

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Magic Mobile Communications Holdings, LLC

PRIVATE PLACEMENT OF MEMBERSHIP INTERESTS

March 8, 2019

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

MAGIC MOBILE COMMUNICATIONS HOLDINGS, LLC

Maximum Offering Amount: \$1,500,000

Limited Liability Company Membership Interests

Magic Mobile Communications Holdings, LLC., d/b/a Blackout Mobile, a Delaware limited liability company (“we,” “us,” “our,” “Magic Mobile,” “Blackout Mobile” or the “Company”), is offering, on a “best efforts” basis, through this Confidential Private Placement Memorandum (this “Memorandum”), up to a maximum of \$1,500,000 of Membership Interests in the Company (the “Maximum Offering Amount”). The minimum amount of Membership Interests that may be purchased is \$100,000, subject to the Company’s right, exercisable in its sole discretion, to accept subscriptions for lower amounts of Membership Interests.

The subscription amount will be held in escrow for the benefit of Investors by Abrams, Fensterman, Fensterman, Eisman, Formato, Ferrara, Wolf & Carone, LLP (the “**Escrow Agent**”) until satisfaction of all the conditions to the closing. This Offering will be open for a period terminating on July 31, 2019 and may be extended to October 31, 2019 (the “Termination Date”) at the election of the Company. We contemplate that the proceeds of this Offering will be delivered to us at one or more closings held during the offering period. See “The Offering” for additional information.

We are offering the Membership Interests on a “best efforts” basis. No assurance can be given that all or any portion of the Membership Interests offered hereby will be sold. The Company reserves the right to engage registered broker-dealers to sell Membership Interests in the Offering.

The Membership Interests are not, and will not be, traded on any public market.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO UNITED STATES PERSONS UNLESS THE SECURITIES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER IN ANY JURISDICTION IN WHICH AN OFFER IS NOT AUTHORIZED. THESE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE “COMMISSION”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, NOR HAVE ANY OF THE FOREGOING PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE ARE SPECULATIVE SECURITIES WHICH INVOLVE A HIGH DEGREE OF RISK. ONLY THOSE INVESTORS WHO CAN BEAR THE LOSS OF THEIR ENTIRE INVESTMENT SHOULD INVEST IN THESE SECURITIES. PLEASE SEE THE SECTION ENTITLED “RISK FACTORS” BEGINNING ON PAGE 9 OF THIS MEMORANDUM.

March 8, 2019

	Offering Price (1)	Maximum Commissions (2)	Proceeds to the Company (3)
Maximum Offering Amount (3)	\$1,500,000	\$150,000	\$1,350,000

- (1) The price of the Membership Interests has been determined by us and bears no relationship to our assets, book value or results of operations or any other generally accepted criteria of value.
- (2) In the event we engage one or more registered broker dealers to sell the Membership Interests, we may pay such broker-dealers compensation of up to (i) 10% of the aggregate gross proceeds from the sale of the Membership Interests as a commission, and (ii) 2% of the aggregate gross proceeds of the Membership Interests sold as a non-accountable expense allowance.
- (3) The amount of total proceeds set forth in the table does not include deductions for expenses related to this Offering, including filing, printing, legal, accounting, and other miscellaneous expenses, estimated to be \$80,000.

NOTICES TO PROSPECTIVE INVESTORS

SUBSCRIPTIONS WILL BE ACCEPTED ONLY FROM “ACCREDITED INVESTORS” AS DEFINED IN RULE 501 OF REGULATION D (SEE “INVESTOR SUITABILITY STANDARDS”).

BY ACCEPTING THE INFORMATION CONTAINED WITHIN THIS MEMORANDUM, THE RECIPIENT ACKNOWLEDGES ITS EXPRESS AGREEMENT WITH THE COMPANY TO MAINTAIN IN CONFIDENCE SUCH INFORMATION. THE COMPANY HAS CAUSED THESE MATERIALS TO BE DELIVERED TO YOU IN RELIANCE UPON YOUR AGREEMENT TO MAINTAIN THE CONFIDENTIALITY OF THIS INFORMATION.

INVESTORS ARE UNDER NO OBLIGATION TO PARTICIPATE IN THIS OFFERING. BY ACCEPTING A COPY OF THIS MEMORANDUM, INVESTORS DO NOT AGREE TO PARTICIPATE IN THIS OFFERING. INVESTORS ARE ENCOURAGED TO CAREFULLY REVIEW THIS MEMORANDUM AND ALL OF THE DOCUMENTS ATTACHED AS EXHIBITS HERETO BEFORE AGREEING TO PARTICIPATE IN THIS OFFERING.

THE SECURITIES TO BE OFFERED AND SOLD HEREUNDER HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES ACT. THE SECURITIES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS. THE SECURITIES ARE BEING OFFERED AND SOLD ONLY TO BONA FIDE RESIDENTS OF STATES IN WHICH SUCH EXEMPTION IS AVAILABLE, WHO CAN MEET CERTAIN REQUIREMENTS, INCLUDING NET WORTH AND INCOME REQUIREMENTS, AND WHO PURCHASE THE SECURITIES WITHOUT A VIEW TO DISTRIBUTION OR RESALE.

INVESTMENT IN THE SECURITIES HAS NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR ANY OTHER REGULATORY AUTHORITY NOR HAS ANY GOVERNMENTAL AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION TO ANYONE IN ANY STATE OR IN ANY OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED. IN ADDITION, THE MEMORANDUM CONSTITUTES AN OFFER ONLY IF RECEIVED FROM AN AUTHORIZED REPRESENTATIVE OF BLACKOUT MOBILE. BLACKOUT MOBILE RESERVES THE RIGHT TO WITHDRAW OR AMEND THE OFFERING FOR ANY REASON AND TO REJECT ANY SUBSCRIPTION AGREEMENT FOR ANY REASON OR FOR NO REASON.

THIS OFFERING IS MADE SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY US. BLACKOUT MOBILE RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE AMOUNT OF MEMBERSHIP INTERESTS SUBSCRIBED FOR BY SUCH INVESTOR. MEMBERSHIP INTERESTS WILL BE SOLD ONLY TO A LIMITED NUMBER OF ACCREDITED INVESTORS MEETING CERTAIN STANDARDS.

THE OFFERING IS BEING MADE IN RELIANCE UPON THE AVAILABILITY OF AN EXEMPTION FROM THE REGISTRATION PROVISIONS OF THE SECURITIES ACT BY VIRTUE OF THE INTENDED COMPLIANCE WITH THE PROVISIONS OF REGULATION D AND SECTION 4(a)(2) OF SUCH ACT. ACCORDINGLY, AMONG OTHER THINGS, NO GENERAL OR PUBLIC SOLICITATION OR ADVERTISING WILL BE EMPLOYED IN THE OFFERING OF THE MEMBERSHIP INTERESTS. NO PERSON HAS BEEN AUTHORIZED IN CONNECTION WITH THE OFFERING TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION AND REPRESENTATIONS MUST NOT BE RELIED UPON; PROVIDED, HOWEVER, THAT NOTHING HEREIN CONTAINED SHALL LIMIT THE OPPORTUNITY OF ANY OFFEREE OR HIS OFFEREE REPRESENTATIVE, ACCOUNTANT OR ATTORNEY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM BLACKOUT MOBILE CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, OR TO OBTAIN ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OR ADEQUACY OF ANY OF THE INFORMATION CONTAINED HEREIN OR IN ANY OTHER DOCUMENT REFERRED TO HEREIN. UNDER NO CIRCUMSTANCES WILL THE DELIVERY OF THE MEMORANDUM OR SALE MADE HEREUNDER CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS OR THE AFFAIRS OF BLACKOUT MOBILE SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE OF THE MEMORANDUM. HOWEVER, IF ANY MATERIAL ADVERSE CHANGE OCCURS PRIOR TO THE TERMINATION OF THE OFFERING OF THE SECURITIES, THE MEMORANDUM WILL BE AMENDED OR SUPPLEMENTED ACCORDINGLY.

BY ACCEPTING DELIVERY OF ANY OFFERING MATERIALS, INCLUDING, BUT NOT LIMITED TO, THIS MEMORANDUM, THE OFFEREE AGREES (I) TO KEEP CONFIDENTIAL THE CONTENTS THEREOF AND NOT TO DISCLOSE THE SAME TO ANY THIRD PARTY OR OTHERWISE USE THE SAME FOR ANY PURPOSE OTHER THAN EVALUATION BY SUCH OFFEREE OF A POTENTIAL PRIVATE INVESTMENT IN THE COMPANY, AND (II) TO

RETURN THE SAME TO THE COMPANY IF (A) THE OFFEREE DOES NOT SUBSCRIBE TO PURCHASE ANY MEMBERSHIP INTERESTS, (B) THE OFFEREE'S SUBSCRIPTION IS NOT ACCEPTED, OR (C) THE OFFERING IS TERMINATED OR WITHDRAWN.

