finalist, Australian Open 2011 semifinalist.
 - A-level GPTCA certification holder (Global Professional Tennis Coach Association).
-



Maya Kurilova, Talent Management Advisor

- Former Director of Operations, Octagon Russia (Top 3 global TMA) with 11 years of experience in talent management.
 - Marketing Manager at Kremlin Cup.
 - Agent of Elena Dementieva (Olympic Gold medalist, No. 3 in WTA), Ekaterina Makarova (Top 5 WTA Doubles, Champion of Wimbledon, Roland Garros, US Open).
-



Dmitry Sergeev, Sports and Betting Advisor

- CEO of Bwin Russia, leading the development of the major international online betting platform.
 - Founder and Managing Director of #1 Russian sports digital media Championat.com, part of Rambler&Co group worth \$0.6Bn.
 - Named as one of the best media managers in Russia (AAA ranking from PwC).
 - Launched more than 10 startups.
-

9.3. Blockchain Advisors



Tomoaki Sato, Blockchain engineer

- Founder of Smart Contract Japan, a company providing research and consulting services to IT system integrators and financial institutions.
- Founder and CEO of decentralized token based crowdfunding platform Starbase Co.
- Held several tech meetups with Sony, Microsoft and blockchain startups.



Wulf Kaal, Blockchain advisor

- Leading expert at the intersection of law, business, and technology.
- Advises crypto companies, crypto startups, venture capital funds, and international policymakers on blockchain-based solutions in FinTech and LegalTech.
- Director of the Private Investment Fund Institute ([PIFI](#)).
- Previously – associate at Cravath, Swain & Moore LLP (NY) and Goldman Sachs (London).



Edgar Kampers, Blockchain advisor

- Chief Currency Officer at Qoin, where he focuses on policy strategy, monetary design, legal advice and compliance, fundraising, as well as monitoring and research.
- Long experience in assisting authorities, SMEs and citizens to use community currencies to reach social inclusion, build community, stimulate economic development and ecological balance.



Nikolay Danilov, Blockchain advisor

- Co-founder and CTO of [Decentralized Systems](#), a blockchain software development company that builds systems based on the Hyperledger Fabric and develops Solidity smart contracts.
- ex-Head of Advertising Products and Technology Sales at Yandex (2011-2015).
- Technology executive specializing in adtech with more than 25 years of experience.
- Extensive experience in running distributed cross-disciplinary teams in big data, machine learning and high load systems.

9.4. Investors



Elena Masolova, Investor

- Serial entrepreneur with 3 exits, founder at Groupon Russia (from \$0 to \$15M in monthly revenue in 450 days), Pixonic, Eduson and AddVenture Fund.
- Elena was named among the Top 30 internet entrepreneurs by Forbes, 30 under 30 with Alex Ovechkin. Featured in WSJ, BusinessWeek, Forbes, RBC, Channel 1.
- Prizewinner at amateur tennis tournaments as a junior, lifelong tennis fan.



Andrej Rusakov, Investor & Business Advisor

- Investor and serial entrepreneur who has launched and financed companies in the fields of big data and artificial intelligence, technology, and branded consumer goods.
- Co-founding partner and seed investor in Data Capital Management, a hedge fund leveraging cognitive computing, advanced artificial intelligence and big data technologies.
- Worked at Apax Partners, where he was involved in c. \$1 billion worth of buy-outs worldwide (Technology Investment Team).
- Worked in the M&A team at Morgan Stanley.
- MBA from Harvard Business School and MSc. in Applied Mathematics from Moscow State University.



Victor Shpakovsky, Investor

- Co-founder and Managing Partner at The Token Fund (Civic, Storj, Tezos, Qtum in portfolio).
- A tennis fan.



The Token Fund, Investor

- The Token Fund provides an opportunity for investors looking for the simplest way to get into the decentralized economy.
- Civic, Storj, Tezos, Qtum in portfolio.
- AUM = \$3.5 million



Nomadic Capital, Investor

- Investment fund and incubator, building an ecosystem for innovative digital and blockchain projects in the UAE and GCC/MENA.
 - Automat, Pushdot, Snapp, Eininvite in portfolio.
-

9.5. Core Team & Business advisors



Pavel Stukolov, CEO

- Investment professional, ex-M&A and Strategy director for media business in JSFC Sistema with total valuation of assets exceeding \$95 million.
- Pavel closed deals worth \$250 million in venture investments, M&A and debt fundraising.



Irina Shashkina, CMO

- CMO at Groupon Russia (operations in 53 cities).
- Biz Dev Executive at Rambler&Co (\$0.6bn market cap).
- CEO at LinguaLeo.



Evgeniy Potapov, CTO

- 10 years of experience as the Founder & CEO at IT Summa, a 60-employee DevOps company with offices in Russia and San Francisco, CA.
- IT Summa provides a full package of DevOps support and infrastructure management services around the world. The client list of IT Summa includes more than 300 companies.





Aler Denisov, Smart-contract Developer

- Software Engineer with 10+ years of experience in commercial development.
- Participated in and managed the development of software for leading brands: Sberbank, RZD, aircraft building companies.
- Core developer of an open-source library to construct corporate blockchains: exonum-bootstrap, participated in the development and advised projects: Brat, Edem, Proof-of-Status.
- A key speaker on the subject of smart contracts and decentralized applications at Cryptoacademy.



Mikhail Zak, COO

- 14 years of marketing management experience at Mars, PepsiCo, Mondelez and others.
- Strategic brand management at Snickers, Lay's, Jacobs and Holsten brands.
- Founded and successfully sold e-commerce startup.
- Consulting projects in marketing and fundraising.
- PhD degree in Economics.



Madina Hooke, Head of Sponsorships

- COO at Visual DNA, Former Regional Director at Groupon Russia.
- Commercial Director at Gruppo Mall (Spain) Russia.
- Started career with travel agency which successfully sold in 2007.
- Lived and worked in Spain and Belgium for several years.



Ksenia Chabanenko, Marketing & PR Advisor

- Former VP Communications & BizDev at Mail.ru Group and My.com (LSE: MAIL, \$8.9Bn market cap).
 - Founder of an award-winning A-TAK communication agency working with IT startups and companies to achieve their business goals with PR, digital, and events forces.
 - Author of the first book about Twitter, every sentence of which was no more than 140 characters.
-



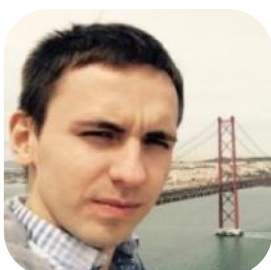
Alexander Stratilatov, Advertising & Brand Partnerships Advisor

- JAMI co-founder and managing partner (top-5 Russian digital agency, winner of international awards: Tagline, Silver Mercury, NeForum)
- Alexander personally led agency's key accounts: Samsung, Coca-Cola, Sprite, Powerade, VW.



Mikhailius Derkach, Design Advisor

- Ex-Art Director of LeoBurnett Moscow, Member of Art Directors Club Russia.
- Winner of Cannes Lions awards.
- Founder of ProExpedition Adventures Journal. Took part in digital projects that gained recognition in Russia and around the world at numerous marketing and advertising festivals.
- Author of many advertising works in renowned campaigns for these companies: Google, Samsung, McDonald's, Lego, P&G, Coca-Cola, Mercedes-Benz, Mitsubishi, JTI, Citibank, WWF and others.



Eugeny Kuznetsov, Advertising and Brand Partnerships Advisor

- User Acquisition & Retention expert
- Investor and CMBO (Chief Business Model Officer) at Welltory
- Founded WIM – CRM agency with clients including S7 Airlines, UTair, M.Video, and Philip Morris.



Irina Soshinskaya, Localizations Manager

- Ex-GM and head of localization of Evernote Russia (over 200M users worldwide, website localised to 23 languages).
 - Earlier – GM at startups in decorative commercial lighting and real estate.
-



Lena Minz, Head of PR

- PR Jedi with 10+ years of professional experience.
- Ex-head of strategic PR projects at Mail.Ru Group.
- Co-founded the award-winning A-TAK communications agency.



Nick Gigoriev, Head of Community Management

- Has worked in communications since 1999.
- Founder and CEO of Mediurg digital agency, which helped establish the first total social support systems for companies like Tele2, Mail.Ru Group, and Rostelecom.