CERTAIN PROVISIONS OF VARIOUS AGREEMENTS ARE SUMMARIZED IN THIS MEMORANDUM, BUT PROSPECTIVE INVESTORS SHOULD NOT ASSUME THAT THE SUMMARIES ARE COMPLETE. SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE TEXTS OF THE COMPLETE DOCUMENTS.

IN DECIDING WHETHER TO PURCHASE MEMBERSHIP INTERESTS, EACH INVESTOR MUST CONDUCT AND RELY ON ITS OWN EVALUATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE MEMBERSHIP INTERESTS. PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE COMPANY, OR ANY PROFESSIONAL ASSOCIATED WITH THE OFFERING, AS LEGAL OR TAX ADVICE. THE OFFEREE AUTHORIZED TO RECEIVE THIS MEMORANDUM SHOULD CONSULT ITS OWN TAX COUNSEL, ACCOUNTANT OR BUSINESS ADVISOR, RESPECTIVELY, AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING ITS PURCHASE OF THE MEMBERSHIP UNITS.

WE WILL MAKE AVAILABLE TO ANY PROSPECTIVE INVESTOR, PRIOR TO EACH CLOSING, THE OPPORTUNITY TO ASK QUESTIONS OF AND TO RECEIVE ANSWERS FROM OUR REPRESENTATIVES CONCERNING US AND THE TERMS AND CONDITIONS OF THE OFFERING AND TO OBTAIN ANY ADDITIONAL RELEVANT INFORMATION TO THE EXTENT WE POSSESS SUCH INFORMATION OR CAN OBTAIN IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

THE SECURITIES DESCRIBED HEREIN MAY NOT BE SOLD NOR MAY ANY OFFERS TO PURCHASE BE ACCEPTED PRIOR TO THE DELIVERY TO PROSPECTIVE INVESTORS OF CERTAIN UNDERLYING DOCUMENTS INCLUDING, AMONG OTHER THINGS, A SUBSCRIPTION AGREEMENT, A COPY OF WHICH IS ATTACHED HERETO (COLLECTIVELY, THE "OFFERING MATERIALS"), REFLECTING THE DEFINITIVE TERMS AND CONDITIONS OF THE OFFERING. THE FULL TEXT OF SUCH OFFERING MATERIALS SHOULD BE REVIEWED CAREFULLY PRIOR TO THE PURCHASE OF THE MEMBERSHIP INTERESTS.

THIS MEMORANDUM (TOGETHER WITH ANY AMENDMENTS OR SUPPLEMENTS AND ANY OTHER INFORMATION THAT MAY BE FURNISHED TO PROSPECTIVE INVESTORS BY US) INCLUDES OR MAY INCLUDE CERTAIN STATEMENTS, ESTIMATES AND FORWARD-LOOKING PROJECTIONS OF THE COMPANY WITH RESPECT TO THE ANTICIPATED FUTURE PERFORMANCE OF THE COMPANY. SUCH STATEMENTS, ESTIMATES AND FORWARD-LOOKING PROJECTIONS REFLECT VARIOUS ASSUMPTIONS OF MANAGEMENT THAT MAY OR MAY NOT PROVE TO BE CORRECT AND INVOLVE VARIOUS RISKS AND UNCERTAINTIES.

THIS MEMORANDUM CONTAINS ALL OF THE REPRESENTATIONS BY US CONCERNING THIS OFFERING, AND NO PERSON IS AUTHORIZED TO MAKE DIFFERENT OR BROADER STATEMENTS THAN THOSE CONTAINED HEREIN. INVESTORS ARE CAUTIONED NOT TO RELY UPON ANY INFORMATION NOT EXPRESSLY SET FORTH IN THIS MEMORANDUM.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE MEMBERSHIP INTERESTS OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY FROM ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE SUCH DATE.

THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THIS MEMORANDUM IS SUBJECT TO AMENDMENT AND SUPPLEMENTATION, AS APPROPRIATE.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO FOREIGN INVESTORS

IF YOU LIVE OUTSIDE THE UNITED STATES, IT IS YOUR RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES.

CONFIDENTIALITY

By accepting delivery of this Memorandum, you acknowledge and agree that all of the information contained herein is of a confidential nature and that this Memorandum has been furnished to you for the sole purpose of enabling you to consider and evaluate an investment in the Membership Interests. You agree that you will treat such information in a confidential manner, will not use such information for any purpose other than evaluating an investment in the Membership Interests and will not, directly or indirectly, disclose or permit your agents, representatives or affiliates to disclose any of such information without the prior written consent of the Company. You also agree to make your agents, affiliates and representatives aware of the confidential nature of the information contained herein and the terms of this section including your agreement to not disclose such information, and to be responsible for any disclosure or other improper use of such information by such agents, affiliates or representatives. Likewise, without the prior written consent of the Company, you agree that you will not, directly or indirectly, make any statements, public announcements or other release or provision of information in any form to any trade publication, to the press or to any other person or entity whose primary business is or includes the publication or dissemination of information related to the subject matter of this Memorandum. If you decide not to pursue further investigation of the Company or to not participate in the Offering, you agree to promptly return this Memorandum and any accompanying documentation to the Company.

Notwithstanding the foregoing confidentiality agreement, the recipient of this Memorandum, each prospective investor, and their representatives and agents are authorized to disclose the tax treatment and tax structure of the transactions described herein to their respective advisors, without limitation of any kind. You may disclose information contained herein to the extent (but only to the extent) that it relates to the tax treatment or tax structure of the transactions described herein. This authorization is not intended to permit disclosure of any other information included herein or obtained by you in connection with this Offering to the extent not related to the tax treatment or the tax structure of such transactions including the identities or financial information of any kind of current, future or potential shareholders of the Company.

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List of Exhibits

- A) Subscription Agreement
- B) Certificate of Formation and Operating Agreement of Magic Mobile Communications Holdings, LLC
- C) Financial Statements of Magic Mobile Communications Holdings, LLC

EXECUTIVE SUMMARY

This summary highlights selected information contained elsewhere in this Memorandum. This summary does not contain all the information that you should consider before investing in our securities. You should carefully read the entire Memorandum, including "Risk Factors," before making an investment decision.

Overview

Magic Mobile Communications Holdings, LLC (d/b/a Blackout Mobile) is a Delaware limited liability company formed on October 26, 2017. The Company is an early-stage mobile security technology company that is developing products that will service security conscious enterprise and personal consumers, a rising underserved market segment in the \$478.7B smartphone and \$83.5B mobile marketplace.

We are developing a hyper-secure smartphone, the Cloak Phone, which will be among the first GDPR (General Data Protection Rights) compliant devices providing multiple layers of security protecting users' privacy. Approximately 1.5 billion smartphones were sold worldwide in 2017, with Android devices accounting for roughly 82% of all handsets sold and Apple representing a majority of the balance. Forbes estimates that American Fortune 500 companies alone will spend \$7.8 billion back-peddling their privacy solutions to become compliant with the GDPR, which reaches only countries within Europe, for now. While the smartphone industry continues to emphasize both user experience and novelty features, few devices have been designed to address the protection of privacy rights and the security of individuals directly. We have already begun to advance on these handset security issues.

Three of our most important security solutions and proprietary technologies are as follows:

1. Fortress OS:

Currently, the Mobile OS market is dominated by Google (Android) and Apple (IOS). Both companies' operating systems have built-in architecture to store and transmit everything from what one verbally communicates to what is watched or searched on a smartphone. The data, commonly referred to as "Cookies" is transmitted to Google and Apple for monetization purposes such as targeted ad campaigns to one's various social media platforms, email and even text messages. The design of metadata collection and distribution on all current smartphones, has been targeted by criminals to steal this stored goldmine of one's personal data for nefarious purposes, which has been done to countless individuals, companies and governments.

Blackout Mobile is developing a proprietary Mobile Operating System, Fortress OS, that completely eliminates the metadata collection of one's personal and private activities. Thereby removing one of the biggest infiltrating point on your smartphone.

We believe Google and Apple derive significant profits from the collection and distribution of metadata and have no reason to change.

2. Blockchain App Shop, Ethereum Casper (BASE):

One of the major infiltration points to security and privacy on smartphones is the apps that are downloaded. These apps are frequently hijacked with malware or outright fraudulent versions of the original app with the sole purpose of stealing something from the user.

Our solution is an Ethereum Casper Blockchain-based app store that put one safely on BASE by verifying the code of the original app that has been pre-determined by us through blockchain technology. If the app does not exactly match code verifications, it cannot be used.

3. Enhanced Multiple Handset Security:

Using the existing capabilities of handset technology Blackout Mobile has embedded double logical and physical security features. With these features only users with a physical/electronic key will be able to access the handset. In addition, the encryption logic will require the presence of a physical and logical key, rendering lost or stolen phones totally secure and the data stored on the handset encrypted to the highest level with no "back-door" or cracking possible.

Corporate Information

Our principal executive offices are located at 355 Post Avenue, Suite 202, Westbury, New York 11590 and our telephone number is 516-506-7588. Our website address is www.cloakphone.com. The information contained therein or accessible thereby shall not be deemed to be incorporated into this Memorandum.

FORWARD-LOOKING STATEMENTS

Before purchasing any of the Membership Interests, you should carefully read this entire Memorandum, including the section entitled “risk factors.” You should be prepared to accept any and all of the risks associated with purchasing the Membership Interests, including a loss of your entire investment.

This Memorandum includes forward-looking statements. Forward-looking statements give the Company’s current expectations or forecasts of future events. Words such as “expect,” “may,” “anticipate,” “intend,” “would,” “plan,” “believe,” “estimate,” “should,” and similar words and expressions identify forward-looking statements. Forward-looking statements in the Memorandum include express or implied statements concerning the Company’s future revenues, expenditures, capital or other funding requirements, the adequacy of the Company’s current cash and working capital to fund our present and planned operations and financing needs, expansion of and demand for our planned product offerings, and the growth of the Company’s business and operations, as well as future economic and other conditions both generally and in the Company’s specific geographic and product markets. These statements are based on the Company’s estimates, projections, beliefs and assumptions and are not guarantees of future performance.

The Company cautions that the risks described herein could cause the Company’s actual results to differ materially from those expressed in forward-looking statements made by or on behalf of the Company in this Memorandum, press releases, communications with investors and oral statements. Any of these risk factors could negatively impact the Company’s operating results and financial condition, and even result in the failure of the Company.

The Company’s forward-looking statements relate only to events as of the date on which the statements are made. The Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise, even if experience or future changes make it clear that any projected results or events expressed or implied therein will not be realized.

THE OFFERING

*The following is a summary of the material provisions contained in the Transaction Documents (as defined under “**Subscription Procedures**”). Investors are urged to read the Transaction Documents in their entirety.*

- Issuer:** Magic Mobile Communications Holdings, LLC, a Delaware limited liability company, d/b/a Blackout Mobile.
- Investors:** All investors must be “accredited investors” as defined under Rule 501 of Regulation D as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, and meet all other suitability requirements set forth herein under the caption “*Investor Suitability Requirements*,” and as contained in the Subscription Agreement attached as **Exhibit A** to this Memorandum.
- Securities Offered:** The Company is offering, on a “best efforts” basis, a maximum of up to \$1,500,000 of Membership Interests. Assuming the Maximum Offering Amount of \$1,500,000 is sold, every \$100,000 of Membership Interests sold in the Offering represents a 0.5% interest in the Company (such that the aggregate \$1,500,000 of Membership Interests sold would represent an aggregate 7.5% interest in the Company.) This Offering thus assumes a pre-Offering valuation amount of outstanding Membership Interests for the Company of \$18,500,000. This amount has been determined arbitrarily by the Company and bears no relation to our assets, book value or results of operations or any other generally accepted criteria of value. The Company’s Operating Agreement sets the relative rights and preferences of the Membership Interests.
- Minimum Investment:** \$100,000, subject to the Company’s right, in its sole discretion on a case-by-case basis, to accept subscriptions for lesser amounts.
- Offering Size:** Maximum Offering Amount: \$1,500,000
- Offering Period:** The Company will have the right at any time, prior to the Termination Date, after it has received and accepted any subscriptions for Membership Interests, to effect an initial closing with respect to this Offering (the “Initial Closing”). Thereafter, Company may continue to accept additional subscriptions for, and continue to have, closings (together with the Initial Closing, each a “Closing”), from time to time up to the earlier of (i) the date upon which subscriptions for the Maximum Offering Amount offered hereunder have been accepted, (ii) July 31, 2019 (which may be extended to October 31, 2019 in the Company’s sole discretion), or (iii) the date upon which the Company elects to terminate the Offering (the “Termination Date”).
- Escrow:** All funds sent to the Company by investors to purchase the Membership Interests will be deposited into a non-interest-bearing escrow account, maintained at and by the Escrow Agent. One or more Closings may be held at any time following receipt and acceptance of any subscriptions during the offering period at the discretion of the Company.
- Use of Proceeds:** The Company intends to use the net proceeds from this offering for general corporate purposes, including working capital, to complete the prototype for the Cloak Phone to be ready to manufacture.. See “Use of Proceeds.”
- Subscription Procedures:** Accredited investors interested in subscribing for Membership Interests in this Offering must do the following:
- Deliver a completed and executed Subscription Agreement, which is attached to this Memorandum as **Exhibit A**, to the Company at the address provided in the Subscription Agreement.
 - Deliver the purchase price to the Escrow Agent by wire transfer using the wire transfer instructions provided in the Subscription Agreement.

Funds will be held in escrow until a Closing of this Offering at which time escrowed funds will be released by the Escrow Agent. The Membership Interests will not be certificated and thus no certificates for Membership Interests will be delivered to investors. If this Offering is not completed for any reason, all proceeds deposited into escrow will be returned to the subscribers without interest or deduction.

Restrictions on Transfer:

The Membership Interests offered will be restricted as to transferability under state and federal laws regulating securities. The issuance of the Membership Interests has not been registered under the Securities Act, or any other similar state statutes, in reliance upon exemptions from the registration requirements contained therein. Accordingly, the Membership Interests will be “restricted securities” as defined under the Securities Act. As “restricted securities,” an investor must hold them indefinitely and may not dispose of or otherwise sell them without registration under the Securities Act and any applicable state securities laws unless exemptions from registrations are available. The Membership Interests will also be subject to restrictions to transfer set forth in the Operating Agreement of the Company, including that no Member of the Company may transfer any Membership Interest without the prior written consent of the Managing Member of the Company, except as otherwise provided in the Operating Agreement.

Risk Factors:

See “Risk Factors” and the other information in this Memorandum for a discussion of the factors that you should carefully consider before deciding to invest in the Membership Interests.

USE OF PROCEEDS

Assuming we sell the Maximum Offering Amount of \$1,500,000 and do not engage a placement agent, we estimate we will receive net proceeds after expenses of approximately \$1,420,000. We intend to use the net proceeds from this Offering for general corporate purposes, including working capital, to complete the prototype for the Cloak Phone to be ready to manufacture. We estimate that, assuming we sell the Maximum Offering Amount, the net proceeds from this Offering will be sufficient to fund our operations for approximately 12 months.

The amounts set forth above are estimates, and we cannot be certain that actual costs will not vary from these estimates. Our management will have significant flexibility and broad discretion in applying the net proceeds from this Offering.

BUSINESS

Overview

Magic Mobile Communications Holdings, LLC (d/b/a Blackout Mobile) is a Delaware limited liability company formed on October 26, 2017. The Company is an early-stage mobile security technology company that is developing products that will service security conscious enterprise and personal consumers, a rising underserved market segment in the \$478.7B smartphone and \$83.5B mobile marketplace.

We are developing a hyper-secure smartphone, the Cloak Phone, which will be among the first GDPR (General Data Protection Rights) compliant devices providing multiple layers of security protecting users' privacy. Approximately 1.5 billion smartphones were sold worldwide in 2017, with Android devices accounting for roughly 82% of all handsets sold and Apple representing a majority of the balance. The Cloak Phone will encompass the ultra-secure smartphone market and also serve the broader market of enterprise secure smartphone, and security conscious consumers. The global ultra-secure sales for 2016 were \$818M. Global overall smartphone sales for 2017 were \$478.7B.

For a comprehensive secure user experience, Blackout Mobile will integrate a secure blockchain application store that will aggregate the non-Google and non-Apple digital application marketplace. The Blackout Mobile secure smartphone will be the core platform for application marketplace, which will also be available as an independent secure product available to any Android user (approximately 82% of smartphones are Android). This will be the only application distribution platform dedicated to serving the 2017, \$83.5B market for non-Google, non-Apple digital apps.