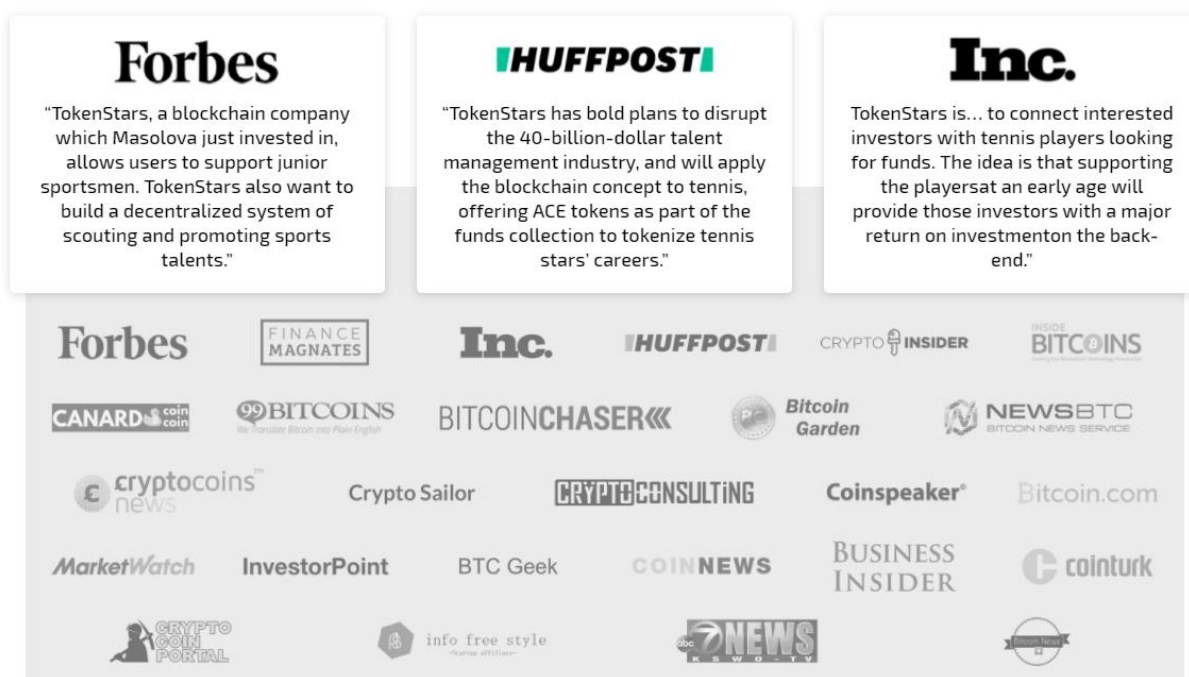
10. TokenStars achievements

10.1. Based on ACE token Sale success

TEAM token sale is based on the success of the ACE token sale. ACE is the token for the tennis vertical. It is an integral part of the TokenStars business and ecosystem. A lot of technological solutions and business processes are synergetic.

ACE project (and business vertical) managed to show good traction:

1. Signed first tennis players for advertising representation:
 - Veronika Kudermetova, 20 years old, the winner of 19 WTA & ITF tournaments, currently No. 66 in WTA doubles.
 - Ekaterina Makarova, current No. 3 in WTA doubles, Olympic Champion (2016), winner at Wimbledon.
 - Worked with 4 current top-100 players under non-exclusive conditions for advertising deals.
2. Built a strong international advisory board to search for players in different geographies, to advise on local training academies, and to promote TokenStars for attracting prospective talents and a broader audience.
 - Tommy Haas, No. 2 in ATP ranking. Silver Olympics medalist (Sydney, 2000).
 - Anastasia Myskina, No. 2 in WTA ranking. Roland Garros champion.
 - Robin Söderling, Swedish tennis star, No. 4 in ATP.
 - Cedric Pioline, No. 5 in ATP ranking. Winner of 2 Davis Cups as a player and one as a captain (2017).
 - Maya Kurilova, former Director of Operations at Octagon Russia (Top-3 global Talent Management Agency).
3. Built a steady international pipeline of applications from young tennis talents. Found the first potential professional tennis scouts for the platform.
4. Signed the first marketing deal for Ekaterina Makarova (with Natura Siberica cosmetics brand, \$50M revenue) and started collaboration with the top-3 digital agency JAMI (to leverage their brand network and sales force).
5. Has shown a strong presence in the media and received multiple endorsements.