The smartphone and application store will be General Data Protection Regulation, or GDPR (a regulation in EU law on data protection and privacy) compliant.

Cybersecurity threats

We believe that in the digital age, privacy rights are virtually non-existent and the tools and technology applications needed to properly defend our devices are seemingly one step behind big brother or the hackers themselves. The Cloak Phone with the hyper-secure, ultra-private FortressOS, and hardened BlockchainAppShop(BASe), has been developed to address these concerns and safeguard from nefarious minded individuals and covert agendas.

In 2007, Apple changed the world with the iPhone by putting the internet in everyone's pocket with content and apps at our fingertips making our phones smart. This new functionality transformed a simple communications device into smartphones with business applications, commerce, social media, games, entertainment, and more -- personal planning, work, banking, and even health. But the light of possibility and innovation casts an often disregarded shadow of threats to privacy and security.

In 2007, mobile malware was not a threat. By 2019, the exploitation of privacy and security vulnerabilities have cost billions of dollars.

The Cloak Phone we are developing is an ultra-secure privacy smartphone, built on the Qualcomm flagship Snapdragon 845 SoC with the hyper-secure and ultra-private proprietary Fortress OS, dedicated encryption engine, and data vault, and multi-layered defense against zero-day (or previously unknown) vulnerabilities, malware, and intrusion.

Our ultra-secure smartphone will be more secure than regular smartphones because it will encrypt all communications, block unauthorized tracking systems, and prevent data collection and leakages.

Apps

Beyond the physical device, smartphones need apps to be smart. The privacy and security of these apps is too often compromised by permissive user policies and opt-outs of privacy rights, and opt-in to volunteer extensive personal information far beyond what an average user may understand is being taken. Google Play is the dominant distribution platform and primary violator of privacy and security, forcing users to opt out of protections and often with default settings in violation of GDPR and without regard to user privacy rights. It is also the primary source of malware with a plethora of redundant applications built on free-open-source-software. ¹

The Cloak Phone will ship with the BlockchainAppShop (BASe), a blockchain, Ethereum Casper-based app store, which will aggregate the non-Google Play market place, offering a real global solution with differentiation by platform, application categories, region, locality, language, and niche needs. BlockchainAppShop (BASe) is an independent platform that will integrate existing platforms and respect their business models, provide a peer-to-peer open market without censorship, and a direct productivity tools curated platform for ultra-secure users. The entire platform will provide application layer securities, evaluating apps for zero-day vulnerabilities, security

¹ <https://www.wired.com/story/android-users-to-avoid-malware-ditch-googles-app-store/>

violations and extraneous code. Applications will come with real user download feedback and retention (identifying region and nature of user feedback), blocking fake feedback. This will provide users a centralized market of the entire Android realm, the reliability of blockchain for vendors and user, added layers of security, and a safety report with each application for a better more secure user experience. There will also be an application verification that will continuously monitor the integrity of the applications.

Be Safely on BAsE

BlockchainAppShop (BAsE) will unify the disparate \$83.5Billion (non-google) application market with Ethereum blockchain as the unifying, currency able to instantly and transparently exchange any national currency or crypto-currency.

Challenge: Lack of Security & Privacy

Smartphones are rife with known and unknown systemic flaws that compromise a user's private information with attacks from hackers from malware and spyware attacking the software, operating system (O/S), firmware, and even the carriers themselves for personal, financial, and business information.

Beyond vulnerability, smartphones' inherent designs often lack privacy resulting in misappropriation and exploitation of users' information, online activity, app usage, location data, call and text activity and even content.

Solution

Blackout Mobile will provide a unique patent pending foundational security that begins in manufacturing, integrating every aspect of the smartphone to provide a total multi-layered secure solution from every hardware component, operating system, boot security, and redundant encryption software. Blackout Mobile will rely on a low-cost methodology of integrating proven secure technologies, physical mechanisms and proprietary technology that provide absolute on demand security from specific services, with customization to optimize security, and performance.

Market

The market for ultra-secure smartphones was valued at \$818 million in 2016, with an average annual rate of growth of 23.61% for the preceding 4-years and is projected to reach \$3.1Billion by 2023.²

The FortressOS is unique in its design, featuring the hardened security of Copperhead, the flexibility of Android, and User Interface ease of use of iOS-inspired design. We believe the look and feel of Fortress with its remarkably easy security and privacy controls, and user-friendly interface will have broad consumer appeal as a powerful secure, privacy-minded smartphone. Global smartphone sales for 2017 were \$478.7B.³

The ultra-secure smartphone market is dominated by outdated hardware. Ultra-secure smartphones emphasize hardening the operating system, cyber-intrusion defense, and updating security. Hardware is typically secondary and generations behind with underpowered processors, limited memory, cameras, modem and Bluetooth.

The family of Cloak Phone smartphones will utilize cutting edge hardware and software technology. The Cloak Phones will have one of the most powerful processor in the ultra-secure market.

The Cloak Phones will incorporate Qualcomm's Snapdragon 845, with a dedicated encryption processor, redundant encryption, advanced graphics processing unit (GPU), cutting edge quick recharge, and Blockchain verification for app downloads.

FortressOS will be a proven hardened OS that even Google relies on for its security.

CopperheadOS is the leading cutting-edge variant of Android providing the security updates Google relies on for its updates subsequent Copperhead. However, it is worth noting that Google's Android emphasizes compatibility and flexibility. It is frequently criticized for its weak security and poor user interface design. Copperhead emphasizes security over compatibility. FortressOS builds upon this with a hyper-secure OS, a slightly more rigid but much friendly, and significantly easier to use User Interface.

Target Market Segment Strategy

² <https://www.wiseguyreports.com/reports/2391024-global-ultra-secure-smartphones-market-report-2017>

³ <https://www.statista.com/statistics/237505/global-revenue-from-smartphones-since-2008/>

Our target markets will be:

- **Government/Enterprise:** It is indisputable that enterprises in the field of government, defense, energy, pharma, finance, legal and medical need to protect and secure data and communications. We provide a unique security and privacy solution to an extremely inadequate securitization of data and privacy of smartphones. The European Union has enacted the GDPR legislation in 2018 that restricts the collection and dissemination of private data by smartphones. The United States is currently contemplating similar legislation. The Cloak Phone is GDPR compliant and would be compliant with any future laws.
- **Retail Consumer:** The consumer smartphone market is the biggest share of smartphone sales. We believe that there is a significant segment of the public smartphone population that want and need our product based on security and privacy of their data and communications. Currently there have not been any real efforts to address this market.

Marketing and Sales Plan

We will target industries with demonstrated market need for ultra-secure smartphones: government, defense, energy, pharmaceuticals, financial, legal, and medical.

Due to the nature of marketing to the time-consuming process of selling to governments, our marketing will initially target industry, professional enterprise and retail consumers.

We also plan to utilize enterprise direct sales, Ecommerce, and carrier and retail sales.

Our principal sales strategy will utilize a direct sales force, and regional sales & distributors, as well as sales to regional carriers in non-US markets.

Competition

We believe our primary competitors for sales of secure and ultra-secure smartphones may include Silent Circle (through its Blackphone 2), Purism (through its Librem 5), Sirrin Labs (through its Finney), KATIM (through its Darkmatter), Sikur (through its GranitePhone), Bull Atos (through its Hoox), Boeing Blackberry (through its Boeing Black), and GSMK (through its Cryptophone).

We believe that generally, such competitors are or will primarily be targeting military and/or government customers, while we intend to have a greater focus on the consumer market.

Manufacturing Strategy

The Company intends to engage OEM phone manufacturers.

Intellectual Property

Blackout Mobile has 3 patents pending on proprietary design and technology and is also in the process of applying for multiple additional patents.

Current Status of Development

We intend to use the net proceeds of this offering to complete the prototype of the Cloak Phone such that it will be ready to manufacture. Even if we raise the Maximum Offering Amount, we will need to raise substantial additional capital to commence sales of the Cloak Phone. Subject to obtaining needed capital, we anticipate bringing the first model of hyper secure smartphone to market in the fourth quarter of 2019 or first quarter of 2020.

Personnel

Currently the company has 3 full time employees as well as 4 advisors and consultants,

RISK FACTORS

An investment in our Membership Interests involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this Memorandum, before making an investment decision. Our business, financial condition or results of operations could suffer as a result of these risks, and you may lose all or part of your investment.

Risks Related to Our Business

We have a limited operating history, so it will be difficult for investors to evaluate our business in making an investment decision.