6. Launched platform development. The 1st of 12 modules was launched in Q4 2017, as planned.

More information on ACE achievements is available in our blog posts:

- On the 15 achievements (Aug, 25) – <https://medium.com/@TokenStars/15-good-news-from-tokenstars-c1cbe7832864>
- On the results of the token sale (Oct, 30) – <https://medium.com/@TokenStars/https-medium-com-tokenstars-join-the-team-10-news-from-tokenstars-98464eb711ed>
- ACE listed on [OKEx](https://www.okex.com/) trading platform – <https://www.facebook.com/OKExOfficial/photos/a.1499846383409123.1073741829.1418774981516264/1624745297585897/?type=3&theater>

11. TokenStars Corporate Structure

TEAM tokens are created by **TokenStars Group Limited, BVI** ("**Company**"), a business company incorporated in the British Virgin Islands with company number 1953160. Main purpose of Company is to organize and conduct the sale of TEAM tokens in order to arrange financing of TEAM Project.

The TokenStars platform will be developed and operated principally by Company and its affiliates, including TokenStars Limited, a business company incorporated in Cyprus. Together these companies will develop the TokenStars platform and foster a community around the TokenStars platform.

12. Disclaimer

The information set forth in this White Paper may not be exhaustive and does not imply any elements of a contractual relationship. The content of this White Paper is not binding for Company and is subject to change in line with ongoing research and development of the Platform. This White Paper does not constitute an investment, legal, tax, regulatory, financial, accounting or other advice, and this White Paper is not intended to provide the sole basis for any evaluation of a transaction on acquisition of TEAM tokens. Prior to acquiring TEAM tokens, a prospective purchaser should consult with his/her own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such a transaction.

Nothing in this White Paper shall be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This document is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction which prohibit or in any manner restrict transactions in respect of, or with use of, digital tokens.

Certain statements, estimates and financial information contained in this White Paper constitute forward-looking statements or information. Such forward-looking statements or information involve known and unknown risks and uncertainties which may cause actual events or results to differ materially from the estimates or the results implied or expressed in such forward-looking statements or information.

TEAM tokens are not being offered or distributed to, as well as cannot be resold or otherwise alienated by their holders to, citizens of, natural and legal persons, having their habitual residence, location or their seat of incorporation (i) in the United States of America (including its states and the District of Columbia), Puerto Rico, Virgin Islands of the United States, any other possessions of the United States of America, or (ii) in a country or territory where transactions with digital tokens are prohibited or in any manner restricted by applicable laws or regulations. If such a restricted person purchases TEAM tokens, such a restricted person has done so on an unlawful, unauthorized and fraudulent basis and in this regard shall bear negative consequences.

Company neither offers or distributes TEAM tokens nor carries on business (activity) in any regulated activity in Singapore, in People's Republic of China, Republic of Korea or in other countries and territories where transactions in respect of, or with use of, digital tokens fall under the restrictive regulations or require from Company to be registered or licensed with any applicable governmental authorities.

Each purchaser of TEAM tokens is reminded that this White Paper has been presented to him/her on the basis that s/he is a person into whose attention the document may be lawfully presented in accordance with the laws of the purchaser's jurisdiction. It is the responsibility of each potential purchaser of TEAM tokens to determine if the purchaser can legally purchase TEAM tokens in the purchaser's jurisdiction and whether the purchaser can then resell TEAM tokens to another purchaser in any given jurisdiction.

This English language White Paper is the primary official source of information about the TEAM project. The information contained herein may from time to time be translated into other languages. In the course of such translation, some of the information contained herein may be lost, corrupted, or misrepresented. The accuracy of such alternative communications cannot be

guaranteed. In the event of any conflicts or inconsistencies between such translations, this official English language White Paper, and the provisions of this English language original document shall prevail.

13. Appendix

Risk Factors

The acquisition of TEAM tokens involves a high degree of risk. Each potential purchaser of TEAM tokens should carefully consider the following information about these risks before s/he decides to buy TEAM tokens. If any of the following risks actually occurs, the TEAM platform and the value of the TEAM tokens could be materially adversely affected.

The risks and uncertainties described below in this White Paper may not be the only ones token holders face. Additional risks and uncertainties may also materially adversely affect the TEAM Platform or the value of the TEAM tokens.

1. RISKS CONNECTED TO THE VALUE OF TEAM TOKENS

- **No Rights, Functionality or Features.** Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, including, without limitation, any uses, purpose, attributes, functionalities or features on the TEAM platform. Company Parties do not guarantee and are not representing in any way to Buyer that the Tokens have any rights, uses, purpose, attributes, functionalities or features.
- **Lack of Development of Market for TEAM tokens.** Because there has been no prior public trading market for the Tokens, the Token sale may not result in an active or liquid market for the Tokens, and their price may be highly volatile. Even if the Tokens are tradable in a secondary market, in practice, there may not be enough active buyers and sellers or the bid-ask spreads may be too wide. The Token holders may not be able to exit their token holdings easily. In the worst-case scenario where no secondary market develops, a Token holder may not be able to liquidate his/her token holdings at all. Exchanges or platforms that facilitate secondary trading of the Tokens may not be regulated by the applicable laws.
- **Risks Related to Highly Speculative Traded Price.** The valuation of digital tokens in a secondary market is usually not transparent, and highly speculative. The Tokens do not hold any ownership rights to Company's assets and, therefore, are not backed by any tangible asset. The traded price of the Tokens can fluctuate greatly within a short period of time. There is a high risk that a Token holder could lose his/her entire contribution amount. In the worst-case scenario, the Tokens could be rendered worthless.
- **TEAM Tokens May Have No Value.** TEAM tokens may have no value and there is no guarantee or representation of liquidity for TEAM tokens. Company is not and shall not be responsible for or liable for the market value of TEAM tokens, the transferability and/or liquidity of TEAM tokens and/or the availability of any market for TEAM tokens through third parties or otherwise.
- **Tokens are Non-Refundable.** Company is not obliged to provide Token holders with a refund related to the Tokens for any reason, and Token holders will not receive money or other compensation in lieu of a refund. No promises of future performance or price are or will be made in respect to the Tokens, including no promise of inherent value, no promise

of continuing payments, and no guarantee that the Tokens will hold any particular value. Therefore, the recovery of spent resources may be impossible or may be subject to foreign laws or regulations, which may not be the same as the private law of the Token holder.

2. BLOCKCHAIN AND SOFTWARE RISKS

- 2.1 Blockchain Delay Risk.** On the Bitcoin and Ethereum blockchains, timing of block production is determined by proof of work so block production can occur at random times. For example, the Cryptocurrency transferred in the final seconds of a distribution period during the Token Presale or the Token Sale may not get included for that period. Buyer acknowledges and understands that the Bitcoin or Ethereum blockchain may not include the Buyer's transaction at the time Buyer expects and Buyer may not receive the Tokens in this regard.
- 2.2 Blockchain Congestion Risk.** The Bitcoin and Ethereum blockchains are prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the respective network in an attempt to gain an advantage in purchasing cryptographic tokens. Buyer acknowledges and understands that Bitcoin or Ethereum block producers may not include Buyer's transaction when Buyer wants or Buyer's transaction may not be included at all.
- 2.3 Risk of Software Weaknesses.** The concept of a token smart contract which creates the mechanism of creation and distribution of TEAM Tokens ("**Token Smart Contract**"), the underlying software application and software platform (i.e. the Ethereum blockchain) are still in an early development stage and unproven. There is no representation and warranty that the process for creating the TEAM tokens will be uninterrupted or error-free. There is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of the cryptocurrency and/or the TEAM tokens.
- 2.4 Risk of New Technology.** The Platform, the Tokens and all of the matters set forth in this White Paper are new and untested. The Platform and the Tokens might not be capable of completion, creation, implementation or adoption. It is possible that no blockchain utilizing the Platform will ever be launched. Buyer of Tokens should not rely on the Platform, the Token Smart Contract or the ability to receive tokens associated with the Platform in the future. Even if the Platform is completed, implemented and adopted, it might not function as intended, and any Tokens may not have functionality that is desirable or valuable. Also, technology is changing rapidly, so the Platform and the Tokens may become outdated.

3. SECURITY RISKS

- 3.1. Risk of Loss of Private Keys.** The Tokens purchased by Buyer may be held by Buyer in Buyer's digital wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private keys associated with such Buyer's digital wallet or vault storing the Tokens will result in loss of such Tokens, access to

Buyer's Token balance and/or any initial balances in blockchains created by third parties. Moreover, any third party that gains access to such private keys, including by gaining access to login credentials of a hosted wallet or vault service the buyer uses, may be able to misappropriate the Buyer's Tokens. Company Parties are not responsible for any such losses.