The Company was formed in October 2017. We are an early-stage business with a limited operating history. Due to our limited operating history, our ability to operate successfully is materially uncertain and our operations are subject to all risks inherent in an early-stage business enterprise in general and technology businesses in particular. We have not yet begun to sell any products and, accordingly, have not begun or generate revenues from the commercialization of our products. Our limited operating history makes it difficult to evaluate our likelihood of commercial viability and market acceptance of our products. We may never generate revenues or achieve profitability.

We will need to secure additional financing.

We incurred a net loss of \$478,999 for the year ended December 31, 2018 and we anticipate that we will incur operating losses for the foreseeable future. If we sell the Maximum Offering Amount of \$1,500,000, we expect to have sufficient capital to fund our operations for approximately a 12 month period following completion of this Offering. However, changes may occur that would consume our available capital before that time. Additional funding may not be available on terms acceptable to us, or at all. If we fail to raise additional capital, we will be unable to begin commercialization of our planned product and may need to curtail or cease our operations.

We may be unable to successfully execute any of our identified business opportunities or other business opportunities that we determine to pursue.

We currently have a limited corporate infrastructure. In order to pursue business opportunities, we will need to continue to build our infrastructure and operational capabilities. Our ability to do any of these successfully could be affected by any one or more of the following factors:

- our ability to raise substantial additional capital to fund the implementation of our business plan;
- our ability to execute our business strategy;
- the ability of our products to achieve market acceptance;
- our ability to manage the expansion of our operations and any acquisitions we may make, which could result in increased costs;
- our ability to attract and retain qualified personnel;
- our ability to manage our third party relationships effectively; and
- our ability to accurately predict and respond to the rapid changes in our industry and the evolving demands of the markets we serve.

Our failure to adequately address any one or more of the above factors could have a significant impact on our ability to implement our business plan.

We may be unable to protect our intellectual property from infringement by third parties.

Our business plan is significantly dependent upon exploiting our intellectual property. There can be no assurance that we will be able to control all of the rights for all of our intellectual property. We may not have the resources necessary to assert infringement claims against third parties who may infringe upon our intellectual property rights. Litigation can be costly and time consuming and divert the attention and resources of management and key personnel.

The success of our business depends on the continuing contributions of our key personnel and our ability to attract, train and retain highly qualified personnel.

We are highly dependent on the continued services of Joseph DiRenzo (the managing member of Pittsburgh Partners, LLC). Loss of the services of Mr. DiRenzo could adversely impact our operations.

In addition, to successfully introduce our products as planned, we must be able to attract, train, motivate and retain highly skilled employees, including scientific, sales and marketing employees. We may not be able to attract and retain sufficient numbers of highly skilled employees in the future. The loss of personnel or our inability to hire or retain sufficient personnel at competitive rates of compensation could impair our ability to successfully grow our business.

In providing our products we could infringe on the intellectual property rights of others, which may cause us to engage in costly litigation and, if we do not prevail, could also cause us to pay substantial damages and prohibit us from selling our services.

Third parties may assert infringement or other intellectual property claims against us. We may have to pay substantial damages, if it is ultimately determined that our products infringe a third party's proprietary rights. Even if claims are without merit, defending a lawsuit takes significant time, may be expensive and may divert management's attention from our other business concerns.

We may be subject to tax treatment which would adversely affect our financial condition and that of our members.

We will not seek an Internal Revenue Service ("IRS") ruling that we will be classified as a partnership rather than a corporation for tax purposes. Classification as a corporation would deny the pass-through of tax attributes to the members and, in addition, create double tax on member distributions.

The IRS may assert that a material portion of our expenditures are not deductible by the members as projected. Alternatively, the IRS may assert that such expenditures must be capitalized and carried forward to future years. Any such adjustment would defer or reduce the amount of taxable loss or increase the amount of taxable income allocable to the members.

The allocations of our taxable income and losses are intended to comply with IRS regulations concerning the validity of such allocations. There can be no assurance that the regulations on which the member has relied on for this issue will not be altered in some significant manner or that the IRS will necessarily agree that such allocations are in accordance with the regulations.

We will operate in a highly competitive environment and may not be able to effectively compete.

We will have a number of competitors, and some of which are very large, with substantial technological and financial resources and established relationships with global service providers. We may not be able to compete successfully with these companies. Competitors may be able to offer lower prices, additional products or a more attractive mix of products, or other incentives that we cannot or will not match or offer. These competitors may be in a stronger position to respond quickly to new or emerging technologies and may be able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to customers, prospective customers, employees and strategic partners.

Global markets for the Company's planned products and services are highly competitive and subject to rapid technological change, and the Company may be unable to compete effectively in these markets.

The Company's products and services will compete in highly competitive global markets characterized by aggressive price competition and resulting downward pressure on gross margins, frequent introduction of new products, short product life cycles, evolving industry standards, continual improvement in product price/performance characteristics, rapid adoption of technological and product advancements by competitors and price sensitivity on the part of consumers.

The Company's ability to compete successfully will depend heavily on its ability to ensure a continuing and timely introduction of innovative new products, services and technologies to the marketplace. If the Company is unable to develop and sell innovative new products with attractive margins, the Company's operations could be adversely affected.

The Company's business will be subject to the risks of international operations.

The Company expects to derive a significant portion of its revenue from international operations. Compliance with applicable U.S. and foreign laws and regulations, such as import and export requirements, anti-corruption laws, tax laws, foreign exchange controls and cash repatriation restrictions, data privacy requirements, environmental laws, labor laws and anti-competition regulations, increases the costs of doing business in foreign jurisdictions. Violations of these laws and regulations, if they occur, could materially adversely affect the Company's brand, international growth efforts and business.

The Company also could be significantly affected by other risks associated with international activities including, but not limited to, economic and labor conditions, increased duties, taxes and other costs and political instability. Margins on sales of the Company's products in foreign countries, and on sales of products that include components obtained from foreign suppliers, could be materially adversely affected by international trade regulations, including duties, tariffs and antidumping penalties.

The Company will depend on the performance of distributors, carriers and other resellers.

The Company will distribute its products through cellular network carriers, wholesalers, national and regional retailers and value-added resellers, many of whom distribute products from competing manufacturers. The Company will also sell its products directly to enterprise and government customers and consumers and small and mid-sized businesses through its online store.

The financial condition of resellers could weaken, these resellers could decline to or stop distributing the Company's products, or uncertainty regarding demand for some or all of the Company's products could cause resellers to reduce their ordering and marketing of the Company's products.

The Company's business and reputation may be impacted by information technology system failures or network disruptions.

The Company may be subject to information technology system failures or network disruptions caused by natural disasters, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins, or other events or disruptions. System redundancy and other continuity measures may be ineffective or inadequate, and the Company's business continuity and disaster recovery planning may not be sufficient for all eventualities. Such failures or disruptions could adversely impact the Company's business by, among other things, preventing access to the Company's online services, interfering with customer transactions or impeding the manufacturing and shipping of the Company's products. These events could materially adversely affect the Company's reputation, financial condition and operating results.

The Company relies on access to third-party intellectual property, which may not be available to the Company on commercially reasonable terms or at all.

The Company's planned products include third-party intellectual property, which requires licenses from those third parties. The Company believes such licenses generally can be obtained on reasonable terms. There is, however, no assurance that the necessary licenses can be obtained on acceptable terms or at all. Failure to obtain the right to use third-party intellectual property, or to use such intellectual property on commercially reasonable terms, could preclude the Company from selling certain products or otherwise have a material adverse impact on the Company's financial condition and operating results.

Technology will drive our products and services. If we fail to keep pace with technological advances in the industry, or if we pursue technologies that do not become commercially accepted, customers may not buy our products or use our services.

The smartphone industry uses numerous and varied technologies and large service providers often invest in several and, sometimes, incompatible technologies. The industry also demands frequent and, at times, significant technology upgrades. We will not have the resources to invest in all of these existing and potential technologies. As a result, we concentrate our resources on those technologies that we believe have or will achieve substantial customer acceptance and in which we will have appropriate technical expertise. However, existing products often have short product life cycles characterized by declining prices over their lives. In addition, our choices for developing technologies may prove incorrect if customers do not adopt the products that we develop or if those technologies ultimately prove to be unviable. Our revenues and operating results will depend, to a significant extent, on our ability to maintain a product portfolio and service capability that is attractive to our customers; and to introduce new products successfully and on a timely basis.

Our planned products are highly complex and may contain errors that are detected only after deployment in telecommunications networks. If that occurs, our reputation may be harmed.

Our planned products are highly complex, and we may not detect all defects, errors, failures and quality issues that could affect customer satisfaction or result in claims against us. As a result, we might have to replace certain components and/or provide remediation in response to the discovery of defects in products that have been shipped.

The occurrence of any defects, errors, failures or quality issues could result in cancellation of orders, product returns, diversion of our resources, legal actions by customers or customers' end users and other losses to us or to our customers or end users. These occurrences could also result in the loss of or delay in market acceptance of our products, in the loss of sales, or in the need to create provisions, which would harm our business and adversely affect our revenues and profitability.

Rapid changes to existing regulations or technical standards or the implementation of new regulations or technical standards for products and services not previously regulated could be disruptive, time-consuming and costly to us.

We develop many of our products based on existing regulations and technical standards, our interpretation of unfinished technical standards or the lack of such regulations and standards. Changes to existing regulations and technical standards, or the implementation of new regulations and technical standards relating to products not previously regulated, could adversely affect our development efforts by increasing compliance costs and causing delay.

Risks Relating to this Offering and Ownership of Our Membership Interests

An investment in the Membership Interests is speculative and there can be no assurance of any return on any such investment.

An investment in the Membership Interests is speculative and there is no assurance that investors will obtain any return on their investment. Investors will be subject to substantial risks involved in an investment in the Company, including the risk of losing their entire investment.

The percentage interest in the Company represented by the Membership Interests being sold in the Offering has been determined arbitrarily by the Company.

Assuming the Maximum Offering Amount of \$1,500,000 is sold, every \$100,000 of Membership Interests sold in the Offering will represent a 0.5% interest in the Company (such that the aggregate \$1,500,000 of Membership Interests sold would represent an aggregate 7.5% interest in the Company.) This Offering thus assumes a pre-Offering valuation amount of outstanding Membership Interests for the Company of \$18,500,000. This amount has been determined arbitrarily by the Company and bears no relation to our assets, book value or results of operations or any other generally accepted criteria of value. As of December 31, 2018, we had cash and cash equivalents of \$9,072 and a members' deficit of \$91,729.

There is no market for the Membership Interests and are subject to restrictions on transfer.

The Membership Interests are not publicly traded, and the Company does not expect that a market will develop for the Membership Interests. Accordingly, holders may be unable to liquidate an investment in the Membership Interests. In addition, there are restrictions on transfer of the Membership Interests under the Company's Operating Agreement. Consequently, investors should consider an investment in the Membership Interests only if they are prepared to hold the Membership Interests for an indefinite period of time.

We will have significant discretion over the use of the gross proceeds.

The maximum gross proceeds to us from the sale of the Membership Interests will be \$1,500,000. The Company intends to use the net proceeds of this Offering for general corporate purposes and to meet working capital needs. Accordingly, our management will have broad discretion as to the application of such proceeds. The Company will use the proceeds to carry out our business plan, pay salaries to our employees, and satisfy our expenses, foreseeable and unforeseeable. As is the case with any business, it should be expected that certain expenses unforeseeable to management at this juncture will arise in the future. There can be no assurance that management's use of proceeds generated through this Offering will prove optimal or translate into revenue or profitability for the Company.

We will need to raise additional capital, which will result in dilution to our then-existing Members.

The Company intends to seek additional funds through debt or equity to maintain its operations and complete development of and begin marketing its planned product, even if the Company sells the Maximum Offering Amount in this Offering. There can be no assurance that such needed funds will be available when needed or that they will be available on acceptable terms. If we raise additional funds through the sale of equity interests, it will result in dilution or reduction in the value of the Membership Interests.

The Membership Interests are being offered pursuant to an exemption from registration under the Securities Act.

The Offering described in this Memorandum is being made in reliance upon the so-called "private placement" exemption from registration with the SEC provided by Section 4(a)(2), Regulation D of the Securities Act and the exemptions from registration provided by the Blue Sky laws of states in which the Membership Interests are offered. However, reliance upon these exemptions is highly technical and should not be viewed as a guarantee that such exemptions are indeed available. If the private placement exemption is not available for the Offering, and no other exemption from registration is found to be available, and the Offering is not registered pursuant to applicable federal or state authorities, the sale of the Membership Interests would be deemed to have been made in violation of the applicable laws, thus requiring registration of the Membership Interests. As a remedy for such a violation, each investor would have the right to rescind its purchase and to have its full investment returned. If an investor requests return of its investment, it is possible that funds would not be available to the Company. Any refunds made would reduce funds available to the Company for its operations. A significant number of requests for rescission would probably leave the Company without funds sufficient to respond to such requests or to proceed successfully with its activities.

There is no investor counsel.

We have not retained any independent professionals to review or comment on this Offering or otherwise protect your interests. Although the Company has retained its own counsel, neither such firm nor any other firm has made any independent examination of any factual matters represented by management herein, and purchasers of the Membership Interests offered hereby should not rely on any such firms so retained with respect to any matters herein described.

Investors purchasing Membership Interests will not generally have voting or dispositive power over the Company.

Under the Company's Operating Agreement, all decisions regarding management of the Company will be made by and in the sole discretion of the Managing Members, except where approval of the Members is expressly required under the Delaware Limited Liability Company Act. Thus, the investors in this Offering will have no right to take part in the management of the Company, except as required under the Delaware Limited Liability Company Act. The determination to make distributions, whether in cash, in kind, or a combination thereof, will be made at the sole discretion of the Managing Managers, subject to applicable law and the terms of the Operating Agreement. Accordingly, no party should make any investment in the Company unless such party is willing to entrust all aspects of the Company's management to the Managing Managers.

MANGAGEMENT

Under our operating agreement, our business and affairs are under the sole control of our Managing Members, other than those rights and powers expressly reserved to our Members under the Delaware Limited Liability Company Act. The Managing Members of the Company are Pittsburgh Partners, LLC, the Managing Member of whom is Joseph DiRenzo, and TASA MMC Holdings, LLC (“TASA”), the Managing Member of whom is Dara Sneddon. Below is certain biographical information regarding Mr. DiRenzo and Ms. Sneddon, and certain other persons who provide services to the Company.

Joseph DiRenzo

Mr. DiRenzo, 49, is the founder of the Company, which he formed in 2017.

Joe born in Brooklyn NY and raised on Long Island, He graduated from Jericho HS in 1987 and attended Boston University majoring in psychology.

After a brief tenure at CBS Records (now Sony Music Corp), Joe joined Donaldson Lufkin and Jenrette (Credit Suisse First Boston) as a clerk on the floor of the NYSE.

In 1999, Joe joined a small prop trading desk where he traded US equities for his own account.

He would move on to join Cushman & Wakefield, Inc. as a director in their Capital Markets Group where he facilitated corporate real estate transactions for several marque US and international corporations including the National Football League, Union Bank of Switzerland, and BMW of North America alongside both his father and brother.

Joe returned to the equities markets in 2003 when he began Wakefield Capital Partners, a hedge fund that focused on microcap opportunities.

In 2010 he acquired Exotic Classics Motor Cars which quickly earned a reputation as one of the premier exotic and collectable car retailers in the tri-state area.

In 2012 Joe became a strategic investor in MGT Capital. MGT has emerged as the largest Bitcoin mining company in the US today with nearly 10,000 Bitmain processors currently in operations in Central Washington, Colorado and Sweden.

Joe's charitable contributions include, St Dominic's Parish, LICADD & The Joe Torre Safe at Home Foundation.

Dara Sneddon

Dara Sneddon, 28, has four years of experience working as the Chief Operating Officer of Steve Hanson Landscaping, a high-end landscaping company in Santa Barbara, California, developing systems to create productivity and scalability while also overseeing budget and estimation costs. She has significant accounting experience and works to build a goal-oriented infrastructure while also functionally managing resources. She graduated from the University of California, Los Angeles.

Philip Roe

Philip (Phil), 63, brings over 35 years of technology experience to Blackout Mobile as its Chief Technology Officer. He has served as our CTO since 2018. Having worked at companies such as Manulife, JP Morgan, CIBC, and TD Bank (among others), he has occupied roles such as CTO, CIO (Chief Information Officer), and Head of Trading Systems. Phil has also founded, co-founded, invested in, and grown multiple startups such as Mobiroo, CopperHead, BetterMarkets and RealityClick.

Phil provides technology leadership to Blackout Mobile through the decisive use of innovation and implementation. With a background in statistics and econometrics, Phil is all about scalability. He knows every customer needs to be treated as if he or she were the only customer, and that that kind of customer experience can only be delivered through ongoing improvement and constant feedback from the company's many stakeholders.