3.2. Lack of TEAM Token Security. The Tokens may be subject to expropriation and or/theft. Hackers or other malicious groups or organizations may attempt to interfere with the Token Smart Contract or the Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Ethereum platform rests on open source software, there is the risk that Ethereum smart contracts may contain intentional or unintentional bugs or weaknesses which may negatively affect the Tokens or result in the loss of Tokens, and loss of the ability to access or control the Tokens. In the event of such a software bug or weakness, there may be no remedy and holders of the Tokens are not guaranteed any remedy, refund or compensation.

3.3. Risk of Ethereum Mining Attacks. The blockchain used for the Token Smart Contract is susceptible to mining attacks, including double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the Token Smart Contract, expected proper execution and sequencing of the Token transactions, and expected proper execution and sequencing of contract computations.

3.4. Failure to Map a Public Key to Buyer's Account. Failure of Buyer of the TEAM tokens to map a public key to such Buyer's account may result in third parties being unable to recognize buyer's TEAM token balance on the Ethereum blockchain when and if they configure the initial balances of a new blockchain based upon the TEAM platform.

3.5. Risk of Incompatible Wallet Service. The wallet or wallet service provider used for the acquisition and storage of the TEAM tokens has to be technically compatible with the TEAM tokens. Failure to assure this may have the result that Buyer of the TEAM tokens will not gain access to his or her TEAM tokens.

4. RISKS RELATING TO TEAM PLATFORM DEVELOPMENT

4.1. Risk Related to Reliance on Third Parties. Even if completed, the Platform will rely, in whole or partly, on third parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that those third parties will complete their work, properly carry out their obligations, or otherwise meet anyone's needs, all of might have a material adverse effect on the Platform.

4.2. Dependence of Platform on Senior Management Team. The ability of the TEAM project team which is responsible for maintaining competitive position of the Platform is dependent to a large degree on the services of a respective senior management team. The loss or diminution in the services of members of the respective senior management

team or an inability to attract, retain and maintain additional senior management personnel could have a material adverse effect on the Platform. Competition for personnel with relevant expertise is intense due to the small number of qualified individuals, and this situation seriously affects the ability to retain its existing senior management and attract additional qualified senior management personnel, which could have a significant adverse impact on the Platform.

4.3. Dependence of Platform on Various Factors. The development of the Platform may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

4.4. Lack of Interest to the Platform. Even if the Platform is finished and adopted and launched, the ongoing success of the Platform relies on the interest and participation of third parties like developers. There can be no assurance or guarantee that there will be sufficient interest or participation in the Platform.

4.5. Changes to the Platform. The Platform is still under development and may undergo significant changes over time. Although Company Parties intend for the Platform to have the features and specifications set forth in this White Paper, changes to such features and specifications can be made for any number of reasons, any of which may mean that the Platform does not meet expectations of Buyer of the Tokens.

4.6. Risk associated with Other Applications. The Platform may give rise to other, alternative projects, promoted by unaffiliated third parties, under which the Token will have no intrinsic value.

4.7. Risk of an Unfavorable Fluctuation of Cryptocurrency Value. The proceeds of the sale of the Tokens will be denominated in cryptocurrency, and may be converted into other cryptographic and fiat currencies. If the value of cryptocurrencies fluctuates unfavorably during or after the Token Presale or the Token Sale, Company Parties may not be able to fund development, or may not be able to develop or maintain the Platform in the manner intended.

5. RISKS ARISING IN COURSE OF COMPANY PARTIES' BUSINESS

5.1. Risk of Conflicts of Interest. Any Company Party may be engaged in transactions with related parties, including a respective majority shareholder, companies controlled by him/her or in which s/he owns an interest, and other affiliates, and may continue to do so in the future. Conflicts of interest may arise between any Company Party affiliates and respective Company Party, potentially resulting in the conclusion of transactions on terms not determined by market forces.

5.2. Risks Related to Invalidation of Company Parties' Transactions. Company Parties have taken a variety of actions relating to its business that, if successfully challenged for not complying with applicable legal requirements, could be invalidated or could result in the imposition of liabilities on respective Company Party. Since applicable legislation may subject to many different interpretations, respective Company Party may not be able to

successfully defend any challenge brought against such transactions, and the invalidation of any such transactions or imposition of any such liability may, individually or in the aggregate, have a material adverse effect on the Platform.