Phil's contributions to Canadians is extensive and ongoing. A hockey and soccer coach in North Toronto (ages 7 - 17), as well as a boxer for Variety Village fundraising matches, Phil is continually involved in local community activities and fundraising (such as the Canadian Cancer Society, and the Heart Association of Ontario). He rode 200km in the Ride to Conquer Cancer fundraising initiative, and co-founded an NGO (Students Crossing Borders) that provides education and advancement opportunities in Kingston, Jamaica, and other developing countries.

Jennifer Stern

Ms. Stern, 41, is our director of operations and has been with us for about one year. Jenn brings over 15 years of experience in being the Chief of Staff primarily in the technology and corporate finance/banking sector. She has worked for startups such as Radius Ventures Inc.

and Reykjavik Geothermal as well as well-established companies such as Bessemer Trust and Pfizer. In such roles, Jenn played a vital role in coordinating and managing essential business activities, making strategic plans to ensure all business functions were efficient and at their most productive. She was also involved in advising on projects and was the main organizer and planner of company initiatives, attending to the minute details while staying attuned to the macro vision of business operations and being the key communications bridge between the CEO, the executive team and the various departments of the company.

Advisory Board

We have formed an advisory board which from time to time provides advice to the Company regarding development and implementation of the Company's business plan, on an informal basis. Our advisory board consists of Keith Benson and James White.

Keith Benson

Keith Benson, 54, is an electronics and communications systems architect, inventor, and entrepreneur. An expatriate Australian living in the United States, Mr. Benson has over twenty-five years' experience as founder and CEO in multiple start-ups. Mr. Benson has raised, as founder/CEO, more than \$20 million for his companies, with a total of over \$100 million that has been invested in licensed technologies he has conceived and patented. Mr. Benson has extensive experience in the conception, introduction, and deployment of disruptive technologies in electronic finance, mobile communications, and digital security applications. An expert in intellectual property development and protection, Mr. Benson is the lead named inventor on multiple granted patents, including virtual SIM technology for independent mobile applications now ubiquitous in smart phones. Mr. Benson conceived and developed Navy Cash, the first large scale smart card payment system created for the U.S. Government. The system was built from scratch under Mr. Benson's oversight and operational within 13 months. It is currently deployed throughout the U.S. Navy and Marine Corps.

James White

Prior to launching his career in tech 20 years ago, KitleyTech CEO Jason White, 39, became an electrical apprentice for an upscale construction company in Detroit, Michigan at age 19, and still holds 10+ electrician accreditations. In 1999, Jason made his first foray into the business world with the launch of his first company, and the rest is history. His first business was followed by several other startups in a variety of verticals, all with the common denominator of maximizing the utility of technology.

Along the way, he encountered the snafus that have all but become a rite of passage for founders: subpar communication from the development company he hired, inefficient project management that led to delayed launches, and coders who had to forfeit Jason's project because he realized they didn't have the technical know-how to complete it. Unlike most entrepreneurs who face these hurdles, however, he decided to do something about it.

In 2009, Jason set out to start a technology company that not only supported his personal projects, but would challenge the technology world to raise the bar by providing top-notch customer service, transparent communication, and a team capable of both engineering complex software and developing a beautiful user interface. Jason founded, and now acts as the CEO of KitleyTech, a Chicago-based technology company that delivers software projects worldwide to customers ranging from startups and small and medium business (or SMBs) to Fortune 500 companies.

KitleyTech thrives in environments where their team can harness the reliability and consistency of technology as a renewable resource to improve the efficiency of clients' processes, often in novel and unexpected ways.

While a tremendous strategy resource for startups, Jason's vision as head of KitleyTech extends well beyond SMBs, and KitleyTech is most familiar with managing projects for multi-billion-dollar companies. From developing a clinical testing management system (CTMS) for a multinational pharmaceutical company to an extensive, secure intra-company communication and legal document transmission system to mobile applications downloaded by users worldwide, there is no project too big or complicated for KitleyTech to successfully complete. Nowhere is this better illustrated than in the many situations in which other Chicago tech companies take on a complex project that surpasses their skillset, and so they bring KitleyTech in as a partner to take the lead on the project.

Even in his free time, Jason is honing his entrepreneurial mind by sharing and discussing lean startup methodologies with students from both Northwestern and Loyola Universities.

Associated Consultant

Victor Wang

Mr. Wang is an employee/consultant of TASA MMC Holdings LLC. TASA is actively engaged in the day-to-day strategic planning and operations of the Company. By virtue of Mr. Wang's association with TASA, he is an associated consultant to the Company. Mr. Wang is the father of Dara Sneddon, the Managing Member of TASA MMC Holdings LLC.

Mr Wang, 54, has extensive experience in developing startups, corporate turn arounds, and over 25 years experience in private equity, capital markets and corporate finance. Some of his notable accomplishments are having served, from 1991 to 1993 as Chairman and CEO of a public company Judicate, Inc.. a Nasdaq listed company and building a privately owned full service investment banking firm

that underwrote IPO's and municipal bonds for the Port Authority and general obligation bonds for Nassau County, New York. This investment banking firm was listed on INC. Magazine's INC. 500 twice.

In 1999, Mr. Wang was charged civilly and criminally for various securities related violations. Mr. Wang pleaded guilty to and settled the civil and criminal charges, as applicable. For more information regarding certain SEC proceedings brought against Mr. Wang, see <https://www.sec.gov/litigation/admin/34-43433.htm>.

Involvement in Certain Legal Proceedings

To our knowledge, except as set forth above, none of our members or officers set forth above has, during the past ten years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
- been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
- been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibitor order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table shows the beneficial ownership of our Membership Interests as of the date of this Memorandum held by each Member of the Company. The address of each Member is c/o Blackout Mobile, 355 Post Avenue, Suite 202, Westbury, New York 11590, unless otherwise indicated.

Name of Beneficial Owner	Percentage Interest Owned Prior to Offering ⁽¹⁾	Percentage Interest Owned After Offering, Assuming Sale of Maximum Offering Amount
Pittsburgh Partners, LLC ⁽²⁾	44.5%	41.2%
TASA MMC Holdings LLC ⁽³⁾	44.5%	41.2%
Dee Jae Diliberto	10%	9.3 %
James Wu	1%	*%

* less than 1%.

(1) The Company intends to grant a 5% Membership Interest, on a pre-Offering basis, to Philip Roe, the Company's chief technology officer, for services performed, subject to entering into a definitive agreement with Mr. Roe. The Company anticipates that such grant would dilute the Membership Interests of the current Members, but not the Membership Interests offered hereunder, which will be equal to an aggregate of 7.5%, assuming the sale of the Maximum Offering. The amounts shown in this table do not give effect to such grant.

(2) Pittsburgh Partners, LLC is a Managing Member of the Company. The Managing Member of Pittsburgh Partners, LLC is Joseph DiRenzo.

(3) TASA MMC Holdings LLC is a Managing Member of the Company. The Managing Member of TASA MMC Holdings LLC is Dara Sneddon.

LEGAL PROCEEDINGS

We are not currently party to any legal proceedings, and no property of the Company is currently the subject of any legal proceedings.

DESCRIPTION OF SECURITIES

The Company's Operating Agreement sets forth the relative rights and preferences of the Membership Interests. Assuming the Maximum Offering Amount of \$1,500,000 is sold, every \$100,000 of Membership Interests sold in the Offering would represent a 0.5% interest in the Company (such that the aggregate \$1,500,000 of Membership Interests sold would represent an aggregate 7.5% interest in the Company.) This Offering thus assumes a pre-Offering valuation amount of outstanding Membership Interests for the Company of \$18,500,000. This amount has been determined arbitrarily by the Company and bears no relation to our assets, book value or results of operations or any other generally accepted criteria of value. The Company's Operating Agreement sets the relative rights and preferences of the Membership Interests.

Membership Interests entitle their holder to a proportionate share of economic interests in the Company, including the right to share in the allocation of one or more of the Company's allocable items, including, without limitation, net profits and net losses, and/or in distributions of the Company's assets.

The property, business and affairs of the Company are managed by the Managing Members, which are Pittsburgh Partners, LLC (the Managing Member of whom is Joseph DiRenzo) and TASA MMC Holdings, LLC (the managing member of whom is Dara Sneddon). Except where the approval of the Members is expressly required under the Delaware Limited Liability Company Act, the Managing Members will have the full authority, power and discretion to make all decisions with respect to the Company's business.

The foregoing summary of the Membership Interests is qualified by reference to the Operating Agreement of the Company, which is included as Exhibit A to this Memorandum.

FEDERAL INCOME TAX CONSEQUENCES

Our operating agreement is intended to provide that, under current law, rulings and regulations, we will be treated as a partnership for federal income tax purposes and not as an association taxable as a corporation. However, we have not requested an opinion of counsel and we have not applied for a ruling from the Internal Revenue Service with respect to whether or not we will be treated as a partnership or as an association taxable as a corporation for federal tax purposes.

Each member is required to report on his or her federal tax return, if applicable, such member's distributive share of our income, gains, losses, deductions and credits, if any, for the tax year of the company ending within or with such member's most recent tax year. Members will be furnished with appropriate financial statements for tax purposes annually.

Members may be required to pay income tax on our income without receiving any cash with which to pay this liability. No assurance can be given that current tax law, rulings and regulations will not be changed during the life of the Company. Prospective investors should consult their personal tax advisors for further information about the federal income tax consequences of purchasing Membership Interests.

RESTRICTIONS ON TRANSFERABILITY

The Membership Interests are subject to restrictions on transfer and have not been registered under the Securities Act. Investors should be prepared to hold the Membership Interests indefinitely. The Membership Interests may not be sold unless they are registered under the Securities Act or pursuant to an available exemption from registration. In addition, under the Company's Operating Agreement, the Membership Interests may not be transferred without the prior written consent of the Managing Members, except as otherwise set forth therein.

OFFERING PERIOD AND SUBSCRIPTION PROCEDURES

The Company is offering, through this Memorandum, on a "best efforts" basis, a maximum of up to \$1,500,000 of Membership Interests. The minimum amount of Membership Interests that may be purchased in the Offering is \$100,000, subject to the Company's right, exercisable in its sole discretion, to accept subscriptions for lower amounts of Membership Interests. The Company may terminate the Offering at any time.

Upon acceptance by the Company after the date hereof of subscriptions for any Membership Interests, the Company will have the right at any time thereafter, prior to the Termination Date, to effect the Initial Closing. Thereafter, the Company may continue to accept, and continue to have Closings with respect to, additional subscriptions for Membership Interests from investors from time to time and at any time up to the earlier of (i) the date upon which subscriptions for the Maximum Offering Amount offered hereunder have been accepted, (ii) July 31, 2019 (which may be extended to October 31, 2019 in the Company's sole discretion), or (iii) the date the Company elects to terminate the offering.

If after careful review of this Memorandum, completion of your investigation of the Company, consideration of the risks involved in an investment in the Membership Interests, satisfaction of all questions or concerns related to such an investment decision, and your determination that you meet the suitability requirements provided herein and in the subscription documents, you wish to subscribe for the Membership Interests, then review, complete and deliver the subscription documents and the purchase price as directed herein prior to the date the Offering terminates.

By signing and returning the Subscription Agreement to us, you will:

Commit to purchase the amount of Membership Interests that you enter on the signature page, if we accept your subscription;

Make various representations and warranties to us, including that you:

- Recognize that an investment in our Membership Interests is speculative and involves a high degree of risk,
- Are a knowledgeable and experienced investor, and an accredited investor within the meaning of Regulation D under the Securities Act and as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- Are purchasing the Membership Interests for your own account, for investment, not with a view to the resale or distribution of the Membership Interests and that the Membership Interests will contain a restrictive legend to that effect,
- Must bear the economic risk of your investment in the Membership Interests indefinitely, and
- Were given access to any information about us that you requested, including the opportunity to ask questions of our management.

To subscribe for the Membership Interests offered hereby:

- Review, complete execute and deliver to the Company (at the address provided in the Subscription Agreement) prior to the termination date the Subscription Agreement attached to this Memorandum as Exhibit A; and

- Deliver to the Escrow Agent, prior to the Termination Date, the full purchase price for the Membership Interests you wish to purchase by wire transfer using the wire transfer instructions provided in the Subscription Agreement. Wires should include the account number and the Escrow Agent's routing number (as indicated in Exhibit A attached hereto - the Subscription Agreement).

The subscription documents and the funds representing the purchase price will be held by the Escrow Agent until acceptance of the subscription and satisfaction of all closing conditions to this Offering. The Company may accept any subscription in whole or in part, or reject any subscription, in its sole discretion for any reason whatsoever and terminate this Offering at any time prior to its acceptance of subscriptions. In the event that your subscription is rejected or this Offering is otherwise terminated or withdrawn, funds delivered by you to the Escrow Agent will be returned to you without interest or deduction. If this Offering is oversubscribed, the Company may determine, in its sole discretion, to reject subscriptions in whole or in part or to allocate to any prospective investor less than the amount of Membership Interests to which the investor subscribed, subject to the Company's obligation to return to any prospective investor funds transmitted by such investor in respect of a rejected subscription, in whole or in part.

No assurance can be given that all or any portion of Membership Interests offered hereby will be sold.

On each Closing date of the Offering, the Escrow Agent will release the funds pursuant to instructions from the Company.

The Company reserves the right to permit its members, employees, agents, officers, and affiliates to purchase Membership Interests in the Offering.

INVESTOR SUITABILITY STANDARDS

Purchase of the Membership Interests involves significant risks and is a suitable investment only for certain potential investors.

The purchase of Membership Interests in the Offering is suitable only for investors who have no need for liquidity in their investment and who have adequate means of providing for their current needs and contingencies, *even if their investment in the Offering results in a total loss*. An investor must acquire the Membership Interests for his, her or its own account and not for the account of others, for investment purposes only, and not with a view to, or for, resale, distribution, syndication or fractionalization thereof.

Membership Interests will be sold only to prospective investors that are “accredited investors” under Rule 501(a) of Regulation D promulgated under the Securities Act. “**Accredited investors**” are those investors that make certain written representations that evidence the fact that the investor comes within one of the following categories:

1. Any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Exchange Act, any insurance company as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
2. Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;
3. Any organization described in Section 501(c)(3) of the Internal Revenue Code, or any corporation, Massachusetts or similar business trust or partnership not formed for the specific purpose of acquiring the securities offered, and that has total assets in excess of \$5,000,000;
4. Any director or executive officer of the Company;
5. Any natural person whose individual net worth or joint net worth (exclusive of the value of his or her primary residence) with that person’s spouse, at the time of investment in the Membership Interests, exceeds \$1,000,000. For purposes of calculating net worth under this paragraph, (i) the primary residence shall not be included as an asset, (ii) to the extent that the indebtedness that is secured by the primary residence is in excess of the fair market value of the primary residence, the excess amount shall be included as a liability, and (iii) if the amount of outstanding indebtedness that is secured by the primary residence exceeds the amount outstanding 60 days prior to investing in this Offering, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability;
6. Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching that same income level in the current year;
7. Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Membership Interests, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; or
8. Any entity in which all of the equity owners are accredited investors.

Prospective investors will be required to represent in writing that, among other things, they meet the suitability standards set forth above, which represent minimum suitability requirements for prospective investors. Satisfaction of such standards by a prospective investor does not mean that the Membership Interests are a suitable investment for such investor and no person should invest in the Offering who cannot afford to lose his, her or its entire investment. In addition, certain states may impose additional or different suitability standards, which may be more restrictive.

As used in this Memorandum, the term “net worth” means the excess of total assets over total liabilities. In determining income, an investor should add to his or her adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which from long-term capital gains has been reduced in arriving at adjusted gross income. For purposes of calculating net worth under this paragraph, (i) the primary residence shall not be included as an asset, (ii) to the extent that the indebtedness that is secured by the primary residence is in excess of the fair market value of the primary residence, the excess amount

shall be included as a liability, and (iii) if the amount of outstanding indebtedness that is secured by the primary residence exceeds the amount outstanding 60 days prior to the execution of the Subscription Agreement, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability.

The Company may make or cause to be made such further inquiry and obtain such additional information as it deems appropriate with regard to the suitability of prospective investors. The Company may reject subscriptions in whole or in part, in its sole discretion. If the Offering is oversubscribed, the Company will determine, in its discretion, which subscriptions will be accepted and which subscriptions will be rejected or reduced.

If, because of any error or misunderstanding as to such circumstances, a copy of this Memorandum is delivered to any person who does not meet the preceding standards, the delivery of this Memorandum to such prospective investor will not be deemed to be an offer and this Memorandum must be returned to the Company immediately.

ADDITIONAL INFORMATION

We will make available to each prospective investor the opportunity to ask questions of, and receive answers from, us or a person acting on our behalf concerning the terms and conditions of this Offering, the Company or any other relevant matters. The Company will respond with any additional information necessary and not of a proprietary nature to verify the accuracy of the information set forth in this Memorandum, to the extent that we possess such information or can acquire it without unreasonable effort or expense.

Any additional information furnished by the Company may be proprietary and confidential.