5.3. Risk Arising from Emerging Markets. Company Parties or some of them may operate in emerging markets. Emerging markets are subject to greater risks than more developed markets, including significant legal, economic and political risks. Emerging markets are subject to greater risk than more developed markets, including in some cases significant legal, economic and political risks. Emerging economies are subject to rapid change and the information set out in this White Paper may become outdated relatively quickly.

6. GOVERNMENTAL RISKS

6.1. Uncertain Regulatory Framework. The regulatory status of cryptographic tokens, digital assets, and blockchain technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether governmental authorities will regulate such technologies. It is likewise difficult to predict how or whether any governmental authority may make changes to existing laws, regulations and/or rules that will affect cryptographic tokens, digital assets, blockchain technology and its applications. Such changes could negatively impact the Tokens in various ways, including, for example, through a determination that the tokens are regulated financial instruments that require registration. Company may cease the distribution of the tokens, the development of the Platform or cease operations in a jurisdiction in the event that governmental actions make it unlawful or commercially undesirable to continue to do so.

6.2. Failure to Obtain, Maintain or Renew Licenses and Permits. Although as of the date of starting of the Token Presale there are no statutory requirements obliging Company of the Tokens to receive any licenses and permits necessary for carrying out its activity, there is the risk that such statutory requirements may be adopted in the future and may relate to any of Company Parties. In this case, Company Parties' business will depend on the continuing validity of such licenses and permits and its compliance with their terms. Regulatory authorities will exercise considerable discretion in the timing of license issuance and renewal and the monitoring of licensees' compliance with license terms. Requirements which may be imposed by these authorities and which may require any Company Party to comply with numerous standards, recruit qualified personnel, maintain necessary technical equipment and quality control systems, monitor our operations, maintain appropriate filings and, upon request, submit appropriate information to the licensing authorities, may be costly and time-consuming and may result in delays in the commencement or continuation of operation of the Platform. Further, private individuals and the public at large possess rights to comment on and otherwise engage in the licensing process, including through intervention in courts and political pressure. Accordingly, the licenses any Company Party may need may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion, or may involve requirements which restrict any Company Party's ability to conduct its operations or to do so profitably.

6.3. Risk of Government Action. The industry in which Company Parties operate is new, and may be subject to heightened oversight and scrutiny, including investigations or enforcement actions. There can be no assurance that governmental authorities will not examine the operations of Company Parties and/or pursue enforcement actions against them. All of this may subject Company Parties to judgments, settlements, fines or penalties, or cause Company Parties to restructure their operations and activities or to cease offering certain products or services, all of which could harm Company Parties' reputation or lead to higher operational costs, which may, in turn, have a material adverse effect on the Tokens and/or the development of the Platform.

6.4. Risk of Burdensomeness of Applicable Laws, Regulations, and Standards. Failure to comply with existing laws and regulations or the findings of government inspections or increased governmental regulation of Company Parties' operations could result in substantial additional compliance costs or various sanctions, which could materially adversely affect Company Parties' business and the Platform. Company Parties' operations and properties are subject to regulation by various government entities and agencies, in connection with ongoing compliance with existing laws, regulations and standards. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards. Respective authorities have the right to, and frequently do, conduct periodic inspections of any Company Party's operations and properties throughout the year. Any such future inspections may conclude that any Company Party has violated laws, decrees or regulations, and it may be unable to refute such conclusions or remedy the violations. Any Company Party's failure to comply with existing laws and regulations or the findings of government inspections may result in the imposition of fines or penalties or more severe sanctions, or in requirements that respective Company Party cease certain of its business activities, or in criminal and administrative penalties applicable to respective officers. Any such decisions, requirements or sanctions, or any increase in governmental regulation of our operations, could increase Company Parties' costs and materially adversely affect Company Parties' business and the Platform.

6.5. Unlawful or Arbitrary Government Action. Governmental authorities may have a high degree of discretion and, at times, act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to law or influenced by political or commercial considerations. Moreover, the government also has the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or terminate contracts. Unlawful, selective or arbitrary governmental actions have reportedly included the denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions. Federal and local government entities have also used common defects in matters surrounding the Token Sale as pretexts for court claims and other demands to invalidate or to void any related transaction, often for political purposes. In this environment, Company Parties' competitors may receive preferential treatment from the government, potentially giving them a competitive advantage over Company Parties.